

Scottish Parliament Social Justice & Social Security Committee

Inquiry into Addressing Child Poverty through Parental Employment

Submission by Flexible Childcare Services Scotland (FCSS)– 01 June 2023

1. Introduction and Context

- 1.1. Flexible Childcare Services Scotland (FCSS) is a national childcare charity and social enterprise created to enable parents to take up offers of employment or education by offering flexible, accessible, and affordable childcare in areas of high deprivation where other commercial providers will not locate.
- 1.2. The work has been funded through a partnership between The Hunter Foundation and Scottish Government. The investment sought to understand the cost and impact of fully flexible childcare in areas of high deprivation and targeted at families with greatest complexity as part of a wider response to tackling Child Poverty. It recognises that to achieve equity some individuals and families simply need more in order to access what are considered to be universal services and opportunities.
- 1.3. FCSS have been the test site for a scalable business model for Flexible Childcare in response to long term evidence on the need for scaffolding that supports families to secure and retain good work as a key facet of addressing Child Poverty.
- 1.4. The Joseph Rowntree Foundation for example finds that the current UK childcare system falls short of fulfilling its potential to help reduce the effects of poverty on children noting that families in areas of low parental employment are less likely to have access to flexible childcare; and support with childcare costs does not work well for parents with low incomes. They call for an anti-poverty childcare system which maximises on quality and removes the barriers of affordability and access to parents on low incomes.
- 1.5.

2. Executive Summary

- 2.1. The FCSS model notes the true cost of flexibility to be circa £3-4/hour more than current rates.
- 2.2. Their evidence to date demonstrates that it effectively tackles child poverty by empowering parents to enter or remain in employment, education or training. A survey carried out by FCSS asked families using the flexible childcare service if their family income had increased and by how much per annum. **94% of families had increased income by up to £5,000 a year.**
- 2.3. FCSS also asked how flexible childcare has helped families using its services. **72% of users said they can work more, 56% said they saved money, 44% said their mental health was improved, 11% were able to increase their other caring responsibilities.**

2.4. The Year 4 Local Authority Child Poverty Reports (LACPR's) in Scotland noted that **childcare and employability support are routinely viewed as vital tools to address child poverty**, with many LCPARs showcasing in-depth consideration of low-income families and the priority groups. Areas where we are not yet seeing that level of granularity are in relation to housing, transport and economic development. Reports often 'tip their hats' to these policy areas, but we're not routinely seeing a 'child poverty lens' applied.

2.4.1. In relation to economic development and the wellbeing economy, they note a need to routinely consider - what steps are being taken to ensure new and existing opportunities are accessible to parents? Are hours flexible enough to allow for the demands of childcare? Is wrap around school age care available to support work? Furthermore, is that inclusive economic strategy paired with skills development, education and employability services that meet the needs of parents in the priority groups?

2.4.2. It concluded that constant reconsideration of these questions is essential if we are to be successful in delivering a person centred, whole systems approach for our families.

2.4.3. FCSS has worked in partnership with Scottish Government and The Hunter Foundation to create a (free to use) digital tool, Caerus (<https://www.caerus.scot/>), to support childcare services to be more flexible and accessible. Recent work on this product through the CivTech programme has focussed on creating a school age childcare database including both regulated childcare providers and non-regulated activity clubs. This tool provides live data feed reporting on school age childcare services capacity and take up of services.

3. The Cost of Equity

3.1. Whilst the FCSS model has effectively demonstrated the positive outcomes that can be achieved by removing barriers of access to childcare for parents returning to/remaining in work, it has also highlighted a need for additional funding to be targeted at families most in need.

3.2. The true cost of delivering fully flexible, accessible, and affordable services, in areas of multiple deprivation is calculated as circa £3-4/hour more than the current funded rate set for delivery of the 1140 hours offer.

3.3. Key areas of challenge in meeting the childcare needs of complex family circumstances vs commercial (and often inaccessible) services include:

3.3.1. An overall maximum occupancy of c70% even when fully operational compared to 90% in the commercial sector.

3.3.2. Lower fee/ recovery rate than the commercial sector.

3.3.3. Providing for a high number of priority families often with complex needs. This can result in additional cost burden to be able to provide staffing levels sufficient to support required interaction with other agencies (e.g., social work) while maintaining required staffing levels in nurseries.

3.4. As a result, a fully flexible, accessible model will always cost more than running a commercial nursery. In order to improve the economic prosperity of complex families and impact on child poverty the funding provided for places at a flexible nursery needs to be at a higher level than for commercial or local authority nurseries with a traditional pattern of care if the concept is to be a viable one.

3.5. There are also challenges in the sector as a whole, these include the current inflationary pressure on costs in general and specific workforce challenges arising from:

- Increased demand for staff across the sector to meet the 1,140 hours provision.
- 1,140 funding has not kept in line with the increase in the living wage so this makes covering costs difficult.
- Certain local authority nurseries being able to offer higher salaries with which FCSS cannot compete.
- Labour market challenges around the total supply of labour in this sector.

4. The Flexible Delivery Model and Scottish Government's Early Learning and Childcare Plans

4.1. The Scottish Government's 1140 funded Early Learning and Childcare plan was designed to deliver the best outcomes for children, helping to deliver both excellence and equity in education while also promoting greater choice and flexibility for parents in how they access their entitlement to 1140 hours of free ELC. (A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland; 2017 to 2018 Action Plan)

4.2. Guiding principles for the policy were established as:

- **Quality** – the expansion will ensure a high quality experience for all children, which complements other early years and educational activity to close the attainment gap and recognises the value of those we entrust to give our children the best start in life.
- **Flexibility** – the expansion will support more parents and carers in work, training, or study, through greater choice of provider and patterns of provision that are better aligned with working patterns whilst delivering this in a way that ensures a high quality experience for the child.
- **Accessibility** – ELC capacity is sufficient and is as conveniently geographically located as possible – particularly in areas of higher deprivation and in rural communities – to support families and enable parents and carers to work, train and study, while also appropriately meeting the needs of children who require additional support and parents who request ELC through the medium of Gaelic.
- **Affordability** – the expansion will increase access to affordable ELC which will help to reduce barriers to participating in the labour market which parents and carers face.

4.3. The **high level outcomes for the Scottish Government's Early Learning and Childcare policy** are (1) children's development improves and the poverty-related outcomes gap narrows; (2) parents' opportunities to take up or sustain work, study, or training increase; and (3) family wellbeing improves.

4.4. Whilst the expansion to 1140 funded hours of Early Learning and Childcare has improved access for some families there are still families missing out on their entitlement. This is recognised in the [June 2023 progress report by Audit Scotland](#), which states that "While most parents are happy with the funded ELC available, some have concerns about the flexibility and choice". It goes on the report that 20% of parents of three- to five-year-olds responding do not use their full 1,140 hours, a quarter of these parents said that this was due to not getting the days or hours of funded ELC that they would like in their preferred setting. In addition, 3% of parents who do not use their funded entitlement at all, reported a lack of flexibility and

choice as a barrier to uptake. 11% of parents who responded disagreed or strongly disagreed that funded ELC meant they had been able to work or look for work, with parents living in deprived areas or low-income households less likely to have worked, looked for work or increased their working hours.

- 4.5. Effective funding, support and expansion of the flexible, accessible, and affordable model developed by FCSS would contribute to meeting both the guiding principles, and the high level outcomes of this policy, by removing barriers to access for families from priority groups. This is outlined in more detail below:

4.5.1. **Quality:** families facing multiple challenges often feel excluded from mainstream services. There is a fear of judgement, and embarrassment at inability to afford additional costs associated with attending services, these can include contributions to outing costs, lists of clothing and equipment to be supplied etc. The hours operated by mainstream services may not suit a family in these circumstances, and the perceived “must attend” approach can be problematic. Combined these challenges mean children from families facing multiple challenges often just do not attend services, there are a significant number of families attending FCSS services who would not use mainstream services meaning their children would miss out on the benefits delivered by attending childcare services.

Offering a flexible model, with no upfront or additional costs, and wrap around family support on site, means fewer children miss out on an early learning and childcare experience.

It should also be noted that early learning, indeed any learning, cannot succeed if a child is too hungry, cold, or unhappy to participate. Increasing parents’ ability to enter, or remain in employment, improves the family’s financial position, and general wellbeing, this placing the child in a better place to learn.

Access to flexible childcare supports narrowing the attainment gap.

4.5.2. **Flexibility:** offering flexible provision, where families can match their childcare booking to their working hours reduces cost to parents. Allowing parents to use their 1140 funded hours, and any further expansion funding, in a flexible way is a simple way to empower parents to be able to work and therefore increase family income. This is evidenced in the 94% of parents using FCSS flexible childcare services who reported they were better off by up to £5,000 per annum. Currently there is very little actual flexibility in mainstream childcare delivery services.

4.5.3. **Accessibility:** There are currently still challenges for families living in areas high on the index of deprivation. These areas are not attractive to commercial operators, there may be fewer childminders as homes are often smaller and costs of meeting registration prohibitive. Local authority nursery services may not offer wrap around hours, and places are inflexible. Families living on lower income levels may also have less ability to travel to attend services. This restricts choice and limits opportunities for families. The introduction of fully flexible childcare services, place based and embedded in the local community, and including wrap around family support provision, would make a significant difference for families struggling to access the services they need to thrive.

4.5.4. **Affordability:** Flexible childcare, utilising 1140 funded hours where applicable, reduces the cost of childcare to parents, this effectively removes the barrier of affordability. It should be noted that targeted access to flexible childcare, with a focus on helping parents to improve outcomes for them and their children, will cost more to deliver. However, this higher funding need may

only be for a temporary period (further research required), and will deliver long term benefits for children, families, local communities, and the national economy.

4.6. Expansion; 1 and 2 year olds, school age services (incorporating non regulated activity clubs)

- 4.6.1. Scottish Government have committed to expanding free early learning and childcare to one and two year olds, starting in this Parliament with children who will benefit most; and to building a system of school age childcare by the end of this Parliament, providing care before and after school, all year round, supporting parents and carers – particularly on low incomes – to have secure and stable employment. It has been proposed that those on the lowest incomes will pay nothing.
- 4.6.2. Expanding the childcare offer for younger and older children will require a commitment to flexibility and accessibility. Families of very young children have lots happening in their lives and require support to best maximise their ability to work, study, and/or train, whilst being able to spend quality time caring for their baby or toddler.
- 4.6.3. School age children often attend a variety of clubs, they want time to spend with friends, have homework to complete and often resist being sent to childcare after school. These children and young people may be more aware of the challenges their family faces and may be embarrassed by this. To succeed this expansion must create places where children and young people want to be, it should incorporate activity clubs and must be delivered in a targeted way to achieve equity of access to services.
- 4.6.4. Practically, and to reduce capital investment requirements, expansion of school age childcare should consider use of the school estate to provide physical spaces for services.

5. Use Of Technology And Access To Data

- 5.1. FCSS has worked in partnership with Scottish Government and The Hunter Foundation to create a (free to use) digital tool, Caerus (<https://www.caerus.scot/>), to support childcare services to be more flexible and accessible. Recent work on this product through the CivTech programme has focussed on creating a school age childcare database including both regulated childcare providers and non-regulated activity clubs. This tool provides live data feed reporting on school age childcare services capacity and take up of services. To maximise the benefits from this investment there should be a push to get this system into all schools and out of school services.

6. What needs to change?

- 6.1. FCSS have developed, and are delivering, a proven, fully costed model of flexible, accessible, affordable childcare. They have a free to use, digital tool to support this model in other services. There is now a need to influence and support policy change, with a move away from a universal approach to a targeted, person centred offer for priority groups.
- 6.2. There is a case for further research and analysis on the period of time families would require access to an enhanced funding rate.
- 6.3. There is also a need for return on investment calculations to demonstrate the financial benefit and return on investing in an early intervention model.

7. Building capacity in providers

- 7.1. There is current scepticism amongst providers in the sector, many of whom are struggling with sustainability and workforce capacity challenges. To deliver a system that works there must be genuine consultation and partnership across all stakeholders in the sector.
- 7.2. The 1140 hours expansion saw local authorities invest capital in building new services in areas where partner providers from the PVI (private, voluntary, and independent) sector already operated. Expansion plans would be better based on a “first use what is already available” model. Beyond this use of school estate, and other local authority premises would support expansion. Use of the asset transfer act combined with the expansion could also support local regeneration.
- 7.3. Travel, and access to services in rural areas should be considered. Is there an opportunity to link with local demand responsive travel services?

8. Challenges of provision for different priority groups, particularly for children with additional needs

- 8.1. When considering access to services for children from priority groups it is important to consider flexible childcare as more than just flex around booking schedules, and instead think of flex in its widest form which includes meeting individual needs of all children. Services currently find it difficult to access additional funding to accommodate requirements of children with additional support needs. This group would fall into the proposed higher funding band suggested in this paper.
- 8.2. To create choice in where children with additional support needs will attend, support would be required with workforce training, facilities, and resources.

Flexible Childcare Services Scotland overview

FCSS currently have 23 Care Inspectorate registered services within the organisation, 21 of these are active with the remaining 2 having delayed opening due to the workforce capacity challenges in the sector. The portfolio of services breaks down as:

- 6 Early Learning and Childcare Settings, 1 of which also has School Age Childcare. Located in areas of multiple deprivation, and supporting families who are facing many challenges.
- 1 standalone School Age Childcare service.
- 2 Holiday Playschemes for children with additional support needs.
- 1 mobile creche that provides childcare for training sessions including Positive Parenting, English as a Second Language, and Employability.
- 2 Care at Home services supporting children with additional support needs, some of whom have complex needs.
- 9 Childcare and Activity groups operating on weekdays after school and at weekends, catering for children with additional support needs.

FCSS now care for just under 1,000 children each week, many of these children live in families who face multiple challenges including low income, poor housing, shortage of food and other essentials, many have external agencies involved in their lives including social services, health visitors, child psychology, speech and language therapy. A high proportion of these children would not attend services if they were unable to access FCSS services.

FCSS services operate flexibly allowing parents/carers to book exactly the days and hours of care they need, this removes and/or reduces barriers of affordability and accessibility. The model also works for foster carers, several whom use FCSS services for childcare to allow them to attend meetings.

Case studies

A case study brochure is available at <https://www.fcss.org.uk/wp-content/uploads/2023/06/Case-Study-Brochure-2023.pdf>.