

Support for childcare and early years

**TUC submission to the Education
Select Committee inquiry.**

Summary

The TUC is the voice of Britain at work. We represent more than 5.5 million working people in 48 unions across the economy. More than half of trade union members in the UK are women.¹ We campaign for more and better jobs and a better working life for everyone, and we support trade unions to grow and thrive.

Childcare and early years education are essential to workers, both those who work in the sector and those who rely on it so they can work. The pandemic and the cost-of-living crisis have shone a spotlight on the longstanding issues of funding, access, flexibility, and affordability for parents, and how undervalued the childcare workforce is.

Across the UK, early years and childcare for pre-school aged children is unaffordable, inflexible and access to high-quality provision is unequal. The workforce is underpaid and undervalued, and the pre-existing recruitment and retention crisis in the sector has worsened following the pandemic.

The problems facing the childcare and early years sector are not new, but with the fall out of the pandemic and the cost of living and wages crisis we are at crisis point. As the cost of childcare skyrockets, wages are also being hit by steeply rising energy costs and rising food costs, resulting in financial hardship for families, workers, and providers.

Childcare workers, often women, face a toxic mix of low pay, high workloads, and low morale, driving many to leave the sector for better paid jobs. Meanwhile childcare providers are struggling to stay open as soaring inflation increases their operating costs.

The TUC believes there are three fundamental issues within the sector that impact working families and the childcare workforce which must be addressed:

- There is a lack of affordable, accessible childcare and this has a significant impact on parental, particularly maternal, employment. The cost of living and wages crisis is exacerbating this.
- The childcare sector is underfunded by the government, provision and access is inconsistent and unequal. Lack of access to and provision of high-quality childcare has a disproportionate impact on low paid, BME and single parent families and families with a disabled child(ren) and/or parent.
- Childcare workers are underpaid and undervalued, and the pandemic has compounded an already significant recruitment and retention crisis, increasing workload pressures on those who remain trying to plug the gaps.

¹ BEIS, (2021), Trade Union Statistics, available at <https://www.gov.uk/government/collections/trade-union-statistics>

A new deal for childcare and early years

A new deal for the childcare and early years sector must be part of a broader package of support for families that ensures every child gets the best start in life and support as they grow, and that no family is left worse off because they work and use childcare. This new deal must be underpinned by the principles of every family having access to affordable, flexible, high-quality childcare; a workforce that is well paid, well organised with good terms and conditions rooted in value and respect for the profession; and a well and publicly funded sustainable sector with children at its heart and a diversity of provision that delivers for children, parents, and workers.

Our asks of government to deliver a new deal for the childcare and early years sector are:

- i) Universal, flexible, high-quality childcare that is available to all from the point at which paid maternity or parental leave ends.
- ii) A new deal for the childcare workforce, starting with a new sectoral minimum wage of £15 per hour.
- iii) A new social partnership forum in childcare, bringing together unions, government, employers as a first step towards a fair pay agreement that covers the sector.

Childcare entitlements

How affordable and easy to understand is the current provision of childcare in England and what steps, if any, could be taken to improve it?

The UK has the second highest childcare costs among OECD countries². The cost of childcare in the UK is unaffordable and places considerable strain on family budgets. Working with Coram Family and Childcare Trust, TUC analysis³ published in September 2022 showed that:

- the cost of full-time childcare for parents with children under two has increased by nearly £3000 a year in England, since 2013. Rising from £11,285 in 2013 for a family with a child under 2 to £14,226 in 2021 - an increase of 26 percent.
- On average, monthly childcare fees are now over £1000, in 2013 this was the case in only two English regions.
- If childcare costs continue to rise at the same rates as they have done for the last five years, by 2026 nursery bills will have risen to £2,000 a month in London and reached the same level in the East of England by 2027.

Previous TUC analysis found that the cost of part-time childcare (25 hours) has risen by 44 per cent since 2010,⁴ and one in three working parents with children of pre-school age spend more than a third of their wages on childcare.⁵

The UK spends less than 0.1 per cent of GDP on childcare, the second lowest investment in the OECD.⁶ The government's flagship childcare policy of 30 free hours (all 3- and 4-year-olds in England are entitled to 15 hours for free childcare, working families who meet certain criteria are eligible for a further 15 hours and some disadvantaged two-year-olds are entitled to 15 hours) has had mixed results and the government funding for these hours does not sufficiently cover the costs of provision. The cost of a government funded early years place for 3- and 4-year-olds was estimated on average to be £7.49 per hour by civil servants. In contrast local authorities

² <https://data.oecd.org/benwage/net-childcare-costs.htm>

³ [TUC calls for universal free childcare for pre-school children as nursery bills "skyrocket" across England | TUC](#)

⁴ [Cost of childcare has risen by over £2,000 a year since 2010 | TUC](#)

⁵ <https://www.tuc.org.uk/news/tuc-poll-1-3-parents-pre-school-children-spend-more-third-their-pay-childcare>

⁶ <https://www.progressive-policy.net/publications/women-in-the-labour-market-2>

receive on average only £4.89.⁷ Costs vary widely in different parts of the country, where overheads such as premises related costs may differ depending on local factors. Many providers therefore rely on cross subsidisation which often means charging parents additional fees.

Under the current eligibility criteria, it is predominantly children from better off families who are entitled to the full 30 hours, 70 per cent of children who are eligible are from families in the top half of the earnings distribution, just 20 per cent of children from the bottom of the earnings distribution are eligible.⁸ According to the Sutton Trust the development gap between better off and poorer children when they start primary school is already 11 months and there is strong evidence that closing that gap is at best stalling and may be widening.⁹

Coram Family and childcare research shows 57 per cent of local authorities in England have sufficient childcare for children under two years old, with 63 per cent saying they had sufficient provision for two years olds eligible for the free entitlement, and 59 per cent said they had enough provision to cover parents working full-time. Only 19 per cent of local authorities have enough provision for parents working atypical hours such as those employed in the NHS. Provision for 3- and 4-year-olds with either 15 hours (79 per cent) or 30 hours (73 per cent) entitlement is higher but all the above have declined since the pandemic. Before the pandemic approximately one-quarter of local authorities in England had enough provision for children with Special Educational Needs (SEND) and this fell further during the pandemic to 21 per cent.¹⁰

Pre-school funded provision only covers 30 hours a week for 38 weeks of the year for those eligible, meaning parents working full-time must find alternatives or pay for additional childcare for the remaining 14 weeks. Costs for parents do not end once a child starts school: research from Coram Family and Childcare shows that families will have had to shell out £900 per school age child for six weeks of summer holiday childcare in 2022. That's around £500 more than the term time equivalent and a 5 per cent increase on last year.¹¹

Recommendations:

Every family should have access to affordable, flexible, high-quality childcare; no one should be worse off because they work and need to use childcare. We need a well-

⁷ [New data shows ministers knew early years was underfunded | early years alliance \(eyalliance.org.uk\)](https://www.eyalliance.org.uk)

⁸ <https://www.suttontrust.com/wp-content/uploads/2021/08/A-Fair-Start-Summary-Report.pdf>

⁹ <https://www.suttontrust.com/our-research/a-fair-start-equalising-access-to-early-education/>

¹⁰ https://www.coram.org.uk/sites/default/files/resource_files/Coram%20Childcare%20Survey%20-%202022.pdf

¹¹ [Charity criticises lack of UK summer childcare as cost rises to nearly £900 | Childcare | The Guardian](https://www.theguardian.com/society/2022/jul/27/charity-criticises-lack-of-uk-summer-childcare-as-cost-rises-to-nearly-900)

funded, sustainable sector with the interests of children at its heart and a diversity of provision that delivers for parents, children, workers.

The TUC is calling for:

- As a minimum, funding of the sector to be brought in line with the OECD average of 0.7 per cent of GDP immediately.
- Government to produce a plan to deliver universal, flexible, high-quality childcare and early years provision that is available to all from the point at which paid maternity or parental leave ends.

Are the current entitlements providing parents/ carers with sufficient childcare, and to what extent are childcare care costs affecting parents/ carers from returning to work full-time?

The TUC does not believe the current entitlements provide parents and carers with sufficient early years and childcare provision. The lack of affordable early years and childcare and suitable provision has a particular impact on maternal employment.

While women's participation in the labour market has reached record highs averaging around 72 per cent, we know that most part-time workers are women and that a lack of childcare acts as a barrier to women's activity and progression in the labour market. It is estimated that 1.7 million women are prevented from taking on more hours of paid work due to childcare issues¹².

The gender pay gap (currently 15.4 per cent) opens up when a woman has a child and compounds throughout women's lives as demonstrated by the gender pensions gap which is more than double the pay gap at 38 per cent.¹³ Mums also experience a motherhood penalty in the workplace, when their pay and progression is compared to women who don't have children.¹⁴

The crisis in early years and childcare has been exacerbated by the pandemic. Ofsted research found that between August 2020 and March 2021 there was a net loss of nearly 4000 childcare providers and over 14,000 childcare places.¹⁵ Reports suggest that these closures have often been at short notice and left families with no provision or options, impacting their ability to work.¹⁶

¹² <https://wbg.org.uk/wp-content/uploads/2022/03/Childcare-and-gender-PBB-Spring-2022-1.pdf>

¹³ [What is the gender pension gap? | Prospect](#)

¹⁴ [The Motherhood Pay Penalty | TUC](#)

¹⁵ <https://wbg.org.uk/wp-content/uploads/2021/06/Briefing-Childcare-FINAL-version.pdf>

¹⁶ [Nursery closures: Parents left without childcare as providers shut - BBC News](#)

Universal, affordable, flexible, and accessible early years and childcare is essential to rebalancing the burden of childcare more equitably and enabling women's equality and participation in the labour market. ONS data found that over half of mothers (56.2 per cent) said they had made a change to their employment for childcare reasons compared with 22.4 per cent of fathers. Three in ten mums with a child aged 14 and under said they had reduced their working hours because of childcare reasons compared with one in 20 dads.¹⁷

Recommendations:

Every family should have access to affordable, flexible, high-quality childcare; no one should be worse off because they work and need to use childcare. While the focus of this submission is on the early years and childcare sector, we also make recommendations below for other policies that could support working families and enable them to balance work and caring responsibilities.

Currently employees are only able to make a flexible working request to their employer after 26 weeks in the job and can only make one request every 12 months. Currently legislation is making its way through parliament to change this to a day one right to *request* flexible working, however previous TUC research shows that one in three flexible working requests are turned down¹⁸.

Similarly, TUC research shows that less than 1 per cent of eligible families use shared parental leave. ^{ONS} The Shared Parental Leave system is complex and often eligible families cannot afford to take it as it is paid at a statutory minimum of £151.97 a week or 90 per cent of an employee's average weekly earnings, whichever is lower.

Access to flexible working from day one in the job and improved parental leave and pay, as well as reform of the childcare sector are essential to sharing the responsibility for care more equitably within families and enabling mothers to participate and progress in the workplace.

The TUC is calling for:

- Universal, flexible, high-quality childcare and early years provision that is available to all from the point at which paid maternity or parental leave ends.
- Make flexible working a genuine legal right from the first day in a job. People should have the right to work flexibly from day one unless the employer can genuinely justify why this is not possible. Workers should have the right to appeal any rejections. And there shouldn't be a limit on how many times you can ask for flexible working arrangements in a year.
- Reform Shared Parental Leave, guaranteeing a day one, individual right to shared parental leave for all workers from day one in the job, and paid at least at the Real

¹⁷ ONS (2019) Families and the labour market.

¹⁸ [One in three flexible working requests turned down, TUC poll reveals | TUC](#)

Living Wage rate. The government should publish its evaluation of shared parental leave, which began in 2018.

Whether the Current Tax-Free Childcare scheme, and support for Childcare from the benefits and tax credit system, is working effectively or whether these subsidies could be better used within other childcare subsidies.

We have set out above some of the issues with the 15 and 30 free hours offer. How these entitlements then interact with support with childcare costs for families is often complex, leaving many families unclear as to what help they are entitled to. Further, the childcare element of Universal Credit has been capped for six years, meaning the financial support on offer has not kept pace with the real cost of early years and childcare and is only sufficient to cover part-time hours.¹⁹

Under the current system all 3-and-4-year-olds are entitled to 15 hours of free childcare a week for 38 weeks (570 hours in total) until the child starts reception at school. Families may be entitled to a further 15 hours of free childcare a week if they are a single parent household in work, or if both parents in a couple work. To be eligible a single parent or both parents in a household must work at least 16 hours per week at the minimum wage (if under 25 years old) and the living wage (if over 25 years old). Household income must not exceed £100,000 to be eligible. Families with a two-year-old may be entitled to 15 free hours if they meet certain criteria which includes being in receipt of certain benefits (income support, JSA, ESA, Universal credit and household income is £15,400 per year or less, child tax credits and household income is £16,100 per year or less); if the child has Special Educational Needs (SEN) or is in receipt of disability allowance; or if the child is in the care of the local authority.²⁰

Families in receipt of Working Tax or Universal Credit may be entitled to help with their childcare costs, often referred to as the 'childcare element'. Families in receipt of Working Tax Credit can get up to 70 per cent of childcare costs covered up to a maximum of £122.50 per week for one child in childcare, or £210 for two or more children depending on individual circumstance. Single parents who work at least 16 hours a week, or households where both parents work at least 16 hours per week. To receive the childcare element of Universal Credit, families can get up to 85 per cent of childcare costs covered up to a maximum of £646 per month for one child in childcare or up to £1108 with two or more children. Single parent families are entitled if the parent is in work and in coupled households both parents must be in work, or families may be entitled if one parent works and one parent is unable to work because they are ill, a carer for someone else, or absent from the household.²¹ Some families may also be

¹⁹ [Universal Credit childcare costs support acting as barrier to work, MPs warn - Committees - UK Parliament](#)

²⁰ [Help with your childcare costs | Family and Childcare Trust](#)

²¹ Ibid

eligible for the Flexible Support Fund (FSF), a discretionary grant that can be issued by work coaches.

The childcare element of Universal Credit is paid in arrears, meaning families must pay costs upfront, many families struggle to cover the cost of childcare in advance. For women returning to work following maternity leave this often means getting into debt before they have even returned to the workforce.

The complexity of the system leaves many families unsure of what they can and can't access, and fearful of navigating the system in case it negatively impacts their overall claims and/or leads to debt. Evidence suggests only 13 per cent of eligible households claimed the childcare element of Universal Credit in February 2022 and that there has been an underspend of the Flexible Support Fund (FSF) every year since its introduction.²²

A recent report from the Work and Pensions Committee highlights many of the inadequacies of the currently support on offer through Universal Credit and Working Tax Credits, highlighting many of these issues and that they were acting as a barrier to work, as well as not providing sufficient support for those who most need it.²³

Recommendations:

The TUC has set out its suggestions for reforming Universal Credit²⁴, specifically in relation to the childcare element the TUC is calling for:

- In the short term, the childcare payment system needs to be redesigned to allow the childcare payment to be made upfront and paid directly to the provider.
- In the long term, a universal, flexible, high-quality childcare and early years provision that is available to all from the point at which paid maternity or parental leave ends, with childcare free at the point of use.

²² [Universal Credit childcare costs support acting as barrier to work, MPs warn - Committees - UK Parliament](#)

²³ Ibid

²⁴ [A replacement for Universal Credit | TUC](#)

Early Years provision

What challenges do early years providers face in terms of workforce, including recruiting, and retaining qualified staff, and the barriers faced by individuals joining the profession? To what extent has the Covid-19 pandemic exacerbated workforce challenges?

Even before the pandemic there was a recruitment and a retention problem in the childcare sector. A 2018 report for the Education Policy Institute supported by the Nuffield Foundation reported providers citing issues with recruiting staff, and that the sector was facing a potential exodus as the workforce ages with little sign younger workers were entering the sector in adequate numbers. The same research also cited low pay and a high degree of financial insecurity for childcare workers as factors fuelling recruitment and retention issues.²⁵ Early Years Alliance research from 2018 found that a quarter of early years workers were considering leaving the sector due to the impact of work on their mental health.²⁶

These trends have been exacerbated by the pandemic. Research from the 'Childcare during Covid Project' found that during the pandemic of the childcare settings they surveyed, almost half of those that had taken action to stay operational had either changed staff contract conditions, permanently cut staff or not renewed temporary contracts.²⁷ The same research found that childcare workers felt demoralised and ignored by the government response during the pandemic, unsurprisingly nearly 56 per cent of the childcare settings surveyed said they were finding it harder to recruit staff.²⁸ Many childcare workers, particularly childminders have been pushed into financial difficulties. Childminder average pay fell from just over £17,500 pre-pandemic to £14,300, and 32 per cent reported earning less than £10,000 versus 13 per cent in 2018/19.²⁹ The number of childminders claiming universal credit peaked in 2020 but remains 3 times higher than pre-pandemic.³⁰

²⁵ <https://epi.org.uk/publications-and-research/the-early-years-workforce-in-england/>

²⁶ <https://www.eyalliance.org.uk/mental-health-and-early-years-workforce>

²⁷ <https://childcare-during-covid.org/final-report-essential-but-undervalued-early-years-care-education-during-covid-19/>

²⁸ Ibid

²⁹ Ibid

³⁰ Ibid

Ofsted's Annual Report for 2021/22 highlighted some of the challenges facing the childcare and early years sector, stating that the sector was losing highly skilled and qualified staff to higher paying and more flexible sectors such as retail and hospitality.³¹

Thus far the government's response to the crisis facing the childcare and early years sector has been to consider and consult on relaxing staffing ratios. The TUC does not support this proposal. Increasing the workload of an already overworked, underpaid, and undervalued workforce will not solve the recruitment and retention crisis and may undermine health and safety and the quality of provision.

Recommendations:

To tackle the recruitment and retention crisis and reform the sector we need to support the workforce. Any reform of the sector must start with improving the pay and conditions of childcare workers, whether they are in formal childcare setting such as nurseries, or if they are home workers.

The TUC is therefore calling for:

- A new deal for the childcare workforce, starting with a new sectoral minimum wage of £15 per hour.
- A new social partnership forum in childcare, bringing together unions, government, employers as a first step towards a fair pay agreement that covers the sector.

Alongside the introduction of a new sectoral minimum wage, determined through negotiations between unions and employers, the TUC wants to see government take concerted action to fix the recruitment and retention crisis in childcare. A new workforce strategy must ensure all childcare workers are employed on good terms and conditions, have security and dignity at work, and a recognition of their skills with clear pathways to progress their career. The way to achieve that is through sectoral collective bargaining which should also cover:

- pay and progression, with pathways to progress and pay structures linked to skills, experience, qualifications, and job roles.
- Working time and holidays, with a right to minimum guaranteed hours; holiday allowance and pay.
- Work organisation, with agreement on safe staffing levels, sick pay and health and safety.
- Training and development, agreeing on skills and qualifications that are recognised across the sector and paid time off for workers access training opportunities.

³¹ [Ofsted Annual Report: Pandemic recovery slowed by workforce crisis in children's education and care - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97422/Ofsted-Annual-Report-2021-22.pdf)