

David Cameron's free childcare pledge is underfunded, says leading thinktank ^[1]

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EXCERPTS

Funding for David Cameron's flagship election pledge to give working parents 30 hours a week of free childcare will fall short by £1bn a year, a new report has claimed.

The analysis by the IPPR think-tank warns that the cost of doubling childcare for three- and four-year-olds will be £1.6bn a year, far higher than the Treasury's estimates of £670m for that year.

The report will fuel concerns that the childcare pledge, made by the Prime Minister during the election campaign, will undermine the quality of care and ratchet up costs for nurseries, because it doubles the existing provision of 15 free hours without any detailed evidence that there will be the staff and resources to cover the extra hours. The Government has only allocated an additional £365m for the first full year (2017-18) rising to £670m in 2020-21.

The report says the Government's policy will, in fact, cost £1.6bn annually – £1bn more than the allocated budget. IPPR said the Chancellor, George Osborne, should announce additional funding in his November Spending Review.

The report appears as the Government has been forced to amend the Childcare Bill, which contains the pledge, after the House of Lords raised concerns that it was riddled with loopholes and left parents open to criminal penalties for failing to provide full details of whether both parents work, as The Independent on Sunday revealed earlier this year.

A new policy document published by the Department for Education reveals that clauses on criminal penalties and possible jail terms will be tightened up so there will be just one offence on the misuse of data, with a maximum £3,000 fine. The Government also admitted that there have been "concerns [raised] around funding and sustainability".

The IPPR report warns that the underfunding of the free childcare hours could force providers to reduce services or refuse to offer free hours, leading to a less flexible market, reduced parental choice and costs pushed up for paid hours outside the 30. It also says families in poorer areas would be hit hardest, with fewer and less flexible local providers – and may be forced to adjust their working hours.

It argues that public spending would be better targeted at extending free hours for two-year-olds, "for whom childcare support is lowest, despite childcare costs for this age group being highest" – which it says would have a "greater impact on child development, maternal employment and gender equity". At the moment, the 40 per cent most disadvantaged two-year-olds are eligible for 15 hours of free childcare a week. Extending this to all two-year-olds would cost £900m a year.

According to the report, nearly half of all local authorities are already struggling to find sufficient childcare provision for working parents, and many providers claim that hourly rates are already too low to cover their costs.

Giselle Cory, the author of the report, said: "The Government should be applauded for its commitment to additional free childcare hours, but the drastic underfunding of the policy calls into question whether it can be delivered without driving down quality and choice.

"At a time when parents desperately need high-quality care for their children, it is clear the current system is creaking at the seams even before it tries to cope with ... extra free hours with less than a quarter of the cash we believe it requires."

Barnardo's chief executive, Javed Khan, said: "Any funding shortfall for the Government's flagship free childcare scheme could leave the UK's most vulnerable families stranded in poverty.

"Time and again, struggling parents tell us that they want to work, but simply can't find any affordable childcare that will fit their hours."

-reprinted from The Independent

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