

JRF submission: Foundation years and the UK Government's life chances strategy inquiry

The following submission is an outline of JRF's views on the Government's life chances strategy inquiry, based on our evidence of poverty and disadvantage in the early years.

If you would like to arrange a meeting with one of our experts to discuss the points raised please contact:

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Key points

- To be effective, the Government's life chances strategy must seek to address the full range of reasons for why children from poorer backgrounds are more likely to be in poverty as adults and to raise their own children in poverty than their wealthier peers.
- These reasons are complex, and affect every child and every family differently. However, the common thread linking those in poverty is not having the resources to meet their needs. Supporting families so that they are able to get enough income to meet these needs is vital, but to make long-term progress the focus cannot be on incomes alone. Costs and variations in needs, such as health, matter too.
- We know that poverty in the UK is a problem that can be solved. As the economy grows and unemployment continues falling, it is vital that the Government looks at how families can be supported to find a way out of poverty and how the link between childhood household income and life chances can be severed.

The relationship between early years education and the life chances strategy

Improving the quality and affordability of childcare would boost children's development, narrow the attainment gap and help parents to get back into work or take up more hours, increasing the life chances of both parents and children in the UK.

A recent report by the Family and Childcare Trust¹ for the Joseph Rowntree Foundation found that high-quality early education and intervention can mitigate against the negative effects that poverty has on children's life chances, but that the current system is failing to deliver this.

The quality of childcare is the key to whether or not it affects children's future life chances. Very poor quality care is rare in the UK, but care must be of a very high quality in order to have an impact on children's future development. To achieve this standard, care providers need to have well-qualified, experienced staff, a good social mix of children, a proactive approach to supporting home learning and strong links with early intervention services. Very few childcare providers tick all of these boxes. In particular, low wages in the sector are a barrier to raising standards. Few children, particularly those under the age of three, receive care led by graduates.

Families on lower incomes are likely to face particular problems trying to access high-quality childcare. There tend to be fewer childcare providers available in less prosperous areas, meaning that parents struggle to access flexible, year-round care. Private and Voluntary Sector providers in poorer areas tend to be of lower quality. Whilst there is often more maintained childcare, where quality is generally higher, this often does not provide sufficient childcare for younger children or to cover working hours. Finding suitable care is particularly problematic for parents who work atypical hours, which can limit the jobs which parents are able to take up and make it more difficult to access training and education. This limits the prospects of low-income parents, and is likely to make it more difficult for households affected to find a way out of poverty.

From April this year, the Government plans to extend free childcare provision to 30 hours per week for three and four year olds and increase support to cover 85% of childcare costs for parents eligible for Universal Credit. This will help some families, but it is unlikely to provide adequate support for parents on low incomes. The system for delving this support is complex and difficult to navigate and doesn't provide adequate support for those struggling to pay deposits and up-front fees. On top of this, Universal Credit will not provide strong work incentives for many parents, particularly second earners, and there are gaps in support for parents trying to look for a job or access education or training².

To make the system more effective at improving life chances, for children in poverty and their parents, we recommend:

- Increasing the pay of childcare workers in the private and voluntary sector to bring it in line with staff in school nurseries, which would increase quality by moving towards a highly-qualified, graduate led workforce.
- Helping parents to access work and training by investing in more flexible local services which cover the full day and are available 48 weeks of the year.
- Extending childcare support to parents who are searching or preparing for work, for example through training or education and paying childcare deposits and upfront fees for parents moving into work.
- Over time, move to a supply side funding model where most public subsidy is given directly to service providers rather than through parents. This would deliver higher quality childcare and better value for money.
- Under this model parents would pay a capped, income-based fee per hour when accessing childcare outside of the free offer. Families with the lowest incomes would receive all care free of charge while fees would be capped at 10% of disposable income for those with low to middle incomes³.

In 2017/18, £7 billion public money, 0.48% of GDP, will be spent on the UK's childcare system every year. The majority of providers' incomes will come from the State, but with very limited ability to ensure quality or value for money. Moving to a supply side funding system and an overall cap on fees would allow the government to get a much better deal for taxpayers and to realise the maximum benefits from its investment in childcare through both parental employment and children's development⁴.

Over ten years, the improvements outlined above could be achieved if this investment rose to £5.5 billion to £12.7 billion, or 0.85 per cent of GDP. Although the initial investment is significant, over the long term the increase in children's educational achievement and in the future earnings of parents and children will offset the cost to taxpayers. A report by the Institute of Fiscal Studies⁵ found that children who attend a pre-school achieve 0.8 more GCSEs at grades A*-C, and increase their lifetime earnings by an average 7.9 per cent or £27,000 at current values, or £35,000 per household. This could be achieved with an investment of £10,000 per child in high-quality early education, as set out above.

Investing in childcare for pre-school children is strongly linked to increased life chances. However, children from low income backgrounds make less progress than those from richer families at every stage in their education. It is important to maintain overall spending at all stages of education so that increased investment in the early years does not come at the expense of investment in later education.

Tackling the attainment gap

The attainment gap between poorer children and their better off peers begins to open very early in children's education, and widens as they progress. In England, the number of children who qualify for free school meals who achieve expected levels at school is 9% lower at aged five, rising to 18% at age 11 and 27% when children sit their GCSEs. This has a long term impact on their chances of living in poverty as adults - people who lack 5 GCSEs at grade C or above are five times more likely to live in poverty as those educated to degree level.⁶

There is a strong link between poverty and the likelihood of a child being identified as having Special Educational Needs and Disabilities. Research by LKMco and JRF⁷ has found that a quarter of pupils living in poverty have SEND, meaning that children from low income families are twice as likely to be identified as having SEND as their better off peers. These pupils are also less likely to receive the support they need. This can have a deep impact on children's chances of being in poverty as adults. Children with SEND are much less likely to leave school with good qualifications and are more likely to be excluded, meaning that they are much more likely to be unemployed and low paid. Providing support early is key to tackling this. High quality pre-school education can reduce the risk of developing SEND for children from low income families, and ensuring that all early years settings have access to a support is key. Giving teachers more training in how to identify and support SEND pupils will help to make the achievement of SEND pupils is seen a priority across whole schools.

The most important factor in how well any child does at school is the quality of teaching, and is particularly important for children from low income backgrounds. For these pupils, having a good teacher compared to a weaker teacher leads to an additional year's progress⁸. Programmes such as Teach First, which encourage highly-qualified graduates to teach in lower-income areas, are positive but are not big enough in scale to make a significant difference to the attainment levels of low income pupils. This will require an equal commitment to improving Continuing Professional Development for the rest of the workforce.

To make a significant impact on the educational attainment of low-income pupils, we recommend that the Department for Education investigate the most effective incentives to attract teachers and leaders to where they are most needed. This could include trialling a 'Teacher Pay Premium' pilot, which would mean that 2000 high-performing teachers are given a 25% pay premium if they move to teach in challenging schools which are struggling to recruit.

As well as recruiting and retaining more high-quality teachers, improving teachers' Continuing Professional Development, is fundamental to improving teaching standards. This could be done by introducing a 'strong entitlement' to professional development, creating a Royal College of Teaching and revitalised National College for School Leadership to encourage teachers to expect more professional development and by enabling teachers to gain a Masters' degree using their professional experience.

The role and capacity of Regional Schools Commissioners, a position created in 2014 as the role of Local Authorities in education declines, needs to be developed further if they are to be able to tackle the educational disadvantages faced by children in poverty. In particular, if Regional Schools Commissioners are to become the main source of oversight and support then their goal should be to improve performance across all schools in their area, not to promote a particular type of school. The EEF's Family of Schools database allows schools to compare their performance to that of schools with similar pupils. Regional Schools Commissioners should use this information to push schools to raise their performance to match that of the best performers in their Family. Regional Schools Commissioners should lead the development of strong networks in every area to link schools with one another to provide challenge and support, building on the experience of the London and Greater Manchester Challenges⁹.

Cross-departmental co-ordination on early years interventions and interaction with the benefits system and public services

High-quality childcare and early years education are vital to improving life chances for children in lower-income households. However, they will not reach their full effectiveness unless they are underpinned by action to support parents and encourage positive changes in children's home lives. JRF's research found significant differences in poorer infants and mothers' health and wellbeing, family interactions, the home learning environment and parenting styles¹⁰. As children grow older, the study reported parent's aspirations for higher education and attitude about how far their actions can affect their own lives were both factors which contributed to the widening attainment gap between affluent and disadvantaged children during primary school. These factors are strongly linked to income levels, with 81% of the richest mothers saying they hoped their nine-year-old would go to university, compared with only 37% of the poorest mothers.

These findings suggest that Government support for lower-income parents with health outcomes, parenting styles and the home learning environment could help to improve children's life chances. But provision of these services is far from comprehensive. The Social Mobility and Child Poverty Commission has argued that parenting is 'the biggest strategic omission in approaches to childcare across the UK'.

There are some existing policies aimed at supporting good parenting, such the Troubled Families Programmes and a range of small-scale parenting programmes. However, these can be patchy, and leave many parents, particularly those on lower incomes, without access to support. Quality can also be poor - an assessment from the Early Intervention Foundation has found that many current approaches have very mixed evidence on effectiveness¹¹.

Alongside parenting support, it is important to note that the relationships that parents have with each other, and with other significant adults, can also have a long-term impact on children's development. The Government has taken steps to support children's home lives by helping to support parents relationships with one another and avoid family breakdown, parental conflict and mental health problems, all of which affect children's life chances.

Evidence from current investment in relationship support interventions such as marriage preparation courses, couple counselling and relationship support for first-time parents shows that couples report improvements in well-being, communication, relationship quality and housing. Cost benefit analysis has shown that couple counselling, for example, creates between £8 and £12 of benefits for every £1 spent.

However, studies have shown that families from lower-income backgrounds are less likely to access these services. Research led by the Tavistock Institute for Human Relations¹² has found that couples with more stable economic circumstances, and those from white ethnic backgrounds were more likely to access relationship support services than those with lower incomes. As couples living in poverty are at higher risk of relationship breakdown, a focus on increasing this group's take-up of relationship support services would make them more effective.

Couple support services are an important mechanism for preventing family breakdown. However, to reduce the need for these services in the long term, the Government must take preventative measure to tackle the drivers of these problems, such as poverty, worklessness and mental illness. To make parental support services more effective, encouraging cross-departmental co-ordination and making the full range of services easier for low-income parents to access is key.

JRF supports the Department for Work and Pensions' funding to develop relationship support services, including preventative support for couples, targeted support for parents with complex needs and work to encourage the take-up of support services. To achieve this, JRF recommends that Government works with third sector organisations to develop an evidence-based programme to support parenting in the early years, to be funded and delivered through health visitors, children's centres and family hubs.

To support this, JRF backs the Centre for Social Justice's proposals to reshape children's centres and family support services into Family Hubs¹³. The Hubs would bring services including birth registration, antenatal and postnatal services, childcare information, debt advice, relationship and parenting support, local activities for families and support for families who are separating together, making it easier for parents to access the full range of support services available. Using a 'hub and spokes' model, services would build on these larger centres to base services in the wider community, making them easier to reach for people who would struggle to travel to a central hub, and would link with local voluntary and community sector activities.

Research from the Family and Childcare Trust¹⁴ indicates that providing an effective early intervention network, and making the best use of the expanded health visitor service, will also require additional funding. The funding needed is estimated to be £560 million in England. It is also vital to put in place rigorous evaluation to make sure that services are making the best use of resources and delivering for families, particularly those who have been less well served such as ethnic minority families and families with disabled children.

We know that children who live in lower-income households tend to do less well in school, have lower self-esteem and are more likely to experience poverty as adults. To some extent this is caused by household factors, such as levels of parental education and maternal mental health, which have already been outlined in this submission. However, there is good evidence that children in lower-income families have worse cognitive, social-behavioural and health outcomes in part because they are poorer, not just because low income is correlated with other household and parental characteristics.

JRF's research¹⁵ has found that poverty had the strongest link with cognitive development and educational achievement followed by social and behavioural development. Increased income also impacted upon other factors which indirectly affect children, such as the home environment and maternal depression.

The review found that increasing the income of households below the poverty line had a positive impact on children's outcomes. The effect of increases in household income on children's cognitive development appears to be comparable with the effect of spending on early years education. In the UK, increasing household income for children in receipt of free school meal to the average income for the rest of the population could eradicate around half the gap in Key Stage 2 outcomes between these children and their better-off peers.

This evidence suggests that economic policy, particularly strategies aimed at helping people to get into work, improve their skills and progress in the workplace have an impact on increasing life chances. It also highlights the importance of maintaining a benefits system which acts as an adequate safety net for those who find themselves out of work or unable to make ends meet, and makes sure that work always pays for those in low-paid jobs.

Government action on employment has contributed to the highest employment rate on record. Finding work sharply reduces a household's risk of poverty: a household with two unemployed adults had a poverty risk of 72 per cent in 2012/13, compared 6 per cent for a household with two adults working full time¹⁶. Work remains one of the best routes out of poverty, so continuing this trajectory will help more households to improve their living standards and to drive up the life chances of lower-income households. However, we cannot ignore the fact that 66 per cent of children in poverty now live in working households. Three quarters of these are in households where at least one adult works full time.

For many low-income households, getting a job is a first step. To help more people find a permanent way out of poverty, the Government needs to work with employers and local leaders to help people get on in work and increase their earnings, not simply to find a job. To support this, it is important to look at how the jobs market and the benefit system interact. JRF analysis¹⁷ has found that the introduction of the National Living Wage, increases to the personal tax allowance and more support with childcare will help working families with two full-time earners and working single people without children. But many families, including those with one main breadwinner or those headed by a

lone-parent, even if they are in full time work, are likely to find themselves worse off despite wage increases unless they are able to progress at work and increase their salaries above the level of the NLW.

This is due in large part to upcoming reductions in benefits, which will offset the gains that these families will get from increases in childcare provision and basic wages. Recent reductions to tax credit cuts will give these families valuable breathing space, but reductions to the Universal Credit system are still due to go ahead. As Universal Credit takes over from the current benefits system, it is important to look closely at benefit levels and withdrawal rates to ensure that low-earning workers are able to achieve an adequate income.

Raising the income of worse-off households is not a complete solution to improving the life chances of children living in poverty and JRF welcomes the inclusion of other factors, such as family breakdown and family functioning, worklessness and problem debt as factors which affect children's outcomes. However, this evidence shows that income does matter, even after these other factors are taken into account.

Measuring the number of children who live in families with low incomes and looking at the short and long-term impact that this has on their education and development should be a central part of Government attempts to level the playing field for children on lower incomes. It is important to note that increasing income is also likely to have an effect on other factors which affect children's outcome, such as the home environment, maternal mental health and children's anxiety levels and behaviour. Furthermore, reducing the number of households living in poverty could make the money spent on early years education more effective, as lower levels of cognitive and social development would reduce children's life chances, making it harder for other policies aimed at boosting life chances to deliver. Few other factors and policies are likely to affect such a range of outcomes at once. The Government's recent decision to continue publishing income measures alongside its new indicators is therefore welcome. What must follow in its wake is the right blend of policies to bring the levels down.

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