

## ***Childcare for all?***

### **Progress report 2005**

It has been a momentous year for childcare. In December 2004 the Government's ten year strategy for childcare was published, followed by the Children's Workforce Strategy, consultations on the proposed Childcare Bill and proposals to extend parental leave. These aimed to help the Government advance the vision set out in the ten year plan to develop a childcare system fit for the 21<sup>st</sup> century open to all who want to use it, and which is among the best in the world.

#### **“Choice for parents, the best start for children” - the ten year strategy for childcare**

The key points of the Government's strategy, published alongside the Pre-Budget Report at the end of 2004, included:

##### ***Parental leave***

- Maternity leave to increase from six to nine months by 2007, with the goal of 12 months' paid maternity leave by the end of the next Parliament
- Consultation on giving families the right to transfer a proportion of maternity pay and leave to the father by the end of the next Parliament

##### ***Childcare and early education services***

- 3,500 children's centres by 2010, providing access for all families. Most children's centres will provide early education and childcare, although some will just provide signposting to childcare services
- Free part-time early education places for three and four year olds extended from 12.5 hours a week 33 weeks a year to 38 weeks a year by 2006 and to 15 hours a week by 2010, with the goal of 20 hours a week, 38 weeks a year.
- By 2010 all 5-11 year olds to access affordable school-based childcare all year round. All secondary schools will be open from 8am to 6pm during the week by 2010
- A new duty on local authorities to ensure that quality affordable childcare is available where families live
- A Transformation Fund of £125m a year from April 2006 to support investment by local authorities in quality affordable and sustainable childcare
- A new legal framework for the regulation and inspection of early education and childcare by 2008, creating a single system for all services
- A single quality framework for children from birth to five, taking an integrated approach to care and education

##### ***Childcare workforce***

- A long-term vision that all full daycare settings are led by graduate qualified early years professionals
- A single qualifications framework and the raising of the qualifications of the workforce and the development of training opportunities for childminders and other home-based carers to achieve level 3 qualifications

### **Affordability**

- An increase in the maximum eligible costs in the childcare element of the Working Tax Credit from £135 to £175 a week for one child, and from £200 to £300 a week for two or more children from April 2005
- From April 2006 an increase in the proportion of childcare costs covered by the tax credit from 70% to 80%
- Consultation on extending entitlement to the childcare element to those working less than 16 hours a week
- A series of pilots aimed at improving accessibility and affordability of childcare for parents on lower incomes living in London

### **Availability**

By September 2005 there were around one and a half million childcare places in England. That means there is one full-time registered childcare place for every four children under the age of 8 in England. This is a significant increase since 1997 when there was only one childcare place for every nine children under 8.

A new approval scheme introduced in April 2005 aimed to widen access to childcare in children's own homes by providing a route for carers to become accredited. This means that parents can get help with the costs of childcare through the tax credit employer supported childcare schemes, and ensures that some minimum safety checks are in place. In the first five months of the scheme around 600 nannies have been approved, with another 600 in the process.

While parents in some parts of the country are unable to access childcare which they can afford, childcare providers are struggling to survive, with occupancy rates averaging only 76 per cent, and some falling as low as 50 per cent<sup>1</sup>.

### **Children's centres and extended schools**

The Government has announced 3,500 children's centres to be rolled out across England by 2010. That works out as around one children's centre for every 800 children. In disadvantaged areas children's centres will offer a full range of services, including integrated education, care, family support and health services, while in more affluent areas services will be more limited, co-ordinating and sign-posting provision. To ensure truly universal provision, the total number of children's centres to be developed should be left open for review.

Extended schools will provide wrap-around care for primary school-aged children from 8am to 6pm all year round. The extended schools initiative presents a great opportunity to review the role of the school itself in a way that fosters a holistic approach to children's services, where provision is coherent, mutually supportive and having the best interests of the child at the centre. It is important that the initiative does not result merely in adding satellite services to an unchanged school.

It is important that both children's centres and extended schools remain connected and integral to the community in the way that many Sure Start local programmes have been.

### **Childcare costs**

Typical costs of a full-time nursery place for a child under 2 in England rose from £134 to £141 a week in the last year, a rise of more than 5 per cent. For the first time this year we also surveyed Scotland and Wales to get a national picture of the childcare costs in Britain

Working families on middle to low incomes have been able to get increased help with childcare costs through the childcare element of the Working Tax Credit. In April the maximum amount of childcare costs that families could claim help for rose from £135 a week to £175 a week for one

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<sup>1</sup> Nursery World, 27 October 2005, "Call for action on falling occupancy"

child, and from £200 to £300 for two or more children. Parents can claim up to 70 per cent of costs depending on their income, meaning they can now get a maximum of £122.50 a week of help for one child and £210 for two or more children. In April 2005, the average amount of help that families were receiving per week was £51.21 (before the amounts were updated).

	Nursery (under 2)	Nursery (2 and over)	Highest nursery cost	Child-minder (under 2)	Child-minder (2 and over)	Out of school club	Holiday costs	Highest holiday cost
<b>England</b>	<b>141</b>	<b>132</b>	<b>350</b>	<b>127</b>	<b>126</b>	<b>45</b>	<b>76</b>	<b>270</b>
Inner London	197	175	350	142	146	29	58	215
<b>Scotland</b>	<b>122</b>	<b>117</b>	<b>175</b>	<b>126</b>	<b>124</b>	<b>43</b>	<b>70</b>	<b>240</b>
<b>Wales</b>	<b>120</b>	<b>115</b>	<b>155</b>	<b>120</b>	<b>119</b>	<b>32</b>	<b>80</b>	<b>250</b>

Daycare Trust (2005) Childcare Cost Survey

In April 2005 the Government introduced their new employer-supported childcare scheme. This has helped many employed parents throughout the country by saving them the tax and National Insurance contributions on up to £50 a week of help provided by their employer with childcare costs.

The free early years entitlement gives parents of three and four year olds some saving on fees. 100 per cent of four year olds and 96 per cent of three year olds take up the places, currently five 2 ½ hour sessions a week over 33 weeks a year. Daycare Trust is calling for the free early years education entitlement to be increased to 20 hours a week for up to 48 weeks a year for all two, three and four year olds. This would cover the difficult holiday periods and help make childcare more affordable.

Despite the increases in public funding, costs are still prohibitive for many families. There needs to be greater subsidy for early education and care, in addition to the free early education places. Parental contributions should not be more than 30 per cent of total costs on average, with the poorest families paying nothing or a nominal fee. This would bring Britain in line with other EU countries.

### **Workforce**

Currently over 40 per cent of the early years workforce is not qualified to NVQ level 3 (A-level equivalent), and typical hourly pay for a childcare worker is £5.50<sup>2</sup>. The consultation on the Children's Workforce Strategy closed in July. The document contained a detailed analysis of the issues, but the Government needs to be a lot more ambitious to make a real difference. In particular, the Government has proposed there be one graduate level manager in every childcare setting. Daycare Trust believes educational principles and a pedagogical approach should underpin the reform of the workforce. We need multi-skilled professionals who adopt a holistic approach to the care, learning and development of children and themselves and are able to work in complex multi-agency settings. We should aspire to 60 per cent of the entire workforce being qualified to graduate level, with the other 40 per cent having NVQ level 3. But to do this, we need to see vast improvements in the rate of pay for childcare workers, many of whom are paid at minimum wage levels.

### **Very young children**

Childcare for children under two is increasingly in the spotlight. Research shows that it is particularly important that very young children receive high quality care, with good continuity of carers and high adult:child ratios. Yet there is still a gap in policy and provision for children under three.

The Work and Families Bill is going through Parliament at present. It will give women 9 months paid maternity leave, and allow men to take up to 6 months paternity leave, with 3 months paid. To give parents maximum choice Daycare Trust believes that paid parental leave, shared by

<sup>2</sup> 2002/3 Childcare and Early Years Workforce Survey, DfES 2004

both parents, should be extended to 12 months as soon as possible. It should be paid at 90 per cent of earnings for the first six weeks for both parents, and the rest at minimum wage levels. After that we propose two options: wither the extension of parental leave to 18 months, or the introduction of a homecare allowance paid to parents at 50 per cent of the minimum wage.

### **Who's still missing out?**

There are still many families who cannot access high quality childcare, because services are inappropriate, too expensive or simply not available near them. Particular groups who are still missing out include:

- Disabled children
- Families from Black and minority ethnic communities
- Workless households and those making the transition to work
- Student parents
- Those with large families
- Those working unsociable hours

Daycare Trust has carried out research with families of disabled children and families from Black and minority ethnic communities to understand more about the barriers and particular childcare needs these families have<sup>3</sup>. Services need to respond to the specific barriers children might face. These groups are often those most at risk of poverty and social exclusion. Provision and the funding system need to address different levels of needs and be able to respond to and reflect the cultural and social diversity of communities.

### **Current legislation and funding**

The Childcare Bill is likely to come to Parliament in the next few months. It puts a new duty on local authorities to ensure that there is sufficient childcare to allow families to make choices about working. They will have to pay specific regard to low income families and disabled children. There will also be a new duty to improve the well-being of children up to 5 by narrowing the gap between groups with poor outcomes and other children. Parents will be entitled to complain to the local authority if their needs are not met.

The Bill will also create a new framework for regulation and inspection, which will remove the distinction between care and education for children up to five years. It will also allow parents to use the free part-time early education places more flexibly.

There has been some considerable concern that the consultation on the Bill originally proposed to deregulate certain forms of childcare for 6 and 7 year olds, replacing regulation with a voluntary approval scheme. Beverley Hughes has now indicated that the Government may reconsider this in light of very strong opposition from across the sector.

We need to ensure that local authorities are given sufficient funding to fulfill these duties. The £125 million Transformation Fund is a good start, but to achieve a bold vision of early years services, this money will need to be at least doubled.

Ultimately, we need to envisage a new funding regime. In the long term, supply-side grants should be progressively increased, with the reliance on tax credits gradually phased out. The regime recently introduced in New Zealand, linking the grant per child-hour to factors such as child:staff ratios and staff qualification levels, by giving providers a financial incentive to increase quality, is a very interesting option for the UK. To ensure that we do genuinely strive for and achieve the best early education and care services in the world, there needs to be an independent review of the whole early education and childcare funding system for the 2007 Comprehensive Spending Review.

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<sup>3</sup> See *Everyone Counts (2004)* on the childcare needs of families of disabled children, and *Parents' Eye (2003)* on the barriers for families from Black and minority ethnic communities. Our current *Ensuring Equality* project is also looking at Black and minority ethnic communities.