

Their Future: Our Priority?

Follow up inquiry into childcare provision in Wales

July 2024



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Follow up inquiry into childcare provision in Wales

July 2024



About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:
www.senedd.wales/SeneddEquality

Current Committee membership:



**Committee Chair:
Jenny Rathbone MS**
Welsh Labour



Jane Dodds MS
Welsh Liberal Democrats



Joel James MS
Welsh Conservatives



Julie Morgan MS
Welsh Labour



Carolyn Thomas MS
Welsh Labour



Sioned Williams MS
Plaid Cymru

The following Members attended as substitutes during this inquiry:



Peter Fox MS
Welsh Conservatives



Buffy Williams MS
Welsh Labour

The following Members were also members of the Committee during this inquiry:



Altaf Hussain MS
Welsh Conservatives



Sarah Murphy MS
Welsh Labour



Ken Skates MS
Welsh Labour

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Chair's foreword

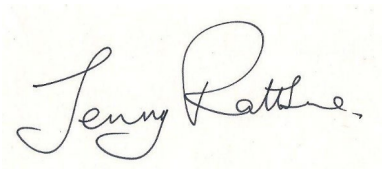
High quality comprehensive early education is probably the most transformative intervention any government can make. Just look at Estonia, with a population of 1.1m, now the highest performing country in Europe ranked by the PISA tests.

The Welsh Government has three strands to its pre-school offer:

- The Flying Start programme targeted at the most deprived communities where the 2.5 hours a day of childcare is being expanding outwards to eventually include all two year olds.
- All three to four year olds are offered at least two hours of nursery education a day, but this is less than children in other parts of the UK.
- The Childcare Offer introduced in 2017 for the children of parents working at least 16 hours a week at no less than the Minimum Wage, and since expanded to some families in education or training. The Welsh Government's own figures show that most of the families benefiting were already using childcare before the Offer came along. A range of experts highlighted that excluding children on the basis of their parent/carer's work status was widening the deprivation attainment gap.

Parents and providers find this web of provision very difficult to navigate and the Committee was told many fail to take up what they are entitled to.

We are very aware that expanding quality childcare is challenging. This incredibly important job educating the youngest children is under-paid and under-valued and the Early Years Wales survey (See P51) highlights that a quarter of providers do not think they can keep going for another year, rising to 4 in 5 two years hence. That is a financial and professional development challenge the Welsh Government urgently needs to address before the whole system collapses.



Jenny Rathbone

Chair, Equality and Social Justice Committee.

Recommendations

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:

- 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.
- Commit to consolidating the different childcare funding streams into a single funding stream, and develop plans to achieve this by April 2025.
- Use existing systems as the basis for creating a ‘one-stop-shop’ for childcare information and applying for childcare support.Page 21

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. Page 21

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:

- 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.
- 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.

- 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.
- 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.Page 30

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:

- 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.
- 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.
- Taking steps to ensure that local authorities are initially targeting more deprived areas when expanding Flying Start childcare, in line with Welsh Government guidance.Page 39

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:

- 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.⁴⁰
- 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.

- 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?’Page 40

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.Page 41

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. Page 53

Recommendation 8. To address the concerns of parents regarding the affordability of childcare, the Welsh Government should:

- 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.
- 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.Page 54

Recommendation 9. The Welsh Government should act with urgency to shore up the financial sustainability of the sector by:

- 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.

- 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.Page 55

1. Background

1. This is a follow up to the Equality and Social Justice Committee's January 2022 report: [Minding the future - the childcare barrier facing working parents](#). Further background information relating to both inquiries can be found on the [inquiry homepage](#).

Evidence gathering

2. The Committee gathered written and oral evidence from a range of stakeholders. The views of parents and front-line workers were gathered by the Senedd's Citizen Engagement team and Members visits to childcare settings across Wales in order to capture the challenges faced by frontline staff and identify examples of good practice.

3. Building on our previous work, which looked at good practice in Norway and Sweden, we were grateful for the evidence contributed by experts from Canada, Estonia and across the UK.

Joint working

4. Some aspects of the terms of reference also fall within the remit of the Children, Young People and Education Committee (CYPE), so we were pleased to involve the Chair of CYPE in our work. Jayne Bryant MS attended for the first two evidence sessions. Following her appointment to the Government, we were joined by her successor as Chair of CYPE Committee, Buffy Williams MS, for the remainder of the inquiry. Jayne Bryant MS, Minister for Mental Health and Early Years gave evidence on 13 May 2024.¹

5. Julie Morgan MS was appointed a member of this Committee on 23 April 2024 but was not involved in this inquiry, in light of her previous ministerial responsibilities.

¹ Sarah Murphy MS took over as Minister for Early Years and Mental Health in July 2024, just prior to the publication of this report.

6. Details of all evidence gathered can be found in the annex to this report.

Terms of reference

7. Our terms of reference for this follow up inquiry were informed by the Committee's previous work on childcare and parental employment, and tackling child poverty. The terms of reference can be found on the [inquiry page](#).

Early Education and Care offered in Wales

8. All children in Wales are entitled to at least 10 hours per week Foundation Phase nursery education from the term after their third birthday until they start school full-time.²

9. The Welsh Government introduced the Childcare Offer across Wales in 2019. This consists of **30 hours per week free childcare for 3 and 4 year olds for 48 weeks a year** for eligible working families.³ The 30 hours is made up of a minimum of 10 hours of nursery education a week and up to 20 hours a week of childcare. The eligibility criteria⁴ for the scheme requires each parent in the household to be working, and earning less than £100,000 per year, but at least the National Living Wage or the minimum wage for their age for at least 16 hours per week.

10. The Flying Start programme provides **free nursery education for eligible 2-3 year olds for 2.5 hours per day, 5 days a week** (12.5 hours per week).⁵ This is available for 39 weeks per year, with at least 15 sessions provided during school holidays.

11. Flying Start is being expanded gradually to provide 12.5 hours a week free nursery education to all (eligible) 2-3 year olds.⁶ This commitment was made as part of the Co-operation Agreement⁷ between the Welsh Government and Plaid

² Welsh Government, [Nursery education for 3 and 4 year olds in Wales - Foundation Phase nursery: A guide for parents and carers](#)

³ Welsh Government, [Get 30 hours of childcare for 3 and 4 year olds](#)

⁴ Welsh Government, [Get 30 hours of childcare for 3 and 4 year olds](#)

⁵ Welsh Government, [Flying Start programme](#)

⁶ Welsh Government, [Flying Start programme](#)

⁷ Welsh Government and Plaid Cymru, [The Co-operation Agreement: 2021](#)

Cymru in place between November 2021 and May 2024, and is now a Programme for Government commitment.⁸ The second phase of expansion will run until March 2025.⁹ The third phase will start in April 2025, and, once it is complete, all 2-3 year olds will be able to receive this provision.¹⁰

12. In addition to Welsh Government-funded provision, the UK Government provides tax rebates for childcare¹¹ in settings offered by private providers. For every £8 a parent/guardian contributes, the UK Government contributes £2.

13. Families in receipt of Universal Credit may be able to claim back up to 85% of childcare costs if they are working or have a job offer.¹² This is limited to a maximum of £1,014.63 per month for one child, or £1,739.37 per month for two or more children.

⁸ Welsh Government, [Programme for government: update](#)

⁹ Welsh Government, [Phased expansion of Early Years Provision](#)

¹⁰ Welsh Government, [Phased expansion of Early Years Provision](#)

¹¹ UK Government, [Tax-Free Childcare](#)

¹² UK Government, [Universal Credit and childcare](#)



Figure 1 Girls enjoying outdoor provision at Enfys Fach, Brecon

2. The need for a child-centred approach

14. The Minister for Mental Health and Early Years (the Minister), Jayne Bryant MS, argued that the Welsh Government's approach to early childhood play, learning and care (ECPLC)¹³ is "based on a child centred approach with the child and child development at its heart". The Minister says this approach "means developing and delivering a consistent approach to nurturing, learning and development, through the provision of high-quality play-based childcare and education opportunities, for all babies and young children aged 0-5 years old."¹⁴

15. Dr David Dallimore said a child centred approach was absent across the UK. He pointed to the holistic approach to childhood taken in the Nordic countries:

"... childhood is valued in, perhaps, a different way and where children start school at a much later date, at a much later age, and the early years are valued as an intrinsic time for children to be children and to be valued as children, not as supporting the economic activity of their parents. Although, if we had a really good system that was able to support them and be able to allow children to be nurtured and encouraged and develop in ways that we know the early years can facilitate, then we could please everybody."¹⁵

16. Sarah Mutch of Caerphilly County Borough Council emphasised the need to clarify what and who the childcare programme is for :

"Is it about offsetting costs to families, or is it more about the early intervention, in which case the sessional provision, and that intense dosage for some of our more vulnerable families and children? I think that sometimes the two purposes can work against each other, which is why we have a much more complex system than maybe we'd like. So, maybe it's the clarity

¹³ Welsh Government, [Early Childhood Play, Learning and Care \(ECPLC\) Plan in Wales](#)

¹⁴ Written evidence, [Minister for Mental Health and Early Years](#)

¹⁵ Record of Proceedings, 26 February 2024, [paragraph 223](#)

on what is the purpose that would help to deliver a much simpler system.”¹⁶

17. Natalie Macdonald of the University of Wales Trinity St David was blunt about the current set-up:

“we see the purpose of childcare as getting parents back into work. Actually, it needs to be the complete reverse; we need to have quality universal childcare, and if you have that, and if parents are able to engage with that, they will go into work.”¹⁷

18. Janet Kelly of Sparkle Cymru summed up the current situation:

“... we talk a lot about being child and family centred... It's such an easy thing to say and such an easy thing to write, and I do not believe, fundamentally, that we are child and family centred.”¹⁸

19. The architect of the Sure Start programme, Naomi Eisenstadt, said that childcare is about the whole child not just the ‘learner’. From the child’s perspective, it was important to recognise this is generally the first place outside the family home where children engage in their community and ‘civic life’¹⁹.

20. We saw what a child-centred approach looks like in practice during visits to childcare settings.

¹⁶ Record of Proceedings, 26 February 2024, [paragraph 382](#).

¹⁷ Record of Proceedings, 29 April 2024, [paragraph 153](#).

¹⁸ Record of Proceedings, 26 February 2024, [paragraph 226](#).

¹⁹ Record of Proceedings, 29 April 2024, [paragraph 154](#).



Figure 2 and 3 Indoor and outdoor provision at The Venture, Wrexham

21. The Venture in Wrexham provides a safe, calm and happy space for children with a strong sense of community. Most of the children who attend live in flats with no access to gardens, Carolyn Thomas MS was able to observe the special emphasis given to playing outside and connecting with nature.



Figure 4 and 5 Sculpting and Forest School provision at Enfys Fach, Brecon

22. Jenny Rathbone MS saw a strong emphasis on child-centred learning at Enfys Fach Nursery in Brecon, with seamless indoor and outdoor provision. This included working with a sculptor to make wooden stools designed by each child.

23. Maria Jürimäe of the University of Tartu explained how kindergartens in Estonia have returned to adopting Montessori principles.²⁰ This approach provides the environment to support each child's personal path of development; the whole curriculum is child-led with adults playing a guiding role.

Simplifying an overly complex and poorly understood system

24. Experts told us that the lack of vision for early childhood education and care has resulted in overly complex provision and a range of support schemes with different eligibility criteria some of which vary according to where the child lives.²¹ Many witnesses argued that this has resulted in a system which does not work for parents or providers, and the lack of parental understanding impacts take-up.

25. Sarah Coates of the National Day Nurseries Association Cymru said that the main concern was:

"... just how complex it is at the moment for parents and providers. We've got so many different funded approaches, and approaches that we have across Wales, it's very complex to understand."²²

26. The Bevan Foundation suggested that almost half of eligible parents do not access the Childcare Offer, and that this take-up rate is due to variable availability of childcare and the disjointed, complex system. They say that:

"With three different schemes on offer, it is perhaps not surprising that parents are not aware of what they are entitled to. This issue is compounded by the fact that parents who are

²⁰ Record of Proceedings, 29 April 2024, [paragraph 219](#).

²¹ Welsh Government, [Flying Start programme](#).

²² Record of Proceedings, 26 February 2024, [paragraph 308](#).

aware of the schemes they are eligible for must then submit multiple applications to access their entitlements.”²³

27. Participants in our focus groups emphasised the importance of knowing more about their entitlements in advance.

“People need to know about the support even before they have children. This information needs to be widely available everywhere. It needs to go through statutory bodies, it needs to go through third sector, through universities.”

Focus group participant

“When children are born, register them in a certain way so that parents are notified that in a few years’ time, there’s support with childcare out there that they might be entitled to.”

Focus group participant

28. Natalie Macdonald and Hayli Gibson were among the many witnesses calling for a single funding system:

“... a more universal funding system that's almost like a one-stop shop— as the child progresses you're able to access that— and, I think, simplifying that system for settings as well would make it easier for them to run them.”²⁴

29. The Bevan Foundation wants the Welsh Government to develop a single application form for all three of its ECEC programmes that can be accessed in a range of different ways.²⁵

²³ Bevan Foundation, [Tackling disadvantage through childcare in Wales](#)

²⁴ Record of Proceedings, 29 April 2024, [paragraph 192](#) and 26 February 2024, [paragraph 268](#)

²⁵ Bevan Foundation, [Tackling disadvantage through childcare in Wales](#)

30. Sarah Mutch suggested that the Wales-wide digital system for the Childcare Offer could be a starting point for simplification, saying that there may be an opportunity to create a centralised system, at least for each local authority.²⁶

31. The Minister recognised that parents and carers need to be able to access provision “in the most straightforward way possible”.²⁷ She told us that:

*“The childcare offer for Wales national digital service has shown the benefits that a single streamlined online platform can bring. We are aware of that. However, developing that digital solution is a complex process. It is important, if we are going down that road, to get it right. It would take significant time and investment, so we have to make sure that whatever we do in that space is right, and obviously balances the use of public funds.”*²⁸

Our view

There are widespread concerns that the Welsh Government’s approach to early childhood education and care is confused, fragmented, and lacks a clear vision. The Welsh Government says its approach is child-centred and places the “child and child development at its heart”, which we strongly support, while also recognising the central role of affordable childcare in reducing gender inequality. Our witnesses told us a child-centred approach does not always happen in practice, and disjointed policies with conflicting objectives contribute to this. The Early Childhood Play, Learning and Care Plan in Wales is a starting point for the Welsh Government’s approach; however we do not consider that the actions attached to it are sufficient to meet the Government’s ambitions in relation to child-centred care and a number of other areas touched on throughout this report. The actions the government plans to take need revisiting, through the creation of a new delivery plan.

²⁶ Record of Proceedings, 26 February 2024, [paragraph 381](#).

²⁷ Record of Proceedings, 13 May 2024, [paragraph 12](#).

²⁸ Record of Proceedings, 13 May 2024, [paragraph 13](#).

The absence of a clear and coherent policy vision, coupled with poor levels of awareness among parents means the current system is not being fully utilised by parents, nor fully delivering the potential outcomes. It is extremely disappointing that two years on from our initial inquiry, little progress seems to have been made in addressing these issues. We reiterate the need for the Welsh Government to move quickly to develop a simpler system which makes support easier to understand and easier to apply for.

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:

- 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.
- Commit to consolidating the different childcare funding streams into a single funding stream, and develop plans to achieve this by April 2025.
- Use existing systems as the basis for creating a ‘one-stop-shop’ for childcare information and applying for childcare support.

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.

Integrated provision

32. Witnesses highlighted the importance of integrated early childhood education and care. Natalie Macdonald stated:

“... you can't separate care from education; they happen at the same time. And potentially, as we move forward in Wales, with looking at a more integrated early childhood education and

care policy agenda and in practice, that's what we need to, I think: continue to bring that education and care together.”²⁹

33. When asked what she considered to be barriers preventing Wales from having a system that works for children and for parents, Hayli Gibson illustrated the difficulties of having two policy agendas. She said that members of her team in Pembrokeshire report to three different directorates within the Welsh Government and described the system as being ‘very, very broken down’.³⁰

34. Dr Dallimore suggested moving away from the segmented approach to childcare would benefit Wales:

“A unified system would give consistency across many of the things that we've been talking about this afternoon: regulation, funding, the workforce, children with additional needs. And it would also help with things like the new Curriculum for Wales, in smoothing out those transitions between the early years and formal schooling, and a consistent pedagogy that straddles both as well.”³¹

35. When discussing a new government focus on community-focused schools, Hayli Gibson explained how a bilingual school in Pembrokeshire has been left with surplus spaces after the Welsh medium school moved into a new building. From September, the surplus space will be used to provide wrap around care for early years, Flying Start and the childcare offer.³²

36. Jenny Rathbone MS heard from the manager of Enfys Fach Nursery of the importance of being on the same site as the primary school for the children's sense of community and their development. The nursery children attend any significant events alongside the school children, and are able to access facilities such as a forest school area to enhance their learning.

²⁹ Record of Proceedings, 29 April 2024, [paragraph 151](#)

³⁰ .Record of Proceedings, 26 February 2024, [paragraph 226](#)

³¹ Record of Proceedings, 26 February 2024, [paragraph 274](#)

³² Record of Proceedings, 26 February 2024, [paragraph 270](#)

37. Carolyn Thomas MS observed the holistic support offered to local children at The Venture in Wrexham. It hosts an early years centre, including Flying Start childcare; as well as an alternative learning project for young people at risk of becoming NEET (not in employment, education or training); It hosts weekly sessions with a health visitor, community advice surgeries, a police drop-in and a youth club.

38. Oxfam Cymru highlighted the inability for most children to receive the 30 hours in a single setting. Many parents are reporting 12.5 hours are covered through a school setting with 17.5 hours in a different registered setting with contributors to the research emphasising the added difficulty and expense this caused.³³

39. A recent report by Naomi Eisenstadt and Professor Kathy Sylva³⁴ has called for the establishment of children’s campuses combining early childhood education and care with wider family support to increase parental capabilities and enhance children’s learning. Outlining the rationale for this approach, Naomi Eisenstadt described it as:

“... the necessity that your integrated family support services sit alongside high-quality early education and care. So, it's not that you go somewhere, you drop your child somewhere else and then come to your drop-in for advice on how to be a parent; you bring these two things together. So, the children's campus includes high-quality early education and care, but also includes all those others— health, employment advice, benefits advice, and all that kind of stuff. And if you're setting up something new, as far as possible, you do it within a primary school locality.”³⁵

40. The Welsh Government’s stated ambition is “for all schools in Wales to be Community Focused Schools”.³⁶ To date, 35 projects have been approved from

³³ Written evidence, [Oxfam Cymru](#)

³⁴ Eisenstadt and Sylva for Nesta, [Transforming early childhood: narrowing the gap between children from lower and higher-income families](#)

³⁵ Record of Proceedings, 29 April 2024, [paragraph 265](#)

³⁶ Record of Proceedings, 13 May 2024, [paragraph 19](#)

the 2022-25 childcare and early years capital programme, of which 28 are co-located on school sites.³⁷ For context, there were 1,463 maintained schools in Wales in the 2022-23 academic year.

41. Looking at integration more widely, the Minister said that “For me, integration, co-location are focal points. If we can join up services in the best way, that is really important to support the child and the family”.³⁸³⁹

Workforce pay and status

42. As highlighted in our original inquiry, recruitment and retention challenges facing the childcare sector persist. Low pay, working conditions and the status of the sector were reiterated. Childcare representative bodies felt their staff were underpaid and undervalued, but providers cannot afford to pay higher wages. Jane O'Toole stated:

“Childcare and playworkers are underrepresented and in need of the public perception of the valuable work that they do... it's still, often, more lucrative to go and work in a supermarket now— you don't need the qualification, you don't need a level 2 or level 3 qualification, you don't have the responsibility of looking after up to eight or potentially ten children, depending on what setting you're in.”⁴⁰

43. Nursery staff at Dylan's Den, Treorchy, highlighted the shortage of people wanting to work in the childcare sector. The staff stated the wages paid in the sector are insufficient given the responsibilities of looking after children and being inspected by Estyn, Flying Start and Care Inspectorate Wales.

³⁷ Record of Proceedings, 13 May 2024, [paragraph 19](#)

³⁸ Record of Proceedings, 13 May 2024, [paragraph 26](#)

³⁹ The 1,463 maintained schools in Wales includes 6 standalone nursery schools, 1,213 primary schools (including 1,009 with a nursery attached to the primary school), 27 middle schools (which seem to be all ages schools), 178 secondary and 39 special schools. Source is this table on Stats Wales - [Schools by local authority, region and type of school \(gov.wales\)](#).

⁴⁰ Record of proceedings, [26 February 2024, paragraph 395](#)

44. Jane Malcolm of National Day Nurseries Association (NDNA) Scotland told us that payment of the Real Living Wage “was a good thing”.⁴¹ However, her written evidence says that inadequate additional funding had caused:

“... significant issues for funded providers as £12 per hour often takes practitioners up to the same level of wage as more senior practitioners. The extra funding from the Scottish Government will not be enough to make up the shortfalls.”⁴²

45. Jane Malcolm highlighted that Scottish childcare workers are required to register with the Scottish Social Services Council, whether as a support worker, practitioner, or a lead practitioner. She said that the registration requirement, in combination with the appropriate qualifications leads to:

“... having people who really understand what it is they're doing and why they're doing it for children— and having that real focus on child development as part of that CPL and part of the training, really, really help make it a good place for children to grow up and learn.”⁴³

46. The Wales TUC called for the establishment of a childcare forum, a concept welcomed by other witnesses, to develop fair work solutions to low pay and address the “undervaluation of the demanding, complex and valuable work that (predominantly female) employees within the sector perform”.⁴⁴

47. Professor Chris Pascal set out other areas where the Welsh Government and its partners could take action:

“... if you want a really motivated, attractive workforce, it's about their conditions of employment and their job satisfaction as well, and there's more that we can do with continuous professional development offers, training offers, to lift them away from the daily grind and the pressures, to see them as

⁴¹ Record of Proceedings, 29 April 2024, [paragraph 69](#)

⁴² Written evidence, [NDNA Scotland](#)

⁴³ Record of Proceedings, 29 April 2024, [paragraph 39](#)

⁴⁴ Written evidence, [TUC Wales](#)

involved in a really exciting, innovative, groundbreaking set of work practices.”⁴⁵

48. The Minister said she was interested in the approach taken in Scotland, where the government provides funding to settings that pay the Real Living Wage. The Minister is also “keen to explore the potential benefits”⁴⁶ of establishing a forum to explore childcare workforce issues, and has asked officials to undertake work on this.

49. The Minister also confirmed that the Welsh Government had recently consulted on proposals to require registration of the childcare and play workforce. However, an official cautioned that the requirement to pay a fee was a key issue that needed further consideration stating that: “we need to think about what the unintended consequences are [...] of charging fees to register for a sector that is quite fragile.”⁴⁷

Qualifications and training

50. A common theme amongst witnesses from within and beyond Wales is that having highly-qualified staff is key to higher-quality childcare provision.

51. Dr Dallimore set out the evidence that underpins this:

“One of the main findings from UK research over the last two decades has been that higher quality settings are those in which staff have higher qualifications - usually defined as relevant degree level or above. Even when most staff in an ECPLC setting are not highly qualified, they benefit from the presence of a highly-trained colleague.”⁴⁸

52. Professor Christine Pascal emphasised the impact of having more highly-qualified staff:

⁴⁵ Record of Proceedings, 29 April 2024, [paragraph 210](#)

⁴⁶ Record of Proceedings, 13 May 2024, [paragraph 73](#)

⁴⁷ Record of Proceedings, 13 May 2024, [paragraph 70](#)

⁴⁸ Written evidence, [Dr David Dallimore](#)

“We need to have something graduate led— and I'm going to say teacher trained, but educative-focused practitioners who really understand child development, learning and health, who have that really robust professional training that gives them what I always call the magic dust to sprinkle on these children that makes something happen.”⁴⁹

53. Natalie Macdonald pointed to a two-year flexible accelerated programme run by the University of Wales Trinity St David which is predominantly taken up by students “who would not have engaged in a traditional form of HE/FE study”. She emphasises that:

“this model would suit a degree apprenticeship route if funding were made available to develop a degree apprenticeship in Early Years Education and Care.”⁵⁰

54. Employing graduates in kindergartens is regarded by Estonia as a key factor behind the success of its overall approach. An article published in collaboration with Education Estonia, the Estonian Government’s initiative for international education cooperation, says that the requirement for kindergarten teachers to have a degree means that “very competent teachers are working with children”, so “tracking the development of each child is systematic and consistent”.⁵¹

55. The Committee heard evidence related to recognising qualifications. Hayli Gibson highlighted that some practitioners in her local area struggle to have their skills and experience recognised by Social Care Wales:

“I'm aware of practitioners who have been to university, have done a three or four-year degree, but they're actually not recognised within Social Care Wales's qualification framework.”⁵²

⁴⁹ Record of Proceedings, 29 April 2024, [paragraph 182](#)

⁵⁰ Written evidence, [Natalie MacDonald](#).

⁵¹ [Kindergartens in Estonia: more than childcare - Education Estonia](#)

⁵² Record of proceedings 26 February 2024, [paragraph 261](#).

56. Natalie Macdonald suggested that there are “lots of little things” related to qualifications that are “preventing the system from working effectively”. She said:

“So currently, if you’ve got the level 4, level 5 for leadership and management, but then if you want to continue that development and you want to follow on from that level 5 into a degree, you can’t, because the credits aren’t enough. There are only 90 credits, and you need 120. And, vice versa, if someone has a degree and would like to do the level 4 or 5, that causes issues with funding because they already have a higher level qualification.”⁵³

57. On the potential benefits of degree-level qualified childcare practitioners, the Minister acknowledged:

“... we do know that it's important the workforce is well equipped with the knowledge, skills and behaviours and the values for high-quality childcare and play work. Because we know how profound the benefits are, particularly for children from disadvantaged backgrounds, for children who have disabilities and those who have additional learning needs as well.”⁵⁴

58. On the prior learning requirements for childcare qualifications, the Minister said that the Government was working with Social Care Wales to explore flexibility in childcare qualifications and to recognise prior learning, potentially through the development of top-up awards.⁵⁵

59. Early years degree apprenticeships are also an option that the Welsh Government is considering particularly as Flying Start childcare is fully rolled-out.⁵⁶

⁵³ Record of proceedings 29 April 2024, [paragraph 184](#)

⁵⁴ Record of Proceedings, 13 May 2024, [paragraph 97](#).

⁵⁵ Record of Proceedings, 13 May 2024, [paragraph 94](#).

⁵⁶ Record of Proceedings, 13 May 2024, [paragraph 93](#)

Our View

Integrated and community focused childcare and early years services

We share the Welsh Government's ambition for all schools to be community focused schools. While we recognise the impact that challenging capital budgets have on the Welsh Government's ability to achieve this, we are concerned about the pace of progress. We call on the Welsh Government to set out the specific steps it will take to support all schools to become community focused, and outline a timescale by which it wants to see this happen.

The Committee is aware of the limited capital funds for school buildings. However our visits have reinforced the value of having services on one site. We would like to see integrated early years provision given higher priority in the 21st Century Schools programme.

We also note the enthusiasm of Naomi Eisenstadt and Professor Kathy Sylva for creating children's campuses that combine early childhood education and care with wider family support. The Welsh Government should consider how these could build on existing Flying Start provision and community focused schools.

Pay, reward and workforce

On our visits to childcare settings, we saw first-hand the commitment of staff to delivering high-quality, child-centred care. However, for too long we have relied on their dedication to the job rather than rewarding them with adequate terms and conditions. As in our previous inquiry, we have repeatedly heard that the workforce is undervalued, underpaid and lacks the professional status afforded to other colleagues in education. This has led to acute recruitment and retention challenges which must be urgently addressed.

The Welsh Government's priorities should include developing ambitious but realistic proposals to pay all childcare workers at least the Real Living Wage, improving wider working conditions, and supporting training and development opportunities. This should all be done in social partnership. The Welsh Government will need to learn from the experience of Scotland, making sure that providers are funded sufficiently in order to pay staff at least the Real Living

Wage, and that settings can continue to pay senior practitioners more for that extra responsibility.

We heard repeatedly that a graduate-led workforce is a critical element in successful early childhood education systems such as those in Estonia and the Nordic countries. Recruiting and retaining more degree-qualified practitioners will be key to this, while making sure that more traditional vocational routes into the sector are not forgotten. Innovative approaches such as flexible degree provision and degree apprenticeships will also be part of the solution, and can help to give those already employed in the sector the opportunity to progress.

Lastly, requiring registration of the workforce offers an opportunity to raise its status, and we believe the Welsh Government should learn from the experience in Scotland and take this forward.

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:

- 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.
- 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.
- 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.
- 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.

3. Accessible to all

Addressing inequalities through childcare

60. Experts told us that, while early childhood education and care can be a powerful tool in addressing inequalities that children from the poorest households face, the emphasis on supporting working families in the current system risks exacerbating these inequalities.

61. Naomi Eisenstadt highlighted the negative impact of the eligibility criteria for the 30 hours per week provision on children from the poorest families:

“One of the things that's incredibly unfair about the free 30 hours is that the poorest children, whose parents are not working, get half the quality childcare than the better-off children get.”⁵⁷

62. Similarly the Bevan Foundation⁵⁸ and Oxfam Cymru spoke of the impact on children in low income households. Oxfam said:

“While it is beyond reach for many low-income families due to restrictive criteria, the upper threshold of the Offer, set at £100,000 for each parent, also raises questions about equity. This disparity can lead to imbalances in access to the Offer, effectively excluding families in genuine need, including unemployed parents.”⁵⁹

63. The Bevan Foundation has suggested an alternative approach where up to 15 hours a week free childcare is provided for all children until they are 4, for 48 weeks per year. Any additional provision would then be means-tested, with the lowest income households receiving fully-funded childcare while those with the highest incomes pay full fees.⁶⁰ Naomi Eisenstadt and Professor Kathy Sylva

⁵⁷ Record of Proceedings, 29 April 2024, [paragraph 269](#).

⁵⁸ Written evidence, [Bevan Foundation](#).

⁵⁹ Written evidence, [Oxfam Cymru](#).

⁶⁰ Bevan Foundation, [Tackling disadvantage through childcare in Wales](#).

called for all children from 2 year of age to receive 20 hours per week free early childhood education and care, and for 20 hours free provision for children aged between 12 and 24 months whose parents are in employment, education or training.⁶¹

64. Good practice in social work for children in need promotes childcare as an intervention where a family is in crisis. The Venture in Wrexham highlighted the cost of putting more children into care: at £6,000 per week. Wrexham County Council has seen its budget for children’s services rise by 141%.

65. The Minister informed us that whilst figures are kept on the number of children receiving social care and support, there is no information available to indicate how many local authorities use childcare as an intervention.⁶²

66. There is a weight of evidence that universal provision is more successful at tackling the poverty-related attainment gap than provision targeted specifically at poorer families.

67. In the early 2000s, the Effective Provision of Pre-School Education (EPPE) Project - the first major European longitudinal study of child development between 3 and 7 - found that “Disadvantaged children benefit significantly from good quality pre-school experiences, especially where they are with a mixture of children from different social backgrounds”.⁶³ A recent review by the Sutton Trust concluded that:

“Evidence shows the benefits of universal provision above targeted provision in closing the attainment gap, as long as take-up rates amongst the less advantaged are high. It is suggested that universal provision encourages a social mix amongst children, attracts more highly qualified staff, removes stigma and encourages take up of places.”⁶⁴

⁶¹ Eisenstadt and Sylva for Nesta, [Transforming early childhood: narrowing the gap between children from lower- and higher-income families](#)

⁶² [Paper to note, 1 July](#)

⁶³ The Effective Provision of Pre-School Education (EPPE) Project, [Findings from Pre-school to end of Key Stage 1](#)

⁶⁴ The Sutton Trust, [A fair start? Equalising access to early education](#)

68. Naomi Eisenstadt emphasised the importance of universal targeted services:

“The principle of open access means that you have to do something that children and families want, because it's not like school—you know, the parents don't get fined if they don't come to the centre.”⁶⁵

69. Jane Malcolm applauded the approach taken by the Scottish Government to provide free childcare to all families, not just those in work:

“So definitely, it's a benefit to the parents. There are issues around funding and around places, but on the whole, I think it's been a great thing for parents in terms of lifting people out of that poverty-related gap.”⁶⁶

Disabled provision

70. Coram Family and Childcare surveys local authorities on childcare sufficiency every year⁶⁷. The Committee was extremely disappointed to learn that the 2024 data showed just 5% of Welsh local authorities had sufficient childcare for children with disabilities ‘in all areas’.

71. Janet Kelly highlighted the key issues raised at an event hosted by the Children, Young People and Education Committee:

“... there were some really heartbreaking stories of families who were promised that a nursery would be able to accommodate their child, they'd arranged to go back to work, and the day that they were due to go back to work, the nursery said they couldn't cope with their child and they had to take them home and look after them.”⁶⁸

⁶⁵ Record of Proceedings, 29 April 2024, [paragraph 163](#)

⁶⁶ Record of Proceedings, 29 April 2024, [paragraph 122](#)

⁶⁷ [Coram Family and Childcare surveys](#)

⁶⁸ Record of Proceedings, 26 February 2024, [paragraph 194](#)

72. Hayli Gibson said that practitioners “have a fear of getting it wrong”⁶⁹ when providing places for children with additional learning needs, and that unsuitable settings, lack of funding, and staff shortages act as barriers to provision. She also said that, when her local authority puts on training, there are additional costs associated with temporarily backfilling the posts of the staff who are training.

73. Sarah Mutch told us that there is funding available as part of Flying Start and the Childcare Offer, but that the challenge comes with wraparound care, or provision at holiday, after-school or breakfast clubs.⁷⁰

74. Janet Kelly highlighted the challenges that her organisation faces in accessing funding from local authorities to support children with disabilities, and called for more structured commissioning arrangements for play provision for children with disabilities.⁷¹

75. Focus group contributors set out the benefits of including all children in the classroom, however they also expressed frustration with finding and funding suitable provision.

“The way I’ve seen children develop here from when they’ve come in at the age of 2 and even younger. They said this child is deaf, mute, has mobility problems and is globally delayed. When that child left, he was running around the hall, he was visually aware what he was doing and his communication had come on. That’s because of training, that’s because of one-to-one but that’s also because of the ethos of this place. There are schools that are using the crutch of “it’s too expensive and we can’t look after that child”.

Focus group contributor

76. During the visits we undertook to childcare settings, we saw good practice in including children with additional needs but Aberavon Integrated Children’s Centre reported a shortage of childcare places for children with additional needs.

⁶⁹ Record of Proceedings, 26 February 2024, [paragraph 213](#).

⁷⁰ Record of Proceedings, 26 February 2024, [paragraph 356](#).

⁷¹ Record of Proceedings, 26 February 2024, [paragraph 200](#).

Enfys Fach Nursery mentioned the complex process for accessing funding to support these children.

77. The Minister highlighted the increased Additional Support Grant funding available this year as part of the Childcare Offer for Wales, and outlined plans to increase awareness of this⁷²

78. The Minister's official acknowledged there are insufficient childcare places available for children with additional needs "across the board"⁷³, and informed the Committee that the Welsh Government is working with local authorities and the Welsh Local Government Association to rectify that.

Welsh language provision

79. In our 2022 report we called on Welsh Government to set out its plans to place more Welsh medium childcare on school sites. CWLWM noted the Sefydllu a Symud scheme has been working alongside the local authorities to:

*"recognise gaps in the existing provision, targeting areas which need to expand the childcare options available to parents."*⁷⁴

80. The lack of Welsh medium childcare professionals remains a major challenge for expanding Welsh-medium childcare. CWLWM has estimated a need for 1,500 additional Welsh speaking individuals qualifying within any five year Senedd term, which means an increase of 300 new staff qualifying each year. They say that Mudiad Meithrin's programmes, including Cam wrth Gam, means this is "close to being realized".⁷⁵

81. CWLWM raised the importance of securing training and qualification opportunities through the medium of Welsh, but noted that less than 1% of learners receive Welsh-medium training through further education and apprenticeships.⁷⁶

⁷² Record of Proceedings, 13 May 2024, [paragraph 117](#)

⁷³ Record of Proceedings, 13 May 2024, [paragraph 120](#)

⁷⁴ Written evidence, [CWLWM](#)

⁷⁵ Written evidence, [CWLWM](#)

⁷⁶ Written evidence, [CWLWM](#)

82. Jane O’Toole discussed the innovative work being carried out through collaborative working with Mudiad Meithrin to support the expansion of Welsh medium out of school care, explaining that the integration was working well and providing really positive case studies.⁷⁷

83. The Minister highlighted the increase in the ‘number of Welsh medium childcare places’ in the expansion of Flying Start.⁷⁸ Her written evidence said that the Welsh Government has funded people to study childcare qualifications through the medium of Welsh, and invested in the development of an intermediate Welsh language course specifically for childcare workers.⁷⁹

Childcare where and when it is needed

84. Finding childcare in rural settings is a challenge. The Bevan Foundation’s research ‘identified that accessing childcare is especially difficult in many rural areas’⁸⁰. The Women’s Equality Network argues the childcare system needs ‘substantial reform’ to ensure all who are entitled to childcare are able to access it, including those in rural areas.⁸¹

85. Jane O’Toole highlighted the childcare challenges in rural areas :

“... in rural areas, it is more difficult, because you need to have a certain amount of children attending to make the setting sustainable. Whilst we have got smaller schools that do have settings, they often need a sustainability grant or some funding, fundraising by parents, you know, that sort of thing, to keep going, so it is difficult.”⁸²

86. Dr Dallimore said:

“we’ve seen over the last few years quite a significant drop in the number of child minders, and they tended to be the bedrock of support in some rural areas where it’s difficult for full day-care

⁷⁷ Record of Proceedings, 26 February 2024, [paragraph 409](#)

⁷⁸ Record of Proceedings, 13 May 2024, [paragraph 126](#)

⁷⁹ Written evidence, [Minister for Mental Health and Early Years](#)

⁸⁰ Written evidence, [Bevan Foundation](#)

⁸¹ Written evidence, [Women’s Equality Network](#)

⁸² Record of Proceedings, 26 February 2024, [paragraph 205](#)

provision, for example, to be developed. And that gap is quite concerning.”⁸³

87. The independent review of childminding commissioned by the Welsh Government found that “child minders are more likely than day care services to be in urban settings, and less likely to be in rural villages”.⁸⁴

88. CWLWM said that provision for those working atypical hours and shift work is still very limited and the ‘current funding model is inhibitory to changing this’. CWLWM emphasised that those working atypical hours or on zero hour contracts are more likely to have a lower income and more expensive childcare costs.⁸⁵

89. Oxfam Cymru acknowledged the rising costs of childcare are having a negative impact on those working atypical working hours⁸⁶. WEN Wales also called for this gap in provision to be addressed.⁸⁷

Hours

90. Professor Pascal set out the limited evidence on the optimal number of hours of early childhood education and care :

“I don't think there's any evidence anywhere that says 30 hours is the magic number. It's a number they've plucked out of the air. The evidence I think we did look at said, if you want to make a difference, 15 hours wasn't quite enough, but there was no evidence that 30 hours was a magic— . So, the evidence was that somewhere between 20 and 25 seemed to be kind of a good pitch of that.”⁸⁸

91. Looking at this from the parents’ perspective, Oxfam Cymru and the Make Care Fair Coalition said that parents “overwhelmingly feel that 2.5 hours a day of

⁸³ Record of Proceedings, 26 February 2024, [paragraph 205](#).

⁸⁴ Arad Research for Welsh Government, [Independent Review of Childminding](#)

⁸⁵ Written evidence, [CWLWM](#)

⁸⁶ Written evidence, [Oxfam Cymru](#)

⁸⁷ Written evidence, [Women's Equality Network](#)

⁸⁸ Record of Proceedings, 29 April 2024, [paragraph 271](#).

childcare is not enough to address their needs”.⁸⁹ The Women’s Equality Network Wales described the benefits of expanding the roll-out of Flying Start as being “offset by significant downsides, most notably the fact that funded hours are limited to 12.5 hours per week, split over 2.5 hours per day”.⁹⁰

92. Naomi Eisenstadt argued that packing part-time care into a smaller number of days “leads towards good things for parental employment, but I don’t think it leads towards high quality for the child”.⁹¹ She said that:

“... if a woman on a low income wants to work two full days, which makes absolute sense in terms of transport costs and everything else, in terms of the quality of experience for the child, it’s less likely they’re going to get the educational and social benefits that Chris [Pascal] was describing from two full days as opposed to five part-time days.”⁹²

93. Enfys Fach Nursery told us that children in some local authorities experience a reduction from 12.5 hours a week Flying Start provision to 10 hours a week early education. This leads to parents/carers having to pay extra so their children can finish at the same time; waiting around for half an hour; or withdrawing Flying Start children before the end of their sessions.

Our View

Addressing inequalities through childcare

Access to high quality childcare for all can be a powerful tool in addressing inequality, however childcare policy in Wales as currently designed does the opposite. There are long-standing concerns that the eligibility criteria for the Childcare Offer, resulting in children from lower-income households receiving less early childhood education and care than those from higher-income households, is exacerbating existing inequalities. We heard compelling evidence

⁸⁹ Oxfam Cymru on behalf of the Make Care Fair Coalition, [Little steps, big struggles: Childcare in Wales](#)

⁹⁰ Written evidence, [Women’s Equality Network Wales](#)

⁹¹ Record of Proceedings, 29 April 2024, [paragraph 165](#)

⁹² Record of Proceedings, 29 April 2024, [paragraph 165](#)

that extending the Childcare Offer to all children regardless of parental income is the most effective way of ensuring they benefit from high-quality early years education.

Childcare is a much more cost effective intervention for families in need of support than having to take a child into care once families reach crisis point. All councils have the powers for utilising childcare as a intervention may prevent more profound and expensive interventions which severe impact on council budgets, as reported in Wrexham.

The Welsh Government should equalise funded provision for 3-4 year olds as part of any future childcare expansion, to build on the universal approach it is currently taking in its expansion of Flying Start childcare. It should also consider whether parents each being able to earn up to £100,000 is the correct upper boundary for a free Childcare Offer.

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:

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

Provision for children with additional needs

The benefit of high-quality, tailored provision for children with additional or complex needs and their families is evident; but provision falls far short of where it needs to be. a lack of spaces, staffing shortages, and the complexity of funding streams combine to create significant barriers to access.

To address heartbreaking situations like where we were told of a family with a disabled child were told that provision was no longer available on the day their child was due to start, we believe children offered a place should be guaranteed being able to access it. This will require work by the Welsh Government, local authorities and settings to determine a feasible timescale to implement such a guarantee, and how it would work.

The Welsh Government needs to do more to raise awareness of funding streams available to support children with additional needs, especially given the increased Additional Support Grant funding within the Childcare Offer. It also needs to respond to the concerns we heard about the difficulty of accessing this funding.

We commend the evidence-based recommendations relating to childcare from the Children, Young People and Education Committee, which we hope will be accepted and implemented by the Welsh Government.

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:

- 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.
- 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.
- 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 language provision

We heard from childcare providers about the “serious challenge” presented by the lack of Welsh-medium childcare professionals, with CWLWM estimating that 1,500 additional Welsh-speaking individuals need to qualify over a five-year period. CWLWM also told us about the low proportion of learners who undertake further education and apprenticeships through the medium of Welsh. Addressing these challenges will require the Welsh Government to build on the investment it has already made, for example through the Cam wrth Gam programme.

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.

4. Affordable and sustainable

Benefits of investing in early childhood education and care

94. In our previous work on child poverty, the Committee concluded that:

“Provision of high quality, affordable childcare to all is key to delivering better interventions during the early years. We heard compelling evidence from Norway in particular about the effectiveness of quality early years education and childcare in breaking the cycle of intergenerational poverty.”⁹³

95. Oxfam Cymru underlined the importance of investing in accessible and affordable childcare as did Professor Pascal, who told us:

“There's no better investment than investing early on in an individual's life, because you get the benefit for longer and it has a more significant impact...

investing in a quality service... does cost more but not that much more. They're investing a lot already. So, why have a sow's ear when you could do a little bit more and have something that could really make a difference. And the investment has to be skewed towards those children and families who would benefit most.”⁹⁴

96. Research for the Wales Centre for Public Policy found that investment in early childhood education and care can have a positive impact on reducing poverty and social exclusion. Based on international evidence, they concluded that substantial investment in early childhood education and care is required,

⁹³Equality and Social Justice Committee,

Minding the future – the childcare barrier facing working parents

⁹⁴ Written evidence, Oxfam Cymru; Record of Proceedings, 29 April 2024, paragraph 188

and that improving quality of provision and tackling inequalities in access need to be prioritised as part of this investment.⁹⁵

97. Naomi Eisenstadt and Professor Kathy Sylva highlight the consequences of not investing sufficiently in early childhood education and care:

“... we will fail future generations if we don't consider the needs of our youngest citizens, not the least, because research has shown that improving family circumstances and early education over the next ten or 15 years will yield benefits for the future.”⁹⁶

Costs faced by parents and how these impact on gender equality

98. Recent reports show that many families in Wales continue to struggle with the costs of childcare. Oxfam Cymru and the Make Care Fair Coalition found:

- 92% of parents and guardians feel that childcare costs are too high relative to their income levels.
- 70% of parents and guardians said they had no surplus income or savings after allocating income for childcare.
- 53% said going back to paid work doesn't make sense after paying for childcare.⁹⁷

99. The Bevan Foundation⁹⁸ found 70% of parents with children aged 10 and under felt childcare was unaffordable compared to 11% who felt it is affordable. This was a particularly acute problem for low-income parents.

100. The cost of childcare was the dominant issue raised in focus groups with parents and childcare staff as part of this inquiry.⁹⁹ There was consensus that the

⁹⁵ Bucelli and McKnight for Wales Centre for Public Policy, [Poverty and social exclusion: review of international evidence on early childhood education and care](#)

⁹⁶ Eisenstadt and Sylva for Nesta, [Transforming early childhood: narrowing the gap between children from lower and higher-income families](#)

⁹⁷ Oxfam Cymru and the Make Care Fair Coalition, [Little steps, big struggles](#)

⁹⁸ Bevan Foundation, [Tackling disadvantage through childcare in Wales](#)

⁹⁹ Summary of engagement: Childcare – a follow-up inquiry

cost of formal childcare is too high, and this affected a number of contributors' decisions on whether to return to work. A number of participants also said that the rising cost of living, including childcare costs, significantly impacted upon whether they chose to have more children.

"Already I'm having conversations as I'd like to have more children but it's like, ok well financially it'll have to be when he's three because that's when we get support with childcare. And then it's another career break, usually for the woman as well."

Focus group contributor

"Going down to part time hours is sometimes a permanent change. Your employer has to fill that gap. Unless you're in different circumstances that could just be a permanent thing and then you've lost those hours. When your child goes to school you have to consider what that means for your career."

Focus group contributor

101. Oxfam Cymru highlighted the relationship between childcare provision and gender inequality and access to the workforce.¹⁰⁰

102. The Bevan Foundation pointed out however, that the Childcare Offer "is not particularly effective in supporting parents back to work at the point that funded childcare becomes available". They highlight Welsh Government data, which shows that in 2021-22 only 13% of parents who took up the Childcare Offer were not already accessing formal childcare.¹⁰¹

¹⁰⁰ Oxfam Cymru on behalf of the Make Care Fair Coalition, [Little steps, big struggles: Childcare in Wales](#)

¹⁰¹ Oxfam Cymru on behalf of the Make Care Fair Coalition, [Little steps, big struggles: Childcare in Wales](#)

103. WEN Wales highlighted that the universal roll-out of Flying Start childcare to all two-year-olds will not help to address gender inequalities in employment:

“Research shows that funded childcare in the region of 15 hours or less is largely ineffective in addressing parental employment, whereas expanding entitlements to 30 hours leads to significant increases in labour force participation and employment of mothers whose youngest child is eligible.”¹⁰²

Ways to make childcare more affordable

104. WEN Wales wants existing childcare entitlements to be brought into a single scheme that offers at least 30 hours per week of high-quality childcare for all two to four year olds.¹⁰³

105. Oxfam Cymru and the Make Care Fair Coalition called for a seamless and affordable childcare system, that addresses gaps and transition issues through a unified and universal childcare system.¹⁰⁴

106. The Committee heard from experts in Canada, Estonia and Scotland where there is universal or expanding early childhood education and care provision.

107. The Estonian Government has legislated so that the costs per child covered by a parent may not exceed 20% of the legal minimum wage.¹⁰⁵ Municipalities deliver kindergarten provision, and can adjust fees to take account of the socio-economic situation of parents and the number of children in the family.¹⁰⁶ Maria Jürimäe set out the impact this has on the Estonian system:

“It’s not free, of course, but, compared to some other countries, in smaller places it can be €60 or €70 per month, and in towns it could— it depends on the kindergarten— be €110 or €140. It’s

¹⁰² Women’s Equality Network Wales, [written evidence](#)

¹⁰³ Women’s Equality Network Wales, [written evidence](#)

¹⁰⁴ Oxfam Cymru on behalf of the Make Care Fair Coalition, [Little steps, big struggles: Childcare in Wales](#)

¹⁰⁵ Eurydice, [National Education Systems – Estonia: Early Childhood Education and Care: Access](#)

¹⁰⁶ Estonian Government, [Kindergarten placement and its application](#)

something that's quite affordable, actually. Eating is included, and it's a whole-day kindergarten, so they can go from 08:00 to 17:00 or so; most of the children don't, but some parents need it. If people have some problems, like they've lost their job or they're in poverty, then the local municipality will pay entirely for those children, so the parents don't need to pay anything.”¹⁰⁷

108. Dr Dallimore told us that capping childcare fees, as is done in the Nordic countries, should be considered by the Welsh Government:

“It, to me, seems a much fairer way and, yes, when we talk about universality, that doesn't mean that all parents pay nothing, and I don't think there are any countries that I know of where early years services, including childcare, are free at the point of delivery for every single parent. It is a compromise. But certainly, having capped fees is one idea that's very popular and would seem to be a much fairer use of funding.”¹⁰⁸

109. In Sweden, municipalities are required by law to provide publicly subsidised pre-school activities and childcare for all children from age one. Early childhood education and care costs are capped to make provision affordable for parents – at 3% of monthly household income for the first child, 2% for the second, 1% for the third, and free for the fourth child and beyond.¹⁰⁹

110. Scotland introduced free early learning and childcare for all 3-4 year olds for 38 weeks a year from August 2021, regardless of whether parents work or not.¹¹⁰ In addition, it provides 38 weeks per year free childcare for 2 year olds whose parents meet the Scottish criteria for free school meals.¹¹¹ The Scottish Government provided £2 billion in additional funding over five years to support that expansion.¹¹²

¹⁰⁷ Record of Proceedings, 29 April 2024, [paragraph 26](#)

¹⁰⁸ Record of Proceedings, 26 February 2024, [paragraph 290](#)

¹⁰⁹ Eurydice, [National Education Systems – Sweden: Funding in education – Early childhood and school education funding](#)

¹¹⁰ Scottish Government, [Funded early learning and care](#)

¹¹¹ Scottish Government, [ELC for two year old children](#)

¹¹² Scottish Government, [Delivering for Scotland's children](#)

111. Jane Malcolm described it as “a good policy; the delivery of it is the challenge”.¹¹³ She told us that, while it has been “a great thing for parents in terms of lifting people out of that poverty-related gap”,¹¹⁴ there is insufficient funding for providers and the workforce.¹¹⁵ Jane Malcolm believes these issues need to be resolved before any further expansion of provision takes place.¹¹⁶

112. Martha Friendly highlighted that expansion in Canada is at an early stage, and informed by expansion in other countries:

“... it's really a complex policy. It's not just about giving parents money, or getting money to parents to enable to them to use childcare for a certain number of hours, but much more to develop the services that people can actually use at a fee that they can afford, essentially. So, we see it being a process, and I do think that this has been accepted as the policy direction. There are many pieces to it, as you have to enable parents to use it financially and you have to make it inclusive of all Canadians.”¹¹⁷

113. The Minister told us that she shares her predecessor’s ambition for universal childcare provision over the longer-term, saying that:

“We have that ambition and I think it's about how we achieve it and the realistic nature— we've talked today about a complex picture. But we need to make sure that we do it in a way that is planned and make sure that the infrastructure is there, whether that's the workforce, as well as making sure that the buildings are suitable, as well.”¹¹⁸

114. In respect of the roll-out of Flying Start childcare to all two-year-olds, the Minister said that officials are providing advice to her about the approach to take,

¹¹³ Record of Proceedings, 29 April 2024, [paragraph 10](#)

¹¹⁴ Record of Proceedings, 29 April 2024, [paragraph 122](#)

¹¹⁵ Record of Proceedings, 29 April 2024, [paragraph 10](#)

¹¹⁶ Record of Proceedings, 29 April 2024, [paragraph 143](#)

¹¹⁷ Record of Proceedings, 29 April 2024, [paragraph 42](#)

¹¹⁸ Record of Proceedings, 13 May 2024, [paragraph 144](#)

with phase 3 of the programme due to start in April 2025.¹¹⁹ She also said that five local authorities had not yet met the Welsh Government's current requirements, and officials are working with them to address this.¹²⁰

Funding providers to deliver the Childcare Offer

115. During our previous inquiry, childcare providers reminded us that the funding rate had remained at £4.50 per hour for a number of years, and that this impacted on settings' ability to pay their workforce a commensurate wage.¹²¹ We recommended a significant increase in the hourly rate paid to providers delivering the Childcare Offer, to help providers pay staff higher wages.¹²²

116. The Welsh Government increased the current hourly rate of the Childcare Offer from £4.50 per hour to £5 per hour in April 2022.¹²³

117. The Committee heard serious concerns about the hourly rate paid to childcare providers.. A report published by Early Years Wales in March¹²⁴ tells us that:

- 94% of providers do not think the hourly rate covers their costs.
- 72% of providers are confident they can sustain the current model for 1 year, with a dramatic fall to 20% for 2 years and 9% for 5 years.
- Almost all providers believe the hourly rate should be reviewed each year or go up in line with inflation.
- Most providers believe an hourly rate of £6 to £8 per hour is now required.

¹¹⁹ Record of Proceedings, 13 May 2024, [paragraph 126](#)

¹²⁰ Record of Proceedings, 13 May 2024, [paragraph 130](#)

¹²¹ Equality and Social Justice Committee, [Minding the future – the childcare barrier facing working parents](#)

¹²² Equality and Social Justice Committee, [Minding the future – the childcare barrier facing working parents](#)

¹²³ Welsh Government, [Written Statement: Review of the Childcare Offer for Wales hourly rate, 22 February 2022](#)

¹²⁴ Early Years Wales, [Data inquiry considering the impact of the 2024 uplift in National Living Wage](#)

118. The Dylan’s Den manager said that the current Childcare Offer hourly rate is insufficient to cover their costs. Other providers in the local area are reported to be running at an annual loss of more than £30,000. They argued that providers will close if this continues, impacting children, parents, the staff of those settings, and the wider local economy.

119. Staff at Dylan’s Den thought that reviewing the hourly Childcare Offer rate annually “would help massively”. They were surprised that the Welsh Government decided to transfer early years funding to fund other priorities as part of its budget reprioritisation last year, instead of using it to support struggling childcare settings.

120. CWLWM said that the rate “is insufficient to meet the service provision” or to “consider any uplift to staff pay” and that failure to address this “risks the viability of large numbers of providers across the sector”.¹²⁵

121. From a local authority perspective, Hayli Gibson said that all the practitioners have said to us, ‘Unless there is an increase to the funding streams that are coming to us, we may have to remove ourselves as a setting’.¹²⁶

122. Sarah Coates, National Day Nurseries Association, set out the key changes she wants to be made:

“The three-year freeze that we’ve had on the childcare offer funding rate— at the moment, it’s really having a huge impact on providers. So, it’s just looking at those funding rates in line with inflation as well, and taking that into consideration, looking at inflation and wages.”¹²⁷

123. The Minister said “lots of people have already told me about” the funding issues childcare providers face.¹²⁸ :

¹²⁵ Written evidence, CWLWM

¹²⁶ Record of Proceedings, 26 February 2024, paragraph 260

¹²⁷ Record of Proceedings, 26 February 2024, paragraph 432

¹²⁸ Record of Proceedings, 13 May 2024, paragraph 33

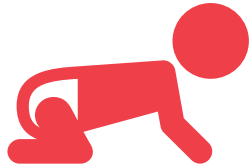
“My officials are already working on the review of the Childcare Offer rate, and we're working closely with CWLWM members to build an accurate picture, to allow a decision to be made about the rate paid to providers. And I would encourage all providers to take part in our evidence gathering. We had a survey launched on 1 May, and it's inviting all registered Childcare Offer providers to take part in what will be an important review for the sector and will be, obviously, very crucial in informing future budget-setting discussions.”¹²⁹

124. The Minister said that robust evidence is needed to inform decisions, and any funding increase would come into place from April 2025. She said that if there is evidence that more regular reviews are appropriate, she is open to that.¹³⁰

¹²⁹ Record of Proceedings, 13 May 2024, [paragraph 34](#).

¹³⁰ Record of Proceedings, 13 May 2024, [paragraph 39](#).

Figure 6 Some of the key findings of an Early Years Wales survey of members on the 2024 uplift in National Living Wage



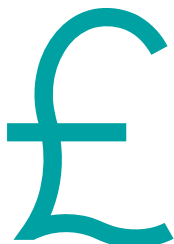
94% say funded rate does not cover the cost

84% say funded rate does not cover uplift in Minimum Wage



91% considering/will increase parental fees

If nothing changes
28% expect to close within a year
79.8% expect to close within 2 years.



£6-8 an hour per child needed to avoid collapse of sector
Currently £5 an hour unchanged since 2022

Flying Start funding

125. The Committee also heard concerns about Flying Start funding. Sarah Mutch ~~said that~~ money is restricting local authorities' expansion of Flying Start childcare:

“The challenge is: we could probably go a bit faster, but the budget constraints are really, really challenging. So, there's a difficulty with sufficient places in the sector being developed alongside sufficient money coming from Welsh Government to be able to pay for those places, and I think it's a challenge to get the balance right.”

126. Staff based at The Venture told the Committee that austerity, the pandemic and cost of living pressures have had a “crippling effect” on their budget, and they are having to bid for funding from 25-30 different sources. Aberavon Integrated Children's Centre staff told Jenny Rathbone MS and Sioned Williams MS that Flying Start funding has not increased over recent years.

127. The Venture highlighted that Welsh Government Flying Start funding is based on the ratio of four children to one member of staff. The setting is paid per child, in sets of four. This creates an issue at the bottom end of the formula. For example, if a setting has 16 children, it requires 4 members of staff. However, if a setting has 17 children, it requires an extra member of staff but the setting is only paid for one extra child.

Our view

Investment in early childhood education and care

To ensure that the benefits of high-quality and accessible early childhood education and care are achieved, the Welsh Government must ensure that provision is affordable for parents and that it sustainably funds providers to deliver it. However, the evidence we have received suggests that there are major challenges in relation to both affordability and sustainability of provision.

The benefits of investment in high-quality early childhood education and care are well-evidenced and well-known. We welcome the current First Minister's intention that the Welsh Government will renew its focus on the first 1,000 days of a child's life. Combined with a more coherent vision, we consider greater investment in childcare to be an excellent example of how the government could make a real difference to families. We reiterate the recommendation we made in our report on child poverty, that 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, and should set out how it intends to do this.

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.

Affordability of childcare

Recent reports have highlighted the pressures childcare costs place on the budgets of many families in Wales. As we heard during our previous inquiry, these are particularly acute for families with children under 3. Contributors to our focus groups outlined the impact of unaffordable childcare costs on women's careers and family decisions on whether to have another child. The evidence we took from other nations shows clearly that, with investment and long-term political commitment to tackling this issue, better approaches can deliver the high-quality, affordable childcare that families need.

We welcome the Minister's commitment to developing universal childcare provision over the longer-term, and urge her to work with the sector and others to develop ambitious but realistic proposals with a roadmap for achieving this. The expansion of Flying Start is a good start, but clarity on when phase 3 of this will be delivered and prioritisation in budget allocations is needed to ensure that families across Wales can benefit from this as quickly as possible.

Recommendation 8. To address the concerns of parents regarding the affordability of childcare, the Welsh Government should:

- 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.
- 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.

Sustainability of the childcare sector

The childcare sector has clearly outlined the financial challenges it faces. Most starkly, the survey undertaken earlier this year by Early Years Wales found that 28% of providers were not confident that they could sustain the current funding model for another year, with the £5 per hour funding for the Childcare Offer not covering the costs of 94% of providers.

The Minister assured us she is well aware of the concerns of providers around funding, and highlighted the need for robust evidence to inform decisions. While all spending decisions should clearly be determined by the best possible evidence, the speed of the Welsh Government's response to the concerns raised about the insufficiency of the hourly Childcare Offer funding rate is of real concern to us. It should urgently prioritise resolving this, to give certainty to providers and parents that a much-needed and considerable increase is on the way to secure the sustainability of the sector.

The cost of living crisis has also highlighted the need for greater flexibility in reviewing the hourly Childcare Offer funding rate. Providers who have faced significant increases in costs such as energy bills and wages over the past few years have seen no increase in the level of funding they receive per hour since April 2022. We share the surprise of the practitioners we visited that instead of supporting struggling settings, the childcare budget was transferred to fund other priorities in February 2024. We call on the Welsh Government to ensure that a more flexible approach is introduced, that reviews the hourly rate each

year and considers how factors such as inflation and increased costs have affected providers.

Recommendation 9. The Welsh Government should act with urgency to shore up the financial sustainability of the sector by:

- 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.
- 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.

Annex 1: List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the [Committee's website](#).

Date	Name and Organisation
<p>26 February 2024</p>	<p>Sarah Coates, National Operations Manager NDNA Cymru</p> <p>Dr David Dallimore, Policy Researcher</p> <p>Hayli Gibson, Head of Early Years, Childcare and Play Pembrokeshire County Council</p> <p>Janet Kelly, Chair Sparkle</p> <p>Sarah Mutch, Early Years and Partnerships Manager, Caerphilly County Borough Council</p> <p>Cheryl Salley, Director Darling Buds Nursery</p> <p>Jane O'Toole, Chief Executive Clybiau Plant Cymru</p>
<p>29 April 2024</p>	<p>Naomi Eisenstadt, Chair NHS Northamptonshire Integrated Care Board</p> <p>Martha Friendly, Executive Director Childcare Research and Resource Unit</p> <p>Maria Jürimäe University of Tartu</p> <p>Natalie MacDonald, Assistant Academic Director for Childhood, Youth and Education University of Wales Trinity Saint David</p> <p>Jane Malcolm, National Operations Manager, National Day Nurseries Association Scotland</p>

Date	Name and Organisation
	Christine Pascal, Director Centre for Research in Early Childhood
13 May 2024	Jayne Bryant MS, Minister for Mental Health and Early Years, Welsh Government Clare Severn, Head of Early Childhood Education and Care, Childcare and Play Policy Welsh Government Alex Slade, Director of Primary Care, Mental Health and Early Years Welsh Government

Annex 2: List of written evidence

The following people and organisations provided written evidence to the Committee. All Consultation responses and additional written information can be viewed on the [Committee's website](#).

Reference	Organisation
CFU 01	Dr David Dallimore
CFU 02	National Day Nurseries Association
CFU 03	Oxfam Cymru
CFU 04	Women's Equality Network
CFU 05	Children's Commissioner for Wales
CFU 06	Equality and Human Rights Commission
CFU 07	CWLWM
CFU 08	Bevan Foundation
CFU 09	Wales TUC

Additional Information

Title	Date
Natalie MacDonald- Written follow-up to evidence session	10 May 2024