Department for Education

Early years financial incentives evaluation

Final report

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Government Social Research

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Summary of key data sources

	Type	Ad-hoc EYFI collection	Sample size*	Latest update
EYFI Provider survey	Survey of early years providers in treatment and control areas	Yes	330-850 providers	May 2025
Applicant survey	Survey of early years applicants in treatment and control areas	Yes	111 applicants	April 2025
Survey of Childcare and Early Years Providers (SCEYP)	Nationwide provider survey	No	3,989 providers	Apr-July 2024
SCEYP Pulse Survey	Subset of SCEYP providers with questions on specific topics	No	80-150 providers	December 2024
ECS (eligibility checking service) validated codes data	Data on the number of codes used by parents to claim funded childcare entitlement hours and validated by providers	No	40 LAs	Spring Term 2025
ONS job vacancies data	Job vacancy data web-scraped information from job boards and recruitment page	No	34 LAs**	April 2025
EY Census	Administrative information about early years providers	No	8,800 providers	January 2025
LA readiness survey	Survey of LAs on childcare sufficiency	No	40 LAs	Spring 2025

* Sample size in treatment and control LAs only.

** Data not available for Islington, Cumberland, Tower Hamlets, Hackney, Southwark, and Westmorland and Furness

Summary of acronyms

Acronym	Term
CATI	Computer-Assisted Telephone Interviewing
CMAs	Childminder Agencies
DBS	Disclosure and Barring Service
DfE	Department for Education
DLUHC	Department for Levelling Up, Housing and Communities
DWP	Department for Work and Pensions
ECS	Eligibility Checking Service
EY	Early Years
IDACI	Income Deprivation Affecting Children Index (Measures the proportion of children aged 0-15 living in income-deprived households within a specific area)
LA	Local Authority
LE	London Economics
NDPs	Non-domestic Premises (Refers to buildings or locations used for purposes other than private residential living, such as businesses, schools, or childcare facilities)
NI	National Insurance
NVQ	National Vocational Qualification
ONS	Office for National Statistics
PVI	Private, Voluntary or Independent (Refers to early years and childcare providers that operate outside of local authority control)
SCEYP	Survey of Childcare and Early Years Providers
SEND	Special Educational Needs and Disabilities
SENCOs	SEND Coordinators
SOC	Standard Occupational Classification
UKSPF	UK Shared Prosperity Fund (Government replacement for the European Union structural funds)

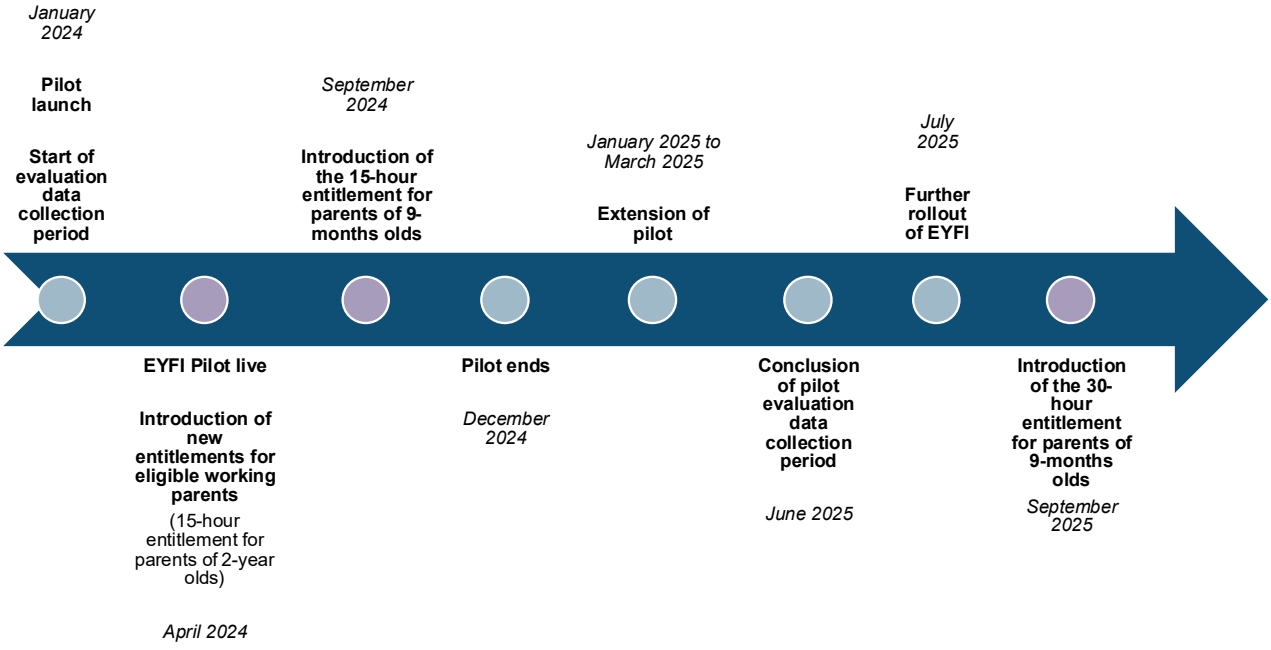
Executive summary

In April 2024, the Department for Education (DfE) launched the largest ever expansion of government-funded childcare, amounting to £4 billion additional investment by the time of full rollout. To meet the anticipated increase in demand for childcare places, an estimated 35,000 additional workers were required.

To support recruitment efforts of early years staff, the Early Years Financial Incentives pilot was introduced. This programme offered a £1,000 post tax and National Insurance (NI) recruitment bonus to eligible new and returning early years workers shortly after they took up post. The pilot was delivered at a cost of £2.7 million, with 512 incentives administered.

This pilot was conducted in 40 Local Authorities (LAs) with high levels of deprivation or low workforce sufficiency in early years. These local authorities were allocated into treatment and control groups as part of a randomised control trial, to test if paying incentives to new or returning staff leads to more staff being recruited. The pilot was launched in January 2024 and concluded in March 2025. A further rollout of financial incentives started in July 2025, with the aim of resolving issues raised in this evaluation. Figure 1 illustrates the timeline of the EYFI, including the pilot extension and the duration of the pilot evaluation data collection period.

Figure 1: EYFI timeline and data collection evaluation period



Impact

Limited increase in applicants

The pilot did not result in the anticipated increase in the number of applicants. The early years provider survey showed no measurable increase in either the number of applicants per vacancy, or the speed of application processing. Regression analysis also found no statistically significant causal impact of the pilot on these recruitment metrics.

It is important to note that, at the time the pilot began in April 2024, workforce projections were not yet available. Consequently, funding could not be proportionally allocated based on workforce needs during the pilot period. It is also important to note that the DfE estimated that while 6,000 additional staff were needed for September 2024 compared to a December 2023 baseline, the vast majority of the increase in hiring would be needed in 2025. They estimated that 35,000 additional staff were needed compared to baseline for Autumn 2025[1]. Subsequently published estimates show that over 80% of workforce need was for September 2025, rather than during 2024[2].

Limited effectiveness in attracting suitable candidates

Qualitative findings indicated that although some providers experienced a small increase in applications, many of the candidates lacked the qualifications, soft skills, or interest in the work necessary for early years roles. Providers consistently reported vacancies remaining open for months and cited a shortage of suitable applicants as a key barrier.

Providers felt that the financial incentives did not address the underlying causes of persistent vacancies, such as a lack of qualified candidates or low interest in the sector. Many providers described the application pool as inadequate in terms of candidate quality, experience, and motivation.

Financial incentives had little influence on applicant decisions

Survey data showed that most new recruits were unaware of the financial incentives when they applied. Most recipients said the incentive did not influence their decision to apply for a role. They were primarily motivated by other factors, such as a desire to work with children.

Among the 23 applicants who responded to the applicants' survey and who were offered a position linked to the incentive[3] (out of a survey of 111 applicants in total), **9 (39%) reported that the incentive made them more willing to accept the offer.** However, only 7 applicants (10%) of the 70 respondents from the treatment LAs said that the

[1] Early years places and workforce need - GOV.UK
[2] Early years places and workforce need - GOV.UK
[3] One of these applicants decided not to accept the offer

incentive would make them more willing to relocate, while only 17 applicants (24%) said that the incentive would make them more willing to travel further.

Misalignment between pilot aims and provider needs

The pilot targeted individuals new to the early years sector. Providers indicated that it was more economically viable to employ fewer qualified staff who could care for more children, rather than invest time and resources in mentoring new, unqualified recruits.

Many providers were therefore reluctant to recruit new staff through the scheme, despite having the option to use incentives for both qualified and unqualified candidates. These providers felt the process was resource-intensive and gave limited short-term return on their investment.

Positive impact on apprentice recruitment and retention

Despite broader limitations, the pilot had some success in supporting the recruitment and retention of apprentices. The £1,000 financial incentive was found to be particularly attractive to younger apprentices. Several local authorities noted that the incentive helped retain apprentices who might otherwise have left the sector, and that it appealed to those returning to the sector.

More broadly, the incentive seemed to have an effect on intention to stay in the early years sector. In the applicants' survey, a higher proportion of those respondents who received the incentive reported they were unlikely to leave the early years sector in the next 12 months (86%). This was higher compared with the rest of applicants in treatment areas (74%) and applicants in control areas (69%). This suggests incentives could support retention; however, this is based on a small sample of respondents.

Emerging evidence of increased childcare capacity cannot be attributed directly to the pilot

The provider survey data indicated an increase in staffing levels, and there was an overall rise in capacity among the treatment group. The regression analysis (Table 10 in the main report) suggests a positive and statistically significant impact of the pilot on the actual maximum capacity of providers. However, caution is warranted in interpreting this result. The lack of evidence showing a corresponding increase in staff recruitment or qualified staff suggests that the observed rise in capacity was possibly influenced by other factors. While many providers reported having the physical space to expand provision, they consistently identified the inability to recruit sufficient qualified staff (necessary to meet statutory child-to-staff ratios) as the main constraint.

Without additional qualified staff, it is unlikely that providers would be able to increase capacity. This was a central limitation of the pilot, particularly as many new recruits did not possess the qualifications needed to raise capacity.

No evidence of unintended consequences or displacement

There was no evidence that the pilot led to negative unintended consequences, such as providers in treatment areas recruiting from neighbouring local authorities. An analysis of geographical spillover effects showed no significant recruitment displacement between treatment and control areas.

The applicants' survey data supported this finding. Responses from applicants in treatment areas suggested a low likelihood of the financial incentive influencing decisions to relocate or commute longer distances. Specifically, only 34% of respondents in treatment areas said they were willing to travel further or relocate in response to a £1,000 financial incentive to join. However, this proportion was higher in control areas, with 68% of applicants in control LAs reported to be willing to travel further or relocate in response to the incentive.

Despite concerns among providers that incentives could negatively impact retention of ineligible existing staff, there was no clear indication from the LAs progress report data or provider interviews that this concern was realised.

Improvements in LA recruitment strategies and strengthened provider relationships

The pilot contributed to a stronger understanding among LAs of the challenges facing the early years workforce. Participation enabled several LAs to reflect on existing recruitment approaches and develop or refine strategies that reflected local needs.

There was qualitative evidence that the pilot helped LAs identify both effective and ineffective recruitment practices, which informed their longer-term workforce planning. Some local authorities produced new recruitment materials to share with providers beyond the lifetime of the pilot, supporting ongoing recruitment efforts.

LA representatives felt their efforts to engage providers throughout the pilot strengthened existing relationships. Improved relationships were seen as a positive legacy of the pilot, providing a stronger foundation for future collaboration on early years workforce initiatives.

Pilot implementation and delivery processes

Key enablers to successful delivery

Effective processes

Most participants across all evaluation audiences felt the pilot's administrative design was well-structured and efficient. The DfE and LAs played a crucial role in facilitating the

pilot's implementation through their clear guidance and effective communication. The setup and processing of incentives were generally considered effective by providers. Experienced managers at early years providers reported smooth administrative procedures and productive collaboration with LAs.

Effective communication with providers contributed to engagement with the pilot

Most treatment providers were aware of the incentive scheme, reflecting effective communication by LAs. Many LA participants devoted a significant amount of time and resource to provider communications.

The timing of the pilot coincided with the roll-out of the Expanded Childcare Entitlements[4]. As a result, provider administrative capacity was stretched by two policies, which sometimes limited engagement with the pilot.

A wide range of communication practices were used, including one-to-one meetings and attending local networking events. Providers considered LAs to be successful when they had the capacity to give more tailored guidance to address providers' concerns, and outline the benefits of engaging with the pilot.

Despite these efforts, several larger LAs reported that some providers were unaware of the pilot until its conclusion. LA representatives attributed low awareness to resource constraints and the broader scale of outreach required in larger areas. These factors limited the reach and consistency of engagement efforts.

Areas for improvement in delivery

Lack of buy-in from providers

Many LAs felt provider indifference was their biggest challenge in delivery of the pilot. Although several treatment LA representatives felt they had begun to shift providers' opinions during the pilot, exerting this influence needed time and resources.

Most early years providers were concerned about financial incentives as a tool for supporting recruitment. Though providers welcomed the idea of financial incentives, with some feeling it could increase interest in early years roles, many felt their effectiveness would be limited by structural challenges in the sector such as workload and low pay. There was also a common perception among providers that offering incentives to new recruits was unfair to existing staff on long tenures who were out of scope because they did not meet the eligibility criteria. Providers also raised concerns about whether the incentives would attract the high-quality, qualified practitioners they needed. Some unengaged early years providers were deterred from participating by the administration

[4] From September 2025, working parents with children aged 9 months up until they start school will be able to access up to 30 hours of funded early education and care per week.

associated with the pilot. The timing of the pilot coincided with the roll-out of the Extended Childcare Entitlement which was seen as an additional demand on providers' capacity and led the pilot to be deprioritised. Representatives from providers and LAs cited these factors as reasons why some providers hesitated to advertise the scheme.

Inconsistent administration processes

While most LA and provider representatives were positive about the processes used to implement and deliver the pilot, there was some inconsistency between treatment areas. Some providers reported that administration was time consuming and found the tax and National Insurance (NI) calculations complex. There were also inconsistencies in payment processes and, in one case, a nine-month payment delay.

Staff in many treatment LAs spent a lot of time and resource engaging providers; some had a dedicated staff member for this role. Others lacked capacity to support providers as much as they would like. Analysis of provider responses shows differences in the level of support offered by LAs.

Limited capacity among providers to fully invest time and resources

Many providers faced operational pressures during the pilot period, particularly those involved in the roll-out of the extended entitlement. As noted earlier, these pressures affected providers buy-in and limited their capacity to engage with the pilot.

Limited awareness of the incentives among candidates

Qualitative findings suggest advertising the incentives increased awareness among new recruits. Improved communication, updated eligibility materials, and direct engagement at recruitment events helped some local authorities boost awareness and take-up of the pilot.

However, concerns from providers (as described above) led to lower uptake, reducing overall awareness among the pilot stakeholders. As a result, many potential applicants remained uninformed about the incentives. Applicant survey responses supported this finding. Out of the 36 respondents in treatments LAs, 50% (18) had heard of the scheme of which 10 had some prior knowledge and 8 held no detailed knowledge.

Awareness of the pilot among applicants and new recruits was lower compared to providers. Only 29% of surveyed applicants in treatment LAs had specific knowledge of the pilot. A further 23% reported having only heard of it but with no detailed knowledge (a total of 36 respondents in treatment LAs). This difference suggests incentives were not widely used in vacancy communications and advertisements.

Implications of administrative barriers to participation and their effects on benefit entitlements

Some providers and applicants were concerned about the impact of the incentive payment on Universal Credit. Some new recruits said that receiving the incentive had reduced their Universal Credit payments meaning they did not benefit from the full £1,000. To mitigate this, in some cases, providers split the £1,000 payment into monthly instalments so that new recruits' benefits were unaffected.

Incentives take-up

A total of 3,421 providers[5] were invited to participate in the pilot. One in six (586, or 17%) engaged. Data from March 2025 showed over a third (£913,719, or 37%) of the £2.7m funding pot was allocated by DfE. By the end of the pilot (March 2025), 512 incentives were allocated[6].

LA representatives said initial take-up of incentivised roles was slow, though a moderate increase in applications and payments was observed from January 2025. These improvements were attributed to sustained engagement efforts by LAs. In some cases, engaged providers recruited multiple staff using the incentive, which LAs interpreted as a signal of added value and growing confidence in the scheme.

LAs reported that all provider types, except those based in school, were most likely to benefit from the pilot. These providers responded positively to the financial incentives and appeared to achieve more effective recruitment outcomes. In particular, providers delivering the Expanded Childcare Entitlements and facing increased demand for child-care places were more receptive.

Despite some localised improvements, low overall provider engagement persisted into early 2025. Several LAs continued to report limited participation from providers. The LAs extension data[7] found some increases in incentive recipients over this period. Overall, while the pilot showed increased activity as it progressed, low and variable provider engagement remained a significant barrier to wider take-up. Evidence suggests that a longer delivery period, combined with stronger provider engagement strategies, may have improved uptake in areas where early signs of success were emerging.

[5] Data source: December 2024 LA update data
[6] In Salford FI were allocated when a provider said they felt they could allocate them whereas in other LAs they were only allocated when a person had actually taken up a role. As a result, Salford recorded 75 FI allocations that were not expected to result in payments. In other LAs some FI may have been allocated but not paid, as new starters left before completing the required 12-week waiting period.
[7] Data relating specifically to the 3-month period between January and March 2025 when most LAs continued delivery despite the pilot being initially due to end on 31st December 2024

Suggestions from participants on future roll out of the pilot

- **Split payments and minimise benefits impact**: Suggestions included splitting the payment (e.g. half at 12 weeks, half at 6 months) and offering it as a standalone payment to reduce impacts on Universal Credit.
- **Improve communication and guidance**: Clearer, more targeted marketing is needed to raise awareness among potential recruits, alongside better guidance for providers on administrative processes and benefits implications. This may include **a national campaign** if the pilot is rolled out across England.
- **Simplify administration**: Streamlining and standardising administration processes across providers and local authorities could improve efficiency and reduce confusion.
- **Review incentive value**: Increasing the overall payment amount was suggested to enhance the attractiveness of early years roles.
- **Align with provider needs**: There is a need for better alignment between the pilot's aims and provider recruitment priorities. Focus efforts on candidates who have the right soft skills, experience, and qualifications.

Suggestions from participants on wider early years workforce policy

- **Participants shared broader reflections on workforce challenges, identifying key priorities for strengthening the sector.** These included reallocating funding to support training and qualifications for both new entrants and existing staff, improving pay and working conditions to enhance recruitment and retention, and establishing consistent qualification standards tailored to early years practice.
- Additionally, participants recommended **business and leadership training** to support financial sustainability, contributing to improved quality across settings. Investment in leadership programmes was also seen as important for enabling progression into senior roles and raising the overall quality of provision.

Introduction

IFF Research and London Economics (LE) were commissioned to evaluate the Early Years Financial Incentive pilot which launched in April 2024. Providers were projected to need more staff as more children become eligible for funded childcare places from September 2025.

The pilot tested the impact of a £1,000 golden hello provided to eligible staff starting new early years positions. Eligible staff received a £1,000 incentive, after tax and NI deductions. The pilot compared experiences and issues of recruitment (and retention) in a matched treatment group of 20 LAs in which the incentive scheme operated, with experiences in 20 untreated control LAs.

Research questions

The primary aim of the pilot was to determine whether the use of Financial Incentives (FIs) increased the number of (eligible) recruits successfully employed in early years settings. This evaluation was designed to assess the extent to which this aim was achieved. The research questions were structured around two areas: process and impact.

The process evaluation was led by IFF and sought to answer the following research questions:

- To what extent was the scheme implemented as intended?
- What factors do applicants consider when applying for the vacancies?
- How do providers choose to use incentives and why?
- How successful were the funding mechanisms for delivering funding via LAs?
- How effective were the targeting mechanisms to determine eligible providers in LAs?
- How effective was the eligibility criteria for incentives in targeting the most appropriate potential practitioners?
- Was there variation in the types of providers that the scheme was more or less effective for?
- What was the experience of providers and practitioners who applied for the scheme?
- Did the incentives create any unintended spillover effects on neighbouring LAs?

The impact evaluation was led by LE and addressed the following questions:

To what extent does the policy lead to:

- An increase in the numbers of early years practitioners/ early years workforce?
- An increase in the numbers and different types of applicants to advertised posts?
- More successful early years recruitment?
- Greater retention of early years staff?
- An increase in the number of places available to children?
- An increase in the take up of early years entitlements?

Structure of the report

This section outlines the methodology used to structure the evaluation, covering planning, fieldwork and analysis. It includes contextual caveats to support interpretation of findings, as well as reporting conventions that explain how data has been analysed and presented.

An initial summary of the characteristics of LAs participating in the pilot provides context, followed by an overview of pilot delivery using DfE monitoring data, including the number of incentives and funding allocated.

The first chapter provides contextual information about the early years sector, examining demand and supply of early years places and staff, recruitment challenges and logistical issues encountered during the pilot. It also explores the role of financial incentives influencing staff supply and discusses motivations for working in early years, alongside recruitment and retention challenges.

The next chapter considers engagement with the pilot and how it sits within the Extended Childcare Entitlement roll-out. Subsequent sections present views on the administration and processes of the pilot.

A case study illustrates effective LA support, followed by findings on the pilot impacts, including the effects of the incentives, application quality, and recruitment outcomes. The report then examines effects on providers and broader benefits for participants and the early years sector.

The second half of the report presents findings from the impact evaluation, including effects on vacancies, applications, data, recruitment, retention, staff numbers, childcare capacity, and any unintended consequences or spillover effects.

The report concludes with a summary of key findings and suggestions from participants to inform future roll-out.

Methodology

This paper covers findings from three strands of primary research led by IFF:

- The 'provider surveys': four waves of an online survey of school-based and group-based early years providers in the 40 evaluation areas. Further details on base sizes are available in Annex 1.
    - Wave 1 provider survey base size (850) – (July – August 2024)
    - Wave 2 provider survey base size (653) – (October – November 2024)
    - Wave 3[8] provider survey base size (334) – (February 2025)
    - Wave 4 provider survey base size (580) – (April – May 2025)
- An 'applicant survey' – an online survey of both successful and unsuccessful applicants to eligible roles[9] in the 40 evaluation areas
- In-depth interviews and focus groups with providers, applicants, new recruits, existing early years practitioners, training providers, and LA leads.
- 4 Roundtables with representatives from LAs in treatment and control areas

The secondary data analysis was carried out by LE. Their analysis measured the pilot's impact on a range of outcomes using a variety of data sources. This included information collected in the primary fieldwork (the provider survey and the applicant survey) as well as existing secondary data sources:

- The annual SCEYP (Survey of Childcare and Early Years Providers),
- SCEYP Pulse Surveys,
- Office for National Statistics (ONS) job vacancies data, and
- ECS (Eligibility Checking Service) validated code data.
- Early Years (EY) Census
- LA self-assessment readiness data

[8] The Wave 3 providers survey was a shorter questionnaire that included key questions designed to capture the outcomes of the pilot.
[9] Respondents were screened to ensure they were applying for a role which would be in scope for an incentive if the scheme were rolled out nationally (e.g. permanent position, 70% of time working directly with early years children). However, not all respondents were themselves eligible (some were previously employed in the early years sector), and not all providers offered the incentive.

Findings from the 20 treatment LA progress updates and a short LA survey (issued by DfE at the end of the pilot) are also included in the analysis. Further details on the methodology, including achieved samples, and the provider survey weighting approach can be found in Annex 1.

Key caveats on econometric analyses

Although the impact evaluation findings do not detect an impact of the pilot, there are some important caveats and limitations that should be taken into consideration when interpreting these findings.

1. In some cases, the lack of a detectable impact is driven by small sample sizes. In particular, the applicant survey comprised 111 respondents, of whom only 23 had applied for a position linked to the £1,000 incentive. This limited sample size reduces the statistical power of the analysis and constraints the ability to detect robust differences between applicants in treatment and control LAs.

2. In other cases, the analysis used information collected before the pilot could deliver impact. For example, information for some data sources, such as the SCEYP, was collected before most incentives were allocated or paid[10].

3. Further, a lack of a detectable impact is consistent with the relatively few incentives allocated and paid, especially compared to the overall size of the early years workforce in the 40 LAs in the treatment and control groups. The lower-than-expected uptake suggests that the pilot may have been underpowered to detect an impact, even if one existed.

Reporting conventions

Throughout the report, we discuss findings from primary research. Reference is made to individuals or organisations ‘interviewed’, ‘spoken to’ or ‘participants’ who participated in qualitative research. Quantitative findings reference individuals or organisations who were ‘surveyed’. Where percentages are given, these exclusively refer to quantitative research findings.

‘Pilot’ is used throughout as shorthand for the Early Years Financial Incentive pilot.

[10] The analysis provides a useful benchmark for analysis that also uses information collected after the pilot was likely to deliver impact, as well as confirming that the control group is a suitable counterfactual for the treatment group.

Unless explicitly noted, all findings are based on weighted data. Unweighted bases (the number of responses from which the findings are derived) are displayed on tables and charts to indicate statistical robustness.

Some survey results may not sum to 100%. This is due to rounding and/or recording statistics for questions in which respondents could select multiple responses.

Characteristics of LAs participating in the pilot

The DfE selected the 40 LAs in England to participate in the pilot. These LAs were randomly assigned to treatment and control groups, resulting in a balanced and comparable sample.

To identify LAs, DfE used two criteria: the 25 most deprived LAs based on IDACI (Group 1), and the 25 LAs with lowest sufficiency of places per PTE rank (Group 2). Duplicate entries across the two groups were identified and removed. The LAs were then randomly assigned between Groups 1 and 2, with a reserve list created to accommodate for withdrawals.

Following the removal of duplicates and accounting for withdrawals, the final sample comprised 40 LAs, 20 in the treatment group and 20 in the control group. Further details on the sampling and assignment process are provided in the Impact Evaluation analysis (pp.68-88).

The treatment and control LAs included were each a mix of urban and metropolitan authorities and city and town councils of varying sizes.

A full list of all treatment and control LAs is provided in Annex 3.

Process evaluation

This chapter outlines the delivery of the pilot, using DfE monitoring data to present key outputs achieved. This includes the number of providers who engaged with the pilot, the funding allocated to local authorities (LAs), and the financial incentives paid to eligible applicants.

The chapter then presents insights from pilot participants on their perceptions of the current supply and demand for early years childcare places, as well as the workforce required to meet this demand.

Subsequent sections explore how the pilot contributed to these outcomes, including evidence on what worked well in supporting early years staff recruitment through the use of financial incentives. The chapter concludes with an overview of the challenges encountered during delivery and the strategies participants used to address them.

Pilot delivery based on DfE monitoring data

A total of 3,421[11] providers were invited to participate in the pilot. The data shows 586 (17%) engaged.

Self-reported LA data, (March 2025) indicated that of the £2.7m funding allocated by DfE, £913,719 (37%) was allocated or spent. By March 2025, 512 incentives had been allocated[12].

While the pilot originally planned to end on 31 December 2024, further increases in engagement, funding allocation and expenditure were expected by most treatment LAs between January and March 2025. As a result of the expected increase in delivery and engagement, DfE exceptionally extended the delivery period to end in March 2025. Eighty percent (16 out of 20) of LAs intended to extend the pilot past the original December 2024 deadline.

The final number of allocated incentives by LA ranged from 2 in Darlington to 67 in Doncaster, with a total of 512 allocations across the 20 LAs in the evaluation.

[11] For one LA, number of providers invited was not provided in the December progress update – September progress update used for this datapoint. This number should be interpreted as a best estimate.
[12] The total number of incentives was collected through a self-reporting exercise with Local Authorities (LAs). While every effort was made to ensure accuracy, it is possible that one or more LAs provided approximate figures, which may affect the overall reliability of the data. However, based on validation checks, this remains the most accurate data available.

The amount of funding allocated or spent by LAs ranged from £4,924 in Darlington to £166,456 in Salford with an average of £106,603. The average amount of funding spent was £45,279.25.

Full details on funding and the number of places and allocations by LAs can be seen in Annex 4.

Alignment between the pilot funding allocations and the early years workforce need

At the time that the pilot was launched in April 2024, early years workforce projections were not available to guide funding allocations for LAs. As a result, the initial funding could not be distributed in direct proportion to estimated workforce needs for the pilot delivery period (April 2024–March 2025).

Table 30 (see Annex 4) illustrates the extent of misalignment between these original funding allocations and projected early years workforce demand for September 2025. The data suggest that, in several areas, funding allocations did not reflect either existing or emerging workforce pressures at the start of the pilot. Figure 2 compares the percentage of funding allocated to each LA against projected workforce need by September 2025 (as shown in Table 29). This analysis highlights considerable variation across local authorities in the degree of alignment. In particular, some LAs with relatively high projected workforce demand received smaller proportions of funding, while LAs with comparatively low projected need received disproportionately higher funding allocations.

Figure 2: LAs initial early years workforce projections compared to financial incentives allocated spending %s

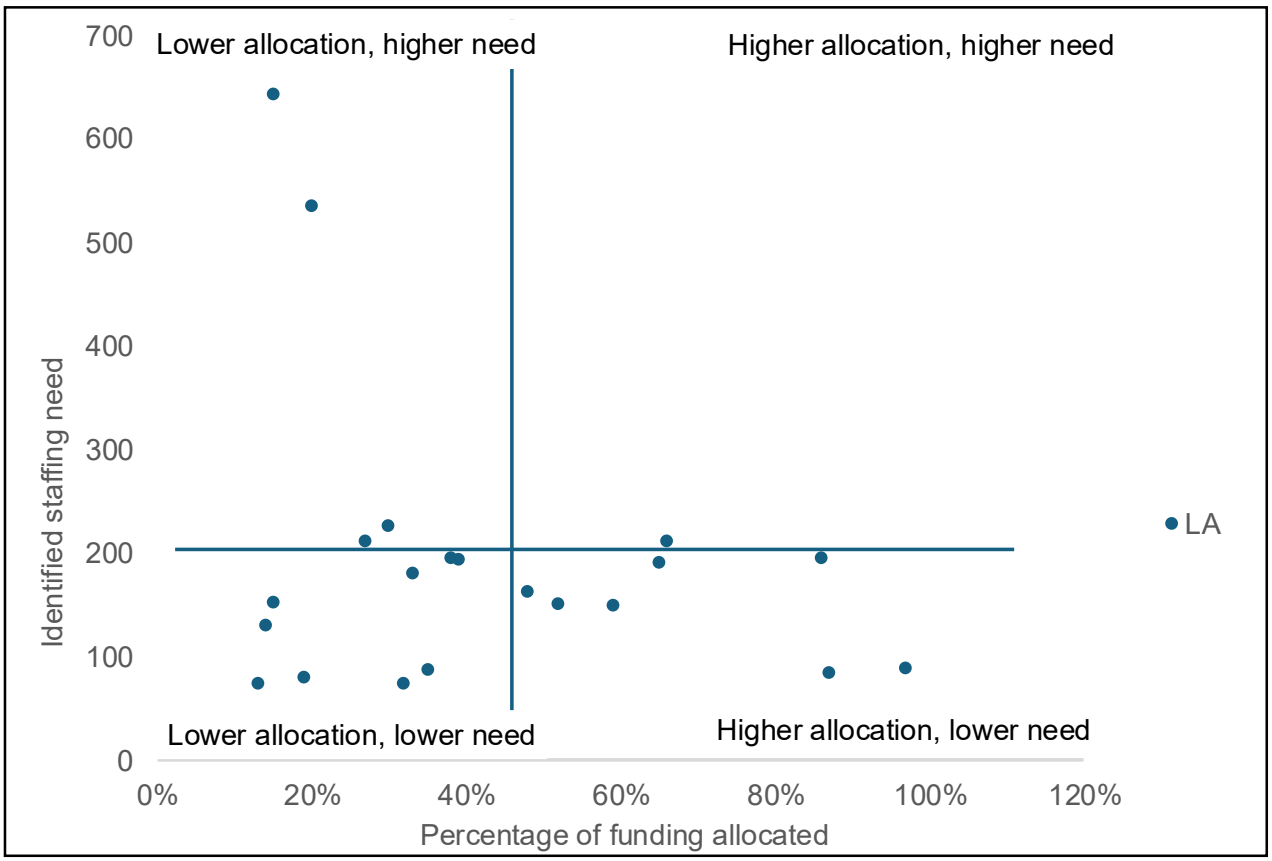


Figure 2: DfE modelling of early years workforce need at LA level, based on projections outlined in the publication: Early years places and workforce need - GOV.UK, and EYFI allocations

These patterns provide insight into the localised effectiveness of pilot delivery. Although initial allocations could not be informed by workforce projections, the extent to which LAs were able to adjust and use funding in a way that reflected workforce needs by September 2025 gives some indication of their capacity to respond to local workforce challenges through the pilot. The data shows variation in alignment between funding allocations and workforce projections in different spectrums.

- **Mismatch in high-need areas (High need, low allocation)**: A small number of LAs with the highest projected workforce needs had among the lowest levels of funding allocation. For example, Staffordshire projected the highest workforce need (645) but had only 15% of its funding allocated and received the second highest allocation. Similarly, Birmingham projected the second highest need (536) but had only allocated 20% of its funding and received the highest allocation of funding. This may indicate challenges in deploying funds in high-need areas, such as operational constraints or recruitment barriers.

- **Efficiency in allocation in some areas (Moderate need, high allocation):** Doncaster and North East Lincolnshire demonstrated relatively high levels of funding allocation (86%, and 97%, respectively) with projected workforce needs of 195 and 88. This may reflect more effective delivery or engagement with the incentive scheme.
- **Proportional alignment:** In some LAs, there was a closer alignment between workforce projections and funding allocations. For example, Knowsley and Kingston upon Hull both projected workforce needs of 150 and allocated approximately 50% of their available funding, suggesting proportionate uptake.
- **Low need, low allocation:** A number of LAs with lower projected workforce needs also had lower levels of allocated funding. For example, Darlington and Wolverhampton allocated only 13% and 14% of their funding respectively, with relatively low workforce projections (74 and 130). This suggests that in these cases, limited allocation may have reflected lower actual demand.
- **Unspent funding may reflect delivery barriers:** In some LAs, unallocated funding despite moderate or high workforce need may indicate barriers to delivery. For example, Walsall (15% allocated, 152 projected staff) and Wolverhampton (14% allocated, 130 projected staff) may have encountered implementation issues. Further insights into delivery barriers are explored in the Case study: identifying effective LA support evidence (see page 55).

Overall, the data show variation in how well financial incentives were deployed relative to local workforce need. In some LAs, incentives appear to have contributed meaningfully to meeting workforce targets. Further insights into the delivery barriers and contextual factors influencing uptake are explored in the qualitative evidence impact section (see page 68) and the Case study: identifying effective LA support (see page 55).

Demand and supply of early years places and staff roles

Key findings

Representatives from treatment LAs reported that they could meet the demand for additional places as of summer 2025. However, they were worried that the rollout in September 2025 will increase demand to a point that is problematic because of the difficulties in recruiting extra staff.

Providers in the treatment areas said changes in government policy increased demand for early years childcare places. They noted an increase in the number of under-2s, which required a higher staff to child ratio and incurred higher costs. Others reported delivering longer hours to children rather than expanding places. LAs observed financial management inefficiencies and skill deficiencies in some provision.

There was a shortfall in the number of applicants to job adverts for a range of suggested reasons: long and off-putting job application forms; a poor image of the sector; and long hours and poor pay compared with other sectors. The cost and/or limited availability of transport was also mentioned.

The incentive had limited impact in shaping the supply of early years staff. Many providers were reluctant to use the incentive for administrative reasons; others knew little or nothing about the incentive. Some interviewees reported the incentive negatively impacting workers' Universal Credit or tax band. Others felt the incentive was unfair on existing staff.

Providers greatly valued soft skills amongst staff. These skills and attributes included empathy, compassion, communication and a passion for early years work. There was demand for training, but also a sense that career progression was limited and there was a risk that staff would leave the early years sector once they were more qualified.

Overview of trends

General trends in demand and supply in participating LAs

Representatives from treatment LAs reported they could meet demand for early years places as of summer 2025, but were concerned about the government rollout of extended childcare in September 2025. Providers predicted they might struggle to recruit

enough practitioners. However, the econometric analysis detailed later in the report found no effect of the pilot on the supply of childcare (see analysis on pp.125-129).

Some treatment LA representatives said the introduction of the funded hours for working families changed demand. They reported a rise in the number of 2-year-olds now accessing the working families offer as well as more demand for under-2s. The one area where demand has gone down was for 2-year-olds in disadvantaged areas.

Control LA representatives also saw changes to funded places based on new administrative practice. These representatives said changes to funding was the main reason demand for places changed. They cited provision switching from a parent-funded to government-funded model, or between policies e.g., from disadvantaged funding to working parent funding policy.

Some providers in control LAs said the decline in birth rates made them consider dropping the age they cater for from 3 to 2 years old. They expected these changes in the birth rate to impact the demand and so would potentially incorporate younger children into their future intake.

Different factors that affect demand and supply

This section explains some of the wider context that the policy was operating under. These findings, taken from interviews, explain some of the factors affecting providers and their ability to engage with and deliver the pilot, and how the pilot could counteract these contextual issues.

Changes to government policy

Providers in the treatment areas reported that changes in government policy had increased demand for early years childcare places. For example, one early years provider had 26 new children due to start in Sept 2025. They had not realised how many were under 2 years old, so had to urgently recruit agency staff to meet ratios. This was an expensive solution and the providers' reaction could be attributed to shortcomings in management.

Some control area providers accessed government funding to meet increasing demand amongst children aged 0-2 years. One participant mentioned that demand had risen due to existing children attending for more hours rather than further demand from more children. One provider reported that changing socio-economic characteristics influenced demand.

> “There has been a significant drop in the number of disadvantaged families coming for places […] As far as I can see, that's probably a by-product of the national living wage increases, bringing more and more people into the criteria for working, family funded places. We see a much, much smaller pool of disadvantaged families – from a funding perspective, not necessarily from a need perspective."
>
> *– Early year provider, Control*

Another participant from provision attached to a special school said that their intake is primarily determined by their LA. They were the only place in their LA catering for children with additional needs.

Difficulties with recruitment

Recruitment continued to be an issue and impacted providers’ abilities to expand across the sector. Some providers reported that jobs that specified early years in the description could often receive no applications. Reasons given for this included that applications and job descriptions may be too long and be off-putting, applicants may realise the job is very demanding and offers less pay and longer hours than other jobs. Several providers said young people hear about bad experiences of working in nurseries from friends, which puts them off early years roles.

Some providers said that people (particularly mothers) may come into the sector with an inaccurate perception that they will only work during term time. This is not the case for many providers.

Getting the right team together can be difficult, people with different skills that complement each other to create a good team dynamic is often challenging. For example, personality clashes can be an issue, the team needs to be able to work together and support each other effectively or they may leave.

Across control and treatment groups, respondents reported that there is a challenge in recruiting practitioners that have a level 3 qualification (see qualification data in Figure 16).

> “We have staff that do a level 2 and then don't always seem to do a level 3.”
>
> *– Early year provider, Treatment*

The requirements for a maths qualification reportedly discouraged applications. Several provider and LA representatives said those with Level 3 maths or beyond have opportunities for higher paying jobs elsewhere, including schools.

Logistical difficulties

Members of staff said that location can also be a challenge where the cost of transport is unsustainable for some (see data in Figure 18 and Figure 20). This includes those earning minimum wage and/or working in rural areas. Some LA representatives said many providers want trainees to pay for their own Disclosure and Barring Service (DBS) checks and training, which also puts people off.

> “There's not enough employers willing to invest in the workforce, and the reason why is because they want to run their workforce off apprenticeships.”
>
> – *Early year provider, Treatment*

Some providers said they were encouraged to train more apprentices, but ratios limited numbers of unqualified staff they could employ. Mentoring and training apprentices could also take up a lot of time that other staff have to cover.

> "I think because of the government's law around ratios, you need so many Level 3 to so many Level 2's to so many unqualified…It doesn't always work.”
>
> – *Early year provider, Treatment*

Several early years providers mentioned the poor quality of candidates, and that some did not turning up for interview. Staff shortages meant that sometimes level 2 and level 3 qualified practitioners could be given too much responsibility before they had the relevant experience. These providers felt too much early responsibility could negatively affect interest in the sector from young people.

> “If young people are seeing this at college, or within school environments, it's going to automatically put them off coming into the nursery sector.”
>
> – *Early year provider, Treatment*

The role of incentives in shaping the supply of early years staff

The incentive had limited impact in shaping the supply of early years staff (distinct from the earlier analysis of places). **Providers were typically reluctant to use the incentive, sometimes for administrative reasons** (pp.42-43). One provider did not get any suitable applicants using the scheme, because of the ongoing recruitment difficulties seen across the sector. Some were not able to use the incentive because there were no suitable candidates.

> "We've never jumped through these hoops, so we couldn't say how difficult it is or is not. But we were prepared to. It wasn't that we weren't prepared to. It's just everybody who came through wasn't suitable."
>
> *– Early year provider, Treatment*

Providers based in multiple locations (both inside and outside the LA) were wary of using the incentives because of the administrative burden. Those that operated on more than one site said the incentive limited their flexibility to transfer practitioners between locations.

Some who did not use the incentives liked the idea. They commended DfE for trialling options to address recruitment difficulties.

There were some financial issues surrounding the incentives. Some reported that processing tax and NI for the incentive meant that there could be a cost to the business.

Those that did offer the incentive saw a much lower take-up than anticipated. They saw some increase as the pilot progressed and, with more time, felt they might have seen continued success.

> "We were allocated 500 plus grants to start with. If you look at the numbers in December, I think at the beginning of December we had two, so that's actually quite an enormous change [to now 49] ... If we had another 12 months, I potentially could give you quite a different picture. It needed to embed."
>
> *– LA, Treatment*

Skills and training opportunities

Among new staff, providers greatly valued soft skills, such as empathy, compassion, communication, and the ability to be playful and have fun. Participants from all research audiences said those that work in early years are passionate about working with young children. Such passion drives the work ethic and commitment that providers see as vital for good provision. All respondents emphasised the importance of the individual having the right attitude for the job as a main consideration during recruitment.

> "In recent times of actually tending to recruit more ‘the individual’ and then worry about the qualification after, we are looking at how best [we] can give them the skills and knowledge that they need to be able to work within early years. If they've got that right personality and that desire to engage with children.”
>
> *– Early year provider, Control*

While soft skills were highly valued, childcare policy requires candidates to have a reasonable standard of maths and English (usually a GCSE or functional skills qualification). They estimated that approximately 40% do not have the level of maths and English required. Many providers offered functional skills training where needed alongside the other qualifications to get candidates to the required level.

> "I'm looking at the minute for [a] Level 3 qualified. I don't even say they have to have experience. I'll take newly qualified people; I'll train them up myself. But they have to have get up and go, really. They've got to be on the ball."
>
> *– Early year provider, Control*

Providers also stressed the importance of empathy and an understanding of child development and different cultures. Multicultural understanding helps trainees connect with children and parents from different cultures. Some providers had to address preconceived ideas from some trainees. Some providers said it can be useful if trainees can speak another language, as this means they can support other children who have English as an additional language.

Many providers said it was hard to find reliable, committed staff or trainees. Employers felt that low pay might make those new to the sector underestimate how demanding the job is and leave as a result.

> "There is a lot of responsibility, and I think a lot of them, once they find that there is that responsibility…they're not willing to do that. They're not willing to do that for the pay."
>
> *– Early year provider, Treatment*

One college ensured they presented the sector in a realistic light. They felt many people enter the sector because they like the thought of working with children. The college said it was important to convey that early years roles can be very challenging.

> “They sometimes might go into [a] setting and realise what it actually looks like and that can provide a challenge because, you know, it's a rewarding, but can be a challenging, sector.”
>
> *– Early year provider, Control*

These views were consistent across the control and treatment groups as well as providers of different sizes and location.

Staff motivations for staff working in early years

Early years staff confirmed they sought employment in the sector to work with young children. Some staff were motivated by professional development and career progression. One said she wanted to work with children who had Special Educational Needs and Disabilities (SEND). They felt safeguarding is the core purpose of early years work, and they could fit into any setting with SEND skills.

Another said their main consideration was any support they would receive to complete their Level 3 NVQ. They also wanted to acquire hands-on skills at the same time and welcomed a positive work culture.

> “I got feedback from at least four settings, but I still chose this particular setting because they were keen on growth, they were keen on supporting me [to] achieve my dream.”
>
> *– New recruit, Treatment*

Some employers said they offer a lot of career opportunities and professional development. They said they actively encourage staff to progress above NVQ Level 5, and support upskilling. Some had connections with universities who they signpost their learners to, so they can study for a degree. Others said they supplied lots of careers advice and guidance, and offered work experience opportunities to help new staff prepare for employment.

Challenges with recruitment and retention

There was a feeling that the sector has changed a lot in the past five years. Staff responsibilities reportedly grew with respect to safeguarding and SEND requirements. This means roles hold more responsibility; several participants said early years is not an easy career option. Many interviewees across all audiences said pay for early years roles did not reflect the level of responsibility, especially compared to other jobs.

> "Early Years can't compete with supermarkets, so that's where they all disappear to. They get paid more to stack shelves."
>
> *– Early year provider, Control*

Some employers found that training improves staff confidence, thereby improving retention. Furthermore, training can lead to higher salaries, especially for specialist roles. For example, those trained as SEND Coordinators (SENCOs) may benefit financially. Higher salaries were viewed as more impactful on retention than one-off incentives.

Staff concerns about working in early years

The concerns raised by staff about early years work included the number of hours, distance to travel work, and the history and negative work culture in some settings.

> “I want to be a part of a team where even though there’s so much work to be done, I'm not burnt out by the work culture. I'm not burnt out by toxicity.”
>
> *– Current staff, control*

One respondent turned down a role because progression opportunities were limited and the pay and hours were incompatible with family responsibilities.

Several employers felt that the reason for the difficulties in recruitment in recent years is because early years is not promoted much as a career. Furthermore, social media spreads speculation that some nurseries are not desirable places to work. Others cited stories of children being neglected in nurseries due to bad staff practice.

Engagement with the pilot

Key findings

The providers who engaged with the pilot were positive, and keen to find solutions to their recruitment difficulties. Private, Voluntary and Independent (PVI) settings and LA-maintained nurseries were particularly motivated. Some felt an obligation to participate because not doing so would feel like they were denying new staff the incentive.

Good relationships with LAs were important for strong engagement. Some LAs had dedicated staff working on engagement and delivery, which was widely viewed as a key enabler of successful implementation.

The timing of the pilot coincided with the roll-out of the Expanded Childcare Entitlements, which impacted some providers' administrative and funding capacity to engage fully with the pilot. Although the administrative burden associated with the pilot was considered relatively low, LAs reported that some providers perceived it as an added task during an already demanding period.

Many early years providers said that the system for processing incentives was effective but still created additional work. A minority felt that they lacked support from LAs and had to research the incentives themselves. But most felt that regular meetings and support enabled them to deliver the pilot.

Some providers felt that the administrative process was more complicated than necessary and some of the eligibility criteria were unclear. They felt the guidance and administrative process in general could be streamlined and simplified.

Some early years providers were worried about the financial implications of participation, both for their businesses and new recruits. They worried that it may put burdens on their current systems in terms of processing payments or other HR activities.

Some engaged and unengaged providers felt that the incentives were not always advertised through the most effective channels and could make better use of social media to reach younger candidates. Limited awareness in general impacted the uptake of incentives.

Early years providers' engagement with the pilot sustained throughout its duration. Four in ten providers surveyed by Wave 4 were either currently engaging with the pilot, (26%) or planning to do so (16%).

Providers' relationships with their LAs were a key factor in their engagement with the pilot. Strong relationships typically facilitated higher levels of engagement, while weaker relationships created barriers to participation. **Relationships between LAs and providers were therefore perceived as a determining factor in successfully delivering the pilot**. It also reinforces the need to support strong relationship building between LAs and the providers operating in their areas.

Certain provider types, particularly Private, Voluntary and Independent (PVI) settings and LA-maintained nurseries, appeared more responsive to the pilot. LA representatives said PVIs were more likely to engage and act proactively in recruitment efforts.

Timing of the pilot coincided with capacity pressure from Expanded Childcare Entitlement roll-out

The timing of the pilot coincided with the roll-out of the Expanded Childcare Entitlements. As a result, provider capacity was stretched by two policies, which sometimes limited engagement with the pilot. **LAs reported that the administrative and funding demands of the Expanded Childcare Entitlements left providers with insufficient capacity to fully manage the pilot delivery.** The pilot was often deprioritised over the larger scale entitlements expansion. For example, both initiatives required providers to contribute to significant marketing activity. Some LA representatives said they did not have the resources to fully market both.

Although the administrative burden associated with the pilot was considered relatively low, LAs reported that some providers still perceived it as an added task during an already demanding period.

> "It came at the same time as a big expansion, many of our providers were busy with the new business coming in. ... It [the pilot] just went to the bottom of the pile."
>
> *– LA, treatment*

These findings suggest that the pilot's implementation may have been affected by its alignment with broader sector reforms, highlighting the importance of considering system-wide capacity when introducing multiple initiatives concurrently.

Local authorities' used outreach activities to overcome providers' indifference to the pilot

Awareness of the pilot among early years providers remained high throughout its duration, including at its conclusion. This suggests that LAs' efforts to raise awareness were sustained and effective. Nearly two thirds (65%) of early years providers in the W4 treatment group survey, reported they were aware of the pilot.

Of those aware of the scheme, just over half (57%) were invited, a drop from 64% in wave 1.

Figure 3: Awareness of the pilot among providers and whether invited

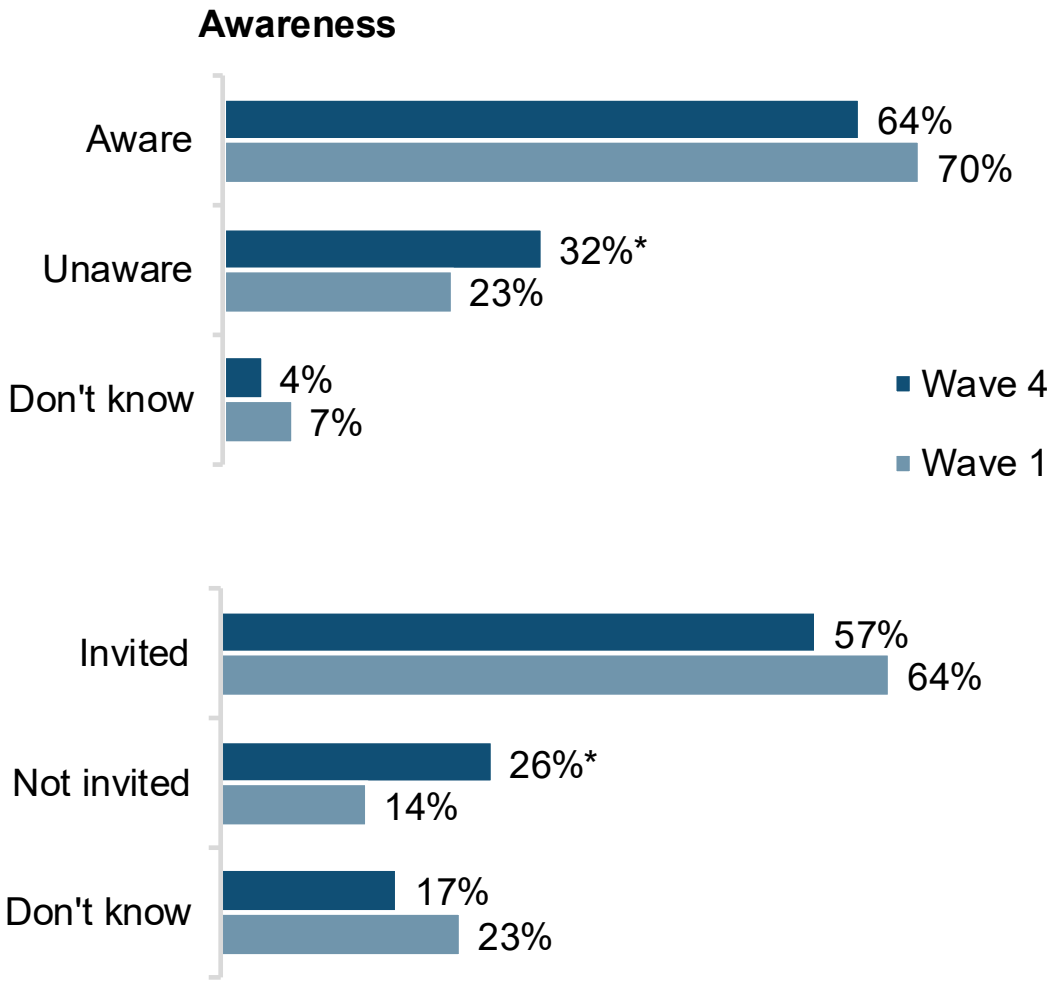


Figure 3 D1. Before this survey, were you aware of the Early Years Financial Incentives pilot that launched earlier this year in your local authority for some providers? Base: All provider in treatment areas (Wave 4: 321, Wave 1: 445) / D2. Has your setting been invited to take part in the scheme? Base: All providers aware of the scheme (Wave 4: 225, Wave 1: 344). Source: EYFI Provider survey.

However, despite this level of awareness, many LAs encountered some indifference when engaging early years providers. To overcome this, LAs adopted proactive and often resource-intensive outreach strategies.

Some LAs had dedicated staff working on engagement and delivery, which was widely viewed as a key enabler of successful implementation. To increase visibility and promote the scheme among providers and prospective recruits, LAs attended sector networking events, job fairs, or career events. Others reported holding regular information sessions, using newsletters, bulletins, and social media to share updates.

Several LAs described the efforts they made to engage providers. For example, some searched social media advertisements to identify providers hiring staff, then contacted those providers about the incentive. The resources required for such work were significant.

> "It was good in the end, but it was a bit like pull, pull, pull. It was quite difficult to get people on board."
>
> *– LA, treatment*

To address provider concerns, some LAs drew on examples of previous initiatives (e.g., funded apprenticeship schemes) to reassure providers and encourage buy-in. Over time, LAs refined their communication strategies, increasingly favouring direct and personalised approaches. One-to-one discussions, in-person visits, and small group conversations were reported as the most effective methods to engage providers with the pilot. **These more tailored approaches enabled LAs to clearly explain the benefits of the incentives and challenge providers' negative perceptions.** In most cases, this approach was perceived to be successful.

In contrast, emails and online communications appeared less effective in engaging providers who were initially reluctant to engage.

> "What absolutely didn't work was emails and online communications [to engage providers' with the pilot]."
>
> *— LA, treatment*

However, not all LAs had the capacity to promote the scheme and proactively engage providers to this level. The extent of outreach activity varied. Some LAs said they had limited availability to follow up with providers consistently. This variation was primarily attributed to differences in staffing levels and available resources within LAs.

> "We have not always had the capacity to chase and follow up providers."
>
> *– LA extension data*

Despite these challenges, some LAs noted that engagement improved over time, and momentum built towards the end of the pilot period. Several LAs suggested that, **with more time and capacity, they could have expanded their outreach efforts and achieved higher levels of provider participation**. This was especially the case for larger LAs, where the scale and geographic spread of the area posed additional challenges. These LAs highlighted that effective communication requires sufficient time and resources to reach all relevant providers across the area.

Roundtable insight: Limited reach of local campaign activities and potential role of national promotion

Campaigning and marketing activities were discussed in the treatment LA roundtable discussions. Many LA representatives said **their campaign activities were hindered by delays** in pilot implementation. They attributed delays to prolonged internal council approval processes and the pre-election period (for the 2024 general election). Campaigning activities were paused entirely during the election period. Representatives said this delay reduced the duration of their live campaign and limited its impact. The time required to secure approval for grant allocations significantly delayed delivery**.** Representatives said they had less time to implement pilot activities and to spend funding effectively.

> "The election impacted on us because there was the big do it campaign, which was just coming out and it was beautiful adverts. We were getting out there, then it all stopped."
>
> *-Treatment LA*

Some roundtable representatives faced challenges raising awareness locally, particularly beyond the early years sector. **This limited their ability to promote incentivised roles to individuals outside the sector**. The issue was raised in the context of broadening awareness of the programme as to attract new entrants into the sector.

> "I actually think we just didn't have enough time to embed it. It might seem like we had a really long time, but actually getting the news out of the sector. And if you just consider the size of [our city], they an e-mail doesn't make people conform it. It doesn't. It took a lot more work and we didn't have enough time."
>
> *-Treatment LA*

Others felt that localised adverts which raised the profile of early years (akin to the **'Do Something Big'** national campaign) would be good for showing the value of early years roles, and the employment possibilities within a local context.

Some representatives felt that the scale of the pilot (across 20 local authorities) was a barrier to building awareness, finding it too big. They felt that localised advertisements created some ambiguity around who was eligible for the incentives, based on location. Should the pilot be rolled out more widely, several representatives believed a centrally led, national advertising campaign could complement local efforts and expand awareness beyond the existing early years workforce. Representatives felt that the pilot was not reaching new audiences.

> “What I felt was that most of our numbers came from current apprentices that we're training with the providers at that time.”
>
> *-Treatment LA*

Findings from early year providers suggest their support for this approach would be limited. **Many providers were concerned about recruitment activities that attracted those new to the sector because new entrants lacked appropriate skills or experience**. A national campaign may extend reach but might increase applications from unsuitable candidates. However, evaluation data suggests that this did not bear out in practice.

Views on the administration and processes related to the pilot

Pilot implementation

Satisfaction with pilot processes among engaged providers and new recruits

Many early years providers with experience of implementing the pilot said that the system for processing incentives was effective. Some of these providers were initially concerned about the practicalities of the process (in line with the perceptions of some unengaged providers). Their views became more positive following their delivery experiences. **Experienced managers reported positive collaborations with LAs and straightforward administrative processes.** Most providers reported that communications from LAs were clear and consistent.

> "We have had upfront information … [and there was] … a lot of promotion around [the incentives] from our Local Authority. Everything has been clear, transparent and [supportive]... so it has been quite a simple process."

– Engaged early years provider

Only a few providers reported that communications from their LAs were unclear and that they had to research the financial incentives themselves.

Some early years providers said LAs set up regular meetings with them and provided pre-approved text about incentives for job adverts. In some cases, this was a collaborative process between the LA and the provider. For a few early years providers, this was seen as a continuation of the ongoing support already provided by their LAs. These providers reported that their LAs had previously established regular meetings to address recruitment and retention for early years positions prior to the pilot. These meetings covered topics such as how to write effective adverts, and how LAs could provide ongoing support to settings.

> "We had a meeting that was for managers and owners [of early years providers] to go along to. … At that meeting we agreed the wording that would go onto [the] adverts, so that we all knew what … to use as a strapline. … And we've had clear communication [from the LA] and we're still getting it now."
>
> *– Engaged early years provider*

Some early years providers said **one main point of contact at the LA to manage pilot processes was helpful.** This ensured clear communication and smooth issuance of incentives.

Some early years providers found the application process for the incentives straightforward. However, others were concerned about the administrative burden arising from gathering and submitting information on pilot participants and ensuring the incentives were paid. Some providers suggested the pilot process should include recompense for this additional administrative workload.

> "We obviously have various forms to fill out about when we're recruiting, who we recruited, when their [new recruits] 12 weeks is up."
>
> *– Engaged early years provider*

Some early years providers who had advertised the incentives were also dissatisfied with the requirement to modify their standard job adverts to include incentive details, then reverting back afterwards. This was perceived as an additional administrative burden.

Early year providers' concerns about pilot processes

Unengaged early years providers were confused by the pilot design and perceived the administration as burdensome, feeling the process for issuing incentives could be modernised. Engaged providers perceived the process as complex and thought

applicants themselves should be able to apply for the incentive. DfE developed and tested an online portal to be used as the delivery mechanism for future FI application rounds. This was subject to private beta testing in 6 LAs between November 24 and March 25. The beta test simplified the process for providers, but they still needed to initiate the claim.

> "It's not easy, and not very eco-friendly... [I think I would be] printing out paperwork and getting that all filled in… it could have been online, it could have been linked to their payroll. There's a lot of easier ways you could have done this."
>
> *– Unengaged early years provider*

Some providers who had considered engaging said the eligibility criteria were unclear and believed that administration would be time-consuming. They also felt limited guidance and support was provided to them from their LAs. For example, some providers researched the financial incentives guidelines themselves in the absence of LA communications.

Early years providers' views on the support and guidance received from their LAs varied by location. While **some LAs provided a high volume of information and support, others offered less.**

A few unengaged providers had limited capacity to engage with communications from LAs (webinars, emails, general information, etc.,). Some providers found the multiple webinars and attachments overwhelming and not always useful. They suggested that a single, well-structured website containing all relevant information in one place would be more effective, as they often lacked the time to review extensive materials sent to them.

Financial and administrative barriers to participation in the pilot

Some early years providers were worried about the financial implications of participation, both for their businesses and new recruits. Some providers said that processing tax and NI contributions for the incentive could be complicated and result in additional costs to the business. They also saw a potential risk of incentives affecting practitioners' Universal Credit payments.

Smaller providers, particularly those without a dedicated finance function or accountant, were concerned about managing the financial aspects of incentives. For these settings, navigating the calculations required for disbursing incentive payments, or managing the impact of staff's benefit entitlements, posed a significant challenge. In several cases, LAs were able to provide support to help providers navigate these issues.

Larger, unengaged early years providers with centralised finance departments also expressed concerns about potential delays in processing payments if they participated.

They were aware that their own internal administrative processes could be slow, which they felt might prevent timely distribution of the incentives to recruits. Alongside the pilot, DfE tested an online portal to assess whether it could deliver incentives more effectively. The portal addressed many of the concerns raised by LAs and providers and is now the delivery mechanism for the 2025 and 2026 pilot activity.

> "So, we're quite a big academy trust and all our accounts are centralised. So that would probably take some time to do and get that money back to the candidate. It would probably end up taking longer than the 12 weeks. It'll probably be more like 16 weeks by the time it's gone through accounts and been claimed."
>
> *– Unengaged early years provider*

Perceived competitive advantage among providers of offering incentives

Some LAs representatives were concerned that some participating providers may gain a competitive advantage over non-participants. These concerns were particularly relevant in cases where certain providers were able or willing to offer the financial incentives, while others were not. These representatives thought non-participants could be disadvantaged when competing for new recruits in the local labour market. Some LA representatives used this perception to encourage disengaged providers to participate.

> "As a local authority, we are providing this to maximise your opportunities. So, this is about you being able to maximise that benefit, to draw on a wider talent pool. Otherwise, you're going to be in competition with someone else when you're needing to recruit, and therefore you might be turning business away. That could impact on your sustainability."
>
> *– LA, treatment*

A small number of LAs reported that some providers believed offering a £1,000 incentive had enhanced their ability to attract new recruits, particularly when neighbouring providers within the same area were not offering the pilot incentives.[13] However, qualitative evidence was not collected from providers in those areas to confirm whether they shared this view. Providers from other LAs did not express similar opinions, suggesting that any effect may have been localised.

There was no robust evidence to confirm recruitment outcomes improved through using incentives. This highlights a disconnect between the perceived value of the incentives and their measurable impact. The impact analysis provides further evidence linking the

[13] Note: It is important to note that the providers involved in the focus groups were not based in the same LAs that participated in the LA interviews. As such, these perspectives may reflect the experiences of certain areas but not others, and there is limited opportunity to cross-validate these findings across participant groups.

pilot to individuals' likelihood to apply for roles, and patterns of incentive take-up (pp.67-128).

Advertising roles to applicants with the incentives

Importance of targeted communication and effective marketing practices

Early years providers highlighted the importance of using appropriate communication channels to attract suitable applicants. Engaged early years providers employed various methods to advertise the incentive, including job sites like Indeed, LinkedIn, etc.

To maximise the reach of the pilot incentives, providers adopted a range of marketing and communication strategies, including:

- Advertising roles within smaller early years networks and through word of mouth
- Primarily advertising on Facebook and Indeed rather than LinkedIn

Some LAs reported that a few providers adapted their recruitment strategies to reflect local market dynamics. For example, one LA described how a large nursery chain adjusted its promotional messaging about incentives to suit rural and urban settings. According to the LA, the provider highlighted the incentive more prominently in rural areas, where fewer providers were offering it. In contrast, in urban areas where the incentive was used more widely, the LA reported that its effect on recruitment appeared to be reduced. As a result, urban providers instead focused more on promoting other employment benefits, such as flexible working arrangements.

LAs also played a key role in supporting the promotion of the pilot incentives, complementing providers' advertising efforts. As reported in the December 2024 Progress Reports, the LA extension data, and qualitative interviews with LAs, activities included:

- **Utilising Department for Work and Pensions (DWP) channels**, like the Restart programme, which provides intensive and tailored support. The programme helps individuals who have been claiming benefits for at least six months to find sustained employment opportunities
- **Collaborating to organise bespoke early years recruitment events in their local areas**, separate from existing job fairs. Some LAs were directly involved in running events targeted specifically at early years recruitment
- **Boosting social media promotional efforts**
- **Leveraging existing local programmes**, such as Career Shift, designed for people who may be unemployed or looking to transition from another sector

- **Adopting urgency-focused messaging** (e.g. “Time’s running out”), as the pilot neared its end, which, according to some LAs, reportedly increased take-up.

Provider evidence from the December 2024 LA Progress Reports found **the pilot supported their recruitment efforts.** They appreciated the help in hiring apprentices and addressing additional recruitment challenges linked to the roll-out of Expanded Childcare Entitlements.

> "The settings who found the pilot highly beneficial are those who appointed an apprentice or a number of unqualified staff members. We have experienced a flux of applications as the pilot comes to a close and an appetite for the pilot to continue."
>
> *– Engaged LA, Progress Report*

> "[The pilot] helped the LA to be prepared for early years recruitment ahead of the real challenges affecting the sector with the roll out of entitlements."
>
> *–Engaged LA, Progress Report*

The progress updates also showed **some LAs connected higher take-up to updated communications about revised eligibility criteria for providers**. These materials were actively shared to improve clarity and reach. Direct engagement through recruitment events was also reportedly effective because LAs could promote the incentives directly to providers and parents to. In some areas, LAs continued to work closely with providers to proactively raise awareness and encourage uptake.

Despite marketing efforts from both LAs and providers, some engaged and unengaged providers felt that the incentives were not always advertised through the most effective channels. Some providers suggested that job adverts should have been promoted more in job centres. However, others noted that advertising through job centres did not always attract qualified candidates.

Other providers questioned whether the platforms used to advertise roles were adequate to reach younger audiences. Some felt that more could have been done to use platforms popular among younger individuals, such as TikTok, to improve visibility and engagement.

> "I wonder if they didn't target the sort of media that younger people consume because, you know, they don't watch telly, do they? If you're talking about young people, it should maybe be like, TikTok or whatever people do."
>
> *– Engaged early year provider*

In addition, some providers received few, if any, applications via the Department for Work and Pensions (DWP) website, or through adverts on their LA's website.

Data from the LA extension data further highlighted difficulties in reaching potential applicants. Some LAs said potential recruits were scattered across local areas, making it challenging to target suitable individuals.

> "The workforce is sparse so finding new recruits or returners has been difficult."
>
> *– LA, Mini survey data*

Limited communications about the incentives

Some early years providers limited their communication about the incentives, leading to low awareness among applicants. Consequently, some new recruits reported learning about the incentives only after starting their roles.

Some engaged early years providers were hesitant in discussing incentives in the workplace because that may upset existing staff. In some cases, providers discouraged staff from mentioning the incentives they had received to other colleagues.

Some training providers felt that the pilot could have done more to promote the incentives on social media. They believed that limited social media advertising reduced the reach of adverts to potential candidates.

> "Only what I have read on the news or heard on the radio. I don't think it's as widely advertised as what it could be."
>
> *– Training provider, Treatment*

Unclear eligibility criteria and communication gaps were identified as areas for improvement

Some representatives from treatment LAs said that some providers were unclear about eligibility criteria for incentives, which made them wary of communicating the incentives to applicants. This impacted the extent to which the incentive was advertised

Several representatives felt some providers used inconsistent or unclear language in their recruitment adverts. This language did not sell the appeal of roles to prospective candidates. In some cases, representatives said providers did not include information about the incentives at all. Some said their LA issued reminders to providers reminding them to use incentives in recruitment adverts. Representatives suggested that clearer, targeted messaging could improve recruitment adverts in future and help better communicate the offer.

Many representatives said they had marketing and recruitment support in place to help providers. However, many providers reported that the pilot had increased their workload. Rather than reducing recruitment pressures, the scheme was sometimes seen to add complexity to existing processes and increase administrative burden.

> "My real reticence was … [that]… we didn't have the capacity to administer [the pilot] and to manage it…it [was] something else that we were being asked to administer that wasn't actually on our budget."
>
> *-Treatment LA*

There was evidence some providers were unsure of the eligibility criteria, especially at the start of the pilot. Several representatives said they relaxed local eligibility criteria (in consultation with DfE) as the pilot progressed.

Timing of posted adverts

Some early years providers reported delays from LAs in setting up live job adverts. This limited the value of adverts, especially if providers wanted to recruit before the adverts were published. In cases where LAs funded additional advertising, there were instances where these adverts were not live at the start of the incentive period, reducing their impact.

Providers in the four LAs who chose not to extend their delivery to March 2025 reported that delayed advertising resulted in individuals inquiring after the pilot had ended. For example, one early years provider reported receiving emails and enquiries about the financial incentive payment after the application window closed. Individuals applying for current advertised roles were no longer eligible.

Awareness of incentives

Awareness of incentives among training providers and applicants was fairly limited. Fewer than half of applicants (44%; n=50) reported they knew a lot about the incentives. A similar proportion reported they either knew a little (24%) or had just heard of them (20%). Further detail on applicants' awareness of incentives is provided in the impact analysis (see pp.99-102).

Some early years providers reported that local training providers were unaware of the pilot, which subsequently reduced awareness among potential candidates. Given the role of training providers in supplying new applicants to the sector, this was seen as a missed opportunity.

Additionally, a few training providers reported that none of their trainees (including apprentices) had mentioned the incentives, suggesting awareness among trainees remained low. In some areas, this was further exacerbated by a lack of communications

from LAs. A few training providers reported that they had not received guidance from their LA about the pilot. As a result, they had limited information and understanding of how incentives worked, limiting their ability to effectively support trainees to find opportunities with the incentives.

Finally, some early years providers reported that their newly recruited staff were less aware of the pilot. A few applicants reported they had heard about the incentives via LinkedIn or TikTok, while one applicant reported learning about the incentive during their training. Among applicant survey respondents who had heard of the incentives, 31% (n=15) heard about it by word of mouth from family or friends, and 24% (n=12) from their current employer.

Quality of applications received by providers

Many early years providers reported that applicants often lacked the qualifications and soft skills required for roles in the sector. Providers in some areas received a high volume of applications per vacancy. However, most providers felt many applicants were unsuitable to invite for an interview because they did not:

- Hold the required qualifications for the role
- Demonstrate a clear interest in, or commitment to, working in early years.

Providers explained that candidates who did meet their criteria were often in demand across multiple settings.

> "By the time you sift down through the 50 [applications], you've probably found three or four that you would want to actually interview. You then find that those three or four are probably being interviewed by about six or seven different settings… Then it's just a question of 'who's got the best financial package that they can go to?'"
>
> *– Early years provider, Control*

Providers processing high volumes of unsuitable applications reported an increased administrative burden. High volumes of unsuitable applicants created additional pressure on already limited resources. Providers emphasised that more applicants were only beneficial if accompanied by an improvement in candidates' quality.

Therefore, providers were concerned that the incentives might boost the number of applications from individuals who were unsuitable for the role. This was the experience of one engaged provider, but the majority had not observed any marked difference on the volume or quality of applications.

Processing and receiving incentives

Engaged early years providers' experiences of processing incentives were positive when LAs provided support. Providers gave examples of LAs sharing spreadsheets outlining payment amounts, or support to calculate tax and NI contributions. Other LAs offered guidance on how to distribute payments across multiple months.

> "They [the LAs] sent it as a little tool that you could put in lots of details. And it basically told you what you needed to write on your claim so that you would claim enough to pay the tax and then national insurance."
>
> – *Early years engaged providers*

In fact, **some providers described how they carefully managed employees' incentive payments to minimise their impact on Universal Credit and housing benefits**. Several LA representatives said they directly supported more complex administrative processes with finance teams and accountants in larger provider organisations. This ongoing engagement was seen as instrumental in reducing the implementation burden and encouraging participation in the pilot.

For new recruits, the process of receiving incentives was generally straightforward, according to survey and qualitative data. However, some experienced negative consequences, particularly where incentive payments affected their Universal Credit entitlements. A small number of new recruits expressed concern that they had not received the full value of the £1,000 incentive, once tax, NI, or benefit reductions were considered (though these were perceptions rather than being borne out of fact).

> "This incentive did mess […] up all my benefits because it got put through with earnings rather than a tax-free incentive payment. In the end, I lost out more than I gained. I didn't really get told much about that. I felt let down."[14]
>
> – *New Recruit, Treatment*

> "I would be nice to get the full £1,000, without it going through your wage. In this way, you would not get taxed… For people like myself who are on Universal Credits, you lose your Universal Credit because it looks like you're earning [more]. So, I didn't end up much better off [after receiving the incentive]"
>
> – *New Recruit, Treatment*

[14] The financial incentives were not tax-free; they were paid to recipients after deductions for tax and National Insurance (NI) had been made.

Many new recruits did not receive much information about how the incentive would be paid. This information was deemed valuable to understand how the incentive affected their benefits.

> “That's what I would have wanted to know about, how the payment would be received.”
>
> *– New Recruit, Treatment*

While many providers and recruits navigated the incentive process effectively with LA support, greater clarity and proactive communication, particularly regarding financial implications, would improve the implementation and impact of future schemes.

Timeliness of incentive payments

Some early years providers reported receiving payments within the expected timescales, with payments issued at the 12-week period. Others reported delays beyond the 12-week period: some delays extended to 9 months.

> "There's quite some hoops to jump through to get to the point of the staff member being paid."
>
> *– Engaged early years provider*

Differences in payment delays varied by LA and were attributed to several factors. These included:

- Lengthy administrative processes for collecting and submitting candidate information to confirm eligibility
- Delays within LA finance departments
- Challenges faced by some providers in calculating NI and tax obligations related to the incentives
- In some cases, limited provider experience with administering such payments contributed to further delays.

A few early years providers mentioned that their staff had not yet received their payments. Some attributed the delay to general administrative issues.

Perceived limitations of the incentive amount

Most representatives felt £1,000 was insufficient to attract new recruits into the early years sector. **They felt a one-off payment was unlikely to address the broader challenges associated with low salaries across the sector**. Many representatives said an incentive payment could not make early years careers financially viable or appealing in the long term. They felt the incentive exerted little influence on individuals to

apply for target roles, and as a one-off payment, did not match the money available from other professions.

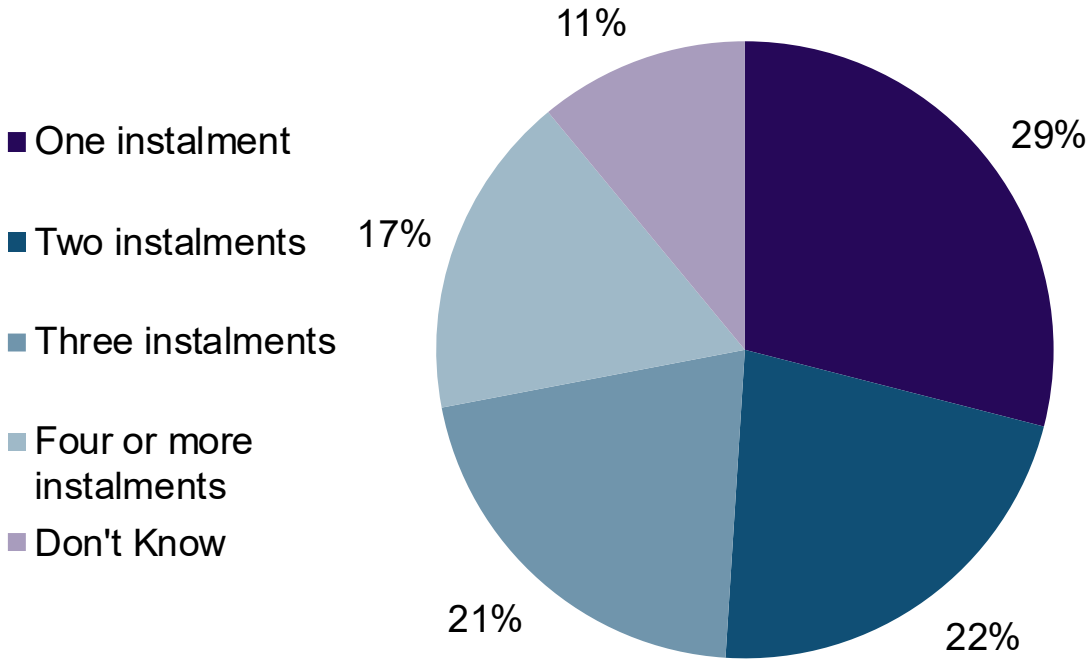
> “I think it's a challenge with the level of money that is on offer. If you compare it to other professions and the kind of sums that are involved in their golden handshakes or however you want to call it.”
>
> *-Treatment LA*

Timings of incentive payments

There was no consensus on how the financial instalments should be paid. The most common response was one instalment but less than a third (29%) of representatives reported this. Around a fifth (22%) wanted two instalments and similar said three (21%).

The main perceived benefit of delivering the incentive as a single instalment was reduce the administrative burden. Among those who preferred to pay it in two or more instalments, the main perceived advantage was to avoid complications about tax and universal credit payments for staff, arising from a large increase in monthly salary.

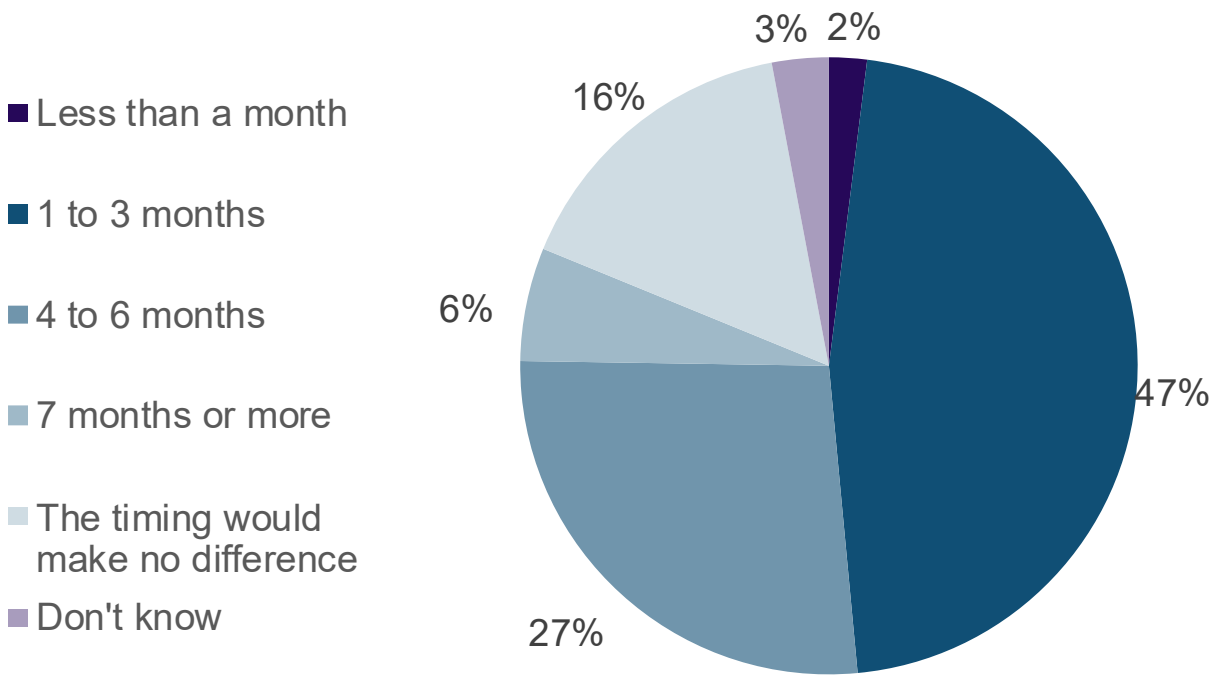
Figure 4: How many instalments should the financial incentive be paid in so that it attracts recruits to join, and encourages them to stay?



D6 Base: Settings in treatment LAs (n=321)
Source: Providers survey

Representatives from providers in the treatment group were also asked after how many months the financial incentive should be paid. Just under half (47%) thought it should be between one and three months. Just over a quarter (27%) thought it should be between 4 and 6 months and 16% thought the timing would make no difference. Though these figures contradict findings elsewhere in the study where settings preferred it to be at least six months.

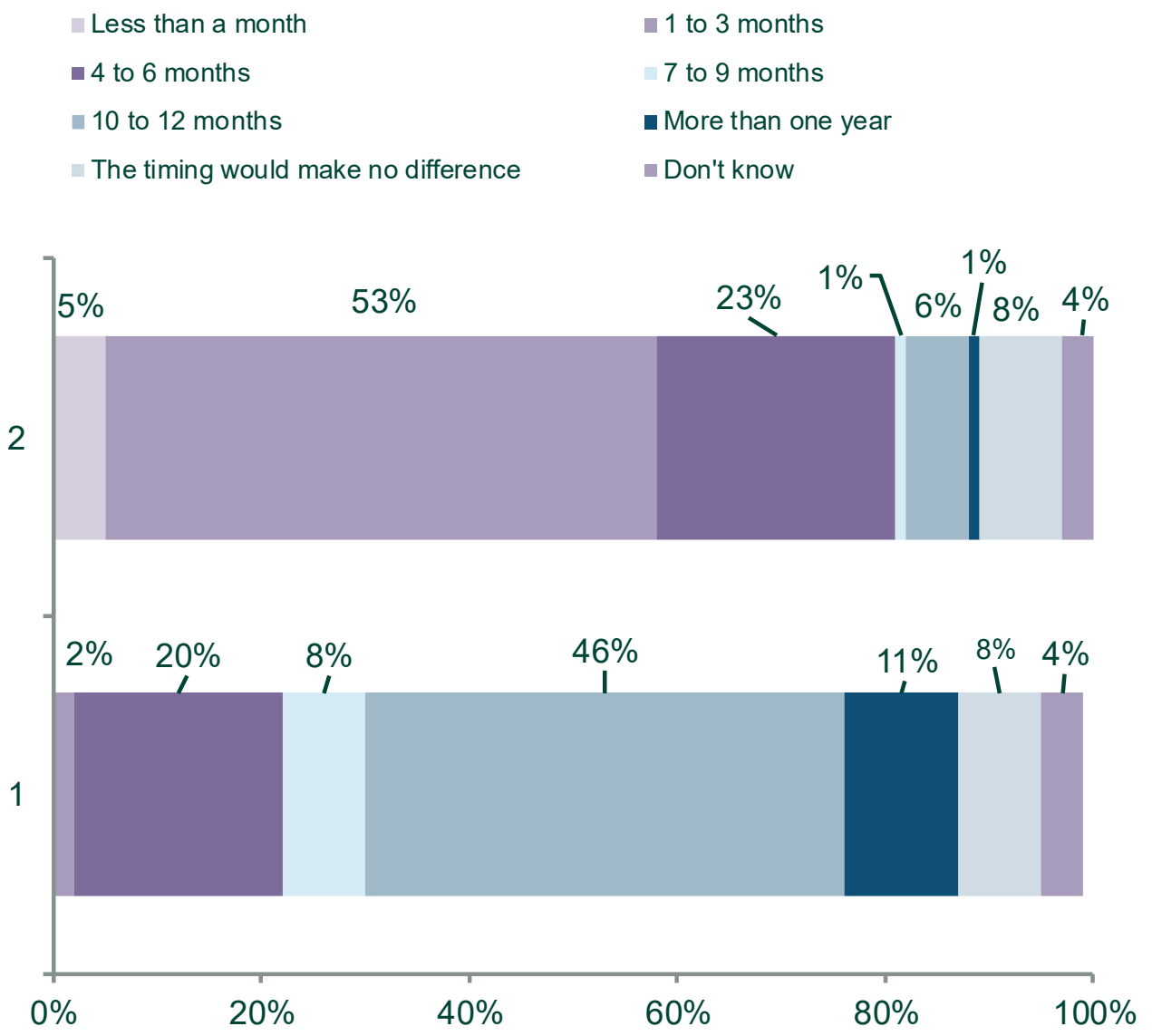
Figure 5: How many months after starting the role should the financial incentive be paid?



D7 Base: Settings in treatment LAs (n=321); Source: Providers survey

Representatives from providers in treatment LAs that wanted the incentive to be paid in instalments were asked how long they should be paid after starting a role. As shown in Figure 5, around half felt that the first incentive should be paid between 4 and 6 months (53%) and around half (47%) thought the last incentive should be paid after between 7 and 9 months.

Figure 6: When should the first and last instalments be paid?



D8/D9 Base: Settings in treatment LAs who think incentives should be paid in instalments (n=172) Source: Providers survey

Case study: identifying effective LA support

This case study considers the pilot support offered by six treatment LAs. They are referred to numerically (i.e. LA1, LA2) to preserve anonymity. Topline information regarding their region and the levels of pilot uptake within the LA is outlined in the table below.

Table 1: Region and level of pilot uptake among LAs referred to in case study

	Region	**Average number of incentives allocated**
LA1	North West	Above average
LA2	North East	Above average
LA3	Midlands	Above average
LA4	Midlands	Below average
LA5	North East	Below average
LA6	Greater London	Below average

Links between stronger offers and higher engagement

Monitoring data and qualitative evidence suggests pilot uptake was higher in local authorities with structured and proactive support models. The data implies relationships between a LA's capacity, support design, and engagement outcomes with uptake.

Variations in Local Authority capacity and resources

The extent to which local authorities provided enhanced and/or proactive support varied based on their available staffing and resourcing. Various LAs said providers were concerned that incentives increased administration and did not incentivise their existing staff. Provider uptake was often reliant on how actively LAs spent time reassuring providers around these concerns.

Providers in some LAs (including LA1 and LA2) said the LA support offer was relatively well-developed and demonstrated higher levels of pilot engagement. In LA2, early years providers welcomed access to a key contact who could support pilot processes. This

made participation easier because providers could address any implementation or delivery issues quickly and efficiently.

> "We were given the name of a key person that was to deal with it all. And you could just ring her up. I know when I rang her up, she made it really easy. She sent me all the forms. She then got me to send them back to you. She was really good, from my perspective."
>
> *– Early years provider, LA2*

Some LAs, including LA1, were able to actively visit providers, discuss any current vacancies and suggest the incentives as a tool they could use to support recruitment. Some LA teams already visited providers (i.e., as part of quality monitoring exercises). This existing support meant LAs could introduce or advise on the incentives during their usual visits.

Uptake in LA3 was initially slow. Representatives from this LA said uptake increased when they assigned a dedicated team member to follow-up providers' queries and offer advice. LA4 and LA5 also had dedicated individuals who would directly respond to providers' queries. Both LAs felt this was an effective, albeit time-consuming process. LA5 also mentioned using existing engagement channels like careers events and job fairs to boost awareness of the pilot.

In contrast, LA6 had only one part-time staff member overseeing the scheme, limiting capacity for broader support activity. They shared messaging around the pilot, partly through weekly newsletter and termly forums for providers. However, they did not feel their messaging was ultimately enough to maximise engagement.

> ""It ended up being mostly me and capacity has been an issue."
>
> *– Representative from LA6*

Variations in Local Authority implementation and guidance

Approaches to pilot implementation and guidance varied by local authority.

In LA2, providers reported positive experiences, highlighting the benefit of clear and practical guidance from the LA. For example, providers were given:

- A NI and tax calculator to estimate actual costs
- Step-by-step instructions for handling payments to Universal Credit recipients
- A direct contact at the LA for query resolution

Providers in other LAs without tools to help them calculate NI and tax contributions found these processes harder. One LA consulted an accountant to help them clarify these

details for providers. Providers were largely positive about their experience when they had a dedicated contact at the LA to whom they pose questions. This supports the idea that LA support was effective when clear communication channels were used for clarification.

Several LAs shared guidance via their websites, social media or emails and newsletters. However, one early years provider was frustrated when their LA directed them to guidance as a response to questions. The provider wanted the opportunity to discuss concerns in relation to their specific context. This suggests clear guidance and practical tools, combined with tailored responses, improved engagement and satisfaction.

Trialling different approaches to incentives distribution

Most LAs wanted providers to submit the appropriate information to pay the incentive once an eligible candidate was in post. LAs often collected data through Microsoft forms, although some providers were inexperienced using this software. One LA talked through forms with some providers to ensure they were completed. This highlights how variance in the quality of provider management could influence the uptake and overall success of the pilot.

LA5 and LA3 increased take up in 2025 after very limited engagement earlier in the pilot. LA3 chose to expand their eligibility criteria for incentives in addition to spending more dedicated time engaging providers as the pilot progressed. LA5 changed their messaging to indicate time to participate was running out. They found this messaging effective. More broadly, several LAs felt the pilot would have gained traction over time as awareness amongst providers increased.

LA1 allowed providers to claim incentives in advance, before they had identified eligible recruits or advertised roles. The rationale was that early payment would reduce provider reticence and encourage engagement. This LA did receive high levels of uptake, relative to most other LAs. They asked providers to calculate potential incentive payments for their new starters at 8 weeks. This would allow the LA to pay the majority of the incentive based on this number, though some top-up payments were required.

Around 80 incentives were issued in this manner. However, the approach did not result in higher uptake than expected, due to barriers around timing and a poor-quality applicant pool.

This example illustrates that implementation flexibility can drive innovation, where LAs are able to respond to the concerns of their providers and adapt approaches accordingly. However, misalignment with national systems or unclear expectations may lead to administrative inefficiencies.

Perceived impacts of the pilot

Key findings

The incentives did not lead to a statistically significant increase in the rate of applications received per vacancy in treatment areas.

Early years providers felt there was minimal evidence to suggest the incentives supported recruitment. Limited awareness of the incentives among new recruits was likely a substantial contributor to this.

A high proportion of low-quality applications for early years roles undermined the success of the pilot. Poor quality was defined as applicants lacking required qualifications, holding lukewarm or no interest in early years work, and/or providing no evidence of the soft skills required to work with children.

Participants across all audiences were concerned that the incentives would attract unsuitable candidates, which could worsen the quality of their childcare. They felt this could exacerbate existing issues around high staff turnover by attracting candidates who were less dedicated to the role and would be put off by low pay.

Participants across audiences were sceptical that incentives would support capacity building within early years. They felt incentives did not offset sector issues of low pay, long hours and staff feeling undervalued. They also questioned whether incentivising new starters over existing staff was fair. Providers rely on existing staff to maintain staffing ratios. Despite concerns about the possible impacts on existing staff retention, data from LAs Progress reports show no clear negative effects on current staff retention. Early years providers did not report losing any longstanding staff because of incentives.

Early years providers expected high staff turnover to continue until early years pay aligns with the demands of the role. Many felt pay was unbalanced with the responsibilities of early years practitioners. Incentives were largely seen as insufficient to make early years roles more attractive and therefore perceived to have a limited potential impact on recruitment.

Some providers said new starters left their role shortly after receiving the incentive. This exacerbated providers' concerns about the influence of incentives on staff turnover. The 12-week period before new eligible practitioners receive the incentive was extended to 6 months from (July 2025) as part of the EYFI extension.

Some LAs felt that the pilot had strengthened relationships with providers in their area. Some also developed materials, including workshops, to support future delivery.

Self-reported impact of the incentive on applications

Survey findings **did not indicate any statistically significant increase in the rate of applications received** per vacancy in treatment areas. During interviews, early years providers also reported minimal impact of the incentive on recruiting practitioners.

The majority of treatment early years provider research participants said **incentives had no impact on who applied** for vacancies. A small number felt they may have had a minimal impact. While several treatment providers used incentives to recruit practitioners, they felt there was limited evidence that incentives attracted those who would not have applied in its absence.

> "I can't think of any one person that actually [chose a position] due to the incentive. So, it's a really difficult one. We've had lots [who have] been more than happy to receive it. But it wasn't a determining factor."
>
> *– LA, Treatment*

Treatment and control providers were largely doubtful that the incentives would help them address key issues around recruitment and retention. This was largely due to existing issues within the sector around low pay, unfavourable hours and high levels of responsibility relative to pay. Financial incentives were not seen as compensating for these factors.

New recruits reported some factors that did inform their decision-making and these included childcare offerings, proximity, flexible working options, extra training and career progression. These were consistently described as higher priorities than incentives among those who entered the sector.

> “So, for me, it [the incentive] wasn't really the core reason why I was interested in that particular advertisement. They were willing to give childcare discounts, they were willing to facilitate trainings, paid trainings. They were also willing to give healthcare benefits and there was going to be a visa sponsorship attached to it.”
>
> *– New recruit, Treatment*

Limited awareness of incentives amongst applicants and new recruits was seen as a barrier. Most new recruits had not heard of the incentives before applying for an eligible role. Most first heard of the incentives during their interview or after they had accepted their post. Their decisions on taking a role were not therefore influenced by the incentive.

Some treatment providers said incentives had only been available for a limited period of time. Some foresaw potential for impact, especially as **provider uptake in some LAs increased towards the end of the pilot.**

Conversely, one control LA and some providers wanted more convincing evidence that the incentives would effectively support recruitment before engaging in a broader rollout.

> "If it [the pilot] was to be rolled out again, and we had evidence from other local authorities that it worked, I would say that would encourage more take up [among providers]. I know that we would have to really build the confidence with providers that it was something that could potentially help them."
>
> *– LA, Control*

Quality of applications

The provider survey found the pilot had **no impact on how long it took to process an early years application**. Qualitive findings suggested many applications to fill early years roles lacked quality, for the reasons listed below. Few providers in treatment areas reported any impact on the quantity or quality of applications from incentives. Most providers felt the pilot did not help to attract appropriate candidates for early years roles.

Poor quality applicants were characterised by:

- Lacking the relevant qualifications for the advertised role. Level 2 and 3 qualifications contributed to staffing ratios
- Demonstrating little interest in the role or a desire to work in early years.
- Providing no evidence of the soft skills required for the role. These include an aptitude for working with children, commitment, adaptability, patience and the ability to work independently.

> "It's hard to get people who have got that drive and that willingness"
>
> *– Current staff, Treatment*

Providers often said **they were competing with others for a small pool of suitable candidates**. Several providers said it was hard to get some higher quality applicants to an interview. This experience was consistent across providers in control and treatment areas. Some providers responded by adding further incentives and benefits to roles. One early years provider offered an additional amount to new recruits on top of the financial incentives.

Some treatment LA representatives attributed a slight increase in applications across their LA to the incentives. However, there were concerns that the increase would not support recruitment as providers said the quality of applications was low. Some providers felt the resource involved in processing and responding to applications could create administrative burden.

> “They were interested in [the] incentive, not the position. So, the volume was more, but whether it was quality volume…it’s not.”
>
> *– Early Years Provider, Treatment*

There was concern about incentives attracting unsuitable candidates

Participants from all audiences were **concerned that the incentives might attract candidates that are not best suited to the role**, which could negatively impact the quality of childcare provision. They feared individuals seeking financial gain would be attracted, and such recruits may not show the passion, care and attention the role required. Many believed these recruits were likely to leave after receiving the incentive.

> "The sector is hard in itself to find the right people to fit the role. If you've got someone going into the qualification because they want the incentive, they may not be the right fit for the role. You could get anybody coming through. You do need to be highly qualified, passionate, kind, caring, to be in the sector...The incentive could attract a lot of people that just aren't right."
>
> *– Current staff, Control*

Some early years and training providers were **concerned recruiting weaker candidates would exacerbate existing issues around high staff turnover among new recruits**, which was a strain on providers’ resources. A few early years providers paid the incentives to new starters who subsequently left, which reinforced this concern.

Providers noted that high staff turnover undermined their capacity to expand. High turnover also created challenges around financial planning and created inconsistency for children in the setting, which could be disruptive.

> “We have had people come, get the bonus and leave. You know, we have had that happen. That means we've lost out because a lot of work goes into paying for people's first aid, their DBS… getting them a uniform.”
>
> *– Early Years Provider, Treatment*

However, due to the limited impact on applications observed by providers, instances of people leaving soon after receiving their bonus were uncommon.

To address this risk, several **providers suggested aligning incentive payments with probation periods, which were typically 6 months**. They felt this approach would ensure incentives were paid to individuals deemed suitable and committed to the role. The time frame was extended to 6 months when DfE tested the online portal as a new delivery mechanism in November 2025; a timeframe DfE will continue to use.

> "If you really hate it, you're not going to stick it out for 6 months… anyone can stick it out for 12 weeks."
>
> – Training provider, Treatment

Yearly bonuses were also raised as a means to link incentives with retention, which some felt would be fairer. There is more context in the earlier 'Quality of applications received by providers' section (p.50).

Effects on recruitment

Some participants across all audiences felt the incentives could increase interest in early years roles. However, they were doubtful that incentives would lead to sustained staffing increases. Their reasoning included existing issues within the sector and concerns about fairness to existing staff and high staff turnover.

Existing issues within the sector undermined the value of incentives

Representatives from all audiences in treatment and control areas felt the sector has fundamental issues around low pay and staff feeling undervalued. They did not think the incentive would address these issues (see 'Views of the Incentives' section on page 18). Participants across audiences felt the responsibility and importance of early years roles was not aligned with the pay and the social value placed on roles.

> "There are massive retention issues… and I think it's because of the way staff are being treated. Their voices are not being heard. They are getting over-worked. They are not being as valued as they should be."
>
> *– New Recruit, Treatment*

Early years providers said **low pay drove practitioners to seek opportunities in other sectors** offering better pay, often for less challenging work. These roles were most commonly in retail, administration and schools. Many participants across audiences saw these sectors as offering better pay, and more flexible hours with less responsibility.

> "[The] disadvantages [of working in early years] is obviously the long hours, the minimal pay. I think sometimes when it's quite stressful, you do think well, I've not really been paid that much to do this, and I could go and work in Tesco and I could be paid more."

–Current staff, Treatment

Many participants across all audiences felt that **efforts to build capacity would be undermined as long as the profession remained undervalued**. Increasing pay was widely regarded as an important element in supporting recruitment. However, most agreed that pay increases alone would not be sufficient and a broader strategy was needed to enhance the overall attractiveness of early years roles.

As such, **participants largely felt that financial incentives were not enough to compensate for these issues**. The short-term nature of incentives was not seen as sufficient to overcome those longer term, detrimental factors around pay, workload and perceptions of early years as low-valued work. Therefore, financial incentives were not seen as enough to make early years a more attractive career prospect, relative to roles in other sectors that offered more competitive pay.

One provider and an LA said the government's "Do Something Big"[15] campaign effectively raised the profile and perceived value of early years careers. They said this campaign recognised the social importance of early years work and sold the appeal of the sector as a long-term career choice.

Early years providers expected issues around high staff turnover to continue

Early years providers and training providers noted a wider issue that false expectations of early years roles caused many new practitioners to leave early years jobs. They described how some new practitioners (especially young people) seemed unprepared for the level of responsibility and long hours. Some participants across all audiences felt **low pay could lead some new recruits to underestimate the demands of the job, exacerbating high initial turnover.** Many believed that these misconceptions were reinforced by broader social stigmas about early years work (discussed above).

> "It's just hard to find the candidates that will stick at the role. So, you might find the right candidate, but then they only stick in the placement for maybe 3 weeks and then decide it's not for them."
>
> *– Training provider, Treatment*

Some LA and training provider participants wanted more work preparedness training and opportunities for young people to gain early years' experience. They felt this may help young people develop more realistic expectations of early years roles.

[15] 'Do Something Big' is a government early years recruitment campaign aimed at raising awareness and highlighting the value of early years roles. Find out more here: Early Years Careers.

Changing pay to reflect the responsibility and social value of practitioner roles was seen as key to building capacity.

Early years providers were **concerned new recruits might move to school-based roles (like after-school playworkers) for higher pay and term-time hours**. Some applicants indicated plans to move to the school sector for these reasons.

> "We don't lose them to other nurseries. I don't think that's ever happened at all. It's going totally out of their profession. It's going to just do something else that doesn't require the responsibility."
>
> *– Early years provider, Treatment*

Early years providers were faced with high staff turnover, as shown in the econometric analysis for applications per post and vacancy rates of SCEYP data, pp.92-93. Some providers wanted to ensure they had the right person before committing to training for new practitioners. This meant providers only perceived a return on investment for training if they retained new practitioners.

> "A lot of the nurseries that we work with, they'll try out staff for six months before they put them on a qualification…Because of recruitment and the hours and the pay, after six months, people just leave the sector. So, they don't actually get to the point where they're coming on to the qualification."
>
> *– Training Provider, Treatment*

A few providers had experience of paying the incentive to new starters who left shortly after receiving it. This was also reported by a new recruit, who chose to move to a school-based role. Some LAs also mentioned that some of their providers had had similar experiences. This indicates that setting up incentives in a way that supports retention of staff is key to maintaining quality early years provision and building sustained capacity in the sector.

Participants across all audiences questioned the fairness of offering incentives to some staff but not others

Many early years providers and practitioners said interpersonal issues with staff could have a negative impact on retention. Some practitioners found the early years environment "cliquey" or unsupportive. There was **fear that only incentivising some staff would increase tension between staff within providers, disrupting team dynamics and undermining job satisfaction**. Early years providers commonly felt incentives would have a negative impact on morale amongst the qualified, experienced existing staff on which they rely.

> “I think it's hard on the staff that are already there that are doing a really good job, and they've done it for a long time without any incentives.”
>
> –*Treatment, Current staff*

Perceptions among existing staff were mixed. Some were not overly concerned about new recruits receiving the incentive as opposed to themselves. A similar view was expressed by some new recruits in control areas.

> “'I'd be happy for the new starter practitioners, it's great for them…Some nurseries are struggling for staff and if it means they get practitioners in that they need then I'm all for it.”
>
> – *New Recruit, Control*

Data from LAs Progress reports show no clear negative effects on current staff retention. Early years providers did not report losing any longstanding staff because of incentives, indicating that this concern may not bare out in practice.

Effects on early years providers of training newly recruited practitioners

Early years providers described a growing reliance on less experienced staff and increased demand for internal training and mentoring, which has implications for both staff retention and service quality. Due to challenges recruiting qualified practitioners, many providers reporting taking on more apprentices.

> “A lot of our providers are embarking or have embarked on the ‘grow your own’ model, so taking on apprentices and taking them through their qualifications.”
>
> – *LA, Treatment*

However, staffing ratios limit the number of unqualified and apprentice practitioners early years settings can employ. New practitioners’ higher requirements around support, supervision, and dedicated training time meant that **having qualified, experienced practitioners was key to maintaining consistent, high-quality provision**.

> "They're [the government] saying push these apprentices to come to early years but I can't have that many unqualified [staff]. I've reached my quota of apprentices. If we want to turn out really good apprentices, we can't have 10 of them at a time. You know, we need one in each room where they can be mentored, and they can get that support."
>
> – *Early years provider, Treatment*

In response to the different experience levels of new recruits, some large providers delivered more structured or ad hoc in-house training. Early years chains or franchises had their own organisational training 'academies' to help bring practitioners in line with their needs. Some providers ask practitioners who left before a certain time to repay the cost of training. One early years provider felt this had had a positive impact on retention. Expanding in-house training was, however, an additional strain on resourcing which some providers were less able to afford.

> "There's apprentices ringing all the time, but there's only so many apprentices we can have in this building at one time."
>
> – *Early years provider, Treatment*

The need to bring on less experienced staff had implications on staff turnover, as previously mentioned (p.61). This was also seen to create additional demands on existing qualified staff to support new practitioners. While providers were open to recruiting unqualified staff with the requisite soft skills, there were limitations on the extent to which such staff could expand capacity.

Wider benefits among pilot participants and the early years sector

Pilot supported relationship building between LAs and providers

Although not an intended outcome, several LAs noted that the pilot helped strengthen their relationships with providers. Two LAs said participation helped foster more collaborative approaches to staff recruitment. More broadly, the pilot facilitated closer working between LAs and providers. Several providers gave positive accounts of engagement with LA representatives when seeking support or clarifications, as discussed in 'Case study: Identifying effective LA support' (pp.55-59). This improvement in engagement may offer longer-term benefits for workforce planning and coordination at local levels.

Continuing to use and share resources developed during the pilot

LAs and providers sometimes built shared understanding of workforce challenges when working together. These partnerships were sometimes used to inform future initiatives. One LA planned to develop workshops based on the lessons of the pilot, to help develop new strategies to support effective recruitment and retention in early years.

One LA said that marketing materials generated as part of the pilot could also be utilised as part of possible future rollouts. They felt that these marketing materials were valuable

in raising awareness and interest in early years roles and they hoped to see this focus on early years maintained.

> "I definitely think that all of the marketing, the websites, the social media, I hope that that is staying. It's most definitely needed."
>
> *– LA, Treatment*

Impact evaluation

Key findings and caveats

The impact evaluation investigated trends across a wide range of outcomes, including vacancies and applications, recruitment, retention and staff numbers, and childcare capacity. However, it did not estimate the impact on staff wages, as that would have required detailed information about individual staff, including about their qualifications and experience. Although the SCEYP data included this information, it only provided this information up to April-July 2024, before the pilot was likely to have had an impact.

Key findings

- There was **no statistically significant impact of the pilot detected across a range of outcomes**. Importantly, there was no statistically significant impact of the pilot on the **number of applications for each vacancy, the speed at which early years providers were able to fill vacancies**, **or the number of staff recruited**. Although there was a significant impact detected on the provider capacity, given the lack of an impact on recruitment it is difficult to attribute this to the pilot.
- There was evidence that may provide reasons why no statistically significant impact has been detected:
    - Lack of awareness of the financial incentive could be symptomatic of a lack of detectable impact, with **only 29% of applicants in treatment LAs having specific knowledge of the EYFI**.
    - **Most applicants were not aware of the incentive when applying,** with only 26% of applicants offered an incentive saying that the incentive was included in the job advertisement, with the other 74% informed they were eligible for the incentive when they accepted the job offer.
- Despite provider concerns, the pilot **did not appear to negatively impact the morale of staff not eligible for the incentive**, with no significant impact on staff retention.
- There is **no significant evidence of a geographical spillover effect** from treatment LAs. This is consistent with evidence from applicants, such as the fact that 34% of applicants indicated that the financial incentive **would not impact their willingness to either relocate or to travel further for work**. Also, the financial incentive made only 10% of applicants in treatment LAs more willing to relocate.

There are some key caveats and limitations that are important to note when interpreting the results presented in this report in relation to the impact evaluation.

Key caveats and limitations

- In some cases, **small sample sizes** restrict the ability to detect whether changes across time or differences between groups are statistically significant. This is particularly important when interpreting findings from the applicant survey (70 respondents in treatment areas (including 23 who were eligible for the incentive) and 41 in control areas).
- A lack of a detectable impact is consistent with the **relatively few incentives allocated and paid**, especially compared to the overall size of the early years workforce in the 40 LAs in the treatment and control groups. The lower-than-expected uptake suggests that the pilot may have been underpowered to detect an impact, even if one existed.
- The analysis undertaken using the applicant survey, Eligibility Checking System (ECS) validated codes data, and ONS job vacancies data is **unweighted**, so estimates may not be fully representative of all applicants and LAs in the pilot.
- The LAs included in the pilot are, for some characteristics, **significantly different to those not included in the pilot**. As a result, conclusions drawn from the pilot may not be applicable to the potential impact of a full roll out of financial incentives across all LAs in England.

Key data sources

EYFI provider survey

The analysis in this report uses four waves of the EYFI provider survey. More information about the EYFI provider survey and the fieldwork methodology can be found in the introduction. The first wave collected information before the start of the pilot, while the second, third and fourth waves collected information after the pilot started.

Applicant survey

The applicant survey covered applicants in both treatment and control LAs. Overall, there were 111 fully or partially completed responses, with 70 (63%) coming from treatment LAs and 41 (37%) from control LAs.

The vast majority of applicants (102, corresponding to 92% of all applicants) were offered a position and decided to take it, while 3 were offered a position but decided not to take it, and 6 applicants were not offered a position.

Furthermore, of the 70 respondents from treatment LAs, 23 (almost 33%) reported that the £1,000 financial incentive was linked to the position they applied for, either as the job being advertised with the incentive payment or through information received when they accepted the job offer[16]. Hence, the resulting sample sizes available for the analysis are limited, and all findings should be treated with caution.

Survey of Childcare and Early Years Providers (SCEYP)

The SCEYP is an annual survey of early years providers in England. It collects cross-sectional data about the availability (e.g., number of childcare places), quality (e.g., staff qualifications) and affordability (e.g., providers' fees and funding rates) of childcare services. Three types of early years providers are surveyed: group-based providers, school-based providers, and childminders.

A key issue with the SCEYP data is the timing of the information that is collected, with the fieldwork running between April and July each year. The most recent information available was from the 2024 survey (as the 2025 fieldwork was still ongoing at the end of the impact evaluation). The fieldwork of the 2024 survey was undertaken too early to pick up the impact of the pilot, especially as engagement had been lower than expected at the start of the pilot. However, an advantage is the size of the SCEYP sample, with responses received from over 11,700 providers in 2024, meaning that SCEYP provides a useful benchmark for potential differences between treatment and control groups.

[16] One of these applicants decided not to take up the job offer.

SCEYP Pulse Survey

The SCEYP Pulse Survey consists of a subset of providers that have participated in the SCEYP. It collects cross-sectional data on a range of childcare topics, including the impact of costs of living increases on early years providers, the recruitment and retention challenges faced by providers (e.g., number of applications per vacancy), and childminders' views on childminder agencies (CMAs) and working on non-domestic premises (NDPs).

The Pulse Survey data is at the provider level, so provider characteristics can be controlled for when comparing providers in the treatment group to providers in the control group. Further, the Pulse Survey provides information before and after the pilot began.

However, a key limitation is the sample size. For example, in June 2024, a total of 51 providers across the treatment and control LAs reported how many applications they received per vacancy.

ECS validated codes data

The data is retrieved from the DfE's Eligibility Checking System[17] (ECS) that includes weekly data on the number of ECS validated codes, which are used by parents to claim funded childcare entitlement hours and are validated by providers. The data on the number of validated codes and the number of codes generated provides a proxy for how many places there are and how many parents seeking funded places can get them. The data used in the analysis is at the ward level and at the LA level.

ONS job vacancies data

The Textkernel job vacancy data provided by the ONS contains information on job postings. The data is collected by processing data from various online job boards, company websites and other sources. This makes it possible to estimate the number of new job vacancies in the childcare sector by LA, by defining a collection of Standard Occupation Classification codes as childcare occupations (at different levels: SOC3 and the more granular SOC4).[18]

However, focusing on online job vacancies may not reflect the full range of advertising for a given vacancy. For example, providers have used adverts on the radio and music

[17] Expansion to early childcare entitlements: eligibility codes issued and validated

[18] Standard Occupation Classification (SOC) codes are an ONS classification system of occupation. SOC3 and SOC4 levels are different levels of classification, SOC3 (minor group) classifications being broader than SOC4 (unit group) classifications. For example, 'Teaching and Childcare Associate Professionals' and 'Teaching and Childcare Supporting Occupations' are examples of SOC3 occupation groups, while 'Early education and childcare practitioners' and 'Early education and childcare assistants' are examples of SOC4 occupation categories.

streaming services. As well as potentially leading to measurement error (where the number of vacancies is not perfectly measured), the evaluation may lead to biased estimates if there are systematic differences between the way that vacancies in the treatment LAs are advertised to those advertised in control LAs[19].

LA readiness survey

The DfE collects information each term from LAs, which includes their perceived readiness to meet demand for childcare at certain milestones. This data is used to understand the potential impact of the pilot on the supply of childcare relative to the anticipated increase in demand due to the ongoing expansion of childcare entitlements. The analysis uses information collected from the Autumn 2023 Term to the Spring 2025 Term.

Early years census

The EY census is a statutory census that takes place every January, collecting information from all early years providers who receive direct government funding for childcare provision. Information collected as part of the census includes opening hours, staff numbers (including breakdowns by level of qualification, age, gender, and ethnicity), number of children by age, and hours of provision. The EY Census data included in the analysis covers information about early years providers for the 2022-23, 2023-24, and 2024-25 academic years.

[19] The available data did not include information from the following LAs: Islington, Cumberland, Tower Hamlets, Hackney, Southwark, and Westmorland and Furness. For the purposes of the analysis, where the ONS has suppressed the number of vacancies for a given SOC code in a quarter/month to avoid data disclosure, zero vacancies have been assumed.

Interpretation of findings

The impact evaluation uses statistical and econometric methods to measure the impact of the pilot over a range of outcomes. This section outlines how the results presented should be interpreted.

Differences between treatment and control LAs compare average outcomes (such as the number of staff recruited per quarter) in treatment LAs with average outcomes in the control LAs. In the econometric analysis, the estimate of the difference is referred to as the **coefficient estimate**.

However, these differences may not be **statistically significant differences**. Statistical methods are used to estimate the likelihood that these differences have arisen by chance. A **p-value** is calculated, which represents the estimated probability that a given difference between treatment and control LAs have arisen by chance. In this report, if this p-value is lower than 0.05 (5%), then the difference is considered to be significant.

In addition, regression tables include estimates of a **standard error** for each coefficient estimate in parentheses. This illustrates how much confidence can be placed in the coefficient estimate presented. For a given coefficient estimate, a **larger standard error suggests less certainty**.

The regression tables report the results of a **difference-in-differences** estimation of the impact of the pilot. Difference-in-differences estimation estimates the average difference between treatment LAs and control LAs while controlling for:

- trends in outcomes experienced in both treatment and control LAs (the ‘Post’ coefficient) such as nationwide labour market changes, and
- pre-existing differences between treatment and control LAs (the ‘Treatment’ coefficient).

Once these have been controlled for, the impact of the pilot is estimated by the **‘Post x Treatment’ coefficient**. This coefficient describes the estimated impact of the pilot, so if the outcome was number of applications per vacancy and the coefficient was 2, the estimated impact of the pilot would be **an additional 2 applications per vacancy**.

Vacancies and applications

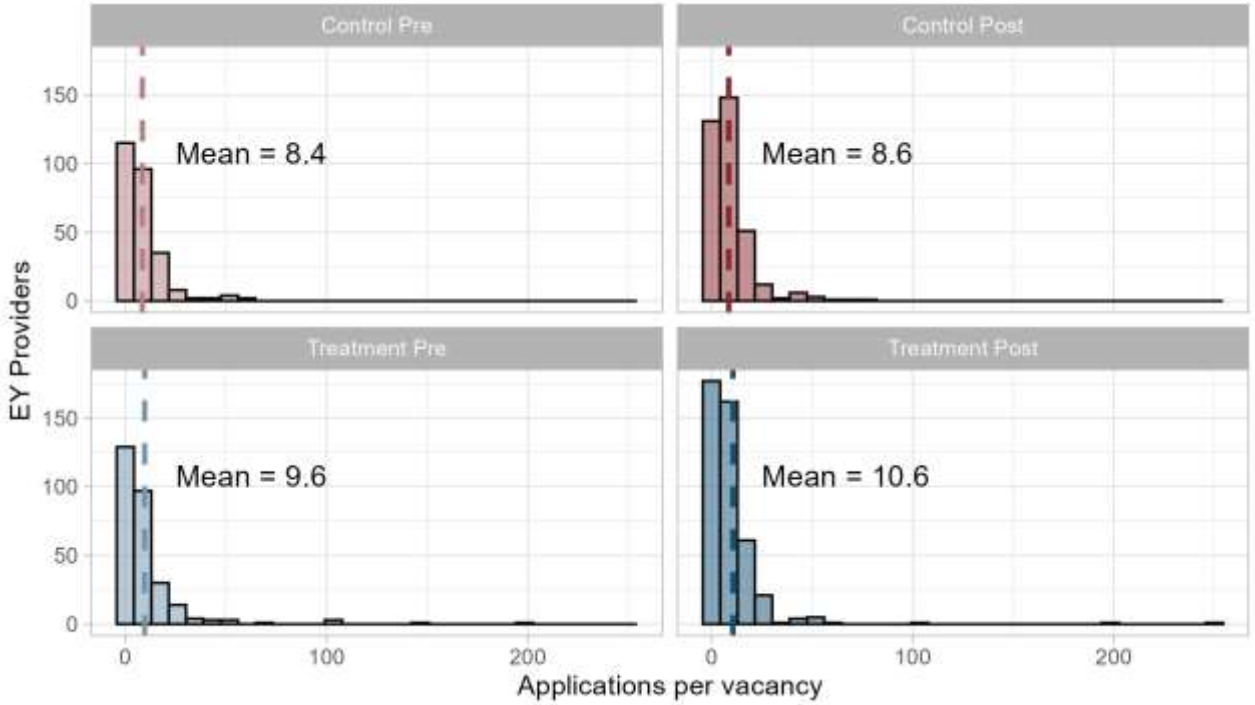
A key component of the impact evaluation is understanding how childcare practitioners responded to the financial incentives. The financial incentive may make a job vacancy more attractive for childcare practitioners, **increasing the number of applications for a given job vacancy**, although the impact evaluation found no evidence of an impact on the number of applications. The pilot might have also impacted the **time it takes providers to fill a vacancy**. An increase in the number of applications may result in more time processing applications, especially if there are more speculative applications from those without suitable experience/qualifications which was a concern expressed by providers (see also the earlier section on Quality of applications received by providers). On the other hand, it may mean that it takes less time for a suitable applicant to apply, as for them the advertisement is more attractive. This may encourage more childcare providers to **advertise vacancies**. However, the impact evaluation did not find an impact on either the time it took to fill vacancies nor on the number of vacancies advertised.

EYFI provider survey

If the pilot had an impact, it would be expected that it would have increased the number of applications. Figure 7 reports the average number of applications per vacancy[20]. If the financial incentives made job vacancies more attractive, this is expected to increase the number of applications per vacancy. In wave 1 (which collected information about providers before the start of the pilot) this was 9.6 and 8.4 in the treatment and control LAs respectively. This increased to 10.6 and 8.6 after the start of the pilot, respectively[21]. However, the increases were not significantly different between the treatment and control groups.

[20] 'On average, roughly how many applications have you received for each of your vacancies?'.
[21] Both the descriptive statistics and the regression analysis with provider survey data include capped weights to limit the influence of outlier observations on the averages. See **Error! Reference source not found.** for a discussion on the weighting approach.

Figure 7: Number of applications per vacancy

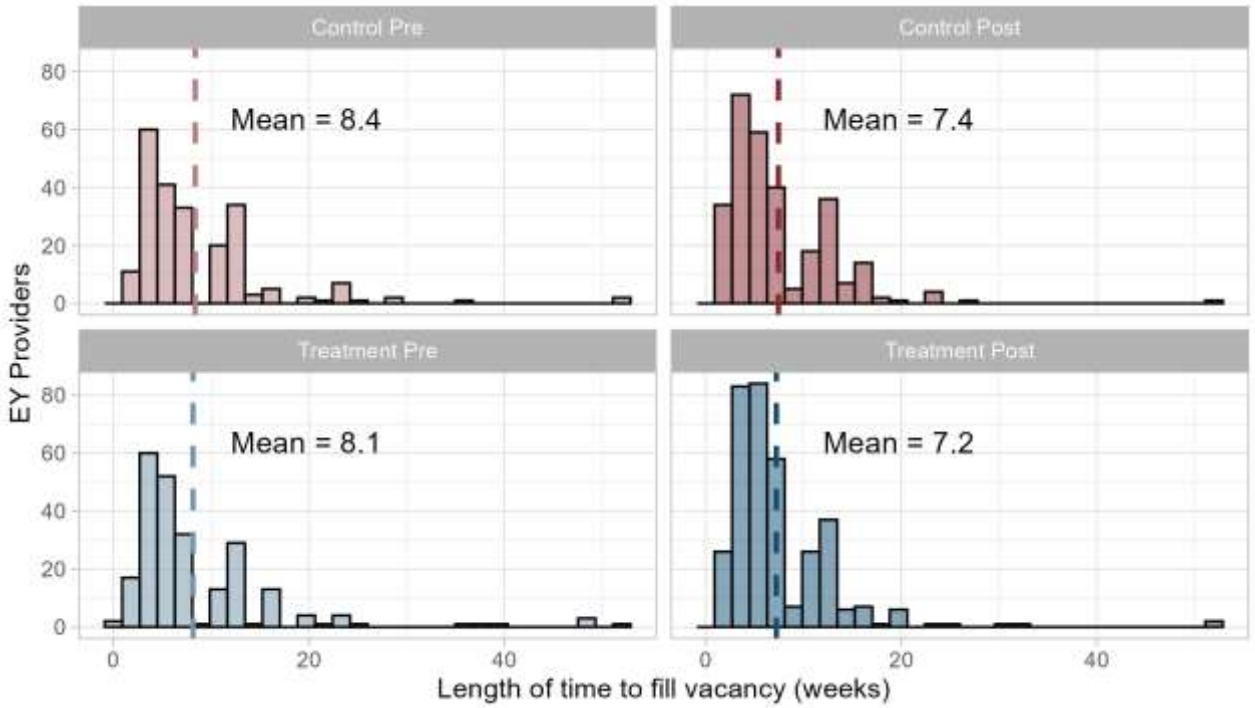


Note: The mean for each group-period is represented by the vertical line. Pre-pilot data refers to survey wave 1, while post-pilot data refers to waves 2 to 4.
Source: EYFI Provider survey.

There was relatively little variation in the number of applications, as shown by the number of applicants clustered around the average. However, although there are some large outliers on the right-hand side of the distribution in Figure 7, the econometric findings (Table 2) do not significantly change when these outliers are removed from the analysis.

Figure 8 shows the reported average time (in weeks) to fill a vacancy at a given time across providers[22]. The spread of the distribution indicates substantial variation between providers, both in treatment and control LAs, with most providers taking between 3 and 12 weeks to fill a vacancy.

Figure 8: Number of weeks to fill a vacancy

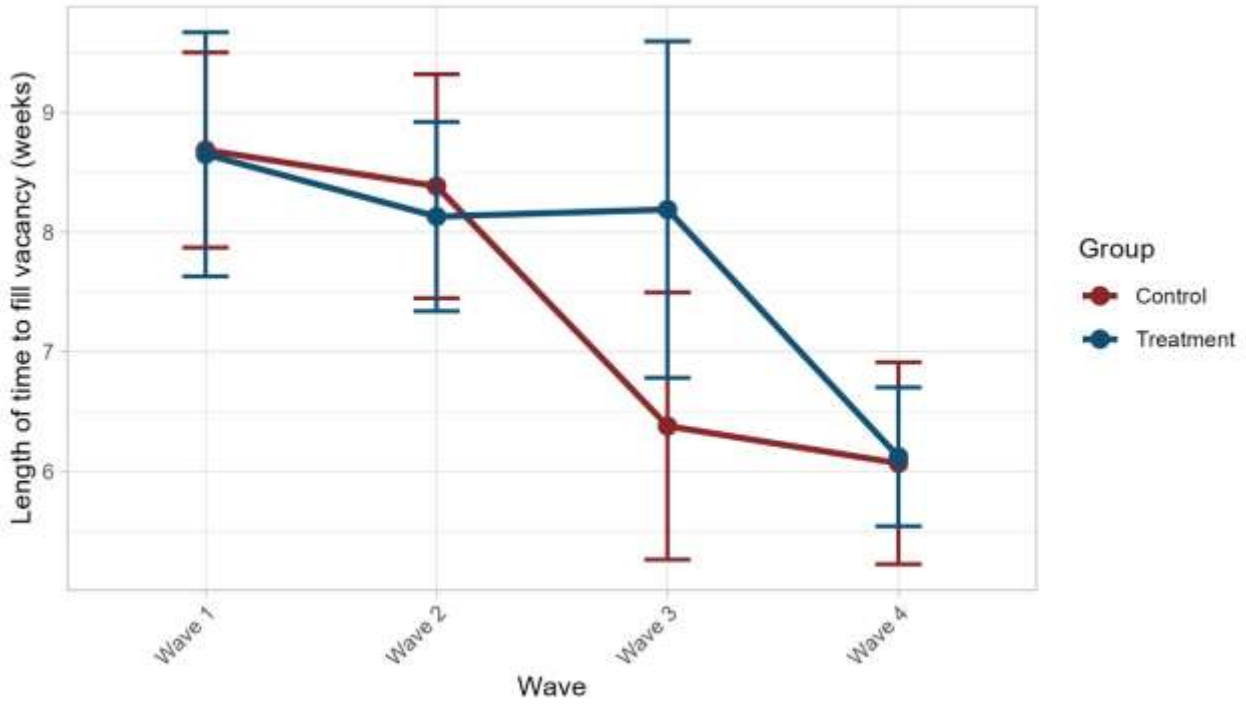


Note: The mean for each group-period is represented by the vertical line. Pre-intervention data refers to survey wave 1, while post-intervention data refers to waves 2 to 4.
Source: EYFI Provider survey.

[22] 'Thinking about recruitment campaigns you have run on average, typically how long has it taken you to fill a vacant post? By this we mean from the time a post becomes vacant to the first day or someone starting in the role.'

Figure 9 presents how the number of weeks to fill a vacancy evolves across waves, for treatment and control LAs separately. The average time to fill a vacancy slightly decreased after the start of the pilot (waves 2 to 4) when compared to before the start of the pilot (wave 1) for both groups, from about 8 to 7 weeks, but there was no significant difference between treatment and control groups in how much this indicator decreased.

Figure 9: Number of weeks to fill a vacancy by survey wave



Note: The mean for each group-wave is represented by a dot, while the error bars indicate the confidence intervals of the mean estimate at the 95% level.
Source: EYFI Provider survey.

In addition, econometric analysis was undertaken to understand whether any differences between treatment and control LAs could be attributed to the pilot, controlling for past differences and wider trends in outcomes such as number of applications. The **econometric analysis did not find a significant impact of the pilot on either the number of applications for each vacancy or the length of time it takes to fill a vacancy**.

The results of the regression analysis are reported in Table 2.

Table 2: Impact of the pilot on applications per vacancy and weeks to fill a vacancy

	Applications per vacancy	Weeks to fill a vacancy
Post	1.612 (2.085)	-0.038 (0.845)
Treatment	-6.188 (6.49)	-0.592 (2.58)
Post x Treatment	-0.289 (2.186)	0.310 (0.869)
R-squared	0.064	0.082
Number of Observations	1,162	948

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. The 'Post' coefficient represents the change in the outcome variable for the control group from before the start of the pilot to after the start of the pilot in the control group, the 'Treatment' coefficient represents pre-pilot differences between the start of the pilot, and the 'Post x Treatment' coefficient represents the estimated impact of the pilot (the difference in change between the treatment and control groups). The R-squared is the proportion of the variation in the outcome that is explained by the model, and the number of observations reports the number of providers' information used in the econometric analysis. A further explanation of the interpretation of these results can be found on p. 73 and in the accompanying text above.

Source: EYFI Provider survey, waves 1 to 4.

- Each **column** presents the analysis for each **outcome** (the number of applications per vacancy in Column 1 and the number of weeks it takes to fill a vacancy in Column 2).[23]
- The first two rows reported the estimated difference in applications per vacancy or weeks to fill a vacancy for:
    - Providers in control LAs after the pilot began when compared to providers in control LAs before the pilot began ('**Post**'), and
    - Providers in treatment LAs when compared to providers in control LAs **before the pilot started** – i.e., pre-existing differences ('**Treatment**').
- The third row ('**Post x Treatment**') is the **coefficient of interest**, which represents how the difference between treatment and control LAs changed after the pilot began (where wave 1 collected information about providers before the pilot and

[23] When analysing the impact on each outcome, a list of control variables is also included in the regression analysis, to avoid conflating the effect with the influence of confounding factors and to increase the precision of the point estimate. The control variables, and the motivation for including each of them, are outlined in the Annex.

waves 2, 3 and 4 collected information after the pilot began). This is the estimate used to measure the impact of the pilot.

- Each row reports a **coefficient estimate** for each outcome. This is an estimate of how the outcome changes for a specified variable.
    - For example, the cell in the first row and first column in Table 2 presents a coefficient estimate of 1.612. This suggests that providers in the control group had around 1.6 more applications per vacancy after the pilot began than before the pilot began.
- In addition, each row also reports a **standard error in parentheses** for each outcome. This represents the uncertainty associated with the coefficient estimate, with a larger standard error indicating greater uncertainty. Generally, the coefficient estimate would need to be around twice the standard error for there to be confidence that the coefficient estimate is not statistically different from zero[24].
    - In Table 2, the '**Post x Treatment**' coefficient estimate is 0.310 which is smaller than the standard error of 0.869. Although the coefficient estimate suggests that the impact of the pilot was to increase the number of weeks to fill a vacancy by around 0.3 weeks, the standard error suggests that there is not enough evidence to suggest that the impact was different from zero – i.e., that there was any impact at all.
- The final two rows report the R-squared, a measure of how much of the overall variation in the outcome the analysis accounts for[25], and the number of providers included in the analysis.

The **coefficient of interest** is **Post x Treatment**. The estimated coefficient of -0.289 (in the first column) suggests that the difference in the number of applications per vacancy between the treatment and control LAs decreased by 0.289 following the start of the pilot (i.e. there were relatively *fewer* applications per vacancy in the treatment group compared to the control group)[26]. The point estimate of this coefficient is much smaller than the standard errors, which suggests that the impact of the pilot cannot be interpreted as being significantly different from zero. The same is true for the coefficient of interest for the number of weeks to fill a vacancy, which, albeit a positive value (indicating that it

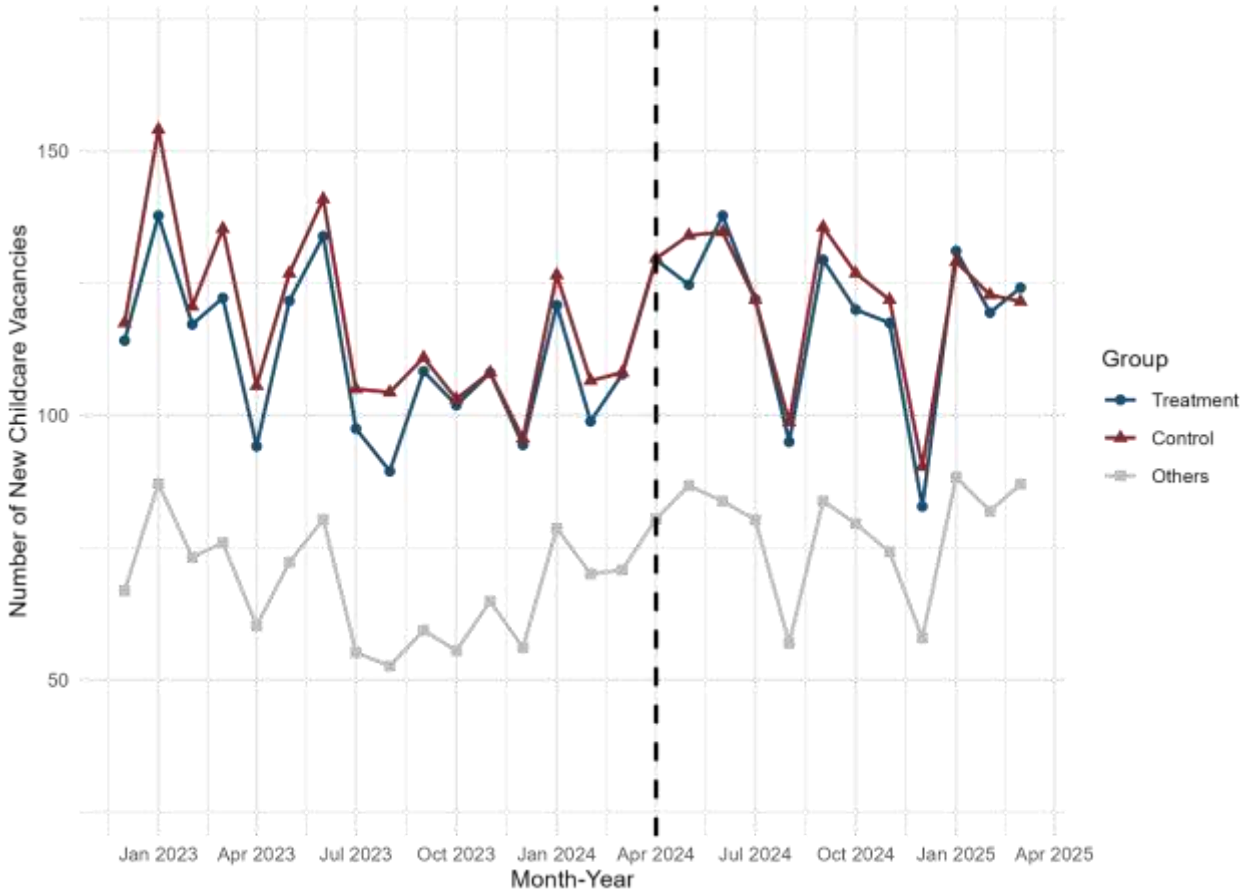
[24] The exact ratio is dependent on a range of factors, such as the significance level (we focus on a five percent significance level across the report) and clustering of outcomes across providers.
[25] The R-squared values reported in Table 2 (0.064 and 0.082 for applications per vacancy and weeks to fill a vacancy, respectively) are relatively small, suggesting that only 6.4% and 8.2% of the variation in those outcomes are explained by the econometric analysis, respectively. However, the R-squared value being small does not necessarily a limitation of the coefficient estimates reported, but suggests that there are other factors not included in the model that may also impact the outcome variables.
[26] Equivalently, the coefficient of -0.289 suggests that the applications per vacancy in the treatment LAs decreased by a greater amount or increased by a smaller amount than in the control LAs.

took relatively *longer* to fill a vacancy in the treatment group compared to the control group), is also statistically insignificant.

ONS job vacancy data

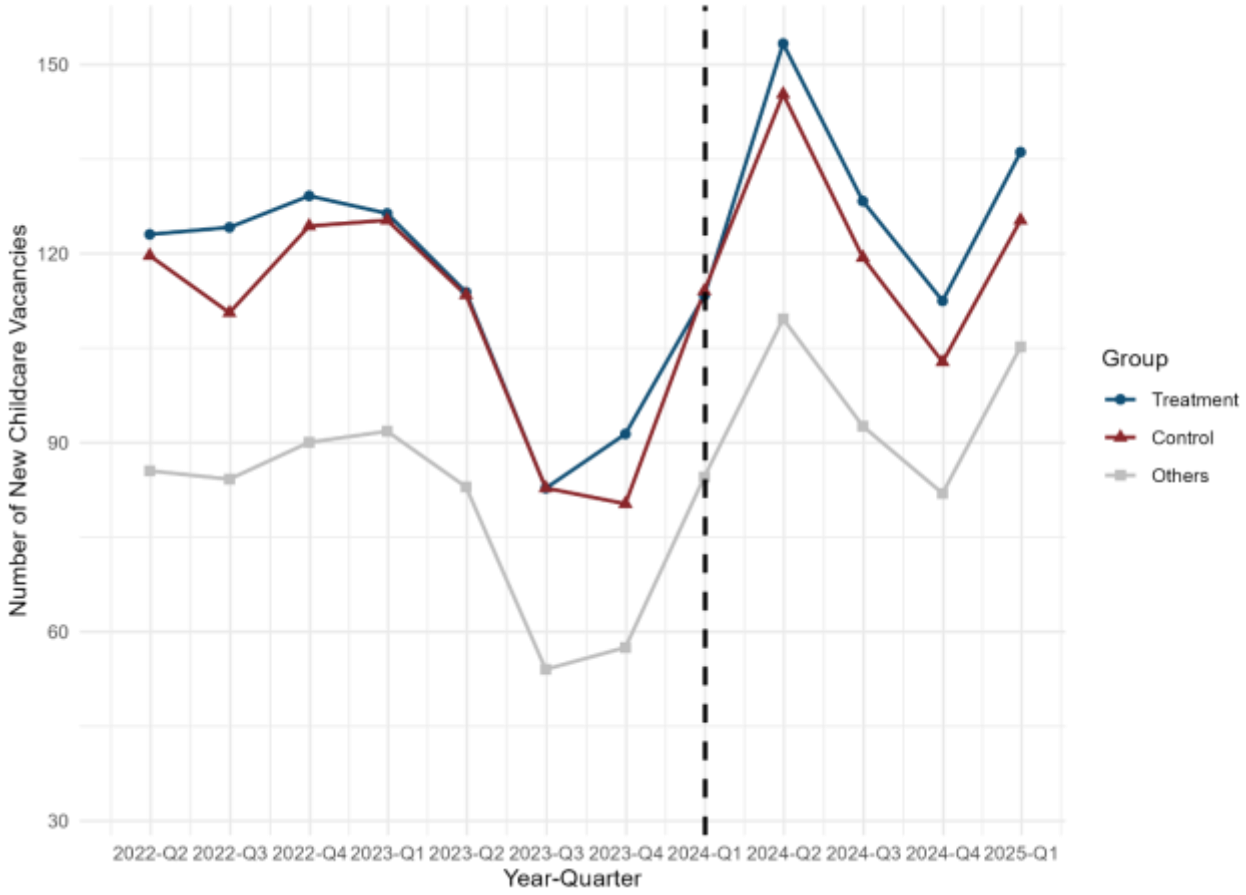
The pilot may have encouraged providers to advertise for vacancies if they believed that the financial incentive would make filling vacancies easier. However, **trends in new childcare-related vacancies from ONS job vacancies data suggest that the pilot did not have an impact on the number of new childcare-related vacancies**. Figure 10 and Figure 11 present the average number of new childcare-related vacancies among treatment LAs, control LAs, and LAs outside of the pilot.

Figure 10: Number of new childcare vacancies by LA group (SOC3 definitions)



Source: ONS Labour demand volumes by Standard Occupation Classification (SOC 2020)

Figure 11: Number of new childcare vacancies by LA group (SOC4 definitions)



Source: ONS Labour demand volumes by Standard Occupation Classification (SOC 2020)

Figure 10 presents trends in new childcare-related vacancies when defining a new vacancy as childcare-related based on broader **Standard Occupational Classification 3 (SOC3)** definitions, data for which is available monthly up to April 2025.

Figure 11 presents trends in new childcare-related vacancies when using more specific **Standard Occupational Classification 4 (SOC4)**, data for which is available quarterly up to the first quarter of 2025. SOC3 and SOC4 trends may differ as they cover different groups of vacancies[27]. SOC3 use broader definitions, so is **more likely to include jobs which aren't in childcare and early years education** (e.g., 'Teaching and Childcare Support Occupations' could include vacancies at primary or secondary schools).

Figure 10 suggests that the **average number of new childcare vacancies in the treatment and control groups was fairly stable** (at between 100 and 150) across the two years leading up to November 2024. Figure 11 presents a different trend using more specific occupation codes. The number of new childcare vacancies increased from the

[27] SOC3 occupations labelled as childcare-related are 323 Teaching and Childcare Associate Professionals and 611 Teaching and Childcare Support Occupations. SOC4 occupations labelled as childcare-related are 2324 Early education and childcare services managers, 3222 Child and early years officers, 3232 Early education and childcare practitioners, and 6111 Early education and childcare assistants.

third quarter of 2023 to the second quarter of 2024 and subsequently decreased from the second quarter of 2024 to the fourth quarter of 2024. The initial increase is consistent with providers anticipating increased demand for childcare following the expansion of childcare entitlements from April 2024[28].

Figure 10 and Figure 11 suggest that trends in new childcare vacancies in the treatment and control LAs follow each other closely, both before and after the start of the pilot, and even several months after the beginning of the pilot. Figure 11 shows an increase in childcare vacancies in the first quarter of 2025, although the difference between treatment and control LAs is not statistically significant.

In both Figure 10 and Figure 11, the average number of new childcare vacancies is higher in treatment LAs and control LAs than the average number in LAs not included in the pilot. This is consistent with LAs in the pilot being chosen specifically because they have low childcare sufficiency rates[29] and more providers in treatment/control LAs trying to hire staff to match demand for childcare that is currently not being met (compared to LAs not included in the pilot).

Figure 12 and Figure 13 present trends (based on the same occupational classifications) for childcare vacancy ratios. A local authority's **childcare vacancy ratio is defined as the number of new childcare-related vacancies as a proportion of all new vacancies** (for all occupations) in the LA, which **controls for broader labour market conditions in the LA**.

The trends observed in Figure 12 and Figure 13 are similar to those presented in Figure 10 and Figure 11, respectively. The pilot **did not have a significant impact on the number of new childcare vacancies as a proportion of all new vacancies**. The childcare vacancy ratio is marginally higher for treatment LAs in Figure 13 than for control LAs before the start of the pilot, but they continue to follow a similar trend even after the beginning of the pilot. The gap between treatment and control groups remains similar throughout the time period after the start of the pilot. Although the gap appears to widen towards in the first quarter of 2025 in Figure 13, this change is not significant.

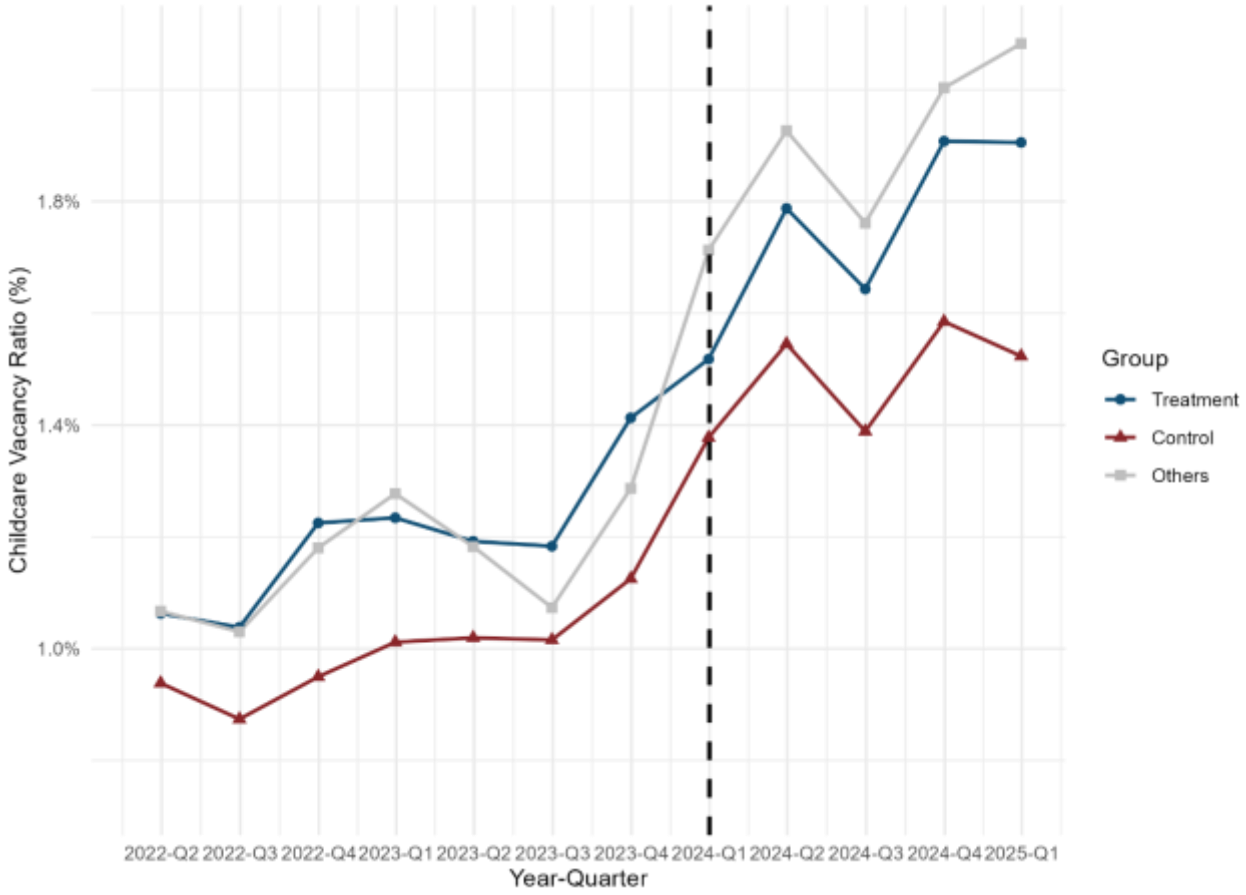
[28] From April 2024 eligible working parents of 2-year-olds were able to access 15 hours of funded entitlement childcare, followed by eligible working parents of children aged from 9 months and above in September 2024. This expansion will be completed in September 2025 with eligible working parents of children aged from 9 months and above being able to access 30 hours of funded entitlement childcare until they start school.

[29] Childcare sufficiency rates refer to the extent to which demand for childcare in an area is met by supply. Low childcare sufficiency rate implies that the availability of childcare is relatively low compared to the demand for childcare in that area.

Figure 12: Childcare vacancy ratio by LA group (SOC3 definitions)

Source: ONS Labour demand volumes by Standard Occupation Classification (SOC 2020)

Figure 13: Childcare vacancy ratio by LA group (SOC4 definitions)



Source: ONS Labour demand volumes by Standard Occupation Classification (SOC 2020)

SCEYP Pulse Survey

The pilot might have made **advertising for vacancies more attractive for providers if they believed that the financial incentive would encourage more suitable candidates to apply** (although, as previously discussed, it may attract candidates without suitable experience or qualifications). The number of vacancies per provider (Table 3) was generally higher in control LAs compared with treatment LAs (e.g., 1.3 vs. 0.8 reported vacancies in June 2024 and 1.2 vs. 0.6 in December 2024). The vacancy rate (calculated as the number of vacancies divided by the sum of paid staff and vacancies which controls for the size of the provider, Table 3) was also generally higher in control LAs, although the differences were not significant.

Although the difference between treatment and control LAs was significant in December 2024, it is not possible to attribute this difference to the pilot. The difference between treatment and control LAs did not change by a statistically significant amount between

June 2024 and December 2024. The difference between treatment and control LAs remained around 0.5-0.6 vacancies per provider from May 2024 to December 2024.

Table 3: Number of vacancies per provider

	Dec 2022	Dec 2023	May 2024	Jun 2024	Dec 2024
Treatment LAs	1.0	0.6	0.8	0.9	0.6
Control LAs	0.9	0.7	1.3	1.5	1.2
Other LAs	0.9	1.0	1.0	0.9	1.1
P-Value (T/C)	0.536	0.295	0.224	0.352	0.019
Unweighted base (T)	76	77	52	43	57
Unweighted base (C)	71	61	51	35	47

Note: Weighted averages using overall survey weights. The P-Values (T/C) reports the estimated probability that the difference between providers in the treatment (T) and control (C) LAs arose by chance. P-values under 0.05 are considered to indicate a significant difference between treatment and control group for that period. The unweighted base (T/C) reports the number of providers in the treatment (T) and control (C) LAs that were used in the estimates for that period.

Source: SCEYP Pulse Survey

Table 4: Vacancy rate

	Dec 2022	Dec 2023	May 2024	Jun 2024	Dec 2024
Treatment LAs	5.2%	5.7%	6.9%	7.4%	-
Control LAs	6.4%	7.3%	9.8%	6.7%	-
Other LAs	7.1%	7.5%	7.4%	6.6%	-
P-Value (T/C)	0.380	0.293	0.546	0.67	-
Unweighted base (T)	74	76	51	42	
Unweighted base (C)	70	61	50	33	

Note: Vacancy rate calculated as the number of vacancies divided by the sum of paid staff and vacancies. Weighted averages using overall survey weights. The P-Values (T/C) reports the estimated probability that the difference between providers in the treatment (T) and control (C) LAs arose by chance. P-values under 0.05 are considered to indicate a significant difference between treatment and control group for that period. The unweighted base (T/C) reports the number of providers in the treatment (T) and control (C) LAs that were used in the estimates for that period.

Source: SCEYP Pulse Survey

The **average number of applications per vacancy (**

Table 5**) varied significantly over time across both treatment and control LAs** (between 4 and 15) and was influenced by some outliers. The average number of applications per vacancy was higher in control LAs between December 2023 and June 2024, while the measure was more similar between treatment and control LAs in December 2024 (between 7.4-7.8 applications per vacancy in the most recent wave). However, the change in differences was not significant, suggesting that there was not sufficient evidence of an impact of the pilot on the number of applications per vacancy.

The **average length of time required to fill a vacant post** (Table 6) was very similar in December 2024 across treatment and control LAs (13.3-13.4 weeks per vacancy), following an increasing trend observed in treatment LAs between May and December 2024, while the measure was stable in control LAs over the same time. However, it should be noted that the sample sizes are small, so it is not possible to attribute these trends to the pilot.

Table 5: Number of applications per vacancy

	Dec 2022	Dec 2023	May 2024	Jun 2024	Dec 2024
Treatment LAs	4.2	3.8	5.1	9.5	7.4
Control LAs	3.8	9.7	15.4	14.4	7.8
Other LAs	2.3	4.6	3.9	6.9	5.6
P-Value (T/C)	0.560	0.017	0.324	0.637	0.929
Unweighted base (T)	30	74	48	31	37
Unweighted base (C)	34	59	43	20	28

Note: Weighted averages using overall survey weights. The P-Values (T/C) reports the estimated probability that the difference between providers in the treatment (T) and control (C) LAs arose by chance. P-values under 0.05 are considered to indicate a significant difference between treatment and control group for that period. The unweighted base (T/C) reports the number of providers in the treatment (T) and control (C) LAs that were used in the estimates for that period.

Source: SCEYP Pulse Survey

Table 6: Average number of weeks to fill a vacant post

	Dec 2022	Dec 2023	May 2024	Jun 2024	Dec 2024
Treatment LAs	-	-	10.4	11.4	13.3
Control LAs	-	-	13.1	13.1	13.4
Other LAs	-	-	13.8	14.3	13.6
P-Value (T/C)	-	-	0.174	0.480	0.627
Unweighted base (T)			32	28	34
Unweighted base (C)			22	22	31

Note: Weighted averages using overall survey weights. The P-Values (T/C) reports the estimated probability that the difference between providers in the treatment (T) and control (C) LAs arose by chance. P-values under 0.05 are considered to indicate a significant difference between treatment and control group for that period. The unweighted base (T/C) reports the number of providers in the treatment (T) and control (C) LAs that were used in the estimates for that period.

Source: SCEYP Pulse Survey

Recruitment

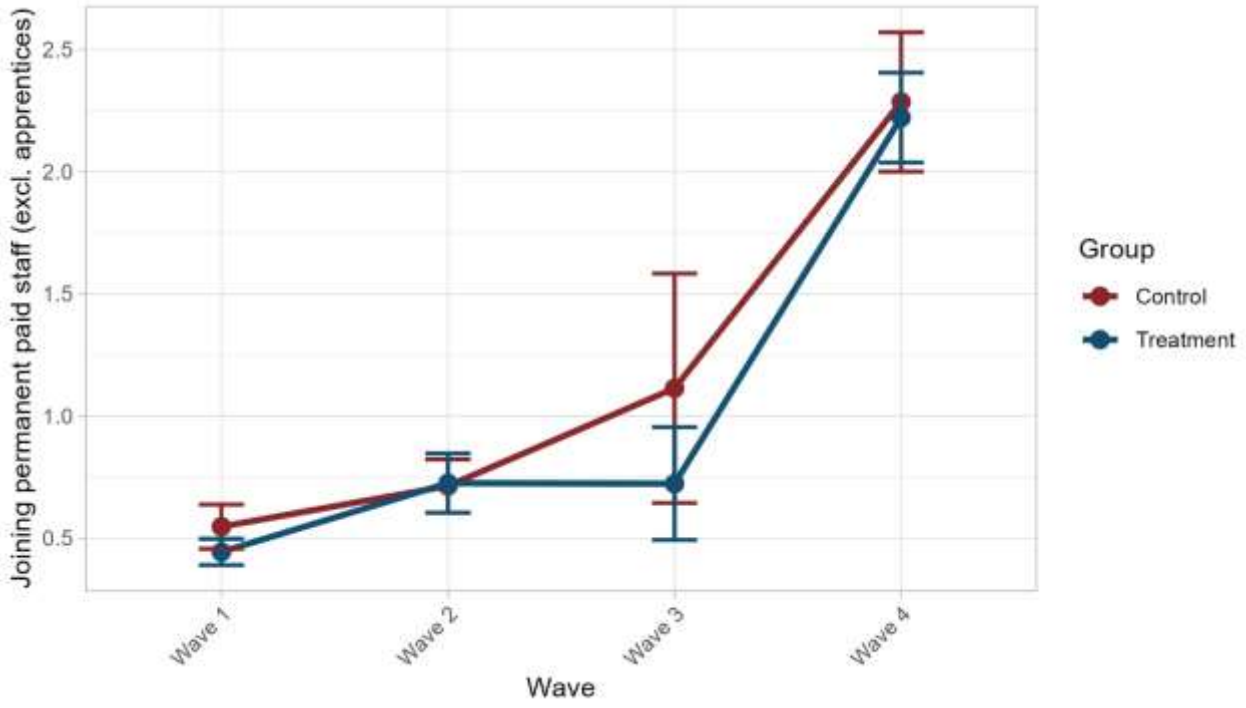
Number of staff recruited

The **number of staff recruited** is a key outcome for evaluating whether the financial incentive succeeded in increasing the number of new hires. Even if the number of applications per vacancy increased, if the financial incentive attracted many applicants **without suitable experience or qualifications** there may not be an increase in new hires, a key concern providers raised (see earlier section on Quality of applications). It is important to understand the types of childcare practitioners that are being recruited as well as their motivation to evaluate both the effectiveness of the financial incentive as well as how the financial incentive fits into the decisions made by potential applicants. However, the **impact evaluation did not find an impact of the pilot on the number of staff recruited, which was a perception shared by some providers** who did not believe it would lead to sustained staffing increases (p.62). The survey of applicants provided some indication of why the pilot did not have an impact on recruitment, such as a lack of **awareness among applicants**.

EYFI provider survey

A key aim of the pilot was to use financial incentives to increase recruitment. The average number of staff recruited per provider per quarter[30] more than doubled to about an average of 1.2 across waves 2-4, compared to 0.6 in wave 1 (asking providers about the 2023-24 financial year). Figure 14 shows that this increase was driven by the step up from wave 3 to wave 4. Given the similarity in trends for the treatment and control groups, these trends are likely to reflect broader labour market and industry trends rather than the impact of the pilot. **The results of the econometric analysis presented in Table 7 also suggest that there were no statistically significant differences between treatment and control groups after the start of the pilot.**

Figure 14: Number of permanent paid staff joining (excl. apprentices) by wave



Note: The mean for each group-wave is represented by a dot, while the error bars indicate the confidence intervals of the mean estimate at the 95% level.
Source: EYFI Provider survey.

[30] 'Excluding apprentices, roughly how many new permanent paid childcare staff joined your setting?'

Table 7: Impact of the pilot on the number of permanent paid staff joining (excluding apprentices)

	Number of permanent paid staff joining (excluding apprentices)
Post	0.201 (0.141)
Treatment	0.372 (0.435)
Post x Treatment	0.038 (0.147)
R-squared	0.219
Number of Observations	2,068

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. The 'Post' coefficient represents the change in the outcome variable for the control group from before the start of the pilot to after the start of the pilot in the control group, the 'Treatment' coefficient represents pre-pilot differences between the start of the pilot, and the 'Post x Treatment' coefficient represents the estimated impact of the pilot (the difference in change between the treatment and control groups). The R-squared is the proportion of the variation in the outcome that is explained by the model, and the number of observations reports the number of providers' information used in the econometric analysis. A further explanation of the interpretation of these results can be found on p. 73 and in the text accompanying Table 2.
Source: EYFI Provider survey, waves 1 to 4.

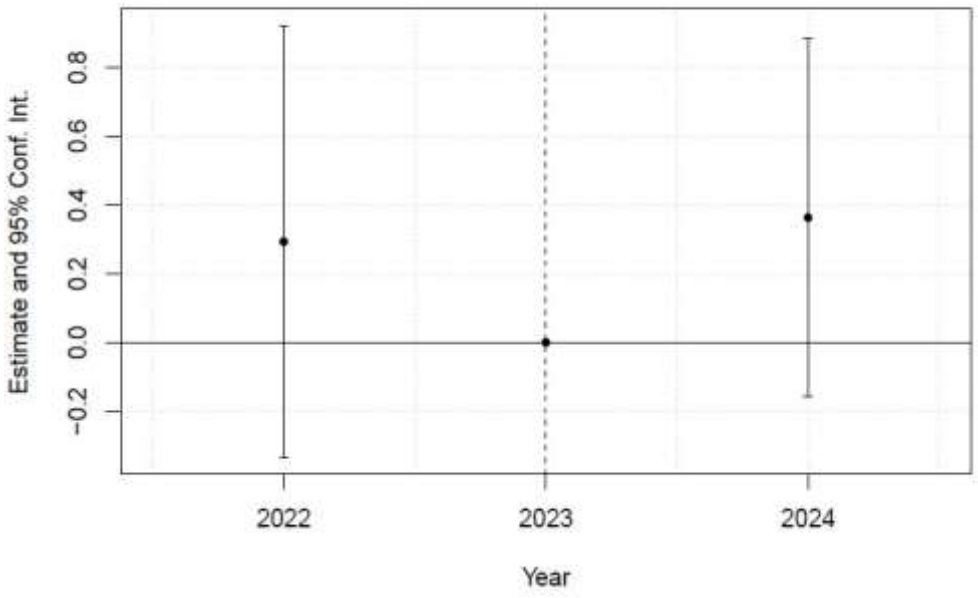
SCEYP

Evidence from the SCEYP suggests that there was **no statistically significant impact in the early stages of the pilot on the total number of staff recruited** in a 12-month period. This was to be expected, as the fieldwork collecting the most recent information available for the evaluation was undertaken between **April and July 2024**, so was unlikely to detect an impact of the pilot at this stage.

Figure 15 presents how differences in recruitment between treatment and control LAs have changed across time. The differences between treatment and control LAs are estimated relative to 2023, which is set to a baseline of zero. A point estimate above zero in 2024 suggests that recruitment has increased in treatment LAs to a greater extent than in control LAs (or decreased to a lesser extent) from 2023 to 2024.

However, the vertical 95% confidence intervals overlap with the horizontal axis at zero, which suggests that this change in the difference between treatment and control LAs cannot be interpreted as statistically significantly different from zero (i.e., the change cannot be distinguished from random fluctuations in recruitment).

Figure 15: Estimated impact of the pilot on the total number of staff recruited over the last 12 months



Note: Dots represent event study point estimates for the interaction between the year dummy and treatment status, with 2023 as the baseline (i.e., estimates reflect differences from 2023). Error bars indicate 95% confidence intervals
Source: SCEYP

However, it should be noted that the information from 2024 was collected from childcare providers between April and July 2024, very shortly after the start of the pilot. Any impact would likely have required longer to materialise, as it may take time for potential applicants to become aware of incentives, even if providers began including the incentive in advertisements immediately after the start of the pilot. In fact, the process evaluation found that some providers did not, as discussed on p.46.

Further, the information provided reflects the previous 12 months of recruitment, meaning any potential impact of the pilot on recruitment would be limited to the final few months of the reporting period.

Characteristics of applicants

Applicant survey

Figure 16 shows the **key demographic characteristics of applicants** to jobs in early years across treatment and control LAs. Figures are based on 111 respondents in total, 70 (63%) from treatment LAs and 41 (37%) from control LAs.

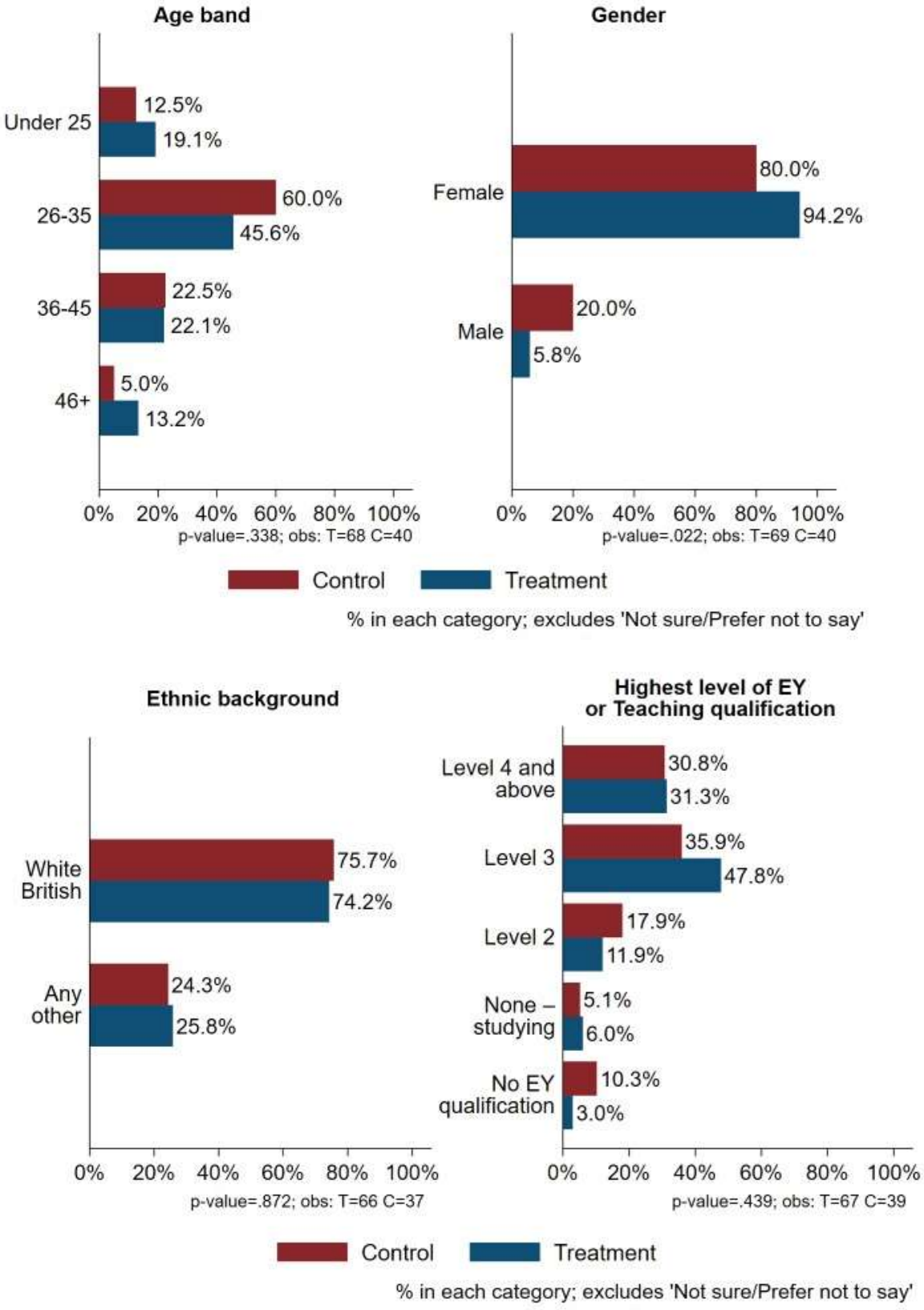
Applicants tended to be older in treatment LAs (13% were aged 46 and above, compared to 5% in control LAs), with a higher proportion of female applicants (94% vs. 80%,

respectively), while there was little difference in the proportion of applicants from non-white British background (around one quarter for both treatment and control LAs[31]).

Focusing on applicants' qualifications in early years and teaching, around 31% of applicants in both treatment and control LAs qualified at Level 4 and above, and a further 48% had a Level 3 qualification (compared to 36% in control LAs). The proportion of applicants with no relevant early years qualification was 3% for treatment LAs compared to 10% for control LAs[32]. Although these figures are based on a small sample of respondents and refer to all applicants (not just those eligible for the incentive), they indicate that most applicants held relevant qualifications in the early years sector (which was a **perceived concern raised by some providers during the process evaluation**).

[31] Further meaningful disaggregation of other ethnic backgrounds was not possible due to small sample sizes.
[32] These figures exclude applicants currently studying towards a relevant early years qualification.

Figure 16: Demographics and qualifications of applicants



Source: EYFI Applicant survey

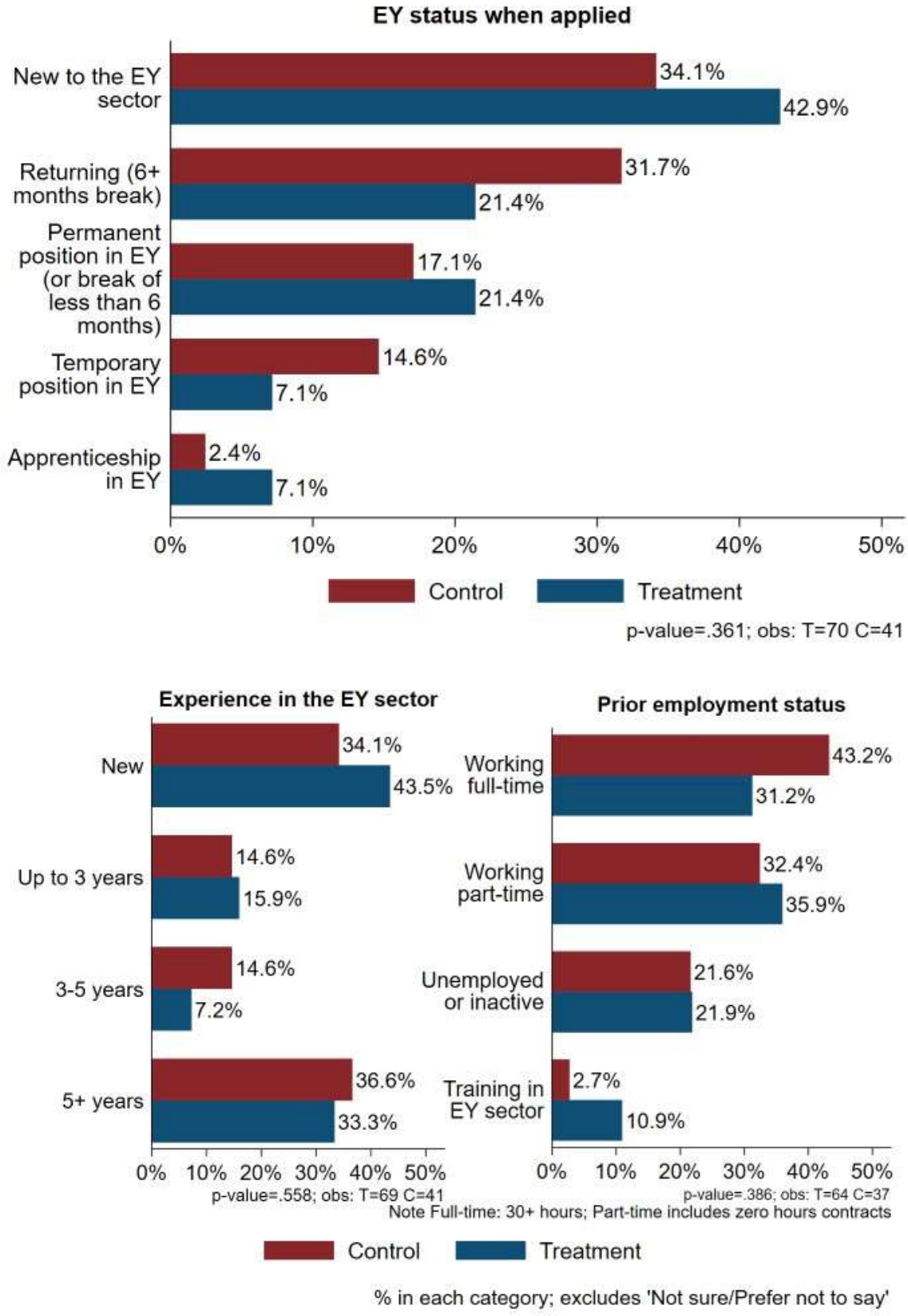
Given the pilot's target**, it is important to understand whether applicants were already working in early years at the time of the application and/or whether they were new to early years** (Figure 17). A higher proportion of surveyed applicants in treatment LAs were new to the early years sector (43% versus 34% in control LAs), while a lower proportion (21% in treatment LAs compared with 32% in control LAs) were returning to the sector after a break of 6 months or longer (these differences are not statistically significant due to the small underlying sample sizes).

The proportion already working in the sector in a permanent position was 21% of applicants in treatment LAs compared with 17% in control LAs. Conversely, the proportion applying while in a temporary position in the early years sector was lower in treatment LAs than in control LAs (7% vs. 15%).

Moreover, around one third of all applicants in both treatment and control LAs had worked for at least 5 years in the sector.

In terms of employment status at the time of the application, a smaller proportion of applicants in treatment LAs were working full-time (31% vs. 43%), while a slightly higher proportion were working part-time, or were unemployed or inactive. On the other hand, a higher proportion of respondents in treatment LAs (11% vs 3%) were studying in the early years sector at the time of the application.

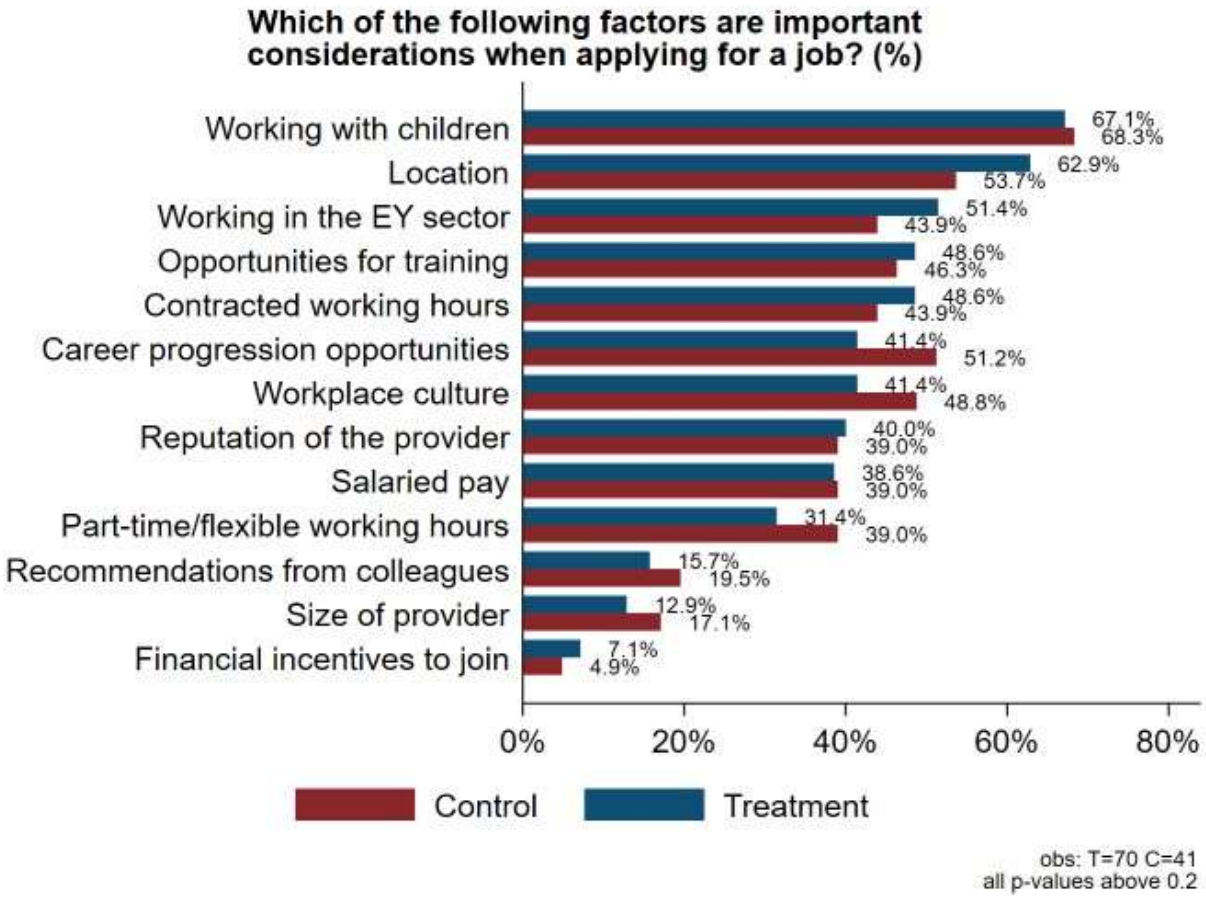
Figure 17: Applicant experience and prior employment



Source: EYFI Applicant survey

Applicants were also asked about **which factors they considered important when applying for a job in the early years sector**. Responses (reported in Figure 18) show that working with children and location were the two factors most often cited (by around 50%-70% of respondents), while working hours, training opportunities, career progression, and pay levels were cited by between 40%-50% of respondents. On the other hand, only 7% of respondents in treatment LAs (and 5% in control LAs) cited 'one-off financial incentives to join' as one of the factors they considered important when applying.

Figure 18: Reasons to apply



Source: EYFI Applicant survey

Job and provider characteristics

Applicant survey

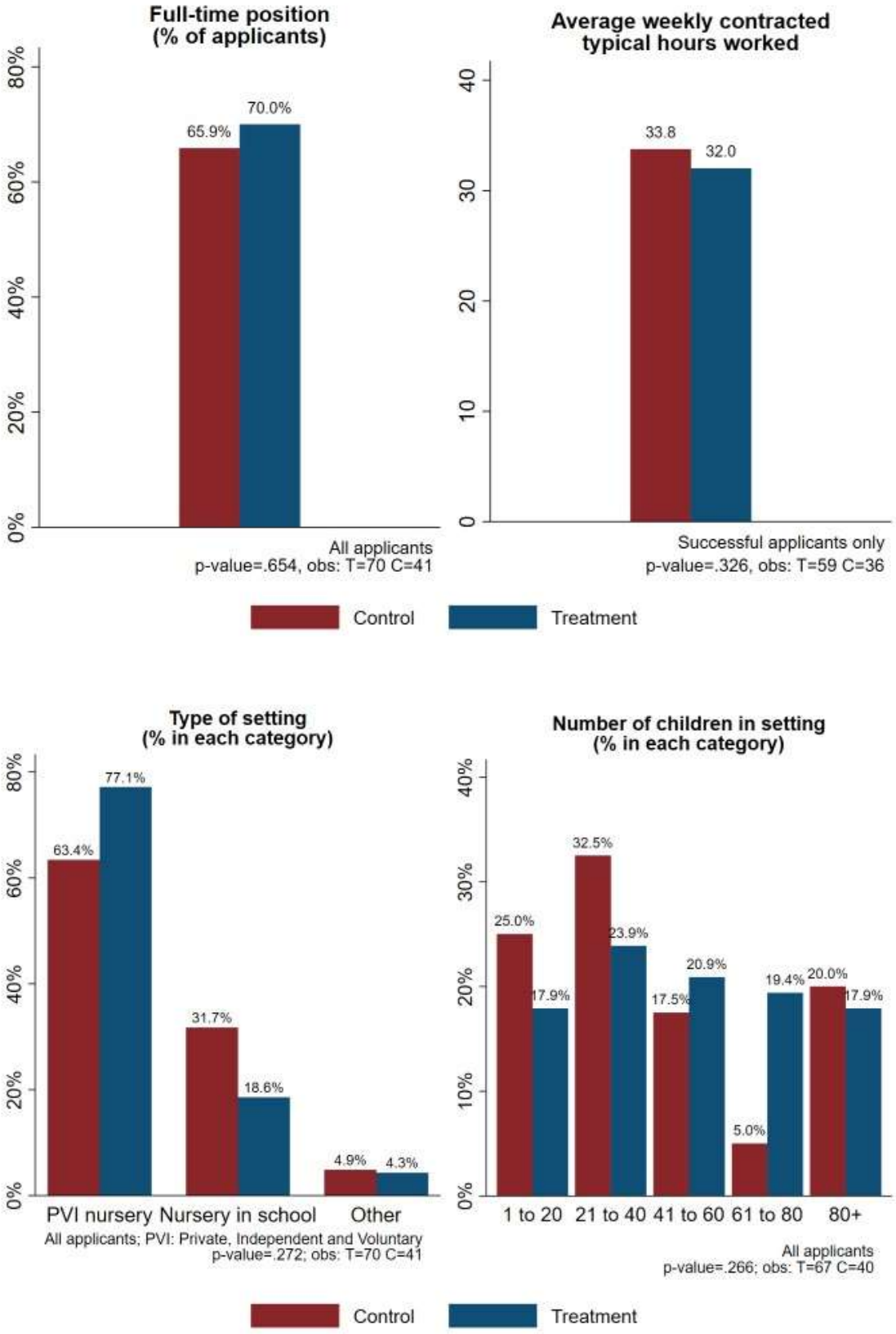
The applicant survey also investigated the characteristics of the position applied for as well as the provider (Figure 19). Overall, a **higher proportion of applications in treatment LAs was directed to Private, Voluntary or Independent (PVI) nurseries, larger settings and with a slightly higher proportion of applicants applying for full-time positions**. Conversely, the contracted or typical number of hours where slightly lower in treatment LAs (this question was only asked to those who were offered and accepted the position).

More specifically, three quarters of all applications in treatment LAs were for positions in PVI nurseries (compared to less than 60% in control LAs), while only 17% (vs. 31% in control LAs) involved nursery provision in school settings. Looking at setting size, 60% of all positions in treatment LAs were in settings with more than 40 children (compared to only 42% in control LAs), with the difference driven in particular by applications to settings with between 61 and 80 children, while a higher proportion of positions in control LAs were in smaller settings (with up to 40 children).

Furthermore, **more than two thirds of applications were for a full-time position in treatment LAs** (70% compared with 66% in control LAs), while (for those who were offered and accepted the position) average weekly contracted (or typical) hours were slightly higher in control LAs (33.8 hours) compared with treatment LAs (32 hours per week).

However, it should be noted that, **due to the small number of respondents, these differences are never statistically significant**.

Figure 19: Job and provider characteristics



Source: EYFI Applicant survey

Awareness and influence of the pilot incentive

Applicant survey

It is important to understand the extent to which applicants were **aware of the financial incentives**, as it could provide a potential **explanation for the apparent lack of an estimated impact**. The analysis of responses from the applicant survey suggested that **low awareness** may have been a key reason for a lack of an impact.

Different questions on awareness of financial incentives were asked in the survey, starting with a general question on awareness of any joining bonuses in the early years sector and a specific question on the £1,000 incentive scheme. These initial questions (with findings presented in Figure 20) were asked to all respondents in both treatment and control areas, while subsequent questions specifically on job applications and the £1,000 incentive were only asked to respondents in treatment areas who reported some prior awareness of the incentive.

In general, **awareness of the £1,000 incentive or any financial bonuses available was quite limited among applicants**, although higher for those in treatment LAs.

Seventy respondents to the applicant survey lived in treatment LAs. Of this group, 26% reported being aware of *any* financial bonuses for new jobs in early years roles (compared to 17% in control LAs).[33]

A further question enquired specifically about awareness of the £1,000 incentive scheme before undertaking the survey[34]. Around 29% of respondents in treatment LAs had some prior knowledge of the scheme, with a further 23% reporting to have only heard of it but with no detailed knowledge (a total of 36 respondents in treatment LAs). This compares with only 32% of applicants in control LAs having at least heard of the incentive scheme (hence awareness was higher in treatment areas).

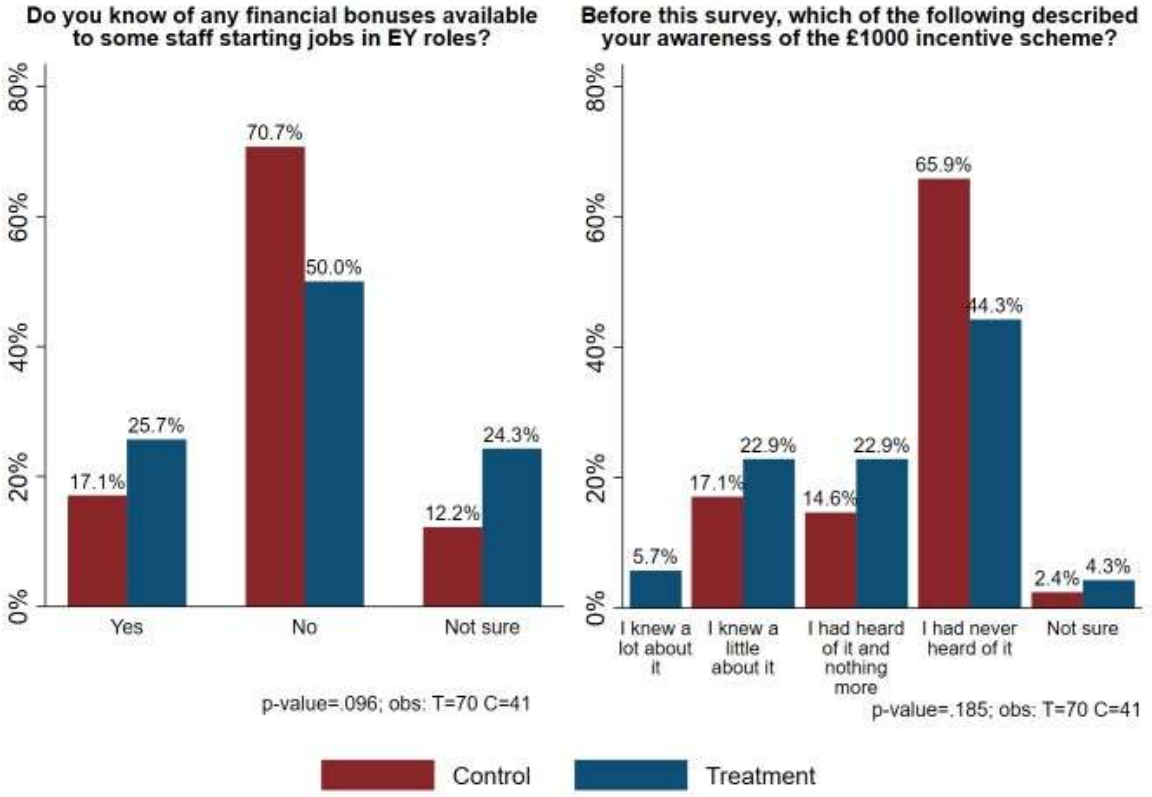
Further discussions about **deadweight**, the extent to which applications or new jobs that would have arisen even in the absence of the pilot, including different measures, can be found in the Annex (p.147).

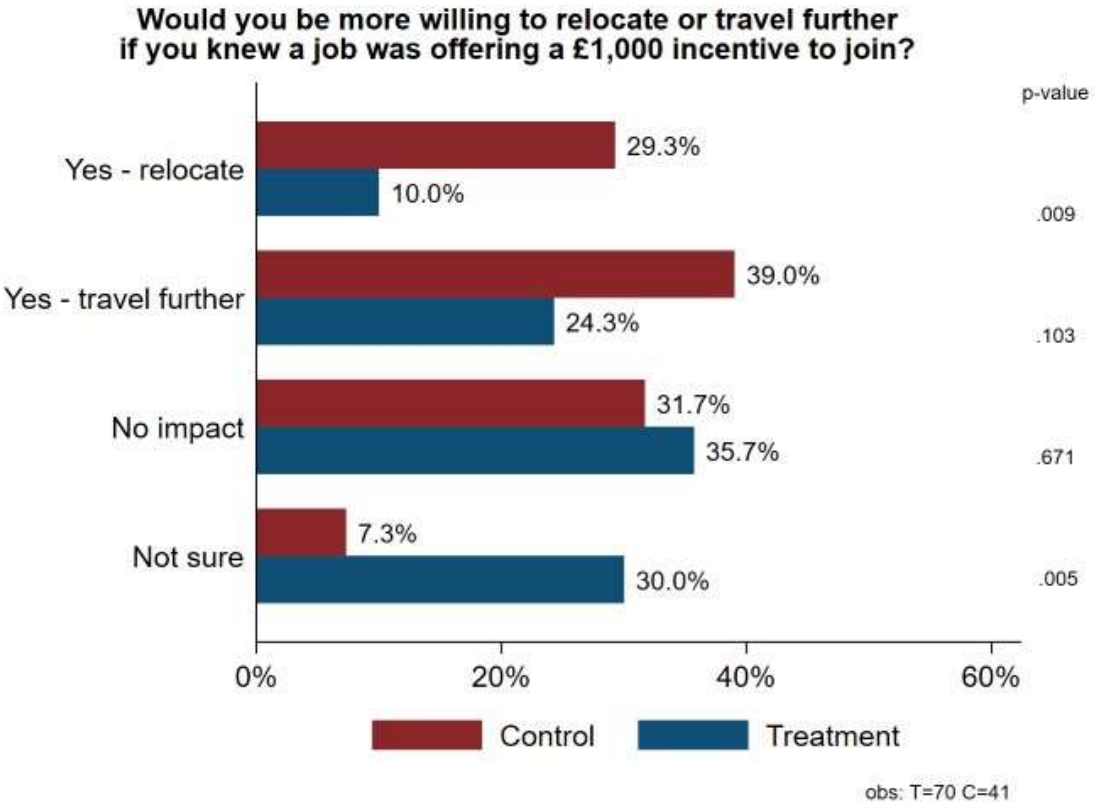
According to survey responses[35], the provision of a £1,000 financial incentive would have a limited impact on the willingness to travel further or relocate (at least for those in treatment LAs), suggesting that there was limited likelihood of overflows between treated

[33] This question was asked to all respondents in both treatment and control LAs and investigated whether applicants were aware '*of any financial bonuses available to some staff starting jobs in early years roles'*.
[34] '*Before this survey, which of the following would have best described your awareness of this £1,000 incentive scheme?'*. This question was also asked to all respondents in treatment and control LAs and was not linked to the previous question about awareness of any financial bonuses.
[35] The questions about willingness to travel further or relocate were also asked to all respondents in treatment and control areas.

and untreated areas and that the incentive was more likely to go to local early years practitioners. In particular, only 10% of respondents in treatment LAs reported being willing to relocate due to a £1,000 financial incentive, while only 24% reported being willing to travel further to work. The proportions in control LAs responding ‘Yes’ to these questions were 29% and 39% respectively. On the other hand, 36% of respondents in treatment LAs (and 32% in control LAs) reported that the incentive would have no impact on their willingness to relocate and travel further, while a substantial proportion (30%) were unsure (compared to only 7% in control LAs).

Figure 20: Awareness and willingness to relocate





Source: EYFI Applicant survey

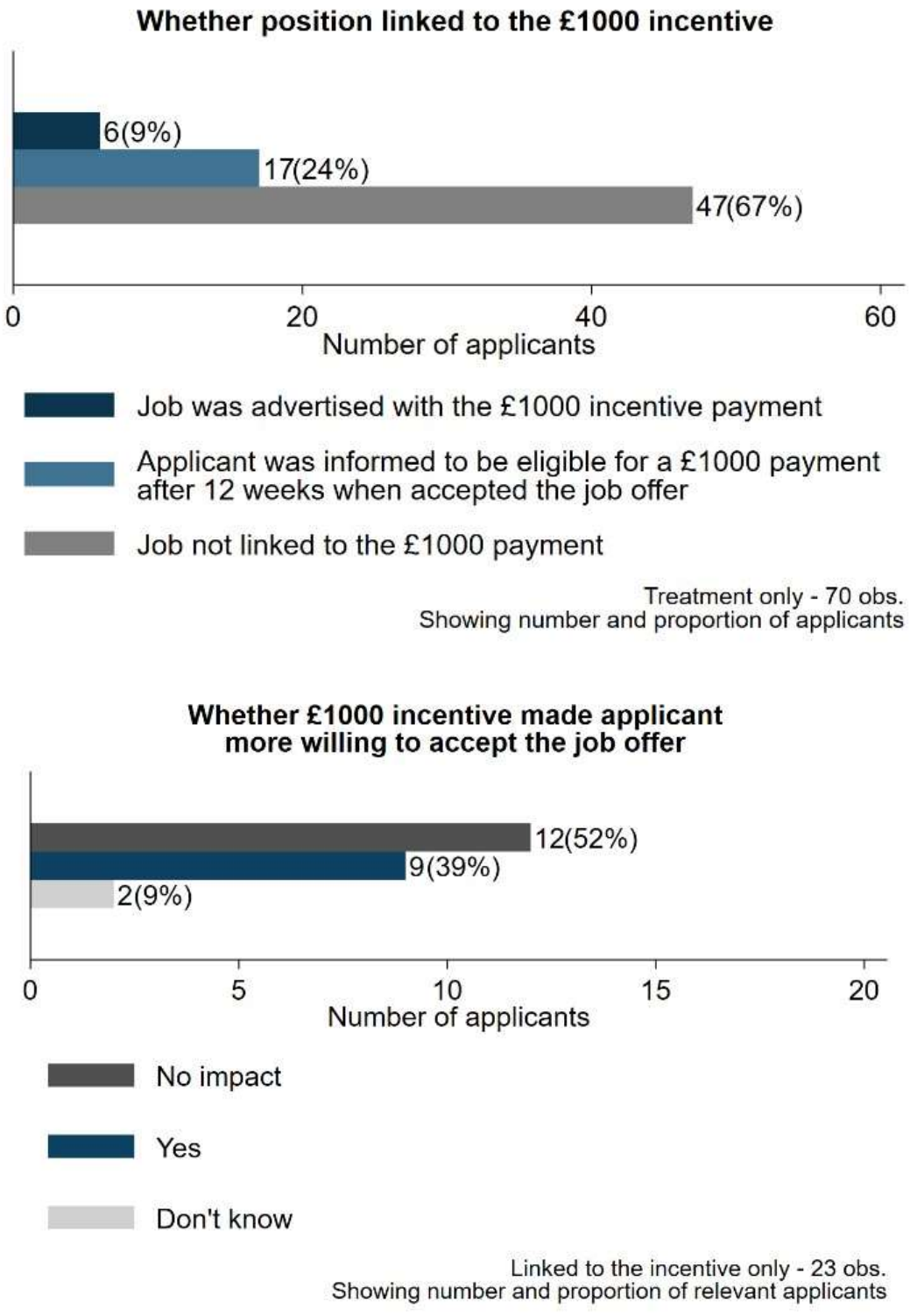
Focusing on those who applied for treatment LAs (70 respondents in total):

- only 6 respondents reported that the incentive payment was included in the job advertisement. Moreover, four of these six respondents explicitly reported that knowledge of the incentive made them more likely to apply for the job;
- a further 17 applicants (unaware of the incentive at the time of the application) reported that they were informed that they would be eligible for a £1,000 payment after 12 weeks when they accepted the job offer[36];
- the other 47 surveyed applicants in treatment areas applied for a position that was not linked to the incentive (for example as the provider decided not to engage with the pilot, the pilot wasn't fully rolled out in that specific LA, or as their position was not eligible for the incentive).

Among the 23 applicants who were offered a position linked to the incentive[37], **around 40% reported that the incentive made them more willing to accept the offer.**

[36] These respondents had not heard of the incentive at all or had no explicit recollection that the job was advertised with the £1,000 incentive and only found out when they accepted the job offer
[37] One of these applicants was offered a position but did not take it

Figure 21: Positions linked to the incentive

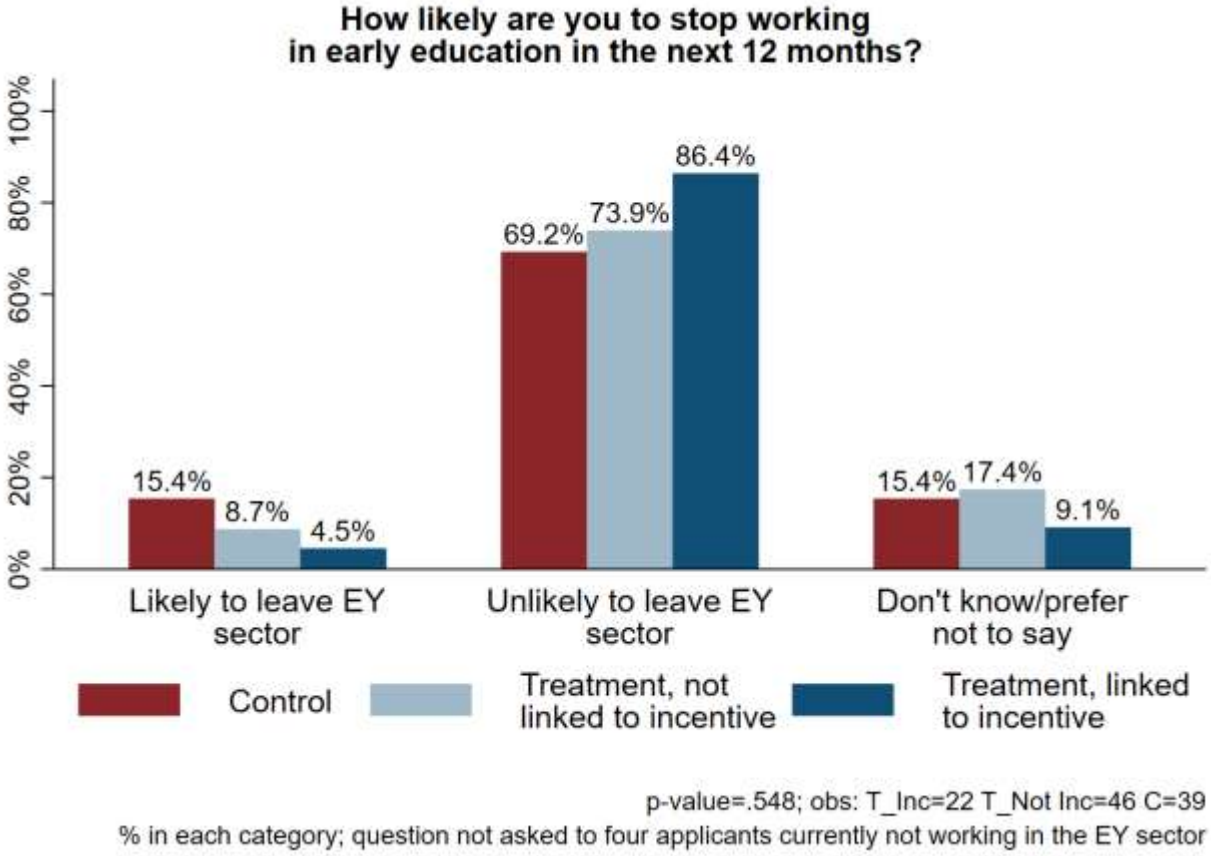


Source: EYFI Applicant survey

Figure 22 presents **applicants' future career plans** (i.e., how likely they are to leave the early years sector in the next 12 months). Responses for this question are disaggregated into three groups:

- applicants in control LAs (red bars),
- applicants in treatment LAs who did not mention the incentive being linked to their position (light blue bars) – this could be because they were not eligible, and/or the applicant did not recall that the provider mentioned the incentive[38], and
- applicants in treatment LAs who did mention the incentive being linked to their position (dark blue bars) – these are staff who are both eligible and recall the provider mentioning the incentive.

Figure 22: Future career plans



Source: EYFI Applicant survey

A higher proportion of those respondents in treatment LAs mentioning the incentive being linked to their position reported to be unlikely to leave the early years sector in the next 12 months (86%, compared with 74% for the rest of applicants in treatment areas and 69% for applicants in control areas). Conversely, the proportion of those respondents in treatment LAs mentioning the incentive being linked to their position, indicating that they

[38] Either in the job advert or by the provider when they were offered a job.

would be likely to leave the sector, was lower than those reported by the other two groups (5%, compared with 9% and 15% respectively).

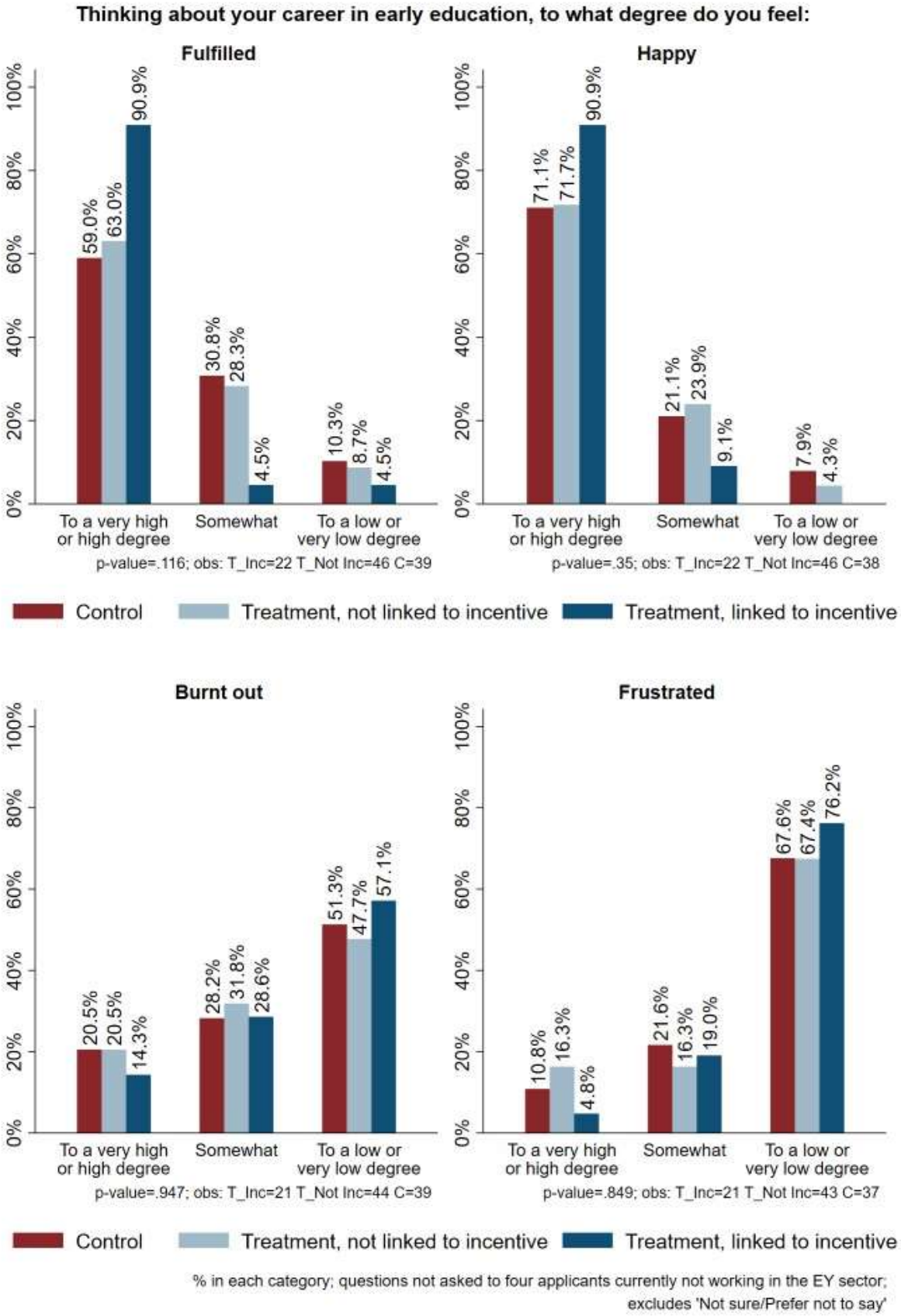
Figure 23 reports the morale and satisfaction of applicants across four areas:

- fulfilment,
- happiness,
- burnout, and
- frustration.

A higher proportion of applicants in treatment LAs mentioning the incentive being linked to their position reported feeling ‘Fulfilled’ and ‘Happy’ to a high or very high degree, and ‘Burnt out’ and ‘Frustrated’ to a low or very low degree, compared to the other two groups of applicants. While this evidence suggests a positive association between taking up a position linked to the incentive and morale, and satisfaction, it should be noted that it is based on limited sample sizes, with only 22 respondents reporting that they were eligible for the incentive and accepted the job offer.[39]

[39] A further applicant reported to be eligible and was offered a position but decided not to take up the position.

Figure 23: Morale and satisfaction



Source: EYFI Applicant survey

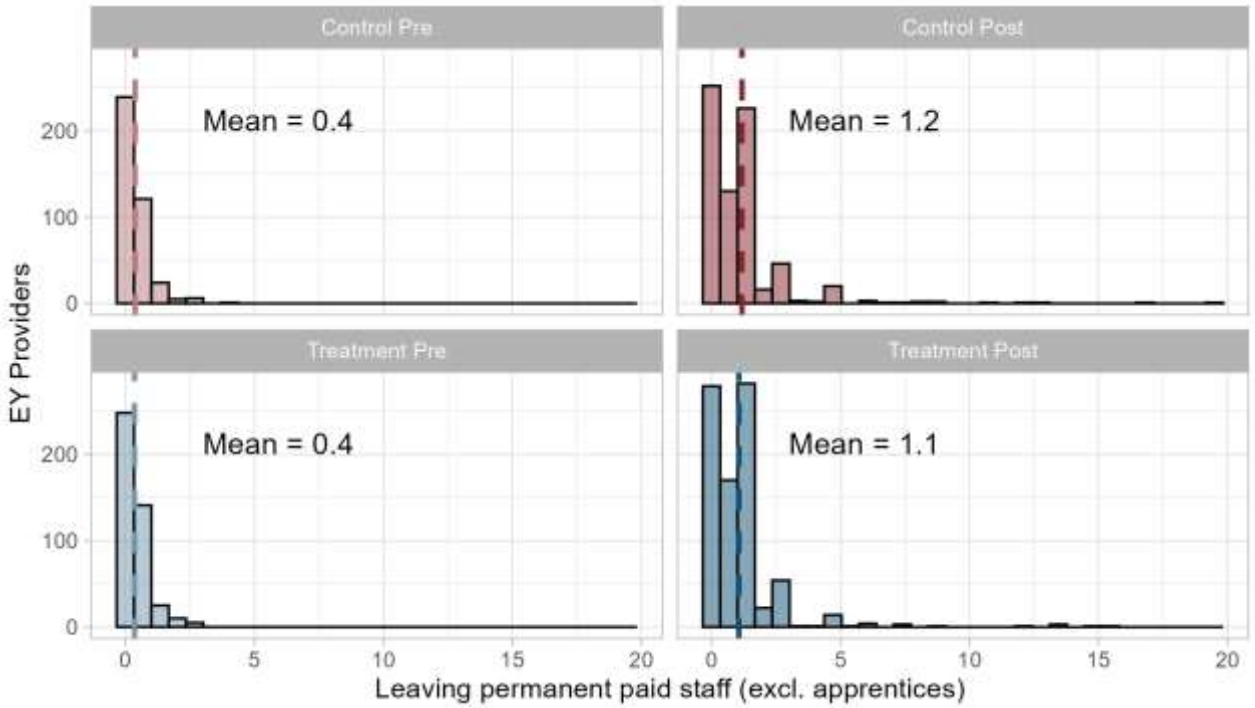
Retention and staff numbers

EYFI provider survey

Retention of staff is a key issue for early years and childcare providers, especially as the childcare workforce will need to expand to meet anticipated increases in demand for childcare. Retention of staff is also important to retain the expertise and experience of existing staff. While the pilot **might have been expected to increase staff numbers through recruitment, some providers were concerned that the financial incentives may have a negative impact on existing staff**. As a result, it is important to explore the potential impact on retention.

After the start of the pilot, the average provider (in both treatment and control LAs) had around one staff member leaving per quarter[40]. However, the distribution is heavily positively skewed in both groups (as shown in Figure 24).

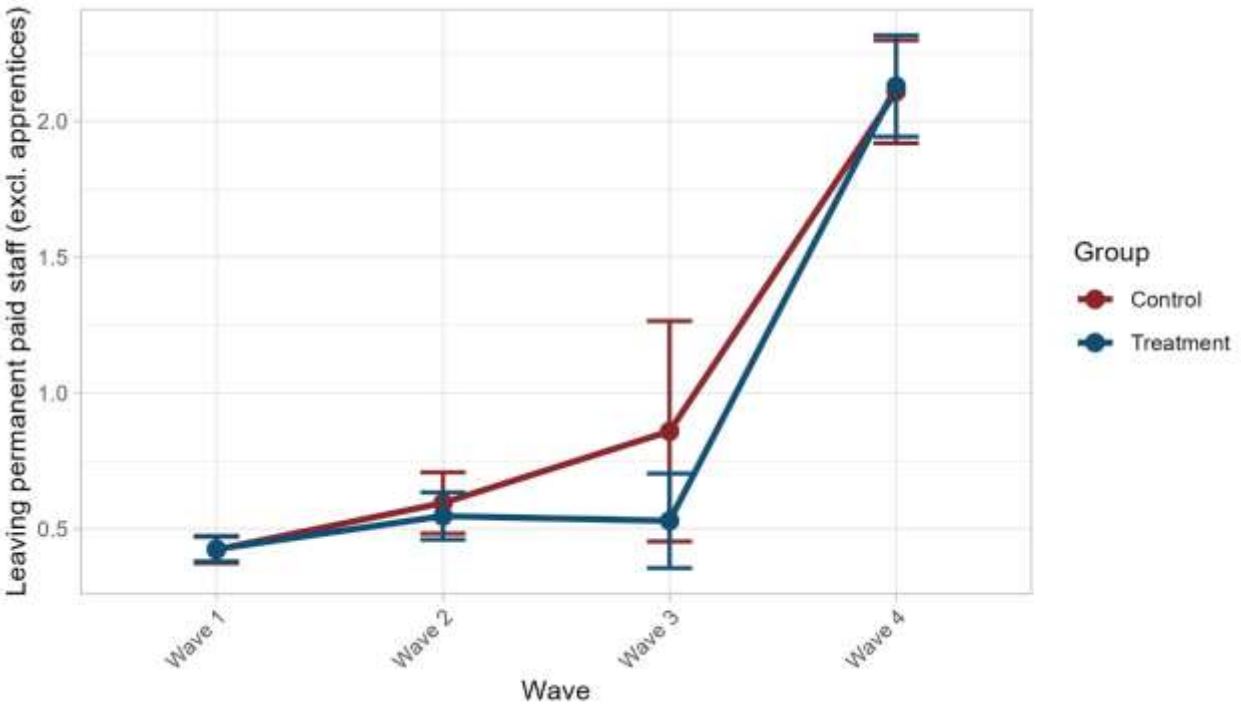
Figure 24: Leaving permanent paid staff, excluding apprentices



Note: The mean for each group-period is represented by the vertical line. Pre-pilot data refers to survey wave 1, while post-pilot data refers to waves 2 to 4.
Source: EYFI Provider survey.

[40] 'Excluding apprentices, roughly how many permanent paid childcare staff left your setting?'

Figure 25: Leaving permanent paid staff, excluding apprentices, by wave



Note: The mean for each group-wave is represented by a dot, while the error bars indicate the confidence intervals of the mean estimate at the 95% level.
Source: EYFI Provider survey.

There are no significant differences in the number of permanent paid staff (excluding apprentices) leaving providers between treatment and control LAs. Further, Table 8 suggests that the pilot did not increase the number of permanent paid staff leaving (excluding apprentices), as the coefficient estimate (Post x Treatment) is very small (0.007, compared to a control group mean of 1.2 after the start of the pilot) and is not statistically significant. This suggests that the pilot did not impact retention of existing staff, and that providers' concerns about a negative impact of the financial incentives on existing staff (ineligible for the financial incentives) was not realised.

Table 8: Impact of the pilot on the number of permanent paid staff leaving (excluding apprentices)

	Number of permanent paid staff leaving (excluding apprentices)
Post	0.07 (0.115)
Treatment	0.549 (0.352)
Post x Treatment	0.007 (0.119)
R-squared	0.288
Number of Observations	2,078

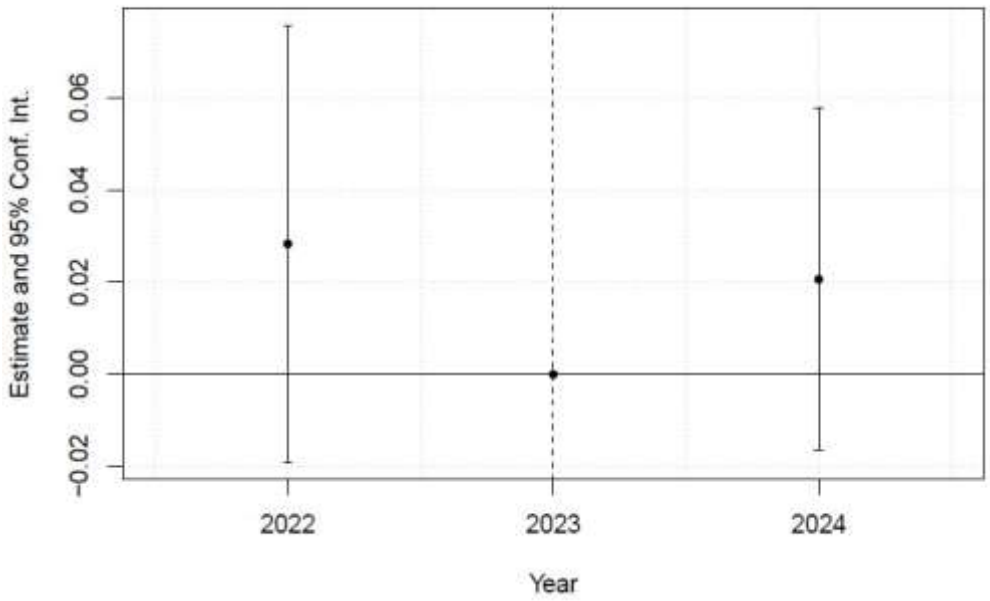
Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. The 'Post' coefficient represents the change in the outcome variable for the control group from before the start of the pilot to after the start of the pilot in the control group, the 'Treatment' coefficient represents pre-pilot differences between the start of the pilot, and the 'Post x Treatment' coefficient represents the estimated impact of the pilot (the difference in change between the treatment and control groups). The R-squared is the proportion of the variation in the outcome that is explained by the model, and the number of observations reports the number of providers' information used in the econometric analysis. A further explanation of the interpretation of these results can be found on p. 73 and in the text accompanying Table 2.

Source: EYFI Provider survey, waves 1 to 4.

SCEYP

The impact of the pilot on retention is not detected in the SCEYP data, which is unsurprising given the timing of the fieldwork undertaken to collect the most recent annual wave of the data (April to July 2024). Figure 26 shows the event study estimates of the pilot's impact on the turnover rate, measured by the number of paid staff who left over a 12-month period divided by the current number of paid staff. The pilot **appears to have had no statistically significant effect on the turnover rate**, with the 95% confidence interval in the 2024 estimate overlapping the horizontal axis.

Figure 26: Estimated impact of the pilot on turnover rate (proportion of staff leaving in the last 12 months)

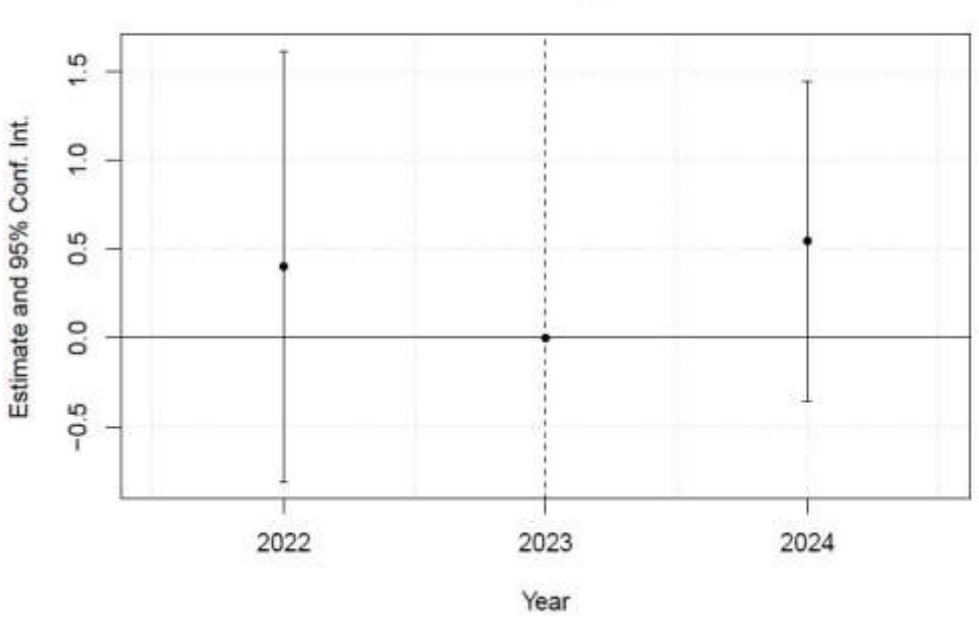


Note: Dots represent event study point estimates for the interaction between the year dummy and treatment status, with 2023 as the baseline (i.e., estimates reflect differences from 2023). Error bars indicate 95% confidence intervals
Source: SCEYP

This suggests that, at least in the early stages of the pilot, there was **no evidence of the pilot causing a sufficiently large impact on the morale of existing staff** (not eligible for the incentive) such that more staff were leaving. However, the information collected in the 2024 SCEYP was collected between April and July 2024 and only asks providers about the previous 12 months.

Evidence from the SCEYP also suggests no statistically significant impact on the number of paid staff in the early stages of the pilot, as shown below (full results can be found in Annex 2). While the point estimate suggests that providers in treatment LAs had around half a staff member more than providers in control LAs (controlling for previous trends in staff numbers), the 95% confidence interval suggests that the estimate is not significantly different from zero.

Figure 27: Estimated impact of the pilot on the number of paid staff



Note: Dots represent event study point estimates for the interaction between the year dummy and treatment status, with 2023 as the baseline (i.e., estimates reflect differences from 2023). Error bars indicate 95% confidence intervals

Source: SCEYP

EY Census

The EY Census data includes information about early years providers for the 2022-23, 2023-24, and 2024-25 academic years, and the analysis covers providers in treatment and control LAs. Given the timing of the data collection (January each year), the information in 2022-23 and 2023-24 was collected before the start of the pilot, while the information in 2024-25 was collected after the start of the pilot. The most relevant information included in the analysis for this section relates to staff numbers and breakdowns by level of qualification. The pilot, through increased recruitment, might have increased staff numbers, but it is **not clear whether the pilot was expected to recruit more staff members who had lower- or higher-level qualifications**, as the financial incentive was targeted at those new to the sector (who may have lower level qualifications than those with more experience) but also those returning to the sector (who may have had similar qualifications to those already in the sector). The analysis of the EY census suggested that **the pilot did not have an impact on either overall numbers or the qualifications held by staff members**.

Summary statistics are presented in Table 9 suggest that the total number of staff per provider increased between 2022-23 and 2024-25 in both treatment and control LAs. There was an increase in total staff per provider in treatment LAs from 12.5 in 2023-24 to 12.9 in 2024-25, but this increase was not statistically significant. This is a trend that is also observed when focusing on staff with Level 2 and Level 3 qualifications.

Table 9: EY Census summary statistics – staff numbers per provider

Outcome variable	LA group	Average 2022-23	Average 2023-24	Average 2024-25
Total staff	Control	12.6	13.5	13.4
Total staff with a Level 2 qualification	Control	1.4	1.5	1.8
Total staff with a Level 3 qualification in a management position	Control	1.7	1.6	2.0
Total staff with a Level 3 qualification not in a management position	Control	6.7	6.5	6.9
Total staff	Treatment	12.2	12.5	12.9
Total staff with a Level 2 qualification	Treatment	1.4	1.6	1.6
Total staff with a Level 3 qualification in a management position	Treatment	1.7	1.7	1.7
Total staff with a Level 3 qualification not in a management position	Treatment	6.4	6.5	6.7

Source: EY Census data

Table 10 presents results from the econometric analysis, which provides limited evidence of a significant impact of the pilot on either the total number of staff or their level of qualification. The **one exception is the total number of staff with a Level 2 qualification, but this is only significant at the 10 percent level, and the estimated impact is small**: controlling for pre-pilot differences and wider trends in staffing, providers in the treatment areas have around 0.2 fewer staff qualified at Level 2 than those in control groups. Heterogeneity analysis (by size and type of provider) also suggests little evidence of a significant impact of the pilot.

Table 10: EY Census econometric analysis – staff numbers per provider

Outcome variable	Coefficient
Total staff	0.259 (0.270)
Total staff with a Level 2 qualification	-0.159* (0.088)
Total staff with a Level 3 qualification in a management position	-0.302 (0.239)
Total staff with a Level 3 qualification not in a management position	-0.055 (0.144)

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. The 'Post' coefficient represents the change in the outcome variable for the control group from before the start of the pilot to after the start of the pilot in the control group, the 'Treatment' coefficient represents pre-pilot differences between the start of the pilot, and the 'Post x Treatment' coefficient represents the estimated impact of the pilot (the difference in change between the treatment and control groups). The R-squared is the proportion of the variation in the outcome that is explained by the model, and the number of observations reports the number of providers' information used in the econometric analysis. A further explanation of the interpretation of these results can be found on p. 73 and in the text accompanying Table 2.

Source: EY Census data

Childcare capacity

Given the current expansion in funded entitlement childcare and the subsequent increase in demand for childcare, **childcare capacity** is another important outcome to assess. An **increase in hiring and staffing numbers would increase the total number of children that providers can look after**. Although there were some differences found between treatment and control LAs that were significant, it is **difficult to attribute this to the pilot given the lack of a significant impact of the pilot on recruitment or staffing numbers**.

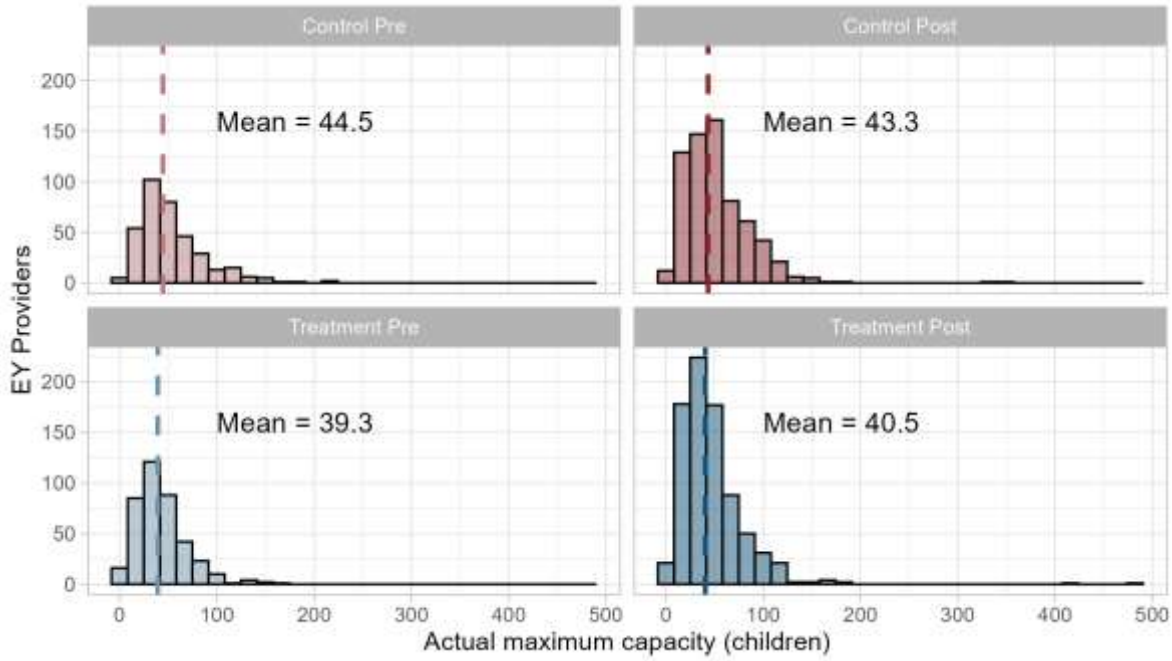
EYFI provider survey

The average actual[41] and potential[42] maximum capacity across providers after the start of the pilot was around 42 and 48 children, respectively. The distribution of the percentage of the potential capacity that is filled (as presented in Figure 30) is negatively skewed, with some outliers having significantly higher potential capacity compared to their actual capacity. This suggests that the majority of providers are not constrained by the number of staff in terms of the number of children that they are able to provide childcare for, although there may be other constraints, such as physical space.

[41] 'What was the maximum capacity of your setting given your actual staffing levels? By capacity, we mean the maximum number of early years children that your setting can provide care for at any one time, within the physical space available'

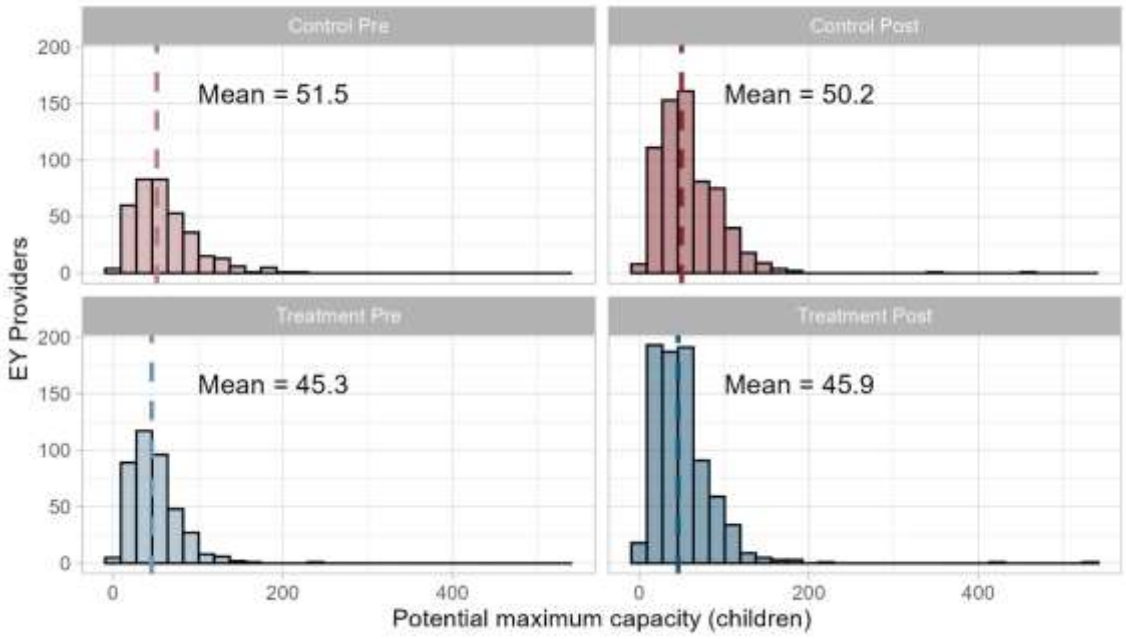
[42] 'What would have been the maximum capacity of your setting assuming you had the necessary number of staff? By capacity, we mean the maximum number of early years children that your setting can provide care for at any one time, within the physical space available'

Figure 28: Actual maximum capacity



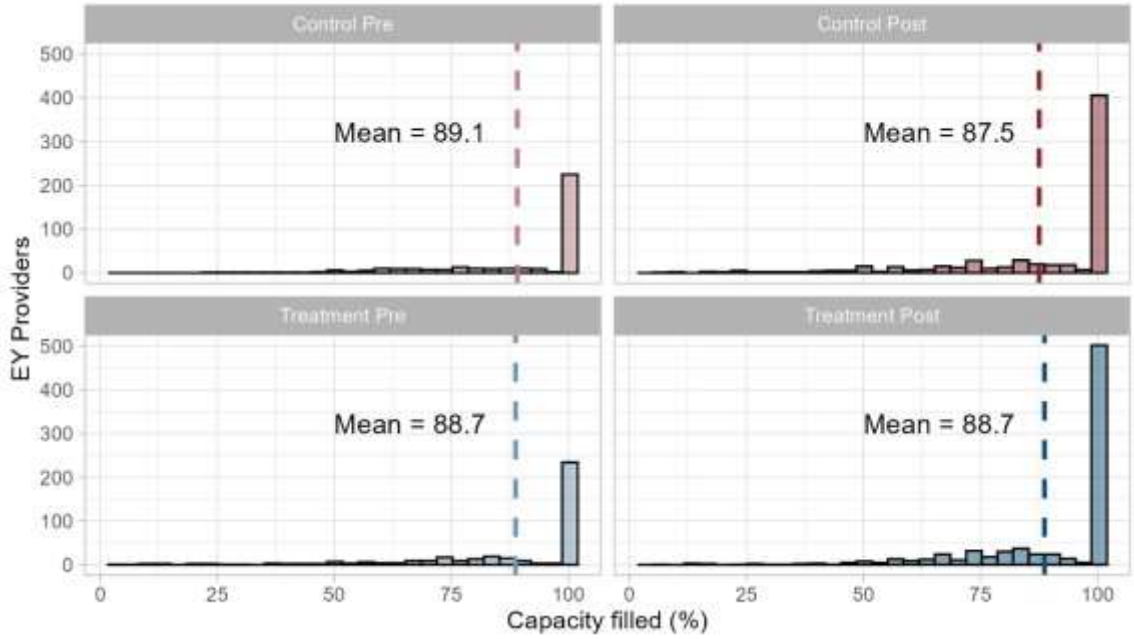
Note: The mean for each group-period is represented by the vertical line. Pre-pilot data refers to survey wave 1, while post-pilot data refers to waves 2 to 4.
Source: EYFI Provider survey.

Figure 29: Potential maximum capacity



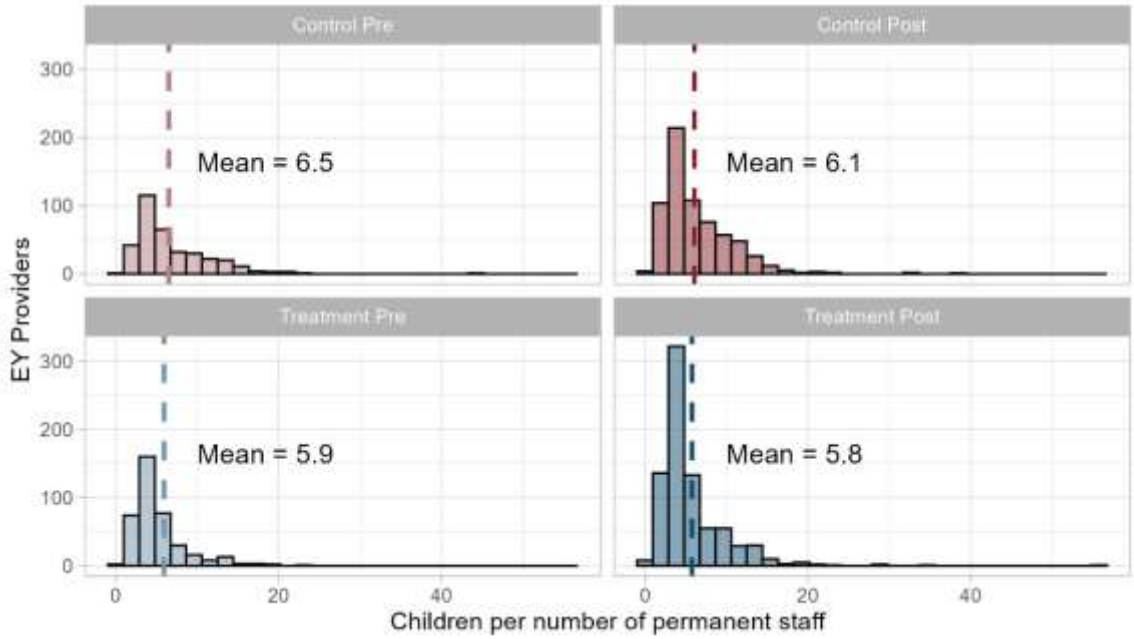
Note: The mean for each group-period is represented by the vertical line. Pre-pilot data refers to survey wave 1, while post-pilot data refers to waves 2 to 4.
Source: EYFI Provider survey.

Figure 30: Actual maximum capacity as a proportion of potential maximum capacity



Note: The mean for each group-period is represented by the vertical line. Pre-pilot data refers to survey wave 1, while post-pilot data refers to waves 2 to 4.
Source: EYFI Provider survey.

Figure 31: Children per number of permanent staff



Note: The mean for each group-period is represented by the vertical line. Pre-pilot data refers to survey wave 1, while post-pilot data refers to waves 2 to 4.
Source: EYFI Provider survey.

The econometric results presented in Table 11 suggest a positive and significant impact of the pilot on the actual maximum capacity of providers. For example, controlling for pre-pilot differences and sector-wide trends, treatment group providers reported an average maximum capacity of 6.6 children more than the average for control group providers. However, it is difficult to attribute this change to the pilot given the lack of detected impact on recruitment and staff numbers (current and joining).

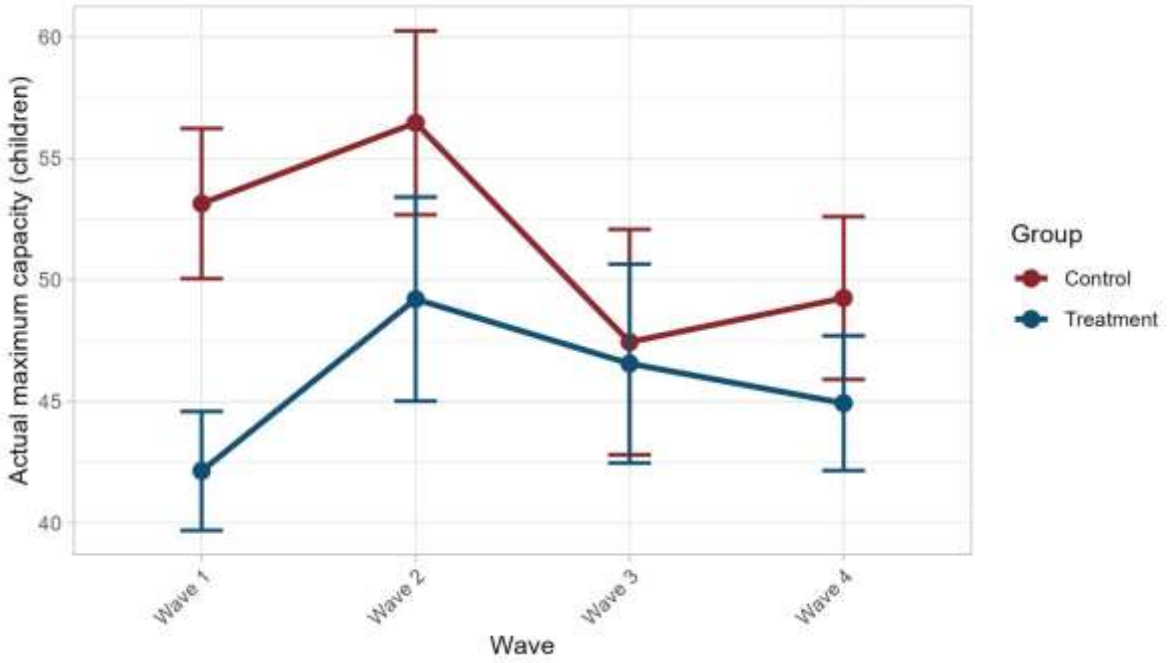
Table 11: Impact of the pilot on childcare capacity and staff-to-child ratios

	Actual maximum capacity	Potential maximum capacity	Percentage of potential capacity filled	Staff-to-child ratio
Post	-4.007 (2.815)	-2.728 (3.1)	-1.557 (1.873)	-0.15 (0.373)
Treatment	-4.844 (8.735)	-4.753 (9.585)	-3.455 (5.794)	-2.954** (1.151)
Post x Treatment	6.612** (2.937)	6.118* (3.228)	0.9 (1.957)	0.189 (0.389)
R-squared	0.076	0.086	0.048	0.226
Number of providers	1,953	1,951	1,918	1,928

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. The 'Post' coefficient represents the change in the outcome variable for the control group from before the start of the pilot to after the start of the pilot in the control group, the 'Treatment' coefficient represents pre-pilot differences between the start of the pilot, and the 'Post x Treatment' coefficient represents the estimated impact of the pilot (the difference in change between the treatment and control groups). The R-squared is the proportion of the variation in the outcome that is explained by the model, and the number of observations reports the number of providers' information used in the econometric analysis. A further explanation of the interpretation of these results can be found on p. 73 and in the text accompanying Table 2.

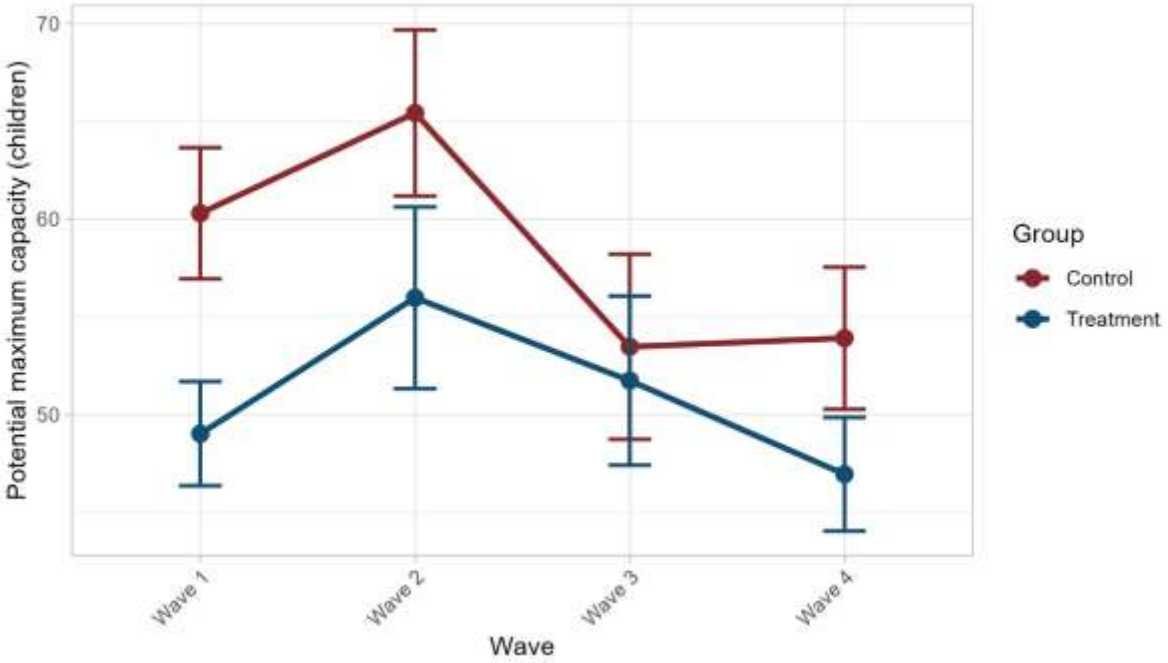
Source: EYFI Provider survey, waves 1 to 4.

Figure 32: Actual maximum capacity by wave



Note: The mean for each group-wave is represented by a dot, while the error bars indicate the confidence intervals of the mean estimate at the 95% level.
Source: EYFI Provider survey.

Figure 33: Potential maximum capacity by wave



Note: The mean for each group-wave is represented by a dot, while the error bars indicate the confidence intervals of the mean estimate at the 95% level.
Source: EYFI Provider survey.

ECS issued and validated codes data

If the pilot had expanded capacity (e.g., through greater recruitment and staffing numbers), **there might have been an expansion in the use of childcare entitlements**, which can be measured using ECS issued and validated codes data, although **no significant impact was estimated**.

The available ECS issued and validated codes information focuses on three outcomes:

1. the number of **codes issued** to eligible families for accessing entitlement funded childcare,
2. the number of **codes validated** by providers for parents accessing entitlement funded childcare, and
3. the **percentage of issued codes that were validated**.

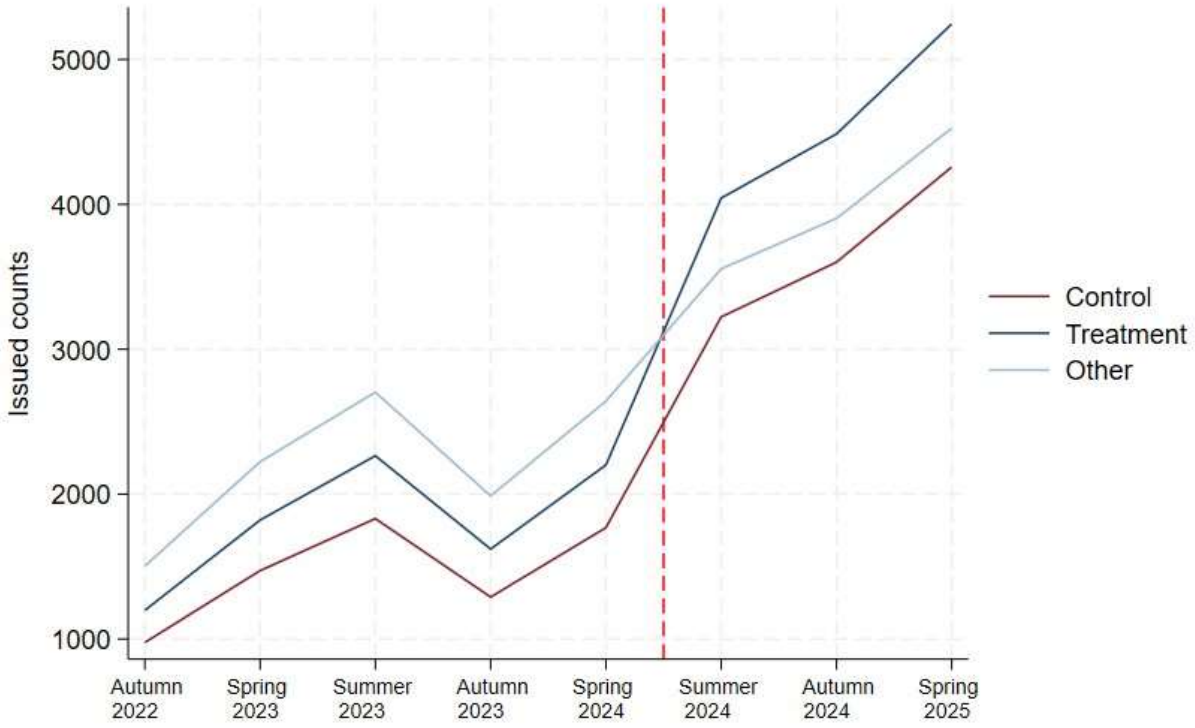
The number of codes issued provides a proxy for demand for entitlement funded childcare, whereas the number of codes validated by the providers provides an understanding of supply. The percentage of codes validated is a proxy for sufficiency, indicating how well demand is met by available places.

The data is at the ward-term level, with each outcome highlighted above available for each ward in each term. The available data covers school terms from Spring 2023 to Summer 2025 and covers three- and four-year-olds, as all three- and four-year-olds were eligible for entitlement hours for the entirety of the period.

Figure 34 shows the average number of codes issued to treatment and control group LAs. Their trends match closely, both before and after treatment. This suggests that the control LAs are valid counterfactual LAs for the treatment LAs, but that there is no significant effect of the pilot. The econometric analysis supports this[43], with the results reported in Table 12. Table 12 reports how the difference between wards in treatment LAs and wards in control LAs changed from term to term (all relative to the base term of Spring 2023). For example, **the 'Spring 2025 x Treatment' coefficient estimate of -10.8 suggests that on average around 10.8 fewer codes were issued per ward in treatment LAs than in control LAs,** although this estimate is not statistically significant.

[43] It should be noted that the graphs show trends at the LA level, while the econometric analysis uses information at the ward level, so the trends implied by the econometric analysis may not exactly match those presented in the figures.

Figure 34: Number of codes issued per LA



Source: DfE ECS validated codes data

Table 12: Estimated impact of the pilot on ECS codes issued per ward

Interaction	Coefficient of interest
Autumn 2022 x Treatment	-1.215
Summer 2023 x Treatment	-2.371
Autumn 2023 x Treatment	0.152
Spring 2024 x Treatment	-1.756
Summer 2024 x Treatment	-5.111
Autumn 2024 x Treatment	-7.074
Spring 2025 x Treatment	-10.800
R-squared	0.415
Number observations	8,935

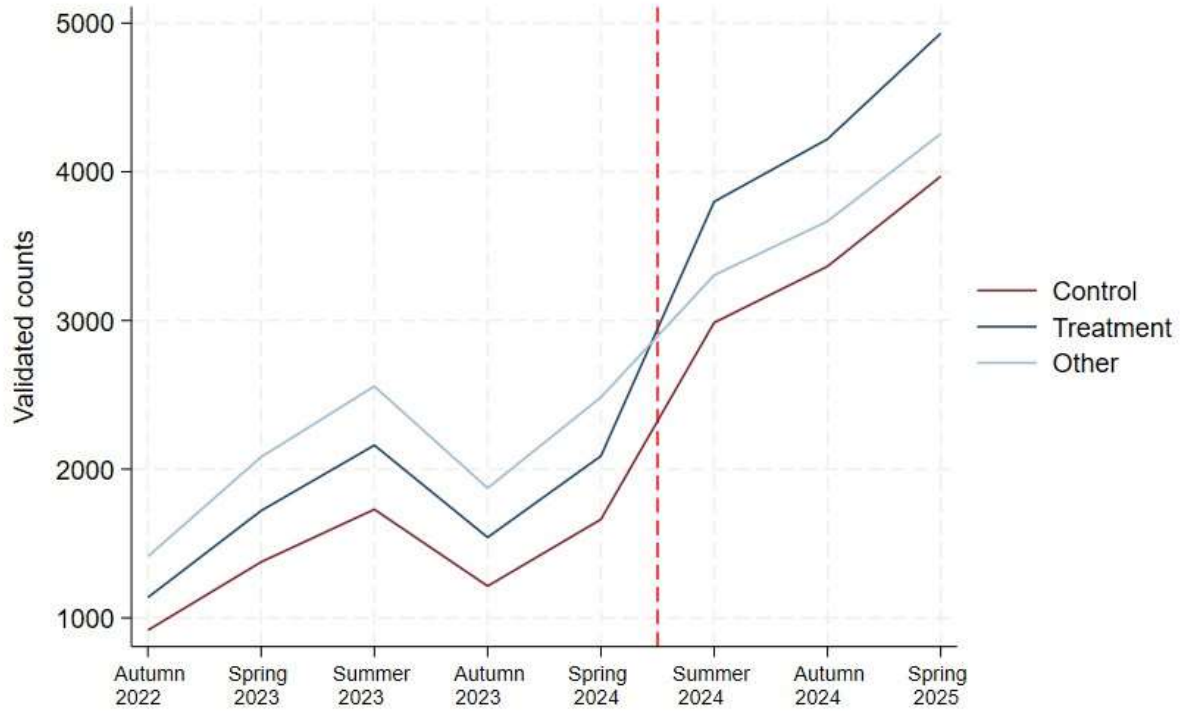
Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. The 'Spring 2025 x Treatment' coefficient, for example, represents the difference between treatment/control groups in Spring 2025 compared to the difference between treatment/control groups in the baseline in Spring 2023. The R-squared is the proportion of the variation in the outcome that is explained by the model, and the number of observations reports the number of providers' information used in the econometric analysis. A further explanation of the interpretation of these results can be found on p. 73 and in the text accompanying Table 2.

Source: DfE ECS validated codes data

ECS codes validated

Figure 35 again shows that the trends in the average **number of codes validated** in the treatment and control group LAs are very similar. This suggests that there is **no effect of the pilot on this indicator**, which is supported by the results from the econometric analysis presented in Table 13. An event study found no statistically significant effect of the treatment on codes validated in any of the time periods considered. This confirms that the pilot has had no effect on the supply of childcare.

Figure 35: Number of issued codes validated per LA



Source: DfE ECS validated codes data

Table 13: Estimated impact of the pilot on ECS codes validated per ward

Interaction	Coefficient of interest
Autumn 2022 x Treatment	-0.908
Summer 2023 x Treatment	-1.965
Autumn 2023 x Treatment	0.260
Spring 2024 x Treatment	-1.412
Summer 2024 x Treatment	-3.392
Autumn 2024 x Treatment	-6.065
Spring 2025 x Treatment	-9.138
R-squared	0.405
Number observations	8,935

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. The 'Spring 2025 x Treatment' coefficient, for example, represents the difference between treatment/control groups in Spring 2025 compared to the difference between treatment/control groups in the baseline in Spring 2023. The R-squared is the proportion of the variation in the outcome that is explained by the model, and the number of observations reports the number of providers' information used in the econometric analysis. A further explanation of the interpretation of these results can be found on p. 73 and in the text accompanying Table 2.

Source: DfE ECS validated codes data

ECS ratio of codes issued to codes validated

Figure 36 shows the trends in the average number of codes validated in the treatment group divided by the number of codes issued. This gives an idea of **how well demand is met by supply, by measuring the percentage of codes which are validated by providers.** The trends in the treatment and control groups are similar with a slight diversion upwards in the treatment group in Autumn 2024. However, the effect of the treatment on the percentage of codes validated is not statistically significant in any of the time periods, as reported in Table 14.

Figure 36: Proportion of codes issued which are validated (by LA)

Source: DfE ECS validated codes data

Table 14: Estimated impact of the pilot on the proportion of ECS codes issued which are validated

Interaction	Coefficient of interest
Autumn 2022 x Treatment	-0.000144
Summer 2023 x Treatment	-0.001752
Autumn 2023 x Treatment	-0.002791
Spring 2024 x Treatment	-0.003619
Summer 2024 x Treatment	0.002879
Autumn 2024 x Treatment	-0.004833
Spring 2025 x Treatment	-0.003615
R-squared	0.038
Number observations	8,935

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. The 'Spring 2025 x Treatment' coefficient, for example, represents the difference between treatment/control groups in Spring 2025 compared to the difference between treatment/control groups in the baseline in Spring 2023. The R-squared is the proportion of the variation in the outcome that is explained by the model, and the number of observations reports the number of providers' information used in the econometric analysis. A further explanation of the interpretation of these results can be found on p. 73 and in the text accompanying Table 2.
Source: DfE ECS validated codes.

EY Census

The most relevant information included the analysis from the EY Census includes the number of children registered at the setting and the average number of hours of childcare per week per child.

Summary statistics are presented in Table 15, and suggest that the total number of children registered per provider has significantly increased from 2023-24 to 2024-25 in both treatment and control LAs. It should be noted that the total number of children in the EY Census only includes children who are taking up a funded place, so any children who only receive parent-paid hours at the provider are excluded. The increase is likely to be driven by the expansion of entitlement hours to children between the ages of 9 months and 2 years (inclusive) in April 2024 and September 2024, as the information from the 2023-24 academic year was collected in January 2024 (i.e., before the initial expansion in April 2024).

Table 15: EY Census summary statistics – childcare capacity

Outcome variable	LA group	Average 2022-23	Average 2023-24	Average 2024-25
Total children	Control	34.7	33.7	55.3
Average funded hours per funded child	Control	14.7	14.7	14.6
Average hours per child	Control	22.5	22.8	21.2
Total children	Treatment	34.6	34.2	55.3
Average funded hours per funded child	Treatment	14.6	14.6	14.3
Average hours per child	Treatment	22.2	22.3	21.5

Note: In the EY Census, any children who only receive parent-paid hours at that provider are excluded from the total number of children.
Source: EY Census.

The results of the econometric analysis can be found in Table 16, which provides little evidence of an impact of the pilot, as none of the coefficient estimates are statistically significant at even the 10 percent level. In addition, the estimates are relatively small. For example, the coefficient estimate for total children was -0.184, implying that the impact of the pilot on providers in treatment LAs was that they looked after 0.184 fewer children. Heterogeneity analysis (by size of provider and type of provider) also suggests little evidence of a significant impact of the pilot.

Table 16: EY Census econometric analysis – childcare capacity

Outcome variable	Post x Treatment
Total children	-0.184 (2.161)
Average funded hours per funded child	-0.147 (0.098)
Average funded hours per child	0.703 (0.643)

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level. In the EY Census, any children who only receive parent-paid hours at that provider are excluded from the total number of children. This table only shows the 'Post x Treatment' coefficient, the estimated impact of the pilot on the outcome. A further explanation of the interpretation of these results can be found on p. 73 and in the text accompanying Table 2.
Source: EY Census data.

LA readiness survey

If childcare capacity had increased as a result of the pilot, LAs might have become more confident that they would be able to meet future demand for childcare. The analysis of the LA readiness survey does not suggest that this was the case, which is **unsurprising given the lack of evidence that the pilot increase childcare capacity**.

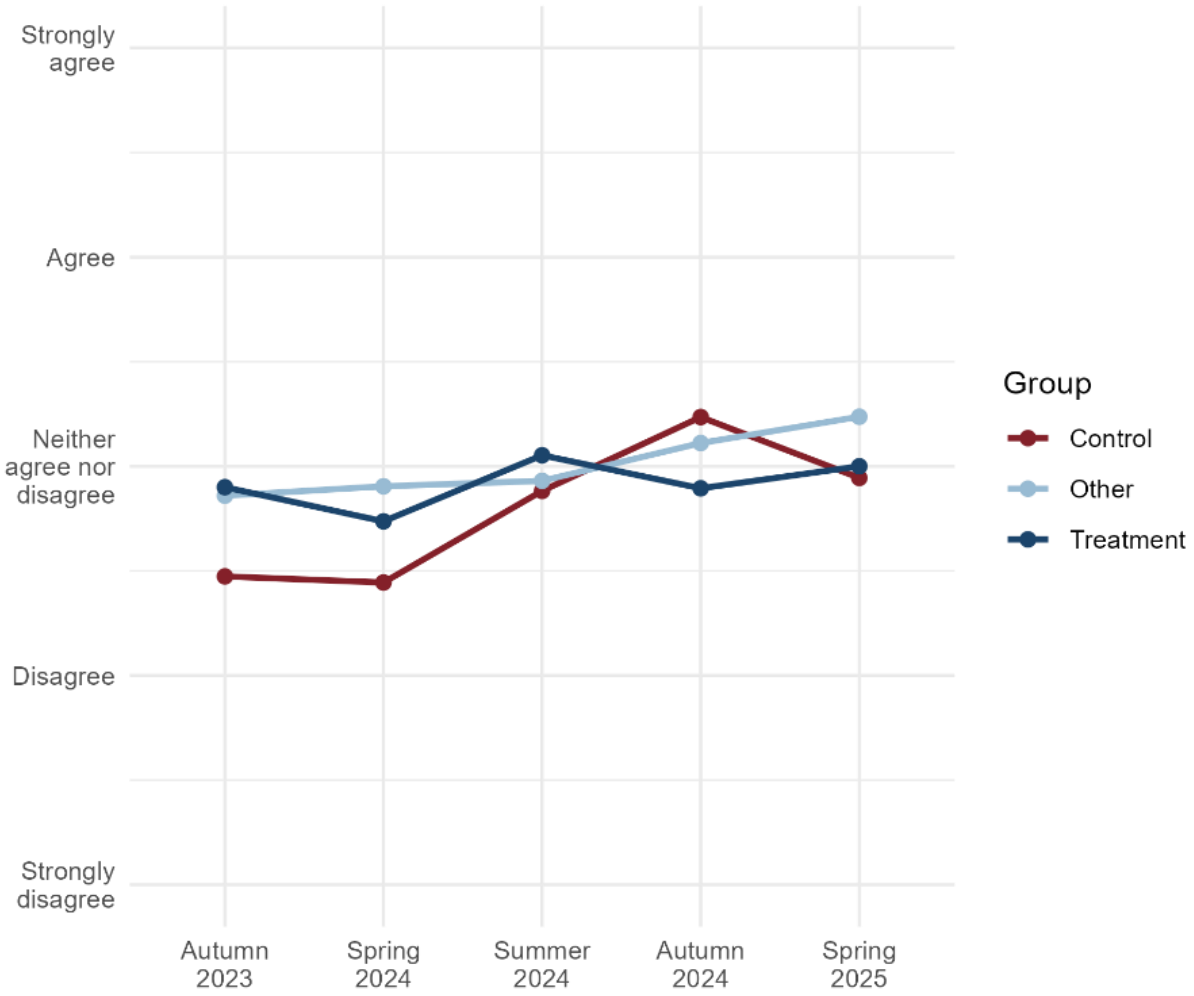
The DfE collects information each term from LAs, which includes their perceived readiness to meet demand for childcare at certain milestones. The analysis uses information collected from the Autumn 2023 Term to the Spring 2025 Term. As a result, the information covers two terms before the start of the pilot and three terms after the start of the pilot.

The analysis focuses on LA's perceptions of the **ability of providers to meet demand for childcare in September 2025**, which is asked of LAs in all five terms. Specifically, the question asked was "To what extent do you agree with the following statement: "We are confident that there will be sufficient childcare places to meet demand in our area for September 2025.". Respondents were asked to select an answer between the following options: "Strongly disagree", "Disagree", "Neither disagree nor agree", "Agree", and "Strongly agree". The analysis focuses on how LAs' responses to the question evolved, as well as differences in trends between LAs in the treatment group and LAs in the control group.

Figure 37 presents the average response for each term by group of LAs, where 'other LAs' consists of LAs that are neither in the treatment nor control groups. The average response is calculated as an average within the group of LAs when coding "Strongly disagree" as 1, "Disagree" as 2, "Neither agree nor disagree" as 3, "Agree" as 4, and "Strongly agree" as 5. Figure 37 shows that average responses are slightly more positive for the control LAs and other LAs in Spring 2025 compared to Autumn 2023, with treatment LAs similar.

However, it should be noted that given the **small sample sizes**, differences in average responses and differences in trends across terms are not significant, so they are only indicative. Further, the trends in average responses mask how the distribution of responses changes across time, with many LAs moving from 'Neither agree nor disagree' to either 'Agree' or 'Disagree'. This is to be expected as LAs can judge with a greater degree of certainty whether they are confident in their childcare sufficiency in September 2025, in more recent waves of the survey. However, this trend was observed in both treatment and control LAs, so there is no evidence that the pilot had an impact on how confident LAs were in their childcare sufficiency in September 2025.

Figure 37: Average response regarding sufficiency in treatment, control, and other LAs



Source: LA readiness surveys

Unintended consequences and spillover effects

There were concerns among providers that interpersonal issues, as a result of existing staff not being eligible for the incentive, could have a negative impact on retention (as discussed on p.64). In addition, there were other concerns that increases in recruitment by providers using incentives may come at the cost of those that did not (e.g., in neighbouring LAs). However, the **impact evaluation found no evidence of a negative spillover effect.**

It is important to estimate the magnitude of this geographical spillover to **understand the potential impact of financial incentives if the pilot were expanded**. If an increase in recruitment in treatment LAs (relative to control LAs) were driven in part by applicants in control LAs applying for vacancies in treatment LAs, then the estimated impact of the pilot would overestimate the impact of rolling out financial incentives to the rest of the country.

Geographical spillovers of the pilot were assessed by testing the relationship between the outcome variables and three indicators of geographical spillovers:

1. whether the LA that a provider is located in neighbours a treatment LA,
2. the number of neighbouring treatment LAs, and
3. the distance to the nearest treatment LA

The estimates show that there is **no clear impact of a control LA being next to treatment LA(s) or being closer to a treatment LA on the range of outcomes tested**, so there is no robust evidence of a geographical spillover. This is unsurprising given the lack of a direct impact detected on outcomes within the treatment LAs themselves.

Further, evidence from the applicant survey suggests that there are unlikely to be significant geographical spillovers.

For example, 36% and 32% of respondents in treatment and control LAs, respectively, reported that the £1,000 financial incentive would not have an impact on whether they either relocated or travelled further for work. **Only 10% and 29% of respondents in the treatment and control LAs, respectively, said they would be more willing to relocate** because of a job offering a £1,000 incentive. Around 24% and 39% of respondents in the treatment and control LAs, respectively, said that they would be willing to travel further but not relocate.

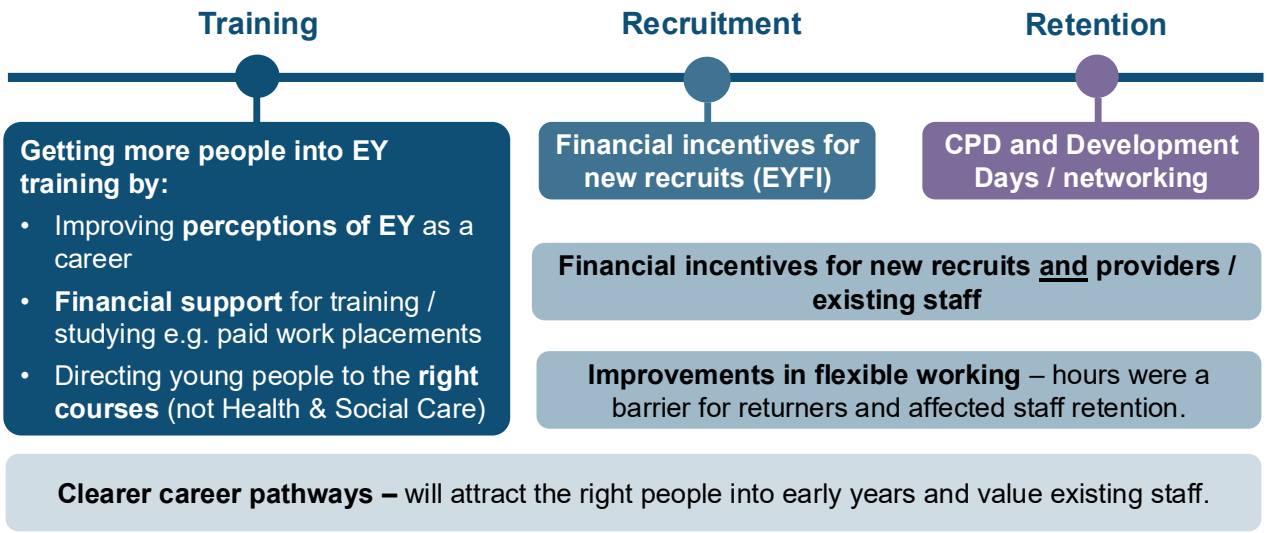
Conclusions

The evaluation generated a wealth of evidence about the perceived strengths and weaknesses of the pilot. We use the key evidence to conclude what DfE could consider if it expands the scheme to other English local authorities. The main conclusions we draw from the key evidence are shown in **bold text**. An important overall concluding point is that **negative perceptions about the scheme affected take up, which evidence-based marketing and communications could help address**.

Financial incentives for recruitment are one of many potential policies that could improve recruitment and retention in the longer term

EYFI was designed as a mechanism to improve recruitment into early years practitioner improvements. Figure 38 places incentives into an ecosystem of potential policies suggested by all this evaluation's audiences. Other suggested policy levers including changes to training and improving the pipeline of trainees by shifting perceptions of the sector. Incentives that supported providers and existing staff were also suggested, as were professional development and more flexible working arrangements. **More work that connects the breadth of departmental policy developments to create a multi-strand policy approach may be beneficial.**

Figure 38: Financial recruitment incentives within a wider set of potential workforce levers



Incentives had minimal effect on issues providers think important

A recruitment incentive is problematic in the eyes of many providers because they think this incentive targets the wrong audience. Providers sought qualified, experienced practitioners because they can care for more children than inexperienced,

unqualified staff. Their argument is economic. Staffing is the main cost in the sector and pay is low. Many providers operate on small profit margins. This limited the number of inexperienced people they could employ and train, and the overall levels of pay on offer, as providers rely on existing staff to maintain staffing ratios. Many providers felt the appeal of a scheme that targets those new to the sector, or the newly qualified has economic limits. Note that most respondents to the applicant survey were experienced and/or qualified. This survey profile could prove providers' views correct (they are the only people they hire) or show the pilot did attract the right people.

Providers were concerned new recruits would leave after their incentive was paid at 12 weeks. There is some anecdotal evidence from LA interviewees this happened. **Extending the incentive payment period from 12 weeks to 6 months could enhance retention, especially if aligned with standard probation periods.** Some recommended splitting the payment across this timeframe to reduce potential impacts on Universal Credit and ideally offering it as a tax-free standalone payment.

The pilot did not affect key recruitment measures

The evaluation provides **no clear evidence that financial incentives significantly increased the number or quality of early years practitioners recruited**, especially in areas of greatest need. The findings on processes provide some explanation why the pilot had limited impact on improving recruitment outcomes in the early years sector. Quantitative analysis showed no statistically significant changes in key indicators such as applications per vacancy, vacancy fill rates, or staff joiners in treatment areas. This aligns with early years provider qualitative feedback, which indicated minimal impact of the incentives on recruitment.

Nonetheless, some qualitative evidence suggests that the scheme offered modest benefits. A few providers partly attributed success in recruiting individuals, particularly returners to the sector or apprentices, to the incentive. LA Progress Reports from December 2024 indicated that the pilot played a role in supporting apprentice recruitment and mitigating workforce shortages associated with Expanded Childcare Entitlements.

However, the variation in uptake by LA was not related to projected need. The qualitative data suggests a stronger relationship between uptake and the resources LAs were able to assign to the pilot scheme. **DfE may wish to consider the value of a targeted support offer for LAs with high projected demand but few internal resources available to implement a financial incentive scheme**.

Accurate, effective messaging about incentives could increase interest amongst providers

The pilot design relied on effective communication about incentives. The communication chain had four links:

Many providers' perceived concerns about the scheme damaged this communication chain. The survey found just under half of providers (48%) believed the scheme would improve recruitment. However, recruitment into incentivised roles was much lower than projected. Most applicants participating in this study were unaware of incentives prior to starting their role. **The influence of incentives on recruitment was therefore limited**.

An important overall concluding point is that **negative perceptions about the scheme affected take up, which evidence-based marketing and communications could help address**

Providers needed faith in the incentive scheme for it to work. Although providers' general awareness of incentives was high in treatment areas, take up was lower than expected. Some providers did not want to include incentives in job advertisements: Many believed existing staff morale would be negatively affected by an incentive that did not benefit them.

Towards the end of the pilot, providers' engagement began to increase. LA teams adapted their targeting and communication strategies throughout the pilot. **This implies that more time and forward planning is required to develop and communicate messages between LA teams and providers.** In that sense, the concept of a pilot was fulfilled. Many LA teams learned a great deal from the process: they now know what does and does not work.

Continue with most elements of administration support and delivery

When incentives were used, pilot administration worked well. Providers who engaged with incentives felt the mechanics of communication from LAs were effective. This included effective support on how to set-up and process incentives. Engaged providers commended LA teams on the planned and reactive communications. Webinars and guidance were well delivered and LA teams offered good support.

Some of the perceived weaknesses of pilot delivery were perceptual rather than operational. Although providers' awareness of the pilot was high, knowledge of specifics

was weaker. Many providers held misconceptions about who was eligible and concerns about negative impacts on existing staff were often assumed rather than evidence based. Many LAs began the pilot believing demand would be high, so targeted provision based on projected need. Many LAs relaxed provider eligibility criteria when the projected demand was lower than anticipated. **These changes could have created mixed messages that subsequently curbed providers' participation.**

Address concerns about the administration burden in the sector

A few aspects of the pilot caused administrative burden for some providers. Concerns were raised about the administrative workload, particularly around collecting participants information and ensuring timely payment of incentives. Factors contributing to burden included: a sometimes lengthy process to issuing incentives; collecting and submitting candidate information to confirm eligibility; and challenges faced by some providers in calculating NI and tax obligations. Some of the econometric data shows little difference between treatment, control and other English authorities on vacancy metrics which **could suggest aspects of these factors were perceptual rather than real**.

(Perceived) challenges were not always due to pilot processes. Business management and leadership skills and experience varied between provision. Several LA representatives and a few providers noted that the skills of an experienced and effective early years practitioner differ to those of a successful business leader. **Effort placed into developing leadership skills may help the sector recruit and retain staff.**

Suggestions from participants on future roll out of the pilot

- **Extend incentive duration**: Stakeholders recommended extending the incentive period from 12 weeks to 6 months to better support staff retention and align with typical probation periods.
- **Split payments and minimise benefits impact**: Suggestions included splitting the payment (e.g. half at 12 weeks, half at 6 months) and offering it as a tax-free standalone payment to reduce impacts on Universal Credit.
- **Improve communication and guidance**: Clearer, more targeted marketing is needed to raise awareness among potential recruits, alongside better guidance on administrative processes and benefits implications. This may include **a national campaign** if the pilot is rolled out across England.
- **Simplify administration**: Streamlining and standardising administration processes across providers and local authorities could improve efficiency and reduce confusion.

- **Review incentive value**: Increasing the overall payment amount was suggested to enhance the attractiveness of early years roles.
- **Align with provider needs**: There is a need for better alignment between the pilot's aims and provider priorities. Focus on attracting candidates who have the right soft skills, experience, and qualifications.

Suggestions from participants on wider early years workforce policy

- **Consider alternative uses of funding**: Some stakeholders would prefer allocating funding to training and qualifications to support new entrants. Or to increase support for and retention of existing staff.
- **Address broader workforce challenges**: Improvements to pay and working conditions were seen as essential to making early years roles more attractive and sustainable in the long term.
- **Standardise qualifications:** Establishing consistent qualification standards specific to early years was viewed as essential. Qualifications should ensure clarity in the skills and competencies expected of practitioners. General qualifications in health and social care were insufficient for early years practice.
- **Business and management training:** Providing business management training for leaders and managers was seen as important for improving the financial sustainability and effective management of childcare settings.
- **Leadership career development:** Investment in leadership programmes was recommended to support progression into senior roles, and to raise the overall quality of provision. This should include the business management training referenced above.

Annex 1 – Approach and methodology

Primary fieldwork

All primary fieldwork was commissioned by the DfE and conducted by IFF Research, an independent research company[44]. This was a mixed method project comprising of:

- Multiple waves of a 'provider survey' – an online survey of school-based and group-based providers in the 40 evaluation areas
- An 'applicant survey' – an online survey of both successful and unsuccessful applicants to eligible roles[45] in the 40 evaluation areas
- In-depth interviews and focus groups with a range of audiences detailed below

A total of 4 waves of the provider survey were conducted. Fieldwork dates and number of achieved responses are shown in Table 17.

Table 17: Detail of fieldwork for 3 waves of provider survey

	Fieldwork dates	Number of responses	Mode
Wave 1	July – August 2024	850	Online
Wave 2	October – November 2024	653	Online / Computer-Assisted Telephone Interviewing (CATI)
Wave 3 ("mini wave")	February 2025	334	Online
Wave 4	April – May 2025	580	Online / Computer-Assisted Telephone Interviewing (CATI)

The applicant survey launched in November 2024 and was closed in April 2025, with a total of 111 responses (partial or full).

The qualitative research covered in this paper comprises of:

[44] With the exception of wave 1 of the provider survey, for which fieldwork was conducted by the DfE.
[45] Respondents were screened to ensure they were applying for a role which would be in scope for an incentive if the scheme were rolled out nationally (e.g. permanent position, 70% of time working directly with early years children). However, not all respondents were themselves eligible (some were previously employed in the early years sector), and not all providers offered the incentive.

- 9 focus groups with providers
- 10 interviews with new recruits to eligible roles[46]
- 3 interviews with unsuccessful applicants to eligible roles
- 17 interviews with existing early years practitioners
- 9 interviews with local authority leads
- 6 interviews with training providers
- 4 Roundtables with Local Authorities

Findings from the 20 treatment LA progress updates and a short LA survey (issued by DfE at the end of the pilot) are also included in the analysis.

Weighting approach

The sample for the provider survey was provided by the DfE and comprised of details of providers in the 40 evaluation areas. A check of postcode at the start of the provider survey ensured that only in-scope providers completed the survey. Responses from the quantitative survey of providers were weighted to be representative of all school-based and group-based providers within treatment and control groups by provider type (School-based or Group-based), size (number of early years pupils) and IDACI quintile. An overall weight was also applied to adjust for the number of providers in treatment compared with control group. Therefore, it should be noted that quantitative survey results are representative only of providers in scope for the research (school- and group-based providers in the 40 evaluation areas) rather than all providers in England.

In order to ensure that no individual respondents to the survey were over- or under-represented, a cap was applied to the provider survey weighting, with a minimum value of 0.3 and a maximum value of 3. Figures in this report use the capped weighting, however the uncapped weight is provided in the supporting data set if required for future analysis.

Secondary analysis

The secondary data analysis measured the impact of the pilot on a range of outcomes using a variety of data sources. This included information collected in the primary fieldwork (the provider survey and the applicant survey) as well as existing secondary

[46] See note 8. For the purposes of this research ‘new recruits; were defined as those starting an eligible role from April 2024 onwards, i.e. since the start of the pilot. Those employed in the early years sector prior to this date were classed as ‘existing early years practitioners’.

data sources. A summary of the data sources included in the impact evaluation is presented in Table 18.

Where the data does not allow for robust econometric analysis (due to the sample size being too small), differences between treatment and control LAs are tested for statistical significance within each time that is available (to indicate whether differences are large enough to suggest that the difference is not due to random variation).

However, it is important to note that statistically significant differences between treatment and control LAs (during the pilot) do not necessarily indicate a statistically significant impact of the pilot, as these do not account for pre-existing differences.

Where the sample size is sufficiently large, a difference-in-differences or event study approach is used to estimate the impact of the pilot on an outcome. This approach controls for

- pre-existing differences between LAs in the treatment group (treatment LAs) and LAs in the control group (control LAs), and
- trends in outcomes that are shared between treatment and control LAs.

Given that treatment/control status is determined at the LA level, standard errors are clustered at the LA level. Statistical significance is indicated either by presenting p-values (the likelihood of an outcome to arise through random variation) or through the indication of whether estimates are statistically significant to the 10 percent, 5 percent or 1 percent level.

In addition, differences in the characteristics of treatment LAs and control LAs are tested. This is to assess to what extent the control LAs are sufficiently similar to treatment LAs and therefore constitute a suitable control for the treatment LAs. The results of these statistical tests can be found on p.142.

These characteristics are also included in the econometric analysis to avoid attributing to the pilot the impact of other factors that could have also impacted the outcome of interest (e.g., applications per vacancy). The controlling characteristics include T

- socioeconomic factors (unemployment, overall economic activity, and median pay, as well as female economic activity and female weekly working hours, since staff in childcare is predominantly female) which control for **labour market factors that are correlated with the number of potential applicants**;
- factors that could affect demand for childcare (the share of the population below the age of 6, the cost of childcare, and childcare accessibility, defined by places per 100 children under the age of 7) as this would capture **demand for childcare staff**;

- population and population density since these likely affect both **demand for childcare and supply of childminders** (population, working population, and whether the LA is classified as mainly rural, mainly urban, or urban with significant rural areas);
- the share of the working population working in childcare or education as an indicator for the **supply of potential childcare staff;** and
- expenditure spent on schools managed by LAs (both at overall LA level and per pupil), as an indicator of **how well-funded the education and childcare sector is**.

Table 18 Summary of key data sources

	Type	Ad-hoc EYFI collection	Sample size*	Latest update
EYFI Provider survey	Survey of early years providers in treatment and control areas	Yes	330-850 providers	May 2025
Applicant survey	Survey of early years applicants in treatment and control areas	Yes	111 applicants	April 2025
SCEYP	Nationwide provider survey	No	3,989 providers	Apr-July 2024
SCEYP Pulse Survey	Subset of SCEYP providers with questions on specific topics	No	80-150 providers	December 2024
ECS validated codes data	Data on the number of codes used by parents to claim funded childcare entitlement hours and validated by providers	No	40 LAs	Spring Term 2025
ONS job vacancies data	Job vacancy data web-scraped information from job boards and recruitment page	No	34 LAs[47]	April 2025
EY Census	Administrative information about early years providers	No	8,800 providers	January 2025
LA readiness survey	Survey of LAs on childcare sufficiency	No	40 LAs	Spring 2025

* Sample size in treatment and control LAs only.

[47] Data not available for Islington, Cumberland, Tower Hamlets, Hackney, Southwark, and Westmorland and Furness.

Annex 2 – Additional impact evaluation findings

EYFI provider survey

Table 19 reports the average marginal effects (the estimated impact for the average provider) for four binary outcomes relating to the suitability of candidates for the advertised roles in early years childcare.

The estimated coefficients can be interpreted as a percentage increase or decrease in the probability of the statement being true. For example, it appears that the likelihood of 75% of filled vacancies employing a suitable candidate is 6.1% higher in the treatment LAs post intervention compared to control group LAs. However, this result is not statistically significant. In this case the standard error (0.063) is around the same as the estimate itself.

Table 19: Impact of the pilot on applications and recruitment

	75% of applicants are suitable	75% of filled vacancies employ a suitable candidate	75% of filled vacancies employ a candidate with early years experience	Filling vacancies is difficult or very difficult
Post	-0.063** (0.023)	0.042 (0.036)	-0.035 (0.037)	0.027 (0.023)
Treatment	0.179** (0.045)	0.116** (0.058)	0.167*** (0.059)	0.058 (0.04)
Post x Treatment	-0.074 (0.044)	0.061 (0.063)	0.043 (0.064)	-0.027 (0.041)
R-squared	0.103	0.032	0.026	0.032
Number of providers	1,111	1,125	1,062	1,175

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01. Standard errors are reported in parentheses and are clustered at the LA level.
Source: EYFI Provider survey, waves 1 to 4.

Overall, the results align with the findings of the main analysis: no statistically significant impact of the pilot is identified for either the suitability or the early years sector

experience of the candidates applying for a position, or the ease with which vacancies are filled.

ONS job vacancies data

Table 20 presents difference-in-differences estimates of the impact of the pilot on LA's childcare vacancy ratios, the number of new childcare vacancies as a proportion of all new vacancies in the LA. The first column defines childcare vacancies using SOC3 occupation classifications, while the second column uses more specific SOC4 occupation classifications.

The coefficient of interest is the interaction between an LA being in the treatment group and the time being after the start of the pilot. Although there are statistically significant differences in the childcare vacancies ratio between treatment and control LAs and a statistically significant increase in the childcare vacancy ratio (as shown by the first two rows), the interaction between an LA being in the treatment group and the time being after the start of the pilot is statistically insignificant. This suggests that pre-existing differences between treatment and control LAs have not significantly changed as a result of the pilot.

Table 20: Impact of the pilot on childcare vacancy ratio

	SOC3 definitions	SOC4 definitions
Treatment	0.004*** (0.001)	0.002*** (0.000)
Post April 2024	0.014*** (0.001)	0.005*** (0.001)
Treatment x Post April 2024	-0.001 (0.002)	0.000 (0.001)
R-squared	0.070	0.138
Number of observations	3,230	1,054

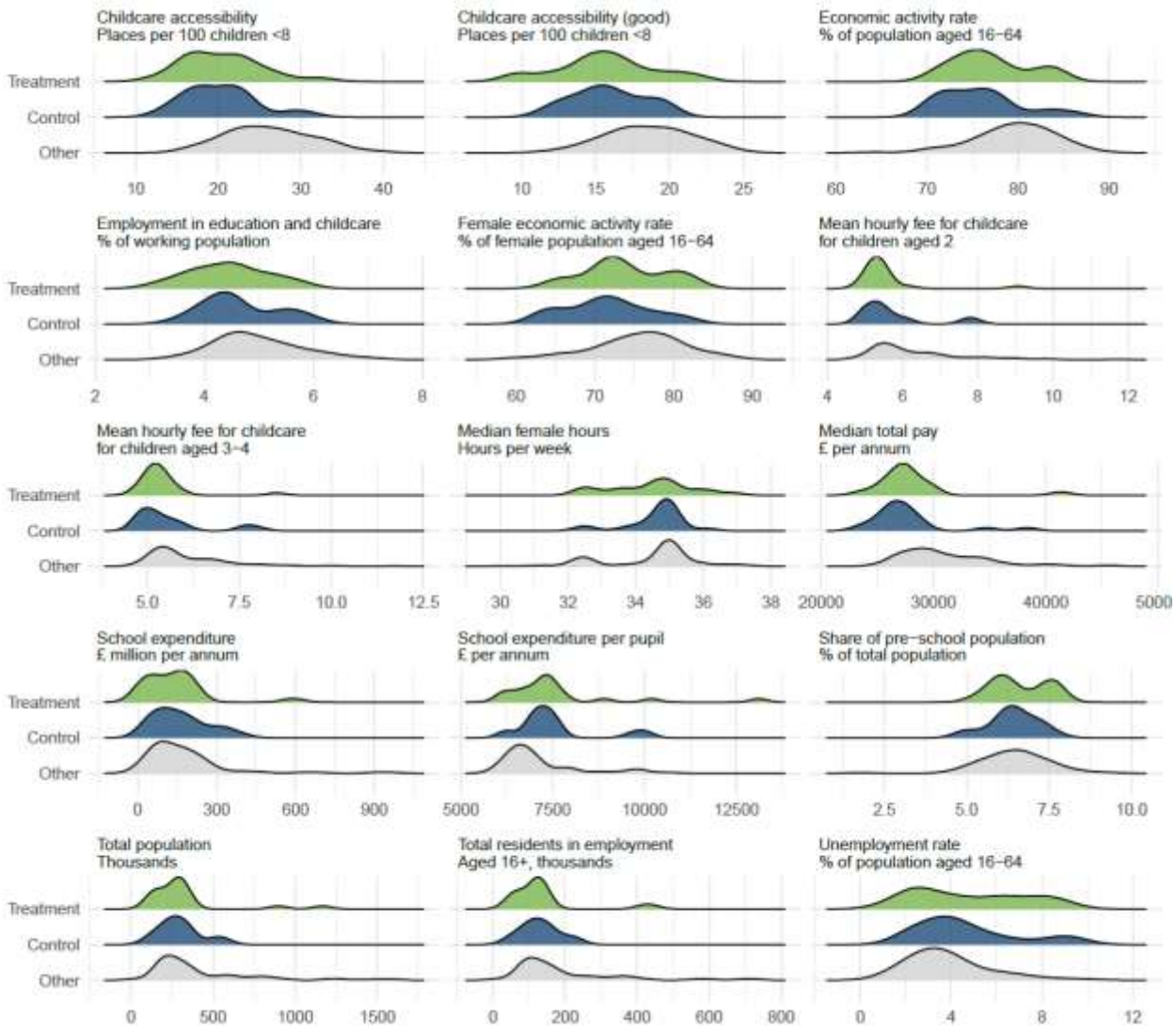
Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01 Standard errors are reported in parentheses and are clustered at the LA level.

Source: SCEYP

LA characteristics

Treatment and control LAs are compared across a range of observable characteristics (before the pilot) to test the extent to which control LAs are a suitable counterfactual for treatment LAs.

Figure 39: Distribution of observable characteristics for 2023



Note: The Treatment and Control group contain 20 LAs each, and 113 LAs are not included in the pilot and are part of the 'Other' group.

Source: LE analysis of various data sources

Figure 39 shows the distribution of each characteristic for LAs in the treatment group, the control group, and for all other LAs not included in the pilot While the treatment and control group are quite similar, they both differ from those LAs not included in the pilot. The most notable differences between LAs in the pilot and those not included in the pilot can be found in the first row of the figure, with LAs in the pilot having lower childcare

accessibility and a lower economic activity rate than those outside of the pilot.[48] The control and treatment group appear to be comparable although they might not be fully representative of the full range of LAs in England.

The controlling characteristics include

- socioeconomic factors (unemployment, overall economic activity, and median pay, as well as female economic activity and female weekly working hours, since staff in childcare is predominantly female);
- factors that could affect demand for childcare (the share of the population below the age of 6, the cost of childcare, and childcare accessibility, defined by places per 100 children under the age of 7);
- population and population density since these likely affect both demand for childcare and supply of childminders (population, working population, and whether the LA is classified as mainly rural, mainly urban, or urban with significant rural areas);
- the share of the working population working in childcare or education as an indicator for the supply of childminders; and
- expenditure spent on schools managed by LAs (both at overall LA level and per pupil), as an indicator of how well-funded the education and childcare sector is.

SCEYP

Table 21 presents econometric results for the event study analysis using information from the 2022, 2023, and 2024 SCEYP. These statistical tests measure the impact of the pilot on providers' recruitment, turnover, and the number of paid staff. If the pilot was successful there would likely be an increase in providers' recruitment and number of paid staff. If the financial incentive had a negative impact on existing staff this may be observed through an increase in turnover for providers in the treatment group (relative to those in the control group).

The coefficient of interest is the 'Year = 2024 x Treatment' interaction. This coefficient represents how the difference between treatment and control LAs has (on average) changed between 2023 (the baseline year) and 2024. For example, the point estimate for that coefficient in the first column is 0.367. Relative to providers in control LAs, providers in treatment LAs experienced an average increase of 0.367 new hires per provider in the past 12 months.

[48] This is not surprising, as these characteristics are highly correlated to those used to select the pilot LAs (those with low childcare availability compared to demand – childcare sufficiency – and those with high levels of economic deprivation).

The standard errors are reported in parentheses. In the case of all three outcome variables, the standard errors are sufficiently large such that the coefficient of interest is not statistically significant even at the 10 percent level.

The fieldwork to collect the information used in this evaluation (the most recent available for the evaluation) was undertaken between April and July 2024. Given that the incentive was primarily targeted at improving recruitment, it is unlikely that the incentive would have no statistically significant impact on recruitment while at the same time having a statistically significant impact on other factors such as the number of paid staff.

Table 21: Impact of the pilot on SCEYP outcomes

	Recruitment	Turnover rate	Number of paid staff
Year = 2022	-0.370 (0.256)	-0.010 (0.019)	-0.519 (0.504)
Year = 2024	-0.388 (0.205)	-0.014 (0.014)	0.475 (0.334)
Treatment	-0.265 (0.214)	-0.021 (0.022)	-0.150 (0.508)
Year = 2022 x Treatment	0.279 (0.307)	0.027 (0.023)	0.329 (0.602)
Year = 2024 x Treatment	0.367 (0.258)	0.021 (0.018)	0.544 (0.446)
R-squared	0.025	0.010	0.019
Number of providers	2,443	2,443	3,989

Note: Significance levels * p < 0.1, ** p < 0.05, *** p < 0.01 Standard errors are reported in parentheses and are clustered at the LA level.

Source: SCEYP

SCEYP Pulse Survey

Staff numbers

The impact of the pilot of the number of staff per provider was not significant. The average number of paid staff per provider was generally slightly higher in control LAs (e.g., 11.8 vs. 10.1 in May 2023, but only 11.2 vs. 10.9 in June 2024, while information was not collected in December 2024). However, the difference between control LAs and treatment LAs was not significant, so there was no evidence that the pilot had an impact on the number of staff per provider.

Table 22: Average number of paid staff

	Dec 2022	Dec 2023	May 2024	Jun 2024	Dec 2024
Treatment LAs	11.7	10.2	10.1	10.9	-
Control LAs	10.7	10.8	11.8	11.2	-
Other LAs	10.2	10.9	10.9	11.8	-
P-Value (T/C)	0.750	0.684	0.366	0.853	-
Unweighted base (T)	77	76	53	84	-
Unweighted base (C)	70	66	51	68	-

Note: Weighted averages using overall survey weights. The P-Values (T/C) reports the estimated probability that the difference between providers in the treatment (T) and control (C) LAs arose by chance. P-values under 0.05 are considered to indicate a significant difference between treatment and control group for that period. The unweighted base (T/C) reports the number of providers in the treatment (T) and control (C) LAs that were used in the estimates for that period.

Source: SCEYP Pulse Survey

Childcare capacity

If the pilot was successful in increasing recruitment and number of staff, this would have also increased the number of children that providers could look after.

Information on capacity (measured as number of children at the setting) was only collected in May and June 2024, and actual capacity was also on average slightly higher in control LAs (e.g., 45.4 vs. 43.1 in June 2024), while the ratio between actual capacity and potential capacity[49] was also slightly higher for providers in control LAs. However, differences between treatment and control LAs were not significant.

[49] Potential capacity is defined as the maximum capacity of providers' settings given actual staffing levels expressed as a percentage of maximum capacity if providers had the necessary number of staff.

Table 23: Actual capacity (number of children)

	Dec 2022	Dec 2023	May 2024	Jun 2024	Dec 2024
Treatment LAs	-	-	41.7	43.1	-
Control LAs	-	-	42.6	45.4	-
Other LAs	-	-	42.2	42.8	-
P-Value (T/C)	-	-	0.850	0.558	-
Unweighted base (T)	-	-	48	74	-
Unweighted base (C)	-	-	46	60	-

Note: Weighted averages using overall survey weights. The P-Values (T/C) reports the estimated probability that the difference between providers in the treatment (T) and control (C) LAs arose by chance. P-values under 0.05 are considered to indicate a significant difference between treatment and control group for that period. The unweighted base (T/C) reports the number of providers in the treatment (T) and control (C) LAs that were used in the estimates for that period.

Source: SCEYP Pulse Survey

Table 24: Actual capacity (% potential)

	Dec 2022	Dec 2023	May 2024	Jun 2024	Dec 2024
Treatment LAs	-	-	89%	92%	-
Control LAs	-	-	93%	98%	-
Other LAs	-	-	93%	94%	-
P-Value (T/C)	--	-	0.267	0.001	-
Unweighted base (T)	-	-	48	74	-
Unweighted base (C)	-	-	45	60	-

Note: Maximum capacity of providers' settings given actual staffing levels, as a percentage of maximum capacity if providers had the necessary number of staff. Weighted averages using overall survey weights. The P-Values (T/C) reports the estimated probability that the difference between providers in the treatment (T) and control (C) LAs arose by chance. P-values under 0.05 are considered to indicate a significant difference between treatment and control group for that period. The unweighted base (T/C) reports the number of providers in the treatment (T) and control (C) LAs that were used in the estimates for that period.

Source: SCEYP Pulse Survey

Applicant survey

Measuring deadweight

Deadweight can be defined as the applications or new jobs that would have occurred anyway, even in the absence of the £1,000 incentive scheme. Below we provide some indication on potential measures of deadweight, with the **caveat that the evaluation was not explicitly designed to measure deadweight and that available measures are based on the relatively limited number of responses to the applicants' survey**.

In this context deadweight may be measured at two different stages:

- **At the application stage**: deadweight at this stage may be defined as the number of applications for a job linked to the incentive that would have happened anyway (even in the absence of the £1,000 incentive);
- **At the stage of accepting the job offer** linked to the incentive: deadweight at this stage may be defined as the number of applicants reporting that knowing that the job came with a £1,000 initial bonus had no effect on their willingness to accept the job offer (i.e., they would have accepted anyway).

Overall, there were 23 responses from applicants who applied for a position linked to the incentive, with 6 reporting to be aware of the incentive at the time of the application and 17 reporting to have informed of eligibility at the time of accepting the job offer (but

having no specific knowledge at the time of the application). Furthermore, the 6 applicants who reported to be aware of the incentive at the time of the application were also asked whether knowledge of this £1,000 incentive influenced their application for the job, and four reported that knowledge of the incentive made them 'slightly more likely to apply for the job'. That indicates that the incentive had a positive impact on 4 applicants out of 23, but no impact on the other 19 (as 17 had no knowledge of it at the time of the application, while a further two did not report any specific impact), with a potential deadweight of 82.6% (19/23).

Applicants were also asked whether knowledge of the £1,000 incentive had any impact on their willingness to accept the job offer, and 9 applicants responded that the incentive made them 'much more' or 'slightly more' willing to accept the job offer, 2 responded 'don't know' or 'prefer not to say', while 12 reported that knowledge of the incentive had no impact on their decision to accept the job offer. Based on these figures, estimates of deadweight at the time of accepting the job offer range between 57.1% (12/21, excluding 'don't know' and 'prefer not to say' responses) and 60.9% (14/23, including 'don't know' and 'prefer not to say' responses, as these failed to report a positive effect). Results are summarised in the table below:

Table 25: Measures of deadweight

	Definition	Estimate
At the time of application	Number of applicants who were unaware of incentive at the time of application or did not report any positive impact	82.6% (19/23)
At the time of accepting the job offer	Number of applicants who said the incentive had no impact on their decision to accept the job offer (excluding 'don't know'/'prefer not to say')	57.1% (12/21)
At the time of accepting the job offer	Number of applicants who said the incentive had no impact on their decision to accept the job offer (including 'don't know'/'prefer not to say')	60.9% (14/23)

Note: Based on 23 respondents in treatment areas.

Source: EYFI Applicants' survey

Annex 3 – List of LAs in the pilot

Treatment	Control
Birmingham	Barnsley
Blackpool	Dudley
Cumberland	Durham
Darlington	Hackney
Doncaster	Hartlepool
Halton	Leicester
Islington	Liverpool
Kingston upon Hull, City of	Manchester
Knowsley	North Tyneside
Middlesbrough	Nottingham
Newcastle upon Tyne	Rochdale
North East Lincolnshire	South Tyneside
Northumberland	Southwark
Salford	St Helens
Sandwell	Stoke-on-Trent
Sefton	Sunderland
Staffordshire	Torbay
Walsall	Tower Hamlets
Wirral	Wakefield
Wolverhampton	Westmorland and Furness

Pilot LAs characteristics

Political

- Many were Labour-led councils with a focus on social justice, inclusive growth, and addressing inequality. Local elections held in May 2024 did not result in any changes to political leadership among these councils; all remained under Labour control following the elections. Some, like Birmingham, were under financial scrutiny from central government due to insolvency or mismanagement
- Devolution deals (e.g. in Greater Manchester, West Midlands, and Tees Valley) shifted more power to combined authorities, influencing strategic planning

Economic

- Many LAs had historically industrial or post-industrial economies (e.g., Hull, Middlesbrough, Wolverhampton) and were undergoing economic restructuring. Many faced skills shortages
- There was a high reliance on public sector employment and regeneration funding (Levelling Up Fund, UK Shared Prosperity Fund (UKSPF))

Social

- Ethnic diversity was high in LAs like Islington, Wolverhampton, and Sandwell. This means services catered for culturally diverse communities
- Pressures on children's services, adult social care, and housing (including temporary accommodation) were acute in many LAs, and varied within LAs

Technological

- Councils were modernising services through digital transformation (e.g. online portals, smart cities initiatives in Birmingham and Salford)
- Digital exclusion remained a concern in low-income areas within LAs

Legal/Regulatory

- All LAs will continue to be subject to statutory duties in education, social care, housing, public health
- Some LAs faced increasing scrutiny from the Department for Levelling Up, Housing and Communities (DLUHC) for financial governance

Environmental

- Climate action plans were common (e.g. Net Zero targets), especially in urban areas
- Councils like Northumberland and Sefton had major natural environments (coastlines, national parks) influencing planning and sustainability work

Annex 4 – Basic management information relating to LA engagement

Local Authority	Key Context
Birmingham	Bankruptcy has led to central government oversight. High urban density and major housing demand.
Blackpool	Extreme deprivation, poor public health, declining tourism economy.
Halton	Part of Liverpool City Region. Industrial legacy, aging population, regeneration focus.
Islington	High inequality within a wealthy capital; expensive housing and high youth need.
Knowsley	Among the most deprived LAs in England; regeneration and education challenges.
Newcastle upon Tyne	Regional hub with universities and digital sector, but pockets of deep deprivation.
North East Lincolnshire	Coastal economy with port trade; unemployment and skills mismatch.
Salford	High growth area due to MediaCityUK, but inequality persists. Strong devolution context.
Sandwell	Multi-ethnic, working-class area facing health and education deficits.
Wolverhampton	Industrial decline, regeneration in progress, poor outcomes in youth and adult services.
Cumberland	New unitary authority (2023). Rural service delivery and budget integration are key.
Darlington	Rail heritage town. Economic diversification and Levelling Up investment area.

Local Authority	Key Context
Doncaster	Devolution area (South Yorkshire). Child poverty and service reform are priorities.
Hull (City of)	Port city with long-term deprivation. Key focus on jobs, transport, and culture.
Middlesbrough	Highest deprivation in NE. Issues with mental health, youth, and education.
Northumberland	Rural/urban mix, tourism focus, infrastructure challenges.
Sefton	Aging population, mixed affluence, coastal erosion and housing affordability.
Staffordshire	Two-tier structure; combines rural and town-based service needs.
Walsall	Urban regeneration and child social care improvement are pressing concerns.
Wirral	Coastal/urban mix; political volatility and budgetary constraints.

Table 26: LA allocations and spend per allocation

LA	Final number of incentives	Final Amount spent	Spend per allocation
Birmingham	44	£106,603.00	£2,422.80
Blackpool	23	£36,442	£1,584.43
Cumberland	21	£33,968	£1,617.52
Darlington	2	£4,924	£2,462.00
Doncaster	67	£103,274	£1,541.40
Halton	16	£40,668	£2,541.75
Islington	13	£23,464	£1,804.92
Kingston upon Hull, City of	36	£65,284	£1,813.44
Knowsley	28	£36,021	£1,286.46
Newcastle Upon Tyne	21	£12,640	£1,580.00
Middlesbrough	8	£35,658	£1,698.00
North East Lincolnshire	32	£54,054	£1,689.19
Northumberland	42	£63,272	£1,506.48
Salford	37	£66,338	£1,792.92
Sandwell	47	£72,835	£1,549.68
Sefton	21	£35,502	£1,690.57
Staffordshire	21	£46,410	£2,210.00
Walsall	8	£18,938	£2,367.25
Wirral	17	£32,829	£1,931.12
Wolverhampton	8	£16,461	£2,057.63
Total	512	£905,585.00	£1,768.72 (Average)

Table 27: LA allocations and payments across 16 LAs which participated in pilot extension

LA	Funding Allocated or spent by 31/03/2025	Funding unallocated on 31/03/2025	Financial incentives allocated between 1/01/2025 and 31/03/2025	Financial incentives allocated by 31/03/2025	Financial incentives paid by 30/06/2025
Birmingham	£110,943.00	£415,606.20	22	44	44
Blackpool	£54,209.00	£67,778.00	7	23	23
Doncaster	£119,136.94	£53,315.22	15	67	67
Halton	£32,549.99	£34,167.88	4	16	16
Islington	£19,748.82	£16,940.71	4	13	13
Kingston upon Hull, City of	£58,709.00	£5,934.00	9	36	36
Knowsley	£33,080.00	£50,843.30	7	28	28
Middlesbrough	£18,960.00	£44,483.75	12	8	8
North East Lincolnshire	£38,219.12	£32,881.33	12	32	32
Northumberland	£63,272.62	£52,555.50	6	42	42
Salford	£166,456.00	£73,618.54	6	37	37
Sandwell	£73,633.07	£1,926.67	15	47	46
Sefton	£30,921.14	£32,468.88	3	21	21
Staffordshire	£46,410.84	£175,823.36	2	21	21
Wirral	£30,408.33	£79,350.04	4	17	17
Wolverhampton	£17,060.88	£56,967.19	1	8	8

Table 28: LA allocations and payments across LAs which participated until December 2025[50]

LA	Funding Allocated or spent by 31/12/2024	Funding unallocated on 31/12/2024	Financial incentives allocated by 31/12/2024	Financial incentives will have paid by 30/06/2025
Cumberland	£27,264.26	£53,315.22	21	17
Darlington	£3,909.25	£34,167.88	2	2
Newcastle upon Tyne	£39,045.73	£73,618.54	21	21
Walsall	£8,295.00	£107,029.12	8	8

Table 29: LA dates of allocations and final payments

Local Authority	Date final FI allocated	Date final FI paid
Birmingham	31/03/2025	30/06/2025
Blackpool	24/02/2025	29/05/2025
Doncaster	31/03/2025	16/05/2025
Halton	24/01/2025	01/04/2025
Islington	21/03/2025	26/06/2025
Kingston upon Hull, City of	08/03/2025	28/03/2025
Knowsley	24/02/2025	30/05/2025
Middlesbrough	20/03/2025	20/03/2025
North East Lincolnshire	31/03/2025	30/06/2025
Northumberland	13/01/2025	30/04/2025

[50] The data presented in this table differs in format from the table outlining MI data for the 16 LAs that participated in the extension to the pilot. This is due to differences in data collection methods and question wording. The data in this table is drawn from the LAs' Progress Reports submitted in December 2024.

Local Authority	Date final FI allocated	Date final FI paid
Salford	12/03/2025	30/06/2025
Sandwell	31/03/2025	26/04/2025
Sefton	04/02/2025	05/05/2025
Staffordshire	06/03/2025	28/03/2025

Table 30: LA initial workforce projections compared to financial incentives allocated spending %

LA	% unallocated funding March 2025	% allocated funding March 2025	September 2025 early years workforce projections (Assuming April 2024 and September 2024 projections were met)
Birmingham	79%	21%	536
Blackpool	48%	52%	88
Cumberland	69%	31%	194
Darlington	90%	10%	74
Doncaster	1%	99%	195
Halton	30%	70%	85
Islington	73%	27%	75
Kingston upon Hull, City of	47%	53%	150
Knowsley	52%	48%	150
Middlesbrough	71%	29%	80
Newcastle Upon Tyne	65%	35%	181

LA	% unallocated funding March 2025	% allocated funding March 2025	September 2025 early years workforce projections (Assuming April 2024 and September 2024 projections were met)
North East Lincolnshire	32%	68%	88
Northumberland	34%	66%	211
Salford	31%	69%	211
Sandwell	52%	48%	162
Sefton	67%	33%	195
Staffordshire	85%	15%	645
Walsall	93%	7%	152
Wirral	72%	28%	227
Wolverhampton	86%	14%	130

Annex 5 – Theory of change

Situation	Aims
Insufficient EY staff to meet expansion of childcare entitlements – current workforce and rate of change won't meet expected demand. General systemic issues around recruitment and retention in EY sector – anecdotal evidence indicates pay is one of the main barriers. EY sector feels less valued than others due to incentives existing for teachers but not EY staff – need for parity. Lack of process to address shortage – EY doesn't have evidence from previous schemes that have been tested and scaled. Unknown potential unintended consequences of schemes intended to address shortage.	**Process evaluation** Understand the appetite for financial incentives within the sector. What credence do early years providers, job applicants and new recruits place on financial incentives? Measure the awareness and perceptions of financial incentives. Do providers know about the incentives and, if so, will they use them? Were applicants aware of incentives before they applied for a role? How do incentives affect decision making?

Situation	Aims
Not enough evidence to inform what the 'right' amount of incentive should be, hence need to trial approach.	Clarify the expectations and define what success is. What does success look like from the perspective of beneficiaries, and what are their expectations of the pilot? Assess the implementation of the pilot. How was the pilot implemented across different local authorities (LAs), and what were the successes and challenges of the implementation? Explore the experiences of the participants. What insights were found about the experiences of those involved in the pilot, including LA staff, early years (EY) providers, EY practitioners and program participants? Investigate the hiring and retention practices of the control areas. What are the considerations applicants have when applying for EY roles, and what elements are most important to them?

Situation	Aims
	Investigate the hiring and retention practices of the treatment areas. How do incentives influence the hiring and retention practices for LAs, EY providers, and EY practitioners? **Impact Evaluation** ***Outcomes / aims*** 1) Extent to which the pilot leads to an increase in both the number of applicants to advertised posts and more staff being recruited 2) And by consequence understanding the extent to which the pilot leads, to more effective hiring and retention practices in the sector

Situation	Aims
	Impact aims 1) Extent to which the pilot increases the number of EY staff 2) Extent to which it is easier to recruit EY staff 3) Extent to which the pilot leads to an increase in the number of applicants to advertised posts. 4) And by consequence understanding the extent to which the pilot leads, to more effective hiring and retention practices in the sector

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
Inputs **HMG/DfE** Programme funding - £4.9 million Increasing provider's opportunities to fill hard to fill vacancies (hard to fill vacancies) Targeting the LAs with high projected demand for childcare places"	**HMG/DfE** Appetite for scheme and capacity / willingness to deliver demonstrated by LAs Effectiveness of pilot targeting (were the LAs targeted for the pilot the right ones)	**Offering financial incentives to early years (EY) candidates to boost recruitment.** **Removing Frictions** Financial barriers: Incentives help offset low pay, which is a known barrier to entry. Recruitment costs: EY providers benefit from reduced costs and faster hiring.	**Short term** **HMG/DfE** Evidencing action on sufficiency issues in EY sector - reduced pressure on DfE/ministers Boosting supply of EY practitioners	**HMG/DfE** Understand pilot impact and whether initiatives like this work in EY, use this to inform decisions on roll out Understand effectiveness of pilot model - whether scheme and funding is working as intended

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
Setting and reviewing eligibility criteria of applicants (New entrants and returners to the sector) Open offer to assist LAs in developing delivery plans and other queries **LAs** Design and distribution of guidance and FAQs on scheme implementation (by DfE)	**LAs** LAs provide effective guidance to Providers LAs use platforms to advertise the pilot successfully Successful messaging and communications to providers (e.g. are the applicants eligibility criteria discouraging providers from participating)	Information gaps: Awareness campaigns and guidance help LAs and providers understand and implement the scheme. **Changing Behaviour** Motivating job seekers: Candidates are more likely to apply for EY roles if incentives are attached. Improving morale: EY practitioners feel more valued, increasing retention.	Demonstrating whether plans reduce workforce pressures are effective **LAs** More EY staff to support providers with their rapid childcare provision expansion Better able to meet sufficiency duty Able to quickly address need to increase sufficiency	**LAs** Improved sufficiency to meet demand of entitlement expansion in area Improved EY practitioner retention in sector Increase in EY practitioner workforce in LA Increase in parents' ability to take up

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
Holding sessions with treatment LAs to provide information on programme and their roles Comms promoting scheme to providers Pilot incentives distribution LA collects data to report back to DfE	Implementation of pilot in LAs (providers are engaged in the pilot) LAs receive pilot grants LAs successfully collect data from providers during the pilot **Providers** Increased numbers of EY vacancies are advertised with incentives	Encouraging full-time employment: Incentives may lead to more candidates committing to longer-term roles.	**Providers** EY staff become easier to recruit Improved EY provider recruitment processes (e.g. providers set up better processes to recruitment; financial administration) Reduced cost of recruitment Reduction in number of unfilled vacancies due to increased demand	entitlements in their area Increase in parents feeling childcare is accessible and affordable in their area Increase in parents ability to return to the workforce due to greater accessibility of childcare support"

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
Providers EY vacancies are advertised with incentives Pilot incentives distribution	Lower marketing and communications costs (providers costs for marketing and comms decrease as a result of wider national campaigns) Wider pools of applicants drive up standards and increase chance of successful recruitment Providers use platforms to optimise recruitment processes		for EY practitioners, leading to more roles being filled Fewer vacancies and roles filled faster **EY practitioners (Applicants / Recruits)** Less 'leaky pipeline' - higher percentage of people with EY training / apprenticeships / quals move into sector	**Providers** Increase in EY practitioners Improved capacity to meet demand for childcare Sustained increase in EY places Increased productivity Fewer providers closing

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
	EY practitioners (Applicants / Recruits) EY practitioners see ads for EY vacancies with incentives attached EY practitioners are aware of scheme and incentives Volume increase of practitioners who apply to EY vacancies Eligible EY practitioners receive incentives		More see EY as a viable / long-term career Improved morale of workers - feeling valued (EY practitioners feel more valued by the sector) More apprentices going into full time employment in EY sector	**EY practitioners (Applicants / Recruits)** Less pressure on existing staff More staff staying in EY sector for longer

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
Activities **HMG/DfE** National / Regional EY staff recruitment campaigns DfE coffee and sharing session with LAs" **LAs** Recruitment and Job fairs				

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
LA Jobs Bulletins Family Information Service comms Social media channels (Facebook, YouTube, TikTok, Instagram, Spotify) Training providers and employment services Leaflets				

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
Recruitment events Advertising (e.g. billboards) Local channels (e.g. Local TV, radio) **Providers** Adverts on providers website Job Centre Plus				

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
UK Gov 'Find a Job' platform Local Gov Jobs portal Social media channels (Facebook, YouTube, TikTok, Instagram, Spotify) Advertising (e.g. billboards) Non-government Job websites Identification of suitable vacancies				

Inputs and activities	Outputs	Change mechanism	Outcomes	Impacts
Estimation of required staffing levels Management of HR and arrangements Management of financial administration				

Assumptions	General election/potential change in government won't affect delivery Increase in applications from those with relevant skills/qualifications Recruited via incentive remain post-receipt 12 weeks long enough to settle into role and develop intention to stay	**Possible unintended consequences**	Control LAs near multiple treatment areas may see increased recruitment issues Potential shift in sufficiency issues between eligible/ineligible provision Treatment may burden providers delivering schemes Existing staff may feel less valued if only newer/less experienced are eligible

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