

## 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.

## SECTION 7. CONCLUSION

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

The Childcare Offer was rolled out on a phased basis, starting in September 2017, and developed through co-production with the seven early implementing Local Authorities.

In addition to working with LAs to develop the Offer, the Welsh Government worked closely with providers, and umbrella organisations, particularly CWLWM and the Childcare Offer Stakeholder Reference Group.

The Stakeholder Reference Group comprises:

- Professional Association for Childcare and Early Years (PACEY Cymru)
- Mudiad Meithrin
- Clybiau Plant Cymru Kids' Clubs
- Early Years Wales (previously the Wales Pre-School Providers' Association)
- National Day Nurseries Association (NDNA)
- All-Wales Group of Childcare Providers (AWARE)
- All Wales Flying Start
- Care Inspectorate Wales (CIW)
- Play Wales
- Social Care Wales
- Future Generations Commissioner
- Childrens Rights Commissioner
- Estyn
- Welsh Local Government Association (WLGA)
- Welsh Language Commissioner

CWLWM is made up:

- Professional Association for Childcare and Early Years (PACEY Cymru)
- National Day Nurseries Association (NDNA Cymru)
- Early Years Wales
- Clybiau Plant Cymru Kids' Clubs
- Mudiad Meithrin

In 2016, the Welsh Government launched the #TalkChildcare campaign (phase 1). This campaign targeted parents and childcare providers to understand the barriers parents face in accessing childcare, what was important to them and to ensure that providers understood the Offer. The campaign surveyed parents and undertook face to face engagement with roadshows hosted in childcare settings in 15 towns across Wales. A number of regional events, focus groups and webinars were held to engage childcare providers. The Welsh Government also commissioned a set of in-depth focus groups with parents to understand current access to childcare and their thoughts about the Offer. By August 2017, over 6000 people, had engaged with the Welsh Government in relation to the Offer.

Phase 2 of the #Talkchildcare campaign was launched in October 2017, focusing on childcare providers at a national level. It also captured the learning and views of those involved in early implementation and engaged with harder to reach communities and those requiring specialist services.

## **7.2 What are the most significant impacts, positive and negative?**

The Offer has had a number of positive impacts on working families in Wales. The Evaluation of Year 2 of the Offer showed that the median salary level of parents supported by the Offer is approximately £21,000 per annum. This is lower than the national average salary level of £25,896 per annum as recorded by the Annual Survey of Hours and Earnings (Office of National Statistics)<sup>5</sup>. This suggests therefore that the Offer is taken up mainly by parents who fall within the medium to low income groups. This is similar to the findings recorded during the first-year evaluation.

A key aim of the Offer is to improve the current and future employability prospects of parents by reducing childcare costs as a barrier to employment. While the majority of respondents stated that they work the same number of hours as they did before the Offer was introduced, a minority of parents stated that they are now working more hours.

But just under half of the parents surveyed were of the view that taking up the Offer had provided them with more opportunities for in-work training, learning and development opportunities, and just over half felt that the Offer had given them potential to increase their job earnings.

Over half of the parents surveyed were of the view that the Offer had increased their flexibility in work decisions. This is slightly lower than parents surveyed as part of the first year evaluation of the Offer who expressed the same views.

Other benefits of the Offer included parents feeling less stressed with their work / life balance, parents taking on more work hours - feeling more secure in their role and therefore increasing their job sustainability, and parents improving working relationships having been able to change from part-time to full-time work. Nearly all families have had their childcare costs reduced as a result of the Offer.

It was found that a common delivery challenge has been accommodating the differences in early education policies and delivery models across different parts of Wales. Differing hours of Foundation Phase Nursery provision in settings within and across individual local authorities was identified as a delivery challenge during the first and second years of implementation, confusing matters for local authorities, providers and parents.

Variations in terms of dates stipulated by local authorities for when children can access their early education entitlement has also caused considerable challenges in terms of local authority administration and parent communication.

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<sup>5</sup> Evaluation of the Early Implementation of the Childcare Offer for Wales: Year 2 page 67

Local authorities have experienced some challenges associated with evidencing the eligibility of parents. These are mainly challenges associated with demonstrating the employment eligibility of self-employed individuals as well as those employed on zero-hour contracts.

One other area that has proved challenging for parents is understanding what they are entitled to during the school holidays. Some parents were unaware that they had to pay for childcare for some of the weeks during school holidays (i.e. the Offer is provided for 48 weeks of the year, not 52). Some of this confusion stemmed from the fact that the providers were also unsure what parents were eligible for.

Some providers have reported that the hourly rate of £4.50 is inadequate and that it does not cover their ever-increasing costs. This has proved more of an issue for certain types of settings, especially those offering sessional care and for providers in certain parts of Wales.

The Offer does not support parents in training and education or workless households.

### **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?**

In light of the findings of the year 2 evaluation, work is underway to provide greater clarity about the Offer (including how the holiday provision works) and how it dovetails with the early education provision. We are currently running a national communications campaign to help raise awareness amongst parents of not just the Offer but other support with childcare costs that might be available to them.

Information on the eligibility criteria for the Offer and how to apply is available on the Welsh Government website. This includes a postcode service to identify the relevant local authority Family Information Service parents need to contact.

The Childcare Offer is aimed at supporting working parents. However, it is important to remember that the Offer is one of a suite of programmes aimed at supporting parents with the costs of childcare. Funded childcare is available through our Flying Start programme, and all children are entitled to a minimum of 10 hours of early education from the term after their third birthday. In addition, programmes such as Parents, Childcare and Employment (PaCE) offer support to parents whose main barrier to returning to work is childcare.

In his manifesto for the leadership of Welsh Labour, the First Minister, Mark Drakeford AM, made a commitment to a mid-term review of the Childcare Offer, with a view to extending it to parents in education and training. The review is expected to be completed during 2020.

A review of the £4.50 hourly rate is also underway and the Welsh Government is engaging with providers and key stakeholders as part of this work. It is anticipated that the findings of this review will be available during 2020.

Efforts continue to integrate the two elements of the Offer (early education and childcare). The longer term vision is for a more integrated Early Childhood Education and Care (ECEC) system. The evidence shows that it can be unhelpful to draw a distinction between early education and childcare.

The key is that provision for children should be delivered by practitioners who follow pedagogical principles which are aligned to well-established knowledge about what is most effective for child development. A focus on the pedagogy moves the debate on to what is proven to be beneficial for children. The Welsh Government is following this debate with interest, and considering what this means for the future of early years services across Wales.

The Offer 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 offer will impact positively on eligible parents, supporting them into work and providing them with greater employment choices.

It 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 Childcare Offer 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 Childcare Offer policy, the Welsh Government works closely with key partners, including with local authorities who are responsible for

administering the Offer in their areas and with umbrella bodies which represent the views of childcare providers.

Involvement: The Welsh Government works 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 Offer.

Parents have been directly engaged in the development of the Offer via the #talkchildcare campaign, which saw a number of parent focus groups and drop in sessions held between 2016 -2019. Parents can also directly contact the team working on the Offer via the Childcare Offer Facebook page and the talkchildcare mailbox.

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

There are currently plans in place to hold regular evaluations of the Childcare Offer and work has already started on developing the evaluation of the third year of early implementation. These evaluations will build on the previous reports to allow us to track our progress over the course of implementation of the Offer. This will mean we can measure the impact of the Offer on eligible families over a number of years, whilst the management information collated on a regular basis enables us to track take-up of the Offer.

We are continuously reviewing and monitoring the delivery of the Offer and the Welsh Government ensures that any comments received by our stakeholders and members of the public are considered as part of this process. We work closely with our stakeholders to ensure that the Offer is targeted at the working families most in need of support.