



All Party Parliamentary Group for Families in the Early Years

Chair: Lucy Powell MP

Vice Chairs: Bishop of Durham and Tim Loughton MP

Secretary: Ian Mearns MP; Treasurer: Earl of Listowel

Secretariat: Family and Childcare Trust

Tax Free Childcare and 30 hours

Committee Room 16, House of Commons, 23 April 2018

Lucy Powell MP welcomed the guests and speakers, and introduced the topic as looking at the two big new government investments in childcare – Tax Free Childcare and the extension of free childcare to 30 hours per week for three and four year olds with working parents.

Nicky Morgan MP opened the meeting by discussing the Treasury Select Committee's inquiry into childcare, in which she had drawn on her experience in Government in the Treasury and as Secretary of State for Education. The inquiry was triggered by the problems with the Childcare Choices website and the way that this was undermining trust in the system, but looked at a broader range of issues including the role of childcare policy in improving productivity and reducing the gender pay gap. They found that the role in improving productivity was still uncertain and further research would be welcome, but that better support for parents undertaking training could be key to achieving this. They believed there was no justification to delaying entitlement to 30 hours until the term after their third birthday, and that they had significant concerns that funding rates meant providers were having to introduce additional charges. She also felt that the current complexity of the system acts as a significant barrier to uptake for families.

Questions to Nicky Morgan MP discussed how to define what training should be supported; whether further requirements should be placed on childcare providers along with increased funding; variation in funding between local areas; and how the underspend from Tax Free Childcare could be reallocated. The Government has until 25 May to respond to the select committee's report.

Ellen Broomé from the Family and Childcare Trust praised the Government for increasing funding in childcare but said that it was important to keep monitoring whether this funding was both making it easier for parents to work and boosting children's outcomes. They have found that these new policies disproportionately benefit better off households, as higher earning couples will be £351 per month better off as a result of the introduction of Tax Free Childcare and 30 hours, but a single parent on the minimum wage will only be better off by £55 per month. She also raised concerns that better off, more advantaged children are now getting twice as much early education as disadvantaged children and that this could widen,

rather than narrow, the achievement gap. She called for changes to be made in Universal Credit to support parents to start work and for 30 hours to be extended to parents in training.

Neil Leitch from the Pre-School Learning Alliance focused on the 30 hours policy as this is causing the most difficulty for providers. He argued that putting more money into the childcare system was not the same as putting enough money into the childcare system, and that the current funding rate fell significantly short of the cost of delivering childcare and did not account for rising staff costs. He raised concerns that this shortfall was negatively affecting families as providers were having to charge for extras and prioritise the families that could pay, meaning disadvantaged children miss out. He supports the principle of free, rather than subsidised, childcare and believes in the benefits this brings for children and parents, but not when the risk and responsibility is being transferred to providers.

Valentine Mulholland from NAHT shared their findings from a recent survey of school leaders on delivering the 30 hours. For the majority of schools surveyed, less than a third of places were being used by children eligible for the 30 hours. Many were making up a funding shortfall from other parts of the school budget and were struggling with payments being made late, significantly after the childcare had been used. There was also a lack of flexibility in the offer from schools with most not offering extended hours or childcare during the school holidays. A quarter of respondents felt that the 30 hours offer had displaced disadvantaged three and four year olds from their setting. She called on Government to look again at the funding rate and to improve the delivery process, both from the point of view of parents and for providers.

The meeting was then opened up to discussion from other attendees. Some felt that eligibility for the new schemes should match child benefit and that savings could then be re-directed to disadvantaged children. There was also discussion of how difficult it was to get the funding rate right when there was such significant variation in how childcare was being delivered and so costs also varied significantly. Some felt that the question on funding could only be answered once quality childcare has been clearly defined and it was clear what requirements should be made on childcare providers.

There was also a strong feeling that there needed to be greater attention to narrowing the achievement gap in the early years and improving social mobility. Lucy Powell MP said she hoped that this was something the Education Select Committee would likely look at over the coming months. Some felt that getting the quality of qualifications right and that the workforce was fully qualified was key to this.