



All Party Parliamentary Group on Nursery Schools, Nursery and Reception Classes

Treasury Select Committee Report on Childcare 2018

“The Report on Childcare by the Treasury Committee was almost breathtaking in the scope and intensity of its criticism of Government childcare policies.” wrote Nursery World’s editor, Liz Roberts

This recent review examined the role of childcare in supporting labour productivity and looked at how childcare schemes such as 30 hours free childcare operate and the quality of services such as the Childcare Service website.

The review also considered the overall package of Government initiatives that aim to make childcare affordable, how the individual initiatives interact with each other, their effectiveness and whether they have delivered an adequate provision of affordable childcare that facilitates parental employment.

So what did the review conclude? The committee found no evidence that current policies would improve productivity and also that rates paid to nurseries for the 30 hours are too low, are based on out-of-date information, don’t take into account costs such as the National Living Wage. The Committee suggests the reason take-up of Tax-Free Childcare is 90 per cent lower than initially expected is down to poor awareness of the scheme among parents and because the government’s website has had so many problems and failures.

The recommendations include paying a higher hourly rate for the 30 hours, ensuring that this is updated annually in line with costs increases and making children eligible for the 30 hours as soon as they turn three, rather than the term after their third birthday.

Importantly the report warns that because many nurseries are restricting the times funded hours can be taken, cutting back on higher-qualified staff and charging for services that were previously free, this “may undermine the Government’s overarching policy objectives and disadvantage those in more deprived areas.” Research by CEEDA in the first term of the 30 hours scheme revealed that only 46% of nurseries were offering the free 30 hours without making any charge and that the proportion of staff with level 3 qualifications had declined from 79% in 2016 to 71% in autumn/winter 2017.

The review concluded “some childcare providers are altering their services, potentially redistributing resources away from low income parents towards higher income parents. If the Government wants to avoid these consequences, it should pay a higher hourly rate to providers that more accurately reflects their current costs.”

The committee also said that the Government should explain how it is ensuring that no lower-income parents lose out as a result of its decision to fund 15-hour free childcare to all parents regardless of income, and 30-hours free childcare for parents with incomes up to £100,000

In its evidence to the review Early Education pointed out that the policies of providing high-quality education for children, on the one hand, and supporting adults to return to work on the other, can come into conflict:

“Young children benefit most from frequent short sessions of education while working parents need childcare to fit around working patterns that may include long days and/or irregular hours. Also, the economic drivers around parental working may create pressures to drive down the cost of childcare, whereas the gains to be had from early education (personal, social and economic) have been demonstrated to come from high-quality provision which may cost more up front, but is a sound long term investment across the life course.”

Early Education also highlighted the fact that the Government had no ability to restrict additional costs: “Government has accepted the principle of voluntary charges for “extras” hence endorsing the principle of top up charges. There is no mechanism to control the level of additional charges, there is no cap to ensure rises in fees are proportionate, or are directed to improving quality.

London Councils highlighted how the 30-hours policy was redistributing resources away from low-income parents towards higher-income parents: London boroughs are concerned about the impact of the 30 hour free entitlement on the opportunities available to the most disadvantaged children in their local areas. This is particularly true for those boroughs that previously offered free places for the most disadvantaged three and four year olds in their maintained settings. 11 out of 26 boroughs surveyed have offered this at some point, providing between 10 and 35 additional hours in addition to the universal entitlement for a targeted group of children. As a result of the introduction of the 30-hour entitlement and the budgetary pressures on local authorities, only one 1 of these 11 will be able to continue offering this provision in the long term, and two are not sure. The introduction of the 30-hour entitlement for three and four year olds is not only limiting local authorities’ ability to offer additional opportunities to children from disadvantaged families, but is also inadvertently creating a system in which children from more advantaged backgrounds are more likely to benefit. Early Education agreed with this assessment:

“This is highlighted most markedly in local authorities which previously used funding to provide full-time places for the most disadvantaged children, which now cannot do so but do have to fund 30 hours for eligible working parents. Schools report seeing the gap widen, and being unable to support the most vulnerable families to overcome adverse circumstances and begin the process of seeking training and work experience and move towards employment. Consideration should be given to whether the 30 hours entitlement should be open to more—or perhaps all—children in families below the current income threshold,

and if necessary whether fewer families at the upper end of the earnings threshold should qualify.”

As Liz Roberts said in her editorial in *Nursery World* this is certainly a review that is not shy to criticize both the implementation of policy and its design.

The 30 hours scheme has compounded the problems generated by the principle of the single funding formula and added a few more for good measure.

Government investment and funding should be directed to support, promote and improve the quality of nurseries and their capacity to improve outcomes for all children and the most disadvantaged in particular. Funding should drive higher staff qualifications and training rather than fund places without any sanction for poor quality or indeed any monitoring of nursery accounts, profits or supplementary parental charges. As the level of government funding rises this becomes ever more acute.

Government investment in the early years has increased over the last 20 years, but clarity about the intended outcomes of this funding has decreased. There is currently no clear strategy to link early years funding to outcomes for children.

Another important task for the APPG.

References

Childcare inquiry report

<https://www.parliament.uk/business/committees/committees-a-z/commons-select/treasury-committee/inquiries1/parliament-2017/childcare-17-19/>

Early Education written evidence:

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/treasury-committee/childcare/written/78086.html>

Barbara Riddell written evidence

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/treasury-committee/childcare/written/78118.html>

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