

Realising the childcare revolution

The Childcare Commission five years on... gains and challenges

THE
childcare
commission



Childcare now sits at the centre of the public policy debate. The last five years have witnessed major investment and an ambitious programme of delivery. However, from a very low base, progress is partial and roots are shallow. The choice now is between recent strides forward being stalled and vision diluted, or childcare continuing to capture the political consciousness – demonstrating the capacity of policy to meet the everyday needs of children and families across Britain.

“A policy that promotes universal and high quality day care is a double winner. It equalises life chances and it support mothers’ employment – which yields an important equality dividend.”

Gosta Esping-Andersen,
The New Egalitarianism, 2005

The Childcare Commission – five years on...

Marking the start of the new century, in January 2000 the Childcare Commission called for a radical new public focus and political commitment to children and families. Having spent a year touring the country, collecting evidence and hearing everyday experiences, the Childcare Commission identified the need for major strides forward in childcare policy, reflecting the new realities of modern family life. Whilst family structures, lifestyle patterns and employment trends had shifted over the previous generation, public policy had failed to respond, leaving too many children and their parents without the support they needed.

Arguing for a National Integrated Childcare Strategy, the Commission sought to stake out childcare and early years' position at the very heart of social and economic policy in a modern welfare state. It highlighted the synergies between investing in childcare and making progress on a range of key public policy objectives – reducing child poverty; supporting parenting; promoting employment; improving health; raising educational attainment; and strengthening communities. More than that, it asserted the potential for high quality, affordable childcare and early years services to support families, improve children's life chances and create a fairer and more equal society.

Five years on, following significant investment and unprecedented political focus, many of the Commission's findings and recommendations have been absorbed into government policy and now constitute the political mainstream. Beyond this, its underlying philosophy remains as relevant and powerful as ever. This pamphlet considers how far the Commission's ambitions have been realised, before considering priorities for the coming years. This Government has done more than any to invest in children and should be congratulated for the gains of recent years. However, whilst we can celebrate real progress, with more and better childcare and support for families, this is a journey at last begun, but still far from complete.

In practical terms, quality, accessibility, flexibility and affordability remain intractable challenges, and the childcare workforce is still too often characterised by low skills, wages and status. Despite progress on parental leave and flexible

working, too many mums and dads still struggle to balance their work and family lives in the best interests of their children and the wider economy. Too many children still grow up in poverty and suffer from poor health. Too few realise their potential at school or get the equal chance in life they deserve.

Beyond this, childcare and early years remain 'soft' policy issues, with shallow roots in contemporary political discourse. Public service debate still defaults to schools, hospitals and crime – issues instinctively and enduringly both in the public eye and Britain's collective political consciousness. As new priorities emerge, there is a danger that the current focus on childcare could be transitory, with a perception that 'the job is done'. The risks of dilution and complacency are only enhanced by a tight fiscal climate where a host of important issues put pressure on the public purse.

The pace of recent change has been rapid, with challenging targets and expectations. But rather than seek consolidation and a period of stability, now is the time to strengthen our argument and redouble our pressure.

The evidence for investing in childcare and early years is overwhelming, and the case is made every day in the maternity ward, at the school gate and on the street. Until every child has a fair chance to flourish and succeed, our childcare revolution remains a work in progress. **With courage and political will over the next five years, a coalition of ideas and interests – from parents and practitioners to policy makers and politicians – can finally shape a truly child-centred society.**

“...it is clear that childcare reform should be presented as the centre piece of social policy over the next few years.”

Will Paxton, Nick Pearce and Howard Reed,
Social Justice – Building a Fairer Britain,
ippr, 2005

In January 2000, the Childcare Commission made a series of major recommendations for fundamentally re-shaping support for children and families. Five years on, considering **what was proposed** and **what has been achieved** – how much progress has Britain made?

In 2000, we proposed

“A Children’s Centre in Every Area” – for all children up to 16 years old

- A children’s centre in every community providing integrated childcare, nursery education, playgroups, out of school clubs and childminder networks, as well as a comprehensive Children’s Information Service providing childcare, employment and wider advice.
- Schools to become centres for the community, with grants to develop community facilities.

✓ 582,000 additional childcare places since 1997 – a doubling of the stock over the last eight years. Plus a proposed new duty on local authorities to ensure the provision of sufficient childcare to meet the needs of working parents, with specific regard to low income families and children with disabilities.

✓ A commitment to establishing 3,500 children’s centres for under 5s by 2010, providing access to childcare, early education, health, family services and employment support for every young child. 524 Sure Start Local Programmes established, alongside 1,279 Neighbourhood Nurseries.

✓ Universal, free, part-time early education for all 3 and 4 year olds – rising to 15 hours a week for 38 weeks a year by 2010.

✓ A pledge that all schools will offer extended services and activities, from 8am to 6pm, by 2010, with £680 million invested over the next two years. An additional 348,000 out of school childcare places have been created, whilst 95% of secondary and 87% of primary schools already provide some after school activities or childcare.

✓ Legislation to create a single, quality framework for young children; the Early Years Foundation Stage. New regulations for school aged childcare and the Childcare Approval Scheme for nannies.

✓ 334,300 people now work in childcare and early years. The first Children’s Workforce Strategy includes a target for an early years professional in all daycare settings by 2015. The Children’s Workforce Development Council has been established, with £250m invested over two years through the Transformation Fund to improve the workforce.

✓ A Children’s Information Service in every Local Authority area, with new duties proposed in the Childcare Bill to provide more proactive support for parents and providers.

- Quality standards as the top priority in the expansion of childcare.
- Additional support for childcare and family support in rural areas.
- A major expansion and development of the childcare workforce, with quality leadership, better qualifications and higher pay – delivered through major recruitment campaigns, ring-fenced funding for local training and bursaries, and incentives for providers to raise salaries and support professional development.
- Improved support, advice and information available to all parents.
- Improved access to childcare services amongst children with disabilities and Black and minority ethnic (BME) families.

✗ Of the 623,000 new childcare places created between 1997 and 2003, 301,000 closed. The annual average turnover rate is 17.7%. There is still only one childcare place for every four children.

✗ Levels of provision vary considerably across the country – from between 11 and 58 pre-school places per 100 children in different local authority areas.

✗ Just 2% of primary and 0.5% of secondary schools are providing the full 8am–6pm year round extended schools offer, with 12% and 10% respectively delivering this during term time only.

✗ In 2005, only 53% of childcare and early years providers were rated as ‘good’ by Ofsted. Fewer than 40% of providers are accredited with a Quality Assurance scheme.

✗ 30% of staff in day nurseries are unqualified. 40% of childcare workers are not qualified to Level 2, and just 12% are at Level 4 (compared to over 80% at this level in the schools workforce). Staff turnover rates are 20% per year.

✗ The size of the childcare and early years workforce is growing by only 2% per year, a long way short of the Government’s own estimates of 8–10% required annual growth.

✗ The average salary for a childcare worker is £6,100 (£5.50 an hour) and £11,800 for senior managers – compared to average hourly pay in the UK of £9.66 an hour.

✗ 45% of parents still think there is too little information available on local childcare and early years services.

✗ Only 28.9% of voluntary and private sector providers inspected in 2003/04 achieved a ‘good’ grade for their capacity to meet the needs of children with special educational needs – compared to an average of 51.1% rated as ‘good’ for the other National Standards.

In 2000, we proposed

“Generous Financial Support for Family Care by Parents or Other Relatives for the First Three Years of the Child’s Life”

- More flexibility to enable all parents to choose how to care for their young children – looking after them at home, helping with childcare costs, or a combination of the two.
- A new, publicly funded, ‘Parent-Time Allowance’ enabling parents to take their parental leave, and supporting fathers to take paternity leave.
- A full year of parental leave, with the second six months being available to either parent.

Progress

- ✓ A goal of 12 months’ paid maternity leave by the end of this Parliament, with 9 months by April 2007, and legislation to enable a proportion of this to be transferred to fathers.
- ✓ Maternity pay up from £55.70 a week in 1997 to £108.85 in 2006, a full year’s maternity leave and a new right to two weeks’ paid paternity leave.
- ✓ Parenting and family support an integral aspect of children’s centres and extended schools and £25 million invested in projects supporting parents through the Parenting Fund.
- ✓ By 2007, maternity pay and other financial support in the first year of a child’s life will be £8,300, compared to £2,700 in 1997.

✗ Maternity pay is still less than two thirds the level of the National Minimum Wage (£176.75 per week) – forcing many parents to return to work sooner than they would otherwise choose.

✗ Low levels of maternity pay and high childcare costs still severely limit the choices available to all but the wealthiest parents in the first two or three years of their child’s life.



In 2000, we proposed

“Tax Relief for Childcare”

- Maintain a mixed economy of childcare with public, private and voluntary sector provision.
- Increase government investment on both the supply side – e.g. through funding of children’s centres and developing the workforce – and the demand side, through tax relief on the basic rate, on up to £2,000 of childcare expenses per year.

Progress

- ✓ Record investment in 2004/05 of £6.5 billion in maternity support, early education, Sure Start and the childcare element of the Working Tax Credit (equivalent to 0.54% of GDP).
- ✓ 337,000 low and middle income families now receiving up to £2,900 support a year towards childcare costs through tax credits – totalling over £1 billion of support each year by 2007/08. From April 2006, the childcare element will cover up to 80% of costs up to a maximum of £175 for one child and £300 for two or more.
- ✓ The Childcare Affordability Programme established to create 10,000 sustainable childcare places in London over the next three years – testing new supply and demand side funding models.
- ✗ UK spending on childcare and early years still represents only 0.8% of GDP compared to 2–2.5% in Denmark and Sweden. Despite recent increases in absolute investment, this area will still only command 0.78% of total government spending in 2007/08 – compared to 5.8% on defence.
- ✗ The typical cost for a full time nursery place for a child under 2 is £141 a week, or £7,300 a year, rising to £197 a week in London – and costs are rising, on average, by three times the rate of inflation (5.2% in 2004).
- ✗ Parents still bear around 70% of childcare costs themselves – spending some £3 billion per year.
- ✗ 63% of non-working mothers said they would prefer to work or study if they had access to good quality, convenient, reliable and affordable childcare.
- ✗ In 2004 only 15% of couple families and 24% of lone parents received help through the childcare element of the Working Tax Credit, and 20% of low income parents still paid all their childcare costs themselves.
- ✗ The tax credit system is complex and poorly understood by parents, whilst also hampering long-term sustainability planning and proving ineffective as a way to support the start up of new provision.

In 2000, we proposed “Family Friendly Employment Patterns at Work”

- Incentives in the tax system to encourage employers to support employees with childcare costs.
- Greater flexibility for working parents to be able to balance their work and caring responsibilities.
- A Further Education Tax Credit to support parents with childcare costs whilst they undertake training.

Progress

- ✓ Rights to request flexible working for parents with young or disabled children, and to take time off in an emergency. Flexible working arrangements have been requested by a quarter of parents and 80% of these have been met either fully or in part.
- ✓ Significant increases in the availability of flexible working and parental leave arrangements. Between 1998 and 2004 the number of workplaces offering term time hours doubled (from 14% to 28%), 26% of employers now offer ‘flexitime’ (up from 19%) and 92% now provide paid paternity leave for fathers (up from just 48% in 1998).
- ✓ Employers can now offer up to £50 a week of support towards their employee’s childcare costs free of tax and National Insurance contributions.
- ✓ ‘Care to Learn’ provides support with childcare costs for young people under 19 in training. Work Focused Interviews, In-Work Credits and new Pathways to Work Pilots aim to support lone parents into work and make work pay.
- ✗ No plans to extend the right to request flexible working to parents of children aged over 5.
- ✗ UK parents still work the longest hours in Europe. Fathers in Britain work on average 46.9 hours a week compared to 41.4 in Germany and 35.3 in France. UK productivity still lags well behind our EU competitors and over 150 million working days are lost each year through absenteeism.
- ✗ Too little support and too few incentives hamper many parents’ ability to enter the labour market – especially if the jobs available are low skilled and poorly paid.

In 2000, we proposed “A New Government Department to Drive through the Integrated Childcare System”

- A new Department for Work and Families, bringing together key responsibilities from seven current departments.
- A new joint Select Committee of both Houses of Parliament to scrutinise the new Department.
- A leading role for local government in formulating and delivering local strategies for children and families
- A strong role for the private and voluntary sectors in delivering childcare services.

Progress

- ✓ A new post of Minister for Children, Young People and Families created.
- ✓ Creation of a Children, Young People and Families Directorate within the DfES, bringing responsibility for most children’s issues together into one department.
- ✓ Local government given the lead strategic role, through proposals in the Childcare Bill, to develop their local childcare market – as a key plank of their Children and Young People’s Plan.
- ✓ A central role for the private and voluntary sector enshrined in the Childcare Bill.
- ✗ No Cabinet level representation specifically for children and families.
- ✗ Traditional divisions remain between the Schools and Children, Young People and Families Directorates within DfES, hampering the clarity of policy and narrative from government about children. Some key responsibilities remain outside DfES – requiring improved co-ordination, especially with the Department for Trade and Industry and the Department for Work and Pensions.
- ✗ Some local authorities need more support to develop the leadership and capacity needed to successfully manage and deliver on this major new plank of public service delivery – including their ability to build effective partnerships with the private, voluntary and independent sectors.

Looking to the next five years... What is needed by 2010?

In the first five years of the new millennium, Britain has embarked on a course towards radically re-shaping the offer made to our children and their parents. However, major challenges remain – including poor quality provision, inadequate supply, lack of affordability and limited flexibility. The agenda for the next five years is to complete this journey. We must now fully realise the ambitions of the Childcare Commission – ensuring high quality, integrated support is available to all families, alongside an enduring public and political commitment to childcare and early years.

Children's centres and extended schools in every community

→ **Ensure high quality, affordable childcare is available for all children and young people, 0–16, and their parents – with sustainable children's centres and extended schools at the heart of every community.** Provide extra funding and support to ensure local authorities can intervene where the market fails to deliver for children and families – especially for those in poverty, disabled children, Black and minority ethnic families, and those living in rural areas. There are around 8,000 electoral wards, or 'communities', in England, and we should move towards ensuring that each is served by children's centre and extended schools services.

→ **Act decisively on the integral link between investing in the childcare workforce and raising the quality of services.** Set long-term and incremental targets to move towards a better trained, well led, fairly paid and higher status workforce, informed by international best practice such as in New Zealand and Sweden. As well as ensuring all daycare settings are graduate led, all childcare workers should be qualified to at least Level 3 or equivalent by 2015. Progress can be achieved by funding training for existing staff and new recruits, developing a new cadre of inspirational childcare leaders, and targeting subsidies to encourage providers to employ well qualified staff, at a fair wage, whilst keeping parental costs down.

There are constant pressures on the public purse from a bewildering array of worthy causes, with new and emerging issues competing for political profile. There is a real danger that rather than embolden us to go further and faster, recent progress will provoke a collective sense that the argument has been won, the investment made, and the hard work done. As this pamphlet shows, we remain a long way from achieving the childcare and early years services that children and parents want, and our society needs. So, what are the key challenges for central government, local authorities, business, providers and parents to complete our childcare revolution...?

Genuine choice for parents in the crucial early years

→ **Fund at least 12 months' paid parental leave, available to either the mother or father, and raise it to at least the level of the National Minimum Wage.** Link future increases to rises in either the Minimum Wage or average earnings, whichever is higher.

→ **Offer all parents genuine choice in the crucial first few years of their child's life.** Fill the current policy gap for children between 1 and 3 by extending financial support to parents to enable them to decide how to combine spending quality time at home with affording childcare if and when they work.

A truly family-friendly employment offer

→ **Initiate a National Family-Friendly Employment Strategy – to create a positive, integrated, pro-business, pro-family employment agenda.** Bringing together government, the CBI and the TUC, this would consider measures to address major long term challenges: productivity; flexible working; recruitment and retention; the long working hours culture; childcare; and communication between employers and employees.

→ **Offer more personalised and responsive support to parents seeking new skills and a career – breaking down the rigid distinction in tax and social policy between work and worklessness which fails to reflect reality for many families.** For lone parents and those not in work for long periods, more practical assistance is needed to help them make the often economically and emotionally uncertain transition into employment. Support should include: life skills and vocational training to prepare for work; free or subsidised childcare throughout (not just once employment has begun); and extra financial incentives to help manage the transition.

Secure a new frontier of the welfare state: double investment by 2010 – ‘1% for childcare’

→ Double government spending on childcare and early years between 2005 and 2010 – moving total investment to just over 1% of GDP.

In 2004/05 the combined investment on maternity support, early education, Sure Start and the childcare element of the Working Tax Credit was £6.5 billion (0.54% of GDP). Delivering the Government's own commitments, with the enhanced guarantees outlined here on quality, availability, affordability and choice, will require spending to increase to £13 billion by 2010/11 (1.08% of GDP). Such a commitment would bring considerable long term social and economic benefits – from reduced child poverty to a higher skilled labour market. Such an increase would still leave state investment at half the level of Denmark and Sweden (where the state spends twice as much per place on early years versus primary education, compared to the opposite distribution in the UK). Higher female employment rates – leading to higher tax takes and lower welfare spending – would help finance this increase. There is strong and growing public support for government help with the costs of childcare – in 2002, 61% backed support for single parents with a child at school (up from 52% in 1994), rising to 73% for those with young children.

→ Pioneer a radical and sustainable funding system for childcare and early years – shifting investment away from tax credits towards targeted subsidies to quality providers.

The current funding system is complex and rigid and fails to deliver for parents or providers. British parents spend well over £3 billion a year on childcare, around 70% of total costs, compared to 20% in Denmark and Sweden (where the government caps the maximum monthly fee at £95). Too few parents claim support, and childcare still remains too expensive for many. Tax credits provide an uncertain and insecure funding base for existing providers – hampering long term planning – whilst being largely irrelevant to the challenge of establishing new services. There is now a widespread consensus that long term funding for a mature childcare system must be based on providing supply-side subsidies to accredited providers to stabilise the market, drive up quality and reduce costs to parents. As an interim measure, current funding through tax credits should be re-directed from parents to providers to increase simplicity for parents and stability for providers.



Making childcare and early years a long term national priority

→ Appoint a Secretary of State for Children and Families, with Cabinet level responsibility. Promote the institutional position and strength of childcare and early years within the machinery of government.

→ Embed childcare and early years as a long term, national, cross party, political priority. Ensure this agenda is a major corporate priority for every council – promoting local government's role as local leaders, champions for children, and strategic managers and shapers of their local childcare market.

“The current market is not delivering high quality, affordable provision for parents and is operating inefficiently and inequitably in some areas. Reliance on demand side measures is not enough to achieve long term sustainability; payments to providers can be unreliable and there is a danger that providers increase prices in response to any increase in the generosity of tax credits. International comparisons show that high quality, universal provision is difficult to achieve via reliance on a market model of childcare using demand subsidies. There are strong grounds for moving towards an alternative system with more supply side intervention, where the state block purchases childcare places from a range of providers and sets the tariff that parents can be charged to ensure that they are affordable.”

Will Paxton, Nick Pearce and Howard Reed,
Social Justice – Building a Fairer Britain,
ippr, 2005

The 2000 Childcare Commission

The founding principles of the Childcare Commission five years ago remain just as relevant today...

1. Policy should, first and foremost, be child-centred
2. Parents should be in the driving seat, supported by an enabling state
3. Childcare should play a key role in wider social and economic policy objectives

In considering the evidence and reaching its conclusions, the Commission sought to move debate on childcare policy beyond a set of traditional and rigid false dichotomies, requiring absolute choices, between:

- Meeting the needs of either children or their parents
- Seeing responsibility for bringing up children as either lying entirely with the state or the private family
- Supporting either formal or informal childcare
- Encouraging mothers to either return to work or enabling them to stay at home
- Viewing childcare as an instrument of either social or economic policy.

4Children

4Children (formerly Kids' Clubs Network) is the national charity dedicated to creating opportunities and building futures for all children. It has led the lobbying for, and development of, support for children and families in their community over the last 20 years.

4Children provides support to parents and childcare professionals through quality assurance schemes, advice, publications and an information line.

Information Helpline: 020 7512 2100

Info@4Children.org.uk

www.4Children.org.uk

Looking to the Future for Children and Families: a report of the millennium Childcare Commission, ISBN 1 874302 51 0, January 2001, is available to order online at www.4Children.org.uk

Looking to the Future for Children and Families: a summary report, January 2001, is available to download from www.4Children.org.uk

Sources

Children's Workforce Strategy, DfES, July 2005
Choice for Parents: the Best Start for Children, HM Treasury, Dec 2004
Creating Opportunities, Building Futures, 4Children, March 2004
Extended Services in Schools: Baseline Survey of Maintained Schools, DfES Research Report, Sept 2005
Inside the Workplace: First Findings from the 2004 Workplace Employment Relations Survey, Kersley et al., 2004
Looking to the Future for Children and Families, Kids' Clubs Network, Jan 2000
New Egalitarianism (ed.), Anthony Giddens and Patrick Diamond, Policy Network, 2005
Progress in Developing High Quality Childcare and Early Education Accessible for All, NAO, Feb 2004
Removing Barriers: A 'Can-do' Attitude, Ofsted, Sept 2005
New Era for Universal Childcare, Daycare Trust, 2004
Social Justice – Building a Fairer Britain (ed.), Will Paxton and Nick Pearce, ippr, 2005
Support for Parents: the Best Start for Children, HM Treasury, Dec 2005
The Annual Report of Her Majesty's Chief Inspector of Schools – 2004/5, Ofsted
Too Much, Too Late: Life Chances and Spending on Education and Training, V. Alakeson, smf, March 2005
Universal Early Education and Care in 2020: Costs, Benefits and Funding Options, Daycare Trust, PricewaterhouseCoopers and the Social Market Foundation, 2004
'Pathways to work boost for lone parents' press release, www.dwp.gov.uk/mediacentre/pressreleases/2005/feb/emp2510-ndlp.asp
Care to Learn website, www.dfes.gov.uk/caretolearn/parents.cfm?CategoryID=4&ContentID=1

Written by Graeme Cooke, Senior Policy Officer, 4Children
Photography © Cairo Sealy
Designed and published by 4Children