



Llywodraeth Cymru
Welsh Government

IMPACT ASSESSMENT

Nanny scheme: integrated impact assessment

A summary of how the nanny scheme will impact on a number of areas.

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Contents

Section 1. What action is the welsh government considering and why?

Section 7. Conclusion

Section 1. What action is the Welsh government considering and why?

What is the nanny scheme?

The current Tax Credits (Approval of Childcare Providers) (Wales) Scheme 2007 (which we will refer to in this integrated impact assessment as the “the 2007 Nanny Scheme” is a voluntary scheme for approving home childcare providers (“nannies”) who meet certain basic criteria. The scheme was introduced to meet the commitment in the Childcare Strategy for Wales (November 2005) to ensure that parents who use childcare practitioners within their home have the option of using nannies who have sought voluntary approval.

One of the original reasons for establishing the 2007 Nanny Scheme was to provide for a process whereby nannies could be approved, and parents using the services of these approved nannies could claim relevant UK Government financial support with childcare costs. Under the terms applied by the UK government, some of these funds can only be claimed in relation to ‘approved’ childcare providers. As nannies are not within the categories of childcare providers required to register with Care Inspectorate Wales (CIW) in Wales, the 2007 Nanny Scheme was in part devised to address that gap by providing a mechanism for approval, although it is generally recognised that the approach towards the approval of nannies is a lighter touch approach compared to the process for the registration, regulation and inspection of day care providers and childminders.

Approvals for the 2007 Nanny Scheme are currently managed by CIW as the approval body on behalf of the Welsh Ministers and there are no plans for that to change under the new scheme. There are currently around 75 approved nannies in Wales.

Why change?

In February 2019, DWP introduced The Welfare Reform Act 2012 (Commencement No.32 and Savings and Transitional Provisions) Order 2019 and these changes to UK Government legislation impacted on the legal basis on which the 2007 Nanny Scheme relied.

This means that a new scheme is needed to replace the 2007 Nanny Scheme to ensure that nannies operating in Wales can continue to be approved, and that families in Wales who use the services of approved nannies can continue to benefit from UK Government financial support towards their childcare costs.

This is why the Welsh Government is now developing a scheme under section 60 of the Government of Wales Act 2006 entitled the Approval of Home Childcare Providers (Wales) Scheme 2021 (which we will refer to in this impact assessment as the 2021 Nanny Scheme).

What counts as qualifying childcare for the purposes of the scheme?

For the purposes of the 2021 Nanny Scheme, childcare provided by a “nanny” is defined as follows:

Qualifying childcare means care provided by a person for reward for

- a. a child or children for particular parents, wholly or mainly in the home of the parents, or
- b. a child or children for particular parents (“the first parents”), and in addition for a child or children for different parents (“the second parents”), wholly or mainly in the home of the first or second parents or in both homes.

Qualifying childcare does not include:

- a. child minding which is subject to registration pursuant to Part 2 of the Children and Families (Wales) Measure 2010(1
- b. care provided by a person for reward for a child aged 12 years or more,
- c. childcare provided wholly or mainly in the home of the child's parent by a parent or relative of the child, or
- d. childcare provided wholly or mainly in the home of a relative of the child where such care is usually provided solely in respect of one or more children by a parent or relative.

What are the main differences between the 2007 nanny scheme and the 2021 nanny scheme?

The 2021 Nanny Scheme is broadly similar to the existing scheme but the Welsh Government has taken the opportunity to make some changes. The main changes relate to:

- i. Approval criteria: public liability insurances is being required
- ii. Clarity around when a person should apply to renew their approval: application for renewal needs to be made 42 days in advance of the expiry of approval
- iii. Provision of information to the approval body: a nanny needs to notify the approval body of any cautions or convictions
- iv. Refusal or withdrawal of approval and representation process; a representation process managed by the approval body will replace the current route of appeal to the First Tier Tribunal.

In light of the consultation exercise on the draft 2021 Nanny Scheme, guidance relating to the scheme will be reviewed to clarify a few points from the “coming into force” date of 1 April 2021 and the Welsh Government will work with stakeholders to explore the implications of introducing a requirement for nannies

to have undertaken safeguarding training. The Welsh Government's [summary of responses](#) to the consultation is available here.

Section 7. Conclusion

7.1 How have people most likely to be affected by the proposal been involved in developing it?

The consultation on the 2021 Nanny Scheme opened in September 2020 and closed on the 4 December 2020. To ensure that those people who will be impacted by the changes are aware of the changes we engaged with all 22 local authorities in Wales, Care Inspectorate Wales (CIW), PACEY Cymru and stakeholder bodies. In addition, we published the consultation on our website and undertook a targeted e-mail exercise in order to reach as wide an audience as possible. We arranged for CIW to contact all existing nannies on the 2007 Nanny Scheme to seek their views on the changes and encouraged those nannies to share details of the scheme changes with the families they support. In addition, PACEY Cymru facilitated two virtual consultation events on the proposed new scheme, one with local authorities and one with nannies, during which the proposed changes were discussed in detail. PACEY Cymru is one of five umbrella bodies representing the childcare sector in Wales, specifically supporting childminders and nannies.

It should be noted that this is not a brand new scheme and that the main driver for this replacement scheme are changes which have been made to UK Government legislation. The Welsh Government's key priority and aim in making this new scheme is to ensure that parents using approved nannies in Wales are able to continue to access UK Government financial support schemes.

7.2 What are the most significant impacts, positive and

negative?

From a nanny's perspective, the positive impacts of the scheme are:

- that being on the approval scheme gives them greater employability choices. Parents are more likely to want to employ approved nannies if it means they can benefit from UK Government financial support with childcare costs and also assurances that the childcare provider has undergone some basic checks and training making them more suitable and qualified for the role
- gives the nanny additional credibility as a professional childcare provider because of the requirements for approval which must be satisfied, without being overly burdensome in terms of time or financial commitment.

From a families' perspective, the positive impacts are:

- that using an approved nanny means they can benefit from UK Government financial support with childcare costs and also receive assurances that the childcare provider has undergone some basic checks and training making them more suitable and qualified for the role
- having more approved nannies in Wales means parents have a broader range of childcare choices at their disposal, which often benefits parents working atypical hours e.g. some of our critical workers (NHS staff) and parents in more rural areas where formal childcare options are more restricted. It is also helpful to local authorities in terms of fulfilling their sufficiency duties to have a broad spectrum of services available to meet the diverse needs of working parents in their areas
- nannies provide care in the family home which may be beneficial for children's wellbeing as they are being cared for in a familiar and safe environment and it limits the numbers of settings/travelling required. Such arrangements can also sometimes lead to a close and lasting bond between the nanny and the children/family
- one of the negative impacts which has been cited by some nannies who

have responded to the consultation is the new requirement for nannies to have public liability insurance. This change brings the scheme's requirements more into line with requirements for nannies in England and Northern Ireland and with the Welsh Government's own requirements in relation to childminders and day care providers. This offers the nanny protection if someone in their care suffers an injury or if there is damage to property and they were found to be at fault. Most local authorities and the nannies who attended the consultation event, were fully supportive of this new requirement, although they recognised the additional cost it presents. Public liability insurance can be obtained at a reasonable cost, for example through PACEY Cymru, the umbrella body which represents the interest of nannies in Wales.

7.3 In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

The scheme plays an important part in supporting the general principle of the Well-Being of Future Generations (Wales) Act 2015 which is about making positive interventions now in order to benefit people living their lives in Wales in the future. The policy contributes towards the Act's Well-being goals, particularly those relating to a prosperous and healthier Wales.

The policy helps support the Welsh Government's well-being objectives, in particular to:

- Support people and businesses to drive prosperity
- Promote good health and well-being for everyone
- Support young people to make the most of their potential
- Build ambition and encourage learning for life The scheme will impact positively on nannies and the parents involved, supporting them into work and providing them with greater employment choices.

The scheme supports the Wellbeing of Future Generations' five ways of working as follows:

Long Term: investment in quality childcare and play can help young children develop into healthy, active adults. It develops their cognitive and social and emotional wellbeing and mitigates the harmful effects of adverse childhood experiences. Childcare can also enable parents to work and train and lifts families out of poverty.

Prevention: Quality early years experiences can develop children's resilience and helps to prevent later physical and mental health problems. Good quality childcare can also support attachment and the development of healthy relationships and reduce poverty for families.

Integration: The scheme integrates with other policy objectives of the Welsh Government and general duties of local authorities around childcare, which is to develop and deliver policies which ensure that the need/demand for childcare at the local level is fully understood and steps taken to provide quality childcare which meets the needs of working parents and supports child development.

Collaboration: In delivering the scheme, the Welsh Government has worked closely with key partners, including with local authorities who have statutory duties relating to childcare sufficiency and a sound understanding of the needs of families in their areas. We have also closely involved umbrella bodies which represent the views of childcare providers; relevant UK Government departments and the approval body, CIW.

Involvement: The Welsh Government has worked closely with sector umbrella bodies and directly with providers, local authorities and other key stakeholders to ensure that they are involved in shaping and delivering the scheme. A consultation exercise was undertaken and a summary of the responses published.

7.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

The intention is for the 2021 Nanny Scheme to come into force from 1 April 2021 under the Welsh Minister's powers under the Government of Wales Act 2006. We will work closely with local authorities, umbrella bodies and with the approval body to monitor implementation of the 2021 Nanny Scheme. This will include efforts to look at ways in which the cost burden associated with approval, and re-approval, can be minimised. Both the 2007 and 2021 scheme will run in parallel for a period of 1 year until all nannies approved under the 2007 scheme transition on to the 2021 scheme.

Nannies in Wales fall under exempt provision as defined by The Child Minding and Day Care Exceptions (Wales) Order 2010, as amended. The Welsh Government had previously planned to consult on the Exceptions Order during 2020 but as a result of the coronavirus pandemic, that work has been postponed. There will be an opportunity to review the way nannies are approved, and the new scheme, as part of that consultation exercise.

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