

Written evidence submitted by the Fawcett Society

Background

The Fawcett Society is the UK's leading membership charity campaigning for gender equality and women's rights at work, home and in public life.

In July 2022 we published a report *Childcare and early education systems: A comparative literature review of liberal welfare states* which indicates that, compared to 5 other 'liberal welfare' states with similar government systems – Australia, Canada, Japan, New Zealand, and Switzerland – the UK's childcare system falls short in affordability, quality, and levels of public spending. We need urgent and transformative reforms to the system accompanied by proper investment. Whilst other countries innovate, particularly in response to the pandemic, the UK is left behind.

Childcare Entitlements

1. How affordable and easy to understand is the current provision of childcare in England and what steps, if any, could be taken to improve it, especially in relation to families living within the most deprived areas in England?

Parent fees for childcare in the UK are among the highest in the world. Piecemeal funding in the form of funded hours, tax credits, and the childcare element of Universal credit does not sufficiently cover the costs to parents. As a proportion of household income, the UK saw the highest fees among OECD countries in 2021 for a couple where one parent is on minimum wage, and the other is on two thirds of the average wage - at 27% of household income (accounting for all government subsidies).¹ Fees are proportionally, marginally lower for households earning more – households in which parents who both earn two thirds of the average wage spend 26% of their income on childcare, and when one parent is earning average wage and the other earns two thirds of the average wage, they pay 22%. Thus, two-parent households on lower incomes proportionally pay more than those on higher incomes.

Fawcett's recent review of international childcare systems² indicated that this pattern is opposite to each of the 5 other liberal welfare states that we reviewed, whereby two-parent households on lower incomes proportionally pay less. This is striking, particularly since we are comparing the UK to liberal welfare states with similar government and economic systems. Furthermore, a report from Unicef places the UK 35th for affordability from a series of 41 rich countries³. **In world-rankings, the UK falls short.**

In addition to high overall costs, the system itself unfairly disadvantages families on the lowest incomes. The childcare element of Universal Credit uses a reimbursement system which means that parents must pay costs upfront and claim them back later. For many families, this is simply not possible and thus childcare is inaccessible to them. Fawcett's international comparison review indicates that systems for low-income families in other countries, including New Zealand, Australia, and Canada, tend to fund subsidies directly to the childcare provider, avoiding this issue.

¹ OECD. Net childcare costs (indicator). 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>

² Ville et al., Fawcett Society. Childcare and early education systems: A comparative literature review of liberal welfare states. 2022. <https://www.fawcettsociety.org.uk/childcare-and-early-education-systems>

³ Gromada & Richardson, Unicef. Where do rich countries stand on childcare? 2021. <https://www.unicef-irc.org/publications/pdf/where-do-rich-countries-stand-on-childcare.pdf>

Furthermore, the Universal Credit childcare payments are insufficient, not covering the average cost of a nursery place, which sits at £101.58 per week for a 4-year-old at nursery, according to Coram's 2021 Childcare Survey.⁴

In addition to the current piecemeal system being complex and difficult for families to navigate, England's 15 funded hours for 3–4-year-olds and some 2-year-olds, and the 30 funded hours for 3–4-year-olds with working parents are completely unavailable outside of term-time, posing additional costs and logistical difficulties for the average working parent. This contrasts with other comparable economies, such as Japan, where free hours of childcare are available all-year round.⁵

The Fawcett Society advocates for substantial investment and wholesale reform of the current early years system to address affordability. Such investment would also drastically improve quality and provide short and long-term economic return, as we discuss below.

2. Are the current entitlements providing parents/carers with sufficient childcare, and to what extent are childcare costs affecting parents/carers from returning to work full-time?

The unaffordability of childcare is a key political and practical issue. In addition to the unavailability of funded hours outside of term-time mentioned above, and many additional costs associated with childcare (such as nappies and food), there are no funded hours available for any parents between the end of parental leave and their child's 2nd birthday – leaving a large gap during which many parents struggle to manage work and childcare commitments. Furthermore, Fawcett's recent polling indicated that over a third of women would like to work more paid hours, but a lack of affordable childcare is a major barrier.⁶ And when deciding which party to vote for in a General Election, affordable childcare is important to 75% of women in marginal red wall constituencies - a key election battleground.

According to Women's Budget Group, an estimated 1.7 million women are prevented from taking on more hours of paid work due to childcare issues, resulting in up to £28.2 bn economic output lost every year. Ensuring access to affordable and flexible childcare would enable parents, especially mothers, to increase their earnings by between £7.6bn and £10.9 bn every year, generating up to £28.2 bn in additional economic output per year.⁷

Furthermore, international evidence clearly demonstrates the positive relationship between greater levels of affordable and accessible childcare and higher parental labour force participation rates. This is a gendered issue: since women continue to hold the lion's share of responsibility for raising children in our society, it is women's labour force participation rates which are most affected by a lack of available or affordable childcare. The Canadian province of Quebec provides a notable and robustly evidenced example of a system in which the introduction of low-cost childcare, with a flat daily fee, has significantly increased the rates at which women are employed or actively seeking work – from 63% in 1996 (just before the policy was introduced) to 75% in 2011 – a significantly faster rate of increase than the rest of Canada, which did not have this policy in place.⁸

⁴ Jarvie, Shorto & Parlett. Coram Family and Childcare. Childcare Survey. 2021

⁵ *Ibid.* Ville et al., Fawcett Society. Childcare and early education systems. 2022.

⁶ Fawcett Society. Equal Pay Day 2022: Women's missing money. <https://www.fawcettsociety.org.uk/equal-pay-day-2022>

⁷ Women's Budget Group. Childcare and Gender: Spring Budget 2022 Pre-Budget Briefings. <https://wbg.org.uk/wp-content/uploads/2022/03/Childcare-and-gender-PBB-Spring-2022-1.pdf>

⁸ Fortin, Godbout & St-Cerny. Impact of Quebec's universal low fee childcare program on female labour force participation, domestic income, and government budgets. 2012.

Fawcett's evidence strongly indicates that there need not be a trade-off between the purpose of childcare for supporting parental labour force participation and for improving child development outcomes – this is a false dichotomy. Some evidence has indicated either neutral or small negative associations with child behavioural outcomes as a result of Quebec's policy, however these are likely a result of rapid expansion of private, for-profit provision without sufficient training for staff and without enforcing sufficient staff-child ratios.⁹ In contrast, positive behavioural outcomes were seen for children attending non-profit childcare centres, which saw higher inspection-based quality.¹⁰ Therefore we would caution against any very rapid expansions in childcare provision without sufficient funding and quality assurance, particularly private or for-profit provision. **Where expansion in childcare is properly resourced and thus high quality, it benefits child development outcomes and parental labour force participation rates alike – these purposes need not be in tension.**

3. Whether the current Tax-Free Childcare scheme, and support for childcare from the benefits and tax credit system, is working effectively or whether these subsidies could be better used within other childcare subsidies.

Evidence indicates that just one in six eligible families is using a tax-free childcare account.¹¹ And as mentioned above, the reimbursement system for the childcare element of Universal Credit locks many parents out of access to childcare. Systems in other countries avoid this issue by providing sufficient subsidies directly to childcare providers, including in New Zealand, Australia, and Canada.¹²

Early years provision

4. What challenges do early years providers face in terms of workforce, including recruiting, and retaining qualified staff, and the barriers faced by individuals joining the profession? To what extent has the Covid-19 pandemic exacerbated workforce challenges?

Childcare settings are under increasing financial strain, with providers highlighting funding levels substantially below the cost of delivery¹³. A survey of 1,970 childcare providers by the Early Years Alliance found 72% of providers said government funding for two-year-olds did not cover costs, while 86% said funding for three- to four-year-olds was insufficient¹⁴. **Any proposal to cut costs by worsening staff-child ratios or through deregulation is likely to have adverse consequences for children and for the already under resourced and overstretched childcare workforce.** A survey by the Early Years Alliance indicated that just 2% of childcare providers would pass on any savings related to changes to ratios to parents in the form of lower fees.¹⁵ Furthermore, Fawcett's recent

⁹ Haack, Lefebvre, & Merrigan. Canadian evidence on ten years of universal preschool policies: The good and the bad. Labour Economics. 2015; 36:137–57.

¹⁰ Fortin. Quebec's childcare policy at 20. Inroads 42. 2017.

¹¹ HM Revenue & Customs. Tax-Free Childcare Statistics. 2019.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866613/Tax-Free_Childcare_Statistics_Commentary_December_2020_Final.pdf

¹² *Ibid.* Ville et al., Fawcett Society. Childcare and early education systems. 2022.

¹³ Lawler. New data shows ministers knew early years was underfunded. Early Years Alliance. 2021.

<https://www.econstor.eu/handle/10419/232991>

¹⁴ Early Years Alliance, Government funding drives up childcare prices. 2022. [Government funding drives up childcare prices | early years alliance \(eyalliance.org.uk\)](https://www.eyalliance.org.uk/news/2022/05/government-funding-drives-up-childcare-prices).

¹⁵ Early Years Alliance. Relaxed ratios won't lower early years costs, survey suggests. 2022

<https://www.eyalliance.org.uk/news/2022/05/relaxed-ratios-won%E2%80%99t-lower-early-years-costs-survey->

review of the evidence highlights child-staff ratios as a key indicator of positive child development outcomes, and so substantial risk to these would be incurred by altering ratios.¹⁶

High quality provision is only facilitated by sufficient professional training, fair pay and working conditions, and support for staff. However, staff wages for childcare workers in the UK are very low - the lowest of the comparable economies in Fawcett's recent review¹⁷ and less than the National Living Wage on average.¹⁸ Hardy et al. at the University of Leeds highlight a worker retention crisis, with 56% of nurseries saying that it has been harder to recruit new childcare workers and 26% reporting staff turnover to be higher compared to before the COVID-19 pandemic.¹⁹ Together this evidence points to an undervalued workforce existing under precarious working conditions, and is a significant gender issue, with women forming the vast majority of the workforce - 96%.²⁰ Fawcett's research on the impact of gender stereotypes in early childhood recommended that raising the status of the early years professions is fundamental to addressing the recruitment crisis, including in relation to men, and would benefit quality overall. DfE should also encourage early years settings to recruit more men by requiring early years employers to report on the gender breakdown on their workforces, and the DfE should publish summary figures annually.²¹

Fawcett's childcare literature review highlights evidence from New Zealand and Japan demonstrating better child development outcomes – including emotional, behavioural, and cognitive outcomes - associated with attendance at early years settings. These countries also provide funding incentives to providers, which encourage a highly qualified, supported, and valued workforce.²²

Investing in the fair pay and training of the workforce is vital to both retaining the workforce and to providing the best start for children at the most critical stage of their development.

5. Whether the Early Childhood Education and Care (ECEC) system is meeting the needs of pupils with Special Educational Needs or Disabilities (SEND), and the improvements that could be made to better support young children with SEND within early years provisions.

The Fawcett Society doesn't hold evidence to sufficiently respond to this question.

6. To what extent does the early years system adequately prepare young children for their transition into primary education, particularly children from disadvantaged backgrounds.

Quality childcare can reduce the attainment gap between children from disadvantaged backgrounds and their more advantaged peers. Data from the Effective Provision of Pre-school Education project between 1997 and 2004 demonstrates that attendance at childcare settings improved cognitive skills and social / behavioural development, with greater effects for children from more

[suggests](#)

¹⁶ *Ibid.* Ville et al., Fawcett Society. Childcare and early education systems. 2022.

¹⁷ *Ibid.* Ville et al., Fawcett Society. Childcare and early education systems. 2022.

¹⁸ Social Mobility Commission. The stability of the early years workforce in England: An examination of national, regional, and organisational barriers. 2020.

¹⁹ Hardy, Tomlinson, Norman, Cruz, Whittaker, Archer, University of Leeds. Essential but undervalued: early years care & education during COVID-19. 2022.

²⁰ *Ibid.* Social Mobility Commission. 2020.

²¹ The Fawcett Society and the Commission on Gender Stereotypes in Early Childhood, Unlimited Potential. [Unlimited Potential - the final report of the Commission on Gender Stereotypes in Early Childhood | The Fawcett Society](#). 2020.

²² *Ibid.* Ville et al., Fawcett Society. Childcare and early education systems. 2022.

disadvantaged backgrounds.²³ Quality provision, including higher staff qualifications and training, was critical to these outcomes.

However, more recent evidence from the Early Years Foundation Stage profile is indicating a widening gap in cognitive and social development since 2017 between disadvantaged UK children and their more advantaged peers, which may be related to insufficient resourcing of the 30 funded hours policy accompanied by a decline in staff qualification levels.^{24, 25}

Evidence from Fawcett's review of international childcare systems suggest that the highest quality systems with the best child development outcomes are those that, as well as being sufficiently resourced, have curricula which emphasize children's agency and centre cultural inclusivity. For example both Japan and New Zealand – which saw the greatest relationship between childcare attendance and positive emotional, cognitive, and behavioural outcomes in Fawcett's recent review – adopt pedagogical approaches whereby children are encouraged to learn social and cognitive skills autonomously, following their interests and making decisions of their own volition. Furthermore, the strength of New Zealand's curriculum lies in its bicultural inclusivity, in which traditional Māori concepts are directly incorporated into its core themes, as is an emphasis on the connections between children and family, community and culture. In contrast, England's curriculum is more directive and outcome-oriented, with a focus on measuring children's abilities against 'expected' levels of development.²⁶

Additionally, previous Fawcett research²⁷ has highlighted the impact of gender stereotypes in early childhood on outcomes including well-being and attainment. For example, gendered expectations from peers and teachers have been shown to result in boys having lower confidence in their reading abilities, and girls by the age of six avoiding subjects they view as requiring them to be 'really, really smart'. Our survey showed that 64% of education practitioners agree that gender stereotypes have an impact on boys being able to talk about their emotions and 57% say it impacts girls' career paths.

The quality of early years education including the training and development of staff is a significant factor in perpetuating and tackling stereotypes and equipping staff to challenge stereotypes can improve children's outcomes in the short and long term and is welcomed by practitioners. Fawcett recommends that training on challenging stereotypes of all kinds – gender, racial and those based on other protected characteristics – should be a core part of training for practitioners at all levels and built into CPD.

7. The extent to which the reduction of Sure Start Children's Centres has affected children and families, particularly children from disadvantaged backgrounds, and the role of Family Hubs.

The Fawcett Society doesn't hold evidence to sufficiently respond to this question.

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²³ Sylva, Melhuish, Sammons, Siraj-Blatchford, & Taggart. The Effective Provision of Pre-School Education [EPPE] Project, Technical Paper 12. 2004.

²⁴ Pascal, Bertram, Cole-Albäck, Centre for Research in Early Childhood. What do we know about the 30 hour entitlement? Literature review and qualitative stakeholder work. 2021.

²⁵ Stewart & Reader, London School of Economics. The Conservatives' record on early childhood: policies, spending and outcomes from May 2015 to preCOVID 2020. 2020.

²⁶ *Ibid.* Ville et al., Fawcett Society. Childcare and early education systems. 2022.

²⁷ *Ibid.* The Fawcett Society and the Commission on Gender Stereotypes. Unlimited Potential. 2022