

Briefing Paper

Childcare Briefing

August 2018

Introduction

Childcare continues to be one of the most regularly cited barriers to women in work. Inadequate support for working parents, be it formal childcare or flexibility in the workplace, results in lower economic participation of women and limits many women's career options

The additional investment in childcare from the Welsh Government is therefore important. However, in a time of reduced public spending and government budgets, this investment must be targeted effectively to have the greatest impact on women's employment.

Key messages:

1. Care is a key factor in women's economic inequality. Delivering an effective childcare system is necessary if we are to become a world leader for gender equality.
2. To successfully support women in work, a childcare system must address existing challenges and be affordable, flexible and available at times and locations that support working parents, including wraparound provision.
3. The current childcare offer brings welcome investment into the childcare sector, but this investment must be targeted at supporting those who need childcare support the most. We remain concerned that offering support for children aged three and four will come too late to support parents to return to work, that delivery of the component parts of the offer will cause confusion and difficulties for parents who need childcare to be delivered on one site and that current eligibility criteria will not ensure support goes to those for whom access to childcare is the primary barrier to work.

1. Care is a key factor in women's economic inequality

- 1.1. Women continue to face economic inequality. The economic rate for women lags behind that of men at 72.4% compared with 79.6%.¹ Women are also more likely to be economically inactive at a rate of 27.6% compared to 20.4% for men.² Looking at the reasons for economic inactivity reveal further differences, with 28.6% of economically inactive women citing they are looking after family/ home compared to just 6.7% of economically inactive men.³
- 1.2. It remains the case that primary caring responsibilities within a household more commonly fall to women. A lack of accessible, affordable childcare and inflexible working practices can lead to many women opting to either not return to work, or to work in lower paid, lower skilled roles that offer greater flexibility. The issue of maternity discrimination also plays a part, with some employers still being hesitant to recruit or promote women assuming that they will want to take maternity leave.⁴
- 1.3. All of this contributes to a "motherhood pay penalty". The ONS calculate the gender pay gap for all workers in the UK as 18.4%.⁵ For those aged 18-21 it's 2%, for those 22-29 it's 7.6% but for those aged 40-49 it jumps to 25.3%.⁶

2. Issues with existing childcare provision

- 2.1. Issues with current childcare provision are well documented. Based on research by Welsh Government and our own engagement with women, the key issues can be summarised as follows⁷:
 - 2.1.1. **Affordability**: many parents make decisions based on the cost of childcare, opting to move into jobs that better enable them to work around caring responsibilities. It's also a key factor in parents opting to rely on informal caring arrangements.
 - 2.1.2. **Flexibility**: provision between 8am-5pm is often the norm and is not sufficient. The lack of wraparound childcare is also an issue as well as a lack of single site provision. Some parents rely on after-school clubs as a form of wraparound care, but these can be expensive and over-subscribed.
 - 2.1.3. **Availability**: only half of local authorities in Wales have enough childcare for parents working full-time and 40% of local authorities in Wales do not have enough early education for three and four year olds eligible for free entitlement.⁸
 - 2.1.4. **Lack of clear information**: awareness of what childcare is available and what entitlements might be is hindered by a lack of clear information in one place. Inconsistencies in what is available in different areas and in how information is

¹ ONS Annual Population Survey 2017 Accessed via Nomis 16.07.18

² Ibid

³ Ibid

⁴ EHRC *Pregnancy and Maternity Discrimination* <https://www.equalityhumanrights.com/en/managing-pregnancy-and-maternity-workplace/pregnancy-and-maternity-discrimination-research-findings>

⁵ ONS ASHE 2017 Provisional Results Age Group Table 6.12 Gender Pay Gap 2017 Accessed 03.08.18

⁶ Ibid

⁷ GSR *The Childcare Offer for Wales – Research with Parents of Children aged 1-5 2017*

⁸ Family and Childcare trust Childcare survey 2018

made available can exacerbate this issue. As outlined below, this is a particular issue with the new childcare offer.

3. Principles a childcare solution must meet

- 3.1. The new “childcare offer” from Welsh Government articulates a shift in approach to childcare, that considers the role effective childcare provision plays in supporting parents, particularly women, to work as well as providing high quality early years education for children.
- 3.2. To effectively deliver on the goal of supporting parents to work a childcare system must meet a number of principles:
 - 3.2.1. Affordable
 - 3.2.2. Flexible
 - 3.2.3. Wraparound care, including single site provision
 - 3.2.4. Accessible
 - 3.2.5. Targeted at those for whom access to affordable, flexible childcare is the primary barrier to getting back to or progressing in work

4. The Welsh Government’s Childcare Offer

- 4.1. Additional investment in childcare is a welcome move. The offer seeks to improve the amount of childcare available to parents, and has included investment to improve childcare infrastructure.
- 4.2. The pilot approach adopted is also a welcome move, which enables the government to test and learn how well the offer as designed delivers on its aims. It’s crucial that, should evaluations of the pilot suggest that the current design is not meeting the aims of the policy, that Welsh Government are bold enough to make changes to elements such as eligibility criteria.
- 4.3. A number of stakeholders have expressed concerns about the current design of the offer, including through evidence to the recent Children, Young People and Education Committee’s scrutiny of the *Childcare Funding (Wales) Bill*.⁹
- 4.4. We share many of these concerns, which can be summarised as:
 - 4.4.1. **Eligibility: Age three and four**

Support is aimed at parents of three and four years olds. We are concerned that this is too late to effectively support parents, particularly women, in work. By age three decisions about whether to return to work, whether to work part-time or change jobs have already been taken. Support would be better targeted at parents of younger children, following the end of parental leave.
 - 4.4.2. **Component elements of the offer: Early Years and Formal Childcare**

The offer is made up of the existing Foundation Phase early years entitlement and additional hours (up to 20) of formal childcare. This is not necessarily understood by parents and the way in which the offer has been communicated may have set expectations for a 30 hour block of provision.

⁹ <http://senedd.assembly.wales/mgIssueHistoryHome.aspx?IId=21394> Accessed 03.08.18

Additionally, the approach to delivery of the Foundation Phase is different between local authorities with some only supporting delivery in a maintained setting. This would lead to some parents being unable to access the full 30 hours of the offer in a single location, which could limit the impact of additional childcare on working decisions.

4.4.3. **Supporting those who need support the most**

We remain of the view that the offer should be available to those who are most in need of support with childcare. The current upper threshold for the offer is “at least one parent earns £100,000 or more a year”. We agree with setting a cap but would suggest that this is a little high. It might be better to look at a household cap or consider a lower threshold, particularly if the savings made would enable the offer to be widened to those with younger children and those accessing education or training with the specific purpose of supporting employment.

4.4.4. **Awareness and understanding of the offer**

Awareness and understanding of the offer and the eligibility is limited. This may be expected as full roll-out hasn’t happened yet. However, coupled with existing issues with information provision we would suggest that a central information point be created for childcare that outlines:

- Who is eligible for the offer
- How to access eligibility checks
- Details on the two elements of the offer and how local authorities can be contacted in relation to the early years provision
- A list of registered providers able to offer both elements of the offer

Conclusion

Improving childcare provision should remain a priority for the Welsh Government, as part of ongoing work to achieve gender equality.

The current offer marks a welcome investment in childcare but must be closely monitored to ensure that this investment delivers on the stated policy aims, including improving the employment of women. Stakeholders have raised a number of concerns that should be considered as the pilots of the offer are evaluated.

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