

Experience-Based Route for Early Years practitioners

Lead department	Department for Education
Summary of proposal	To introduce an Experience-Based Route (EBR) for Early Years practitioners to address significant workforce challenges within the sector
Submission type	Impact assessment (IA) – 20 September 2024
Legislation type	Primary legislation
Implementation date	February 2025
Policy stage	Final
RPC reference	RPC-DfE-5362(1)
Opinion type	Formal
Date of issue	31 October 2024

RPC opinion

Rating¹	RPC opinion
Fit for purpose	The IA provides a reasonable analysis of the proposal to introduce an Experience-Based Route (EBR) for Early Years practitioners. The assessment of direct impacts on business and the SaMBA are sufficient. While fit for purpose overall, there are some areas that could be strengthened, particularly around wider impacts and the monitoring and evaluation plan.

Business impact target assessment

	Department assessment	RPC validated
Classification	Qualifying regulatory provision	Qualifying regulatory provision (OUT)
Equivalent annual net direct cost to business (EANDCB)	-£23.2m	-£23.2 m (2024 prices, 2024 pv)
Business net present value	£199m	
Overall net present value	£351m	

¹ The RPC opinion rating is based only on the robustness of the EANDCB and quality of the SaMBA, as set out in the [Better Regulation Framework](#). RPC ratings are fit for purpose or not fit for purpose.

RPC summary

Category	Quality²	RPC comments
EANDCB	Green	The IA quantifies the direct impacts on businesses, including wages, monitoring, and familiarisation costs, as well as revenue benefits. The IA estimates net benefits to business from increased revenue. The calculations and methodology are transparent and evidenced using appropriate data sources.
Small and micro business assessment (SaMBA)	Green	The Department demonstrates that most providers affected are SMBs. This measure is deregulatory and permissive in nature, and is intended to benefit SMBs.
Rationale and options	Satisfactory	The IA makes a reasonable case for intervention to address workforce shortages, ahead of expanded childcare entitlements. Five options are considered, though non-regulatory alternatives could be explored further.
Cost-benefit analysis	Satisfactory	The analysis uses appropriate data sources and methodologies; sensitivity analysis addresses uncertainties. The IA could be improved with more detailed assessment of quality impacts and transition costs.
Wider impacts	Weak	While equality impacts are considered, the competition assessment needs strengthening. There is limited analysis of impacts on training providers and potential displacement effects in the labour market; the Department should address these areas.
Monitoring and evaluation plan	Weak	The IA lacks a comprehensive M&E plan. While it mentions using existing surveys, it needs specific metrics and methods to evaluate policy success.

² The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. Please find the definitions of the RPC quality ratings [here](#).

Summary of proposal

The Department for Education (DfE) proposes to introduce an Experience-Based Route (EBR) for early years practitioners, to help address significant workforce challenges within the sector. This policy forms part of the Government's broader strategy to expand childcare entitlements, which will require an estimated additional 40,000 staff by September 2025.

The EBR represents a shift in how practitioners can qualify to work at Level 3 within statutory staff-to-child ratios. Currently, practitioners must complete a full and relevant Level 3 qualification, typically taking 18-24 months and potentially incurring significant personal cost. Under the proposed EBR, experienced practitioners who hold either a full and relevant Level 2 qualification, or a non-full and relevant Level 3 qualification in a related field, would be able to qualify through supervised practice, without undertaking a complete new qualification.

The EBR will require practitioners to complete between 751 and 900 hours of supervised practice within their setting. During this period, they must demonstrate competency against the Level 3 Early Years Educator criteria. The Department estimates this would typically take around 24 weeks to complete.

The Department intends to introduce the EBR through secondary legislation in February 2025, with the first cohort of practitioners potentially completing the route by September 2025. This timing aligns with the full rollout of expanded childcare entitlements.

The EBR is designed as a temporary measure while longer-term solutions, particularly assessment-based qualifications, are developed. The Department anticipates the EBR will operate for approximately three years.

EANDCB

The IA has correctly classified direct impacts on businesses. The following impacts were included in the EANDCB:

Costs

- Additional wage costs for Level 3 qualified staff (rising to about £30m annually by 2027), reflecting the higher wages paid to staff who complete the EBR.
- Monitoring and supervision costs during EBR completion (£7m in year 1, falling to £2m by year 3), covering time spent by existing qualified staff observing and assessing EBR candidates.
- Familiarisation costs (one-off £2m), for providers to implement EBR.

Benefits

- Additional revenue from increased capacity (rising to about £60m annually by 2027), as EBR-qualified staff enable providers to care for more children.

The IA's methodology for calculating costs is explained and well-supported by evidence from both the Survey of Childcare and Early Years Providers (SCEYP) and targeted provider surveys. The benefit calculation appropriately considers the relationship between staff qualification levels and permitted staff-to-child ratios.

The Department has employed appropriate sensitivity analysis using low, central, and high scenarios to account for uncertainties in key variables such as uptake rates and completion times. The central scenario is justified based on consultation responses and provider survey data, though the low and high scenarios for those eligible for EBR should be explained. The pessimistic end of the EANDCB range, a net cost of £2.3m, seems unlikely, as settings simply would not take advantage of the proposal. The Department should clarify and consider if it is rather £0m.

The Department clearly delineates between impacts on different types of providers, excluding school-based providers (as public sector entities) and childminders (outside policy scope) to focus on private group-based providers.

The IA's treatment of temporary versus ongoing costs is appropriate, recognising that, while the EBR is a temporary measure, its impacts continue beyond the initial implementation period. The phasing of costs and benefits is clearly explained, with appropriate consideration given to the tapering of uptake over time.

SaMBA

The Department uses evidence from the Survey of Childcare and Early Years Providers (SCEYP) to show most affected providers are small and micro businesses. The IA provides detailed data on the distribution of provider sizes, with mean staff numbers ranging from 2.3 to 8.7 per provider across different types of group-based settings. This measure is deregulatory and permissive, to benefit SMBs.

Rationale and options

The Department presents a clear rationale for intervention, grounded in addressing the barriers to qualification in the early years sector. The IA notes the need for an additional 40,000 workers by September 2025, to deliver expanded childcare entitlements announced in the 2023 Spring Budget.

The options analysis considers five distinct approaches, including a do-nothing option, showing appropriate consideration of alternative solutions. The preferred option was supported by 73 per cent of consultation respondents. The Department's analysis of each option's ability to meet the policy objectives is thorough.

However, the exploration of non-regulatory alternatives could be more comprehensive. While the IA notes issues with 'assessment-based' qualifications, it could more fully examine market-based solutions or voluntary sector initiatives.

Cost-benefit analysis

The Department's cost-benefit analysis uses multiple data sources, including SCEYP data, consultation responses, and bespoke survey evidence. The approach to monetising costs and benefits is systematic, with a thorough explanation of assumptions and calculations. The description of non-monetised costs/benefits is thorough, though the Department should explain why it is not proportionate to monetise the transition and training costs noted in paragraphs 73-74.

The IA's estimated familiarisation cost of £2 million is supported by evidence on staff time and hourly rates, though the assumption of seven hours per setting for familiarisation could benefit from more detailed justification. The methodology for calculating benefits appropriately considers the relationship between qualification levels, staff-to-child ratios, and provider capacity. However, the assumption about additional places per EBR-qualified staff member (0.4 in the central scenario) could be more fully evidenced.

Sensitivity analysis is appropriately employed to address uncertainties in key variables, with low, central, and high scenarios providing a reasonable range of potential outcomes. The IA correctly describes benefits to practitioners from reduced expenses on training. The benefit to practitioners is why the NPSV is much higher than the BNPV.

The temporal scope of the analysis is appropriate, considering both immediate implementation impacts and longer-term effects over the ten-year appraisal period. However, the treatment of net benefits to business beyond the intended temporary period of the EBR, should be further explained by the Department.

One limitation is treatment of quality impacts. While the IA acknowledges potential risks to provision quality from reduced qualification requirements, the analysis should address these effects. The Department should consider developing metrics to assess quality impacts and incorporate these into the cost-benefit framework.

Wider impacts

The Department should assess this measure's alignment with recent sector regulations, to capture total impact. The IA should address whether repeated regulation deters investment by creating uncertainty over future changes.

The Department states that competition tends to be highly localised, shaped by factors such as travel distance and income, but does not explore how EBR might alter these dynamics. More examination could be made of market concentration effects, barriers to entry, and the impact on consumer choice, particularly in areas where provider options are limited.

The IA acknowledges that training providers may lose revenue as practitioners opt for the EBR, rather than traditional qualifications, and refers to this as a cost that should be excluded from the EANDCB. While this classification is correct and in line with RPC guidance, the broader market implications deserve fuller analysis. The Department should examine potential impacts on the sustainability of training provision and any knock-on effects for the quality and availability of traditional qualification routes.

The IA focuses on the direct impact of enabling more practitioners to work at Level 3, but no analysis of potential displacement effects or wage pressures across the broader childcare sector. The assumption EBR will attract new entrants to the sector needs stronger evidential support, particularly given recruitment challenges.

While the IA acknowledges childcare markets are locally determined, it does not examine how EBR's effects might vary across different geographical contexts. Analysis of regional labour markets, provider distribution, and socio-economic factors would strengthen understanding of distributional impacts. The IA could consider how the EBR might affect workforce diversity and access to progression opportunities for different groups. The Department notes that an equalities impact assessment has been completed; this should be summarised in the IA.

Monitoring and evaluation plan

The monitoring and evaluation plan requires substantial improvement. While the Department identifies some existing data sources that could be used for monitoring,

the plan lacks the comprehensive framework necessary to evaluate the policy's effectiveness and impact.

The IA indicates that the annual Survey of Childcare and Early Years Providers will be used to monitor staff-to-child ratios and qualification levels, but fails to define specific metrics or thresholds that would indicate policy success. Clear key performance indicators need to be established, particularly around workforce capacity, qualification levels, and provision quality.

While Ofsted statistics provide context, they are not designed to capture the specific effects of the EBR on provision quality. The Department should develop measures to assess how introduction of EBR-qualified staff will affect the quality of childcare. The Department should develop specific measures to assess whether the EBR delivers value for money compared to alternative approaches to workforce development.

Data collection methods need more detailed specification. The suggestion of additional provider surveys and qualitative research, lacks necessary detail about methodology, sampling, and frequency. A more structured approach to data gathering is required, with timelines and responsibilities for collection and analysis.

The Department should establish clear milestones for reviewing EBR's effectiveness and determining whether it should be extended or wound down. The relationship between the EBR and the proposed development of assessment-based qualifications needs clearer articulation in the evaluation framework.

Regulatory Policy Committee

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