

Education and Culture Committee

Scotland's Educational and Cultural Future

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Theme 2 Early years, Childcare and Employability

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Introduction

Our evidence relates to the first two questions of Theme 2 but should also be considered in the context of policies for lifelong learning, health and wellbeing.

We draw on a number of research reports and articles including our own. These are listed at the end.

Preliminary remarks

- We are unclear about the use of the term 'childcare' in this review. Although childcare is still treated differently from early education in Scotland, the White Paper, *Scotland's Future* – in common with previous strategies - aspires to provide services for young children which are holistic and multi-purpose. **Early Childhood Education and Care (ECEC)** is the recognised international term for services which combine early education and care.
- Responsibilities for policies for childcare, parental employment and, more broadly, ECEC, are split between the Westminster and Scottish Parliaments and, depending on the outcome of the Referendum, may remain so. Relevant aspects of policy currently reserved for the Westminster Government include parental leave policies, equality legislation, tax and family benefits and some aspects relating to workforce education. This means that responsibility for demand-side policies, such as tax credits, to develop ECEC services, has been split from supply-side provision, including early years education. The history of early years policy following the establishment of the Scottish Parliament suggests that the development of ECEC services would have benefited from a clearer understanding of the interface between these responsibilities and the adoption of policies at a UK level which enable devolved nations to build on their particular strengths and shape their own systems (Cohen 2013).

- Scotland still does not have an integrated ECEC system even across those aspects of services for which there is a devolved responsibility (Naumann et al 2013). 'Childcare' is treated differently from 'early education'. It tends to be thought of as a private commodity in contrast to 'early education' which is seen as a universal entitlement. Fully integrated ECEC systems have no divide between services for children under and over the age of three, have the same arrangements for funding, regulation, access, staff education, pay and conditions and data collection and one workforce working with the whole age range from birth to the age of compulsory schooling. The absence of integration detracts from the very considerable investment in extending the hours of early years education. Integration is a *sine qua non* of a cost-effective ECEC system; fully integrated universal systems offer particularly big gains for children under the age of three – they are considerably more effective in reaching families with poor educational backgrounds and can play a significant role in addressing child poverty.
- Leave arrangements, including maternity and parental leave, are currently the responsibility of the Westminster Parliament and are outwith the scope of this inquiry. We would ask the Committee to note the need for continuity between the availability of paid maternity and parental leave and the availability of ECEC places.
- Scotland's statistical data in this area needs to be strengthened in order to give a clearer picture of parental employment and multiple family arrangements for the care of their children. Some of the information required is a matter for Scotland. For example, greater clarity is required over families' use of multiple services and informal care over the day, week and year. Greater consistency is required in information collection over time so that trends are more easily identifiable. Some information is available at a UK level but not readily available for Scotland: for example, parental employment by age of youngest child data, information on leave take -up in Scotland and variations in take-up of tax credits. A complex area is rendered more complex by inadequacies in information and we strongly recommend that the Committee conducts a rigorous examination and an independent analysis of the available data.

- The Committee's call for evidence and *Scotland's Future* make no reference (that we can see) to school age childcare. The number of out of school clubs and holiday schemes is currently declining and, in our view, this is an area that also requires considerable investment and rethinking of the delivery of services and their relationship to schools. Some 60% of out-of school clubs use school premises. In the Nordic countries school-age childcare services are increasingly provided in schools and we believe the Committee needs to consider a more extensive role for schools here in developing as well as hosting these services.

A. The benefits to children, families and wider economy of investing in childcare.

Points which we believe need to be considered for this include:

1. There is strong international evidence, including evidence from the EU and OECD that investment in ECEC yields multiple benefits for children and their families, and society at large (see e.g. EC 2013; OECD 2006). These positive effects are short-term, medium-term and long-term.

1a. Short-term benefits of investment in ECEC services

When services support parental access to the labour market, education and training, benefits include:

- an increase in parental employment rates, particularly maternal employment rates, upskilling of the labour force and diminishing drop out of highly trained professionals. All of these increase tax revenue as indicated in *For Scotland's Future*
- decreasing the risk of child poverty and families' dependency on social benefits, both benefiting public finances (Esping-Andersen 2002).
- a 'galvanising' effect on local and national economies through infrastructural investment that both creates a demand for labour and increases the supply. (Cohen and Fraser 1991).

1b. Medium and long term benefits

When services also provide a pedagogically and socially stimulating environment, benefits include:

- diminishing educational inequalities - research points to the importance of the first three years in a child's life in developing cognitive and behavioural patterns which later affect the ability to learn (Blakemore, S.-J. et al. 2005; UNICEF 2008; Sylva 2010). Attendance of formal services by under-threes in the UK is marked by high levels of social

difference with children with mothers with high levels of education three times as likely to make use of formal services as those from families with a lower educational level. (Children in Scotland 2010)

- Positive long-term outcomes found by US longitudinal studies include increased educational achievements and employment prospects, and improved health and general well-being, this was found in particular for children from disadvantaged backgrounds (UNICEF 2008). Investing in early years services was also found to be more cost effective and yielding better results than investing in compensatory programmes in later life, such as job training programmes for the unemployed (Heckman 2006).
- Creating more equal opportunities through high quality ECEC services also has other positive long-term effects: it has been shown that greater equality in society has multiple positive effects for society as a whole and has been linked to better health outcomes of the population (and thus lower health costs), greater social cohesion and lower crime levels (and thus reduced police and legal costs) as well as greater levels of productivity and economic competitiveness (Wilkinson & Pickett 2009).

2. Investing in childcare has many positive effects. It is important to note however, that the *how* of investing in ECEC is key for it to yield the expected positive outcomes summarized above:

- Fully integrated ECEC systems (see above) in comparison seem to be better suited for achieving the benefits outlined above than 'split' systems that distinguish between 'childcare' and 'early years education' (OECD 2006; EC 2013). For example, in the Nordic countries, children of all ages (below school age) attend the same settings that provide services on a full day, all year round basis. There is also comprehensive universal provision of after school care for school aged children. In Sweden all children from age one have a legal entitlement to such a full-time all year round place in an ECEC or After School setting. In contrast, in Scotland (and the rest of the UK is similar) there is considerable fragmentation of services: 3 and 4 year olds tend to attend mostly public nursery classes or nursery schools that run currently for 2 1/2 hours a day (from August onwards, following the extension of the entitlement to free nursery education to 600 hours for 3hours 10min/day), childcare for under3s and also full-day care for 3 and 4 year olds is usually provided by other

settings, either private nurseries or childminders. It is common for parents in Scotland to make use of multiple services and other arrangements to meet their childcare needs. Maternal employment figures are considerably higher in the Nordic countries than in Scotland. An important factor in this is the better institutional and logistical fit between the integrated ECEC systems in these countries and the needs of employed parents, the greater availability of ECEC places and the better affordability of services (See below).

- ECEC services have to be consistently of high-quality to have a positive effect on children's development. Key aspects identified by international research for quality of services are a) pedagogical content and curriculum development b) qualification levels of staff; c) staff-child ratios, d) stability and reliability of services (parents need to be able to depend on ECEC services to plan their work and family life; children need to be able to develop stable relationships with staff and other children). Again, integrated ECEC systems have been identified as superior to fragmented or split systems (OECD 2006; EC 2013; UNICEF 2008): all children, no matter what age, need loving, responsive care to develop confident, enterprising and trusting personalities. And all children, no matter what age, need good pedagogically led and developed learning opportunities to grow, explore and develop (this also stipulated by the UN Rights of the Child). Integrated systems that combine 'care' and 'education' elements, are more likely to develop a holistic view of the child (i.e. not only focusing on cognitive skills development) and qualification levels of staff also tend to be more even and generally higher than in 'split' systems (Oberhuemer et al. 2010). In Scotland, qualification levels of staff in 'childcare' settings (i.e. private nurseries) tend to be low compared to countries with integrated systems (see UNICEF 2008; Naumann et al 2013; Oberhuemer et al. 2010).
- Good quality ECEC services need to be available and affordable to all families, irrespective of household income and geographical location. Factors such as childcare costs, rigid opening hours or lack of availability can impede access to ECEC services, particularly for children from low income families. In Scotland, and the UK in general, childcare costs of parents are amongst the highest in the world (Daycare Trust & Children in Scotland 2012; Naumann et al. 2013). According to OECD calculations an average dual earner household spent in 2008 27% of household income on childcare, in comparison to 5% in Sweden (OECD 2011). A particularly stark effect of

childcare costs in the UK is the income-related inequality in access to ECEC services: in the UK children under 3 from households in the top income quintile were 2.5 more likely to attend ECEC services than children from the lowest income quintile; and they were 6 times more likely to use full-time childcare (30 hours or more) than children from the lowest income quintile (Van Lancker 2013). This means that despite considerable efforts at 'targeting' disadvantaged children, currently it is particularly these children who are less likely to benefit from ECEC provision. In countries such as Denmark and Sweden, access to ECEC services is far less determined by family income than in the UK.

Personal services such as ECEC are relatively cost intensive due to the staff-child ratios necessary to keep up quality standards. Research suggests that childcare costs have to be subsidized at least by up to 70% to make them generally affordable for parents (Esping-Andersen 2002). In Sweden, for example, childcare costs are publicly subsidized to around 90%. Parent fees are then staggered depending on household income, but are never higher than 3% of household income for the 1st child and 2% for the 2nd child (Naumann et al. 2013). Research has also found that it matters *how* ECEC services are funded: supply-side funding (i.e. of the ECEC settings themselves) is found to be more cost effective as well as ensuring more equal access for all children than demand-side funding (van Lancker and Ghysels 2012; UNICEF 2008). Supply-side funding can also reduce the risk of running ECEC services for providers: in the UK the field of ECEC provision is dominated by private (for-profit) providers. During the economic crisis closures of ECEC settings were a common phenomenon, creating unstable and unsecure care situations for many families (Naumann 2011; Penn 2013). At present private ECEC providers in Scotland can set their own fees. Careful consideration of the regulation and inspection regimes guiding the 'childcare market' are vital to ensure that price is not linked to quality potentially excluding low income families from high quality services.

- An integrated ECEC system requires an integrated workforce and not one in which initial education, training, pay and conditions are split by the age of the child and the label given to the services (Children in Scotland et al. 2010).
- Lastly, ECEC policy needs to be integrated with other policy areas as to effectively support parental employment. In particular there needs to be continuity between statutory rights to paid maternity/parental leave and the availability of

and entitlement to an ECEC place (Naumann et al 2013). In the UK maternity and parental leave are currently a Westminster responsibility but would need careful consideration in case of independence. Payment of maternity/paternity leave in the UK stands out as rather ungenerous in European comparison with only six weeks guaranteed wage replacement (of 90%) and a 33 week flat-rate payment; meaning that in families that depend on the mother's income, mother has to return to work while the child is still very young. International literature is critical concerning the benefits of formal ECEC attendance of infants, and suggests that paid parental leave (with the option of mothers and fathers sharing the leave) of at least one year would be a pre-condition for a high quality ECEC system (see for example, UNICEF 2008). A mismatch between maternity/parental leave policy and ECEC policy can also impede women's labour market participation.

3. The aspirations expressed by the White Paper, For Scotland's Future, are very welcome. However in the meantime it needs to be realised that extending free pre-school education to 30 hours a week will still fall short of the hours required by parents in full-time employment, particularly as it is only in term times – leaving 13 weeks a year. If Scotland is to aspire to providing services for young children which match the best in Europe the measures being taken as an interim step need to be accompanied by further measures to develop a fully integrated ECEC system.

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University of Edinburgh. 4th March 2014

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