



## **Prioritising early childhood for a happier, healthier society**

How businesses can drive, and benefit from,  
transformative change in the UK

**Report for The Royal Foundation of The Prince and Princess of Wales  
On behalf of The Business Taskforce for Early Childhood**

May 2024





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# Glossary

| Term   | Definition   |
|--------|--|
| ACE    | Adverse childhood experiences                                  |
| ECEC   | Early childhood education and care                             |
| ESG    | Environmental, social and governance                           |
| GDP    | Gross domestic product   |
| GP     | General Practitioner   |
| OECD   | Organisation for Economic Cooperation and Development          |
| ONS    | Office for National Statistics                                 |
| PEDAL  | Play in Education Development and Learning                     |
| PISA   | Programme for International Student Assessment                 |
| SEN    | Special educational needs                                      |
| SEND   | Special educational needs and disabilities                     |
| UK     | United Kingdom   |
| UNCRC  | United Nations Convention on the Rights of the Child           |
| UNESCO | United Nations Education, Scientific and Cultural Organisation |
| UNICEF | United Nations Children's Fund                                 |
| WEF    | World Economic Forum   |



# Key concepts and definitions

| Concept  | Definition  |
|--|---|
| <b>Early childhood</b>                           | For the purposes of this report, early childhood development is broadly defined to encompass pregnancy to age five.   |
| <b>Early childhood education and care</b>        | Encompasses the provision of care and education to children aged up to five, in formal settings such as childcare, nursery and pre-school, as well as in informal settings such as in the home or care by relatives and friends.  |
| <b>Relative poverty (or relative low income)</b> | Households earning at or below 60% of median earnings, representing those who cannot afford the activities and opportunities that average earners can access. <sup>1</sup>  |
| <b>Social and emotional development</b>          | Social and emotional development is the process of nurturing two groups of interdependent skills in childhood and adolescence that shapes who we are, how we manage our emotions and thoughts, how we communicate with and relate to others, and how we explore the world around us. These are the foundations of a happy, healthy life. <sup>2</sup> |
| <b>Social and emotional growth</b>               | Social and emotional growth is the enhancement and refinement in adulthood of the above skills that have their roots in early childhood. <sup>3</sup>   |
| <b>Social ecological approach</b>                | A model for early childhood development which frames child development as the result of multiple interacting biological and environmental factors, including family, community, sociocultural, economic and political influences. <sup>4</sup>  |
| <b>Value added</b>                               | A measure of the contribution to gross domestic product (GDP), consisting of returns to labour (in the form of wages and salaries) return to capital (in the form of gross operating surplus) and net taxation (including production taxes and subsidies).  |



1. Office for National Statistics, [Income and earning statistics guide](#), 2023.

2. Definition based on Delphi study commissioned by The Royal Foundation Centre for Early Childhood.

3. Ibid.

4. UNICEF, [Brief on the Social Ecological Model](#), accessed 25 October 2023.



# Foreword from Lord Hague

At The Royal Foundation of The Prince and Princess of Wales, we have always been ambitious and determined in our work to take on some of the world's biggest issues: including repairing the planet, removing the stigma of mental health and ending homelessness.



The areas we focus on are wide-ranging and complex, but they have one thing in common: to create the **transformative change** needed to tackle each of them, we need to create a healthier, happier, more nurturing society.

And a key way to do that is by **going right back to the start** – to early childhood.

This is the time, from pregnancy to the age of five, when our brains develop faster than at any other time in our lives.

It is at this very young age, that our relationships, surroundings, and experiences have a profound impact on the way we grow, think, and behave, shaping our long-term brain structure and affecting everything from our personal relationships and long-term career outcomes, through to our physical and mental health.

**The first five years of our lives fundamentally shape the adults we become, the role we go on to play in our communities, and the society that we build together.**

That is why The Princess of Wales believes so passionately in this work. It is why, last year, she established **The Royal Foundation Business Taskforce for Early Childhood**, bringing together eight of the country's leading businesses to work out what role the business community can play in this area, how they can innovate and break the mould and, most importantly, how they can **make the biggest impact**.

And this report does exactly that.

It sets out the **scale of the opportunity** available to us all if we get this right.

It identifies **five areas** in which business can make the **most significant difference**.

And it leaves us in no doubt that business does not just have a responsibility as part of a well-functioning society to act in this area, it also has a very clear vested interest in making this change happen.

Thank you to everyone involved in producing this important report, and for your commitment to supporting the work of The Royal Foundation Centre for Early Childhood and The Princess of Wales.

This is our opportunity to create a **happier, more productive workforce today** and a future workforce **equipped with the skills and resilience needed** to thrive in the ever-more complex business landscape of tomorrow, for the good of the UK economy and of society as a whole.

A handwritten signature in blue ink that reads "Lord Hague".

**Lord Hague of Richmond**

**Chair of The Royal Foundation of The Prince and Princess of Wales**

# Foreword from Sir Ron Kalifa

As Her Royal Highness The Princess of Wales said when she established The Royal Foundation Business Taskforce for Early Childhood, “investing in early childhood is a down payment on all of our futures.”



Her goal when she addressed the CEOs of the eight Taskforce organisations was to create a bridge between the scientific community, whose evidence so unequivocally makes the case for prioritising early childhood, and the wider business community, whose resources, reach and influence can be such a driving force for positive change.

Since then, Taskforce members have been building on her inspiring words and working to gain a deeper understanding of **how business can play its part** in the societal effort required to affect transformational change.

Written **by business, for business**, this report makes the **economic case for change** and highlights some examples of stellar practices that already exist in the world of business. This is not for purely altruistic reasons. Investing in early childhood and supporting those caring for babies and very young children will ultimately lead to commercial benefit and have a positive impact on both profit and future growth – the core tenets of business. The report makes clear for the first time the scale of the opportunity:

- a **happier, healthier workforce today** with less absenteeism and attrition borne from poor wellbeing and mental health, and reduced barriers to work;
- a future workforce with the very **human, social and emotional life skills** needed to deal with all the complexity and challenges that we know we will face in the future; and
- **£45.5 billion in value added** for the national economy each year, including £27.5 billion in additional earnings for the UK's workforce, £11.8 billion in additional profits for businesses and £6.2 billion in additional tax revenue for the Government.

To achieve this, the report has identified areas in which business can make the biggest impact in supporting current and expectant parents and caregivers, both **as employees and as people raising the next generation**. This includes embedding a work culture which offers parents and carers greater support, resources, choice and flexibility, but it goes beyond this. It is also about prioritising the social and emotional skills of the current workforce, to help all adults in a child's world provide the sort of nurturing care we know makes such a positive impact.

More broadly, as providers of goods and services, and through their own unique platforms, businesses can play a role in **championing the cultural change needed** to make a wider difference, and helping families facing the greatest challenges access the support they need.

This is not easy. Businesses face many challenges and have multiple competing priorities. But the incentives for them are made clear here. I know the Princess is grateful to the founding members of the Taskforce for their leadership and commitment to this issue and for setting out so clearly the unique role our nation's businesses could play as **part of the modern day “village”** it takes to raise a child.

Building on the progress made by many businesses in delivering on the Environmental, Social and Governance (ESG) Framework, there is now a huge **opportunity to place a healthier society transformed through early childhood** at the heart of this agenda.

I urge leaders of business of all shapes and sizes to read this report, learn more and embrace the opportunity to prioritise the very youngest members of our society, to benefit society today and for generations to come. **That should be our legacy.**

**Sir Ron Kalifa**  
**Trustee of The Royal Foundation of The Prince and Princess of Wales, and Chair of The Royal Foundation Business Taskforce for Early Childhood**



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Deloitte gathered valuable input from a range of stakeholders that informed this report, including those who participated in interviews informing case studies and insights supporting this report:

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  - **Emma Franklin**, Director, Deloitte
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  - **Kate Withers**, Employment Excellence Manager, Unilever UK&I
  - **Kirsty Bingham**, Co-worker Experience Manager, IKEA UK and Ireland
  - **Laura Yang**, People and Transformation, NatWest Group
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- **Joanna Jenson**, Chairman, Child's Farm
- **Joe McCulloch**, Executive Producer, BBC
- **Jonathon Douglas**, Chief Executive Officer, National Literacy Trust
- **Kerry Murphy**, Lecturer in Early Years and SEND, Goldsmiths, University of London
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- **Nick Chambers**, Chief Executive Officer, Education and Employers
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- **Sarah Ronan**, Acting Director, Early Education Childcare Coalition

# Executive summary

The UK stands to gain from a transformative opportunity – which includes £45.5bn worth of economic benefits – through a greater focus on and investment in early childhood. The business community has a critical role to play.

**Human relationships, underpinned by a range of social and emotional skills, are fundamental to the health of society.** How people relate to each other, in families, communities, workplaces, and society at large, depends on them being equipped with the core life skills that enable them to thrive in the modern world and manage in the face of adversity.

In the workplace the demand for these skills – such as **communication, problem-solving, empathy, adaptability, creativity, and resilience** – is well recognised and will become ever greater, as businesses manage an increasingly complex environment and ever-shifting economy buffeted by globalisation, automation, and technological advancements. **These social and emotional skills have their foundations in early childhood.**

The first five years of a child’s life are a crucial period of development. A child’s earliest experiences, from pregnancy to the age of five, shapes their developing brain in a way that influences every aspect of how they grow, learn, and behave. **Ensuring young children have access to positive relationships, experiences, and surroundings impacts not only their own futures, but the health and prosperity of the economy and society.**

Parents and caregivers play a central role in this and many feel they need more support to care for their children while also looking after their own health and wellbeing. The scientific evidence demonstrates that early development also relies on broader and interacting influences, such as the wider cultural, economic, and political environment.<sup>5</sup>

As employers of working parents and caregivers, providers of goods and services, and with a presence at the heart of communities, businesses have a significant influence in shaping cultural norms and the environment in which people live their lives. Businesses are often well-placed to use their touchpoints with different parts of society to reach those with greatest need (Figure i).

Her Royal Highness The Princess of Wales has launched *Shaping Us*, a long-term awareness-raising campaign intended to help transform early childhood development into one of the most strategically important topics for our time. To help drive the early childhood agenda and galvanise business action, The Princess of Wales convened The Royal Foundation Business Taskforce for Early Childhood to discuss how society and business could work together to change the way early childhood is viewed and prioritised. This report is intended to engage the business community in this discussion, by highlighting the economic opportunity for businesses and exploring their role in taking action and driving positive change.

**Figure i: Business touchpoints across the economy and society**

**Businesses can use their touchpoints across the economy and society:**

In their roles as:

- **Employers** of parents and caregivers
- Providers of **goods and services**
- Visible and influential **community members**

Businesses can reach:



This report demonstrates how action on this issue could generate significant social and economic return. As part of this it estimates that investing in early childhood in the UK could generate **£45.5 billion in value added** for the national economy each year. This estimate is illustrative of only part of the potential benefits, which would compound over time and positively impact families and society for generations to come.

<sup>5</sup> This is captured in the social-ecological model for early childhood development (see Glossary).



**The UK business community stands to be a major beneficiary of this opportunity.**

The estimate of £45.5 billion is based on analysis of the benefits of investing in:

1. *Early childhood experiences, surroundings and relationships* – to equip people with improved social and emotional skills in early childhood (£12.2bn), and to reduce the need to spend public funds on remedial steps for adverse childhood experiences that might have been avoided through preventative action in early childhood (£16.1bn).
2. *Better support for the adults around children* – including the parents and caregivers at home and in work today, and greater support, choice and flexibility for working parents and caregivers of under-fives (£17.2bn).

The figure has tangible impact for individual households and businesses, including **£27.5 billion** in additional earnings for the UK's workforce, **£11.8 billion** in additional profits for businesses and **£6.2 billion** in additional tax revenue for the Government.

Importantly, some of the most vulnerable groups stand to benefit the most. This includes the 36% of children under five years of age who are living in relative poverty, and 59% of parents who have left or are leaving their job due to personal mental health and wellbeing-related issues (see Figure 3, Chapter 2).

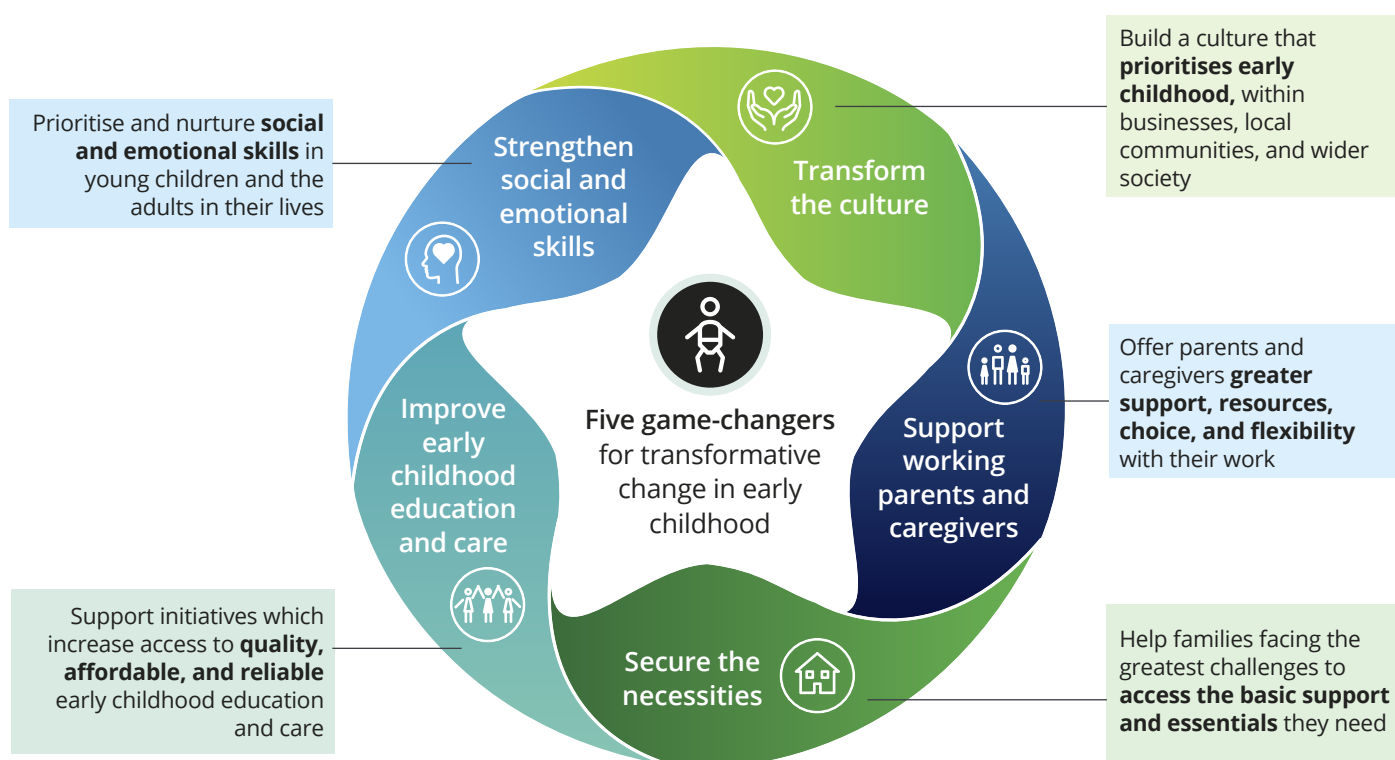
Improving outcomes for young children, as well as their parents or caregivers, would not only impact future generations, but would also support a happier and healthier workforce today. Investing in working parents and caregivers would enable families with young children to make choices that empower them as employees and as the people raising the next generation.

This could in turn lead to less absenteeism, presenteeism, and attrition borne from poor wellbeing and mental health, and reduce the barriers to work. Mental wellbeing is now vital to a resilient and world-class workforce and the continued success of UK businesses.

While there are some examples of great practice by businesses across the UK on this agenda, activity is fragmented and not routinely measured. There has been a lack of clarity on what actions can drive the greatest impact and why change is so vital.

To help the business community embrace this issue, this study identifies **five areas of opportunity** which, if action is taken at scale, could have a **game-changing impact** for children under five, the adults around them, the economy, and wider society (Figure ii).

**Figure ii: Five areas of opportunity for a game-changing impact on early childhood**



Although early childhood has not traditionally been a focus for the business community, many businesses across the UK already have **environmental, social, and governance (ESG) initiatives** in place to help monitor their impact on people and planet. However, while there are standardised approaches for reporting against the 'E' or environmental impacts, there is variability in how organisations report against the 'S' or social impacts. There is significant breadth and complexity in the social issues which can intersect with an organisation's activities, and inconsistency in the degree to which social impact considerations are integrated into the activities of a business, with responsibility often focused on one part of the organisation.

Businesses now have a unique opportunity to consider a more impactful, integrated, and data-driven approach to social impact by considering how their choices and actions can impact children and the adults in their world, now and in the future.

Working to improve the experiences of every child in the UK is the **right thing to do**. Each child is precious and deserves a healthy and happy childhood, as well as the opportunity to reach their full potential in adult life. Investing in early childhood also makes economic sense, and this analysis demonstrates the potential economic premium that could be realised in the UK from doing so. An opportunity of this magnitude is beyond the responsibility of any single section of society, but instead requires collective action to shift attitudes and work towards transforming the lives of UK children.

**Businesses across all sectors can join this societal effort and identify what contribution they can make – large or small – to help realise this opportunity for the whole of the UK now, and for generations to come.**





# 1. Introduction

It's time to transform the way we prioritise and invest in early childhood in the UK. The relationships, experiences, and surroundings of today's children will have a profound impact on their future and on creating a happier and healthier society. This report outlines the role for business in supporting a child's early years and the benefits they can reap from taking action.

This report has been prepared for The Royal Foundation of The Prince and Princess of Wales (The Royal Foundation) on behalf of the Business Taskforce for Early Childhood (the Business Taskforce). The Business Taskforce was established by Her Royal Highness The Princess of Wales in March 2023, following the launch of the *Shaping Us* campaign, with the purpose of exploring the role for businesses in driving change in the way that society prioritises and invests in early childhood in the UK.<sup>6</sup>

The purpose of this report is to highlight the opportunity in transforming the approach to early childhood in the UK and the critical role that businesses have to play in making this happen. This change is not the sole responsibility of businesses, nor of any other single part of society alone, but will require a collective societal effort. This report focuses on **what businesses can do** to contribute to a lasting transformation within the early childhood ecosystem in the UK.

This work recognises the importance of the core life skills that people need to develop positive relationships, thrive in the modern world, and manage in the face of adversity. The scientific evidence demonstrates that these skills have their foundations in early childhood, and that the relationships, experiences, and surroundings of today's children will have a profound impact on creating a happier and healthier society.

The analysis in this paper draws on existing research and evidence on the importance of early childhood, as well as insights gathered through a series of roundtable discussions, targeted interviews, and direct consultations with businesses and early childhood sector stakeholders in the UK. These include large businesses, such as the members of the Business Taskforce, and small and medium-sized businesses. Bringing together this range of input, the report seeks to engage the whole business community in exploring how we can better focus on and invest in early childhood in the UK.



The remainder of this paper develops this 'case for change' in three parts:

- **Chapter 2 – The opportunity** – describes the nature and potential scale of the opportunity for the UK from delivering long-term change in the approach to early childhood. It does this by setting out the evidence on the broad and long-term impacts of early childhood and estimating the potential magnitude of this opportunity.
- **Chapter 3 – Taking action** – highlights the importance of the role that businesses can play in driving long-term change. It does this by presenting practical examples of how businesses can use their unique touchpoints across the economy and society to help improve early childhood outcomes, focussed across five areas for game-changing impact.
- **Chapter 4 – What's next** – sets out the potential next steps and considerations for businesses looking to invest their time, effort and focus in early childhood.

<sup>6</sup> For the purposes of this analysis, early childhood is defined to mean the period from pregnancy to five years of age. Rhoshel K Lenroot and Jay N Giedd, "[Brain development in children and adolescents: insights from anatomical magnetic resonance imaging](#)," *Neuroscience Behavioural Review* 30, no. 6 (2006): pp. 718-29.

## 2. The opportunity

From pregnancy to the age of five, early childhood has lasting effects on a child's own life as well as on those around them. Investing in this foundational stage can yield significant benefits not only for children, parents, and caregivers, but also for businesses and wider society.



There is broad consensus in the UK about the importance of investing in children, reflected in the universal provision of primary and secondary schooling.<sup>7</sup> The societal rationale for this investment is generally well-understood: as the benefits extend beyond the individual child and to the whole of society, there is a strong case for society to invest in the education and development of children.

What appears to be less well understood and less prioritised across society is the importance of investing strategically in early childhood, defined in this report as through pregnancy to the age of five. This is a critical stage of development for shaping future success in learning and in life. Research by the Nobel-prize winning economist James Heckman suggests that the highest rates of return in education can come from the earliest investments (see Box 1).

The first five years are a critical time of rapid physical, cognitive and social and emotional development, when children learn foundational skills for life – such as communication and language, fine and gross motor skills, understanding and managing their emotions, and maintaining positive relationships. This can also be a challenging time for parents and caregivers, who may want or need input and support on caring for their child and maintaining their own wellbeing.

There is an opportunity for the whole of the UK to transform the way early childhood is prioritised and supported. This means raising awareness of the unique importance of early childhood, and shifting attitudes on the role played by all of society in shaping outcomes for young children – as the early childhood ecosystem includes not only a child's parents and caregivers, but also the broader community, early childhood care and education professionals, and businesses.

This chapter describes this opportunity, and the potential benefits that could be shared across different parts of society, with reference to two primary channels of impact:

1. **Investing in early childhood development** to equip people with improved social and emotional skills throughout life and in the future workforce, and to reduce the need to spend public funds on remedial steps for adverse childhood experiences that might have been avoided through action in early childhood; and
2. **Better support for the adults around children**, including parents and caregivers at home and in work today and their social and emotional growth.

The analysis in this chapter includes an estimate of the **potential scale of the economic opportunity** for the UK. The subsequent parts set out in more detail the nature of the opportunity and the economic evidence underpinning this.

<sup>7</sup> Universal state education in primary schools (for ages 5 to 11) and secondary schools (ages 11 to 15) was introduced in the UK through the *Education Act 1944* ('the Butler Act').

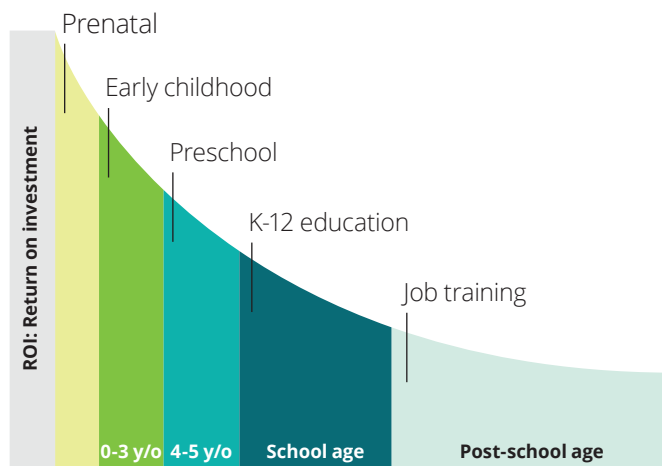
# BOX 1

## Rates of return from investing in early childhood development

Previous research led by the Nobel-prize winning economist James Heckman has highlighted the importance of investing in early childhood. Working with economists, psychologists, statisticians, and neuroscientists, and studying a range of early childhood and human capital programmes in the United States, Heckman's research shows that pregnancy to age five is a critical time to shape productivity, driving later success in school and in life. In particular, investing in early childhood for children facing barriers to early development is effective for reducing public expenditures otherwise incurred later in life in remedial education, health, and justice system expenditure.

This is illustrated by the Heckman curve (Figure 1), highlighting that the **highest rates of return can come from the earliest investments**.<sup>8</sup>

**Figure 1: Economic impact of investing in early childhood learning ('the Heckman Curve')**



Source: Heckman (2019)<sup>9</sup>

**“The best investment is in quality early childhood development from birth to five for disadvantaged children and their families.”**

James Heckman<sup>10</sup>

<sup>8</sup> James Heckman, *Policies to Foster Human Capital*, *National Bureau of Economic Research – Working Paper 7288*, August 1999.

<sup>9</sup> Ibid.

<sup>10</sup> The Heckman Equation, *“Invest in Early Childhood Development: Reduce Deficits, Strengthen the Economy”*.



# Potential scale of the economic opportunity

The total economic opportunity is estimated at **£45.5 billion in value added** to the UK each year.<sup>11</sup>

The components that make up this total are presented in Figure 2. They include the benefits from investing in social and emotional development in early childhood, as well as reducing un- and underemployment among parents who want to work but lack access to suitable early childhood education and care (ECEC). In addition, they reflect the reduced need to spend public funds on remedial steps for adverse childhood experiences (ACEs) that might have been avoided through action in early childhood.

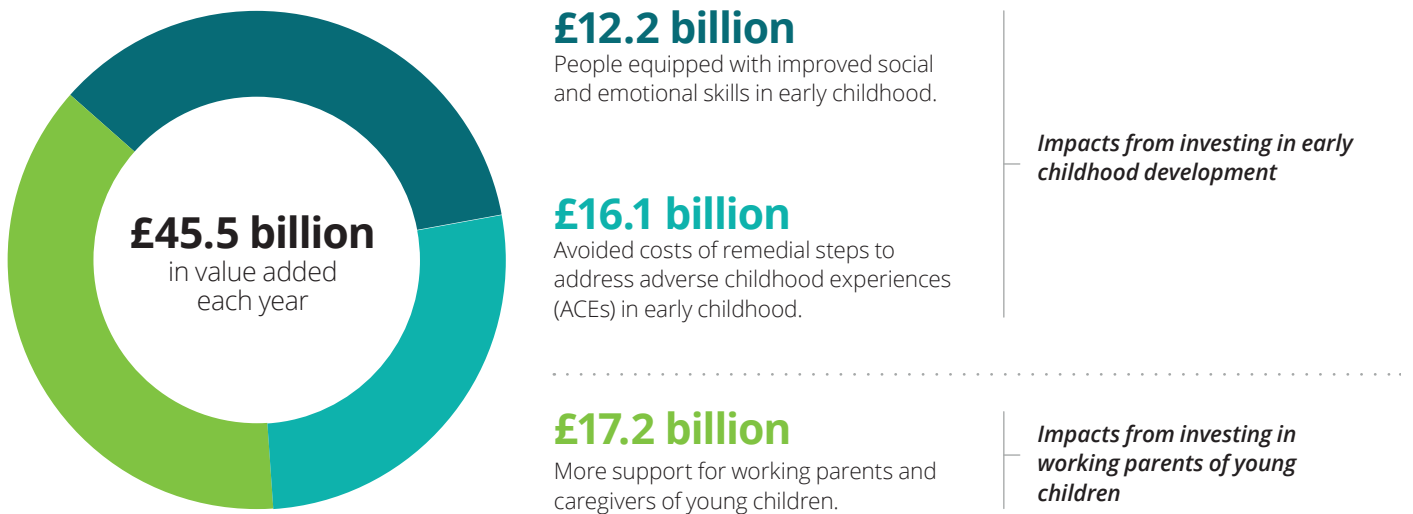
The figure has real meaning for individual households and businesses: including **£27.5 billion** in additional earnings for the UK's workforce, **£11.8 billion** in additional profits for businesses and **£6.2 billion** in additional tax revenue for the Government.

This estimate is not intended to represent an exhaustive measure of the value of the opportunity from investing in early childhood. The full set of benefits are much broader and are likely to compound over time as good practices and cultural shifts become increasingly embedded in society, **transforming lives for generations to come.**

While a significant part of the opportunity can be realised today through investing in working parents and caregivers, the major part of the opportunity will be realised over time.

Figure 2: Overview of the estimate of the opportunity – the annual economic value added

## What is driving the opportunity:



## How the opportunity could be shared:



Source: Deloitte analysis. See the discussion in Boxes 4, 5 and 7 for an overview of the approach. Due to rounding, figures may not sum to total.

<sup>11</sup> This figure has been developed using evidence that includes: the relationship between non-cognitive skills in childhood and economic growth, estimates of un- and under-employment of working parents and caregivers due to a lack of support for early childhood, as well as previous research on the potential avoided public expenditures currently incurred to mitigate issues relating to adverse childhood experiences (ACEs). See discussion in Boxes 4, 5 and 7 for an overview of this approach.

**Investing in early childhood in the UK could generate £45.5 billion in value added for the national economy each year.** This estimate includes the potential annual impacts from investing in social and emotional development in early childhood development, as well as more support for working parents of young children. These benefits could compound over time and impact families and society for generations to come.

Figure 3 illustrates that some of the most vulnerable groups stand to benefit the most from this opportunity. These include children and families living in poverty, who currently face particularly challenging barriers to healthy early development.

The following sections set out in more detail the nature of the opportunity and the economic evidence by analysing the opportunity through two channels of impact – first, pregnancy and early childhood; and secondly, the adults around children, including their parents and caregivers.

**Figure 3: Overview of the estimate of the opportunity – the people who are impacted the most**

### Working parents and caregivers impacted



**4.69 million**

**Working parents and caregivers** of under-fives in the UK.<sup>i</sup>



**554,300**

**Parents and caregivers** of under-fives wanting to work additional hours if given access to suitable childcare.<sup>ii</sup>



**82%**

**Private sector employment** as a share of total employment in the UK.<sup>iii</sup>



**73%**

Employment **by small and medium enterprises** (SMEs) as a share of employment by private sector employers.<sup>iv</sup>

### Children under five impacted



**3.58 million**

**Children under five years of age** in the UK in 2022.<sup>v</sup>

Of these children, investing in social and emotional development in early childhood will deliver greatest impacts for:

**36%**

Households with children under five living in relative poverty.<sup>vi</sup>

**202,900**

Children turning five years of age in 2022-23 at risk of **not meeting expected early years development benchmarks** on starting school.<sup>vii</sup>

**59%**

Parents who **have left or are leaving their job** who say the decision was somewhat, largely, or entirely due to personal mental health and wellbeing-related issues.<sup>viii</sup>

Sources: i Office for National Statistics (ONS), [Economic activity and employment type for men and women by age of the youngest dependent child living with them in the UK](#), 30 August 2023; ii Yonder Consulting for the Centre for Progressive Policy, [Women & childcare research](#), October 2021; iii ONS, [Private sector employment as % of total employment, UK](#), 14 May 2024; iv ONS, [Business population estimates for the UK and regions 2023](#), 5 October 2023; v ONS, [Population estimates for England and Wales, mid-2022](#), 23 November 2023; vi [Department for Work and Pensions, Households below average income \(HBAI\) statistics](#), 21 March 2024; vii Department for Education, [Early years foundation stage profile results](#), 30 November 2023; viii Deloitte, [Mental health and employers: The case for employers to invest in supporting working parents and a mentally healthy workplace](#), May 2024.



# The importance of investing in early childhood

## The role of early childhood in shaping life-long development

From pregnancy to the age of five, the brain undergoes a period of rapid growth and children learn foundational skills across each area of human development:

- **Social and emotional:** These are two groups of closely related skills that shape who we are, how we manage our emotions and thoughts, how we communicate with and relate to others, and how we explore the world around us (see Box 2).<sup>13</sup>
- **Cognitive:** These are the skills that help children understand and interact with their environment. This refers to a set of abilities that enable the use of language, numbers and reasoning.
- **Physical:** These include both gross and fine motor skills. Gross motor skills enable children to co-ordinate large muscle movements to walk, run, climb or crawl, while fine motor skills enable children to make smaller movements with their hands in support of activities like writing, cutting, and playing with toys.

These three areas of development are equally important and interrelated. For example, social and emotional skills can provide a child with the resilience required to keep trying when they are struggling to learn, while gross and fine motor skills are foundational for key aspects of academic learning such as holding a pencil and learning to read and write. Growth across all three areas is key to shaping a child's early development.

While it is perhaps less-known than physical development (see Box 3), the evidence suggests that social and emotional skill **attainment in early childhood is a key predictor of outcomes in later life.** Findings from a longitudinal study of 1,000 people in New Zealand in 1972-73 ('the Dunedin Study') suggest that a child's ability to display self-control, measured at age three or six, is more important than socioeconomic status or IQ in predicting future health, life satisfaction, wealth, addiction and criminal activity.<sup>14</sup> Similarly, a study of a nationally representative birth cohort in the UK suggests that social and emotional skills have greater predictive effects on long-term life outcomes than family background and are independent of early cognitive skills.<sup>15</sup>

While genes play an important role in encoding the potential for development, research suggests that the extent to which this potential is realised also depends on what happens around a child.<sup>17</sup> Specifically, a child's earliest **experiences, relationships, and surroundings** are critical inputs in shaping life-long development:

- Positive early **experiences** include the range of enriching activities children are exposed to in their early childhood, including in learning and education and play, as well as activities that support their health and wellbeing.
- Stable, responsive and caring **relationships**, including those between a young child and their primary caregivers, as well as broader community and early childhood professionals.
- Safe and enriching **surroundings**, include safety and access to adequate resources in the home, as well as cognitively stimulating surroundings at home or in early care and education settings and more broadly public surroundings that are tailored or adjusted to suit a child's needs.

Evidence shows that **repeated and positive experiences** before the age of five can create stronger and faster neural connections.<sup>18</sup> Equally, an absence of enriching experiences can weaken the neural networks that support future cognitive, social, and emotional growth.

An important part of the developmental process is **responsive relationships**, or the 'serve and return' interactions that children have with their parents and caregivers. For example, this includes where young children interact with adults through babbling, facial expressions and gestures and adults respond with the same sort of communication. Research suggests that responsive early relationships can act as a protective factor in early childhood development and help children thrive even in the face of early stress and adversity.<sup>19</sup> Exposure to **positive stress** in the context of stable and supportive relationships, such as meeting new people and dealing with frustration, can also help children build resilience and self-control.<sup>20</sup> An absence of these relationships can create toxic stress, with harmful impacts on early brain development, which can lead to ongoing disparities in learning, skills and behaviours in adulthood.<sup>21</sup>

13 Definition based on Delphi study commissioned by The Royal Foundation Centre for Early Childhood.

14 Terrie E Moffitt et al., "[A gradient of childhood self-control predicts health, wealth and public safety](#)," Proceedings of the National Academy of Sciences of the United States of America 108, no.7 (2011): pp. 2693 – 2698.

15 Ingrid Schoon, Bilal Nasim and Rose Cook. "[Social inequalities in early childhood competences and the relative role of social and emotional versus cognitive skills in predicting adult outcomes](#)," *British Educational Research Journal* 47, no. 5 (2021).

16 Skills clusters based on Delphi study commissioned by The Royal Foundation Centre for Early Childhood.

17 Terrance Deacon, *Incomplete Nature: How Mind Emerged from Matter* (New York: W. W. Norton & Company, 2011).

18 The Royal Foundation Centre for Early Childhood, [Big Change Starts Small](#), 2021; Anthony Holtmat and Karel Svoboda, "[Experience-dependent structural synaptic plasticity in the mammalian brain](#)," *Nature Reviews Neuroscience* 10, no. 9, (2009): pp. 647-58.

19 Center on the Developing Child, [Supportive Relationships and Active Skill-Building Strengthen the Foundations of Resilience](#), 2015.

20 Center on the Developing Child, [A Science-Based Framework for Early Childhood Policy](#), 2007.

21 Center on the Developing Child, [InBrief: The Science of Early Childhood Development](#), 2007.



# BOX 2

## Social and emotional skills

The Royal Foundation Centre for Early Childhood conducted a global listening exercise to develop consensus on the universal social and emotional skills that matter most throughout our lives and across a diversity of socioeconomic and cultural contexts. The research drew on input from over 100 experts globally, from a range of academic and professional disciplines, as well as language testing with the general public. This generated the six clusters of skills presented below:

Figure 4: Universal social and emotional skill clusters



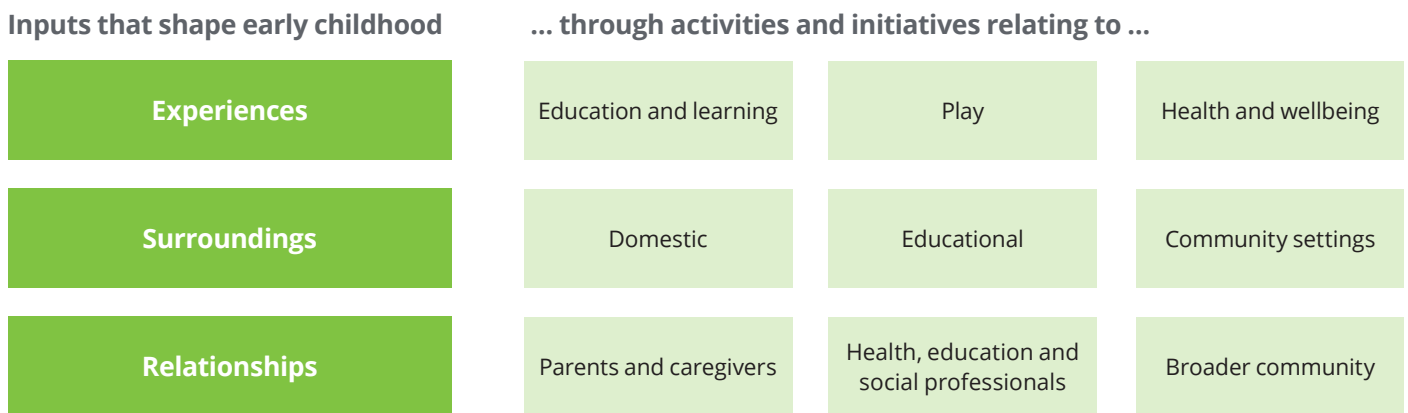
Source: The Royal Foundation Centre for Early Childhood<sup>16</sup>

Beyond parents and caregivers, a wide range of people and organisations contribute to shaping the quality of a child's earliest experiences, relationships, and surroundings. These contributions include a child's earliest interactions within their wider family, in formal or informal care, educational settings, and the local community. This reflects the **social-ecological approach for early childhood development**, which frames early development as the result of multiple, interacting biological and environmental factors.<sup>22</sup> Figure 5 summarises the range of factors that help to shape the experiences, relationships, and surroundings of a young child.



22 For example, including family, community, sociocultural, economic and political influences; UNICEF, [Brief on the Social Ecological Model](#).

Figure 5: The range of inputs that affect the quality of early childhood experiences



Source: Deloitte analysis

The quality of these inputs has immediate implications for a child’s health and happiness, their school-readiness, and how well-equipped they are for social interactions. However, the benefits of healthy childhood development also extend far beyond early childhood. It can equip people with the skills to thrive in the world, to lead fulfilling lives through adolescence and adulthood, to cope with challenge and adversity and to achieve their full potential across different aspects of life, including their education, career, health, wellbeing and relationships.

Equipping children with these foundational skills in the early years can help to set children on a positive life path, leading to further opportunities at later stages of their lives. In this way, early childhood offers a unique window of opportunity for investing in life-long outcomes and adult functioning, including in the workplace.

“Emotional well-being and social competence provide a strong foundation for emerging cognitive abilities, and together they are the bricks and mortar that comprise the foundation of human development. The emotional and physical health, social skills, and cognitive-linguistic capacities that emerge in the early years, are all important prerequisites for success in school and later in the workplace and community.”

Harvard University, Center on the Developing Child<sup>23</sup>

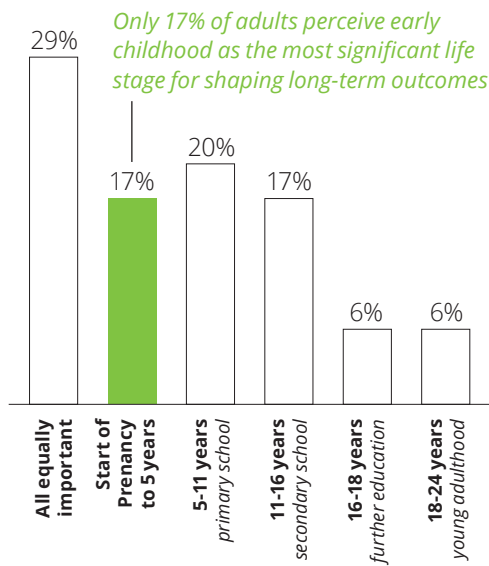
23 Center on the Developing Child, *InBrief: The Science of Early Childhood Development*, 2007.

# BOX 3

## Public awareness of the importance of early childhood development

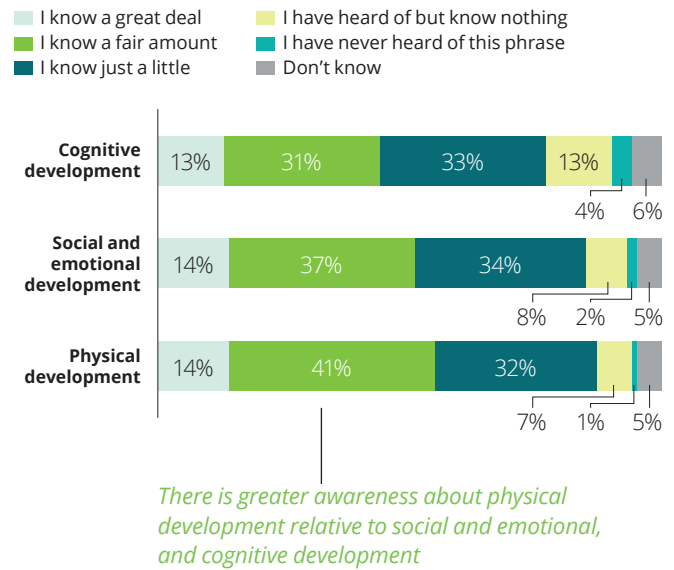
Despite the scientific evidence, public awareness of the importance of early childhood development is mixed. While around nine in ten adults in the UK recognise the importance of early childhood in shaping outcomes in later life, there is relatively low recognition of its importance compared to other life stages – with fewer than one in five identifying the period of pregnancy to age five as the most important stage of life. There is also greater awareness of the role of physical development in early childhood relative to the importance of cognitive and social and emotional development.<sup>25</sup>

**Figure 6: Public perception of the importance of life stages in shaping future lives (%)**



Source: Ipsos (2023)<sup>26</sup>

**Figure 7: Self-reported knowledge about early childhood development**



Source: Ipsos (2023)<sup>27</sup>

<sup>24</sup> Ipsos and The Royal Foundation Centre for Early Childhood, [Understanding public attitudes to early childhood](#), 2023, p. 8.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid., p. 21.



# Benefits for the future workforce

Investing in early childhood is also an investment in the quality, skills, and productivity of the future workforce. Foundational skills, developed through early cognitive, social, and emotional development in childhood, are highly valued by employers and can lead to improved employment and earning outcomes later in life. These skills – such as communication, problem-solving, collaboration and empathy – lead to benefits that are **shared across** the economy, including higher earnings for individuals, a more productive workforce for businesses, and the increased capacity to generate value across the UK. The potential value of these skills and productivity benefits is quantified as one of the key components of the opportunity from better investing in early childhood (see Box 4).

Shifts in the skills required in the future labour force are also expected to **further increase the importance of social and emotional skills in the workplace over time**. Globalisation, alongside the changing role of technology through automation and the use of artificial intelligence (AI), are contributing to changes in the types of skills needed by workers.<sup>35</sup>

This is expected to include reduced demand for physical and manual skills, as well as cognitive skills such as basic literacy and numeracy. By comparison, demand for workers with social and emotional skills is expected to increase across all sectors, including skills in communication, empathy, flexibility, and critical thinking.<sup>36</sup> Workers will increasingly require holistic cognitive and non-cognitive skills such as creativity and innovation.<sup>37</sup>

Investing in social and emotional development in early childhood can also lead to broader economic impacts, particularly through **fostering better mental health and wellbeing later in life**. Previous research shows that there is a link between children's social and emotional wellbeing and their future life satisfaction. For example, a 2014 study of data from the British Cohort Study found that childhood emotional health was the most important predictor of adult mental health and wellbeing.<sup>38</sup> Research by the Royal College of Psychiatrists suggests that half of mental health conditions arise by the age of 14 and many develop in the first years of life.<sup>39</sup> Poor mental health can create significant, additional costs for employers through absenteeism, presenteeism,<sup>40</sup> and increased labour turnover. Analysis by Deloitte estimates the **annual costs to UK employers arising from poor mental health at £51 billion annually**.<sup>41</sup>

## Box 4



### Estimating the economic impact of improving social and emotional development in early childhood

To illustrate a key aspect of why investing in early childhood is important, this report estimates the potential economic value of improving levels of non-cognitive skills in the workforce in the UK, as one of the three elements of the total economic opportunity for the UK (Figure 2).

The approach uses previous research on the relationship between economic growth and cognitive and non-cognitive skills in childhood and considers the potential impact on GDP if non-cognitive skills were improved in the UK to the level of other leading countries.

To identify a proxy for cognitive and non-cognitive skills, previous studies use data on students' performance in the Programme for International Student Assessment (PISA).<sup>42</sup> Under this approach, starting performance in PISA testing represents a proxy for cognitive skills, while performance decline during PISA testing represents a proxy for non-cognitive skills. Differences in performance decline between countries is therefore assumed to capture differences in students' resilience, as a proxy for students' social and emotional development. Based on this proxy measure for non-cognitive skills, some of the higher-performing countries globally include Austria, Finland, the Netherlands, Belgium, Ireland and New Zealand.

Based on this estimated relationship between economic growth and non-cognitive skills, the opportunity for the UK in **improving non-cognitive skills to the average level of these leading countries** is estimated to be **£12.2 billion in value added** per year – or just over a quarter (27%) of the £45.5 billion annual economic opportunity for the UK (Figure 2).

35 World Economic Forum, [The 3 key skill sets for the workers of 2030](#), Future of Work, 1 June 2018.

36 Ibid.

37 Ibid.

38 Richard Layard et al., ["What Predicts a Successful Life? A Life-Course Mode of Wellbeing."](#) The Economic Journal 124, no. 580, (2014): pp. F720-F738.

39 Royal College of Psychiatrists, [Infant early childhood mental health: the case for action](#), 2023.

40 Defined as attending work whilst ill and underperforming or being less productive; Deloitte, [Mental health and employers: The case for employers to invest in supporting working parents and a mentally healthy workplace](#), May 2024.

41 Ibid.

42 World Economic Forum, [Catalysing Education 4.0 Investing in the Future of Learning for a Human-Centric Recovery](#), 2022, p. 10; Pau Balart, Matthijs Oosterveen and Dinand Webbink, ["Test scores, noncognitive skills and economic growth,"](#) Economics of Education Review 63, no. 2 (2018): pp. 134-153.

# Benefits for wider society

There are additional benefits which accrue to wider society from investment in early childhood development. Investing in early childhood offers the potential for avoiding remedial interventions that would have otherwise been required to address challenges arising at later stages of life.

Investing in early childhood can also contribute to broader societal benefits. For example, addressing inequality in early childhood can contribute to **promoting social mobility** across the UK. More generally, investing in early childhood can contribute to **social cohesion** through supporting people to live happy and healthy lives. While average ratings of personal wellbeing (including life satisfaction, feeling that things are worthwhile, and levels of happiness and anxiety) improved between 2012 and 2019 in the UK, average ratings remained below pre-pandemic levels in 2023.<sup>45</sup>



## BOX 5



### Savings in annual public expenditures related to adverse childhood experiences

Previous research commissioned by The Royal Foundation investigated the potential savings that could be made on remedial steps for adverse childhood experiences (ACEs) that might have been avoided through action in early childhood. ACEs can include highly stressful or traumatic events or situations during childhood, such as exposure to domestic violence, physical, sexual or emotional abuse, living with someone abusing drugs or alcohol, living with someone with serious mental illness, or losing a parent through divorce, death or abandonment.<sup>43</sup>

This analysis estimated that these savings amount to **£16.13 billion each year** in England alone. This is largely driven by costs including children's social care (39%), mental health and social consequences in later life (23%), crime and antisocial behaviour associated with ACEs (16%), and youth economic inactivity (14%). The £16.13 billion represents money that could be returned to households and businesses or reallocated to support other public spending requirements.

To put this into context, £16.13 billion represents nearly five times the total annual spend on early education and childcare entitlements in the UK, or 44 times the investment in specialist perinatal mental health services, between 2015-16 and 2021.<sup>44</sup> Increasing the focus on preventing ACEs in early childhood can therefore help to save on the remedial interventions otherwise required later in life.

This estimate is included as one of the three elements of the total economic opportunity for the UK, and represents just over a third (35%) of the total £45.5 billion annual economic opportunity for the UK (Figure 2).

<sup>43</sup> Manchester University NHS Foundation Trust, [Adverse Childhood Experiences \(ACEs\) and Attachment](#), accessed 25 October 2023.

<sup>44</sup> The Royal Foundation Centre for Early Childhood, [Big Change Starts Small](#), 2021, p. 21.

<sup>45</sup> Office for National Statistics, [Personal well-being in the UK: April 2022 to March 2023](#), 7 November 2023.

# Early childhood outcomes in the UK

Unfortunately, many young children in the UK face challenges that hinder their opportunities for growth even before the age of five. Around **one in three children (32.8%) in the UK start school without achieving a good level of development**,<sup>46</sup> representing approximately 202,900 children in their Foundation Stage in 2022-23.<sup>47</sup> This share is even higher for children who are eligible for free school meals, for children whose first language is other than English, and for children who live in the 10% most deprived areas.<sup>48</sup> Research by the Royal College of Psychiatrists indicates that of the 5% of children aged between two and four years old with anxiety, behavioural disorders or neurodevelopmental conditions, the majority do not receive the level of support needed to reach their full potential.<sup>49</sup> The Academy of Medical Sciences also highlights growing threats to child health in the UK, including an increasing prevalence of child obesity (with nearly a quarter of children aged five years overweight or obese), and a sustained increase in infant mortality (with the UK ranking below 60% of OECD nations).<sup>50</sup> This points to **significant structural barriers to development for some of the most vulnerable** before they even begin their school-based education.

In addition, children with **special education needs and disability (SEND) can face particularly acute barriers in accessing suitable support** for their development. In England, 10.8% of children aged between two and four years were identified as having special educational needs in 2022-23.<sup>51</sup> A 2024 survey of local authorities found that only 6% of local authorities in the UK report having sufficient childcare places for children with SEND, down from 18% in 2023.<sup>52</sup> Children can require a range of support and adjustments for their individual learning needs during early childhood. This can include supports which benefit all children – such as an inclusive culture, information for parents and caregivers, and a qualified early years workforce – alongside more targeted supports, such as access to expert educational advice and support, equipment or minor alterations, targeted therapeutic interventions and additional assistance.<sup>53</sup>

A lack of support for a child's learning needs can place a significant additional burden on their parents and caregivers, who may lack the knowledge and resources to support their child's learning and development. This in turn may impact their productivity and opportunities at work. **Early assessment, and access to graduated supports across different levels of learning needs** is therefore critical to addressing early barriers to learning and development which may otherwise persist throughout later life.<sup>54</sup>



46 'Good level of development' is defined as achievement of at least the expected level in the early learning goals (ELGs) in the prime areas of learning (personal, social and emotional development; physical development; and communication and language) and the ELGs in mathematics and literacy.

47 The United Kingdom Statistics Authority, [Early years foundation stage profile results](#), last updated 30 November 2023.

48 UNICEF, [Early Moments Matter](#), Policy Report, 2022.

49 Royal College of Psychiatrists, [Infant early childhood mental health: the case for action](#), 2023

50 The Academy of Medical Sciences, [Prioritising early childhood to promote the nation's health, wellbeing and prosperity](#), February 2024.

51 Including children issued with EHC plans and children with SEN support; The United Kingdom Statistics Authority, [Special educational needs in England](#), 22 June 2023.

52 Coram, [Childcare Survey 2024](#), March 2024.

53 Deloitte, [Inclusion in early childhood care and education in high-income countries](#), report commissioned by UNESCO, 2021.

54 Ofsted, [SEND: old issues, new issues, next steps](#), 2021.





### Barriers to inclusion and support for neurodiversity in early childhood

Children grow with different cognitive, social and emotional, and physical developmental needs, and some may require more tailored strategies or adjustments to early education and care to support their learning and development. For example, **autistic children often require a differentiated approach** from the needs of neurotypical children. This may include considering the impact of noise levels for children with specific sensory needs, or facilitating social interactions for children with specific social and emotional needs, and being aware of signs that a child needs support or is becoming overwhelmed.<sup>55</sup>

A key part of providing the right support is identifying when a child may need additional or different types of support. Delays to assessment can act as a barrier to support for a child's learning and development needs in their earliest years. However, a 2022 survey of parents and guardians with a child with an autism diagnosis highlighted that **over two thirds had to wait over a year to be assessed** – including 23% waiting between two and three years, 11% waiting between three and four years, and 9% waiting over five years.<sup>56</sup>

While having a referral or a diagnosis of autism is an important step, securing access to tailored support also requires **investment in skills, knowledge, and resources** for parents, caregivers and early childhood professionals. A lack of understanding of a child's learning and development needs and insufficient resourcing can result in inadequate or ineffective support, potentially impacting on a child's future learning outcomes and their mental health.<sup>57</sup> Many autistic children in the UK may be missing out on receiving support today.<sup>58</sup> In addition to the autistic children who have not yet received a diagnosis, there are also many who have received a diagnosis but face barriers in accessing targeted support. For example, of all children who were diagnosed with autism aged between two and five years in England in 2022-23, only 57% were issued with Education, Health and Care (EHC) plans to deliver additional targeted support.<sup>59</sup>

Outside of early childhood settings, societal awareness and approaches towards neurodiversity can also impact early development for autistic children. Research has highlighted the importance of approaching neurodiversity in terms of **learning needs and strengths**, rather than a deficits-based approach. Labelling neurodivergent children as developmentally delayed from an early age may not adequately account for the diversity and complexity in early learning and development needs.<sup>60</sup> Deficits-labelling can also risk creating social stigmas that may impact a child's relationships with other children and adults and potentially place limiting narratives on a child and their aspiration for learning from an early age.<sup>61</sup>

The COVID-19 pandemic and the cost-of-living crisis have only added to the challenges faced by children and families in the UK. According to the Early Years Childcare and Parents Survey, nearly 38% of parents of pre-school children felt that the pandemic harmed their child's development greatly.<sup>62</sup> Early years providers have also reported that the language and communication skills of children born in the pandemic are not as strong as previous cohorts and that they had more limited vocabulary when starting childcare.<sup>63</sup> Following the pandemic, 53% of children had fallen behind in personal, social and emotional development while 29% were behind in language and communication.<sup>64</sup>

An annual survey of teacher and parent views on the scale and impact of children missing their development milestones in early childhood suggests that **issues in school readiness are growing**. In 2023, nine out of ten parents (91%) of children in Reception classes described their child as 'ready for school,' while teachers reported that more than a third (35%) of children in their Reception classes were not ready by their standards.<sup>66</sup> Half of the teachers surveyed (50%) believe that the number of children developmentally-behind in Reception was higher in 2023 compared to the previous year.<sup>67</sup>

55 The Education Hub, [Neurodiversity: A strengths-based approach to teaching diverse learners](#), accessed 25 October 2023.

56 House of Commons, [ADHD and ASD \(autism\) assessment waiting times](#), Petitions Committee, accessed 25 October 2023.

57 I CAN and the Royal College of Speech and Language Therapists (RCSLT), [Bercow: Ten Years On](#), accessed 25 October 2023.

58 Carrie Ballantyne et al., "[Knowledge and barriers to inclusion of ASC pupils in Scottish mainstream schools: a mixed methods approach](#)," International Journal of Inclusive Education (2022).

59 Of those children diagnosed with autism between the ages of two and five: The United Kingdom Statistics Authority, "[Special educational needs in England](#)," 22 June 2023.

60 Kristien Hens and Leni Van Goidsenhoven, "[Developmental diversity: Putting the development back into research about developmental conditions](#)," Frontiers in Psychiatry 13 (2023).

61 UNESCO, "[Inclusion in early childhood care and education in high-income countries](#)," Global Education Monitoring Report, 2021.

62 The Department for Education (DfE), [Childcare and early years survey of parents](#), last updated 11 November 2022.

63 Ofsted, [Education recovery in early years providers](#): autumn, 2021.

64 Ofsted, [COVID-19 series: briefing on early years, October 2020](#), 2020, p 6.

66 Kindred<sup>2</sup>, [School Readiness Report 2024](#), 2024.

67 Ibid.

Early studies suggest that the experience of the pandemic differed across the UK, with the **worst impacts felt among those who were already disadvantaged**.<sup>68</sup> While most children were impacted by the pandemic, the effects were more pronounced in children with special needs and disabilities, children living in poverty, and children from disadvantaged backgrounds. One study found that, after accounting for age-related increases in skills, children who attended early childhood education and care (ECEC) during the pandemic showed greater growth in vocabulary understanding. The study suggests that children from less privileged backgrounds who lost access to ECEC were disproportionately disadvantaged by social distancing measures, risking their language development and knock-on benefits of good language skills.<sup>69</sup>

While this evidence reflects the severity of impacts from the pandemic, the lack of focus on the importance of investing in early childhood also predates the pandemic. For example, in 2017, investment in early childhood education and care as a proportion of GDP stood at 0.5% in the UK, below the OECD average of 0.81%.<sup>70</sup> A greater focus on the importance of early childhood development before or during the pandemic may have helped to mitigate some of these impacts on developmental outcomes.

Greater investment in school readiness and early learning and development for young children could have significant impacts for the productivity and global competitiveness of the future UK workforce. This includes by equipping the workforce with the social and emotional skills that employers value, and supporting people who may otherwise struggle with the long-term effects of adverse childhood experiences.



68 UNICEF, [Early Moments Matter](#), 2022.

69 Catherine Davies, Alexandra Hendry and Nayeli Gonzalez-Gomez, [Boosting early years learning during COVID-19](#), University of Leeds, 2021.

70 OECD, [Starting Strong 2017: Key Indicators on Early Childhood Education and Care](#), 21 June 2017.

# The importance of supporting parents and caregivers of young children

Alongside investing in children during early childhood, **society can also reach children through the adults in their lives.** The period from pregnancy to age five is a time when many parents and caregivers need support, both in guiding the development of their child, maintaining their own welfare, and balancing responsibilities between family and work. Support for parent and caregivers' mental health, as well as access to quality options for early childhood education and care, can positively impact children's early development whilst also improving their parent and caregivers' potential in the workplace, generating additional economic value for the UK.

## Supporting the mental health of parents and caregivers

The transition to parenthood can be a particularly challenging time for the mental health of new parents and caregivers. In a 2022 survey, **over half of parents of under-fives in England reported struggling financially or with their mental health.**<sup>71</sup> Research by the London School of Economics and Centre for Mental Health found that **one in five women will experience mental health problems** during or after pregnancy,<sup>72</sup> with an estimated cost of almost £10,000 per birth in the UK.<sup>73</sup> Suicide is the leading direct cause of maternal death in the first postnatal year.<sup>74</sup> Research also suggests that anxiety and depression are under-recognised during the perinatal period and that parents and caregivers may be unwilling to disclose issues due to stigma surrounding mental health.<sup>75</sup>

In turn, a lack of access to support for mental health for parents and caregivers can lead to **impacts on early social and emotional development for children.** Research suggests that children of mothers experiencing perinatal mental health problems have a higher risk of being born pre-term or with a low birth weight and of issues in their future cognitive and social and emotional growth.<sup>76</sup>

The mental health problems that can arise in parents and caregivers can have wider economic and societal impacts, by impacting the ability of working parents to be productive at work. Previous research by Deloitte has found that **59% of parents who have left or are leaving their job attribute their decision to personal mental health and wellbeing-related issues** (Figure 3). In reviewing how employers can support the mental health of all people in employment, the Stevenson and Farmer Review sets out a vision for change to enable employees, in all sectors and across all organisations, to have work which contributes positively to their mental health.<sup>77</sup> A key step in achieving this vision will involve supporting working parents and caregivers with their mental health needs in the workplace.

## Reaching young children by supporting all parents, caregivers and families

Becoming a parent or caregiver can be daunting and early interventions or support can help develop parental **capability**, improving knowledge of child development and good practices in caring for children, as well as self-efficacy or confidence in their own abilities. This can result in better parent-child interactions and healthier domestic surroundings.<sup>78</sup>

Many parents and caregivers also face challenges in their caregiving **capacity**, or feel unable to use their skills and knowledge due to limited time and resources. The relatively high costs of early childhood education and care in the UK can put many household budgets under pressure.

Financial capacity challenges can be even more fundamental for some parents and caregivers who struggle to provide basic needs such as nutritious food, a safe environment, education and developmental playthings. In the UK, around one in three children under the age of five are living in relative poverty.<sup>79</sup> **Rates of child poverty have increased over the past decade in the UK**, with the greatest increase seen among the youngest children.<sup>80</sup> As shown in Figure 8, the rate of relative poverty for families with three or more children, with the youngest under five, has increased from 37% to 52% over the decade to 2019-20.

71 Ibid, p. 31.

72 Defined as the mental health problems experienced during the period from pregnancy to one year after birth.

73 London School of Economics and Centre for Mental Health, [Maternal Mental Health Alliance: Everyone's Business](#), 2014.

74 National Perinatal Epidemiology Unit, [Maternal mortality 2019-2021](#), October 2023.

75 The Royal College of Midwives, [Parental Emotional Wellbeing and Infant Development](#), 2021, p. 12.

76 Annette Bauer, Care Policy and Evaluation Centre, in The Royal Foundation Centre for Early Childhood, [Big Change Starts Small](#), 2021.

77 Stevenson and Farmer Review, [Thriving at Work: the Stevenson/Farmer review on mental health and employers](#), October 2017.

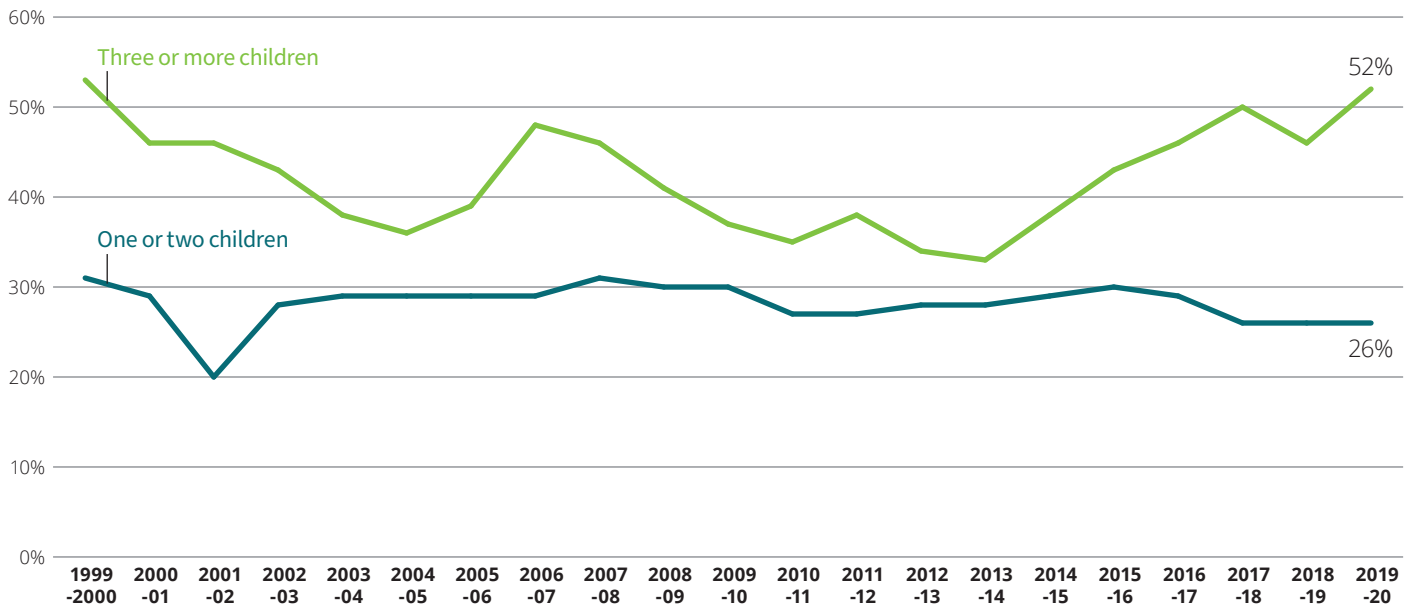
78 Clare Campbell, [How to involve hard-to-reach parents: encouraging meaningful parental involvement with schools](#), National College for School Leadership, 2011.

79 Defined as living in a household with an income less than 60% of the median household income; Department for Work and Pensions, [Households below average income \(HBAI\) statistics](#), 21 March 2024; Nuffield Foundation, ["Trends in early childhood poverty in the UK"](#), accessed August 2023.

80 Ibid.



**Figure 8: Risk of relative poverty for households with youngest child ages 0-4, by number of children in the family, UK, 1999-2000 to 2019-20 (%)**



Source: Nuffield Foundation, based on Department for Work and Pensions<sup>79</sup>

Living in poverty can have a **direct impact on the development of a young child**. The scientific evidence shows that chronic stress in early childhood, such as that caused by extreme poverty, can be highly detrimental to the developing brain and have long-term consequences.<sup>81</sup> Research by the Institute for Fiscal Studies (IFS) suggests that a substantial share of the inequalities in early cognitive, social and emotional development by age three are explained by the impact of early surroundings related to differences in income, described as an ‘income gradient’ in early development.<sup>82</sup> Evidence from the Millennium Cohort Study shows that children continually living in poverty in their first seven years have cognitive development scores at almost 20 percentile ranks lower than those who have never experienced poverty.

Poverty also causes **health inequalities** by impeding access to good nutrition and secure housing. For example, babies living in cold or insufficiently insulated housing will expend additional calories on maintaining body temperature and blood sugar levels, rather than organ development.<sup>83</sup>

The challenging economic climate has increased the **financial pressure** for many families in the UK. Based on a 2022 survey by Barnardo’s, one in five parents say they have struggled to provide sufficient food due to the current cost-of-living crisis and around a quarter say that their child’s mental health has worsened due to the situation.<sup>84</sup> A UNICEF survey of parents of under-fives in the UK highlighted financial constraints as a key issue for families, with nearly a quarter of a million parents and carers in the UK reporting having to choose between eating a meal and paying for formal childcare services.<sup>85</sup>

A lack of financial capacity may be partially offset if parents and caregivers can draw on informal support, such as from a partner or spouse, family members, or neighbours. However, many parents and caregivers **lack an informal support system** such as a spouse, or their own parents and caregivers, to share the financial pressure and caregiving burden of early childhood. The combination of a lack of support with parenting, financial challenges, and an inadequate informal support system can put parents and families under pressure during the early childhood years. This can limit the extent to which children may be able to access the range of inputs that are so important in early childhood development: the experiences, surroundings, and relationships that can have a formative effect on a child’s development.

81 Center on the Developing Child, *InBrief: The Science of Early Childhood Development*, 2007..

82 Sarah Cattan et al., *Early childhood inequalities*, IFS Deaton Review of Inequalities, 2022, p. 3.

83 Royal College of Paediatrics and Child Health, “*Child health inequalities driven by child poverty in the UK*,” position statement, 21 September 2022.

84 UNICEF UK, *Over half of families in Britain with children under 5 struggle financially or with their mental health*, 2022.

85 Ibid.

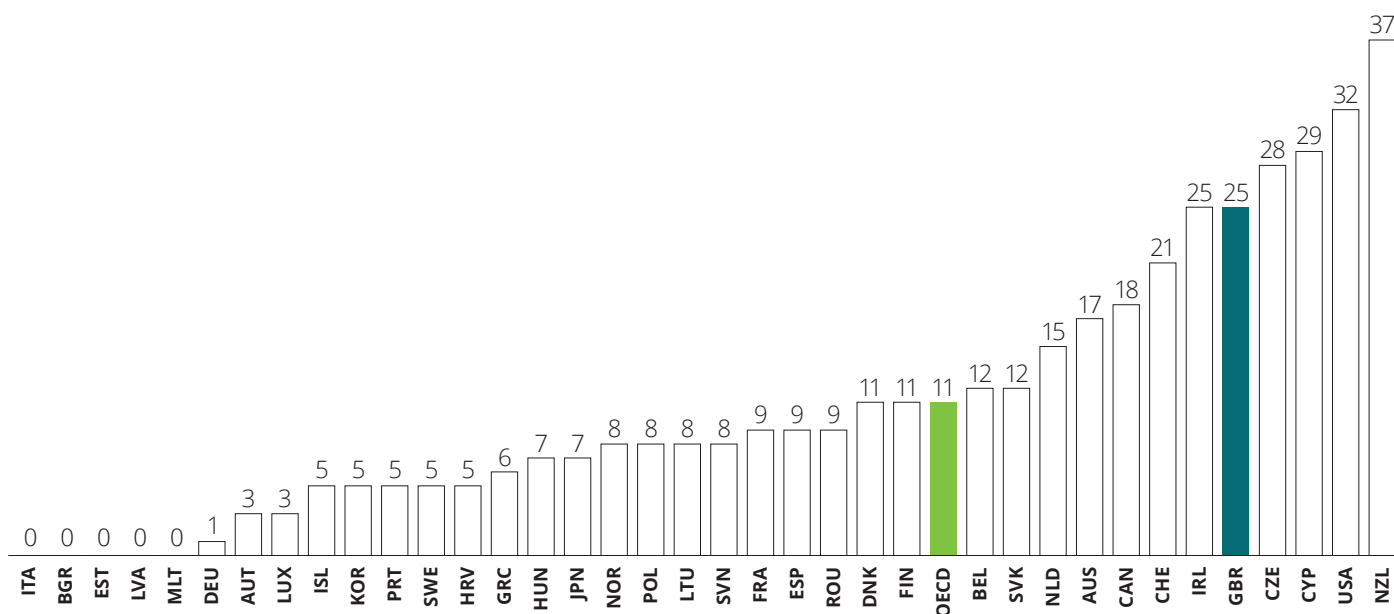
## Helping parents achieve their economic potential at work

There is evidence that a **lack of access to quality early childhood education and care** is holding some parents and caregivers back in the workplace. Previous studies have highlighted that access to available and affordable early childhood education and care is a challenge for working parents and caregivers with children under the age of five as well as expectant parents.<sup>86</sup> International comparisons show that the **UK is one of the most expensive places for early childhood education and care** in the OECD, accounting for 25% of an average couple's income in Great Britain – more than twice the OECD average of 11% (Figure 9). The Childcare and Early Years Survey highlights that, in 2022, almost one third of parents (32%) reported finding it difficult or very difficult to meet the costs of early childhood education and care.<sup>87</sup>

The costs of early childhood education and care can be even greater for low-income families. Based on a 2023 survey of working parents with a total household income of £50,000 or less, **40% of low-income parents describe going into debt to pay for early childhood education and care.**<sup>88</sup> Younger parents and families with three or more children were even more likely to describe having fallen into debt.

The **quality and availability of early childhood education and care** can also be a challenge, with an increasing share of parents of children under five agreeing that there are not enough early childhood education and care places – rising from 28% of parents of under-fives in 2021 to 34% in 2022.<sup>89</sup> Ensuring the quality of early childhood education and care is also key to providing parents with options. Previous research has highlighted the importance of high-quality provision in early childhood education and care, including the impact of quality on early social and emotional development.<sup>90</sup> Without intervention, these impacts are likely to fall disproportionately on children from low-income families who find it hardest to afford quality early care and education.

Figure 9: Net early childhood education and care costs in the OECD, 2022<sup>91</sup> (% of average couple wage)



Source: OECD, based on net childcare costs as a share of the average couple wage.

<sup>86</sup> Ibid.

<sup>87</sup> Department for Education, [Childcare and early years survey of parents](#), last updated 15 August 2023.

<sup>88</sup> Working Families, [Working Families Index 2023 – Spotlight on lower income families](#), 2023.

<sup>89</sup> Department for Education, [Childcare and early years survey of parents](#), last updated 15 August 2023.

<sup>90</sup> For example, a longitudinal study of 3,000 children in Europe found that children in high-quality centres showed more independence and reduced anti-social behaviour upon entering primary school; Kathy Sylva et al., [The Effective Provision of Pre-School Education \(EPPSE\) Project: Findings from Pre-school to end of Key Stage 1](#), UCL Institute of Education, 2004.

<sup>91</sup> This indicator measures the net childcare costs for parents using full-time centre-based childcare, after any benefits designed to reduce the gross childcare fees. Childcare benefits can be received in the form of childcare allowances, tax concessions, fee rebates and increases in other benefit entitlements. Net childcare costs are calculated for both couples and lone parents assuming two children aged 2 and 3. For couples, one parent earns 67% of the average wage whereas the other earns either minimum wage, 67% or 100% of the average wage.

Lack of access to affordable and quality early childhood education and care can create **financial constraints** for families with young children trying to balance responsibilities across home and the workplace. This can present parents with difficult choices and create pressure to **leave work or reduce working hours to provide informal care for children**. A 2021 survey of mothers of under-fives found that 17.8% reported a lack of availability of suitable childcare, leading them to reduce their working hours.<sup>92</sup> The 2023 Working Families Index found that over 50% of working parents on lower incomes have had to reduce their working hours in order to manage childcare needs.<sup>93</sup>

These choices can have a **negative impact on the career progress and potential of parents and caregivers**, particularly for women. Research by the IFS suggests that while average employment rates and hours of work for men do not change significantly after becoming fathers, employment rates of women fall from more than 90% to less than 75% after childbirth.<sup>94</sup> For those women who do remain in paid work, average hours fall from around 40 hours per week to less than 30. The evidence suggests that this trend has more to do with gender than differences in earnings between partners.

For example, **even women with higher wages than their male partners before childbirth see their employment rate fall** by at least 13% during the first few years of parenthood and remain at this lower level for the next decade.<sup>95</sup>

The availability and affordability of quality early childhood education and care has **wider implications for equality of opportunity in the workplace**. Evidence from the Working Families Index suggests that early childhood education and care needs have prevented 'almost half of mothers, single parents and those on Universal Credit' from applying for new roles. Similarly, issues with childcare have led to 'almost four in ten Black, mixed race and Asian parents' from forgoing a promotion or training opportunity.<sup>96</sup>

For parents who continue to work, the reliability or quality of early childhood education and care can be a source of stress. Concern about their child or unexpected absences to deal with childcare emergencies can **impact productivity at work, raising a problem for business who may also need to replace talent** who leave the labour force involuntarily or scale down hours in order to provide care at home.

## BOX 7



### Estimating the economic impact of supporting parents and caregivers of under-fives to work

The challenges for working parents and caregivers can add up to significant implications for the economy. This study has sought to estimate the economic impact of un- and underemployment of parents and caregivers of under-fives attributable to a lack of access to suitable early care and education services, as one of the key elements of the total economic opportunity for the UK (Figure 2).

Previous survey evidence of parents and caregivers in the UK suggests that approximately 17% of women with dependent children aged under five would prefer to increase their working hours given access to suitable childcare.<sup>97</sup> This includes those who would like to take on additional hours in their current role, as well as those who are not currently employed but would prefer to take on a new role. Drawing on this evidence, the impact of better supporting women with dependent children under five to work their preferred hours is estimated to be approximately **£17.2 billion in value added each year** – a significant part of the opportunity that could be realised today.

Similarly, other survey evidence suggests that nearly one in five men who provide regular unpaid care for a child or adult would prefer to increase their working hours given more flexible working arrangements.<sup>98</sup> However, additional evidence is required to understand how access to suitable early childhood education and care would impact employment decisions for men with dependent children, particularly given increased pressure on men to return to work rather than provide care at home.

This represents £17.2 billion in value added or over a third (38%) of the total £45.5 billion opportunity for the UK (Figure 2).

92 Yonder Consulting, [Women in Work Survey](#), 2021.

93 Working Families, [Working Families Index 2023 - Spotlight on lower income families](#), 2023.

94 Alison Andrew et al., [The careers and time use of mothers and fathers](#), Institute for Fiscal Studies, 2021.

95 Ibid.

96 Working Families, [Working Families Index 2023 - Spotlight on lower income families](#), 2023.

97 Yonder Consulting, [Women in Work Survey](#), 2021.

98 Yonder Consulting, [Centre for Progressive Policy - Care Survey](#), 2022.





Equally, there are also many parents in the UK who feel pressure to return to work, or to return too soon after birth, when they would prefer to remain at home with their child. One reason for this is **insufficient parental leave** – particularly for working fathers. The current minimum statutory entitlement for paternity leave is two weeks at a rate of £172 a week, representing 44% of the national living wage. A recent survey of fathers in the UK highlighted that one in five fathers take no paternity leave at all, with 43% citing financial hardship; while 63% of fathers described not feeling mentally ready to return to work when they did.<sup>99</sup>

Some working parents are not offered the workplace flexibility they need to strike their preferred balance between work and caring for their young child. They may worry about keeping their job, the impact on their careers, or the reaction of peers and colleagues to taking time away from work to spend with their young children. In a survey of over 7,000 fathers in the UK, 14% of those who used the shared parental leave scheme said they **faced workplace discrimination as a result** of doing so.<sup>100</sup>

As well as causing stress for working parents and caregivers who would prefer to spend more time with their children, there is also evidence that these issues can impact the child. Findings from a longitudinal study of 120 couples found that mothers' job autonomy and fathers' work hours during a child's first year of life leads to fewer behavioural problems and more adaptive skills in their children between six and seven.<sup>101</sup> Analysis based on data from the Millennium Cohort Study finds that the involvement of fathers in early care and education has a unique and important effect on the educational outcomes of children. It found that when fathers of three-year-olds participate more in structured educational activities, such as reading and drawing, there can be persistent effects that give the child an advantage when they enter primary school.<sup>102</sup>

99 Rosie Fogden et al., *Leave in the lurch: Paternity leave, gender equality and the UK economy*, Centre for Progressive Policy, 2023.

100 Pregnant then Screwed, *8 in 10 dads say that their employer is not doing enough to support fathers in the workplace*, 17 June 2022.

101 Maureen Perry-Jenkins et al., *"Parents' Work and Children's Development: A Longitudinal Investigation of Working-Class Families,"* J Fam Psychol 34, no. 3 (2020): pp. 257-268.

102 Paternal Involvement and its Effects on Children's Education (PIECE), *What a difference a dad makes: engaging with fathers as well as mothers*, University of Leeds, 2022.



### International differences in the education and care of under-fives

The current resourcing and provision of childhood care and education in the UK makes a clear distinction between the approach for 'under-fives' and 'over-fives'.

In the UK, the provision of universal education for children aged between five and 18 is comprehensive, compulsory, and state funded. Teaching is treated as a vocation and teachers receive specialised training to help them deliver the curriculum and care for children in a way that reflects the range of needs.

By comparison, provision for under-fives is not guaranteed and encompasses a mix of private and public providers. Use of formal ECEC (early childhood education and care) services are also mixed, with 38% of children under five not accessing formal childcare services at all. For those that do use formal childcare, the cost is borne partly by parents and partly by government, through subsidies either to parents, based on their income, or providers. This distinction means that the responsibility for the care and education of children is relatively high for the parent and caregiver in the early childhood stage.

This contrasts with the approach to ECEC in many other jurisdictions globally, where the provision of universal education and care in early childhood is guaranteed and state funded from earlier ages. This includes immediate access to a guaranteed place in ECEC from the end of parental leave in several jurisdictions.<sup>103</sup> For example:

- **Finland** establishes a legal entitlement to a place in ECEC for all children under the age of six. Finland has an integrated ECEC system ("Educare model"), with one authority responsible for ECEC. At the same time, responsibilities for monitoring have been decentralised to the municipalities.
- **Germany** sets out a legal right for all children to to a centre- or home-based place in ECEC from the age of one and a centre-based place from the age of three to school entry.
- **Norway** defines the quality of ECEC through legislation. ECEC is not compulsory, but children are entitled to a place in a publicly subsidised kindergarten from the age of one until the age of six years, when they start primary school. Municipalities are responsible for assigning a place to parents or guardians and securing enough kindergarten places to meet the demand.
- **Sweden** has a fully integrated system of ECEC with legal entitlement for all children from the age of one to school-entry. Parental leave and ECEC policies are coordinated such that there is no "care gap" between end of parental leave period and entitlement to an ECEC place.<sup>104</sup>

It is important to note that these different approaches are due in large part to greater state funding: for example, public funding of Sweden's early childhood education and care system is about 1.6% of the country's GDP whereas the UK's offering equates to 0.6% of GDP.

The differences in approaches to early childhood education and care reflect different societal choices. Some countries have made deliberate choices to change the position of early childhood in the national priorities. What is right for one country may not necessarily be right, or even feasible, for the UK, but it is important that the issue should receive the attention that its significance warrants. Whatever society deems to be the right outcome for the UK, it is better that the choice is made deliberately rather than to default to the status quo.

<sup>103</sup> Immediate access to ECEC guaranteed from the end of parental leave in Denmark, Germany, Estonia, Slovenia, Finland, Sweden and Norway; European Commission, [Key Data on Early Childhood Education and Care in Europe](#), 2019.

<sup>104</sup> Ibid.

# Summarising the opportunity

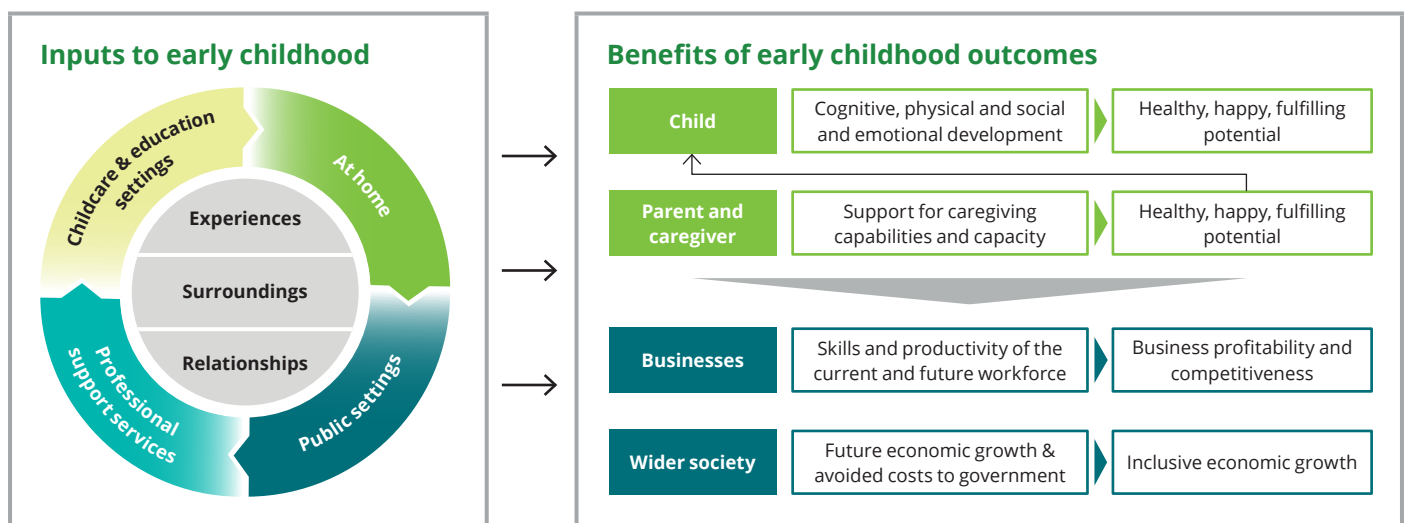
This chapter illustrates the significant opportunity in increasing investment in early childhood in the UK, with a focus on two primary channels of impact:

- Investing in early childhood development to improve skills throughout and in the future workforce, with an emphasis on social and emotional development; and
- Better support for the adults around children, including parents and caregivers at home and in work today and their social and emotional growth.



The range of benefits are illustrated in Figure 10, which show the linkages between the inputs to early childhood development – including earliest experiences, surroundings and relationships – and outcomes for children, their parents and caregivers, as well as businesses and wider society.

Figure 10: Early childhood inputs and outcomes



The quantification of the potential benefits presented in this chapter represents just part of the overall opportunity and is intended to illustrate its potential order of magnitude.

At £45.5 billion pounds each year, it suggests a **substantial opportunity for the whole of society if we transform the way early childhood is prioritised in the UK.**

105 **Public settings** include all settings outside of the home, such as in early childhood care, education and healthcare settings, and other public spaces which children might experience with their parent or caregiver such as social settings (e.g. public parks or playgrounds) or retail settings (e.g. businesses which parents or caregivers visit with their children). **Professional support services** include professional early childhood support services such as health visitors, GPs, nursery workers, and social workers.



# 3. Taking action

Businesses across all sectors in the UK can help to shift the dial, through actions big and small, to lay the foundations for a happier and healthier society.

Realising the opportunity described in the previous chapter is a challenge that will require significant change throughout society and our economy. Some businesses are already playing an active and important role but there is **potential for the business community to do more**. This chapter shares some examples of good practice and provides a framework for businesses to engage in this agenda.

By providing examples from businesses of different sizes and from a range of sectors, this should help all businesses to seek inspiration and develop their thinking around how to contribute to change.

For change to be sustainable, businesses should prioritise activities based on their individual size, industry, customers, resources, and expertise. Some businesses may be better able to impact through customer outreach and products, others through their workplace policies. **Individual businesses need to decide** what changes are most relevant, value-adding and cost-effective for their unique context and how they are best placed to contribute towards positive change in early childhood.

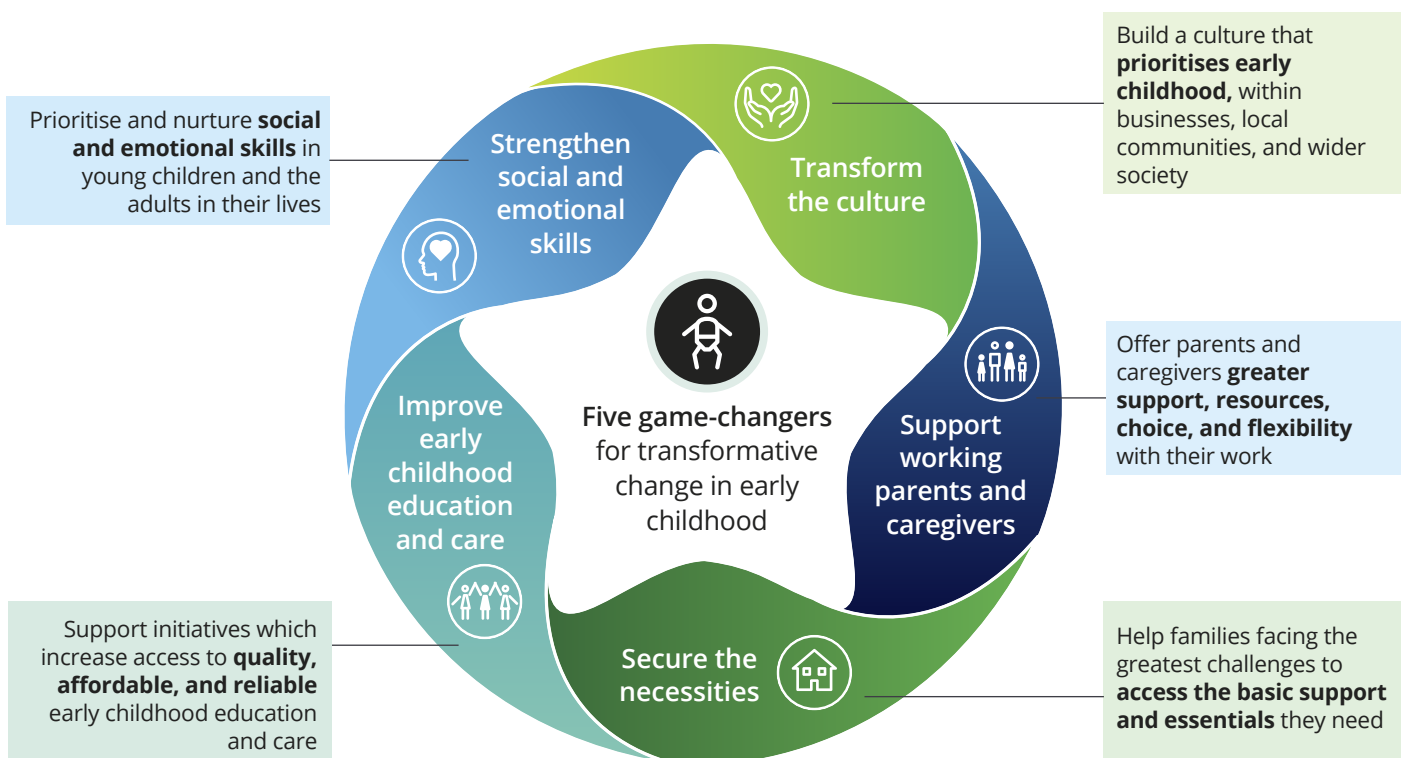


# Five game-changing areas for focus

The relationship between the various inputs to early childhood and outcomes later in life is **multi-faceted and complex**. Early childhood development is impacted by multiple interdependencies and there is no single solution or approach that will address all challenges.

However, the research points to **five areas of opportunity** which, if systematically tackled by businesses, could have a **game-changing impact** – not only for young children and their families, but also our economy and wider society. These are illustrated in Figure 11 below and outlined in further detail in the following sections:

**Figure 11: Five areas of opportunity for a game-changing impact on early childhood**



# The potential for businesses to help bring about change

The central role that businesses play in society means they are often well-placed to make a significant impact on these five areas and impact on early childhood outcomes in the UK. Businesses have touchpoints with different parts of society through their existing activities and relationships across the economy. This includes through their roles as:

- **Employers of parents and caregivers.** One of the major touchpoints between businesses and early childhood is their employment relationships with parents and caregivers who are expecting or have children under five years of age. Businesses employ a large share of all parents and caregivers, including an estimated 3.8 million, or 67%, of all parents of under-fives in 2022. Businesses can influence the skills, knowledge and time that employees have available to provide **stable and loving care for the children** in their lives and prepare for becoming a parent.
- **Providers of goods and services** consumed by children as well as all adults around them. Businesses produce a wide variety of products that are key to healthy childhood development, including specialised goods and services which meet the individual needs of children and families. Businesses also wield unique influence on consumer perspectives for all adults through their advertising and marketing activities. In this way, goods and services from businesses of all sectors can contribute towards **positive early development and learning experiences**.
- Visible **community members and leaders** with significant influence on societal attitudes and social norms. Many businesses have a unique voice and platform for raising awareness on issues or advocating for behavioural or policy change. Businesses can also show leadership in contributing to addressing issues that impact all of society. For example, businesses can also use their voice and unique profile in the community to advocate for the design of safe **and enriching products and surroundings** both in physical environments outside the home, as well as general policy and legal settings which prioritise early childhood. They can also create tangible change in their local communities by making their spaces family friendly and by using their skills and assets to bolster existing support for children and families – such as through providing in-kind assistance, skill-sharing and repurposing space and assets to support existing local non-profit activities. In this way, businesses can contribute to **creating family-friendly environments and communities** that make life easier for children and their parents and caregivers.

Through these broad and cross-cutting relationships, businesses can often interact with some of the most vulnerable groups in society. This can include those who struggle to access suitable public services which meet their needs, such as people with disabilities, those from minority ethnic backgrounds, and families on lower incomes.

The way businesses use these touchpoints contributes to the way early childhood outcomes are shaped in the UK. Businesses can choose to be more deliberate in the way they use this influence and consider how they might adapt current practices, or adopt new ones, to make a positive contribution to early childhood outcomes. For example, 88% of public companies and 66% of private companies have environmental, social and governance (ESG) initiatives in place to help monitor their impact on people and planet.<sup>107</sup> Businesses can use the same approach to consider early childhood in their decision-making and understand how their choices can impact children and the adults around them. As consumer and investor attitudes change, this can be a positive differentiator for business.

To help inspire change, the following section highlights some key themes and examples of focused action by businesses which could impact early childhood development. This is structured according to the five 'game-changer' areas of opportunity listed above. While making change is not easy, these examples show that there is **value in both the large and small steps that all businesses can take** to help realise the opportunity.

**“Businesses of all sizes have a role to play in improving outcomes in early childhood. Whether that’s through supporting their employees as they navigate the start of family life, or through volunteering and engagement with children in early years settings, businesses can make a difference to life chances all across the UK. Investing in the early years now will deliver major returns, with more resilient, healthier and better-equipped young people entering the labour market in the future.”**

**Adam Marshall, CBE, Specialist Partner at Flint Global, Senior Adviser at HSBC, Non-Executive Director at UK Trade Remedies Authority**

<sup>107</sup> NAVEX Inc, [Global Survey Finds Businesses Increasing ESG Commitments, Spending](#), 2021.

# Practical examples of how businesses can have an impact on early childhood



**Transform the culture:** Build a culture that prioritises early childhood, within businesses, local communities, and wider society

Businesses can play a pivotal role in achieving cultural change in early childhood through their many touchpoints in communities and the economy. Some tangible examples for businesses in contributing to this change could include:

- Supporting and strengthening community activities;
- Using their voice and profile to advocate for families in early childhood;
- Embedding a focus on early childhood outcomes through their approach to ESG reporting; and
- Designing inclusive and child-friendly spaces.

## Supporting and strengthening community activities

One of the most direct ways businesses can make a difference is by channelling resources to activities that are already taking place in local communities. This can include committing corporate social responsibility (CSR) funds, offering volunteers, or providing access to assets – such as real estate – to local organisations and charities that are already doing good work on early childhood.

Businesses may also seek to improve local environments, so that young children have access to safe physical play spaces. Investments in playgrounds, leisure facilities, or parks, for example, can provide the community with valuable assets that can help improve the quality of early childhood experiences. Such investments are likely to be particularly impactful in the most deprived communities.

More generally, place-based approaches can help ensure business resources are properly targeted. As needs can vary by community, local organisations can offer a unique perspective on how business support can be most impactful. Equally, local businesses will often be particularly well placed to support initiatives and connect to people within their own communities.

Many businesses partner with community and voluntary sector organisations to support grassroots schemes and activities already taking place in the community. The **Co-op's** Local Community Fund directly targets organisations that provide support to young people, and the business has also opened over 100 'Your Local Pantry' sites ensuring children and adults have access to food.<sup>108</sup> Through this fund, the Co-op has helped 1,800 grassroots organisations to support pre-school children and their families since 2016, both financially and also through providing access to volunteers and wider networking opportunities. Similarly, **IKEA** has partnered with the charity **Shelter** for their 'Real Life Roomsets' campaign, which transformed showrooms in four stores into visualisations of the UK's housing challenges; raising awareness of the issue and highlighting the real-world conditions of some families. In this way, businesses can play a crucial role in supporting local communities or strengthening their existing links and there is a significant opportunity for business to focus their support on local organisations that prioritise early childhood.

**“The biggest game-changer for me is the role businesses can take as allies in strengthening the community of support around families – locally and nationally. By using the platforms of influence companies have – with decision makers and the public – to advocate for more supportive environments for families and by working in local communities to help strengthen and assist those organisations working hard to be there for children. Focusing on what is already ‘strong’ in communities, rather than just what is ‘wrong’, could make a huge difference and best utilise community assets already present.”**

**Peter Grigg, CEO, Home-Start UK**

108 Co-operative Group Limited, [“Giving communities access to food,”](#) accessed 25 October 2023.



## Using their voice and profile to advocate for families in early childhood

Many businesses have a unique platform – such as media, advertising, social media and public affairs – that can be used to advocate for children’s needs across the broader community and elevate the importance of investing in early childhood. This can include raising awareness of the importance of early childhood and advocating for the needs of children – a group in society that otherwise often lacks a voice – as well as sharing sectoral expertise for policy development and implementation. These activities can also have positive spill-over benefits for a business’ brand by increasing visibility, improving reputation, and encouraging greater recognition and loyalty among employees.

Businesses can use outreach over media and social media platforms to **raise awareness among their employees, suppliers, and consumers** of the importance of early childhood development and **advocate for legal and policy changes** that protect and promote the rights and needs of children. Whilst early childhood has not yet been a key focus area for businesses to champion, there are examples relating to other social issues that have been taken up by large organisations to change a narrative or create a different conversation. The ‘Dirt is Good’ campaign by **Unilever UK&I** brand Persil aims to connect with consumers by leveraging their relationship with laundry, to promote the value of early experiences of freedom, play, and creativity in early childhood development.

## Embedding a focus on early childhood outcomes through ESG strategy and reporting

Many businesses across the UK already have environmental, social and governance (ESG) initiatives in place to help direct action and monitor their impact on people and planet. Driving social impact or the ‘S’ element is increasingly considered as a key part of how companies do business. However, approaches to reporting on the social impact element of ESG can vary significantly across organisations.

One reason for this relates to how social impact is defined and measured. A lack of a common standard means there is less consistency in this compared to environmental measures, where there is a greater regulatory and political imperative in reporting. This is driven, in part, by the breadth and complexity of social issues which can intersect with an organisation’s activities. By comparison, there are standardised approaches for reporting against environmental impacts (such as emissions to air, water and land, resource use, environmental fines and expenditures).<sup>111</sup>



There are also differences in the extent to which social impact considerations are integrated into the activities of a business. For example many organisations focus the responsibility for driving social impact in particular corporate functions, such as human resources, corporate citizenship teams, or marketing and communications. Organisations can be more effective at driving social impact when the responsibility is shared and supported by strong leadership from the top.

Businesses therefore have a unique opportunity to consider how they can accelerate and deliver greater impact through their social impact reporting. There is scope to develop a more impactful, integrated, and data-driven approach to consider early childhood in their decision-making – from employee culture, their products and services to their community investment programmes – and understand how their choices and actions can impact children and the adults around them, now and in the future. A more standardised approach to reporting can also provide the opportunity for businesses to coalesce around a key issue or topic in their social impact profile.

Businesses can integrate early childhood outcomes into their social impact and ESG reporting to help demonstrate commitment to this cause and drive progress. This is important for both individual businesses and trade associations to lead on, helping to ensure widespread adoption across industry. **UNICEF** and **Morningstar Sustainalytics**,<sup>112</sup> for example, have published a framework of indicators and scoring criteria for investors to measure business impacts on children’s rights, including a range of due diligence indicators and issue and function indicators. Similarly, Business for Societal Impact<sup>113</sup> have developed a framework to help businesses better understand the differences their contributions make to their businesses and to wider society.

111 HMG, ‘[Environmental Key Performance Indicators: reporting guidelines for UK business](#)’.

112 UNICEF and Sustainalytics, ‘[Tool for Investors on Integrating Children’s Rights into ESG Assessment](#)’, 2019; More information can be found in the Appendix.

113 Business for Societal Impact, ‘[B4SI Framework](#)’ 2023.

114 Autism Plus, ‘[Sensory friendly shopping at IKEA](#)’, accessed 25 October 2023; More information can be found in the Appendix.

## Designing consumer environments to be inclusive and child-friendly spaces

The design of physical consumer environments can be either a barrier or enabler to inclusive access for children and families. Some businesses incorporate principles of **universal design** into updating existing, or constructing new, built environments. These include removing barriers to physical access for wheelchair users, considering the acoustic properties of rooms for children with hearing disabilities, or designing environments appropriate for children with increased sensitivity to noise, light or crowds. To this end, some businesses like **IKEA Sheffield** also offer **autism or sensory-friendly shopping hours** through initiatives such as controlling the number of people in the space, limiting background music and noise levels and adjusting overly bright lights.<sup>114</sup> Many other businesses also provide **staff training** on working with children, understanding inclusion and how to support young customers with special educational needs.

Considering how to ensure the physical environment is inclusive to children and families is something for all consumer-facing businesses to think about, including for children with disability. For example, research by the charity Scope suggests British businesses lose £2 billion each month through not fully considering the needs of people with a disability.<sup>115</sup>

As well as providing inclusive environments for children with special educational needs, businesses can also think creatively about how to ensure spaces are inclusive of young children in general. For example, many cinemas run 'parent and baby' screenings with the aim of creating a relaxed and comfortable environment for young children where parents don't have to worry about their children making too much noise; and lights are left on with sound levels lowered to ensure young children feel safe and comfortable while enjoying films. Businesses across different sectors should consider whether they can adapt their physical spaces and environments to better meet the needs of children under five.



## Support working parents and caregivers:

Offer parents and caregivers greater support, resources, choice and flexibility with their work

One of the most direct ways in which businesses can have an impact on early childhood outcomes is through their role as employers of working parents and caregivers. Businesses can provide practical support for parents and caregivers to invest in their career while feeling comfortable that the welfare of their young child is being attended to. Alongside this, company policies can influence workplace culture, for the benefit of not only parents and caregivers, but all employees.

A recent poll found that two-thirds of 18 to 34 year-olds perceive parental leave policies to be a useful indicator for whether an organisation is a good employer, regardless of whether they are planning to have children themselves.<sup>116</sup> The examples below show how some businesses are having an impact by:

- Creating an inclusive workplace culture;
- Supporting flexible working arrangements;
- Tailoring employee benefits for parents and caregivers; and
- Providing targeted hiring and career support.

## Creating an inclusive workplace culture

Organisational culture can have a significant impact on the experience of parents and caregivers at work. An inclusive culture can help families to better coordinate commitments at work and at home, and support effective parental leave and return to work policies. This can contribute to increased wellbeing for parents and caregivers, as well as benefits for businesses including increased team productivity and loyalty and reduced employee turnover.

To support inclusion of parents and caregivers within teams, some businesses have established shared protocols for **coordinating 'ways of working,'** such as agreeing working hours and breaks around nursery drop-off and pick-up. Others have created **internal parenting networks** for employees to share knowledge and lived experiences of balancing family and work with their peers. For example, the **Co-op** Parent and Carers Network (PaCT) works closely with human resource teams to ensure policies and processes for parents and parents-to-be are fit for purpose.<sup>117</sup> For some businesses, an inclusive workplace culture requires considering the needs of children visiting the work environment, such as offering a **supportive environment for breastfeeding** in the workplace in line with workplace regulations.<sup>118</sup>

115 Sarah Botterill, [Businesses are missing out on the purple pound, says Scope](#), AbilityNet, 26 November 2019.

116 Vodafone, [Lost Connections: Supporting parents and caregivers in the workplace](#), January 2022.

117 In consultation with Co-op, August 2023.

118 Working Families, [Working Families Index 2022: Flexible working post-Covid: Actions for employers](#), 2022.

In 2015, the UK introduced a shared parental leave law which gives fathers and mothers the right to share up to 50 weeks of leave after the birth or adoption of their child. Despite this, only 2% of parents use this scheme for paternity leave, due to concerns about the affordability of reducing their income to statutory levels as well as negative cultural perceptions of the role of men and fathers in caring for children at home.<sup>119</sup> However, research conducted by the **Early Years Alliance** with employees returning to work following maternity leave at a large UK supermarket found that 98% felt pressured to return to the working environment 'too soon.' Many felt that the organisation did not fully understand the stresses and challenges associated with being a parent of young children or that culturally they would be looked down upon for taking more time with their families. This demonstrates that, whilst establishing workplace policies is an important first step, supporting parents and caregivers at work also relies on embedding cultural change within an organisation.

### Supporting flexible working arrangements

Flexible working arrangements in work roles, locations, and hours can empower parents and caregivers, by helping to balance commitments across work and the home. Some businesses offer flex in role structures, such as **job sharing** that may suit parents or caregivers returning to work part-time. Other businesses can flex work hours, such as offering **term-time or variable working hours**, which may support parents and caregivers with limited access to childcare, or a phased return to work after parental leave. It is important that employers design jobs with the needs of their employees in mind; this includes considering shift patterns so working parents can fit in either the school drop-off or pick up. The charity **Working Families** suggests that many families want to continue working but often struggle to manage childcare alongside inflexible workplace policies and a lack of family-friendly workplaces. For example, **Iceland Foods** has sought to change this by allowing managers to plan shifts that in turn support and enable employees to provide childcare within the family and extended family. Where possible, they encourage managers to consider the circumstances of each individual when asked to move shifts or grant leave; focusing on times where discretionary flexibility may be required, such as taking time off to attend a child's school play or for a medical appointment.

A greater share of businesses now offer flex in work location, with the number of people participating in **home or hybrid working** in the UK doubling between late 2019 and early 2022.<sup>120</sup> Flexible working locations can benefit parents and caregivers by reducing commuting time and cost that could otherwise be spent on early care and education. A greater focus on establishing family-first policies is a good starting point, but consideration should also be given to embedding a culture where it is not just accepted, but expected, that employees avail themselves of these opportunities.

### Tailoring employee benefits for parents and caregivers

Employee benefits tailored to suit the needs of parents and caregivers can help empower them with the resources and capacity to balance their commitments at work and at home, increasing the time available to spend with children in the earliest days of development. Some businesses provide **equal paid parental leave** over and above the minimum statutory requirements for maternity and paternity leave. Other businesses offer support with early childhood education and care such as **on-site early care and education provision** or **childcare benefits packages** to cover or subsidise external early childhood education and care costs or provide loans for nursery deposits. **Vodafone**, for example, offers parents the opportunity to work four days per week for a period of six months following maternity or paternity leave at full pay while also ensuring a smoother transition back into the workforce.<sup>121</sup> Similarly, **NatWest Group** offers employees up to 12 weeks phased return to work, on full pay, after their family leave has ended, allowing time to settle children into nursery and for parents and caregivers to adapt to returning to the working environment.

### Providing targeted hiring and career support

Returning to or searching for work after an extended period away can create significant pressure for parents and caregivers. Some businesses design inclusive hiring processes for returning parents, such as normalising career breaks and using open-ended behavioural questions to evaluate formal and informal work experiences. Businesses can offer support in how to emotionally and logistically prepare for becoming a parent or caregiver, such as through internal employee networks for new and expecting parents in the workplace.

Some businesses provide targeted career support through **specialist career coaching and assistance** for employees before, during and after taking parental leave. For example, in 2018 **Aviva** launched a programme to support the transition back into the workforce for professionals who had taken a career break for two or more years for family reasons. They recognised that it could feel daunting returning after an extended break and that many individuals may benefit from skills refreshers or mentoring to help bring them back up to speed. Hence, their return to work programme focused on tailored training and coaching; peer support from a buddy and mentor; and facilitated networking with senior executives to help build a returners profile and visibility across the company.<sup>122</sup> Throughout the programme, Aviva focuses on ensuring individuals upskill and rebuild their professional identities in a manner that is compatible with their family life and caring responsibilities. Other businesses provide support by agreeing an approach to **keeping in touch** and staying connected with employees during parental leave.

119 Emma Jacobs, "[Paternity leave in finance: 'The more men do it, the less of a big deal it becomes'](#)," Financial Times, 24 September 2023.

120 Office of National Statistics, "[Homeworking in the UK – regional patterns: 2019 to 2022](#)," 11 July 2022.

121 Vodafone, "[Lost Connections: Supporting parents and caregivers in the workplace](#)," January 2022; More information can be found in the Appendix.

122 Aviva Investors, "[Welcoming talent back to the workforce: Return to work programme](#)," 22 November 2022.





## Strengthen social and emotional skills: Prioritise and nurture social and emotional skills in young children and the adults in their lives

'The Opportunity' chapter outlines the major benefits to businesses from improving social and emotional skills in the UK, particularly to businesses who stand to benefit from a highly-skilled future workforce. As part of their corporate social responsibility, businesses should consider supporting organisations that prioritise social and emotional development for all age groups, but especially those in the early childhood.

Social and emotional skills have their foundations in early childhood, but continue to develop throughout life. Many businesses are increasingly prioritising investing in developing their employees' 'soft skills'. In a 2023 survey of UK businesses, the World Economic Forum found that soft skills – including creative thinking and resilience, flexibility and agility – comprise two of the top three priorities for reskilling and upskilling workers over the next five years.<sup>123</sup> Many businesses already invest in their employees' soft skills in adulthood, such as through training, peer-to-peer mentoring and coaching on communication, teamwork and conflict resolution, leadership development, and continuous professional learning opportunities.

Research for this paper has highlighted a gap in examples of existing business practices in this area. This suggests it is particularly important for the business community to consider how it can support greater development of social and emotional development and growth across all age groups.

For example, businesses could consider what role they can play in increasing the focus on this important aspect of development, whether in the workplace, in a formal early care and education setting, or elsewhere, on the understanding that they will benefit from a healthy workforce in the future. One key way businesses can support the development of social and emotional skills in young children is by reducing parental and caregiver stress through workplace policies that support working parents and caregivers, allowing them to manage their work life and provide a stable and caring home environment for children.

The examples below show how some businesses are having an impact by:

- Promoting innovative goods and services that meet the individual needs of children and families, during pregnancy and early childhood; and
- Supporting activities encouraging early social and emotional skills

## Promoting innovative goods and services that meet the individual needs of children and families

Businesses can contribute to inclusive early experiences during pregnancy and early childhood through producing **innovative products and services** that meet the specialised health, learning, communication and cultural needs of children, parents and caregivers. Some businesses produce early learning tools and toys that can support children's social and emotional development. Research from the **Play in Education Development and Learning (PEDAL) Centre** at the University of Cambridge has found embedding guided play into learning can be as or more effective at supporting aspects of early development than formal, direct instruction.<sup>124</sup> Guided play involves playful activities structured around a learning goal and steered by an adult and can allow children greater freedom in exploring learning relative to adult-led instruction. To maximise their impact on early childhood development, the **LEGO Group and LEGO Foundation** have supported EasyPeasy, an app-based programme for parents, carers, and early years practitioners of children from birth to five years of age. The programme offers thousands of activities, tips, and guidance that can inspire playful interaction and learning at home.<sup>125</sup> Similarly, **Timpsons** has developed a guide to perinatal mental health, to help parents and caregivers live healthier, happier lives.<sup>126</sup> All businesses, large and small, should consider how their products or services can be made more accessible and inclusive to families of all shapes and sizes..



123 World Economic Forum, [Future of Jobs: These are the most in-demand core skills in 2023](#), May 2023.

124 PEDAL, [Play in early relationships](#), accessed 25 October 2023.

125 EasyPeasy App, [Press Release: EasyPeasy and LEGO Partnership](#), 2019.

126 More information can be found in the Appendix.





### Supporting activities encouraging early social and emotional development

There are a number of resources already created by individual businesses and social organisations to support the social and emotional developmental needs of young children. Businesses can choose to help promote access to some of these by sharing through their workforces or the wider community, or **thinking creatively about new partnerships** they could convene in order to develop a greater platform. For example, 23 businesses across the UK have partnered with the **National Literacy Trust** to support children experiencing poverty improve their early communication and language skills. Communication skills are a key building block for a child's social and emotional development and can contribute to early learning, confidence and wellbeing.<sup>127</sup> Children experiencing poverty often face greater barriers to building communication and language skills, which can include a lack of time and confidence of their parents and caregivers to read out loud with them. The act of reading to a young child has been found to reap significant social and emotional as well as cognitive developmental benefits: from comfort and reassurance; to confidence, security, relaxation, increased happiness, fun, and building greater bonds between parents or caregivers and their children.<sup>128</sup> Through this partnership with the National Literacy Trust, **McDonalds** has distributed over 90 million books by swapping out toys in their Happy Meals as part of their 'Happy Readers' campaign.<sup>129</sup>

Similarly, **Mum & You** have worked with communication experts to develop nappy packaging designed to help parents and caregivers interact with their babies. Nappychat nappies are designed with patterns of characters to inspire story-telling at nappy change time, encouraging bonding between parents and caregivers and their baby and supporting early speech development.<sup>130</sup> Research shows that talking to babies helps them grasp the rules and rhythms of language from an early age, providing them with the foundation to build upon their language skills throughout school and improving their understanding of how the world works. Studies indicate that babies whose parents speak to them frequently have faster processing speeds, verbal communication and memory skills by age five compared to babies whose parents spoke to them less.<sup>136</sup>



### Secure the necessities: Help families facing the greatest challenges to access the basic support and essentials they need

The evidence presented in 'The Opportunity' chapter shows that poverty and a lack of access to necessities can have severe impacts on early childhood development. With a third of children under the age of five living in relative poverty and recent economic conditions constraining household budgets further, this is an area where businesses can have a significant impact on early childhood outcomes. The examples below show how some businesses are having an impact on this by:

- Contributing to targeted initiatives to reach those with the greatest need; and
- Using marketing decisions to reach children, their parents and caregivers.

**“Investment into our youngest children is investment into society. By recognising the value of the early years, and taking a proactive approach to supporting families during this critical period, businesses have the ability to transform the life chances of young children and shape the workforce of tomorrow.”**

Neil Leitch, CEO, Early Years Alliance

127 National Literacy Trust, [Early Words Matter](#).

128 National Literacy Trust, [Reading to children is so powerful](#), 2020.

129 National Literacy Trust, [Reaching millions of families through the McDonald's Happy Readers partnership](#).

130 Mum & You, [Nappychat eco nappies voted 'Best Branded' by Mumsnet parents - Blog \(mumandyou.com\)](#).

## Contributing to targeted initiatives to reach those with the greatest need

Businesses can work alongside social and third sector organisations to deliver targeted initiatives, resources, and support to those with the greatest need. Greater impact can be achieved through working alongside existing efforts by social organisations and the third sector. For example, some businesses provide **in-kind assistance or contributions** through donating products and services to children and families and providing logistical support to manage those contributions. **Asda** joined forces with **BBC Children in Need** to boost their 'Fuelling Initiatives' campaign helping to ensure 100,000 children have access to nutritious meals during school holidays,<sup>131</sup> and their 'Kids Eat for £1' meal deal also offers support for struggling families by offering a hot meal to children under 16 years of age. The offer has served over three million meals across the UK since 2022.<sup>132</sup>

Representatives across the charity sector have highlighted that the experiences of parents and caregivers for under-fives varies widely based on geography and socio-economic background, as well as whether a family comprises of a lone parent or a couple. There are often fewer initiatives available to those with the highest need. **John Lewis Partnership** has shown in their 'happy, healthy, home' initiative the importance of building the foundations of a positive family life, by partnering with the charities Home-Start and FairShare to develop healthier financing habits and emotional support skills within communities.<sup>133</sup> While the conditions of poverty alone can lead to impacts on a child's growth, the **mental health of mothers and expectant mothers can also mediate these effects** and should, therefore, also be considered a point of priority.<sup>134</sup> To this end, **Mars** launched a new campaign with Comic Relief that aims to destigmatise mental ill-health among new mothers, showcasing the broad influence that businesses can have in the early childhood space.<sup>135</sup>

## Using marketing decisions to promote available support to parents and caregivers

Businesses influence children and families through the messages directly or indirectly communicated through product advertising and marketing. **Product packaging** can be used to distribute information or messages to a large number of children and families. They can raise awareness of support available to access healthy, nutritious food. For example, **Iceland Foods** has used packaging on 81 million milk bottles to promote the NHS Healthy Start scheme, which helps low-income families access free milk, fruit, vegetables, pulses, baby formula and vitamins.<sup>136</sup> As part of a focus on early childhood, businesses could similarly consider their use of product advertising to direct parents and caregivers towards available support and guidance and promote greater take-up of existing schemes.

Through their touchpoints with customers, many businesses can have a direct impact on how families with young children access basic necessities. This includes through the direct provision of goods and services, but also through the messaging and promotions that organisations lead on. **Many brands are seen as 'trusted' by families and can therefore play a unique role in communicating available support and guidance** to those who may not be engaged with more formal support channels.

While the conditions of poverty alone can lead to impacts on a child's growth, the mental health of mothers and expectant mothers can also mediate these effects and should, therefore, also be considered a point of priority.

131 More information can be found in the Appendix.

132 Ibid.

133 Ibid.

134 Callum Rutherford et al., "How does perinatal maternal mental health explain early social inequalities in child behavioural and emotional problems? Findings from the Wirral Child Health and Development Study," PLoS one 14, no. 5 (2019).

135 MARS, Maltesers Shines a Light on Maternal Mental Health, 2021.

136 Iceland Foods, [Iceland promotes NHS Healthy Start and Best Start Foods](#), 16 February 2022; More information can be found in the Appendix.



## Improve early childhood education and care: Support initiatives which increase access to quality, affordable, and reliable early childhood education and care

Access to affordable, quality, and reliable early childhood education and care is a major challenge for many parents and caregivers in the UK. The consequences of this challenge are broad, affecting both the child's development and the wellbeing of the parent or caregiver. The consequences are also unequal: families with low incomes can find it particularly difficult; the careers of women tend to be disproportionately impacted; and children from disadvantaged backgrounds face greater impacts from poor quality early childhood education and care.

In other countries parents and caregivers have different choices. For example, in 1974 Sweden became the first country in the world to replace gender specific maternity leave with parental leave, as part of a push to ensure equal participation of men and women in the workforce. Couples are hence entitled to 240 days of parental leave each, with 90 days reserved for each parent. Single parents are given an entitlement of 480 days.<sup>137</sup> The idea is that every parent should have the same opportunity and access to high-quality childcare early childhood places regardless of their income, location, background, or circumstances.<sup>138</sup>

As well as the indirect role of elevating the topic in the public discourse, businesses can play a more direct role in supporting parents and caregivers experiencing **challenges around access to early childhood education and care**. Businesses like **Goldman Sachs** and **Cisco** have established several on-site initiatives to support their employees with their childcare arrangements, which in turn allows for parental interaction with children during the working day.<sup>139</sup> It is important for smaller businesses and those without large corporate bases to think differently about how they can support their employees with childcare challenges. The charity **Working Families** suggests businesses such as those within shopping centres may wish to consider working together to establish joint on-site creches or nurseries that can be used by employees from multiple businesses, helping to share the infrastructure, maintenance and employment costs. **Uber** has trialled free childcare for drivers, to try and encourage more parents and caregivers of young children to take part in driving for the platform. The offer includes ten hours of free childcare to be provided through an on-demand app.<sup>140</sup>



137 Swedish Institute, [In Sweden, It's possible to combine career with family life](#), 10 November 2022.

138 Donna Ferguson, ["The cost of childcare: how Britain compares to Sweden,"](#) The Guardian, 31 May 2014.

139 More information can be found in the Appendix.

140 Ibid.



# Every contribution matters

Realising the full opportunity in changing the UK's approach to early childhood will require major change. This change is not the responsibility of any single part of society alone, but will require a collective societal effort.

While the magnitude of the overall task may appear daunting, it can be more readily achieved by a collective effort and, within that, all businesses – whether big or small – have their role to play.

The examples above are not intended as prescriptive of what businesses should or should not do, but as ideas that can help to inspire businesses as they think about what their contribution could be. When considering what to prioritise, businesses must decide what is right for them, given their profile, resources and expertise. In an agenda as diverse and far-reaching as early childhood, **every action counts** and can contribute to a wider societal shift that will have a transformative impact on the lives of UK children.





## 4. What's next?

All businesses, large and small, should consider how they can use their skills, expertise, brand, and resources to change the experiences of early childhood in the UK.

The evidence presented in this report highlights the significant scale of the opportunity for investing in early childhood and the scope for business to help realise this. **£45.5 billion in unlocked value** is at stake through higher incomes, additional profit for businesses and additional tax revenue.

To realise the full benefit of this opportunity is complex, multi-faceted and **will take a generation**. In the face of such complexity, it is easy to feel daunted, and more so again with the likely timeframe for realising benefits being decades rather than months.

However, **big change starts small**. Creating a societal shift in how we think of early childhood, and the role that businesses can play, starts with a different kind of conversation; a conversation that raises the profile of the opportunity and encourages businesses to reflect on what they currently do, or what they could do, to play their part in improving the lives of young children both now and in the future. This report signals the first step on the journey towards this societal shift.

The following pages set out how businesses should view this paper as a call to action, to join this conversation and **lend their voices, influence, and energy** to further it.

For change to be sustainable, **individual businesses need to decide** what changes are most relevant, value adding, and cost-effective for their unique context, and how they are best placed to contribute towards positive change in early childhood.

## What can businesses do now?

### Step 1: Start the conversation

In the first instance, businesses can **engage with their workforces, customers and business partners** on this agenda. Undertaking consultative activity has the dual benefit of providing inspiration on where businesses should target their efforts and of stimulating a conversation around a previously undiscussed topic, thus beginning the movement to change the culture around early childhood.

This engagement should aim to ascertain from employees and customers:

- What matters most to them across the five game-changer areas of opportunity, with a focus on tangible actions.
- Which of these areas the organisation could or should focus on.
- What outcomes the organisation should be aiming to achieve.

### Step 2: Build on what is already working

Using these inputs, businesses can then reflect how their **current activities** might already help to **shape early childhood outcomes** within the families of their customers, employees and members of the community. They can consider:

- Where they have policies and practices in place that make a positive contribution to early childhood, how can these be further developed to increase impact and how do businesses currently report on these i.e. is there a specific reporting focus on early childhood or does this need to be established?
- Where they do not have specific policies and practices in place that contribute to positive outcomes for young children, can they identify one or two priority areas to focus on?

### Step 3: Consider what more can be done

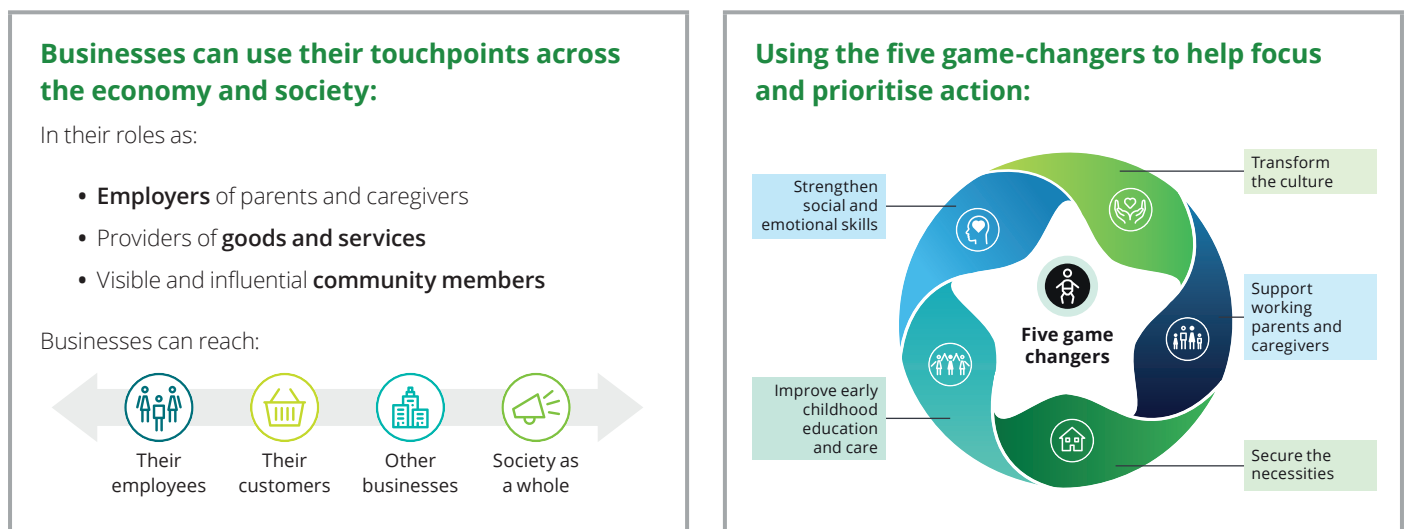
After reviewing their current practices, businesses can think about what they might do in **addition** to contribute to change. This report highlights a number of innovative practices that can provide inspiration. It also highlights gaps in what businesses are doing to support early childhood. These include in particular:

- Practices that support the social and emotional development and growth of young children and the adults around them.
- Embedding the impacts on early childhood outcomes within businesses' approach to ESG.

As businesses go through this process and consider how they can contribute to change – both within their own operations and across society more broadly – the touchpoints and game-changer areas of opportunity introduced in this paper may provide a helpful guide, summarised in Figure 12.

Making transformative change will entail as many businesses as possible going through this sort of thought process. To help lower the barriers to this it would be helpful if there were a common framework that businesses can use to track the impact of their activities on outcomes. Future work that provides such a framework would therefore be a valuable contribution to help enable businesses have more positive impact on early childhood outcomes.

**Figure 12: Considerations for businesses thinking about their impact**



# How can businesses work together as part of a collective effort?

If individual organisations can begin to make a difference through discrete action, the effect of efforts combined across multiple organisations could be transformative. Some businesses are already playing an active role but there is potential for the business community to do more – and by being more coordinated, the impact could be far-reaching.

With this in mind and to galvanise business thinking around this agenda, in March 2023 Her Royal Highness The Princess of Wales convened a group of leaders from business including Aviva, Co-op, Deloitte, Iceland Foods, IKEA UK and Ireland, The LEGO Group, NatWest Group, and Unilever UK&I. Her purpose was to establish a Business Taskforce to discuss **how society and businesses can work together** to change the way early childhood is viewed and prioritised. Her ambition was to create a key bridge between evidence produced by the scientific community and UK businesses, **encouraging businesses to play a key role** in changing attitudes within their organisations and across their network of suppliers, customers and communities.<sup>141</sup> Over the past year, this group of organisations have worked together to share their experience and expertise, deepen their understanding of the challenges set out in this paper, and identify ways in which they can contribute to addressing them.

## Join the movement

This report details how investing in early childhood could generate at least £45.5 billion in value added for the national economy each year and identifies five key areas of opportunity to create maximum impact for children and families, the economy and wider society.

Businesses who are interested in joining the movement and learning more about how they can get involved, should go to The Royal Foundation Centre for Early Childhood website at [thebusinesscase.centreforearlychildhood.org](https://thebusinesscase.centreforearlychildhood.org).

**It is time to re-imagine the role of business in early childhood – and all businesses have a part to play. Together we can drive change, share the economic benefits of the opportunity, and help build a healthy, happy society for everyone.**



141 The Princess of Wales, "[Investing in early childhood is a down payment on all our futures](#)," Financial Times, 24 March 2023.

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# Appendix – Examples of business practices

Please see below further details of initiatives businesses are currently leading on around our five areas of opportunity for game-changing impact. These examples are collated to demonstrate the range of activities businesses can get involved in and provide inspiration for other companies wishing to get involved in the early childhood agenda.

## 1. Transform the culture: Build a culture that prioritises early childhood, within businesses, local communities and wider society

### Use voice and profile to advocate for young children

| Company                                 | Initiative  | Impact   |
|---|---|--|
| Unilever UK&I                           | <p>Unilever UK&amp;I's brand <b>Persil</b> launched their 'Dirt Is Good' brand campaign, aiming to connect with consumers over the way they relate to their laundry. The narrative that 'Dirt is Good' seeks to equate dirt to creativity, promoting the aspiration for parents 'to have creative, free-thinking and playing kids, as opposed to those locked into a pristine-clean conformity'.<sup>142</sup></p> <p>In the UK, the brand campaign was accompanied by a school programme, designed to support young people to feel empowered to take action on the environmental and social causes they care about. As part of this programme, Persil created classroom resources for UK schools, including lesson plans, factsheets, worksheets, and assembly packs to guide students through a student-led project to design and deliver a social action project in their local community. Persil also worked with various academies and educational partners to extend the reach of the programme which saw over 700 schools and 21,000 young people take part.<sup>143</sup></p> | <p>Leveraging the connection between exploration, play, activity and getting dirty, the campaign promotes the <b>value of early experiences of freedom, play and creativity in early childhood development.</b></p> <p>The accompanying schools programme seeks to empower students with the aspiration and skills to work to realise positive change in their local communities.</p>  |
| UN Global Compact business participants | <p>Even on the other side of the world, production and procurement decisions by UK businesses can impact children indirectly involved in child labour. Globally, an estimated 160 million children were still subject to child labour in 2020, or almost one in ten of all children worldwide.<sup>144</sup></p> <p>The United Nations (UN) Global Compact is a voluntary initiative of over 12,000 businesses, based on CEO commitments to drive business awareness and action in support of achieving the Sustainable Development Goals by 2030.</p> <p>In 2021, the UN Global Compact launched the <b>Pledge to Help End Child Labour</b>, to mobilise businesses of all sectors and sizes to expand their efforts and due diligence procedures to identify, prevent and mitigate child labour and forced labour in their operations and global value chains.<sup>145</sup></p>  | <p>Examples of possible actions by Pledge members includes:</p> <ul style="list-style-type: none"> <li>• establishing management procedures and guidance for establishing <b>child labour due diligence, remediation and monitoring</b> in business operations, including in their global supply chains</li> <li>• supporting <b>decent work for parents and caregivers</b> in operations and global supply chains. Conditions of employment can have a significant impact on the wellbeing of workers in their operations, and indirectly also their children.</li> </ul> |

142 David Arkwright, "[Dirt is good: how storytelling gave Persil a boost \(campaignlive.co.uk\)](#)" Campaign Live, 1 April 2014.

143 Information provided by Unilever UK&I.

144 UN Global Compact, [Business Actions to Eliminate Child Labour](#).

145 Ibid.

## Support and strengthen community links

| Company                 | Initiative  | Impact   |
|-------------------------|---|--|
| Co-op                   | <p>The Co-op's <b>Local Community Fund</b> enables its members to choose local causes they wish to support by donating part of the reward they earn through shopping, many based on the theme of providing opportunities for young people. Since 2016, Co-op members have raised £5 million to support over 1,800 grassroots community organisations supporting pre-school children and their families. As well as cash, the Co-op also signposts opportunities for its members and colleagues to volunteer and also connects the organisations to its wider network of community support and relationships, co-ordinated by a team of 1,000 Member Pioneers.</p> <p>Examples include Baby Basics in Sheffield which provide access to equipment and support for vulnerable families and Proud to be Parents in Manchester, which connects LGBT parents and carers across the North West.<sup>146</sup></p> | <p>This provides a direct way that local Co-op members can support grassroots community organisations in their area.</p> <p>It also helps to highlight the important work undertaken by the third sector in supporting early childhood locally.</p> <p>It also helps connect many smaller groups to the wider network of support available.</p>  |
| Greggs                  | <p>Greggs run over 900 <b>Breakfast Clubs</b> in primary schools across the UK, helping to feed over 62,000 children daily with nutritious breakfast including freshly baked bread donated by their local Greggs shop.<sup>146</sup></p> <p>Breakfast Clubs offer more than a breakfast, they offer food security – providing participating parents and caregivers with the certainty of a nutritious breakfast for their child every day, and improved focus and attention for children during the school day. Breakfast Clubs are a safe space for children to eat, spend time with their friends and talk with adults in preparation for the school day.</p>   | <p>Food poverty is a significant and growing problem in the UK. In January 2024, <b>one in five (20%) of UK households with children reported experiencing food insecurity</b> (including skipping meals, going hungry, or not eating for a whole day) – double that of the share of households with children in January 2021 (9.6%).<sup>146</sup></p> <p>Programmes such as Greggs Breakfast Clubs can promote access to nutrition for primary school-aged children, and valuable support for struggling parents and caregivers.</p> |
| Waitrose and John Lewis | <p>The Waitrose and John Lewis '<b>Community Matters</b>' is a charitable giving scheme which operates throughout Waitrose and John Lewis &amp; Partners stores. Every three months, a donation of £25,000 is shared between up to three national causes. Customers are directly involved in allocating how much each nominated group receives, by using a green token to decide which organisation to support.<sup>147</sup></p>   | <p>Programmes such as 'Community Matters' enable organisations to <b>give back to local charities</b> and community organisations nominated by their customers.</p>  |

146 Information provided to Deloitte by Co-op.

146 Greggs Foundation, [Breakfast Clubs](#).

146 The Food Foundation, [Food Insecurity Tracking](#).

147 Waitrose, [Community Matters Online](#).

## Embedding early childhood impacts in businesses' approach to ESG reporting

| Company                               | Initiative   | Impact  |
|---------------------------------------|--|---|
| UNICEF and Morningstar Sustainalytics | The two organisations have joined together to publish a <b>framework of indicators and scoring criteria for investors</b> to measure business impacts on children's rights, including a range of due diligence indicators and issue and function indicators. <sup>148</sup> Business performance against each indicator is scored against a scale from 0-2, ranking from where a company is not addressing the issue or does not disclose its activities (0), to where a company has comprehensive management of children's rights impacts and employs the best practices (2). Each theme is supported by a more detailed set of indicators describing company activities, as well as suggested guidance on data collection and sources. | By providing a comprehensive framework, businesses can <b>evaluate themselves against key children's rights indicators</b> and compare how they are scoring against other companies. This data-driven approach helps support ESG metrics and allows for reporting against each theme. |

## Designing consumer environments to be inclusive and child-friendly spaces

| Company         | Initiative   | Impact   |
|-----------------|--|--|
| IKEA            | At their Sheffield branch, IKEA have partnered with the charity Autism Plus to create a <b>sensory-friendly shopping experience</b> once a month. <sup>149</sup> During these hours public address announcements are stopped, all scanners are turned off, bright lighting is turned down and background music reduced. IKEA has also produced a series of store maps that help parents and children track their way through the store, highlighting potentially loud or busy spaces and shortcuts to avoid these areas. Importantly, the store has trained ' <b>Diversity Champions</b> ' who are on-hand to provide any additional support or guidance families may require. | By creating a physical environment that is inclusive of all children and families, Ikea has broadened its customer base, taking advantage of the <b>£2 billion annual missed opportunity</b> due to businesses not fully considering the needs of disabled customers. <sup>150</sup> |
| Gatwick Airport | As the UK's first <b>Family Friendly Accredited Airport</b> , Gatwick Airport offer tailored facilities to accommodate children of all ages, including: <ul style="list-style-type: none"> <li>• Family friendly parking options</li> <li>• Security lanes for those with young children</li> <li>• Bottle warming services</li> <li>• Baby changing facilities</li> <li>• Kid zones.<sup>151</sup></li> </ul>   | Family-friendly facilities can make it easier for parents to navigate travelling with young children. Families may be more likely to choose family friendly airports with facilities which <b>reduce stress for parents, and make travel more enjoyable</b> for children.            |
| Costa Coffee    | Costa Coffee are <b>Chatty Cafés' official partner</b> in the UK and there are Chatter & Natter tables are in around 440 of their stores. A Chatter & Natter table creates a space for people to talk offering the opportunity for simple interactions to combat loneliness. <sup>152</sup>  | Providing a space which <b>promotes social interaction</b> for customers can help to create a more positive and inclusive shopping environment for customers of all ages.  |

148 UNICEF and Sustainalytics, [Tool for Investors on Integrating Children's Rights into ESG Assessment](#), 2019

149 Autism Plus, "[Sensory friendly shopping at IKEA](#)," accessed 25 October 2023

150 Sarah Botterill, "[Businesses are missing out on the purple pound, says Scope](#)," AbilityNet, 26 November 2019.

151 London Gatwick, [Travelling with Children](#).

152 The Chatty Café Scheme, [Chatter & Natter Tables](#).

## 2. Strengthen social and emotional skills: Prioritise and nurture social and emotional skills in young children and the adults in their lives

### Promoting innovative goods and services that meet the individual needs of children and families

| Company        | Initiative   | Impact  |
|----------------|--|---|
| The LEGO Group | To maximise their impact on early childhood development, The LEGO Group and LEGO Foundation has supported <b>'EasyPeasy,'</b> an app-based programme for parents, carers, and early years practitioners of children from birth to age five. The programme offers parents thousands of activities, tips and guidance to help inspire playful interaction and learning at home. <sup>153</sup>   | By making products or services more <b>accessible and inclusive to families of all shapes and sizes,</b> The LEGO Group has been able to contribute to inclusive early experiences for children.                      |
| Timpsons       | Timpsons takes an innovative approach to supporting young families through their charity the <b>'Alex Timpson Trust'.</b> <sup>154</sup> The Trust's main aim is to respond to the emotional needs of looked after children, but they also provide a wealth of resources for all families. For example, they developed a <b>'Guide to perinatal mental health,'</b> to help parents live healthier, happier lives. They also have free books on attachment theory available in all stores which families can take for free to further their learning and understanding on the importance of attachment to a caregiver for 'normal' social and emotional development. | This example demonstrates how businesses can elevate their role in the community and <b>use outreach to customers to support families</b> outside of their business practices alone.                                  |
| NatWest Group  | Research suggests that adult money habits are set by the age of seven, highlighting the importance that children start learning about money from an early age. <sup>155</sup> NatWest's <b>Rooster Money scheme</b> starts children on their journey to financial independence through features such as a Star Chart, to a virtual pocket money tracker then ultimately to their own prepaid debit card. Through discussing reward options and allowing kids freedom of choice, children are empowered to begin making positive financial decisions from an early age, embedding this key life skill.  | Through the Rooster Money scheme, NatWest has helped 72,000 children aged under six in the UK to <b>set the foundations for positive money habits,</b> and start building their financial knowledge and capabilities. |

153 EasyPeasy, [Press Release: EasyPeasy and LEGO partnership](#), 2019.

154 Timpsons, [Alex Timpson Trust](#), accessed 25 October 2023..

155 The Money Advice Service, ["New Study Confirms Adult Money Habits are Set by the Age of Seven Years Old,"](#) press release, 23 May 2013,.



## Providing access to activities encouraging early social and emotional development

| Company   | Initiative  | Impact  |
|-----------|---|---|
| McDonalds | McDonalds has partnered with the <b>National Literacy Trust (NLT)</b> to improve children’s reading skills and access to books through their <b>“Happy Readers” campaign</b> . They aim to provide the building blocks for improved social and emotional stability later in life through improved literacy and communication skills. <sup>156</sup>   | McDonalds has <b>distributed over 90 million books</b> to children in the UK, by swapping out toys in their happy meals.  |
| BBC       | The BBC’s <b>“Tiny Happy People”</b> programme recruits businesses to support initiatives which promote awareness and confidence among parents in communicating with their babies from birth.   | Research has shown that communicating with babies from birth leads to <b>improved social and emotional skills</b> later in life.  |
| Co-op     | The Co-op is a sponsor of 32 academy schools in the North of England through the <b>Co-op Academies Trust</b> . Over half of these are primary schools with nurseries and foundation units, introducing the under fives to formal education.<br><br>Many of the Co-op Academies serve some of the most deprived areas, where the impact of poverty and the pandemic has a direct bearing on childhood development. By intervening directly, the Co-op brings additional resource, both financial but also volunteers such as governors. Other benefits include enrichment opportunities including activity which talks about the world of work, as many children have limited exposure to this in their family settings. This forms part of a joined up approach to careers education which runs throughout children’s time in Co-op Academies. | Many children have limited exposure to opportunities as a result of their domestic circumstances.<br><br>Enrichment opportunities based around the world of work creates a <b>culture of “you can be it if you can see it.”</b> <sup>157</sup><br><br>The transition to formal education also presents an opportunity for business to play its part through direct engagement with schools’ early childhood and foundation units. |
| Mum & You | Mum & You have worked with communication experts to develop nappy packaging designed to help parents and caregivers interact with their babies. <b>Nappychat nappies</b> are designed with patterns of characters to inspire story-telling at nappy change time, encouraging bonding between parents and caregivers and their baby, and supporting early speech development. <sup>158</sup>   | Nappychat nappies can help create a positive and impactful experience from a <b>simple and regular interaction</b> between parents and caregivers and their child.  |

156 National Literacy Trust, [Reaching millions of families through the McDonald's Happy Readers partnership](#), accessed 25 October 2023.

157 Mum&You, [Nappychat eco nappies voted 'Best Branded' by Mumsnet parents](#), February 2024.

158 Midcounties Co-operative, [“Healthy Living and Wellbeing.”](#) Little Pioneers nursery & pre-school, accessed 25 October 2023.

### 3. Support working parents and caregivers: Offer parents and caregivers greater support, resources, choice and flexibility with their work.

#### Create an inclusive workplace culture

| Company | Initiative   | Impact  |
|---------|--|---|
| Aviva   | Aviva offers <b>ring-fenced leave to fathers</b> , which is not shared between parents. In doing so, Aviva aims to normalise fathers also taking leave after the birth or adoption of a child. This has also been promoted through storytelling and role-modelling within the company, with senior male leaders talking about their time off work and encouraging colleagues to take advantage of the same benefits. <sup>159</sup>  | This demonstrates the impact of <b>shifting the cultural narrative around parental leave</b> and allowing fathers to feel confident and supported in taking leave from work during the first months of their child's life.. |
| Co-op   | The Co-op <b>Parent and Carers Network (PaCT)</b> works closely with human resource teams to ensure policies and processes for parents and parents-to-be are fit for purpose. The PaCT Network creates an impact through mechanisms including lunch discussions covering topics such as children's mental health and neurodiversity. The PaCT buddy scheme also aims to create a self-supporting internal community for all stages of the parenting journey. <sup>160</sup> The network is complemented by colleague networks for colleagues with disabilities, and minority ethnic backgrounds, to share insight on the intersectional challenges in the early childhood for children and families. | The network provides a <b>space for parents and caregivers to share lived experiences</b> , which can allow companies to tailor their benefits to best meet the needs of their workforce.                                   |
| Uber    | Uber has trialled <b>free childcare for drivers</b> as part of efforts to encourage more parents of young children to sign up to the rideshare platform. The offer included ten hours of free childcare for 1,000 drivers in the UK, provided through the app Bubble. <sup>161</sup>   | Access to <b>affordable childcare</b> can give parents and caregivers more choice and flexibility in deciding if and when they wish to return to work, empowering them to balance priorities across work and at home.       |

#### Tailoring employee benefits for parents and caregivers

| Company       | Initiative  | Impact  |
|---------------|---|---|
| Vodafone      | In recognition that every new parent will have a different preference for how to establish their new work/life balance, Vodafone offers parents the opportunity to <b>work four days per week for a period of six months following maternity or paternity leave at full pay</b> . They also ensure all employees receive regular catchups while on parental leave to help stay connected to their job and colleagues, promoting a smoother transition back into the workforce. <sup>162</sup>   | Anecdotal research has found that employees who remain connected to the workforce during their parental leave find the <b>transition back to work easier and less stressful</b> . |
| NatWest Group | Under NatWest Group's <b>Partner Leave policy</b> , employees are eligible for partner leave when they become a main caregiver alongside their partner. This includes when they have a child together through either birth, adoption (including Foster to Adopt), or surrogacy.<br><br>For maternity, adoption and partner leave, NatWest offers up to 12 weeks of a phased return. This is when the partner/maternity leave has ended and colleagues are given up to 12 weeks on full pay to work reduced hours and gradually phase back to what their contracted hours are. This allows time to settle the child into nursery and for the parent to adapt to being back at work | Broadening the definition of "parental leave" allows <b>working parents and caregivers of different circumstances</b> to still receive support from their employers.              |

159 Emma Jacobs, "[Paternity leave in finance: 'The more men do it, the less of a big deal it becomes!'](#)" Financial Times, 24 September 2023.

160 Provided to Deloitte by Co-op, August 2023.

161 ITV News, [Uber drivers to receive free childcare](#), 13 March 2023.

162 Vodafone, [Lost Connections: Supporting parents and caregivers in the workplace](#), January 2022.

## Providing targeted hiring and career support

| Company | Initiative   | Impact   |
|---------|--|--|
| Aviva   | In 2018, Aviva launched a programme to support the transition back into the workforce for professionals who'd taken a career break for two or more years for family reasons. They recognised that it could feel daunting returning after an extended break and that many individuals may benefit from skills refreshers or mentoring to help bring them back up to speed. Hence, their <b>return to work programme</b> focused on tailored training and coaching; peer support from a buddy and mentor; and facilitated networking with senior executives to help build a returners profile and visibility across the company. Throughout the programme, Aviva focuses on ensuring individuals upskill and rebuild their professional identities in a manner that is compatible with their family life and caring responsibilities. <sup>163</sup> | Aviva found that by providing targeted support to those who had taken careers breaks, a greater number of candidates were able to <b>successfully re-enter the workforce</b> after maternity or paternity leave. |

4. **Secure the necessities:** Help families facing the greatest challenges to access the basic support and essentials they need.

## Contributing to targeted initiatives to reach those with the greatest need

| Company                | Initiative  | Impact   |
|------------------------|---|--|
| Asda                   | Asda joined forces with the charity BBC Children in Need to support their <b>'Fuelling Initiatives' campaign</b> . The campaign was based on the findings of a census-wide survey on food insecurity during the school holidays, and it commits the business to three years of several initiatives that ensures 100,000 children have access to nutritional meals throughout the holidays.<br><br>Similarly, Asda's <b>'Kids Eat for £1'</b> meal deal offers a lifeline to struggling families, offering a hot meal to children under 16 years of age. The offer has served over three million meals across the UK since 2022. | 100,000 of the UK's most vulnerable children have access to nutritional meals during school holidays. This example demonstrates how businesses can contribute to <b>targeted, tangible initiatives</b> to support children and families in need in the UK. |
| John Lewis Partnership | John Lewis Partnership, together with their charity partners Home-Start and FareShare, developed the <b>"happy, healthy, home" initiative</b> to help over 100,000 families in need by providing food and stock donations, staff volunteering hours and emotional support to communities. <sup>164</sup> Alongside this, they have developed specific training courses for Home-Start volunteers to support their work with families on topics including good nutrition, financial management and the importance of sleep.  | This demonstrates the power of <b>businesses acting as convenors in the early childhood space</b> bringing together expertise across business and charity sectors to ensure support is available to all those who need it.                                 |
| Pampers Nappies        | Since 2019, Pampers have <b>donated more than one million Pampers Preemie protection nappies</b> to premature babies in Neonatal Incentive Care Units (NICUs) in UK hospitals. <sup>165</sup> The right nappy can help to support a baby's uninterrupted sleep and development, when in the NICU or at home.  | Targeted donations can help all parents and caregivers <b>access the goods and services</b> they need to help raise their child during early childhood.  |

<sup>163</sup> Aviva Investors, [Welcoming talent back to the workforce: Return to work programme](#), 22 November 2022

<sup>164</sup> Home-Start, [Introducing Healthy Happy Home](#).

<sup>165</sup> Pampers, [What is Neonatal Care and the Neonatal Intensive Care Unit?](#) 26 June 2023.

## Using marketing decisions to promote available support to parents and caregivers

| Company                           | Initiative   | Impact   |
|-----------------------------------|--|--|
| Iceland Foods                     | The supermarket giant has used packaging on 81 million milk bottles to <b>promote the NHS Healthy Start scheme</b> , which helps low-income families access free milk, fruit, vegetables, pulses, baby formula and vitamins. These specially designed labels feature the question: “Could you get this milk for free” alongside a QR code that takes people directly to the NHS Healthy Start and Best Start Foods websites, enabling families to quickly check their eligibility and apply. | It’s estimated that a full uptake of this initiative would reach 130,000 of the UK’s most disadvantaged families, ensuring they have <b>access to basic nutrition</b> . <sup>166</sup>   |
| UK supermarkets (various) and ITV | Funded by UK supermarkets and media partners, <b>‘Eat Them to Defeat Them’</b> is a campaign to encourage children to eat more vegetables, including expert advice and resources for schools, families and caterers. <sup>167</sup> The campaign includes interactive content for children, tips and expert advice for families, a national programme in schools, and a national TV advertising campaign.  | The prevalence of child obesity is growing in the UK, with nearly a quarter of children aged five years overweight or obese. <sup>168</sup> Alongside targeted initiatives in schools, reaching children and families at home through fun TV advertising can be an effective way of <b>sharing messaging on the importance of good nutrition</b> . |

<sup>166</sup> Iceland Foods, [Iceland promotes NHS Healthy Start and Best Start Foods](#), 16 February 2022.

<sup>167</sup> BBC, [Eat Them To Defeat Them](#).

<sup>168</sup> The Academy of Medical Sciences, [Prioritising early childhood to promote the nation's health, wellbeing and prosperity](#), February 2024.



5. **Improve the early childhood offer:** Support initiatives which increase access to quality, affordable and reliable early childhood education and care.

| Company                  | Initiative  | Impact  |
|--------------------------|---|---|
| <b>Goldman Sachs</b>     | The bank and financial services company, established an <b>on-site creche</b> in 2003 for children aged between three months to 11 years. Employees can access the creche for a total of 20 funded days a year to provide greater flexibility for when regular childcare arrangements fall through. <sup>169</sup>  | Providing on-site facilities when normal childcare arrangements fall through ensures parents and caregivers are still able to attend work while being satisfied their children are receiving <b>safe and enriching care</b> .   |
| <b>Cisco</b>             | The technology company, has also established an on-site nursery, run in collaboration with <b>Bright Horizons</b> , to provide more regular childcare for its employees. The company runs a salary sacrifice scheme, which allows employees to take advantage of more affordable and convenient childcare. <sup>170</sup>   | The initiative allows for <b>greater parental or caregiver interaction with children during the day</b> and ensures children of employees are receiving high-quality, well-supervised care.   |
| <b>Midcounties Co-Op</b> | <p>Midcounties Co-op established <b>Little Pioneers</b> childcare business as a member-owned co-operative nursery provider, placing parents at the centre of how they operate.<sup>171</sup></p> <p>A number of the 47 settings are workplace nurseries and they have established a flagship operation serving their head office in Warwick, which acts as a test-bed for innovation.</p> <p>As a major employer operating in other sectors, operational judgements have been made with the needs of parents in mind – for example, longer opening hours, flexible sessions and pricing structures.</p> | <p>Establishing models where parents can influence the way nurseries are run and their children are educated creates a <b>service which is more flexible and adaptable to parent’s needs</b>.</p> <p>This helps makes lives easier for families and provides a sense of reassurance coming from a genuine sense of partnership.</p> <p>These attributes are beneficial to employers too, either through the direct benefit of operating workplace nurseries or the knowledge that employees have access to high quality, affordable and flexible local providers.</p> |

169 BBC, [A glimpse inside the Goldman Sachs nursery](#), 20 July 2017.

170 Cisco, [We Are Cisco](#) 25 May 2017.

171 Midcounties Co-operative, [“Healthy Living and Wellbeing,”](#) Little Pioneers nursery & pre-school, accessed 25 October 2023.

## Important notice

This final report (the “Final Report”) has been prepared by Deloitte MCS Limited (“Deloitte”) for The Royal Foundation of the Prince and Princess of Wales in accordance with the contract with them signed 28 November 2023 (“the Contract”) and on the basis of the scope and limitations set out below.

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