

Chwarae Teg response to Children, Young People and Education Committee Call for Evidence:

Childcare Funding (Wales) Bill

May 2018

Introduction

Chwarae Teg's vision is a fairer Wales where women achieve and prosper. To achieve this vision we must address the causes of the economic inequality many women still experience. Childcare continues to be raised as a key challenge for women, as it is still most commonly women who take on the primary caring role in a household. Ensuring an effective childcare system is in place is therefore an important part of the solution to continued gender inequality in Wales.

We are pleased to respond to the above Call for Evidence. In our detailed response below we have outlined our views on the terms of reference and some general comments on the continued roll-out of the new Childcare Offer, which this Bill will support.

Key messages

1. We agree that there is a need for legislation to enable the creation of a simple system for eligibility checking for the new childcare offer. To leave the development of different processes in different local authorities is not an acceptable solution as it would give rise to confusion and additional burden on parents.
2. Of the four options outlined by the Welsh Government we agree that to enable the HMRC to administer the eligibility checks seems the most effective. However, we would urge the Welsh Government to learn from the previous challenges the HMRC has encountered in administering checks for the English childcare offer and ensure robust measures are in place to monitor the service and ensure no parents miss out on their entitlement.
3. We remain of the view that until the pilots have been effectively evaluated, the Welsh Government should remain open to changes to the offer, including the eligibility criteria. While the Bill itself does not seem to tie the Welsh Government's hands in terms of the eligibility criteria for the new offer, the Explanatory Memorandum suggests that the criteria are "set in stone".
4. While we are pleased to see that an equality impact assessment has been carried out on this Bill, we do not feel that it applies a critical analysis to the likely impact of the Bill.

Detailed Response

1. Eligibility criteria

- 1.1. To support effective roll-out of the new Childcare Offer Welsh Government have opted to adopt a pilot approach, evaluation of which is ongoing with an initial report likely in the Autumn of 2018. While pilots are being evaluated it's important that the option of amending the Offer, including the eligibility criteria is kept open.
- 1.2. While the Bill does not seem to be prescriptive as to the eligibility criteria, the Explanatory Memorandum sets out the currently proposed eligibility criteria in a way that suggests these will be adhered to regardless of the evaluation findings.
- 1.3. The new Offer has clear aims, including improving the employment of parents, particularly mothers. Should evaluation of the pilots determine that the Offer as currently designed is not delivering on these aims it's important that Welsh Government are bold enough to make changes.
- 1.4. While an increase in the amount of childcare available for 3 and 4 year olds may support those working part-time to increase their hours, we remain of the view that the support will come too late to support many mothers back into work following parental leave, potentially limiting the impact of the new Offer.
- 1.5. The Bill makes provision for Ministers to make regulations setting out the detail of who is a "qualifying parent". These regulations should not be finalised until further evaluation of the pilots is complete and this continuous learning from the pilots and further roll-out should be reflected in future regulations.
- 1.6. The Explanatory Memorandum does note that the use of regulations will permit a timely and flexible response to ensure the legislation does not become outdated. This is an important commitment and regulations should be amended to change the overarching eligibility for the offer in the future if this is shown to be necessary.
- 1.7. At present it is unclear whether the Welsh Childcare Offer will include a "grace period" as the English model does. The grace period means that should a parent become ineligible for the extended entitlement their child continues to be funded for a time. The Explanatory Memorandum outlines the eligibility criteria for the Welsh Offer in some detail but there is no reference to a grace period. We would recommend that such a measure is included in future regulations.
- 1.8. The Explanatory Memorandum also sets out a "cap" at which parents would no longer be eligible – "if at least one parent in a household earns £100,000 or more a year that family will not be eligible". We agree that there should be an upper threshold for eligibility but question whether the currently stated threshold is the best option, as a situation could arise where a household has two earners of almost £100,000 per year remaining eligible. It might be considered whether a lower threshold or household income measure might enable resources to be used to broaden the scheme to lower-income parents with younger children.

2. Consultation and engagement
 - 2.1. The Explanatory Memorandum points to “significant engagement with parents” through the #TalkChildcare campaign. However there is little detail on who responded and a sense that the momentum behind this campaign has waned. It’s vital that further development of the Offer, through the pilot approach, is informed by parent’s experiences.
 - 2.2. While a large number of parents responded to the online survey, only 64 were spoken to in-depth to inform the report *The Childcare Offer for Wales*.¹
 - 2.3. There should be a renewed effort to promote the #TalkChildcare campaign to ensure there is ongoing consultation and engagement with those who are likely to access and benefit from the new Offer.
 - 2.4. Evaluation of the pilots should also consider how successful the consultation process has been to determine whether development of the Offer has been informed by the views of a diverse range of parents from across Wales.
3. Childcare Stakeholder Reference Group
 - 3.1. The Explanatory Memorandum also mentions a Childcare Offer Stakeholder Reference Group. It is unclear however who is represented on this group.
 - 3.2. Childcare must be considered from a number of angles. While it’s an important element of early years education, it also provides a vital service that enables parents, particularly women, to balance work and care.
 - 3.3. This Stakeholder Reference Group should include representatives that bring both of these perspectives as well as those engaged in the delivery of childcare and early years education.
 - 3.4. Without further detail of membership of this group it’s not possible to determine whether this group can provide comprehensive assessment and analysis of the new Offer.

Terms of Reference:

1. The general principles of the Bill and whether there is a need for legislation to deliver the Bill’s stated policy objectives
 - 1.1. We agree that legislation is necessary in this instance. Without legislation each local authority (LA) would need to develop their own eligibility checking process, giving rise to potential confusion and removing the ability to coordinate a pan-Wales communications plan to ensure parents are aware of the process.
 - 1.2. Different approaches across LA’s is already a potential challenge for the success of the Childcare Offer. While some LAs support the delivery of the Foundation Phase in a non-maintained setting, this is not the case in all areas. As a result some parents will still face the challenge of moving children between two providers during the day. This has the potential to limit the impact of the new Offer in terms of supporting more women into work or to increase their hours.

¹ Welsh Government Social Research *The Childcare Offer for Wales* 2017

- 1.3. The only benefit to not passing legislation would be that parents can engage with a single institution – the LA – to access to both elements of the 30 hours (10 hours early years education and 20 hours childcare). However, we do not feel the benefits of this approach out-weigh the impact of having multiple eligibility checking processes in place across Wales.
2. Any potential barriers to the implementation of the key provisions and whether the Bill takes account of them
 - 2.1. The preferred option for administering the eligibility checks is to utilise HMRC, which already administers the English offer and Tax-free Childcare. On balance we agree that this is probably the best of the four options outlined in Part 2 of the Explanatory Memorandum.
 - 2.2. However, consideration should be given to the reported problems with the HMRC administered system in England, summarised in a House of Commons Briefing Paper from January 2018 and widely reported in the media.² Parents encountered a variety of issues trying to secure a code to prove their eligibility to providers.
 - 2.3. Questions to relevant Ministers in Parliament have suggested that improvements have been made, however it was also stated that it is not possible to provide a definitive number of applications not completed due to technical issues as the service allows parents to part complete, save and return later.³
 - 2.4. The Regulatory Impact Assessment (RIA) for the Bill does note the performance issues as a risk. It is one that will need to be closely monitored, particularly as additional challenges could arise from a UK-wide institution administering a devolved service, which while similar to the English scheme has a number of key differences.
 - 2.5. In light of challenges with HMRC’s administration with English and UK schemes, we would urge Welsh Government to put in place robust assessment and monitoring measures to ensure that no parents miss out on their entitlement.
 3. Whether there are any unintended consequences arising from the Bill
 - 3.1. Given the limited details in the Bill itself we do not foresee any unintended consequences arising from the Bill. The detail of forthcoming regulations however will need to be closely assessed to ensure that the Offer delivers on its aims and is agile enough to adapt should changes be required to eligibility criteria and processes.
 4. The financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum)

² House of Commons Library Service *Briefing Paper Number 8051 Childcare: “30 hours” of free childcare – eligibility, access codes and charges (England) 2018* / <https://www.moneysavingexpert.com/news/family/2017/05/government-childcare-website--dogged-by-technical-issues-continues-to-cause-problems-for-parents> Accessed 14.05.2018 / <https://www.mirror.co.uk/money/parents-no-access-childcare-services-10483991> Accessed 14.05.18

³ House of Commons Library Service *Briefing Paper 8051*

- 4.1. The Explanatory Memorandum includes a detailed consideration of four options to administer the eligibility checking process, including the likely costs. We welcome the inclusion of the cost of the application burden on parents. Often the unpaid work done by women in particular is not considered and given it's likely that more women will access this service than men, this inclusion is a welcome step in the right direction.
- 4.2. The RIA states that re-checks of eligibility will need to be carried out termly. Steps will need to be taken to ensure the minimum burden is placed on parents, which is another strength of Option two. However, steps will also need to be taken to ensure that there is no risk to a child losing a place at a provider if there are any delays in re-checks, particularly if these delays are caused by the re-checking system.
- 4.3. A telephone helpline is noted to support those who are unable to process applications online. It's not clear from the Explanatory Memorandum whether this will be a Freephone line and therefore whether there is a cost implication. It's our view that this helpline must be Freephone as often those accessing the service in this way will be doing so as a result of additional accessibility needs.
- 4.4. The RIA is unclear as to whether Option two (HMRC) has the same risk as Option three and Option four in terms of requiring a two-strand application process with engagement with the LA needed to access the early years element of the Offer. Despite this risk we still believe Option two to be the better of the four outlined in the RIA.
- 4.5. In Option two the cost of the application burden is calculated on the assumption that parents will have an existing government gateway profile. We would question whether there is evidence that the majority of eligible parents in Wales would have such a profile and if not, the cost listed here should potentially be amended.
- 4.6. The RIA does not note whether there will be a central point with clear information related to the Offer. A lack of information on available childcare is often cited by parents as an issue. We would therefore recommend that a central information point is created that includes:
 - Clear information on who is eligible for the Offer
 - Instructions on how to access eligibility checks
 - Detail of the two elements of the Offer (i.e. 10 hours early years education and 20 hours of childcare) and how LA's need to be contacted in relation to the early years portion
 - A list of registered providers able to offer both elements of the offer.

The cost implications of the development of this may need to be considered.

- 4.7. Part Two of the Explanatory Memorandum also references the equality impact assessment (EqIA) carried out on the Bill. While we are pleased to see that an EqIA has been carried out we do not feel that it applies a critical analysis to the likely impact of the Bill. Most notably, there is no recognition of the potential positive impact of the Bill, which will support a significant

increase in the amount of childcare that working women can access, despite a key aim of the new Offer being to increase the number of women in work.

Conclusion

Childcare is an essential part of the solution to gender inequality. We agree that in this instance legislation is necessary to ensure that the process for checking eligibility is as straightforward as possible.

With the new Offer still being piloted and yet to be evaluated, it's important that Welsh Government remain open to making changes to the Offer if necessary, including to the overarching eligibility criteria. While the Bill does not tie Welsh Government's hands in this regard, it's important that future regulations maintain the necessary flexibility to deliver changes.