



# Affordable Childcare Report

**BRISTOL**  
**ONE CITY**

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# 1. Executive Summary

The objective of this report is to outline the provision and demand for childcare across the city of Bristol. At the city gathering in January 2019, Affordable Childcare was selected by the City Leaders as a Top 3 priority for 2019. This research is conducted based on the ideals of a collective approach outlined by the One City Plan, to achieve a fair, healthy and sustainable city where no one is left behind. In accordance with the One City Plan's 2019 priority of Affordable Childcare, this document places emphasis on the affordability, quality and flexibility of childcare services. Analysing findings from research on existing models, interviews, quantitative data, surveys and mapping, the report goes on to make recommendations for three distinct schemes to be piloted in Bristol throughout 2020. The schemes evaluated in detail are classified as employer-led, co-locational inter-generational and cross-subsidised.

Whilst there are clear tensions between achieving affordability, quality and flexibility within a single framework for childcare, this report is designed to widen the debate about how Bristol can take a lead on tackling this gendered issue at a local level. In the face of limited resources, the recommendations are made complementary to the existing system. To ensure existing resources are being used as effectively as possible, the findings take into account measures such as entitlement for Free Early Years provision among 2 and 3-4 year-olds (FEEE), and the demographics of the wards for the proposed models. Recommendations are made to enhance the existing provision on offer in the city, having taken existing policies as a baseline. Any increased costs associated with the models are likely to be offset by benefits to the Bristol economy brought on by enabling more women to take up increased employment hours and better paid work. In the delivery of the models put forward, it is assumed that the stakeholder group will make judgements on whether ensuring affordability and sustainability implies that the scheme should be built from the ground up, or implemented via existing childcare providers.

## 2. Implications and Key Recommendations

### 2.1. For Parents:

- Promotion of areas of information that help and support parents such as children's centres
- Promote existing schemes such as tax-free childcare
- Making sure that all nurseries have good, clear and transparent sources for parents to help them make informed choices – multiple languages, tailoring to specific worship groups, etc
- Network of parents across nurseries for support and information
- Conduct city-wide research to discover the extent to which transport is a barrier for parents' access to childcare
- Conduct city-wide survey to get a better understanding of the parent perspective on childcare

### 2.2. For Nurseries:

- Network of nurseries to contribute towards the financial sustainability of childcare providers (outlined in detail under the Cross-Subsidy Scheme)
- Encourage nurseries to maintain higher occupancy rates
- Guidance and recommendations for providers on how to use Early Years Pupil Premium and Disability Access Fund effectively
- Trial of in-nursery mixed fee structures to assess the impact of changes in fee structures on the financial sustainability of nurseries
- Commitment to providing living wage employment across all nurseries in Bristol
- Recruitment of local staff.

### 2.3. For National Government:

- Extend FEEE provision to 30 hours for all 2-4 year olds
- Increase the hourly rate of 'free hours' provided to Local Authorities to reflect the real costs of provision.

## **2.2. Proposed Schemes**

### **2.2.1. Network of Nurseries**

#### **What is the scheme?**

This scheme proposes a network of nurseries across the City, whereby nurseries in areas with low levels of deprivation have higher costs for childcare, and the profits are used to subsidise lower pricing in areas with high levels of deprivation. An effective way of starting this would be a successful nursery in an area with low levels of deprivation expanding into an area with high levels of deprivation, and then continuing over the coming years. This model addresses the affordability of childcare for those who are struggling most with costs. Beyond the inclusion of a cross-subsidy, which addresses the One City Plan priority of affordability, this model proposes creating a network of parents between the network of nurseries. This brings together parents through organised events and talks, children's arts and craft sessions, online groups and messaging forums etc. that allow for parents from a variety of backgrounds to compare their experiences of childcare and receive advice from their peers. The greatest source of information about childcare is word of mouth – see Appendix 1. Therefore, connecting parents from across the city is likely to result in less information asymmetry as parents engage with one another through informal processes.

#### **What need does it address in Bristol?**

Bristol is a city with clear spatial inequalities, as evidenced by the disparities in levels of child poverty by ward in Appendix 2. Network of nurseries is a way to embrace the diversity within the city by forming long-lasting relationships between different groups with a similar focal interest of providing childcare across the city.

Network of nurseries would also provide good support for job-seeking parents. The system of Universal Credit creates an obligation to be job-seeking for a given number of hours per week through the Claimant's Commitment, which begins once the youngest child is three years old. The number of hours job searching per week is often above 15

hours a week, so goes beyond the universal coverage of free childcare in the UK. This model should prioritise circumstances such as this, as currently parents are juggling personal childcare provision and welfare conditionality.

### **Examples and Learnings**

A successful example of a cross-subsidy model is seen in London through the London Early Years Foundation; the London Early Years Foundation is a social enterprise, which allows it to invest all profits back into the business (London Economics Foundation, 2019). It uses profit from its more successful nurseries to cross-subsidise nurseries that it sets up in poorer parts of the London. The New Economics Foundation assert this model is 'effective in urban settings where there are pockets of wealth and disadvantage in close proximity' (New Economics Foundation, 2015: 9). The NEF is keen to emphasise this approach is plausible in the absence of affordable childcare and/ or fee caps. With the availability of limited funding for childcare providers, partnering with existing organisations can prevent adverse effects on childcare in any given community.

### **Limitations**

In the implementation of this scheme care would have to be taken that divisions within the city between areas and communities are not being entrenched by relationships of wealthier communities subsidising lower income communities. Nonetheless, reducing the cost of childcare for lower income families does increase their disposable income, hence the model can be useful in creating a new avenue for affordable childcare in Bristol.

### **Considerations**

One consideration when designing this scheme is how the financial modelling is done. Is it more beneficial to exploit the higher cost of childcare in one area to directly fund a lower cost of childcare in another area, or should the cost of childcare be on a sliding scale on the basis of household income? This second type accounts for discrepancies within communities but may experience more problems in recruiting higher income

families. There is also a question of whether it is possible and appropriate for a childcare provider to have a reliable way of checking for household income.

### **Next Steps**

Identifying a nursery/ number of nurseries willing to expand into a new area and operate a cross subsidy model. Identifying community partners in disadvantaged areas of Bristol who can provide premises for childcare at low or no cost. This includes partnerships with schools and children's centres, however, their capacity and resources must be taken into account.

## **2.2.2. Intergenerational Model**

### **What is the scheme?**

This scheme focuses on the creation of a co-locational intergenerational childcare facility in Bristol. With a nursery and a nursing home sharing the same site, this is a great opportunity to enhance the quality of care. Fostering relationships with elders has been shown to contribute towards the cognitive development of young children. It is important to emphasise here that with any co-locational facility, the proposal is that there is a designated room or optional sessions each day for both the children and the elders to interact with one another. This is to ensure that both groups can have their own space.

### **What need does it address in Bristol?**

The co-locational intergenerational proposal for childcare is designed to increase the quality of care on offer to young children. With Bristol increasingly becoming an employment hub attracting working parents, many children have limited or no interaction with elders. Hence non-kin intergenerational care looks to fill a gap that used to be filled by grandparent care. 60% of grandparents over the age of 50 do not provide regular childcare in the UK (Age UK, 2017), hence intergenerational care allows children to develop the social relationships that they may not have developed otherwise. Few

grandparents offer full-time care, and grandparent care is often a symptom of the lack of affordable care.

This report has identified quality childcare provision to devolve from the qualification of staff. It has proposed that there is a link between the availability of career progression in childcare and the retention of workers within the sector. A co-locational intergenerational care facility provides a unique opportunity for career progression within the care sector, with opportunities for cross-qualification of workers in the future. This is likely to be a by-product of the scheme, as existing co-locational facilities already offer some joint training to staff to ensure consistency across the organisation. Evaluation following implementation of such a scheme can also provide insight into what the childcare industry can learn from the senior care industry to raise the status of their workers.

A co-locational intergenerational approach to childcare could also be an avenue to lower fixed costs for childcare providers. Apples and Honey Nightingale co-location centre uses the same catering, cleaning and security facilities for both the nursery and the nursing home. Whilst the reduction in costs for the provider can be invested into staff wages, the increased opening times due to being co-locational is likely to offer increased flexibility in pick-up and drop-off times for parents.

### **Examples and learnings**

In the UK, there is currently only one example of a full-time co-locational intergenerational childcare facility. Apples and Honey Nightingale in London have said that a co-locational facility has been really valuable in broadening children's social circles, and has contributed to improving the mental health of the elders within the care home. Their joint program is designed so that there is at least one session each day for the children and residents. For the various activities to be developmentally appropriate for all of the children, they take place within two age groups. The joint activities on offer have a broad range, from buddied reading and animal petting, to baking and arts and crafts. This highlights the proposal that intergenerational care should be designed to

enhance the provision already on offer. Whilst children may be carrying out these activities in other nurseries, taking part in an intergenerational setting allows them to build new and meaningful relationships at the same time.

The importance of building meaningful relationships is also highlighted by BS3 Community Development in Bristol. As a community organisation, BS3 Community Development also offer an intergenerational childcare program, although it is not co-locational. They have previously partnered with St Monica Trust, as a part of the Channel 4 production *Old People's Home for 4 Year Olds*. Whilst St Monica's Trust do not supply childcare themselves, the program was a success in delivering a sense of ownership and achievement to all participants (St Monica Trust, 2018: 4). BS3 Community Development place emphasis on continuity in intergenerational care, with the same children visiting the same group of elders once a week for a term to build on the strengths offered by new relationships. The need to travel to nursing homes means that they are often reliant on volunteers working alongside paid nursery staff to support their intergenerational programs. In a co-locational facility, the benefits of intergenerational care can be reaped without using as many resources from volunteers.

### **Limitations**

The greatest limitation to a co-locational intergenerational approach is that there are not a lot of programs for research to be carried out on. Whilst this approach has been taken on more broadly in countries such as the USA and the Netherlands, the UK context is different. Approaches thus far have also been reliant on volunteers for their sustainability. Safeguarding concerns must be carefully considered and resolved on a case-by-case basis.

### **Considerations**

The key considerations to be given to the implementation of this model include the identification of the right partners to take this approach further. Thus far, intergenerational practices have often been local and community led. Literature demonstrates that continuity and persistence are important features to ensure the

effectiveness of intergenerational care. Therefore, long term commitment from both parties - childcare and elder-care provider is essential to begin to reap the benefits of higher quality childcare. Hence the One City Project can offer a lot of scope in effectively implementing this scheme in Bristol.

### **Next steps**

Intergenerational community spaces are currently used on an ad-hoc basis for childcare. The next step in taking this further would be to identify one or several rooms in an existing care-home to begin the operation of a small scale full-time nursery. This is an integral first step before investing resources into the operation of a large scale co-locational facility. Key factors in identifying a space is the availability and access to outdoor space from the designated nursery rooms. Given that care homes in Bristol are rarely central, the availability of transport links for parents is also of high importance. As a result, amongst the wards identified for the implementation of a scheme in this report, Central, Lawrence Hill and Easton are likely to be less suited to an intergenerational approach. Given the Southville Centre's experience in intergenerational care, the organisation would be a valuable source of insight to take this model further.

## **2.2.3. Employer-led model**

### **What is the scheme?**

This scheme proposes a large employer within the Bristol Temple Quarter Enterprise Zone opens a nursery integrated onsite to their offices or on a nearby land-holding. The nursery would operate on a cross-subsidy model, where the employer subsidises a number of reduced cost places for children of non-employee parents. Large businesses should be engaged in the community they operate within, and this model aims to encourage this. The appeal of an employer-led model for employees is the proximity to work, which in turn could reduce the amount of childcare used. Within this model there is a lot of scope for development and innovation, as this is an area which hasn't been

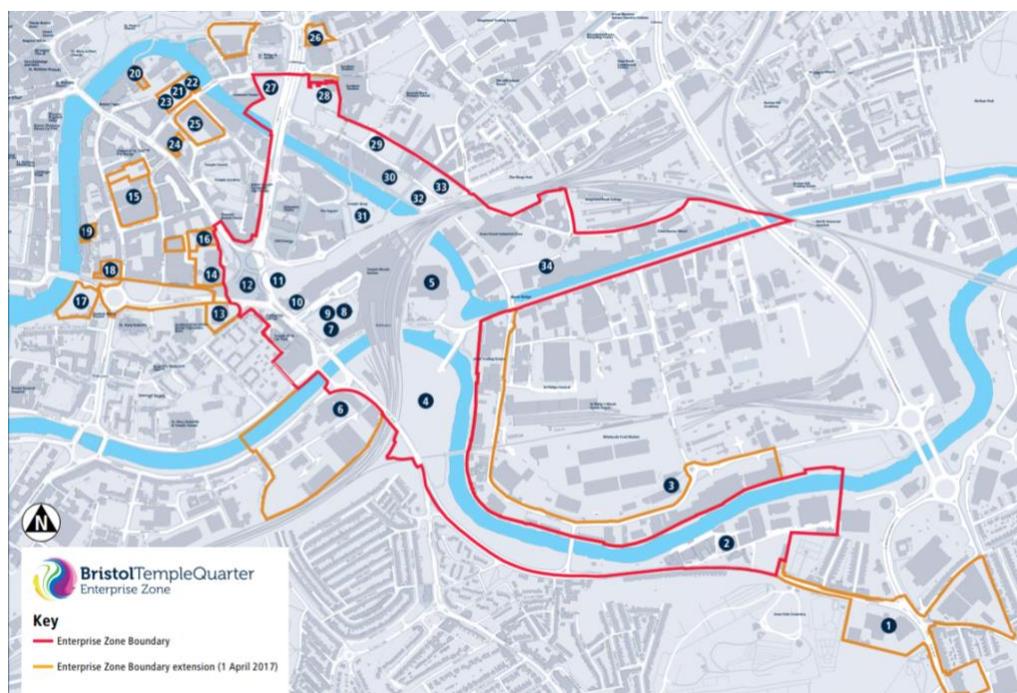
trialled elsewhere before so Bristol could lead the way in meeting the demands of modern society.

### **What need does it address in Bristol?**

This scheme is designed to be flexible, fitting around the hours of employers, and affordable for those in the local community.

Throughout this research project the importance of using of childcare to harness community cohesion and encouraging relationships between children and families from different backgrounds was stressed. In particular, this is important in progressing achievement for children from disadvantaged backgrounds.

See mapping section on pages 42 and 43 in reference to Lawrence Hill, where the Temple Quarter Enterprise Zone is largely based (see below), for further discussion of the specific geographical need this model addresses.



Map showing the Bristol Temple Quarter Enterprise Zone (Bristol Temple Quarter Enterprise Zone, 2017: 1).

## **Examples and learnings**

In the UK, 5% of businesses offer childcare in the workplace (integrating a nursery within a place of employment is a model that has been trialled before, by businesses such as Goldman Sachs, Cisco and First Direct). The Goldman Sachs on-site creche is partially subsidised and open to children of three months to eleven years. It aims to provide backup childcare for those whose childcare arrangements have fallen through. Cisco also have a nursery for children aged 3 months to 5 year olds onsite at its UK head office. Childcare costs are reduced for staff through salary sacrifices. Similarly, First Direct has nurseries in its Leeds headquarters and Glasgow office. Within the nurseries, parents can book care by hour and the costs include food, nappies and formula milk. In Bristol, Southmead Saplings Day Nursery is run by the North Bristol NHS Trust, and is located inside Southmead Hospital. This is available for both NHS staff, and the wider community (North Bristol NHS Trust, 2019). Each of these programmes highlights the benefits employer involvement in childcare can have for staff, but none have broached the potential employers have to engage with the local community in areas with high levels of spatial inequality.

## **Limitations**

- A nursery integrated onsite of an employer runs the risk of attracting only employees, which may undermine the appeal of reduced cost places. Alternatively, a nearby land-holding could be used as a more neutral setting, this too would have limitations and would likely require greater commitment from the employer.
- Once more, a heavy focus on employer involvement could lead to over-commercialisation and focus upon profit-making rather than providing an affordable and flexible service that unites the community.
- A culture of childcare and the labour market working in collaboration needs to be built to challenge the complexities and competing demands of modern society, so the benefits of employer involvement can be enjoyed more widely.

- As this scheme is unique and has not been seen elsewhere within the UK there is little guidance on how to construct a nursery that incorporates employer involvement with subsidised places for local community.

### **Considerations**

As this module aims to garner community involvement and engagement, it would be important to hire staff locally to increase job creation for those living within the area. Incorporated into this, levels of pay for childcare staff and opportunities for progression should also be considered. There is comprehensive discussion of the quality of care and quality of the profession in the Findings section of this report. To ensure that childcare facilities are not tied to specific employer locations, contributions towards a centrally managed fund could be considered.

### **Next Steps**

Identification of an employer enthused by this model, that is willing to commit resources and time to its success. Partnership with large employers around the Temple Meads area could be a valuable avenue to take into consideration for the future implementation of the employer-led childcare scheme. This partnership is likely to take into consideration measures that will need to be put in place to mitigate over-commercialisation. Further NHS partnerships in wards identified within this report could be another avenue to take forward the Employer-Led Scheme.

## 3. Findings

The findings presented in this report have been collated through a series of interviews with industry experts both national and in the context of Bristol. Participants include childcare providers, community organisations, women's organisations, academics, economists and project developers.

They have been organised into 'Affordability', 'Flexibility' and 'Quality', with analysis from a data perspective, and specific insight from organisations that were interviewed in the research process. The breakdown of the findings into specific organisations is designed to highlight that whilst there is some overlap between in views and issues surrounding the affordability, flexibility and quality of childcare, there are also specific concerns. Whilst this sample is not representative of all perspectives on these issues, it is a comprehensive breakdown of some key themes.

### 3.2. Affordability

#### Definition

Affordability is a greatly contested concept in childcare, with questions surrounding who childcare is affordable for - whether this is the parent or provider. Open to adaptation, affordability in this report is defined as:

1. The ability for parents/carers to pay for childcare without having to cut back on essentials such as grocery shopping, necessary clothing, and social activities and enabling their participation in the workforce
2. The ability for childcare providers to ensure the financial sustainability of their organisation at least one year into the future

Hence, in this report affordability has been split into two sections; affordability to the end user, and affordability of provision issues. This is done in recognition of the need to ensure that increased provision of affordable childcare must not have an adverse effect on the overall provision.

## **Affordability to the End User**

### **Context**

15 hours of childcare a week is universally available and there is also 15 hours of free childcare for eligible 2 year olds. The introduction of 30 hours free childcare is not universal, but rather for parents who earn the equivalent of working 16 hours a week on national minimum wage if under 25 and national living wage if over 25 upwards. Within the UK, 35% of the average family income is spent on childcare (OECD, 2018). This is the second highest figure in the OECD and it is 15% higher than the OECD average (NEF, 2015: 7). The *Childcare and Early Years Survey of Parents* in England in 2018 found that 75% of families with children aged between 0 and 14 in England used some form of childcare, with 62% of these families using formal childcare. 40% of children aged between 0 and 2 were receiving some form of childcare, and 88% of children aged 3 and 4 (Department of Education, 2018a: 1-4). Furthermore, in the year prior the survey found that 33% of parents rated the local affordability of childcare as very or fairly poor (Department for Education, 2017a: 1). Within Bristol, 35% of parents surveyed felt they were able to pay charges for childcare, which demonstrates some issue with affordability (Bristol City Council, 2019: 5). However, when considering childcare it is often hard to differentiate between the fixed costs paid for childcare provision and additional costs, such as food, nappies and trips that may largely increase the billing of childcare. This implies that the cost of provision alone is not the only barrier to childcare, but rather the additional costs that are not covered by the 15 or 30 hours free childcare. These costs are going to disproportionately affect those on a lower income, as it will account for a larger percentage of income.

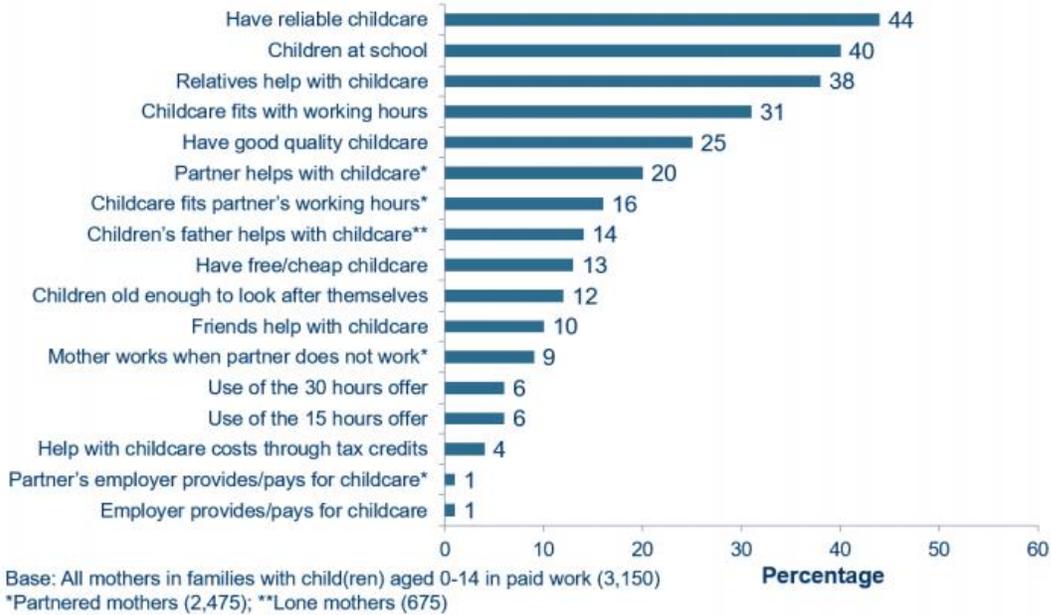
Examining the above statistics on an income-based level shows that disparities begin to appear. For parents and carers earning under £10,000, 32% experienced difficulties meeting childcare costs, as did 35% of those earning between £10,000 and £20,000 (Department for Education, 2018a: 11). Appendix 3 graphs this finding, showing use of formal childcare services is lower among children in low-income households.

In England, there is also a disparity between the quality of childcare children from the most deprived areas and the least deprived areas, with 18% of children from the most deprived areas in childcare settings with OFSTED ratings lower than 'good', compared to 8% of children from the least deprived areas (National Audit Office, 2016: 21). See Appendix 4 for a graphic representation of Ofsted ratings of early years provision by area.

When considering the positive impacts that childcare has for children from disadvantaged backgrounds, it is problematic that those from the lowest income brackets face the most difficulty paying for childcare. A literature review of the impact of Early Years Education on disadvantaged children showed that children from disadvantaged backgrounds receive the greatest benefits from Early Education (Melhuish, 2004: 3). In particular, high-quality childcare in the first three years of a child's life can produce benefits for cognitive, language and social development. Quality childcare can boost children's confidence and social skills, providing a foundation for success in school and later life (Melhuish, 2004: 4-5). This is supported by findings from The Sutton Trust, with the *Millenium Cohort Survey* finding that children from the lowest income families are 11 months behind children from middle income families in terms of vocabulary by the age of 5. The Sutton Trust have concluded that whilst schools can take action to reduce this gap, it would be more effective for children to start school on equal footing. Improving the quality and access to affordable childcare would allow for a more equal start in life, with the benefits hopefully sustaining throughout life. This underlines the importance of effectively tackling this issue in Bristol to create a city where no one is left behind.

The implications of the above national trends and findings are important in relation to Bristol; within Bristol 19.7% of children live in low income families and 28% of children are considered disadvantaged (defined as being in care, being adopted or being eligible for free school meals at any point in the last 6 years). There are currently 19,400 children that live in the top decile of most deprived areas in Bristol (Bristol City Council, 2019: 3-4). When taking into account the aforementioned implications of childcare for low income and disadvantaged families, it follows that access to affordable, high quality childcare is essential in Bristol.

The availability of affordable childcare is a vital tool for women's empowerment. Women's participation in the labour market is at an all-time high, with 71.6% of women aged between 16 and 64 in employment (Office for National Statistics, 2019). The growth in women's employment from 1971-2019 is depicted in Appendix 5. As male and female employment rates have converged, the role of mothers has societally shifted from childcare provider, to inclusion in the labour market (Cain, 2016: 4). However, there has to be recognition from a policy perspective about how these two roles are often at odds with each other; finding childcare that fits with working hours and finding work that fits around caring responsibilities is a primary barrier for mothers returning to work. For mothers that have returned to work in the past two years, the most common reason was 'was finding a job that enabled them to combine work and childcare' (Department for Education, 2018a: 1). This is particularly significant in cities such as Bristol which attract parents for its employment opportunities. This means that parents often have little or no family and community networks to rely on for free childcare on a regular or an ad-hoc basis. This is supported by an offer for free universal childcare; see Appendix 11 for research carried out by the Women's Budget Group on the costing of this in Bristol.



Graph showing the factors that helped mothers go out to work (Department for Education, 2018a: 1).

## **Organisations**

### New Economics Foundation (NEF)

The New Economics Foundation is a think tank which works to create an economy that works for people. They conduct research that prioritises people's wellbeing, and have developed a parent-led childcare scheme that has been implemented in Canada, New Zealand and Sweden. NEF emphasises the importance of financial modelling that would be associated with any income based or cross-subsidised model. If there are mixed fees that have been designed to ensure the financial sustainability of the childcare provider, it is of utmost importance to ensure that there is a mixed community with people who will pick up the higher fees.

### Bristol Women's Voice

Bristol Women's Voice is an organisation striving for women's equality in Bristol. Their priorities in childcare lie with ensuring that women can be empowered through having access to affordable childcare. Emphasis on women's opportunities to take up

employment and training opportunities that would not have been possible without the availability of sufficient childcare underlines their belief that affordability and universality of childcare comes first. It is their understanding that an effective childcare offer would serve the diverse community of Bristol through a mixed market offer. A transparent and ethical solution could be found through a bursary scheme offering a cross-subsidised approach where profits from higher placed slots are used to offer bursaries by the provider. To reflect the diverse community in Bristol, promoting diversity through the staff culture should also be encouraged by childcare providers.

## **Affordability to Provider**

### **Context**

Affordability of provision issues could prevent sustainable provision across the city. There is limited research on the role of sustainable provision from a provider perspective. However, in the primary research, it was discovered that this was a key concern for the providers interviewed, who unanimously emphasised the importance of financially planning into the future to provide quality care within their organisations. This represents a main constraint to the provision of affordable childcare.

### **Organisations**

#### Windmill Hill City Farm

The nursery in Windmill Hill City Farm is committed to ensuring that the cultural and social needs of children are supported in every way through a firm commitment to equality of opportunity. It is their understanding that the greatest constraints on affordable childcare are structural barriers including regulations around the use of nursery space. They point to difficulties in small organisations such as nurseries in absorbing increases in cost, which results them in making losses on places for children who receive the Free Early Education Entitlement (FEEE).

### BS3 Community Development

BS3 Community Development is a community-based organisation offering all year round nursery provision. To ensure the affordability of their nursery for parents, they offer payment plans to those in need, and acknowledge the importance of the issue by giving their staff have access to discounted childcare. An effective tool to ensure financial sustainability has been a tight control on the waiting list, which allows the BS3 Community Development to maintain higher than average occupancy rates across various age groups. They also cross-subsidise within age groups to ensure balanced books.

## **3.3. Quality**

### **Definition**

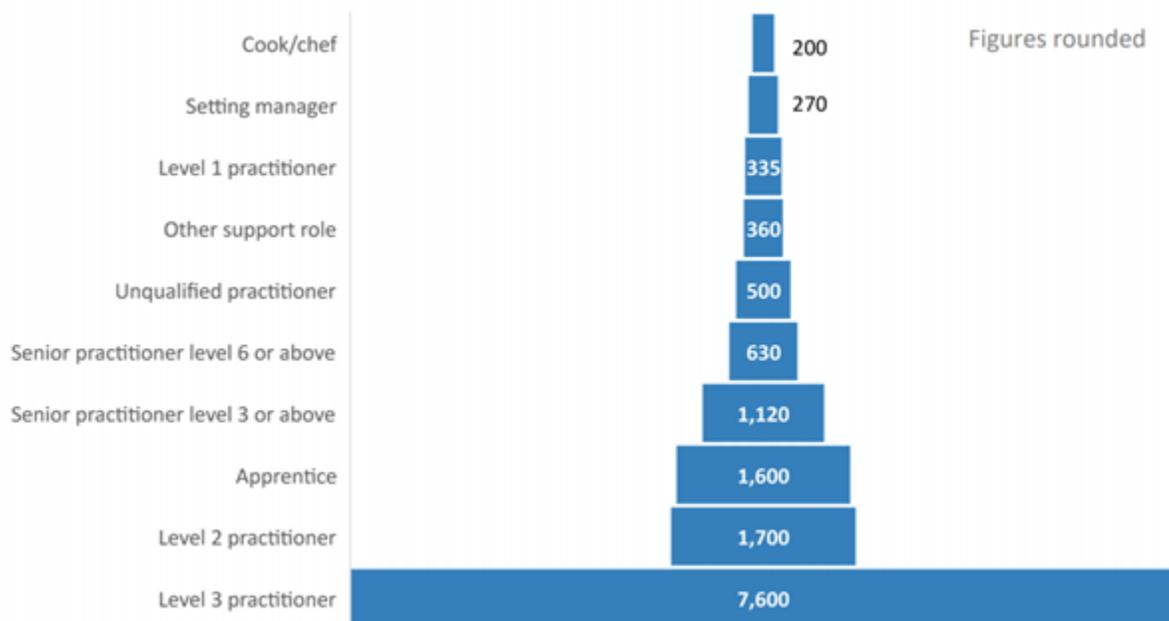
Quality speaks to the standard of education a child is receiving in childcare and the progress and attainment during their time in early years education. Literature and data analysis show that levels of pay, qualifications and opportunities for training of the staff are viewed as a proxy for quality.

### **Context**

Consulting Ofsted data shows that Bristol has 0% of Early Years providers that are inadequate as of March 2019 (34 spaces within 2 providers are deemed inadequate), compared to 4% in England. 4% of providers in Bristol are classified as requiring improvement, which is representative of 18 providers and 218 spaces). This is in line with the 4% average in England (2019). The national trend of decreasing number of providers being classified as inadequate and requiring improvement is mirrored by Bristol, with a growing percentage of childcare providers being classified as outstanding or good. Despite these figures, as aforementioned, there is a disparity between the quality of childcare children from the most deprived areas and the least deprived areas, with 18% of children from the most deprived areas were in childcare settings with

OFSTED ratings lower than 'good' (National Audit Office, 2016: 21). See Appendix 6 for a graphical comparison of trends in Early Years Ofsted ratings in Bristol and England. In this instance, it is important to make the distinction that Ofsted do not make their judgements on the basis of the quality of childcare staff and their levels of qualifications. This difference in classification was highlighted throughout the research process and it was deemed more appropriate to classify quality based on the research conducted.

The early years childcare industry is a low paid sector of work, particularly in contrast to other roles in the care field such as nursing, teaching and caring for the elderly. This is as a result of the national context of low funding for childcare, and childcare provision being a low-profit business model. Therefore, it is often hard to attract highly skilled workers into the sector and the retention rate is low. There is a clear lack of highly qualified workers in the profession, as demonstrated below by the relative vacancies for a Level 3 practitioner in the profession in 2018 (Ceeda, 2019: 10).



The Low Pay Commission reported that childcare is the profession with the highest number of staff being paid below minimum wage, with 21,000 workers being underpaid and 43% of the profession being paid at the national minimum wage (2019: 20). 'Pay

and benefits' were cited as the main reason for staff leaving the childcare profession – See Appendix 7. In a recent survey by the Early Years Alliance that assessed the mental wellbeing of those working in the childcare field found that 56% of respondents cited 'financial resources have been a source of stress 'fairly' or 'very often' over the past month' (2018, 7). Once more, 1 in 4 of those surveyed had considered leaving the profession as a result of stress and mental health difficulties brought on by their job (Early Years Alliance, 2018: 14).

When considering the gendered bias of the childcare profession, with 92.6% of the workforce being female, it is important to take into consideration that improving the 'quality' of childcare as a sector is a women's equality issue (Bonetti, 2019: 43).

Bristol has an initiative called the Bristol Standard in place, which focuses upon improving the quality of early years provision through 10 dimensions; this takes into account the quality of professional development, alongside a range of child focused dimensions. When implementing the childcare schemes, the Bristol Standard could be used as a method to measure the impact of improved quality; this utilises and builds upon the resources already in place within Bristol.

## **Organisations**

### **BS3 Community Development**

At BS3 Community Development staff retention rates are very high and this can be attributed to the positive working environment they have created for their childcare professionals; staff are able to choose the training they want to partake in, they receive discounts on childcare if they send their children to a BS3 Community Development nursery and there are many opportunities for career progression. Staff have joined the team from across the organisation and community, whether that is the facilities team, starting as volunteers, or students who have done placements at BS3 Community Development who are now beginning their careers at the organisation. 16% of their practitioners are currently studying towards their next level, or an additional level

qualification, with support from BS3 Community Development. The high occupancy rate at the BS3 Community Development of 80-85% means there is a consistent flow of income that encourages the provision of a quality service, this occupancy rate is retained by careful maintenance of the waiting list, ensuring nursery spaces are filled.

### Bristol Women's Voice

Bristol Women's Voice collected the stories and opinions collected from 100 women living in the area of Lawrence Hill, gathering data on what they need to gain fulfilling employment in the new Temple Quarter Enterprise Zone. One of the findings was childcare workers in the area were very keen to build their skills and qualifications. This would allow for greater career progression and improved wages. Providing more opportunities for training and development in childcare would encourage more equitable development in the Temple Quarter Enterprise Zone with more people, in particular women, sharing its successes.

A key issue raised by Bristol Women's Voice was the need for culturally appropriate care. If Bristol was to take a lead on elevating the status of childcare workers, then overtime, nurseries can employ local staff, representative of the demographics of the respective areas of the city, creating a culture of diversity and inclusivity through its staff. This would make the nursery appealing to people from minority backgrounds, who fear their interests and priorities may not be represented in their local nursery.

### New Economics Foundation

Within a parent-led model developed by NEF, parents engaging with volunteering and contributing to the childcare receive a discount on their monthly fees in exchange for their time and skills. The parent-led model demonstrates the benefits the involvement of parents in a child's early education. Lucie Stephens, Head of Co-production at NEF, emphasises the importance of paying childcare workers living wage in improving the value and status of the childcare profession. She suggests this would attract better qualified care workers into the profession and therefore improve the quality of care.

In the context of Bristol, a way of improving the quality of childcare would be the building of networks of parents, where information about childcare can be exchanged across the City. This allows for parents to compare their experiences and make informed choices surrounding childcare with information that builds on that provided by formal services.

#### Early Years Services Bristol

The Council has a duty to help parents make an informed choice on childcare, including how to apply, how to get a place and how to make a decision. Providers also have a duty to provide parents with the relevant information. Parents being equipped with the right information as a prerequisite to receiving a quality service is important. In a national context that has seen the closure of a vast number of children's centres it is great that Bristol has retained all its centres, which are an invaluable source of information and support for parents. One avenue of helping improve the quality of care for childcare from disadvantaged backgrounds is the provision of pupil premium. This entitles providers to £302.10 a year per child for children whose parents receive certain benefits, or have been in local-authority care or have been adopted from care. The choice on how to spend this is up to the provider.

### **3.4. Flexibility**

#### **Definition**

As women's participation in the labour force increase and the demographics of employment change, both in terms of the types of work and working hours, the demand for childcare changes too. Often childcare provision is for a set amount of hours, in morning and afternoon sessions, with parents paying for hours that their children are not in care. In this report, flexibility is taken to mean childcare and accompanying employment policies that meets parents' working patterns.

#### **Context**

There is some flexibility within the current system. The 30 free hours of childcare provision for 3-5 year olds can be split across providers meaning parents can use multiple nurseries to meet their needs. The provision of 15 and 30 hours FEEE assumes childcare is being used 38 weeks of the year. The 'All Year Round' model of this provision operates 47.5 weeks a year (counting 1 week as 5 working days). This means a child would receive 12 hours a week free rather than 15, or 24 hours rather than 30. In government literature this referred to as 'stretching' (Department for Education, 2018b). Bristol City Council has adopted the 'All Year Round' approach for the last 5 years.

More flexible childcare cannot solve the problem alone; childcare is picking up the pieces for a labour market that does not account for the needs of its workforce. Nurseries are often limited in the hours they can provide because of the fixed costs around staff pay and the regulations surrounding child to adult ratios as set by the Department for Education (Department for Education, 2017b: 23). This is a limitation because complete flexibility in offering hourly childcare provision would disrupt the child to adult ratios, putting the financial sustainability of childcare providers at risk. In the Childcare and Early Years Survey of Parents in 2018, 1 in 5 parents reported problems with finding childcare flexible enough to meet their needs (2018: 13).

A working culture that recognises the competing demands of modern society needs to be built, and employers need to lead the way in creating flexible working conditions. The uptake of flexible working has not increased since 2010 (CIPD, 2019: 4). A YouGov survey commissioned by Travelodge showed that 89% of unemployed parents wanted to return to work, and of this percent 59% asserted that the lack of jobs with flexible perks was the main barrier to their return (2019). Travelodge recently started a return to work programme, aimed at helping unemployed parents return to work. Driven by the One City Plan, Bristol could be a leading city in supporting the modern economy, with childcare and employment working in collaboration with one another.

## **Organisations**

### University of Bristol's Temple Quarter Enterprise Campus

In the revised masterplan for the University of Bristol's Temple Quarter Enterprise Campus, the provision of affordable childcare remains a strategic priority. While there is not the possibility of a permanent childcare facility on site, there is provision for a pop-up creche for use on an ad hoc basis. The University is also exploring possible partnerships to support the provision of affordable childcare that caters for the needs of parents who are also students or staff, supports the recruitment of local people to the University as both staff/students and that contributes to the wider ecosystem of affordable childcare.

### Windmill Hill City Farm

Free Early Education Entitlement (FEEE) can be used by parents at any given time, which increases the scope for the flexibility of the childcare they receive. There is flexibility in the drop-off and pick-up hours, and they are all priced separately. The choice between 8 or 9 am drop-off and 4-6pm pick-up is flexible within the industry. Windmill Hill City Farm would have concerns regarding further extension of nursery hours on young children.

### BS3 Community Development

BS3 Community Development nursery uses two different models, one is a term-time only nursery, another an all-year round nursery. Whilst both nurseries operate at full capacity, this gives parents the option to choose the type of childcare that is most appropriate for their needs. There are organisational barriers to hour-by-hour provision of childcare. The ratio of child to staff would change, which requires a funding capacity that can tailor for this shift. Whilst extended hours (7am-7pm) could be an attractive option for parents, as a provider BS3 Community Development would be concerned about the potential implications of young children being in care for 12 hours of the day.

### Bristol Women's Voice

In creating a flexible approach to childcare, Bristol Women's Voice identified transport as a barrier to childcare for many parents. When considering the practicalities of childcare, a parent dropping a child off before work is likely to increase the length of the commute and the amount of time the child spends in childcare, which also increases the cost. Bristol Women's Voice is a proponent of the approach taken by Flexible Childcare Services Scotland, a social enterprise offering flexible and affordable childcare services. One component of their childcare offer is a transport service for certain children. A similar approach could be adopted in Bristol, to make childcare accessible for those where transportation is a significant barrier to their take up of childcare.

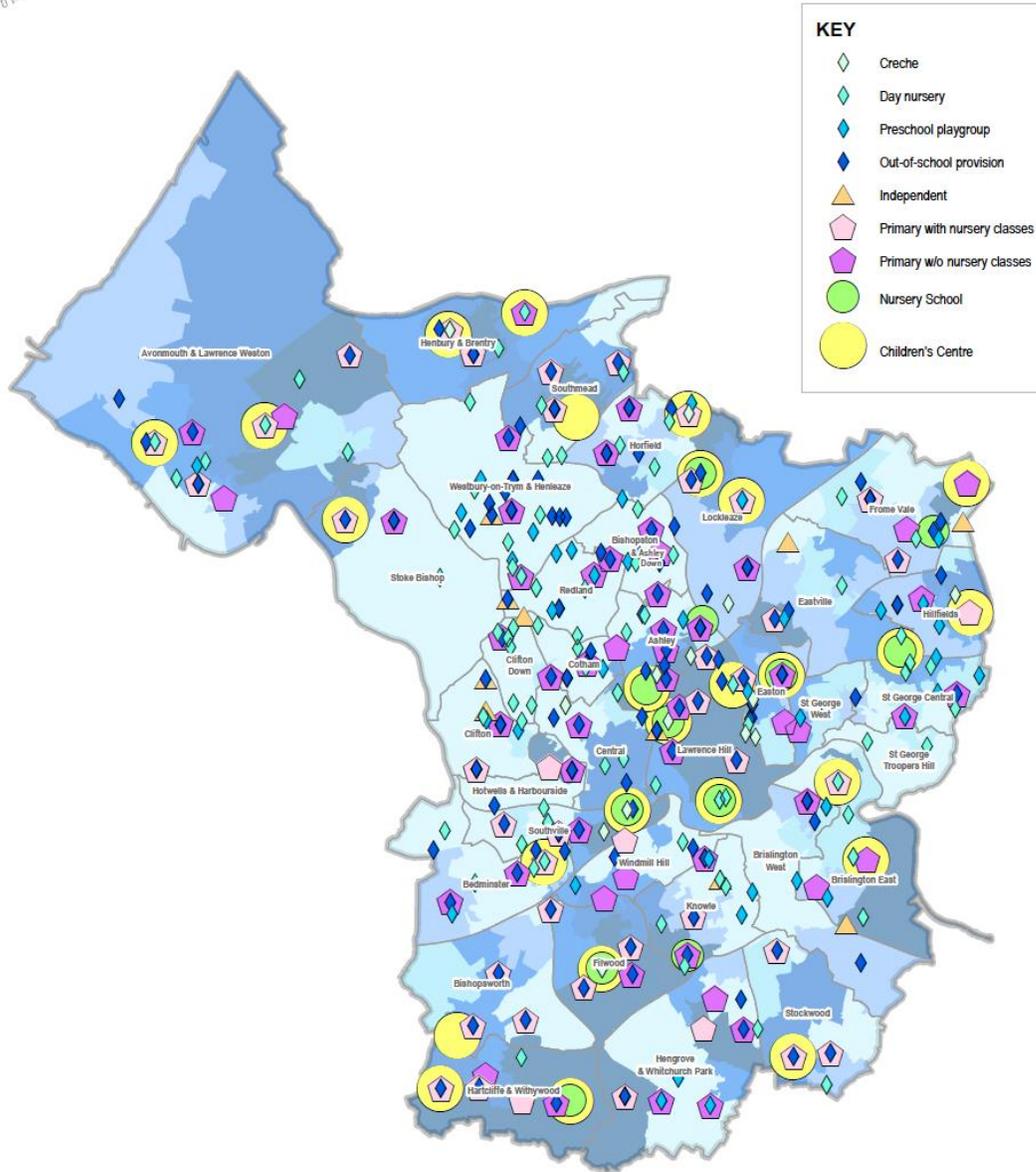
## **4. Mapping**

The below map was put together by the Bristol Early Years team for this research. It shows the combination of income deprivation affecting children by ward alongside the availability of childcare providers for children aged 2-4 across the city.

This map is a valuable resource going forward in the implementation of the three affordable childcare schemes proposed in line with the One City Plan.



# Bristol Early Years Provision



## Income Deprivation Affecting Children Index 2019



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 Bristol City Council, 100023406, 2010  
 Produced by Early Years Service  
 Map Ref 19-042 31st October 2019

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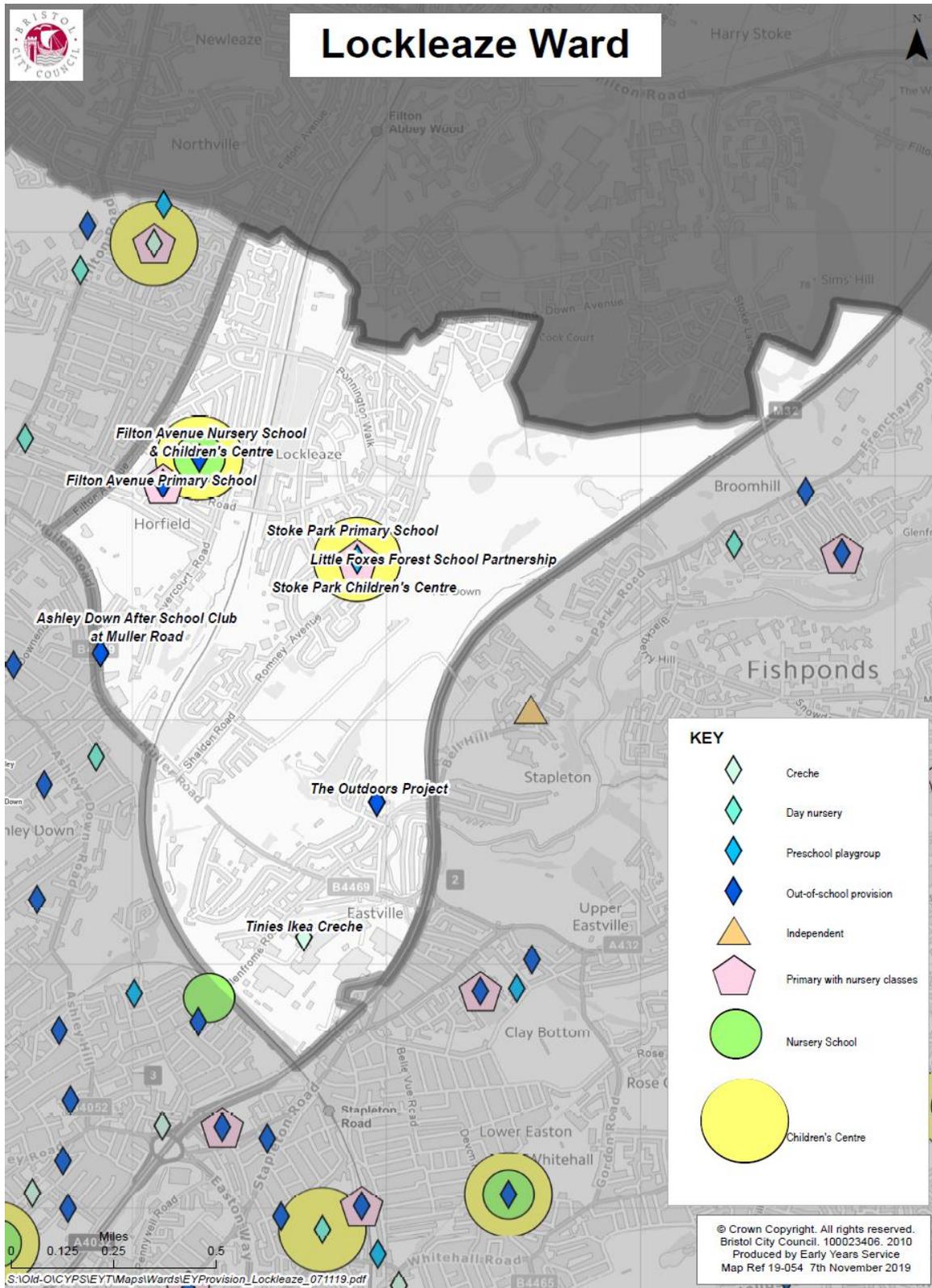
Cross-analysis of the above map with the 2018 Childcare Sufficiency Assessment, projected employment growth by ward and sector, population growth by ward, and

planned community developments has allowed for the identification of 7 wards for the potential implementation of proposed childcare schemes. As this report goes on to outline, whilst some wards are better suited for the implementation of certain schemes over others, the 7 wards identified are likely to contribute towards improving the effectiveness of the provision within the area without adverse effects on existing providers.

All 7 wards identified below would benefit from being a part of a network of nurseries. The key to a cross-subsidy model is that there are providers with a surplus involved. These are likely to be private providers from across the city, and they are likely to be operating in the more affluent areas of Bristol. The wards identified in the maps below are amongst Bristol's most deprived - see Appendix 8 for detailed graphical representation of this. They have lower than average education scores and high levels of child poverty based on up to date information from the Ward Statistical Profiles provided by Bristol City Council (Bristol City Council, 2019).

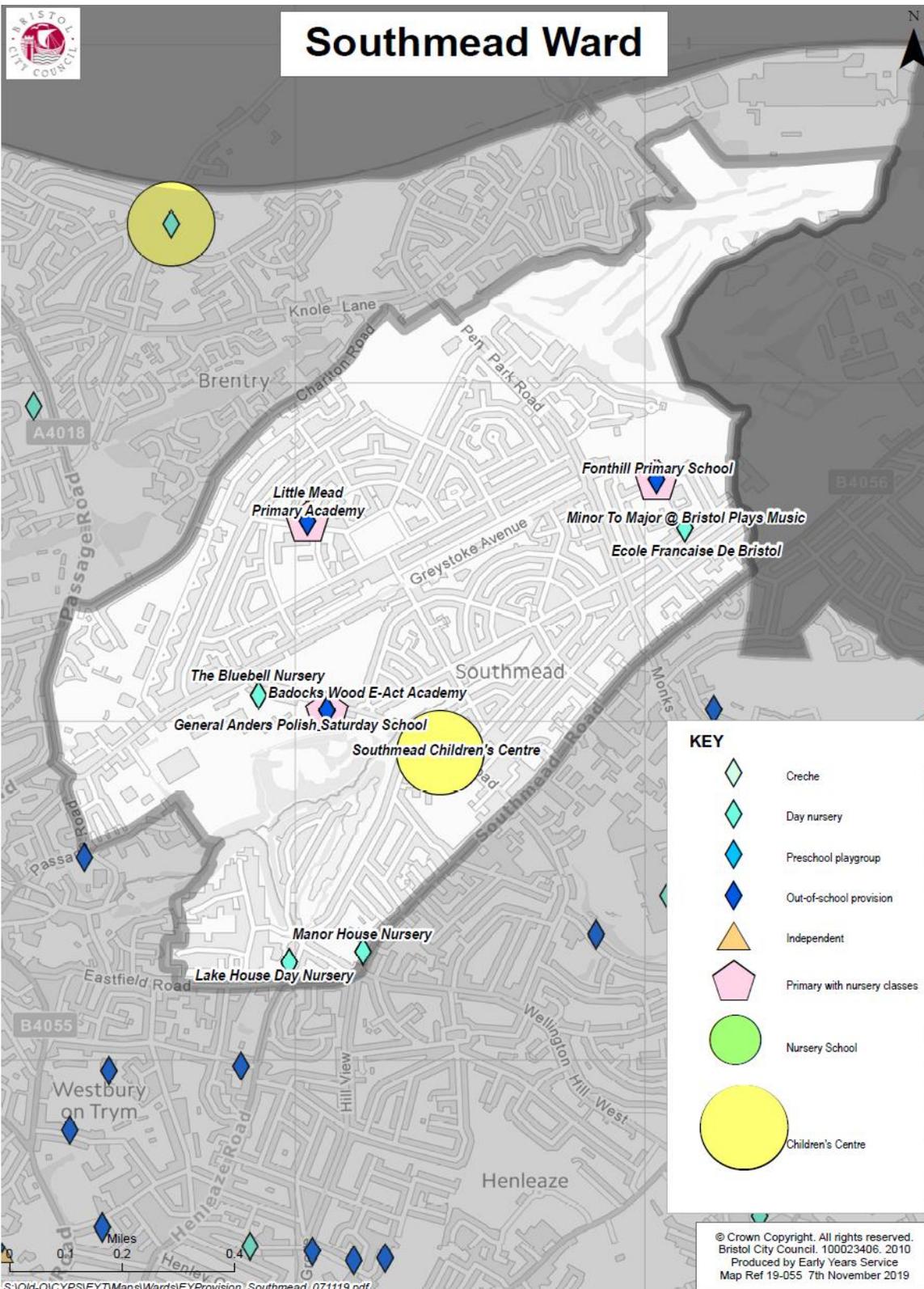


# Lockleaze Ward



The population of Lockleaze aged 0-4 is 13%. Although above the Bristol average for this age group, this is not significantly different. Average attainment score in education in Lockleaze is lower than the Bristol average, with the percentage of pupils with English as an additional language significantly high, at 34.4%. In terms of child poverty, Lockleaze is divided. Over 50% of the ward has between 24.2% and 36.1% child poverty, with the majority of the remainder with 12.1%-24.1% of children living in low income families. Lockleaze is among the most deprived wards of Bristol, with the majority of the ward in the top national decile for deprivation.

The percentage of over 65 who are clients in care homes are 30.9% in Lockleaze. This is above the Bristol average of 22.8%. The percentage of those aged over 65 whose physical health prevents them from leaving their home when they want to is significantly worse than the Bristol average at 17% (compared to the city average of 9%). This makes Lockleaze a good place to explore opportunities to take forward the Intergenerational Scheme proposed in this report.



The population of Southmead aged 0-4 is 14%. Although above the Bristol average for this age group, this is not significantly different. The majority of Southmead has significant levels of child poverty, ranging between 12.1%-36.1% in the central parts of the ward. Average achievement score in Southmead is below the Bristol average, with early years pupils achieving a good level of development significantly worse than the Bristol average, at only 61.3% compared to the 69% average. Southmead is among Bristol's most deprived wards, with the majority of the ward in the top two national deciles for deprivation in 2019.

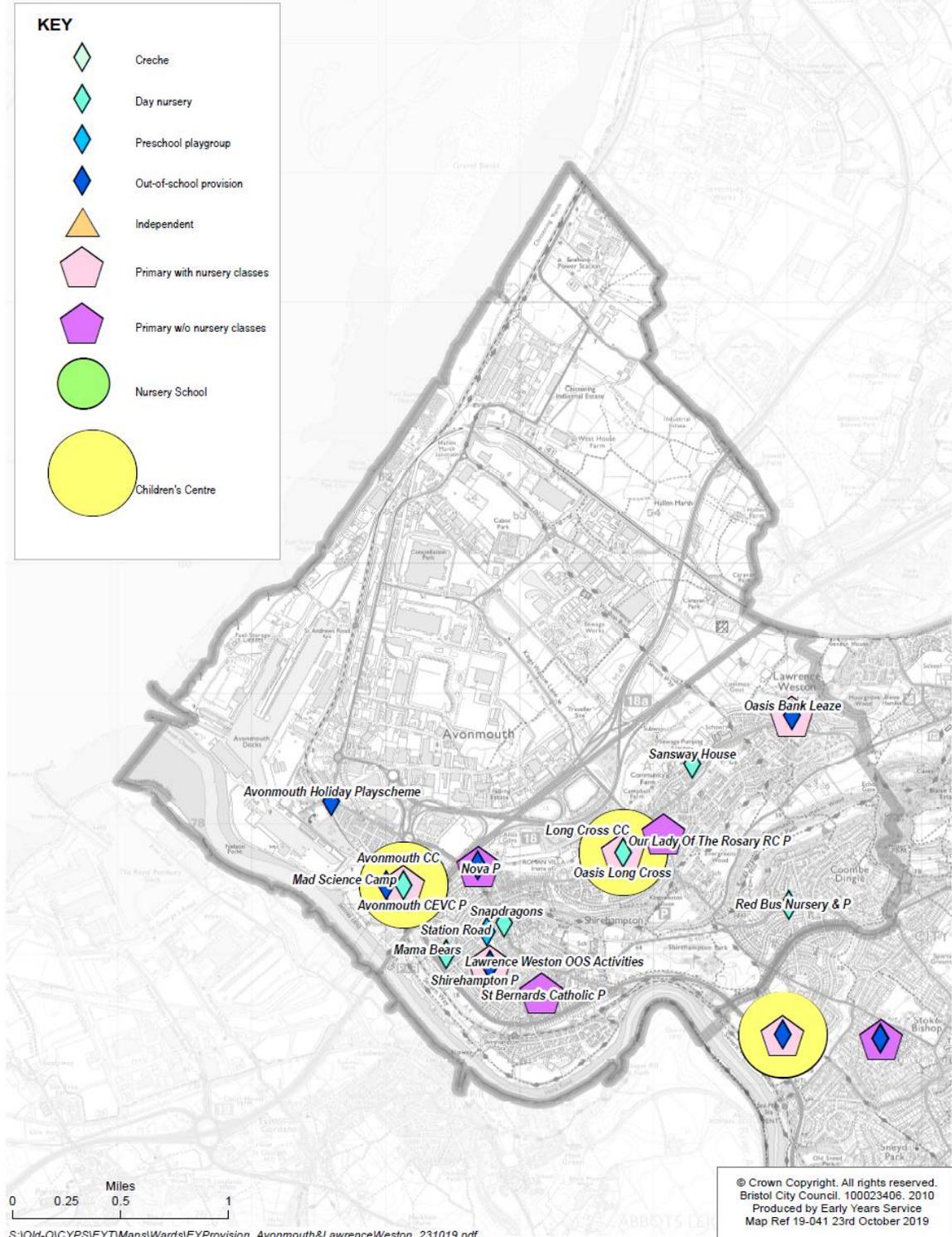
The percentage of over 65 who are clients in care homes are 20.6% in Southmead. Whilst this is lower than the Bristol average, it is not significantly different. The percentage of those aged over 65 whose physical health prevents them from leaving their home when they want to is double the Bristol average at 18%. This makes Southmead a good place to explore opportunities to take forward the Intergenerational Scheme proposed in this report.



# Avonmouth & Lawrence Weston

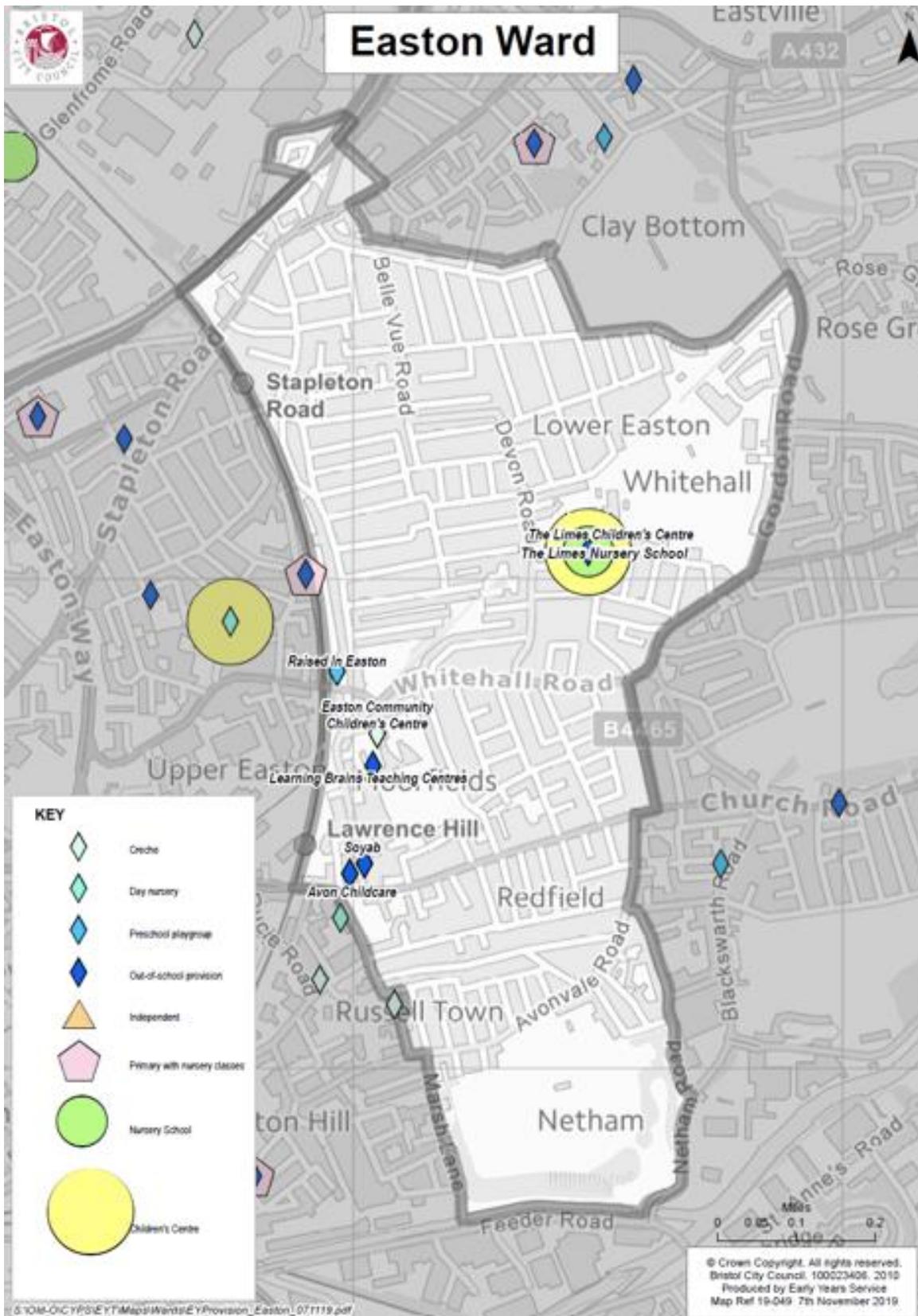


KEY	
	Creche
	Day nursery
	Preschool playgroup
	Out-of-school provision
	Independent
	Primary with nursery classes
	Primary w/o nursery classes
	Nursery School
	Children's Centre



The population of Avonmouth and Lawrence Weston aged 0-4 is 16%. This is significantly above the Bristol average. There is great disparity in the ward in terms of child poverty. whilst a small area has between 36.3% and 48.2% of children living in low income families, the majority of the ward has 12.1%-24.1% of children living in child poverty. The number of early years pupils achieving a good level of development is lower than the Bristol average in Avonmouth and Lawrence Weston, however, this is not significantly different from the Bristol average. Avonmouth and Lawrence Weston is a deprived ward of Bristol. Whilst 'Lawrence Weston West' in Avonmouth and Lawrence Weston has been moved out of the most deprived 10% in England since 2015, 'Lawrence Weston South' in Avonmouth & Lawrence Weston ward has been moved into this decile. See Appendix 9 for graphical representation of the change in national rank of deprivation between 2015 and 2019.

The percentage of over 65 who are clients in care homes are 19.3% in Avonmouth and Lawrence Weston. Whilst this is lower than the Bristol average, it is not significantly different.

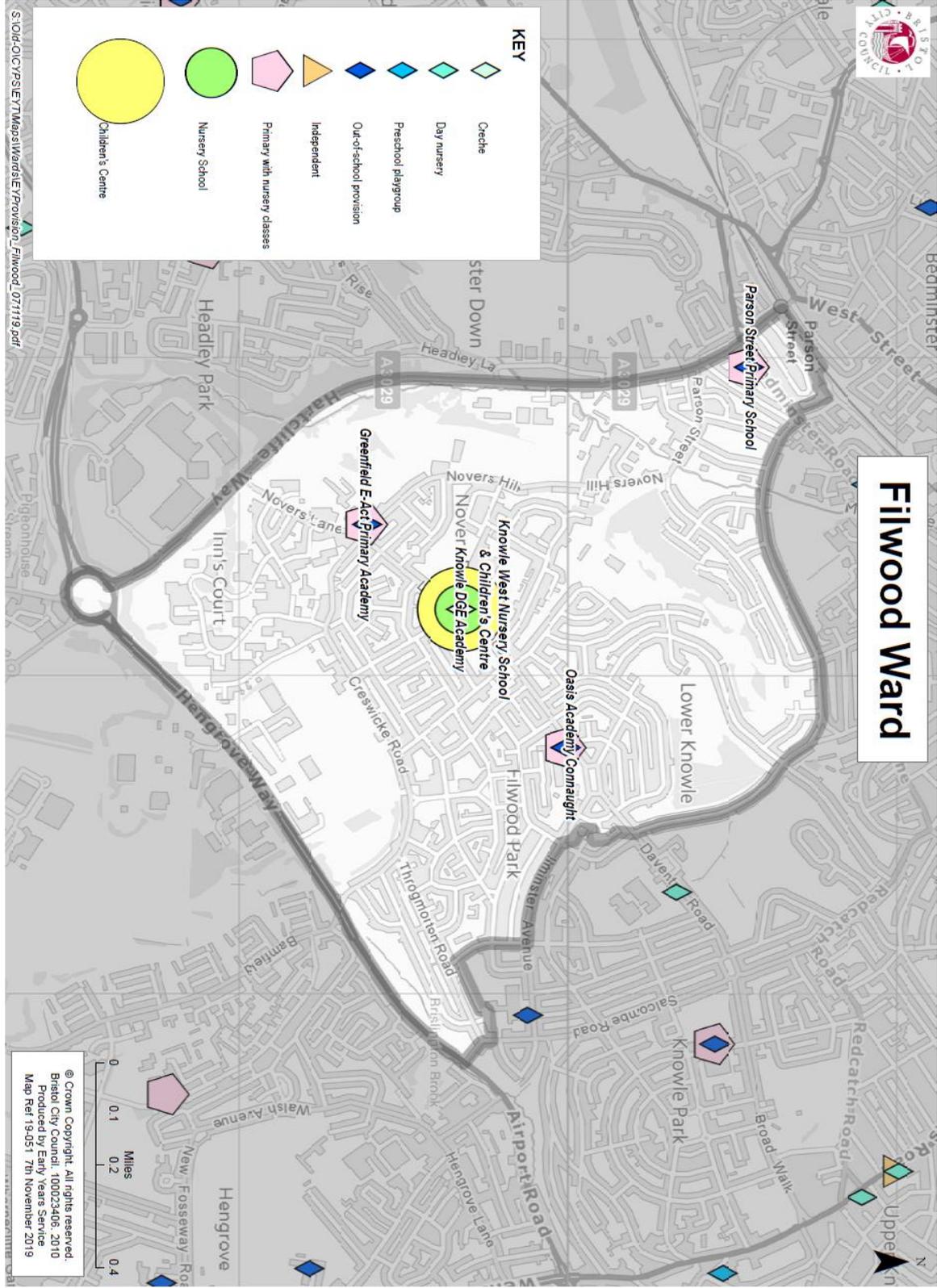


The population of Easton aged 0-4 is 17%. This is significantly above the Bristol average. There are relatively low levels of child poverty in Easton, with the vast majority of the ward having between 12.1% and 24.1% of children living in low income families in 2016. Whilst the percentage of early years pupils achieving a good level of development is in line with the city average, the overall average achievement score in Easton is lower. Easton is among Bristol's deprived wards, with the whole ward in the top 3 national deciles for deprivation in England.

The percentage of over 65 who are clients in care homes are 34.5% in Easton. This is above the Bristol average of 22.8%. This makes Easton a good place to explore opportunities to take forward the Intergenerational Scheme proposed in this report.



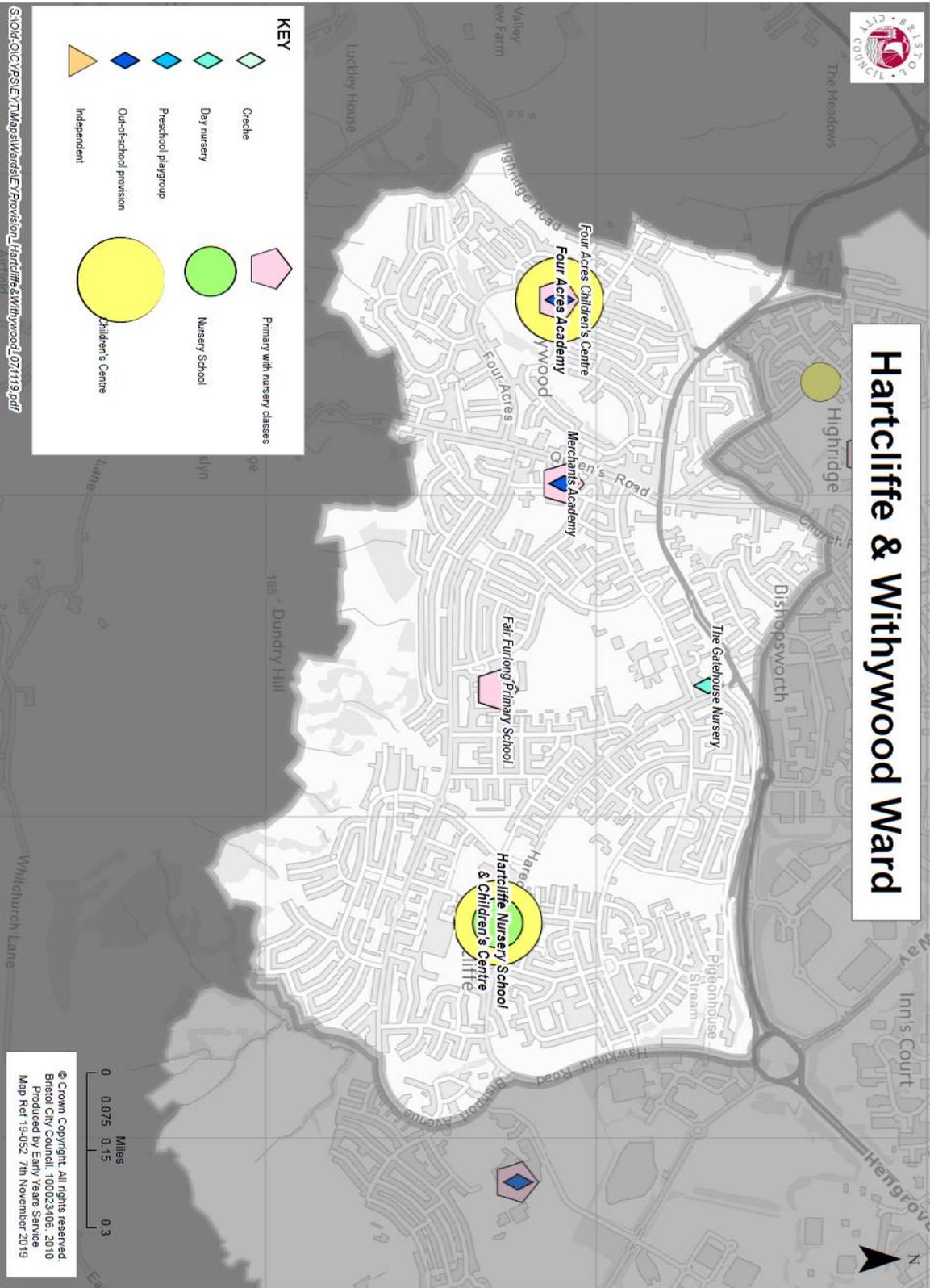
# Filwood Ward



Filwood has a largely young population, with 25.9% of the population below the age of 15. Within Bristol this figure stands at 18.9%. Once more, a large proportion of the ward has a high level of child poverty of between 24.2% - 48.2% living in low income households (see Appendix 2 for map showing the levels of child poverty across the city) (Bristol City Council, 2019). 2018-2019 data shows that Filwood has the low levels of early years development, with 59.4% of early years pupils achieving a good level of development, compared to 69.0% in Bristol on average (Bristol City Council, 2019). On the basis of this data, Filwood would be a good area to trial the network of nurseries model as the ward experiences high levels of deprivation and child poverty. Further, there are few nurseries in the area so sponsorship from a nursery in a ward with a low level of deprivation could be beneficial. The number of clients aged 65+ in care homes is 11.6 per 1000, and the reported rate of those who feel lonely because they don't see family and friends enough is 5% so Filwood is probably not best placed to lead on an intergenerational scheme.



# Hartcliffe & Withywood Ward



**KEY**

	Creche		Primary with nursery classes
	Day nursery		Nursery School
	Preschool playgroup		Children's Centre
	Out-of-school provision		
	Independent		

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 Bristol City Council, 100023406, 2010  
 Produced by Early Years Service  
 Map Ref: 15-052 7th November 2019



Hartcliffe and Withywood has a large population in comparison to wards across the city and the percentage of 0-4-year olds is significantly higher than the Bristol average. The majority of the ward has levels of 36.3%-48.2% of children living in low income households, see Appendix 2 for visual representation of this. Hartcliffe and Withywood is the ward with the lowest level of attainment 8 score across the city, at 36. Once more, the percentage of early years pupils achieving a good level of development is 58.2%, compared to Bristol at 69%. Hartcliffe and Withywood has levels of educational success significantly lower than the Bristol average, so it would be recommended that improving the childcare profession is prioritised in this ward, providing greater levels of staff progression and training within the existing childcare provisions.



Lawrence Hill is where the Bristol Temple Quarter Enterprise Zone is largely based. This is an area within Bristol with particularly high levels of child poverty, with the entirety of the ward having levels of child poverty between 24.2% and 48.2% (See Appendix 2 for map showing levels of child poverty across). Lawrence Hill has 54% of early years pupils achieving a good level of development, compared to 69% of Bristol overall. 45.7% of children in Lawrence Hill are disadvantaged, compared to 27.8% of Bristol (Bristol City Council, 2019: 12). This data emphasizes the importance of ensuring development in the area focuses upon improving livelihoods of all citizens and one way of achieving this is through provision of quality early years education so that children get the best start in life. As Bristol Temple Quarter Enterprise Zone is within the Lawrence Hill ward, an employer-led model would be best placed within this ward as there is the opportunity to increase inclusive growth. Once more, the data collected from the Women of Lawrence Hill showed that women in the ward were keen to work within the childcare sector, so ensuring this is a positive sector with good levels of pay and career progression within the ward would be beneficial in reducing inequalities.

## 5. Conclusion

Through the implementation of the cross-subsidy, intergenerational, and employer-led schemes proposed, Bristol can tackle some of the core issues surrounding the affordability, flexibility and quality of childcare effectively. The report outlines how these schemes can provide a future direction for affordable childcare across the city, both in terms of child development and employment within the profession.

Key issues raised:

- Career progression and pay of staff
- Trade-off between affordability and quality
- Increased employment amongst women without increase in support for childcare
- Additional costs within childcare and the underrepresentation of this in data
- Information asymmetry between parents and nurseries

The models are aimed at creating new avenues to address these core issues.

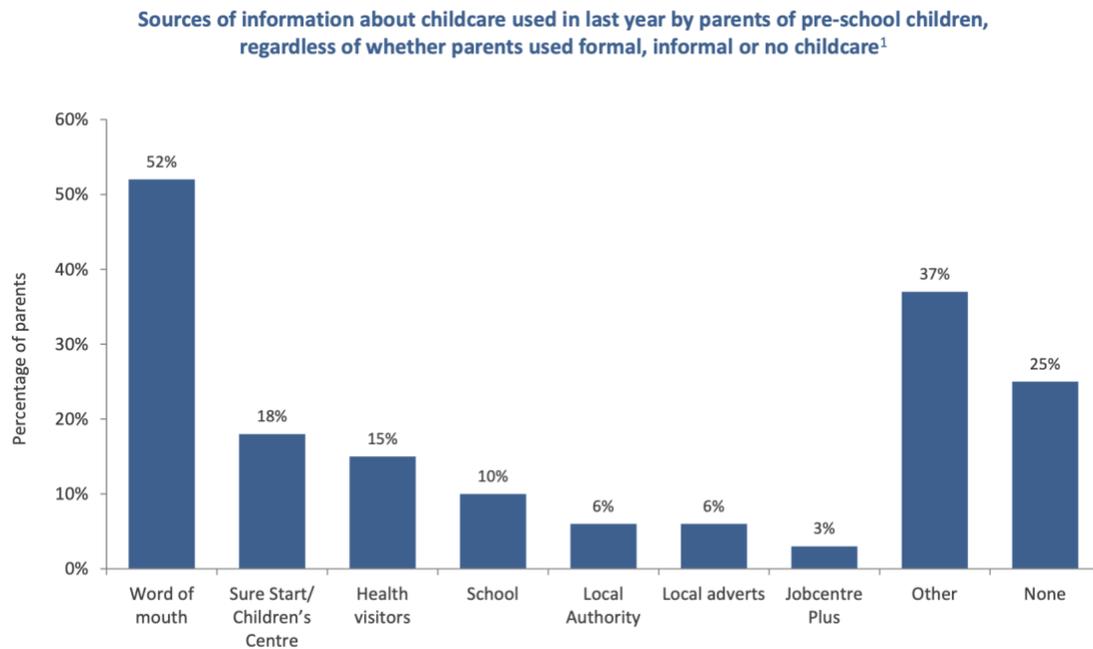
- Network of nurseries
  - Aimed at addressing information asymmetry
  - Aimed at increasing the financial sustainability of nurseries
  - Aimed at reducing affordability inequalities across the city
- Intergenerational Model
  - Aimed at increasing career progression of staff
  - Aimed at promoting quality alongside affordability
  - Aimed at increasing flexibility
- Employer-led model
  - Aimed at providing parents with flexibility
  - Aimed at providing support for changing working patterns
  - Aimed at boosting affordability

The research conducted in the making of this report has highlighted the limited representation of the parent perspective in existing research on childcare. In light of Bristol taking a lead on improving the provision of affordable, quality and flexible childcare, it is deemed essential that a large and representative group of parents are surveyed across for the effective implementation of the models proposed. See Appendix 10 for further detail on the Parent Survey. Online Bristol Parent groups are thought to be a good avenue for the distribution of this survey, offering access to over 10 000 parents across the city. Given the interactive nature of social media platforms, it is thought that this would be a useful initiative to further the conversation amongst parents in Bristol about affordable childcare.

The One City Approach provides an opportunity to encourage not-for-profit, social enterprises and community businesses to engage with delivering affordable, flexible and quality childcare. The stakeholder group that will take forward the key findings of this research will make decisions regarding the implementations of the schemes, refining and combining any proposals as deemed necessary.

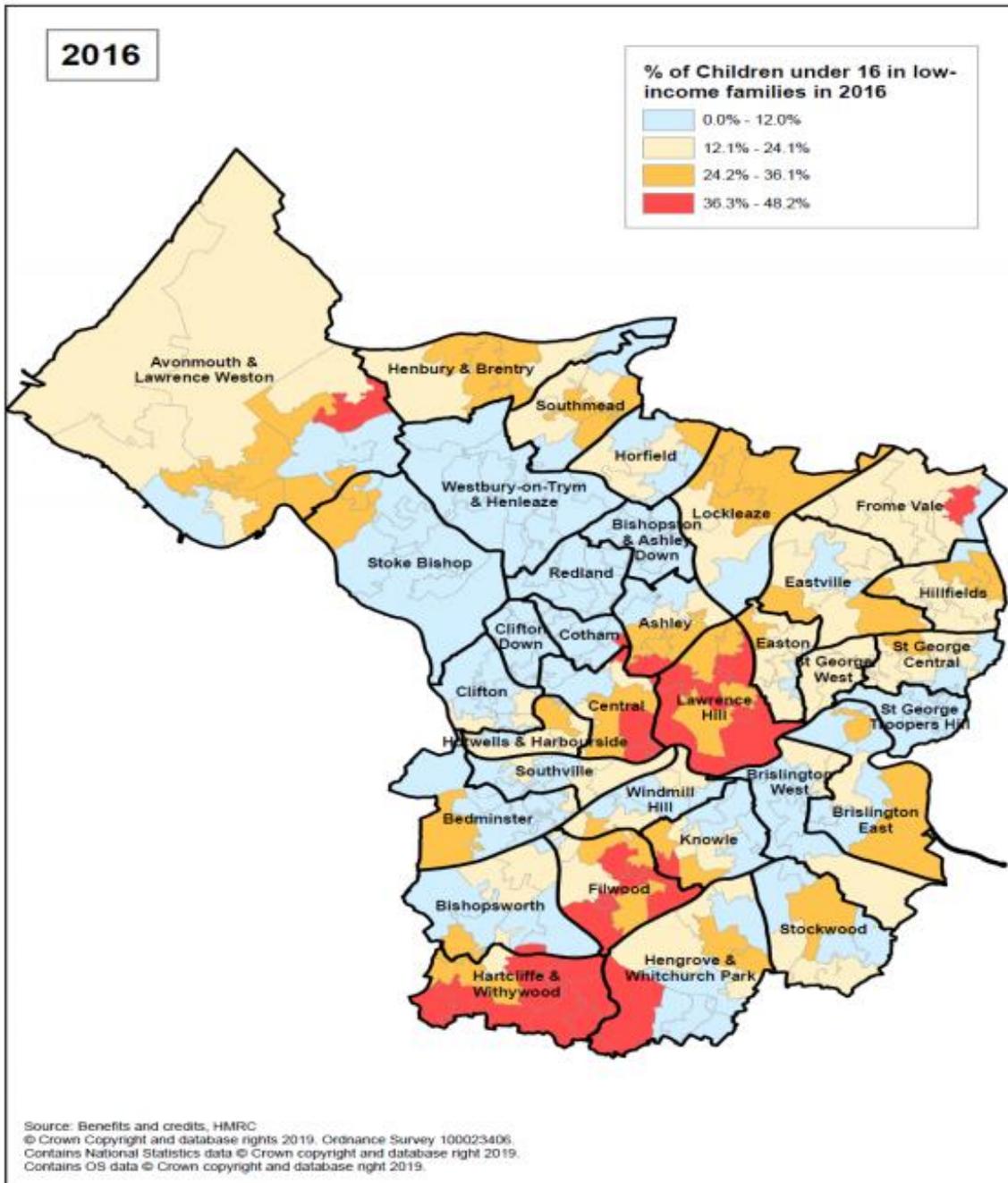
## 6. Appendices

### Appendix 1: Review of Childcare Costs: the analytical report - Department for Education



Graph showing sources of information about childcare used in last year by parents of pre-school children, regardless of whether parents used formal, informal or no childcare (Department for Education, 2015: 25).

Appendix 2: New Wards: data profiles – Bristol City Council



Map showing the percentage of children living in low income households in 2016 (Bristol City Council, 2019).

### Appendix 3: Doing Better for Families - OECD

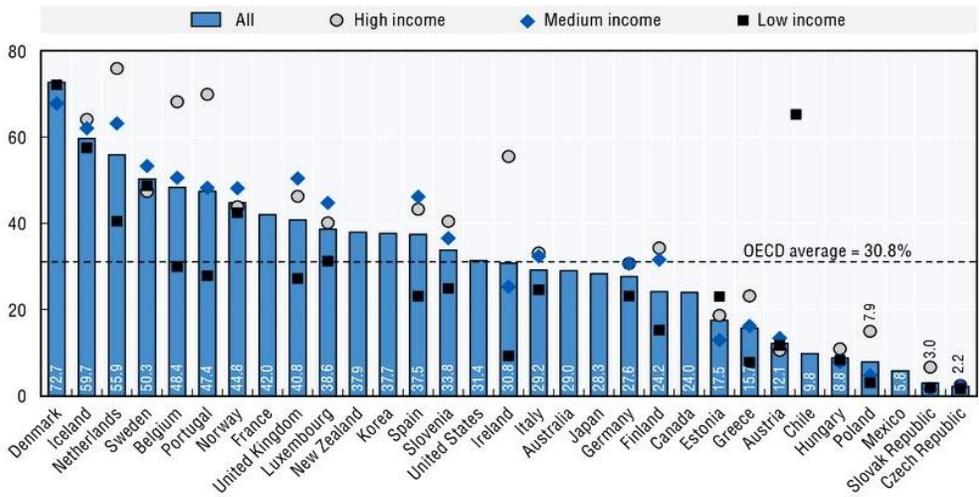
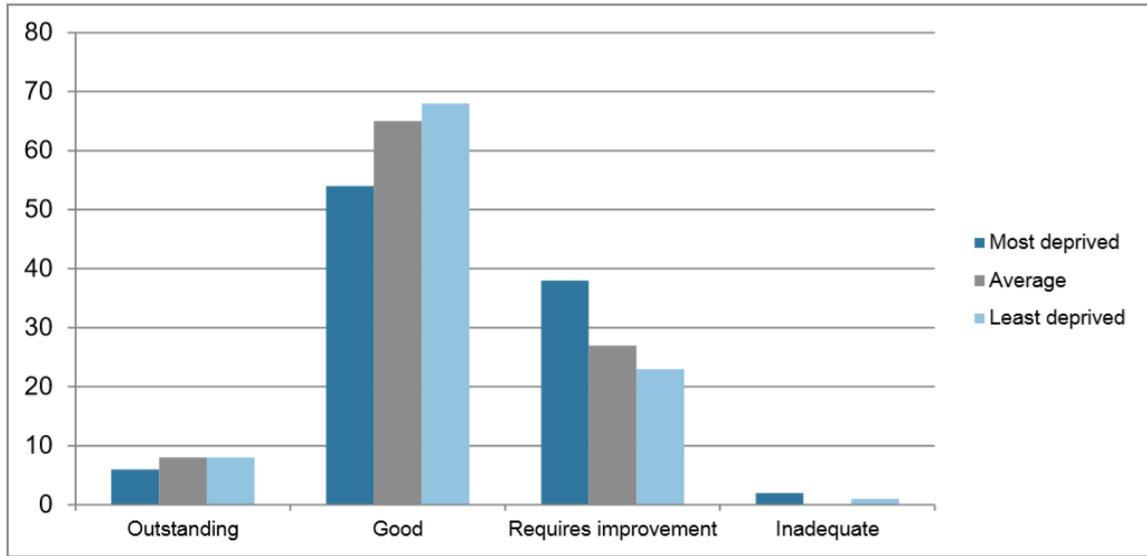


Figure showing the proportion of children aged less than three, by income, enrolled in formal childcare in 2008 (OECD, 2011: 144).

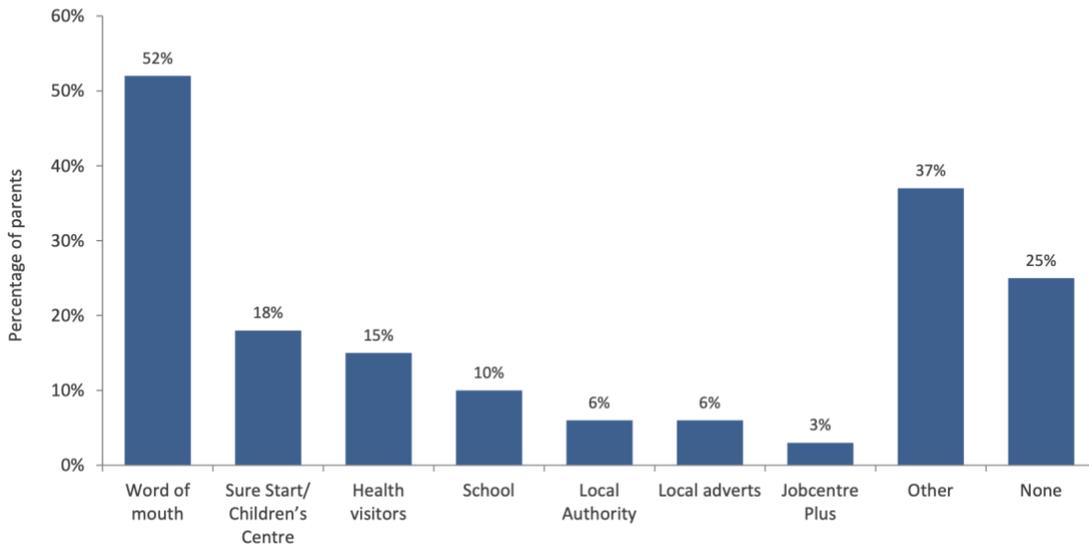
This graph indicates that the use of formal childcare services is lower among children in low-income households.

Appendix 4: Creating an anti-poverty childcare system - Joseph Rowntree Foundation

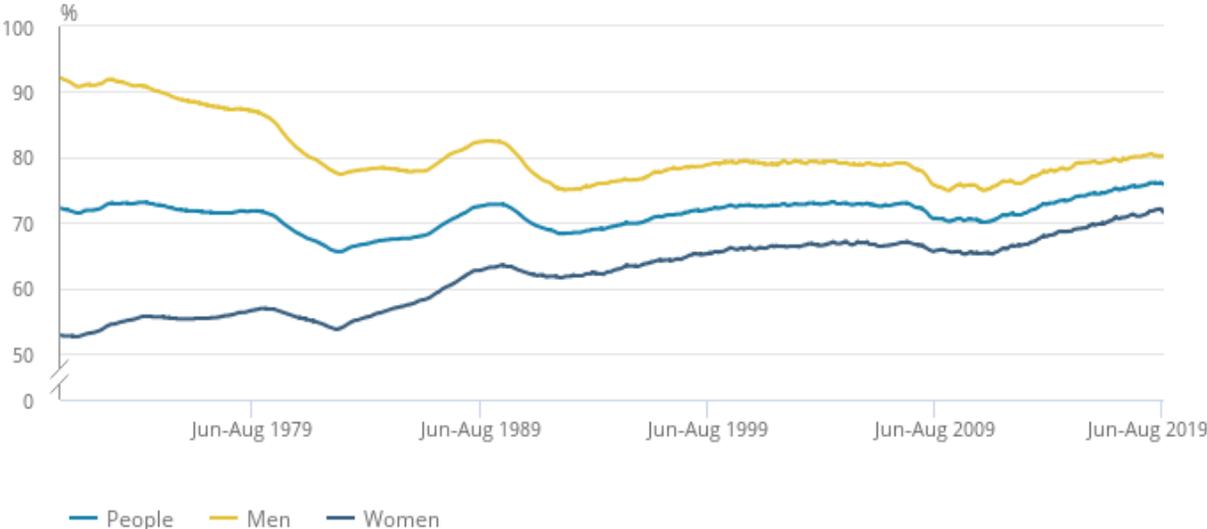


Graph showing the Ofsted grades by area, all non-domestic early years provision (Joseph Rowntree, 2016: 23).

Sources of information about childcare used in last year by parents of pre-school children, regardless of whether parents used formal, informal or no childcare<sup>1</sup>



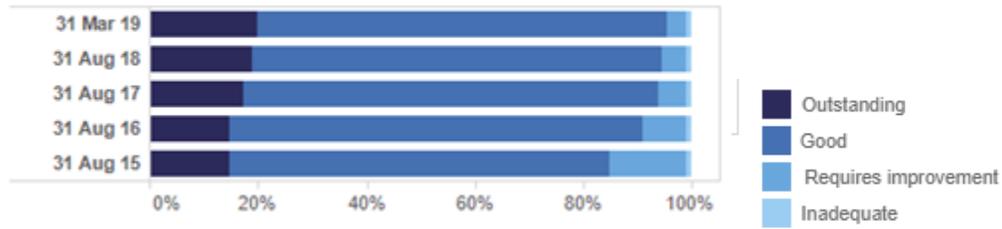
Appendix 5: Office for National Statistics



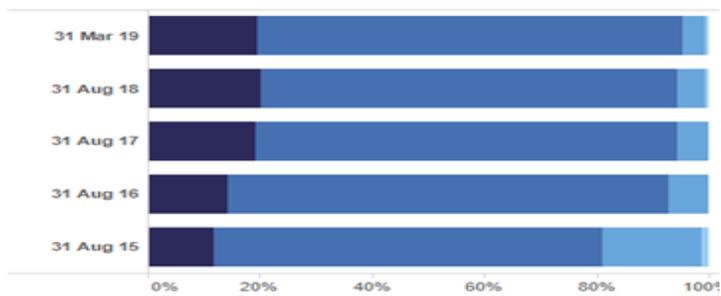
Graph showing UK employment rates (aged 16 to 64 years), January to March 1971 to June to August 2019 (Office for National Statistics, 2019).

## Appendix 6: Ofsted 2019

### England timeline

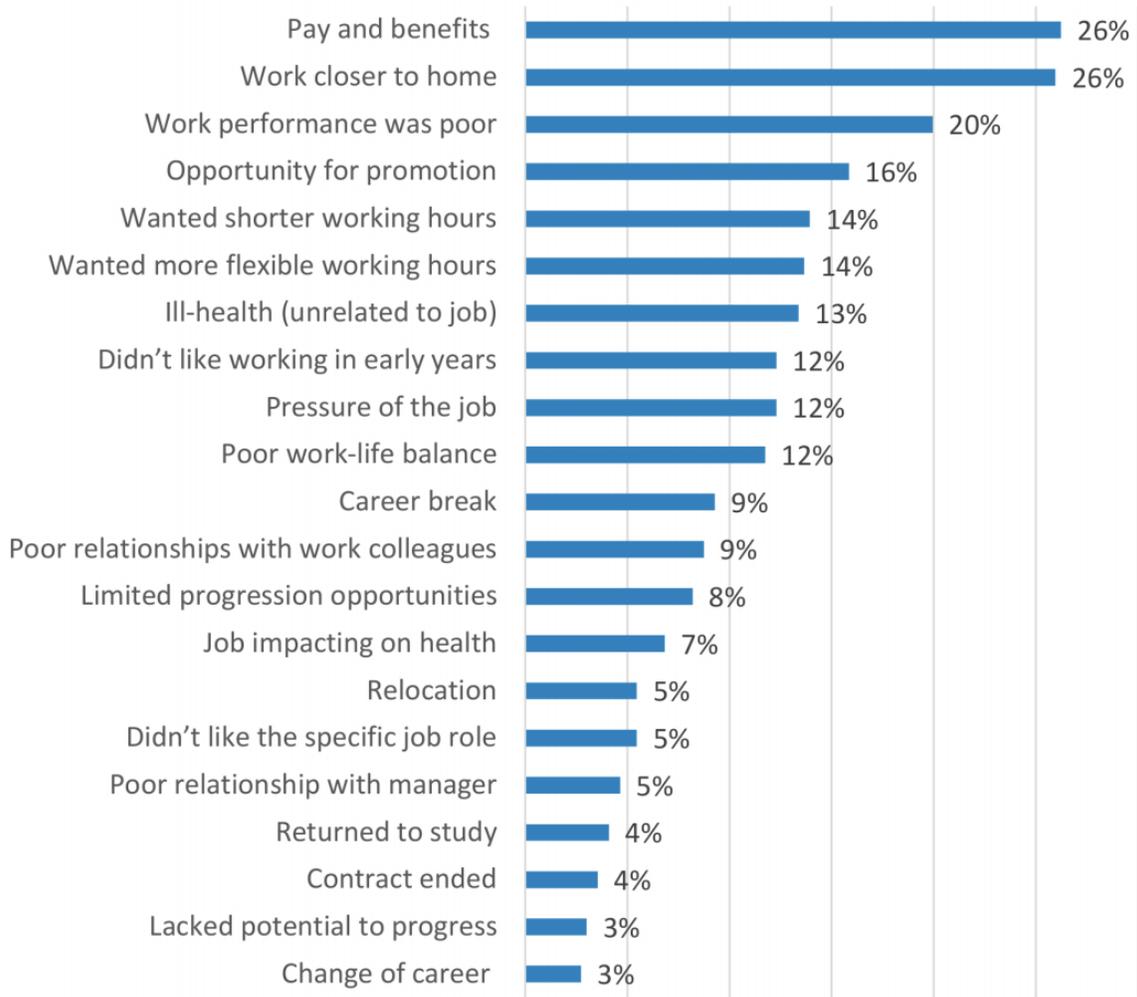


### Bristol in South West



Graphs comparatively showing the Ofsted results in Early Years educations over time in Bristol and England (Ofsted, 2019).

## Appendix 7: About Early Years - Ceeda



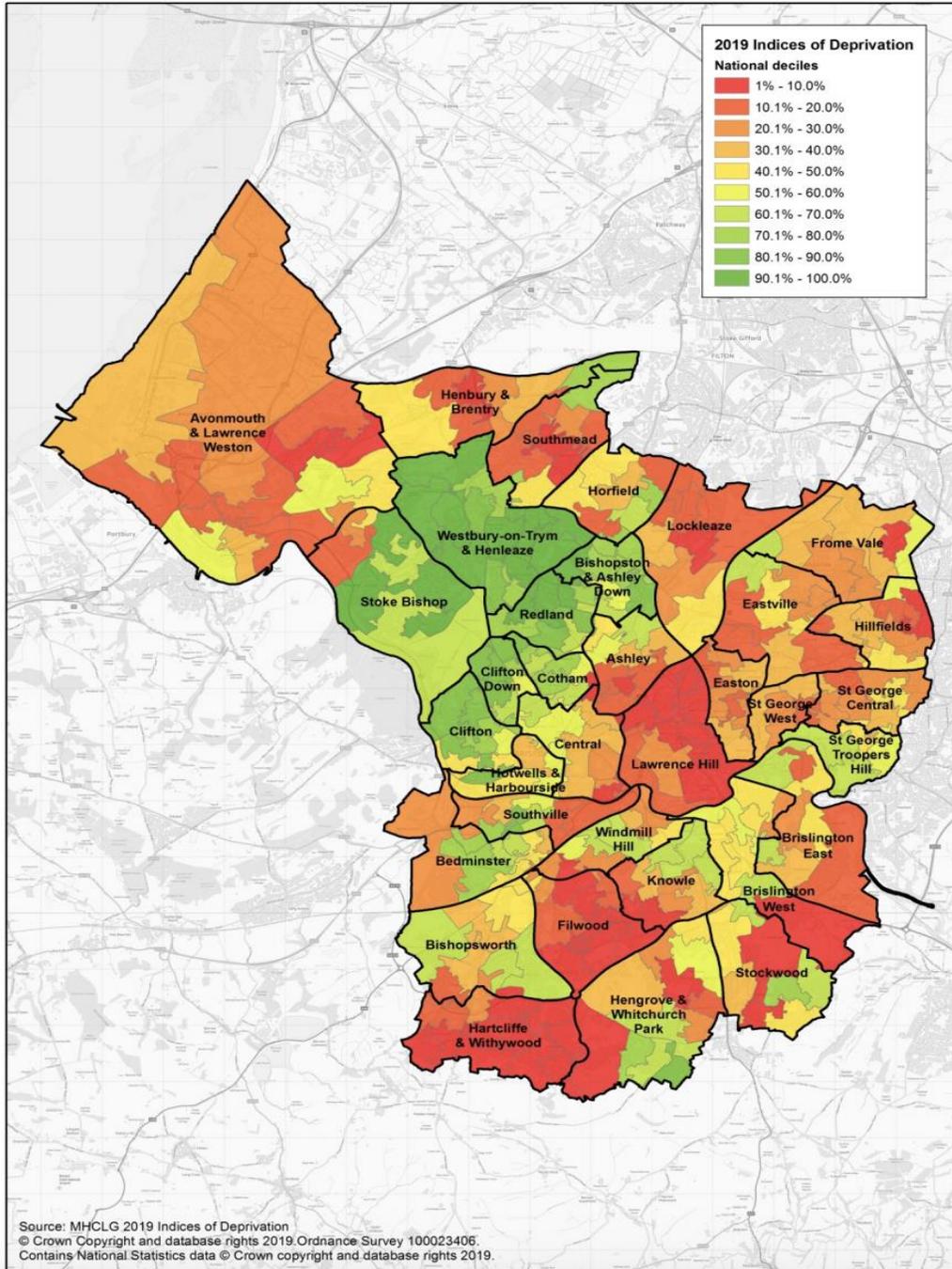
Graph showing the reasons reported by provider for 1 or more members of staff leaving in last 12 months (Ceeda, 2019: 13).

This graph shows that the largest reason for people leaving the sector was pay and benefits. Other commonly cited reason being the poor career progression. This shows the importance of improving the quality of the childcare sector for employees, as to retain staff.

Appendix 8: Deprivation in Bristol 2019 – Bristol City Council

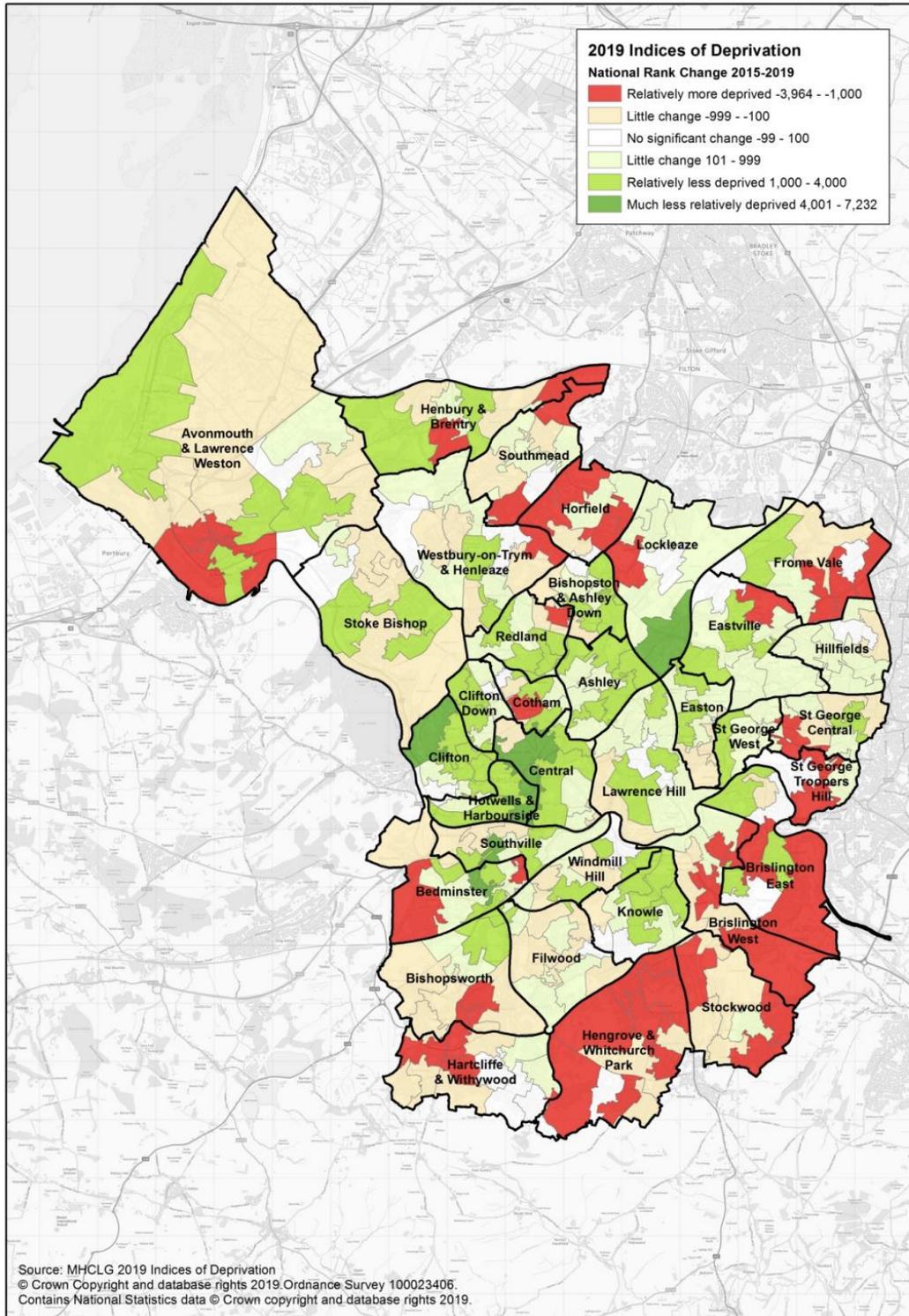
**Figure 1. 2019 National Deprivation Deciles by Lower Layer Super Output Area (LSOA)**

Source: Strategic Intelligence and Performance using MHCLG 2015 and 2019 Indices of Deprivation



Map showing National Deprivation Deciles by Lower Layer Super Output Area (Bristol City Council, 2019: 4).

Appendix 9 Deprivation in Bristol 2019 – Bristol City Council:



Map showing the change in multiple deprivation rank between 2015 and 2019 (Bristol City Council, 2019: 6).

## **Affordable Childcare Survey for Parents**

This survey is conducted as a part of the One City Plan led by Bristol City Council on the provision of affordable childcare across the city. It asks for parents comments on the affordability of childcare generally, and is not conducted by BS3 Community Development.

Which Bristol ward do you live in?

...

What is your employment status?

Full-time employment

Part-time employment

Unemployed, looking for work

Unemployed, not looking for work

Prefer not to say

Other: ...

If one of your children is 2 years old, do you have access to Free Early Education Entitlement?

Yes

No

Not applicable

If your child is over three and entitled to Free Early Education Entitlement, do you use the universal and/or extended free childcare allowances?

Yes, 15 hours per week

Yes, 30 hours per week

No

Not applicable

On average, how many hours of formal childcare a week do you use per week per child (nurseries, childminders etc.)?

...

**Do you feel that your childcare is affordable? (i.e. can pay for it without having to cut back on essentials like grocery shopping, necessary clothing, social activities such as birthday celebrations)?**

**Yes**

**No**

**If no, what is the impact of unaffordable childcare on your life?**

...

**When making a decision childcare, how important was the price?**

**1 – not important**

**2 – somewhat important**

**3 – neither important nor unimportant**

**4 – important**

**5 – very important**

**Has childcare allowed you to enter work or study that you would not have done otherwise?**

**Yes**

**No**

**Do you regularly (every week) rely on any informal forms of childcare outside of formal childcare (friends, family)?**

**Yes**

**No**

**Do you regularly (every week) pay for childcare that you do not use?**

**Yes**

**No**

**When making a decision childcare, how important are the hours on offer by the nursery?**

**1 – not important**

**2 – somewhat important**

**3 – neither important nor unimportant**

4 – important

5 – very important

Do you make use of [Tax-Free Childcare?](#) (scheme where government pays £2 for every £8 you spend on childcare)

Yes

No

If no, why not?

...

When you were making a decision about childcare did you find it easy to access the necessary information about childcare provision?

Yes

No

If no, what information would have been helpful in making this decision (for example online information, classes and drop-in sessions, anything!)?

...

What information did you use to help inform your decision? (i.e. Children Centres, [1 Big Database](#), [Bristol Local Authority website](#))

...

Any other comments on the affordability or flexibility of your childcare:

...

## Formal childcare provision

Childcare in England is increasingly expensive: childcare costs have increased twice as fast as inflation in the last decade.<sup>1</sup> The TUC found that for parents with a one-year-old child, the cost of their child’s nursery provision grew four times faster than their wages between 2008 and 2016.<sup>2</sup> Since women are still largely expected to be the primary carers of their children, the unaffordability of formal childcare provision is having a negative impact on women’s career progression and earnings.

The current system of state support for childcare costs is a complex patchwork of entitlements based on the age of the child, employment situation of parents, and whether they are in receipt of benefits or not. For this reason, many parents are not getting what they are entitled to – Tax Free Childcare, for instance, has had an uptake since introduction in 2017 lower than expected.<sup>3</sup>

In the South West, families are expected to spend a significant proportion of their income on childcare costs, varying widely with the child’s age. Families with three- and four-year olds in the region can expect to spend 19% of their income on full-time childcare (after accounting for the 30-hour entitlement). But the same type of childcare for under-three-year olds will absorb over half (50%) of their parents’ income.<sup>4</sup> The higher costs for younger children are due to the fact that there is no support from the state with childcare for under-threes (only for low-income two-year-olds). Provision costs are also higher for babies and younger toddlers, due to lower child/staff ratios.

Only 43% of South West local authorities have reported having sufficient childcare provision for under-twos and only 43% have enough provision for the 30-hour entitlement for three and four-year-olds.<sup>5</sup> The numbers are even lower for specific groups: only 23% of local authorities in the South West have sufficient provision for disabled children and 21% for parents working atypical hours (23% and 22% in England).<sup>6</sup>

<sup>1</sup> Family and Childcare Trust (2018) Childcare Survey 2018 (<http://bit.ly/2Ht3o47>)

<sup>2</sup> TUC (2017) Press release: ‘Cost of childcare has risen four times faster than wages since 2008, says TUC’ (<http://bit.ly/2ioIyRS>)

<sup>3</sup> Family and Childcare Trust (2019) *Childcare Survey 2019* (<http://bit.ly/2leguk6>)

<sup>4</sup> Own calculations using figures from House of Commons Library (2018) Household incomes by region; and Family and Childcare Trust (2019) Childcare Survey 2019.

<sup>5</sup> Family and Childcare Trust (2019) Childcare Survey 2019 (<http://bit.ly/2leguk6>)

<sup>6</sup> Family and Childcare Trust (2019) Childcare Survey 2019 (<http://bit.ly/2leguk6>)

Due to gendered norms around caring responsibilities and the fact that women tend to earn less than men, childcare costs tend to be weighed against women’s employment earnings. Financial calculations are important when families are deciding on childcare arrangements and these will often determine whether women keep their jobs or not. Single mothers face a particularly difficult situation when it comes to finding adequate affordable childcare while remaining in the labour market. The table below shows the proportion of women’s (median) earnings in the West Midlands absorbed by childcare costs for different age groups.

**Table 1: % of women’s median earnings absorbed by childcare costs, by child age group, Bristol City, 2019<sup>7</sup>**

Childcare costs in South West (nursery cost for 48 weeks)		Women’s median earnings (Bristol City)	% of women’s median earnings absorbed by childcare
0-2yo (PT)	£6,038	£11,323 (PT jobs)	53%
3-4yo (PT)	£2,290		20%
0-2yo (FT)	£11,809	£28,254 (FT jobs)	42%
3-4yo (FT)	£4,580		16%

Source: Own calculations using Childcare Care Survey 2019 and Annual Survey of Hours and Earnings 2019, table 8.7a. 3-4yo figures include free entitlement.

This table shows that childcare costs for younger children absorb around half of mothers’ earnings. For three and four-year olds, the state’s free entitlement is a significant support, reducing childcare costs to around a fifth of mothers’ earnings.

This illustrates the dire situation that single mothers face when trying to combine paid employment with caring responsibilities; for them in particular, a job will barely cover the cost of formal childcare.

### **Investing in universal free childcare – costings and impact on the City of Bristol’s economy**

<sup>7</sup> The figures for childcare cost are for the average in the South West while figures for earnings are for the City of Bristol. Childcare figures for Bristol are likely to be higher so childcare in Bristol may end up taking a larger proportion of women’s earnings.

Current childcare provision in England is inadequate and unaffordable.

The patchwork of support is too complex to navigate and not widely understood. Many parents are not claiming what they are entitled to, and the cap on how much childcare support low-income families can claim on Universal Credit means that many parents are worse off if they increase their paid working hours.<sup>8</sup>

A third of local authorities fear that childcare entitlements are having a negative impact on the financial sustainability of childcare facilities and a quarter that it had caused prices to rise.<sup>9</sup> This is because what the state pays to providers are not enough to cover the full costs of high-quality provision. Childcare providers are thus pressured to either cut on the quality of the services or increasing the price of additional hours and the price for children not covered by the entitlements.

The Women's Budget Group has modelled the economic costs and benefits of investing in universal high-quality childcare and proposed it as an alternative to the current inadequate and expensive model of uneven quality.<sup>10</sup> Universal childcare is beneficial to society in multiple ways: it benefits children by improving their access to high-quality early education, especially those in lower-income families, and improves their social inclusion and life chances. It fosters gender equality in employment by providing high-quality jobs in a female-dominated sector and by allowing many mothers to realise their full potential and improve their earnings by freeing up their childcare constraints.

Using the model and calculations for the cost of investing in universal childcare in the UK, we estimate the cost and the benefit for the City of Bristol's economy.

The model makes a series of assumptions, of which the most important are the following:

- **Universal care provision for every child in the city under 4.5 years old** (average age to enrol in compulsory education) **for 48 weeks of the year** (assuming parents share care during their annual leave for the remaining four weeks);
- **Each facility has capacity for 49 children** (based on average numbers per facility currently);
- **Each facility will have 20 FTE members of staff** (based on current child/staff ratios and plus additional to cover for absence/illness/leave).

<sup>8</sup> WBG (2018) Childcare – A briefing by the UK Women's Budget Group on key policy issues (<http://bit.ly/2MgUfzk>)

<sup>9</sup> Family and Childcare Trust (2019) *Childcare Survey 2019* (<http://bit.ly/2leguk6>)

<sup>10</sup> WBG (2016) Costing and funding free universal childcare of high quality (<http://bit.ly/2WDCvC4>)

We calculate the costs and the benefits for the economy based on two scenarios: pay at current level and pay at primary teacher level. This includes the gross costs of running childcare centres and the jobs created in the wider Bristol economy (including direct jobs in childcare, indirect jobs in the supply chain, and induced jobs in wider economy as a result of improving employment rate and earnings).

### **Scenario 1: universal childcare on current payscale**

Number of childcare facilities: 423  
Cost per facility (annual): 669,259  
Cost per child (per hour): £6.34  
Cost per child (per annum): £12,168  
Direct childcare jobs: 9,537  
Indirect jobs: 2,114  
Induced jobs: 2,143

**Total jobs created: 13,794**

**Total gross annual cost: £283m**

### **Scenario 2: universal childcare on living wage payscale**

Number of childcare facilities: 423  
Cost per facility (annual): 767,978  
Cost per child (per hour): £7.27  
Cost per child (per annum): £13,963  
Direct childcare jobs: 9,537  
Indirect jobs: 2,114  
Induced jobs: 2,420

**Total jobs created: 14,071**

**Total gross annual cost: £325m**

### **Scenario 3: universal childcare on primary teacher payscale**

Number of childcare facilities: 423  
Cost per facility (annual): 1,018,732  
Cost per child (per hour): £9.65  
Cost per child (per annum): £18,522  
Direct childcare jobs: 9,537  
Indirect jobs: 2,114  
Induced jobs: 3,124

**Total jobs created: 14,775**

## Total gross annual cost: £431m

Universal childcare of high quality is proven to be very beneficial in improving young children’s well-being, educational attainment later in life and social inclusion, particularly for children living in low-income families.<sup>11</sup> This is all the more so when the care is delivered by highly-qualified and trained workers, who themselves are adequately paid and who have good working conditions. Many childcare workers are paid under the living wage and have poor working conditions. To make sure the new system has the most positive impact on children and on (mostly women’s) job prospects, welfare and earnings, we consider paying childcare workers the equivalent to primary teachers or the living wage at minimum. Currently childcare workers are paid under the living wage at £9.52/hr on average. In the new primary-teacher equivalent payscale 55% would be paid at £15/hr and 45% at £19.81/hr (depending on qualification). This would make the sector attractive to workers and increase families’ disposable income, creating more jobs in the wider economy (see and compare ‘induced jobs’ in the three scenarios).

## Economic savings and benefits<sup>12</sup>

Investment in social infrastructure like childcare has a particularly positive impact on women’s employment rate and earnings, contributing to reduce the employment rate gap and the gender pay gap.

It is estimated that both scenarios would lead to a reduction of nearly five percentage points in the employment rate gap, by increasing women’s participation in the labour market (assuming the current gender distribution in childcare jobs and wider economy remains the same).

The investment cost in universal childcare is also considerably offset by the savings in social security and increasing tax revenue; by increasing the number of well-paid jobs in the economy, it increases the money that families have to spend and the taxes paid, while decreasing the spending on welfare benefits.

**Table 2: Savings on social security spending and additional tax revenue for investing in universal childcare in the City of Bristol**

	Scenario 1	Scenario 2	Scenario 3
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<sup>11</sup> J De Henau (2019) *Employment and fiscal effects of investing in universal childcare: a macro-micro simulation analysis for the UK*. The Open University

<sup>12</sup> Calculations for economic savings and benefits are based on proportional calculation on WBG’s universal childcare costings for UK

Savings on UC spending		£63m	£66m	£83m
Tax revenue	Direct tax	£67m	£102m	£148m
	Indirect tax	£27m	£38m	£51m
Current govt spending childcare		£46m	£46m	£46m
<b>Total tax &amp; benefit gains</b>		<b>£203m</b>	<b>£252m</b>	<b>£328m</b>

Source: based on WBG’s universal childcare costing model (<http://bit.ly/2WDCvC4>)

Since tax and social security are administered by central government, the ideal model of investment in universal childcare would also be funded by Westminster. However, it is important to note that once the benefits from number of jobs, increased earnings, reduced social security spending and increased tax revenue are taken into account, and including the current government spending on childcare, **investment in universal childcare is 72% to 78% self-funded.**<sup>13</sup>

**Key facts**

Investment in universal childcare of high-quality has a huge potential to create well-paid jobs in the City of Bristol, increase families’ spending power, lifting people out of poverty and low-pay and improving children’s life chances.

Investing in universal childcare in the City of Bristol would:

- Cost between £283 million and £431 million (annual gross)
- Create 423 childcare centres
- Create between 13,794 to 14,775 jobs
- Reduce welfare spending between £63 million and £83 million
- Increase tax revenue by between £94 million and £199 million
- Costing a total of £80 million to £103 million (annual net).

<sup>13</sup> J De Henau (2019) *Employment and fiscal effects of investing in universal childcare: a macro-micro simulation analysis for the UK*. The Open University. pp. 20

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**UK Women's Budget Group, November 2019**

WBG is an independent, voluntary organisation made up of individuals from Academia, NGOs and trade unions.

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## Links to websites of organisations interviewed

- € Bristol Women's Voice - <https://www.bristolwomensvoice.org.uk/>
- € YMCA Bristol - <https://www.bristolymca.net/>
- € Windmill Hill City Farm - <https://www.windmillhillcityfarm.org.uk/>
- € BS3 Community Development - <https://bs3community.org.uk/about/southville-centre/>
- € Bristol Early Years - <https://www.bristolearlyyears.org.uk/>
- € Bristol and Bath Regional Capital - <https://www.bab-rc.uk/>
- € New Economics Foundation - <https://neweconomics.org/>
- € Bristol Association for Neighbourhood Daycare - <http://bandltd.org.uk/>
- € Bristol Temple Quarter Enterprise Zone - <https://www.bristoltemplequarter.com/>
- € Apples and Honey Nightingale - <https://www.applesandhoneynightingale.com/>