

Title: Early Years Foundation Stage (Learning and Development Requirements) (Amendment) Order 2012 IA No: DFE0017 Lead department or agency: Department for Education Other departments or agencies:	Impact Assessment (IA)		
	Date: 01/01/2011		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
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Summary: Intervention and Options	RPC Opinion: AMBER
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£216.7m	£90.5m	-£10.0m	Yes OUT

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

To improve quality across the early years sector to ensure children are ready to take full advantage of the educational opportunities ahead of them, while reforming the EYFS to simplify requirements and processes and to reduce associated paperwork and burdens on providers. We also aim to strengthen engagement with parents, and to improve the early identification of problems so that extra support can be secured. The reforms are supported by a full public consultation and by the recommendations of an independent review led by Clare Tickell, Chief Executive of Action for Children. Key parts of the learning and development requirements have also been subject to a further 1-month consultation.

What are the policy objectives and the intended effects?

1. Simpler processes, allowing more time with children and encouraging professional judgement.
2. Greater flexibility, enabling settings to deliver a more tailored curriculum.
3. Greater clarity, helping providers and inspectors understand requirements.
4. Early identification of children's needs, preventing problems and limiting additional support costs.
5. Using the latest evidence about how children learn, to give children strong foundations for school and life.

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

The preferred option is informed by evidence, by recommendations of the Tickell review and by responses to consultation with practitioners, teachers, academics, representatives of professional organisations, parents, carers and children. The learning and development proposals are welcomed. There is strong support for a statutory framework to promote quality and support the government's investment in early education. The slimmer early learning goals are seen as a necessary simplification. The progress check at two is seen as an important means for better early intervention.

The option to make no changes would leave the sector with a regime which many consider burdensome and overly complex, and which could do more to address the development of children from birth to age 3. A further option, to remove the EYFS, would leave children at risk of poor quality support for their learning and development, and not ready for Year 1.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 09/2016					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes/No	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	
				Non-traded:	

I have read the Impact Assessment and I am satisfied that, 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: Sarah Teather Date: 26.3.12

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £167.6m	High: £265.9m	Best Estimate: £216.7m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	£8.4m	£1.7m	£23.3m

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

The progress check at age 2 will impose a small annual time cost for some practitioners and some health visitors (however, practitioners are already required to conduct ongoing assessment and share info with parents). There will be small one-off familiarisation costs for providers as they prepare to adopt the revised learning and development requirements. There will be small transition costs for local authorities to revise training and guidance for settings.

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

Costs to the Department for Education have not been monetised.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0	£22.2m	£190.9m
High	£0	£33.6m	£289.2m
Best Estimate	£0	£27.9m	£240.1m

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

Maximum of 5 lines Practitioners and teachers will enjoy more time to work directly with children, and will be relieved of unnecessary paperwork, as a result of the simplification of the early learning goals and scale points. These time savings will accrue to all practitioners when planning, observing and assessing for children from birth to five, and particular savings will be made by reception teachers when completing age 5 assessment (EYFSP).

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

Children will benefit from an EYFS with greater focus on the essential foundations of healthy development. Families and society will gain from earlier intervention to prevent problems escalating and becoming more costly. Parents will benefit from a more accessible EYFS, enabling them to understand their child's development, to work with practitioners/teachers, and to help their child progress. There will be time-saving for data collection, moderation and reporting.

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

It is difficult to accurately estimate the costs and benefits in terms of practitioners' and teachers' time. Using an informal group of practitioners, teachers and intermediaries, we have tested our assumptions and adjusted the estimates made in the earlier version of this impact assessment.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: £1.2m	Benefits: £11.7m	Net: -£10.5m	Yes	OUT

Evidence Base (for summary sheets)

Background

Why the early years are important

The evidence is clear that children's experiences in their early years strongly influence their outcomes in later life, across a range of areas from health and social behaviour to their employment and educational attainment. The most recent neuroscientific evidence highlights the particular importance of the first three years of a child's life. A strong start in the early years increases the probability of positive outcomes in later life; a weak foundation significantly increases the risk of later difficulties.ⁱ These findings are reflected in children's educational outcomes, which show a strong correlation between EYFS results and Key Stage 1 results.ⁱⁱ Children's experiences in their early years provide the essential foundations for both healthy development and their achievement through school.ⁱⁱⁱ These links (explored further in DfE Research Report DfE-RR034) illustrate why it is important to ensure that children's early experiences equip them with the skills they need for life.

In the UK, the Effective Provision of Pre-School Education (EPPE) Project found that attending a high quality pre-school setting has a positive impact on children's academic and social development, and that the benefits largely persist through to the end of Key Stage (KS) 2.¹ It also found that disadvantaged children in particular benefit from good quality pre-school experiences, especially where they mix with children from different social backgrounds.²

Although a quality early years experience is shown to be good for all children, it is also particularly helpful for children from poorer socio-economic backgrounds, specific ethnic minority groups and those for whom English is an additional language (EAL). There is evidence that early years interventions can narrow the gap between disadvantaged children and other children in terms of their cognitive development.³ This is also the case for social and behavioural development.⁴

The strongest signs of good/high quality settings include the fostering of warm interactive relationships with children, and the presence of more qualified staff, especially trained teachers.^{5,6} Moreover, settings achieving higher quality scores, and better progress for their children, are those which view educational and social development as complementary and equal in importance.⁷

The Rationale & Aims of the Early Years Foundation Stage

The Early Years Foundations Stage was introduced to improve quality in early years provision, and help all children achieve their potential, including narrowing the gap between the achievement of disadvantaged children and the rest.⁸ The quality of early years provision is a

¹ Sylva, K., Melhuish, E. Sammons, P. Siraj-Blatchford, I. and Taggart, B. (2009) *Final report from the primary phase: pre-school, school, and family influences on children's development during Key Stage 2 (age 7–11)*, (Effective Pre-School and Primary Education 3–11 project (EPPE 3–11)), London: DCSF/ IOE

² Sylva, K., Melhuish, E. Sammons, P. Siraj-Blatchford, I. and Taggart, B. (2009) *Final report from the primary phase: pre-school, school, and family influences on children's development during Key Stage 2 (age 7–11)*, (Effective Pre-School and Primary Education 3–11 project (EPPE 3–11)), London: DCSF/ IOE

³ Springate, I., Atkinson, M., Straw, S., Lamont, E. and Grayson, H. (2008) *Narrowing the gap in outcomes: early years (0–5 years)*, Slough: NFER

⁴ Springate, I., Atkinson, M., Straw, S., Lamont, E. and Grayson, H. (2008) *Narrowing the gap in outcomes: early years (0–5 years)*, Slough: NFER

⁵ Sylva, K. Melhuish, E. Sammons, P. Siraj-Blatchford, I. and Taggart, B. (2004) *The Effective Provision of Pre-School Education Project*, London: DfES

⁶ Melhuish E., Belsky J., Macpherson K., Cullis A. (2010) *National Evaluation of Sure Start: Quality of Childcare centres used by 3-4 year old children in Sure Start areas and the relationship with child outcomes*. London: Birkbeck

⁷ Sylva, K. Melhuish, E. Sammons, P. Siraj-Blatchford, I. and Taggart, B. (2004) *The Effective Provision of Pre-School Education Project*, London: DfES

⁸ DfES (2004) *Every Child Matters: Change for Children*, DfES: London

key influence on children's later progress and well-being.⁹ The EYFS was therefore devised with the following aims:

- setting the standards for children's learning, development and care;
- improving quality and consistency in the early years sector;
- laying a secure foundation for future learning through learning and development planned around the individual needs and interests of each child;
- providing for equality of opportunity; and
- creating the framework for partnership working.

The 2007 consultation on the original EYFS revealed significant support for the framework. Responses welcomed the proposals to reduce fragmentation and confusion by bringing together the existing standards and guidance, to improve quality across the sector, and to place the interests of individual children at the heart of the system – with a special focus on disadvantaged and vulnerable children.¹⁰ The Regulatory Impact Assessment¹¹ (RIA) evaluated these objectives, and also highlighted that a single framework would reduce bureaucracy and help create a level playing field between maintained, voluntary and private sectors. The RIA considered that the existing system put unnecessary burdens on providers and Ofsted in delivering and inspecting early years learning and childcare.

Current EYFS Framework

The statutory part of the EYFS sets out the legal requirements relating to learning and development and welfare.

The learning and development requirements comprise:

- a. **Educational programmes** – these illustrate the overarching ways in which children develop within each area of learning.
- b. **Early learning goals** – developmental milestones describing the knowledge, skills and understanding which most, though not all, young children should be able to achieve by the end of the academic year in which they turn five. There are currently **69** early learning goals
- c. **Assessment arrangements** – assessment in the EYFS is through observation of day to day activities – there is no testing. In the year in which children turn five, practitioners are required to record their observations on the Early Year Foundation Stage Profile (EYFSP) - which is a way of summing up each children's development and learning achievements at the end of the EYFS. These scales are further broken down in **117 scale points** derived from the 69 early learning goals.

Six areas covered by the above early learning goals and educational programmes:

- Personal Social and Emotional Development;
- Communication, Language and Literacy;
- Problem-solving and Numeracy
- Knowledge and Understanding of the World;
- Physical Development; and

⁹ DfES (2004) *Every Child Matters: Change for Children*, DfES: London

¹⁰ DFES (2006) *The Early Years Foundation Stage - consultation on a single quality framework for services to children from birth to five*, London: DfE, available at: www.education.gov.uk/consultations/

¹¹ DFES (2007) *Regulatory Impact Assessment for the Early Years Foundation Stage and Registration of Early Years Provision*, London: DfES

- Creative Development.

Rationale for the revised EYFS

The government recognises that the Early Years Foundation Stage (EYFS) has helped to promote a focus on learning and development for children aged 0 – 5 across the sector, and done much to raise standards. However the framework is seen as overly elaborate, unwieldy and in some respects burdensome. It can seem inaccessible to parents as well as to less-experienced practitioners. This causes some confusion between providers and Ofsted inspectors, sometimes leading to costly complaints, investigations and appeals.

The learning and developments requirements should be revised to reflect the latest evidence on how children develop. There is also a disjuncture between the EYFS and the National Curriculum - many Year 1 school teachers do not use the EYFS profile effectively. If the Government did not intervene and the current process remained unchanged, the sector would continue to experience unnecessary burdens in a challenging economic climate. Our proposed reforms would reduce burdens overall.

Tickell Review

The revised EYFS is informed by an independent review, led by Dame Clare Tickell, Chief Executive of Action for Children. The review was asked to consider how the EYFS could be improved and how burdens could be reduced. Tickell reported on 30 March 2011, after gathering a wide range of evidence from people working in the early years sector, academics, representatives of professional organisations, parents, carers and children. The review collected over 3,300 written responses to the call for evidence conducted in August and September 2010.

On learning and development, Tickell recommended that the early learning goals should be reduced in number from 69 to 17 and that the assessment scale is radically simplified. The review also recommended that three areas of learning are identified as *prime* areas, of particular importance, to help all early years practitioners understand how to focus their support for children's development. Tickell also recommended the introduction of a requirement for practitioners to provide to parents and carers, at age 2, a short summary of their child's communication and language, personal, social and emotional, and physical development (the progress check at age 2). This proposal aims to improve the early identification of development needs, towards more effective intervention by relevant professionals.

Consultation

During summer 2011, the government conducted a full public consultation on the revised EYFS. Overall, the consultation has revealed strong support for the reforms. A majority found the EYFS clear and easy to navigate, and many recognised that the slimmer format was more parent-friendly. Approval is strong for the three prime areas of learning; and simplification of assessment at age 5.

The progress check at age two was broadly welcomed. We propose tackling concerns about implementation via supplementary guidance/best practice examples and/or training. We are developing options for possible training for practitioners to better engage with parents on their child's development.

Many agreed that the general structure and content of the areas of learning, and the early learning goals, would offer improved links to Year 1. There were some concerns about how the goals would work in practice, and about the proposed three-part scale. We responded to

concerns about the age 5 learning goals for literacy and maths, making adjustments to the descriptors for goals, and we are confident that the revised goals provide an appropriate baseline for the National Curriculum. On the Early Years Foundation Stage Profile (EYFSP), the proposed 'emerging', 'expected' and 'exceeding' categories for the EYFSP assessment met with general approval and we propose to retain these. There was a more mixed response to the descriptors for the emerging and exceeding bands, with concerns that the emerging descriptor would not capture those children with special educational needs and that the exceeding descriptor would not align with the national curriculum review. We propose to remove the descriptors for the emerging and exceeding bands, and refer teachers to other guidance (including the proposed 0-5 chart and the Standards and Testing Agency guidance on completing the EYFSP) to help them make judgements about whether a child is at the 'emerging', 'expected' or 'exceeding' level for each early learning goal.

Views were mixed on the question of whether the revised draft EYFS would support effective partnership working with parents and carers and enhance their involvement in their child's learning and development. We are exploring with the sector the ways in which we might support better working with parents. The written summary of progress at age 2 was seen as a useful vehicle to help to engage parents in their child's development

The full summary of consultation responses is available in the government response document.

During winter 2011, the government conducted an additional 1-month consultation on the learning and development requirements. The results are summarised as follows.

We are required by the Childcare Act 2006 to undertake a further consultation, for a minimum of one month, on the *EYFS (Learning and Development Requirements) Order*, the areas of learning and development and the early learning goals. The online consultation closed on 19 January 2012, with 664 responses. It was supplemented by workshops with teachers, parents and a small group of educational psychologists and by meetings with sector representatives.

Consultation Feedback

2. The overall response was positive.

3. Respondents to the online consultation were asked to:

- i. Say whether they agreed that the descriptions of educational programmes and areas of learning summarised clearly what was involved.
 - 59% agreed, with a further 30% partly agreeing. The comments received generally related to the areas of mathematics and literacy.
- ii. Indicate any ELGs where they thought the wording was not clear or were not pitched correctly.
 - Fewer than one in six respondents made any negative comment in relation to the bulk of (13 out of 17) ELGs.
 - The 4 remaining ELGs, relating to mathematics and literacy, were substantially changed following the July-September consultation on the EYFS and received the most comment. The highest was numbers, where 38% commented negatively.
- iii. Note any comments on the draft *EYFS (Learning and Development Requirements) Order*.
 - Comments came from 31% of respondents, and ranged considerably – for example, 4.5% called for more training and guidance and 3% made

positive comments about the new proposed ELGs and EYFS reforms more generally.

Policy objectives

The proposed reforms are designed to achieve the following policy objectives:

1. Simpler processes, allowing more time with children and encouraging professional judgement.
2. Greater flexibility, enabling settings to deliver a more tailored curriculum.
3. Greater clarity, helping providers and inspectors understand requirements.
4. Early identification of children's needs, preventing problems and limiting additional support costs.
5. Using the latest evidence about how children learn, to give children strong foundations for school and life.

Policy Options

We have considered three options:

- **no change.**
- **revise the EYFS.**
- **removal of the EYFS.**

Option 1 – a revised EYFS (the government's proposed approach)

The government believes its proposed reforms will re-shape the EYFS for the benefit of children, families, practitioners and teachers. The reforms represent a simplification of the framework, reducing burdens and clarifying requirements – while protecting the quality and standards which are essential for children's basic development and safety. The EYFS is also needed as a minimum quality threshold to support the government's investment in early education, in particular through the free entitlement to 15 hours per week childcare for 3 and 4 year olds, and disadvantaged 2 year olds.

Option 2 – no change

Maintaining the current system would mean continuing with an unnecessarily burdensome and complex regime. Moreover, while implementation costs for the reforms would be avoided, providers would continue to suffer the unnecessarily high costs of the existing requirements. Evidence from teachers and practitioners shows that the early learning goals and the EYFSP are too complex, not easily observed, and not sufficiently distinct. This option would also mean overlooking the latest evidence about child development, and overlooking the opportunity to improve the way early years practitioners work with parents and health visitors to identify children's needs - in time for effective support.

Option 3 – remove the EYFS

Tickell found that there are very few providers who would like to see the EYFS removed completely. There is widespread agreement that a regulatory framework is necessary to keep children safe and to promote good practice in child development. Moreover, there is scope to improve the quality of early years provision and raise standards of 'school readiness' and attainment. While evidence shows that the quality of early years provision is improving, there is still some distance to travel, with only 59% of children being assessed as having good development at the age of 5. Evidence also suggests that, while parents want good outcomes for their children, when choosing a provider they do not prioritise the areas that research suggests are most important for the provision of good quality childcare. The EYFS is therefore necessary to secure further improvements in standards in the interests of parents and children, and to act as a minimum quality threshold to support the

government's investment in free early education for 15 hours a week for 3-4 year olds and disadvantaged 2 year olds.

Costs and benefits

The following section provides a summary of the monetised costs and benefits and the main non-monetised costs and benefits.

Monetised costs and benefits

Costs

One-off costs:

The changes to the learning and development requirements will involve some familiarisation costs to providers. Supported by information from the sector, we estimate these costs at £8.3m. Testing of assumptions shows that our original estimate of 3 hours per practitioner/teacher, on average, is a conservative estimate. In many cases, familiarisation will take place within existing training/planning time which is already scheduled at specific points during the year.

The 3 hour time cost estimate comprises (3x1 hours), as follows:

2-year Progress Check: 1 hour to familiarise with requirements.

Pay rates: early years and childcare providers survey 2010, tables 3.1 & 5.17, average of all paid staff pay across setting types, plus childminders and primary and nursery teachers (ASHE, 2011) weighted by proportion of each provider type, see assumptions

Staff numbers; Childcare and Early Years Providers Survey 2010, table 5.1a - number of paid staff in maintained early years setting, plus number of paid staff in childcare providers multiplied by proportion of providers on Early Years Register, plus working childminders on Early Years Register.

Proportion of providers allocating extra time to the progress check: 50% (see explanation under Annual Costs below).

Early Learning Goals (ongoing assessment): 1 hour to familiarise with requirements.

Pay rates: early years and childcare providers survey 2010, tables 3.1 & 5.17, average of all paid staff pay across setting types, plus childminders and primary and nursery teachers (ASHE, 2011) weighted by proportion of each provider type, see assumptions

Staff numbers: Childcare and Early Years Providers Survey 2010, table 5.1a - number of paid staff in maintained early years setting, plus number of paid staff in childcare providers multiplied by proportion of providers on EYR, plus working EYR childminders

All providers will take up the new Early Learning Goals, as they will be a statutory requirement.

EYFSP (age 5 summative assessment): 1 hour to familiarise with requirements.

Pay rates: approx wage for primary and nursery education teaching professionals (ASHE mean gross hourly pay, 2011)

Staff numbers: based on 600,000 5 year olds and average primary pupil to teacher ratio of 26.6 (DfE: Schools, Pupils and their Characteristics, January 2011, table 7c)

All providers will take up the EYFSP, as it will be a statutory requirement.

There will also be some one-off costs for local authorities in revising the guidance and training they offer providers. For 152 LAs these costs are estimates as £167,000, assuming that it takes 5 days to revise training and guidance, and the hourly wage for a senior official in local government is £26 (ASHE, 2011).

Annual costs:

The introduction of a progress check at age 2 is likely to involve opportunity costs for some practitioners – estimated at 30 minutes - in terms of their time to complete and record the check, and share with parents. Tickell found that many providers already complete something which is akin to the progress check. There will be no extra time demands on these providers. Indeed, the new requirement is in keeping with the more general *existing* requirement for all practitioners to conduct ongoing assessment and to share information with parents. Although it is difficult to gauge how many, we consider that all providers rated Good or Outstanding by Ofsted already do something equivalent to the check. 72% of all providers inspected between 1 September 2008 and 30 June 2011 were judged as Good or Outstanding for overall effectiveness. This means that around 38% of providers might need to allocate extra time for the progress check. However, in the absence of survey figures to support the assumption, we have used a very conservative estimate of 50% of all providers for the purpose of this calculation.

Calculation:

30 mins per member of staff

Pay rates: Early years and childcare providers survey 2010, tables 3.1 & 5.17, average of all paid staff pay across setting types, plus childminders and primary and nursery teachers (ASHE, 2011) weighted by proportion of each provider type, see assumptions

Numbers of 2-year olds: Childcare and Early Years Providers Survey 2010 - 53% 0-2 year olds take up formal childcare; applying 53% to 2 year old population = 350,000

If parents pass the progress check summary to health visitors for inclusion in the health review, there could be some time costs for health visitors. These costs should be limited as the summary will be concise and will cover development areas which health visitors already consider. An additional 10 minutes per check has been assumed.

Calculation:

Assume it takes a health visitor an extra 10 mins per child to take account of new early years assessment in their existing health assessment.

Pay rates: Using nurse's wage as no health visitor in spreadsheet. (ASHE mean gross hourly pay, 2011)

Numbers of 2 year-olds: Childcare and Early Years Providers Survey 2010 (internal analysis of underlying data) - 53% 0-2 year olds take up formal childcare; applying 53% to 2 year old population = 350,000. Likely underestimate as 2 year old take up may be higher than average 0-2 take up.

Total costs:

Overall, the one-off costs have been estimated at £8.4m

Annual costs have been estimated at £1.7m

Over a 10 year period the best estimate of costs is £25.7m

The present value of these costs over a 10 year period is £23.3m

Benefits

Annual:

The changes to the early learning goals and the scale points are expected to produce significant benefits in reduced burdens on providers, practitioners and teachers, and improved outcomes for children. Testing of assumptions shows that, for ongoing planning and assessment, a conservative estimate of the average time saving for each practitioner/teacher will be approx. 1 hour per week during term, or about 35 hours per year – therefore, previous estimate of 3-4 hrs saving per child per year is reasonable, allowing for the variation in the number of children for whom each

practitioner is responsible. The average time saving for annual summative assessment at age 5 will be approx 0.5 -1 hour per child (also no change to previous estimate). Supported by information from the sector, the total reduction in practitioner and teacher time spent on planning and assessing is estimated at between £22.2m and £33.6m per annum.

Calculations:

Ongoing assessment (Early Learning Goals):

Assume it takes teachers/practitioners on average 7 hours over one year to ensure the lesson and assessment plans adequately cover all the learning goals (assumption based on information from sector). Assume that reducing from 117 scale points to 17 early learning goals reduces the time spent on this by 3 to 4 hours.

Pay rates: Childcare and Early Years Providers Survey 2010 - average of "all paid staff" across childcare provider types (non-weighted).

Staff numbers: Childcare and Early Years Providers Survey 2010 - numbers of paid staff working in childcare providers, and childminders

Age 5 assessment (EYFSP):

Assume it currently takes 2.5 hours to translate observational notes to 117 scale points. We assume that the simplification will reduce this time to between 1.5 hour and 2 hours. (saving between 0.5 hours and 1 hours) (based on information from the sector)

Pay rates: approx wage for primary and nursery education teaching professionals (ASHE mean gross hourly pay, 2011)

Number of 5 years olds: Approx number of children taking EYSFP (2011) DfE: Early Years Foundation Stage Profile Attainment by Pupil Characteristics in England, 2010/11

Annual benefits have been estimated at between £22.2m and £33.6m, although it has not been possible to monetise all expected benefits.

Over a 10 year period the estimated benefits are between £221.8m and £278.9m.

The present value of these benefits over this 10 year period is between £190.9m and £289.2m.

Net Monetisable Benefits (Benefits Less Costs)

Over a ten year period, the estimate of the benefits less the costs ranges from £196.1m to £310.3m.

The present value of this is between £167.6 and £265.9m.

Non-monetised benefits

Identifying problems earlier, through the new progress check, can be expected to produce significant benefits over time – by enabling more cost-effective support for children who need it. There is strong evidence to show that support at early ages can be highly effective in preventing problems in later life – problems which can lead to costs and difficulties for societal well-being, productivity, and public services. It has not been possible to monetise these societal benefits because the link between the progress check as a preventative measure, and better outcomes in later life, is indirect and is stretched over a lifetime. For example, while there is general evidence that early intervention is good investment, there is no specific evidence about the extent to which a 2 year progress check would prevent later problems – isolating the effect of a 2 year progress check would be very difficult, as there are a number of complex socio-economic factors which influence the extent to which people might at some point be the focus of public spending (e.g. benefits, health and social care, criminal justice).

There will be time-savings for local authorities and other organisations involved in data collection, moderation, and reporting. These savings accrue from the slimmer goals and scale-points.

Risks and Assumptions

It is difficult to accurately estimate the costs and benefits in terms of practitioners' and teachers' time, but we have tested our assumptions with an informal group of practitioners, teachers and intermediaries and adjusted the estimates made in the earlier version of this impact assessment. However, as described above, estimates of time spent during transition and familiarisation, and time spent on an ongoing annual basis, are conservative and prudent – to avoid any possible risk of understating costs or overstating benefits. We have also made conservative and prudent estimates of the proportions of providers who will need to devote any extra time to the new progress check, as described above. Providers are already required to conduct ongoing assessment of children from birth to five, and are already required to keep parents informed and involved. Providers judged by Ofsted as *Good* or *Outstanding* are therefore already devoting time to this, and the progress check will therefore not entail extra time for the majority of providers. The proportion for whom it could entail extra time is likely to be close to the 38% judged as less than *Good* by Ofsted, but we have used a very conservative estimate of 50% for the purpose of this calculation.

Wider impacts

Children – the early years are a crucial stage in children's learning and development. The evidence is clear that their experiences strongly influence their outcomes in later life. EPPE (Effective Provision of Pre-school Education) has shown that pre-school has an important impact on children's development. Disadvantaged children in particular can benefit significantly from good quality pre-schools experience and early identification. The revised EYFS will better reflect how children develop and will therefore help improve the quality of a child's 'pre-school' experience. The changes will ensure more practitioners' and teachers' time is devoted to the care and development of children, while ensuring standards are maintained.

Parents – the revised EYFS will highlight the importance of involving parents whenever possible. Parents have a critical role to play in their children's development, and the revised EYFS strengthens the extent to which practitioners are expected to work in partnership with parents to meet the individual needs of children. The revised EYFS is simpler and clearer, improvements designed to foster stronger practitioner-parent partnerships.

Practitioners and teachers - the revised requirements will be made clearer, enabling practitioners to deliver more effective support to children, without unnecessary bureaucracy and paperwork. Practitioners will benefit from more time with children and more freedom to exercise their professional judgement. They will also benefit from the improvements to the EYFS profile, which will dovetail more effectively with the National Curriculum - allowing Year 1 teachers to use the assessment information more effectively to support children with the National Curriculum. Therefore, early years practitioners will enjoy improvements in their effectiveness as professionals dedicated to children's development.

LA – a more streamlined and clearer EYFS will reduce training costs, and costs incurred resolving queries about unclear requirements.

Small Firm Impact Test

We are applying for the moratorium for micro-businesses to be waived for the purposes of these regulations because the EYFS is a statutory framework for quality across the whole sector, including the large proportion of providers who are micro-businesses. The government is committed to raising standards of 'school readiness' and attainment, and to achieve a return on its investment in early education. This applies to the whole sector including micro-businesses. All businesses in the early years sector are currently obliged to meet the EYFS requirements,

and the proposals for a revised EYFS will remove unnecessary burdens associated with this statutory framework – thereby ensuring that practitioners’ and teachers’ time is devoted as much as possible to the care and development of children. If micro-businesses were exempted from the changes, they would be left with the burdens of the current regime – while larger businesses enjoyed the benefits of the new simpler framework.

Competition Assessment impact test

The new regulations will not directly limit the number or range of suppliers.

The new regulations will not indirectly limit the number or range of suppliers.

The new regulations will not limit the ability of suppliers to compete nor reduce suppliers’ incentives to compete vigorously.

The amendments to the regulations broadly affect all types of businesses equally. There is no strong reason to believe that any particular market segment will be disproportionately adversely affected. The simplified regime may lower barriers to entry and encourage new entrants, improving the competitive nature of the market. Simplifying the learning and development goals increases the scope for innovation. The level of choice for parents will not be affected, and switching costs will not rise as a result of these policies. As the 2 year old progress check is available for parents to give to new providers, the scope for parents to switch providers could improve to some extent.

One-In-One-Out (OIOO)

From the Childcare and Early Years Providers Survey 2010 (table 4.7), using a weighted average based on number of places, we infer that 40% of places are provided by the public sector and that 60% are provided by the private and voluntary sector. One-off and annual costs to providers are proportionately attributed to business at on this basis (see pg 2 above). For annual benefits, accruing from the simplified EFYSP summative assessment for children aged 5, 95% of places are public sector, and 5% are private sector (independent schools - Schools, Pupils and their characteristics, 2011 SFR).

The policy is designed to reduce existing burdens with the costs of the changes being almost exclusively transitional, and so it qualifies as an OUT for ONE-IN-ONE-OUT purposes.

ⁱ HM Government (2010) *Maternity and Early Years, Making a good start to family life*, London: DfE/DH

ⁱⁱ DCSF (2008) *How strong is the relationship between Foundation Stage Profile (2005) and Key Stage 1 (2007)*, DEP2008-1634, Deposited in House of Commons Library

ⁱⁱⁱ Dyson, A. Hertzman, C. Roberts, H. Tunstill, J. and Vaghri, Z. (2009) *Childhood development, education and health inequalities, Report of task group, Submission to the Marmot Review*