

Consultation on the Childcare Funding (Wales) Bill call for evidence response

Social Care Wales is a Welsh Government sponsored body. Our vision is that every person who needs support lives the life that matters to them. We aim to achieve this vision by working with people who use care and support and a broad range of organisations to:

- set standards for the care and support workforce
- develop the workforce
- work with others to improve services
- set priorities for research
- share good practice
- provide information on care and support

Social Care Wales has a responsibility for supporting the training and development of the social care workforce (including the early years and childcare workforce). We are responsible for producing a list of recognised qualifications for the workforce. We facilitate an early years and childcare network which provides us and Welsh Government with a range of views from the sector. We are collaborating with Qualifications Wales on the development of new children's care, play, learning, development and qualifications. We are also responsible for the regulation, development and improvement of the social care workforce, which includes those who provide social care and support for children and their families. We are responding to this consultation from the perspective of our expertise and knowledge in these areas.

The general principles of the Childcare Funding (Wales) Bill and whether there is a need for legislation to deliver the Bill's stated policy objectives

We welcome the Bill's approach to providing affordable, accessible, quality early years childcare. Childcare provides key opportunities for child development and enables parents to work or access training. This in turn supports increased economic growth, tackles child poverty and reduces inequalities¹. Quality childcare also supports intervention and prevention within early years for children at risk of Adverse Childhood Experiences² (ACEs). It provides safe and stimulating environments in which children can play, learn, develop and grow. In this respect children from disadvantaged areas would benefit from receiving the childcare offer in line with

¹ <https://gov.wales/docs/caecd/research/2017/171031-childcare-capacity-en.pdf>

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[http://www2.nphs.wales.nhs.uk:8080/PRIDDocs.nsf/7c21215d6d0c613e80256f490030c05a/d488a3852491bc1d80257f370038919e/\\$FILE/ACE%20Report%20FINAL%20\(E\).pdf](http://www2.nphs.wales.nhs.uk:8080/PRIDDocs.nsf/7c21215d6d0c613e80256f490030c05a/d488a3852491bc1d80257f370038919e/$FILE/ACE%20Report%20FINAL%20(E).pdf)

Flying Start, but it is often in these areas that parents are unable to afford to pay for childcare, or are not able to meet the eligibility criteria in respect of working hours³.

In this context, consideration might be given to how the eligibility criteria in the Bill might align to other programmes such as Parents Childcare and Employment (PaCE) where childcare is a barrier to those seeking work/training. Currently the eligibility proposed in the Bill would exclude any non-working parents, who are likely to be the poorest people. Childcare costs are a genuine concern to parents and there are areas in Wales where parents cannot afford to pay for childcare due to low household income and higher levels of unemployment, such as the South East Valleys⁴. Evidence from the Welsh Index of Multiple Deprivation and Census data suggest that in the South East Wales there is a high density of children, but that parents may not need or be able to afford to make use of childcare. A comparison to the evaluation of take up in the Early Implementer areas in England with those in Wales, in relation to the most deprived areas would be useful to establish if this has an effect on those accessing the offer.

Unintended consequences arising from the Bill

Three recent reports have reported under capacity in the Welsh childcare system^{5 6 7}, contrary to the position experienced in England, following the evaluation of their introduction of a similar 30 hours funded child care scheme⁸.

The current estimates are that there are roughly 175,000 children up to the age of four living in Wales. For all ages, there are just less than 80,000 childcare places, of which 45,000 are full day places. Therefore, there are not enough places for all children to attend childcare full time⁹.

Roughly 40 percent of these children are either three or four years old, i.e. 70,000 children¹⁰. If all of those who are eligible (around 66% across Wales), took up the offer, it would mean that an addition of just over 24,000 full time equivalent places¹¹ would be required¹². The estimation is that around 87% of eligible parents would use this service, this means that just over 21,000 FTE¹³ additional places would be required.

³ <https://gov.wales/docs/caecd/research/2017/171031-childcare-capacity-en.pdf>

⁴ Source –Welsh Government Welsh Index of Multiple Deprivation 2014.

⁵ Public Policy Institute for Wales: Childcare Policy Options for Wales, Cardiff, Dec 2015

⁶ <https://gov.wales/docs/caecd/research/2017/171031-childcare-capacity-en.pdf>

⁷ Review of Childcare in Wales, Welsh Government and Government Social Research Social Research: Number 2/2018 Publication Date 10/1/2018: Cardiff

⁸ Gillian Paull, Ivana La Valle. Evaluation of Early Implementation of 30 Hour Free Childcare, Research Report. Department of Education and Government Social Research. London. July 2017

⁹ <https://gov.wales/docs/caecd/research/2017/171031-childcare-capacity-en.pdf>

¹⁰ <https://gov.wales/docs/caecd/research/2017/171031-childcare-capacity-en.pdf>

¹¹ This allows for an additional 20 hours for 38 weeks (on top of the 10 hours early education during term times) and 30 hours for 9 weeks during school holidays (52.1% FTE or 36 hours childcare per week).

¹² Review of Childcare in Wales, Welsh Government and Government Social Research Social Research: Number 2/2018 Publication Date 10/1/2018: Cardiff

¹³ Public Policy Institute for Wales: Childcare Policy Options for Wales, Cardiff, Dec 2015

Based on the *National Minimum Standards (NMS) for Regulated Childcare for children up to the age of 12 years*¹⁴ ratio for children aged 3 years to 7 years, of one adult to 8 children, the extra workforce capacity needed for 21,000 places would be 2637 workers across Wales over the roll out of the offer to 2020. There is not a surplus of qualified staff waiting to join the sector.

Many people joining the workforce undertake apprenticeships and last academic year (2016-17) Social Care Wales certificated a total of 675 level 3 childcare apprenticeships¹⁵. To meet the potential shortfall, it would mean a 700% increase in the number of childcare apprenticeships being recruited and completed over the next two years. There is no indication that learning providers have the capacity to deliver this level of increase. Based on the cost of a Level 3 child care apprenticeship in Wales, a total cost of approximately¹⁶ £11.3 million which would need to be found in future workforce and education plans.

The alternative would be to expect colleges to offer an additional 1100 places (a 38% increase per year) between intakes of 2018-2020 and 2019-2021. In 2016 (last available figures) just over 1500 places are offered across all colleges in Wales for Level 3 Childcare learners¹⁷ and even if this increase could be achieved, the additional staff would not be available to join the workforce until summer 2021. There is no evidence that colleges have the additional capacity to meet this demand. The cost of recruiting and training additional staff to meet the estimated under capacity in the workforce to deliver this policy, is not specifically noted in the costings around childcare funding.

Central Application and Eligibility.

The proposals for central application and eligibility checking is advantageous in terms of a consistent approach across Wales and alleviating capacity issues for Local Authorities. However, the Trade Union Congress report¹⁸ carried out following out the role of Universal Credit indicates a five week wait between application for funding and receipt of first payment could cause financial hardships. If a similar time scale applies to the offer there could be delays in parent's ability to access the full offer. An evaluation of the offer in England¹⁹ indicated that Local Authority teams delivering the offer had expressed concerns around the delay in eligibility checking and accessing the offer; in this case the term after the application was accepted; and how this could affect take up.

The English evaluation also indicates that for some providers, delivering the extended hours will be financially sustainable while not for others. Delivery may also be more profitable for some providers and less profitable for others. This will largely

¹⁴ <http://careinspectorate.wales/docs/cssiw/publications/160303regchildcareen.pdf>

¹⁵ Apprenticeship certification Wales database

¹⁶ The average time for completion of a level 3 childcare apprenticeship is just over 18months.

¹⁷ It should be noted that a level 3 child care course in college takes 2 years to complete

¹⁸ <https://www.tuc.org.uk/sites/default/files/BenefitsDelayed2014.pdf>

¹⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/628938/Evaluation_of_early_implementation_of_30_hours_free_childcare_-_Brief.pdf

depend on fees rates and this should be a consideration when deciding on amendments to rates for the offer.

From discussions with the sector during Social Care Wales' Early Years network meetings, there is a disparity between the rate being paid for Foundation Phase, Flying Start and the 30 hour offer childcare currently across Wales. This differentiates between local authorities however, for the larger long term role out of the 30 hour offer parity in payment rates would be welcomed.

It should also be noted that the reports from the Public Policy Institute for Wales: *Childcare Policy Options for Wales 2015*, notes that the effect of the implementation of the National Living Wage will have a disproportionate effect of child care providers. The Alma Economics childcare survey²⁰ estimates that only 12% of child care staff earn over £9.00 per hour gross, which suggests that the plans to increase the National Living wage to £9.00 by 2020 is likely to have a major impact on the costs²¹. The introduction of the National Living Wage needs to be considered in line with any consideration of changes to the rate of the offer. Current evidence suggests that the costs of delivery are around £4 per hour per child²², but these may rise in the future, particularly with the implementation of the National Living Wage. National Day Nurseries Association (NDNA) indicate²³ that in England this relates to a ten percent increase in payroll for providers which when considered in line with pension and national insurance contributions could cause sustainability issues within the sector.

²⁰ Review of Childcare in Wales, Welsh Government and Government Social Research Social Research: Number 2/2018 Publication Date 10/1/2018: Cardiff

²¹ <https://gov.wales/docs/caecd/research/2018/180110-review-childcare-sector-en.pdf>

²² Recent estimates for England indicate an average hourly cost per child for three and four year olds of £4.25 for private settings, £3.81 for voluntary settings and £4.37 for primary schools with nursery provision Department for Education. (2015b). Review of childcare costs: the analytical report: An economic assessment of the early education and childcare market and providers' costs. DFE00295-2015, November

²³ http://www.ndna.org.uk/NDNA/News/Press_releases/2015_press_releases/National_Living_Wage_funding_factor_is_vital_ahead_of_30_hour_free_childcare_offer.aspx