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Dear Edward Maxfield

I am writing to you as a business owner and an Early Years Education and Childcare Provider in Norfolk. I am the co-owner of the nurseries named above, looking after 250 South Norfolk children.

I am asking you to urgently call on the Department for Education to re-evaluate the funding system for Early Years settings as announced on 21st February 2025 [Early education and childcare (effective from 1 April 2025) - GOV.UK](https://www.gov.uk/government/publications/early-education-and-childcare--2/early-education-and-childcare-effective-from-1-april-2025)

I want to make sure that you are fully aware of the updated changes recently announced by the Department for Education and what the impact of these will be on businesses and families in your council area so I ask that you carefully read the following. I am happy to discuss this matter further if you would like clarification on any point.

The current system does not work effectively for parents or settings, and it is also costly to administer (for providers, the Government, and the Local Authorities.) It is prohibitively complicated for parents to understand and has created mistrust between customers and providers. In most cases, it also does not do what it sets out to do – provide cheaper, flexible childcare for working families. And it certainly does not support the provision of high quality early years education.

The difficulties first stem from how the scheme is ‘advertised’: Parents are told they have 15/30 free hours per week which has 2 main problems: Firstly, 15/30 relates to term-time (38 weeks) only so parents straight away feel disgruntled/mis sold.

Secondly, the hourly rate is set by the government and bears no relation to what an individual setting’s hourly rate is (nb: it is also different in different counties which is another issue entirely: The Norfolk rate is well below the average) So for some settings (often childminders, or small packaway settings) the hourly rate given by the LA covers their normal hourly fees, but for the majority of settings, the rate is totally different to their own costs.

Nobody is disputing that the government funding is providing parents with much needed financial support to access childcare and early years education, and none of us would like to remove that benefit to families. What we would like to be addressed is the fact that the hourly funding amount paid to settings by the Government does not cover the actual cost of providing the service: The actual figure obviously varies from setting to setting as all businesses have to base their prices on their specific business expenses/running costs. Therefore by insisting that parents do not have to pay any additional charges will force many, many settings in Norfolk to have to make a choice – either close, or refuse to accept government funding and operate on a private only basis.

Some of us are able to offer sessions to some parents at no cost, and we will continue to do so, especially for those who are most disadvantaged, however none of our settings are willing to put our businesses on the line to offer all sessions to parents completely free of charge, without parents paying additional charges.

I do not understand how the government has the right to stipulate what a private business can charge. Are there any other businesses where this applies? Where the government can dictate what a business is ‘allowed’ to charge for its own service? Or where it can say which parts of a service are ‘free’ and which are chargeable?

From September, most children over 9 months old will be eligible to receive the ‘30’ hours. This means that a far larger proportion of provider’s income will come via the government, with conditions placed on how to recoup the shortfall. Settings that are currently recouping the money via higher ‘private’ hours will have far fewer private hours to sell, resulting in higher prices.

If the DfE introduced the guidance to increase the access to affordable childcare for working families, they have done the exact opposite. What is happening right now is that:

1. Settings will close, or
2. Settings will refuse to offer funding, or
3. Settings will have to limit the number of funded places or when funded hours are accepted, reducing flexibility, or
4. Settings will have to hugely increase the cost of additional/private hours to cover the cost of ‘free’ hours

The other point is one of quality and equality.

The guidance promotes a 2-tier system where those who are willing to/are able to pay additional charges will receive a higher quality, more diverse and rich early years education and those who do not/cannot will receive basic childcare provision. This completely flies in the face of true inclusion and high quality early years education for all.

I am under no illusions that the Government’s pot of money has a lot of demands upon it. I do not believe that simply raising the funding rates for early years setting would alleviate the problem (I hope that that is clear from what I have already stated) and I believe that a much simpler and cheaper solution already exists whereby parents could receive the funding direct via the ‘tax-free childcare accounts’ they already use.

I am asking you to bring these points forward to your parliamentary representative and request that the Department for Education delay the implementation of these changes until a meaningful consultation with a full spectrum of providers has taken place.

Thank you for taking the time to read this very long letter. It is such a complicated problem that I felt a full explanation was required. I would welcome the opportunity to discuss this further at any time.

Yours sincerely

Jo Billham

Nursery Owner

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