

P-06-1530 Save Childcare Provision in Wales – Demand Fair Funding and a Fair Process for Providers and Parents – Correspondence from the Petitioner, 20 September 2025

In response to the letter date 8th August from Dawn Bowden

As an introduction to this letter, I agree that the childcare sector is a rich tapestry of different types of organisations as it should be, and I understand that supporting all parents in accessing the service they require is important. And I agree that yes, the sector needs changes and adaptations but by forcing the percentage that looks after working parents, working parents that need care for their children after returning from maternity leave and flexible arrangements that can work around their working lives which day nurseries (the 20%) do facilitate, to close, is not the way forward. The sector that are currently happy with the flat rate are those that are not registered to take under 2's and generally work just outside school hours.

For the following reasons, and others, which I will explain more fully below, the fixed rate cannot work throughout the sector because :

- There will be a knock-on effect of lack of provision for babies, should the 20% withdraw/close.
- Every business is different with different costs, meaning they need to charge differently, otherwise they, as in England will need to close.
- There will be a lack of provision that have adapted to support working parents because it costs money to be flexible.
- The impact of closures will generally leave the sector short of providers if the rate reviews continue to be less than inflation/wage increases.

I have assumed, as it was not clarified, that the 20% referred to are the day nurseries as we work longer hours to accommodate working parents, generally have larger settings and therefore bigger overheads as we tend to own our buildings. We cater for the under two's an age gap not currently addressed in any of the childcare funding offers. This age range is also punished in some areas, as they are already charged more, as the ratio is 1:3 and the space they require is more so it costs even more to facilitate. This rate will increase further if Nurseries are forced to lose money to fund the other parental funding streams.

I contacted 6 local Nurseries to me this morning, (I did only have a few days to answer this letter) and they all had waiting lists for babies, as do I. So if we are forced to close where will parents and babies go? They wont be able to access the 80% of settings who are supposedly happy with the rates for the moment as these providers don't cater for working parents with children under 2.

Every business has different overheads so a flat rate will never work. You say The Childcare Offer Rate Review 2024 focussed on the costs associated with delivering childcare. No-one has every asked me what my overheads look like, although when I started questioning the flat rate formula and the freeze back in 2023 I offered my figures, which was never taken up. So it seems to be suggested that a playgroup who rents with a full repair lease and a business like mine which has to pay for trees to be felled, drains to be cleaned, gutters to be cleared, gardens to be maintained, the list is endless, need to charge the same figure? An

Early Years Wales article based on consultations with the sector put forward the rate of £7.50. This report has been submitted to Welsh Government and via Federation of Small Business. I am so utterly frustrated that we are being made out to be gold diggers and only doing what we do for financial gain.

We have the most precious gift in life in our hands and every day, I hear Welsh Government refer to the first 1000 days, but in the same breath you will sit back and watch an essential part of the childcare sector disappear. Not because you don't have the money in the budget but because you won't allow a business to do what it needs to survive. If it's about the parents then leave them with the choice they have had since the childcare sector began. If they don't want to pay the shortfall, they can vote with their feet as has always been the case.

To accommodate working parents, I open 51 weeks of the year including bank holidays. I open 7am – 6pm and I charge by the hour unlike other nurseries alike to me so parents only pay for what they use. I have an acre of outside plays areas unlike the 80% they refer to that don't need to charge what the larger nurseries charge. I have won awards for the investment into Apprenticeships, which has always been down as an added cost and I pay my staff the Real Living Wage. I was graded excellent in all six areas in my Estyn and CIW inspection, one of now 3 in Wales to do so and can say that we are the flagship setting for Newport education (I have been told that by the LA). As I write this my 3 year olds are having 1st Aid training and that costs money. Are you happy to take all those extra experiences away from them because if I can only earn enough to just cover wages. All the extra services we provide to parents and children like this training will have to stop. During my 27 years, it's the extra special environment and extra experiences that we provide that parents have been to prepared to pay extra for. I don't want a report that states "adequate" because I can only afford to provide the bare minimum.

Referring to the fact that the rate was increased by 28% but not mentioning that was after freezing the rate for 3 years - which was never stated in the agreement when we signed up - is both tedious and misleading. Welsh Government have partly recognised their error by in 2024 inserting into the agreement that the rate would be reviewed each year. You may think that is fair but reviewing does not mean it will be increased in line with wages and I refer to wages as throughout the child care sector due to the child:staff regulated ratios, wages, unlike any other sector will always be at least 60% of our income.

Quoted from letter:

On the matter of top-up fees, the Welsh Government does not have the necessary regulatory powers over childcare providers in Wales to mandate business models of operation and childcare providers are permitted to stipulate their own operational hours for the Childcare Offer. Welsh Government has effectively taken over the running of my business without even knowing how it operates. If when we signed up to deliver this I was told that they would freeze the rate for 3 years or that I would potentially be in a position where the rate offered to parents wasn't enough to cover what I needed to be sustainable so I would have to dig into savings to cover it, I would never have signed up to deliver it. I lost £20k turnover in the second year of the freeze £40k in the third year. That was my business reserves which if running a business correctly we should have.

FYI "Standard 17 of CIW Minimum Standards (Note 'minimum) states Financial Procedures. Outcome: Children and their parents are safeguarded by the Registered Person operating sound financial procedures. The registered person is responsible for ensuring that effective financial procedures are operated"
This I have done for 27 years.

Letters from Welsh Government continually point out that I can withdraw from providing the Childcare Offer funding, as its voluntary, but I am fighting because it is the parents will suffer should I do that. However to minimise the impact of losses I do intend to withdraw from providing the Education offer.

I have informed Newport Local Authority that I intend to withdraw from providing education as of July 2026. I am leaving it this long as I understand this is not fair on the parents and they need time to plan and have explained to the parents that as Welsh Government will not allow me to charge the difference between what they are offering the parent and what I need to survive, I have no choice. I will look to offer Flying Start to spread their funding opportunities through my parents, but it will be done with an exit strategy in place. I say this as this year Flying Start just about cover the rate in my area but my experience with the Childcare Offer as shown me I cannot trust what the future holds.

Those parents will now have to pay an extra £78 per week. However if I was allowed to charge childcare offer top up of approximately £12, they wouldn't have to

So here we are, the question, that no-one has asked us. It is hard to quantify due to the meal charging system they decided as every setting breaks it down differently and it is dependant on what hours the child attends which is what parents don't actually like, because it isn't clear or straight forward. At my setting we are working towards a 4 day week as we cannot pay the wages the practitioners are worth so try to achieve a work life balance instead with fits with the new working week patterns.

The following Financial Example (which not one person has asked us) illustrates the reality for both parties, parents and the provision):

A child attending my setting would be charged £7.80 per hour whatever their age.

So for a 40 hour week all parents of children under 3 would pay £312.00 per week.

If they claimed the 20 hours childcare and the 10 hours education that we currently offer, Welsh Government give them 30 hours @ £6.40 which equals £192.00 towards their care and the parents pays us for 10 hours @ £7.80 plus approximately £40 towards meals depending on their hours and I have to cover the remaining £12.

Now that doesn't look bad, nothing to make a song and dance about and nothing that a parent should object to, but you say different.

The problem is I need to protect my business from that gap increasing because I cannot afford to lose another £60,000 should the review in 2026 become 2% and the wages again rise by 10%. I am financially planning to protect my business, my children and the livelihood of my team.

FYI £12 per week loss for 30 children actually equates to approximately -£18,000 per year for me. The parent however has a childcare bill that has dropped from £16,000 to £2,500. (All approx.)

Quoted from letter

We have also seen increasing representation from parents regarding top-up fees, and they tell us that additional costs introduced by their childcare provider are putting them under considerable financial pressure. In any review of our current charging policy, we would need to carefully balance what is affordable for the provider and what is affordable for parents, while supporting both.

I would very much like to know what are the top up fees that parents are struggling with? I would like to see who and what demographic they consulted and how the questions were worded as my parents most definitely do not think that way. They are more than happy to have their childcare bills reduced but not at the expense of me closing the doors. I know I am not the only setting with parents who think that way. Our survey which had 573 responses did not get those responses. Also as we have not been able to charge top up fees to date so how have parents even made those representations? However in the Vales of Glamorgan, they have always charged the shortfall as the LA understood that they are businesses that need to survive and there were not any complaints from parents.

If you didn't break down all funding into sections, I agree you would have had queries as I would not look to charge Flying Start parents top up fees although that does seem to be diverting from being for disadvantaged parents to for all two year olds.

I will say I have completed one survey about the childcare offer and have print outs of what I submitted which shows the questions were in no way relevant and could never have produced satisfactory responses that would have informed anyone.

No-one has engaged with the sector. CWLWM are not our voice. CWLWM were set up by Welsh Government to bring the different childcare representatives together to work more seamlessly, which I agreed with as until then, they were duplicating too many areas which was a waste of money, but the bulk of their funding comes from Welsh Government and they have to carry out specific work stipulated by Welsh Government to get that funding and are told what to do with it. They are NOT our voice. We asked to have a representative on the policy working groups but that didn't happen. The only person I have met with (on behalf of the Childcare Owners) is [REDACTED] from Newport City Council who really has no say in this and [REDACTED] Senedd Liaison Advisor.

I do not wish to address the Flying Start Programme at this stage. I am aware that there are issues but again because they don't consult with the sector and because as with all funding streams, they are rolled out differently in different areas. Going forward we need actual representation on boards so the issues are addressed before roll out.

Yours sincerely
Lisa Owen