

# Equality and Social Justice Committee Evidence Submission

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## 1 Preamble

- 1.1 I would firstly like to highlight the difficulty in the Committee's focus on 'childcare' as opposed to the broader concept of early years services and its relationship to poverty and social justice.
- 1.2 Early childhood education and care (ECEC) is the term used internationally to describe any regulated arrangement that provides education, learning and care for children from birth to compulsory primary school age. In Wales, to reflect our focus on children, their rights, and our commitment to play, stakeholders working with Welsh Government have agreed to use the term early childhood play, learning and care' ([ECPLC](#)).
- 1.3 A focus only on the 'childcare' element within ECPLC can be viewed as reductive in that it directs public policy and funding towards primarily supporting parental employment. This may assist in reducing family poverty in the short-term, but as a policy in isolation it has been shown to lead towards the provision of low-cost, low-quality care that does little to enhance children's development and their [longer-term resilience](#) to poverty. There is [evidence](#) that in some circumstances poor quality care may do more damage to children than an absence of provision. While good quality ECPLC will undoubtedly support parents to work, employment opportunity for parents should be a by-product, not a primary outcome.

## 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.

- 2.1 There is now a large body of evidence that high-quality ECPLC provision supports child development, tackles child poverty and supports parental employment. However, measuring the quality of ECPLC services is difficult but, as set out in this [Research Briefing](#) there are three key areas of quality that require consideration.
- 2.2 Firstly, **an entitlement to universal rather than targeted ECPLC provision from birth to the start of compulsory schooling is preferable**. The Welsh Labour Government has set out an ambition to work towards this as part of its [Cooperation Agreement](#) with Plaid Cymru, and the focus on expanding towards universal provision through Flying Start is to be welcomed. Developing Flying Start childcare as a universal service available to all parents of two and three year olds in Wales, complementing or including the existing free early

education entitlement to provide ECPLC, meets the developmental needs of the most vulnerable children, while also meeting the needs of their, and other, working parents. Making Flying Start universal also increases the benefit to children living in poverty. Research has shown that inclusive provision, with children from a range of social backgrounds, has greater benefits for the most disadvantaged children. To achieve this, the way in which Flying Start is delivered requires some further streamlining and additional flexibility if it is to meet the needs of all, rather than just those in deprived areas. Flexibility is what working parents increasingly need, and therefore the current 'fixed' offer of a 2 ½ hour session each day needs to change. This requires local authorities to support Flying Start providers to change the way they work to become more flexible, and be able to deliver services that at least match the length of the school day. As Flying Start ECPLC is rolled out in all areas, local authorities should be able to fulfil their current childcare market-management and early education duties by planning delivery and commissioning the number and types of services that meet local needs. This includes the provision of Welsh-medium and bilingual ECPLC, accessible services for disabled children and, in the longer term, services that are able to support parents working shifts or unusual hours.

- 2.3 Secondly, **quality services require public policies to be integrated with adequate and equitable funding**. In Wales, despite terminology changing to ECPLC, Ministerial responsibility for early years education is still separated from early years care and play even though it has been accepted that for young children the concepts of learning play and care are interdependent and indivisible. Whilst there is some welcome integrated work between the ESTYN and CIW inspectorates, there are still different legal requirements for learning and care settings. This embeds the view that services for children under 3 are 'care', designed to support parental employment, while, at age 3 years, children can access the part-time Foundation Phase which is categorised as 'education', and is more generously funded. Furthermore, because local authorities only have a duty to secure the delivery of a minimum of 10 hours a week of Foundation Phase early learning, 3 and 4 year old children often attend a mix of settings across a day or a week making life more difficult for working parents.
- 2.4 Thirdly, **raising the quality of the ECPLC workforce** is critical. One of the main findings from UK research over the last two decades has been that higher quality settings are those in which staff have higher qualifications - usually defined as relevant degree level or above. Even when most staff in an ECPLC setting are not highly qualified, they benefit from the presence of a highly-trained colleague. In Wales, the language skills of practitioners are also critical in delivering Welsh-medium and bilingual ECPLC. While there have been significant efforts by Welsh Government and sector organisations to address workforce issues through the refreshed workforce plan, low pay across the sector remains the biggest barrier to recruitment and retention.

- 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.
  - 3.1 While 'sufficiency' of childcare is often a nebulous term, according to a [review](#) of recent Childcare Sufficiency Assessments undertaken by Local Authorities many areas of Wales report having enough childcare to meet the reported demands of parents. However, more objective data shows large inconsistencies in the number of registered childcare places available in different parts of Wales (as illustrated in the appendix of this [Briefing Paper](#)). As well as regional differences, there is a long-standing correlation observed between deprivation and childcare places, where families and children living in the least-advantaged areas often have limited access to registered childcare services.
  - 3.2 Despite some investment, there has been very little change in the overall number of registered places (relative to the population of children) since [data](#) was first collated in the early 2000's. There have been changes in the types of services available, with a precipitous drop in the number of childminders - although this has been off-set against increases in full daycare and the conversion of part-time sessional care to full daycare. Whilst availability of settings and places varies across Wales, most evidence suggests that it is less of a barrier to accessing ECPLC services than funding issues.
  - 3.3 However, there is a broader issue that is often ignored by policy makers in that formal childcare is only used by minority of parents in Wales, with most parents choosing informal care, which is usually provided by relatives and grandparents in particular. [Research](#) in 2016 found that rates of informal care are higher in Wales than in other parts of the UK, but that use varies widely. In turn, this has been shown to correlate with the demand and therefore supply of formal care services. In areas where use of informal care is more common - and therefore there are fewer formal care services - parents without access to informal care are considerably disadvantaged.
- 4 How childcare providers and the workforce have been impacted by cost-of-living pressures, and what effects these have had on the sector.
  - 4.1 A survey undertaken by [Early Years Wales](#) in December 2023, with 156 providers of registered ECPLC services, presents a concerning picture of the precarious situation in which many providers now find themselves. Inflation and the uplift in the National Living Wage is increasing costs, while income is restricted by the £5 per hour rate of the Welsh Government's Childcare Offer.

*We are unable to increase our fees to parents as we are bound by the £5 an hour rate for the childcare offer. This has meant that our income has remained stable*

*whilst our costs have increased dramatically over the last 2 years. This is not sustainable and the next increase in minimum wage will have a further impact. We are not sure how we are going to make ends meet and survive.*

*Full daycare provider, Cardiff*

- 4.2 The survey found that among a geographically representative and diverse sample of provider types, 83% said that the uplift in the Living Wage was unaffordable within their current business model. As a result, many providers said that they were considering how to cover these costs including reducing staff ratios (and potentially quality) and restricting how many Childcare Offer funded places they could offer.

*We will have to reduce the amount of staff and increase the fees past (sic) onto parents. We will also have to restrict and reduce the amount of Childcare Offer children accessing our setting as it doesn't cover the costs.*

*Full daycare provider, Flintshire*

- 4.3 To cope with the uplift, 87% of providers surveyed said that they would need to increase their fees to parents by an average of £0.75 per hour, while they also needed an increase in the Childcare Offer rate to an average of £6.98 per hour in order to remain sustainable. Given the current pressures, 65% of providers surveyed said that they would only be sustainable for 12 months with their current business model and a further 21% for up to 24 months.

*Children numbers have only just started to increase since Covid but we are finding more parents only want to start when they are entitled to receive funding. The current funding level no longer covers essential running costs and has not for a number of years. The minimum wage has gone up each year but funding has not - staff moral is low and we have lost a few staff who have left to pursue an altogether different career outside of childcare/education which has better pay.*

*Full daycare provider, Denbighshire*

- 4.4 By introducing the Childcare Offer, Welsh Government has (as foreseen here) disrupted the business model for most childcare providers. Because of regulated ratios, settings were often sustainable by cross-subsidising places. 3 and 4 year old children, who require fewer staff, kept prices lower for younger children who require higher staff ratios. With the Childcare Offer rate set by government, this is no longer an option and, unless the rate increases in line with costs, settings will have no choice but to increase fees for younger children or restrict the number of Childcare Offer funded places if they are to remain viable.

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

- 5.1 Funding for ECPLC needs to change if it is to become a universally accessible

service. Ideally, all state funding for care should be pooled to create a funding system that is simple, fair and affordable to parents (with capped means-testing) and fair to providers from all sectors. The current UK devolution settlement makes this difficult, but with a change of government in Westminster likely this year, and with similar conversations happening across the UK, there may be an opportunity to coordinate change.

- 5.2 As the Committee has discussed previously, a fairer funding system exists in other countries including Sweden - where nursery school costs are means-tested at 3% of family income for the first child, reduce with subsequent children and are additionally capped. All providers – public and non-maintained - receive a subsidy for each child that is sufficient to cover all costs and is reviewed monthly by the municipality. In Denmark, the price of ECEC to parents is capped at 25% of the price of services, while in Norway, maximum fees are capped by the government.
- 5.3 A comparable approach to funding was proposed in Scotland by [The Commission for Childcare Reform](#). It proposed three levels of funding for services; a core element of 600 hours per year for three and four year olds in term time that is universally available and free of charge; a middle element that provides up to 50 hours of state-subsidised, but means-tested 'affordable' childcare for working parents (including the 30 hours of term time provision for three and four year olds) and a final element of non-subsidised but regulated provision over and above the 50 hours of free or subsidised childcare. This model is similar to that in place in Wales, but focuses on capped costs for market-led provision, with the state funding any gap in income. Calculations based on the costs of existing provision in Scotland (which are not dissimilar to Wales) proposed a cap of around 10% of net household income as the proportion of childcare costs that any family would pay towards – covering up to 50 hours of childcare per week.

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

- 6.1 Recent reports by Oxfam Cymru / Make Care Fair Coalition and by the Bevan Foundation / Joseph Rowntree have made important links between childcare costs and poverty. However, much of this evidence is focused on issues of childcare costs for parents rather than examining ECPLC holistically. International evidence is clear, however, that by making childcare affordable for working parents without an investment in high quality services, environments can be created that can be harmful to children. Wales' groundbreaking commitment to children's rights should be central to how ECPLC policy develops. As stated previously, while good quality ECPLC will support parents to work, employment opportunity for parents should be a by-product but not the primary outcome.
- 6.2 Over the longer-term, I would argue that the government's priority should be on funding and developing institutions in which early learning, play, care and family

services are commissioned by the state rather than relying on cash transactions between the state and families in the form of vouchers, tax credits or reliefs. Institutions such as Flying Start centres, Integrated Centres and Community-Focused Schools are more likely to serve the wider needs of children and their families and achieve broader social policy objectives. They can also be more sustainable as bringing local people together, promoting relationships and attachments that underpin flourishing lives are more likely to command enduring popular support. This does not mean that we need to lose the current plurality of provision, but that all provision must be adequately funded and supported to ensure that children receive only high quality care. This requires settings that are staffed by qualified and well-paid practitioners; that are able to meet the needs of all children in their communities through inclusive practice; and offer the flexibility that enables parents to be economically active.

- 6.3 Many of the complexities of current ECPLC policy are unlikely to be resolved whilst there are competing policy objectives. Providing low-cost care for young children that enables their parents to work may be politically expedient but is unlikely to provide the long-term benefits that we know can be gained from high quality early childhood services. Supporting early child development through high quality ECPLC has been shown to drive success in school and improve later life chances. It also supports parents to work. Birth to age five is a critical time to shape future productivity when the brain develops rapidly to build the foundation of cognitive skills alongside attentiveness, motivation, self-control and sociability. Yet, the sector best able to improve long-term life chances, reduce poverty and increase social mobility is poorly regarded and under-funded. Without a clarity of purpose around ECPLC policy in Wales, it will not be possible to resolve with any coherence, issues of delivery and funding.