



# Nursery Entitlement – the situation

## FSB One Page Briefing

The FSB represents approximately 1,150 day nurseries across the UK and many are concerned by the lack of funding available to meet the cost of compulsory free provision.

The Code of Practice (2003) was amended in 2006 to provide for free entitlement rather than nursery education grants. Although the Code of Practice is not a regulation, it is a statutory Code and it represents a significant policy change that has a substantial effect on nurseries.

### FSB research

From an FSB survey of 280 Private, Voluntary and Independent (PVI) nurseries in February 2009:

- 87% said that the level of funding for the 12.5 hours does not cover the cost of provision
- 62% said extending the free entitlement from 12.5 hours to 15 hours will negatively affect their business
- 62% said that extending the free entitlement to two year olds will negatively impact on their business
- Most concerning, only 18% said they were certain that they would still be running their business by 2015.

BDO Stoy Hayward predicts that 36,500 businesses will fail this year. Based on these predictions, around 200 private, voluntary and independent nurseries could close down in 2009. The average nursery has 46 places according to Laing & Buisson's Children's Nurseries UK Market Report 2008. This means the parents of **over 9,000** children (aged of 2-5 years old) could struggle to find suitable provision for their children.

Nurseries, signed up to the Code of Practice, have to provide 12.5 hours of free nursery care per child per week to any parent who wants it. FSB research shows that the average nursery receives £3.64 per child per hour from their local authority to provide the free places. Nursery owners say that if they could charge for those 12.5 hours it would be at an average of £4.70 per hour, a shortfall of £1.06.

FSB quote by Colin Willman, Education Chairman

*“The FSB urges the Government to suspend the 2006 Code of Practice on the provision of free nursery education places for three and four year olds to enable nurseries to charge at a level which enables them to cover costs until a workable funding formula can be applied across all local authorities.”*

## Small Business Statistics

- There are **4.7 million** small businesses in the UK
- **97%** of firms employ less than 20 people
- **95%** employ less than 5 people
- **Over 500,000** people start up their own business every year
- **Small firms employ more than 58 per cent** of the private sector workforce
- **Small firms contribute more than 50 per cent** of the UK turnover
- The FSB represents **1,150** day private, voluntary and independent day nurseries in the UK

For further information  
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