

## The Childcare Offer for Wales

### SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

**This integrated impact assessment relates to the Childcare Offer for Wales, which is a commitment to provide government-funded early education and childcare to the working parents of three and four year olds in Wales for up to 48 weeks per year and was made in the Welsh Labour manifesto, *Together for Wales (2016)*<sup>1</sup>. It is also set out in *Taking Wales Forward*<sup>2</sup> and expanded on in *Prosperity for All*<sup>3</sup>. The 30 hours Offer also features in the *Economic Action Plan*<sup>4</sup>.**

**A child will be eligible** from the term after their third birthday until the September after their fourth birthday, when they will usually be offered a full time Foundation Phase Nursery place.

The Offer builds on the universal commitment to early education, which provides every 3 and 4 year old with a minimum of 10 hours per week of free education during school term time, from the term after their third birthday.

Working parents of 3 and 4 year olds resident in Wales will be eligible for the childcare element of the Offer where the following conditions are met:

- where both parents are working or where the sole parent is working in lone parent families;
- where each parent is earning, on average, a weekly minimum equivalent to 16 hours at the applicable minimum wage and where their annual gross income is not more than £100,000.

The funding is also available in other exceptional circumstances, including:

- one parent is employed (and earning the equivalent of at least 16 hours per week of relevant minimum wage at the rate applicable to them) and one parent has substantial caring responsibilities based on specific benefits received for caring;
- both parents are employed (and earning the equivalent of at least 16 hours per week of relevant minimum wage at the rate applicable to them) but one or both parents are temporarily away from the workplace on statutory parental, maternity, paternity or adoption leave (except where that child is 3-4 year old);
- both parents are employed (and earning the equivalent of at least 16 hours per week of relevant minimum wage at the rate applicable to them) but one

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<sup>1</sup> The Welsh Labour Manifesto 2016

<http://d3n8a8pro7vhmx.cloudfront.net/themes/56f26ee2ebad64d813000001/attachments/original/1460733418/Welsh-Labour-Manifesto2016.pdf?1460733418>

<sup>2</sup> Welsh Government - Taking Wales Forward 2016-2021:

<http://gov.wales/docs/strategies/160920-taking-wales-forward-en.pdf>

<sup>3</sup> Welsh Government - Prosperity for All: the national strategy :

<http://gov.wales/docs/strategies/170919-prosperity-for-all-en.pdf>

<sup>4</sup> Welsh Government- Prosperity for All: economic action plan :

<http://gov.wales/docs/det/publications/171213-economic-action-plan-en.pdf>

or both parents are temporarily away from the workplace on statutory sick pay;

- one parent is employed (and earning the equivalent of at least 16 hours per week of relevant minimum wage at the rate applicable to them) and one parent is disabled or incapacitated based on them being in receipt of, or having an underlying entitlement to, one of the following qualifying benefits:
  - Incapacity benefit;
  - Carers allowance;
  - Severe disablement allowance;
  - Long term incapacity benefit;
  - Employment and support allowance; or
  - National insurance credits on the grounds of incapacity for work or limited capability for work.
- where a parent is newly self-employed, and within the initial start-up period of their business. Parents will need to register their business with HMRC and provide evidence that they are self-employed in order to qualify;
- for kinship carers, where they meet the definition of a working parent;
- for Looked After Children placed in foster care where the foster carer meets all of the wider eligibility criteria and where it is in-line with the child's care plan. Foster parents can use their foster caring allowance as evidence of earnings.
- although not an exception benefit as such, in families where one parent is working and meets the eligibility criteria for the Offer and the other is in receipt of payments from the Armed Forces made to seriously injured veterans (for instance, Guaranteed Income Payment), that child will be eligible for the Offer. However, families where one parent is in receipt of an exception benefit and the other parent receives a disability payment from the Armed Forces, will not be eligible.
- in families where one parent is working and the other has taken early retirement on the grounds of ill health, they will remain eligible if the affected parent is unable to work because of the health issue that forced their retirement and is in receipt of, or has an underlying entitlement to, one of the qualifying benefits listed above. In the case of a single parent family they would fall out of eligibility if they were to take early retirement on grounds of ill health. One member of the household has to be working in order to qualify for the Offer.

## **A. CHILDREN'S RIGHTS IMPACT ASSESSMENT**

The Offer is expected to have the following positive impacts on children:

- Employment and tackling poverty: Dual-earning (for two parent households) or employment (for single parent households) has been demonstrated to be the best route out of poverty and makes economic sense in terms of

increased tax revenue and reduced benefit spending<sup>5</sup>. This will have a significant positive impact on child poverty (articles 26 & 27).

- Child development: High quality early childhood education and care provides essential support for children's cognitive, social and emotional development both in the immediate and longer term. The offer will also provide children with structure in the year before they start full-time education, aiding their school readiness (articles 28 and 29).
- Prevention: We know that intervening in the early years can save money later, and that there's a greater return on early investment than late e.g. investing early can mitigate against costly negative outcomes in later life, like illiteracy or innumeracy (article 27).
- Equality: Those women who are in work face intrinsic and explicit discrimination and a persistently large pay gap currently exists. Women are underrepresented at senior ranks and in high-skill professions. Arguably, these inequalities will persist until parents are able to properly balance their work and care responsibilities. The Offer is open to all eligible parents and children, including children with additional needs or the children of parents who may be subject to immigration control and have no recourse to public funds.

The following high level benefits have been identified that would support the realisation of the outcomes above:

- Higher parental employment
- Higher household incomes for parents
- Increased take-up of childcare provision
- More children starting school with the necessary skills
- Better development outcomes for children into school age
- Reduced number of households living in poverty

In addition to the expected positive outcomes resulting from the introduction of the Offer, there is also the possibility of some adverse effects. These include:

- The possible reduction in family time for children as childcare becomes more affordable, making it easier for parents to work. However, it may also be the case that parents are able to spend more time with their children due to the Offer providing the parent/s with a broader range of employment choices i.e. working less hours, working fewer jobs, applying for promotions or a job closer to home;
- Some parents may choose for their child to take up the childcare element of the Offer, as opposed to the early education element. This is more likely to happen if parents feel that the Foundation Phase Nursery element of the Offer is not accessible or if they want both of their children in the same setting. This element of the Offer is being kept under review;
- There are social advantages in terms of children spending time with grandparents<sup>6</sup> and there is a risk that this will reduce as the Offer becomes

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<sup>5</sup> Joseph Rowntree Foundation(2016) UK poverty: Causes, costs and solutions. Full report available at: <https://www.jrf.org.uk/report/uk-poverty-causes-costs-and-solutions>

<sup>6</sup> WHEELOCK, J., & JONES, K. (2002). 'Grandparents Are the Next Best Thing': Informal Childcare for Working Parents in Urban Britain. *Journal of Social Policy*, 31(3), 441-463.

available and the childcare by grandparents becomes more of a choice than a necessity;

- The risk that children of parents not in work will miss out on the potential social and developmental benefits of attending a registered childcare setting;
- The possible risk that the sector will not be in a position to react to or meet any possible increase in demand.

### **Explain how the proposal is likely to impact on children's rights**

The Childcare Offer will result in working parents of 3 and 4 year olds having access to 30 hours of government funded early education and childcare for 48 weeks of the year. The

Offer will support and promote children's rights by supporting the following articles:

- **Article 3** states that all organisations should work towards what is best for the child. The best interests of the child are at the heart of the Offer and this means ensuring that childcare services which care for children conform to the required standards established by Welsh Government for registered childcare;
- **Article 18** states that Government should support parents in helping to look after children, particularly when both parents work. The Welsh Government has a statutory commitment to ensuring high quality, sustainable and affordable childcare is available across Wales and works closely with Local Authorities to achieve this. The Offer will support working parents by funding hours of childcare, the cost of which can act as a barrier and preventing them from returning to work or making changes to their employment to better suit their family's circumstances;
- **Article 19** states that the Government must act to safeguard children from mistreatment using all the powers at their disposal. The Offer will be delivered through registered childcare settings and therefore particular consideration will be given to safeguarding children in line with the National Minimum Standards established by the Welsh Government;
- **Article 23** states that parties should ensure that disabled children should have specialised care and support in order to lead full, independent lives. The Offer will support eligible children which need additional support to access the Offer. Registered settings are required to comply with the relevant regulations and ensure that the requirements of all children in their care are appropriately assessed and addressed. Additional funding is allocated as part of the Offer in the form of the Additional Support Grant to ensure that eligible children who require additional support can benefit from the Offer in the same way as other children;
- **Article 26** states that the Government should provide extra money for the children of families in need. The median salary of individual parents accessing the Offer during early implementation was under £25,999<sup>7</sup> and 66 % of parents accessing the Offer were earning the equivalent of, or below, the Wales median salary<sup>8</sup>. By providing funding to help meet childcare costs, the Offer will enable some parents to consider working more hours or may open up different and better paid career choices;

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<sup>7</sup> Evaluation of the Early Implementation of the Childcare Offer for Wales page 93

<sup>8</sup> Evaluation of the Early Implementation of the Childcare Offer for Wales: Year 2 page 67

- **Article 27** states that children have a right to a standard of living that is good enough to meet their physical and mental needs and that the Government should help families who can't afford to provide this. By increasing families' disposable income, the Offer is helping to contribute towards an improved standard of living for children of eligible families. The evaluation of the roll out of the pilot suggested that the Offer had an impact on the disposable income of households accessing the Offer, with the majority of parents surveyed (86 %) reporting to have more money as a result of the Offer<sup>9</sup>;
- **Article 30** states that children have a right to learn and use the language and customs of their families, whether these are shared by the majority of people in the country or not. One of the priorities of the Welsh Government, through its strategy *Cymraeg 2050* is to increase the numbers of people in Wales who can speak the Welsh language. The Welsh Language impact assessment provides further detail about the Offer's contribution in this regard.

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<sup>9</sup> Evaluation of the Early Implementation of the Childcare Offer for Wales: Year 2 page 79