

Senedd Cymru
Y Pwyllgor Cydraddoldeb a
Chyfiawnder Cymdeithasol
Gofal plant a chyflogaeth rhieni: y
pandemig a thu hwnt
CPE(12)
Ymateb gan Grŵp Gweithredu Tlodi
Plant

Welsh Parliament
Equality and Social Justice Committee

Childcare and parental employment:
the pandemic and beyond
CPE(12)
Evidence from Child Poverty Action
Group

About CPAG

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. We work to understand what causes poverty, the impact it has on children's lives, and how it can be prevented and solved – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. We also carry out high profile legal work to establish and protect families' rights.

In Wales, our policy and advocacy work is complimented by our UK Cost of the School Day programme, which carries out direct 'poverty-proofing' work in Rhondda Cynon Taf and Neath Port Talbot. Using evidence gathered from children, families and school communities, we work with everyone to create a fairer education system for children growing up in poverty.

1. Introduction: the role of childcare in addressing child and family poverty in Wales
 - 1.1. The childcare system in Wales has undergone significant improvement in recent years, with most three and four year olds now able to access at least 30 hours of funded early education and care for 48 weeks a year. Initial evaluations of the childcare offer show eligible families have benefitted from increased earnings, the ability to work more hours, and better opportunities for training, learning and development as a result of this additional childcare provision.¹
 - 1.2. Despite this very welcome improvement, the entire childcare ecosystem in Wales can best be described as complex, fragmented, of varying quality, and insufficient to meet the needs of many families. In this submission, we will be focusing on the childcare challenges experienced by families living on low incomes. Children are the group in the Welsh population most likely to be living in poverty - almost a third of children in Wales live below the poverty line.²

¹ See Julie Morgan MS's statement in the Senedd: 07/10/2021 <https://record.assembly.wales/Committee/12441#C380562>

² Department for Work and Pensions (2021) [Households Below Average Income for Financial Years Ending 1995 to 2020](#)

- 1.3. Growing up in poverty directly affects a child's day-to-day life, but also has long-term impacts on their education, health and labour market participation.³ Access to childcare is crucial for child poverty reduction because it enables parents to work, but wider labour market factors also matter. Ultimately, childcare provision must be part of a comprehensive strategy to end child poverty.
2. The extent to which current childcare provision in Wales sufficiently supports parents, particularly mothers, to enter, remain and progress in employment, and what changes might be needed to improve the effectiveness of childcare provision in doing this.
 - 2.1. The UK has one of the most expensive childcare systems in the world.⁴ Seventy-one per cent of children living in poverty in Wales are in working households,⁵ with childcare costs accounting for 56 per cent of the overall cost of a child for working couples.⁶ As a result, childcare costs present a significant barrier for many families trying to access and progress in work.
 - 2.2. The challenge of juggling childcare and jobs means some parents are unable to take on paid employment, making it harder for these families to increase their incomes and lift themselves and their children out of poverty. Expensive childcare also constrains parents to take jobs closer to home, even if these jobs are low-paid and poorly matched to their skills.⁷ These constraints are more likely to affect women, who often take on the majority of caring responsibilities in families. Almost 3 in 10 mothers (28.5%) with a child aged 14 years and under said they had reduced their working hours because of childcare reasons. This compares with 1 in 20 fathers (4.8%)⁸.
 - 2.3. Having access to affordable childcare is a crucial pre-requisite to families progressing out of in-work poverty. Families in which both parents work are much less likely to be living in poverty, with poverty risk reducing further still if both parents work full time. In lone parent households, work alone cannot always guarantee a route out of poverty, but it does reduce the household's poverty risk quite considerably. In Wales, 46% of lone parent families live in poverty, but this rises to 68% when the parent is not in paid work.⁸ With almost 9 in 10 single parent families headed by women, creating a childcare system that works for families with a single person

³ Joseph Rowntree Foundation (2018) [Links between low productivity, low pay and in-work poverty](#)

⁴ OECD (2020) [Is Childcare Affordable?](#)

⁵ Statistics for Wales (2021) [Children in relative income poverty by family type and work status](#)

⁶ D Hirsch (2020) [The Cost of a Child in 2020](#), Child Poverty Action Group

⁷ Institute for Fiscal Studies (2018) [The 'gender commuting gap' widens considerably in the first decade after childbirth](#) ⁸ ONS (2019) [Families and the labour market](#)

⁸ Statistics for Wales [Children in relative income poverty by family type and work status 2017/18-2019/20](#) ¹⁰ OECD (2011) [Doing Better for Families](#)

acting as both caregiver and breadwinner is critical to reducing the gender pay gap and the rate of in-work poverty in Wales.

- 2.4. Supporting parents to work keeps valuable skills in the workforce and reduces inequality between men and women. The childcare sector is also a key source of employment in its own right, and investing in childcare drives higher economic growth in the long-term.¹⁰
- 2.5. In Wales, there remain significant gaps in the availability of genuinely affordable and fully accessible childcare, available to all families regardless of where they reside. In particular, the lack of a universal childcare offer for 2 year olds, and a lack of free wraparound and holiday childcare for school-age children leaves many families in a position where they have to limit the type and amount of paid work they can do, ultimately trapping many families in persistent poverty.
- 2.6. The introduction of supply-side funded, free universal childcare for children through to secondary school age would be a strong anti-child poverty measure, and would help to reduce in-work poverty by increasing the labour market participation of second earners in couples. Ensuring all children can receive consistent and high quality early education and childcare would help to reduce developmental gaps between children in poverty and their peers from more affluent homes.
- 2.7. The UK social security system has become increasingly conditional following the introduction of universal credit (UC), which requires parents to seek work when their children are very young. Universal credit claimants are expected to start preparing for work once their babies turn one, and to be actively engaged with the labour market once their toddler turns three. However, the funded hours on offer in Wales are not sufficient to meet the minimum work search hours set out in many parents' claimant commitments.
- 2.8. At present, a lack of funded childcare for parents looking to enter into work or training creates a barrier to moving back into work after having children, with most low-income families having to turn to the UK social security system for help with the costs. Through UC, parents can access support with 85% of childcare costs, up to a cap. However, this support is only paid in arrears, leaving parents to pay 100% of childcare costs upfront.
- 2.9. Understanding what help is available to meet upfront childcare costs can be a barrier for many mothers seeking to reenter the workforce after having children. Even when people are aware of the help available through the UK benefits system, it may not be sufficient to meet the current costs of childcare in Wales. In 99 per cent of local areas, the average price of a full

time nursery place for a child under two is higher than the maximum costs supported through universal credit and the legacy benefits system.⁹

2.10. Some childcare providers require a deposit and/or payment in advance when a childcare arrangement is entered into. The UK Government has confirmed that when someone is moving into work they can request help with upfront costs from the Flexible Support Fund – a discretionary fund operated at a local level.¹⁰ Payments from the Flexible Support Fund are paid direct to the childcare provider and are not repayable. However, awareness of the fund is low; if parents were routinely advised about the fund and it was properly promoted, demand would quickly outstrip supply. Access to the fund is limited to parents who are moving into work, and not available to parents who are changing childcare provider, for example because they are transitioning from nursery to before and/or after school care, or who are moving to another area.

2.11. The UK Government has confirmed that UC claimants will be able to receive a loan to pay for their childcare in advance.¹¹ Evidence from CPAG's Early Warning System highlights that claimants already struggle with deductions to their UC awards through repaying the loan available during the 5 week wait for the first UC payment, past benefit overpayments and other debts. Taking a loan to pay for upfront childcare costs is likely to exacerbate this financial hardship and prolong indebtedness.

Recommendation: The Welsh Government should work with the UK Government – in particular the Department for Work and Pensions – to provide families in Wales with upfront assistance with the cost of childcare. Until this happens, the Welsh Government should help families to access the support currently available through the social security system. Any extension to funded childcare provision in Wales should seek to meet the needs of parents subject to conditionality requirements in universal credit.

3. Whether Welsh Government-funded childcare provision is flexible enough to support employment of parents, particularly mothers, in different demographic groups and experiencing different circumstances.

3.1. The current childcare offer works well for some families, especially those who were already using paid-for childcare before their child became old enough to qualify for the free childcare offer. However, some families with atypical earning patterns, and those in self-employment have reported they found it challenging to apply.¹² Parents in poverty are more likely to be working in non-traditional types of employment, so these complexities may act as a barrier to children from lower-income households accessing their

⁹ Coram Family and Childcare (2021) [Childcare survey 2021](#).

¹⁰ <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/2422/242202.htm>

¹¹ <https://appguniversalcredit.org.uk/updates/press-release-uc-appg-responds-to-childcare-announcement>

¹² ARAD/Welsh Government (2021) [Evaluation of the Childcare Offer: Year 3](#)

entitlements.¹³ There is also evidence that children who could potentially benefit from accessing early education and childcare do not take up their places, and more needs to be done to address these barriers so all families have an equal chance of accessing free provision.¹⁴

- 3.2. Nonetheless, the year 3 evaluation of the offer demonstrates that over half (at least 58 per cent) of parents accessing the offer earned below the national average annual salary level for full-time workers. Furthermore, just over a quarter (29 per cent) of parents earned less than £15,600, suggesting that the offer is primarily benefitting households who might otherwise find it difficult to afford paid-for childcare.
- 3.3. The need for childcare does not end when a child starts school. For many low-income families, finding and affording childcare that wraps around the school day and through school holidays remains a major challenge. Increasing levels of conditionality in the welfare benefit system means parents of young children must now start actively seeking work long before their children are old enough for compulsory full time schooling. Even when children do enter reception year at school, this only provides a fraction of the childcare needed to work a full time job, especially once commuting time is taken into account. For families in rural areas and those in communities with fewer local job opportunities, childcare needs to be able to cover the time a parent will spend travelling to and from work, as well as the hours they spend in their jobs.
- 3.4. Families participating in CPAG research during the pandemic repeatedly made reference to issues caused by a loss of school-based childcare due to restrictions needed to manage COVID-19. Access to breakfast and afterschool clubs has been reduced to enable social distancing and facilitate bubbles, with some schools ceasing to provide these services altogether. While some local authorities have targeted breakfast club provision at children deemed most in need of food, others have allocated places by lottery, leaving many households without the childcare they need to work the hours expected of them by their employers.
- 3.5. In our surveys, many parents and carers expressed a wish for more comprehensive, affordable wraparound and holiday childcare in order to help them work and support their children to recover from the negative effects of the pandemic.¹⁷¹⁸ Children and young people told us that they wanted more opportunities to socialise and play, and to take part in enriching extra-curricular activities of their choosing.

¹³ Office for National Statistics, [Labour market overview, UK: July 2021](#),

¹⁴ Hughes, B and Jones, K. (2021) [Parent beliefs, behaviours and barriers: childcare and early education](#) ¹⁷ Child Poverty Action Group (2020) [The Cost of Learning in](#)

[Lockdown: Family Experiences of School Closures](#) ¹⁸ Child Poverty Action Group (2021) [The Cost of Learning in Lockdown: March 2021 update](#).

“I work full time and have to spend a lot of money buying childcare over the holidays. It isn't always easy to get a place in a suitable setting either, or that offers the hours I need to cover with my work. I'd like to see a lot more free or affordable play schemes that actually last longer than a couple of hours a day. If they helped kids recover their mental health and wellbeing after covid, so much the better.” (single mother of one child, RCT)

Recommendation: Welsh Government should invest in enhancing the wraparound childcare offer in primary schools, building on the strengths of the community schools model,¹⁵ to ensure every school can provide additional services that support families in their community with their wider needs eg, dedicated mental health and wellbeing practitioners, and welfare rights advisers. As a matter of urgency, ensure all schools recommence their universal breakfast provision. The Welsh government should ensure every school has the funding and resources to provide comprehensive before- and after-school care, and holiday provision that is suitable for its pupils and families, with a range of play and wellbeing activities that will benefit children and allow parents and carers to work a full day.¹⁶

4. The impact of high-quality formal childcare provision on reducing the attainment gap, and the potential benefits of extending childcare provision to tackle inequalities.
 - 4.1. It is important to focus on the children and families that are currently excluded from the childcare offer in Wales, and the consequences of excluding these groups. By only offering the full funded 30 hours to children of working parents, children who face the highest risk of deep poverty are unable to benefit from the same early education opportunities as their better-off peers. The Children’s Commissioner for Wales raised concerns about the exclusion of children in non-employed households during the initial consultation on the Childcare Bill in 2018, demonstrating that by only extending the offer to children in better-off families, the offer does not assist children from the most disadvantaged backgrounds to fulfil their potential. She expressed concern that the decision to only offer support to children in more socio-economically advantaged families could ultimately increase gaps in child development, school readiness and educational attainment between the most advantaged and disadvantaged children in Wales.¹⁷
 - 4.2. Recent research by the Nuffield Foundation has shown that policies designed to increase provision for working parents have inadvertently

¹⁵ For more information on highly effective approaches to community schooling, see Estyn’s report [Community Schools: families and communities at the heart of school life](#) (2020)

¹⁶ Child Poverty Action Group (2021) [Extended Schools Provision](#)

¹⁷ National Assembly for Wales Children, Young People and Education Committee (2018) [Childcare Funding \(Wales\) Bill Committee Stage 1 Report](#)

accentuated disadvantage among children in England. They use the English 30 hour policy as one such example, because it effectively gives children of higher-earning parents double the amount of funded early education than many disadvantaged children.¹⁸ In some parts of Wales, the provision gap may be even greater, as some children receive ten hours or less of Foundation Phase Nursery education, while their classmates from working families get an additional 20 hours of high quality childcare each week.

4.3. The geographically-targeted nature of Flying Start provision means the majority of 2 year olds in poverty in Wales are unable to access this support. Child poverty exists everywhere in Wales, including the least deprived areas. A child's risk of poverty is predominantly determined by the size of their family, how many adults in the household are in work, and whether any family members are disabled, rather than where they live. Data from the End Child Poverty Coalition showed that, in 2019, there wasn't a single council ward anywhere in Wales with a child poverty rate below 12%, once housing costs are taken into account.¹⁹ Previous research by the Senedd's Children, Young People and Education Committee also clearly showed that the majority of children living in poverty fall outside defined Flying Start areas, and so are less likely to be able to benefit from Flying Start services.²⁰ There is also evidence to suggest that take up of the Flying Start childcare offer varies between local authorities, from 100% of children taking up Flying Start-provided childcare in Conwy and Monmouthshire (the highest rates in Wales) to 52% in Denbighshire (the lowest rate in Wales).²¹

Recommendation: The early education and care model should be made truly universal and offered to all families of 2, 3 and 4 year olds on an equitable basis, with no work requirements, means-testing or geographical limitations on access. Welsh Government should continue to monitor trends in take-up and actively encourage low-income families to make use of the provision on offer.

¹⁸ Oppenheim, C and Archer, N. (2021) [The role of early childhood education and care in shaping life chances](#). Nuffield Foundation.

¹⁹ End Child Poverty (2019) Ward-level Estimates for Child Poverty After Housing Costs.

²⁰ National Assembly for Wales Children, Young People and Education Committee (2018) [Flying Start: Outreach](#).

²¹ <https://gov.wales/flying-start-april-2019-march-2020-html>