

Bevan Foundation response to the Equality and Social Justice Committee's inquiry into childcare

The Bevan Foundation is Wales' most influential think-tank. We aim to end poverty and inequality by working with people to find effective solutions and by inspiring governments, organisations and communities to take action. We are grateful for the opportunity to submit written evidence to the Equality and Social Justice Committee's inquiry into childcare. Our response is based on the report we recently published jointly with the Joseph Rowntree Foundation, *Tackling disadvantage through childcare in Wales* a copy of which has been shared with the Committee.¹ This response will draw attention to some of our key findings.

1. **What progress has been made in implementing the recommendations in the Committee's report from early 2022 - *Minding the future – the childcare barrier facing working parents*.**

Some progress has undoubtedly been made in implementing the recommendations of the Committee's report from early 2022. The start of the roll-out of Flying Start to all two-year olds, for instance, has begun to close the gap in childcare between the end of maternity leave and eligibility for the Childcare Offer and Foundation Learning. However, our recent work has found that significant issues remain with the Welsh childcare system, in particular with regards to how the system works to tackle poverty and inequality.

Our joint report with JRF explores five key principles that must underpin a childcare system if it is to tackle disadvantage:

- **Affordable:** Childcare must be affordable in order to enable parents to work.
- **Quality:** Provision must be high quality in order to improve outcomes.
- **Accessed:** Disadvantaged children need to be able to take up early education and childcare.
- **Family-focused:** Childcare must support a positive home-learning environment.
- **Integrated:** Childcare must be a pillar of a wider support system.

We found that there is further action that can be taken in Wales with regards to each of these principles to ensure that we have a childcare system that truly tackles disadvantage.

On affordability we found that childcare is currently not affordable for too many parents. Seven in ten parents whose youngest child is 10 or under think that the cost of childcare is unaffordable. This is a particularly acute problem for low-income parents. A female worker with a child aged 2 and under, working full-time at the 25th percentile of earnings must currently spend more than half her gross weekly earnings on the cost of childcare. The Welsh Government's Foundation Learning, Childcare Offer and Flying Start (Childcare) programmes offer valuable support to parents with the cost of their childcare. Significant gaps remain however, in particular with regards to the availability of funded childcare for the youngest children. This locks parents out of work and deprives children from the opportunities provided by good quality childcare for their development.

There is broad agreement that the quality of childcare in Wales has improved. There remains progress to be made, however. One in five parents whose youngest child is 10 or under do not think

¹ Bevan Foundation and Joseph Rowntree Foundation, *Tackling disadvantage through childcare in Wales*, (January 2023) available at - <https://www.bevanfoundation.org/resources/tackling-disadvantage-through-childcare-in-wales/>

that childcare is good quality. There are concerns that a lack of funding means that providers struggle to recruit and retain highly qualified staff, undermining efforts to further improve quality further.

There is scope to significantly improve the accessibility of childcare in Wales. A lack of available childcare and the lack of cohesion between the three Welsh Government funded childcare programmes mean that many children miss out. Many of the most disadvantaged children are at a heightened risk of not being able to access childcare given difficulties faced by parents working atypical hours in finding provision, and the fact that children living in the lowest-income households are locked out of the Childcare Offer.

We found less clear evidence about how integrated and family-focused the Welsh childcare system is. Given that the various Welsh Government childcare programmes are not well integrated with each other, there is a broad consensus that there is scope to improve how the childcare system is integrated with other services.

2. The extent to which childcare provision in Wales provides high-quality provision which supports child development, tackles child poverty and supports parental employment. What changes might be needed to deliver these outcomes.

As set out in response to question one, there is significant scope for improving how the childcare system in Wales tackles child poverty.

There is a need to strike a better balance between providing children with early education, supporting parents to return to work, and ensuring that parents are provided with choice about what sort of provision works best for them.

As our report outlines, from an education perspective, there is strong evidence that the provision of high-quality, part-time childcare delivered by expert staff may deliver the best results. Evidence suggests that part-time provision is not as successful in helping parents back into work following the end of statutory parental leave as full-time childcare. This increases the risk of children living in poverty as they get older, meaning that some of the benefits of the high-quality childcare and early education are lost. A childcare system that places too great a focus on enabling parental employment on the other hand may be effective in reducing child poverty if it helps parents into work, but it risks entrenching disadvantage at an early age as children miss out on the educational benefits of high-quality childcare.

To address this challenge, we have called on the Welsh Government to develop a radical new childcare offer. We believe that this offer should provide funded, good quality, part-time care for all children aged 0 to 4. This offer would be available for all parents irrespective of their work status, with additional hours available on a sliding scale of fees for parents who want them. Such a scale would see low-income workers (e.g. those in receipt of Universal Credit) provided with additional hours on a fully funded basis, whilst the highest income workers would be charged in full for additional hours.

Implementing such a radical reform would take time. In the short term our report therefore calls on the Welsh Government to:

- Expand Flying Start (Childcare) on a universal basis to all children aged 9-months to 23-months upon completion of the roll-out of Flying Start (Childcare) to all two-year olds in Wales in April 2025.

- Work with Welsh local authorities to review the availability of childcare in all Welsh communities and to develop a plan for a fully integrated childcare system which brings together all three Welsh Government funded childcare programmes.
- Make it easier for parents to apply for funded childcare by developing a single application form for all three of its childcare programmes.
- Develop the existing partnership between Care Inspectorate Wales and Estyn to address childcare providers' concerns about double regulation, whilst maintaining high levels of regulation as a whole.
- Ensure greater clarity as to regulatory expectations faced by childminders. This could improve access to funded childcare for parents who work atypical hours or who live in rural areas.
- Commission a review of childcare funding in Wales with a particular focus on ensuring that childcare providers can recruit and retain a highly qualified workforce.

3. To what extent there is sufficient childcare available to meet the varying needs of families across Wales, and how inequalities in access to childcare faced by particular demographic groups and across different parts of Wales can be addressed.

Childcare availability remains a challenge in many Welsh communities. For instance, Coram Family and Childcare's Annual Childcare Survey, found that in 2023 only 15 per cent of Welsh local authorities had sufficient childcare supply to meet demand in all areas for children aged under 2.² These challenges are particularly acute for some families.

Many of the groups identified by this Committee in 2022 as facing challenges when accessing childcare continue to face challenges, including families with disabled children, children that are of Black, Asian or Minority Ethnic heritage and families that wish to access Welsh medium childcare. Our work also identified that accessing childcare is especially difficult in many rural areas, and for parents who work a-typical hours and/ or who are on a low-income.

Some of these challenges could be addressed by reforming the Welsh Government's funded childcare programmes. For example, ensuring that funded childcare is available for children from nine months, would make it easier for low-income families to access childcare. Increasing the availability of funded childcare through the weekend could also address some of the challenges faced by workers that work a-typical hours.

4. What approaches exist to integrate delivery of childcare provision in Wales, and how can best practice be spread widely.

There is significant scope for improvement with regards to how the Welsh Government integrates the delivery of childcare provision.

The fact that the Welsh Government provides funded childcare through three different programmes adds significant complexity to the childcare system. For example, our report highlights how many parents find it difficult to find a provider that can offer all the various schemes in one location. This leads to parents not accessing all the funded childcare they are entitled to. That is why we have

² Coram Family and Childcare, *Childcare Survey 2023* (March 2023) available at - https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202023_Coram%20Family%20and%20Childcare.pdf

called on Welsh local authorities to review the availability of childcare in all Welsh communities and to develop a plan for a fully integrated childcare system which brings together all three Welsh Government funded childcare programmes. Our report also draws attention to where there could be greater integration with regards to regulation and with regards to how parents apply for funded childcare.

5. How childcare providers and the workforce have been impacted by cost-of-living pressures, and what effects these have had on the sector.

One of the key challenges facing the childcare sector in Wales is enabling the sector to recruit and to retain an experienced and well qualified workforce. Ensuring adequate access to funding so that providers can offer workers competitive salaries is viewed as key to enable this.

Providers will be able to provide more direct evidence as to the impact of the cost-of-living pressures on their provision.

6. What lessons can be learnt from other parts of the UK and international best practice to improve childcare policy in Wales.

There is a need to be mindful about the potential impact of childcare reform in England on Welsh families. Significant reforms are currently being made to the childcare system in England. Concerns have been raised about these reforms, but regardless of whether the reforms are effective in establishing a childcare system that provides more effective support for English parents, they are likely to have an impact on the Welsh childcare system. This impact is likely to be two-fold.

First, we have already seen working parents in Wales call on the Welsh Government to replicate the English reforms. More than 10,000 people have signed a petition submitted to the Senedd's petitions committee calling on the Welsh Government to "*Offer Welsh working parents the same financial support for childcare as England*".³ Such calls are only likely to increase over time as parents become more aware of the different levels of financial support that they are receiving as a result of living in Wales compared to friends and family living in England.

Second, the decision to expand childcare in England could have financial implications. Whilst there is no guarantee that increased expenditure on childcare in England will lead to an increase in the block grant, parents in Wales are likely to expect to see a similar increase in expenditure on childcare.

Looking to the medium term, there may be some more significant reforms on the horizon. There has been a flurry of reports in England,⁴ that explore how a more effective childcare system could be developed. These reports include recommendations that would make reforms not only to how England-only programmes operate but would also reform Tax Free Childcare and the childcare element of Universal Credit, programmes that benefit Welsh families. Were any of these ideas taken forward by a UK Government the impact on families in Wales could be significant.

Another area where reform could be on the horizon is with regards to benefit conditionality. When announcing its plans to expand childcare provision in England, the UK Government announced that changes would be made to work conditionality for parents. These changes will see increased expectations on parents across the UK to look for work or risk having their benefits sanctioned. If

³ Senedd Petitions Committee, *Offer Welsh working parents the same financial support for childcare as England* (3 October 2023) available at - <https://petitions.senedd.wales/petitions/245522>

⁴ Institute for Public Policy Research and Save the Children, *Delivering a Childcare Guarantee*, (December 2022) available at - <https://www.ippr.org/files/2022-12/delivering-a-childcare-guarantee-dec-22.pdf>

these conditionality requirements are amended further as funded childcare is expanded in England, Welsh parents could face an income squeeze unless the availability of funded childcare in Wales is increased to match England.

7. How financial and practical barriers need to be considered in developing future childcare policy.

Ensuring that the sustainable funding model is in place is key to developing a future childcare policy. Given the significant complexity in this area our recent report called on the Welsh Government to commission a review of childcare funding in Wales. Among the areas that we call on the review to focus on are:

- The levels of funding providers receive through each of the Welsh Government's childcare programmes.
- Whether funding levels are adequate to enable childcare providers to recruit and retain a highly qualified workforce.
- Whether there are opportunities for greater investment in the Welsh childcare system in light of reforms in England.

In taking forward such a review we think it is vital that the Welsh Government don't overlook short term funding concerns that have emerged for providers as a result of cost-of-living pressures.