

## Economic Development and Transport Committee

**Date:** 25 February 2004  
**Time:** 9.00am – 12.30pm  
**Venue:** National Assembly for Wales, Cardiff Bay  
**Title:** Barriers to Economic Activity caused by issues surrounding Childcare – Canolfan Gofal Plant Tiddlywinks' Childcare Centre Cyfyngedig's Perspective.

### Background

Canolfan Gofal Plant Tiddlywinks' Childcare Centre Cyfyngedig – Tiddlywinks for short – is a community based childcare project servicing the town of Ystalyfera and surrounding communities in the Upper Swansea Valley. Tiddlywinks provides a fully comprehensive, quality facility for the care and welfare of children aged from six weeks to 13 years of age. Provision for a day nursery, cylch Meithrin, an out of school play club (before and after school) and holiday playcare with a 'pick-up' and a 'drop-off' service from/ to schools within a 5 mile radius, is housed in former bank premises situated in the centre of the town. Tiddlywinks delivers its service bilingually and is open 12 hours a day, five days of the week and fifty weeks of the year, providing a unique service for working parents and opportunities for others to re-enter the workforce, take up training or further education or simply to provide respite for families facing difficulties. Tiddlywinks is a child centred facility where the welfare, care, education and play opportunities of children are at the core of the service. Tiddlywinks was established as a community business approximately 9 years ago by a group of local people committed to the idea of providing a childcare centre for the community of Ystalyfera. Managed by a board of voluntary directors over 500 families have benefited from the service. The needs of 610 children have been catered for since opening the doors in September 1996, 20% of whom have been children with special needs. On average over 120 children use the facility on a weekly basis. Suitably qualified staff are employed on a full and part time basis, six full time posts and 12 part time posts, catering for the needs of children within a fully integrated facility. Evaluation of the service from children, parents, staff and community impact is undertaken on an ongoing basis. A report on the last full analysis in February 2001 is available if required. Tiddlywinks holds the Investor in People award, the highest possible level of Kids Clubs Network quality assurance scheme 'Aiming High' and the Mudiad Ysgolion Meithrin 'Cylch Rhagorol' quality kitemark. Tiddlywinks endeavours to place the needs of children and families within the community at the forefront of its service and to do this, recognises and aspires to ensure that all children have access to the facility and that it effectively provides and meets the child's welfare, care, educational and play needs. This is against a background of ever mounting issues.

### Issues

- Tiddlywinks was established as a community business in 1995, 3 individuals had looked into the

possibility and feasibility of developing a full daycare facility for children. Whilst undertaking the feasibility of such a scheme, the 3 individuals realised that this would not be possible as a private venture despite a high demand, due to the high degree of initial investment required to purchase/ lease a building and convert/ refurbish the facility to meet the registered requirements (pre Care Standards Inspectorate for Wales – CSIW), an investment that would not reap sufficient returns (if any). Lack of grants available for private enterprises was and remains limited, particularly in respect of capital cost requirements. In order to realise and address the identified need, a community business was suggested as a way forward.

- Initial interest in developing and setting up as a community business and more recently as a charitable entity was high. To maintain that interest and engage in further developments on a voluntary basis over the years has proven and continues to prove problematic. Users of the facility, i.e. parents/ carers pay and are happy to use the service but show little interest in its management and needs for development. Those who have shown interest move on when their child/ren move on from attending the facility. The result is that a great deal of pressure sits with a small number of willing voluntary trustees/ directors, all of whom undertake full time jobs in their working lives. Indeed some of these few trustees feel obligated to continue their support even though their initial interest in developing the facility has long disappeared. Efforts to engage other individuals and organisations including local employers, to sit and contribute to the management committee have proven fruitless to date. Lack of time, lack of commitment, the implications of the CSIW registration requirements and the increasing demands of employment legislation all play a part in this lack of interest and commitment. Ongoing sustainability issues also frustrate and frighten would be individuals from committing their time and energy on a voluntary basis.
- Lack of suitable premises and the cost of refurbishing premises remains a major barrier to developing/ extending provision. It took Tiddlywinks three years from the initial idea to opening its doors. After eventually identifying a building and negotiating its conversion, the cost of such a conversion ranged from £25,000 to the final cost of conversion £120,000. Planning complexities and the plethora of funding applications required – these varied between £300 and £30,000 – the lack of belief from so called professionals in the field who saw the whole venture as an impossible dream and a ‘girl’s thing’, further complicated and added to the burden of development. By today the building in which Tiddlywinks’ operates is at full capacity. An overflow out of school facility, located within the local Primary School has been established to cater for the ever growing waiting list for school aged childcare. Demand for the day nursery service, particularly the under 2’s outstrips the number of places available. In order to meet this demand, new premises will need to be identified. To date Tiddlywinks has been unable to firmly locate new premises due to the lack of financial capacity, lack of management capacity, lack of staffing capacity and the lack of suitable premises within the area. Initial costings to build a child centred facility prepared by architects three years ago indicated a need to raise £650,000 to meet the cost. Lack of access to capital funding to meet this remains a major barrier.
- Support and guidance from the Social Services Registration and Inspection team at this time was

critical and valuable in encouraging the development. Recent experiences of registration under the newly established (April 2002) CSIW, have proven to be a nightmare, with little guidance, clarity and encouragement forthcoming. Our recent application to register an out of school overflow extension within the local school took over 10 months to complete. This was despite the fact that as an organisation we already had a facility registered and that all procedures, policies, staff and management remained the same (i.e. only the premises differed). Many potential childcare providers have thrown the towel in whilst undertaking this process, others have opted not to start the process on receipt of the application and guidance. Other facilities registered under Social Services faced far more stringent and inflexible requirements plus a quantum increase in paperwork under the CSIW and opted to cease providing a childcare service. It is pleasing to report that more recent feedback indicates a more flexible approach and willingness to address issues from the CSIW.

- Funding – capital, start up and on going revenue costs. There is no one pot of funding available to address initial capital and start up costs. Support available to parents/ carers (current tax credit system) and revenue support for providers remains non-existent, or at best, uncertain, cumbersome and complex. Over 8 different sources of funding was awarded to enable Tiddlywinks to become a reality (excluding the multiple of other funding streams that have been accessed since opening its doors), ranging from £300 to £30,000 and European funding of £80,000. This in itself proved to be a mammoth and time consuming task for a group of individuals all of whom already worked a full day. Although each funder was happy to support – confirmation was first required that the whole funding package was in place – difficult until at least one funder was prepared to start the ball rolling and commit in writing. Without the Welsh Office Under 5's Childcare grant of £30,000 towards capital, the final piece of the funding jigsaw, Tiddlywinks would not have happened, as many of the management committee had reached the end of their tether in raising funds and making representations. Overnight, we became experts in business plans, grants, created a database of who's who within funding, planning, registration and economic spheres. By today, the same situation remains, you require a degree in funding to know how to apply and where to apply. In areas such as Ystalyfera, the situation is further complicated by the need to demonstrate long term sustainability – more often than not a criterion of any grant giving body – in an area of marked social and economic deprivation. Is the business able to stand on its own feet, will sufficient income be generated to ensure its continuation, is the facility affordable and accessible to all, particularly those who need to access it most??? Access to quality business support and an understanding of social and community enterprises within that support was and is desperately needed. In Tiddlywinks, evidence suggests that 10% of users in Tiddlywinks access the childcare tax credit element of the Working Tax Credit (WTC), a further 10% access a countywide Assisted Places Scheme (Cymorth funding) for families on low income (income support, jobseekers allowance, incapacity benefit, etc.) A limited number of parents use the facility as part of New Deal schemes, return to training based schemes or as students. This reflects the lack of available spaces (already filled by working families) and the complexity in receiving payment for the provision under such schemes. Another concern is the rate of financial assistance under WTC for families with more than two children – there is no additional assistance for the 3<sup>rd</sup>, 4<sup>th</sup> child, etc, making access to childcare a

non affordable option. There is also strong evidence to indicate that the WTC is abused by families who register children with the childcare provider, receive the necessary details to forward to the Inland Revenue to receive the childcare tax element, only to not use the facility after the first few weeks. General fundraising is an ongoing requirement to replenish and renew major items within the facility, e.g. to paint the facility, to replace carpets, outdoor play facilities, etc.

- **Affordability of Childcare** – the National Childcare Strategy aims to ensure "affordable, accessible, quality childcare for all children aged 0 to 14 (16 if special needs) within every community for those who need it". The Daycare Trust state's that "access to quality childcare in the UK depends on family income. Parents are having to face high costs of childcare which means that many children miss out on the benefits of quality childcare. With only one childcare place for every 7 children under 8 and growing numbers of women with young children in the workplace, demand outstrips supply and is pushing up prices. Working families on lower incomes who get help towards their childcare through the childcare tax credit still have to find at least 30% of the cost of childcare. The current average award through the childcare tax credit of £40.61 per week is less than a third of the typical cost of a nursery place (for a child under 2 it is now £128.00 per week" – Tiddlywinks cost - £107per week). "At the same time the vast majority of workless families get no help at all. Three million children live in families where there are no working adults but only 20,000 children can access services paid for by their local authority. Therefore, millions of children in economic inactive families are missing out on the benefits of childcare and early education opportunities and their parents/ carers trapped in a low pay/ no pay cycle". This picture is further hampered in communities that historically face social exclusion. Low numbers of parents in work or training, leading to low levels of demand and the inability to charge fees at a level to ensure viability, are strong disincentives to the establishment of new childcare provision. Market forces are strong and even pump-priming funding tapered over three years, does not often provide a sufficient draw for potential providers of childcare. This means within communities with low employment levels the barrier of lack of childcare provision is unlikely to be addressed, yet without affordable, local, high quality provision, children are likely to remain trapped in a cycle of poverty and their parents/ carers remain economically inactive, despite wishing to work or train. From it's February 2001 survey, one third of parents (42) indicated that they would have to give up work/ training if Tiddlywinks closed, and a further third of parents/ carers indicated that they would have to reduce their hours of work. The impact on the families and indeed the economic activity within the community, would be profound if Tiddlywinks closed (a direct loss of 18 jobs) and reflects the need for quality childcare to enable those who want and need to work, retrain or study to do so regardless of the sustainability issues.
- **Introduction of the Foundation Phase** – whilst welcomed and supported by both the childcare and early years' education fields – its impact will be fundamental on childcare staff. Tiddlywinks is not nor wishes to be a funded early years educational facility (due to lack of space, lack of sufficient funding to cover early years teaching input, overall management issues). The introduction of the Foundation Phase may well mean that Tiddlywinks will have to rethink its plans and long term goals. Greater numbers of qualified early years posts will be required within

education to meet the Foundation Phase staffing ratios. This in turn will probably mean higher levels of pay, greater security and status resulting in increased and problematic recruitment and retention of staff within childcare. Many of the current childcare provision staff (usually the best) will opt to leave childcare and seek a step up the career ladder within the Foundation Phase. Suitable investment in childcare will be critical to 'top-up' salaries and ensure a degree of equity between the two fields, otherwise the potential of a mass migration of key personnel from the childcare field already struggling to recruit and retain its staff, will ensue. This will result in widespread closures as there is unlikely to be a suitable qualified workforce (to CSIW requirements) waiting to replace those leaving. In order to address this issue within Tiddlywinks, fees will need to be increased to ensure parity of pay with those in education, which in itself might well result in further pressures as the service will out-price itself and make achieving sustainability even more difficult.

- Recruitment and retention. Issues of low pay and low status compromise the recruitment and retention of skilled staff that are able to provide a quality of care. The inability to recruit a business manager for Tiddlywinks initially has certainly hampered developments and is a major contributory factor to why we have not extended the facility fully. Initial job descriptions were revisited to allow senior staff to manage the childcare day to day needs whilst the voluntary management committee took on board a greater responsibility for the business planning and practices. Further attempts to recruit a business manager has been hampered by a lack of expertise in the field, an unwillingness to enter the field due to lack of pay and status and overall a very unattractive proposition (the levels of responsibility and legal liabilities are immense with very little financial rewards). The quality and standard of childcare workers entering the field, especially those straight from colleges, cause concerns, low pay/ low status seems to radiate low aspirations, resulting in increased training demands and personal development requirements including basic skills. This in turn impacts and adds to the high turnover of staff, low morale and lowering of quality. This is further exasperated if the provider has to search for funding constantly – an unfortunate fact of life for many a facility operating in and outside of areas of disadvantage. To ensure a quality supply of childcare workers something must be done to raise the level of pay and status. Realistic salary structures would result in less challenging recruitment (possibly even attract male workers), retention and staff development. Childcare would operate in areas of greatest need not just areas of greatest demand, salary scales would not be linked to parents' fees (equivalent workers in low income areas tend to be paid far less wages than counterparts in affluent areas). This will only be achieved through ongoing revenue support from central government to ensure that the future sustainability of quality childcare is addressed. This debate is long overdue, given that the recognised and realistic costs of providing childcare in light of increasing evidence that confirms the benefits of such a service to children, families and society as a whole in terms of health, social, education, employment, well being and reducing poverty, far outweighs potential costs of intervention schemes later on. Regeneration strategies could ensure that childcare is a precursor to investment, supporting the future workforce through the training required to equip them with the skills for the labour market. With fee barriers removed, all families irrespective of income could access childcare.

- Childcare is essential to the delivery of major strands of Government policy, goals such as supporting lone parents into work , reducing child poverty and crime to name a few. Childcare has a multiple of benefits for parents enabling them to take up training, to work or to increase their working hours. For women in particular, it offers increased choices and a greater equality of opportunity and for children it offers stimulating and challenging play and learning opportunities within a positive and caring environment – a good start in life.