

## SUBMISSION FROM SAVE THE CHILDREN

### 1. Introduction

Save the Children welcomes the Equal Opportunities Committee's focus on issues relating to women and work and the opportunity to provide evidence to inform the Committee's work in this area. Our evidence is based on the role of maternal employment in tackling child poverty. We focus particularly on issues around access to childcare for mothers living in low income households, as this is our area of expertise.

### 2. Links between maternal employment and child poverty

In developed nations, there are clear links between higher rates of women's employment and lower rates of child poverty. For example, in Sweden, the maternal employment rates are among the highest in the EU, and child poverty rates are among the lowest. In Scotland and across the UK, there are much lower rates of maternal employment and much higher rates of child poverty.<sup>i</sup> A recent report by Save the Children and the Women in Scotland's Economy Research Centre examined the links between women's employment patterns and levels of child poverty. Comparing women's employment levels for the decade 1998-2008 alongside measures of child poverty shows an inverse relationship i.e. they move in opposite directions indicating a correlation. In addition, the report found that women are more likely than men to be 'money managers' in low income households and that children benefit from women's approach to household spending and decisions.<sup>ii</sup>

This highlights that mothers' access to and opportunities within employment need to be a key part of the Scottish Government's approach to tackling child poverty. We therefore **recommend that the Committee explores these links and considers what additional support is required to further support maternal employment (for mothers who are able and want to work), address the barriers that prevent mothers' access to and opportunities within employment and tackle child poverty (both out of work and in work poverty).**

### 3. Childcare

Childcare is a vital service for families. High quality childcare (for young children and out of school care) provides nurturing, stimulating experiences for children and helps parents to balance parenting and employment (and training or study). Balancing employment and childcare commitments are key considerations for parents. Facilitating employment is very often the main reason parents cite for using childcare. Therefore employment patterns and childcare use are closely linked. In the current economic context, the need for both parents to work to maintain and increase living standards, the long-term increase in single parent families and the growth in part-time jobs which operate outside the traditional 9 to 5 timeframe mean that the need for affordable and flexible childcare has never been greater.

Progress has been made over the last decade to increase the availability and affordability of childcare in Scotland - both through increasing the number of places available, and supporting parents with the costs e.g. through the childcare element of

Working Tax Credit and entitlement to pre-school education. Despite these advances and despite the public good to be gained from investing in high quality childcare, parents are still struggling to access high quality, affordable childcare. Parents living on low incomes are particularly disadvantaged. The majority of the costs of childcare still fall on families, with fees being a high proportion of working parents' incomes, and there are still significant gaps in provision. Further, the wellbeing of children needs to be central to the debate about how childcare is provided in Scotland. There is significant evidence to show that that high quality care can be beneficial to families, particularly disadvantaged families.<sup>iii</sup>

Throughout 2012, Save the Children engaged in 'childcare conversations' with over 100 parents living on low incomes across Scotland. The purpose of this discussion was to examine the barriers that prevent parents from accessing suitable childcare and what needs to be done to address these issues. The remainder of this evidence outlines the key challenges identified by parents and highlights the action and policy responses that could be explored to address these challenges.

## **The challenges facing parents in accessing childcare**

### **I. Affordability**

Our conversations with parents living on low incomes found that childcare costs are a particular concern to families living in poverty. Low income parents are more likely to cite affordability as their main concern when considering childcare and they are less able to absorb increases in childcare costs into already limited disposable income. Research by Save the Children and the Daycare Trust in 2011 found that four fifths of parents living in poverty identified cost as a barrier to accessing childcare and because of difficulties in accessing childcare, a quarter had given up work, a third had turned down a job, and a quarter had not been able to take up education or training.<sup>iv</sup>

In 2012 Children in Scotland and the Daycare Trust found that childcare costs (nursery, childminders and out of school care) had risen by between 1.9% and 5% in Scotland over 12 months (at a time when wages increased by just 0.3%) and that childcare costs now exceed £100 for a part-time place nursery place (25 hours) and nearly £50 for out of school care in many parts of Scotland (although there is a very significant geographic variation in costs).<sup>v</sup>

These high childcare costs impact directly on the disposable incomes of families. Across developed nations the UK has the highest costs of childcare for any country apart from Switzerland. 26.6% of average family incomes are spent on childcare compared to an OECD average of 11.8%.<sup>vi</sup> High child costs affect parents across different income groups, acting as a barrier to employment for those looking to move into work and eating into the disposable income of those who are employed.<sup>vii</sup>

Whilst childcare costs are not the only employment barrier facing women the impact of childcare costs on maternal employment rates appears to be particularly marked. This was a key message from parents involved in our childcare conversations and is supported by a recent survey that found that 47% of women not in employment who would like to be working identified childcare affordability as a barrier to employment (48% identified lack of job opportunities).<sup>viii</sup>

As stated above, there appears to be a correlation between high rates of maternal employment and low levels of child poverty. In addition, there also tends to be a correlation between high rates of maternal employment and countries where childcare accounts for a relatively small proportion of disposable income.<sup>ix</sup>

Further, high childcare costs have a direct impact on child poverty levels. For couple parents, ensuring that both parents can get into employment reduces the risk of poverty substantially. Both parents being able to secure full-time work reduces the risk of poverty further still. Similarly, the risk of poverty is significantly reduced for single parents working full-time.<sup>x</sup> Ensuring childcare does not act as a barrier to parents moving into work or increasing their hours worked is crucial, therefore, in reducing child poverty.

Save the Children believes that policy needs to consider the extent to which childcare costs can be reduced to parents as a barrier to employment and/or increasing hours worked. Policy currently supports parents living in poverty to meet the costs of childcare through tax credits and the provision of state funded nursery education for 3 and 4 year olds. Evidence suggests that childcare vouchers do not currently support this group of parents with the costs of childcare - with no voucher recipients found amongst the 40% lowest income households.

## **II. Accessibility**

In addition to affordability, parents living on low incomes reported a lack of locally available childcare that was flexible to meet their needs. Although availability was an issue for many parents, this was a particular issue in more rural areas. This finding is supported by a recent report from Children in Scotland and the Daycare Trust which found that there are very significant gaps in availability of childcare in Scotland. Only a fifth of local authorities report that they have enough childcare for working parents and only one in ten local authorities have enough childcare for parents who work outside normal office hours.<sup>xi</sup>

Assessing the supply and demand for childcare is complex. Increasing numbers of mothers not returning to employment may not be captured in data about childcare sufficiency. Parents involved in the childcare conversations highlighted their reliance on informal childcare provided by family and friends, some through preference but many due to lack of locally available childcare. For working parents, the current inflexibility around taking up free nursery hours for 3 and 4 year olds and a lack of childcare services out with normal working hours of 9-5 were reported as common concerns. Atypical hours are much more likely to affect lower paid workers due to the nature of employment opportunities available to them. The high cost of childcare in Scotland also suggests a failure in supply. Save the Children believes that the Scottish Government and local authorities need to play a key role in ensuring childcare is available to parents living on low incomes as the evidence suggests that a failure in supply demonstrates that childcare is an inappropriate service to be left to the market alone.

A recurring issue for parents living on low incomes with regard the availability of childcare was the uncertainty of securing childcare to enable parents to take up

college places. Further, many parents (all women) explained that they had not been able to take places at college because they had not been able to secure or afford suitable childcare, while others said they had not even applied for a college place due to the stress of trying to secure childcare, despite wanting to further their skills and employment prospects. Save the Children's research found that a quarter of parents in living poverty had not been able to take up education or training because of difficulties in accessing childcare.<sup>xii</sup>

## Conclusions

There is a significant amount of evidence illustrating the challenges and issues that need to be addressed to further support maternal employment and thus tackle child poverty. Lack of affordable, suitable childcare is a significant issue that determines parents, particularly mothers, ability to participate in the labour market and is a complex area of policy. Save the Children believes that childcare services are vital services for families. First and foremost childcare services must support children's wellbeing and development. However, childcare is also a vital service that supports parental employment and should be seen as part of Scotland's infrastructure and seen as a core element of economic policy as well as children's policy. Save the Children believes that the Scottish Government should prioritise measures to help parents living on the lowest incomes to meet the cost of childcare, as a first step in addressing the wider issues in relation to childcare.

Save the Children welcomes the Committee's focus on looking at how these issues can be addressed. We recommend that the Committee examine a number of options to further support parents to access suitable, flexible and affordable childcare:

- 1. Moving towards a system of state funded high quality early education and care provision for under 5s.** The Scottish Government's Children and Young People Bill - due to be introduced to the Scottish Parliament later this year - aims to increase the number of hours of early learning and care for 3 and 4 year olds to 600 hours and introduce an entitlement for 600 hours of early learning and care to looked after 2 year olds. This is a welcome step forward and should be seen as part of a longer term aim to move towards a universal model for under 5s. We urge the Committee to examine whether the Bill could go further and provide additional support for children living in poverty. In particular, by extending the entitlement to all two year olds living in poverty. While this option would support parents with the costs of childcare it should also aim to improve children's outcomes, development and wellbeing.
- 2. Providing additional support to help parents living in poverty with the costs of out of school care.** This could be delivered through introducing an entitlement to publicly funded out of school care for five to fourteen year olds (including during school holidays) for children living in deprived areas.
- 3. Capping the amount parents spend on childcare as a proportion of income.** Sweden operates a maximum fee policy aimed at making childcare affordable to everyone and capping the financial contribution of parents on an equitable basis. Fees are calculated according to income with families on low incomes not paying. This option should be examined in the Scottish context. This could be introduced in phases.

4. **Recommending that the UK Government increases support to parents to pay for childcare under Universal Credit.** As a first step reversing the decision to reduce support available from 80% to 70% of childcare costs.
5. **Require local authorities to assess the demand and supply for childcare in local areas, in order to better understand and address availability.** A similar duty exists in England and the Scottish Government's Children & Young People Bill provides an opportunity to take this forward.
6. **Supporting local authorities to mainstream the Working for Families approach.** This approach combines employability and childcare support – seeing childcare as central to both children's policy as well as economic development policy. It provides support for parents living on low incomes to access suitable childcare, for example by covering the costs of deposits for places.
7. **Introducing an entitlement to support with the costs of childcare for student parents.** The current system is based on a limited fund and therefore places and support are allocated on a first come first served basis meaning that many parents miss out and therefore are unable to take up college places.
8. **Promote the economic/ business case for supporting working parents to access childcare.** While the focus of childcare policy should remain the wellbeing of children, the wider social and economic benefits of childcare must be recognised. Ensuring flexible childcare is widely available needs to be part of the economic and social infrastructure.

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<sup>i</sup> J Bradshaw, *A Review of the Comparative Evidence on Child Poverty*, Joseph Rowntree Foundation, 2006.

<sup>ii</sup> A McKay et al, *Child Poverty and Mothers Employment Patterns – Exploring Trends*, Save the Children and Women in Scotland's Economy Research Centre, 2012.

<sup>iii</sup> Sylva, K et al, *The Effective Provision of Pre-school Education (EPPSE)* Institute of Education, University of London, 2011.

<sup>iv</sup> Save the Children and Daycare Trust joint briefing, *Making work pay – the childcare trap in Scotland*, 2011.

<sup>v</sup> Children in Scotland and Daycare Trust, *The Scottish Childcare Lottery*, 2012

<sup>vi</sup> Figures sourced from: <http://www.oecd.org/social/socialpoliciesanddata/oecdfamilydatabase.htm>

<sup>vii</sup> Alakeson, V. & Hurrell, A, *Counting the Costs of Childcare* Resolution Foundations, 2012.

<sup>viii</sup> Waldegrave, H. & Lee, L. *Quality Childcare – Improving early years childcare* Policy Exchange

<sup>ix</sup> Childcare as a proportion of disposable income and maternal employment rates sourced from the OECD: <http://www.oecd.org/els/familiesandchildren/oecdfamilydatabase.htm> & child poverty rates sourced from

<sup>x</sup> Department for Work and Pensions, *Household Below Average Income series 1994/95-2010/11*, 2012.

<sup>xi</sup> Children in Scotland & Daycare Trust, *The Childcare Lottery*, 2012.

<sup>xii</sup> Save the Children, *Making work pay – The Childcare Trap in Scotland*, 2011.