WOMEN'S BUDGET GROUP

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Spring Budget 2023 Pre-Budget Briefings

Gender and Early Education and Childcare

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A pre-budget briefing from the UK Women's Budget Group – Spring 2023

Key points:

- *The early education and childcare system in England is not working for children, parents, workers or the wider economy. The absence of flexible, affordable and quality early education and childcare is a huge barrier to positive child outcomes, tackling inequality and increasing women's employment.*
- *The Spending Review in Autumn 2021, while emphasising the importance of the first 1,001 days of a child's life, did not provide the level of investment required to meet the needs of children and their parents and this new investment is being outstripped by higher-than-expected cost rises which mean that real terms funding is expected to decline by 8% over the next two years.*
- ***Lack of access to high quality EEC can leave disadvantaged children behind** before they have even started school and require expensive interventions in the future. Around two-fifths of the total attainment gap between sixteen-year-olds from the most deprived fifth of families and the least deprived fifth of families is already present at age five.*
- *The cost and unavailability of childcare is putting household budgets under strain and for many women 'it doesn't pay to work': an estimated **1.7 million women are prevented from taking on more hours of paid work due to childcare issues**, resulting in up to **£28.2 bn economic output lost** every year.*
- ***Urgent action is required:***
    - ***Funding for the 'free hours' hourly rate should reflect the true cost of care provision**. WBG estimates an **additional £1.7bn** would be needed to cover the true cost of "free hours". This public investment **should include conditions**, such as ensuring staff are paid the Real Living Wage and that providers ensure plenty of places are available, including for children with SEND and 2-year-olds that qualify for the free hours.*
    - *The **childcare element in UC should be paid upfront and uprated in line with current childcare costs**, so low-income families can benefit from childcare provision too.*
    - *The government must also establish an **independent review into the early education and childcare system** we want and need, including how it is funded and a workforce strategy to develop the practitioners needed to deliver it.*

- ***In the medium term we must move to a supply-side funding model**, a better rewarded workforce and increased targeted support for the most disadvantaged children, who benefit the most from high-quality early education and childcare.*
- ***In the longer-term the Government must invest in a universal and free system**, delivered as a public infrastructure service on equal footing with school education. Investment in such a system will largely pay for itself due to the big returns on maternal employment.*

High quality, accessible and affordable early childhood education and care is an investment in essential social infrastructure, with the potential to deliver significant levelling up benefits for the children, families, the economy and wider society:

- High-quality childcare between the ages of 0 to 5 years helps to close the attainment gap between low-income children and their more advantaged peers, reducing inequalities and creating benefits that last throughout a child's time in school and beyond.[1]

- It removes barriers to employment, particularly for women, who are still disproportionately responsible for unpaid care.
- It creates low-carbon jobs in a sector that exists in every town and city across the country.

Yet, the underfunded early education and childcare (EEC) sector does not currently deliver to its full potential. The coronavirus pandemic threw into disarray a EEC sector which was already failing to meet the needs of children, parents and the economy as well as grappling with issues of low pay, insufficient training and high staff turnover.

This briefing summarises the key issues – from supply to access, quality and affordability – and considers what action is required in the short-, medium- and long-term to build a sustainable EEC sector that delivers to its full potential.

Please note that this briefing refers to early education and childcare in England. As childcare policy is devolved, policy in other nations may vary. In England, parents access childcare through four main routes, group settings (registered with Ofsted), childminders (Ofsted registered), nannies and informal or family care (often provided by grandparents).

Key issues facing EEC provision and use

Availability

Only 59% of local authorities in England in 2022 reported that they have enough childcare for the children of parents who work full-time, and less than a fifth (19%) have sufficient childcare for the children of parents who work atypical hours. This is a reduction compared to 2021, when 68% of local authorities said they had sufficient places for children of parents working full-time. Disabled children are particularly under-served, with only 19% of local authorities having enough childcare for them.[2] There is also some suggestion that there has been a 'disproportionate loss of places in the most deprived parts of the country.'[3]

Affordability

EEC in the UK is expensive, and prices continue to both rise above inflation and outstrip wage growth. A recent survey found that 52% of families were concerned about paying for childcare.[4] For one third of parents (33%), early education and childcare payments are higher than their mortgage or rent. This rises to 47% of those with a Black ethnic background, 42% of those receiving Universal Credit, and 38% of single parents.[5]

The TUC found that for parents with a one-year-old child, the cost of their child's nursery provision has grown four times faster than their wages, and more than seven times faster in London (2008-2016).[6]

High childcare costs mean that families where both parents are paid at the National Living Wage end up in deficit.[7] A nursery place for children under two costs between 45% and 60% of women's average salaries in England, and between a fifth and a quarter for three- and four-year-olds with the free hours entitlement.[8]

The combination of lack of availability and high early education and childcare costs can block parents' access to employment, with more than half (52%) of non-working mothers in England preferring to be in paid work if they could arrange the right childcare.[9]

94% of parents who changed their working patterns after having children say childcare costs were a factor in that decision, and 73% said they had had difficulty finding appropriate childcare that met

[1] The OECD has identified a range of social benefits that can be derived from 'high quality early childhood education and care', including better health, reduced likelihood of individuals engaging in risky behaviour and strong 'civic and social engagement', with positive 'spill-over effects' for society as a whole. Full report: OECD (2011) Investing in High-quality Childhood Education and Care (ECEC) (https://bit.ly/2ZmGmnb)

[2] Family and Childcare Trust (2022) Childcare Survey 2022 (https://bit.ly/3IAbkPY)

[3] Gaunt, C. (2022) 'Fall of more than 4,000 childcare providers in a year,' Nursery World (https://bit.ly/414Abml)

[4] NESTA (2022) Cost of living crisis pushing worried parents to the edge with 2 in 3 concerned about paying for essentials (https://bit.ly/3EmzvPm)

5 Mumsnet (2021) Mega survey of UK parents shows that childcare is failing families (https://bit.ly/3ICYEYz)

[6] TUC (2017) Press release: Cost of childcare has risen four times faster than wages since 2008, says TUC (http://bit.ly/2ioIyrS)

[7] Child Poverty Action Group (2019) The cost of a child in 2019 (http://bit.ly/2WrdCal)

[8] WBG (Jul 2020) Crisis of care for women in England as lock down lifts (https://bit.ly/3jDWJ7p)

[9] Department for Education (2018) Childcare and Early Years Survey of Parents in England, 2018 (http://bit.ly/331ebKm) p. 15

their needs (including 80% of single parents and 80% of those with a BAME background).[10]

New work by the Centre for Progressive Policy shows how this impacts families and the wider economy. They estimate that up to 1.7 million women are prevented from taking on more hours of work due to childcare issues, resulting in up to £28.2 bn economic output lost every year.[11]

Unequal access for children

Lack of access to high quality early education and childcare can leave children behind before they have even started school and require expensive interventions in the future. Around two-fifths of the total attainment gap between sixteen-year-olds from the most deprived fifth of families and the least deprived fifth of families is already present at age five.[12] Children from poorer backgrounds are a third less likely to take up free places in pre-school education.[13]

The gap between advantaged and disadvantaged children achieving a '*good level of development*' as measured by the *Early Years Foundation Stage Profile (EYFSP)* at the age of five stood at 17.8 percentage points in 2019.[14] Covid is expected to have extended these gaps. Recent research by the Sutton Trust found that over half (54%) of primary school leaders surveyed said fewer pupils were 'school ready' when they started reception in 2021 than they would usually expect.[15] At schools with the most deprived intakes this was 67%.

Low-paid workforce and high turnover

Staff in the early years sector are low paid. A recent Department for Education report found that nearly a quarter of early years staff, aged 25 and over, in group-based providers are earning at or below the National Living Wage.[16] Childminders often earn even less, with research for DfE finding that 70% of childminders have earnings at or below the national living wage.[17] As a consequence, the sector was losing qualified staff to retail with improving pay and fewer responsibilities, and has a higher-than-average staff turnover rate.[18]

High turnover and low levels of qualification can impact the quality of early education and childcare provided. The number of nursery workers qualified to Level 3 has plummeted to low levels in recent years, from 83% of the workforce to 52% currently.[19]

Underlying these issues is the core problem of how the EEC sector is structured, owned and funded.

The marketisation of the sector

The UK spends less than 0.1% of GDP on early education and childcare, the second lowest investment in the OECD.[20] England is exceptional within Europe in the extent that it has deliberately shaped the EEC market to promote the provision of services by for-profit companies. 84% of early education and childcare is delivered by for-profit providers, as opposed to 3% in Germany or 4% in France.[21] The nursery sector in England is highly fragmented but international supergroups are now emerging and getting larger as consolidation continues.[22]

A key structural trend is the steady, continuing corporatisation of the market over time, as many providers have sought to expand their nursery brands locally, regionally and in some cases internationally. Major changes have occurred in recent years. Consolidation within the private market has been rapid. The two largest companies – Busy Bees and Bright Horizons – now have 8% of the market share and provide over 60,500 places.[23] The early education and childcare market in England was valued at £5.5 billion in 2017/18. Private sector (for-profit) nurseries generated an estimated income of £4.7 billion (85%). This is split

[10] Mumsnet (2021) Mega survey of UK parents shows that childcare is failing families (https://bit.ly/3vvAE1t)

[11] Centre for Progressive Policy (2021) Women in the Labour Market (https://bit.ly/3MbY8QW)

[12] Hutchinson, J. and Dunford, J. (2016) Divergent pathways: the disadvantage gap, accountability and the pupil premium. Education policy institute

[13] Lloyd, E. (2018) Submission of Written Evidence to the Treasury Committee's Childcare Enquiry (https://bit.ly/3XIICRd)

[14] Nuffield (2021) The Changing Face of Early Childhood 2021: Changing patterns of poverty (https://bit.ly/3Chl78Z)

[15] Sutton Trust (2021) A Fair Start? (https://bit.ly/3YLMgen)

[16] Department for Education (2022) The early years workforce: recruitment, retention, and business planning (https://bit.ly/417T5bV)

[17] Frontier Economics (2019) Providers' finances: Evidence from the Survey of Childcare and Early Years Providers 2018 (https://bit.ly/3gCCWn9)

[18] Government Business (Jun 2020) Staff turnover for early years sector concerning (https://bit.ly/35ZgEb3)

[19] Ibid.

[20] CPP (2021) Women in the Labour Market (https://bit.ly/3MbY8QW)

[21] Barrett-Evans, Dominic and Birlean, Diana (2018) *Childcare UK Market Report; Fifteenth Edition*, London: Laing and Buisson

[22] Ibid.

[23] Penn, H. (2018) Quality of employment of childcare staff (unpublished)

between £3.3 billion generated by incorporated companies and £1.4 billion generated by sole traders/partnerships.[24]

The rapid privatisation of childcare in England has taken place without any meaningful discussion of the potential risks.[25] However, numerous studies of early years provision around the world have concluded that non-profit settings offer better quality care.[26] Early education and childcare is a labour-intensive industry and therefore cost-cutting measures invariably centre on staffing costs, either employing fewer or cheaper staff. This, in turn, runs the risk of increasing turnover and lowering the quality of the education and care provided.

In 2016, the OECD highlighted that a market-based approach to EEC leaves public authorities with less control over fees and less control over when and where services are provided. It identified that market dynamics can result in for-profit providers drifting away from less profitable areas, so that very young children in poorer neighbourhoods are sometimes left without any provision at all.[27]

This is certainly the case in England, where childcare is of high cost but relatively poor quality, as noted by the OECD. High-quality early education and childcare is often only available to wealthier families because access to high quality provision is constrained by income and location. The regulatory framework focuses on how childcare is provided but not on its quality; it does not have a responsibility to ensure equality of access for children and parents or ensure fair terms and conditions for EEC workers. As a result, the EEC system is characterised by inequalities of access, poor quality, financial instability and poor working conditions.[28] In September 2021, during the Westminster Hall debate on the call for an independent review into the cost and affordability of childcare in England, Steve Brine MP (Conservative Chair of APPG on Childcare and Early Education) spoke of 'market failure in this sector' and 'urgent need for reform'.

Unregistered childcare

Nannies, a largely unregulated workforce that forms an integral part of the broader early education and childcare sector, work in other people's homes and often also board with their employers. Many work 12+ hour days and provide flexible care not covered by nurseries and childminders, such as evenings and weekends.[29] Home childcarers, including au pairs and nannies, care for children wholly or mainly in the family home. Many work cash-in-hand. As a result, they don't show up in official data, meaning estimates of the size of this "grey economy" vary substantially: Ofsted estimated that there were 10,200 home childcare providers in March 2020,[30] the Children's Workforce Development Council estimated 36,000 in 2005,[31] while a 2006 study by the now-defunct Sharing Care put the number at over 110,000.[32] Because such work is relatively unregulated – home childcarers are not required to register with Ofsted, undergo background checks or have liability insurance – it has historically attracted undocumented migrant workers. The workers are particularly vulnerable to poor conditions, facing losing their home or deportation if they report their employer.[33]

What childcare support is available?

Childcare support for parents is a mix of in-kind support and cash transfers.

Universal Credit

Families claiming UC where one or both parents are in paid work can claim up to 85% of the childcare costs for their first two children, up to a cap. This is paid in arrears through the single UC monthly payment, which means parents have to pay for childcare upfront and run the risk of going into debt to pay for early education and childcare. Moreover,

[24] Barrett-Evans, D and Birlean, D (2018) *Childcare UK Market Report; Fifteenth Edition*, London: Laing and Buisson
[25] NEF (2020) Quality Childcare for All (https://bit.ly/2TPDY5t)
[26] See for example: Cleveland, G., & Krashinsky, M. (2009) The non-profit advantage: producing quality in thick and thin childcare markets, *Journal of Policy Analysis and Management,* 28(3), 440-462
[27] OECD (2016) Who Uses Childcare? Background brief on inequalities in the use of formal early childhood education and care (ECEC) among very young children (https://bit.ly/2TSzJpP)
[28] NEF (2020) Quality Childcare for All (https://bit.ly/2TPDY5t)
[29] Solidarity and Care (2020) Nanny Solidarity Now (https://bit.ly/3jHPtYD)
[30] Ofsted (Sep 2020) Main Findings: Childcare Providers and Inspections as at 31 March 2020 (https://bit.ly/3rJDTiD)
[31] Nursery World (Nov 2009) Analysis: A Closer Look at Nanny Workforce (https://bit.ly/3tRnGJV)
[32] BBC News (Apr 2006) Higher salaries fuel 'nanny boom' (https://bbc.in/3pe8kfg)
[33] Hall, M. and Deutsch, V. (Oct 2020) Why scrapping hostile environment policies would benefit kids, parents, and childcare workers (https://bit.ly/3rXYIan)

the cap hasn't been updated since 2005/6. Recent Government data shows relatively low take up of this support: in households where the youngest child is aged 2 only 37% of earning single-parent households receive the childcare element, and for dual-earning couples this was only 32%.[34]

Furthermore, Universal Credit may undermine low-income parents' ability to work. UC is tapered as earnings rise, which means reduced gains to employment or increased number of hours worked, since families will be faced with higher childcare costs not covered by UC. The disincentives are particularly strong for 'second earners' – mostly women – who also face employment disincentives due to a single work allowance for the couple before tapering of UC starts.[35]

Tax-free childcare
Cash transfers that act as a discount on the cost of childcare are available through the 'tax-free childcare' scheme. This entitles some families (both adults need to be in employment) to 20p of support for every 80p they spend on childcare. Despite the name, this is independent of the tax system and all parents who are not eligible for childcare support under Universal Credit can use it. Parents pay into an online childcare account, which is then topped by the government with 20p for every 80p deposited. This scheme replaces the similar but much less widely available employer-based childcare vouchers. In 2020 the Treasury released figures that showed in 2017-20 the Government forecast expenditure for tax free childcare was £2.1bn for the three years, but actual expenditure was £385m, leaving £1.715 bn in underspend.[36]

Free-hours entitlement
Parents can access in-kind support through the 'free entitlement' to early education. This is available for three- and four-year-olds and the most disadvantaged two-year-olds. All eligible families can access 15 hours per week for 38 weeks per year. Working families in which all adults are in employment are entitled to a further 15 hours per week since 2017.

While the extension of the free entitlement is a welcome move, and early evidence suggests a positive impact in working hours for parents,[37] there are significant concerns about equity. The stricter eligibility requirements for the additional 15 hours exclude around half of the poorest families that access the free 15 hours.[38] The regressive nature of this policy – with the poorest families excluded from additional hours is likely to widen the achievement gap.[39] Providing the free hours for only 38 weeks a year creates confusion and challenges for families, who are unlikely to have sufficient holiday available to only work 38 weeks of the year.

Subsidised nurseries
Another important form of in-kind support is directly provided services via local authorities, such as Sure Start Children's Centres and free or subsidised nursery schools. However, many centres have been closed in the last decade as funding has fallen sharply.[40]

Underfunding of childcare provision

There are issues with the low rate at which the free-hours entitlement policy is being funded.[41] Under-funding is likely to undermine the sector's ability to provide care, and may also compromise the quality of care,[42] a concern echoed by the House of Commons Treasury Committee.[43]

Broader cuts to local government funding are also heavily impacting childcare provision (see below).

Early Years Funding Formula
The Early Years National Funding Formula (EYNFF) is the mechanism through which central government

[34] DWP (2022) Universal credit claimants eligible for and receiving the childcare element between March 2021 and February 2022 (https://bit.ly/3SilWq2)
[35] WBG (2018) Submission to the 'Childcare as Barrier to Work Enquiry' of the Work and Pensions Select Committee (https://bit.ly/2PTpldK)
[36] Nursery World (2020) Government reveals £1.7bn underspend on tax-free childcare (https://bit.ly/35l7b1l)
[37] Department for Education (2018) Research Report: Evaluation of the First Year of the National Rollout of 30 hours Free Childcare (http://bit.ly/36egJa5)
[38] The Guardian (12 Feb 2017) Parents on zero-hour contracts 'could miss out on free childcare' (http://bit.ly/2lbdPhc)
[39] Education Policy Institute (2016) Widening the Gap? The impact of the 30-hour entitlement on early years education and childcare (http://bit.ly/2bkfttz)
[40] The Sutton Trust (2018) Stop Start: Survival, decline or closure? Children's centres in England, 2018 (http://bit.ly/34dMFK0)
[41] IPPR (2015) Extending the Early Years Entitlement: Costings, concerns and alternatives (http://bit.ly/1KTD10I)
[42] House of Commons Committee of Public Accounts (2016) Entitlement to Free Early Years Education and Childcare, Fourth Report of Session 2016–17 (http://bit.ly/2mC0KLN)
[43] House of Commons Treasury Committee (2018) Childcare: Ninth Report of Session 2017–19 (http://bit.ly/2oto98o)

allocates money to local authorities to pay providers for the 15- and 30-hours free entitlement for three- and four-year-olds. Most funds (90%) are distributed using a base rate rather than more responsive supplements, like statutory quality supplements to cover support of children with additional needs. This has a negative impact on local authorities' ability to drive up the quality of local childcare and results in underfunding for the free hours entitlements.[44]

The Autumn Budget in 2021 committed £170m by 2024/25 to bolster the Government's free hours entitlement. In addition, it has been reported since the Budget that the £170m will be matched by similar annual investments in 2022/23 and 2023/24.[45]
While this new funding is badly needed, it does not make up for the current shortfall. Department for Education (DfE) files released in response to freedom of information requests submitted by the Early Years Alliance (EYA) show that DfE officials estimated 'a Government-funded early years place for three- and four-year-olds would cost an average of £7.49 per hour by 2020/21'.[46] They also show that ministers understood that funding less than the full cost of care 'would result in higher prices for parents of younger children as providers would be forced to cross-subsidise those on the 30-hours scheme'. Ceeda research for the EYA found that in 2020/21 the average rate paid to local authorities for 'funded hours' was £4.89.[47] This represents a shortfall of £2.60 per child, per hour for every 30-hours place or £2,964 over the course of a year. This is a significant shortfall for providers to have to 'cross-subsidise' from parent fees.

Based on the Government's own figures, WBG have estimated that there is a shortfall of £1.7bn in the free hours funding in 2023/24.[48]

Cuts to local government funding

Broader funding trends are heavily impacting childcare. Local authorities have had large reductions in funding for early years. Spending fell by a third (33%) on children's centres, from £835 million in 2014/15 to £560 million in 2017/18.[49] The impact on Sure Start centres (and other and LA-provided services) has been, and will continue to be, severe across England. Over 1,000 children's centres closed between 2009 and 2017.[50]

The 2021 Autumn Budget made some additional investments in early years, including:

- £82m in a network of 75 family hubs
- £50m for parenting programmes
- £100m for communicating 'start for life' advice during pregnancy and early parenthood
- £50m for specialist breastfeeding support
- £100m for mental health support for new and expectant parents
- £200m to support the expansion of the supporting family's programme.

While these investments are welcome, they do not match the scale of the cuts imposed after 2010 and are also being undermined by rising costs. The IFS has estimated that rising costs due to higher-than-expected inflation mean that total funding for the free entitlement in real terms will be 8% lower in 2024/25 than in 2022/2023.[51] Moreover, in general, the more deprived the local authority the greater the financial retrenchment, leaving those with the highest levels of need the most limited resources.[52]

The 2022 September 'mini Budget' indicated that 'reforms' to the childcare sector to increase affordability and access would be brought forward. There was no further detail provided, leaving providers to fear that the measures might include changes to adult:child ratios and other deregulatory measures that would threaten quality.[53]

[44] Noden, P. and West, A. (2016) The Early Years Single Funding Formula: National policy and local implementation (http://bit.ly/2mWoddv)
[45] Nursery World (27 Oct 2021) Autumn Budget 2021: Early years sector gives cautious welcome to funding increase (https://bit.ly/3EDmizr)
[46] Early Years Alliance (2021) New data shows ministers early years was underfunded (https://bit.ly/3EqGqHd)
[47] Ibid.
[48] WBG own calculations based on Government figures released in a 2021 FOI to the Early Years Alliance and available at https://bit.ly/3EqGqHd
[49] Action for Children (2019) Closed Doors: Children's centre usage between 2014/15 and 2017/18 (https://bit.ly/3ikjhZz)
[50] The Sutton Trust (2018) Stop Start: Survival, decline or closure? Children's centres in England, 2018 (http://bit.ly/34dMFK0)
[51] IFS (2022) Funding for the early years likely to fall by 8% up to 2024 as a result of faster-than-expected cost rises (https://bit.ly/3YMiTsw)
[52] Ceeda (2019) Independent Research About and For the Early Years Sector: Annual Report 2019 (https://bit.ly/3gD9eOF)
[53] Nursery World (2022) Mini-Budget: reaction to the chancellor's plans (https://bit.ly/3IDaCBl)

What the Government should do

There is a need for immediate interventions to stabilise the early education and childcare providers that remain. However, whilst short-term interventions are required to 'rescue' the system it is essential that a longer-term vision is developed, with a timeframe for interventions that will drive the wider reforms that are needed. Policymakers must appreciate the importance of how interventions are made: ensuring provision recognises the benefits of more direct control by workers and parents, supporting higher wages and skills for early education and childcare professionals and guaranteeing more accessible and consistent provision. To create a stable and sustainable universal service that can support all families, longer-term reforms must ensure that public funding generates the best possible return on investment and tackles the issues of equal access, high quality of care and a highly-skilled and well-rewarded staff.

In the short-term, urgent action is required. There are issues with the low rate at which the free-hours entitlement policy is being funded. Under-funding is likely to undermine the sector's ability to provide care, and may also compromise the quality of care, a concern echoed by the House of Commons Treasury Committee.[54]

Funding for the 'free hours' hourly rate should reflect the true cost of care provision. WBG have estimated an additional £1.7bn will be needed in 2023/24 to ensure free hours funding covers the full cost of provision. Whilst this is needed to rescue the system there is also scope to use this intervention to move towards the wider reforms needed. For example, this public investment should include conditions for providers, such as ensuring all staff are paid at least the Real Living Wage; that a percentage of places are available for children that benefit the most, including for children with SEND and 2-year-olds that qualify for the free hours.

In addition, the UC childcare element should be reviewed, both in design and amount. The support for childcare costs should be paid upfront to avoid families being forced into debt or unable to take it up. The cap on childcare costs should be updated to reflect current costs, which has not happened since 2005/06.

In the medium term, we must move to a supply-side funding model, a better rewarded workforce and increased targeted support for the most disadvantaged children, who benefit the most from high-quality early education and childcare. This will need to take place over a series of interventions, in order to enable the currently fragile sector to adapt over time towards a focus on prioritising quality and outcomes over profit. Changes would need to include developing national standards capable of ensuring quality, accountability and sustainability, and to coordinate provision on the basis of a new funding model and regulatory framework. Local Government will need to play a greater role in matching local provision to local need, taking on responsibility for where providers set up, who places are available for.

In the longer-term, the Government must invest in a universal and free system, delivered as a public infrastructure service on equal footing with school education. Modelling by the Women's Budget Group of the employment and fiscal impacts of such a system shows that while the upfront investment is significant, almost all of it is recouped through higher tax revenue due to the returns on increased maternal employment and reduced spending on means-tested benefits.

The case for universal free childcare

99% of all parents agree that childcare should be recognised as a vital part of our economic and social infrastructure, and invested in accordingly.[55]

High-quality childcare supports children's cognitive and social development. It is particularly effective in improving the life chances of the most disadvantaged children.[56] It is therefore crucial that children – particularly those from disadvantaged families – are able to access high-quality childcare. Yet at present access to high-quality education and

[54] House of Commons Treasury Committee (2018) Childcare: Ninth Report of Session 2017–19 (http://bit.ly/2oto98o)

[55] Mumsnet (2021) Mega survey of UK parents shows that childcare is failing families (https://bit.ly/3vvAE1t)

[56] IFS (2014) The Economic Effects of Pre-school Education and Quality (http://bit.ly/2ngboeF)

care is severely constrained by income, with the result that those children who would benefit the most from such care not being able to access it. Moreover, recent policy changes exacerbate these inequalities.

The positive impact of childcare means that government investment in high-quality early education and care makes good fiscal sense. The expected return on investing in interventions in the early years is estimated at 6-10% per year.[57] Ensuring access to affordable and flexible childcare would enable parents, especially mothers, to increase their earnings by between £7.6bn and £10.9 bn every year, generating up to £28.2 bn in additional economic output per year.

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WBG is an independent, voluntary organisation made up of individuals from Academia, NGOs and trade unions. See www.wbg.org.uk

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[57] See various studies by J. Heckman and team (http://bit.ly/2qgyiEk)