



HOUSE OF LORDS

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Witnesses: Lena Levy, Martin Pratt and Marjorie Strachan

Liz Bayram

Members present

Lord Sutherland of Houndwood (Chairman)
 Lord Brabazon of Tara
 Baroness Gould of Potternewton
 Baroness Kennedy of Cradley
 Baroness Massey of Darwen
 Baroness Morris of Bolton
 Baroness Noakes
 Lord Patel
 Lord Sawyer
 Baroness Shephard of Northwold
 Baroness Tyler of Enfield
 Baroness Walmsley

Examination of Witnesses

Lena Levy, Head of Labour Market Policy, Confederation of British Industry, **Martin Pratt**, Director for Children, Schools and Families, London Borough of Camden, and **Marjorie Strachan**, Head of Inclusion, Royal Bank of Scotland

Q140 The Chairman: May I say welcome? Thank you very much for giving us your time and also those of you who have institutionally or personally put in written evidence, which is much appreciated. Thank you. I congratulate someone for flying down from Glasgow—I took the train from Edinburgh, with East Coast. It was a few minutes late but not too bad.

I remind you that you are now being broadcast and the whole of the session will be broadcast. There will be a record kept and a written account, pretty well word for word. You will see this and if there are any corrections then do let us know very quickly. It will be published along with the final report. We hope the final report will go out in February in good time before the general election, since we think this will be an issue in that election.

Thank you for coming. My name is Sutherland. I am delighted to be Chairman of this Committee. The names are all round so I will not use up precious time going round the

whole table, but could we begin by you introducing yourselves by name and your source, for the sake of the microphone?

Lena Levy: Thank you. My name is Lena Levy. I am the Head of Labour Market Policy at the Confederation of British Industry and I was also the project lead for a big report, *A better off Britain*, we launched about a week ago, which touched on childcare.

Martin Pratt: Good morning. I am Martin Pratt. I am Director for Children, Schools and Families at the London Borough of Camden.

Marjorie Strachan: Good morning. I am Marjorie Strachan and I look after the Royal Bank of Scotland's inclusion agenda.

Q141 The Chairman: Thank you. We are hoping this morning to focus with you significantly on the issues of employment, employability and perhaps the responsibilities of employers. We have had a lot of evidence on the significance of this for early educational development but we would like to have a little bit of focus on employment and responsibilities.

I start with a question that is, I think, fairly obvious in terms of the answer. It has to do with how significant the caring responsibilities are for those parents who wish to work, and I guess in most cases it is those mothers who wish to work where the significance bites. Obviously the answer is "very greatly", but do you, in your own experience representing different groups, have any specific points you would like to make on that?

Lena Levy: We know, as you have said, that caring responsibilities play quite a crucial role in keeping people from working. We see that in the public data, for example, so we know that only just over 50% of women return to work after having had a child after a year. We know that one-third of women never return to the workforce for 30 years as a whole, and I think in particular childcare and the cost of childcare are huge barriers here. In the work we have recently done we saw that about 50% of parents with a child under the age of two would

either want to work more or work but cannot because of the cost of childcare and I think that has huge implications longer term as well. We know that that has an impact on parental earning and progression within the workplace because the more time you have out of the workforce really matters and that obviously has an implication for employers as well in terms of loss of key skills.

The Chairman: We have evidence from some groups that some parents say that if they could afford it they would like to remain at home with their children. Is that widespread or is it a smaller group? Do you want to move down the table?

Martin Pratt: We held an equality taskforce in 2012 to look at this, and I think that was in our written submission. We noted that there were two drivers. One was the availability of high quality childcare; the second was the availability of flexible high quality job opportunities. Working across the council, we find there are individuals—it is more prevalent in some communities—for whom there would be a preference for staying home. We do not make a value judgment about that but we do know that high quality early years education has a massive impact on the development of the child and that for low-income families obviously employment is the best way out of poverty rather than other sorts of arrangements. So I think it is true to say that for many families if they could afford to stay at home they would. It is true also to say that there are material benefits to high quality early years childcare and education.

The Chairman: I think we take that and we have had lots of evidence down that line. It was just that in your evidence I saw the comment, which did not seem to fit as easily into the pattern that has been coming to us, that suggests that there are significant numbers who, given the opportunity, would stay at home.

Martin Pratt: Yes. Particularly in communities where gender roles are much more clearly socially defined that seems to be a preference. We have a project working through an organisation called Hopscotch, which is looking to work with women who have multiple barriers to employment to take those small steps, and we find that as they grow in confidence and they see the benefits of early childcare for their children some of those cultural barriers are overcome. So it is a moving picture.

The Chairman: Marjorie Strachan, do you want to add anything?

Marjorie Strachan: It is definitely something that we recognise at RBS. That being said, I think that the situation and the circumstances vary from individual to individual and we see variance depending on role type as well. If I come back to some of the comments from you, Lena, we have done a lot of work recently within the bank to understand the reality of maternity returners and our statistics are slightly better than we expected, being honest with you. We have a high number of women returners following maternity leave and therefore we are quite interested in looking at what happens next, if this is about how we build a pipeline and how we build better balance for women in the workforce. It is not always so much about how we support them following a period of absence but it might be about how we support them to progress their careers once they are back in the workforce. So we have to look at it from all sorts of different angles and base that on evidence, which is the kind of work that we do.

The Chairman: Thank you. Just one quick supplementary. Could you spell out a little bit how important what we are calling the cultural factors are, in other words the kind of offer of childcare? We hear that it is all very well but if you are delivering a child here and the job is over there, that is a problem, or if at 3.30 pm they all get turfed out and you are in a job where there is no flexibility. Is this a reality for you and your various responsibilities?

Lena Levy: What we found when we were looking at this issue is that the current gap between the end of statutory maternity pay and the start of the 15 free hours at age three really matters because it often means that many women do not return until the child is age three and that then means that they have spent quite a bit of time out of the labour market. I think the other thing you mentioned, flexibility, is certainly a big one, alongside the cost of childcare. When we were looking at this issue, and what we often hear, is that a lot of childcare provision—we have seen some improvements in recent years—still follows the old 9 to 5 model. We have seen some wraparound care by schools, but the world of work has changed fundamentally. It has become much more flexible; it looks very different. We need to apply that to childcare provision and look at more flexible models so that parents can be supported through that. Clearly employers have a role to play there as well through things like flexible working.

Martin Pratt: We have certainly found that, for example, the extension of the school day makes a difference. We are looking to universally provide breakfast clubs in all schools over the next year. Clearly there are two components. One is flexible employment and that is why the council is working with Timewise, an organisation that looks to promote flexible ways of working. As the first Timewise council, we advertise all our own posts as flexible unless there is a good reason why not, rather than having it the other way around. So it is that flexibility in the workforce but also making sure that the childcare offer does fit. Clearly there are constraints because of the age of children and the type of care that they should receive. We would not want to see very young children out at 9 pm in provision. So there are some constraints to it but we do think that flexibility is the key, both in terms of provision and employment.

The Chairman: Maybe this is a bit unfair but I would have thought that perhaps a local authority has a particularly key position here because you are both provider and employer of those who take the service and if there is any hope of bringing these two different types of flexibility together—I have to say we have had some local authority evidence that was not very helpful because it did not seem that there was much will on the part of the local authority as employer to do something about this.

Martin Pratt: I will not speak for the whole of local government but I can for Camden. We are very clear. There are three parts to this. The first is why we have gone for the Timewise arrangement, and that is because we aim to be an employer that both delivers flexible employment and models it. So we are challenging ourselves to think about how we change our working practices in all sorts of ways but our working practices around flexibility in particular. Secondly, we are working as leader of place in a way that gives us an opportunity to work with local employers. We are setting an example so we can also help local employers to embrace that kind of approach and see that there are benefits to the employer and also to the local economy and indeed the children. The third thing is the provision. We extend our universal three and four year-old provision beyond the statutory limits of 15 hours to 25 hours and we know that in Camden between 1,500 and 1,600 youngsters of three and four are benefiting from that.

Q142 Lord Sawyer: To turn the same issues around slightly, I want to ask you as employers and as representatives of employers what sort of impact those have on business. For example, is the fact that they cannot deal with this issue a problem for businesses in being successful? What is the impact on business as opposed to the parent or the family?

Lena Levy: I think there is a quite a big impact generally. We know that having more diverse workforces is a good thing for business; it can have business benefits, for example through

more rigorous decision-making, better serving and understanding customers. Certainly having that gap has had an impact on the ability of firms to have a more diverse workforce. We do a survey among our members every year-end and in the last survey 21% of respondents said that the gap and career breaks through women going off to have a child has held them back from having a more diverse workforce.

The other thing we hear about from our members is the loss of key workplace skills. We know that one out of every three women never returns to the workplace after 30 years. That is a key loss of skills that employers have invested in. They want those women back in the workforce, not just to have a more diverse workforce but to have employees they value back. That has a key impact. More widely, we also see an impact of the cost of childcare on business as well.

Martin Pratt: In specific areas I am responsible for in the council, social work for example, we have a highly skilled workforce, a predominantly female workforce, and if we are not able to offer particularly post-maternity leave flexibility in working hours then we lose that set of skills, that experience and our investment in training and development. We lose that from the workforce and therefore we are finding that there are benefits in offering flexibility because we are not just recruiting and attracting but also retaining and developing a broad workforce. That is one practical example. But certainly having a work offer that is not attractive to 50% of the population, who often have particular skills and experience and in whom we have already invested, is not a good place to be in. So we think as part of being an efficient employer it is essential but it is also part of being a broadly based employer.

Marjorie Strachan: I would agree. I think affordability is key, particularly in certain types of role and for certain types of workforce. From an employer's perspective, it is extremely important to think about the policies and the family support we can offer. I agree around the

diversity points but I also think that it is a different world these days and we can make no assumptions around it simply being mothers who are in the caring role. We often find it is fathers and fathers increasingly come forward and ask for paternity leave, for example. So being very clear around the family and social support that we can offer employees is increasingly important from a Royal Bank of Scotland perspective. It is also being flexible around how that is offered to different types of workforce, because what might work in one setting might not work in another and therefore being able to be adaptable is important.

Lord Sawyer: If there was a business deficit through the loss of these employees to the workforce, whether they be men or women, which I think there is, do you feel that you are taking measures to address it? It sounds as though you are. I just want you to confirm that.

Marjorie Strachan: We offer a variety of things. We offer support following maternity leave, for example, but we also provide childcare vouchers and other support like that in certain locations. We are lucky enough to be able to provide nursery support for people based in certain sites. But also flexible working and the elements that colleagues round the table have referred to about being creative, being innovative about how people work and the fact that they do not always need to be in the office is increasingly more important. I know that will not work in every set of circumstances, but even thinking about how people jobshare, how they work compressed hours, how they even work term-time hours, can be incredibly helpful even when you might be working in a branch setting where obviously you need to be there to serve the customers at certain points in the day.

Q143 Baroness Walmsley: To some extent you have answered my question, but do you think that employers have a role in enabling parents to combine work and family life and what is that role? Do employers demonstrate particular actions in order to be able to employ people who have children? We have heard quite a long list just now from Marjorie

and I also have heard that the number of men who apply for flexible leave is considerably lower than women and those who are granted it is also lower. How prevalent is the list of measures that you have listed among employers generally?

Lena Levy: Business cares about this agenda and business wants to help more parents stay in work and be able to participate. I think we have seen a shift in this through work by the Agile Future Forum, for example, where there is a real recognition that the kinds of things Marjorie has talked about that are good for parents are also good for business. That agenda is certainly becoming much more prevalent. We have talked a lot about flexible working and the role flexible working has. We have now seen the right to request extended and I think there is something about that culturally here as well. We are moving towards a shift where everyone can apply and that will make it much more commonplace. That should encourage more fathers to play a more active role, and we know fathers want to play a more active role. This is not just an agenda about women; it is an agenda about parents. The new shared parental leave system will help. We support it and want to see it embedded. The new system will give parents more options to do the right thing for them, effectively.

Martin Pratt: We have found, though, that there is a structural problem, which is that much of the part-time and flexible work in the borough is concentrated in lower-paid jobs. So in some ways making work pay is still the issue, particularly in London where housing costs are so high. We do think there is more to do there and we are clear that families, the state and employers all have a role to play in each putting our shoulder to the wheel to make that change.

Baroness Walmsley: Do you think government policy adequately supports the agenda that you have been describing? You mentioned just now the extension of the right to request

flexible working. Is that adequate or are there other measures that Government could bring in to support that agenda?

Lena Levy: We have seen some steps in the right direction, which we certainly support. As Martin has said, we see this as a shared agenda. For example, we have recently called on our members to adopt a presumption in favour of flexibility on the business side. On the Government side, we think we need to look again at the costs of childcare and help more families with that, which is why we have recently called for an extension of the 15 hours of free care available to three and four year-olds and some two year-olds to be extended to one and two year-olds so that we are starting to close that gap. As that becomes more affordable, we see benefits through, for example, more parents returning to the workforce and savings in other schemes. We then want to see statutory maternity pay extended to cover the whole period of maternity leave so there is not that gap and there are more options for families.

Baroness Walmsley: I think we are going to come back to the costings.

Q144 Baroness Shephard of Northwold: My question has also partially been answered. It is: which is more important to employers, enabling parents to enter or re-enter the workforce or enabling progression and/or more hours for those already employed? Clearly the answer has to be some or both, I imagine. But what I really want to get at is that there are two goals here and do these two goals require different responses from Government, different policy responses? It is an impossible question.

The Chairman: You are renowned for these, I have to say.

Baroness Shephard of Northwold: It says here.

Lena Levy: From an employer perspective, both are important for us and we do not think both necessarily work in different directions. We know, for example, that if you are able to

stay in work that will help with progression in terms of earnings so the two feed each other. We think the policy proposals we have set out—I know we are going to come back to that later on—and some of the steps we have seen within Government will help both those agendas. For example, the 15 hours of free childcare we currently have and the call for the extension we have made should help tip the balance a bit more for somebody who has gone back part-time. They might now start to think about whether they can increase their hours and work full-time. For somebody who had not even thought about it, it might now be possible to take on a few more hours, and some of the changes we are seeing coming in in the welfare system should help support that too. So I think it is about gaining momentum.

Martin Pratt: We have certainly seen that with the 25-hour offer. We have had some research done by the Thomas Coram Research Unit at IOE, which of course you will be familiar with. They found that nearly 70% of the parents that were surveyed were finding that this was either helping them to re-enter the workforce or to enter the workforce or to get into education and training that then gave them the opportunity to get into the workforce. We have coupled that with an extension that we are fully funding of the apprenticeship scheme so that we are going to be able to offer 10 apprenticeships for 25 year-olds who have children under the age of 12 as a way of looking at that particular demographic. We are clear about the benefit of apprenticeships. We think the benefit of identifying with local employers high quality apprenticeships that have progression potential within them is really important and there will be a launch of this scheme in the near future.

Marjorie Strachan: Coming at it from an employer perspective, so talking from an RBS point of view, the important thing for us is being able to provide sufficient support that allows the employee to make the right choice for them. It is a slightly different set of circumstances from what we are talking about with the broader spectrum of inputs to my right. But

certainly being able to offer the flexibility and enough that the individuals who are making these sometimes quite difficult choices about coming back to work—because some of them might be making choices about affordability, some around career, moving forward and so on—and being able to offer different things that would work in combination according to individual circumstances is important for us.

Baroness Shephard of Northwold: Chair, as you know I have to go in a moment. But I think that Martin's answer really illustrates the point you were making that local authorities can certainly set a very good local example that could be followed provided people really know about it.

Baroness Walmsley: I wanted to come in on the same point. How on earth are you managing to do all these non-statutory things when most local authorities are telling us that they are strapped for cash? How do you do it?

Martin Pratt: It is about priorities. We are experiencing the same level of reduction as other local authorities and we are expecting to have to reduce the budget by another £70 million over the next three years. We have been through a process called outcomes-based budgeting where we look into all the resources available to us and our partners and focus those on the things that will make the difference. That is why, having held the equalities taskforce, which was chaired by Naomi Eisenstadt, we were able to look at those things that are likely to reduce the demand for services locally while at the same time, in partnership with business and with communities, make a difference. I would not want to give the impression that these things are either easy or not hard won but they are a clear set of priorities for the administration and we have had to find ways of delivering them. In some senses this is about innovation and change and it is certainly about the local authority

leading a partnership around the place rather than simply delivering and directly paying for everything. So it is a combination, but as a case study it is interesting.

Q145 Baroness Massey of Darwen: As you mentioned innovation and change, I will talk about it now. You mention innovation several times in your paper and you have just mentioned it again. Clearly you are being innovative, but are there other innovations that you would like to do that you think would be even more encouraging?

Martin Pratt: That is really blue-sky thinking.

The Chairman: Just to be clear, we cannot necessarily deliver.

Martin Pratt: Thank you for the opportunity, though. Certainly we would want to consolidate the 25 hours childcare. We would like to see that extended to earlier in a child's life but in a way that also ensures that we are securing good parental attachment and all of those things. So this is not an alternative to that; it is part of an integrated strategy. We do think that there is a leadership role for local government but it is in partnership with business. There is great scope for looking at the local economy and determining how we can best create the system conditions where both parental employment and good childcare take place rather than simply thinking the state must provide it or not.

In terms of any other brilliant and innovative thoughts, I do not have any in my head at the moment because I have been rather caught on the hop, but I would welcome the opportunity to write to the Chair afterwards with a more considered response, if that is all right.

Baroness Massey of Darwen: Thank you very much. That would be really helpful.

The Chairman: That would be helpful, yes.

Baroness Massey of Darwen: Marjorie, what do you think about this synergy between local government and industry?

Marjorie Strachan: I think it makes sense to work in partnership when it comes to the provision of childcare. Thinking about some of the ideas about extending hours and offering more affordable childcare can only help the employer. If the rationale here is to have more people in the workforce who are skilled, who are experienced, which was Lena's point about not haemorrhaging that because people make choices not to return, that can only be good in terms of the endpoint, which is to serve our customers well.

Q146 Baroness Massey of Darwen: To follow up on something Lord Sutherland said at the beginning, which is the about culture of the workplace, Marjorie you mentioned women's career development earlier on and we just touched on it but I would like to explore that further. What is this about? How do employers create a culture and how do they support not just women going back to work but actual career development for women?

Marjorie Strachan: I think that is immensely important. For all the reasons Lena talked about in terms of better performance based on better behaviour, decision-making and so on, which all the research points to and clearly we do not need to go into here now, it makes sense from a business perspective to have balanced teams, whether that diversity is to do with male-female or other types of diversity. The more we can encourage people back into the workforce but also when they come back offer them the opportunities that they want to explore in order to progress their career—if that is their choice, and it is not everybody's choice all of the time—then that is where people like me from an inclusion perspective spend a lot of time thinking about how we support people returning from maternity leave, career breaks—recognising that it is not always women nowadays—and looking at how we ensure that we get a balance of representation up through the organisation.

Even if you are talking about the most senior roles, there is still a pipeline that needs to feed that and the more that we work on how we encourage better balance in situations like this

when people return from a period of maternity or other leave, the more we are likely to end up with better balance up through the organisational pyramid that will lead to those outcomes.

Baroness Massey of Darwen: So what do you do? Do you sit people down and go through a possible career plan? What do you do? Maybe Lena wants to contribute to this in a minute.

Marjorie Strachan: We do a number of things at RBS. We obviously think about it when we design work and make sure that roles are just as doable regardless of the male-female dynamic. We think about it in terms of selection and hiring approaches. We include it in how we develop people. At the moment we develop specifically certain populations of women to grow confidence and competence so that they feel more equipped to take on roles further up the organisation. But we try to ensure that what we do is about ensuring that we represent the interests of all sorts of minority groups anyway and that is good culture. So, rather than trying to differentiate for women only, we think about development programmes that women will benefit from but also men.

Baroness Massey of Darwen: Thank you. Do you want to add anything?

Lena Levy: Marjorie has highlighted quite a few of those. There is a lot I think we can learn from the Women on Boards agenda, particularly around active management, around career breaks, things like mentoring schemes, women's networks, and those things can equally be applied to a wider diversity agenda. But again a lot of it comes back to the pipeline and we do have a large share of members saying that where they struggle to build a diverse workforce, often that is because they just do not have people with diverse backgrounds coming into the industry and into their occupations. We did some work on this in May this year where we said this needs to be a three-pronged approach. To change things we really need to start in schools and we need to address careers advice. We need to make sure that

women or people from disadvantaged backgrounds receive tailored advice to avoid occupational stereotyping and then that needs to go through into universities. The Government can help by disseminating the benefits of flexible working. Employers can do the kinds of things Marjorie has talked about. It is working in partnership to get that done and it will be a longer-term agenda.

Baroness Tyler of Enfield: A supplementary that very much relates to this issue of culture change but I think relates to the whole discussion we have had so far this morning. I am very conscious that we have been talking mainly about medium to large-size employers and yet so many employers are small businesses. How do you feel that you can realistically get that sort of culture change in small businesses? I know none of you particularly represents small businesses but it is a voice that we are not hearing this morning.

Martin Pratt: Perhaps I can give one example of a way that we are helping with that. We have a project called Women Like Us and this is a project that is centred around two ideas. One is encouraging employers, including small employers, to think about the business case for the types of roles that they are trying to fill and the benefits of flexible working and then to create an environment where those jobs and support to employers can be placed on a website so that women—in this case the women who are looking for part-time and flexible working—know where to go. The employers are able to advertise their opportunities on a website where there is support about how you manage the practicalities of a flexible workforce. Then there are volunteer mentors who work with women who are preparing themselves to re-enter the workforce. In that way it is one of those kinds of system-conditions ideas that we were talking about.

We do not advise individual small businesses particularly in this area, although where an organisation is looking to contract with the council, within the scope of the law we always

have the conversation about what good employment looks like. But in this case it felt like this was a practical solution, helping local small businesses, and indeed some bigger businesses, to think about how to do this. It is advice and an opportunity to advertise and a place where to date 220 women have been actively looking to be recruited through the process. It is just a small but I think very practical example.

Q147 Baroness Noakes: I am required to state for the record, as recorded in my register of interests, that I am a non-executive director of the Royal Bank of Scotland although I have not discussed childcare with Marjorie before. We have discussed other things but not the provision of childcare in RBS.

I want to shift to the role of employers in the provision of childcare. Lena and Marjorie have emphasised earlier the value to business of having diverse workforces, of having balanced teams, of retaining the ability to have trained women return to the workforce and not losing them from the workforce. So there is a business benefit from having childcare availability. Does it not then follow that employers should be required to pay for that benefit? There is often an emphasis on somebody else providing the childcare and so I am eager to tease out what role employers think they should take for getting these benefits.

Lena Levy: I think business wants to help support parents and wants a more diverse workforce. We are seeing some employers already doing some of this. Marjorie has talked about RBS providing nurseries. We know just under 3% of employers do that and others provide other support through the wider-rewards package with things like childcare vouchers. I think what is important is that that is a decision that must be up to the individual business on how their wider-reward package looks more generally, and not every firm will be able to do that. Providing a nursery is quite costly. It is also not always what employees want, particularly if you are a commuter in London. You might prefer to have a nursery near

home. We also have to be mindful that we are not adding to the cost of employment for parents compared to other groups. We know of some of the detrimental effects that can have to certain groups, for example with young people where we have been quite conscious to make sure they are able to compete within the workforce.

Marjorie Strachan: I would agree with that. The affordability point works both ways and I think that employers—Lena’s point—need to be able to make the decisions that suit them too as well as what works the other way round. Often that support and responsibility can be shown through different means than paying directly for the childcare itself and it can be through flexible family policies and support around flexible working and, to some extent, provision of some of the things that we have talked about earlier like nursery and childcare vouchers and so on. It is a difficult question for an employer that again speaks of the affordability piece at both ends of the spectrum.

Baroness Noakes: Sure, but there does appear to be a default assumption that affordability means that the Government has to afford it and that business does not have a responsibility in that. I wanted to tease out whether or not business did have a responsibility to pay something for the benefits that are articulated and, if not, why not.

Lena Levy: I think business can only pay as much as they can afford and as much value as staff add. We know that the amount of business income that goes on profits or on employee income is the same and has remained the same over much of the last 60 years, so there are real affordability issues here at the moment, particularly with productivity still low. That does not mean employers do not have a responsibility and cannot help. We have been quite clear about that in the work we have done recently where we have called on business to adopt a presumption in favour of flexibility wherever possible from job advert onwards. We have not done that just because it is helping parents juggle work-life responsibilities but also

because we think it can help with the cost of childcare, because if you have more flexibility you can also save on nursery costs.

The Chairman: In relation to that, is the CBI in particular inclined to take any lead role on this and look for examples that could demonstrate the point that we are hanging on to? We have heard Camden willing to put a flag up for certain things. You have most of the major companies in this country. Have you trawled them to find out if any are doing anything worthwhile that could be commended?

Lena Levy: We see a lot of firms doing the right things and we have seen more of a realisation that those kinds of things are good for business as well through work with forums like the Women's Business Council, the Agile Future Forum and so on. There is a lot of power in those voluntary initiatives in spreading the benefits and we have been very supportive of that work. We have recently adopted a 30% target in our own policy forums for female participation on a comply-or-explain basis and we have had many discussions with CBI members on what they are doing, what can help, and raising the profile through that. It comes back to something we were talking about earlier as well, with larger firms, who often have more capability and resources to do those kinds of things, sharing the benefit and spreading the benefits to smaller firms within their area or to their wider supply chain and really promoting that.

Q148 Baroness Kennedy of Cradley: Following on from that, can I ask Marjorie this: why did you provide the workplace nursery in RBS? What did you see as the benefit of that and how did it increase the employment rates of the parents in your organisation?

Marjorie Strachan: The nursery that I am talking about at RBS is on the main head office campus. What we also do is provide back-up childcare support at a network of nurseries across the country through a third-party provider, which means that families with caring

responsibilities can call up at short notice to get emergency care if that is required. Being honest with you, people do value it as part of the employee-value proposition, but can we point to a direct uplift in anything that would count in terms of profit and so on? Not reliably, but it is definitely worth thinking about because clearly that would mean that the individual who partakes of the service is at work that day and therefore you have the benefit if you look down that direct route.

It is not always something that we can offer to everybody because, depending on location and so on, it is not a benefit that anybody within the organisation can participate in every single day. We need to also think about the broader considerations there too and the cost of that service across the whole piece, which takes you straight back to the affordability point.

Q149 Baroness Kennedy of Cradley: All right. Coming back to cost, we have talked a lot about this but particularly is the cost of childcare the most important issue when seeking to drive up employment rates of parents of children aged nought to five, in your opinion? Lena, I think you said it was at the very start.

Marjorie Strachan: I think it is one of the considerations, but I also come back to the point that it will depend on the family circumstances, the social situation and so on. My colleagues are probably better placed to comment on that.

Martin Pratt: I think we are seeing that it is not just the affordability of childcare, it is the relative affordability and quality of the childcare. If the flexible working is low-paid work and the cost of childcare is relatively high, obviously the economics do not work. So cost is certainly a barrier, as is quality because we are also finding that parents have a differential response to, for example, whether or not the early years education is in a school or a children's centre, whether it is with a childminder or whether it is in the PVI sector. They

have a set of assumptions about those types of provision that we have to work with them on.

The other point that I think is really important is that as we think about the cost of childcare and the cost to employers, there is a clear business case for flexibility in working. That is part of our Timewise commitment, and it is not just about recruitment and retention but about productivity, about people feeling closely associated with their employer, that this has been a benefit. In times of austerity there is something about cutting your cloth. As a way of describing that, if you need somebody three days why employ somebody five days? I think there are some interesting dynamics at play.

I want to come back to the point that I think there are benefits to the family and the child. Certainly there are benefits to the state in its various forms and there are benefits to the employer. All three of those partners ought to be making an appropriate and proportionate contribution.

Lena Levy: In the work we did we found cost was a really important issue, in particular being able to close the gap to improve employment rates of parents with children under the age of five. We thought it was quite stark, looking at it. Childcare costs for putting a child into nursery under the age of two have risen by 27% since 2010 and if you compare the UK internationally we are the country in the OECD where middle income earners pay the highest share of their net income on childcare, so they pay over one-third. That is the highest in the OECD, so clearly something is going wrong there and that is something we need to address. Flexibility and quality of care are also really important, particularly in making sure that childcare provision matches the world of work as it looks like today, and making sure that parents have the confidence to leave their children in care knowing that that care is good quality care, which then helps employers because it increases employment

rates and helps more mothers return to work. It also has huge benefits for employers longer term because it helps us improve the quality of the future workforce.

Q150 Baroness Kennedy of Cradley: We have talked about flexibility a lot, and you have mentioned flexibility at the point of recruitment. Do you think that drives up employment rates of parents and, if so, do you think it should be a legal requirement or just a matter of best practice?

Lena Levy: We think this is a matter of best practice. We want to see more businesses adoptive in presumption of flexibility, but clearly it will not always be possible for every business and what business circumstances will look like, so what we would like to see is more firms who can do this looking into doing it. Clearly it is not always possible for every firm.

Baroness Kennedy of Cradley: Mind you, I think you said you do it, do you not?

Marjorie Strachan: We do. RBS offer various levels of flexibility and that might relate to work patterns but it might also relate to how people do work in terms of remote working and IT support and so on.

Martin Pratt: We do exactly that. In line with the evidence-based approach that we have taken, before we made a recommendation about whether that should be mandated or not we would want to look at the evidence and the likely impact of that on business and employment rates, but certainly I would have thought that it was worth examining.

Q151 Lord Patel: My question has three parts to it, but to start with it is about the credit. What effect do you think that has had as far as enabling parents to work?

Martin Pratt: I have a note here, because I do not know this off the top of my head. While the additional £1 billion of public funding to childcare in the current spending circumstances

is welcome, we think the additional investment in demand-side funding is unlikely to control costs, so it will not improve affordability or increase the simplicity of the system.

Lord Patel: This is talking about the working tax credit?

Martin Pratt: Yes, that is right. If the additional money coming in just drives up the cost—and we have heard about the cost of childcare—then it does not necessarily add to the sum total. We think that it clearly is an important contribution but we have to make sure that it is not having unintended consequences.

Baroness Noakes: Could you explain how additional income drives up cost?

Martin Pratt: Yes, according to this we are seeing an alignment between additional resource and this increased cost. So that is the question: is the additional benefit increasing the amount of childcare available? I think that is the essential argument. We also think that it is not working as well for lower-paid earners. There is some more detail that I can provide, but really at the moment I am working on a briefing note, which is the not the same as the other areas I am more familiar with.

Lord Patel: Adding a detailed written note would be helpful.

The Chairman: If you could send in an expansion on your notes that would be very helpful.

Marjorie Strachan: Something struck me earlier, which was understanding the root cause of the issue, and I think that is possibly quite important in these circumstances before we look at the immediate solutions that are on offer. It is not something I am close enough to to comment on more broadly.

Lord Patel: What difference do you think the new policy of extending the free childcare pack will have if you start in September next year?

Martin Pratt: To two year-olds?

Lord Patel: No, the tax-free up to a certain cap.

Martin Pratt: Sorry. I am not sure that at the moment we have a view about what the likely impact is going to be. We will wait and see. My apologies.

Q152 Lord Patel: Let me come to a different tack. I was going to come to a CBI question. In your evidence you said that to extend free childcare could be close to fiscally neutral and could be funded through the reallocation of resources intended for the tax-free childcare scheme. Would you like to expand on that? How could it be fiscally neutral if you are going to extend it?

Lena Levy: What we are proposing, effectively, is using the money within the current schemes more effectively. What we would like to see is the 15 hours expanded to one and two year-olds and for that to be part-funded through the tax-free childcare model and by not having the cap at £10,000, which is where the budget moved it, but retaining it at the current level it is at for childcare vouchers, which is just under £3,000. We believe through that we can make quite a substantial saving that will help fund the extra 15 hours and also we will have savings in the universal credit scheme at the time as well. The saving through both universal credit but also the tax-free childcare scheme will then help us fund the extension of the 15 hours for all one and two year-olds, in addition to wider benefits we will see through increased economic participation and more women in work.

Lord Patel: Is this a costed model that you have?

Lena Levy: Yes, it is. I can leave the report with you, but we have quite a detailed costing. We looked at how much it would cost at the start and then how much money would come into the Exchequer through increased tax receipt through more people working, but also we were modelling the potential savings in the existing schemes. That means that over the long term the policy is close to fiscally neutral so it ends up costing just £100 million, and once

that has settled in we are then calling for an extension of statutory maternity pay, once the extra 15 hours are affordable.

Q153 Baroness Noakes: How robust is the modelling on the fiscal benefits to the Exchequer of increased maternal employment? We have heard other evidence that shows it is a relatively small flow-through from childcare into an increase in maternal employment and in particular to an increased tax take from that employment. A lot of that employment tends to be in lower-paid jobs or part-time, so you are not hitting above the fiscal threshold.

Lena Levy: More of the saving off our proposal comes from lowering the cap for tax-free childcare. The contribution from increased labour force participation is not as high as the saving through existing schemes, so it is lower more generally. I have not done the modelling myself; our tax and fiscal policy team did that. If it is helpful, we can provide a note on the exact way it was done, but they were using the standard Treasury and Green Budget modelling to come to that estimate, effectively.

Baroness Noakes: I am more interested in what evidence you have to underpin the assumptions that are flowing into whatever model you are using, because they do appear to be at variance to other evidence we have had. It might well be helpful if we could have more details of those assumptions.

The Chairman: That would be very helpful. As you will gather, we include a number of nature's sceptics on a Select Committee for good reason. The good reason is to probe not just the surface evidence but the assumptions lying behind, and that is where we have some difficulty.

Q154 Baroness Walmsley: If you are proposing to reduce the cap on tax-free childcare, does that not mean to say it costs parents more? The task of this Committee is to look at

affordable childcare. You are proposing something that might be fiscally neutral for the Government but it is not going to help parents, is it?

Lena Levy: It is helping those parents who will need it most, effectively, because what you are seeing with the tax-free childcare scheme is that the cap is up to £10,000. You have to put quite a lot of money in to get the 20% you can get off for that, and you also have to pay it upfront, which is much more difficult for the lower earners. By making 15 hours of free care available for all one to four year-olds, we are helping those families who are hardest hit, plus we are keeping the scheme just with a lower cap, which means that families, on top of the additional 15 hours, will still be able to claim money back for wraparound care, for example.

The Chairman: We are almost running over time but, Baroness Tyler, perhaps one last question.

Baroness Tyler of Enfield: Just one supplementary on that. When you provide your modelling and assumptions, which I think will be very helpful, will it include what your assumptions are about quality of childcare places? We have been focusing this morning on affordability, but a lot of our discussions in this Select Committee have been about how you get the trade-off between quality and affordability.

Lena Levy: In terms of feeding into the exact modelling, I think that is just taking standard assumptions of what it means for labour force participation. I do not think quality was a particular factor that was influenced in that. It took the current landscape as a factor and then modelled from there. Clearly, quality is very important and we have said in *A better off Britain* that we would want our proposals to be embedded slowly to make sure that we provide the right quality as well. We recognise that there are already challenges with some

of the further two hours, but we do not think that means that we should not do the right thing.

Baroness Tyler of Enfield: I think that is the point. We have had a lot of evidence so far suggesting that there is basically underfunding of some of the existing provision, and it is how that is really taken into account in the work that you have done, underfunding leading to higher top-up fees and that sort of thing.

Lena Levy: We were quite surprised to see that because we have not seen any evidence on top-up fees and it is our understanding that the Department for Education has been quite clear that top-up fees should not be charged, only if extra hours are purchased on top of the 15 hours. I had discussions yesterday with our Director of Employment and Skills, who lives in quite a high-cost area, and he certainly does not pay top-up fees on his free 15 hours of childcare. I think we would need to have a look at that and understand that better because we would want these extra 15 hours to be of the highest quality possible so that families have the confidence to leave their children and go to work.

The Chairman: All being well, we shall ask the relevant Minister from the department about this next week precisely, because it is an issue that has been raised with us quite a bit.

Can I thank the three of you very much indeed? Thank you for the written evidence, and thank you for the evidence that you will additionally be sending in. You can see why we would like the detail you have indicated that you probably have. Again, it is appreciated. You will get a copy of the transcript. If there are any immediate corrections let us know straight away. Thank you very much.

Examination of Witness

Liz Bayram, Chief Executive, Professional Association for Childcare and Early Years (PACEY)

Q155 The Chairman: May I welcome you and thank you? We missed you a couple of weeks ago, but we very much appreciate your willingness to reschedule and come today. We have the written contribution and we will now follow through in some detail. I would just remind you that we are broadcasting.

Liz Bayram: Just to add to the pressure, yes.

The Chairman: So it is all out there and, secondly, we are keeping a written record of all that is said. You will see a copy of the draft and it would be appreciated if you would offer any comments very quickly if there are any corrections.

Liz Bayram: Of course. Thank you.

Q156 The Chairman: Thank you very much for coming along. Could we just move straight into questions, because we have a very helpful written piece from you? The first one has to do with something that I think is very much your organisation's concern about quality, the delivery of quality and how far there are enough formally and informally qualified people out there to take on the huge tasks that they sometimes face in early education. It has to do with the workforce and the availability of enough staff to provide, supposing there were a sudden expansion.

Liz Bayram: In terms of proxy measures for quality, we certainly have seen year-on-year increases in the number of good and outstanding providers graded by Ofsted, so we are now looking at 79% of all providers in 2013 being graded good or outstanding. That is a 5% increase on the previous year, despite Ofsted's—quite rightly—additional rigour in looking at learning outcomes and demanding more of providers. We also see the number of childcare professionals holding a relevant level 3 or above increasing year on year as well.

You make a very important point, because the situation in which childcare professionals work is not a status quo. We are also seeing additional demands placed on them. From PACEY's point of view, we are very clear that the childcare professional community, informal nannies as well as formal registered providers, are dedicated to continuous professional development. There are two factors for that. There are the additional demands placed on them, so currently, for example, we are looking at additional requirements for them in supporting children with SEND. From next year more work will go into childcare professionals' contributions to the new integrated review, so their role is being enhanced, the demands on them are increasing and so quality needs to be further enhanced. It is clear that this is something that our membership welcome.

Also at the very heart of what we hear from our members, all the time, are two factors about why they support that quality agenda and why they invest in their own professional development. The first is because they know it is better for the children in their care. They want to do a good job for the children they look after. Secondly, they want to be taken seriously as professionals. There are still a number of barriers out there for childcare professionals when they have interface with teachers and health visitors, and qualifications and professionalism help them stand out and be seen as equal.

The Chairman: I appreciate that and I appreciate the dedication of many who are involved in the business but in a sense, in answering my question, you have just pointed out how difficult it is and that there are more problems even than I have listed.

Liz Bayram: I think it is a challenge, but if you look retrospectively at how much the childcare profession has progressed in its quality and dedication to that agenda, then I see the profession clearly rises to the challenge. When the Early Years Foundation Stage was first introduced, there was a huge debate about whether childminders should even be included

in that new statutory framework. They were, and they have risen to the challenge. I think you have a community that is very dedicated to quality. The key factor is how they are supported, particularly with the falling away of local authority support and with the changes to qualifications, to continue to provide that quality of care.

Q157 The Chairman: In your business of, in part, regulation and commenting on and enhancing qualifications and presumably setting some standards, have you managed to amass any evidence about a change in quality and numbers out there? If so, could we see that evidence?

Liz Bayram: Sure. I certainly think our briefing touched on it and there is absolutely more we could send you. I would point, as I said, to the two factors: the year-on-year increases in the number of providers judged good or outstanding and the numbers that are undertaking qualifications of relevant level 3 and above. For our own members, by becoming a member of PACEY you are required to undertake 15 hours of CPD a year and I would encourage the Committee to look at that broader framework of CPD. It is not just qualifications; it is the informal and formal training and development that people undertake every year that helps enhance their skills as well.

The Chairman: Who provides the CPD?

Liz Bayram: A whole wealth of individuals, and one of the things we are certainly actively trying to encourage Government to look at is the development of some clear pathways for progression for individuals working within the childcare profession. Many of them are knitting their own pathway, creating their own plan for their future professional development. There was a lot of support for the Nutbrown review that was undertaken a few years ago, to set out a real pathway for improvement for individuals who wanted to progress up the childcare career path to become more senior practitioners or for individuals

who wanted to continue in their role but enhance their knowledge and expertise. We see a real gap and an opportunity to help individuals to do that. It is more than just recognising qualified teacher status, although that is a very important part of it.

The Chairman: We will come back to some of these issues. Baroness Massey, would you like to take up the discussion?

Q158 Baroness Massey of Darwen: Yes. This follows on from what you are saying, really. Do childcare workers support calls for improvement to qualification status and does support vary across the type of provider, for example between maintained settings, private provision and childminders?

Liz Bayram: The evidence from our membership and more broadly is that the continued investment in training and qualifications, some of which has been driven by Government investment and a lot of which is from individuals paying for their own training development, evidences their commitment to quality. As local authority support has disappeared, as the work that the Children's Workforce Development Council does has changed, funding programmes have changed, the commitment to continue to develop and train has not. There is genuinely a dedication to that, for the reasons I have already said: supporting children to do well but also to be recognised as professionals.

I think some of the challenges, as you have pointed out, are how these opportunities are funded. There is lots of debate around how much childcare costs, but quality costs too, as I am sure you have heard, so I will not go over all that old ground again for you. There is a really inherent challenge and push and pull between that, but what we see, particularly in childminding settings, is that the good and outstanding settings are usually the most viable and sustainable. As an organisation, we do not see them as different and competing priorities. High quality settings usually deliver more places and usually have more of a

sustainable business platform on which to continue. I think there are some genuine challenges around how non-maintained and maintained settings are supported and the latest data from the National Audit Office, which is a little old, absolutely shows that maintained nurseries get double the amount of funding to support them to deliver things like the free entitlement compared to non-maintained settings. It is an unlevel playing field.

If you compare that alongside the support that children receive once they are in school, it becomes even more challenging. There is a lot to be said about recognising the very different funding factors that support individual businesses and organisations—the private, voluntary and independent sector—to invest appropriately in the staff and skills they have.

Baroness Massey of Darwen: Can you just explain to me something that puzzles me? It is about the EYE funding and you say in your paper that more work is needed to establish why parents are not using their EYE funding with high quality childminders. What is going on?

Liz Bayram: I can give you some of my theories, and it is not black and white. The previous gentleman from Camden hit upon one of them, which is that there is still a parental perception that education is delivered in nurseries and schools not in childminding settings, and we have worked very hard at PACEY to address this misconception. One of the big factors for us in trying to ensure childminding was included within the Early Years Foundation Stage was exactly that, because they are delivering the same care and education, just in a different setting.

There are practical barriers for registered childminders to deliver the early years entitlement, things like some local authorities that perhaps do not prioritise them first over some of their own settings to deliver that funding. There is the cost of delivery of that EYE place. If you are a registered childminder and you are achieving £4.50 per hour privately but the EYE funding gives you £3.50 per hour, why would you do it? Alongside that also are

some of the challenges in how local authorities are funding what are essentially for registered childminders very small businesses with very low turnover. We have evidence of childminders who are waiting a whole three or four months for £400 of their free entitlement funding, or having to provide a place for a child with free entitlement funding and deliver that education for them for a term for free before they get their money. There is a lot of disincentive around the practical application of how local authorities recognise that childminding is not the same as a school or a nursery and their ability to survive without that £400 or £500 at the time they are delivering that service. It varies from local authority to local authority, so I do not want to paint everyone with the same brush. There are some examples of good practice, but it is varied.

Q159 Baroness Noakes: Raising qualification levels is, by common consent, an important aim. If Government money were to be spent in this area, is it more effectively spent on providing training or providing more money into the system that can then fund, effectively, higher wage rates within the system?

Liz Bayram: Our position is very clear. We are strongly in favour of supply-side funding as it allows settings to invest in their own quality improvement plan, along the lines of the free entitlement being funded appropriately and, as part of that, recognising that it should be more linked to quality measures. The individual settings that are allowed to deliver the free entitlement should have proxy criteria that indicate they have achieved a quality level in order to deliver that funded place. Certainly when the free entitlement was extended to disadvantaged two year-olds, we were very clear that it should be delivered only by good or outstanding settings.

I understand the challenges that Government had in having the capacity to deliver all those places for two year-olds, but PACEY is still very much in the place that, over time, the

driver for quality has to be the funding that supports settings to deliver high quality care and education places and to be funded appropriately to do that. Some of the other opportunities to fund graduate leadership, to fund specific qualifications can help but they are one-off opportunities. They do not sustain that quality over a period of time. For us, quality is more than just achieving a qualification. You may have achieved the qualification five or six years ago. There is a commitment to remain up to date and to continue to have good practice beyond first achieving a qualification.

Baroness Noakes: So you would not say that the Government should prioritise money into education; they should prioritise money into ensuring that there are quality settings and you miss out the qualification stage

Liz Bayram: No, I am sorry, I am using the free entitlement funding as an example. At the moment, as long as you have not been judged inadequate you can deliver that, and in some areas you can be very newly registered as a provider and still be able to provide that. Our argument is that free entitlement funding, if funded appropriately and targeted to only good and outstanding settings, would by default drive providers to be more focused on how they improve quality in their settings, to be able to deliver that quality place and be able to offer the free entitlement. As part of that there would be entry requirements e.g. qualifications for you as a provider to be able to deliver that entitlement in the first place.

Baroness Noakes: Would those entry requirements be around professional qualifications?

Liz Bayram: They should be around professional qualifications and around your Ofsted grade and some of the assumptions around what that grade means. I know there is lots of sector debate about whether Ofsted grades are good proxies for quality but they are all that exists at the moment. There is not any focus on Government funding linked to quality, as in some other countries like New Zealand.

Q160 Lord Sawyer: Good morning, Liz. This is quite a difficult question, but have a go at it anyway.

Liz Bayram: Okay, I will try.

Lord Sawyer: How should developing status for the childcare and early years workforce that you represent be balanced against efforts to keep costs down for parents?

Liz Bayram: It is absolutely a challenge. You have heard from previous speakers that parents do not often make the choice of cost and quality; it comes together. We are also very clear that quality drives sustainability and that hopefully keeps costs under control. I think that is why our focus on the free entitlement is so important, because it is a supply-side funding initiative, so it supports parents but it also should be supporting quality. There is a lot of opportunity to make more of that free entitlement in terms of delivering benefit for parents by a reduction of cost. There is a lot of debate across all political parties about how much that free entitlement will be extended over the next number of years. We spend a lot of time talking about that extension as a good and positive start, so long as the settings that are delivering it are funded appropriately to be able to support high quality. That is even more important if we are looking at starting to deliver the free entitlement for very young children. There is absolutely a debate to be had about childcare versus home care and striking a balance so parents are supported to stay at home in the very early years.

Lord Sawyer: You said earlier how important it was to drive quality and your members wanted qualifications so that they could raise their standards, but does that not inevitably lead to higher salaries and higher costs? I am not saying it should not, but it does, does it not? Therefore, how do you square that off with the need to keep the cost down for parents?

Liz Bayram: I think that is a complex challenge. I suppose if I was honest, from a workforce perspective individuals working in childcare are not well paid. We do not value the contribution that they make, so the harsh part of me would say that there is a genuine question about whether society and Government recognises and understands the quality agenda and how that needs to be supported. That very essence is where the debate around qualified teacher status for individuals who are currently early years professionals comes to the fore. It is also about the balance across the whole spectrum of early education into formal education for children and how much the funding system is tipped towards the older children get, the more the funding supports them. Things like the Early Years Pupil Premium, for example, are fantastic news for early years, but it is significantly less for early years settings than it is for primary schools. There is a broad debate needed around how funding across the education system recognises the importance of early intervention and the value that it delivers.

Lord Sawyer: The final few words in my question were, “What is the role of the Government in achieving this?”, which you have answered. You do not want to add anything extra to that? You do not need to but you can.

Liz Bayram: I would only finalise it by saying that I think you should not underestimate the commitment of individual childcare professionals to fund their own learning and development. I do not think it is black and white. We are certainly seeing, as local authority funding reduces, as opportunities to learn and develop disappear in terms of the free support that existed in certain places before, a growing number of individuals are still continuing to invest in their training and development. With the introduction of the Early Years Educator qualification, we have had a huge community of individuals rush through before 1st September to undertake their relevant level 3 qualification. So they could avoid

all the individual barriers that Maths and English GCSE and some of the placement requirements put on them post 1 September. So I am expecting another surge in the number of individuals undertaking relevant level 3 qualifications prior to the introduction of the Early Years Educator.

Q161 Baroness Walmsley: A few minutes ago when you were promoting supply-side funding rather than direct Government investment in training qualifications you used the phrase “if appropriately funded”. Do you think it is appropriately funded?

Liz Bayram: I do not think it is, no. There has been recent evidence from the Pre-school Learning Alliance, and certainly from our own members, that the amount that they receive does not cover the costs of the job they need to do. There is even huge variation between different types of settings. I have talked about maintained and non-maintained, but even the rate that some childminders receive in comparison to nurseries is different.

Baroness Walmsley: So how do they survive?

Liz Bayram: I think somebody earlier was talking about top-up fees and they are absolutely not allowed. However, I think you would find that many settings are facilitating the support for the free entitlement through the costs of other types of care delivered for purchasing parents. There is a big challenge around how much plans to expand free entitlement will reach a point where settings cannot manage that offsetting rather than topping-up, for want of a better word.

Q162 Baroness Kennedy of Cradley: I think you might have touched on this to a question from Baroness Massey, but what do you think is behind the decline in numbers of childminders?

Liz Bayram: It is a complex picture. There are a number of factors that we are certainly aware of, and absolutely you have to recognise that there is a continuing decline in the

number of registered childminders. That is not a good thing because they provide a flexible home-based environment that is important particularly for very young children.

The nature of childminding is changing as well so, while the number of settings in which childminders are registered is reducing, the number of settings with a childminding assistant is growing. We now have at least 15,000 childminding settings with one assistant, which means they can expand and offer more places.

We are also seeing a growing number of home childcare registrations, around 12,000 now, so certain childminders are moving into that category. I think the fluidity of childminding and how it operates is changing, and that is certainly something we would be really keen to encourage Government to better reflect when it makes statements about how much childminding is reducing. There are a number of other factors why childminding is reducing. The opportunities, as I have said, to deliver the free entitlement are challenging to many registered childminders. The expansion of the free entitlement and the disadvantage to your old offer does take away the opportunity for some registered childminders to be able to deliver that care for young children.

The nature of the profession and the reason why many people join the profession, which is that they have had their own children and wanted a flexible way to stay at home and look after their children while doing a worthwhile job; is changing. There are lots of alternative ways you can work flexibly and be able to stay at home with your own children. And its undervalue, its lack of pay, is more challenging now all of which make it less attractive.

Some other factors we are aware of are perhaps symptoms when you look at the data. There are certain points where policy intervention comes along. For example, there was a real drop in the number of registered childminders at the point where the Early Years Foundation Stage was introduced. There is a debate about whether that was a good or a bad thing. Was

it individuals who were probably going to leave anyway but the thought of this extra burden made them go sooner? Now we are here and childminders would not be without the Early Years Foundation Stage. So the fear of change can deliver some of that downturn.

Most recently, the childminding agencies debate and the long process it took to get to the point of understanding that it is voluntary, that you are not going to lose your individual independent Ofsted registration, has led to a number of childminders leaving. If you look at the recent data there is another drop of quite significant numbers. It is a community that is in change and it is a community that probably more than other settings responds perhaps negatively to some of the new policy ideas and agendas that come along, particularly challenging to cope with if you are working on your own.

Baroness Kennedy of Cradley: Do you think the other childcare settings or the settings that childminders have moved into have filled the gap that they might have left in giving the flexibility that parents need?

Liz Bayram: I think it is difficult to be able to give you more than my hunches and theories on that. The data that comes out from parents says that there is not enough flexible childcare; it is not there. When we talk about flexibility within the childminding community, it is about personalised care for individual children, so we often hear about registered childminders who are flexing their hours to fit families who have found out that their working hours have been reduced, or being willing to do shorter days some days of the week, longer days other days of the week. So it is real flexibility for families that responds to their needs. Valued by parents, especially those working atypical hours or on zero-hours contracts or who are in low paid roles. There is a challenge, as we have heard, that for certain parents or communities the value of childminding as opposed to nurseries and what they deliver is perhaps a

misconception. Some people do not see childminding as early education; they just see it as care. There remains a job to be done there.

Childminders offer a very unique type of flexibility for families. I certainly benefited with my own children, that week-by-week discussion around whether you could do more or less depending on what your job demands that nurseries cannot do in the same way. That is the flexibility that is missing when you lose the childminding community.

Q163 Baroness Walmsley: You just mentioned the agencies. Can we go back to that? What do you think will be the effect of the agencies on childminders? How well supported are they by childminders?

Liz Bayram: They are here and now, so they are a reality in the landscape of registered provision. They have already had an effect, as I have said. I am aware of a number of registered childminders who, rightly or wrongly, have perceived them as the end of their relationship with Ofsted. They do not want that link gone because they know how much parents value it, how much it supports their own status, and they have left the profession. It has damaged the profession to a certain extent already.

We have worked very hard to support our members to understand it is a choice not an enforced option. The biggest concern registered childminders have, alongside all the things already mentioned, is that they do not want a middle person telling them what to do or managing their regulation and their relationship with parents and charging them a fee. For all the business baggage of why they do not want it, at the very heart of it is a concern that many registered childminders have. With local authority support disappearing, the only option left to them may be to use a childminding agency locally to gain the training and support that they need.

We have worked very hard to help them see there are alternatives out there, that they can have their own plan for professional development. It goes full circle back to what I said before, that we are keen for Government to start to map out the different ways in which you as a childcare provider, in whatever setting you are in, can be supported to maintain your skills, develop your CPD and ensure that you are able to do the best possible job for the children in your care.

I will not repeat what is obvious, that most registered childminders are not interested in joining an agency. The initial indications of how many there are, how many are going through registration—which is a handful—tells us at the moment that it may not be as big a thing as perhaps it was first perceived. Certainly at PACEY we hope that it is not, because we do not see agencies

delivering quality or reducing cost for families.**Baroness Walmsley:** Of course, even though you say it will reduce the number of childminders, the intention of the Government was that it should increase the number of childminders. Are there any areas in the country where it has had that effect?

Liz Bayram: It is really early days. As far as we understand it there are 10 organisations looking at establishing themselves as agencies. The earliest indicator for us of whether that has an impact will be next year. With the exception of one school, most are likely not to be registered until at least Christmas. We have had limited understanding from the pilot and evaluation of the first stage of agencies about whether it has had any impact in growing the number of childminders. Most of the models that we are aware of are trying to attract current childminders in to be able to help them with business support, promote their services or sell them training.

The real challenge is recruiting new individuals into the profession to support and offset the individuals who are leaving. The biggest opportunity to do that in the past was through local authorities managing their sufficiency duties, going out where they know there are gaps and recruiting new people into childminding professions. That does not happen anymore, and that is where the big challenge is. I am not honestly sure that agencies will solve that problem. My perception is that many of them are looking at building their businesses on the basis of current childminders who are already working rather than necessarily going out and doing the more challenging job, which is to persuade people to take childminding up as a career.

The Chairman: That surprises me, because is it not very much in their interest to increase the number of fee-paying members?

Liz Bayram: Absolutely. As I said, it is very early days with the models. It is hard to tell. Of the ones that we are aware of, the way it has been presented and marketed is selling to current childminders rather than recruiting new ones. I am aware of one organisation that is looking at potentially supporting currently unemployed women to be able to return to work by using childminding as a career to do that. That is one in I think the north-east, so it is a handful at the moment. It is really very early days to be able to give you the answers that you are looking for. A year from now we may know.

Baroness Tyler of Enfield: In your last answer, I was slightly confused by your reference to the sufficiency duty. My understanding was that although the law has changed the requirement to publish the report, the sufficiency duty itself still exists.

Liz Bayram: It does still exist, you are absolutely right, but there is very little evidence that local authorities are actively delivering those responsibilities, because their funding is cut and they have so many other priorities. We are aware from the childminding community's

point of view that the sufficiency duty and the opportunity to use that to provide a broad spectrum of choice for parents locally is not being delivered. The focus in the main, for example in delivering childcare for disadvantaged two year-olds up until now, has been on filling empty capacity in existing nurseries and pre-schools.

Baroness Tyler of Enfield: So that is a choice issue?

Liz Bayram: It is a choice, yes, and there is very little evidence at the moment of how much childminding is being used. A year from now that may change, but at the moment that is where the issue is.

Q164 Baroness Tyler of Enfield: My final question—and I know we have already covered it to some extent but it is just a way of perhaps bringing the threads together—is: what do you consider are the particular barriers to childminders delivering the free early education entitlement? As I say, we have covered some of that.

Liz Bayram: Yes, I have. I can sum it up. I think it is the cost and how much that equates to their usual and general charge or fee; whether it economically makes sense for them to deliver the free entitlement; the challenges of parental perception around whether childminders are delivering education or just care; and some of the local authority barriers around where that focus for free entitlement delivery is coming from. We are aware of childminders in some local authorities who are not actively being encouraged to deliver it, that the number of places required is already covered by other types of provision, or the opportunity to deliver care for disadvantaged two year-olds and other opportunities are not offered to them first. Alongside that, as I have said, there are the challenges around, if you do deliver it, the frequency of how you are paid and how you manage that alongside sustaining your daily business.

Baroness Tyler of Enfield: If you had to identify the top barrier in some way?

Liz Bayram: Cost. I would say that is the top barrier: why would I, when I can earn more doing the day job?

The Chairman: Thank you very much. That has been extremely helpful. It was worth waiting the two weeks.

Liz Bayram: Thank you very much for waiting and putting up with me being ill. I much appreciate it.

Q165 The Chairman: Can I just ask one last technical question? What proportion of the profession do you represent or is in your membership, just generally?

Liz Bayram: It is around 70%. It varies month by month, but it is around 70%.

The Chairman: That is very helpful.

Lord Sawyer: Do you have other types of members as well?

Liz Bayram: We do. We have nursery workers, nannies and, as of September, we have just started offering membership via colleges to early years students. We have achieved our first 100 student members this month.

Lord Sawyer: Are you in competition with, say, UNISON?

Liz Bayram: No, we are not a union. We are not in competition with UNISON. What we are doing is providing a professional body for all childcare professionals

Lord Sawyer: I could be in UNISON and your organisation as well?

Liz Bayram: Absolutely. You can join us tomorrow if you would like.

Lord Sawyer: What do you do for pensioners?

The Chairman: Thank you very much. You will receive a copy of the transcript. If you have any comment or point of clarification, do let us have them as soon as possible.

Liz Bayram: I will do that as quickly as I can. Thank you for the opportunity. It has been nice to meet you.