

Cynulliad Cenedlaethol Cymru | National Assembly for Wales  
Y Pwyllgor Plant, Pobl Ifanc ac Addysg | Children, Young People and  
Education Committee  
Bil Cyllido Gofal Plant (Cymru) | Childcare Funding (Wales) Bill  
CCF 18  
Ymateb gan: NASUWT  
Response from: NASUWT

1. The NASUWT welcomes the opportunity to submit written evidence to the Children, Young People and Education Committee (CYPEC) inquiry into the general principles of the Childcare Funding (Wales) Bill (the Bill).
2. The NASUWT is the largest teachers' union in Wales representing teachers and school leaders.

### **GENERAL COMMENTS**

3. The NASUWT's submission sets out some general considerations which place early education and childcare policies into their appropriate context. It also makes clear the Union's views on the Welsh Government's plans to take forward its proposal to give working parents of three and four year olds access to 30 hours of free childcare for 48 weeks a year (the Offer).
4. The NASUWT believes that the life chances of all young children depend to a critical extent on their ability to access high-quality early education. Establishment of effective funding arrangements to support statutory entitlements to early education, the quality of provision in early years settings and the securing in practice of the rights of young children to benefit from an appropriate early learning offer must be regarded as key public policy priorities. The Union maintains that this is the case particularly in relation to strategies to enhance the wellbeing and future life chances of the most disadvantaged and vulnerable young children.
5. The NASUWT is clear that it is essential that the early education sector is able to play the fullest role possible in removing barriers to achievement faced by the most disadvantaged and vulnerable. The

Union would wish to see the ability of the sector to sustain high-quality provision enhanced particularly in relation to research undertaken. The *Quality of Childcare Settings in the Millennium Cohort Study* established that children make the best progress in early years settings that have highly qualified and trained staff, particularly those settings that deploy appropriately qualified teachers.<sup>1</sup>

6. For this reason, maintained schools, nursery classes attached to primary schools and local authority-managed Integrated Children's Centres, in which qualified teachers lead teaching and learning, provide the most effective models for the delivery of high-quality early years education. In these settings, young children are able to benefit from a broad and balanced range of engaging and development-focused learning opportunities, planned and assessed by highly qualified teachers working in partnership with other members of the school and the wider children's workforce.
7. However, while emphasising the particular benefits of maintained early years settings, the NASUWT recognises that patterns of provision that include a significant proportion of maintained settings are not currently established in every community area. As a result, many children are only able to access their entitlements through settings owned and managed by private, voluntary or independent (PVI) providers.
8. It is evident that not only are the general levels of training, skills and working conditions of staff in PVI settings lower than in the maintained sector, but also that very few of these settings employ qualified teachers. The combination of low pay, low skill and lack of qualified teacher input in the PVI sector means that children receiving their early education entitlement in such settings are at a considerable disadvantage in comparison with their peers in better managed and resourced settings within the maintained sector.

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<sup>1</sup> Mathers, S.; Sylva, K.; Joshi, H; Hansen, K.; Plewis, I.; Johnson, J.; George, A.; Linskey, F.; and Grabbe, Y. (2007). *Quality of Childcare Settings in the Millennium Cohort Study*. London; HMSO.

9. These characteristics of PVI provision have significant implications for the operation of early education sector. Given the lower costs associated with provision in the PVI sector, the NASUWT asks the CYPEC to question whether the Welsh Government's commitment to extending access to early education is to be secured through expansion of the PVI sector rather than the expansion of the provision in maintained settings.

### **SPECIFIC COMMENTS**

10. The NASUWT offers the following comments and observations on the Bill currently under scrutiny by the CYPEC.

***The general principles of the Childcare Funding (Wales) Bill and whether there is a need for legislation to deliver the Bill's stated policy objectives***

11. The NASUWT notes that it is the Welsh Government's intention to ensure that working parents of three and four year olds are able to access 30 hours of free childcare per week and that it will be necessary to create legislation to bring this about.
12. The NASUWT acknowledges that the Bill gives the Welsh Ministers the power to provide funding for childcare for qualifying children of working parents and to make regulations about the arrangements for administering and operating such funding.
13. However, whereas it is recognised that many working households face material deprivation and that, for the children of these families, the provision of additional early education entitlements could impact positively on addressing progress and achievement gaps, the Union maintains that it would be both reasonable and important for the CYPEC to question the rationale for denying children from homes in which no parent or carer is in work from opportunities to benefit from extended entitlements, not least since the purposes served by the early education sector go beyond the provision of childcare.
14. The NASUWT believes that this inequality in access to extended entitlements which treats children from households in which no adult works less favourably than their peers from households with working

parents or carers is inconsistent with a stated policy agenda focused on narrowing attainment gaps. Indeed, the NASUWT is concerned that the effect of this policy could be to exacerbate achievement gaps between some of the most deprived and socially excluded young children and other children in less disadvantaged circumstances.

15. The Union believes that the aim of Welsh Government policy should be to move towards a system of early education and childcare in which all children, regardless of circumstances, have access to high-quality education and childcare and where efforts continue to provide meaningful additional resources to children from disadvantaged households. The NASUWT, therefore, urges the CYPEC to call for the inclusion of such provision in the Bill.
16. A key function of the early education and childcare sector is to support the ability of adults with dependent children to participate in the workforce. However, it is essential that this objective is balanced against other important priorities. In particular, it is crucial to recognise that early education is not only intrinsically valuable but that it also contributes to child development and provides the basis upon which young children can achieve and succeed throughout their subsequent school careers and in later life.
17. Reports commissioned by the Department for Education in England from Graham Allen on early intervention<sup>2</sup> and Frank Field on early years policy<sup>3</sup> stressed that high-quality early years provision is essential to ensuring that children from disadvantaged backgrounds can access the educational experiences they need to address the potential implications of material disadvantage on their learning and development. This consideration emphasises further the need to ensure that the early years

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<sup>2</sup> Allen, G. (2011). *Early Intervention: The Next Steps*. Available at: <https://www.gov.uk/government/publications/early-intervention-the-next-steps--2>; accessed on 12.05.16.

<sup>3</sup> Field, F. (2010). *The Foundation Years; preventing poor children becoming poor adults. The report of the Independent Review on Poverty and Life Chances*. Available at: <http://webarchive.nationalarchives.gov.uk/.../media/20254/poverty-report.pdf>; accessed on 12.05.16.

sector has the resources, staffing, structures and support required to secure effective provision in all circumstances.

18. The NASUWT suggests that the CYPEC considers carefully the additional funding which will be needed to provide the resources, staffing and support structures to deliver the general principles enshrined in the Bill.

***Potential barriers to the implementation of the key provisions and whether the Bill takes account of them***

19. The NASUWT recognises that childcare costs for many families are significant and can present a genuine barrier to wider adult participation in the workforce. The Family and Childcare Trust has reported that families with one child in part-time nursery care and one in an after-school club face a combined annual cost for such provision of £7,549. This cost is 4.7% higher than the cost of average yearly mortgage payments in the UK and therefore has a disproportionate impact on the ability of families with relatively low incomes to access affordable childcare.<sup>4</sup> It is, therefore, important for the CYPEC to ensure that the legislation will allow the Welsh Government to take effective action to ensure that families can access affordable, high-quality childcare, regardless of whether they are in or out of work.
20. The NASUWT does not dispute that expanding entitlements to free childcare represents, in principle, a credible option for addressing the high costs faced currently by many families. However, it is important in this context to recognise that funding pressures across the early education and childcare sector remain significant. The proportion of UK national income allocated to early education and childcare from both the private and public sectors has continued to decline from its peak of 0.48% of gross domestic product (GDP) in 2010. This decline has occurred during a period in which demand for early years provision has continued to increase.

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<sup>4</sup> Richardson, H. (2014). 'Many parents "paying more for childcare than average mortgage"' (4 March). Available at: <http://www.bbc.co.uk/news/education-26373725>; accessed on 12.05.16.

21. Extending early education entitlements in such circumstances is challenging. The NASUWT is concerned that funding for existing early education childcare entitlements may be inadequate, which could lead to severe pressures on margins, and that the funding rate must be sufficient to secure the financial viability of the generality of providers.

***Whether there are any unintended consequences arising from the Bill***

22. The NASUWT understands that underfunding of statutory entitlements in the PVI sector is, in practice, ameliorated to some extent through cross-subsidisation of this provision, with revenue from fees paid by parents for childcare additional to their current statutory entitlements. It is suggested that increasing the proportion of childcare that can be accessed free of charge will impact on the capacity of providers to cross-subsidise, particularly if the funding rate received from the Welsh Government is lower than the prevailing market rate for paid-for childcare, and that extension of the entitlement on this basis would erode providers' margins further. The CYPEC needs to ensure that the provisions of the Bill do not further reduce already limited cross-subsidisation opportunities in socio-economically deprived communities, leading to an undersupply of early years places in the PVI sector.
23. On the basis of an assumption that these assertions are accurate, it is possible to identify risks that the increased entitlement-related income providers may receive would be insufficient to offset their losses from the substitution of previously paid-for care with extended entitlement care if the hourly entitlement funding rate is set too low.
24. The Union notes the proposal to limit eligibility for extended free provision to households in which:
  - both parents are working (or the sole parent is working in a lone parent family);
  - each parent has a weekly minimum income equivalent to 16 hours at national minimum wage or living wage; and
  - neither parent has an income of more than £100,000 per year.

25. However, the NASUWT further notes that if a parent is away from work for the purposes of parental, paternity, maternity or adoption leave or is absent from work and in receipt of statutory sick pay, eligibility for extended childcare would continue. Notwithstanding the broader concerns set out above in respect of the exclusion of children from households in which no parent works, the Union recognises and welcomes the Welsh Government's acknowledgment of concerns that it would be particularly inequitable to exclude children from eligibility if their parents are absent from work due to these forms of statutory leave.
26. The NASUWT recognises also that parents on zero-hours contracts may not meet the criteria for eligibility as a result of circumstances beyond their individual control, given that they may not be able to meet the minimum weekly income requirement. The consultation sets out an intention on the part of the Welsh Government to ensure that parents on fluctuating incomes, including those on zero-hours contracts, should be able to access the entitlement by calculating eligibility thresholds over a three-month reference period. However, it may be the case that changes in parents' employment circumstances would mean that the three-month reference period continues to exclude some children unreasonably from access to the entitlement, given that the 16-hour test represents a rigid eligibility threshold. The Union asks the CYPEC to consider whether there should be provisions in the Bill, or in subsequent Regulations, to enable parents to retain their childcare place temporarily if they are no longer eligible for the extended entitlement, as the consequences for the children may be significant.
27. In addition, and as previously stated in the response, the NASUWT is concerned that the effect of disenfranchising children from homes in which no parent or carer is working from access to the additional early years entitlements could be to exacerbate achievement gaps between some of the most deprived and socially excluded young children, and other children in less disadvantaged circumstances.

### ***The financial implications of the Bill***

28. The NASUWT has no further comment to make on the financial implications of the Bill other than those comments already set out elsewhere in this submission.

***The appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation***

29. The NASUWT acknowledges that the powers in the Bill to make subordinate legislation appear to be appropriate.