

Title: Raising the threshold for compulsory registration on the Early Years Register and General Childcare Register IA No: DFE0051 Lead department or agency: Department for Education Other departments or agencies:	Impact Assessment (IA)		
	Date: 21/02/2014		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: alison.britton@education.gsi.gov.uk			
Summary: Intervention and Options			RPC Opinion: GREEN

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as Zero Net Cost
£m	£m	£m	Yes
			Zero Net Cost

What is the problem under consideration? Why is government intervention necessary?

Currently, anyone providing childcare for payment (or reward) for more than two hours a day is required to register on the Early Years Register or General Childcare Register. The Government proposes to amend the Childcare Exemption from Registration Order to increase the amount of time that a child can be looked after from two hours to three hours a day before a provider needs to register, where the care is provided in friendship and on domestic premises. This will support parents to make informal arrangements with their friends and neighbours. Two hours a day is overly restrictive for parents needing more informal care either side of the school day.

What are the policy objectives and the intended effects?

The policy objectives and intended effects are to help parents to make more informal childcare arrangements with friends without requiring registration with Ofsted and subsequent inspection.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The broad policy direction for reforming the childcare registration system was set out in "More Affordable Childcare" on 16 July 2013. DfE consulted on a range of detailed proposals including raising the threshold for compulsory registration from two hours to three hours. However, a large number of respondents to the consultation raised concerns about deregistering formal sessional providers. The Government agrees with these concerns and has amended its proposals so that the three hour threshold will only apply to childcare provided in friendship and on domestic premises. Although the measure is deregulatory, it qualifies as Zero Net Cost on the basis that we are unable to identify how many of the 80,000 providers currently required to register with Ofsted are people who are looking after their friend's children. Nor can we quantify how many parents/friends will in future be able to take advantage of the new three hour threshold. Furthermore, these arrangements will essentially become private arrangements between individuals not businesses.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: Month/Year					
Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes/No	< 20 Yes/No	Small Yes/No	Medium Yes/No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded:		Non-traded:	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Date: Elizabeth Truss
3 April 2014

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Cost (Present Value)
Low	Optional		Optional		Optional
High	Optional		Optional		Optional
Best Estimate					
Description and scale of key monetised costs by 'main affected groups' Maximum of 5 lines					
Other key non-monetised costs by 'main affected groups' Maximum of 5 lines					
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)		Total Benefit (Present Value)
Low	Optional		Optional		Optional
High	Optional		Optional		Optional
Best Estimate					
Description and scale of key monetised benefits by 'main affected groups' Maximum of 5 lines					
Other key non-monetised benefits by 'main affected groups' Maximum of 5 lines					
Key assumptions/sensitivities/risks					Discount rate (%)

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs:	Benefits:	Net:	Yes/No	IN/OUT/Zero net cost

Evidence Base (for summary sheets)

The policy issue and rationale for Government intervention

Currently, anyone who provides childcare for more than two hours a day is required to register on either the Early Years Register or General Childcare Register (or both). The burdens of doing so include: the initial cost of registration; the requirements of being a registered provider such as following the Early Years Foundation Stage (EYFS) for 0-5 year olds and adhering to required staff qualifications and ratios; and the administration resources associated with inspection. This means that someone who looks after their friend's children after school for more than a couple of hours and receives some sort of reward (e.g. money or gift vouchers) for doing so is required to register with Ofsted, comply with the requirements of the register(s) and be inspected.

The original policy intention was to raise the threshold from two hours to three hours for all providers. We previously estimated that around 4000 providers offering care for 2-3 hours a day would no longer be required to register with Ofsted (although a number may have chosen to carry on doing so). However, following consultation, the Government modified its proposals so that the new three hour threshold will only apply where care is provided in friendship and on domestic premises. Where care is provided under this exemption, it will essentially be private arrangements made between individuals. It is not intended that PVIs will be able to benefit from this measure. We have therefore classified it as Zero Net.