Evaluation of the early implementation of the Childcare Offer for Wales: year two

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This document is also available in Welsh.

Evaluation of the early implementation of the Childcare Offer for Wales: year two

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

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### Glossary

<table>
<thead>
<tr>
<th>Acronym/Key word</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare Offer (the Offer)</td>
<td>30 hours a week of government-funded early education and childcare for working parents of three- and four-year-olds, for up to 48 weeks of the year.</td>
</tr>
<tr>
<td>CIW</td>
<td>Care Inspectorate Wales – the independent regulator of social care and childcare in Wales.</td>
</tr>
<tr>
<td>Cwlwm</td>
<td>Childcare Wales Learning and Working Mutually – a consortium of the five main childcare organisations in Wales. Cwlwm organisations are Early Years Wales, Clybiau Plant Cymru Kids’ Clubs, Mudiad Meithrin, National Day Nurseries Association (NDNA Cymru) and PACEY Cymru.</td>
</tr>
<tr>
<td>Cyllch Meithrin</td>
<td>A Cyllch Meithrin is a Welsh-medium playgroup (plural: Cyllchoedd).</td>
</tr>
<tr>
<td>Delivery Authority</td>
<td>The local authorities responsible for processing applications for the Offer from parents, determining eligibility and informing them of the outcome. They also process and make payments to childcare providers for the delivery of the Offer.</td>
</tr>
<tr>
<td>Engagement Authority</td>
<td>The local authorities responsible for promoting the Offer to parents and childcare providers within their areas and dealing with enquiries on the Offer.</td>
</tr>
<tr>
<td>Flying Start</td>
<td>Welsh Government programme providing support in Wales’ most deprived communities for children (0-3 years) and their families. The childcare element of Flying Start applies to children aged two to three years of age.</td>
</tr>
<tr>
<td>FIS</td>
<td>Family Information Services - the point of contact for advice and information on local services for families and carers and provide information on childcare.</td>
</tr>
<tr>
<td>Foundation Phase</td>
<td>The statutory curriculum for all three- to seven-year-olds in Wales.</td>
</tr>
<tr>
<td>FPN</td>
<td>Foundation Phase Nursery – part-time education (a minimum of 10 hours a week) of funded early education for three- and four-year-olds during school term time, from the term following a child’s third birthday. Sometimes referred to as early education entitlement and funded early education.</td>
</tr>
<tr>
<td>FPN1</td>
<td>Foundation Phase Nursery 1 - the pre-nursery cohort of rising threes.</td>
</tr>
<tr>
<td>FPN2</td>
<td>Foundation Phase Nursery 2 - the nursery cohort of rising fours.</td>
</tr>
<tr>
<td>Maintained provider</td>
<td>A local authority funded nursery, they can be standalone nursery schools or attached to a primary or infant school.</td>
</tr>
<tr>
<td>Non-maintained provider</td>
<td>A childcare setting operated by a private, voluntary, or independent childcare provider.</td>
</tr>
<tr>
<td>Rising Threes</td>
<td>Children who are going to turn three at some point in that school year (sometimes referred to as FPN1). Rising Fours are children who will turn four at some point in that school year (FPN2).</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Rising Fours</td>
<td></td>
</tr>
<tr>
<td>SEN</td>
<td>Special Educational Needs. Children have special educational needs if they have a learning difficulty which calls for special educational provision to be made for them.</td>
</tr>
<tr>
<td>Tax-Free Childcare</td>
<td>UK Government will pay £2 for every £8 paid for childcare of children under the age of 11 years old, if parents are working for at least 16 hours a week.</td>
</tr>
</tbody>
</table>
1. Introduction

1.1 In September 2017, the Welsh Government began the implementation of the Childcare Offer to test the provision of 30 hours a week of government-funded early education and childcare for working parents of three and four-year-olds.

1.2 ‘The Offer’, as it is referred to throughout this report, combines the universal early education offer introduced in 2008, known as Foundation Phase Nursery provision (FPN), with government-funded childcare.

1.3 This report evaluates only the government-funded childcare component of the ‘Offer’. The FPN component is currently delivered through a separate mechanism and is not considered in any detail in this evaluation.

1.4 During the first year, the Offer was delivered in pilot areas within all or part of the following seven early implementer local authorities: Anglesey and Gwynedd (joint working), Blaenau Gwent, Caerphilly, Flintshire, Rhondda Cynon Taf and Swansea. Arad Research was commissioned to undertake an evaluation of the first year of early implementation of the Offer for Wales and the findings were presented in the evaluation report published in November 2018\(^1\). This current report presents the findings from the evaluation of the second year of the early implementation of the Offer.

1.5 The main aims of the year 2 evaluation were to assess:

- How effectively the Offer is being delivered to children and parents and provide lessons to inform future delivery.
- The impact that the Offer is having on parental employability, wellbeing and disposable income.
- The impact of the Offer on the childcare sector, looking at the effect on different types of childcare providers, changes to business practices and the effect of intervention into the childcare market.

---

1.6 The evaluation was informed by the following:

- desk-based research and analysis of Offer’s monitoring data;
- interviews with, Local Authority Childcare Offer teams, Welsh Government officials within the childcare team, childcare providers and parents accessing the Offer; and
- a survey of childcare providers and parents accessing the Offer.

1.7 Further details of the evaluation methods are presented in section 2 of this report.

What is the Offer?

1.8 The Welsh Government has committed to providing 30 hours a week of government-funded early education and childcare during term time, and access to 30 hours of funded childcare during nine of the thirteen weeks of school holidays, for working parents of three and four-year-olds in Wales.

1.9 The Offer is made up of early education, delivered through the Foundation Phase Nursery Provision (FPN) and funded childcare for three to four year old children during term time. Since 2008, all local authorities have been required to provide a minimum of 10 hours a week of FPN to all parents of three- and four-year-olds in Wales. This continues to be the case. However, working parents are now also entitled to a maximum of 20 hours of funded childcare as well as the minimum 10 hours FPN each week – making up a total of 30 hours of funded provision available through the Offer.

The hours of FPN provision currently available varies between local authorities (and in some cases between FPN providers within the same local authority). As such, the number of childcare hours available to make up the 30 hours of the Offer also varies across and within local authorities.

1.10 The Offer is available to three and four year old children whose parents earn on average a weekly minimum equivalent to 16 hours at the national minimum wage or national living wage, but earn less than £100,000 per year. All parents, guardians, step-parents and long-term live-in partners within a household are eligible for the
Offer if they have a child within the age range and meet the definition of a working parent. The Offer defines working parents as those who are employed, self-employed or on a zero hours contract. Both parents in a two-parent family and the sole parent in a single-parent family must be working in order to qualify for the Offer. However, there are some exceptions: for example, where one parent is working, and the other has caring responsibilities (other than for their own children) or when one parent is working, and the other is disabled or incapacitated, the working parent is eligible for the Offer.

**Context and year 2 rollout**

1.11 In September 2017, the Welsh Government began the early implementation to test the provision of the Offer. During the first year of early implementation (September 2017 to August 2018), the Offer was provided to children of eligible parents in seven selected local authorities. These areas were:

- Gwynedd and Isle of Anglesey County Councils (joint working)
- Blaenau Gwent County Borough Council
- Caerphilly County Borough Council
- Flintshire County Council
- Rhondda Cynon Taf County Borough Council
- City and County of Swansea.

1.12 During this first year, Blaenau Gwent was the only local authority where the Offer was tested across the whole local authority. The other local authorities selected a mix of areas to test the Offer, for example selecting both rural and urban areas.

1.13 In September 2018, as the phased rollout of the Offer continued, a new delivery model was introduced. This new model consisted of partnership working amongst local authority clusters in two categories: delivery authorities, responsible for processing parents’ applications and payments to providers; and engagement authorities, responsible for promoting the Offer to eligible parents in their local authorities. An overview of these partnership arrangements between the different local authorities is presented in Figure 1.1, with a roll-out timeline for each local authority presented in Figure 1.2.
Figure 1.1: Delivery and Engagement local authorities

<table>
<thead>
<tr>
<th>Delivery Authorities</th>
<th>Engagement Authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglesey and Gwynedd*</td>
<td>Conwy</td>
</tr>
<tr>
<td>Blaenau Gwent*</td>
<td>Torfaen</td>
</tr>
<tr>
<td>Flintshire*</td>
<td>Wrexham</td>
</tr>
<tr>
<td></td>
<td>Denbighshire</td>
</tr>
<tr>
<td>RCT*</td>
<td>Merthyr Tydfil</td>
</tr>
<tr>
<td></td>
<td>Bridgend</td>
</tr>
<tr>
<td>Newport</td>
<td>Monmouthshire</td>
</tr>
<tr>
<td></td>
<td>Vale of Glamorgan</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>Carmarthenshire</td>
</tr>
<tr>
<td></td>
<td>Pembrokeshire</td>
</tr>
<tr>
<td></td>
<td>Powys</td>
</tr>
<tr>
<td>Cardiff</td>
<td></td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td></td>
</tr>
<tr>
<td>Swansea*</td>
<td></td>
</tr>
<tr>
<td>Caerphilly*</td>
<td></td>
</tr>
</tbody>
</table>

* Part of the pilot early implementation in Year 1, 2018-2019.
Figure 1.2. Roll-out timeline

<table>
<thead>
<tr>
<th>LA</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept</td>
<td>April</td>
<td>Sept</td>
</tr>
<tr>
<td>RCT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merthyr</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bridgend</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cardiff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blaenau Gwent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Torfaen</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vale of Glamorgan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newport</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monmouthshire</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caerphilly</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flintshire</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wrexham</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denbighshire</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anglesey / Gwynedd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conwy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swansea</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ceredigion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Powys</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key

- Delivery LA
- Partial roll-out
- Full roll-out
- Gradual roll-out

Childcare Offer overview

1.14 Funding allocated to the Offer during a financial year (April to March) spans across more than one academic year. During the financial year (2018 – 2019) £18.6 million was spent on the Offer. This funded delivery of the first year of the Offer for April to August 2018 and September 2018 to March 2019 of the second year.
1.15 The following paragraphs outline the numbers of childcare providers and parents participating in the Offer, as well as information on the average number of childcare hours booked and attended each month.

1.16 A total of 2,260 childcare providers registered and were involved in delivering the Offer during the second year of implementation. These are made up of providers that were only delivering the childcare element of the Offer as well as those delivering the full 30 hours (i.e. childcare and FPN) Table 1.1 below presents a breakdown of these providers by type of provider.

<table>
<thead>
<tr>
<th>Local authority partnership areas</th>
<th>Out of school care</th>
<th>Full day care</th>
<th>Sessional day care</th>
<th>Childminders</th>
<th>Other e.g. crèche / open – access play setting</th>
<th>Total no. of providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglesey, Gwynedd and Conwy</td>
<td>22</td>
<td>101</td>
<td>73</td>
<td>119</td>
<td>2</td>
<td>317</td>
</tr>
<tr>
<td>Flintshire - Denbighshire and Wrexham</td>
<td>45</td>
<td>151</td>
<td>45</td>
<td>108</td>
<td>2</td>
<td>351</td>
</tr>
<tr>
<td>Ceredigion – Carmarthenshire, Pembrokeshire and Powys</td>
<td>27</td>
<td>161</td>
<td>55</td>
<td>94</td>
<td></td>
<td>337</td>
</tr>
<tr>
<td>Rhondda Cynon Taff – Bridgend and Merthyr Tydfil</td>
<td>15</td>
<td>77</td>
<td>32</td>
<td>91</td>
<td>1</td>
<td>216</td>
</tr>
<tr>
<td>Blaenau Gwent and Torfaen</td>
<td>8</td>
<td>45</td>
<td>9</td>
<td>45</td>
<td>1</td>
<td>108</td>
</tr>
<tr>
<td>Newport – Monmouthshire and Vale</td>
<td>22</td>
<td>103</td>
<td>23</td>
<td>153</td>
<td>1</td>
<td>302</td>
</tr>
<tr>
<td>of Glamorgan</td>
<td>8</td>
<td>37</td>
<td>27</td>
<td>76</td>
<td></td>
<td>148</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>19</td>
<td>56</td>
<td>25</td>
<td>150</td>
<td>1</td>
<td>251</td>
</tr>
<tr>
<td>Cardiff</td>
<td>6</td>
<td>30</td>
<td>8</td>
<td>49</td>
<td></td>
<td>93</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>7</td>
<td>41</td>
<td>14</td>
<td>52</td>
<td></td>
<td>114</td>
</tr>
<tr>
<td>Swansea</td>
<td>19</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>Other (outside Wales)</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>179</td>
<td>821</td>
<td>311</td>
<td>941</td>
<td>8</td>
<td>2260</td>
</tr>
</tbody>
</table>

Source: Source: Local Authority provider returns.

---

2 2320 of the provider details provided by local authorities could be matched to the CIW register. 235 providers have been manually allocated a category. On removal of duplicates this left a total of 2292 providers. 32 settings were able to be identified as suspended and have been removed from the analysis leaving a total of 2260 providers.
Table 1.2 below presents the overall numbers accessing the Offer during July 2019 broken down by local authority. In July 2019, nearly 16,000 children took up the Offer. Since full rollout across Wales (April 2019), the Offer has been delivered to over 13,500 children on average per month. Individual uptake for the academic year September 2018 - August 2019 has not been provided due to termly data retrieval problems at local authority level.

Table 1.2. The number of children accessing the Offer in each local authority during July 2019.

<table>
<thead>
<tr>
<th>Local authority</th>
<th>Number of children accessing the Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglesey &amp; Gwynedd</td>
<td>1522</td>
</tr>
<tr>
<td>Blaenau Gwent</td>
<td>333</td>
</tr>
<tr>
<td>Bridgend</td>
<td>322</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>1107</td>
</tr>
<tr>
<td>Cardiff</td>
<td>1779</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>496</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>298</td>
</tr>
<tr>
<td>Conwy</td>
<td>668</td>
</tr>
<tr>
<td>Denbighshire</td>
<td>708</td>
</tr>
<tr>
<td>Flintshire</td>
<td>1180</td>
</tr>
<tr>
<td>Merthyr Tydfil</td>
<td>229</td>
</tr>
<tr>
<td>Monmouthshire</td>
<td>581</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>705</td>
</tr>
<tr>
<td>Newport</td>
<td>964</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>250</td>
</tr>
<tr>
<td>Powys</td>
<td>751</td>
</tr>
<tr>
<td>RCT</td>
<td>883</td>
</tr>
<tr>
<td>Swansea</td>
<td>942</td>
</tr>
<tr>
<td>Torfaen</td>
<td>608</td>
</tr>
<tr>
<td>Vale of Glamorgan</td>
<td>614</td>
</tr>
<tr>
<td>Wrexham</td>
<td>989</td>
</tr>
<tr>
<td><strong>Wales</strong></td>
<td><strong>15929</strong></td>
</tr>
</tbody>
</table>

Source: Childcare Offer for Wales monthly monitoring data returns:

For each month local authorities have collated information on the number of hours of childcare each parent has booked and the number of hours each child has attended. The average number of hours booked and attended per child each month from September 2018 to August 2019 is presented in Table 1.3 below.
<table>
<thead>
<tr>
<th>Month</th>
<th>Average no. of hours booked per month</th>
<th>Average no. of hours attended per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-18</td>
<td>57</td>
<td>52</td>
</tr>
<tr>
<td>Oct-18</td>
<td>73</td>
<td>65</td>
</tr>
<tr>
<td>Nov-18</td>
<td>62</td>
<td>57</td>
</tr>
<tr>
<td>Dec-18</td>
<td>54</td>
<td>46</td>
</tr>
<tr>
<td>Jan-19</td>
<td>61</td>
<td>54</td>
</tr>
<tr>
<td>Feb-19</td>
<td>61</td>
<td>52</td>
</tr>
<tr>
<td>Mar-19</td>
<td>62</td>
<td>55</td>
</tr>
<tr>
<td>Apr-19</td>
<td>56</td>
<td>47</td>
</tr>
<tr>
<td>May-19</td>
<td>62</td>
<td>52</td>
</tr>
<tr>
<td>Jun-19</td>
<td>64</td>
<td>55</td>
</tr>
<tr>
<td>Jul-19</td>
<td>75</td>
<td>59</td>
</tr>
<tr>
<td>Aug-19</td>
<td>42</td>
<td>36</td>
</tr>
<tr>
<td>2018-2019 Academic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year average</td>
<td>61</td>
<td>53</td>
</tr>
</tbody>
</table>

*Source: Childcare Offer for Wales monthly monitoring data returns*
2. Methodology

2.1 This section outlines the key research questions the evaluation aimed to explore, and an overview of the methodology used.
Research questions

2.2 The main aims of this second year evaluation were to evaluate:

- How effectively the Offer is being delivered to children and parents and provide lessons to inform future delivery.
- The impact that the Offer is having on parental employability, wellbeing and disposable income.
- The impact of the Offer on the childcare sector, looking at the effect on different types of childcare providers, changes to business practices and the effect of intervention into the childcare market.

2.3 The evaluation also sought to gain a better understanding of processes and the research questions for the evaluation categorised under the headings set out in Table 2.1. A full list is provided in Annex 1.

<table>
<thead>
<tr>
<th>Table 2.1. Summary of Research questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Process: Delivery:</strong></td>
</tr>
<tr>
<td>• Questions around childcare providers' workforce and physical setting capacity to deliver; the payment mechanisms to providers and the role of associated grant schemes.</td>
</tr>
<tr>
<td>• Questions around how accessible and easy it is for parents to access the Offer and whether parental demands are met.</td>
</tr>
<tr>
<td><strong>Process: Alignment</strong></td>
</tr>
<tr>
<td>• Questions around the alignment between childcare provision and the delivery of the early years’ Foundation Phase.</td>
</tr>
<tr>
<td><strong>Impact: Unintended consequences</strong></td>
</tr>
<tr>
<td>• What, if any, have been the unintended consequences of the Offer for providers, including on profitability and sustainability and delivery of FPN?</td>
</tr>
<tr>
<td>• What, if any, have been the unintended consequences of the Offer for parents, including on availability of childcare generally and on fees charged?</td>
</tr>
<tr>
<td><strong>Impact: Employment and income</strong></td>
</tr>
<tr>
<td>• Is there any impact on parents’ employment as a result of the Offer, including returning to work and hours worked?</td>
</tr>
<tr>
<td><strong>Impact: Poverty</strong></td>
</tr>
<tr>
<td>• Do families have more disposable income as a result of the Offer?</td>
</tr>
<tr>
<td><strong>Additional themes</strong></td>
</tr>
<tr>
<td>• Provider profitability and sustainability.</td>
</tr>
<tr>
<td>• Workforce and qualifications.</td>
</tr>
<tr>
<td>• Use of holiday provision.</td>
</tr>
</tbody>
</table>
2.4 During the first year evaluation, the Offer had only been rolled out within pilot wards across 6 areas (comprising of 7 local authorities in Wales). During the second year the offer was rolled out across all local authority areas with full rollout being achieved by April 2019.

2.5 A full list of the research questions included in the second year valuation as well as a list of the research findings included in the first year evaluation are available in Annex A. The first year evaluation questions are also accompanied by summary findings relating to each question that emerged from the first year evaluation and the influence these had on the second year research questions.

Overview of methodology

2.6 A mixed-methods approach was adopted for the evaluation, which involved several research strands. The Table below presents an overview of the different strands of the research.

**Table 2.2. Overview of methodology**

<table>
<thead>
<tr>
<th>Participant</th>
<th>Method</th>
<th>Number of respondents</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representatives from all participating delivery and engagement authorities</td>
<td>Mix of face-to-face and telephone interviews (two rounds)</td>
<td>22 local authorities</td>
<td>March to May 2019 &amp; September to October 2019</td>
</tr>
<tr>
<td>Participating Childcare providers</td>
<td>Online survey</td>
<td>869</td>
<td>July to September 2019</td>
</tr>
<tr>
<td>Participating Childcare providers</td>
<td>Telephone interviews</td>
<td>46</td>
<td>August to September 2019</td>
</tr>
<tr>
<td>Participating parents</td>
<td>Online survey</td>
<td>3,890</td>
<td>July to September 2019</td>
</tr>
<tr>
<td>Participating parents</td>
<td>Telephone interviews</td>
<td>18</td>
<td>August to October 2019</td>
</tr>
</tbody>
</table>
**Interviews with Welsh Government Officials**

2.7 Welsh Government Officials from the Childcare Offer team remained in contact with the evaluation team throughout the second year evaluation period. Discussions with Welsh Government Officials provided an opportunity for the evaluation team to update the Welsh Government with any evaluation findings and developments, and for the Welsh Government to update the evaluation team with any developments relating to the implementation of the Offer.

**Interviews with local authority Offer team representatives**

2.8 Two separate rounds of interviews were conducted with each local authority’s Offer team representatives over the course of the year. The first round took place between March 2019 and May 2019 and consisted of a mix of face-to-face interviews and telephone interviews. For this first round, interviews with new local authorities that were also delivery authorities took place face-to-face. Interviews with all other local authorities either took place face to face or on the telephone depending on what was most convenient for the local authority. The second round of interviews was conducted over the phone with all local authorities during September and October 2019. The purpose of this second round was to relay any updates or changes that may have occurred since the first round interviews, as well as provide an opportunity for local authority representatives to provide a reflective view on any opportunities or issues regarding their delivery of the Offer that had arisen during the previous academic year.

**Survey of participating parents**

2.9 An online survey for parents accessing the Offer was sent out on the 16th of July 2019 and remained open for completion until the 17th of September 2019, at which point, access to the survey via the public links were closed and the analysis of the results began. The purpose of the survey was to gather parents’ views on the Offer, whether it has influenced parental work activity and its perceived impacts on families and children.

2.10 An email with a link to the survey was sent to a total of 15,919 participating parents taken from a contact list supplied by Welsh Government that was populated by each local authority’s list of registered parents. 312 emails bounced back (due to invalid
or expired email addresses), resulting in the survey link being sent to 15,607 parents via email. In addition, a text message affixed with a link to the survey was sent out to those parents who had supplied mobile numbers (14,711 parents). Two email reminders were sent out following the initial invitation in order to elicit as high a response rate as possible. A total of 3,890 parents completed the survey, equating to a 25 per cent response rate. This response rate exceeds the required number of 638 responses to gain a 5 per cent confidence interval and 99 per cent confidence level (based on the number of surveys delivered).

Analysis of qualitative and quantitative data gathered during fieldwork

2.11 Qualitative data gathered during interviews with parents, providers and local authority Offer teams was initially reviewed and coded according to agreed themes identified from the evaluation research questions. These codes were drawn together to provide an analytical framework for the research. The data gathered was then sorted and grouped under corresponding data codes within the framework. These codes were then used to form emerging themes from the data which were then analysed and interpreted by the evaluation team.

2.12 Survey questionnaires distributed to parents and providers were designed around the agreed research questions. Descriptive statistics, and where relevant, cross tabulations of the quantitative data gathered from the surveys were then produced. The qualitative data gathered from the surveys were coded and analysed using the same approach outlined above for qualitative data.

Analysis of monitoring data

2.13 Monitoring data on families accessing the Offer is submitted by each local authority to the Welsh Government. The evaluation included analysis of this data to examine numbers of children accessing the Offer, the salary profile of families and the hours of childcare booked and used under the Offer.
Table 2.3. Parent survey responses by local authority

<table>
<thead>
<tr>
<th>Local authority</th>
<th>No. of responses</th>
<th>Percentage of response base (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blaenau Gwent</td>
<td>76</td>
<td>2</td>
</tr>
<tr>
<td>Bridgend</td>
<td>71</td>
<td>2</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>291</td>
<td>7</td>
</tr>
<tr>
<td>Cardiff</td>
<td>424</td>
<td>11</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>122</td>
<td>3</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>84</td>
<td>2</td>
</tr>
<tr>
<td>Conwy</td>
<td>197</td>
<td>5</td>
</tr>
<tr>
<td>Denbighshire</td>
<td>177</td>
<td>5</td>
</tr>
<tr>
<td>Flintshire</td>
<td>356</td>
<td>9</td>
</tr>
<tr>
<td>Gwynedd and Isle of Anglesey</td>
<td>352</td>
<td>9</td>
</tr>
<tr>
<td>Merthyr Tydfil</td>
<td>56</td>
<td>1</td>
</tr>
<tr>
<td>Monmouthshire</td>
<td>99</td>
<td>3</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>142</td>
<td>4</td>
</tr>
<tr>
<td>Newport</td>
<td>257</td>
<td>7</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>73</td>
<td>2</td>
</tr>
<tr>
<td>Powys</td>
<td>161</td>
<td>4</td>
</tr>
<tr>
<td>Rhondda Cynon Taf</td>
<td>224</td>
<td>6</td>
</tr>
<tr>
<td>Swansea</td>
<td>174</td>
<td>4</td>
</tr>
<tr>
<td>Torfaen</td>
<td>124</td>
<td>3</td>
</tr>
<tr>
<td>Vale of Glamorgan</td>
<td>163</td>
<td>4</td>
</tr>
<tr>
<td>Wrexham</td>
<td>267</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,890</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Survey of parents 2019

**Interviews with participating parents**

Interviews were conducted with 18 parents who had accessed the Offer. A sample of parents was randomly selected from local authorities’ parent contact lists and stratified according to local authority, with the aim of achieving a good geographical spread. A total of 126 parents were randomly selected and invited for interview, which resulted in 18 telephone interviews being arranged and conducted. Each parent was sent a reminder via text message a week following initial contact if no response had been received. This element of the fieldwork took place between mid-August and mid-October 2019. An interview was conducted with at least one parent from 17 local authorities across Wales. The interviews followed a similar structure
and content to the online survey, while being used as an opportunity to further explore various themes raised from the parents’ online survey responses.

**Survey of participating childcare providers**

2.15 An online survey for providers delivering the Offer was sent out on the 10th of July 2019 and was open for completion until the 17th of September, at which point, access to the survey via the public links were closed and the analysis of the results began. The survey questions were focused on the communication providers received from local authorities and promotion of the Offer, the influence of the Offer on provider delivery and any changes in provision offered as well as impact of the Offer on providers’ sustainability and lessons learnt.

2.16 The survey was distributed via email to 2,473 participating providers taken from a contact list of registered providers compiled and supplied by local authorities via Welsh Government. 41 emails bounced back (due to invalid or expired email addresses), resulting in the survey link being sent to 2,432 providers via email. In addition, a text affixed with a link to the survey was sent to providers who had supplied mobile numbers (1,271 providers). Two email reminders were sent following the initial invitation in order to elicit as high a response rate as possible. From this, a total of 869 providers completed the survey online equating to a 36 per cent response rate. This response rate exceeds the required number of 523 responses to gain a 5 per cent confidence interval and 99 per cent confidence level (based on the number of surveys delivered). A break-down of number of provider responses against each local authority they are registered with to deliver the Offer can be seen in the Table 2.4
Table 2.4. Provider survey response rates per local authority

<table>
<thead>
<tr>
<th>Local authority registered with</th>
<th>No. of responses</th>
<th>Percentage of response base (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blaenau Gwent (also delivering on behalf of Torfaen)</td>
<td>52</td>
<td>6</td>
</tr>
<tr>
<td>Caerphilly</td>
<td>57</td>
<td>7</td>
</tr>
<tr>
<td>Cardiff</td>
<td>79</td>
<td>9</td>
</tr>
<tr>
<td>Ceredigion (also delivering on behalf of Carmarthenshire, Powys and Pembrokeshire)</td>
<td>138</td>
<td>16</td>
</tr>
<tr>
<td>Flintshire (also delivering on behalf of Wrexham and Denbighshire)</td>
<td>183</td>
<td>21</td>
</tr>
<tr>
<td>Gwynedd/Isle of Anglesey (also delivering on behalf of Conwy)</td>
<td>144</td>
<td>17</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>38</td>
<td>4</td>
</tr>
<tr>
<td>Newport (also delivering on behalf of Vale of Glamorgan and Monmouthshire)</td>
<td>136</td>
<td>16</td>
</tr>
<tr>
<td>Rhondda Cynon Taf (also delivering on behalf of Merthyr Tydfil and Bridgend)</td>
<td>85</td>
<td>10</td>
</tr>
<tr>
<td>Swansea</td>
<td>26</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>869</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Due to some providers being registered with multiple local authorities, many respondents have ticked multiple options.

Source: Survey of providers 2019

Interviews with childcare providers

2.17 A total of 46 telephone interviews were conducted with childcare providers that were currently registered and delivering the Offer. Six were follow-up interviews with providers who were interviewed during the first year evaluation of the Offer and the remaining 40 providers were new interviews for the second year evaluation. Eleven of which were childminders; 16 were full day care settings; ten were sessional settings and 3 were out of school providers.

2.18 The 40 newly contacted providers were derived from a randomly selected sample of 183 providers from local authorities’ provider contact lists. Initial contact was made via email and then an email and text reminder (depending on whether a mobile number was supplied) was sent out the following week to those that had not responded. The interviews followed a similar question format to that of the provider
survey, only this time there was an opportunity to explore some of the themes raised from the survey results in further depth.

2.19 A sample of 20 providers who had taken part in the first year evaluation of the Offer were selected to be contacted for an interview because they raised issues during their first year interview which were assessed as worthy of follow-up during the second year evaluation. An example of these issues includes having recently made changes/planning to make changes to delivery at the time of the first year interview. Out of the 20 providers contacted for interview, six providers responded and took part.

2.20 Arad also attended some events mainly in an observatory capacity but also to update those present of plans and progress relating to the evaluation process. These included an all-Wales local authority Offer team meeting and a childcare provider conference in one local authority.
3. Implementing the Offer

3.1 This section presents findings on how the Offer is being implemented by the local authorities and an exploration of the key issues in administering the childcare element of the Offer. The findings are based on qualitative interviews with Childcare Offer partnerships from all 22 local authorities (see Section 2 for more details of the methodology).

### Implementing the Childcare Offer - Key findings

#### Local authority Offer Partnerships

- **7** local authorities - phased roll out September 2017 to August 2018 (Year 1).
- **15** local authorities - phased rollout September 2018 to August 2019 (Year 2).

Local authorities worked in partnerships – with one delivery authority supporting one or more engagement authorities

£670,000 Additional Support (SEN) Grant was made available by the Welsh Government.

#### Child providers and parents

- **82%** Of childcare providers actively promoted the Offer to parents
- **90%** Of parents reported the application process was straightforward
- Submitting evidence of employment was a challenge particularly for self-employed parents

Source: Childcare Provider Survey 2019. N=869
Childcare Parent Survey 2019. N=3890
Implementation by local authorities in year two

3.2 The continued rollout of the Offer in year two has been relatively smooth with no major issues. Local authority representatives in areas where the Offer was rolled out for the first-time during year two paid tribute to the work of the year one early implemener authorities for the information and support they offered new authorities.

3.3 The process of working as partnerships comprising one delivery authority supporting one or more other engagement authorities also appears to be working well in most cases. However, some initial teething problems were encountered in setting up new working relationships between delivery and engagement local authorities, especially with regards to compatibility of data sharing systems and arrangements. In some areas this resulted in the short-term use of paper-based information gathering and sharing processes while compatible systems were developed.

3.4 The relationship between some delivery and engagement local authorities has been slow to bed-in in some areas, particularly between authorities that had not worked closely with each other in the past. There are also some examples of a lack of clarity as to where the boundary between the tasks and responsibilities of engagement and delivery authorities lie. This is mainly in relation to tasks and responsibilities dealing with queries from parents and childcare providers. Some engagement authorities noted that this has often led to higher workloads than they may have initially anticipated. For example, engagement authorities outlined that they expected to only be responsible for promoting the Offer and providing information to providers and parents up until the point where they sign up to either deliver the childcare element of the Offer (providers) or to access funded childcare supported by the Offer (parents). However, some of these engagement authorities noted that they were often contacted by providers with queries relating to funding payments and parents regarding their application for funding. Engagement authorities who had experienced this were aware that parents and providers often wanted to contact someone from the local authority where they were located to discuss any issues they may have. However, the challenge for engagement authorities in this situation was that they did not have access to all the information required to address concerns relating to individual application processes or funding
situations, as this was held by the delivery authority for the area. In many cases engagement authorities contacted the delivery authority on behalf of the parent or provider in order to resolve the matter on their behalf – hence the additional administrative burden.

3.5 It was also acknowledged that not all enquires received by engagement or delivery partners, focussed only on engagement or delivery matters. For example, an initial enquiry from a parent relating to the availability of local childcare provision (an engagement enquiry) may lead to further queries during the same discussion about specific points relating to their application process (a delivery enquiry). Engagement authorities recognised that dealing with multi-issue enquiries such as this was to a large extent inevitable, although frustrating at times.

3.6 Some engagement authorities (e.g. Conwy) have upgraded their systems to become compatible with the system used by the delivery authority (Anglesey and Gwynedd), while three other delivery authorities have bought the system used by one of the year one implementer authorities.

3.7 The additional administrative burden associated with the Offer is still a concern for some authorities, although the announcement that the Offer will be administered and operated at an all-Wales level was welcomed, especially as it was seen as a way of maintaining local expertise and contacts with the childcare sector.

**Engaging with childcare providers**

3.8 Each authority is responsible for promoting the Offer to childcare providers in their area and overall, local authorities reported no significant problems in engaging with providers. This was a key task for both delivery and engagement authorities and they were building on long-standing working relationships with the sector. Interviewees reported that as a result of the Offer networking meetings, queries and the small grants, they were now in contact with a greater number of childcare providers in their area.
3.9 Before the Offer went live in their area during year two, the new local authorities focussed on awareness-raising and encouraging providers (and parents) to sign up. Some of this was general communication about the Offer through press releases, social media and stalls at events, while contact with providers was primarily through networking meetings.

3.10 Some authorities have taken on a dedicated engagement officer tasked with the responsibility of maintaining contact with all childcare providers in their area dealing directly with enquiries and encouraging participation. This appears to have worked well. One engagement local authority where the Offer was being delivered for the first time during 2018 – 19 noted they were aware that in other delivery and engagement authority areas inviting providers to local networking events had been a successful means by which to encourage local providers to sign up to deliver the Offer. However, given that their local authority area was largely rural and sparsely populated, it was often difficult to organise events in locations where it was convenient for all, or even many providers to attend at the same time. They were therefore concerned that they may encounter challenges engaging with providers in order to encourage them to sign up. However, appointing a dedicated engagement officer has enabled the engagement team within the authority to maintain close one to one contact with all childcare providers in the area by dedicating the time and resources of the officer to visit providers within their own settings rather than encourage them to attend events. This, in their view, has been a key factor in ensuring that most providers in the area have now signed up to deliver the Offer.

3.11 Although most settings signed up to deliver the Offer during networking meetings, others signed up as and when parents approached them or as the children in their care neared three years of age.

3.12 A minority of settings were reluctant to sign up at the pre-Offer stage for one of two reasons; either because the reimbursement of £4.50 per hour for the childcare element of the Offer was lower than their normal hourly fee or, especially in the case of childminders, they were deterred by the idea of formal administration and funding arrangements. Local authorities liaised with these providers during the pre-Offer period, helping them with paperwork or providing business support.
Furthermore, the authorities tended to explain to settings, who were considering not taking part that this could be a potential business risk and that existing and prospective customers may choose to use other settings where funded childcare was available. During the interviews for this evaluation and following the launch of the Offer locally, none of the local authorities was aware of any settings with eligible children choosing not to take funded childcare places.

3.13 Some challenges were reported in getting providers to understand that they needed to engage with a local authority other than their own in regard to delivering the Offer. Engagement local authorities reported that they would regularly receive queries regarding the Offer during routine contact with childcare settings, for example while providing business support. Usually the engagement authority could not answer such queries, even trivial ones, as they weren’t privy to the reporting arrangements between the setting and the delivery authority.

3.14 Queries often arose on the topic of fee structures, including additional charges, and the delivery local authorities explained that they had needed to seek clarification from the Welsh Government on several aspects of charges and fees.

3.15 Local authorities report that their settings are mostly satisfied with the childcare rate of £4.50 an hour, but that there is an expectation that the rate will increase soon, and that some providers will choose to stop taking part in the Offer if not.

‘We are now at a point where if the Welsh Government isn’t seen to be reviewing and increasing the rates, I think we’re going to start to see providers going ‘I can’t afford to do that’. I think they’ve been willing so far, but the willingness and ability to take a financial hit is always going to be finite’. (Delivery authority)

Engaging with parents

3.16 Responding to parents’ queries, communicating the Offer to parents, and supporting the childcare settings to do so, is a key task for all authorities. Initial queries about the Offer, such as eligibility or availability, are usually dealt with by the local authorities’ Family Information Service where the parent resides, before being passed on to the Childcare Offer teams for more detailed queries relating to the actual applications. A large number of the general and more detailed queries
received related to eligibility, particularly from self-employed parents, family businesses or those parents who have not received payslips.

3.17 Eligibility checking of parents continues to be as time-consuming as it was in year one. Evidencing employment eligibility for self-employed individuals continues to be the main challenge. In some rural areas where a relatively large proportion of parents are self-employed, this can be particularly challenging. Welsh Government provide guidance on eligibility, but even more guidance and training would be welcomed by local authorities and parents.

3.18 If eligible for the Offer, parents usually apply online (although some delivery authorities also handle paper applications), and the application is processed by the delivery authority. Applications need to be supported by evidence of eligibility in the form of a scanned copy of a birth certificate and payslips which could be off-putting to some parents without the know-how to be able to do this. Two other areas of confusion observed by local authorities were understanding how the Offer affected tax-free childcare and other financial help with childcare e.g. tax credits, and understanding the difference between the early education element and the childcare elements of the Offer and how many hours were able to be used where. More fundamentally, some authorities had come across examples of parents who had struggled to apply for the Offer as they had tried to use the website for the Childcare Offer in England.

3.19 Once in receipt of the Offer, the biggest area of confusion for parents (and some providers) was the entitlement to childcare during holidays. Children who begin to access the Offer during the first term of the academic year (September to December) are entitled to 30 hours of childcare during nine of the 13 weeks of school holidays for that school year. Children who begin to access the Offer during the spring term (January to March/April) are entitled to 30 hours of childcare provision for six weeks of the remaining school holidays up until September that year. Children who begin to access the Offer during the summer term (April/May to July) are entitled to 30 hours of funded childcare for three of the remaining weeks of school holidays up until September that year.
Parents are still confused about the 9, 6- and 3-week allowance depending on when their child starts the Offer and ‘explaining the policy and process to parents has been challenging’. The main issue voiced by local authorities is that providers’ and parents’ lack of understanding around holiday entitlement can result in incorrect claims and bookings which add to local authorities’ administrative tasks. Local authorities have refined their correspondence to parents to clarify how and when to use the holiday weeks but observed that there may be a tendency to plan over a shorter term than the longer term academic year resulting in parents using up their holiday weeks early and being surprised at having to pay for childcare during the summer holidays towards the end of the academic year.

Local authorities have used a number of different platforms including social media, their websites, events, and sharing information via education providers to inform parents of the Offer. Most authorities reported that that there was increased awareness of the Offer among parents due to word of mouth. A Childcare Offer national publicity campaign has been newly launched (Autumn 2019) by the Welsh Government to encourage take up of the Offer and includes radio, TV, online advertisements and a toolkit for communication by local authorities. However, at the time of undertaking interviews with the local authorities, the Wales-wide marketing campaign was yet to be launched. ‘Interviewees believed however that this would be a useful addition to their local communication methods and reach those parents not currently using childcare.

Some local authorities were taking an increasingly targeted approach to their marketing and communication with parents, for example carrying out research to identify postcodes where there was lower than expected take-up investing time in attending events or targeted marketing in those areas. Some local authorities linked up with Parents Childcare and Employment (PaCE) advisors, job centres and local authority employability colleagues. However, these efforts of supporting the wider journey into employment and childcare were at an early stage since the focus had been on launching the Offer and general awareness-raising.
Additional Support grant

3.23 The Welsh Government has made available a £670,000 Additional Support (SEN) Grant for local authorities to ensure the childcare element of the Offer is inclusive to eligible children with SEN. It is to be used by local authorities to remove the potential barriers preventing parents with children they believe have, or have been identified with SEN.

3.24 Many local authorities reported that they had underspent or were likely to underspend on this grant (although that is not the case everywhere). One local authority reported that they had only spent a tenth of the budget available and they believed that ‘the guidance is very vague’ so they have been cautious and unsure how the budget should be used. This lack of certainty was a common theme, with local authorities concerned about setting a precedent for funding for a level of support that wouldn’t be sustainable for a child’s journey through education.

3.25 Where the Additional Support grant has been claimed it has been for one to one support and some associated training. Increasingly, the approach by local authorities is to mirror the arrangements in place for Flying Start and early education. Many authorities reported that they convene a panel to decide both the Childcare Additional Support grant and SEN support to be funded from other budgets. One local authority welcomed the opportunities brought by working together with their delivery authority which has had the positive consequences of sharing more ideas and experiences about how to use and allocate the Additional Support grant to best effect.

Welsh-medium provision

3.26 Many local authorities observed that the Offer has been positive for the Welsh-medium provision in their area. Some local authorities have used their capital grants to invest in Welsh-medium early years provision, seeing it as an opportunity to

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respond to gaps identified in the Childcare Sufficiency Assessments and link with their Welsh in Education Strategic Plans.

3.27 One local authority area reported that almost all their Cylchoedd⁴ had increased their provision either by opening longer hours during the day or opening during school holidays, while most other local authorities noted that some of their Cylchoedd had increased their hours or had gone from sessional childcare to full day care. This has had the effect of making many of those Cylchoedd more sustainable and increased the provision of Welsh-medium childcare in those areas. However, local authority interviewees stated that although the capacity and availability had increased in some of the Welsh-medium settings, other settings have expressed concerns that the extended hours in the Cylchoedd, which tend to have lower fees, creates additional competition that could affect the sustainability of existing (Welsh-medium and English-medium) settings.

**Capital grant and small grants schemes**

3.28 Alongside the Offer, the Welsh Government allocated a £81m childcare capital investment programme, to run for three years from 2018 to 2021. The primary purpose of the capital programme is to facilitate and support the co-location of FPN and childcare provision wherever possible. Applications were made on a local authority wide basis.

3.29 All settings who are offering Childcare Offer places, or who intend to offer places are eligible to apply for a Capital Grant Small Grants Scheme. This grant is to support the development and sustainability of settings and can be awarded to settings to enable them to increase the number of places they are able to offer, to improve the quality of the facilities they offer, to lower the age range of their provision to include three- and four-year-olds and for various capital works such as improving the outdoor play facilities and repairing or replacing fixtures and equipment.

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⁴ A Cylch Meithrin is a Welsh-medium playgroup (plural: Cylchoedd).
3.30 Most of the local authorities interviewed had secured a capital grant. They commented that there had been a short turn around in the application phase, but that the process had been well supported by the Cwlwm umbrella organisations. The capital grants are for various new additional spaces in schools for childcare and various co-location projects, in some cases linked to and also supported by the 21st Century schools programme.

3.31 During interviews with local authorities in summer and autumn 2019, they reported that the small grants scheme was still in its early days and authorities had been awarded funding but some were yet to award the first round of funding to the schemes in their area. For those who had awarded funding in the first round, this had been used in many cases to increase or improve outside space in nurseries for children to access, and interviewees reported that they had worked closely with settings and partners to ensure that there was a high awareness of the grants and that there had been applications from a range of types and sizes of settings.

3.32 During 2019 the Welsh Government also launched two separate Business Wales Childcare Grants. The Childcare Start-Up Grant (max £500) is being made to offer some financial assistance to help with some of the costs associated with starting a childminding business while the new employees grant (max £2,000 per new employees) aims to encourage the creation of new jobs across the childcare sector. Both grants require applicants to register with Business Wales and are a way for Business Wales to reach and provide business support to the sector.

**Foundation Phase Nursery**

3.33 The Offer consists of a combination of the pre-existing Foundation Phase Nursery (FPN) provision open to all three and four-year-olds from the term after their third birthday and additional funded childcare. The introduction of the Offer has highlighted issues relating to the extent to which FPN aligns with the childcare element of the Offer:

- The differing payment rates for the delivery of FPN;
- The variation in hours of FPN delivered across local authority areas as well as across different settings within the same local authority;
- Differences across local authority areas in relation to the age at which children become eligible for FPN;

3.34 Within the Offer, children are only eligible for funded childcare for the hours remaining from the 30 that are not included in FPN provision. As a result, some parents are eligible for 15 hours of childcare per week, others 12.5 and some as much as 20. The number of hours of FPN provision delivered (and therefore number hours funded childcare available) can differ between morning and afternoon sessions within the same setting, it can also change if a child moves from one FPN deliver settings to another. For example, children may receive 10 hours of FPN1 at a Cylch Meithrin during the summer term but then go to receive 12.5 hours of FPN at the school in September. They may still be eligible for the childcare Offer during all this time, but the hours of childcare that they are entitled to will differ.

3.35 The local authority partnership must keep track of all the variations in FPN delivery accessed by children supported by the Offer in order to calculate the hours of funded childcare they are entitled to. This has always been the case – however, keeping track of differences in FPN provision has now potentially become more challenging for delivery authorities as not only do they now need to know the FPN provision across settings in their own local authority but also the FPN provision across the engagement authorities they support.

3.36 Adding to this challenge, the dates at which children become eligible for FPN often differs across local authority areas. For example, in one local authority a child may become eligible for FPN on the 29th of April if they turn three on or before the 28th
April. However, in another local authority if a child turns three after the 15th of April they must wait until the following September to access FPN.

3.37 These often relatively small difference in FPN delivery practices and policies across providers and areas have led to further challenges for delivery local authorities in terms of administrating the childcare element of the Offer. These examples also further highlight the challenge associated with having a consistent policy relating to the childcare side of the Offer across all of Wales and trying to align this with differing policies and practices relating to FPN delivery. This has led to many local authority partnerships to call for a consistent approach to the delivery of FPN across Wales.

‘We got an agreement from Welsh Government for this year - as it is a pilot - that we offer a blanket 20 hours childcare. Some local council members have challenged that and more will; but there’s no way with the [Delivery Authority’s] system that we use that you can identify school and foundation hours, so otherwise you would have to manually check each child.’ (Engagement Authority)

3.38 Some local authorities have taken the step of asking all of their FPN settings to synchronise their hours, so settings offering 12.5 hours of FPN per week have been asked to reduce their hours to 10 hours per week. There has however been reluctance from settings, as this essentially means that those children who are not entitled to the Offer are losing out on 2.5 hours per week of FPN provision. This specifically affects those children whose parents are out of work and are therefore not eligible for the Offer.

3.39 Local authority interviewees were also asked whether the funded childcare was being used by parents instead of FPN, and therefore displacing FPN hours, but other than isolated examples there was no evidence from local authorities of parents choosing to take childcare hours and foregoing the FPN hours.

3.40 Local authorities continue to voice concerns that non maintained providers who are currently contracted by them to deliver FPN will discontinue with this provision in the future due to the more onerous workload, higher scrutiny and in many cases, the lower funding rates received for FPN compared to childcare funded element of the Offer. Isolated examples of settings discontinuing their FPN provision were reported
by local authorities, and they further explained that they were liaising with other settings to persuade them to continue with FPN.

3.41 Local authorities referenced the ongoing pilot project in Flintshire testing the impact of a consistent funding rate for FPN and childcare. Most were curious to see whether a consistent funding rate would encourage more sustained provision of FPN amongst non-maintained settings.
4. The Offer’s influence on providers

4.1 The evaluation of the first year implementation of the Offer reviewed how childcare providers learnt about the Offer. It also looked at how participating in delivering childcare funded by the Offer impacted on the current and future performance of providers’ business. The second year evaluation revisited a number of these points as well as additional issues such as providing wraparound care, staff recruitment, retention and training. The findings for the second year, presented below, are based on survey responses offered by 869 providers and further responses offered by 46 providers who participated in a one-to-one telephone interview.

4.2 This section outlines how, if at all, the Offer has influenced the delivery of childcare provision in Wales. Areas considered include wraparound care, Welsh-medium and SEN provision, impact of the Offer on FPN provision in non-maintained settings as well as capacity to provide Offer funded childcare during school holidays. This section also places particular focus on two themes:

- The influence of the Offer on the capacity of the childcare workforce, in terms of required qualifications, to deliver the provision required;
- The Offer’s influence on the commercial viability of participating providers

4.3 In some of the paragraphs that follow, the findings from the second year evaluation are compared to those gathered during the first year. Some caution is required when making these comparisons as the first year findings were based on qualitative interviews with 150 providers across the six pilot areas, whereas the second year findings are based on 869 survey responses gathered from providers located across all 22 local authority areas in Wales.
Level of demand

4.4 Most providers surveyed (60 per cent) noted that the number of children at their setting had remained the same as it was before the Offer was introduced. In many cases, this was because they were already delivering at capacity and therefore could not accommodate any more children. Over a third (36 per cent) however, reported an increase in number of children while 3 per cent reported a decline in numbers – often as a result of increased competition from other providers. Over half...
of the providers surveyed (59 per cent) were of the view that these changes had been influenced at least partly by the Offer.

4.5 These findings are very similar to those recorded during the first year evaluation whereby 40 per cent of the 150 providers interviewed in year one reported an increase and 56 per cent noted no change in the number of children at their setting following the introduction of the Offer.

4.6 Almost half of the providers surveyed during the second year (47 per cent) noted that they had experienced at least some increase in demand for childcare within their settings since the Offer was introduced - mostly as a combined result of an increase in the number of children in some settings and / or an increase in the number of hours taken up by existing children. Overall, the findings during the second year of the evaluation, in the same way as they did in the first year’s evaluation, indicate that the Offer has generated modest increases in demand for formal childcare.

4.7 During the first year of delivering the Offer, providers played a key role in promoting the Offer to parents. This was largely due to the fact that it was not possible to carry out a national promotional campaign as the Offer was only available in some pilot areas. By April 2019, the Offer had become available to eligible children across all areas in Wales; however, this left very little time during the remainder of the academic year to deliver nation-wide awareness raising campaigns. As a result, most awareness raising activities undertaken during the second year continued to be delivered on a local level. This is reflected in the fact that the majority of providers (82 per cent of those surveyed) noted that they still actively promote the Offer to parents.

4.8 Findings from the evaluation surveys and the interviews with local authorities do indicate however, that parents’ awareness of the Offer had increased during the second year compared to the first year. This is likely to increase further following the national awareness raising campaigns that were launched by the Communications team within the Welsh Government during the autumn of 2019. However, given the differing needs and circumstances of individual parents and children coupled with the differing delivery arrangements of individual providers, it would seem inevitable
that information relating to specific details as to how the Offer can be utilised in practice will need to be provided during direct communication between parents and providers.

**Changes in the delivery of childcare provision**

4.9 Most providers surveyed (81 per cent) and interviewed (35 out of 46) noted that they had not changed their opening hours or childcare delivery approaches as a result of the Offer. However, 20 per cent of survey respondents and 11 out of 46 of providers interviewed noted that they either had, or were intending to, change their operating structure as a result of the Offer. Most of these changes involved offering more hours of childcare each day, either by opening earlier in the day and / or later in the afternoon. Other changes included offering wraparound care during lunch times and opening during school holidays.

4.10 Providers who had introduced or were planning to introduce these changes were mainly sessional childcare settings (playgroups and Cylchoedd Meithrin) which had the capacity (physical space and members of staff) to increase or change the nature of their provision.

4.11 Similar findings were reported by some local authority representatives who noted that as a result of Cylchoedd Meithrin extending their opening hours, in some instances from sessional provision to full day care, the availability of Welsh-medium provision in some areas had significantly increased (see section 3).

‘We have decided to run a holiday club, we had run it but stopped due to affordability but now with the Childcare Offer it’s affordable again.’

(Full day-care - Welsh-medium)

4.12 One delivery authority noted that they were aware, from anecdotal evidence, that some settings in their area were now offering more provision for three and four-year olds and less for two year olds as a consequence of the Offer. The same local authority representative noted, however, that they were also aware of increases in the provision of childcare for 0 to two-year olds across other settings which, they assumed, cancelled out the reduction in provision elsewhere. Although these reductions and increases in provision may have had an overall neutral effect on
provision across the whole area, it remains unclear whether these changes have impacted on the availability of provision for 0 to two year olds in some local areas or wards within the local authority area.

4.13 A small minority of providers surveyed also noted that they had either made or planned to make changes to their business delivery model in order to increase provision for some age groups by reducing provision for others. One provider noted that they had reduced the number of children they were accommodating in their baby room in order to take up more three-year-olds. Another noted that they were phasing out their provision for over 5s and concentrating instead on providing places for preschool aged children. Not all the current or planned changes to provision are aimed at reducing provision for older or younger children in order to accommodate more three and four year olds. One childminder noted that they were planning on taking on more younger children as they could not accommodate as many three and four year olds who accessed childcare from them and FPN at another setting.

‘I will be looking at taking on fulltime children that need more than 15 hours. With [Offer] funded children I spend all day going backwards and forwards to school.’ (Childminder).

‘Due to the difficulty of providing care to children who are accessing school part time, my services will no longer offer care for children under the age of three years. This change will be starting from January 2020. I have made this decision as I do not believe I am able to provide the under three year old children the environment and services they need to develop due to the service that I need to provide to three and four year olds accessing part time education at the local primary schools.’ (Childminder)

4.14 It should be noted that the examples referred to above only relate to a small minority of the providers surveyed. Further to this, the introduction of the Offer alone did not in all cases create the incentive for providers to make these changes. However, as noted earlier, although these changes in provision may not have significant impact on the overall level and type of provision available across wider geographical areas, changes such as these can have a big impact on the
availability of provision in some local areas where alternative options may not necessarily be available.

Delivery of wraparound care

4.15 Over three quarters of providers surveyed (78 per cent) offer some form of wraparound care as part of their childcare provision. This includes breakfast and after school clubs, lunchtime wraparound care and the transfer of children to and from different childcare and FPN settings.

4.16 Almost two thirds of providers (65 per cent) noted that they provide a pickup and drop off service to children at their setting and almost three quarters of these (73 per cent) provided transport in order to provide this service. The majority of providers (88 per cent) who provided this service noted that they found it very or at least relatively easy to deliver. However, just over one in ten of these providers (12 per cent) found transferring children between settings fairly challenging while a minority (3 per cent) found this to be very challenging.

4.17 Some of the main challenges in providing pick-up and drop-off services noted by providers, related to maintaining staff ratios within their settings while also releasing staff to escort children to another setting. Some providers noted that they transport children to and from two or more different settings which can be challenging in terms of timing as well as staff resource and transport requirements. A few childminders noted that they are the sole childcare provider within their setting. As such all the children in their care, regardless of age, come along in the car during these pick-up and drop-off trips. This, in their view, worked well although they acknowledged that getting all the children ready for each trip was at times quite time consuming.
Profitability and sustainability

4.18 Almost two thirds (62 per cent) of providers surveyed during the second year, noted that the Offer had a positive impact on their profitability, with 65 per cent noting that the Offer had a positive effect on the sustainability of their setting. This compares with 72 per cent and 76 per cent respectively of providers who reported the same during the first year 6.

4.19 Almost a third (30 per cent) noted that the Offer had made no difference to the profitability or sustainability of their setting. Almost one in ten (8 per cent) of the providers surveyed however, noted that the Offer had a negative effect on the profitability of their settings. Reasons cited were around the rate paid to childcare providers to deliver the Offer not being commercially viable in their opinion i.e. that the rate is lower than their usual commercial rate.

Delivery costs and charging structures

4.20 One in five providers (20 per cent) who responded to the survey noted that they had introduced additional charges within their settings since the Offer was introduced; mainly for snacks and meals. 15 per cent of the providers noted that these additional charges were introduced as a direct result of the Offer. This is comparable to the findings recorded during the first year evaluation where 15 per cent of providers interviewed noted that they had introduced additional charges since the Offer was introduced.

4.21 A number of the respondents who had introduced additional charges also noted that these additional charges had been introduced in order to recoup some of the revenue they had lost as a result of the Offer rate being lower than their usual rate.

‘We now charge for a snack in order to recoup the reduction in the hourly fee.’ (Childcare provider survey respondent)

‘We have to charge for food to subsidise what you [the Offer] pay.’ (Childcare provider survey respondent)

6 As noted earlier, some caution is required when comparing first year findings to second year findings due to different sample sizes and data collection methods used during each of the two years.
4.22 It is not clear in all cases whether these charges are applied in accordance with Welsh Government guidance\(^7\).

4.23 Some of the providers noted that fee rates they charge to full fee-paying customers include meals and snacks, even though they are not itemised in the invoices issued. In their view, as the Offer funding rate does not include meals and snacks, they should place an additional charge for these items for customers supported by the Offer in order to ensure that all their customers are charged in the same way. Other providers noted that they have started itemising charges for meals, snacks and transport within invoices issued to fee paying and Offer funded children, even if this does not affect the overall daily rate paid by fee paying customers. However, some of these providers also noted that this has encouraged some of the fee-paying customers to provide packed lunches for their child and have asked for snacks and meals to be removed from their bill.

4.24 Almost 17 per cent of providers noted that they had increased their childcare fees since the introduction of the Offer in Wales; however only 3 per cent of respondents noted that this increase was as a direct result of the Offer. Some of these providers who noted that they previously charged less than the £4.50 / hour rate available through the Offer, decided to increase their rates for all parents to be in line with this rate. It was noted that this was often done to ensure that charging rates were transparent and consistent to all parents.

4.25 Other providers noted however, that they had increased their rates for all children to make up for the shortfall in income they incurred as a result of the Offer. This may raise some concerns about the possible knock on effect that the Offer is having on the childcare costs of some parents who are not eligible. Although it should also be noted that these examples appear to relate to a relatively small number of settings.

‘We have put up fees for our babies & toddlers in order to be able to provide the Childcare Offer at our nursery i.e. the fees from the younger children sub the Offer income in order to make it viable’. (Childcare provider survey respondent)

4.26 The survey findings also suggest that in some isolated cases, providers still charge parents top-up fees.

‘My hourly rate is more [than the Offer rate] so I have to charge the parents separately for the payment not provided by the funded hours’. (Childcare provider survey respondent)

‘The parent is billed at the end of the month and the amount received from the Offer hours is deducted from the bill.’ (Childcare provider survey respondent)

4.27 Providers noted that any additional costs associated with delivering childcare funded by the Offer stemmed mainly from the additional administration work required. Providers surveyed were asked to note approximately how much additional time they spend monthly on administrative tasks linked to the Offer. Almost 1 in 10 (9 per cent) of respondents noted that they spend more than 5 hours a month undertaking administrative tasks associated with the Offer which include reporting on the number of hours booked and taken up by each child supported by the Offer. On the other hand, a similar proportion (11 per cent) of providers noted that they spent hardly any additional time on Childcare Offer administration tasks. The highest proportion of respondents (39 per cent) noted that they spent up to an hour a month undertaking these administration tasks.

4.28 The amount of time spent on administrative tasks varies according to the number of children supported by the Offer within each setting and the number of delivery authorities each setting is engaged with. Some providers have children from many different local authorities at their setting. This can result in these settings having to provide information (often in differing formats) to a number of different delivery authorities. This inevitably adds to the time required to submit this information each month. Several providers interviewed who were in this situation suggested that a centralised portal or system into which providers could submit all their monthly data would reduce this administrative burden. Similar views were also voiced by local authority representatives who were consulted.
Special Educational Needs (SEN) provision

4.29 Very few providers interviewed or surveyed noted any change in the demand for, or delivery of, childcare for children with special education needs (SEN). The first year evaluation report noted that there had been relatively low use of the additional budget available to local authorities to support children with SEN due to uncertainty as to how the budget should be used. There were also very few examples of the impact this funding was having on providers due to the small number of children with SEN who were accessing the Offer during that time.

4.30 Findings during the second year are very similar to those of the first year with most local authorities noting an underspend in their SEN budget and providers noting very little change in demand for or delivery of SEN provision.

4.31 One provider did, however, refer to an example where parents of a child with a motor disability had contacted them in order to access childcare funded by the Offer. The needs of the child could have been accommodated by the provider if the additional funding support was available. However, one of the parents was a full-time carer for the child and therefore wasn’t in paid employment. As such the parents and provider were not sure if they met the employment eligibility required to access the Offer and the provider reported that the local authority seemed uncertain as well. The local authority sought further advice from the Welsh Government, but the family moved outside Wales before the issues was resolved. The provider noted that they remain uncertain what they should do or advise parents if a similar situation were to arise in the future.

4.32 Welsh Government information offers clear guidance as to how situations noted in the example above could be supported with the SEN budget available. The example does not therefore reflect any gaps or deficiency in the type of care that can be supported by the SEN funding available. It does, however, indicate a continued lack of understanding within some local authorities, despite the guidance available, as to how the SEN funding can and should be used. This in turn is likely to reflect at least some of the reasons for underspend in the SEN budget reported by a number of local authorities.
Welsh-medium provision

4.33 Almost one in five (17 per cent) of the providers who responded to the survey described the main language used within their childcare setting to be Welsh; a further 9 per cent described themselves as a bilingual setting where Welsh and English were used side by side.

Figure 4.1: Main language of childcare settings surveyed

Source: Survey of providers 2019

\[N=839\]

4.34 Of the 125 surveyed providers who described themselves as a Welsh-medium setting the largest proportion (55 out of 125, 44 per cent) were sessional day-care settings (mainly Cylchoedd Meithrin). Most of the Welsh-medium providers who responded were located in the areas supported by delivery authorities Gwynedd and Anglesey and Ceredigion (which also include Conwy, Carmarthenshire, Pembrokeshire and Powys).

4.35 Over a third of the Welsh-medium providers surveyed also noted that they had or were planning to extend their opening hours following the introduction of the Offer. This compares to 16 per cent of all providers surveyed who noted that they had extended their opening hours following the introduction of the Offer. This supports
the views expressed by a number of the local authority representatives consulted who also noted that they have seen an increase in the number of Welsh-medium settings, especially Cylchoedd Meithrin, that have extended their opening hours since the Offer was introduced.

4.36 This would suggest that Welsh-medium provision is increasing as a result of the Offer. The majority of parents surveyed who wanted Welsh-medium provision for their children were able to access it. However, as noted in section 6.39 below, a small proportion of parents surveyed noted that they were unable to access the Welsh-medium childcare that they wanted through the Offer.

4.37 Overall therefore, although the Offer appears to be encouraging an increase in Welsh-medium childcare provision within a number of settings, a shortage of Welsh-medium provision remains in some areas.

**Foundation Phase Nursery (FPN) provision**

4.38 Just over a quarter (28 per cent) of the 791 providers who responded to the survey, noted that they are funded to deliver FPN education. These were mainly full day care settings (31 per cent) and sessional playgroups and Welsh-medium Cylchoedd Meithrin (37 per cent).

4.39 Twelve of the 223 providers surveyed (5 per cent) who had been delivering FPN, noted that they either recently had or were planning on ceasing their delivery of FPN. Those who gave a reason as to why they were doing this cited relatively low funding rates as well as the time and staff pressure associated with FPN.

‘Funding [for FPN provision] is too low and demands are too high. Changes to the framework means more staff training and this is not cost effective.’ (Childcare provider survey respondent)

‘It [FPN provision] is proven to increase workload and it takes too much time.’ (Childcare provider survey respondent)

‘Have given one year’s notice. Too much pressure. Not financially viable.’ (Childcare provider survey respondent)
These findings do not indicate a significant shift away from FPN provision – especially as they don’t consider providers who have either very recently or are planning to register to start delivering FPN within their setting (see below). However, they do lend support to concerns expressed by local authority representatives that some non-maintained FPN providers have or are considering decreasing their delivery of FPN; often in order to deliver more, better funded, childcare supported through the Offer.

On the other hand, eight of the providers who responded to this survey question noted that they were interested in delivering FPN for the first time and were actively looking into the opportunities to so. A further five providers noted that they would welcome the opportunity to deliver FPN but were not able to, either because non maintained providers cannot deliver FPN in their local authority area or there was insufficient local funding available to support this provision within non-maintained settings.

‘Parents are asking us if we will [deliver FPN provision] so that they do not have to forfeit the educational element of the Childcare Offer’. (Childcare provider survey respondent)

Some of the providers interviewed also noted that they would welcome the opportunity to deliver FPN as this would enable them to keep three and four year olds at their setting all day. This would not only reduce the need to transport children between settings but would possibly encourage parents to access more childcare hours from these providers instead of wraparound after-school clubs at the school.

‘In an ideal world there would be an opportunity for childminders to be accredited to deliver FPN education. That way the children would be able to access all of their funded hours whilst also maintaining continuity of care.’ (Childcare provider survey respondent).

‘We have been in discussions [to register to start delivering FPN] since Jan 18th [2019], we believe it [FPN provision] would be of value to the children in our care. Unfortunately, we are on a waiting list due to lack of funding in the local authority’. (Childcare provider survey respondent)
These findings suggest that overall, movements away from the provision of FPN within some non-maintained childcare settings are counter-balanced, at least to some degree, with movements towards establishing provision of FPN in others. However, this does not enable us to draw any conclusions on the extent to which these changes have a net positive or negative effect on the availability of FPN provision within local areas.

Some providers, and delivery authorities, noted that they find it challenging to know how many hours of FPN children receive, particularly if FPN and childcare are delivered in two different settings. Providers and local authorities reported that it is likely therefore that some children may be getting more than the 30 hours of funded provision they are entitled to each month.

**Holiday provision**

Three quarters of providers surveyed noted that they offer provision during school holidays. Most of the additional demand for childcare generated by the Offer appears to be for provision during school holidays. Over a third (38 per cent) of providers surveyed anticipated an increase in demand for places during school holidays as a result of the Offer. However, most were also of the view that they could accommodate this increase in demand. A few providers (31 of the 869 providers who responded to the survey) noted that they had extended the opening times of their setting during school holidays as a result of the Offer being introduced.

‘We are open in school holidays - this is where the biggest increase in demand has been. The same children attend but more of them are taking up childcare during the holidays [since the Offer was introduced] instead of relying on informal childcare with grandparents.’ (Childcare provider survey respondent)

Not all providers surveyed and interviewed noted that they had witnessed an increase in demand for childcare during school holidays, even though some of these anticipated that there would be:
I have advertised my holiday provision at other settings that provide the 30hr [Childcare Offer] excluding holidays, but we have not had any interest although I felt that we would have. (Childcare provider survey respondent)

[We are] not open in school holidays as it's not viable - the demand doesn't seem to be there. (Childcare provider survey respondent)

4.47 A common issue noted by providers, parents and local authority representatives is the continued confusion and lack of understanding of the process as well as the terms and conditions associated with accessing Offer funded provision during school holidays. Some parents and a minority of providers do not understand that the Offer only funds childcare during 9 of the 13 school holidays weeks each year for children who access the Offer from September each year.

4.48 Children who start to access the Offer later in the academic year are entitled to funding over fewer school holiday weeks; six for those who start after January and three for those who start after the Easter break. These adjustments appear to compound the confusion further.

4.49 Local authorities and many providers have tried to address this by issuing further information and guidance. However, there are some parents and providers who are still surprised when they find that the funding does not cover all the school holiday childcare weeks taken up parents and delivered by providers.

4.50 A couple of the providers interviewed noted that some parents were not happy that they were required to pay for childcare during the four weeks of school holidays not funded by the Offer. To avoid paying for these weeks these parents have terminated their 12-month contract with the provider a month early (at the end of July) and requested a new contract in September. These providers noted that this had cost them a considerable amount of money in lost revenue during August.
Capacity of the sector to meet childcare demand generated by the Offer

4.51 The evaluation findings of the second year of the Offer in Wales indicate a modest increase in the demand for childcare places. Most of this increase in demand has stemmed from children eligible for the Offer taking up more hours of childcare with their current providers as well as more hours of provision during school holidays.

4.52 Almost all providers interviewed noted that they had the capacity in terms of staff and physical space they currently required to deliver the Offer, although about a quarter noted that they were operating at, or nearing to, full capacity. However, about half were of the view that they also had capacity to accommodate further childcare places if demand were to increase in the near future.

4.53 As noted earlier, 20 per cent of providers who responded to the survey noted that they had increased their capacity to deliver childcare either by opening for longer hours or extending their provision to deliver childcare during school holidays. Six of the 46 providers interviewed noted that they applied for small capital grants scheme for childcare providers and a further 14 noted that they had not done so yet but intended to. In the majority of cases the providers were, at the time of conducting the survey (summer 2019), still awaiting the decision of their application. Some of these applications were for equipment or funding for improvements to the setting e.g. developing an outdoor play area, in order to enhance the current environment and quality of the setting. However, two of the providers noted that they intended to use the grant to increase capacity so that they could accommodate more childcare places.

4.54 Overall it would appear that providers have the physical space capacity to accommodate current and future demand for childcare generated by the Offer. However, the picture is not consistent across all settings as some are already operating at full capacity while others are struggling to gain the number of childcare customers they need to ensure that their setting remains commercially viable.
Sustainability for Providers

4.55 The survey and interviews with providers also focussed on two key themes that are vital elements of the sustainability of providers delivering childcare supported by the Offer. These are:

- the capacity of, and qualifications available within the current and future workforce to meet any increased in the demand for childcare following the introduction of the Offer.
- the extent to which the funding rate available to providers delivering childcare supported by the Offer is commercially viable for their business.

Qualifications of the childcare workforce

4.56 Providers interviewed and surveyed were asked whether they thought that they had enough qualified staff within their setting to meet current and future demands for childcare following the introduction of the Offer.

4.57 All registered childcare professionals in Wales are required to meet the National Minimum Standards (NMS) which apply to childminders and providers of day care for children up to 12 years of age. The anticipated increase in demand for childcare following the introduction and continued rollout of the Offer in Wales will need an adequate supply of childcare provision. This in turn suggests a need to increase the number of qualified professionals working in the sector.

4.58 The majority of childcare providers who responded to the survey (71 per cent) were of the view that their setting had enough qualified staff to meet the childcare demands created by the Offer. See Figure 4.2 below. This view was echoed amongst providers interviewed, most of which were also of the opinion that they currently employed a sufficient number of qualified staff to meet current demand generated by the Offer. In the childcare sector as a whole in Wales, substantive recruitment and retention issues have been raised⁸.

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Figure 4.2: The extent to which providers agree or disagree with statements relating to recruitment retention and qualification level of staff within their setting.

Source: Survey of providers 2019  N=738

4.59 One provider felt that although they had the number of qualified staff they needed most of the time, this can be challenging during periods when more than one member of staff is absent at short notice,

‘We currently have a team of 14 - all good when everyone is available for work but it's often difficult to find people to cover sickness leave. It's also difficult to recruit people with the right Childcare qualifications as well as the Welsh language skills we need’. (Full day nursery provider)

4.60 Most (60 per cent) of the providers who responded to the survey also agreed that they were usually able to retain qualified staff within their setting, while 76 per cent agreed at least to some extent that they could access the staff training they need. However, many of these providers also noted that when they do need to replace members of staff it can be quite difficult.

‘We can retain staff quite well. However, we do rely on good will - staff are often asked to go above and beyond what they get paid for. Recruiting new staff would
be very difficult as the posts require qualified staff who don't get paid a lot'.
(Sessional childcare provider)

Less than half of the providers surveyed (47 per cent) agreed even to some extent that they could recruit the qualified staff they needed when required.

[We] ‘have been advertising posts such as assistant roles but people aren't applying - no one wants it, since it's likely to be on a temporary basis and near to minimum wage’. (Full day nursery provider)

'It was easy to recruit this time because we started to advertise early (in July). We've been lucky this time, but quite often it's a nightmare and people applying aren't sufficiently qualified.' (Sessional childcare provider)

The findings outlined above indicate that most providers surveyed or interviewed are optimistic that they have the number of qualified staff that they need to meet the current childcare demand generated by the Offer. However, these views also need to be considered in the context that most providers (80 per cent) who responded to the survey have not changed their delivery structure or opening times and therefore have not needed to change their staffing numbers.

Providers surveyed and interviewed were less optimistic about the prospect of recruiting suitably qualified staff if required. If therefore demand for childcare continues to grow as a result of the Offer, more qualified staff will be needed to meet this demand. The findings therefore suggest that this could be a potential challenge.

Some providers noted that they recruit unqualified staff with a view of supporting them to access the training they need to reach qualification standards required. Just over 75 per cent of providers surveyed noted that either they and / or other staff members within their setting had undertaken a childcare related qualification during the last three years. Of these, most (62 per cent) had undertaken Children’s Care, Learning and Development (CCLD) at level 2 or level 3 training and almost a third (32 per cent) had undertaken Playwork level 2 or level 3 training. Over half (53 per cent) had undertaken training leading to other forms of qualification ranging from safeguarding and First Aid training to CCLD level 5.
Commercial viability of the Offer

4.65 The majority of providers surveyed (79 per cent) noted that for them, the £4.50 rate for the childcare element of the Offer remained commercially viable. This is slightly lower than the 88 per cent of providers who noted the same during the first year evaluation\(^9\).

4.66 For many of the providers, the rate for childcare included in the Offer was higher than they usually charged and was therefore immediately viable for their business. For others the rate was lower than their commercial fee rate. In some cases, the lower hourly rate provided through the Offer was balanced by an increase in the number of childcare hours taken up by children supported by the Offer.

‘It [the Offer’s £4.50 hourly rate] less than I usually charge but I’m also getting more hours because of it, so I just about break even.’ (Childcare provider)

4.67 However, for some survey respondents, not only was the childcare rate lower than what they usually charge, but demand for places at their settings had also fallen; often as a result of increased provision of care, particularly wraparound care being delivered elsewhere. These providers were of the view that the Offer had incentivised other settings, especially local schools, to provide after school clubs for children who would previously have accessed this provision from them. These providers also noted that they felt that they had to continue to offer provision funded by the Offer, despite the fact that it was not commercially viable for them, as not doing so would result in a further reduction in the take up of childcare places in their setting.

‘It [the Offer’s £4.50 hourly rate] not really viable - we lose out because we usually charge more. If we didn't sign up for it though, we'd possibly lose some children and that would be worse.’ (Childcare provider)

\(^9\) Some caution is required when comparing first year findings (based on qualitative interviews with 150 providers across the six pilot areas) to second year findings based on 869 survey responses gathered from providers located across all local authority areas in Wales.
'My hourly rate is £5 per hour so this means I’m losing 50p per hour for each of the children using this service which is unfair especially as we are already on below minimum wage.’ (Childcare provider survey respondent)

‘Where we really see the difference is our half days. The morning is 5.5 hours long for which we charge £29.90, however, we receive £24.75 [through the Offer], leaving a deficit of £5.15 and this [deficit] will only increase when living and minimum wages increase.’ (Childcare provider survey respondent)

4.68 There was also some regional variation in the proportion of respondents who were of the view that the Offer was not commercially viable. 756 of the providers offered a view on the commercial viability of the Offer, 155 of which (21 per cent) noted that they did not consider the rate to be viable. Of these, almost a third (46 out of 155 – 31 per cent) were located in the Newport, Monmouthshire and Vale of Glamorgan delivery area; just under a quarter (34 out of 155 - 23 per cent) were located in Cardiff and 29 (20 per cent) were located in the Rhondda Cynon Taf, Bridgend and Merthyr Tydfil area. Almost half of these (47 per cent) were full day care nurseries and a similar proportion (44 per cent) were childminders.

4.69 It would appear therefore that most providers who did not consider the Offer to be a commercially viable option for them, are located in local authority areas in south east Wales where in most cases, 2018-19 was where the first year the Offer had been delivered.

4.70 Although most providers who responded to the survey, noted that they considered the Offer’s hourly rate to be commercially viable, there were a number of these who expressed the view that the rate should be reviewed with a view to increasing it in the very near future. This view was also echoed by a number of local authority representatives and wider stakeholders consulted.

‘It is commercially viable at the moment. But if it remains fixed then it won't be commercially viable when the minimum wage goes up in April’. (Full day care provider)
5. The Offer’s impact on parents

5.1 This section explores the impact the Offer has had, to date, on the employability and attitudes to work of parents who have accessed the Offer, whether families have more disposable income as a result of the Offer and whether parents had been able to access the amount and type of Welsh-medium provision they wanted through the Offer. School holiday provision is also explored, with information regarding take-up of childcare, and whether there was sufficient provision available to meet the needs of parents.

5.2 The findings presented are based on the online survey responses gathered from 3,890 parents accessing the Offer and 18 qualitative interviews with parents who accessed the Offer. The findings are also informed by the analysis undertaken of the monitoring data submitted by each local authority to Welsh Government.
The Offer’s influence on parents - Key findings

Accessing the Offer

Most parents (51%) heard about the Offer from existing childcare providers.

The majority (92%) used the same childcare provider as they had done before accessing the Offer.

65% of parents used informal childcare alongside the Offer.

Applying for the Offer was reported to be ‘very easy’ or ‘fairly easy’ by 90% of parents who successfully applied.

39% of parents accessed Welsh-medium childcare.

71% of parents accessed childcare during the school holidays.

Source: Survey of parents accessing the Childcare Offer in Wales (2019)
Parents’ awareness of the Offer

For parents to fully benefit from the Offer, they must first hear about it and know how to apply for the support. As illustrated in Figure 5.1 parents were most likely to hear about the Offer from their current childcare provider (51 per cent of parents surveyed.) This was followed by word of mouth (around 30 per cent) and through the internet or social media (20 per cent).

Figure 5.1. How parents heard about the Offer

![Bar chart showing how parents heard about the Offer]

N = 3324

Source: Survey of parents accessing the Childcare Offer in Wales (2019)

Childcare providers have therefore continued to promote and raise parents’ awareness of the Offer. Parents have been receiving verbal and written information regarding the Offer from childcare providers, with many parents targeted during pick-ups and drop-offs. This is confirmed by childcare providers, with over 82 per cent of providers noting that they had continued to promote the Offer to parents. Some parents noted that they would have liked to receive more information on paper, which may have helped them understand the Offer in more detail. One parent noted that it could be difficult to remember the information provided verbally and having the information on paper would give them more time to read and research the Offer further.
5.5 The majority of parents were made aware of the Offer through their childcare provider (over 50 per cent). Of these parents, a small minority (13 per cent) searched for more information online through their local authority website. They felt that most, if not all the information available was provided by their local authority through their websites. A few parents had further queries, which were referred to the local authority team. Some parents weren’t sure if they were eligible and needed assurance that the Offer applied to them as working parents.

5.6 A few parents felt that there was some lack of information and clarity about the Offer. This made one parent delay their application, which resulted in them not receiving the Offer from the eligible date:

‘If I would’ve known more about the Offer, I would’ve applied sooner and didn’t end up getting the Offer until October/November time instead of September. England’s system seems much more straightforward. Why was it so difficult for me to access the Offer and why was I penalised because of not receiving the correct information?’ (Parent)

5.7 Some parents found the information provided by the childcare providers and their local authority confusing and unclear. They felt that the Offer was miscommunicated to be 30 “free” childcare hours, not including the Foundation Phase Nursery hours.

‘For me, the main bug bear is that it pretends to be something it’s not. It’s not 30 hours free childcare. It’s 20 hours free childcare with 10 hours of education added in. If the childcare was worked out in half days and full days then it would’ve been much clearer.’ (Parent)

A small number of parents also felt that using the Offer could be more complicated due to needing to arrange wraparound care for their children in between the FPN hours.

5.8 Other themes that were raised by parents included the miscommunication of how many weeks of the year were included in the Offer. Two parents mentioned that as a result of this, they received a bill during the summer holidays that was a ‘bit of a shock to the system.’
‘I didn’t feel that the amount of hours that the Offer covered was clear enough. We would’ve put some money to one side if we knew that one month wasn’t covered. Could the weeks not be divided up with the rest of the year, making it more manageable for parents?’ (Parent)

**Demonstrating Eligibility**

5.9 Parents wishing to access the Offer are required to apply for it through their local authority. The application requires parents to provide evidence that they are eligible for the Offer.

5.10 A number of parents were unsure whether they were eligible for the Offer. This suggests that it could be beneficial to explain the eligibility criteria in more detail in communications and advertising campaigns. Parents felt comfortable speaking to their local authorities or their childcare providers about their eligibility questions. Some parents however felt that providers were also unsure of some of the detail around the Offer. These included a variety of questions about their child’s eligibility, such as when the Offer was available to their child, what provision their child was eligible for during the holidays and whether self-employed parents were eligible for the Offer. These points were all mentioned by parents in the online survey.

‘Childcare in holidays is essential for keeping up a degree of normality for us. However, there is a lot of confusion any time we speak to someone in the council about what we are eligible for. I’ve used it as much as possible, but holiday cover doesn’t go far enough if you are born in the wrong month.’ (Parent)

5.11 A small number of parents mentioned that they were receiving tax-free childcare as well as the Offer. Parents who were claiming both tax-free childcare and the Offer found the various schemes difficult to understand, especially how their childcare bills were calculated and how both schemes worked together.

‘I’m unsure as it's very hard to understand my bill, particularly as I have another child in the same setting who is too old for childcare vouchers and we pay some of our bill with salary sacrifice. I have an MSc, but I can't work out how much my childcare vouchers pay off my bill or how the figures are arrived at.’ (Parent)
5.12 A few parents were initially unsure of whether applying for the Offer would have an impact on the child tax credits that they were already claiming before applying for the Offer.

‘I’m still having to claim tax credits for 4 weeks of the year as I’ve only now been told that parents who are in receipt of the Offer have to pay for 4 weeks of the year. It was absolutely pointless me claiming the Offer if this was the case, I may as well of stayed on tax credits, less hassle and less confusing!’ (Parent)

5.13 The confusion in communication passed to parents suggests a need for clearer information in relation to how various schemes work together. Additional communication for parents who are eligible for a variety of schemes could assist with parents understanding fully their monthly bill and how this is calculated. This would provide the parents with more clarity on future bills and how much outgoings are paid per month for childcare in order to plan for the future.

**Application process**

5.14 The vast majority of parents felt that the process of applying for the Offer was very easy or fairly easy (90 per cent). A small minority (8 per cent) felt that the application process was fairly difficult, with 2 per cent of parents finding the process very difficult.

5.15 Parents who found the application process for the Offer difficult were prompted to explain why they found it difficult to apply (Figure 5.2).
Figure 5.2: Reasons why parents found the process of applying for the Offer difficult

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accompanying documentation was difficult to provide</td>
<td>52.8%</td>
</tr>
<tr>
<td>(e.g. payslips)</td>
<td></td>
</tr>
<tr>
<td>Time consuming completing the application</td>
<td>47.8%</td>
</tr>
<tr>
<td>Technical difficulties with the online application</td>
<td>39.4%</td>
</tr>
<tr>
<td>process</td>
<td></td>
</tr>
<tr>
<td>Application form was difficult to find</td>
<td>29.4%</td>
</tr>
<tr>
<td>Eligibility criteria for the offer was unclear</td>
<td>24.6%</td>
</tr>
<tr>
<td>I did not understand the application form</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

N = 320  
Source: Survey of parents accessing the Childcare Offer in Wales (2019)

5.16 Out of the minority of parents (10 per cent) who found the process of applying either fairly or very difficult, half of these parents stated that collecting the accompanying documentation was difficult. Half of these parents also stated that the application was time consuming.

‘I had to contact the payroll department at work to get payslips and paperwork, so had to cancel my application and start again. It would’ve been good to know what was expected before in order to fully prepare.’ (Parent)

5.17 Over a third of parents who found the application difficult had technical difficulties whilst completing the online application process. Around a quarter of these parents felt that the eligibility criteria for the Offer was unclear (24 per cent) and that the application form was difficult to find (29 per cent).

‘I provided all the information, had to send in 16 payslips, as my partner has weekly payslips, and then they said I hadn’t provided the attachments. The attachments didn’t work so I had to email them. They lost the email trail, so I ended up having to pay for the first 6 weeks of childcare myself even though friends had applied after me and had a response within a couple of days. It took
me ringing them again for them to find my application and separate email attachments. They then miscalculated the number of hours I was entitled to and had to amend.’ (Parent)

Take-up of childcare during school holidays

5.18 During school term time, children supported by the Offer are entitled to at least 10 hours of FPN and up to 20 hours of funded childcare. The combination of FPN and funded childcare provision makes up the 30 hours of the Offer. During nine of the 13 weeks’ school holidays each year, when there is no FPN provision, the 30 hours of the Offer consists entirely of funded childcare.

5.19 The parents survey conducted in July 2019 found that around three-quarters of parents (71 per cent) had used or were planning on using childcare during the school holidays. 20 per cent of parents stated that they did not want to access childcare during the school holidays and a small minority of parents (6 per cent) stated that they weren’t currently using childcare during the school holidays, as it was not available to them.

‘A tricky situation as the school which my son will attend does not have a holiday club so therefore, I have to drive my son miles away to a club in a different school which he is unfamiliar with. I don't know what to do and he is still so young.’

(Parent)

5.20 Out of those parents who said they had accessed or were planning to use childcare during the school holidays, the majority said they were able to access all of the childcare that they needed during the school holidays (59 per cent). Over a third of parents noted that they had been able to access some of the childcare that they needed during the holidays (36 per cent). A small minority, 4 per cent, stated that they were not able to access any suitable childcare during the school holidays.

5.21 Of the 18 parent interviews conducted as part of this evaluation, 11 parents had used or were planning on using the childcare during school holidays. For one parent, accessing the Offer during school holidays has meant more quality time with her other child, as illustrated in case study 1.
5.22 Five of the 18 parents interviewed wanted to use the Offer during school holidays, but it was not available as their chosen provider did open during the school holidays or only open for part of the holidays. Parents tended to take un-paid leave, work opposite hours to their partners and ask for informal childcare from family and friends. One interviewed parent struggled to manage their situation ‘the nursery was only open one day per week during the holiday, the rest of the time I was working at home with them running around.’

5.23 Many parents interviewed felt that the information regarding school holidays was unclear at times. Where settings are open, during the school holidays the Offer consists of 30 hours funded childcare, for 3 weeks per term (9 weeks in total for the year). Parents’ understanding of their entitlement during the school holidays was varied, with some unaware that there was provision available during school holidays while others did not fully understand how many weeks’ funded childcare they would be able to access,

‘We have found the fact you can only use 3 weeks for holiday period per term very restricting especially as summer holiday is 6 weeks long. As my child could only have the funding for the term after Easter onwards. Therefore, this year we won’t have received 48 weeks of funding very disappointing.’ (Parent)
'I was extremely shocked to get an £800+ day care bills this month as (though I'm sure it was explained in fine print somewhere) I did not realise funding ran out over the summer.' (Parent)

5.24 Another parent explained that she had assumed at the outset that she was entitled to the full 13 weeks and had been informed that only nine weeks would be funded by the Offer later than they would've hoped. This in turn, resulted in a large bill at the end of the summer, for which she had not saved or kept money aside to cover.

5.25 Many parents felt that there could be more clarity with regards to the childcare hours their child was entitled to. Some parents felt that the system was also unfair during the holidays due to varied availability, with some providers open and some closed.

'It was not stated clearly that I was entitled to 6 weeks and as one of my providers at the time was not running through holidays, I have now lost out on hours which I cannot claim throughout the school holidays.' (Parent)

5.26 Local authorities also reported that there remained some confusion among some parents and providers about the holiday provision, and that they continue to refine their wording and methods of communicating information about the holiday provision.

Who is accessing the Offer?

5.27 This section reviews the earnings profile of parents accessing the Offer. 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. The data presented in Table 5.1 below is based on salary information submitted for the 2019 summer term, the point at which full rollout of the Offer had been achieved. Some caution is required when interpreting these figures due to there being gaps in the data. However, despite the limitations the available monitoring data provide a
reasonable representation of the salary bands of parents accessing the Offer during the summer term of 2019\(^\text{10}\).

5.28 The data indicates 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)\(^\text{11}\). The data also indicates that two thirds (66 per cent) of parents accessing the Offer during the summer term of 2019 earn equivalent or below the national average annual salary level.

5.29 The median salary estimated for parents accessing the Offer in 2019 is also comparable with the median annual gross salary band of £20,800 - £25,999 recorded for individual parents accessing the Offer during the first year of the early implementation of the Offer.

5.30 A minority of individual parents accessing the Offer (4 per cent) earn annual salaries in excess of £52,000. However, this is contrasted by the fact that almost a quarter (22 per cent) of the parents for whom salary data was available, earn less than £10,400 per annum.

5.31 The data 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.

\(^{10}\) Data from Rhondda Cynon Taff, Merthyr Tydfil and Bridgend is not included in this analysis due to problems retrieving data from the Local Authority computer system. Figures must be treated with caution as returns from Cardiff, Flintshire, Denbighshire, Anglesey and Gwynedd, Neath Port Talbot, Swansea and Wrexham were estimated to be missing in excess of 100 child records from their summer 2019 termly datasets.

\(^{11}\) StatsWales Average (median) gross weekly earnings by UK country - English region and year. [Accessed: 16\(^\text{th}\) December 2019]
Table 5.1. Proportion of participating parents in each annual gross salary band during summer term 2019

<table>
<thead>
<tr>
<th>Annual gross salary bands</th>
<th>Proportion of parent details returned for the Summer term 2019 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to £5,100</td>
<td>2.3</td>
</tr>
<tr>
<td>£5,200 - £10,399</td>
<td>19.9</td>
</tr>
<tr>
<td>£10,400 - £15,599</td>
<td>17.1</td>
</tr>
<tr>
<td>£15,600 - £20,799</td>
<td>14</td>
</tr>
<tr>
<td>£20,800 - £25,999</td>
<td>12.5</td>
</tr>
<tr>
<td>£26,000 - £31,199</td>
<td>10.2</td>
</tr>
<tr>
<td>£31,200 - £36,399</td>
<td>7.7</td>
</tr>
<tr>
<td>£36,400 - £51,999</td>
<td>12.4</td>
</tr>
<tr>
<td>£52,000 and above</td>
<td>4</td>
</tr>
</tbody>
</table>

N = 12,392

Source: Childcare Offer for Wales termly monitoring data returns.

Type of childcare accessed

5.32 This section reviews the type of childcare accessed through the Offer. It describes the extent to which movement from informal to formal childcare has been influenced by the Offer. The section also considers and explains the type of formal childcare accessed through the Offer.
Movement from informal to formal childcare

5.33 The evaluation aimed to further understand changes in parental demand for formal childcare provision among those accessing the Offer. The findings from the first year evaluation\(^{12}\) stated that nearly all parents surveyed had used formal childcare prior to accessing the Offer (94 per cent). Parents were again asked in the online survey whether they had used any formal childcare before they began accessing the Offer. The vast majority of parents (89 per cent) stated that they had used formal childcare prior to the Offer. This is supported by the qualitative interviews with parents, with 15 of the 18 parents accessing formal childcare prior to the Offer.

5.34 The online survey also asked parents whether they would be using their current setting if they did not have access to the Offer. A minority of respondents (eight per cent) stated that they would not be using formal childcare if they did not have access to the Offer, stating the main reason as not being able to afford the cost. Some of these parents explained that they would have to rely on family members for childcare and others explained that they would have to reduce their work hours to look after their child because they could not afford the cost of formal childcare. This suggests that the Offer has helped parents to maintain the number of hours they work.

5.35 Parents were asked in the online survey if they pay any separate or additional charges at their childcare provision. Over half of parents (56 per cent) stated that they paid additional charges which included food, snacks and transport. The additional costs were usually added to their bills as a full amount for the month. A few parents mentioned that they were charged additional fees on the days they were accessing the Offer, whereas on the days where funding was not included, there wasn’t any additional charges added to the provision. A few parents mentioned that the process of adding additional charges could be clearer, with these charges itemised per day, in order for parents to make better decisions and to understand fully what the charges incurred were. One parent explained:

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‘I have asked my private provider to break this down for me, and I have escalated this to the owner of the nursery, but no breakdown has ever been given. The nursery consistently passes blame to the Council as to why they can't give specifics. However, I've heard other parents who use the nursery say that they have been told various amounts for snacks, 'transport', etc.’ (Parent)

5.36 Parents noted that they were often also using informal childcare to cover the wraparound between the FPN provision and formal childcare provided by the Offer. Most parents surveyed were using the same number of hours of informal childcare (65 per cent) as used before the Offer to cover the wraparound needed during the day. The survey also shows that parents have been able to reduce their reliance on informal childcare, with around a quarter (27 per cent) of parents using fewer hours of informal childcare since accessing the Offer. Findings from this year’s survey sees a ten per cent increase in parents using less informal childcare, (with the first year evaluation noting 16 per cent).

‘For us, I would've dropped a day of work per week and wouldn't have had the same opportunities. There would've been much more juggling and issues with picking the children up. It's given us peace of mind, especially with their grandparents being ill. Without the Offer, it would've been a major issue for us last year.’ (Parent)

5.37 Parents were also accessing more hours of formal childcare, with 30 per cent of parents using more formal childcare hours as a result of the Offer. Interviews with parents and qualitative evidence from the parents’ survey identified examples of parents accessing more hours of formal childcare, as illustrated in case study 2.
Case Study 2

The family have been using formal childcare since their child turned 10 months. They previously couldn’t afford the formal childcare costs and as a result both parents alternated their days off to reduce their costs as much as possible. This was having a detrimental effect on their family life and their emotional wellbeing within their relationship as they were unable to spend their days off as a family.

They have been accessing more formal childcare as a result of the Offer by one day per week. They have been using the full 30 hours of formal childcare during the school holidays, which has had a positive impact on the family. One parent has been able to continue to work throughout the holidays, helping with their wellbeing, by not having to take annual leave.

The childcare Offer has also enabled the other parent in the family to be more flexible in their job, having the ability to work when required rather than sticking to a rigid shift pattern. They have also been able to work extra hours / over time due to less stress on the family.

‘The Childcare Offer has been beneficial to my family’s emotional wellbeing in a much greater sense than only financial.’
Flexibility of childcare

5.38 The evaluation aimed to establish whether childcare provision funded through the Offer was able to meet parents’ requirements in terms of flexibility. Parents were asked whether they were able to access the type and number of hours and times of the day preferred to them through the Offer. The majority (62 per cent) of parents were able to freely choose when their child attends the childcare provision. Over a quarter (27 per cent) of parents stated that they were able to choose when their child could attend but with some restrictions. Interviews with parents revealed that parents were also generally happy with the flexibility of provision, and that it met their needs. A few parents mentioned that more flexibility with their providers would help them with flexibility in their jobs.

‘It would be great if we could pick what days is best for the family, and then I could pick which days to work. It would mean that we could schedule around working hours or nursery hours.’ (Parent)

5.39 Some parents felt that due to the Offer being supplied in hours, but the reality of childcare usually booked as sessions or days/half-days, it limited how many days they were able to use the childcare. For example, they noted that it was not possible to take their child to a provider for a few hours as they would have liked – it had to be in half day or full day slots. This could cause difficulty for families hoping to use the full 30 hours, as their working days would finish early – those extra hours that were not used were not able to be carried over to another day as it counted as a half or full day.

‘The 30 hours sounds great - but none of the nurseries work in hours, they work in days, so in reality - having 20 hours isn’t really that useful.’ (Parent)

Welsh-medium provision funded by the Offer

5.40 The evaluation explored whether current Welsh-medium or bilingual provision funded by the Offer met parental demand. Parents were asked through the online survey whether they had been able to access Welsh-medium and/or bilingual provision since taking up the Offer.
44 per cent of surveyed parents responded that they wanted Welsh-medium or bilingual childcare. Of the remainder, 37 per cent did not want and weren’t accessing Welsh-medium or bilingual childcare, and almost a fifth (19 per cent) answered that they did not know whether they were accessing Welsh-medium or bilingual childcare.

5.42 Of those who wanted Welsh-medium or bilingual childcare, 11 per cent were not able to access it. There were variations according to responses by local authority, with a very low number and proportion of parents not able to access it in Gwynedd, Anglesey and Ceredigion (under 2 per cent or one or two parents). Elsewhere, a fifth or more of parents who wanted to access Welsh-medium or bilingual childcare were not able to do so in four local authority areas (25 per cent of respondents in Cardiff, 21 per cent of respondents in Swansea, 21 per cent of respondents in the Vale of Glamorgan and 20 per cent of respondents in Powys were unable to access). There were no significant differences between the childcare setting types used by those parents reporting not being able to access Welsh-medium or bilingual childcare.

5.43 The survey also asked whether the parents had accessed Welsh-medium or bilingual childcare before accessing the Offer, and a similar proportion of parents (12 per cent) answered that had not been able to access Welsh-medium or bilingual childcare before accessing the Offer. Although the proportions are similar, these are not all the same parents. The parents’ qualitative responses to the survey explain a pattern of changing provider around the time of starting FPN and the Offer with some parents moving to (or starting to use childcare in) a Welsh-medium or bilingual setting while others reported stopping using a Cylch Meithrin (Welsh-medium playgroup) or other setting. A lack of wraparound care with their choice of FPN or unsuitable hours were frequently cited reasons, as exemplified by one parent who stated that if their child was to access Welsh-medium provision, it would be logistically difficult to arrange pick-ups and drop-offs of their other children, as the provider was not as local to them as a family.

‘I can’t do multiple pick-ups and drop-offs and am about to have a second child who will need baby care. They need to be at the same location really to work with
our needs and I don’t know of any Welsh language [Welsh-medium] childcare for
baby and toddler in the area.’ (Parent)

Special Educational Needs (SEN) provision

5.44 The evaluation explored whether childcare providers have been able to give the
support that children with special educational needs require through the Offer.

5.45 Of the responses to the parent survey, 2.5 per cent stated that their child / children
had special educational needs and of these, 79 parents provided more details about
whether they felt that their childcare provider (or providers) had been able to give
the support that their child needs. Of these 79 parents, a quarter (20 parents)
answered that the provider had not been able to give the support needed.

5.46 None of these 79 parents had used a childminder, but with other types of childcare
provider there was no correlation between receiving support and type of provider.
There was a mixed picture at a local authority level, but due to the small numbers
involved, there were no statistically significant differences between local authority
areas, nor types of provider in terms of availability of support.

5.47 There were examples of positive support, for example settings accessing funding
for one-to-one support, purchasing items to keep a child safe, communicating
effectively with the early education and additional training for staff. However other
parents gave examples of childcare providers and local authorities ‘not being
sympathetic’, being ‘inflexible’ and a complicated picture of waiting for assessments
and diagnosis was reported. One parent further explained that even though funding
was granted for 5 hours of one-to-one support a week for the setting, there were no
additional staff members available to provide this specialised service.

‘the childcare providers must provide additional staff to cover this. Unfortunately,
this was not possible at this nursery due to staff shortages. I was recommended
a nursery that could provide this but as my child has autism, moving providers
would have been extremely difficult for him. However, a grant was provided for
the nursery to buy materials that could help my child with his communication.
This has proven to be successful and helpful’. (Parent survey)
Another parent, detailed in case study 3, had considerable difficulty in finding childcare in their catchment area that would accept their child due to their severe autism.

**Case Study 3**

Parents have two children, the eldest has severe autism. Before accessing the Offer both parents worked opposite shifts in order to care for both children. When looking into accessing the Offer, the local nursery explained that they were unable to support their child due to their SEN needs. They had also been turned down by eight other crèches. This has resulted in the mother reducing her working hours by half and going back to working opposite hours to her husband in order to care for her child herself. Their child has since turned 4 and is now attending a special school. They have been using the Offer for their youngest child, which has meant that the father has been able to change jobs. This has meant that the family can spend more time together.

‘I understand that we’re not the regular family – but I feel that we could’ve been supported more.’

**Impact of the Offer on employability**

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. The evaluation therefore focussed on the extent to which the Offer has supported improvements in parents’ current and future employability prospects. This section examines the impact of the Offer on parents’ employment and any decisions they had made that’s related to their employment.
Influence on hours worked

5.50 Parents were asked as part of the online survey whether they worked the same number of hours now that they’ve started accessing the Offer. The majority of respondents (81 per cent) stated that they work the same number of hours as they did before the Offer was introduced. A minority of parents (14 per cent) stated that they now work more hours since receiving the Offer.

‘I’ve been able to take on extra hours instead of finishing work early in order to pick up my child. The Offer has made a difference as I would’ve had to ring and depend on family members if I was running late and needed someone to pick my child up.’ (Parent)

5.51 Parents who were interviewed as part of the evaluation also predominantly maintained their working hours, with a few cases of parents either increasing their working hours, changing jobs, gaining a promotion or changing their role within the current workplace.

‘I have been able to take on a new role with the same employer as a result of the Offer. Previously, I couldn't afford the cost of childcare as I needed to travel with my new role, and it wouldn’t have been worth it for me.’ (Parent)

5.52 The parents survey results indicate that changes in hours worked after starting the Offer differed between men and women (see Figure 5.3). While 7 per cent of the 366 men who responded to the survey worked more hours since taking up the Offer, 15 per cent of the 2806 women stated that they now work more hours as a result of the Offer, with some examples given in the qualitative responses of welcoming the support to be able to increase hours,

‘It feels nice to be supported into working. I feel that Welsh Government care about working parents. The woman always steps out and it’s so hard to get back into work after that. I feel that having children has not deskillled me and I feel that this system has been fairer to me.’ (Parent)

This suggests that the Offer has been more likely to affect women’s ability to work more hours.
The influence the Offer has made on the hours worked by participating parents, differs according to levels of income. Just under a quarter (23 per cent) of survey respondents whose individual income level was £10,400 per annum or below, noted that they worked more hours since they accessed the Offer. Three quarters (75 per cent) of survey respondents who reported that they had increased their hours earned £26,000 per annum or below – i.e. those who earned the equivalent to the UK average annual wage or below. These findings suggest that the Offer has supported a higher proportion of lower income parents to work more hours.

Many parents stated that although their childcare arrangements would have been the same without the Offer, (reflecting the fact that 89 per cent of families were already using formal childcare before accessing the Offer.) They did further explain that they had been considering decreasing their working hours or stop working completely, if the Offer wasn't available due to childcare costs not being financially sustainable for the family.

'It's made a big difference to us. I wouldn't have gone back to work as we wouldn't have been able to afford it. With childcare costs for both children at £850 a month, and I was bringing in £910 a month it wasn't worth not spending time with my children to earn so little. It just wouldn't be worth it.' (Parent)
Influence on flexibility in work decisions

5.55 Survey respondents were asked whether they felt accessing the Offer has given them more flexibility in making work related decisions. Over half of survey respondents (57 per cent) were of the view that the Offer had increased their flexibility in work decisions. This is slightly lower than the 66 per cent of parents surveyed as part of the first year evaluation of the Offer who expressed the same views.

5.56 Similar to the findings relating to the influence of the Offer on the number of hours worked, the Offer’s influence on flexibility in work decisions also differs according to the income level of individual respondents. Almost two thirds (63 per cent) of surveyed parents who earned £26,000 per annum or less were of the view that the Offer had increased their flexibility in work decisions. This proportion increased to 75 per cent amongst parents who earned £10,400 per annum or less. This again suggests that the Offer has a greater influence on the work flexibility of lower-income individuals.

5.57 Parents were also asked whether the Offer had led to any other changes with regards to work circumstances. Examples 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.

Influence on increased learning and development opportunities

5.58 Overall, just under half (45 per cent) of survey respondents 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 of the parents surveyed (56 per cent) felt that the Offer had given them potential to increase their job earnings. One parent felt comfortable in continuing with her studies as a result of the Offer:
‘I can now go back and get a degree without worrying about trying to work enough to pay the bills and childcare costs. Now I only have to work 16 hours a week which will help towards the bills, as well as making me eligible for this Offer.’ (Parent)

5.59 Just over half (52 per cent) of respondents who earned £26,000 or less felt that the Offer had increased their opportunities for in work training and development while this proportion increased slightly to 60 per cent amongst parents who earn £10,400 or less. In relation to influence on earnings – 61 per cent of surveyed parents who earned £26,000 or below were of the view that the Offer had improved their job earnings potential, a slightly higher proportion (69 per cent) of those who earned £10,400 per annum were of the same view.

5.60 These proportions are slightly lower than those recorded from the Offer survey undertaken as part of the evaluation of the first year. The 2017-18 survey recorded that 60 per cent of respondents were of the view that the Offer had given them more flexibility in making work related decisions, and 67 per cent were of the view that the Offer had improved their job earnings potential. However, it is not possible to draw firm conclusions in relation to the findings recorded across both surveys as the first year only recorded the view of participating parents in the early implementation pilot areas across Wales, whereas the second year survey captured the views of parents across a much wider geographic area. However, findings from both surveys indicate that the Offer as a greater influence on the employability and earnings potential of lower income parents.

Impact of the Offer on disposable income

5.61 The evaluation explored whether families have more disposable income because of saving money on their childcare costs as a result of the Offer. Nearly all families have had their childcare costs reduced as a result of the Offer. This has meant that families have been able to save money for the future, more financial stability and being able to treat the family more. For just under a quarter of parents (24 per cent) the Offer has enabled them to have much more money, for over half of parents (60
per cent) it has enabled families to have some additional money and the remaining minority of parents (14 per cent) noted that the Offer had not many significant differences to their disposable income.

5.62 These findings are also supported by the qualitative parent interviews conducted as part of the evaluation. Over half of parents interviewed (10 parents) stated that their childcare costs had been reduced as a result of the Offer. Furthermore, 5 parents interviewed stated that their childcare costs had been reduced by £100-250 per month, 5 other parents stated that their costs had been reduced by £250-360 a month, and one parent stated that their childcare costs had been reduced by at least £500 per week, £3,000 a month. A majority of parents from the qualitative interviews (12 out of 18) also stated that they had been able to benefit from money gained from childcare costs and / or any changes to employment income gained as a result of the Offer.

5.63 Parents were asked to give examples of how the additional money gained as a result of the Offer was used. These examples included paying for additional clubs and activities for the children, give the family more freedom financially to save or spend as necessary, helped with housing costs (rent or mortgage) and the most popular example was being able to treat the family.

'My husband was working extra to afford Christmas presents last year. We've not had to do that this year because of the Offer. We're generally less stressed and it has made a big difference around the holidays.' (Parent)
6. Conclusions

6.1 During the second year of the continued implementation of the Offer during 2018 and 2019, the Offer has been extended beyond the initial seven pilot authorities to all 22 local authorities in Wales. This has been a phased rollout with the Offer being launched in some new local authorities in September 2018, others in January 2019 and the remainder in April 2019. The rollout process has largely been satisfactory for all local authorities involved.

Delivering the Offer

6.2 The second year of the Offer saw the introduction of a new delivery model, whereby two or more local authorities work together to form a Childcare delivery area that spans across local authority boundaries. This model has required some local authorities to take on the role of delivery partners, responsible for supporting and administering the delivery of the Offer across the wider delivery area. Other local authorities within the delivery area then take on the role of an engagement authority with responsibility for engaging with parents and providers to raise their awareness of the availability of the Offer to providers and eligible parents.

6.3 This process has worked well in most cases. Some examples have emerged of initial teething problems linked to the compatibility of systems and data sharing processes across some local authority areas. There have also been a few examples of a lack of understanding of the role and responsibilities of delivery and engagement authorities.

6.4 A common delivery challenge encountered during the second year has been accommodating the differences in FPN policies and process across areas – and sometimes within areas. Different hours of FPN provision across settings within individual local authorities was also identified as a delivery challenge during the first year of implementation but the second year of implementation has in some cases amplified the issue, as delivery authorities have to be aware of these differences in FPN provision within their own authority as well as their associated engagement authorities.
6.5 It has also highlighted further administrative challenges associated with different policies that are in place within some neighbouring local authorities relating to the dates during each academic year when three-year-old children first become eligible for FPN funding. As a result, some children born on the same day are eligible to access FPN provision at different dates depending on which local authority they are located. This has caused considerable challenges in terms of administration and parent communication, for delivery and engagement authorities.

6.6 Some local authorities have tried to introduce greater consistency in the number of hours of FPN delivered across settings by encouraging all providers within their area to deliver the same number of FPN hours each week. Doing so has reduced some of the administration and accountability challenges encountered. However, in some cases, it has also resulted in a reduction in the number of FPN hours delivered to children who are not eligible for the Offer in those areas.

6.7 Some challenges associated with evidencing the eligibility of parents, identified during the evaluation of the first year, have continued during the second year. These are mainly challenges associated with demonstrating the employment eligibility of self-employed individuals as well as those employed on zero-hour contacts.

6.8 One of the biggest challenges encountered by local authorities has been raising the awareness and understanding of parents and providers of the number of weeks of childcare provision that children supported by the Offer are entitled to during school holidays.

**Impact on the childcare sector**

6.9 Childcare providers have generally found the process of registering and taking part in the Offer fairly straightforward and in most cases rewarding. Many providers have experienced a modest increase in demand, which in turn has encouraged just over 20 per cent of the providers surveyed to increase their opening hours in order to increase the capacity of their provision.

6.10 Most providers (79 per cent of those surveyed) consider the flat rate of £4.50 / hour for childcare included in the Offer to be commercially viable at present and over 62
per cent of surveyed providers were of the opinion that the Offer had a net positive effect on the profitability and 65 per cent were of the view that the Offer had improved the sustainability of their setting.

6.11 However, many providers had very different views. For these providers the £4.50 childcare rate was lower than the rate they usually charge. These providers also noted that they felt obliged sign up to deliver the Offer at this lower rate or risk losing customers. In these cases, the Offer had often had a negative effective on the profitability and sustainability of the settings.

6.12 One in five providers have introduced additional charges, often to make up for the reduced childcare rate received by the Offer. In most cases these charges have been introduced in line with Welsh Government guidelines. However, some isolated examples of discriminatory charges and top up fees aimed at parents supported by the Offer still exist.

Impact on parents

6.13 The vast majority of parents welcomed the Offer and reported that they had benefited as a result of either by being financially better off, being able to afford more formal childcare and / or improving their employment prospects.

6.14 The Offer is available to all working parents of 3 and 4 year olds, who earn at least the National Minimum Wage or living Wage for 16 hours a week on average and less than £100,000 a year. During the second year the Offer has been taken up mainly by parents earning the equivalent to or less than the national annual salary level.

6.15 Over half of the parents responding to the survey were of the view that the Offer had increased the flexibility of their working arrangements and almost a half (45 per cent) were of the view that the Offer had enabled them to access more work-related training. Over half were also of the view that the Offer was likely to improve their future earnings potential. For some parents (14 per cent) the Offer had already enabled them to work more hours each week. Employability and income benefits generated by the Offer are highest amongst lower-earning parents.
6.16 Most parents found the process of accessing information and registering for the Offer straight forward. Many had already heard about the Offer following the first year pilot implementation. Others could access information quite easily from their local authority and other online sources. However, many parents still relied on their childcare providers to offer them the detailed information they needed.

6.17 In most cases the information they required was clear and easily found. One area of information that has proved more challenging for parents to access is details relating to their entitlement of funded childcare during school holidays. Some parents noted that they were unaware that they had to pay for childcare for some of the weeks during school holidays. Some of this confusion stemmed from the fact that the providers were also unsure what parents were eligible for.

**FPN provision**

6.18 A small number of examples emerged during the evaluation fieldwork of providers making the decision to discontinue with their delivery FPN education, often in favour of delivering what they consider to be better funded and less demanding childcare. However, these are counterbalanced in some cases with examples of providers registering to deliver FPN for the first time.

6.19 The second year of the Offer has further highlighted differences between the level of FPN provision available across settings. The second year has also further highlighted differences in how FPN is administered across local authorities, particularly with respect to different dates and ages when children become eligible for the provision. This has caused some administrative challenges for delivery local authorities who have are required to calculate the number of hours of funded childcare individual children are entitled to, based on the number of hours of FPN available to them. This has led to calls for more consistency across local authority areas as to how FPN is administered across local authorities in Wales. However, attempts by some local authorities to introduce more consistency in the delivery of FPN across settings has, in a few cases, led to a net reduction in the total hours of FPN provision delivered to each child.
Holiday provision

6.20 The majority of the increased demand for childcare generated by the Offer appears to have been during school holidays. This increase in demand appears to have been met with adequate supply.

6.21 The main challenge associated with holiday provision is not the level of demand or availability of supply, but the level of understanding and awareness amongst parents as well as some providers as to the number of weeks of provision eligible children are entitled to.

Welsh-medium provision

6.22 Of those providers that reported that they had increased their provision, the largest proportion appeared to be sessional Welsh-medium settings (largely Cylchoedd Meithrin), who were either opening longer hours or extending their provision into school holidays. This supports observations reported by some local authority representatives that they have seen an increase in Welsh-medium provision as a result of the Offer, mainly as a result of Cylchoedd Meithrin extending their opening hours.

6.23 The majority of parents surveyed who noted that they wanted to access Welsh-medium or bilingual provision were able to access it, however, 11 per cent of survey respondents who wanted this type of childcare provision were not able to access it. The proportion of parents unable to access their choice of Welsh-medium or bilingual childcare varied across local authorities, rising to a high of a quarter of parents not able to access their choice of Welsh or bilingual provision in one local authority area. Although the fieldwork with providers and local authority staff has shown that there has been an increase in the number of hours available in these settings and a continued investment in the sector, there remain pockets of areas across Wales where the demand for Welsh medium and bilingual childcare is not met.
SEN provision

6.24 Similar to the findings presented in the first year evaluation report, a general underspend in the available Additional Support grant budget was reported during the second year. This partly reflects relatively low take-up of childcare funded by the Offer amongst parents with children that require SEN support. It also reflects some continued uncertainty amongst some local authorities as to how this funding should be used and allocated. A minority (20 per cent) of survey parents who answered that their child had special educational needs did not think that their provider had been able to give the support their child needed. While there were several reasons cited for this, many outside the scope of the Offer, there are nevertheless parents who do not feel that their childcare provider funded through the Offer has been able to support their children’s needs.
7. Recommendations

7.1 The following recommendations are informed by findings that have emerged from the evaluation of the second year of early implementation of the Childcare Offer for Wales.

- The Welsh Government and local authorities should consider encouraging further consistency in early years education policies across Wales to ensure the sustainability and viability of the wider Childcare Offer. This should be considered in relation to both the funding rates for the FPN and childcare, as well as the start dates for part-time and full-time FPN provision, with a view to enabling further alignment between both elements of the Offer.

- In considering future policies around the provision of the Offer, and the development of the vision for an integrated Early Childhood Education and Care (ECEC) system, the Welsh Government should look at ways to simplify the delivery of the Offer. This could include standardising the number of hours of one or both elements of the Offer, taking into consideration the developmental needs of those children not entitled to the full Offer. In looking at this, consideration should be given as to how any changes could provide greater clarity to parents and providers and reduce the administration tasks of local authorities.

- There is confusion about the number of weeks of funded provision children are entitled to during school holidays. Further information, guidance and example scenarios should be made available to parents and providers relating to the availability of Offer funded childcare during school holidays.

- The Welsh Government may need to give further consideration to the way in which funded childcare during school holidays is included within the Offer; particularly in relation to the number of funded childcare weeks available, the way these weeks are allocated to parents and the way in which information relating to provision during school holidays is shared.

- The current funding rate paid to providers delivering Offer funded childcare should be reviewed in the near future with a view to possibly increasing this.

- Further information and guidance should be made available to local authorities and providers to enable better understanding of how the Additional Support grant can or should be used; particularly in relation to what it should be used for and who would be eligible for it.
• In light of isolated examples of providers introducing discriminatory charges and top up fees for children within their setting supported by the Offer, further information and guidance relating to additional charges may be required for local authorities as well as providers. Alongside this, examples of sample contracts and invoices could be made available, possibly alongside information relating to frequently asked questions, so that parents can better understand how charges and fees are formulated.

• There should be a continued focus on more and clearer information for parents on the range of funding options available to help with childcare costs, including child tax credits, and how they interact with one another, so that parents can make an informed choice to help them work out childcare costs taking into account child tax credit.

• All local authorities gather Childcare Offer monitoring data which they share with the Welsh Government. However, the quality and availability of data provided is inconsistent across local authority areas and has resulted in a lack of clear monitoring information for the second year of early implementation. As such consideration should be given to implementing a national central administration system as soon as possible. In the meantime, further support and guidance may be required to support and encourage local authorities to gather and submit good quality and consistent monitoring data.

• There should be continued information guidance and support for local authorities in relation to identifying and checking the employment eligibility of some self-employed parents.
Annex 1: First year evaluation research questions and findings

This annex presents the first year evaluation research questions and findings and how these influenced research questions included in year two evaluation.

The first year evaluation of the Childcare Offer for Wales (the Offer) consisted of two parts – a process and impact evaluation – each of which aimed to explore specific research questions which are presented in Table A1 below. The research questions in Table A1 are also accompanied by very brief summary notes outlining the main findings relating to each as well as how these findings informed the research focus of the second year evaluation.

Table A.1. Research questions included in the first year evaluation of the early implementation of the childcare Offer for Wales

<table>
<thead>
<tr>
<th>Process Evaluation: Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Is there sufficient capacity to deliver the Offer and any increased demand that occurs as a result?</td>
</tr>
<tr>
<td>- Evidence gathered during the first year evaluation indicated that the Offer had generated modest increases in demand for the childcare element of the Offer and therefore most providers were of the view that they currently had sufficient capacity to meet that demand.</td>
</tr>
<tr>
<td>✓ As the Offer was being rolled out to new areas during 2018-19 this was an area that required continued investigation during the second year evaluation.</td>
</tr>
<tr>
<td>• Is provision being offered in a flexible way sufficient to meet parental requirements (e.g. around working patterns, including wraparound)?</td>
</tr>
<tr>
<td>- The first year findings offered an indication that some parents might find it difficult to access the FPN and funded childcare of their choice if sufficient wrap around care was not available.</td>
</tr>
<tr>
<td>✓ Wrap around care was included as a specific research area during the second year evaluation.</td>
</tr>
<tr>
<td>• Are parents happy with the level of flexibility available to them?</td>
</tr>
<tr>
<td>• How accessible and easy is it for parents to access the Offer?</td>
</tr>
<tr>
<td>• How accessible and easy is it for providers to provide the Offer?</td>
</tr>
<tr>
<td>✓ The first year evaluation findings indicated that participating parents at the time did not report any major concerns about the flexibility, or accessibility of the Offer as the type and amount of childcare taken up by parents in most cases was the same following the introduction of the Offer as it had been before. The same was also true for most of the childcare provision funded by the Offer.</td>
</tr>
<tr>
<td>✓ Flexibility and accessibility of provision remained a research focus of the second year evaluation as the Offer was rolled to new areas across Wales.</td>
</tr>
<tr>
<td>• Is there sufficient capacity in the sector for children with SEN requirements to access?</td>
</tr>
<tr>
<td>• Are there any barriers or opportunities provided by the Offer for children with SEN requirements?</td>
</tr>
<tr>
<td>- The first year evaluation identified a net underspend of the SEN budget available suggesting that local authorities were not clear how the funding should be used.</td>
</tr>
</tbody>
</table>
The second year evaluation therefore continued to focus on this issue.

- Does current Welsh-medium and bilingual provision meet parental demand?
  - The first year evaluation findings indicated that in most cases the provision of Welsh medium and bilingual childcare matched the demand. This was mainly due to relatively few changes in the nature of childcare demand and provision pre and post the introduction of the Offer.
  - As the Offer was rolled out to new areas across Wales during the second year, evaluation questions relating to its influence on the demand and supply of Welsh medium and bilingual childcare remained valid.

- Are there any barriers or opportunities provided by the Offer for childcare providers?
- Is the level of funding paid to providers successful in terms of ensuring sufficient capacity for the Childcare Offer to deliver, and enabling childcare providers to operate sustainably?
- Are the payment delivery mechanisms from Local Authorities to childcare providers successful in allowing sufficient cash flow to providers and timely payment?
  - The first year evaluation findings indicated that most (although not all) participating childcare providers were satisfied with the funding rate available. There had been some teething problems with the payment delivery mechanisms but most of these were resolved reasonably quickly. Most providers interviewed during the first year considered the introduction of the Offer to be an opportunity for the sustainability of their business.
  - As the Offer was rolled out to new areas across Wales during the second year, evaluation questions relating to funding level paid to providers as well as opportunities and barriers faced by participating providers remained a focus within the research questions included in the second year evaluation.

- To what extent has the Childcare Offer increased the administrative burden for providers?
  - During the first year, some providers noted that dealing with the Offer’s administration requirements, especially when they had children from different local authorities within the same setting added a considerable amount to their monthly work burden.
  - As the Offer was rolled out to more local authority areas during the second year the evaluation wanted to assess the influence this had on the administration burden of providers. This research question therefore remained a key part of the research questions included in the second year evaluation.

### Process Evaluation: Alignment

- Is there an increase or decrease in take-up of the early years foundation phase?
- How does the Childcare Offer provide a transition from flying start and PaCE for working parents?
Process Evaluation: Unintended consequences

- Has the Childcare Offer positively or negatively affected the profitability and sustainability of providers?
  - First year findings indicated that 72% of providers interviewed noted that the Offer had increased their profitability and 76% noted improved sustainability.
  ✓ This will be an ongoing area of investigation during the second year evaluation.

- What impact does the Childcare Offer have on children who are not eligible?
  - During the first year evaluation a small sample of eligible, but non-participating parents were contacted to ask why they had not taken up the Offer and the impact this may have had on them. The main reasons given for non-participation were confusion over how it would affect child tax credits and challenges producing the required employment eligibility evidence required – particularly if the parent was self-employed.
  ✓ The second year will not include research questions aimed specifically at non-participating parents as the intention was to focus on this in a separate piece of research. The second year evaluation did, however, focus on research questions aimed at local authority Offer teams, whether uncertainty about child tax credits and producing employment evidence remained a barrier to participation for some parents.

- Has the Childcare Offer impacted on the affordability and availability of childcare for children not eligible for the Offer (e.g. children of other ages)?
  - The first year evaluation indicated that there were some isolated cases of childcare provision being displaced away from children of other age groups in favour of 3 and 4 year olds funded by the Other.
  ✓ This continues to be an area of interest and therefore is included as one of the research questions in the second year evaluation.

- Has there been an increase in childcare providers becoming registered as a result of wanting to be part of the Childcare Offer?

- Has the payment mechanism for the Offer prompted additional costs to be passed on to parents?
  - The first year evaluation indicated that 15% of providers had introduced additional charges to parents following the launch of the Offer.
  ✓ This continues to be an area of interest and therefore is included as one of the research questions in the second year evaluation.

- Has there been an impact (positive or negative) on the perceived quality of childcare as a result of the Childcare Offer?
  - This was included as a research question in the first year evaluation, although it was recognised that reviewing the quality of childcare was beyond the main remit of the evaluation.
  ✓ This remains as an evaluation research question during the second year, although it’s intention is to reflect any views relating to quality of provision raised by parents, providers and / or wider stakeholders as opposed to any assessment of quality undertaken by the evaluation team.
Impact Evaluation: Employment

- Is there any impact on parents’ employment as a result of the Childcare Offer removing barriers to work?
- What is the impact on parents’ attitudes to work and their perception of the choices available to them?
  - The first year evaluation findings indicated that 10 per cent of parents surveyed had increased the number of hours they worked as a direct result of the Offer; 67 per cent noted increased flexibility in working conditions and 60 per cent had more access to training.
  - Employment and employability is a key policy driver linked with the Offer and therefore will continue to be a focus within the second year evaluation.

Impact Evaluation: Income and Wealth

- Do families have more disposable income as a result of the Childcare Offer?
- To what extent, if any, has the Childcare Offer helped to alleviate poverty for working parents/families?
  - The first year evaluation reported that 88% of parents who responded to the survey noted that the Offer had increased the disposable income of their household.
  - The impact of the Offer on household income continues to be a focus within the second year of the evaluation.
- What is the impact (if any) on parents’ and children’s wellbeing?
  - The first year evaluation noted some short case study examples that illustrated the impact the Offer was having on the individual families.
  - Examples of impact of the Offer on household disposable income and the difference this makes to families is also a focus of the second year evaluation.
Table A.2: Year 2 evaluation questions

**Delivery:**

- Is there sufficient workforce and physical setting capacity to deliver the Offer and any increased demand that occurs as a result?
- Is provision being offered in a flexible way that is sufficient to meet parental requirements e.g. around working patterns/ including wraparound?
- How accessible and easy is it for parents to access both elements of the Offer – FPN and childcare? Does access to wrap around care influence on this?
- How accessible and easy is it for providers to provide the Offer?
- Is there sufficient capacity in the sector for children with SEN requirements to access the Offer?
- How efficient is the process for identifying SEN needs of children receiving the Offer?
- Are parents of children with SEN satisfied with the support they receive across childcare and early education?
- Are there any barriers or opportunities provided by the Offer for children with SEN requirements?
- Does current Welsh-medium and bilingual provision meet parental demand?
- To what extent do parents intending to access Welsh-medium education end up using it?
- Are there any barriers or opportunities provided by the Offer for childcare providers?
- Are there any barriers or opportunities provided by the Offer for FPN providers?
- Is the level of funding paid to providers and / or the allowance to make additional charges successful in terms of ensuring sufficient capacity for the Offer to deliver and enabling childcare providers to operate sustainably?
- Are the payment delivery mechanisms from Local Authorities to childcare providers successful in allowing sufficient cash flow to providers and timely payment?
- To what extent has the Offer increased the administrative burden for providers?
- Is the capital grant facilitating and supporting the Offer? Is the small grant scheme accessible, and effectively supporting providers?

**Alignment**

- Is there an increase or decrease in take-up of the early years’ Foundation Phase?
- Has there been an increase or decrease in the number of childcare providers also delivering FPN?
- How does the Offer provide a transition from Flying Start and PaCE for working parents?
- Is the capital grant supporting sustainable alignment of FPN and CCO?
Unintended consequences

• What, if any, have been the unintended consequences of the Offer?
• Has the Offer positively or negatively affected the profitability and sustainability of providers? Has the Offer impacted on the affordability and availability of childcare for children not eligible for the Offer (e.g. children of other ages)?
• Has there been an increase in the demand for and provision of childcare during school holidays?
• Have any providers reduced their delivery of FPN element of the Offer order to increase provision of the childcare element of the Offer?
• Has there been an increase in childcare providers becoming registered as a result of wanting to be part of the Offer?
• Has there been an impact on providers’ charging/fee structures? Has there been an impact (positive or negative) on the perceived quality of childcare as a result of the Offer?
• Have these unintended consequences impacted more negatively / positively on certain socioeconomic groups? (both for parents and children)
• What are the experiences of parents and providers with regards to wrap-around care and transport of children between settings?

Employment and income

• Is there any impact on parents’ employment as a result of the Offer removing barriers to work?
• How many parents have returned to work or increased their hours in order to access the Offer?
• Have any parents changed their hours or job once they have had access to the Offer?
• What is the impact on parents’ attitudes to work and their perception of the choices available to them?

Poverty

• Do families have more disposable income as a result of the Offer?