

Childcare is a looming political battle that is long overdue ^[1]

As with social care, problems in the sector are legion — not least provision and cost

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Give me the child and I will show you the votes. Well not exactly, but a significant battle is looming as the issue of childcare rises up the political agenda, driven mainly by the surge in the costs of pre-school care. The rising salience of state support for childcare at a time of falling birth rates and tight labour markets is not unique to the UK. In the US, Joe Biden is bidding to expand free provision. Anthony Albanese, Australia's new prime minister, and Canada's Justin Trudeau have also pledged big increases in support. These expansions of public funding by centre-left leaders have not gone unnoticed by the UK's Labour party. For Prime Minister Boris Johnson, this is primarily a cost of living issue and a political problem. Tories expect most parents to pay their share of costs. But for the UK's main progressive parties, Labour, the Liberal Democrats and the Scottish National party, the issue is seen as a broader social entitlement due for expansion beyond the headline policy of 15 hours a week free childcare for all three- and four-year-olds (30 hours in Scotland, and an extra 15 in England for many working parents). But Tories are right to sense a problem now. The Coram childcare survey shows part-time nursery costs for children under the age of two have risen 59 per cent since 2010 — for childminders by 43 per cent. This is most acute in London and south-east commuter belt seats, so the issue is disproportionately important for a cohort of voters in a demographic the party is losing. At the last election, Conservatives trailed badly in the main age groups for young parents, a trend more pronounced now.

GROSS CHILD CARE FEES - image ^[3]

The Downing Street policy unit is focusing intently on the issue, looking at market solutions and how to expand supply. The Tory think-tank, Onward, is working on ideas with a group of newer female MPs. This attention is overdue. As with social care, problems are legion. UK state support is in line with the OECD average though well behind France and the Nordic nations. But the pandemic and funding pressures led to the loss of 5 per cent of early years providers in England between April 2020 and July 2021. There is very high turnover of badly paid staff. A Nuffield Foundation survey found the average wage in the sector in 2019 was £7.42 an hour with 45 per cent of childcare workers claiming benefits. There is limited public help for the youngest children. And the multiple schemes are confusing and off-putting with some benefit claimants paid in arrears. Labour has also highlighted significant shortfalls in government funding to councils to meet the cost of care. The first focus is regulation. Downing Street wants to raise the permitted ratios of children to adults, which are among the lowest in Europe, though this partly reflects the lower level of qualifications in the UK. This was proposed then shelved a decade ago by the coalition government over worries of a safety backlash — and fears that savings would not be passed on. But it would ease cost pressures and allow for higher wages. Tories also see scope for easing the Ofsted rules on childminders in their own homes.

MAXIMUM NUMBER OF CHILDREN PER STAFF IN CENTRE BASED CARE IN EU - image ^[4]

Simplifying the hotchpotch of support schemes is a priority, especially tax-free childcare, which is worth up to £2,000 a year but has very low take-up. In the four years since the scheme was introduced to replace employer child care vouchers, it has underspent by £2.3bn and covers around only 300,000 of 1.3mn eligible children. Some MPs want to revisit tax incentives for employers to help.

An obvious problem is that the focus on three- and four-year-olds leaves parents of younger toddlers with little help — often at the moment of greatest need (benefit claimants can get 15 free hours for two-year-olds). Andrea Leadsom, the former cabinet minister who led a review of early years policy, suggests letting parents choose how to use paid free hours. Yet there is also a desire among Tories to give voters more support. One argues, "This can't be all about ratios and regulation."

Labour's starting point is different. Shadow education secretary Bridget Phillipson looks approvingly at the policies of progressive parties elsewhere. With limited room for spending promises, Labour will have to make choices, though, and half of parents do not use paid childcare in the first two years. Phillipson has prioritised "wraparound care" at the start and end of the school day and holiday clubs at primary schools.

GROWTH IN PART TIME CHILD CARE PRICES FOR 0-1 YEAR-OLDS - image ^[5]

But the long-term aspiration is clear and a manifesto pledge to expand support is likely. Labour MPs remember that three- and four-year-old childcare was a signature policy of the Blair government — and drove expansion of the sector. Once again, the issue offers Labour a chance to combine a popular pledge with a broader social policy goal.

The dividing lines seem clear. A more market-based solution with some limited extra help for parents now, versus the progressive drift towards better funding and more universal provision. And yet a Tory party that is worried about losing young families and female voters, especially in the south, might see the electoral need for a bold signal.

Either way, no one can look at another care service marked by poor pay, low morale and funding and fail to see that the current crisis is a function of underlying problems. Holding down prices matters now, but it is a symptom of a sector with far larger challenges.

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