

Title: EYFS regulatory changes IA No: DfE144 RPC Reference No: RPC-DfE-5297 Lead department or agency: DfE Other departments or agencies:	Impact Assessment (IA)		
	Date: Submitted to RPC on 14/09/2023, revised on 20/10/2023 to incorporate RPC's comments		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: sarah.pinder@education.gov.uk			
Summary: Intervention and Options		RPC Opinion: (received 06 December 2023) Fit for Purpose	

Cost of Preferred (or more likely) Option (in 2019 prices, 2020 present value)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
£142.4m	£142.4m	-£16.5m	Qualifying provision

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

These interventions seek to overcome unnecessary burdens created by existing regulations and enable providers to increase supply to align with anticipated additional demand, whilst maintaining a safe and high quality environment for children, so that they are equipped to deliver the childcare entitlements expansion reforms, announced as part of the Chancellor's Spring Budget 2023. This is primarily through increasing provider flexibilities, especially those pertinent to the workforce which is a known risk to delivery of the entitlements expansion, as well as providing clarity to providers on some existing areas of government policy.

What are the policy objectives of the action or intervention and the intended effects?

We're making changes to the Early Years Foundation Stage (EYFS) framework to make it more practical for all types of early years (EY) providers.

The recruitment and retention of qualified staff is a key issue for the EY sector. Our aims are to offer providers more flexibility on how they utilise their staff and reduce known burdens, to enable practitioners to provide high-quality early education, and make it easier for practitioners to join the workforce and progress their careers. Areas of increased flexibility include qualifications, as well as by making the framework easier for all practitioners to use through the creation of streamlined childminder and group-based provider (GBP)/school-based provider (SBP) versions of the framework.

These changes to the EYFS to increase provider flexibility are part of strategic plans to meet the ambitions of the Spring Budget 2023 investment in childcare, increasing the number of childcare places available to parents, and improving access to EY education and care.

We are also introducing an Early Years Qualifications Standards document, to bring all of the qualification criteria and requirements into one place. Early years staff qualification requirements can be confusing for settings, awarding organisations and practitioners. Bringing the guidance on these requirements into a single statutory document will make it easier for the sector to navigate. This document will not introduce any new regulation as it is simply 'tidying up' current requirements, by having them in one document.

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

Amendments to the EYFS can only be achieved by secondary legislation.

Option 1 - Non-regulatory options

- DfE have considered non-regulatory options to increase flexibility within the EYFS, including communications and engagement. However, as qualification requirements for staff are all set out within the EYFS currently, there are no non-regulatory options that would achieve the intended aims, as any intervention will require a regulatory change.

Option 2 (preferred option) - Proceed with implementing majority of proposals previously consulted on in January 2024. Implement a further two proposals, also consulted on, at a later date. Do not proceed with implementing two proposals.

- The proposals within option to implement include:
 - Creation of childminder EYFS and group and school-based provider EYFS frameworks.
 - Introduction of a new Statutory Document on Qualification Criteria.
 - Removal of the requirement for L3 practitioners to hold a L2 maths qualification to count within staff:child ratios and instead place this requirement on managers (for group and school-based providers only).
 - Change of wording on English as an Additional Language (EAL) requirement, from “must” to “may”.
 - Allow students and apprentices to count in ratios (for group and school-based providers only).
 - Removal of requirement for childminders to complete EYFS training before registration (for childminders only).
 - Allow childminder assistants to hold the role of key person (for childminders only).
 - Allow ‘kitchens’ to be considered within floor space requirements (for childminders only).
- The two proposals to introduce at a later date:
 - The introduction of an experience-based route (EBR) to working in ratios.
 - Clarifying that practitioners can only operate in L6 staff:child ratios if they hold Qualified Teacher Status (QTS), Early Years Teacher Status (EYTS) or Early Years Professional Status (EYPS).
- This option recommends not proceeding with the following two proposals:
 - Reducing the percentage of L2 qualified staff required per ratio from ‘at least half’ to 30% or 40% of all other staff (group and school-based providers only).
 - Changing qualification requirements outside of peak hours (group and school-based providers only).

Justification for Option 2:

- Option 2 will support workforce supply and unlock significant numbers of new places for children – based on modelling by analysts. This package of proposals has strong potential to contribute to sufficiency targets and/or remove burdens and provide welcome clarity to the sector. We propose delaying the implementation of two proposals, to enable further policy development to ensure high-quality delivery. We propose not implementing two options at all, as the risks to quality and safety outweigh the projected possible sufficiency benefits.

Option 3 - Implement all the proposals consulted on, in January 2024*, including:

- Reducing the percentage of L2 qualified staff required per ratio from ‘at least half’ to 40% of all other staff (group and school-based providers only).
- Changing qualification requirements outside of peak hours (group and school-based providers only).
- *To note, however, the experienced based route and L6 clarification cannot be implemented in January 2024, for reasons set out above.

Option 4 – Do nothing.

- The “Do Nothing” option does not deliver the policy objective to improve flexibilities for providers to achieve a childcare system that a) provides the care that parents are seeking and b) helps providers utilise their staff in the most efficient and effective way.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: September 2028				
Is this measure likely to impact on international trade and investment?			No	
Are any of these organisations in scope?	Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A	Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible MINISTER: _____ David Johnston _____ Date: _____ 07/12/2023 _____

Summary: Analysis & Evidence

Policy Option 2

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2023	PV Base Year 2024	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: -£511m	High: £951m	Central: £142m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0.1m	£66m	£568m
High	£0.2m	£132m	£1,135m
Best Estimate	£0.2m	£96m	£825m

Description and scale of key monetised costs by 'main affected groups'

EY settings: In addition to familiarisation costs of around £250k, we expect the changes proposed in the preferred option will lead to an increase in wage bills of roughly £105m per year for childminders, and around £20m per year to GBPs. We also anticipate additional costs of roughly £400k per year to GBPs in staff time spent monitoring and appraising candidates undertaking the experience-based route.

Other key non-monetised costs by 'main affected groups'

Wider impacts: Certain proposals under this option, for example, removing the requirement for L3 practitioners to hold an L2 maths qualification to count within staff:child ratios, could be perceived as negatively affecting the quality of EY provision in settings. However, not only were proposals consulted on and received significant support from respondents within the sector, but we also believe that with the correct approach and appropriate mitigations in place (using the same example, by placing the requirement on managers, providing ongoing maths CPD and effective practice support), quality should not be negatively affected by implementing the proposals under Option 2.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	-	£73m	£624m
High	-	£177m	£1,520m
Best Estimate	-	£113m	£967m

Description and scale of key monetised benefits by 'main affected groups'

EY settings: we expect significant benefits in additional revenue for settings filling newly created capacity. This includes roughly £50m in additional revenue per year for childminders taking on additional assistants, and £40m per year for GBPs from filling new places for children with English as an additional language, and from the removal of the requirement for L3 practitioners to have an L2 maths qualification to count in ratios. We also anticipate wage bill savings totalling around £9m per year from the additional measures in Option 3, though these are absent from the preferred option.

Practitioners: we anticipate savings to practitioners who choose the experience-based route to L3 of roughly £35m in the first year of the scheme (2025), and falling to around £7m per year by 2027.

Other key non-monetised benefits by ‘main affected groups’

We believe Option 2 will support workforce supply and unlock significant numbers of new places for children – based on modelling by analysts. We believe this could potentially – in our high-impact scenario – allow up to 41,000 existing staff to count within L3 ratios, due to the maths qualification proposal, and up to a further 29,000 students and apprentices to count within L2 ratios, unlock up to 11,000 additional places for children with English as an Additional Language, and encourage childminders to employ up to 4,000 new assistants (based on allowing a childminder’s assistant to become a key person). This package of proposals has strong potential to contribute to sufficiency targets or remove burdens and provide welcome clarity to the sector, while also maintaining quality and safety through appropriate delivery and mitigations.

Whilst we expect some pushback from some representative organisations following engagement, we believe this option will receive fair to strong sector support, when combining consultation responses, survey of providers findings, intelligence from sector engagement. For example, the majority of the above proposals were well received by consultation respondents, with between 58% - 93% rates of approval.

Key assumptions/sensitivities/risks	Discount rate	3.5%
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Modelling: key assumptions made in the modelling include that there will be sufficient demand from the expansion to free childcare entitlements to meet the increased capacity, and that settings will in fact respond to the measures by increasing capacity. Limitations of the modelling approach are discussed in 7.3.4., including how sensitivity ranges have been implemented to capture uncertainties as far as possible and practical.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £95.8m	Benefits: £117.5m	Net: -£21.7m	
			-

Evidence Base

1 Problem under consideration and rationale for intervention

1. In the Government's Spring Budget, the Chancellor announced transformative reforms to childcare. By 2027-28, Government will expect to be spending in excess of £8bn every year on free hours and early education, helping working families with their childcare costs. This represents the single biggest investment in childcare in England ever, and a significant expansion of childcare provision. This Impact Assessment relates to policy proposals that are intended to increase flexibilities for providers to help ensure they are ready and able to offer the new entitlements announced at the 2023 Spring Budget and meet parental demand.
2. A significant increase in demand for childcare is anticipated to be generated by the expansion of eligibility for access to funded childcare entitlements at Spring Budget 2023. In the absence of intervention, the presence of barriers and information asymmetries created by existing regulations, mean that childcare providers will not be able to optimally increase supply to align with that higher demand. Information asymmetries exist as provider characteristics differ and they are better placed to judge their optimum level of qualifications and regulation, rather than having a 'one-size' fits all system.
3. Therefore, to support the government's reform agenda and help providers meet the significant increase in demand for childcare that is likely to emerge, amongst a wider package of support for the sector, the government is seeking to make changes to the EYFS. This includes:
 - a. Create two simplified versions of the EYFS framework which reflect these proposed changes and clarifications: one for childminders and one for group and school-based providers. Our aim through this change is to make the EYFS easier for providers and practitioners to navigate and implement.
 - b. Remove the requirement for L3 practitioners to hold an L2 (GCSE or equivalent) maths qualification. This requirement would instead apply to managers, who would be responsible for ensuring their staff have the right level of maths knowledge to deliver high-quality early years provision. This change would enable talented practitioners with a natural aptitude for working with young children to progress their career in the EY sector. Removing this regulatory barrier would also grant early years settings greater flexibility when deploying staff, allowing them to make full use of the valuable skills and experience of their existing workforce.
 - c. Change the requirement around how providers support children with English as an Additional Language to develop their home language, from "must" to "may" in both versions of the EYFS. The aim of any change would be to alleviate what could be an unreasonable requirement on some providers if the practitioner(s) do not speak any language other than English, especially if multiple children have different home languages, allowing settings to spend more time focusing on the acquisition of English.
 - d. Allow childminder's assistant(s) to act as the key person to alleviate workload for childminders by giving their assistants greater opportunity for responsibility.
 - e. Remove the requirement for childminders to undertake pre-registration training in the EYFS, letting individuals decide how best to achieve the level of knowledge and understanding required to register with Ofsted or a childminder agency and removing a potential time and cost burden to experience practitioners. Understanding of the EYFS will continue to be assessed to the same level by Ofsted or a Childminder Agency prior to registration.

- f. Introduce an experience based route (EBR) to working in ratios (group and school-based providers only) to allow more staff to enter and progress within the early years workforce, while maintaining quality, thereby removing barriers to recruitment and retention.
- g. Create a new Early Years Qualifications Standards document, to bring all of the qualification criteria and requirements into one place.
- h. Clarify to practitioners that they can only operate in L6 staff:child ratios if they hold Qualified Teacher Status (QTS), Early Years Teacher Status (EYTS) or Early Years Professional Status (EYPS). This applies to group and school-based providers only (not childminders).
- i. Move the Early Learning Goals (ELGs) from the childminder EYFS to an annex to clarify that DfE does not expect the ELGs to be used before the end of EYFS (usually in reception year), and therefore are not relevant to childminders who rarely serve this cohort.
- j. The EYFS currently states that, 'When assessing whether an individual child is at the expected level of development, practitioners should draw on their knowledge of the child and their own expert professional judgement and should not be required to prove this through collection of physical evidence.' DfE intends to change the language from "should not be required to prove this through collection of physical evidence [...]" to "are not required [...]" to reinforce messaging providers should not prioritise tracking over quality interactions with children.
- k. Remove the current section on Reception Baseline Assessment (RBA) from the EYFS framework for childminders, as the RBA is only in reception year at schools and is therefore not relevant to childminders or preschool providers.
- l. Significantly amend the existing section on the Early Years Foundation Stage Profile (EYFSP), including paragraphs relating to information to be provided to local authorities, in the EYFS framework for childminders as this is rarely relevant to this type of provider. The section would also reference that information about the ELGs can be found in Annex B, for those rare circumstances a childminder may undertake the EYFSP.
- m. The EYFS currently states that, 'The safeguarding policy and procedures must include an explanation of the action to be taken when there are safeguarding concerns about a child and in the event of an allegation being made against a member of staff and cover the use of mobile phones and cameras in the setting.' In both versions of the EYFS, alongside clarifications to aid understanding of the current requirement, DfE intends to include "other electronic devices with imaging and sharing capabilities" to the requirement to better reflect modern technologies in tighten safeguarding requirements.
- n. Provide further information on safeguarding responsibilities when childminders are working in a group as can be an area of confusion. Clarify that each childminder is responsible for meeting the requirements of their own registration, but that childminders have a shared responsibility when working together for the wellbeing of all the children present. Each childminder also has a responsibility to refer any concerns, where another childminder does not continually meet the requirements of their registration.
- o. The EYFS currently states that, 'The lead practitioner is responsible for liaison with local statutory children's services agencies, and with the LSP'. DfE intends to change this to: 'Childminders must know how to contact the local statutory children's services, and the LSP (local safeguarding partners)' in the EYFS framework for childminders to better reflect the realities of operating as a childminder.

- p. Add a clarification to state that while qualifications must be verified, employees do not have to provide physical copies of their qualifications to tackle the known issue of some settings refusing to accept digital copies of certificates.
- q. The EYFS currently states: 'Providers must have effective systems in place to ensure that practitioners, and any other person who may have regular contact with children (including those living or working on the premises), are suitable'. (3.9). Proposed new wording:
 'Childminders and any assistants must be suitable; they must have the relevant qualifications, training and have passed any required checks to fulfil their roles. Any person who may have regular contact with children (for example, someone living or working on the same premises where the childminding is being provided), must also be suitable.' 'Ofsted, or a childminder's CMA, is responsible for checking the suitability of childminders, any other person looking after children in the setting, and of any other person aged 16 and over living or working on the same premises the childminding is being provided'. This is to clarify that it is the responsibility of the CMA or Ofsted to carry out suitability checks on behalf of the childminder.
- r. Remove the requirement for childminders to display PFA certificates, and instead state that childminders should make these available on request. This is to alleviate a requirement we have assessed as unreasonable to make childminders physically display a certificate when, for example, showing a digital copy on a website may be easier for the childminder and more accessible for a parent.
- s. In the EYFS framework for group and school-based providers, DfE intends to keep the requirement but clarify the wording on PFA certification. The EYFS currently states that, 'All newly qualified entrants to the early years workforce who have completed an L2 and/or L3 qualification on or after 30 June 2016, must also have either a full PFA or an emergency PFA certificate within three months of starting work in order to be included in the required staff:child ratios at L2 or L3 in an early years setting.' Proposed new wording: 'All staff who obtained an L2 and/or L3 qualification, since 30 June 2016, must obtain a PFA qualification within three months of starting work in order to be included in the required staff:child ratios at L2 or L3 in an early years setting. In order to continue to be included in the ratio requirement, the certificate must be renewed every 3 years.' This is to clarify that, for a PFA certificate to remain valid, this must be renewed every 3 years and tighten up safeguarding requirements.
- t. Remove the current reference to 'kitchen' from a list of areas that should not be considered in space requirements in the childminder version (in a footnote in 3.58). We intend to update this to state that, 'These judgements should be based on useable areas of the rooms used by the children, not including storage areas, thoroughfares, dedicated staff areas, cloakrooms, utility rooms, and toilets. Childminders should consider what areas within their kitchens are safely usable.' This is to allow more flexibility to the existing requirement and alleviate burdens by better reflecting the home environment in which childminders operate, whilst ensuring the safety of children remains a key consideration.
- u. The EYFS currently states, 'Providers must also ensure that there is an area where staff may talk to parents and/or carers confidentially'. In the childminder EYFS, DfE intends to change this to: 'Childminders must ensure, on request, they can make available an area where they may talk to parents and/or carers confidentially [...]' to alleviate burdens on childminders and better reflect the home environment.
- v. Change the current requirement around certificates of registration, so childminders will no longer be required to physically display a copy of their certificate of registration. Instead, this can be displayed digitally and made available on request to alleviate burdens on childminders.

2. Please note, only proposals b-f are subject to this RIA. Since it was not practical to model all 25 proposed measures, in our monetised assessment of impact we consider only the most impactful measures in the package.
3. Each proposal, both those subject to this RIA and those falling outside its remit, have been subject to full public consultation. This ran for 8 weeks from 31 May – 26 July 2023. The EYFS consultation received 2,667 responses through the online portal and through email (2659 online and eight email responses). The highest proportion of responses to the consultation came from private, voluntary and independent (PVI) childcare setting managers/owners accounted for the highest proportion (39%, 1,039). There were, however, a good number of responses from childminders, maintained nurseries, PVI practitioners, local authorities, and parents/carers.

2 Rationale and evidence to justify the level of analysis used in the IA (proportionality approach)

4. This document constitutes a final stage impact assessment and has been updated based on evidence from a public consultation on the proposed changes¹, a bespoke survey of Early Years Providers conducted on behalf of the DfE by IFF research. This is referred to as the 'survey of providers' throughout this document.

2.1 Consultation

5. The Government is committed to ensuring that parents can access high quality, flexible childcare, and understand the support they are entitled to. To inform this aim the Department for Education (DfE) ran the 'Early years foundation stage (EYFS): regulatory changes' consultation between 31 May 2023 and 26 July 2023.
6. The EYFS consultation received 2,667 responses through the online portal and through email (2659 online and eight email responses). The highest proportion of responses to the consultation came from private, voluntary and independent (PVI) childcare setting managers/owners accounted for the highest proportion (39%, 1,039). There were, however, a good number of responses from childminders, maintained nurseries, PVI practitioners, local authorities, and parents/carers.
7. The following provides a summary of key messages and emergent themes.

2.1.1 Summary of results of the Consultation

8. The majority of the above proposals were well received by consultation respondents, with between 58% - 93% rates of approval. Examples include:
 - Creation of childminder EYFS and group and school-based provider EYFS frameworks - a majority of respondents said the EYFS was at least slightly easier to read (much easier: 15%, slightly easier: 43%)
 - Removal of the requirement for L3 practitioners to hold an L2 maths qualification to count within staff:child ratios (67% agreed) and instead place this requirement on managers (52% agreed) (for group and school-based providers only).
 - Students and apprentices to count in ratios (for group and school-based providers only) (69% agreed).
 - Introduce an experience based route to working in ratios (73% agreed).
 - Allow childminder assistants to hold the role of key person (for childminders only) (82% agreed).
 - Allow 'kitchens' to be considered within floor space requirements (for childminders

¹Early years foundation stage (EYFS): regulatory changes - Department for Education - Citizen Space

only) (93% agreed).

9. Some proposals that had more mixed consultation views. These were:
10. The removal of the requirement for childminders to complete EYFS training before registration.
 - Equal numbers (47%) supported and opposed the childminder training change. Among those who disagreed, some respondents raised concerns about devaluing the childminding profession.
11. Change of wording on English as an Additional Language (EAL) requirement, from “must” to “may”.
 - 84% of consultation respondents agreed to a change of wording in the existing EAL requirement, from “must” to “may” (45%) or “should” (39%). In the free text responses, concerns of how this may impact specific groups of children have been raised. Internal analysis suggests children in disadvantaged and urban areas would be more likely to be impacted by any change to this requirement. These concerns have been echoed by stakeholders such as Ofsted who flagged a change could have a detrimental impact on children with EAL.
12. The proposal to reduce the percentage of L2 qualified staff required per ratio in the consultation (49% agreed with this proposal, 45% disagreed).
13. Proposals not received well in the consultation:
14. The majority of respondents to the consultation (59%) disagreed with the proposal to change qualification requirements outside of peak hours (32% agreed).

2.2 Provider survey conducted by IFF

15. Alongside the consultation, Government collected quantitative evidence from a representative sample of providers on the likelihood of them adopting the proposed changes and the predicted effect of these changes on income, costs and parental fees.
16. The sample for the survey was early years providers who had previously taken part in the Survey of Childcare and Early Years Providers (SCEYP) 2021 and agreed to be recontacted. SCEYP is a large-scale, nationally representative survey of school-based providers (SBPs), group-based providers (GBPs) and childminders (CMs) in England.
17. A total of 1,349 providers (94 SBPs, 635 GBPs and 620 CMs) responded to the online consultation survey. Responses from SBP were lower than desired, this is likely due to fieldwork taking place in the last weeks of the summer term. The data has been weighted to be representative of the population of early years providers in England in 2022.
18. The survey asked providers about potential behaviour change in response to key proposed changes. Where possible and appropriate, the survey also asked providers to estimate the costs and benefits (we anticipated benefits to be mostly cost savings) to their business.

3 Description of options considered

3.1 Option 1 - Non-regulatory options

DfE have considered non-regulatory options to increase flexibility within the EYFS.

A potential non-regulatory option could be increasing communications from the department to drive engagement with the sector and promote the current EYFS regulations and existing flexibilities. For example, the EYFS includes the following flexibility: Suitable students on long

term placements and volunteers (aged 17 or over) and staff working as apprentices in early education (aged 16 or over) may be included in the ratios if the provider is satisfied that they are competent and responsible.

We would use Foundation Years, a platform the Department uses to connect and engage with the sector, to communicate with the sector via blogs, vodcasts, and events about existing flexibilities within the EYFS, and how the sector could best use them to prepare for the entitlements expansion. We would also explore how we could use networks such as the Stronger Practice Hubs to encourage the sector to hold conversations themselves about such flexibilities.

Research conducted by IFF on the evaluation of the EYFS 2021 reforms found that, overall, the EYFS reforms have been well-received across most of the sector, are bedding in well and addressing their intended objectives. For example, the majority of leaders and staff thought the reforms have had or will have a positive effect on children's learning and development. Leaders in school-based settings were the most positive (75%), compared to leaders from reception (68%), group-based settings (65%) and childminders (61%).

Non regulatory options that could support providers to be more flexible and financially sustainable are likely to be ineffective in achieving this policy objective, as any changes to the EYFS require secondary legislation. As qualification requirements for staff are all set out within the EYFS currently, there are no non-regulatory options, as any intervention will require a regulatory change.

This option does not deliver the policy objective to improve flexibilities for providers to achieve a childcare system that a) provides the care that parents are seeking and b) helps providers utilise their staff in the most efficient and effective way.

It would achieve similar, if not the same, outcomes at Option 4.

3.2 Option 2 – Preferred Option

The preferred, option would involve implementing the following changes to the Early Years Foundation Stage framework (EYFS) following the full public consultation:

- Create two simplified versions of the EYFS framework which reflect these proposed changes and clarifications: one for childminders and one for group and school-based providers.
 - i. Over half (58%) of all responses were positive about the proposal to make the EYFS frameworks easier to understand - which was the primary objective of this proposal, particularly for childminders. Of those who found the document easier to read, some reported that having separate documents for childminders and group and school-based settings improved clarity and ease of use. This change would help us minimise the regulatory burden on the sector by making a statutory document easier to navigate and understand.
 - ii. Only 4% of respondents said the changes made the framework harder to understand.
 - iii. Some in the sector perceive changes to the EYFS could increase burdens on providers in the short term as providers will need to spend time understanding the impacts of any new requirements on their settings. Mitigation: we will ensure all providers are well supported and will work on a careful package of communications engagement to increase understanding of any changes. This will enable the sector to use the new frameworks effectively.
 - iv. Some in the sector perceive this could damage the reputation of childminders through the suggestion they operate differently to other settings. Mitigation: communications will include proactive messages around the value and professionalism of childminders and make clear the new frameworks do not materially change how childminders currently operate.

- Change the requirement around how providers support children with English as an Additional Language to develop their home language, from “must” to “may” in both versions of the EYFS.
 - i. A majority of respondents (45%) preferred the option to change this requirement to ‘providers may take reasonable steps [...]’. In the free text responses, concerns of how this may impact certain groups of children have been raised. Internal analysis suggests children in disadvantaged and urban areas would be more likely to be impacted by any change to this requirement. These concerns have been echoed by stakeholders such as Ofsted who flagged a change could have a detrimental impact on children with EAL.
 - ii. We have judged this as having a potential ‘low’ likelihood of resulting in behaviour change. Approximately 20% of children registered with early years providers had EAL. Separately, 42% of providers reported having no children with EAL. Most providers with children with EAL said any change would not impact the number of opportunities that they provided.
 - iii. Despite any change potentially impacting a small number of providers, 27% of providers with children with EAL said that it was “likely” that they would offer more places to children with EAL if this was changes to a ‘may’ or ‘should’. This does provide us with slightly conflicting data as most said they would not change their behaviour, however, indicates at least some providers would expand their provision.
 - iv. Changing the requirement from a ‘must’ to a ‘may’ would offer flexibility to providers who struggle to meet this requirement, whilst still making clear in the EYFS that providers may wish to offer opportunities for children’s home languages to feature in play and learning. Data suggests that, in a majority of instances, providers will still facilitate the use of children’s home language.
 - v. By changing to ‘may’ we may receive feedback that this change could negatively impact some children with a home language that is not English.

Mitigation: we would design communications to emphasise our position has been informed by a variety of responses, including the qualitative data, and that we still prioritise quality as well as sufficiency.

- Remove the requirement for childminders to undertake pre-registration training in the EYFS, letting individuals decide how best to achieve the level of knowledge and understanding required to register with Ofsted or a childminder agency. Understanding of the EYFS will continue to be assessed to the same level by Ofsted or a Childminder Agency, prior to registration.
 - i. We know that the registration process is often time-consuming and costly. The training element can vary in cost (from free of charge to £300) and time (some consist of a short webinars, while others take hours over a number of weeks). The department does not have any oversight of the quality of these courses.
 - ii. While provider survey data suggests less than a third of childminders would have considered not undertaking EYFS training during this process, that could have been a fairly significant cost saving for those individuals, and we know the training is not necessary for all applicants due to them already having a background in EY. (For example, the childminder agency, Tiney say that of 500 surveyed childminders, 29% had previously worked in EY).
 - iii. There would be no change in the knowledge that childminders are expected to have and demonstrate to Ofsted or their Childminder Agency (CMA). They will continue to be assessed in the same way at their pre-registration visit, thereby maintaining quality standards.
 - iv. The purpose of this proposal is to provide flexibility for applicants rather than suggesting that no childminder needs training. Applicants will still be able to complete training if they feel it is necessary, and resources DfE has recently made available such as the ‘Help for Early Years Providers’ guidance can help applicants to judge whether they require training. The provider survey suggests two thirds of childminders would still undertake training.
 - v. Applicants reaching pre-registration visit and not having the required knowledge of the EYFS may cause delays. However, this is necessary and a key

mitigation against concerns we are downgrading the quality of childminding. To reassure the sector of this, we would proactively communicate that this requirement to understand and implement the EYFS will remain. We would also continue to promote the resources, such as training through the early years recovery programme, that the Department is making available to improve quality in the sector.

- vi. Through the delivery of our wider work to support childminders, we can potentially mitigate any further downturn in childminder morale and combat accusations we are downgrading the sector. This includes childminder grants, the content of the 21 August announcement, Levelling Up and Regeneration Bill (LURB) amendments, work to tackle loneliness and an upcoming childminders consultation can reinforce our commitment to supporting childminders, potentially combatting any negative publicity.
- Remove the requirement for L3 practitioners to hold an L2 (GCSE or equivalent) maths qualification. This requirement would instead apply to managers, who would be responsible for ensuring their staff have the right level of maths knowledge to deliver high-quality early years provision.
 - i. Consultation and pulse survey findings on removing the practitioner L2 maths requirement indicate positive sector response (67% in favour) and positive workforce impact by potentially unlocking – under our high-impact scenario – 41,000 staff to be included as L3 in the ratios.
 - ii. Although there was a less clear consensus on placing this requirement on managers instead (52% in favour vs 44% opposed), we feel this is a suitable quality assurance measure and will incentivise maths attainment for career progression.
 - iii. Handling will be required to address perception from some stakeholders that these changes would de-professionalise the sector through less-stringent qualification requirements; will continue to communicate the rationale. To note, L3 apprentices would still be required to obtain an L2 maths qualification to complete their apprenticeship (this policy change would not apply to apprenticeship standards).
 - iv. Whilst the majority of respondents support this change, this has attracted attention in some of the engagement events and with some concerns raised by stakeholders. Mitigation: we will continue to set out our rationale for the change, and the benefit of understanding pedagogy of early maths against ‘hard’ subject knowledge. We can direct the sector to the Maths CPD offers funded via the Early Years Recovery Package, available to all EY practitioners, including the new maths module via the Online Child Development Training programme, which is free to access.
 - v. Fewer respondents agreed that the qualification requirement should instead be placed on setting managers. However, we feel it is an important quality assurance change to make sure that the person responsible for quality in settings has a firm grasp of maths, with which to assess their own staff’s training needs. It is also an incentive for EY practitioners to gain maths in order to progress. Mitigation: we have already accounted for a grace period of two years for managers moving to a new role who do not already have an L2 maths qualification, following implementation.
 - Introduce an experience-based route to working in ratios (applies to: group and school-based providers only) – but implement at a later date (not January 2024).
 - i. A significant majority (73%) support this change.
 - ii. 88% of group-based providers who thought that at least one member of their staff would be suitable to undertake an “experience-based” route to reach L3 said that they would be “very likely” or “fairly likely” to encourage them to do so.
 - iii. Group-based providers estimated that 90% of staff who would be suitable to undertake an “experience-based” route to reach L3 would prefer to go through this route, as opposed to gaining a “full and relevant” L3 qualification.

- iv. Whilst the majority of respondents support this change, some concerns have been expressed in stakeholder events and correspondence about how it will work in practice and the potential impact on quality. Mitigation: given the positive response we accept the need for a route. Additional development time will allow us to investigate and test the policy, understand the impact on quality and what mitigations are required, and consider other options.
- Clarify guidance on allowing students on long-term placements and apprentices to count within ratios, if the provider is satisfied that they are competent and responsible. Students and apprentices studying towards an approved L3 qualification will be allowed to count in the staff:child ratio, whilst those working towards an approved L6 qualification will be allowed to count in the L3 ratio. This will allow trainees the opportunity to gain relevant experience, helping them to meet practical assessments and improve work-readiness.
 - i. A significant majority (69%) support this change. Coupled with support from Skills Group on growing the apprenticeship pipeline, this could create a positive impact on the workforce supply.
 - ii. According to providers, 85% of staff that didn't have a "full and relevant" L2 qualification, but were working towards an L3 qualification, were sufficiently "competent and responsible" to count towards the L2 ratios. Modelling suggests that around 27,000 L3 students would – in our central scenario – be likely to count in L2 ratios as a result of the change.
 - iii. And 87% of staff that didn't have a "full and relevant" L3 qualification, but were working towards an L6 qualification, were sufficiently "competent and responsible" to count towards the L3 ratios. Modelling suggests that around 2,000 of these L6 students will be likely to count in L3 ratios as a result of the change.
 - iv. Some responses questioned the impact on quality of allowing managers to decide who is 'competent and responsible' – though there were others who felt managers were best placed to make this call. There is already provision within the EYFS for managers to make calls on whether an individual is 'competent and responsible'. Putting additional caveats in place risks hampering good practitioners (for example, a timeframe would rule out those who have worked in the sector before starting training – such as a qualified L2/3 starting and L3/5/6 apprenticeship). Mitigation: Ofsted inspections of both the EY setting as the employer of the trainee/apprentice and of the awarding organisation/training provider should identify where trainees are being used inappropriately. Apprentices and trainees have regular touch points with their training provider, where concerns about their use in ratios can be flagged and mediated.
 - Allow childminder's assistant(s) to act as the key person, to alleviate workload for childminders by giving their assistants greater opportunity for responsibility.
 - i. The majority (82%) of respondents support this change.
 - ii. [Note the small sample size] childminders with assistants are likely (69%) to utilise this new flexibility if it was changed, this may free up more of the childminder's time and give opportunities to the assistant to develop and advance their careers.
 - iii. While this has the potential to positively impact a fairly sizeable number of childminders (approximately just under 4,000), only 17% of respondents to the survey who didn't employ an assistant said that it was likely that they would start to employ an assistant. Mitigations: Throughout long-term communications plans around the delivery of our wider work to support childminders, we can look to promote the benefits of childminder assistants and the new flexibilities provided by these changes.
2. The EYFS is a statutory document. Therefore, these proposed changes will be implemented via amendments to the EYFS (Learning and Development) Order 2007 and the EYFS (Welfare Requirements) Regulations 2012 ("the 2012 Regulations"). Due to this, it would not be possible to implement any of the above changes without changes to the regulations.

3. These changes will be supported by a programme of effective communications and engagement. We will work closely with the sector to ensure they understand the changes being made to the EYFS, which changes are mandatory, which are optional, and how they can best implement the changes. A full engagement plan is currently being developed, but it is intended to include a set of documents to concisely explain the changes, as well as events and vodcasts hosted via Foundation Years (a platform the Department uses to connect and engage with the sector) where the changes are explained with opportunities for questions from practitioners. We are also considering how we can work with Local Authorities to provide any training required, as well as supporting Ofsted in preparing their inspectors. Furthermore, we are exploring how we can use networks, such as the Stronger Practice Hubs, to encourage the sector to hold conversations themselves about the changes. Finally, we will ensure that all existing documents which support practice regarding the EYFS, such as *Development Matters* (a piece of non-statutory curriculum guidance for the EYFS) are updated to accurately reflect the changes, as necessary.
4. We believe option 2 would support workforce supply and unlock significant numbers of new places for children – based on modelling by analysts. We believe this could potentially allow up to 15,000 existing staff to count within L3 ratios, due to the maths qualification proposal, and up to – under our high-impact scenario – a further 29,000 students and apprentices to count within L2 ratios, unlock up to 11,000 additional places for children with English as an Additional Language, and encourage childminders to employ up to 4,000 new assistants (based on allowing a childminder’s assistant to become a key person). This package of proposals has strong potential to contribute to sufficiency targets or remove burdens and provide welcome clarity to the sector, while also maintaining quality and safety.
5. Other items which we recommend taking forward, as they have been received positively and should make it easier for providers to apply the EYFS but will not significantly contribute to sufficiency aims, include: moving the Early Learning Goals (ELGs) and Reception Baseline Assessment (RBA) sections in the childminder EYFS, making small changes to wording around suitable people, safeguarding and Paediatric First Aid (PFA) requirements (see items listed H – V in Evidence Base (Section 2)).

3.3 Option 3

6. In addition to the above changes, Option 3 would go further and implement all proposals consulted on. This would include:
 - Where applicable, in the group and school-based provider version of the EYFS, change the percentage of L2 qualified staff required per ratio for children of all ages, by altering the requirement that, ‘at least half of all other staff must hold an approved L2 qualification’. This would be changed to either 30 or 40 percent.
 - Change the qualification requirements for ratios in the group and school-based provider version of the EYFS so these would not apply outside of peak working hours (for example, 9am-5pm). This means that whilst staff:child ratios, DBS, paediatric first aid and safety requirements would remain, staff would not need to hold an approved qualification outside of peak hours.
7. Potential benefits to implementing this option include:
 - We estimate that changing the L2 requirement from 50% to 30%, may reduce the number of L2 staff settings require to meet the threshold, by roughly 10,000.
 - We estimate that settings may require around 8,000 fewer L2s and 8,000 fewer L3s in total in the event that we remove the qualification requirements for ‘off-peak’ care.

8. However, the provider survey indicates there would be a low-medium likelihood that these proposals would result in significant behaviour change from a large number of providers:
 - The majority (57%) of pulse survey respondents said they wouldn't need fewer staff to be qualified to L2, with only 20% saying they would.
 - Only 17% of providers said that, if regulations for qualifications ratios were changed, so that they didn't apply outside of "peak working hours", it was "likely" that they would change the way that they delivered childcare.
9. This data would suggest neither change would free up significant staff time or capacity for practitioners to look after more children than are currently in the provision. These proposals would require settings over time to fill the equivalent number of staff roles with unqualified staff as it is the profile of the staff not the number of staff being altered. This would require attracting a substantial pipeline of new unqualified staff to the sector, alongside existing unqualified staff, who would receive lower/similar wages to L2 staff, many of whom will be employed at or near minimum wage levels.
10. In summary, however, at this point in time we have judged that the risks to quality associated with the proposals under Option 3 outweigh the projected minimal impact on workforce numbers., especially given the volume of other changes being made at the same time. This could be reviewed in future after impacts of changes being implemented are fully known.

Given the negative response to some of these additional proposals in the consultation, and the low suggested level of take up, we would expect a more negative response from the sector if Option 3 were taken forward.

11. Other changes being recommended to qualification requirements are sufficient at this time to meet our workforce growth trajectories, and therefore including these two more controversial measures in the final package risks inviting challenge from the sector unnecessarily. For example, allowing trainees to be included in the ratios will provide the numbers of L2 staff needed to meet increasing demand (including enough to offset any shortfall in L2 staff caused by other policies that upskill staff from L2 to L3). We could revisit these two measures in future if recruitment continues to be a key barrier to expansion.
12. We are also mindful of the potential of a 'tapering' effect on behaviour change expected as a result of the changes proposed. For example, it could be seen as a positive that only 17% of providers would utilise the peak hours change – the majority of settings would not change the way they operate therefore minimising risks to quality and safety but to the few settings that said they would have used this, they would have the flexibility they have requested. However, it should be noting that in future, as this operational stance becomes more standard, more settings could adopt it. Given we would not be seeking to make this change if the current recruitment and retention crisis did not exist, that we are addressing this through other ways, and we continue to be committed to improving quality in settings in the long term as well as increasing sufficiency, this has factored into our considerations here.

3.4 Option 4 – Do Nothing

13. A key aim is to enable providers to utilise their staff more flexibly – using professional expertise to decide how to best deploy practitioners to meet the needs of the children in their care. Without intervening, we anticipate that providers would continue to staff at similar levels to those found in the 2022 Providers Survey². No time or cost savings would be realised.
14. We also anticipate that the total number of Ofsted registered childcare places will continue to stagnate/decrease:

² Childcare and early years providers survey: 2022 - GOV.UK (www.gov.uk)

- The recent Providers Survey estimated that there were 1,543,000 registered childcare places in 2022, down from 1,553,900 in 2021.

15. As the Early Years Foundation Stage (EYFS) is a statutory framework, the only way requirements within this document can be changed is through secondary legislation, which means we have not prioritised non-regulatory options of achieving the policy aims listed in section 4.
16. The “Do Nothing” option does not deliver the policy objective to improve flexibilities for providers to achieve a childcare system that a) provides the care that parents are seeking and b) helps providers utilise their staff in the most efficient and effective way.

4 Policy objective

17. The intended outcome of changing the regulations set out in the EYFS is to allow providers to utilise staff more efficiently. These changes would give greater autonomy to settings to exercise professional judgement in the way in which they staff their settings, according to the needs of their children, and in doing so help as many families as possible benefit from affordable, flexible, quality childcare. If fewer qualified staff members are required, this may reduce operating costs or gain additional revenue. The interventions are also designed to provide clarity to providers on some existing areas of government policy.
18. The individual objectives of each recommendation can be found above in Section 2 (Evidence Base).
19. The intended outcome of introducing the EY Qualification Standards document is to bring all of the qualification criteria and requirements into one place, making it easier to settings, awarding organisations and practitioners to understand the requirements and navigate our existing regulatory processes.
20. When these changes come into legislation, the effects can be measured in part through a post implementation review (PIR) to monitor and evaluate the impact of the change; an annual survey of childcare and early years providers conducted by DfE; and Ofsted’s official statistics on childcare providers and inspections³ to monitor and evaluate how the change will impact the quality of early years provision. Success will be indicated through an increase in sufficiency whilst at least maintaining quality levels.

5 Summary and preferred option with description of implementation plan

21. The preferred option is option 2 and will be given effect via secondary legislation. Transitional arrangements will be in place to enable the sector adequate time to understand the new legislation and implications of changes on their setting.
22. The intervention will lead to the intended achievement of the policy objective by giving providers the ability to offer additional places for children should they wish to do so. Whilst these proposed changes would amend the existing statutory minimum requirements, providers would continue to be able to deliver childcare and education at levels above these minimum requirements if that is their preference. These changes would give greater autonomy to settings to exercise professional judgement in the way in which they staff their settings, according to the needs of their children, and in doing so to help as many families as possible benefit from affordable, flexible, quality childcare.

³ <https://www.gov.uk/government/collections/early-years-and-childcare-statistics>

23. The impact of competition has also been considered against the competition checklist and there is unlikely to be a restriction of competition. The preferred option may lead to additional places, additional revenue for providers, and more choice for parents, potentially increasing competition between providers.
24. Impacts on trade and investment have also been considered: this is unlikely to affect international trade in services, will not grant monopoly rights, is unlikely to substantially prevent competition and will not alter the definition of a natural person with permanent residence rights in the UK.
25. The majority of the changes we are taking forward as part of this consultation will come into force in January 2024, subject to Parliamentary procedure.
26. There are two changes that we will be implementing at a later date. We are proposing launching the Experience-Based Route and the L6 clarification at a later date to allow time to fully consider and develop the policy and the future impact on workforce sufficiency.
27. The Department for Education will be responsible for setting the regulations within the EYFS framework and Ofsted will be responsible for inspecting against these new standards. However, settings will have the responsibility/decision to deliver childcare and early education at levels above these minimum requirements if they wish. Piloting and training is not applicable.

6 Affected Stakeholders, Organisations and Sectors

28. The main groups to be affected by the policy change are:
 - i. Early Years providers
 - ii. Early Years practitioners
 - iii. Childminders
 - iv. Parents
29. Other groups may also be affected due to increased uptake in childcare entitlements schemes:
 - i. Government
 - ii. Local Government
 - iii. Awarding organisations and training providers who offer approved early years qualifications

7 Appraisal

7.1 Overview

30. In the appraisal we monetise costs and benefits for options 2 and 3, relative to the 'do nothing' option. Since it was not practical to model all 25 proposed measures, in our monetised assessment of impact we consider only the most impactful potential measures in the package. This amounts to 7 measures in total:
 - Changing L2 staffing requirements from 50% to 30% (not included in preferred option).
 - Removing off-peak qualification requirements to unlock qualification-based ratios (not included in preferred option).
 - Allowing L6 and L3 students and apprentices to count in L3 and L2 ratios, respectively.

- Introducing an ‘experience-based route’ (EBR) to L3 for practitioners (to be implemented to a longer timescale than other measures).
 - Removing the requirement for L3-qualified staff to also hold a L2 maths qualification in order to count in L3 ratios.
 - Allowing childminder assistants to take on the role of ‘key person’.
 - Changing the wording in the EYFS to read that settings ‘may’ instead of ‘must’ provide specialist support for children with English as an additional language.
31. Estimated impacts are calculated prior for each individual measure, before the costs and benefits are then aggregated together based on the composition of the option packages. Sensitivity ranges are used to capture uncertainty in the Pulse Survey results, and separately to capture uncertainty in the input assumptions.
32. The impacts captured here *do not* capture the benefits of the Department’s reforms to two-year-old ratios.⁴ The set of regulatory changes being appraised here is separate and distinct.
33. These regulatory changes are classified as ‘permissive’ legislation because they allow, but do not force, childcare providers to expand the number of places and take on additional staff members. Other than the restrictions that we are currently proposing to relax, there is little else holding providers back from doing this. For this reason, we feel it is appropriate to treat these impacts as direct. The broad categories for these direct impacts are as follows:
- Additional revenue, less food costs, accruing to providers from filling additional capacity
 - Wage-bill savings, accruing to providers no longer requiring as many staff
 - Savings on training, accruing to practitioners undergoing the experience-based route (EBR)
 - Additional wage costs, accruing to providers taking on additional staff
 - Familiarisation costs, accruing to providers in staff time spent familiarising themselves with the new EYFS
34. The impact of these reforms on school-based providers (SBPs) has been excluded from the appraisal, as these are considered to be public entities, whereas childminders and group-based providers (GBPs) are considered private entities. It should also be noted that the workforce and capacity impacts listed in the appraisal section also exclude the impact on SBPs, and therefore do not match the impacts listed elsewhere in the case which include them (but do not feed through to NPV or EANDBC calculations).

7.1.1 Evidence base

Survey of Childcare and Early Years Providers 2022

35. The Survey of Childcare and Early Years Providers (SCEYP) covers group-based providers (private, voluntary and school/college/LA/other unclassified⁵), school-based providers (those offering nursery provision and maintained nursery schools) and childminders, it provides a representative snapshot of early years provision in England. It helps the Government,

⁴ The Early Years Foundation Stage (Learning and Development and Welfare Requirements) (Amendment) Regulations 2023

⁵ All group-based providers that are not voluntary or private have been recorded in this third category, of which most are either school run, college run or local authority run group-based providers. Although this category is included in the group-based provider total, it is not reported on in the official statistics publication

including the Department for Education (DfE), understand the issues that providers face, informing development of early years and childcare policy.

36. The DfE commissioned IFF Research and London Economics to conduct SCEYP in 2022⁶. The programme of research entailed two surveys. The main SCEYP 2022 entailed a large mixed-mode survey, which could be completed either online or on the telephone. It collected data on a variety of topics such as staff-to-child ratios, delivery of Government policies including funded entitlements and Tax-Free Childcare (TFC), children with Special Educational Needs and Disabilities (SEND), staff qualifications and pay, and the financial side of providing childcare such as costs, incomes and fees. There were also a number of core questions such as the number of children registered at the setting. The short SCEYP was delivered online and on paper, and included questions on fees and Government funding received, as well as a small number of core questions, such as the number of children registered at the setting. The purpose of this short survey was to provide robust fee and funding estimates at a local authority (LA) level by aggregating data collected across this and the main SCEYP.
37. Alongside a report on the survey findings, DfE publishes another report that presents an analysis of early years providers' finances using combined data from the main and short surveys. The latest version of this report is for 2021⁷. The objectives of this work were:
- To present the total cost of delivering childcare for all ages of children in the setting and the total income received by settings, together with breakdowns into their constituent parts, for different types of providers;
 - To explore providers' costs by describing the patterns in the unit cost (cost per child per hour) and staff hourly pay across different types of providers.
 - To explore providers' income by describing the patterns in the underlying parent-paid hourly fees and additional charges for parents across different types of providers.
 - Lastly, DfE commissioned IFF to carry out an ad hoc survey of providers in order to answer specific questions about the proposed reforms. More information on this survey can be found in section 2.2 above.

7.1.2 Decision-making process on which measures to model

38. In order to determine which measures to model, analysts held several discussions with internal stakeholders to discuss expected impacts and effect size. These conversations enabled us to effectively triage measures, and to design bespoke questions for the Pulse Survey to inform the modelling.

7.2 Methodology, assumptions and impacts by measure

7.2.1 Changing L2 staffing requirements from 50% to 30%

39. For this measure, we chose to model wage bill savings accruing to settings, due to a reduction in the number of L2 staff required to meet statutory ratios. Note that the hourly wage differential between unqualified and L2 staff has been uplifted to account for non-wage costs.

7.2.1.1 Benefits

40. First, we use pulse survey data to estimate total number of L2-qualified staff that settings say they would no longer need to meet the requirements. This involved taking the average number fewer L2 staff that settings reported they would no longer need to meet a 30% threshold (0.8 staff per setting) and multiplying it first by the proportion of settings reporting they were 'likely' to make a change (46%), and then by the total number of GBPs as reported

⁶ [Childcare and early years provider survey, Reporting Year 2022 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://explore-education-statistics.service.gov.uk)

⁷ [Providers' finances: Evidence from the Survey of Childcare and Early Years Providers 2021 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

in the latest Provider Survey (21,600)⁸. This produces a central estimate of 7,949 fewer L2 staff required to meet the new ratio requirement.

41. Next, we calculate the total number of hours fewer per year of L2 staff time required to meet the requirements. To do this, we take the total term-time weeks per year (38), and multiply it by the average hours worked per week by a practitioner at a GBP or an SBP as reported in the Provider Survey (31)⁹. This produces an estimate of 1,178 hours worked on average per year.
42. We then calculate total savings on wage bills by multiplying the total annual decrease in L2 staff hours by the hourly differential in pay between an unqualified and an L2-qualified member of staff (£0.26). In calculating savings this way, we therefore assume that total staff numbers will stay the same, but that L2 staff hours will be replaced by unqualified staff hours. This gives us a central estimate of £2,448,127 likely to be saved in total per year.
43. In order to capture the uncertainty in the Pulse Survey results, we apply a +-20% range to the reported average % of GBPs who said they were 'likely' to make changes should the measure be introduced, producing a low range of 37% and a high range of 55%. The results of varying this assumption are in table 1 below.

Scenario	Estimated total annual saving from changing L2 staffing requirements from 50% to 30%
<i>Central</i>	£2,448,127
<i>High</i>	£2,937,752
<i>Low</i>	£1,958,501

Table 1: annual benefit to settings from changing L2 staffing requirements from 50% to 30%

7.2.2 Removing off-peak qualification requirements to unlock qualification-based ratios

44. For this measure, we chose to model wage bill savings accruing to settings due to a reduction in the number of L2 and L3 staff required on shift during off-peak hours. Note that the hourly wage differentials between unqualified, L2 and L3 staff have been uplifted to account for non-wage costs, using ONS estimates of the wage and non-wage value of an education sector worker's time.¹⁰ This is calculated to be a non-wage uplift of 24.7%, which is the uplift figure we apply throughout the analysis.¹¹

7.2.2.1 Benefits

45. First, we used pulse survey data to estimate the total reduction in the number of L2 and L3-qualified staff required should the measure be introduced. To do this, we took the average number fewer L2 and L3 staff that settings reported they would need should the measure be introduced (1.7 in both cases), and multiplied these figures first by the proportion of providers that reported they were 'likely' to make a change (18%), and the total number of GBPs as reported in the latest Provider Survey (21,600)¹². This gives us central estimates of 6,610 fewer L2 staff and identically 6,610 fewer L3 staff required.

⁸ [SCEYP 2022](#)

⁹ [SCEYP 2022](#)

¹⁰ [ONS Index of Labour Costs per Hour, UK: July to September 2020](#)

¹¹ This is calculated from the full value of an education sector worker's time (£28.80) and the wage-only value of an education sector worker's time (£23.10): $1 - (\text{£}28.80 / \text{£}23.10) = 24.7\%$

¹² [SCEYP 2022](#)

46. Next, we assume that 4 of the 10 total 'wraparound' hours (8am-6pm) worked per day are considered off-peak, and use this to estimate the total reduction in off-peak hours worked by L2 and L3 staff (respectively) per year. As with the previous measure, we first take the total term-time weeks per year (38), and multiply it by the average hours worked per week by a practitioner at a GBP as reported in the Provider Survey (31)¹³, and then multiply this total by the proportion of total 'wraparound' hours that are off-peak (40%). This gives us 471 hours per year per practitioner.
47. Lastly, assuming that L2 staff hours are replaced with unqualified staff hours and that L3 hours replaced with L2, we use hourly wage differentials (unqualified to L2 (£0.26), and L2 to L3 (£1.14)) from the 2021 Provider Finance Report¹⁴ and multiple by the respective staff and hours estimates to calculate the total annual savings. This gives us a central estimate of £4,356,335 per year.
48. In order to capture uncertainty in the Pulse Survey results, we apply a +-20% range to the reported average % of GBPs who said they were 'likely' to make changes should the measure be introduced, giving us a high figure of 22% and a low estimate of 14%. The results of varying this assumption are in table 2 below.

Scenario	Estimated total annual saving from removing off-peak qualification requirements to unlock qualification-based ratios
Central	£4,356,335
High	£5,227,602
Low	£3,485,068

Table 2: annual benefit to settings from removing off-peak qualification requirements to unlock qualification-based ratios

7.2.3 Allowing L6 and L3 students and apprentices to count in L3 and L2 ratios, respectively

49. For this measure, we model and monetise additional revenue to settings from capacity increases, due to an increase in staff counting in L3 and L6 ratios.

7.2.3.1 Benefits

50. First, we use the pulse survey data to estimate the total number of L3 and L6 students who would count in L2 and L3 ratios respectively should the measure be introduced. We identify the target population by multiplying the total number of GBPs from the latest Provider Survey (21,600) by the proportion of providers in the Pulse Survey reporting that they have at least one L3 (42%) or L6 (5%) student/ apprentice competent and responsible enough to count within L2 or L3 ratios, respectively. Next, we multiply the target population by the average number of apprentices/students those providers (with at least one) report in the Pulse Survey as being competent and responsible to count in ratios, 1.7 L2 and 1.2 L3, respectively. This gives central estimates of 16,000 L3 and 1,300 L6 students and apprentices counting in L2 and L3 ratios respectively.
51. Next, we estimate the total increase in capacity that this would unlock, assuming a fixed increase in operating ratios for each staff member moving from counting in unqualified to L2 ratios (0.1 additional children per practitioner), and L2 to L3 (0.3 additional children per practitioner). This gives us central estimates of 1,551 and 384 additional places due to L3 and L6 students and apprentices counting in L2 and L3 ratios respectively.

¹³ [SCEYP 2022](#)

¹⁴ [SCEYP 2021 Provider Finance Report](#)

52. In order to capture the uncertainty in these estimates, we vary our assumptions around ratio differentials by +/-20%. This produces low capacity estimates of 1,241 and 307, and high estimates of 1,862 and 461 respectively.
53. Finally, we calculate the additional revenue accruing to providers from filling the newly created capacity, assuming that new places are evenly shared by under-2s, 2 year-olds and 3-4 year-olds. We use the average annual hourly charge to children of different ages (from the 2021 Provider Finance report)¹⁵, less the cost of food (which is the main cost element to providers), to calculate the total annual increase in revenue to providers. The results are detailed in table 3 below.
54. Note that this approach to calculating additional revenue is the same as the department used in the recent impact assessment for the changes to 2-year-old ratios. The department lacks sufficient data to go further on netting off other costs incurred from taking on more children, which is a limitation of the analysis as a whole.

7.2.4 Introducing an 'experience-based route' (EBR) to L3 for practitioners

55. For this measure, assuming that providers will value the time of staff with an 'approved status' equally to that of a L3 staff member, we model the costs of paying these staff at the same rate as L3 staff, and the costs of time spent observing, evaluating and appraising staff currently undergoing the route.
56. We also model the benefit to practitioners of not having to pay for L3 training. There is also a mirrored cost to training providers in lost revenue, however this can be considered as "resources used in complying with regulation"¹⁶, and would therefore be inappropriate to include it in the EANDCB or NPV calculations. *We therefore exclude this impact on training providers* in the NPV and EANDBC.
57. Note that currently practitioners are required to pay for their own training, therefore benefits will accrue to practitioners who choose the EBR over undergoing a full L3 training course (costing £2,900 on average)¹⁷. Note also that the hourly wage differential between L2 and L3 staff has been uplifted to account for non-wage costs.

7.2.4.1 Benefits

58. To model the benefit to practitioners, we first identify the target population by multiplying the total number of GBPs from the latest Provider Survey (21,600) by the proportion of providers in the Pulse Survey reporting that they have at least one member of staff eligible to go through the experience-based route (29%).
59. Next, we multiply the target population by the average number of staff eligible for, and who would prefer to go through, the scheme per setting from the Pulse Survey (2.2). Following this, we multiply by an annual tapering factor – which we assume in the modelling based on the make-up anticipated behaviour of the eligible cohort over time – to model the initial expected wave of take-up followed by a drop-off. Next, we multiply this figure by the average percentage of survey respondents who said they were 'likely' to encourage staff to undertake the EBR (88%).
60. Finally, we estimate the benefit to practitioners by multiplying the total number of practitioners undertaking the EBR in each year by the average cost of a training course (£2,882). This gives us a central estimate of benefits accruing to practitioners per year across the appraisal period (table 4).

¹⁵ [SCEYP 2021 Provider Finance Report](#)

¹⁶ <https://www.gov.uk/government/publications/rpc-case-histories-other-bit-methodology-issues-march-2019>

¹⁷ [EY Alliance](#)

Scenario/Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Central</i>	£11,204,279	£11,328,077	£11,504,450	£11,677,115	£11,839,163	£12,014,618	£12,189,671	£12,365,493	£12,546,103	£12,728,457
<i>High</i>	£13,445,135	£13,593,692	£13,805,340	£14,012,539	£14,206,995	£14,417,541	£14,627,605	£14,838,592	£15,055,324	£15,274,149
<i>Low</i>	£8,963,424	£9,062,461	£9,203,560	£9,341,692	£9,471,330	£9,611,694	£9,751,737	£9,892,394	£10,036,883	£10,182,766

Table 3: annual benefit to settings of Allowing L6 and L3 students and apprentices to count in L3 and L2 ratios, respectively

Scenario/Year	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Central</i>	£34,732,052	£17,366,026	£6,946,410	£3,473,205	£3,473,205	£3,473,205	£3,473,205	£3,473,205	£3,473,205
<i>High</i>	£39,468,241	£19,734,121	£7,893,648	£3,946,824	£3,946,824	£3,946,824	£3,946,824	£3,946,824	£3,946,824
<i>Low</i>	£27,785,642	£13,892,821	£5,557,128	£2,778,564	£2,778,564	£2,778,564	£2,778,564	£2,778,564	£2,778,564

Table 4: annual benefit to settings of introducing an 'experience-based route' (EBR) to L3 for practitioners

Scenario/Year	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Central</i>	£20,549,395	£26,829,268	£27,604,909	£26,545,808	£25,486,706	£24,427,604	£23,368,502	£22,309,400	£21,250,298
<i>High</i>	£22,247,997	£28,527,869	£29,303,511	£28,244,409	£27,185,307	£26,126,206	£25,067,104	£24,008,002	£22,948,900
<i>Low</i>	£18,850,794	£25,130,666	£25,906,308	£24,847,206	£23,788,104	£22,729,002	£21,669,900	£20,610,799	£19,551,697

Table 5: annual cost to settings of introducing an 'experience-based route' (EBR) to L3 for practitioners

7.2.4.2 Costs

61. To model the additional cost to settings of paying staff with an 'approved status' at L3 rates, we multiply the total number of staff likely to undergo the experience-based route per year by the hourly wage differential between L2 and L3-qualified staff (£1.14), and then multiply that by the average number of hours worked by a practitioner in a year (1,178).
62. Next, to model the cost to settings of monitoring and appraising staff undergoing the EBR, we first assume that staff spend a total of one hour per week monitoring candidates¹. To produce cost estimates, we then multiply this by the total number of staff likely to undergo the experience-based route per year, the uplifted hourly wage of an EY staff member (£16.34), and finally the total number of GBPs as per the latest Provider Survey (21,600)². Combined with the additional cost of paying staff at L3 rates, this gives us a set of cost estimates for the EBR across the appraisal period (table 5).

7.2.5 Removing the requirement for L3-qualified staff to also hold a L2 maths qualification in order to count in L3 ratios

63. For this measure, we model and monetise capacity increases due to an increase in the number of staff unlocking L3 ratios. Note that setting managers are already required to hold a L2 maths qualification, therefore there is no additional cost to obtaining the L2 maths qualification.

7.2.5.1 Benefits

64. First, we use the Pulse Survey results to calculate the average number of staff per setting that hold a full and relevant L3 qualification, but no L2 maths qualification (1.3). We then multiply this figure by the percentage of settings who reported they were 'likely' to include these staff in L3 ratios should the measure be introduced (88%), and then by the total cohort of affected providers (21,600). This gives us a central estimate of 28,080 additional L3 staff counting in L3 ratios.
65. Next, we calculate the total expected capacity increase by multiplying by the total number of additional children we assume that each staff member moving from counting in L2 to L3 ratios will be able to look after (0.3), giving us a central estimate for total capacity increase of 7,413 places.
66. Next, we calculate the additional revenue accruing to providers from filling the newly created capacity, assuming that new places are evenly shared by under-2s, 2 year-olds and 3-4 year-olds. We use the average annual hourly charge to children of different ages (from the 2021 Provider Finance report)³, less the cost of food, to calculate the total annual increase in revenue to providers.
67. Finally, in order to capture uncertainties in the modelling, we vary both our L2 to L3 ratio differential assumption, and the percentage of settings 'likely' to include staff without a L2 maths qualification in ratios, by +/-20%. The results are detailed in table 6 below.

¹ This figure derives from conversations with internal stakeholders, though this is inherently uncertain and subject to change as the policy continues to develop.

² [SCEYP 2022](#)

³ [SCEYP 2021 Provider Finance Report](#)

7.2.6 Allowing childminder assistants to take on the role of ‘key person’

68. For this measure, we model and monetise capacity increases due to an expected increase in the number of childminders taking on an assistant. We also model the wage bill costs to childminders for additional childminder assistants taken on.

7.2.6.1 Benefits

69. To model the benefits, we first use the Pulse Survey results to estimate the total number of childminders likely to take on either a first childminder assistant or an additional childminder assistant due to the measure. For those not currently employing an assistant, we multiply the proportion of respondents reporting they would do so should the measure be introduced (17%) by the proportion ‘likely’ to give the ‘key person’ role to an assistant (69%), and then by the proportion of childminders not currently employing an assistant from the latest Provider Survey (86%)⁴. For those already employing an assistant, we take the proportion of respondents reporting they would take on an additional assistant should the measure be introduced (21%), and again multiply this by the proportion ‘likely’ to give the ‘key person’ role to an assistant (69%) and then by the proportion of childminders who employ an assistant (14%). We then multiply both of these final figures by the total number of childminders according to the latest Provider Survey (28,200)⁵ and sum the totals, giving us a central estimate of 3,417 additional childminder assistants taken on as a result of the measure.
70. Next, assuming that each additional assistant will enable a childminder to take on 3 additional children, we calculate the total capacity increase as a result of the measure. Multiplying this by the estimated total number of additional childminder assistants taken on gives us a central estimate of 10,250 additional childminder places created. Varying this assumption and the proportion of childminders ‘likely’ to give a key person role to an assistant by +/-20% to account for uncertainty gives us a low range of 6,560, and a high range of 14,761 places respectively.
71. Finally, we calculate the additional revenue accruing to childminders from filling the newly created capacity, assuming that new places are evenly shared by under-2s, 2 year-olds and 3-4 year-olds. We use the average annual hourly charge to children of different ages (from the 2021 Provider Finance report)⁶, less the cost of food, to calculate the total annual increase in revenue to providers. The resulting benefits are detailed below in table 7.

7.2.6.2 Costs

72. We also model the wage bill costs to childminders for additional CM assistants taken on. To do this, we take the estimates for the increased number of assistants from the benefits modelling and multiply the series by the total hourly cost of a childminder assistant (uplifted by ONS’ estimate of the non-wage proportion of the value of an education worker’s time) (£10.76), and the average number of hours worked by a childminder assistant in a year according to the latest Provider Survey (950)⁷. This gives us the following cost profile over the appraisal period (table 8).
73. Note that the modelled costs for this measure significantly exceed the modelled benefits. This is likely because we have been unable to monetise the additional benefits to childminders including time saved carrying out administrative tasks, and broader wellbeing benefits accruing to childminders.

⁴ [SCEYP 2022](#)

⁵ [SCEYP 2022](#)

⁶ [SCEYP 2021 Provider Finance Report](#)

⁷ [SCEYP 2022](#)

7.2.7 Changing the wording in the EYFS to read that settings ‘may’ instead of ‘must’ provide specialist support for children with English as an additional language

74. For this measure, we model and monetise capacity increases due to an expected increase in the number of places available for children with English as an Additional Language (EAL).

7.2.7.1 Benefits

75. First, we calculate the total number of childminder and GBP hours likely to be saved per year using the Pulse Survey data. We take the average number of children with EAL per setting (CM: 0.5, GBP: 7.3), and multiply first by the proportion ‘likely’ to make changes (CM: 10%, GBP: 9%), then by the expected reduction in hours of care per setting, per week and per child anticipated should the measure be introduced (CM: 4 hours, GBP: 2). Finally, we multiply the resulting figures by the total number of childminders and GBPs according to the latest Provider Survey (49,800)⁸, and the average weeks worked by a practitioner in a year (38), to give us central estimates of 214,320 childminder hours and 958,694 GBP hours saved per year.
76. Next we take the proportion of settings ‘very likely’ to reinvest these time savings in providing more places for children with EAL (CM: 18%, GBP: 11%), to estimate the total expected increased weekly capacity based on new hours available. This gives us a central estimate of 6,859 total additional places created. The remaining hours saved that aren’t reinvested in places can be considered a transfer of the value of practitioner time to children, which we can interpret as likely lower operating ratios. Note that these are neither calculated directly, nor monetised in the modelling.
77. Finally, we calculate the additional revenue accruing to providers from filling the newly created capacity, assuming that new places are evenly shared by under-2s, 2 year-olds and 3-4 year-olds. We use the average annual hourly charge to children of different ages (from the 2021 Provider Finance report)⁹, less the cost of food, to calculate the total annual increase in revenue to providers.
78. In order to capture uncertainty in the modelling, we vary a suite of input variables from the Pulse Survey data by +/-20%, which gives us a high-end estimate of 14,222 and a low-end of 4,214 additional places respectively. The final monetised benefits are detailed below in table 9.

⁸ SCEYP 2022

⁹ SCEYP 2021 Provider Finance Report

Scenario/Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Central</i>	£42,915,341	£43,389,517	£44,065,073	£44,726,427	£45,347,111	£46,019,150	£46,689,649	£47,363,094	£48,054,879	£48,753,343
<i>High</i>	£58,520,919	£59,167,523	£60,088,736	£60,990,582	£61,836,970	£62,753,386	£63,667,703	£64,586,038	£65,529,381	£66,481,832
<i>Low</i>	£27,465,818	£27,769,291	£28,201,647	£28,624,913	£29,022,151	£29,452,256	£29,881,375	£30,312,380	£30,755,123	£31,202,140

Table 6: annual benefit to settings of removing the requirement for L3-qualified staff to also hold a L2 maths qualification in order to count in L3 ratios

Scenario/Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Central</i>	£47,028,551	£47,547,945	£48,288,076	£49,012,635	£49,692,603	£50,428,856	£51,163,414	£51,901,191	£52,659,064	£53,424,248
<i>High</i>	£67,721,114	£68,469,040	£69,534,829	£70,578,195	£71,557,349	£72,617,552	£73,675,316	£74,737,715	£75,829,051	£76,930,917
<i>Low</i>	£30,098,273	£30,430,685	£30,904,369	£31,368,087	£31,803,266	£32,274,468	£32,744,585	£33,216,762	£33,701,801	£34,191,519

Table 7: annual benefit to settings of allowing childminder assistants to take on the role of 'key person'

Scenario/Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Central</i>	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984
<i>High</i>	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457
<i>Low</i>	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870

Table 8: annual cost to settings of allowing childminder assistants to take on the role of 'key person'

Scenario/Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Central</i>	£38,411,397	£38,835,817	£39,440,480	£40,032,432	£40,587,983	£41,189,499	£41,789,637	£42,392,413	£43,011,603	£43,636,772
<i>High</i>	£79,649,872	£80,529,949	£81,783,780	£83,011,251	£84,163,242	£85,410,545	£86,654,992	£87,904,907	£89,188,861	£90,485,211
<i>Low</i>	£23,599,962	£23,860,726	£24,232,231	£24,595,926	£24,937,257	£25,306,828	£25,675,553	£26,045,898	£26,426,329	£26,810,433

Table 9: annual benefit to settings of changing the wording in the EYFS to read that settings 'may' instead of 'must' provide specialist support for children with English as an additional language

7.2.8 Familiarisation costs

79. We estimate familiarisation costs to settings by dividing the total number of words in the new EYFS likely to be read per setting, by a range of reading speeds for non-fiction (175 wpm to 300 wpm, with an average of 238 wpm)¹, monetising practitioners' time downstream before multiplying by the total number of settings affected.

80. In a number of recent conversations that the department held with settings, respondents overwhelmingly reported that only the setting managers, lead practitioner or owners at a setting would be expected to familiarise themselves with changes in the EYFS. On the basis of this evidence, we assume that only one practitioner per setting will spend time familiarising themselves with the new guidance. We also assume that the lead practitioner at a setting will on average read a total of 4,000 words of the new EYFS to familiarise themselves with the changes. Next, we divide this by the reading speeds detailed above, and multiply the resulting figures by the uplifted hourly value of a practitioner's time (£16.34) to gives us a range of estimated familiarisation costs. The results are detailed in table 10 below.

	Familiarisation time per setting (hrs)	Total familiarisation time (hrs)	Total familiarisation cost
High	0.38	18,971	£325,774
Central	0.28	13,950	£239,540
Low	0.22	11,067	£190,035

Table 10: estimates of familiarisation time and associated costs

7.3 Summary

7.3.1 Total benefits by option

7.3.1.1 Option 2 (recommended)

81. A summary of undiscounted annual benefits for option 2 (which includes all measures except for changing L2 staffing requirements from 50% to 30% and removing off-peak qualification requirements to unlock qualification-based ratios) can be found in table 11 below.

¹ Brysbaert, M 'How many words do we read per minute? A review and meta-analysis of reading rate' (2019)

<i>Central</i>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Students & apprentices	£11,204,279	£11,328,077	£11,504,450	£11,677,115	£11,839,163	£12,014,618	£12,189,671	£12,365,493	£12,546,103	£12,728,457
L2 maths req removal	£42,915,341	£43,389,517	£44,065,073	£44,726,427	£45,347,111	£46,019,150	£46,689,649	£47,363,094	£48,054,879	£48,753,343
CM assistants as key person	£47,028,551	£47,547,945	£48,288,076	£49,012,635	£49,692,603	£50,428,856	£51,163,414	£51,901,191	£52,659,064	£53,424,248
EAL	£38,411,397	£38,835,817	£39,440,480	£40,032,432	£40,587,983	£41,189,499	£41,789,637	£42,392,413	£43,011,603	£43,636,772
Experience-based route	£0	£34,732,052	£17,366,026	£6,946,410	£3,473,205	£3,473,205	£3,473,205	£3,473,205	£3,473,205	£3,473,205
Total (Impact on Business)	£139,559,568	£141,101,354	£143,298,079	£145,448,610	£147,466,861	£149,652,122	£151,832,371	£154,022,191	£156,271,650	£158,542,821
<i>High</i>										
Students & apprentices	£13,445,135	£13,593,692	£13,805,340	£14,012,539	£14,206,995	£14,417,541	£14,627,605	£14,838,592	£15,055,324	£15,274,149
L2 maths req removal	£58,520,919	£59,167,523	£60,088,736	£60,990,582	£61,836,970	£62,753,386	£63,667,703	£64,586,038	£65,529,381	£66,481,832
CM assistants as key person	£67,721,114	£68,469,040	£69,534,829	£70,578,195	£71,557,349	£72,617,552	£73,675,316	£74,737,715	£75,829,051	£76,930,917
EAL	£79,649,872	£80,529,949	£81,783,780	£83,011,251	£84,163,242	£85,410,545	£86,654,992	£87,904,907	£89,188,861	£90,485,211
Experience-based route	£0	£39,468,241	£19,734,121	£7,893,648	£3,946,824	£3,946,824	£3,946,824	£3,946,824	£3,946,824	£3,946,824
Total (Impact on Business)	£219,337,041	£221,760,204	£225,212,685	£228,592,566	£231,764,556	£235,199,024	£238,625,616	£242,067,252	£245,602,617	£249,172,109
<i>Low</i>										
Students & apprentices	£8,963,424	£9,062,461	£9,203,560	£9,341,692	£9,471,330	£9,611,694	£9,751,737	£9,892,394	£10,036,883	£10,182,766
L2 maths req removal	£27,465,818	£27,769,291	£28,201,647	£28,624,913	£29,022,151	£29,452,256	£29,881,375	£30,312,380	£30,755,123	£31,202,140
CM assistants as key person	£30,098,273	£30,430,685	£30,904,369	£31,368,087	£31,803,266	£32,274,468	£32,744,585	£33,216,762	£33,701,801	£34,191,519
EAL	£23,599,962	£23,860,726	£24,232,231	£24,595,926	£24,937,257	£25,306,828	£25,675,553	£26,045,898	£26,426,329	£26,810,433
Experience-based route	£0	£27,785,642	£13,892,821	£5,557,128	£2,778,564	£2,778,564	£2,778,564	£2,778,564	£2,778,564	£2,778,564
Total (Impact on Business)	£90,127,477	£91,123,162	£92,541,806	£93,930,618	£95,234,004	£96,645,246	£98,053,250	£99,467,436	£100,920,135	£102,386,857

Table 11: summary of undiscounted annual benefits for the recommended option

<i>Central</i>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
L2 staff req from 50% - 30%	£2,448,127	£2,448,127	£2,448,127	£2,448,127	£2,448,127	£2,448,127	£2,448,127	£2,448,127	£2,448,127	£2,448,127
Off-peak qualification req	£4,356,335	£4,356,335	£4,356,335	£4,356,335	£4,356,335	£4,356,335	£4,356,335	£4,356,335	£4,356,335	£4,356,335
Students & apprentices	£11,204,279	£11,328,077	£11,504,450	£11,677,115	£11,839,163	£12,014,618	£12,189,671	£12,365,493	£12,546,103	£12,728,457
L2 maths req removal	£42,915,341	£43,389,517	£44,065,073	£44,726,427	£45,347,111	£46,019,150	£46,689,649	£47,363,094	£48,054,879	£48,753,343
CM assistants as key person	£47,028,551	£47,547,945	£48,288,076	£49,012,635	£49,692,603	£50,428,856	£51,163,414	£51,901,191	£52,659,064	£53,424,248
EAL	£38,411,397	£38,835,817	£39,440,480	£40,032,432	£40,587,983	£41,189,499	£41,789,637	£42,392,413	£43,011,603	£43,636,772
Experience-based route	£0	£34,732,052	£17,366,026	£6,946,410	£3,473,205	£3,473,205	£3,473,205	£3,473,205	£3,473,205	£3,473,205
Total (Impact on Business)	£146,364,030	£147,905,816	£150,102,541	£152,253,071	£154,271,322	£156,456,584	£158,636,833	£160,826,653	£163,076,111	£165,347,283

<i>High</i>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
L2 staff req from 50% - 30%	£2,937,752	£2,937,752	£2,937,752	£2,937,752	£2,937,752	£2,937,752	£2,937,752	£2,937,752	£2,937,752	£2,937,752
Off-peak qualification req	£5,227,602	£5,227,602	£5,227,602	£5,227,602	£5,227,602	£5,227,602	£5,227,602	£5,227,602	£5,227,602	£5,227,602
Students & apprentices	£13,445,135	£13,593,692	£13,805,340	£14,012,539	£14,206,995	£14,417,541	£14,627,605	£14,838,592	£15,055,324	£15,274,149
L2 maths req removal	£58,520,919	£59,167,523	£60,088,736	£60,990,582	£61,836,970	£62,753,386	£63,667,703	£64,586,038	£65,529,381	£66,481,832
CM assistants as key person	£67,721,114	£68,469,040	£69,534,829	£70,578,195	£71,557,349	£72,617,552	£73,675,316	£74,737,715	£75,829,051	£76,930,917
EAL	£79,649,872	£80,529,949	£81,783,780	£83,011,251	£84,163,242	£85,410,545	£86,654,992	£87,904,907	£89,188,861	£90,485,211
Experience-based route	£0	£39,468,241	£19,734,121	£7,893,648	£3,946,824	£3,946,824	£3,946,824	£3,946,824	£3,946,824	£3,946,824
Total (Impact on Business)	£227,502,395	£229,925,558	£233,378,039	£236,757,921	£239,929,910	£243,364,378	£246,790,970	£250,232,606	£253,767,971	£257,337,463

<i>Low</i>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
L2 staff req from 50% - 30%	£1,958,501	£1,958,501	£1,958,501	£1,958,501	£1,958,501	£1,958,501	£1,958,501	£1,958,501	£1,958,501	£1,958,501
Off-peak qualification req	£3,485,068	£3,485,068	£3,485,068	£3,485,068	£3,485,068	£3,485,068	£3,485,068	£3,485,068	£3,485,068	£3,485,068
Students & apprentices	£8,963,424	£9,062,461	£9,203,560	£9,341,692	£9,471,330	£9,611,694	£9,751,737	£9,892,394	£10,036,883	£10,182,766
L2 maths req removal	£27,465,818	£27,769,291	£28,201,647	£28,624,913	£29,022,151	£29,452,256	£29,881,375	£30,312,380	£30,755,123	£31,202,140
CM assistants as key person	£30,098,273	£30,430,685	£30,904,369	£31,368,087	£31,803,266	£32,274,468	£32,744,585	£33,216,762	£33,701,801	£34,191,519
EAL	£23,599,962	£23,860,726	£24,232,231	£24,595,926	£24,937,257	£25,306,828	£25,675,553	£26,045,898	£26,426,329	£26,810,433
Experience-based route	£0	£27,785,642	£13,892,821	£5,557,128	£2,778,564	£2,778,564	£2,778,564	£2,778,564	£2,778,564	£2,778,564
Total (Impact on Business)	£95,571,046	£96,566,732	£97,985,376	£99,374,188	£100,677,574	£102,088,815	£103,496,819	£104,911,005	£106,363,705	£107,830,427

Table 12: summary of undiscounted annual benefits for option 3

7.3.1.2 Option 3

A summary of undiscounted annual benefits for option 3 (which includes all measures) can be found in table 12.

7.3.2 Total costs by option

7.3.2.1 Options 2 (recommended) and 3

82. A summary of undiscounted annual costs for both the recommended option and option 3 can be found in table 13 below: note that these figures are displayed together as they are identical for each option.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Familiarisation (High)	£325,774	£0	£0	£0	£0	£0	£0	£0	£0	£0
Familiarisation (Central)	£239,540	£0	£0	£0	£0	£0	£0	£0	£0	£0
Familiarisation (Low)	£190,035	£0	£0	£0	£0	£0	£0	£0	£0	£0
EBR (High)	£0	£22,247,997	£28,527,869	£29,303,511	£28,244,409	£27,185,307	£26,126,206	£25,067,104	£24,008,002	£22,948,900
EBR (Central)	£0	£20,549,395	£26,829,268	£27,604,909	£26,545,808	£25,486,706	£24,427,604	£23,368,502	£22,309,400	£21,250,298
EBR (Low)	£0	£18,850,794	£25,130,666	£25,906,308	£24,847,206	£23,788,104	£22,729,002	£21,669,900	£20,610,799	£19,551,697
CMAs as Key Person (High)	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457	£150,864,457
CMAs as Key Person (Central)	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984	£104,766,984
CMAs as Key Person (Low)	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870	£67,050,870
Total (High)	£151,190,231	£173,112,454	£179,392,327	£180,167,968	£179,108,867	£178,049,765	£176,990,663	£175,931,561	£174,872,459	£173,813,357
Total (Central)	£105,006,524	£125,316,379	£131,596,252	£132,371,894	£131,312,792	£130,253,690	£129,194,588	£128,135,486	£127,076,384	£126,017,283
Total (Low)	£67,240,905	£85,901,664	£92,181,536	£92,957,178	£91,898,076	£90,838,974	£89,779,872	£88,720,770	£87,661,668	£86,602,567

Table 13: a summary of undiscounted annual costs for options 2 & 3

7.3.3 NPV and EANDBC by option (2023 prices)

83. A summary of present costs and benefits can be found in the table below, in addition to net-present values (NPVs) and Estimated Annual Net Direct Costs to Business (EANDBC) for each of the options appraised. All figures are in 2023 prices.

	Option 2 (recommended)			Option 3		
	Central	Low	High	Central	Low	High
Present Cost	£825m	£568m	£1,135m	£825m	£568m	£1,135m
Present Benefit	£967m	£624m	£1,520m	£1,011m	£660m	£1,573m
NPV	£145m	-£511m	£954m	£187m	-£475m	£1,004m
EANDBC	-£16.5m	-	-	-£21.7m	-	-

7.3.4 Overarching assumptions and limitations

84. We assume that the additional supply created by the measures will be met by an increase in demand from the expansion to free childcare entitlements from January 2025. It is possible that some providers may choose to respond instead by lowering their operating ratios, or reducing their wage bills either through not choosing to recruit to increase capacity or by reducing their staffing levels. This is a limitation to the modelling approach we have taken, and a risk to note for the RIA as a whole.

85. Given the wide range of possible interaction effects that could affect the impact of the measures taken as a whole, we have also been unable to capture these nuances in the modelling. This limitation stems primarily from the impracticality of designing a Pulse Survey that could test how the sector might respond to different combinations of 25 measures. Therefore, the possibility that there may be unforeseen interactions between the measures we are proposing should also be logged as a risk of the approach taken here. However, we have included an interaction matrix in Table 16 below, which captures some of the potential effects we were unable to incorporate in the modelling. It should be noted that – whilst we have been unable to capture these interaction effects in the modelling itself – the department could review such effects as part of a post-implementation review (PIR).

L2 staff requirements from 50% to 30%	Off-peak qualification requirements	Students & apprentices count in ratios	Experience-based route	L2 maths requirements removal	CM assistants as key person	EAL requirement change
L2 staff requirements from 50% to 30%	Could incentivise wider use of unqualified staff outside of peak hours	Could reduce incentive for settings to count L3 students in L2 ratios	None	None	None	Could incentivise use of unqualified staff to provide support to children with EAL
	Off-peak qualification requirements	Could reduce incentive for settings to count L3 students in L2 ratios, and L6 students in L3 ratios	Could reduce demand for L3 staff and disincentivise staff from undertaking EBR	Could reduce demand for L3 staff and therefore the need to count staff without a L2 maths qualification in L3 ratios	None	Could incentivise use of less qualified staff to provide support to children with EAL
		Students & apprentices count in ratios	Increasing the supply of staff counting in L3 ratios could disincentivise staff from undertaking the EBR, and vice versa	Increasing the supply of staff counting in L3 ratios could reduce the need to count staff without a L2 maths qualification in L3 ratios, and vice versa	None	Could incentivise use of students & apprentices to provide support to children with EAL
			Experience-based route	Increasing the supply of staff counting in L3 ratios could disincentivise staff from undertaking the EBR, and vice versa	None	Could incentivise use of L3 'approved status' staff to provide support to children with EAL
				L2 maths requirements removal	None	Could incentivise use of staff without a L2 maths qualification to provide support to children with EAL
					CM assistants as key person	Could free up CM time to provide more support to children with EAL
						EAL requirement change

Table 16: Potential interaction effects between modelled interventions

86. Lastly, the relatively small sample size of the Pulse Survey made it impractical to capture geographical information that could have proved useful to the modelling, for example in how the EAL measure may have a larger impact in areas where settings have a larger relative proportion of children with EAL.
87. We have attenuated each of the risks above in the sensitivity analysis by placing ranges on the Pulse Survey data, and on the input assumptions.

7.4 Small and Micro Business Assessment (SaMBA)

88. The department gathers data on the number of paid staff per setting by provider type in 2022 SCEYP, see Table 14. Based on the data, all childcare providers are either small or micro businesses. The vast majority of CMs do not employ any assistants, and so are also considered to be micro. Given this, these policy changes should not cause disproportionate burdens on small and micro businesses in isolation.

Table 17: Average number of paid staff per setting, by provider type

<u>Provider Type</u>	<u>Average number of paid staff per setting</u>
All School-Based	5
School-Based Provider offering nursery	5
Maintained Nursey School	17
All Group-Based	11
Private Group Based	13
Voluntary Group-Based	9

89. Due to building restrictions, there may be some situations in which more micro childcare providers are unable to offer more childcare places, and as such may miss out on some benefits of the policy objective. However, in contrast they would still be able to reduce staffing hours if they wished.

90. There is some scope for competition between providers to fill the additional places they can now offer, which may drive down costs. If smaller businesses are not able to do this, it may result in parents switching to cheaper providers.

7.5 Risks and sensitivities

7.5.1 Behavioural response of providers

91. As with deregulatory policies, there is a risk that businesses do not respond to the change and continue working as they did before. As such, it is possible that there will be little to no impact of the proposed changes. We have used the results of the Survey of providers to refine and sense-check our assumptions about how providers may respond to the proposed changes.

92. Deregulation provides the option to use the flexibilities offered by the package, and the decision of this lies with providers. Although a number of requirements within the EYFS are changing, providers are still subject to other regulations such as safeguarding, first aid etc. The majority of regulations, including learning and development requirements, are not changing, and as such outcomes relating to these are unchanged.

7.5.2 Sensitivity analysis

93. Throughout the IA, analysts have conducted scenario modelling as a way of providing a picture of potential cost implications of this regulation change. We have used the Survey of providers data throughout the analysis to provide a sensitivity analysis, in which we test the evidence and assumptions used in the scenario modelling calculations.

7.6 Wider impacts

7.6.1 Competition among providers, prices and quality

94. Demand for childcare and therefore the competitive structure of the market tends to be highly localised (reflecting for example distances parents will travel and income levels) and the financial positions of providers differ substantially.¹ This means the impacts on competition in the sector is likely to vary and be uncertain.

For some providers, they will be able to offer more childcare places under these measures, and it is possible that this will drive some competition between providers to fill those spaces, potentially by reducing parent paid fees.

95. Underpinning supply-side changes, the expansion of the entitlements offer announced at the Spring Budget 2023 will lead to an increase in demand for childcare overall. For example, starting from April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week for 38 weeks of the year; this is forecast to benefit parents of up to 285,000 children. Ultimately all working parents with children aged 9 months to 4 years will be able to access 15 hours of free childcare per week for 38 weeks of the year. The flexibility given to providers may allow providers to offer additional places or hours and help to address parental demand for places.

96. Where there is greater flexibility for childminders as they are now able to offer more places to younger children, there may be greater flexibility for parents. Parents could have access to more childcare places closer to home that they may have otherwise had to travel for.

97. The clarification changes could also bring a positive impact to providers as L6 professionals operating in the level L6 staff:child ratios would be beneficial to increasing the quality of the workforce. Evidence suggests that those with Early Years Teacher Status (EYTS) have a positive impact on children's outcomes², therefore having members of staff with this status would be beneficial to the reputation and outcomes of the setting.

98. Removing the requirement for childminders to complete EYFS training may lead to a growth in the number of childminders as the registration process will become cheaper. In turn, supply could be increased and parents may benefit from greater flexibility.

7.6.2 Public Sector Equality Duty (PSED)

99. An Equalities Impact Assessment has been completed. Overall, we believe most of the changes have a neutral impact on race. However, as part of this work and following consultation, one amendment within the framework is around the requirement for practitioners to provide an environment which supports children with English as an Additional Language in developing their home language (that is, a language spoken in the home environment other than English). At present, the EYFS states that, "For children whose home language is not English, providers must take reasonable steps to provide opportunities for children to develop and use their home language in play and learning, supporting their language development at home." Although the current requirement is that providers must take reasonable steps, this may lead to uncertainty amongst some providers about what is reasonable. Our assessment is it being a "must" could be an unreasonable request of some providers, particularly childminders, if the practitioner(s) do not speak any language other than English, especially if multiple children at the setting have multiple different home languages. Therefore, following consultation, we are changing this requirement to "may". Changing this requirement to a "may" could negatively impact some children with a home language which is not English, some of whom are likely to share the characteristic of race. However, making this change will offer a flexibility to providers who could struggle to meet the existing requirement due to the makeup of their staff and the children they care for, whilst still promoting the use of children's home languages in play and learning where this is appropriate. Data from the provider pulse

¹ <https://www.gov.uk/government/publications/providers-finances-survey-of-childcare-and-ey-providers-2021>

² [Early years workforce qualifications and children's outcomes - Education Policy Institute \(epi.org.uk\)](https://www.epi.org.uk/early-years-workforce-qualifications-and-childrens-outcomes)

survey suggests that, in a majority of instances, providers will still facilitate the use of children's home language.

7.6.3 Family Test

100. These changes to the EYFS to increase flexibility are part of strategic plans to meet the ambitions of the Spring Budget 2023 investment in childcare, increasing the number of placements available to parents. The expansion of 30 hours free childcare is intended to support balance of work and family life and is therefore likely to assist family formation in its different guises. The expansion will support a variety of family structures as the eligibility criteria, has accounted for different scenarios. Reliable childcare provides security and stability for a child, whilst allowing parents to use that time for necessities such as work, family time, relationship building, and time to focus on wellbeing. This could result in better work life balance and a happier family environment within the home. We are not aware of any negative impacts these policies may have on family formation. However, we will continue to keep this under review.

7.7 Monitoring and Evaluation

101. A post implementation review (PIR) will be carried out on the amending regulations to monitor and evaluate the impact of the changes. Whilst the regulations will be subject to a formal statutory review five years from when the regulations come into force (if the EANCB is +/- £5million), DfE will be continually monitoring the effectiveness and impact of the changes.

102. The department conducts an annual survey of childcare and early years providers, SCEYP, allowing monitoring of the average staff-to-child ratios providers are operating at (see section 7.1.1 for more information). The department intends to use this survey, along with any additional provider surveys such as its ad hoc provider surveys³ or qualitative research, to monitor the behavioural response of providers to the changes and the impact they have had on their operating models, provision and finances.

103. The department intends to use Ofsted's official statistics on childcare providers and inspections⁴ to monitor and evaluate how the change will impact the quality of early years provision. These statistics are released every four months and report the number of inspections of providers on the Early Years Register (EYR) and the outcome of those inspections. This however would not capture providers which are not registered on the EYR.

104. Children's outcomes at the end of reception year are monitored over time via the Early Years Foundation Stage Profile statistics⁵, though this does not establish causality.

³ <https://www.gov.uk/government/publications/the-impact-of-rising-costs-on-childcare-and-early-years-providers>

⁴ <https://www.gov.uk/government/collections/early-years-and-childcare-statistics>

⁵ [Early years foundation stage profile results, Academic year 2021/22 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/government/statistics/early-years-foundation-stage-profile-results)