



Llywodraeth Cymru
Welsh Government

Equality and Social Justice Committee report - Their Future: Our Priority? Follow up inquiry into childcare provision in Wales

Welsh Government Response

August 2024

Recommendation 1 - To address long-standing concerns that its early childhood education and care support programmes are overly complicated and disjointed, resulting in less than optimal take-up, the Welsh Government should:

R1(a)- Take decisive action to increase take-up for its early childhood education and care support programmes, and review the effectiveness of its current ways of promoting the support available to families.

R1(b) - Commit to consolidating the different childcare funding streams into a single funding stream, and develop plans to achieve this by April 2025.

R1(c)- Use existing systems as the basis for creating a ‘one-stop-shop’ for childcare information and applying for childcare support.

R1(a) Take decisive action to increase take-up for its early childhood education and care support programmes, and review the effectiveness of its current ways of promoting the support available to families.

Welsh Government Response

Accept. Making families aware of the support available to them is a priority and we already work in a range of ways to achieve this. Take up rates for the core Flying Start programme are high – typically over 85%. This reflects the close multi-agency working that takes place across the programme, as well as the early engagement with families, which is a feature of the programme. Local authorities have their own local processes for engaging with Flying Start families and Flying Start health visitors provide continued support to families from birth, often acting as a gateway to the wider programme of support offered by Flying Start.

Delivery of Flying Start phase 2 expansion started in 2023/24. It is too early to give definitive take up rates, however, we know that many local authorities are developing effective and innovative approaches to identifying and communicating with eligible families. These include developing data sharing agreements with Local Health Boards, using local communication campaigns to let families know about the new provision and developing online application portals that families can use to apply for the new childcare provision.

The Welsh Government has also issued statutory guidance to local authorities (**Childcare Statutory Guidance**, revised August 2016) setting out how information to parents and prospective parents about childcare should be provided. Each local authority in Wales has a Family Information Service (FIS) which provides advice, information and signposting on a range of services available for parents and families within their local area. They are experienced in guiding parents to services which can help their family circumstances on a range of issues, including childcare, costs of childcare, training, family programmes, health, financial matters and recreation. Family Information Services can also be accessed via **Teulu Cymru** which launched in April 2024. Teulu Cymru enables parents and families to access support and advice on key Government policies, all in one place. Early performance is now being reviewed to support the growth and development of the Teulu Cymru brand, as well as relevant, evidence-based expansion of content. More information on Teulu Cymru is provided in our response to recommendation 1c.

The Welsh Government also provides funding and works collaboratively with Cwlwm childcare consortium. One of the Welsh Government set objectives for Cwlwm is to undertake activities to ensure more settings become sustainable from a financial

perspective. This includes ensuring the 'Choosing Childcare Booklet' is updated and promoted annually to promote childcare.

Our digital childcare offer administration system was implemented in January 2023 and from this point take up of the childcare offer will be monitored through this system. In addition to the Welsh Government funded childcare available within the Childcare Offer for eligible working parents of three- and four-year-olds in Wales nursery education forms part of the offer. Nursery education is available for all children aged three and four, usually in the term following their third birthday depending on when their birthday falls. As with the FIS, local authorities provide information on the admissions process.

Financial Implication - None

R1(b) Commit to consolidating the different childcare funding streams into a single funding stream, and develop plans to achieve this by April 2025.

Welsh Government Response

Accept in principle. As set out in our Early Childhood Play, Learning and Care Plan we will continue to enhance our partnership, integration, coherence and consistency to our approach across all childcare, playwork and nursery education providers and schools for all children aged 0-5 years.

We recognise the ideal of having a single funding stream for funded childcare and nursery education within the Childcare Offer and Flying Start. Funding for nursery education is mainly provided via the Revenue Support Grant as part of the Local Government Settlement. This funding is not ring-fenced and is for local authorities to determine how they plan for and deliver nursery education to meet the needs of their learners. Additional funding is also provided through the Local Authority Education Grant to support delivery of nursery education/childcare at a consistent rate in settings and more widely across early education.

In addition, our funded childcare via Flying Start and the childcare offer are currently commissioned and funded on different terms and conditions.

The complexities of the different funding streams and eligibilities do not lend themselves to consolidation without considerable additional cost and workload pressures which the Welsh Government recognises is not feasible for the sector at this time. However, we will continue to keep the position under review and if it is feasible within existing resources to streamline any of the different funding streams we will look to do so.

Financial Implications - None

R1(c) Use existing systems as the basis for creating a ‘one-stop-shop’ for childcare information and applying for childcare support.

Welsh Government Response

Accept in Principle. We recognise the importance of providing clear and easily accessible information about childcare for parents and families.

The new Welsh Government’s families and parenting campaign, Teulu Cymru or “Family of Wales,” is here for parents, carers and families of children aged 0-18, pointing them in the right direction for different Welsh Government sources of practical and financial support. From parenting tips and expert development advice, to help with childcare costs.

Teulu Cymru is predominantly a strong social media presence with a landing page on the main Welsh Government website. The project is co-produced with both internal and external partners and, very importantly, content is based on insight from parents regarding what information they want from the Welsh Government.

In addition, we work closely with key stakeholders, including Cwlwm and Public Health Wales, to ensure that information on childcare provision for parents is included in a variety of support materials for families.

As mentioned in response to recommendation 1(a), each local authority in Wales has a Family Information Service. They provide families with advice, information and signposting on a range of services available within their local area.

The Flying Start programme and Childcare Offer for Wales have different policy objectives, approaches and eligibility criteria. Given the different focus and criteria for the programmes, there are no plans currently to create an integrated application service. Creating such a service would be a significant undertaking and would have major financial implications which have not been accounted for within current budgets. However, we will continue to keep the position under review and if it is feasible within available budget to develop an integrated application service we will look to do so.

Financial Implications - None

Recommendation 2

Within the next six months, the Welsh Government should publish a delivery plan for its Early Childhood Play, Learning and Care Plan in Wales to ensure that it takes the actions necessary to meet the ambitions of the ECPLC plan. This should set out clear and timebound actions that focus on providing a child-centred, simpler and more integrated early childhood play, learning and care system, in addition to the existing areas covered within the plan relating to workforce, quality and access.

Welsh Government Response

Accept in Principle. At the heart of our approach to Early Childhood Play, Learning and Care (ECPLC) is the child and meeting their development needs. It supports our wider early years policies and ambitions in Wales. Currently the ECPLC Plan sets out what we have already delivered and what we will be delivering to the end of this Senedd term (May 2026).

The ECPLC Plan is a living document. As part of our approach to ensure the plan remains flexible, adapting as our policies develop, we have identified a process to ensure we review progress against the actions set out in the plan. Work will begin in the Autumn, approximately six months after publication to identify what progress has been made against the actions set out in the ECPLC Plan. This process will also take place at nine months after publication whereby the information provided will be used to develop an infographic to be published in Spring 2025 showing the progress made against actions in the ECPLC Plan and the next steps. It will be repeated until the end of the current Senedd term, with a progress to date infographic being published yearly.

We will also be collecting data and undertaking research to monitor if the programmes are being delivered effectively and are having a positive impact in delivering a child focused Early Childhood Play, Learning and Care system in Wales.. The Welsh Government collects detailed monitoring data on the Childcare Offer for Wales and Flying Start programmes. Data collected through Care Inspectorate Wales, including data on the number and capacity of registered childcare and play services and on features of these services, is routinely **published** and is used to inform monitoring and evaluation. In addition, Social Care Wales (SCW) collect data on completion of the Children's Care, Play, Learning and Development apprenticeship qualifications. Their role involves quality assuring the evidence provided to ensure it meets the required standards for completion certificates to be awarded.

Financial Implications - this work will be accommodated within existing budgets.

Recommendation 3

To improve pay and wider working conditions in the childcare sector, and increase the number of degree-qualified practitioners, the Welsh Government should:

R3(a) - *Ensure childcare settings are given sufficient funding to pay the Real Living Wage to all staff employed in the childcare sector, starting in April 2025.*

R3(b) - *Work in social partnership to support the sector to improve wider working conditions and provide training and development opportunities, and update the Committee with clear examples of how these have improved in 12 months.*

R3(c) - *Prioritise increasing the number of degree-qualified practitioners within the childcare workforce, including new approaches to achieve this, whilst also retaining traditional vocational routes into the sector. It should also take action to simplify qualification requirements.*

R3(d) - *Progress its plans to require the registration of the childcare and play workforce, with the aim of introducing registration before the end of the Sixth Senedd.*

R3(a) *Ensure childcare settings are given sufficient funding to pay the Real Living Wage to all staff employed in the childcare sector, starting in April 2025.*

Welsh Government Response

Accept in Principle. The Welsh Government does not directly influence the pay rates in the childcare and playwork sector, as most settings are third sector or private sector organisations, with voluntary committees and business owners responsible for determining pay and conditions.

However, we have sought to support settings to be able to offer reasonable rates of pay by reducing overhead costs. This has been done through the extension of 100% business rates relief for registered childcare premises until 31 March 2025 which will provide around £3.4m of additional support for registered childcare premises each year.

The hourly rate for the Childcare Offer is currently being reviewed. A survey of childcare settings exploring their costs and expenditure is a key part of this review. Any changes made to the current rate of £5.00 per hour per child would come into effect from April 2025. Announcement of this change will be made in line with agreement of the draft Welsh Government budget for 2025.

While the intention is that any increase in the Childcare Offer hourly rate will help to support the financial viability of childcare settings, it cannot be guaranteed that it will result in an increase in wages for childcare workers. The Welsh Government is not able to prescribe this.

Financial implications – Business rates relief until 31 March 2025 is accommodated within existing budgets. There would be financial implications for any increase in the Childcare Offer hourly rate. Any change to the rate would need to be considered by Ministers as part of the draft budget arrangements for 2025/26.

R3(b) Work in social partnership to support the sector to improve wider working conditions and provide training and development opportunities, and update the Committee with clear examples of how these have improved in 12 months.

Welsh Government Response

Accept in Principle. The Welsh Government has always worked collaboratively with childcare sector stakeholders, co-producing policies and interventions, including: the Childcare Offer; Flying Start expansion; and implementing the Anti-racist Wales Action Plan (ArWAP). We work closely with the Cwllwm Partnership which is a consortium of 5 childcare and play partners and have worked to strengthen engagement and working relationships with trade unions, inviting them to contribute to a number of key policy reviews, working groups and other stakeholder discussions.

As outlined in the recently published Childcare, play and early years workforce plan: review and refresh we will be establishing a Childcare and Playwork Social Partnership Fair Work Forum which will consider key issues for the workforce, such as recruitment, retention, continuing professional development and career progression. The aim of the Forum will be to work with childcare and playwork umbrella bodies, local authorities as commissioners of childcare services and trade unions to explore steps that can be taken to develop fair work practice across the sector.

We are encouraging settings to create workplaces that support the development of positive, inclusive workplace cultures and foster well-being for the people who work for them. We provide funding to Social Care Wales who have developed a health and well-being framework which supports key fair work principles such as the importance of employee voice and dignity and respect for all.

The Training and Support programme aims to support practitioners to access learning and upskill. Funding is provided via the Children and Communities Grant to local authorities to support a range of training for childcare settings, from mandatory to effective practice training, to be determined by local authorities and based on local need.

In addition, the Welsh Government provides funding to key partners such as Social Care Wales, Cwllwm and Play Wales who provide a range of resources and CPD opportunities to support the ongoing development of the workforce.

We will provide the Committee with an update on progress, including areas of work being taken forward, in a year's time

Financial implications – this work will be accommodated within existing budgets.

R3(c) Prioritise increasing the number of degree-qualified practitioners within the childcare workforce, including new approaches to achieve this, whilst also retaining traditional vocational routes into the sector. It should also take action to simplify qualification requirements.

Welsh Government Response

Accept in Principle. The Welsh Government will work to support those with degrees to enter the sector, but in recognition of the current recruitment issues, the focus has been on promoting the current childcare qualifications at level 3 and 5 and providing flexibility to support their achievement. These have been designed to provide a recognised and consistent high-quality standard, as well as clearer pathways for those wanting to progress in their careers. The qualifications embed key early years learning principles, and champion a child centred approach, respecting and promoting equality, diversity and inclusion. Key sector stakeholders including Cwlwm and Play Wales supported Qualifications Wales and Social Care Wales in the development of the qualifications and have widely promoted them across the sector. We are also seeking to continuously improve childcare qualifications and ensure they are fit for purpose. For example, a range of new additional units have now been added to the Level 3 Children's Care, Play, Learning and Development: Practice Qualification. The new units have been developed following extensive consultation with the sector and in collaboration with Social Care Wales and Health Education and Improvement Wales.

The National Minimum Standards for Regulated Childcare were amended in 2023 to enable practitioners to be 'working towards' a qualification in order to be recognised as a qualified practitioner.

We are working with Social Care Wales (SCW) to explore the potential for top up awards to recognise prior learning for those who have relevant experience and skills, but who do not hold the childcare qualification listed on SCW's qualification framework.

Work has already taken place to enable those with degrees with early years practitioner status to be eligible for Flying Start Leader roles. However, there are a number of degree qualifications that are currently not recognised for leadership roles in Flying Start and work to develop top up awards will help to overcome this supporting more degree graduates to work as leaders in Flying Start settings and across the sector. SCW are also working with settings across Wales to encourage and support them to offer work placement opportunities to those undertaking qualifications in further and higher education.

While there are no plans to change qualification requirements to ensure a degree led workforce, the Fair Work Forum will explore how to attract those with the relevant skills to the workforce.

Financial implications – the work will be taken forward by Social Care Wales within their annually agreed funding.

R3(d) Progress its plans to require the registration of the childcare and play workforce, with the aim of introducing registration before the end of the Sixth Senedd.

Welsh Government Response

Accept in Principle. The Welsh Government will continue to work with the sector to explore options for professional registration, but we cannot commit to introducing a register before the end of the Sixth Senedd.

The sector's views on whether a professional register should go ahead within childcare and play are mixed. A consultation on professional registration in the childcare and play sector was undertaken between November 2023 and March 2024. The consultation sought the views of the sector on the principle of having a workforce register for the childcare and playwork workforce in Wales. It was clear from responses received that even where there was support for a register, the support was qualified with concerns.

Given the concerns raised by the sector, the Welsh Government will continue to work with the sector to consider the most appropriate way forward regarding professional registration for childcare and play.

Financial implications – this work will be accommodated within existing budgets

Recommendation 4

The Welsh Government should act to address the risk of its early childhood education and care support schemes exacerbating inequalities faced by children living in non working households by:

R4(a)- *Extending funded provision for all 3-4 year old in any future childcare expansion, rather than excluding children from families who do not meet the employment criteria for the Childcare Offer.*

R4(b) - *Considering whether the current eligibility criteria that parents can each earn up to £100,000 is the correct upper boundary for eligibility for the Childcare Offer.*

R4(c) - *Taking steps to ensure that local authorities are initially targeting more deprived areas when expanding Flying Start childcare, in line with Welsh Government guidance.*

R4(a) Extending funded provision for all 3-4 year old in any future childcare expansion, rather than excluding children from families who do not meet the employment criteria for the Childcare Offer.

Welsh Government Response

Reject. Within the limits of our current investment strategy the priority for future childcare expansion remains to deliver our Programme for Government commitment, offering all 2 year olds childcare through our flagship Flying Start Programme. This will look to benefit 9,500 additional two-year-olds across Wales through accessing quality Flying Start childcare between 2023-24 and 2024-25. We know from independent evaluation evidence most parents feel that Flying Start has a positive impact on their child's development as well as making a positive contribution to their own skills and knowledge as a parent.

In addition from September 2022, the Welsh Government expanded the Childcare Offer for Wales to include parents in education and training, supporting the commitment made in our Programme for Government. In the first year, this expansion saw 675 additional families supported through the Offer.

Supporting parents in education and training with childcare costs means that a greater number of families, and particularly women, will be able to benefit from improved employment prospects and reflects the value we place on supporting those who are seeking to improve their employment prospects by gaining qualifications, retraining or changing career paths.

Financial Implications – None

R4(b) Considering whether the current eligibility criteria that parents can each earn up to £100,000 is the correct upper boundary for eligibility for the Childcare Offer.

Welsh Government Response

Reject. There are currently no plans to review the earnings threshold as this would have minimal impact on the overall budget available for the childcare offer. However, as more data and information become available we will keep the position under review. It is worth noting that the information currently available suggests the numbers accessing the childcare offer towards the upper end of this threshold would be relatively low.

As further background, modelling of the costs of delivering the Childcare Offer for Wales is undertaken in advance of each financial year to inform budget discussions. This approach uses an estimation of the eligible population, informed by analysis of the ONS Annual Population Survey. Evaluation of Year Five (September 2021 to August 2022) of the Childcare Offer Research published in 2023 ^[11] suggested that of those parents accessing the Childcare Offer in Wales, only 6% earn above a threshold of £52,000 per annum and that at least 54% of parents accessing the Offer earned below the national average annual salary level for full-time workers. 26% of parents earned less than £15,600.

Financial Implications - None

R4(c) Taking steps to ensure that local authorities are initially targeting more deprived areas when expanding Flying Start childcare, in line with Welsh Government guidance.

Welsh Government Response

Accept. The whole Flying Start programme has a focus on supporting the most deprived areas in Wales.

Our Programme for Government commits us to deliver a phased expansion of early years provision to include all two-year-olds, with a particular emphasis on strengthening Welsh-medium provision.

Local authorities have historically been encouraged to use income benefit data provided by HMRC and DWP to plan their approach to prioritising the rollout of Flying Start services across Wales, though there has been some flexibility for them to deviate from this using local intelligence.

The approach to targeting expansion services in Phase 2 builds on this approach and Welsh Government expansion guidance requires local authorities to prioritise delivery of Phase 2 expansion services in the most disadvantaged areas of their local authority. Many local authorities have based local expansion plans on this data which provides a ranked order of deprivation at lower super output area level. In many cases, local authorities have planned to deliver expansion services in those areas highest up the ranked order of deprivation but not currently covered by Flying Start provision, where this is practicable.

This prescription, set out in Welsh Government guidance, aims to ensure that the support delivered to children and families via the expansion of Flying Start is offered to those most in need in the first instance.

Local authorities submit their plans for expansion which are scrutinised by the Welsh Government officials to ensure that their plans follow the approach set out in the guidance. Focusing resources on our most disadvantaged communities, in the first instance, ensures that support reaches families in greatest need at the earliest opportunity.

By the end of 2024-25, we would expect to reach around 60% of all 2-year-olds across Wales with either full Flying Start (via the core Flying Start programme and Phase 1) or 12.5 hours a week of Flying Start childcare (via Phase 2).

Financial Implications – None

Recommendation 5 - We recommend the Welsh Government, as a matter of urgent priority, takes steps to ensure sufficient childcare spaces and funding are available to all children with additional or complex needs by:

R5(a)- Working with local authorities and the sector to identify realistic timescales for guaranteeing children with additional needs will be able to access childcare provision, and committing to funding to implement that guarantee.

R5(b) - Setting out the steps it will take to raise awareness of funding streams to support children with additional needs, and to reduce the complexity of accessing these funds.

R5(c) - Accepting and implementing the recommendations relating to childcare in the Children, Young People and Education Committee's report 'Do disabled children and young people have equal access to education and childcare?'.

R5(a) Working with local authorities and the sector to identify realistic timescales for guaranteeing children with additional needs will be able to access childcare provision, and committing to funding to implement that guarantee.

Welsh Government Response

Accept in Principle. Local authorities have a statutory duty to ensure as far as is reasonably practicable that there is sufficient childcare available to help parents to work or train. Childcare Sufficiency Assessments (CSAs) are how they assess the supply and demand for childcare in their area. As part of the CSA process, local authorities must consider the needs of parents with children with additional or complex needs. However, given that childcare provision is largely operated by private individuals or businesses, local authorities are limited in the mechanisms by which they can guarantee that children with additional or complex needs will be able to access childcare provision.

The CSAs are carried out every 5 years with the most recent being carried out in 2022. As part of the assessment local authorities are required to identify the barriers in accessing childcare provision faced by families with children who have additional needs. Local authorities must also produce an action plan outlining the steps which need to be undertaken to improve opportunities for children to access childcare provision in their area. To help support local authorities in providing sufficient childcare the Welsh Government provides funding through the childcare and play element of the Children and Communities Grant. Local authorities use the grant to address gaps identified in their childcare sufficiency assessments to provide sufficient, sustainable and flexible childcare that is responsive to parents' needs. They may also use the grant to address gaps identified in their play sufficiency assessments where this relates to staffed play provision.

To ensure that the childcare element of the Offer for 3 and 4 year olds is inclusive to eligible children who need additional support, help has been made available by means of a separate funding stream - the Childcare Offer for Wales Additional Support Grant (ASG). The Offer has been designed in such a way to take account of barriers that eligible parents may face in accessing the childcare element in particular, including those who have children with additional support needs. This may include, for example, children with Additional Learning Needs (ALN), learning disabilities or other disabilities or health needs which require additional support.

Local authorities can draw on this funding to help ensure that eligible children with additional needs are able to access the childcare element of the Offer in the same way as other eligible children.

To strengthen and support the childcare infrastructure key objectives of the Childcare and Early Years Capital Programme is to maintain and improve the existing and new childcare settings. Childcare providers registered with Care Inspectorate Wales can apply to their local authority for small grants funding (up to £20k) which can be used to purchase ALN/Sensory equipment to help overcome the barriers in offering accessible provision. When a local authority makes an application for major capital funding, one of the key elements considered as part of the business case scrutiny is whether considerations have been made for the accessibility of the building/ provision for children with additional learning needs.

Welsh Government officials have also met with the Early Years ALNO network lead and Flying Start teams. They have highlighted challenges associated with how non maintained settings access additional resources to support emerging needs and those needs identified within Individual Development Plans. We are currently consulting with ALN colleagues to determine next steps.

Financial Implications – this work will be accommodated within existing budgets.

R5(b) Setting out the steps it will take to raise awareness of funding streams to support children with additional needs, and to reduce the complexity of accessing these funds.

Welsh Government Response

Accept. The Welsh Government has already issued statutory guidance to local authorities setting out how information to parents and prospective parents should be provided through their Family Information Service.

Each local authority in Wales has a Family Information Service which provides parents and families with advice, information and signposting on a range of services available within their local area including information in respect to childcare and costs of childcare. The 'Choosing Childcare' booklet details how parents can find suitable childcare.

Our Childcare Offer has been designed to take account of barriers that eligible parents may face in accessing the childcare element, in particular, those who have children with additional support needs including learning, physical and sensory disabilities. To ensure the childcare element of the Offer is inclusive to eligible children who need additional support, help has been made available by means of a separate funding stream called the Childcare Offer for Wales Additional Support Grant (ASG), which Local authorities can draw on.

The availability of the ASG is highlighted to parents of children receiving the Childcare Offer within the digital platform families use to apply for the Childcare Offer. They are asked to contact their local authority if they feel their child would benefit from the Additional Support Grant.

As part of the ongoing development of the Childcare Offer digital platform, we are currently developing a solution where the parent can make themselves known to their local authority. Following this notification, the local authority will contact the parent and discuss their requirement and how they can access this support. We expect this functionality to be released in Autumn this year.

We have a number of programmes that are different and that complement each other to support children and their families including the Childcare Offer for Wales and our Flying Start programme. It is evident from Local Authority Flying Start reporting mechanisms that there is good alignment and collaborative working between the Flying Start Childcare Advisory Teams who support settings and the Local Authority Early Years Additional Needs Lead Officers (EYALNLO) across Wales. There are also good transitional arrangements to support children with ALN into Flying Start childcare and from Flying Start childcare when they become eligible for early years education at three years old.

The Flying Start childcare expansion has increased the numbers of two-year-olds who can access funded quality childcare, which has created opportunities for children to be supported with ALN before they start early years education at three years old.

Financial Implications - Any decisions regarding future funding will need to be considered by Welsh Ministers and assigned through the normal budget process.

R5(c) Accepting and implementing the recommendations relating to childcare in the Children, Young People and Education Committee's report 'Do disabled children and young people have equal access to education and childcare?'

Welsh Government Response

Accept In Principle. We have considered and responded separately to the recommendations relating to childcare in the Children, Young People and Education Committee's report 'Do disabled children and young people have equal access to education and childcare?'

Financial Implications - Any decisions regarding future funding will need to be considered by Welsh Ministers and assigned through the normal budget process.

Recommendation 6

The Welsh Government should take steps to increase the number of Welsh-medium childcare practitioners, and opportunities for practitioners to qualify through Welsh-medium provision. It should do this by providing sufficient funding to enable 300 new staff to qualify each year, and working with further education and apprenticeship providers to increase Welsh language provision.

Welsh Government Response

Accept in Principle. Our commitment to increasing Welsh-medium childcare and playwork provision remains strong. The Welsh Government have committed to provide £3.78m over three years 2022-2025 to support activities to expand Welsh-medium childcare and early years provision. This includes funding to Mudiad Meithrin to support 150 learners to achieve their Level 3 and Level 5 Childrens Care, Play, Learning and Development qualifications through the medium of Welsh via the Cam wrth Gam Programme. As well as additional funding to support *Croesi'r Bont*, which offers language support for new settings established under the *Sefydlu a Symud* programme and English medium settings looking to introduce or improve Welsh language provision, we have worked with the National Centre for Learning Welsh on their *Camau* courses, which are bespoke Welsh language courses for early years practitioners. We also fund a co-ordinator to support these courses and the learners undertaking them to build their Welsh language skills and confidence and make the best use of their Welsh in childcare settings.

The Welsh Government funding supports a range of setting types through the funding of development officers who work with settings to increase their use of Welsh or change their language of operations to Welsh and co-ordinate the provision of dedicated Welsh-medium training for existing staff. We have also provided funding to support childminders seeking to offer Welsh provision as well as funding to support the achievement of playwork and other childcare qualifications through the medium of Welsh.

Social Care Wales launched a new Welsh language awareness e-learning module in February 2024. The module is for workers and students in the social care and early years and childcare sector who wish to learn more about Welsh language, culture and working bilingually.

Integral to our approach to growing Welsh Medium provision is our Childcare and Early Years Capital Programme, a three-year funded Programme available until March 2025. The Programme has two distinct funding streams, small grants funding and major capital funding, and is available to all CIW registered childcare and play providers. The key objectives of the Programme is to strengthen and support childcare infrastructure and aims to improve and grow new and existing childcare provisions with particular emphasis on strengthening Welsh medium provisions. Welsh Government officials assess applications for major capital funding based on an eligibility criterion where a key consideration is given to where a scheme directly supports the expansion of Welsh Medium setting or is a current Welsh Medium provider.

Financial Implications – this work will be accommodated within existing budgets.

Recommendation 7

The Welsh Government should commit to funding seamless and affordable childcare provision through the Barnett consequential it will receive from increased childcare spending in England. It should set out how it intends to do this ahead of the publication of the draft budget for 2025-26.

Welsh Government Response

Reject. The Welsh Government is fully committed to providing affordable, available and accessible childcare provision and we will consider how we might do this as part of the draft budget 2025/26. However, the Welsh Government cannot fully accept this recommendation as we have no information yet on any Barnett consequential nor on the settlement from the UK Government for 2025/26.

We received £12.1m in 2023/24 and £128.4m in 2024/25 in consequential as part of the UK Spring Statement. Changes to funding in England on programmes which are devolved in Wales result in changes to our block grant via the Barnett formula. However, these changes do not determine what the block grant should be spent on. It is for Welsh Ministers with the Senedd's approval, to decide how to allocate the Welsh Government's budget which includes funding from the block grant, devolved taxes and capital borrowing. Where there is a case for using consequential funding for similar purposes, Welsh Ministers will deploy in line with its priorities.

Financial Implications - Any decisions regarding future funding will need to be considered by Welsh Ministers and assigned through the normal budget process.

Recommendation 8

To address the concerns of parents regarding the affordability of childcare, the Welsh Government should:

R8(a)- *Prioritise the roll-out of phase 3 of the Flying Start expansion for childcare for two-year-olds by allocating sufficient funding for this to be rolled out as quickly as possible, setting a target for the numbers who will be benefitting by the end of March 2026, and reporting to the Senedd on progress.*

R8(b) - *Work with the sector to develop a roadmap setting out future steps for expansion of childcare provision, as finances and other practical constraints allow. The long-term aim of this roadmap should be to work towards the delivery of universal childcare provision.*

R8(a) *Prioritise the roll-out of phase 3 of the Flying Start expansion for childcare for two-year-olds by allocating sufficient funding for this to be rolled out as quickly as possible, setting a target for the numbers who will be benefitting by the end of March 2026, and reporting to the Senedd on progress.*

Welsh Government Response

Accept in principle. Our Programme for Government commits us to deliver a phased expansion of early years provision to include all two-year-olds, with a particular emphasis on strengthening Welsh-medium provision. We remain committed to this objective.

During 2023/24 and 2024/25 we are investing £46m in expanding Flying Start childcare to support long-term, positive impacts on the lives of those children and families across Wales facing the greatest challenges.

We expect to support more than 9,500 additional two-year-olds across Wales to access quality Flying Start childcare during phase 2 (2023/24 and 2024/25) and we are well on track to deliver that.

The Committee will be aware that the Welsh Government is facing the toughest financial situation since devolution. This means we need to prioritise the finite resources we have. Our settlement for 2024/25 is still up to £700m lower in real terms than expected at the time of the 2021 Spending Review and our Budget in 2024/25 is £3bn lower than if it had grown in line with GDP since 2010.

Unfortunately, this means that we are not currently in a position to confirm any new developments to childcare. The next Budget round will take place at the end of 2024.

Financial Implications - None. Any decisions regarding future funding will need to be considered by Welsh Ministers and assigned through the normal budget process.

R8(b) Work with the sector to develop a roadmap setting out future steps for expansion of childcare provision, as finances and other practical constraints allow. The long-term aim of this roadmap should be to work towards the delivery of universal childcare provision.

Welsh Government Response

Accept in principle. We want Wales to be a wonderful place to grow up, live and work. Children have a fundamental legal right to grow up in a happy, healthy and safe environment. How we, as a society, provide for babies and young children can impact on their happiness, wellbeing and overall development. Early Childhood Play, Learning and Care has a significant contribution to make in mitigating the impact of inequalities, whether it's racism, poverty, disabilities or other societal factors such as lack of opportunities all of which can have lasting effects on individuals' lives. We are committed to breaking down barriers to ensure babies and young children are supported to have fulfilling and happy childhoods.

We will continue our journey, to drive greater coherence across the Early Childhood Play, Learning and Care landscape in Wales. We recognise that implementing our approach will take time, but change is essential if we really want all babies and young children in Wales to, thrive and have opportunities to have fun, play, learn and grow.

We have worked closely with partners in the sector like providers, sector organisations and local authorities both in developing our approach and in delivering high quality early years provision.

We have already set out our plans for childcare in Wales.

The Welsh Government provides up to 30 hours of nursery education and funded childcare for 3 and 4 year olds under the Childcare Offer for Wales. From September 2022, the Welsh Government expanded this offer to include parents in education and training, supporting the commitment made in our Programme for Government. In the first year, this expansion saw 675 additional families supported through the Offer.

We are making excellent progress in extending the eligibility of Flying Start childcare by rolling out high-quality childcare to two-year-olds across Wales through our Flying Start programme. This is a phased roll-out, starting with our areas of greatest deprivation and takes account of the capacity within the childcare sector across Wales.

We will continue to review the Childcare Offer and the Flying Start programme and we remain committed to making further progress on our commitment to extend early years provision, as resources allow.

Financial Implications – Any costs associated with further developing a plan/roadmap for expansion of childcare will be accommodated within existing budgets. However, implementing any plans for further expansion beyond this financial year will need to be considered by Welsh Ministers and assigned through the normal budget process.

Recommendation 9

The Welsh Government should act with urgency to shore up the financial sustainability of the sector by:

R9(a)- Making an announcement on the hourly rate paid to Childcare Offer providers for 2025-26 by the end of October 2024. Based on all of the evidence we have received, we expect to see, and call on the Welsh Government to provide, a significant increase in the Childcare Offer hourly rate for 2025-26.

R9(b) - Moving to annual reviews of the Childcare Offer hourly rate and ensuring that the methodology for conducting these reviews takes a flexible approach that considers all relevant factors such as inflation, rates of pay and productivity.

R9(a) Making an announcement on the hourly rate paid to Childcare Offer providers for 2025-26 by the end of October 2024. Based on all of the evidence we have received, we expect to see, and call on the Welsh Government to provide, a significant increase in the Childcare Offer hourly rate for 2025-26.

Welsh Government Response

Reject. Given the current timeframe for undertaking the review of the rate paid to providers of the Childcare Offer for Wales, we regret we are unable to make any announcement by the end of October.. The rate was last reviewed in 2021, with a commitment to further review after three years. The present review involves analysis of fee data that childcare and play providers submit to Care Inspectorate Wales, a survey of providers on their income and expenditure and submissions from sector bodies.

The review is considering factors including inflation, staff pay and service outputs. The review will also consider the appropriate timescales for future reviews. With evidence gathering and analysis ongoing, it would not be appropriate to provide more information on the potential outcome of the review at this time.

Any changes made to the current rate of £5.00 per hour per child will be implemented from April 2025. Announcement of this change will be made in line with agreement of the draft Welsh Government budget for 2025.

Financial Implications – None. However, there are financial implications depending on the outcome of the review of the rate but in rejecting this recommendation, there are no financial implications.

R9(b) Moving to annual reviews of the Childcare Offer hourly rate and ensuring that the methodology for conducting these reviews takes a flexible approach that considers all relevant factors such as inflation, rates of pay and productivity.

Welsh Government Response

Accept in principle: We recognise the need to support the creation of an environment where the sector is able to thrive and grow if we are to deliver our ambitions set out in our Early Childhood, Play, Learning and Care Plan. Taking into account the views of the sector we will move to annual reviews following the completion of the current three year review later this year; this approach is intended to support the sector with planning and improve sustainability. Annual reviews will need to be accommodated within existing resources and as a consequence this may impact on the methodology we are able to adopt. It should also be noted that implementing the findings of the reviews will be subject to annual budget considerations.

Financial Implications – any costs associated with undertaking the annual reviews would be accommodated within existing budgets.