

Response to The Culture, Communications, Welsh Language, Sport, and International Relations Committee on cost of living- September 2022

What impacts has increasing costs of living had on your organisation and sector so far?

Organisation

- General costs increase, with associated expenditure coming in higher than budgeted for financial year.
- Lower income than predicted as members make decisions around financial savings which then impacts on work of wider organisation across England and Wales given reduced income.
- Vacancies in Wales and issues around recruitment given the challenging landscape.
- Harder to plan budgets going forward due to a high level of inflation and increasing uncertainty

Sector

- See above for similar issues
- Childminders are seeing an increase in costs involved in running a home-based childcare service such as mortgage interest rate rises, rent, fuel (including electricity, gas, oil and petrol/diesel) and also food. This makes things difficult from a financial point of view for those based in home-based childcare especially, given their home is also where the childcare service is delivered from.
- Many childminders are choosing to leave the sector and move into more secure employed roles given the vulnerability for those who are self-employed. Childminders are an essential part of the childcare workforce and provide a valuable service and choice to families however the numbers de-registering in the last year has increased by 58%.
- Less individuals are committing to making the move to register as a childminder given the uncertainty in relation to self-employment and financial vulnerability. Number of new childminders registering with CIW in the last year has declined by 52% from the previous year.
- 72% respondents in Wales to a recent PACEY survey said that cost of living increases are having a significant impact on their mental health and wellbeing
- Issues with late payments to childcare settings from families using childcare are increasing as families feel the strain which then impacts on financial viability of childcare settings.
- Staffing can be challenging because people are looking for secure contracts with higher levels of income that may not be achievable in childcare roles.

What impacts do you predict increasing costs will have on your organisation and sector? To what extent will these impacts be irreversible (e.g. venues closing, rather than a temporary restriction in activities)?

Organisation

- Cut back on expenditure. For example restrict travel and move to more virtual meetings or different ways of doing things.
- It is possible that the issues around recruitment will continue so roles and structures may need to be revised.
- More time and energy will need to be put into looking for alternative financial sources

Sector

- Many members will find this period financially difficult. Especially childminders who are unlikely to have financial reserves in place.
- A further decline in the number of childminders in Wales is predicted which is a concern given the Government commitments, for example around the expansion of Flying Start.

What interventions would you like to see from the Welsh Government and the UK Government?

- Targeted, pre-registration funding to increase the numbers of registered childminders that is long-term, available and easily accessible across all areas of Wales.
- Open up opportunities for all registered childcare settings to access funding for Flying Start and Early Education to ensure parity of opportunities across the sector, support sustainability of childminding settings and consideration of parental choice.
- Childcare services need help with cost of living increases especially, energy cost rises, during this period. Support to the sector needs to be inclusive of childminders who are based in domestic settings as they are facing similar challenges.
- Offer higher help to those on lower wages by increasing benefits with additional help to those in jobs and on lower wages.
- Ensure that the Childcare Offer funding, Flying Start and early education rates, payable to childcare providers, increase annually.

To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

It is likely that the effects of rising living costs will have a greater impact on people with protected characteristics and people of lower socio-economic status. Evidence has shown that many in the childcare sector rely on in work benefits. It is therefore very important that support is in place in relation to their needs and is timely, easily accessible and consistent across Wales.