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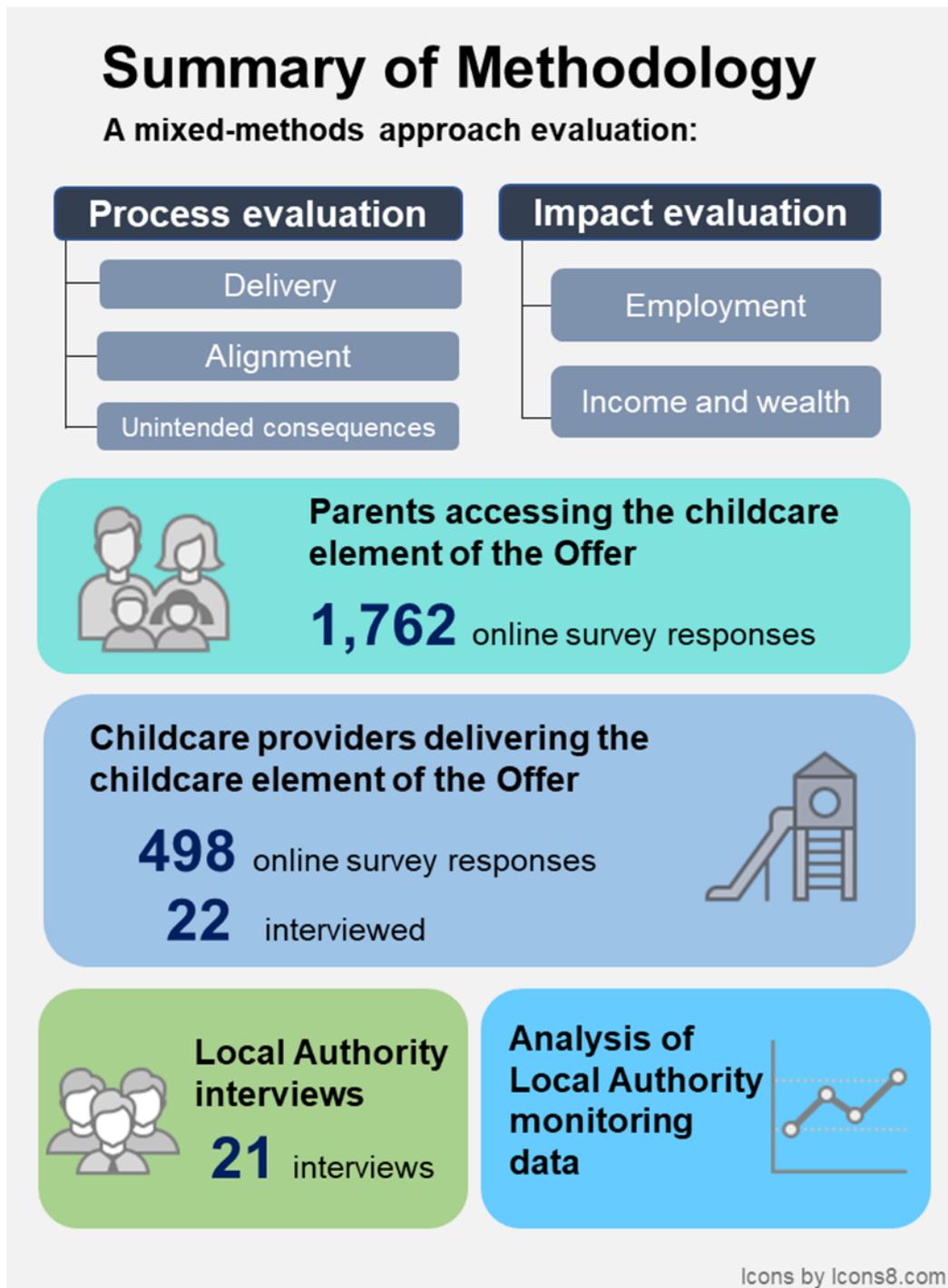
Evaluation of the Childcare Offer: Year 3

Executive summary

1. Introduction

- 1.1 The Welsh Government's Childcare Offer for Wales provides eligible working parents with 30 hours of childcare and early education for three and four-year-olds for 48 weeks per year. The third year of implementing the Childcare Offer ('the Offer') began in September 2019.
- 1.2 The Welsh Government began the initial implementation of the Offer in September 2017, and by April 2019, it was being delivered in all local authorities across Wales, with local authorities working together in partnership to deliver the Offer within their areas.
- 1.3 Due to COVID-19 the Offer was temporarily suspended to new entrants in April 2020 and the budget repurposed to cover the costs of childcare for the pre-school age children of critical workers and vulnerable children. This evaluation therefore focused on the period the Offer was delivered in Year 3, namely September 2019 until March 2020.

2. Methodology



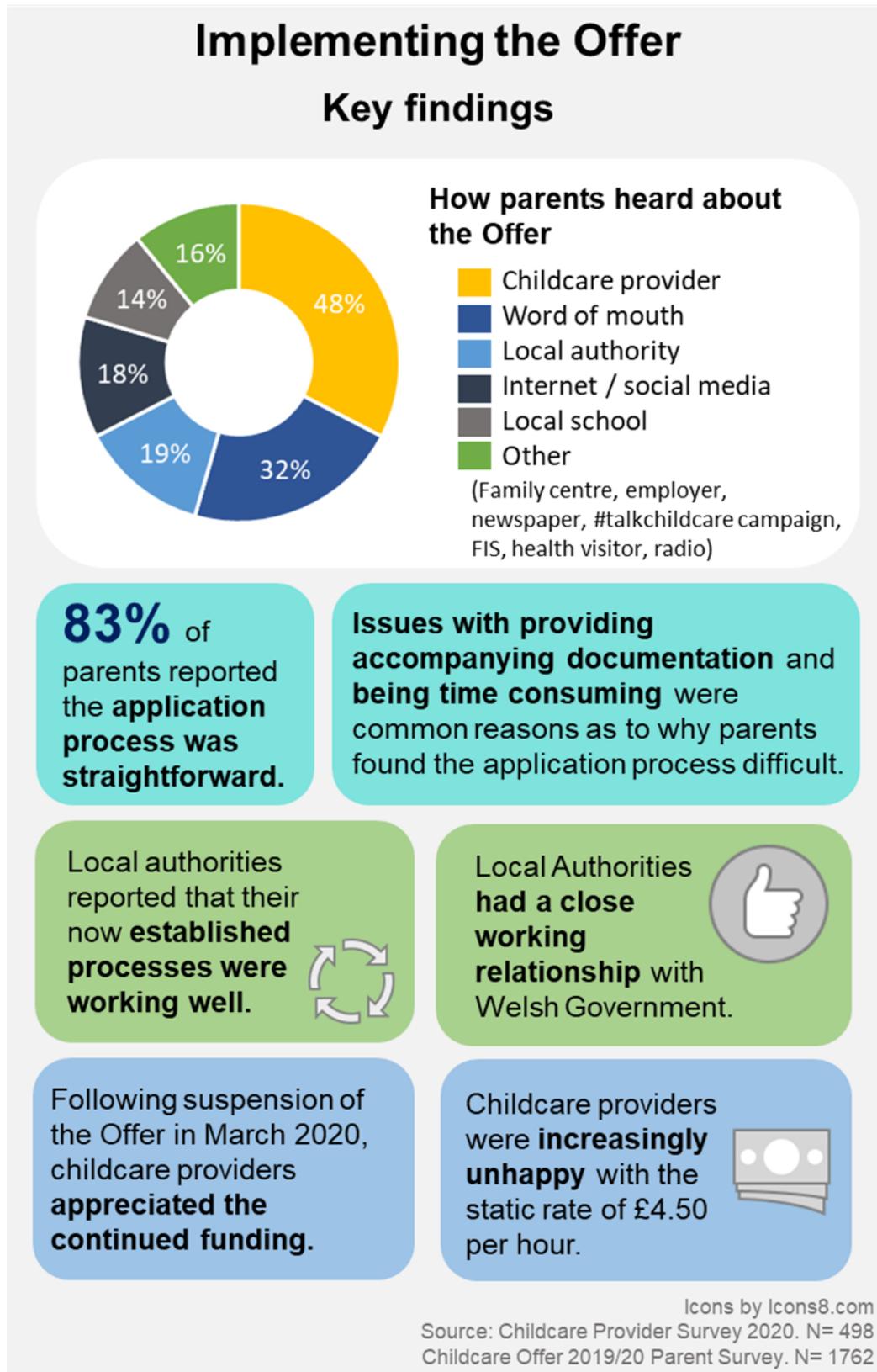
- 2.1 The main aims of the year 3 evaluation were to assess how effectively the Offer is being delivered to children and parents; provide lessons to inform future delivery; explore the impact that the Offer is having on parental employability, wellbeing and disposable income and the impact of the Offer on the childcare sector.

A mixed-methods approach was adopted for the evaluation, which involved several research strands:

- Survey of childcare providers: An online survey completed by 498 settings who had delivered childcare under the Offer.
- Interviews with 22 Offer providers.
- Survey of parents: An online survey completed by 1,762 parents who had accessed the Offer.

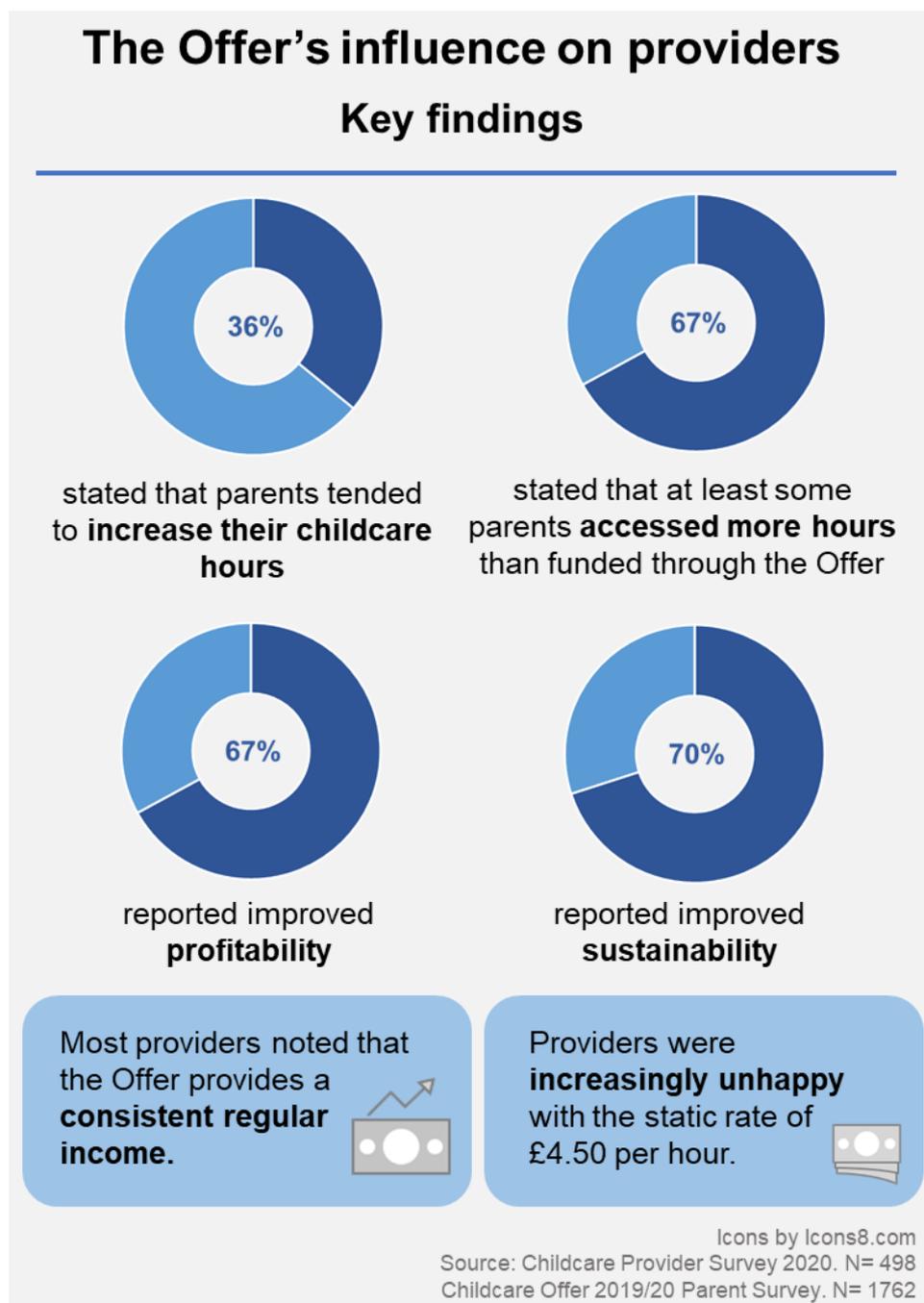
- Interviews with local authority representatives and key stakeholder organisations.
- Analysis of monitoring data.

3. Implementing the Childcare Offer.



- 3.1 The views and experiences of local authorities, stakeholders, childcare providers and parents were gathered on the implementation of the Offer, and the evaluation found that delivery of the Offer was proceeding smoothly at the start of the year 3 implementation.
- 3.2 The majority of providers were happy with the way the Offer has been administered and commented that when issues arise, they are sorted quickly by the local authority. In respect of local authorities, there were only occasional issues regarding the application process, eligibility or provider payments that needed to be checked with the Welsh Government, but nevertheless, the local authorities welcomed the close working relationship and regular consultation between them and the Welsh Government.
- 3.3 Overall, local authorities reported that the numbers of parents enrolling on the Offer were stable and either reflected similar numbers to the previous year or exceeded expected numbers. Local authorities pointed to a very small number of potential barriers to parents using the Offer, notably parents' understanding of the childcare and early education split and parents understanding of holiday provision.
- 3.4 Local authorities noted that childcare providers were now accustomed to the administration and monitoring systems in place. Stakeholders and some childcare providers did, however, point to some issues with payments being made in arrears, and at different times by different local authorities. Stakeholders and childcare providers were also increasingly unhappy with the Offer rate of £4.50 an hour per child paid to providers.
- 3.5 The interviews with local authorities also referred to the period after March 2020. Where children were already eligible for and enrolled on the Offer before 18 March 2020, the Welsh Government committed to continue to pay for the hours of childcare booked under the Offer for a period of three months, even if the setting was closed or the child was not in attendance. This funding was considered to have been very important in sustaining the childcare settings; although there were challenges for some in what they were allowed to claim. At the time of writing (February 2021), the Offer is operating as normal and many new children began receiving funded childcare places in September 2020. There were reports of some reduced demand and some settings having permanently closed, but no cause for concern yet on the part of the local authority childcare teams.

4. Making a difference to Providers

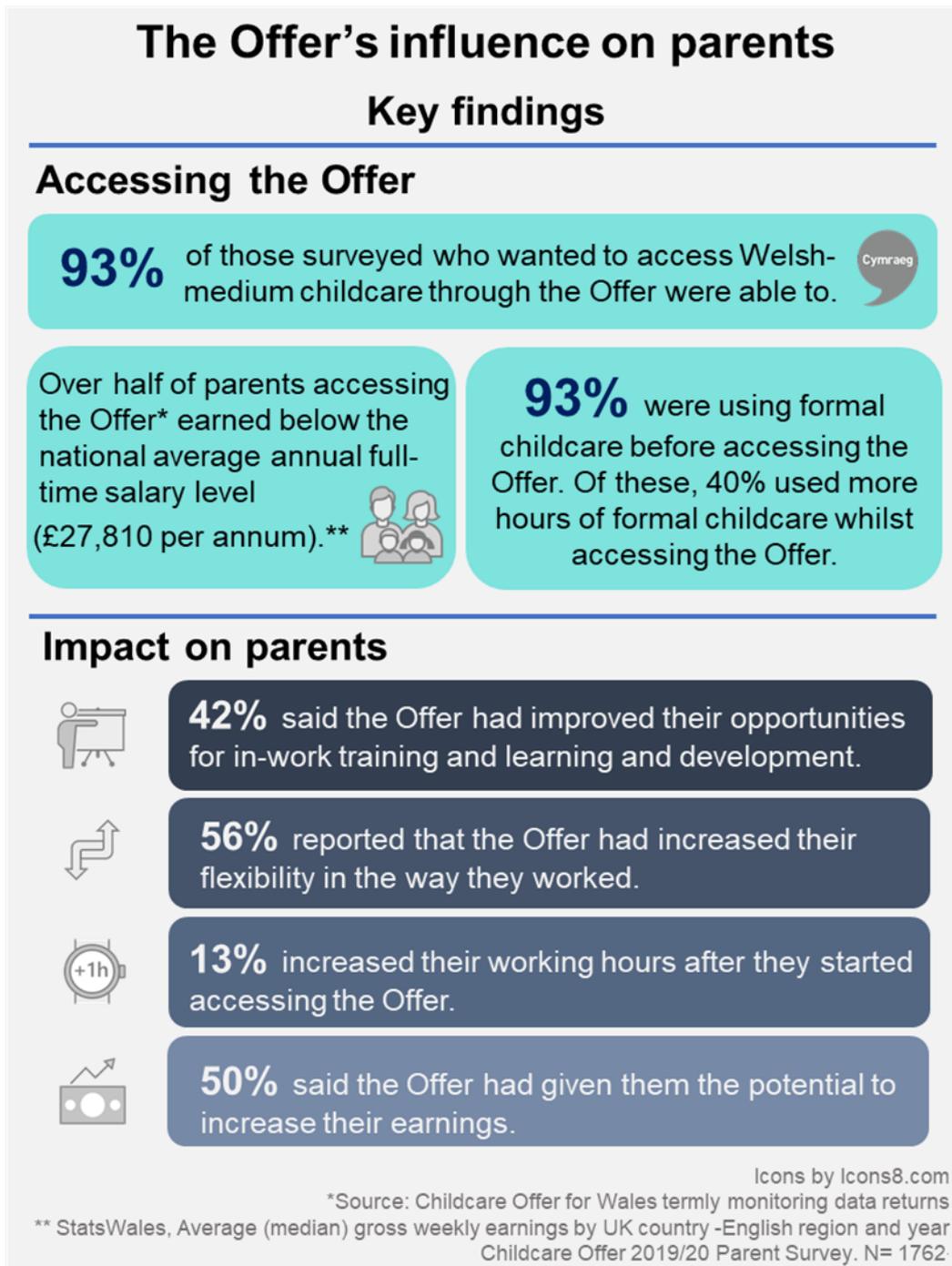


- 4.1 The evaluation reviewed how childcare funded by the Offer impacted on providers' current and future business performance.
- 4.2 Many parents took up the Offer in a setting which they were already using, however providers reported that just under 30 per cent of the Offer-funded children were new to their setting. Providers were also asked whether parents supported by the Offer accessed more hours than the maximum 20 hours funded through the Offer during term time and 30 hours non-term time. Nearly two-thirds of providers (65 per cent) stated that parents had changed their hours. Of these, half reported that all or most parents had increased their hours, and half reported that some of their parents had accessed more hours than the hours funded by the Offer.
- 4.3 The Offer consists of a combination of early education at Foundation Phase Nursery (FPN). As with the evaluations of year 1 and year 2, stakeholders and some local authority

representatives voiced concerns that the sector was struggling with the low rate paid for FPN provision in some areas. Since these interviews with local authorities, the Welsh Government has announced that it will be making additional funds available to local authorities to enable them to increase funding to align with the current £4.50 funding rate for childcare.

- 4.4 Over two thirds (67 per cent) of providers surveyed noted that the Offer had a positive effect on their profitability, with 70 per cent noting that the Offer had a positive effect on the sustainability of their business. This is broadly in line with previous years. Over a quarter of respondents (25 and 26 per cent) stated that the Offer had no effect on their profitability and sustainability respectively and a small minority, 5 per cent of settings, stated that the Offer had had a negative effect on their profitability and sustainability. The main reasons given by providers was that the £4.50 rate is lower than their usual commercial rate. In interviews providers welcomed the consistent regular income of the Offer.
- 4.5 Childcare providers receive £4.50 per child per hour from the Welsh Government to deliver childcare under the Offer. Providers can also charge parents for food, transport and other activities but cannot charge parents more for providing childcare, even if their usual rate is higher. Childcare providers were asked as part of the survey whether they had changed their fees in the last year. Over a third of providers (36 per cent) stated that they had changed their fees and the reasons given included changes to staff salaries, national minimum and living wage increases and regular fee increases to reflect changes in the local market.
- 4.6 Several providers explained in the interviews that due to increasing fees over the last three years, the hourly fee of £4.50 was now considerably lower than their normal hourly fee. Providers stated that the Offer fee should be reviewed in line with the increase in other fees such as the national living wage. Some smaller settings stated that where they only had one child eligible for the Offer, it was a lot of paperwork for them in order to get a similar fee to their now current rate. The Welsh Government has been undertaking a review of the rate for the Offer. It is expected that the review will be published later in 2021.
- 4.7 As C-CAS came to an end in August 2020, and the Offer resumed in September, there were some administration challenges with providers having to liaise with parents to support their applications for the two cohorts of children. There were also administrative pressures on local authorities in re-contacting the parents of those children who were already eligible and had been accessing the Offer before it paused in March and dealing with the applications for a new cohort of children.

5. The Offer's influence on parents



- 5.1 The evaluation explored who is accessing the Offer, and how the Offer has impacted on parents' use of childcare, specifically examining the movement from using informal to formal childcare. It also explores the impact the Offer had, between September 2019 and March 2020, on parents accessing the Offer during that period, including impacts on employment and income.
- 5.2 Data on the salary bands of participating parents is gathered from the termly monitoring data returns provided to the Welsh Government by all local authorities. Analysis of parents' salary bands shows that the median annual gross salary band of individuals accessing the Offer between September 2019 and March 2020 was £20,800 - £25,999. This median annual gross salary band is consistent with the previous two years evaluations, suggesting that the salary profiles of parents accessing the Offer across the first three years of its introduction has remained constant. This has also been consistently lower than the national

average full-time salary level recorded across each of the relevant years, recorded by the Annual Survey of Hours and Earnings.

- 5.3 Of the parents who responded to the Offer survey, over half (55 per cent) accessed full day-care provision and a third (30 per cent) accessed sessional day-care. A further 15 per cent of respondents accessed out of school childcare such as breakfast clubs, after-school clubs and holiday provision, and 13 per cent accessed a childminder.
- 5.4 The evaluation aimed to understand changes in parental demand for formal childcare provision among those accessing the Offer. The vast majority of parents surveyed for this third-year evaluation (93 per cent) reported that they were accessing formal childcare before they began accessing the Offer. Of these parents who were using formal childcare before accessing the Offer, 40 per cent had increased the number of hours they were using once they started accessing the Offer. The average number of hours of informal care (care by extended family or friends) also decreased – from an average of just under 11 hours a week before accessing the Offer, to an average of just over 7 hours a week while accessing the Offer. Some parents responding to the survey also explained that their working arrangements would be different if the Offer wasn't available. For example, they would either have to reduce the number of hours they worked; have to stop working altogether; or would not have been able to start working in the first place.
- 5.5 By reducing childcare costs as a barrier to employment, the Offer aims to improve parents' current and future employability prospects and the evaluation therefore examined the extent to which the Offer made a difference to parents' employment and training opportunities. Surveyed parents were asked whether they and/or their partner (if applicable) worked the same number of hours whilst accessing the Offer compared to before accessing the Offer: the majority of respondents said they (81 per cent) or their partner (93 per cent) worked the same number of hours as they did before. A minority of parents stated that they (13 per cent) or their partner (5 per cent) increased their hours after they started accessing the Offer. A small number of parents noted that they were not working prior to accessing the Offer (2 per cent – 38 respondents). It is not possible to conclude from this however, whether these are the only parents who had recently started work, and further research may therefore be required to review the extent to which the Offer serves as an incentive or enabler for unemployed parents to access paid employment.
- 5.6 Survey respondents were asked whether they felt that accessing the Offer gave them more flexibility in the way they worked. Over half of survey respondents (56 per cent) were of the opinion that the Offer had increased their flexibility in the way they worked. Some parents explained that they were able to increase the hours they worked, which included moving from working part time to working full time; others explained that they were able to work extra hours when required. By increased availability to work more hours, some parents noted that this had helped to further develop their career; either by gaining a promotion with their current employer; by securing a more senior role with a new employer; or by enabling them to consider taking a job further away from where they resided. Parents also explained that the Offer allowed them to be more flexible with their working patterns, for example condensing the hours they worked so that they were working fewer days. Or, conversely, spreading the hours that they worked over more days.
- 5.7 Parents were asked, as part of the online survey whether accessing the Offer gave them the potential to increase their earnings. Half (50 per cent) of parents that responded to this question said the Offer had given them the potential to increase their earnings. Parents explained that accessing the Offer resulted in a reduction in their childcare costs and for some it meant that they were able to work more hours because the Offer made their childcare arrangements easier.

5.8 Where the language of the setting has been noted in the monitoring data, on average, 30 per cent of children supported by the Offer accessed Welsh-medium childcare provision, between September 2019 and March 2020, with a further 10 per cent accessing bilingual childcare. The survey asked parents whether they wanted to, and were able to, access Welsh-medium or bilingual provision for the funded hours. Just over a quarter of parents reported that they wanted to access Welsh-medium and/or bilingual childcare provision (28 per cent) and of these parents, the vast majority were able to access this provision (93 per cent of those wanting to access Welsh-medium and 92 per cent of those wanting to access bilingual provision were able to). Reasons given by those who were not able to access Welsh-medium provision were either that there was simply a general lack of Welsh-medium childcare settings in their local area; that there was a lack of Welsh-medium wraparound childcare provision local to the Welsh-medium FPN their child was also attending; or the hours offered by the local Welsh-medium childcare settings were not suitable for the parents' needs.

6. Conclusions and Recommendations

6.1 The COVID-19 pandemic has had a considerable impact on the delivery and take-up of the Offer during 2020. Adjustments to the delivery of the Offer during 2020 placed a limit on what could be reviewed within this year's evaluation. However, the findings do offer an insight into what was delivered during this challenging period and highlights some lessons from this to inform the future delivery of the Offer in Wales.

6.2 General awareness of the Offer amongst eligible parents appears to have gradually increased over time, this is reflected in the take-up rates for the period September 2019 to March 2020 reported by local authorities. However, some of the communication challenges reported in previous Childcare Offer evaluation reports remain. The main challenge is communicating information relating to the different parts of the Offer, namely the hours of funded childcare and the hours of FPN. There has been increased efforts towards the start of Year 3 implementation to provide further information to parents about the funded childcare available during school holidays during Year 3 however, some local authorities noted that some parents and providers are likely to remain uncertain about the Offer entitlements during school holidays.

Recommendation 1 – Local authorities should continue to provide the additional information already offered to parents and providers relating to school holiday periods.

Recommendation 2 –The Welsh Government may need to further review how they raise parents' awareness of the Offer to place more emphasis on the way in which the two elements of the Offer sit alongside each other.

6.3 Delivery and take-up of the Offer between September 2019 and March 2020 was, in the view of local authority representatives and childcare providers, as expected. No substantial or unexpected issues were reported for this period. However, some of the delivery challenges noted in previous evaluation reports remain, such as assessing the eligibility of self-employed parents, particularly those who present complex accounts and / or a portfolio of employment and income as evidence of eligibility.

Recommendation 3 – The Welsh Government should consider delivering more workshops and / or online tutorials to support local authorities to understand and process complex Offer applications from self-employed parents.

- 6.4 The evidence collected for the evaluation indicates that up until March 2020 the Offer continued to make a positive difference to the work and training opportunities of participating parents. The Offer also continues to positively support household incomes.
- 6.5 The Offer has been taken up by a small number of parents who were previously unemployed. However, it is uncertain the extent to which the availability of the Offer enabled or encouraged these parents to gain employment.

Recommendation 4 - The Welsh Government should consider undertaking further research to review the extent to which the Offer serves as an incentive or enabler for unemployed parents to access paid employment.

- 6.6 The Offer also provides a valuable source of regular income to participating childcare providers. However, the funding paid to providers remains at the same rate as it was when the Offer was first introduced in 2017 and calls for the rate to be reviewed upwards have further increased amongst providers and wider stakeholders consulted during this year's evaluation.

Recommendation 5 – The Welsh Government should prioritise reviewing the hourly funding paid to providers with a view to increasing it from the £4.50 / hour rate at which it was set in 2017. The Welsh Government should also schedule regular reviews and communicate the detail of the scheduled reviews to the childcare sector.

- 6.7 The final part of the evaluation report draws comparisons between the delivery of C-CAS and the Offer during 2019 / 2020 and considers whether there are any lessons that could be learnt from this to inform the future delivery of the Offer for Wales. Having delivered C-CAS, local authority representatives and providers welcomed the simplicity of the Offer's uniform funding rate and noted that there are advantages to having a single funding rate paid to all participating providers, for both FPN and funded childcare, at a time when the Offer is planning to transition towards a national administrative system.
- 6.8 The differences in FPN provision available, and the resultant variation in the number of funded childcare hours possible, across local authorities has been noted in previous Childcare Offer evaluation reports as being confusing for parents and an administrative challenge for providers and local authorities. The year 2 evaluation concluded that if a vision of an integrated Early Childhood Education and Care (ECEC) approach¹ was to be realised, then the Welsh Government should take steps to simplify the delivery of the Offer by standardising the number of hours of one or both elements of the Offer. This recommendation remains.

Recommendation 6 – In parallel to the ongoing work of developing a national administration system, the Welsh Government should consider further reviewing the options for standardising the number of hours of one or both elements of the Offer.

¹ Welsh Government published a written statement on the [Launch of Early Childhood Education and Care \(ECEC\) approach](#) on 24 October 2019.



Full Research Report: Glyn, E., Harries, S., Lane, J., Lewis, S.(2021). Evaluation of the Childcare Offer: Year 3. Cardiff: Welsh Government, GSR report number 28/2021

Available at: <https://gov.wales/evaluation-childcare-offer-wales-year-3>

Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
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