

Rt Hon Alistair Darling MP  
Chancellor of the Exchequer  
1 Horse Guards Road  
London  
SW1A 2HQ

19 February 2008

Dear Alistair

The Daycare Trust applauds the incredible contribution that the current government has made to parents' and children's lives by investing so significantly in developing the UK's childcare sector over the past decade.

With the 2008 budget rapidly approaching, we are writing to you now to highlight the key priorities for Daycare Trust in the coming year and suggest where we feel additional investment is likely to yield the greatest returns in benefits for children, families and our society as a whole.

**Make childcare affordable for all:**

Access to universal childcare is crucial to the government's agenda to end child poverty, yet parents still cite affordability as the main barrier to them using childcare services. Although some help with costs is currently available for many families through the Working Tax Credit (WTC), the remaining costs still act as a barrier making real childcare choices out of reach for many, even for those already in low-paid work. It is vital that further support is offered and that it is targeted at the poorest families, to help them help themselves out of poverty. Daycare Trust would suggest the government should:

- Extend the free entitlement for all three and four year olds to at least 20 hours per week and for 48 weeks in the year, and extend free places to two year olds in line with recommendations drawn from the current pilots.
- Give local authorities the means to develop sustainable services in poorer areas and provide free places for those missing out, including places for disabled children, parents needing out of hours care, Further Education students and parents of under-threes who want to train.
- Continue funding the Childcare Affordability Programme (CAP), currently led by the London Development Agency (LDA) and consider extending the principle to other cities and regions in order to: subsidise costs and fund more free places in London and other high cost areas, rural areas, and for disabled children.

**Reform the childcare element of WTC:**

Additionally it is known that take up of the childcare element of WTC is low as a proportion of all eligible families – partly because the current system is confusing to many parents, and partly because even when receiving full entitlement, the remaining costs can still be prohibitive, particularly in high cost areas. We would like to see the government:

- Increase the proportion of help with childcare costs through tax credits from the current 80 per cent to 100 per cent, vary the maximum levels that can be claimed by region to accommodate costs in high cost areas, and consider more fundamental reform.
- Make the current system less confusing by transferring the Childcare Element of the Working Tax Credit into the wider Child Tax Credit, or alternatively by removing the childcare element of Working Tax Credit to be replaced by a separate scheme altogether - possibly administered locally - as in New Zealand.

### **Improve the quality of childcare:**

The benefits for children of a quality childcare experience in the early years and beyond are manifest – only the highest quality childcare will deliver improved outcomes for children and therefore have an impact on inter-generational child poverty. That is why we know the government are preparing to launch a raft of fresh initiatives aimed at raising the levels of care and education expected in Britain's childcare settings. The EYFS being introduced in the autumn, improved guidance for extended schools services, and better targeted regulation by Ofsted are all already helping to improve standards in content, curriculum and activities in childcare settings. However, funding is still desperately needed to meet the sector's aspirations of upskilling a still largely under-qualified workforce. To that end we would recommend the government should:

- Ensure the Graduate Leader Fund provides long-term and ongoing funding to enable providers to engage with the opportunities it brings without fearing for their sustainability. Too many settings are put off improving qualification levels because once staff have been trained to a higher level they would be unable to pay appropriate salaries without the fund's support.
- Ensure that the new Early Years Professional Status is afforded the same status (and the same pay scales) as qualified teachers to encourage people to train and remain in the role. Funding must be made available to subsidise settings so they can afford this, as the market (parents) cannot continue to bear the lions share of childcare costs.
- Set new standards for the pay of all childcare workers, either through national benchmarks or through incentives such as the Graduate Leader Fund.

### **Increase the provision of affordable out-of-school and holiday childcare:**

For many working parents, finding affordable out-of-school and holiday childcare can be a particular headache. To support the investment it has already made in the extended schools programme we would like to see the government:

- Introduce free places for poorer families in after-school, holiday and breakfast clubs, possibly passported in the same way as free school meals. And subsidise out of school activities for 11-14 year olds, aiming ultimately to make them free.

We hope that these suggestions can be taken on board by the Treasury when considering how to allocate resources in the coming year. If you would like further information about any of our proposals included here, please do not hesitate to contact us on: 020 7840 3350 x211.

Yours sincerely,

*Le Knights*

A handwritten signature in black ink, appearing to read 'Alison Garnham'. The signature is stylized with large, overlapping loops for the letters 'A' and 'G', followed by a long horizontal stroke.

Alison Garnham and Emma Knights  
Joint Chief Executives  
Daycare Trust