

## Childcare and parental employment: the pandemic and beyond

November 2021

### Introduction

Chwarae Teg is Wales' leading gender equality charity. We work to secure a fairer Wales where all women achieve and prosper, ensuring that women enjoy economic equality, are fairly represented in all walks of life and are no longer at risk of poverty, violence and exclusion.

Childcare continues to be a significant barrier to women entering and progressing in work, resulting in persistent labour market and income inequality. This leaves women more vulnerable to financial hardship and poverty, and also comes at a wider economic cost.

Investment in childcare provision during the last Senedd term was very welcome, but there is still work to do to deliver the early childhood education and care system that Wales needs, to ensure good educational outcomes and support women in particular, in the labour market. Ambitions for an equal Wales will be difficult, if not impossible, to realise unless we solve the childcare issue.

### Key messages

1. A lack of affordable, accessible childcare continues to be a critical barrier to women entering and progressing in work. Currently, childcare in Wales is a patchwork of provision that is too often complex, inaccessible, inflexible and expensive.
2. The additional investment in childcare provision in Wales over the past five years through the Childcare Offer is very welcome, and it is valued highly by those who are eligible. Implementation of the Offer was a good starting point towards more universal provision, building on the existing Foundation Phase support and bringing new investment into the childcare sector. It's important that work continues this term to further strengthen the early childhood education and care system in Wales.
3. Wales needs an integrated early childhood education and care system that ensures high educational attainment while being affordable and accessible to support women to enter and progress in work. The ***aim should be to provide free, good quality full-time childcare for all children aged 0-4.*** We recognise this will take time and money, but in the long-run this will not only ensure a more equal Wales but will also result in economic benefits. There are a number of steps that could be taken this Senedd term towards this goal and to improve childcare provision. This includes:
  - a. Bringing early years education and childcare into a single department within government to provide policy coherence and strengthen Ministerial oversight.
  - b. Invest in childcare infrastructure to support the co-location of early years and childcare provision in a single setting.

- c. Extend the current childcare offer to children from age two and invest in wraparound childcare and holiday care to ensure it is available and affordable to all. Consideration could be given to placing costs on a sliding scale as hours increase.
- d. Develop a one-stop-shop for information so parents can get clarity on the childcare support available to them, regardless of whether it's a Welsh Government, UK Government or Local Authority administered scheme

## Detailed Response

1. **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**
  - 1.1. A lack of affordable, accessible childcare continues to be a critical barrier to women entering and progressing in work. It is widely accepted that the “full labour participation of women requires childcare to be available full-time and to meet the demand of work during the parents’ working hours and school holidays.”<sup>1</sup>
  - 1.2. Currently, childcare in Wales is a patchwork of provision that is too often complex, inaccessible, inflexible and expensive. Eligibility is linked to the age of your child, whether you work and where you live. This creates confusion and there have been issues reported with parents being left with unexpected childcare bills as a result.<sup>2</sup>
  - 1.3. Cost of childcare is prohibitive for many who are not eligible for subsidised provision. Full-time childcare in Wales for children under two costs £227.64 per week.<sup>3</sup> Women’s average weekly income in Wales is £380, meaning that full-time childcare takes up 60% of their income.<sup>4</sup>
  - 1.4. Availability of childcare is also a challenge, with just half of Welsh local authorities reporting enough childcare to meet free early education entitlements.<sup>5</sup> Availability is worse for those with changeable or non-traditional work patterns, and the inflexibility of subsidised provision can lead to additional costs and pressures on women’s working lives.
  - 1.5. Wales needs an integrated early childhood education and care system that ensures high educational attainment while being affordable and accessible to support women to enter and progress in work. The aim should be to provide free, good quality full-time childcare for all children aged 0-4. We recognise this will take time and money, but there are steps that could be taken this term towards this goal and to improve childcare provision:
    - 1.5.1. Bring responsibility for early years education and care into a single department within Welsh Government to provide policy coherence and strengthen Ministerial oversight
    - 1.5.2. Align qualifications, regulation and inspections across early years and childcare provision

<sup>1</sup> European Commission Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions (2018) *Barcelona objectives on the development of childcare facilities for young people with a view to increase female labour participation, strike a work-life balance for working parents and bring about sustainable and inclusive growth in Europe*; OECD (2017), *Starting Strong 2017: Key OECD Indicators on Early Childhood Education and Care* [https://read.oecd-ilibrary.org/education/starting-strong-2017\\_9789264276116-en#page32](https://read.oecd-ilibrary.org/education/starting-strong-2017_9789264276116-en#page32) [ACCESSED 11 April 2019]

<sup>2</sup> BBC “Childcare Offer for Wales: Parents ‘shocked’ by bills” 5 January 2020 <https://www.bbc.co.uk/news/uk-wales-politics-50957390> Accessed June 2020

<sup>3</sup> Coram Family and Childcare (2021) *Childcare Survey 2021*

<sup>4</sup> ONS *Annual Survey of Hours and Earnings 2021 Provisional results* Accessed via Nomis 27.10.21

<sup>5</sup> Coram Family and Childcare (2021) *Childcare Survey 2021*

- 1.5.3. Create a clear progression pathway for those entering the early years and childcare workforce culminating in degree level qualifications
- 1.5.4. Invest in childcare infrastructure to support the co-location of early years and childcare provision in a single setting
- 1.5.5. Extend the current childcare offer to children from age two and invest in wraparound childcare and holiday care to ensure it is available and affordable to all. Consideration could be given to placing costs on a sliding scale as hours increase.
- 1.5.6. Develop a one-stop-shop for information so parents can get clarity on the childcare support available to them, regardless of whether it's a Welsh Government, UK Government or Local Authority administered scheme

**2. What impact the Childcare Offer in particular has had in achieving the Welsh Government's objective of "helping parents, particularly mothers, to return to work or increase the hours they work" Whether Welsh Government-funded childcare provision is flexible enough to support employment of parents, particularly mothers, in different demographic groups and experiencing different circumstances**

- 2.1. The additional investment in childcare provision in Wales over the past five years through the Childcare Offer is very welcome, and it is valued highly by those who are eligible. Evaluations of the Offer have shown that the additional childcare people are able to access is enabling some to return to work on a full-time basis and is leaving families with more disposable income, reducing financial pressure.
- 2.2. However, there are some challenges with the Offer that need to be overcome if it is to effectively support mothers to return to work or increase their hours.
- 2.3. Firstly, the support is focused around children aged three and four. By this point, many parents have already made decisions about how to change their working patterns to accommodate caring responsibilities. This often results in women reducing their hours or leaving the workforce entirely, as childcare for children under three remains prohibitively expensive.
- 2.4. Delivery of the Offer has been further complicated as a result of the two components – early years education through the Foundation Phase and formal childcare – being delivered in different ways across different local authority areas.<sup>6</sup>
- 2.5. These issues can be particularly acute for women on low incomes. Our research into women's poverty in 2019 found that up to the age of three, the costs of childcare are prohibitive for all but women with above average earnings.<sup>7</sup> We also found that for many women in low-paid occupations, working is not an option unless they have family to provide care, and that while the Childcare Offer is valued by women who work 30+ hours a week, with four out of ten women working part-time, it's not always a good fit and is simply not available for women on the lowest incomes.<sup>8</sup>
- 2.6. In some respects, the implementation of the Offer was a good starting point towards more universal provision, building on the existing Foundation Phase support and bringing new investment into the childcare sector. It's important that work continues this term to further strengthen the early childhood education and care system in Wales.

**3. The impact of limited childcare availability on Wales' productivity levels**

---

<sup>6</sup> Welsh Government (2019) *Evaluation of the early implementation of the Childcare Offer for Wales: Year Two Executive Summary*

<sup>7</sup> Winkler, V. (2019) *Trapped: Poverty amongst women in Wales today*, Chwarae Teg

<sup>8</sup> Ibid.

- 3.1. We know that ineffective childcare hinders women ability to enter and progress in work. This has an economic impact. Research we undertook in 2018, estimated that £13.6bn could be added to Wales' economy by 2028, if we were to equalise women and men's employment rates, increase the average hours women work and increase the number of women working in high productivity sectors.<sup>9</sup> Better childcare provision is essential to realising this economic potential.
- 3.2. That being said, it's also important to look beyond traditional measures such as productivity and GDP/GVA. The unpaid work that is largely done by women, while not counted in traditional economic measures, has huge value to Wales and the UK. In 2016, the value of unpaid work done in the UK was valued at £1.24tr.<sup>10</sup> Without this unpaid work, many aspects of our daily lives and our economy simply could not function.
- 3.3. With a growing focus from the Welsh Government on wellbeing and equality, it's also important to consider how greater provision of childcare could help close gender gaps, and benefit people's wellbeing through improved financial security, more leisure time and reduced stress from balancing paid and unpaid work.

#### **4. How childcare arrangements have affected parental employment during the coronavirus pandemic, particularly in relation to mothers. What lessons might be applied to provide better support during any future lockdowns or increased restrictions**

- 4.1. Our report [\*One Big Juggling Act: Childcare and Homeschooling During the First Lockdown\*](#), found that as schools and nurseries closed, responsibility for childcare and homeschooling fell overwhelmingly to women, who were left exhausted, overwhelmed and undervalued as a result.<sup>11</sup> It's also critical to note that this crisis has not impacted all women equally. Many groups of women faced additional challenges and disadvantage, including single parents and women on low incomes, for whom the financial impact of the crisis is a significant cause for concern.<sup>12</sup>
- 4.2. Analysis from the IFS shows that during the first lockdown women were more likely to have quit or lost their jobs or been furloughed, mothers were spending less time on paid work and more time on unpaid work, with the average mother doing just 35% of the number of uninterrupted work hours as fathers.<sup>13</sup>
- 4.3. The pandemic demonstrated how precarious a system of childcare we have, that relies heavily on women's unpaid work. It also demonstrated that care is still seen as a woman's responsibility, evidenced by the way in which additional care fell to women as soon as usual formal and informal arrangements became unavailable.

#### **5. What Wales can learn from other models of childcare provision operating in the rest of the UK and internationally and emerging practice in terms of supporting parental employment, and the extent to which these models might be transferrable to the Welsh context**

- 5.1. The challenges associated with delivering childcare are similar in many countries. Cited issues often cover affordability, accessibility, flexibility and quality. In fact, the EU Commission in 2018 presented a

<sup>9</sup> Chwarae Teg (2018) *The Economic Value of Gender Equality*

<sup>10</sup> <https://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/articles/householdsatelliteaccounts/2015and2016estimate> Accessed 27/10/21

<sup>11</sup> Chwarae Teg (2021) *One Big Juggling Act: Childcare and Homeschooling During the First Lockdown*

<sup>12</sup> *ibid.*

<sup>13</sup> IFS "How are mothers and fathers balancing work and family under lockdown" <https://ifs.org.uk/publications/14860> Accessed 27/10/21

comprehensive quality framework for early childhood education and care (ECEC) systems based on five principles<sup>14</sup>:

- Access and affordability for all families
- Qualification and CPD of the workforce
- Development of the curriculum with holistic teaching in a participatory way with children and parents
- Monitoring and evaluation of the ECEC services and facilities
- Governance and funding

5.2. Cost emerges as a key issue in many countries. Different countries have taken different approaches to tackle the cost of childcare, including<sup>15</sup>:

- Minimum levels of childcare for different age groups (e.g. Germany and UK)
- Subsidies for new parents (e.g. Belgium, the Netherlands)
- Tax breaks for families
- Means-tested childcare and capped fees (e.g. Sweden)
- Universal Access (e.g. Finland and Denmark)
- Fiscal incentives for companies (e.g. Austria allows a deduction from taxable income for companies that provide childcare services internally or give benefits to employees in the form of childcare services)

5.3. A number of lessons for Wales can be drawn from international practice:

5.3.1. Successful provision requires ongoing political commitment and investment. There is no reason why early childhood education and care can't deliver good outcomes for children while also effectively supporting parents to play a full and active role in the labour market.

5.3.2. It is clear that early childhood education and care policy cannot be considered in isolation. While a vital part of the solution to women's economic inequality, to support parents to effectively reconcile work and family life we must consider how early childhood education and care provision interacts with issues such as parental leave and flexible working.

5.3.3. There are clear benefits to seeing early childhood education and care as a single policy area and ensuring that responsibility for this sits within a single Government Ministry or agency. This supports a more coherent approach to design and delivery. Looking longer term at early childhood education and care and not particular age brackets can also support coherency and ensure that support is ongoing for parents of school age children.

5.3.4. The most successful nations have systems that support parents to work full-time. Nations that have prioritised part-time provision, such as the Netherlands, have seen more part-time maternal employment, which we know contributes to income inequality.

5.3.5. The co-location of childcare services can ease the pressure on parents who are balancing work and home, particularly in centres that offer childcare from 7.00-19.00.

5.3.6. A one-stop-shop for information, as being implemented in Canada can help address the confusion among parents around different provision and entitlements.

## **6. How financial and practical implications such as availability of childcare would need to be considered by the Welsh Government in any future policy developments to extend childcare provision**

---

<sup>14</sup> EU Commission *Barcelona Objectives*

<sup>15</sup> *ibid.*

- 6.1. There is no doubt that providing the universal early childhood education and care system Wales needs will cost money, and will take time to deliver. Additional investment in childcare at the UK Government level that results in additional funds coming to Wales would be very welcome and we would urge Welsh Ministers to make this case strongly to Westminster. We support calls from the UK Women’s Budget Group and others for an increase in childcare spending in England to £15.5bn a year.<sup>16</sup>
- 6.2. However, there are steps that can be taken without this change in funding at the UK-level, and different decisions could be taken by Welsh Ministers to better prioritise investment in care, which we believe is essential to deliver the green, equitable and caring economy we desperately need.
- 6.3. We have outlined above (at 1.5) the steps we think should be taken on the journey towards universal provision and we support continued investment in childcare infrastructure and the childcare workforce, which is essential to growing this important part of our economy. Consideration should be given to the best models on which childcare is provided, with a good balance between private sector, social enterprise, not-for-profit and public sector.

For more information please contact:

Natasha Davies  
**Policy and Research Lead**



[Natasha.davies@chwaraeteg.com](mailto:Natasha.davies@chwaraeteg.com)



07837 284695

Tomos Evans  
**Policy and Public Affairs Partner**



[Tomos.Evans@chwaraeteg.com](mailto:Tomos.Evans@chwaraeteg.com)



07823 467466

#### Who are we?

Our vision is for a fairer Wales where all women can achieve and prosper. Our mission is to inspire, lead and deliver gender equality in Wales.

Chwarae Teg is committed to a Wales where all women are represented, empowered and able to prosper at all levels in the economy and public life regardless of their background or social status.

Chwarae Teg is registered charity. Charity number: 1084466 – FAIRPLAY (Workforce) Ltd.



<sup>16</sup> UK Women’s Budget Group (2021) *Comprehensive Spending Review 2021: A Joint Representation from the UK Women’s Budget Group*