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## Childcare Bill

### House of Lords Second Reading briefing

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#### Summary

The Childcare Bill will extend the free early education offer for three and four year olds from 15 to 30 hours each week for working parents. This is a very welcome extension of the support available for parents with childcare costs. To make sure all eligible children can access the offer in high quality settings, the Government needs to make sure sufficient funding is available and is distributed more equitably. The Government should also seek to improve access for disabled children, many of whom are currently missing out.

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#### The Government's proposals

Currently, all three and four year olds in England receive 15 hours of free childcare each week for 38 weeks of the year, or 570 hours each year. The Government proposes to increase this offer to 30 hours each week for working parents by 2017. The Bill applies only to England, although Barnett Formula transfers may enable the devolved administrations to increase the hours of free early education available in Scotland, Wales and Northern Ireland.

#### Areas for further clarification

##### **1. Funding for free childcare should be fairly distributed and reflect the costs of delivery**

The Family and Childcare Trust has consistently raised concerns that funding for free early education is inadequate and inequitably distributed. Poor funding means that:

- care is often not of sufficient quality to improve outcomes for children;
- the opening hours of many settings are not sufficiently flexible for working parents;
- there are not enough childcare places, with up to one in ten children missing out in some areas; and
- working parents may pay higher fees to compensate for low funding for free hours.

There is significant variation in the funding that the Department for Education gives to local authorities as historical precedent is used to determine the amount of funding in each area. Funding for three and four year old places in schools range from £9.17 per hour in Camden to £3.24 per hour in Solihull. The average rate for local authorities is £4.51 per hour.

There are also big disparities in the rates local authorities give to providers. Local authorities with similar levels of need such as Bradford and Tower Hamlets offer widely differing rates – £5.23 per hour and £2.93 per hour respectively – a £1,311 difference each year

Unless the extension of free early education offer is fairly and adequately funded, these problems could be exacerbated as providers will find it more difficult to cross-subsidise free provision with extra purchased hours. The Government has committed to increasing the average childcare funding rates paid to providers, with the Department for Education beginning a review of funding 'before summer'.

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- **Question: To ensure adequate and fair funding of the extended offer, will the review look at both the funding from the Government to local authorities and to providers from local authorities as well as cover capital and revenue funding?**

## **2. Disabled children are often not able to access the full free childcare offer**

A recent independent Parliamentary Inquiry into childcare for disabled children found that 41 per cent of parents with disabled children did not access the full 15 hours of free early education. This was often due to a lack of providers with the staff or facilities needed to deliver appropriate care. Parents with disabled children are also often charged higher fees, in some cases two or three times the typical fee. This means that many parents have to give up work or reduce their hours to care for their children.

- **Question: How will the Government make sure that disabled children are able to access free early education in a range of high quality settings and that their parents are not asked to pay expensive top up fees?**

## **3. Free childcare is not always sufficiently flexible for working parents**

72 per cent of three year olds receive their free early education in a nursery class attached to a primary school, in state nursery school, or at a sessional pre-school. These settings usually only for operate for a limited number of hours every day in term-time only. Nationally, there is a shortage of holiday childcare for under-fives.

The Family and Childcare Trust believes the Government should work with schools and nursery providers to ensure that parents have greater access to flexible childcare. In addition to an uplift in funding, this requires capital investment in facilities and grant funding to support providers to make the transition to full daycare.

- **Question: How will the Government make sure that more settings are able to deliver the full 30 hours of free childcare?**

## **4. Childcare funding should be simplified and integrated**

The Government currently subsidises childcare through three schemes – free early education, the childcare element of Working Tax Credit (or Universal Credit) and through childcare vouchers (in future, the tax-free childcare scheme) – all with different eligibility requirements, administrative processes and funding rates. This often leads to complexity for parents, with inconsistent eligibility criteria, multiple eligibility checks and financial cliff edges between different schemes.

The government should seek to improve childcare funding by integrating funding into a single scheme that is simple for parents and providers and has clear policy aims.

- **Question: How will the Government make sure that funding is simplified for parents?**

## **5. Information and advice**

Section 2 of the Bill will allow the Department for Education to publish regulations requiring local authorities to publish information about childcare ‘in a prescribed form’. While local authorities already have duties to collect and publish information about childcare, relatively few provide a clear and comprehensive information offer for parents. The Government rightly wants to improve this situation.

- **Question: Will the Department for Education publish guidance for family information services and clarify how local authorities will be funded to deliver information about local childcare?**