



*Championing better
work and working lives*

Support for childcare and the early years

Submission to the Education Select Committee

Chartered Institute for Personnel and Development (CIPD)

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Childcare entitlements

- **Are the current entitlements providing parents/carers with sufficient childcare and to what extent are childcare costs affecting parents/carers from returning to work full-time?**

Context

The cost of childcare in the UK has been on the rise in recent years. Between 2010 and 2021, the price for a part-time (25 hours per week) nursery place for a child under two rose by 59% ([Economics Observatory, 2022](#)).

Analysis by [Business in the Community \(BITC\)](#), the Prince's Responsible Business Network (2022) using the Coram family and childcare survey results alongside ONS ASHE data, shows that in all regions of the UK, weekly early years development/ childcare costs over half of one parents take home pay if they earn a median salary. Parents in the east of England and inner London spend the greatest percentage of one parent's take-home pay on childcare, handing over 71% of their weekly earnings.

A [2019 ONS survey](#) found that child-care responsibilities led 29% of mothers with a child under 14 to reduce their working hours, compared with just 5% of fathers, having a substantial impact on earnings. Unsurprisingly, the proportion of parents who faced an obstacle fulfilling responsibilities decreased as the age of the child increased; from 35% of parents whose youngest child was aged between 0 and 4 years to 20% of parents with a child aged 11 to 14 years.

A recent report from the [Institute for Fiscal Studies](#), found that in the ten years following the birth of their first child, mothers' average hourly wage fell from 98% of average male earnings to 83%.

Econometric analysis also by the [Institute for Fiscal Studies](#) (2020) using pooled Labour Force Survey data shows that while there is little impact of entitlement to free part-time childcare on the decision to enter work, there are larger impacts of moving from part-time to full-time childcare for mothers whose youngest child becomes eligible. They conclude by saying free childcare may not begin early enough following their child's birth to prevent labour market detachment of mothers, especially from jobs they previously held. The longer a labour market detachment is, the harder it is to return to work.

Affordable early years development/ childcare increases women's labour market participation significantly. This is strongly evidenced in Quebec, Canada, where daily low flat childcare fees were introduced in the late 1990s ([Fawcett Society, 2022](#)). Other countries have recently or are currently innovating and reforming their

childcare systems, partly in response to the pandemic – whilst England has not done so since 2017 ([Fawcett Society, 2022](#)).

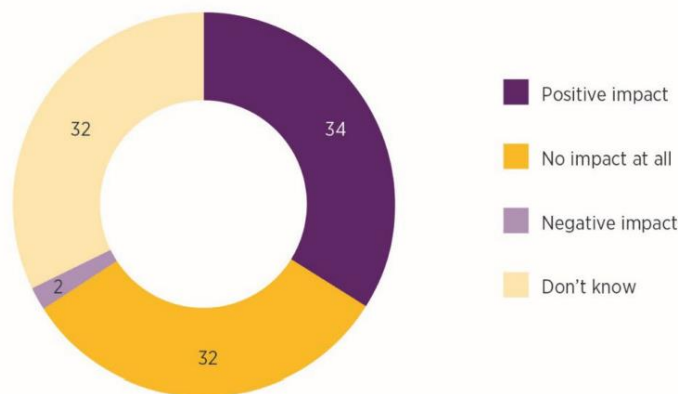
Whilst not directly related to childcare entitlements, paid family leave at the time of a birth significantly increases labour market participation by more than 5% in the year of a birth; and remains significant five years later ([Jones and Wilcher \(2020\)](#)). The impact of this financial support is greatest for women with higher educational attainment. Improved early years development/ childcare entitlements from a young age are likely to have similar effects.

Now is the time to bring about reforms to the early years development/ childcare sector to provide parents with sufficient and affordable childcare and enable parents and often mothers to return to work. We also believe reforms to parental leave would help to help deliver more balance and choice over the distribution of caring responsibilities and better reflect the changing nature of modern families.

CIPD data on early years development/ childcare

In our [Employers Focus on Working Parents 2022 report](#), where we surveyed 2,000 senior decision-makers in the UK, over a third (34%) of employers in England report the introduction of 30 hours' free childcare per week for all 3–4-year-olds in 2017 has made a positive impact on the number of women returning to work. Only 2% say it has had a negative impact, as shown in Figure 4.

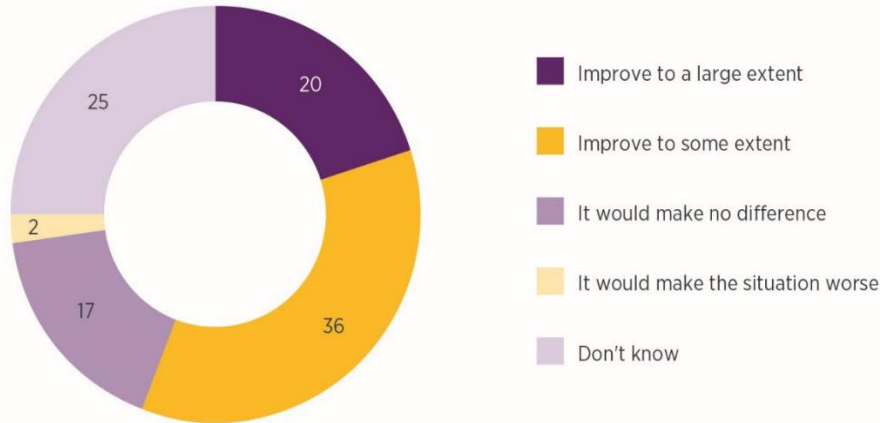
Figure 4: Impact of 30 hours free childcare on the number of women returning to work (%)



Base: 1,758.

Currently, some 2-year-olds in England are entitled to 15 hours of free childcare if they meet UK Government eligibility criteria. Over half (56%) believe the participation rate of women with young children would improve further if the same level of free childcare support was given for all children aged 0–2 as well as 3–4 (Figure 5).

Figure 5: Likely impact of introducing 30 hours free childcare for 0–2 year olds, on the number of women returning to work (%)



Base: 1,758.

CIPD data on parental leave

Our [report](#) also shows that most organisations (49%) have a paternity or partner leave policy, but it only provides the statutory minimum leave entitlement and around a third provide the statutory minimum paternity/partner pay.

Very few new fathers/partners and mothers have taken up the right to shared parental leave in the last two years, according to our sampled organisations. If we compare our findings with 2016, we see a downward trend in take-up. Shared parental leave in its current form isn't working. A more effective way of starting to equalise parental leave and pay is to ring fence paid paternity/partner leave.

Almost half (46%) of organisations said they would support extending statutory paternity leave and pay.

Organisations don't need to wait for government change in this area, but can start to enhance their parental policies where they are able to do so.

CIPD policy recommendations on early years development/ childcare and parental leave

- Provide affordable early years development/ childcare from the end of maternity leave to enable parents and often mothers to return to work more quickly if they choose to.
- Enhance the statutory paternity/partner provision to six weeks at or near the full rate of pay, to help deliver more balance and choice over the distribution of caring responsibilities and better reflect the changing nature of modern families.
- Support the uptake of flexible working by communicating and providing guidance on the change to make the right to request flexible working a day 1 right and work



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with the Flexible Working Taskforce in supporting employers to effectively implement flexible working.