

Commission on childcare: call for evidence

**Joint response from Daycare Trust and the Family and Parenting Institute
August 2012**

On 19 June 2012 the Prime Minister announced a commission on childcare to look at how to reduce the costs of childcare for working families and burdens on childcare providers.

The commission will report in the autumn and is jointly led by Sarah Teather, Minister of State for Children and Families and Maria Miller, Parliamentary Under-Secretary of State for Work and Pensions. It will look broadly at relevant issues and particularly consider three key themes:

- Ways to encourage the provision of wraparound and holiday childcare for children of school age.
- Identifying any regulation that burdens childcare providers unnecessarily because it is not needed for reasons of quality or safety.
- How childcare supports families to move into sustained employment and out of poverty.

The commission will draw on the knowledge and views of a wide range of experts in the field, together with international evidence on high-quality, affordable childcare. [Terms of reference](#) for the commission are available to download.

The work of the commission was informed by a call for evidence which ran from 19 July to 31 August 2012.

Daycare Trust is the national childcare charity, campaigning for high quality, affordable childcare for all and representing the voices of children, parents and carers on childcare issues. The Family and Parenting Institute is an independent charity that exists to make the UK a better place for families and children. In July 2012 the two organisations announced their intentions to merge and discussions are currently ongoing.

Theme 1: Ways to encourage the provision of wrap around and holiday childcare for children of school age.

1. What wrap around and holiday provision do parents need that they are not currently easily able to access?

Wraparound childcare either side of the school or nursery day remains a significant challenge for parents. Evidence from Daycare Trust research (including our annual Childcare Costs Surveys, 2012 London Childcare Report and Informal Childcare Research Series) suggests that currently many families rely on informal childcare from friends or relatives to meet this need because formal provision is not easy to access. In most cases this works well for these families, and there are many positive outcomes associated with informal childcare, but for those families who do not have such support networks available, an absence of affordable wraparound childcare can make work untenable. This is particularly the case in London, which has the lowest levels of informal childcare.

A small number of schools in the UK do function as extended schools, often using a wide range of funding to fulfil this role, and provision is also available in children's centres, community facilities and some nurseries. Some families also continue to use childminders for older children, particularly if they also have pre-school children.

In the last 10 years, some schools have increased the range of activities available after 3.15pm and during the school holidays but a 2010 evaluation of the extended schools initiative indicated that only 1/3 of schools provided the core extended offer. The vision of extended schools articulated in the 2002 and 2005 Department for Education strategy documents has not become a reality in most areas. There remain key gaps in childcare provision, particularly for older children and in the school holidays. The uptake of enrichment activities among children from deprived families has not increased. Moreover, an evaluation of initiatives in the 25 local authorities who piloted extended school provision after 2002 highlighted a number of tensions and issues. There was resistance to extended schools among some senior educational staff. In schools there was a lack of clarity about the aims of extended school provision, and whether it should focus on child welfare, promoting children's educational achievement, supporting families or regenerating deprived communities. The evaluation did, however, highlight a number of positive outcomes in schools that saw themselves as extended schools, in relation to educational achievement, parental employment and community relations.

The key things that parents need from wraparound childcare are:

- Care that fits seamlessly with the end of the school day. The childcare does not need to be on the school site, but parents need to be confident that their children can be transferred to the location easily and safely. For parents in rural areas there can be a problem if school transport is only provided at the end of the school day. This may mean that children are not able to stay on at after-school activities unless the parents have their own transport to be able to collect them, and this fits with their working arrangements.
- Childcare that meets their children's needs. Many children want 'down time' at the end of the school day and parents worry about them having a long day at school. The childcare activities should therefore be different, fun, and enable the children to relax if they want to.

- Affordable childcare. For some parents the cost of wraparound care – particularly if they have more than one child – remains prohibitive. Daycare Trust’s Childcare Costs Survey 2012 found that the average cost of 15 hours of out-of-school childcare was £46, a 2 per cent increase from 2011.
- Childcare that is available for sufficient hours. Often wraparound childcare is only available until 6pm at the latest, and sometimes it finishes earlier. This can cause problems for parents who require childcare later in the evening, or those who have a long commute. Only 46 per cent of local authority Family Information Services (FIS) report that they have sufficient childcare places for parents working full time, falling to 12 per cent of authorities for parents working atypical hours.

Daycare Trust’s Holiday Childcare Costs Survey 2012 also reveals the ongoing challenge that parents face in finding and paying for appropriate holiday childcare. The survey found that only a third (36 per cent) of local authorities in England reported that they had enough holiday childcare for working parents. While the average weekly cost of holiday childcare in Britain has not changed significantly since last year, significant gaps in holiday childcare provision persist across Britain, particularly for older children, disabled children and children in rural areas. The survey also showed that parents are not always aware of the financial help that they may receive to make holiday childcare more affordable. Only 22 per cent of Family Information Services who replied to our survey were aware of whether holiday childcare providers accepted childcare vouchers. Furthermore, half of local authorities in England have had their holiday childcare budget reduced.

There can also be an information gap relating to wraparound and holiday childcare. Cultural, sporting and educational activities can serve as de facto childcare, particularly during the summer holidays, but local Family Information Services may not know about these services. It is important that FIS consider all possible services that families may be interested in and don’t just focus on formal playschemes that are described as holiday childcare. This demonstrates the importance of FIS having an active reach in to the community and to other departments within their local authorities.

2. What barriers exist that make it more difficult to provide high quality and affordable wrap around and holiday care for children, particularly those aged five and over? How can these be overcome?

There is undoubtedly a sustainability challenge associated with the provision of wraparound and holiday childcare. Evidence suggests that it is more difficult for providers to run economically viable provision because of the fewer hours per day that parents use the service. Even though the ratios are significantly higher than for early years, if a service is only delivering wraparound care then it is only operating during term time and therefore has less time to break even.

Providers also face challenges about the scale of their service, particularly if it is linked to a single school and there is not a critical mass of families who wish to use the service regularly.

We believe that demand may fluctuate more for care of older children than for early years, with parents having more options in finding other arrangements for their children and therefore being unwilling to commit to a place every day of the week.

We believe that these challenges, which are inherent to this form of provision, are a form of market failure which can only be overcome through public subsidy of wraparound and holiday childcare provision. We believe that local authorities should see wraparound childcare as a core part of their responsibilities under the Childcare Act 2006, and should seek to commission or provide directly a range of childcare services for working parents. Given that the Childcare Act already gives local authorities the responsibility to secure this childcare, we would like to see more robust monitoring and enforcement of the provisions of the act and its associated regulations and guidance by the Department for Education.

FPI's current research programme Age of Austerity will shortly be published (September) containing analysis of how local authorities are making decisions about spending priorities in the context of cuts. It has found that children's services have faced significant budget reductions, in part due to the reduction in grant when funding streams were combined into the Early Intervention Grant.

Local Authorities have been keen to shield frontline services from the worst of cuts. For example few Children Centres have been closed relative to the level of cuts made. Instead, reductions have taken place across a range of services in terms of hours of opening, additional services offered, and quality assurance and consultancy services attached to the core offer of provision.

In this context, it is difficult to imagine how local authorities would be able to prioritise wraparound and holiday care for children as budgets continue to be squeezed, and councils continue to grapple on the one hand with the evidence-based support for universal services, and on the other, the need to prioritise and target services towards the most vulnerable.

Some local authorities are choosing to invest in this area as a means to reducing child poverty and promoting employment (for example the recent decision by Kirklees Council to offer free childcare for parents claiming Jobseeker's Allowance) but there remains significant local variation in the services available. This makes it confusing for parents, and may hinder geographic mobility if parents are uncertain that they will be able to replicate their childcare arrangements in a new area. While we acknowledge that there is a role for local democratic accountability and diversity in models of service delivery, we believe that parents should also be able to expect a minimum guaranteed level of support at a national level, as they do with other key public services. Ultimately, therefore, stronger statutory entitlements with accountability at a central government level, may be needed in this area if parents are to have a reasonable expectation that services will be available.

Another part of the solution to support parents to manage school holidays is for employers to offer flexible working practices such as term-time working.

3. What are the main barriers to parents setting up or getting involved in running before and after-school activities and holiday schemes? How might these be addressed?

Although some parents wish to get involved in running childcare services, in the same way that some parents want to get involved in running schools, many parents do not have the time, knowledge or inclination to get so heavily involved and would rather that it is delivered by professionals who have the relevant expertise. There are currently very few instances of parents running services. Often schemes that have initially been set up by parents are later contracted out to businesses as parents struggle to maintain the level of commitment needed. However where parents approach local authorities about setting up new provision, they should be given appropriate support and encouraged to demonstrate to the authority how they can support it to meet its obligations under the Childcare Act 2006. They can also signpost parents to sources of support on the legal, financial and other requirements they will need to consider.

Many more parents may wish to be involved in setting the direction of the childcare scheme through being part of Parent Committees, advisory boards etc. Daycare Trust has developed some information resources for settings to assist them in setting up these arrangements. See <http://www.daycaretrust.org.uk/pages/family-involvement.html> for more information.

Parents may also wish to help out on an ad hoc basis and this should be encouraged by settings. Daycare Trust's work on volunteering has highlighted that Criminal Records Bureau (CRB) checks are a barrier to this sort of one off or sporadic volunteering. Allowing CRB checks to be transferable between different organisations would make this easier.

One benefit of getting parents involved on a voluntary basis would be the opportunity to increase fathers' participation in activities in settings. In many cases, fathers are not involved in the day-to-day contact with settings, and a tiny proportion of the childcare working is male. Volunteering could be an opportunity to break down any negative stereotypes and demonstrate to men that they are welcome in childcare settings. Parents spoken to in an FPI consultation exercise for the recent Nutbrown Review were particularly torn about the role of men in childcare settings. There was recognition of the potentially negative impact of the lack of men in such settings to have a self-reinforcing effect, helping to perpetuate current stereotypes about childcare. There was also great recognition of the potential benefits of having men working with children in terms of providing positive male role models.

However, there was real concern in this consultation (from both women and men) about accepting and valuing male staff in different settings. Concerns about the safety and security of children seemed to be amplified. Therefore, one wider question to consider is

how to increase the number of male workers and volunteers in childcare settings, something that was highlighted in the coalition statement in 2010.

4. What role can schools play to help parents access the before and after-school and holiday provision they need?

We believe that schools have a critical role in supporting parents to access childcare, and in delivering it. They have the knowledge of local families and their needs and the premises to be able to run services (or links with other facilities in the community such as leisure centres, youth centres and children's centres). Schools should also be encouraged to fund activities, for example using Pupil Premium funding. We believe that this would be an effective use of this funding, as disadvantaged children have most to gain through high quality wraparound childcare (for example a quiet place to do homework, or a healthy breakfast) and supporting parents to work also reduces child poverty.

We believe that schools should have a shared responsibility with the local authority to meet the needs of their children and families either side of the school day and during the holidays, as these periods have such an important impact on children's learning. Schools should therefore liaise closely with local authority Childcare Sufficiency Manager to jointly meet the needs of families.

In a recent study, Ofsted visited 47 schools to evaluate features of effective partnership between parents and schools. While all the schools visited valued the key role of parents in their children's education, provision and support was put into effect in different ways, with very varied quality and outcomes

Ofsted Survey: Schools and parents, April 2011 www.ofsted.gov.uk/publications/100044

It concluded that schools should:

- consider auditing, and then using more widely, parents' skills and specific expertise as a resource to improve the school
- tailor their communications with parents to suit individual circumstances
- use parental complaints as a stimulus for improvement and record them to identify trends
- evaluate better the impact of parental involvement and engagement on outcomes for pupils and use this information to focus further improvements.

FPI's Family Friendly scheme is currently developing modules of support for schools wishing to enhance their ability to engage with parents. We believe particular support may be needed for encouraging a culture of parental engagement across the school, engaging harder-to-reach parents, and working with fathers.

We believe that it is time to revisit the concept of an extended school and for local authorities and schools to agree a shared understanding of their responsibilities in this area. The free school initiative also presents an opportunity, as many of the proposed

free schools (and some of the ones that have opened) have stated an intention of offering an extended programme.

As stated above, ultimately we believe that stronger entitlements are needed in this area to ensure that parents can access the services that are so important to them. Questions about the role of centrally prescribed entitlements in an era of localism are highly pertinent and we believe the Commission should generate a debate about the appropriate level of national direction. We believe that access to wraparound and holiday childcare is just as important to parents as the free early education entitlement, and has huge potential to promote social mobility and reduce child poverty, yet it has not attracted the same level of funding or attention from policymakers.

Theme 2: Identifying any regulation that burdens childcare providers unnecessarily because it is not needed for reasons of quality or safety

5. What early education, childcare or other regulation, unnecessarily gets in the way of the delivery of flexible, affordable, safe and high quality provision, or its expansion?

Overall, we do not consider that excessive regulation is the principal barrier to the expansion of flexible, affordable, safe and high quality provision. This conclusion is supported by the Department for Education's recent Childcare Provider Finances Survey. However we do acknowledge that there is an inherent tension of providing high quality childcare which is affordable to parents. It does not benefit parents and children if childcare is extremely high quality but is so expensive that they cannot afford to use it. We therefore welcome efforts to remove any unnecessary costs, while at the same time seeking to ensure that service are as flexible and high quality as possible.

We believe that the barriers to the delivery of flexible, affordable, safe and high quality provision are:

- some aspects of generic regulation – for example the requirement for settings to acquire music licenses for live performances and the lack of portability for CRB checks.
- parents' inability to pay for childcare – particularly in disadvantaged areas where parents are typically unable to afford additional hours, on top of free early education places, that providers need to remain sustainable.
- We believe that the cut to the childcare element of Working Tax Credit will have harmed providers' bottom lines – the cut in April 2011 reduced funding for childcare by £270m in 2011/12, rising to £385m per year by 2014/15. Demand side subsidies are a crucial part of supporting the industry to remain sustainability. In response to Daycare Trust's London Childcare Providers Survey 2012 (a survey of 400 providers across London) 44 per cent of respondents said that the ability of parents to pay for childcare was the issue putting the biggest financial strain on their services, ahead of staff costs, rising rents and free entitlement funding.
- The complexity of the funding mechanisms. We believe there are gains to be made by considering a simpler and more streamlined approach to funding

childcare. Currently a provider may be receiving funding for the free early education entitlement from its local authority, from many different childcare voucher providers and from parents directly (who may also be receiving financial support through the tax credit system). This adds additional costs of administration. Daycare Trust favours a shift towards greater supply side funding to extend free places, initially by extending free places to all two year olds by 2015, and extend the hours available to all two, three and four year olds to 20 hours per week by 2020. Over time this will reduce the need for means-tested subsidies.

- The fragmented nature of the industry. We believe that the number of small providers, many of whom struggle to remain sustainable, may be a factor in the high cost of childcare in the UK compared to other countries. Additional business support for these providers may help them to be sustainable, as would exploring ways to share back office and other costs. While parents often value the small, local nature of provision, but it may be that there are benefits to scale which have not been fully realised across the sector.
- Overhead costs like property costs (many PVI settings rent premises commercially), VAT and business rates.

Much of the debate about regulation has focused on childminders, and it has been suggested that they should be able to care for more children than currently permitted, should not be inspected individually by Ofsted, or should not be required to deliver the Early Years Foundation Stage. We believe that childminders should continue to be part of the same framework as nurseries, both to reassure parents about quality (we note that trust levels are lower for childminders than for group settings) and to give childminders the status and professional standing that their experience and training deserves. We are also concerned about changes to ratios for childminders, especially since they usually work alone.

We do, however, welcome the change in the statutory guidance for the free early education entitlement that no longer requires childminders to be part of an accredited network. While we do not believe that this removes the need for childminders to be able to access support and professional development opportunities, it has removed a restriction which in some areas was preventing outstanding childminders from delivering the free entitlement. We also welcome the debate about the best way to support childminders and to ensure that they are meeting relevant quality standards. We believe that the Ofsted process – with a visit every four years – does not give parents all the information they need, and have recommended that this is supplemented by additional information on quality held by local authorities. The sort of support offered by local authority networks (for example on marketing, as well as quality improvement) could also be provided by independent networks, or other settings such as children’s centres.

There is clearly always a balance needed between appropriate and proportionate regulation and the additional costs that it imposes. However, we believe that the current level of regulation is right, and that any moves to remove significant layers of regulation risk a ‘race to the bottom’ in terms of quality. We believe that the poorest families and children would lose out in this situation as they would risk being forced into using poorer

quality provision in order to cut costs. An alternative solution to the affordability challenge – with reforms to make the funding system more efficient and additional funding delivered through both supply and demand sides – would help avoid this situation.

6. How could existing regulation be improved?

We welcome the changes that have been made to the Early Years Foundation Stage. We believe it is simpler for professionals to follow and places greater emphasis on working in partnership with parents. Overall, we do not consider it an onerous set of requirements, and believe that anyone wishing to work with young children should be willing and able to follow it with appropriate training and support.

We believe that further changes to the EYFS risk destabilising the sector and those working in it, and would lead to additional costs of training and resources to support delivery.

In some areas there are myths that could be effectively dispelled about requirements under the EYFS – for example that childminders must have numerous written procedures. It is essential that the Ofsted inspection process acknowledges the way that different types of settings operate in practice and has a common sense approach which nonetheless allows comparison through the use of a single framework. We also do not believe that the requirements for registering as a childminder are excessively onerous, and that a first aid certificate and some basic training should be considered the minimum requirement for working unsupervised with very young children. However we also acknowledge that common sense must apply, and if someone has valid first aid training (for example if they are changing careers from another sector) then they should not have to repeat this just for the purposes of Ofsted registration.

Despite improvements in recent years, the sector workforce continues to be poorly qualified and receives very low pay. We support the conclusions of the Nutbrown Review and urge the Government to take urgent action to implement Professor Nutbrown's recommendations.

As part of a programme to increase both the level of qualifications and improve the content of courses, we would be willing to review the evidence on whether ratios should change. The current ratios already allow settings to look after more children if they have a qualified teacher present, yet evidence suggests that not all settings make use of this option. We should explore why this is that case and whether parents' wish for lower ratios is driving provider behaviour in this area, or if it is not cost-effective for providers given the higher salary required for a graduate.

We believe that ratios are very important to parents – particularly for very young children – but our research also shows that parents value staff who are able to support their child's development. A debate about ratios should therefore involve parents and

further research could ascertain their priorities in terms of the number of staff and the qualifications they hold.

7. Which aspects of requirements for providers do parents consider worthwhile? Or unnecessary?

Daycare Trust completed a recent project on quality with the University of Oxford and A+ Education. We asked parents how they perceived high quality in early education and childcare. The full report, *Improving Quality in Early Years Education and Care: a comparison of perspectives and measures*, can be accessed here: <http://www.daycaretrust.org.uk/pages/published-research.html>.

Key factors raised by parents in focus groups for the project included:

- Staff characteristics – friendly, warm staff who parents could trust to comfort their children and meet their needs.
- Staff who could monitor the development of children and spot any potential problems as they arise. Parents wanted their children to meet key milestones so they were not behind once they started school (particularly relevant as children neared school age). Parents did not necessarily mention qualifications explicitly, but they wanted staff with some level of expertise and knowledge.
- Parents with disabled children were particularly keen that staff could spot development issues, have an understanding of their child’s condition and be able to work with children with additional needs.
- Play – parents wanted their children to learn how to be independent and use their imagination. Although they did not want ‘education’ (which they associated with school) they wanted play that was balanced with structure, routine and stimulating activities.
- Good relationships between parents and staff, and feeling like a partner in their child’s care.
- Social interaction – parents wanted staff to support their child to interact positively with other children.
- Health and safety was one element over which parents would not compromise. They wanted to know their children were safe and monitored at all times.
- Staff turnover was an indicator of quality for some parents, as they wanted their child to form relationships with the staff, and an indicator that staff were happy.
- Ratios of staff to children were important to parents as it ensured that staff could safely monitor the children in their care. Some parents also highlighted that high ratios would enable staff to have the time to understand the needs of all the children, improving the quality of interaction.
- Parents were less concerned with the physical environment in settings such as toys and equipment, although parents of disabled children wanted to have access to specialist equipment.

These findings were echoed in a consultation with parents for the Nutbrown Review carried out by FPI. They asked parents about what they looked for when choosing childcare. Welfare, safety and security of the child; cost; ability to cope with specific

needs of the child; caring and friendly staff and focus on learning, development and creativity were generally seen as of high importance.

The factors mentioned as being of medium importance were: environment and setting (with the environment inside the setting being seen as more important than the exterior one) and ease and convenience of location. Of the other factors, good preparation for school was seen as of low importance.

The priority of other factors varied between parents. Within this diversity most felt that good interaction with parents; appropriate staff/child ratios and staff with up-to-date training were of high importance. Ofsted rating; reputation; feedback from local parents and whether friends and siblings were there already were all rated as of low importance.

Other factors mentioned were – the length of sessions offered, as impacting on educational and developmental value and ability to match to other parental commitments around work and other childcare and also healthy eating.

When asked about quality and staffing, parents felt that staff should ideally have both relevant qualifications and good experience but that experience mattered most overall.

For some, qualifications were primarily seen as a sign of commitment, showing that the staff member 'wanted to do the job' (an important quality) rather than as an indicator that they had a particular level of skill or experience. One parent suggested that qualifications became more important the closer the child was to school age.

Parents were also asked whether they would be willing to pay more for higher quality care. Some parents were prepared to pay more, in some cases significantly more for improvements in quality/qualities, qualifications of experience. The key for all was that any extra cost must translate into improved child outcomes. They would be prepared to pay more if they could see the benefit in their child's development. The main element mentioned was class size. Several parents said they would be prepared to pay double if the class size was halved to 15.

Both of these research exercises endorse the approach taken by the EYFS, which has a focus on interactions with children and children learning through play, with a flexible approach to meeting key milestones by the age of five. The research demonstrates that parents do value quality, but that they sometimes talk about it in different terms to professionals and policymakers.

Parents also want to know what their provider is expected to do, and how to challenge if they are not happy, and the roles of the local authority and Ofsted in dealing with any complaints, and supporting mediation and quality improvement, are critical.

8. Are there any aspects of regulation which, in your view, make childcare more costly than it need be? Please explain your answer.

Parents want confidence that staff and settings are meeting certain criteria and so having elements of regulation in place is critical. Regulations also promote accountability for the use public money.

There are undoubtedly individual instances of where regulations incur cost, and probably ways to reduce the regularity of requirements, or enhance the value for money of certain approaches. However, overall, regulated and quality assured provision is essential to ensure quality standards and to maintain the confidence of parents.

As well as regulation, the Commission should explore whether administrative practices are making childcare most costly, for example the information that providers need to complete for both local authorities and Ofsted. Anecdotally, some providers feel that this paperwork (particularly that associated with the free early education entitlement) is excessive, and they are required to complete repetitive and unnecessary information. Some information is of course required to ensure accountability for public money, but we believe it is worth reviewing whether this is proportionate.

Theme 3: How childcare supports families to move into sustained employment and out of poverty.

9 What are the main issues parents face when making decisions about work, either entering work, or increasing their hours, in relation to childcare? Do some families face particular challenges, such as low or middle-income families, or families with disabled children?

The availability, cost and flexibility of childcare is acknowledged though numerous research studies and government strategies as being critical to parents' ability to work. This is particularly the case for single parents who may be unable to share day-to-day childcare responsibilities with a partner.

Childcare costs are a major component of the wider financial challenges faced by families in the current financial climate. Work produced by the Institute for Fiscal Studies (IFS) for the Family and Parenting Institute (FPI) found that the median income among families with children is projected to fall between 2010 and 2015 by 4.2%. For a couple with two children this equates to £1,250 less a year by 2015. Families with children aged under five, families with more than two children, and lone parent families not in paid work bear the biggest financial pain in years ahead. These figures reveal the full extent to which families with children are shouldering the burden of austerity. Having children has always been expensive. But now many families with children face an extra penalty of more than £1000. We do acknowledge the introduction of free early education places, which will have significant benefits for disadvantaged two year olds, but believe that this entitlement should be in addition to a decent income for the whole family. It is particularly surprising to see that some of the most vulnerable groups – such as families with new babies and lone parents out of work– are bearing the brunt of the tax and benefit reforms. Many families will be left struggling to understand why they

have been singled out in this way and how this sits alongside the Government's ambition for the UK to promote social mobility and become a family friendly nation.

Cost

- The cost of childcare is a key part of the calculation that parents make when moving in to work or considering a change to their hours. For parents on low wages, childcare costs can consume a considerable part of their hourly salary, along with the other major employment costs such as travel. Accurate childcare costs must therefore be used in parents' 'better off calculations' when they are considering returning to work. It is for this reason that childcare costs are subsidised through the tax credit system. We believe that 80 per cent of costs is the minimum amount needed to ensure positive work incentives for most low-income parents. This is based on calculations by Family Action which show that the effective marginal deduction rate for a working family paying income tax and national insurance, with childcare costs of 80p for each additional pound earned, is currently 100 per cent since they are only able to receive up to 70 per cent of their childcare costs. If 80 per cent of childcare were covered then the marginal deduction rate falls to 92 per cent. This is still a very high withdrawal rate, but at least it gives a positive return on the parents' work.
- We therefore call on the Commission to restore the percentage of childcare costs covered through the childcare element of Working Tax Credit to a maximum of 80 per cent. Since the maximum support available was cut to 70 per cent in April 2011 (along with other changes to the tax credit system), 38,000 fewer families are receiving help with their childcare costs, and the average claim has fallen by £11 per week.
- For families with high childcare costs – for example with two or more children – the cost of their childcare may outstrip their wages altogether, and for others even finding 20 or 30 per cent of the cost of their childcare is difficult given the strain on family finances from other costs. During the passage of the Welfare Reform Act the Government committed to expanding the proportion of costs covered as the economic circumstances allow and we urge it to increase this to 100 per cent as soon as possible for certain groups. Priority should be given to families with disabled children and those on the lowest incomes (who previously received up to 97 per cent of their childcare costs through Housing Benefit and Council Tax Benefit). There should also be an additional higher weekly limit for parents with three or more children.
- Many other countries link childcare costs explicitly with income, and cap the proportion of income which parents will be expected to spend on childcare. We believe such a system should be considered for the UK.
- There are also administrative issues which make the tax credit system less effective than it could be in supporting parents to work. It is complex and the prospect of having to re-start a claim when moving in and out of work makes it less

appealing for those who do not have steady work. Previous over-payment problems put many parents off from applying and there is a risk that this problem may re-emerge with the reduction in the disregard for income increases to £5000 in April 2013. We welcome the increase flexibility in Universal Credit for parents to be able to calculate their costs on a monthly basis rather than weekly, as this will help those families whose costs fluctuate.

Flexibility

- The flexibility of the childcare system is another barrier which prevents parents from working. Among the problems are:
- Inability to change hours from week to week, or to purchase an additional hour or two of childcare in order to take up available work.
- A lack of short term sessional childcare that parents can arrange at short notice.
- Lack of childcare available outside 8am-6pm Monday-Friday.
- Needing to pay advance fees and a deposit to secure a place.
- Lack of flexibility of free entitlement for working parents who are using additional hours – many parents lose out on part of their free entitlement because they are unable to use it flexibly enough.
- We acknowledge that flexibility for parents must be balanced with providers' requirements for certainty, and the need for children to have steady routines and access to a planned programme of activities. However we believe that greater flexibility is needed if the childcare system is to support parents to work.

Availability

There are still gaps in availability across parts of the country, despite local authorities' responsibility under the Childcare Act 2006 to ensure that working parents have access to childcare. Not all local authorities fully understand the role that childcare can play in helping them meet long term aspirations in economic development and the reduction in child poverty. However we also understand the budget situations in local authorities and the decisions that many local authorities are taking to prioritise services for which parents have a clear statutory entitlement. The broader requirements under the Childcare Act – which are untested legally – are given less of a priority. We fear that this may lead to retrenchment as local authorities fund the free early education entitlement and (to a greater or lesser degree) children's centres, but withdraw from wider support for affordable childcare for working parents and play and youth services that parents rely on for wraparound childcare for older children.

The following types of families face particular barriers:

- Families with disabled children – just 12 per cent of local authorities have sufficient childcare available across their whole area (Daycare Trust Childcare Costs Survey 2012) – the lowest of all types of childcare. The main problem for parents is finding a suitable place, but it can also be more expensive – for example as a childminder might only be able to care for that child and therefore will need to charge more. These families need brokerage support to be able to identify and negotiate appropriate childcare, as service which should be provided by local Family Information Services.

- Families working outside of standard office hours, and those parents who have inflexible work – for example those on temporary contracts or variable shifts.
- Large families – as described above, parents do not get a higher tax credit limit above two children.
- Families in rural areas – where transport is a barrier and there is often less choice about childcare.
- Families who do not have access to informal childcare. For these families working outside of normal office hours is usually impossible, yet in many areas these are the only jobs that are available, particularly for low-skilled workers.

10. When are the key transition or tipping points, and what are the main issues at those times?

Childcare is most expensive during the first two years of a child's life – because of lower ratios of staff to children – yet this is also the time when families receive the least help with the cost of childcare and may also find family finances squeezed following maternity leave. It is during this time that many families are shocked about the high cost of childcare, and many women find that it is barely worthwhile returning to work, which has an impact on both the immediate ability to take up childcare and on the longer-term future earning potential of mothers.

When children turn three it can get a bit easier as parents are then able to access free entitlement so this usually reduces their overall childcare bill. The extension of free early education places for two year olds will help many more families to reduce their childcare bill at an earlier stage. However for some parents starting their child's free early education place poses difficult logistical challenges, particularly if they choose a maintained or voluntary sector provider which offers only half-day sessions. In these cases parents require wraparound childcare if they are going to work. Through our information service we have also heard regularly from families who have been using a childminder and have been upset that they cannot receive their free early education entitlement through the childminder and have to consider moving their child or foregoing the entitlement. We therefore welcome the Government's change that no longer requires childminders to be part of an accredited network in order to deliver the free entitlement. However it is essential that this flexibility doesn't come at the expense of flexibility and local authorities continue to support childminders' professional development through training and networking opportunities. Every local authority should be encouraged to support a network. They should also promote childminders to parents looking for a setting in which to receive their free early education entitlement.

Starting school is also a major transition. Although the cost of childcare becomes easier to manage, juggling the hours of school and the long holidays, and finding appropriate wraparound care can be difficult. These issues are discussed above.

Another set of tipping points might be when family emergencies or transitions happen – either when parents separate or when illness strikes, when people choose or are forced to move home, people are made unemployed, or perhaps a grandparent carer gets ill

etc. In all of these cases parents must have access to support to make childcare arrangements, possibly at short notice, and the discretion that local authorities have in allocating free early education places for two year olds could be useful for families who are temporarily struggling to cope. Family Information Services have an important role here and should prioritise supporting parents where they are at risk of falling out of work.

11. What do employers do well and what further role could employers play in supporting parents with their childcare needs?

Increasing numbers of employers recognise the benefits of supporting the childcare and broader responsibilities of the parents whom they employ. The leading employers recognise that flexible approaches can lead to a range of benefits for organisations from higher retention rates of staff, greater employee engagement and productivity, to an ability to attract a more diverse range of people to roles (particularly of female staff). In one DWP report, 86 per cent of mothers with access to five or more family-friendly arrangements were found to return to work after childbearing, compared with 42 per cent of those with no such arrangements. (La Valle, I.; Clery, E; and Huerta, M (2008) 'Maternity rights and mothers' employment decisions', DWP Research Report No 496)

We regard the minimum that an employer should do as: highlighting the statutory entitlements available to staff for parental responsibilities; signposting to information sources (for example publicising the phone number and website of the local Family Information Service in the company handbook and intranet) and offering a childcare voucher scheme.

Our research with parents suggests that childcare vouchers are a highly valued benefit, offering a saving of nearly £2000 for a two-parent couple. We believe that it is unfair that it is an arbitrary benefit that some employees are not able to access as their employer does not offer a scheme. We therefore believe that the Commission should urgently explore the feasibility of enabling all employees to benefit from childcare vouchers, along with self-employed workers. Administering childcare vouchers is not overly onerous for employers, who make a saving in National Insurance Contributions, and is similar to other deductions that employers must make such as Student Loan repayments.

The government can support employers, especially SMEs, to recognise their responsibilities and continue to press for reforms as set out in the Modern Workplaces consultation which are broadly very well supported by those working to support families.

Employers can of course go much further. Examples of additional provision include tailored advice to parents, emergency childcare schemes, and creche and nursery facilities in-house.

FPI has developed a Family Friendly scheme to highlight employers that are leading the way in family friendly practices and to support others to improve. <http://www.wearefamilyfriendly.org/family/home>

One example from the scheme shows how one employer is flexing their policies in order to adapt to its workforce

Whilst Plantronics has statutory policy on parental leave and paternity leave there has, over the years, been very little take up by fathers. The Smarter Working ethic that Plantronics adopted 3 years ago goes far beyond statutory flexible working practices thereby giving its employees great freedom in how they manage and take control of their working days. Plantronics policy is that our employees are free to work from wherever and whenever they like, each is equipped with technology that allows them to work from any location. What this means in practice is that if fathers need to give support at medical appointments (pre natal/post natal etc) or for other family commitments then they can take the required time out to do this without challenge from the company. Plantronics expectation of its employees is that they meet their stated annual targeted goals (measured output). How they attain their goals is down to them, that is they are empowered to adjust their working hours/days to balance both their work and their personal commitments. Working fathers find this style of working fits extremely well with their family commitments and their families in turn feel better supported. It has been stated that through Smarter Working our employees (male and female) feel they have at last got their work/life balance back under control. Here we think the benefits and rewards speak for themselves.

Finally, we would emphasize that employers need to recognise that childcare responsibilities often extend beyond the parents. For example, we know the huge contribution that grandparents make to childcare. Therefore, and especially as retirement ages increase, it will be increasingly important to make flexible working arrangements and other benefits available to wider family members to accommodate the diverse ways in which families attempt to combine childcare and employment responsibilities.

12. How do parents access information and support relating to childcare, from local authorities or elsewhere? How could information or support services be improved?

Surveys repeatedly show that parents' main form of accessing information and support is from family and friends via word of mouth. This is particularly true of parents on low incomes. This is why Daycare Trust has developed the Parent Champions model that recognises the power of peer support and supports parents to help each other with access to quality information and advice. More information can be found at: <http://www.daycaretrust.org.uk/pages/parent-champions.html>. Investment into peer support schemes for sharing information would have a valuable impact on the ability of parents to feel confident in their decisions.

In terms of the cost of childcare, DCT surveys show massive variation across the country and so the importance of locally relevant information is critical. Family Information Services are a valuable part of the information infrastructure for parents, but we are concerned that their budgets are at real risk across the country by local authorities seeking savings.

This potentially undermines the ability of FIS to keep information up to date, engaging, and accessible to a diverse group of parents (for example available in different languages) and to undertake outreach and marketing activities.

The statutory duty of councils to provide this information under section 12 of the Childcare Act 2012 needs to be met by adequate resource and investment. In a survey of Family Information Services in 2011, Daycare Trust found that an increasing number of councils were merging FIS with generic call centres. The risk of this approach is that without adequate procedures and training for call centre operatives, detailed childcare information and brokerage services are not available.

Brokerage is particularly important for parents of children with disabilities or special needs who may need help finding and negotiating appropriate services.

13. How effectively is existing government support to help parents participate in work being delivered?

We welcome the many initiatives that support parents to return to work, including free early education places and tax credits. The extension of the free early education offer to 40 per cent of two year olds will help the parents of these children to reduce their childcare costs, and if they are not in work to prepare for employment through undertaking training or volunteering. Many children's centres offer support to return to work, and work closely with Jobcentre Plus to deliver flexible training and confidence building activities.

However, by itself the free early education entitlement is not available for long enough hours to enable parents to work (as it is just 15 hours) and over time we recommend an extension to 20 hours per week, which would be more suitable for helping parents to sustain a part-time job while their child attends their nursery or childminder.

Other comments on the Childcare Commission

We welcome the Childcare Commission as an example of joined-up policy making across government Departments. It acknowledges that childcare issues cut across both education and employment and have benefits for both children and parents, and we welcome the explicit focus on parental employment as a goal of childcare policy. The focus on older children is also important, as it demonstrates an understanding that parents' childcare needs last beyond the early years. If we are to meet our goals of becoming a family friendly country then childcare policy is a good place to begin.

We would have welcomed a broader focus to some of the questions, for example to explore issues about how to support high quality provision in a way that is affordable to parents. The focus on regulation seems out of step with what the sector and parents consider to be the main issues in relation to childcare in the UK.

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