

# The Balancing Act:

Making childcare work  
for working parents

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## **Contents**

Foreword	2
What's the problem?	3
A London issue	8
Missed opportunities	11
Making progress	16
Conclusions	22
Recommendations	23
End notes	24
Appendices	25

## Foreword

As a working mother I am all too familiar with what a struggle it can be coordinating childcare and covering the costs. However, having spoken to numerous other parents, I am distinctly aware that many across the city are not so fortunate, and have found the barriers they face when trying to organise care are simply insurmountable. The percentage of working mothers in London is persistently low, with many parents citing lack of childcare as one of the key factors preventing them from returning to the workplace.



While this is first and foremost a dreadful shame for many families, who are deprived of the option of making decisions about work and childcare based purely on what is best for them, it also has disastrous implications for London's economy. It is estimated that a rise of just 5% in the proportion of mothers nationally in employment would generate a fiscal benefit of approximately £750m<sup>1</sup>; and at a time when city businesses are crying out for skilled employees, it simply doesn't make sense to have accomplished parents prevented from working because they can't find the care they need.

Despite this issue being a chief concern for most families, I have been disappointed at how blind politicians and business leaders have been to the problem and their reluctance to put this complex problem firmly on the agenda.

Over the past months I have met with key stakeholders in this area and considered the wealth of research. While it is clear there is no simple solution, ignoring the problem is just not an option for parents who are currently grappling with balancing their caring responsibilities. This is not to mention the potential gains in terms of the city's economy and the wellbeing of London's families.

It is time for decision makers across the city to come together, to tackle the lack of available and affordable childcare, and create a more family friendly London.

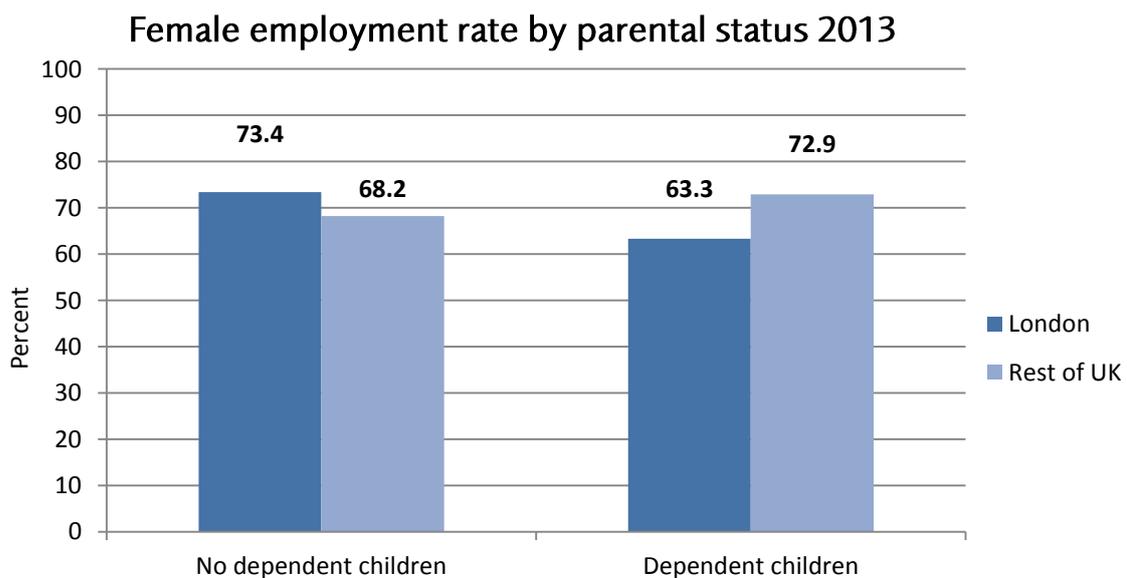
A handwritten signature in black ink, appearing to read 'Caroline Pidgeon', written in a cursive style.

**Caroline Pidgeon MBE AM**  
**Liberal Democrat London Assembly Group Leader**

## What's the problem?

Childcare arrangements continue to act as a significant barrier to those looking to return to work despite the positive steps made in legislation in recent times. While this is an issue affecting all parents it frequently has a greater impact on women, since they often still take on much of the responsibility for making any arrangements work.

Across the UK the maternal employment rate is lower than for women without children with a gap of about 5%. However, in London the gap is significantly more pronounced, with a gap of almost 10%. As a result, **in 2013 just 63.3% of mothers in London were in employment, compared with 72.9% nationally, the lowest of any UK region** (Fig 1<sup>2</sup>). This has serious economic consequences, with research suggesting that a rise of just 5% in the proportion of mothers in employment would generate a net fiscal impact of approximately £750m<sup>1</sup>.



Source: ONS Labour Force Survey, Quarter One, 2013

**Figure 1: Employment rate by parental status, London and UK, 2013**

The issues driving low rates are numerous, however, the two key major factors are: that it frequently doesn't pay to work, and that suitable extended childcare is unavailable.

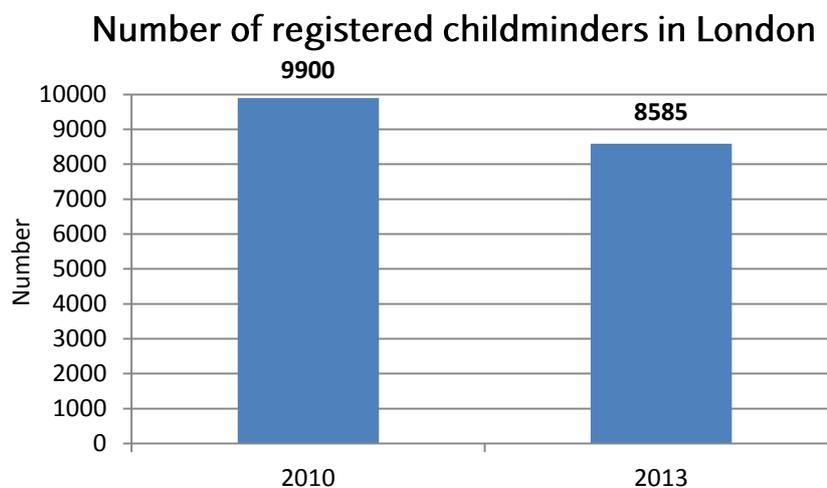
The cost of childcare represents a major household expense, with OECD figures showing that in the UK in 2011 it accounted for 27% of income in a dual earner household after benefits (compared to just 5% in Sweden)<sup>3</sup>. As a result the sheer enormity of the cost is enough to deter mothers from returning to work, with surveys finding that, of those mothers not in work, 61% said childcare costs were preventing them from returning<sup>4</sup>.

Should parents choose to return they find that the cost of childcare eats into a large proportion of their salary and in some cases the two cancel each other out, meaning they essentially work for free. When asked, of those parents in the capital who have returned to work 30% felt that, after factoring in the additional costs, it just hadn't been financially worthwhile<sup>5</sup>. It is therefore understandable that so many opt to take on full time caring responsibilities instead.

The issue of cost is exacerbated by the fact that a lack of jobs geared around family life pushes mothers to take lower paid part time positions to get the flexibility they need<sup>6</sup>. This lower wage level is even less likely to cover the cost of the necessary childcare meaning it simply doesn't pay to go back to work.

Furthermore, childcare is not just an issue in terms of its affordability but also in its availability. Last year 11 London local authorities didn't have enough childcare places for working parents and 23 didn't have enough places for 2 year olds to take up their free entitlement<sup>7</sup>. As a result it is difficult for all parents to find a quality childcare place offering the sessions they need.

However, this process becomes even more challenging if care is needed outside of 9 to 5 hours or on a flexible basis. The fact that much of the provision is school based<sup>8</sup> poses logistical problems, even for those in jobs with the conventional working day, given condensed hours and the lack of cover out of term time<sup>9</sup>. Yet for parents taking up shift work or for those whose hours are liable to change it is completely incompatible. Childcare options in these circumstances are even more scarce, and are becoming even more difficult to find given the 13% drop in childminders seen in the capital in recent years (Fig 2).



**Figure 2: Number of registered childminders in London, 2010 & 2013<sup>10</sup>**

Even if parents manage to stitch together differing forms of care it is still an ongoing struggle making it work from week to week. These difficulties mean many simply find themselves unable to juggle work and care.

The combined impact of issues of affordability and availability removes the element of choice when it comes to decisions about work and childcare, and has the ultimate effect of preventing many parents who want to return to work from doing so.

The low level of maternal employment is an issue both for individuals and for the success of the wider London economy.

The current situation means that the element of choice is frequently removed when it comes to decisions about returning to work and childcare. Whether a parent decides to take on full time caring responsibilities or return to work part or full time it should be a decision made as a family and should come down to what works best for them. However, invariably many mothers see their options narrowed by what makes the most sense financially and what is feasible in terms of the job market and childcare. The lack of any real choice in the matter is liable to lead to an unhappy compromise on the part of the parents and can ultimately have a negative impact on the family as a whole.

Mothers who don't go back to work immediately, whether by choice or not, can find it increasingly difficult to return due to the negative perception of some employers that their skills will now be out of date and that they may be less committed<sup>11</sup>. What they fail to recognise and value are the skills that parenthood naturally enhances, along with the likelihood that the need for stability will lead to greater company loyalty. This unfair prejudice can knock the confidence of returning mothers and cause them to undervalue what they have to offer.

New mothers who are able to return to work too often have to take a drop in status and pay. Either because it is the only way they can get the more flexible part time work to meet their desire to balance work and family life, or because employers are unwilling to offer them a position at the same level they were at prior to taking maternity leave<sup>12</sup>.

This decision to start a family has long term career consequences also and, more often than not, it is mothers who bear the brunt of the difficult compromises that come with parenthood and suffer the subsequent lasting impact this has on their prospects. Women are subject to a 'motherhood penalty,' seeing a negative impact on their earning and employment potential across their lifetime should they choose to start a family. Meanwhile, men appear to benefit

from a 'fatherhood bonus' seeing their prospects improve<sup>12</sup>. This inequality not only prevents mothers from reaching their personal career goals, but also serves to skew the gender balance amongst those at the top of most professions and exacerbates the gender pay gap.

The loss of a high proportion of one half of the workforce when they choose to start a family constitutes a significant loss to the London economy also. When mothers are prevented from returning to work businesses lose highly skilled and experienced employees in whom they will have made an investment in the form of training and professional development<sup>13</sup>. Mothers also have a great deal to give to the workplace providing skills that will have been honed and enhanced by parenthood along with a unique perspective whose inclusion is crucial for a truly representative workforce. There is simply no excuse for the business sector not to make an effort to prevent the loss of talent on such a scale. Particularly in light of the fact that in recent years the lack of a skilled workforce has been at the top of the lobbying agenda for most sector representative organisations.

The failure to retain or make efforts to recruit mothers also makes poor financial sense. In order to fill the vacancy their decision not to return creates, firms not only have to foot the cost of recruitment, but also either attempt to find someone as equally highly skilled or pay to train someone new. This amounts to a significant financial outlay as well as a use of staff hours which could be avoided if businesses were more receptive to the needs of employees.

Similarly, when it comes to filling new positions, if a large number of skilled women have already been removed from the job market due to their inability to find suitable childcare, then firms automatically have a smaller pool of candidates to recruit from, many of whom may not be as highly skilled. This may lead to businesses appointing those who are not necessarily best for the positions they offer, which can only be to the detriment of the company as a whole.

In terms of the wider economy, in view of the national drive for full employment and increased productivity, the rate of maternal unemployment, and the failure to properly utilise their skills when they do return, constitutes a significant untapped resource. As previously stated, it is estimated that an increase of 5% in the proportion of mothers in employment could generate approximately £750m annually in increased tax revenue and reduced benefit spending<sup>1</sup>. This is before we even take into account the possible gains in revenue by those businesses employing them, and the subsequent impact on the overall economy.

It is obvious that the affordability and availability crisis within childcare, along with the lack of any concerted effort on the part of business, continues to have wide-ranging negative consequences. Any effort to make improvements within this field would therefore be a welcome intervention for families, businesses, and the wider economy.

## A London Issue

The issues of affordability and availability are especially acute in London. However, there is also a range of additional factors which interplay to make the return to work particularly problematic for mothers in the capital. All of these contribute to the increased rate of maternal unemployment seen in London compared to that observed nationally.

The cost of childcare in London is significantly more expensive when compared to costs nationally, and in recent years prices have risen at a rate far beyond that of the increase in wages. Since 2012 the cost of a part time nursery place for an under 2 year old has risen by 10.5%, compared to an increase of 7.7% nationally. As a result a parent in London with a child under 2 years in nursery for 25 hours a week can now expect to pay £2,014 a year more than the average cost faced by parents across the country<sup>14</sup>. Taking into account that 25 hours would not even facilitate working three days a week (given time needed for travel) and that this is the figure for just one child, you can begin to see that returning to work simply does not add up for all parents. This London price uplift is not restricted to formal settings but can also be seen in the cost of after school clubs and childminders, making London the most expensive place in the country to find childcare by some margin.

These increased rates stem from the higher cost of providing care in a London setting. Providers need to be able to cover the rent, business rates and bills for the premises, as well as accounting for the wages, National Insurance and pension contributions for their staff. Of these expenses business rates, wages and particularly rents are all much higher within the city, particularly in central locations where rental space is at a premium<sup>15</sup>. As a result childcare providers within London are forced to charge higher rates merely to break even.

While childcare settings delivering the Government's offer of free childcare hours do receive funding to do so from Local Authorities, the per hour, per child rate is set nationally, thus failing to account for increased London running costs. As a result, in order to make up for the shortfall, providers are forced to charge additional hours at a higher rate to account for the loss they would otherwise make, as was made clear in evidence given to the London Assembly Economy Committee by Shannon Hawthorne of the Pre-School Learning Alliance:

**“The current 15-hour entitlement is underfunded...Essentially, what is happening is that providers are having to find a way to plug this gap...It is actually subsidised but**

**the cost is not covered. Someone has to pay for it and it ends up being the providers to some extent and the costs get passed on to parents in terms of parental costs.”<sup>16</sup>**

While the set level of this rate is due to increase in September 2017 following a government review<sup>17</sup>, it still fails to properly account for the regional disparity in the costs of providing care and so the new hourly rate is still likely to fall short of the real cost of providing care in the city. This rate level, along with the fact that the Government will be encouraging providers to offer 30 free hours from September 2016, means that per hour funding will continue to be a factor that drives up childcare costs for London parents.

Availability is also a significant factor, mainly in respect of the fact that current provision simply doesn't meet the needs of most parents and doesn't offer the hours necessary for them to return to work. In comparison to the rest of the country a greater proportion of the city's places are delivered through nursery and primary schools, giving the false impression that availability of care is not a great problem<sup>18</sup>. However, it is questionable as to whether the types of places being offered are actually supporting mothers to return to work. As they often follow school day timings many of them do not cover the large proportion of the day, and if they do they still don't cover typical working hours or hours outside of term time. As a result parents are still left with large amounts of time which they have to find alternative arrangements for, whether that be at the beginning or end of the day, or during school holidays. To put this in context, despite London accounting for 18% of 0-4 year olds, only 13% of national full day care provision is based here<sup>18</sup>. Essentially this amounts to a childcare market that is fundamentally mismatched with the needs of those who are intended to use it, which may provide some explanation as to why the take up of the Government's free childcare hours has been disappointing within the capital<sup>7</sup>.

This mismatch is particularly acute when you consider the increased number of people working atypical or unfixed hours within London. Given that a large number of the city's jobs are within sectors that overwhelmingly depend on shift work, for example retail and hospitality<sup>19</sup>, there is a greater demand for flexible childcare than elsewhere in the country. Yet the increased reliance on formal settings and the continued drop in the number of childminders<sup>7</sup>, who would be most likely to meet these hours, contrives to make this the most difficult form of childcare to find.

Where parents do work traditional 9 to 5 hours they experience longer commuting times than those working outside the capital with the average daily travel time being almost an hour for Londoners<sup>20</sup> meaning that they in fact need care that covers earlier in the morning and into the

evening. However, once again this capacity is scarce, as while London accounts for 16% of 5-11 year olds nationally, only 9% of before school places are based here<sup>18</sup>. As a result parents often have to piece together multiple sources of childcare to cover the time they need; meaning they spend more time trying to coordinate arrangements and yet again face a higher expense.

Not only is the need for flexible childcare greater within the city but the general demand for formal childcare is greater too due to the lack of informal options available to parents in the city. Given the increased level of migrant population and the number of those who leave their family home to move in to the city given the job prospects, many living in London are some distance from their families<sup>7</sup>. This geographic separation becomes a much greater problem when people become new parents. In many parts of the country it is this support network that provides a crucial role in delivering childcare, whether that is on a regular basis or purely as an emergency back-up when formal arrangements fall through. The concept of grandparent childcare has now become so widely accepted that the Government has even recently announced plans for shared parental leave arrangements to now include a nominated working grandparent<sup>21</sup>. However, given the familial separation experienced by a large proportion of London parents this informal source of support is notably absent. The result ultimately being that parents are significantly more reliant on formal providers to fulfil all their childcare needs. This lack of readily available care is a particular problem for those with changeable work patterns who cannot make formal arrangements so far in advance. However, it also poses problems for those who do already access formal care. Should their arrangements not cover school holidays or the full working year, or should problems arise and provisions fall through, they are left with no informal alternative to fall back on and have no other option but to take time off work to cover the gap.

This multitude of factors which come into play within London combine to make it especially difficult for parents, particularly mothers, within the city to return to work should they want to, and as a result, they experience the impact of the prevailing issues regarding childcare all the more acutely.

## Missed Opportunities

Despite the scale of the problem London faces in terms of childcare, and the detrimental impact it is having on employment rates and our wider economy, there have been successive opportunities to engage with, and start to tackle the issue that have disappointingly been missed.

One of the prime missed opportunities, and possibly the one which would have been the easiest to take advantage of, is the failure of the Mayor to ensure the issue is at the top of the political agenda. Given the profile of the Mayor he could very easily have used his position to draw attention to the problem and so increase the likelihood that stakeholders would come together to take action to improve the situation. As it is he has remained silent on the matter, leaving much of the work in this area to other members of the mayoral team, and only recently has there been recognition of the important role the Greater London Authority should be playing. A key example of the Mayor's unwillingness to engage with the issue can be seen in the omission of early years from his Education Inquiry, which ran up until September 2012<sup>22</sup>.

Aside from the Mayor using his position to raise the profile of the issue of childcare, he could also have better used his role as an employer at the GLA and across the wider GLA group. Making improvements to the flexible working arrangements available to GLA staff, along with offering a greater number of part time and job share opportunities, would not only be welcomed by employees, but would also be an opportunity for the Mayor to demonstrate best practice. It would only require simple steps to establish the GLA as a more family friendly employer, making it easier for staff to balance their work and childcare commitments. Furthermore, these changes could then be introduced in all of the organisations that fall within the GLA group. Finally, given the good existing relationship he has with large businesses within the City, he would then have been able to encourage them to make similar changes, to the benefit of their own employees, using the GLA as a positive example.

There have also been opportunities within existing Mayoral priorities which have been overlooked. In order to tackle the crisis London faces in terms of school places the GLA has made its own land available for 11 new school sites<sup>23</sup>. However, of those sites that have been used for primary or all through schools none of them appear to have any provision for nursery places and all start at reception age. While it may be that the individual settings of these schools make them unsuitable for nursery provision it does seem extraordinarily short sighted to

build additional schools without at the same time accounting for the demand in early years. Ideally the Mayor would have gone one step further, and made GLA land available specifically for nursery and childcare provision on the same basis as he has done for schools. This would merely mean that he was following through on what he has already committed to within the London Plan which asserts that the Mayor will:

**“support provision of childcare...facilities adequate to meet the demands of a growing population”<sup>24</sup>**

It seems right that, given that he is offering property backing to providers of mandatory education, he should extend the privilege to childcare providers, which the plan also concedes there are a shortage of. The provision of land for childcare facilities would have improved the level of supply, could have had an impact on affordability due to site costs not being passed on to parents, and would have sent a strong message to all London Boroughs that childcare should feature within their planning considerations. As it is, by failing to include early years within the scope of education provision it has been pushed further down the priorities list and the important role it has to play within child development has been undermined.

When it comes to the Mayor’s failure to act on childcare it is not an excuse simply to claim that he was unaware of the scale of the problem. London has, for some time, experienced lower rates of maternal employment compared to national figures, and reports detailing the increased costs faced by those trying to find childcare in the city have been numerous. Given too that, during his time as Mayor, Ken Livingstone sought to take action on the cost of childcare, and that it was a key policy area throughout the Coalition Government the Mayor could not fail to see the growing significance of the issue. Similarly, while he may argue that his main focus has been on jobs and skills; this subject fits firmly within that remit, given the correlation between childcare problems and the rate of maternal underemployment and subsequent loss of skills from the workplace.

However, the Mayor is not the only one who should have prioritised childcare support in the interests of the London economy. Given the maternal employment aspect and what this means for businesses, the London Enterprise Panel should, at the very least, have shown some interest in the issue. However, despite numerous organisations highlighting the link between employment and childcare, and this issue being explicitly brought to the LEP’s attention by the London Assembly, they are yet to even research the matter. I personally challenged the Deputy

Chair of the LEP, Sir Harvey McGrath, at a meeting of the Assembly in July last year to look into the issue. Disappointingly, in his subsequent letter to me, he confirmed that:

**“The LEP has not commissioned any specific work on maternal employment”<sup>25</sup>**

Despite the matter moving rapidly up the agenda it is not mentioned at all within the LEPs new wider priorities as set out within the *London 2036: an agenda for jobs and growth*<sup>26</sup> report and they have failed to mention that the issue exists or fully engaged with stakeholders in the field. This complete disregard for the large number of professional women leaving the workforce comes at a time when the LEP is prioritising action to address the skills gap that businesses are reporting they experience when trying to hire. It seems clear that they have missed an opportunity to address both problems simultaneously by recognising that action on the former could go some way towards tackling the latter.

One of the key tasks that the LEP performs is allocating the funding afforded to London by the European Union and central government. The city benefits from European Structural and Investment funding along with receiving its share from central government funding allocations, including the Growing Places Fund<sup>27</sup>. This amounts to a significant sum of money that the LEP has at its disposal to target what it sees as its priorities. To date the LEP is yet to fund a single project from its resources that would fall within the bracket of addressing maternal unemployment<sup>25</sup>. This means that they have not just failed to make it a priority, but have actually failed to recognise it as an issue worthy of any attention whatsoever. Given the role of the LEP as a hub for the business sector, local authorities and employment stakeholders they seem to be in a prime position to facilitate pilot projects looking to tackle maternal unemployment. Therefore, they seem to have been missing a fantastic opportunity to explore what kind of interventions could work in this field before scaling them up.

As the statutory duty to provide childcare to meet with local demand actually falls on local authorities, they have a key role to play in energising the local childcare market<sup>28</sup>. However, it is clear that at a time when budgets are stretched childcare supply may not be viewed as a priority. This is particularly true given that the legislation only places the duty on local authorities to become providers in a situation of last resort. As a result, despite being charged with producing an annual report detailing how they meet their duty to provide sufficient childcare, some authorities have distanced themselves from the issue to a certain extent. However, there is much more they could be doing to support the local childcare market, improving availability and affordability, which would not involve the more drastic intervention

of them entering the market themselves. Given the heightened ability that local authorities now have to offer local discounts on business rates there is an opportunity here to reduce some of the costs to providers, which they can then pass on to service users. Small businesses and charity organisations are already eligible for rate relief<sup>29</sup>, which may already be benefiting some childcare providers, but many providers would welcome any additional support to reduce their overheads. There is a strong case for authorities to extend business rate relief to childcare providers, not only to help providers but also in terms of the economic gains they could stand to make if this goes some way to improving maternal employment in the area. This is not an opportunity that local authorities are oblivious to. In January 2015 all authority finance officers were contacted by central government<sup>30</sup> and encouraged to consider using their business rate powers to extend a discount to childcare providers. This letter additionally reminded them that they would be refunded 50% of the costs for this discount. As yet no councils have taken up the challenge and introduced rate relief specifically for childcare. However, a decision to do so would not just help providers but also send the positive message that the authority is taking the issue seriously and is being proactive.

The final area that may have also been overlooked is the GLA's capacity to gather and analyse data across London. Given the other work that the statistical team already do at City Hall they would be perfectly placed to collate some of the data that is already collected within boroughs in terms of supply of care and be able to provide a much clearer picture of London's gaps in provision. This would also enable policy makers to identify geographical areas that fall at both ends of the spectrum in terms of their performance in this matter, enabling lessons to be learnt and facilitating the spread of good practice. Aside from bringing together data that already exists into a more valuable format, the team could also be commissioned to develop its own research on the topic. One key area on which it would be useful to have more information would be the provision of breakfast and after school clubs at school sites in order to assess how well these community buildings are being utilised. However, to date the capabilities of the statistical team at the GLA have not been used fully when it comes to providing greater awareness of areas of weakness within London's childcare provision. The full use of this vital tool would ensure we know where improvements are needed and increase the likelihood of positive outcomes by targeting interventions.

It is clear that as the issue of childcare has risen to the top of the national agenda significant opportunities to prioritise and tackle this problem have been missed by figures and organisations in London, most significantly the Mayor and the LEP. This has led, in part, to the crisis in availability and affordability now facing parents, and the serious economic issue of

maternal unemployment. What is startlingly apparent is that action must be taken now to reverse the worrying trends that we are beginning to see take hold within London.

## **Making Progress**

Having identified and lamented the many opportunities to prioritise childcare that have been missed to date, there emerge several obvious solutions that could be implemented to start making up for lost time.

The first area where serious gains stand to be made is in the provision of more land for childcare facilities. In the first instance, where GLA land is due to be provided for a school site there should be an expectation that where possible that new school should include a nursery. This has not been the case so far, but it seems ludicrous to create new schools due to the need for places in the area, based on demographic projections<sup>31</sup>, and not recognise that the need for school places is likely to also indicate a requirement for more local childcare. It is true that, as became apparent during the recent search for school sites, many of the land options are too small to house a nursery on the same site<sup>32</sup>. However, if this is the case then the GLA should be exerting considerable pressure on the new schools to open some form of nursery provision nearby, whether run solely by them or as a joint enterprise, so that childcare demands in the area can also be met. It is additionally true that many possible school sites were automatically disregarded due to their compact size. Rather than completely writing these sites off it would be much more prudent to offer them to local schools or providers, giving them the opportunity to develop their own nursery provision where there isn't the facility or capacity to do so on their existing site.

The GLA should also investigate the possibility of offering sites to developers at a reduced price, on the proviso that they include a high quality childcare facility that meets the local needs as assessed. A precedent for this kind of arrangement has already been set by the London Fire and Emergency Planning Authority in their handling of the sale of the Southwark station site<sup>33</sup>. The sale of the site to developers who put in a reduced bid, but whose plans included a much needed secondary school, indicated the potential for utilizing existing mechanisms to develop social infrastructure. This is a model that the GLA could look to emulate in the disposal of its land assets and should certainly investigate.

Purely in terms of the land available for childcare facilities there are existing elements within the London Plan which, were they fully enforced, could improve matters. Not only are childcare facilities explicitly mentioned within the current plan, in so much that they should exist within town centres and can remove barriers to employment, but the overall tone also implies that they should be considered by planners on an equal footing with other education facilities<sup>24</sup>. If

the tenor of the sections referring to childcare in the plan was actually reflected in the approach to, and decisions taken, by local development teams then availability would increase and there would be a shift in attitude to see childcare as a vital local service. Rather than being an afterthought, as childcare provision so often is, and waiting and hoping for the private sector to recognise the gap and fill it, development teams should be proactively discussing the need for childcare settings in relation to all new developments when appropriate. Similarly, while all local authorities have a statutory duty to report on their childcare sufficiency few actually use this to its full potential<sup>7</sup>. The logical next step, and what is recommended within the London Plan, is for authorities to use the report to put together proposals for how they intend to fill the gaps it has identified<sup>24</sup>. Without following through on the findings of the report doing it becomes a pointless exercise. Therefore, authorities should be encouraged to act upon sufficiency reports and start to take ownership of the issue.

As an extension to local authorities beginning to take a greater interest in childcare provision there are additional efforts they could make to support providers. One key tool at their disposal is the ability to offer business rate discounts to help certain enterprises. While national discounts exist for charities and small businesses local authorities can introduce their own additional discounts for which central government will reimburse 50% of the costs<sup>29</sup>. The idea of extending discounts to childcare providers is not a new one, the Government has already written to authorities to encourage them to take this step<sup>30</sup>. Therefore, it seems reasonable that the Mayor should make similar efforts to urge local authorities to offer this kind of support to providers in their area. This move, in combination with offering reasonable rents on publicly owned properties, would make a significant difference to the running costs faced by providers and would be a symbolic act on the part of councils. In order to show a real commitment to early years, councils could also consider and investigate the possibility of extending the rate discount even further, to cover local businesses that already provide quality childcare for staff members on site. Incentivising companies to give serious thought to the childcare needs of their employers could have the welcome side-effect of prompting them to consider how compatible their wider working practices are with having a family, and could stimulate dynamic conversations.

On the wider matter of employers taking greater responsibility for childcare and giving more thought to the needs of staff with caring responsibilities, the GLA should be leading the way. While the GLA's employment practices are already fairly good in terms of opportunities for flexible working and part time positions<sup>34</sup> there is always more that could be done. Reviewing practices would be a good starting point to ensure that the GLA is doing all it can to attract

parents into new roles and support them during their employment. One innovation that could be introduced which would definitely be a draw to parents would be an interest free loan scheme for childcare registration costs. The GLA already offers a range of loans to employees, including for tenancy deposits, therefore this would merely be an extension of what is already an accepted practice at the GLA. With 90% of providers requiring payment in advance, and 40% additionally asking for a deposit of up to £150 the initial cost of registering for childcare is significant<sup>35</sup> and can often be a barrier for those returning to the workplace. Therefore, many are likely to welcome the opportunity to spread out this expense, either because they simply don't have that amount of money in savings or so that they don't have to struggle to balance the household budget. This relatively minor improvement to the offer to staff at City Hall already has the full backing of members of the London Assembly following a motion which I proposed at the full Assembly meeting this February<sup>36</sup>. This small move could then form the basis of a Mayoral drive encouraging other parts of the GLA group and large city employers to follow their lead. Given the high profile of the Mayor the position comes with an ability to set the agenda and influence business links. Utilising both, and using the GLA as an example of best practice, there is a prime opportunity for the Mayor to affect real change in the way companies think and behave towards those with caring responsibilities, making a huge difference to parents across the city.

The GLA can provide more than just a good example with regard to childcare; they also have the capacity to conduct and collect research. It is likely that local authorities will already have data regarding breakfast and after-school clubs within their borough, or will be able to easily collate such information<sup>7</sup>. Given the role that these clubs play in providing the wrap-around care vital to facilitating a return to work it is important that we are aware of their prevalence and possible variations. Therefore, the team at the GLA should bring together this information, producing an audit of clubs. The results of this analysis could then be used to highlight which areas may be in need of help to improve their local offer. The Mayor should then support them by working with schools, potential providers and community spaces to identify what may have prevented them from opening up such clubs in the past and finding solutions to enable them to move forward.

The final way in which the profile of the position of Mayor could be utilised is to lobby central government. Any future Mayor should be persistent in calling for greater regional variation in the hourly rate allocated by government to childcare providers, and in demanding a significantly increased rate for London. It is clear that London providers face higher costs, in terms of rent, wages and rates, than those across the rest of the country<sup>15</sup>. Therefore it is only fair that the

funding provided to those within the London market accurately reflects the increased overheads they have to meet in order to provide the same level of care. The lack of proper recognition of the specific circumstances in the capital is not only unfair to providers, who find it more difficult to remain competitive and make a profit, but also to parents, who often carry the burden of costs in the form of increased fees. As such the Mayor should undoubtedly be making this case at all levels of government and should be pushing ministers to take corrective action.

If the Mayor did decide to employ more than just the profile of the position and really tackle the childcare issue head-on they could establish a specific City Hall fund. This could be targeted at closing the gap in wraparound support and care covering atypical hours which, despite being in particular demand in the city, is yet to be automatically provided by the sector<sup>7</sup>. By stepping in where the market is currently failing the Mayor could revitalise the sector, generating a greater diversity in the type of care currently on offer, and spurring on existing providers to expand on what they already do.

Of course in order to achieve anything on this scale and start to see a genuine impact would require the fund to be properly resourced and managed. As such the Mayor should prioritise identifying areas where the potential for generating extra income has not been fully exploited to date. One possible option would be to introduce a hotel levy<sup>37</sup>, following the example of other international cities. Establishing a minimal additional charge for tourists staying in luxury hotels could be a significant source of income which has been previously untapped. This money could then be reinvested in the real future of our city, the next generation, in the form of high quality childcare. There are also economic rewards to be gained, with more parents enabled to return to work and those already doing shift work, like many in the hotel industry, finding their childcare arrangements easier. This is just one possible option for financing a City Hall childcare fund. However, if the Mayor is serious about making progress in dealing with the problems hampering accessible childcare, then a direct intervention that is fully resourced, and a substantial extension of their remit in this area, would certainly have the greatest impact.

The last organisation that should definitely be taking a greater interest in maternal unemployment and be galvanised into action is the LEP. Their performance to date implies that not only are they refusing to take action in this area, but they don't even see it as a problem falling within their responsibility. To begin with the LEP should, at the very least, include targeting maternal employment within their strategic priorities. Their *London 2036* document sets the foundation for their work plan going forward and includes a whole section on

employability (coming under priority nine)<sup>26</sup>. Currently there is no reference at all to maternal unemployment levels within the strategy which appears to be a great oversight. By placing the issue firmly within their remit, under priority nine, it would acknowledge the problem and hopefully lead to a greater focus on it long into the future.

The LEP should additionally begin to take action on the issue, following a recommendation from the Mayor to do so. It is not enough for the LEP to merely recognise the problem; it must also recognise its role in addressing it. As the body responsible for allocating London's share of European Union funding, the LEP has the ability to prioritise backing for projects that are areas of key concern<sup>38</sup>. Given the large sums of money they are dealing with their decisions can make a huge difference to projects on the ground, as well as making a statement about what issues they view to be of greatest concern for London. As such, to tie in maternal employment with their priorities, they should target funding towards a diverse range of projects that aim to help in this matter. This needn't mean offering large sums to single projects, but could be on a smaller scale. This kind of funding would have the added benefit of enabling further investigation into what kind of interventions achieve the best outcomes and inform decisions regarding what schemes should potentially be scaled up.

One area into which the LEP has already piled funding is that of skills<sup>39</sup>, yet with intelligent resourcing of projects in this realm they could easily additionally support maternal employment. The number of childminders has been in steep decline in recent times<sup>7</sup>, which is particularly worrying given that they are often able to cater for the atypical, flexible hours of childcare that formal providers simply won't cover, thus are vital for those returning to work. If priority was given to projects aiming to help childminders with training, registration and administration<sup>40</sup>, then the LEP, and the city, could receive double the return on their investment. Not only would we hopefully see an upskilling and possible return to employment by those who are aided to access training; but we would also reap the benefit of seeing parents return to work as they are able to access childcare for the hours they need.

Implementing just a few of the solutions suggested here would undoubtedly have an impact on the London childcare market and begin to make life easier for parents, particularly mothers, looking to return to work. While their initial impression may be small, given the scale of the problem faced and the limited powers the Mayor has in this area, the main effect they can have is in their ability to reshape the agenda in the long term. Merely ensuring that stakeholders across the city begin to think and discuss what changes they can introduce to remove the barriers faced by parents is a great leap forward. What is abundantly clear is that this is an issue

that London needs to wake up to, and any move that gets people talking about it and raises awareness is a positive step towards confronting the problems once and for all.

## Conclusions

The time has come for London's maternal employment problem to be taken seriously. For too long the evidence of this city wide problem and its root causes have been wilfully ignored by London's decision makers. We are now facing a crisis point.

I believe that the unwillingness to engage on this issue, and the related matter of availability and affordability of childcare, has been a major failing on the part of the Mayor and the LEP and that both must do more to put the subject at the top of the agenda.

The high profile role of the Mayor should be fully utilised, along with their links to businesses and differing tiers of government. I believe that the GLA should be leading the way in family friendly employment and urging employers to follow. In addition the Mayor should work with local authorities to create the conditions required for childcare providers to thrive, and lobby central government to ensure that those providers receive a fair level of funding.

The lack of suitable places and the high costs charged are due, in part, to the absence of appropriate premises. The Mayor should be treating the creation of childcare facilities in the same manner as school places. GLA land provided for school sites and sold to developers should include nursery provision where possible, and in all planning decisions the tone and recommendations regarding childcare set by the London Plan should be fully realised.

The LEP should be taking a more proactive role in tackling barriers to work, recognising the impact maternal unemployment has on current skills gaps, workforce retention and the ability of businesses to find experienced staff. They must take ownership of the problem and back this up by channelling their significant funding towards a range of projects aimed to improve childcare availability, including support and training for childminders. This is a subject that directly affects them too, therefore they should absolutely play a part in developing the solutions.

This is a complex issue, and while actions I have outlined will go some way to tackling the matter it is not something that will be resolved overnight. However, it is high time that we recognised that childcare is not just a subject for parents. It is now imperative that policy and decision makers across the city come together to tackle the lack of available, appropriate and affordable childcare. A continued failure to act not only lets down parents and families, but also has stark consequences for the wider London economy.

## Recommendations

### Recommendation 1

Ensure that GLA land given to schools comes with nursery provision where possible. Offer GLA sites to existing local schools and developers on the proviso that it will be used to provide childcare meeting local needs

### Recommendation 2

Ensure that those responsible for making planning decisions do so having fully considered the childcare elements within the London Plan. Encourage local authorities to also use sufficiency data to develop a strategy for filling childcare gaps

### Recommendation 3

Urge London councils to extend business rate relief to childcare providers and consider offering a discount on business rates for employers that already offer childcare on site or fund a local provider

### Recommendation 4

The Greater London Authority should use data from London boroughs to perform an audit of current school provision of breakfast and after school clubs. In areas where availability is poor potential providers should be identified and put in contact with possible community sites that could be used

### Recommendation 5

The GLA and organisations in the wider GLA group should establish an interest free loan scheme for employees to meet the initial costs of childcare registration and review family friendly employment practices. The Mayor could then encourage businesses to make similar efforts holding up the GLA as an example of best practice

### Recommendation 6

The Mayor should lobby central government and ministers at the Department for Education to push for the introduction of increased hourly rates of provision within the city to account for the higher costs London providers face in order to deliver quality childcare

### Recommendation 7

The London Enterprise Panel should include targeting maternal unemployment within its work regarding employability in line with priority nine of its *London 2036: an agenda for jobs and growth* strategy

### Recommendation 8

The Mayor should recommend that the LEP prioritise the approval of projects seeking to provide childcare or improve maternal employment when it comes to allocating London funding from the European Union

### Recommendation 9

The Mayor should recommend that the LEP prioritise support for projects that assist childminders with training and administration to boost the options available to parents looking for flexible and atypical hours childcare

### Recommendation 10

The Mayor should establish a Childcare Fund with support targeted at improving wraparound care and childcare options covering atypical hours. There should be an investigation into potential ways of financing the fund, including considering a hotel levy

- <sup>1</sup> [http://www.ippr.org/files/images/media/files/publication/2014/02/childmind-the-gap\\_Feb2014\\_11899.pdf?noredirect=1](http://www.ippr.org/files/images/media/files/publication/2014/02/childmind-the-gap_Feb2014_11899.pdf?noredirect=1)
- <sup>2</sup> ONS Labour Force Survey, Qtr 1 2013
- <sup>3</sup> OECD (2011), Doing Better for Families, OECD Publishing <http://dx.doi.org/10.1787/9789264098732-en>
- <sup>4</sup> <http://www.workingmums.co.uk/research/workingmums-annual-survey-2015-results/>
- <sup>5</sup> <https://www.nct.org.uk/press-release/more-london-parents-find-going-back-work-not-financially-viable>
- <sup>6</sup> <http://www.resolutionfoundation.org/wp-content/uploads/2014/08/The-price-of-motherhood-women-and-part-time-work.pdf>
- <sup>7</sup> <http://www.familyandchildcaretrust.org/sites/default/files/files/2.2.1%20London%20Childcare%20Report%202014.pdf#overlay-context=london-childcare-report-0>
- <sup>8</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/355075/SFR33\\_2014\\_Main\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/355075/SFR33_2014_Main_report.pdf)
- <sup>9</sup> <http://www.familyandchildcaretrust.org/sites/default/files/files/Childcare%20cost%20survey%202015%20Final.pdf>
- <sup>10</sup> Figures obtained from Family and Childcare Trust's London Childcare Reports 2012 & 2014
- <sup>11</sup> <http://www.equalityhumanrights.com/sites/default/files/uploads/Pregnancy-and-maternity-related-discrimination-and-disadvantage.pdf>
- <sup>12</sup> <http://www.ippr.org/news-and-media/press-releases/dads-earn-more-while-mothers-earn-less>
- <sup>13</sup> [http://www.ippr.org/files/publications/pdf/women-and-flexible-working\\_Dec2014.pdf?noredirect=1](http://www.ippr.org/files/publications/pdf/women-and-flexible-working_Dec2014.pdf?noredirect=1)
- <sup>14</sup> <http://www.familyandchildcaretrust.org/sites/default/files/Childcare%20cost%20survey%202016%20FINAL%20VERSION.pdf>
- <sup>15</sup> [file:///homedata/home\\$/JMace/Downloads/Counting%20the%20cost%20report.pdf](file:///homedata/home$/JMace/Downloads/Counting%20the%20cost%20report.pdf)
- <sup>16</sup> Shannon Hawthorne (Pre-school Learning Alliance) at London Assembly Economy Meeting 21/01/2016  
<https://www.london.gov.uk/moderngov/documents/b13703/Minutes%20-%20Appendix%201%20-%20Transcript%20of%20Item%208%20-%20Session%20One%20Thursday%2021-Jan-2016%2010.00%20Economy%20Commi.pdf?T=9>
- <sup>17</sup> Childcare Bill: policy statement, pg6  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/482517/Childcare\\_Bill\\_Policy\\_Statement\\_12.03.2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482517/Childcare_Bill_Policy_Statement_12.03.2015.pdf)
- <sup>18</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/355075/SFR33\\_2014\\_Main\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/355075/SFR33_2014_Main_report.pdf)
- <sup>19</sup> <https://www.london.gov.uk/sites/default/files/londonlabourmarketfinal.pdf>
- <sup>20</sup> <http://www.itv.com/news/london/2013-05-21/londoners-endure-longest-commuting-times-in-uk/>
- <sup>21</sup> <https://www.gov.uk/government/news/chancellor-announces-major-new-extension-of-shared-parental-leave-and-pay-to-working-grandparents>
- <sup>22</sup> [https://www.london.gov.uk/sites/default/files/gla\\_migrate\\_files\\_destination/The%20Mayor's%20Education%20Inquiry%20Final%20Report.pdf](https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/The%20Mayor's%20Education%20Inquiry%20Final%20Report.pdf)
- <sup>23</sup> <https://www.london.gov.uk/press-releases-6190>
- <sup>24</sup> [https://www.london.gov.uk/sites/default/files/gla\\_migrate\\_files\\_destination/London%20Plan%20March%202015%20\(FALP\).pdf](https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/London%20Plan%20March%202015%20(FALP).pdf)
- <sup>25</sup> Appendix 1
- <sup>26</sup> [http://londonfirst.co.uk/wp-content/uploads/2015/01/London-First-Report\\_FINAL\\_e-version.pdf](http://londonfirst.co.uk/wp-content/uploads/2015/01/London-First-Report_FINAL_e-version.pdf)
- <sup>27</sup> <https://lep.london/funding-and-support/funding>
- <sup>28</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/269734/early\\_education\\_and\\_childcare\\_for\\_local\\_authorities.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/269734/early_education_and_childcare_for_local_authorities.pdf)
- <sup>29</sup> <https://www.gov.uk/apply-for-business-rate-relief/overview>
- <sup>30</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/395333/BRIL\\_1\\_-\\_2015\\_-\\_General\\_-\\_14\\_Jan.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/395333/BRIL_1_-_2015_-_General_-_14_Jan.pdf)
- <sup>31</sup> [file:///homedata/home\\$/JMace/Downloads/1592%20Do%20the%20Maths%202015-web%20\(2\).pdf](file:///homedata/home$/JMace/Downloads/1592%20Do%20the%20Maths%202015-web%20(2).pdf)
- <sup>32</sup> <http://www.standard.co.uk/news/education/six-disused-london-police-stations-to-become-free-schools-9564276.html>
- <sup>33</sup> <http://www.london-se1.co.uk/news/view/8036>
- <sup>34</sup> <https://www.london.gov.uk/about-us/jobs-and-working-city-hall/flexible-working-examples>
- <sup>35</sup> [https://www.citizensadvice.org.uk/global/migrated\\_documents/corporate/the-practicalities-of-childcare---an-overlooked-part-of-the-puzzle.pdf](https://www.citizensadvice.org.uk/global/migrated_documents/corporate/the-practicalities-of-childcare---an-overlooked-part-of-the-puzzle.pdf)
- <sup>36</sup> <https://www.london.gov.uk/press-releases/assembly/childcare-motion>
- <sup>37</sup> [https://www.london.gov.uk/sites/default/files/gla\\_migrate\\_files\\_destination/Raising%20the%20capital\\_0.pdf](https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/Raising%20the%20capital_0.pdf)
- <sup>38</sup>
- <sup>39</sup> <https://lep.london/sites/default/files/2016%2002%2005%20%20London%20ESIF%20with%20Financial%20alloc%20%26%20outputs%20V2.pdf>
- <sup>40</sup> <https://lep.london/our-work-and-priorities/our-projects>
- <sup>40</sup> <http://www.familyandchildcaretrust.org/sites/default/files/files/Childcare%20for%20London%20parents%20with%20atypical%20work%20patterns.pdf#overlay-context=join-our-national-association-family-information-services-0>

## Appendix 1

### LONDON ENTERPRISE PANEL

**Caroline Pidgeon MBE AM**  
City Hall  
The Queen's Walk  
London SE1 2AA

**Date:** 21 January 2016

Dear Caroline,

Thank you for your letter from October and please allow me to apologise for the delay in responding to you which is a consequence of ongoing discussions with the GLA over the evidence base, as clarified below.

Last year the LEP published its agenda for jobs and growth, London 2036<sup>1</sup> which identified a series of priorities for the LEP to focus on in order to drive jobs and growth in the capital. Whilst maternal employment is undoubtedly an important issue for Londoners, London 2036 did not identify it as being a priority area for the LEP to address and I am sure you will understand that the LEP needs to remain focused on its agreed priorities, which were externally verified as the areas that would have the most significant impact on jobs and growth.

The London Enterprise Panel (LEP) has not commissioned any specific work on maternal employment, and as an advisory body to the Mayor, we are keen not to duplicate any work done by the wider Greater London Authority. I have thus spoken to GLA Economics who have published several documents which cover the wider labour market analysis, including employment projections, zero-hour contracts and London's changing economy since 2008 – but nothing that focuses in detail on maternal employment.

However, you will be pleased to note that GLA Economics plan to look at this issue as part of their gathering of evidence for the development of any future Mayoral Strategy (London Plan, Economic Development Strategy and Transport Strategy). As a key stakeholder in the development of the Mayor's Strategies, we will of course consider fully, and respond to, any evidence or policy proposals within those documents, as I am sure you will do too. I am told that the draft economic evidence base to support strategy development will be published in February.

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<sup>1</sup> [lep.london/publication/london2036](http://lep.london/publication/london2036)

Furthermore, the LEP provides strategic oversight of London's EU funds. Within this, the European Social Fund has several streams dedicated to providing assistants to families and parents. The "Troubled families" and "Economically Inactive BAME Women" streams both are envisaged to tackle unemployment and offer childcare support.

The Troubled Families programme is endorsed by the LEP (please see the details below) and will be delivered by the Department for Work and Pensions. The call for proposals will be published within the next few months.

Troubled families are expected to have two of the following six characteristics:

- Parents and children involved in crime or anti-social behaviour.
- Children who have not been attending school regularly.
- Children who need help: children of all ages, who need help, are identified as in need or are subject to a Child Protection Plan.
- Adults out of work or at risk of financial exclusion or young people at risk of worklessness
- Families affected by domestic violence and abuse.
- Parents and children with a range of health problems.

The Economically Inactive BAME Women programme is delivered by Big Lottery Fund as part of their round 1 call for proposals which has now been finalised.

Detail on all ESIF streams can be found on the LEP website<sup>2</sup>.

Thank you for taking the time to write to me and for your consideration of the Panel's work.

Yours faithfully,



**Sir Harvey McGrath**  
Deputy Chair  
London Enterprise Panel

<sup>2</sup> [https://lep.london/sites/default/files/2016%2001%2006%20-%20Q1%20Programme%20summaries%20-%20detailed%20version\\_1.pdf](https://lep.london/sites/default/files/2016%2001%2006%20-%20Q1%20Programme%20summaries%20-%20detailed%20version_1.pdf)