

Huw Irranca-Davies AC/AM
Y Gweinidog Plant, Pobl Hŷn a Gofal Cymdeithasol
Minister for Children, Older People and Social Care



Llywodraeth Cymru
Welsh Government

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Lynne Neagle AM
Chair
Children, Young People and Education Committee
National Assembly for Wales
Ty Hywel
Cardiff Bay
CF99 1NA

24 May 2018

Dear Lynne,

Childcare Funding (Wales) Bill – Response to Committee questions raised on 16 May 2018

Thank you for inviting me to the first of your Committee sessions to scrutinise the Childcare Funding (Wales) Bill on 16 May.

A number of queries were raised by committee members and I agreed to write with further information.

The Committee has requested:

1. A note to highlight the family incomes of those accessing childcare support under the current pilot
2. A copy of guidance for Early Implementer Local Authorities
3. My view on any legislative competence-related concerns or practical challenges that could emerge if the words “working parents” were to be removed from the face of the Bill or if the Bill were to be amended in a way to ensure the childcare offer is available to all parents
4. The details of the analysis undertaken by the Welsh Government of the sufficiency of support available to children of non-working parents not covered by the current proposed childcare offer (in terms of e.g. their development, school readiness and socialisation)
5. The details of the number of non-working parents who have entered work following their take up of childcare support under the current pilot

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Huw.Irranca-Davies@llyw.cymru
Correspondence.Huw.Irranca-Davies@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

6. The details of how childcare providers are going to be paid under the proposed arrangements

I have set out my responses to the above queries in the attached note.

I look forward to my next committee appearance on 14 June. However, should the Committee have any additional queries in the meantime, please do not hesitate to get in touch with my office.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Huw', with a horizontal line underneath it.

Huw Irranca-Davies AC/AM

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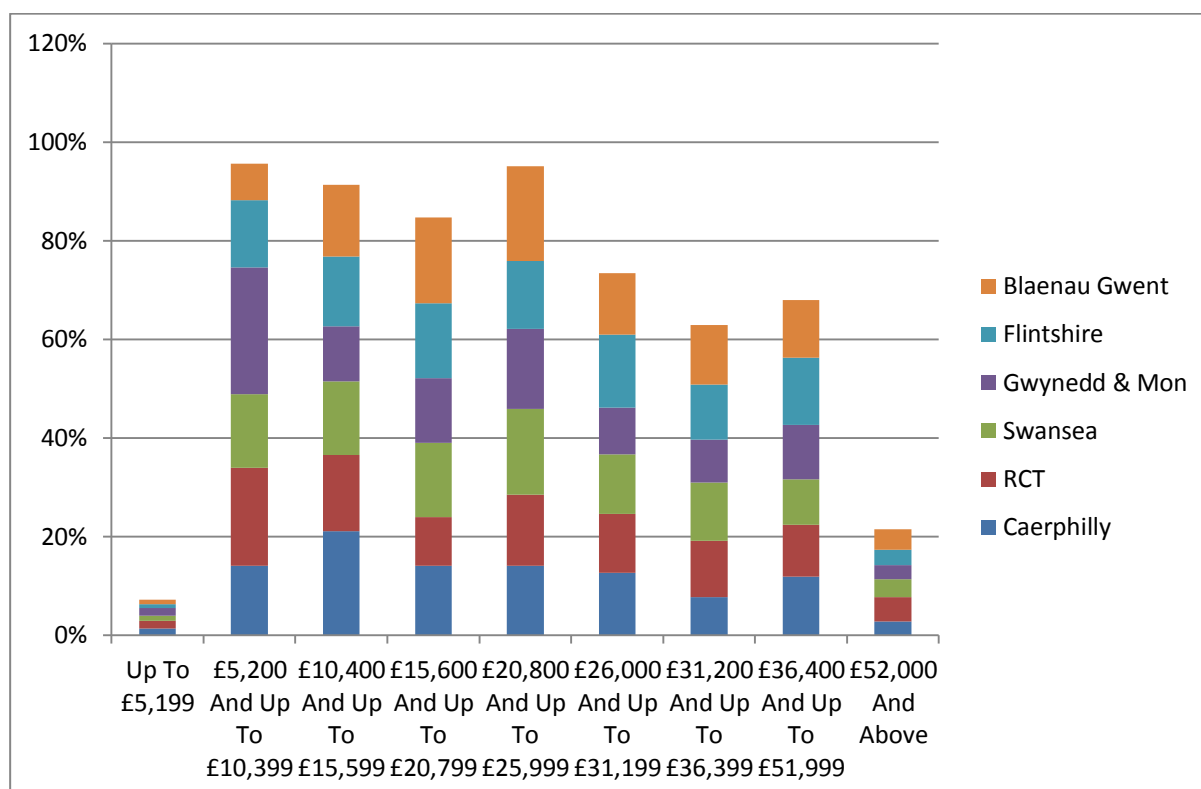
Childcare Funding (Wales) Bill

Note to the Committee addressing some of the issues raised on 16 May 2018

1. Information on the family incomes of those accessing childcare support in the current pilot phase

When parents apply for the childcare offer, the parent¹ who is completing the application form is asked how much both parents earn, within specified salary bands. If both parents are living together with the child, the salary bands of both parents are provided. If the parents are not living together, it is only the salary of the applying parent that is captured. Local authorities are required to report this to the Welsh Government on a termly basis. The figure below presents this information.

Figure: Self-reported salaries of parents taking up the childcare offer



Source: Parent application forms for the childcare offer reported by local authorities in termly data set received period up to 31 Jan 2018.

Across the early implementation local authorities, at least 60% earn less than the median average salary in Wales (£26,000)², and no more than 5% earn more than £52,000.

We will continue to monitor parent salaries as the offer is rolled out. The independent evaluation will also explore parent disposable income, before and after accessing the offer, based on the parent survey data. This will report in Autumn 2018. We also have longer term plans, working with the Secure Anonymised Information Linkage (SAIL) Databank, to try and link Childcare Offer monitoring data to government administrative records. This could help us understand parent employment pathways and any changes in parents' incomes as a result of the childcare offer.

¹ Or guardian

² <https://gov.wales/statistics-and-research/annual-survey-hours-earnings/?lang=en>

2. A copy of guidance for Early Implementer Local Authorities (EILA's)

This guidance is accessible online and links are provided below. The current version (November 2017) is being refreshed and an update is expected to be published shortly.

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|--------------------------------|--|
| <u>Cymraeg</u> | <u>https://gov.wales/docs/dsjlg/publications/cyp/171204-childcare-offer-for-wales-cy.pdf</u> |
| <u>English</u> | <u>https://gov.wales/docs/dsjlg/publications/cyp/171204-childcare-offer-for-wales-en.pdf</u> |

3. The Minister's view on any legislative competence-related concerns or practical challenges that could emerge if the words "working parents" were to be removed from the face of the Bill or if the Bill were to be amended in a way to ensure the childcare offer is available to all parents.

The purpose of the Bill is to provide the legislative basis to enable the Welsh Ministers to make arrangements for an application and eligibility checking system to support a targeted offer and to ensure that applicants satisfy the definition of "working parent". This is in line with the Government's manifesto commitment to help parents to undertake paid work and forms part of the wider programme of support for employment which is set out in the Welsh Government's five-year strategic plan *Taking Wales Forward*.

The practical and legislative challenges that could emerge would depend on what the new policy would look like and whether there would be any requirement for eligibility checks in respect of the parent or child accessing the Offer. It may be that extensive revisions would be required to the Bill as currently drafted, given that it provides the legislative basis necessary to integrate with HMRC's Childcare Service. It could be that there would be no need for a Bill at all.

Competence

The manifesto commitment to deliver the offer is intended to increase employment options for working parents and therefore has economic development as its primary objective. Competence has therefore been considered on the basis that the main purpose of the Bill is to support the Welsh economy by helping parents to return to work or to increase the hours they work.

If the intention were to provide for universal access to the funding, then the main purpose of the legislation would need to be considered afresh as would the legislative competence of the Assembly (in the event that a Bill would continue to be necessary), particularly in light of the reservation for social security schemes in section F1 of Part 1 of Schedule 7A to GOWA. The F1 reservation prevents the provision of financial assistance for social security purposes. Social security is not defined in the Government of Wales Act but the reservation does not prevent the Assembly from legislating in relation to the provision of financial assistance for purposes that are within competence, such as social welfare, education etc.

4. Details of the analysis undertaken by the Welsh Government of the sufficiency of support available to children of non-working parents not covered by the current proposed childcare offer.

There is a range of support available to children from both working and non-working households across Wales.

The 30 hour Offer is made up of the universal education entitlement delivered to all 3-4 year olds and additional hours of childcare for working parents. Children from non-working households will continue to be able to benefit from their early education entitlement, which is specifically aimed at supporting child development and school readiness.

Flying Start is currently being delivered to over 37,000 children under 4 years of age living in some of the most deprived areas in Wales. Robust evaluation has provided evidence which shows Flying Start is making a real, positive impact on children – when they go to school they are ready to learn and are more confident at mixing with other children. The programme has led to better and earlier support for families, while contact with health visitors and other Flying Start professionals has led to parents being better informed and more confident.

Our key family support programme Families First provides holistic, multi-agency support to families with children of all ages. This family-focussed approach to assessing and tailoring family support is making a real difference to families and life chances are being improved as these families become more confident, resilient and independent.

There are also a range of programmes available to support parents with childcare costs including PaCE (Parents, Children and Employment Programme), Tax Free Childcare and financial support for parents accessing working tax credits and universal credit.

We recognise that the range of different programmes available to different sets of parents, both at a national and a local level can be potentially confusing to parents. Reflecting the commitment in the National Strategy to create “a more joined up, responsive system that puts the unique needs of each child at its heart”, we have established a programme of work which is exploring how we can develop a coordinated single approach to early years, which will ensure that services are delivered in a more collaborative and integrated way; both locally and nationally.

5. Details of the number of non-working parents who have entered work following their take up of childcare support under the current pilot.

This is an offer for working parents, at the point of application parents must be in work. The independent evaluation of the Childcare Offer will consider if, and how, the offer has supported parents' employment choices. This will report in Autumn 2018.

Longer term, and working with the Secure Anonymised Information Linkage (SAIL) Databank, we plan to try and link monitoring data to government administrative records to analyse and understand employment patterns of parents who applied for the offer against the general population. This could tell us, for example, if a parent moved into work just before taking up the offer.

When I appeared before Committee on 16 May, I mentioned the positive work being undertaken by local authorities in joining up different initiatives for the benefit of families. In one authority, for example, a Team around the Family (TAF) Manager has supported a

mother into a 16 hour a week post in the café of a local supermarket and helped her find suitable childcare to enable her to work. Her application for the offer was 'fast tracked' to ensure she had funded childcare available for the first day of work and the authority and the TAF Manager are providing continued support to the mother to ensure that she, and her child, benefit from the offer.

6. Details of how childcare providers are going to be paid under the proposed arrangements.

Currently, the Welsh Government provides a grant to Early Implementer Local Authorities, who in turn pay childcare providers for delivering the Offer. This is similar to the payment process operated in England for the English Childcare Offer.

This approach is currently under review and we are considering a number of options ahead of full roll out of the Offer, including:

- Local Authorities continuing to make payments to providers;
- Welsh Government making payments to providers directly;
- a third party making payments to providers.

Our engagement with stakeholders has highlighted to us that quick and timely payments are essential for providers to effectively manage their cash-flow. This is a key consideration as we consider our options going forward.

The payment system will not involve HMRC and will be developed separately to the application and eligibility checking system which we are aiming to deliver through the Bill.