

Women's Budget Group Submission to
HM Treasury 2004 Spending Review Childcare Review

November 2003

Introduction

The WBG welcomes the HM Treasury commitment to sustaining and expanding childcare provision and to continuing the focus on eliminating child poverty and enabling parents to balance both paid and unpaid work. We appreciate the government's efforts to engage in a nationwide dialogue with family and parent groups and voluntary associations through a Childcare Review.

To ensure that this Childcare Review builds on the work of the last, it should consider in particular:

- The uneven geographical spread of provision and the need for affordable childcare in all localities
- The difficulty of reaching all children living in poverty by subsidised provision that focuses just on the poorest wards
- Difficulties of recruitment and retention of a workforce under existing conditions and pay
- The quality of provision and consequent need for training and professionalisation of the childcare workforce
- The needs of the growing minority of children with health problems and other special needs.
- The limitations of relying on market based solutions in producing a comprehensive and fair childcare system and the need for an investment focus on state childcare.

The 2002 Childcare Review set out the Government's vision that every parent be able to access affordable, good quality childcare. Is this vision in line with your views?

We applaud the government's vision that 'every parent be able to access affordable, good quality childcare'. However policy so far has had the more restricted aims of helping parents to take employment and providing care for children in particularly deprived areas. We believe that affordable, good quality childcare as a universal right would be a better approach, in which the government sets itself the duty of ensuring that all parents who believe it to be in the best interests of their child be given access to good quality, affordable childcare in their own locality.

While recognising that this could not be achieved overnight, and that particular groups of parents and children might have to be given priority in the short-term, we believe that it would mark a courageous step towards tackling child poverty and ameliorating gender inequalities for this to be adopted as a longer term goal.

What are the greatest gaps in childcare provision at present?

The greatest gaps are:

Availability

The very uneven provision of childcare places, both for pre-school and school-age children, is a problem. It is not consistent with creating

'opportunity for all.' Himmelweit and Sigala¹ found in their recent study that even within the relatively well provided city of Milton Keynes, some areas were poorly served. In particular, even though Milton Keynes is a relatively affluent city, there were pockets of deprivation within which there was practically no formal childcare provision. However these areas were not eligible for SureStart funding.

The government will not achieve its aim of eliminating child poverty if the SureStart programme remains targeted only on the poorest 20% of wards. The majority of poor children live outside these wards. Evidence suggests that the private- for- profit sector will not find it profitable to increase provision in the poorer areas in which these children live, so more public support will be needed.

The government will not achieve its aim of helping mothers into employment, and more specifically its target of 70% of lone mothers in paid work, unless it addresses this uneven spread of provision. An IFS study found a positive correlation between levels of childcare provision and mothers' economic activity rates. This suggests that the government is right to assume that childcare provision is a major determinant of whether mothers are in employment.

However, this inequality of provision is unlikely to be resolved, at least by the private sector, unless the issue of affordability is tackled.

Affordability

The cost of childcare to parents in the UK is the most expensive in the EU. Laing and Buisson have estimated that in 2001-02 the nursery daycare sector generated a fee income of £2.2billion. Parents (mainly mothers) paid for £1.8billion of this out of their own earnings (Nursery Market News, May 2003). In most countries in the EU parents pay, on average, no more than 30% of the cost of childcare.

The Daycare Trust's most recent survey found that costs had increased by nearly 7% over the last year so that in 2003 a nursery place cost £128 per week for a child under 2 and £119 for a pre-school child. A childminders costs on average £118 per week for a pre-school child, an after school club costs £34 for a week and holiday schemes cost nearly £68 per week.²

The childcare element of Working Tax Credit helps some parents with some of the costs of childcare. However, a recent IFS study concluded that the main reason for the low proportion of recipients claiming for childcare reflected its eligibility rules rather than parental ignorance of their right to claim. It will be interesting to see whether the increase in claims for childcare under WTC among two parent families shown in the latest figures, will continue. There are also reasons, which we document later, to believe that the levels paid are too low to enable all potential WTC recipients to afford the childcare that they need.

¹ Himmelweit, S. & Sigala, M., (2003) 'Internal and External Constraints on Mothers' Employment: Some Implications for Policy', Working Paper 27, *ESRC Future Work Programme*, ISSN 1469-1531

² Daycare Trust *Towards Universal Childcare*, October 2003

Further, many parents who consider themselves unable to afford childcare are not eligible for any support with childcare expenses. These include those looking for employment or who have recently lost their jobs, main carers whose partner is not in employment and low-earners whose household income is above the WTC limit for childcare. This is a particular problem for women who are most likely to have primary responsibility for childcare and earn only 80% of average full-time male hourly earnings.³ As a result many women are not in employment because it would result in no net gain for their household if they have to cover the high cost of childcare in the UK. As result the tax credit scheme is only reaching a minority of families who would like to make use of formal childcare to take employment. Even successful claimants still have to find on average 40% of their costs and this may be restricting the hours they can work if informal care is not available.

Any expansion in childcare will push up the demand for childcare workers and hence their wages. Any improvements in the quality of childcare will make it more costly still - in training costs and in higher wages to a more skilled workforce. It is unrealistic to plan on the assumption that most parents will be able to pay the full cost of the fees that the private for profit sector will have to charge if they are to stay in business.

Sustainability

We welcome the government's commitment to funding the SureStart programme in the medium term. However a longer term commitment for all childcare services is needed comparable to that underpinning the expansion of nursery *education* for 3 and 4 year olds. Uncertain funding is demoralising both for staff and the parents and children using the service. Mothers will not return and *stay* in employment if they cannot be confident that the services they need are going to be there as long as they need them. After-school provision is particularly vulnerable to short term funding. It is also an area which requires direct government support for it is not one in which the private for profit sector is interested.

Recruitment and retention of child care workers

This must be given high priority for more childcare workers are needed if the government's childcare strategy is to succeed. We welcome the government's intention to consult on proposals to widen the opportunities for those wanting to become childminders and home childcare workers. We also welcome increased resources for training nursery staff and play-workers. However a strategy to build a better career structure for child care workers and ensure that the private-for-profit sector invests in training is urgently needed. Without better pay and conditions, recruitment and retention problems will prevent the expansion of childcare provision.

³ EOC Briefing, 'Women and Men in Britain: Pay and Income', 2003

What improvement in childcare provision do you consider would make the greatest difference to children and their families?

In order to really make a difference to all children and their families there would need to be a children's centres in every locality, based on school premises where appropriate, to provide core provision and set quality standards around which a variety of other types of provision can develop. To complement childcare centres, more school-based care both for school age children in the holidays and after school is also urgently needed.

Care in the home must also be considered if all children are to be provided for. It is often essential for children with disabilities and parents who work shifts. However there are people who work in professions with registration processes which ensure that they have been police checked who are not on the list of 'approved childcarers' who can work in the child's home. For instance, nurses, teachers, classroom assistants, youth workers and social workers. Members of such professions should be added to the list of carers who can work in the child's home and for whom the Childcare element of the Working Tax Credit can be claimed. Parents often have great difficulty in recruiting childcarers in whom they have confidence and who are prepared to work necessary hours. It would not seem appropriate to unnecessarily restrict the pool of people available to take up this work.

What is your assessment of delivery of the Government's childcare strategy so far? How could it be improved?

The increase in the number of formal childcare places from 1 in 9 of children under eight in 1997 to 1 in 5 in 2003 is impressive. However the policy of relying so heavily on the private for profit sector has caused a number of problems and made expansion more difficult and costly than it would otherwise have been:

- It makes it more difficult to expand provision evenly over the country, since profitability cannot be ensured in all areas.
- Improving the training and pay of nursery staff is more complex because they are employed by thousands of nursery proprietors many of whom cannot afford to pay for training staff in an industry in which turnover is high, or to pay better wages for better trained staff.

It would make sense to learn from residential care for the elderly where the private for profit sector has been a major player for nearly 20 years. The staff who are employed in residential homes remain badly paid and among the least well trained in the EU. Residential care places are also unevenly distributed and this cannot be explained solely in terms of the demographic characteristics of each area.

This suggests the current reliance on the private for profit sector to provide the main impetus to developing childcare services should be reviewed. The over-reliance on low-paid child minders and the lack of

vision in introducing the regulations for Homechildcare are also in need of review.

Supply is not adequate to meet demand and it is growing too slowly to meet government targets. Last year the number of childcare places only increased by 2%. However to meet the government's targets by 2006 the numbers must increase by 6% each year.⁴

This is a medium-term problem, not a short-term one, for the demand for childcare is likely to continue to grow. Analysis of the British Household Panel Study, a longitudinal study of British households conducted annually since 1991, shows that as the proportion of mothers with children in pre-school increased over the 1990s, new mothers' attitudes to employment changed.⁵ Thus more mothers want employment and more want full-time employment now than in the early 1990s. This trend is likely to be self-reinforcing and continue for the foreseeable future. While it continues, supply left to the market will always lag behind demand. There is therefore good reason to augment market provided supply with public or subsidised provision, particularly in less affluent areas. Because the need for such provision is not a purely short-term one, it is unlikely to be met by providing short-term grants to providers who are expected to be financially self-supporting in three years. An adequate supply of childcare is very unlikely to be self-supporting in the medium term let alone the short term.

The childcare element of the WFTC is effective and appreciated by lone parents and has enabled some to take employment for whom it would not have previously been financially viable. However some problems remain. Lone parents may have additional costs through not being able to rely on the physical, financial or time contributions of partners. Himmelweit and Sigala⁶ also found that for many lone parents with more than one child, the help provided by WFTC was insufficient to tip the balance towards employment. This was because there are few economies of scale in formal childcare and because the extra time involved in arranging and using childcare for more than one child made a marginal increase in income less attractive to their parents.

The high cost of childcare continues to affect the participation rate and working hours of women whose household income is above WTC levels. Many of these are women with valuable skills, such as nurses and nursery nurses, whose own earning power is too low to make the full cost of formal childcare a financially viable proposition for their households. These women often then give up employment or work reduced hours to fit around 'free' childcare. In many cases this involves giving up the job for which they have been trained to take unskilled part-time work whose shifts fit in with the times that husbands and other family members are available to look after children. In the current situation, therefore, lack of

⁴ Strategy Unit, *Delivering for Children and Families*, November 2002

⁵ Himmelweit, S. (2002) 'Attitudes and caring behaviour: a model with positive feedback', Working paper 26, *SRC Future of Work Programme*, ISSN 1469-1531

⁶ *ibid*

affordable, good quality childcare means valuable skills are lost to the economy. Further these mothers' future employment prospects and earning power are eroded. A significant proportion of these mothers will be lone parents at some point in the future and their ability to support their families in such circumstances will be compromised.

While the childcare element of WTC seems to be effective in helping lone parents with a single child into employment (particularly where the interaction with housing benefit is not too severe), there are three groups that it is not helping, or helping insufficiently, to take employment: mothers with partners in employment; lone parents with more than one child and mothers of children with a health problem or disability.

Given very limited overall additional resources in 2004 Spending Review, what should the Government's priorities for childcare funding be?

We recognise but do not welcome, that funding will be restricted in the Spending Review. However childcare should be considered not just as a cost but as an investment. We urge the government to consider its priorities against longer term as well as very short term objectives. Cost-benefit analysis suggests that over the longer term universal childcare will mean savings for the government⁷. For example, women who have longer employment records will be able to make better provision for their old age. Pensioner poverty is costly to the Exchequer. Mothers who are in paid employment when their partnership/marriage breaks up are more likely either to stay in employment or return to employment sooner than those who were already out of the labour market when they became a lone mother. Supporting lone parents out of employment is also costly. Even in meeting short term child poverty and lone parent employment targets, childcare provision is a good investment whose cost will be partly offset by increased tax revenues.

We therefore suggest that the government institutes a study of the costs and benefits of childcare provision that really looks at these longer terms issues. A measure of the extent to which improved childcare provision would avert some of these longer term problems would give the Chancellor a better feel for whether it is prudent to limit additional resources for childcare so severely. We would urge the Chancellor therefore not to rule out the investment of substantial funds to ensure that the problem is tackled effectively, and to avoid the long term problems that many women face of poverty when they are mothers followed by poverty when they are pensioners.

What interventions would produce the best outcomes in terms of child development?

⁷ Discussion paper by PriceWaterhouse Coopers *Universal childcare in the UK – Towards a Cost Benefit Analysis*, August 2003

A once and for all government commitment to fully resource pre-school full time early years provision in every community, accessible to all families irrespective of their income.

What interventions would produce the best outcomes in helping parents into employment, to stay in employment or to increase their hours of work?

Market failures in the supply of childcare limit opportunities for employment. Limited supply of childcare means that there are unacceptably long waiting lists at most nurseries, many requiring deposits to secure places, and childminders are hard to find, especially ones sufficiently close to home to ease transport problems and equipped (or willing) to care for children with disabilities. This has serious consequences for mothers' wishing to return to employment.⁸ Greater supply of childcare would not only increase the numbers of parents who could make use of it, it would also improve its usefulness to parents, by easing since the pressure of finding a place, forcing providers to offer greater flexibility and reduce the problems that waiting lists cause for those seeking employment. The first priority must be to tackle market failures that restrict supply and lower quality of provision, by augmenting private provision with publicly supported childcare that sets standard of good practice.

Mothers also have difficulty re-entering the labour market because childcare subsidies are not available while looking for employment. For those requiring subsidy, it is therefore essential, but extremely difficult, to start childcare and employment on the same day. This is so difficult to arrange it discourages some from seeking employment. It is also stressful for both mother and child not being able to settle the child into childcare before taking up her new job. We therefore recommend an extension of the childcare subsidies available through the WYTC to those actively looking for work, including those who have recently lost their jobs. This should be a short-term interim measure before extending childcare subsidies to all parents who believe that their children would benefit from formal childcare irrespective of parents' employment status.

A couple currently does not receive the childcare element of WTC if one parent becomes a full-time student in further education (FE) or higher education (HE). Within FE they may get support from the funds now ring-fenced for childcare. These have grown very significantly in the past 5 years. However in the HE sector these students with partners in employment will not be eligible for the new HE childcare grant either. We can see no reason for excluding them from both sources of support.

Students of nursing and other professions allied to medicine find that their NHS bursary is treated as equivalent to a wage and therefore cannot apply for Access funds or the HE childcare grant. On the other hand they

⁸ Himmelweit, S. & Sigala, M., (2003) 'Internal and External Constraints on Mothers' Employment: Some Implications for Policy', Working Paper 27, *ESRC Future Work Programme*, ISSN 1469-1531

cannot apply for the childcare element of WTC because they are not counted as being in employment. The NHS is developing a system of support for student nurses with pre-school children only. This is a deterrent to mature students with older children, especially to lone mothers, who want to enter one of the health professions. There is a shortage of nurses and other health care professionals and many lone mothers are attracted to training in the NHS. It makes no sense to exclude these groups from assistance with the cost of their childcare. We are pleased that they will be eligible for the new child tax credit but this is paid for the maintenance of their children not for their care. We recommend that full-time students should be eligible for childcare subsidies on the same basis as those receiving WTC.

Parents with two or more children find the level of the CCTC too low. Formal childcare, especially in the private for profit sector, does not normally offer discounts to siblings and never to the extent suggested by the childcare tax credit structure. In any case the children may be using different services depending on their ages. The most recent Department for Work and Pensions Opportunity for All report indicated that large families are still at particularly high risk of poverty. If childcare was made affordable for large families, their mother's paid employment could reduce that risk of poverty. It is a false economy to believe that it is not cost effective to subsidise properly the childcare costs of parents with large families. In the last 10 years state support for children has been allocated more on the basis of the age rather than the number of the children. This is of particular significance to some minority ethnic groups among whom there is a higher proportion of large families. In the 1990s, 43% of Bangladeshi, 33% of Pakistani and 7% of Caribbean families had at least 4 children. This compares with 4% of white families.⁹ Altogether 68% of Pakistani and Bangladeshi households are living on a low income, compared to 21% of white families.¹⁰ The level of support for second and subsequent children should be raised and the consequences for larger families should be monitored.

Childcare for school age children:

- **what kind of provision is most suited to the needs of parents?**

Apart from the availability and suitability of the spare space or the physical capacity of the school to provide more childcare facilities, lack of an integrated or at least co-ordinated, children's care, play and education workforce is a major barrier to developing good and sustainable out-of school care/play. Most of the small number of men in the childcare workforce are found in this sector so investment in training in this area is likely to have the additional advantage of increasing their numbers.

The needs of school age children for out of school care should be considered in a broader context than is usually the case. Public spaces are

⁹ Child Poverty Action Group, *Parallel Lives: Poverty Among Ethnic Groups in Britain*, 2002

¹⁰ Daycare Trust, *Parent's Eye*, 2003, p.5

not welcoming of children either of primary or secondary school age and for good reason parents want their younger children to be escorted or supervised when they are neither at home nor at school. Safe and accessible public play spaces for children are in much shorter supply than was formerly the case thanks to 20 years of neglect of public parks, the sale of school playing fields and a failure to include the needs of children and less able-bodied adults in planning our towns and cities. A reduction in the need for the 'school run' should be a government objective not only to reduce road congestion but also to enable children to move between home and school independently of an adult escort. Walking or cycling would also be better for their health. In Denmark 90% of school children cycle to school.

After-school activities should be available to all those children who want to use them. This includes children with health problems or disabilities. It is estimated that there are at least 360,000 children under 16 years with at least one disability.¹¹ Currently only 1 in 20 after school schemes cater for such children. While we welcome the government's commitment to give more support for those caring for them at home, many of these children would welcome the opportunity to play with their friends in a less structured environment.¹²

Pre-school provision (early years education entitlement and childcare provision):

- **how could we better integrate early years education provision with childcare provision?**

| The division between the care and education of young children has a long and destructive history in Britain. Very different models of child development and welfare often underpin their practices, resulting in major disparities in levels of pay, qualifications, opportunities and status.¹³ High levels of co-ordination, or better still, integration of early years care and education require a common training and ethos together with a working environment which facilitates collaboration. The need for an integrated early years profession is of key importance but will not be achieved unless the disparities between the pay, status, training and career opportunities of teachers and care workers are reduced.

- **if additional investment were available, should it be focussed on funding more hours of early years education, extending the age group covered by early years education or on more childcare provision for pre-school children?**

More hours of early years education would presumably be free to all parents and the aim would be increased hours for *all* children whose parents wanted them to have it. The WBG would be attracted by a proposal to spend additional resources in this way because it is consistent with the broader vision outlined above.

¹¹ Council for Disabled Children, 2003

¹² Economic and Social Research Council, 2000

¹³ Penn, H., 'Policy and Practice in Childcare and Nursery Education', *Journal of Social Policy* 29 (1), 2000, pp 37-54

That this consultation is asking such a question at all encapsulates what is wrong about the way that successive governments have viewed children's services. Investment in the development and education of the nation's youth should not be discussed in terms of limitations. Additional investment should, at the very least, be focussed on both more hours of early years education and on more childcare provision for pre-school children. Pre-school provision is both more difficult for parents to afford – presenting a real barrier to taking up employment – and offers young children a better preparation base for life long learning.

- **given limited resources, should Government continue to focus on the most deprived areas, or should it extend coverage beyond the 20% most disadvantaged? If the focus is to be extended, how far and how quickly should this be done?**

As we have argued above, the WBG would like to see the government widen its current target beyond the 20% most disadvantaged areas with a longer term aim of universal coverage in every locality. Meanwhile increasing the coverage to the most disadvantaged 30% of areas would reach 70% of the poorest children. Alternatively using a finer grid to identify pockets of deprivation would help reach more children in need.

Workforce and training:

- **what are the priority childcare workforce issues the Government should address?**

Childcare providers face great problems in recruiting and retaining staff. This is and will remain one of the most important obstacles to further expansion of childcare provision unless action is taken to improve their pay and working conditions. Workers in the childcare workforce, in common with the social care sector in general (in which the vast majority of employees are women) are amongst the lowest paid of all workers. Compared with those in early years' education, their pay and career prospects are poor. The pool of young women, who traditionally went into childcare work until they married and had children, is dwindling as girls leave school with higher qualifications and aspirations. Teaching, healthcare and social work professions are competing for them. Men will not be attracted to this work unless the pay and career prospects are improved especially in relation to teaching.

The numbers of childminders have fallen by a third in 5 years. Childminders, who on average are at least 10 years older than nursery nurses, also find there better paid work involving less paperwork and hassle available, even if it is just stacking shelves in the local supermarket. While it may be possible to encourage more informal carers to become registered childminders it is unlikely that more than a small minority will respond. Childminding is not a well paid occupation and for those currently out of the labour force the loss of other benefits especially housing benefit, may mean such a choice is not viable financially, even for

lone parents eligible for tax credits. Recent research on grandparents¹⁴ shows that they are *least* happy when they are providing full-time childcare. It seems very unlikely that many would want to become childminders in order to look after other children *in addition* to their own grandchildren.

At present only registered childminders are able to be home childcare workers in England and Wales, preventing those with NNEB or NVQ qualifications in childcare, Youth and Community workers, retired teachers and other suitably qualified people from undertaking this work. Organisations wishing to set up home childcare projects are also being impeded, as there are no regulations to support this service in England and Wales. We ask that the Government consider the model of the Home Childcare Programme being rolled out in Scotland grounded on the success of the Dundee Sitter Service. We urge government to support the setting up of Home Childcare Cooperatives, based on the principles of the Scottish model.

We welcome the government's commitment to establishing Children's Centres in the poorest areas, and urge them to push ahead with these plans, for these can be a location and model for integrated training and practice. The Early Excellence Centres also provide models of good practice and inter-professional working. There are also many excellent models in the children's services in many countries in Continental Europe. For example, in Denmark, a separate profession of pedagogues has been created. Other countries such as Sweden have integrated childcare more closely with education. In either case early years workers are largely graduates, with young childcare assistants working either prior to, or during their training. In Denmark and Sweden at any one time about 30% of workers in this sector fall into these categories. However quality of care is maintained because these young workers are supervised and supported by qualified and experienced staff.

This approach would be more difficult to implement in the private for profit sector because it invests little in training. Competitive pressures mean that they have insufficient staff with the qualifications and experience as well as the time, to provide good supervision. Unless the provision of training were made compulsory there would be no incentive for an individual nursery owner to invest in it because the worker, once trained might be poached by another nursery. The latest review of the new two year Foundation Degree, which could be used by the early years workforce to acquire a relevant qualification noted that one of the least satisfactory parts of the degree concerned weak links with, and lack of involvement of employers.¹⁵ With so many childcare providers, varying from those with an annual turnover measured in tens of millions to the single nursery owner who just about makes a living, it is clear that the government will have to invest heavily and directly in training this workforce. Other countries in the EU do not have a significant private-for-profit sector so their approach to training can be simpler. Four out of five

¹⁴ Dench & Ogg, *Grandparents in Britain Today*, Institute of Community Studies, 2003

¹⁵ Times Higher Education Supplement, October 24 2003

nurseries are now found in the private sector in the UK so this is where most nursery nurses are employed. The private-for-profit sector offers new workers experience but little paid time off for study. They may not offer adequate supervision by qualified staff either.

We hope the government will extend Children's Centres so they become a universal service and therefore reach all children. The use of the spare capacity of schools to develop more childcare provision is a step in the right direction. However not all schools have spare capacity so this may not address the problem of the very uneven distribution of childcare places. It will not reduce the barriers between education and care unless the government actively and constructively seeks to dismantle them at every level. This will require resources.

- **what further things should the Government be doing to increase the status of the childcare profession?**

The government is beginning to develop a framework of qualifications for childcare, many of which can be achieved by studying part-time. The New Modern Apprenticeship scheme is attracting many enrolments but the completion rates within the social care schemes are low at 20%. Lone mothers whose time and money budgets are very tight may find it very hard to combine their family responsibilities with employment *and* training or studying unless given paid time off from work. Altogether in 2002, 79% of childcare workers and their supervisors have a NVQ level 3 qualification, or equivalent. Only half of nurseries had a training budget and these were more likely to be found in the local authority sector where 78% had a dedicated training budget. The voluntary sector provided the most training, 11 days annually compared with 5 days in the private sector. On average nursery childcare workers (including supervisors) were getting 7 days training a year.¹⁶

There is therefore a big gap to be filled if childcare workers are to have qualifications comparable with those working in education and health. The government is spending £70 million on training in this sector.¹⁷ However more money, together with a strategy to bring the professions involved in the care and education of young children together is needed if sufficient workers are to be recruited and retained.

High quality childcare requires well-trained staff. They will expect higher rates of pay than the current average hourly rate of £4.48 for childcare workers and £5.52 for their supervisors.¹⁸ This will make childcare services more costly. It is unrealistic to expect parents in Britain who already pay more for their childcare than any other EU country¹⁹, to bear this cost individually. The government has accepted that we should collectively share with parents the maintenance costs of children by introducing the new child tax credit alongside universal child benefit

¹⁶ Department for Education and Skills, *Childcare Workforce Surveys*, April 2002

¹⁷ Ibid

¹⁸ Ibid

¹⁹ Cameron C. & Moss P, *Casework: Current Understandings and Future Directions in Europe*, Thomas Coram Research Unit, 2002

(formerly family allowance). This support is not confined to poor families. Greater recognition of a collective responsibility for the care, as well as the financial support of all children is urgent.

- **what workforce measures would reap the most significant benefits for children?**

Familiarity with and trust in carers are the two aspects of care most valued by parents. Measures which would reduce staff turnover are important to this end. Staff who feel valued by employers who are prepared to invest in developing their human capital are more likely to stay longer. This is why pay and training are such important issues which must be tackled if the childcare strategy is to produce good quality sustainable care which will benefit children.

In addition to increasing the representation of men among childcare workers it is also important to recruit more workers from minority ethnic groups. Currently in the UK, 10% of children aged 14 years or under are from black or minority ethnic families but the proportion of workers from minority ethnic communities is much lower.

Informal care:

- **what should the Government do to encourage more parents to use good quality formal rather than informal care?**

More parents would use formal care if it were available, affordable and accessible. The many parents who are unfamiliar with formal care themselves, in particular with nursery care, would be encouraged to use it if they knew more about it. The evaluations of the SureStart programmes demonstrate that the existence of local and accessible services in which parents feel they have some involvement are more likely to foster the confidence parents need to have in order to be willing to place their children in such care. They also have to be confident that the service is sustainable and that it addresses their cultural mores.

Recent research shows that black and minority ethnic communities are very poorly represented on EYDCP's. On average each partnership has 31 members but only 0.4% of members were from these communities. Moreover only 4% of partnerships had a sub-group to examine black or minority ethnic issues.²⁰ The Daycare Trust's most recent research on the childcare experience of black and ethnic minority families in different parts of England found that more creative ways about providing information about services for children were needed for all communities.²¹

- **how can we best encourage informal carers to work towards registered/approved status? Should we focus on particular groups of informal carers?**

The government may be over concerned about the regulation of informal care. Instead it should consider ways of supporting and sustaining

²⁰ Daycare Trust, *Parents Eye*, 2003, p.4

²¹ Ibid

informal carers. It cannot be assumed that formal care substitutes for informal care in a simple way. Use of formal care or nursery education may depend on the availability of an informal carer to take the child(ren) to the facility. (And why should a grandparent have to register in order to take a grandchild to school? Will they require taxi drivers who do the school-run to be registered?)

The government should consider strategies to *sustain* the care informal carers are already providing. For example they could be given help with appropriate equipment or toys, their foregone earnings could be recognised along the lines of the Invalid Care Allowance-ICA (which would have the advantage of protecting their entitlement to the basic state pension) and/or they could be reimbursed for their expenses e.g. transport costs incurred in escorting children to and from school.

The arguments against paying grandparents for childcare are very similar to those used in the 1970s to justify the exclusion of married and cohabiting women from the ICA. Married women did not need earnings replacement because they were not in paid work (not true) and why, it was said, pay them for something they were doing anyway. It was 10 years before a decision in the European courts forced the government to include them. Today a third of grandmothers are in their fifties, a third are aged between 60 and 70 and a third are over 70. The majority (2/3rds) of younger grandparents are in paid employment and half of these are already employed full-time. Government policy is to increase economic activity rates of older men and women. It is also a consequence of government's current health and community care policies that older men and women will continue to be *substantially* involved in providing informal care for *adults*. Among men and women who have retired early a significant proportion have health problems of their own.

Poorer parents understand very well that their informal carers need to be paid if they are going to be *able and willing* to provide reliable care. It also needs to be understood that decisions about returning to employment and what kind of childcare should be used often involve the grandparents as well as the parents. Recent research on women becoming self-employed shows very clearly that the availability of grandparents' care is one of the key determinants of when and whether mothers successfully make this transition.²²

Sustainability and affordability:

- **we know that childcare for pre-school children can be expensive, particularly for parents working long hours. Is there evidence that affordability is a problem for school age children also?**

Parents of pre-school children should only exceptionally be working long hours. Affordability is a problem for school age children. If it were not, out

²² Wheelock & Jones, *Grandparents are the Next Best Thing: Informal Childcare for Working Parents in Urban Britain*, Journal of Social Policy, 2003

of school services would be able to charge a fee which would generate a sufficient income to keep them viable. The fact that a third of after-school schemes, including those run by local authority and not-for-profit organisations, are operating at a loss suggests that the fee levels that the market will bear are too low to sustain the service. The Kids' Club Network found that 2/3rds of out of school clubs did not have secure funding even for the next year. The clubs in poorer areas were in a particularly precarious position. Funding for holiday schemes is also insecure. The tax credit system is a very unwieldy and administratively expensive way of subsidising them. Direct subsidies would be a much more effective and efficient way of ensuring these invaluable schemes remain viable.²³

Himmelweit and Sigala²⁴ also found that the costs of having children cared for are not only formal childcare costs. Transport costs and other expenses are significant factors entering into calculations as to whether it is worth a mother staying in employment and the hours that she should work. Such costs could be particularly high for those using informal childcare, such as care by grandparents or other relatives, (and such informal provision was itself often paid for.) Lack of childcare provision within walking distance combined with poor public transport also meant that many mothers in employment using formal childcare said that they could only manage the necessary journeys by running a car. The expense of doing so then becomes another factor entering into the calculation of whether a mother's employment is worthwhile. Waldfogel (2002) also found that in the US lone mothers who had access to a car were more likely to return to work than those who did not.

Other WBG suggestions

- **Employer-supported childcare**

Very few employers provide workplace nurseries. Others provide childcare vouchers. The current tax regime does not encourage employers to think imaginatively about meeting their employees' childcare needs beyond the provision of workplace nurseries and by offering a small incentive to vouchers by making them National Insurance contributions deductible. Workplace nurseries tend to be vastly over-subscribed and they do not address the needs of older children. Places are often too expensive for all employees, are sometimes allocated to employees thought most valuable to their employers rather than those with greatest need. Nevertheless, workplace nurseries are not necessarily easy for the employer to provide

The tax treatment of other forms of support for employee childcare costs should be reviewed and the employer's contribution to the costs of supporting childcare should be tax deductible. This could be contingent on the employer making such support open to all workers, attempting to

²³. Kids Club Network, Appendix 5 in House of Commons, Work and Pensions Select Committee, 5th Report of Session 2002-3, Vol.ii Evidence, HC-564-ii

²⁴ Himmelweit, S. & Sigala, M., (2003) 'Internal and External Constraints on Mothers' Employment: Some Implications for Policy', Working Paper 27, *ESRC Future Work Programme*, ISSN 1469-1531

meet the needs of those working non-standard hours and offering support for childcare from the first day of employment. If such support was available from the first day of employment the recruitment of non-working parents, especially lone parents, would be encouraged.

The government is already encouraging the development of family friendly employment practices. Employer contributions to their employees' childcare costs should be on both trade union and employers' bargaining agendas. A more supportive tax regime would encourage both parties to take the issue more seriously.