



The Northern Ireland Economy: **Women on the Edge?**

A Comprehensive Analysis of the Impacts of the Financial Crisis

Section 4: Childcare for Employment



Childcare for Employment

Barrier to employment

The problem of finding affordable, quality childcare provision in Northern Ireland has increased over the last decade. Between 2003 and 2009, statistics show a year on year decline in child places while provision in the rest of the UK has increased.¹ Yet, 83% of those interviewed in a MORI poll said that "the provision of good quality affordable childcare for all who need it should be a priority for the Northern Ireland Executive." Among parents of children under fourteen years this figure rose to 91%.²

Childcare is cited repeatedly as a barrier by women seeking employment, both its paucity and its cost. Juggling work and care responsibilities is a considerable stress. Where workplaces are unsympathetic in terms of flexible working time, term-time hours or time off when children are sick. Having children can turn from being a joy to a nightmare when women are trying to enter the labour market or hold down a job. Parents on low to medium incomes juggle between types of care, formal and informal, to cut down the costs. At a time of recession low paid women workers may try to make extra income through extending their hours or taking a second job. It is difficult for those with caring responsibilities, especially lone parents, to take this route.

The Northern Ireland Taskforce on Employability and Long-term Unemployment reported in 2004 that lack of access to affordable and decent quality childcare provision was one of the main barriers to entering the labour market for parents, particularly women.³ The consultation undertaken during its work confirmed what its Scoping Study had identified. The Taskforce distinguished between daycare – the primary purpose of which is to help parents take up or stay in jobs, training or education, including childminders, day nurseries and out-of-school-hours childcare – and early years development interventions such as pre-school education and Sure Start. It acknowledged that some of the

latter 'can "double-up" as part-time daycare' which the report describes as 'an added benefit' beyond its core purpose.

The Taskforce referred to The Northern Ireland Childcare Strategy *Childcare First* that set out in 1999 to raise the quality of childcare, make it more affordable and improve access. The aim of the strategy, launched by direct rule Ministers with an investment of £61million, was 'to ensure high quality, affordable childcare for children aged up to fourteen in every community in Northern Ireland'.⁴ A significant focus of the strategy was on expanding pre-school education. The three main aims of *Children First* were to raise the quality of childcare, make it more affordable and improve access. It did not set out to alter the pattern of provision in a way that would better support mothers to work. Indeed, in its review of *Children First* Capita noted that although it is likely to have been an outcome of activities under the policy, supporting parents to return to the labour market was not a stated aim of *Children First*.⁵ The recommendations made in the Capita report remain relevant to the childcare sector.⁶

Drawing attention to women's growth in the labour market and the barrier of family and home care for the economically inactive, the Taskforce recommended that the strategy should be reviewed 'to ensure that it is sufficiently focused on addressing the issues of availability/access, affordability and quality that were raised through the Taskforce's consultation process' and that it should be driven by a lead department.⁷ It concluded that 'increasing childcare provision, reviewing the strategy and providing a coherent lead role are very important medium-term responses to the problems of unemployment and economic inactivity'.⁸

The Welsh Assembly Government recognises the importance of childcare to the employment prospects of working parents. Like the Northern Ireland childcare strategy quality, affordability and accessibility are fundamental to childcare development in Wales. The Welsh Assembly Government sets a vision for its strategy to nurture children, support families and communities and support "economic growth and prosperity ... national competitiveness, business productivity and individual social mobility".⁹



One of the Welsh Assembly Government's two strategic priorities under making childcare affordable is: "to support Childcare Enterprise – both in terms of commercial enterprise and social enterprise."¹⁰ In making childcare accessible it identifies the need to "improve the provision of childcare linked to parents'/carers' work patterns."¹¹

European childcare targets to support women in work

The Council of the European Union established childcare targets at its Barcelona Summit in 2002 on the premise that ensuring suitable childcare provision is an essential step towards equal opportunities in employment between women and men. The childcare targets were set as a key part of the European Employment Strategy. Two years earlier, at the Lisbon Summit in 2000, EU Member States had agreed the goal of increasing the female employment rate to 60% by 2010.¹² The Barcelona targets were to provide childcare by 2010 to:

- At least 90% of children between three years and mandatory school age;
- At least 33% of children under three years.

It was reported in October 2008 that eight Member States had passed the 3+ target while just five had reached the under-three goal.¹³ The UK had reached neither target at that stage but was approaching both. The coverage relates to all children no matter how many hours they attend, participation is from a few hours to a whole day. Some countries, notably the UK, Ireland and the Netherlands, are characterised by high levels of part-time provision while some EU Member States are providing enviable levels of full-time childcare in their overall provision.

Denmark had reached almost 100% cover for the plus three age-group, with around 80% in full-time childcare; and had streaked ahead of all other EU states with more than 70% cover of the under threes, almost all of it full-time as well. The vast majority of formal provision for children in these age groups in the UK is less than thirty hours per week, a level that is only compatible with working part-time at best.

The UK data includes the picture in Northern Ireland where more than 90% of children in the 3+ age-group in 2010-2011 have taken up pre-school places in their final pre-school year. Pre-school provision offers a minimum of 2.5 hours to a maximum of 4.5 hours a day. Just over 60% of the provision is in the public sector while 30%-40% is provided by the voluntary and private sectors. Some organisations in the latter two sectors may have add-on provision for the rest of the day.¹⁴

In the EU more than six million women in the 25-49 age range say they are forced into not working, or can only work part-time, because of their family responsibilities.¹⁵ For more than a quarter, the lack of available childcare or the cost of such care is a problem. Member States can avail of the Cohesion Fund, notably the European Social Fund, to promote work-life balance measures and avail of the half a billion euros set aside for the period 2007-2013 to develop childcare facilities.

On 8 March 2011, the Council adopted the European Pact for Gender Equality 2011-2020 in which it urged Member States to 'improve the supply of adequate, affordable, high-quality childcare services for children under the mandatory school age with a view to achieving the objectives set at the European Council in Barcelona in 2002, taking account of the demand for childcare services and in line with national patterns of childcare provision.'¹⁶

Child daycare provision in Northern Ireland

Although the provision of childcare in the UK as a whole may come close to meeting the Barcelona targets, when the figures for childcare provision across the four regions of the UK are broken down there are clear inconsistencies. Varying investment in childcare services between 2003 and 2008 led to a 21% increase in childcare places in England, a 14% increase in Scotland and a 6% increase in Wales. Northern Ireland, however, saw a decrease in childcare places over the same period of time.¹⁷

Moreover, the introduction of the Childcare Act in 2006 to England and Wales was a landmark piece of legislation. The Act regulates childcare



which it defines as “(a) education for a child; and (b) any other supervised activity for a child.”¹⁸ The Act includes the duty to secure sufficient childcare for working parents to take up or remain in work and to undertake education or training that assists in obtaining work. Contained within the legislation is an obligation to provide information to parents to enable them to make informed decisions. Childcare Sufficiency Assessments are carried out to ensure that there is adequate childcare provision.

High ideals at EU level on childcare as an equal employment measure for women have not translated to practical action on the ground in Northern Ireland. Indeed Employers for Childcare have said that Northern Ireland’s vision for childcare is behind that of the other regions in the UK and ‘[i]t could be argued that Northern Ireland is today where England was in 1997’.¹⁹

There is no lead Department in Northern Ireland responsible for childcare, no statutory duty on public authorities to ensure adequate childcare provision and no strategy for childcare agreed by the Northern Ireland Executive. Save the Children calculated that spending on early years’ services in Northern Ireland in 2007-8 was just £630 per child aged 0-4, compared to approximately £2,000 per child in Britain. They also found considerable disparity in Sure Start expenditure in the same year with Northern Ireland spending £80 per child to England’s £600, Scotland’s £380 and Wales’ £270-£350.²⁰

The overall number of childcare places fell by 6% in Northern Ireland over the seven years to 2009, with the greatest fall – 5% – in the last two years. The composition of childcare provision is changing. The number of day nursery places is increasing; in the two years to 2009 it increased by two percentage points. The number of childminding places, although still providing more places than day nurseries, has gone down by about six hundred places over the same period. Playgroups and out-of-school clubs showed significant reductions between 2007 and 2009.²¹

In a small survey conducted by MORI for the Northern Ireland Childminding Association (NICMA) almost a third of parents surveyed had looked for childcare in the previous three years, with 30% describing their search as fairly or very

difficult. It was more difficult in rural than in urban areas.²²

Moreover, 37% of respondents to MORI said they made use of formal or informal childcare either on a full-time or a part-time basis. This included 41% of working parents interviewed and 31% of non-working parents.²³ NICMA’s findings were corroborated by Employers for Childcare in a Childcare Costs Survey carried out in 2010 in which the majority of respondents said they use informal care to supplement the formal care they pay for; 96% of lone parents and 82% of two parent households use additional informal care.²⁴

Informal care meets the needs of parents who require extra hours of childcare, this is a particular trend for parents who work atypical hours. Just over a third reported to Employer’s for Childcare that they work atypical hours, and this rose to 52% for the lone parent respondents.²⁵ Another benefit of using informal childcare as a supplement to the main childcare type is the cost.²⁶ Informal care, particularly from family members, can come at little or no cost. Parents are often inclined to rely on this form of childcare due to the lack of affordable formal childcare.

Comments from respondents to Employers for Childcare Costs Survey 2010 who mainly earn under £25,000 per year

“Paid childcare is extremely expensive and would just be affordable for us full time. We manage with a lot of help from family members but have no idea how we could work and drop our daughter to school and collect her again.”

“I have great support from grandparents who have enabled me to remain at work.”

“I needed help from grandparents initially as I could only get a part-time place.”

“I couldn’t manage without the help of grandparents Juggling childcare with work is a constant battle and stresses me out sometimes.”²⁷

The evidence collected by Employers for Childcare and NICMA adds weight to the Employability Taskforce’s concerns that quality and affordability are hurdles to those seeking work. More than half of all parents in the MORI survey said that quality of childcare was the most important consideration for them.²⁸ Capita notes that the long-term



commitment that is implicit in mainstream funding is a driving factor in ensuring quality and that mainstream funding has been a critical part of the investment in quality.²⁹ Employers for Childcare found that "For many families, after paying for childcare costs their household has only fractionally more income than if they chose to stay at home",³⁰ concluding that the cost of childcare in relation to family income is one of the main barriers to work and training.

Comments from respondents to Employers for Childcare Costs Survey 2010

"The biggest difficulty with childcare is the cost. Last year 46% of my take-home pay went on childcare. This makes it hard to justify working."
"After paying childcare costs, our household has fractionally more income than we would if I chose not to work and stay at home."
"I am working to pay my childcare fees but I fear that if I leave work I won't be able to find a post when it will be financially viable to work. It is soul destroying."
"As my husband and I both work, we find that the majority of my salary is spent on childcare costs."³¹

In Northern Ireland, parents on average allocate 45% of their net median weekly earnings towards childcare, making childcare one of the largest outgoings for many families.³² Parents with two or more children are under additional financial strain. For lone parents the proportion spent on childcare is much more than in a two-income family, and 67% told Employers for Childcare that they struggled to meet their childcare costs. One of the issues highlighted by the *Children First* policy on its inception was affordability and its impact on ability to work. In addition to families paying varying amounts for childcare, for some families the cost of childcare was so high they could not afford to work.³³

Comments from respondents to Employers for Childcare Costs Survey 2010

"All of my wife's wages go to childcare and all she has left is the tax credits. We would probably be better off if she didn't work."
"Costs prevent me from working more hours."
"Due to cost I was unable to return full time."³⁴

The Daycare Trust indicates that parents in the UK pay 75% of the cost of childcare and government 25%, while in Europe parent's average contribution is 30% with central and local government covering 70%.³⁵ In its review of the *Children First* strategy, Capita stated that a number of initiatives had helped on the affordability front in Northern Ireland and named among them: the increase in free pre-school education places, childcare vouchers, EU-funded funds and Working Families Tax Credit.³⁶

Different elements of Northern Ireland's childcare provision have different purposes and goals in contributing to the strategy's key aims of quality, affordability and accessibility. Capita indicated that while pre-school education was not driven by the need for childcare it had grown considerably and by providing "increased choice of free pre-school education places" it had contributed to the aim of making childcare more affordable.³⁷ Commenting on out-of-school provision Capita noted that it had exceeded its targets and improved affordability but identified sustainability as an issue due to its high reliance on short-term funding streams.

Question at Northern Ireland Assembly Election 2011 Hustings organised by Employers for Childcare & Children in Northern Ireland

"I want to know how politicians plan to bring affordable childcare to ordinary working parents. My two children are in childcare and it costs me £950 per month for a full-time and a part-time place and it honestly just isn't worth my while working, but I do because I love my job and want to set a good example for my children."

So, since the 1999 childcare strategy *Children First* and the 2002 Taskforce referred to above, full-time childcare has not improved and it could be argued that the position for women seeking childcare for work has worsened. Daycare is not keeping up with demand as more women enter the labour market, swelled by the ranks of lone parents who now must seek work when their child reaches seven years (changing to five years in October 2011). In short, a comprehensive infrastructure offering parents what they need when they need it is completely lacking. Calls for



a full range of integrated services coordinated around sub-regional Children's Centres by 2010, similar to developments in other parts of the UK, have not been answered.³⁸

By comparison the Danish model has been successful in matching supply and demand with almost no waiting lists or demand. The law in Denmark requires that a place should be provided to parents for each child within three months of demand. Central to the Danish approach has been the principle of universality in developing childcare in the mid 1960s with the extension of public funding to all childcare services, not just to special needs provision. Almost full coverage now exists for children from 6/12 months to compulsory school age as well as for out-of-school facilities for children aged 6 to 10 years. The right to have a place is attached to each individual child and not tied to the mother's employment.³⁹

Employers for Childcare has long argued that childcare is a labour market and economic issue. Child daycare enables more parents to enter training, education or work; the childcare industry contributes to the economy by providing jobs; and good quality childcare, through early intervention, improves the life chances of our children and has future economic benefits.

Sure Start

There are thirty-two Sure Start Centres catering for around 34,000 children and their families in Northern Ireland. Among their services are 'high quality crèche sessions'.⁴⁰ However, it is important to note that, although a few centres offer daycare support, Sure Start is not primarily child daycare provision. Introduced into Northern Ireland in 2000, Sure Start's goals are to prevent social exclusion, raise educational standards, reduce health inequalities, and promote opportunities for families. There is not the same level of investment in Sure Start in Northern Ireland as in the rest of the UK,⁴¹ although Northern Ireland's Minister for Education indicated in February 2011 that she wished to protect its funding⁴² despite the department having taken a significant cut in its budget.

It remains to be seen for how long families in Northern Ireland who would benefit from Sure Start will have this opportunity. Britain is

witnessing the dismantling of Sure Start. The Daycare Trust suggests that the service will be cut by 9% over four years due to failure to inflation proof Sure Start, and in 2011-2012, ring-fencing of Sure Start grants will disappear. The effect of this has led some Councils to close centres in their areas.⁴³ Moreover, proposals for future arrangements include reducing requirements around full daycare provision and the professional status of staff.⁴⁴

Wraparound childcare for school-age children

In a period of direct rule, the Secretary of State provided £13.5 million in 2006 for a Children and Young People's Funding Package of which £10 million was for an Extended Schools initiative. In the outworking of the Executive's 2007 budget the allocation was reduced to £5.83m for 2008-09 and more stringent eligibility criteria were introduced at the same time;⁴⁵ when funding was restored the criteria were widened again.⁴⁶

By 2007 the number of out-of-school clubs had grown by 40% from its baseline in 2002. In 2009 out-of-school provision plummeted showing just an increase of 18% on the 2002 figure. In just two years it dropped back twenty-two percentage points.⁴⁷ The Department of Education (DE) disagrees that there is a link between the rise and fall in funding for Extended Schools and out-of-school provision generally, suggesting the out-of-school figures refer to private childcare and not to provision under Extended Schools.⁴⁸ Yet, an Assembly debate on 7 March 2011 points to the reliance of after-school clubs, including Playboard, on a basket of funding from DE and other departments.⁴⁹

Extended Schools encompasses a wide range of provision including learning activities outside of the school day, sports and arts activities and childcare services before and after school such as breakfast clubs and after-school clubs. According to DE it is "not the policy aim that Extended Schools should serve as childcare providers. Instead, the Extended Schools programme is key to supporting DE's strategic priorities of addressing disadvantage and raising educational standards."⁵⁰



It appears there are different views inside and outside government on priority for out-of-school provision and on the role that initiatives like Extended Schools should play in childcare. Responsibility for out-of-school provision is not located with one lead department and it suffers from the absence of a strategic joined-up approach, as opposed to pulling funding together from a range of sources to plug a funding gap. This detracts from reaching the optimum level of integrated education and care provision for children, including the wrap-around care for school-aged children, that also meets the needs of working parents.

Childcare and recession

Laing and Buisson's Annual UK Market Report on Children's Nurseries for 2009 valued the childcare market, which is comprised mainly of small businesses of various sizes run by the private, voluntary and independent providers, at £4.1 billion. Childcare businesses tend not to have large cash reserves or capital assets and are less able to absorb losses as a result, even for a short period of time. The market was described as potentially brittle with limited profitability, especially in the deprived areas most dependent on free entitlement.⁵¹

Day nurseries and other childcare providers may find themselves under increasing pressures from falling revenues in a difficult economic climate. The most obvious threat is that of parents losing their jobs which may mean they have to remove their children from daycare because they can no longer afford to pay; some parents may lose both their wages and support with their childcare costs through tax credits which end four weeks after becoming unemployed. The financial stability of childcare centres, nurseries and childcare in general might also be threatened by parental debt. Calouri points out that maintaining the confidence and trust of parents is a central and major component of customer relations within childcare. Providers might be reluctant to pursue payment as they may incur monetary costs and risk driving customers away in the longer term for the short term gain of getting repayment at the rate of a few pounds a week.

If occupancy levels sink low enough for long enough then a childcare provider may be forced

to close. In that scenario, remaining parents will be left trying to source alternative childcare quickly, with very limited options in some regions of Northern Ireland. At the same time childcare workers, a 98% female workforce mainly on poor pay and conditions, will be forced out of employment.

Fiscal incentives

Fears have been expressed that childcare vouchers may be under threat with employers more liable to question if they can afford this cost during a downturn. Some employers have claimed that this is in part due to a European Court ruling on contractual benefits during maternity.⁵² Since October 2008 employers are under an obligation to provide childcare vouchers to employees during maternity leave.⁵³

If childcare vouchers are increasingly withdrawn the cost of childcare would become unaffordable for many employees, mostly female, who would have to reduce their hours or give work up altogether. This in turn would feed into falling occupancy levels in childcare and introduce instability into the workforce and the economy, at a time when the UK Government and the Northern Ireland Executive are working to reverse a downturn. If it were to happen, it is likely to be difficult to track what is happening to women given the lack of official data collected from employers in relation to childcare support.

However, in the experience of Employers for Childcare, the largest supplier of childcare vouchers in Northern Ireland, the new regulations have not had a negative impact on employers. Employers who offer childcare vouchers have found that the benefits outweigh the costs due to savings on the employers' National Insurance contribution, lower absenteeism and lower staff turnover. Rather, they have found a lack of awareness amongst employers and parents about the financial help available for childcare costs.

There are 210,000 families with dependent children in Northern Ireland.⁵⁴ Of these, 16,200 families are in receipt of the childcare element of Working Tax Credit, and approximately 10,000 parents benefit from childcare vouchers.⁵⁵ The average uptake of childcare vouchers among the



workforce in GB is 7%, while in Northern Ireland it is less than 2%.

The benefit of raising awareness of the financial help available for working parents is that more parents will be able to make informed decisions about returning to or staying in the labour market rather than dropping out because of childcare costs. Moreover, as more parents participate in the labour market and claim tax exemptions which do not affect the Northern Ireland block grant, more money will be generated in the local economy.

Calouri points out that it is crucial for policy makers and childcare providers to assess whether the childcare market is resilient enough to survive the recession intact. Indeed, recent Ofsted figures for England suggest not. A sharp drop in the number of childcare places over the previous two years continued into 2010 and is blamed partly on the recession. A funding formula that protects state-run nurseries and supports private, voluntary and independent sector nurseries is being sought.⁵⁶

It is important that the Northern Ireland Executive ties childcare closely into both its economic development and employment strategies and adopts a more strategic approach to putting in place a comprehensive and cohesive childcare infrastructure in Northern Ireland. If the purpose of reducing support for lone parents and others through the benefit system, as was announced by the UK Government in June and October 2010, is to incentivise people into employment then the lack of childcare in Northern Ireland must be tackled urgently. Childcare must be high on the list of public spending priorities because of its vital role in the economy.

Impact of public expenditure and welfare reform on childcare

Women tend to use public services more than men whether these are further and higher education, healthcare services, social care or early years' services. They also carry the majority of childcare, caring and domestic responsibilities. Thus changes to tax and benefits will impact on women more than men, and in the current climate these are impacting very negatively on women.

Under tight budgetary constraints, government departments will prioritise meeting their statutory requirements. This is likely to put services that do not have the same legal standing onto an unstable footing. In the Health, Social Services and Public Safety policy arena decisions have already been made to prioritise spending on health, putting social services where expenditure on children is to be found, at risk. Moreover, prior to the current promise to prioritise health spending, there was already evidence that budgets were skewed towards health at the expense of social services.⁵⁷

Were ring-fencing of certain funding streams to cease this would pose challenges for childcare providers, including those that fall within the responsibility of the Department of Education such as Sure Start. Even if Sure Start is protected in cash terms inflation means there will be a reduction in real terms; the Financial Times calculated that there would be a real terms cut of 9% in Sure Start in England over the four year period 2011-2015.⁵⁸

The Daycare Trust is concerned that the principle of Sure Start as a universal community service that is the case in Britain will be lost in favour of a focus on disadvantage only, as is the case in Northern Ireland where only 20% of the most disadvantaged areas can access Sure Start. The Trust notes that it is well documented that children do best in a mixed environment, and it holds that Sure Start has been most effective in reaching parents who would not normally use such services precisely because it has been open to all. The universal principle that has been critical to achieving comprehensive high-quality childcare in Denmark, and providing care for disadvantaged groups within that framework, should be a model for childcare in Northern Ireland and the rest of the UK.

Public sector job losses in Northern Ireland, of which the highest percentage is expected to be women, and changes to benefits could increase severe child poverty, especially in areas of high deprivation. The Institute of Fiscal Studies predicts that on the basis of current policies there will be a rise in the levels of child poverty between 2011 and 2013.⁵⁹ Making childcare available and affordable removes one of the main barriers to employment, especially for mothers,



and at same time it is a major aid to government in reaching child poverty reduction targets in compliance with the Child Poverty Act 2010, which extends to Northern Ireland.

Research by Save the Children in 2011 suggests that severe child poverty sits at 9%, affecting nearly one in ten children, with significant regional variations from 5% in Belfast and 7% in the East as a whole to 12% in the West. This is exacerbated by the impact of the recession which has been geographically uneven, with a disproportionate effect on areas with a historically high unemployment rate. Work status makes a difference, with 29% of children in workless families in severe poverty compared to 4% in families where at least one parent works. Over half of children who live in severe child poverty live in one-parent households, and one in five of all one-parent family children are in severe poverty, compared to 5% in couple households. It is notable that 36% of children are in severe poverty in households where at least one adult works due most probably to low wages. Nevertheless, it can be said that worklessness compounds poverty.⁶⁰

Waldfoegel and Garnham have estimated that between one-half and one-sixth of all children currently living in poverty in the UK could be moved out of poverty if childcare provision and access was improved.⁶¹ They cite data indicating that half of all non-working mothers in low income households and a similar proportion of lone unemployed mothers would prefer to work if suitable childcare provision was available.⁶²

Parents in the UK contribute more towards childcare costs than in any other OECD country.⁶³ In September 2010, 15,400 families in Northern Ireland were receiving higher Child and Working Tax Credits to help with childcare costs for a maximum of two children; this number was up by nine hundred on the previous year.⁶⁴ With no additional payment for a third or further children there is a sharp drop in the number of women in employment with more than two children, a consequence that is unlikely to change unless families receive assistance with their additional childcare costs. Low income families can struggle to make up the difference between what they receive in credits and the cost of care.

UK government measures such as the freeze on child benefit and changes in the way benefits are up-rated, which have been brought in on top of other welfare cuts, mean that families will find it even harder to pay for childcare, especially those who rely on tax credits. For example, the reduction in the Childcare Element of Working Tax Credit from 80% to a maximum of 70% of childcare costs in April 2011 will affect 448,000 families, 64% of whom are lone parents.⁶⁵ The Daycare Trust calculates that this cut equates to a loss of £1,560 per year for families who are already struggling with the burden of childcare costs.⁶⁶ The Treasury admitted in its equality impact assessment that this change will have a significant impact on women, who make up the majority of lone parents.⁶⁷

The Daycare Trust refutes the government's claim that the increase in the Child Element of the Child Tax Credit (£30 in 2011 and £50 in 2012) will mitigate against cuts in childcare support. While the government will save £1.325 billion from the 10% reduction in the Childcare Element of Working Tax Credit and the increase in the Child Element of Child Tax Credit will cost an additional £1.805 billion between 2011 and 2015, less of the money will go on childcare.⁶⁸ The Trust argues that as Child Tax Credit is available higher up the income scale than the Childcare Element of Working Tax Credit, it will be spread over a much larger range of families and will go to families who do not have eligible childcare costs. This is another financial decision which deals a blow to childcare despite childcare being one of the biggest barriers which prevents women in particular from moving into paid work. Yet, it seems to go against the government's intention of focusing support on the most disadvantaged and promoting work incentives.

Future for child daycare in Northern Ireland

In March 2011 the Junior Minister in the Office of the First and deputy First Minister explained that the Executive would shortly consider the childcare strategy, identify a lead department or departments and that OFMdFM had 'ensured that the budget included an additional £12million for the childcare strategy'.⁶⁹ Just a few days previously the Minister for Finance and



Personnel had announced an allocation of £3million to meet 'the significant challenges both with provision and affordability.'⁷⁰ The Minister recognised the critical role of childcare in the economy and anticipated the funding would reduce barriers to employment and encourage and support economic activity.

The economic climate is tight, but the funding announced falls a long way short of the £61million allocated in 1999 which, although it delivered in other ways, did not improve child daycare as a support to employment. The Department for Employment and Learning should be concerned that the Taskforce's findings in 2002 still ring true today and that insufficient funds are being directed at the problem. In contrast to the Northern Ireland Executive's 2011-2015 the Welsh Assembly Government is expanding the provision of affordable childcare, allocating more than £120million towards childcare from 2011 to 2014.⁷¹

Dawn Purvis MLA 2007-2011

"Women in Northern Ireland will quite possibly work in lower paid positions in the public sector, and there is a very real chance that they will face redundancy in the four years that are covered by the draft Budget. ... We know that the dearth of affordable quality childcare in Northern Ireland is one of the main barriers to parents — primarily women — accessing the job market. At a time when the real value of wages is declining, redundancies are increasing and benefits are disappearing, there is absolutely no excuse for the Executive's inability to address the issue and remove that barrier from women's lives. Women will increasingly need access to the job market and greater flexibility than current childcare provision offers so that they can access any form of employment available to them at any time."⁷²

The Department of Education (DE) has expanded preschool provision, albeit mainly additional part-time places (normally 2.5 hours per day) through the Pre-School Education Expansion Programme, while the Department of Agriculture and Rural Development (DARD) provides the opportunity for project infrastructure expansion or piloting of new childcare initiatives under the Rural Development Programme and has recently enhanced childcare provision in rural areas through the innovative

Rural Childcare Programme. This included an initiative with the Northern Ireland Childminding Association to drive up childcare in rural areas through training and registering more childminders. The Department for Employment and Learning (DEL) has supported the development of the childcare workforce.

Working families are essential to the Northern Ireland economy. There is every reason why DEL and the Department for Enterprise Trade and Investment (DETI) should want to add greater weight to founding more centres of daycare around Northern Ireland. For DEL a fit-for-purpose childcare infrastructure will reduce barriers to employment and enable it to place more people in work and reduce the unemployment figures. DETI's involvement in the Executive's new childcare strategy would support new childcare enterprises which would play their part in growing the economy as well as sustaining individuals in employment. The Department of Social Development (DSD) also has a role.

While provision in the rest of the UK has not reached the standard of some other European countries, it has moved much more swiftly than in Northern Ireland towards integrated services for children and families and fulfilling the goal of giving parents more choice in balancing work and family life. The critical recommendations from the review of *Children First* remain outstanding.

- Reshape the Childcare Vision for Northern Ireland
- Allocate mainstream funding to the childcare strategy
- Strengthen accountability for childcare action
- Create robust leadership structures for childcare
- Implement childcare from an integrated platform
- Strengthen local capacity to action childcare priorities

Throughout its report Capita alluded to the importance of mainstream funding to a comprehensive childcare infrastructure that is accessible, affordable and of high quality. Adopting a good practice should mean setting the level of funding at 1% of Northern Ireland's GDP. Capita's first choice was that this should be allocated from the Executive's block funding before monies were distributed to departments; failing that, to pool departmental resources to



develop a coherent childcare budget. Additionally, childcare might be an ideal candidate for the new Social Investment Fund in the 2011-2015 Budget.

Also critical are a lead department and Minister to establish clear lines of accountability and lead collaboration across departments. Other departments, part of an inter-departmental group, should have clear roles and responsibilities for which they are accountable – DETI should be added to the inter-departmental team. The new childcare strategy should have a single, clear and agreed vision capable of being delivered seamlessly through an integrated approach. The childcare strategy should be one of the Executive's headline Priorities for Action.

Conclusions

Public sector cuts that reduce affordable childcare places may undermine the sustainability and viability of the childcare that currently exists. There will not be fully accessible quality childcare of choice for all children up to age fourteen without political priority and support across the Northern Ireland Executive. The Executive's policy should be driven by a lead Minister and department, with the dedicated collaboration of other departments. Unless the Ministers and policy makers responsible for employment and economic regeneration demonstrate their interest in and commitment to childcare and begin to insist on delivery of results to the economic and employment agenda, barriers to labour market entry will remain in place.

Private sector provision will be unable to continue if its market is undermined with high levels of unemployment, and in any event this provision, which is costly, will only be available to some (although awareness of financial support for childcare through tax credits and childcare vouchers is also important). Any reduction in the Northern Ireland Executive's funding to childcare provision further undermines the capacity of childcare to be delivered when and where it is needed. Finally, there is not sufficient funding coming to individuals from the benefits/tax credits system to assist them to cover the cost of childcare. Unless the situation is taken in hand, the likely result will be that the mixed private/public childcare system may stall badly if not fail altogether.

The childcare sector in Northern Ireland is convinced that an integrated approach to early years, formal education and childcare is needed, and that it should be placed on a statutory footing along the lines of the Childcare Act 2006. The organisation Early Years is calling for an Education and Childcare Act in Northern Ireland to put early education and care on a statutory footing.⁷³ Greater provision for children under three years is needed. It is also time to embrace childcare beyond early years so that out-of-school provision is not a poor relation to other levels of care. A comprehensive system is needed with a universal high-quality full-time childcare place available for every child, as in the Danish model, which can deliver the support for working parents that is required.

Increasing employer and employee awareness about the help that is available with childcare costs, including childcare vouchers and the childcare element of working tax credits will help to drive up childcare for employment. The Northern Ireland economy will get a boost from more childcare enterprises and the long-term gains from having more parents in employment. The tax exemptions will be at nil cost to the NI block grant and a 100% gain for NI PLC.

Recommendations

- The Northern Ireland Executive should establish a statutory obligation to deliver quality childcare that is flexible, affordable and accessible. It should agree a comprehensive childcare strategy which standardises access to childcare across rural and urban Northern Ireland as a matter of priority. The Executive should commit itself to work towards the goal of universal good quality, accessible and affordable childcare for all children up to the age of fourteen.
- Childcare services should be visibly integral to the Programme for Government from 2011 and permeate the plans for OFMdFM, DE, DHSSPS, DSD, DEL and DETI who should pool budgets to create a common childcare fund. Childcare should be identified in the Executive's Priorities for Action.
- A lead Minister and government department should be appointed to drive forward the



new integrated strategy and cross-cutting inter-departmental objectives in order to encourage and ensure there is a partnership approach across the range of departments.

- Priority should be given within the childcare strategy to driving up the supply of high-quality, accessible daycare that supports parents to access the labour market and remain in employment. Funding should be allocated to expand daycare places. To further assist with this there should be dedicated business support from DETI and its agencies for private, voluntary and independent enterprises offering childcare.
- DEL and DETI should target SME employers and employees with information about the long-term benefits of the childcare voucher scheme, and encourage employers to meet the highest standards in relation to childcare support as well as their obligations in maternity and parental leave.
- DEL should assist childcare workers made redundant to continue any ongoing professional qualifications to maintain the professional skills of the sector.
- The poorest parents should be able to claim 100% of childcare costs, and the run-on period for the Childcare Element of Working Tax Credit when a parent loses a job should be increased from four to twelve weeks.
- The UK government should review its proposals on the Universal Credit to adopt a more generous taper than that proposed and commit to annually increasing the Child Tax Credit (or the Child Element of the Universal Credit when it is introduced) faster than average earnings.



References

- 1 R Dennison, N Smith, Northern Ireland Childcare Cost Survey 2010, Employers for Childcare Charitable Group, November 2010, p44
- 2 Liz Fawcett, Childcare Matters, ARK Research Update No59, January 2009 analysing the Ipsos Mori survey, part of the Northern Ireland Omnibus Survey, in late 2007.
- 3 Report of the Taskforce on Employability and Long-Term Unemployment, December 2002, p93
- 4 DHSS, DENI, T&EA, Children First, The Northern Ireland Childcare Strategy, A Policy Statement, September 1999, p5.
- 5 Capita, Review of Children First, Final Report, Department of Health, Social Services and Public Safety, 24th August 2005, p11.
- 6 Conversations with childcare sector leaders 20 June 2011.
- 7 Taskforce, p100.
- 8 Ibid., p102.
- 9 *Nurturing Children, Supporting Families*, Welsh Assembly Government Policy Statement, Guidance Document No: 046/2011 (February 2011), p6.
- 10 Ibid., p15.
- 11 Ibid., p19.
- 12 The new EU employment target for women is 75% under EU 2020.
- 13 Memo/08/592, Brussels 3rd October 2008, pp1-2, refers to Eurostat, EU SILC 2006 Provisional data.
- 14 Information from DE source 25th May 2011.
- 15 Memo/08/592, Brussels 3rd October 2008, p4 referring to Eurostat Labour Force Survey 2006.
- 16 Council of the European Union, European Pact for Gender Equality (2011-2020), Council Conclusions, 7370/11, SOC 205.
- 17 Employers For Childcare Charitable Group, Sizing up, A comparative study of childcare policies within the four regions of the UK, June 2010, p180.
- 18 Childcare Act 2006.
- 19 Ibid., p14.
- 20 SCF, A Child's Portion, An Analysis of Public Expenditure on Children in the UK, Northern Ireland Briefing, Save the Children, October 2009. SCF asks that the figures in its report should be treated with caution due to the difficult of apportioning spend to under-5s. This in itself indicates a lack of transparency, and thus difficulty in holding government to account in delivering on childcare.
- 21 DETI, Women in Northern Ireland, September 2009 and 2010, p17.
- 22 Liz Fawcett, Childcare Matters, ARK Research Update No59, January 2009 analysing the Ipsos Mori survey, part of the Northern Ireland Omnibus Survey, in late 2007.
- 23 Ibid.
- 24 Dennison & Smith, p35
- 25 Ibid., p25
- 26 Ibid., p30
- 27 Ibid., p30
- 28 Liz Fawcett, Childcare Matters, ARK Research Update No59, January 2009 analysing the Ipsos Mori survey, part of the Northern Ireland Omnibus Survey, in late 2007.
- 29 Capita, p13.
- 30 Marie Marin, CEO Employers for Childcare Charitable Group in R Dennison, N Smith, Northern Ireland Childcare Cost Survey 2010, piii. See also pp 26-27 that indicates 31% per cent of households surveyed were earning over £60,000. Among two parent household, 78% earned over £40,000, while some earn between £12,000 and £25,000. Of the 76% of the lone parents working full-time, nearly half had incomes of less than £25,000; 12% earned between £5,000 and £8,000.
- 31 Dennison & Smith, p41
- 32 Ibid., p39
- 33 Capita, p45.
- 34 Dennison & Smith, p49
- 35 Capita, p45.
- 36 This is now Child Element of Working Tax Credit and Child Tax Credit.
- 37 Capita, p47.
- 38 Gingerbread NI, Lone Parents and Work in Northern Ireland: Issues for Policy Makers, July 2009, p6.
- 39 Information from Capita, Appendix II
- 40 <http://www.early-years.org/surestart/>
- 41 Employers for Childcare, Sizing Up, p126
- 42 DENI, Press Release Education Minister, Caitríona Ruane, has officially opened the Village Sure Start Centre in south Belfast, Wednesday, 2 February 2011
- 43 Manchester Council announced on 8th February 2011 that it would close its thirty-one centres.
- 44 TUC, The Gender Impact of the Cuts, p9.
- 45 AM Gray, G Horgan, Figuring it out: Looking Behind the Social Statistics in Northern Ireland, ARK, November 2009, p40.
- 46 In correspondence to the author on 27 June 2011 DE noted that it had to focus the smaller amount of resources on the areas of greatest need. However, when the funding was restored to £10 million it widened the criteria again.



- 47 DETI, Women in Northern Ireland, September 2009 and 2010, p17.
- 48 Correspondence received from DE on 27 June 2011.
- 49 Northern Ireland Assembly, Questions to OFMdFM on the Childcare Strategy on 7 March 2011.
- 50 Correspondence from DE received on 27 June 2011 sets out the policy objectives of the Extended Schools programmes as being focused on improving educational outcomes, reducing the barriers to learning associated with underachievement and providing additional support to help improve the life chances of disadvantaged children and young people." DE drew attention to its November 2010 Circular which reinforces this policy vision.
- 51 J Calouri, Childcare and the Recession Summary, Policy Insight Paper 3, Daycare Trust, undated, pp1-2, available at publications@daycaretrust.org.uk
- 52 Calouri, p3 names British Homes Stores as one business to have withdrawn childcare vouchers.
- 53 The 1976 Northern Ireland Sex Discrimination Order, and equivalent legislation in Britain, were amended in October 2008 and now comply with the European Court ruling.
- 54 NISRA (2008) Household Projections available from www.nisra.gov.uk/demography/default.asp21.htm
- 55 HMRC (2010) 'Recipient families receiving Child or Working Tax Credit in each county and region in England, December 2010', *Child and Working Tax Credit Geographical Statistics – December 2010* (available from <http://www.hmrc.gov.uk/stats/personal-tax-credits/cwtc-geog-dec2010.pdf>)
- 56 The Telegraph, Ofsted: 11,000 childcare places axed in 2010, 5th May 2010. <http://www.telegraph.co.uk/education/educationnews/7682926/Ofsted-11000-childcare-places-axed-in-2010.html>
- 57 AM Gray, G Horgan, Figuring it out: Looking Behind the Social Statistics in Northern Ireland, ARK, November 2009, p37.
- 58 Daycare Trust, Policy Briefing Paper, Impact of the Spending Review on Childcare, October 2010.
- 59 Save the Children, No child born without a chance, undated but produce for 2011 election.
- 60 SCF Briefing, Severe Child Poverty in Northern Ireland, Save the Children, February 2011.
- 61 J Waldfoegel, A Garnham, Eradicating child poverty: the role of key policy areas. Childcare and Poverty, Joseph Rowntree Foundation, 2008, pp3-4. http://213.253.178.196/cf11_-_daycare_trust_annex2.pdf
- 62 Ibid p14.
- 63 OECD Gender Brief March 2010
- 64 DETI, Women in Northern Ireland, September 2009 and 2010, p17.
- 65 Child and Working Tax Credit Statistics Finalised Annual Awards 2008-09, HMRC 2010.
- 66 Daycare Trust, Policy Briefing Paper, Impact of the Spending Review on Childcare, October 2010.
- 67 Overview of the impact of the Spending Review 2010 on equalities, HM Treasury.
- 68 Daycare Trust, Policy Briefing Paper, Impact of the Spending Review on Childcare, October 2010.
- 69 Hansard, Northern Ireland Assembly, 7th March 2011, Gerry Kelly MLA, Junior Minister OFMdFM in response to Question AQO 1198/11 on the development of the childcare strategy.
- 70 Statement to the Assembly by Sammy Wilson, MP, MLA, Minister for Finance and Personnel, 4th March 2011.
- 71 Welsh Assembly Draft Budget 2011-12, November 2010, p8, para.2.23.
- 72 Budget Bill 2011 Second Stage, 15th February 2011, <http://www.niassembly.gov.uk/record/reports2010/110215.pdf>
- 73 Siobhan Fitzpatrick, Chief Executive, Early Years, speaking to Nursery World, 16 March 2011, at <http://www.nurseryworld.co.uk/news/1059882/No-sign-NI-strategy-Assembly-gives-12m/?DCMP=ILC-SEARCH>



Women's Resource and Development Agency

6 Mount Charles
BELFAST
BT7 1NZ
N. Ireland

e-mail: info@wrda.net
website: www.wrda.net