

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### CHILDCARE BILL [*LORDS*]

*First Sitting*

*Tuesday 8 December 2015*

*(Morning)*

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#### CONTENTS

Programme motion agreed to.

Written evidence (Reporting to the House) motion agreed to.

CLAUSE 1 under consideration when the Committee adjourned till this day at Two o'clock.

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**Saturday 12 December 2015**

STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY  
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THE BOUND VOLUMES OF PROCEEDINGS  
IN GENERAL COMMITTEES

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**The Committee consisted of the following Members:**

*Chairs:* †NADINE DORRIES, MR DAVID HANSON

- |  |  |
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| † Berry, James ( <i>Kingston and Surbiton</i> ) (Con)                            | † Matheson, Christian ( <i>City of Chester</i> ) (Lab)           |
| † Cadbury, Ruth ( <i>Brentford and Isleworth</i> ) (Lab)                         | † Phillips, Jess ( <i>Birmingham, Yardley</i> ) (Lab)            |
| † Cunningham, Alex ( <i>Stockton North</i> ) (Lab)                               | † Smith, Chloe ( <i>Norwich North</i> ) (Con)                    |
| † Donelan, Michelle ( <i>Chippenham</i> ) (Con)                                  | † Smith, Jeff ( <i>Manchester, Withington</i> ) (Lab)            |
| † Drummond, Mrs Flick ( <i>Portsmouth South</i> ) (Con)                          | † Tomlinson, Michael ( <i>Mid Dorset and North Poole</i> ) (Con) |
| Frazer, Lucy ( <i>South East Cambridgeshire</i> ) (Con)                          | † Walker, Mr Robin ( <i>Worcester</i> ) (Con)                    |
| † Glass, Pat ( <i>North West Durham</i> ) (Lab)                                  | Fergus Reid, Joanna Welham, <i>Committee Clerks</i>              |
| † Green, Chris ( <i>Bolton West</i> ) (Con)                                      |  |
| † Gyimah, Mr Sam ( <i>Parliamentary Under-Secretary of State for Education</i> ) |  |
| † James, Margot ( <i>Stourbridge</i> ) (Con)                                     | † <b>attended the Committee</b>                                  |

## Public Bill Committee

Tuesday 8 December 2015

(Morning)

[NADINE DORRIES *in the Chair*]

### Childcare Bill [Lords]

9.25 am

**The Chair:** I have some notices and explanations before we begin. Members may remove their jackets; they do not have to ask me. Everyone should ensure that all telephones and other electronic devices are now switched to silent. Amendments should be tabled three working days before the sitting in which they are to be considered—for example, on Thursday for Tuesday's sitting, and on Monday for Thursday's sitting. However, we do not have that many sittings, so Members had better be quick. The Chair will generally not select late amendments, so they have to be on time. The selection list for today's sitting is available in the room. It shows any amendments that have not been selected and how selected amendments on the same or a similar issue have been grouped together for debate.

A Member with the lead amendment in a group is called first. I then propose the question and call other Members to speak. Members may speak more than once in a single debate. At the end of the debate on a group of amendments I will call the Minister, if he has not already spoken. I will conclude the debate by calling the Member with the lead amendment to wind up. Before that Member sits down, they must indicate whether they wish to withdraw the amendment or press it to a vote. Members with grouped amendments must also signal if they want a vote. The Chair assumes that the Minister wishes the Committee to reach a decision on all Government amendments.

Please note that decisions on amendments take place not in the order in which they are debated, but in the order in which they appear on the amendment paper. New clauses, whether they have already been debated or not, are decided after we deal with existing clauses. I will use my discretion to decide whether to allow a separate stand part debate on individual clauses after a debate on relevant amendments. This morning the Committee will adjourn at 11.25 am; that is automatic. This afternoon it is in the hands of the Whips, but between four o'clock and five o'clock is conventional. I hope that those explanations were helpful. Before beginning line-by-line consideration of the Bill, we need to dispose of the programme motion and the motion to report written evidence.

*Ordered,*

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 8 December) meet—

- (a) at 2.00 pm on Tuesday 8 December;
- (b) at 11.30 am and 2.00 pm on Thursday 10 December;
- (c) at 9.25 am and 2.00 pm on Tuesday 15 December;

(2) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 15 December.—(*Mr Gyimah.*)

*Resolved,*

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Mr Gyimah.*)

### Clause 1

#### FUNDING REVIEW

**Pat Glass** (North West Durham) (Lab): I beg to move amendment 10, in clause 1, page 1, line 13, at end insert—

“(2A) The review to be established under subsection (1)(a) shall examine and make recommendations about a mechanism and criteria for agreeing—

- (a) an enhanced rate of funding per hour;
- (b) more than 30 hours of free childcare per week;
- (c) free childcare for more than 38 weeks in a year; or
- (d) a combination of two or more of the enhancements set out in paragraphs (a) to (c);

in circumstances where the qualifying child has a disability.”

*This amendment provides for a review to be carried out to establish criteria for agreeing an enhanced hourly rate of funding, free childcare beyond 30 hours a week and/or 38 weeks of the year (or a combination of two or more of these), for children with a disability.*

**The Chair:** With this it will be convenient to discuss clause stand part.

**Pat Glass:** I am delighted to discuss the Bill in Committee on behalf of the Opposition. I look forward to serving under your chairmanship, Ms Dorries. I support the Bill, but as I pointed out to the Minister on Second Reading, good government is about good law, and good opposition is about good scrutiny and challenge. The Bill, which we all support, will be better with good scrutiny and challenge.

The Labour party has a proud record on childcare, supporting women and enabling them to return to work. A Labour Government introduced free childcare for three and four-year-olds, and delivered the first and only childcare strategy across Government. Labour created Sure Start centres serving families and children in every community, expanded school nurseries and more than doubled childcare places. We increased maternity leave from 12 weeks to 12 months, and we increased maternity pay and paternity leave. Labour introduced the right to request flexible working and gave parents help with the cost of childcare through tax credits and vouchers. Childcare was a key part of those plans to support families and to make work pay, and we welcome any investment in it.

**Michael Tomlinson** (Mid Dorset and North Poole) (Con): In the spirit of bipartisan, cross-party agreement, will the hon. Lady agree that it was the Conservative party in 1996 that first proposed free entitlement?

**Pat Glass:** You know what, I do not go back that far, but I am happy to concede the point. I do understand, going back an awfully long way to the 1970s, that local authorities were unable to provide nursery education;

it was the former leader of the Conservative party, Mrs Thatcher, who introduced that. I am happy to concede those points.

**Alex Cunningham** (Stockton North) (Lab): On that point, there was a Conservative Government for 18 years and it took them 17 years to get to the point of believing that free childcare was necessary in our society. Could they not have come up with it a wee bit earlier? They left it to a Labour Government to deliver it.

**The Chair:** Order. Can we keep to the amendment and not make this political?

**Pat Glass:** I thank my hon. Friend. It is right that the Government now accept that supply-side funding through free entitlement is a more effective way of helping parents with the cost of childcare. It is a way of controlling prices and quality. However, the Government's record in recent years, excepting 1996, is less glowing. Financial support for childcare for most families fell in the last Parliament while costs rocketed by a third—they are up more than £1,500 since 2010.

I know that it is not for the Committee to consider the pre-election promise of tax-free childcare, but I never understood that, because from what I can see it has nothing to do with taxes or Her Majesty's Revenue and Customs. Tax-free childcare remains undelivered and severely delayed, and early years childcare places have fallen by more than 40,000 since 2009.

The two-year-olds offer, although a good policy, remains undersubscribed. The chief inspector of schools highlighted in his annual report, which was published last week, that

“113,000 children who would most benefit are not taking up their government-funded places. As a result, too many of the most disadvantaged children are not ready to start formal schooling. Children from low income backgrounds often do best in the structured, graduate-led environment that schools offer. However, the places offered by schools for two-year-olds are disproportionately being taken up by children from more advantaged households.”

Those are not my words but those of Sir Michael Wilshaw, the Government's chief inspector of schools and head of Ofsted, which were published last week.

Sure Start children's centres are closing up and down the country. Between April 2011 and June 2015, 250 centres closed. A quick glance at the budgets of those centres that remain open shows that many are becoming signposting centres, with budgets that cover little other than a caretaker and a bottle of Domestos. Many others—I have visited quite a few recently—are no longer childcare centres for under-fives, but for the whole range up to 19. That is not necessarily a bad thing, but that is not what they were intended to be and they are certainly not supporting childcare in the early years.

When I was a member of the Education Select Committee, we looked at childcare in some detail and found that more than a third of childcare centres no longer had any children in them. In evidence to the Select Committee on 18 June 2014—I think I chaired that session—the then Minister for childcare, the right hon. Member for South West Norfolk (Elizabeth Truss), said it was not true that the network of Sure Start centres was diminishing greatly. In the face of overwhelming

evidence, the narrative appears to have changed: now it is not about buildings, but about services. However, 4Children's excellent recent report blows that out of the water. It highlights that more than 2,000 children's centre sites have had their budgets significantly cut in this financial year, leading to a reduction in front-line services, including days and hours of opening.

The recent story of early years support by the Government is one of reducing support for working families, childcare costs going up and the gender gap remaining stuck for the first time in 15 years. Families were promised tax-free childcare now, but it is going to be delayed for another two years. The promise of 30 hours' free childcare for three and four year-olds has had the thresholds significantly increased, from eight hours to 16 hours of paid work, or £107 per week. The Minister will have to explain that in a little more detail, because this is scary stuff for parents. If they get this wrong, there are significant penalties involved, and the Government are going to have to be very clear about what the eligibility is. I am not clear about that, so I do not think that it is clear to parents.

**Michael Tomlinson:** Does the hon. Lady not think that it is only fair that the threshold has been increased from 8 to 16 hours, given that there is already a 15-hour entitlement that is going to remain? Providers in my constituency have contacted me to say that it is only fair and reasonable, given that 15 hours is being provided universally, that 16 hours should be a minimum in order to qualify for the remaining hours.

**Pat Glass:** I think there are some real issues about this, and I will talk about them later. The early analysis shows that raising the thresholds means that 1.4 million parents have been taken out of eligibility, and those parents tend to be in the lowest income bracket.

**The Parliamentary Under-Secretary of State for Education (Mr Sam Gyimah):** There are only 1.4 million three and four year-olds in the country—therefore there cannot be 1.4 million parents. The hon. Lady should check her figures, because they are incredibly wrong.

**Alex Cunningham:** It takes two parents to make a child.

**Pat Glass:** Well, most children, although not all, have two parents. I am happy to check that, but I did say that it was an early analysis of the thresholds changing.

The biggest issues are the massive question marks that we hope the Minister will be able to resolve. On Second Reading I said that even during the passage of the Bill the Government's manifesto promise of 30 hours' free childcare had been whittled away. Thresholds and delays have increased. The gap remains between what the Chancellor has made available to pay for this and the real cost.

Childcare is vital to our future success. We need our brightest and most able parents to be part of the recovery of our economy and to help it grow. We need good-quality, inclusive, accessible and affordable childcare to help us close the developmental gap pre-school, which is critical to a child's development and their outcomes throughout their life. High-quality, flexible

[Pat Glass]

childcare is critical not only for the economy, but for the child's wellbeing and development. I am happy to say that, across the House, we have made great strides in childcare over the past 20 years. I would tend to suggest that the Labour Government did more, but I am happy that this Government are going to make their contribution now.

Important policy challenges remain. Our rates of maternal employment, particularly for mothers with children aged one to four years, are poor compared with those of other OECD countries. In not supporting our brightest and most able mothers back into the workforce, we risk our future economic stability. Over one third of mothers who want to work say that they are unable to do so because of high childcare costs. Two thirds of mothers would like to work more hours but are unable to do so because of unaffordable childcare bills. That is particularly true for second earners, as the Resolution Foundation and the Institute for Public Policy Research have illustrated.

Let me give an example from my family. When my daughter-in-law had three small children, she told me that she was spending almost all her salary—she is a head teacher—on childcare. If that is true for head teachers, it will be doubly true for families on lower incomes. Many mothers still face a pay and status penalty in the labour market for having children, yet increasingly work is becoming the only option for both parents, as pressures on family budgets have increased. For families up and down the country the chances of keeping their heads above water, let alone owning their own home and providing the security that their family needs, depend on both parents working. According to the Joseph Rowntree Foundation, single-earner households are now more likely to be in poverty. To boost our economy and give families the chance of a decent job, home and income, childcare investment is essential.

High-quality childcare is also vital in tackling disadvantage. We know that many of the most disadvantaged five-year-olds are starting school 18 months behind their peers. That gap begins to open up at 24 months and by five years old our brightest children from our poorest homes are already falling well behind less able children from more advantaged homes. This is wrong; it is a waste, ultimately, of talent, and it holds back our whole economy.

Good childcare could close that gap and give children a firm foundation for school and later life. However, it is a fact that sometimes the two aims of economic output and early education require different policy solutions. They are too often conflated, and sometimes seeking to improve one element can come at the expense of the other. Our concern in scrutinising and challenging the Bill is that getting more women and more mothers back into work does not come at the expense of children's development. That is why supply-side support, such as extra hours, is a good way to deliver both. Tax-free childcare, although some way—

**The Chair:** Order. Will the hon. Lady please keep to the substance of her amendment? We are going off track.

**Pat Glass:** I am coming back on to it very quickly.

Tax-free childcare, although some way from being delivered, is designed to put cash in parents' pockets, but it does not contain the levers to deliver quality or to control prices. The two-year offer aims to reduce inequalities rather than be an economic driver. However, the chief inspector of schools pointed out last week in his annual report to the Government that in this area the Government's policy on disadvantaged two-year-olds is failing at least 113,000 of our most disadvantaged two-year-olds and therefore arguably has the potential to widen rather than narrow the attainment gap.

The extension of the 15-hour offer to 30 hours should be about delivering both objectives, but that requires both quality and funding, and the huge funding gap will, if not addressed, damage both quality and capacity in childcare. This, I think, is what their Lordships were most concerned about when they looked at this amendment, which the Government now seek to remove. As I have said, we support the Bill, we want it to work and we want it to deliver quickly, but there remain a number of challenges with the Government's plan and it is only right that we scrutinise them.

**James Berry** (Kingston and Surbiton) (Con): The hon. Lady wants this to be implemented quickly, but when she gets on to the substance of the amendment she will tell us it proposes a review that will delay implementation, will she not?

**Pat Glass:** I am sorry, I just do not accept that. Nobody is going to see any of this—apart from the early implementers, and there will be very small numbers of those—until 2017. The Government have plenty of time to get this right, and if they do not, we risk ending up with either less provision or poor provision. It is really important that we take our time up to 2017 to make sure that we get this right for families.

At the heart of our concerns, and those of their Lordships, is a serious funding gap. The Chancellor's recent announcements only go some way to answering those. The other place voted to amend the Bill on three separate occasions, mainly on procedural grounds because the Bill lacked substance and clarity about funding. It has been dogged by lack of detailed information and costings. The Minister really needs to respond to those concerns and answer those questions over the next couple of days.

**Mr Gyimah:** I thank the hon. Lady for coming to the substance of the debate in front of us. Their Lordships inserted the amendment before the spending review when the Chancellor made clear the eligibility criteria and the funding to go alongside it. If the hon. Lady still disagrees with the £1 billion of extra funding that has been made available for the entitlement, will she make clear, therefore, how much she thinks should go into the sector to fund this entitlement and what her calculations are based on?

**Pat Glass:** Now I am even more confused because I want to know where the £1 billion is that the Minister is talking about. My understanding is that the figure is £650 million, but I can come on to that in some detail because I think the Government are all over the place on costs. The Minister is going to show us how he will



do the basic maths on this. I have an MSc in maths and, quite frankly, I am confused about this. I always think I am reasonably good at this sort of stuff, but I am absolutely confused.

**Alex Cunningham:** The IPPR says that the Government's policy costing of £365 million in the first year is inexplicably low compared with other estimates, as well as with current funding. They warn that any

“shortfall could drive down childcare quality and leave the needs of working families unmet, with poorer outcomes for children and less choice for parents as the market shrinks”.

Surely an organisation such as that is clear about its figures.

9.45 am

**Pat Glass:** That is one of the big issues that we really need to tease out in Committee. Are we talking about £350 million, £650 million, £1 billion or £1.6 billion?

**Mr Gyimah:** I will be very happy to clarify all those numbers when I come to my response. On the subject of the IPPR report, which I know has been quoted a number of times by Opposition Members, I have a lot of respect for the IPPR. In fact, some of our best officials from the Department for Education work at the IPPR. I should draw the Committee's attention to the fact that this report was published in October 2015, which is about a month before the spending review in which we set out who is eligible. Without knowing who is eligible, it is not possible to know what the programme is going to cost. This report, fortunately, is very much of its time.

**Pat Glass:** The Minister needs to explain to us the costs and the eligibility. All those issues need to be clarified in his response. He will have to spend some time explaining to us why, before May 2015, he himself told us that 25 hours of free childcare would cost £1.2 billion, and yet in November 2015 we were told that 30 hours of free childcare would cost £640 million. The IPPR has identified a huge funding gap, and the Minister will have to explain how reducing the thresholds will fill that gap of almost £800 million. I very much welcome the extra money that the Chancellor announced in the comprehensive spending review, but the Minister will have to clarify where and how the funding will be allocated.

The danger is that the Government's failure to adequately fund the free offer could have far-reaching implications for the childcare market. Analysis by the House of Commons Library shows that there are more than 44,000 fewer childcare places today than there were in 2009. In addition, six in 10 local authorities tell us that they do not have an adequate supply of childcare for local parents now. There is a downwards trend in childcare places, which causes us concern. We do not want to see this well-meaning and potentially excellent policy actually leading to a further reduction in choice for parents.

The Minister suggested that this is about quantity as much as quality for parents. However, parents are concerned about the quality of childcare, and the concern is that this could be damaged by the Government's failure to adequately support their proposals with funding. There is a wealth of evidence from the Select Committee on

Education and from Ofsted that clearly identifies the strong links between outstanding provision and the best qualified—and, therefore, usually the best-paid—staff. Poor childcare is worse than no childcare, and can be detrimental to a child's development. I am very concerned that, unless the Minister can provide answers on funding, the result will be a diminution of quality provision. Insufficient funds and poor delivery could have the opposite effect to that which the Government want, and will lead to fewer places, poorer quality and higher costs for parents. That is not something that will definitely happen, but it is a serious risk. We want to ensure that risk is taken out of the policy, in so far as we can. The Government have ample time, as I said to the hon. Member for Kingston and Surbiton, to address these concerns before their policy is introduced in autumn 2017.

We want to interrogate some of the more glaring gaps in this Committee. Their Lordships agreed the amendment requiring the Government to carry out a review of the sustainability of the Bill—a sunrise clause, I think it is called. I understand that they did so for two reasons: because they were very worried about the very large funding gap, and because there is absolutely no detail at all in the Bill. Everything is going to be in regulations. There is no detail about how the 30 hours of free childcare will be paid for without reducing quality or increasing ratios, or about how the additional 15 hours will be delivered. Will it be early-years learning, will it be part of the early-years framework, or will it be childcare? Will it be delivered differently in different places? Is the first 15 hours to be early-years education and the second 15 hours to be pure childcare—someone of indeterminate qualifications and experience watching over children and ensuring they are kept safe?

**Mr Gyimah:** On a point of order, Ms Dorries. Could you clarify for the Committee which debate we are having? My understanding is that we are debating clause 1 and amendment 10, but the comments made so far have deviated substantially from those provisions.

**The Chair:** This debate is on amendment 10 and on whether clause 1 should stand part of the Bill, which gives a wider scope to the Opposition spokesperson, but it would be helpful if Members did not go too wide.

**Pat Glass:** I said at the beginning of the debate that this is about getting the Bill right. We want it to work and we want to help the Government get it right, and therefore I do not think it is helpful to stick to rigid questions. Ultimately, this is about families and children's development. We should spend the time to ensure that we collectively, in this place, get the Bill right.

The intention behind the amendment is to consider the worst-case scenario in terms of pure childcare or babysitting—however we want to put it—because I think we have learned from experience in this place that we need to legislate for worst-case scenarios. None of us want to see a situation in which the second 15 hours is pure babysitting, with children strapped in buggies or chairs in front of CBeebies, watched over by staff of indeterminate qualifications. Too many of our disadvantaged children get that at home; we do not want them to get that kind of thing in their childcare settings. We want the second

[Pat Glass]

15 hours of free childcare to be about quality, in a learning and stimulating environment—in other words, good-quality early learning.

There is no detail in the Bill about the flexibilities in the system that the Minister talked about. In the absence of that detail, the sector is concerned that that will mean driving down ratios to the statutory minimum. Providers tell us they only use statutory minimums at break times and lunchtimes, as experience tells them they need higher than statutory minimums if children are to learn as they play and develop good outcomes. There is nothing in the Bill about the lack of capacity in the workforce to deliver the policy or a workforce strategy to address that, and there is very little about the lack of capacity in buildings.

**The Chair:** Order. Although this is a clause stand part debate, it is clause stand part to the hon. Lady's amendment, which gives her more scope, but it has to be relevant to the detail of the amendment, not the Bill in its entirety. That is the third time that she has mentioned the Bill. She can have a general discussion at the end, when we have finished considering all the amendments. I am not sure whether she is confused about the difference between clause stand part to her amendment and clause stand part to the Bill, but she needs to keep to the substance of the amendment. She can talk about clause 1 as well, but not the Bill in its entirety.

**Pat Glass:** My understanding is that clause 1 will remove the amendment that the House of Lords inserted, and many of the issues with capacity and the workforce were addressed by that amendment.

**The Chair:** Whatever happened in the Lords, the hon. Lady's comments have to relate to what is printed in the Bill today. Her comments have to be restricted to clause 1 at this stage. Obviously, when we come to discuss stand part on the Bill, she can go as wide in her remarks as she wants.

**Pat Glass:** Okay. We have real concerns about funding, capacity, the workforce and many other issues. The devil, as we know, is in the detail, and the clause, as it stands, is absolutely without detail.

**Alex Cunningham:** Directly on amendment 10, there was an independent parliamentary inquiry into childcare for disabled children, which highlighted the continuing failure of the early years system to provide adequately for children with special educational needs and disabilities. Does my hon. Friend agree with me that for that reason, we need the amendment that has come from the Lords? The Lords have made it clear that we need to look into the detail, and understand exactly what we are doing and the related costs so that we can provide for all children, including disabled children.

**Pat Glass:** That is right, but I also understand that the review mentioned in clause 1 is about reviewing the sustainability and financial support for the Bill. The Lords were concerned that the Bill was not sustainable without looking at the issues of funding, the workforce

and the capacity of the industry to deliver the provisions of the Bill. I am trying to tease that out. There are serious issues with capacity in the workforce. Nurseries tell me that they cannot recruit the level 3 students that they need to deliver the 15 hours.

There are serious issues around cross-subsidy. At the moment, nurseries are delivering the free 15 hours by charging beyond the 15 hours for parents who want more than 15, so anybody who gets more than 15 hours is basically subsidising the Government's 15 hours. If the ability to extend that is taken away because nurseries have to offer 30 hours, the only way in which they can deliver is by charging substantially more for babies, one-year-olds and two-year-olds. There is a real concern that if the provision goes through without the adequate funding, the Government will be putting us in a position whereby women returning to work after maternity leave will not be able to afford childcare because the costs for younger children will rise sharply and dramatically.

**Chloe Smith (Norwich North) (Con):** I just have a small point, which I am sure will set us up in this debate and in anything else that we may say later. I think we could all agree that childcare is not only about women returning to work. In the 21st century, it is about both parents—men and women—being part of their child's upbringing and part of the economy of the household.

**Pat Glass:** It is, but one problem is that the Bill has come through as an education Bill; yet, this small Bill with a few clauses largely appears to be an economic Bill about getting people back into the workforce. I do not see children anywhere in the Bill. Children's development should be central to it. We should not be giving one at the expense of the other.

**Alex Cunningham:** I am grateful to my hon. Friend for giving way and I am also grateful to the hon. Member for Norwich North for raising the issue of fathers. My son and his partner pay £41 a day for childcare, which, if my grandson is there for five days, is £205 a week. How will they be able to benefit from a scheme like this if it is not properly funded?

**Pat Glass:** That is at the core of our concerns. We are concerned that if the Government remove the review, issues such as the capacity of the workforce and buildings, who will get access, eligibility and so on may mean that the funding will simply not happen. Can the Minister explain in some detail—he has not been able to so far—where the funding is coming from, what it will be spent on and whether the second 15 hours will be the same as the first 15? How will he improve the capacity in the workforce at a time when nurseries are already struggling to recruit qualified staff for the first 15 hours? All those issues would be in that review. If we lose that, there is a danger that we will have no detail and that, ultimately, this very well meant and excellent policy will result in less provision, less choice for parents and less quality in the provision for children. Ultimately, that will have a detrimental effect on children's development, particularly for our most disadvantaged children, who are getting the least out of the system as it stands.



10 am

On clause 1, I briefly reflect on the gap that we are trying to narrow and again mention Sir Michael Wilshaw's report published this week. He clearly said that 113,000 disadvantaged two-year-olds are unable to take advantage of the Government's current offer.

Moving on to clause 10, I think we can all agree—

**The Chair:** Order. We are not discussing clause 10 now, just clause 1.

**Pat Glass:** Sorry, I meant amendment 10. I think we can all agree that increasing access to 30 hours of free, good-quality, inclusive childcare will benefit all children, but the amendment would ensure that all children and not just some can benefit from the policy. The reality is that many children, and many disabled children, do not benefit from or get access to their 15 hours of current entitlement.

The Minister will know that I chaired a parliamentary inquiry in 2014 into childcare for disabled children. I am not sure whether he has read the report or the recommendations that came out of the inquiry, but he is yet to act on them. On Second Reading I said that I was not shocked by the findings of that inquiry, but deeply saddened and disappointed that so little value is placed on our disabled children and their families and that things have not improved for them as they have for the rest of us.

The thing that I am most proud of with the inquiry I chaired is that it is no longer possible for anyone—Ministers, Department for Education officials, council officials, head teachers, teachers or childcare providers—to say that there is no problem and that everything is okay, because it is clearly not okay. Department for Education officials appeared before that inquiry, and they were still trying to tell us that there was no problem and that there was sufficient legislation to ensure that every disabled child could access the 15 hours of childcare. The inquiry and the follow-up report, "Levelling the playing field", showed that for disabled parents that is absolutely not true.

Some 40% of families with disabled children are not able to access the current free childcare offer of 15 hours a week. That percentage is 10 times more than that for families with a non-disabled child. Of the families who say that they are not taking up the 15 hours of entitlement, more than a third said that was because they did not think the childcare provider could care for their child's safety. There is a serious issue that needs to be addressed on the qualifications and experience of childcare workers working with all children and, in particular, with disabled children, and later amendments will seek to address that.

**Alex Cunningham:** I know the passion that my hon. Friend has for childcare, particularly for disabled children. One in five councils apparently report that they do not have enough childcare for disabled children in their area. Is that not all the more reason why we need a comprehensive review over the next few months to ensure that we can understand the real provision that is available and take measures to fill the considerable gap?

**Pat Glass:** I agree, and I thank my hon. Friend for that intervention. There needs to be a comprehensive review, not just of the costs of childcare, but of funding, the kind of childcare that will be offered in the additional 15 hours and what is happening to those children who cannot take advantage even of their existing entitlement. That is why we would like the amendment to be made.

Of the 38% of parents who did not take up the childcare offer, 30% did not think that the childcare provider had adequately trained staff to meet the needs of their child. A quarter said that the nursery or childcare provider refused a place or excluded their child purely because of their disability or special educational needs. That is illegal under the Disability Discrimination Act 1995, but it has been going on for many years. Nothing will change unless we in this House do something to stop that happening. The Government have given us lots of nice warm words on that, but little action. As my hon. Friend the Member for Islington South and Finsbury (Emily Thornberry) said on Second Reading,

"warm words butter no parsnips."—[*Official Report*, 25 November 2015; Vol. 602, c. 1441.]

My Irish grandmother used to say that warm words do not buy the bairn a bonnet, but the meaning is the same: we need decisive action to improve the situation for the families of disabled children.

For the children who were refused a place or were excluded, nearly half—49%—said that the childcare providers had claimed that they could not meet the child's additional needs, although no evidence was given of what reasonable adjustments had been considered. Parents were simply being turned away.

One parent I saw told me that she, living in London, had tried 50 childcare providers, some of them maintained, and they had all said that they were full; they said that they did not have a place, although they seemed to have places for children who did not have a disability. Some 47% of those who said that their child needed one-to-one care or other additional support were told that that support was not available to them, or not available at a cost that was affordable.

The parents of disabled children are often charged higher-than-average fees: 80% reported paying £5 an hour or more for childcare; 38% said that they paid £11 to £20 an hour; and 5% reported paying more than £20 an hour. That is in comparison with the national average of £3.50 to £4.50 an hour. The inquiry heard from parents who had been forced to give up work because they could not afford suitable childcare, and from parents who had had to give up their jobs and move to other parts of the country to get help with childcare from family members, because that was the only way in which they could work.

One couple I saw had an autistic child. They had a business in London, but they had to shift their entire business to Cornwall so that they could get access to childcare from relatives. That is not good for them, for our economy or, certainly, for their child. Access to good-quality childcare is important to all families, because it has a positive impact on children's learning outcomes and enables parents to work. For families bringing up a disabled child, however, access to good-quality childcare is particularly significant, because such families are far more vulnerable to living in poverty than most.

[Pat Glass]

Childcare for children with a disability is frequently a trigger for poverty, because such families incur considerable additional and ongoing expenses relating to their child's disability and they often encounter significant barriers to entering and, possibly more importantly, sustaining employment. Disabled children are more likely to live in poverty, because it costs three times as much to raise a disabled child as it does to raise a child without a disability; the families of disabled children are 2.5 more likely to have no parent working for more than 16 hours a week in paid employment; only 16% of mothers of disabled children work, compared with 61% of all mothers; 83% of parent carers say that the lack of suitable childcare is their main barrier to work; and only 28% of local authorities say that they have sufficient childcare for disabled children, compared with 54% for all children under two, 69% for three and four-year-olds and 35% for children aged five to 11.

The inquiry I chaired made a number of important recommendations. They were not big asks. We asked the Government to take a number of steps that would begin to improve childcare for disabled children, such as undertaking a cross-departmental review of funding to identify where support needs to be improved to meet the extra costs. We did not ask them to come up with the money; we simply asked for a review to find out where the gaps are. That would have been easy for the Government to do—just to undertake a review—but it did not happen.

We asked the Government to introduce a requirement for local authorities to publish, as part of their special educational needs local offer, information for parents and providers on access to childcare inclusive of support. We simply wanted the Government to ask local authorities to publish their information on what is available and where but, again, that did not happen.

We asked the Government to write to local authorities—simply a letter—to make it clear that all eligible disabled children aged two, three and four were entitled to access their 15 hours of free childcare and to clarify the arrangements for redress. We only wanted the Government to remind local authorities that they were under a duty to ensure that disabled children could access their 15 hours and to tell parents what they could do if they were unable to get that childcare but, again, that did not happen.

As I said, those were not big asks. I do not know whether the Government did not agree with those three simple actions, or whether the suggestions simply got lost among the many other things that the Government have to do. However, the situation remains the same for families with disabled children. High-quality, flexible childcare helps children's education and social development and enables parents to maintain paid employment, but it remains a pipe dream for many families with disabled children.

Over the past 20 years we in this House have, collectively, improved things for working mothers—I am not saying that we have made things easy, but we have improved them. I have only ever had one child, and I go back a long way, so there was no such thing as maternity leave when I was pregnant. People had to leave their jobs and then reapply for them three months later, or however long it was. If they were lucky, the job was there; if they

were not, it was not, and they had to go somewhere else. At the time I had to work, because I was on my own with a little baby.

Over the years, therefore, we in this House have, between us, really made a difference and improved things for working mothers. We now have maternity leave and maternity pay, paternity leave and paternity pay, childcare, improved nursery access and children's centres. All those things have improved the situation for working parents. However, for parents of disabled children, there has been little—perhaps even no—improvement.

That is something that we, collectively, can do something about. We can make things better for the families of disabled children. We are asking the Government not to spend money, but to look at the additional childcare costs for those families and reflect them in the funding provided. That is the kind of thing that the people who voted for us wanted us to come to the House to do; they wanted us to make a difference to the lives of those people. That is certainly why I came here.

The amendment tries to reflect the true costs of childcare for disabled children. The Government have already acknowledged the additional costs and acknowledged the principle in their tax-free childcare policy, so they need to reflect the costs for disabled children in this policy too.

**Alex Cunningham:** My hon. Friend will be aware of the report “Levelling the playing field” from Contact a Family, which talks about the early years single funding formula provided to early years settings being extended to include a mandatory supplement, like schools' notional special educational needs budget, to help early years settings provide support for disabled children. Is that not one of the ways forward that the Government should consider as part of a longer term review?

**Pat Glass:** That is what we are trying to do as part of the amendment. We want to acknowledge the additional childcare costs that exist for families with a disabled child and to have the issue included in the review.

The amendment asks the Government to look at the additional costs of childcare for disabled children and to consider providing additional funding and additional flexibilities so that such children can access what they are entitled to. Many families cannot access their 15 hours' entitlement. Many of the families that came along to the inquiry told me that they would get five, or perhaps seven, hours of childcare. For them, extending free childcare to 30 hours, when they know they will still get only five or seven hours, actually makes things worse.

We are asking for no more than that the children of these families can access what they are entitled to, like any other children. As I said, the principle has already been established. Minister, we can make things better for these families, who get very little, and we can do that collectively, so let's do it.

**The Chair:** Order. While it is fresh in my mind, may I ask you, Ms Drummond, to please make sure that nobody from your staff ever crosses the floor of the Committee again? If every Back Bencher told their staff to come in and walk across the Committee, it would be chaos. Go outside if you want to collect notes. Thank you.

**Jess Phillips** (Birmingham, Yardley) (Lab): It is a pleasure to serve under your chairmanship, Ms Dorries—we always have to say that, but it is a pleasure.

I will focus on the funding element of clause 1. I want to start by saying how much I welcome the move to 30 hours of free childcare. For me, as a young mum on a low and unstable income, the Labour Government's introduction of 15 hours of free childcare was utterly game-changing. My son Harry was one of the very first children to receive that universal service, and I will be forever grateful for it. I am only disappointed that I will not be having any more children and getting the 30 hours. I am cursing the fact that I had my children just too soon—which is what my mum said when I told her I was pregnant.

10.15 am

Although I welcome the proposals, I am concerned for a number of reasons about the funding model. Evidence that the Committee has received from the Pre-school Learning Alliance states that

“the review undertaken by the DfE has underestimated the cost of delivering childcare. This research has found that if funded at the average rate announced by the government on 25 November of £4.83 per hour...nurseries...would face an annual shortfall of £233.70 per child for three-and-four year olds taking up the existing 15-hour entitlement, and £467.40 for those taking up the full 30 hours.”

Most of the evidence presented to the Committee by the sector—which I read dutifully last night—discredits the sums allocated to the policy. I simply ask: who do Ministers think is going to pay for it?

It is pretty clear that the underfunding of the scheme will mean that it is subsidised mainly by parents of on children aged nought to three in the same childcare providers as those who use the scheme. I want to know what reviews will be done in the roll-out of the policy to assess three specific things: first, the rising cost of childcare for those with children aged nought to three; secondly, the rising cost of wrap-around childcare provided by the same childcare providers; and thirdly, the falling, or potentially rising—I do not know—availability of childcare places in the maintained and private sector.

The implications of the rising cost of childcare for nought to three-year-olds must not simply be put down to a fall-out of market economics. Nobody expects private nursery providers to run nurseries for a laugh. We know that they are businesses and that they are driven, among other things, by making a living for those who run them—that is totally fair enough. If the cost of providing 30 hours of free childcare leads to a shortfall, as I have outlined, it only makes sense that someone running a business will see all their costs in the round and create pricing structures accordingly. It is therefore undeniable that those who are not eligible for free childcare places because they do not work enough hours, or because they have children younger than three or older than four, will be hit by rising costs.

Let us leave aside, just for a minute, the group who do not work enough hours, because it seems unfathomable to me why any policy would by design specifically hit the poorest people in society with rising costs—but then I suppose there is some form there. I wish to focus on the specific problem of the increasing costs of childcare for parents of nought to three-year-olds. Harking back to my experience, I remember that when Harry was that

age, my childcare costs made it almost completely unaffordable for me to go to work, and I am not alone in that. I said it was game-changing that I got my 15 free hours, because it meant that I could actually afford to have a life and make plans for the future of my family, rather than just surviving, which is what I did when my son was aged nought to three.

Unfortunately, where I come from, I am simply not alone in that. In the west midlands, parents are losing money by going back to work, with childcare costs consistently outstripping pay. A recent investigation by the *Birmingham Mail* shows that working mums are paying more than they earn for childcare. It found:

“Women with two children would have to pay more than 103 per cent of the average salary in Birmingham, and childcare also accounts for almost 90 per cent of the average man's pay” in the region.

**Mr Gyimah:** The hon. Lady quoted the PSLA's comments on the childcare review. I believe that its comments were informed by a piece of research done by Ceeda. According to that research, the cost of childcare for three and four-year-olds is £4.53 per hour. The average funding rate announced by the Government, from 2017-18, will be £4.88 per hour. Where is the shortfall?

**Jess Phillips:** I invite the Minister to go back to the evidence that was given to this Committee. That same evidence states that the consultation undertaken by the DFE to come to the figures that he has outlined will be completely outdated by the time of the 2017 roll-out and does not account for all sorts of other costs that nurseries may face.

**Mr Gyimah:** Will the hon. Lady give way?

**Jess Phillips:** Yes, but give me a chance to answer one intervention before you make another!

**Mr Gyimah:** It is the same intervention: where is the shortfall?

**Jess Phillips:** The shortfall has been identified by the Pre-school Learning Alliance in its research. I can only work on the evidence that has been given to the Committee. There is already a clear shortfall with the 15-hour provision, which is why nurseries tell us time and again that they use other people's fees to subsidise their rates. The cost of childcare has increased over the past five years.

**Alex Cunningham:** Would my hon. Friend be surprised to find out that in the Minister's constituency, childcare already costs £4.85 an hour? That is today, at 2015 at prices. There is a tuppenny shortfall today; what is it going to be like in future?

**Jess Phillips:** Also, although one welcomes some of the increases in wages that the Government have instigated, they have to be taken into account in the cost of childcare provision. If the cost is already £4.85, by 2017 something will have to give. There is undoubtedly a shortfall. I really hope that the Minister proves me wrong, and that there is no rise in childcare costs for



[*Jess Phillips*]

children aged nought to three. However, the evidence suggests that something quite different will happen. All I am asking is for reviews to be put in place to ensure that the Government take any rise in childcare costs into account in their policies, and perhaps that they adjust things to make the situation fairer.

As I have said, where I live, the average wage and the average cost of childcare mean that women pay 103% of their salary towards childcare and men pay 90%. I recognise the comments made by the hon. Member for Norwich North about a society in which men are also child carers. My husband is, and has been almost exclusively since my children were aged three, the full-time carer of my children. However, the simple fact is that is very uncommon, thanks to the gender pay gap. When parents have to decide who goes back to work, they usually do so on the basis of who earns the most money. Unfortunately, that is usually not the girls.

The cost of childcare where I live is a problem in itself, but the Government's costing of the 30 hours of free childcare has the potential to push that burden even further, to the point where it will be completely unrealistic for the lowest earner in the household to maintain employment. It will be no surprise to anyone here that the lowest earner in most households is usually a woman, and there is a real threat that the rising cost will prohibit women from returning to work for the first three years after they have had their baby.

It should not be a shock to anyone in this room that women's time out of the labour market is the single biggest contributor to the gender pay gap. For my constituents in the west midlands, where the national trend of the narrowing of the gender pay gap has not quite reached us, last year the pay gap grew from £98.90 per week to £105.60 per week. It is getting worse, not better. The Women and Equalities Committee, of which I am a proud member, is undertaking an inquiry into the gender pay gap. Although I do not want to pre-empt any of the report's findings, I can guarantee—

**The Chair:** Order. The gender pay gap is not part of the amendment.

**Jess Phillips:** But it is entirely tied up, Ms Dorries, with the rising cost and reducing availability of childcare.

**The Chair:** Just try to keep to the point of the amendment.

**Jess Phillips:** I apologise for going on to my favourite subject. I can almost guarantee that the findings of the review will show that the cost of childcare and women's time out of the labour market are major driving factors behind the gender pay gap. There is real potential for the Government to exacerbate that with the proposals in the Bill, rather than helping matters, if they are not properly funded.

**Alex Cunningham:** There is another issue as far as income is concerned, because those who work in the care sector are predominantly women. If the proposals are not properly funded, one of two things will happen. Either wages will be screwed down and people will lose

income, or there will be an increased ratio of children to adults in childcare settings. Both those ideas are unacceptable.

**Jess Phillips:** I totally agree. Without a proper funding structure, if the clause stands part of the Bill, we will need a real focus on quality. Any one of us who has ever left their children with a childcare provider wants to know that their kids are in the best care possible. For those of us who can afford it, sometimes the best care costs a bit extra.

Will the Government commit to a review of the rising cost of childcare for children aged nought to three, and of the issue of women dropping out of the labour market while their children are that age? Will they adjust the funding scheme accordingly if it is found to affect families negatively? For the same reasons, will they also review the rising cost of wrap-around care? The same private sector providers will often provide before and after-school transport as well as the 30 hours of childcare. If there is a shortfall, there will be a knock-on effect for all nursery costs.

To further assess whether the Government have their sums right, they could conduct a simple review of the number of places in the private sector and, more importantly, the maintained sector, when the 30 hours provision comes into being. My children both received 2.5 days a week of free early years education for a year, in a brilliant maintained nursery setting attached to the school that they both now attend. The nursery operated 45 places for school hours on Mondays, Tuesdays and Wednesday mornings, and a further 45 places for Wednesday afternoons and school hours on Thursdays and Fridays. I do not know why more nurseries do not do it like that, because it seems much better for parents. Having 2.5 hours each day seems as useful as a chocolate teapot to me.

The nursery building that my children attended simply could not manage 90 children for the full 30 hours of a school week. No matter how tiny their little bottoms are on the mats, there is no way that 90 children would be able to go there Monday to Friday. That means that the brilliant, highly sought-after maintained nursery where I live, which is helping many disadvantaged children, has a brilliant special educational needs service and offers a service to disabled children, will go from being able to offer 90 places to, most likely, being able to offer 45 places. That will reduce the availability of childcare in an area where it is really needed.

We cannot just say that we will build extra room on the side. Not only will the £500 million that has been allocated for capital funding not touch the sides for the whole country, but there just is not enough space in city schools such as the one my children attend. Last week, I visited Yardley primary school in my constituency. It is being pushed to go to five-form entry. I imagine that the idea of a five-form entry primary school is probably not that likely in the constituencies of most Conservative Members.

**Chloe Smith:** I welcome the point the hon. Lady is making about the need for space. I represent an urban constituency, just as she does, so I have heard the point made before. Nevertheless, does she not think that the capital funding could be well targeted to help where it is most needed?

**Jess Phillips:** I recognise the hon. Lady's urban seat in Norwich. It is famous for a famous radio DJ who went on about urban regeneration there, so I know quite a lot about the pedestrianisation of Norwich high street. Moving on from Alan Partridge, the problem with capital funding is that it will not create space where it does not exist. My children's school cannot just expand if it is given money; there is no space for it to move into.

**Pat Glass:** Does my hon. Friend think, like me, that the £50 million will largely go into the maintained sector to deal with the increase in pupil numbers? More than 64% of childcare is delivered by the private and voluntary sector, which is unlikely to see any of that money.

**Jess Phillips:** I agree entirely with my hon. Friend. It is £500 million that, while well targeted in certain places—

**Pat Glass:** It is £50 million.

**Jess Phillips:** Sorry, £50 million—I overstated it. That is even less likely to have any effect. Although the maintained sector is crying out for that funding—almost every single school in my constituency has a waiting list of at least 50 to 100 pupils—it is unlikely that it is going to filter down and make any difference to the private sector and the childminding services that are much underused under the scheme.

10.30 am

**Alex Cunningham:** Even if there were the physical space, I wonder about the availability of sufficiently trained staff. There is greater demand from parents who want higher-quality staff, but there seems to be no plan to provide staff. That is all the more reason why we should review the measure over some time.

**Jess Phillips:** I think we have time to do that before the roll-out in 2017. I do not wish to delay it any further than 2017, and the Government have the time to make it right. On the training of staff, speaking from personal experience—my son has special educational needs; he has Asperger's—I want to ensure that people who work with children such as my son every day have the training, qualifications and skills to make their lives and his life a little simpler, although I have not managed it yet.

**Chloe Smith:** The hon. Lady is being generous with her time. She argues that the capital funding will not help the private sector. We all recognise that the taxpayer cannot always help the private sector. There is an argument that when a business is successful, it should work on its own merits. Does she agree that the policy proposal in the Bill is a major business opportunity, and that we should encourage the private sector to see it as an investment opportunity in our constituencies?

**Jess Phillips:** I would agree, if the private nursery sector—I have spoken to nursery staff in my constituency—felt anything other than concern about the funding envelope. That is the main thrust of my argument. If it is left with shortfalls, that is a big risk to take in a difficult economy. I absolutely want new nurseries to spring up and take entrepreneurial risk; we

need them to meet the demand, so I would be delighted if they did that. I hope that the Minister and the Government prove me entirely wrong and that loads of brilliant nurseries spring up in spaces where they did not exist before and can afford to offer brilliant childcare that allows women to go back to work, but at the moment I do not see that in the detail of the proposals.

**Pat Glass:** Does my hon. Friend agree that one of the problems in creating new nurseries and new provision is the lack of a suitably qualified workforce? That highlights the problem that one part of Government policy can have an impact on another. There has been an 85% reduction in recruitment for level 3 childcare courses and a 56% shortfall in new applicants since the new requirement for GCSE maths was introduced for apprenticeships.

**Jess Phillips:** I agree that we need to take a wholesale look at apprenticeships, training and how to encourage people to go into this area of work. I imagine that helping to raise people's children is one of the greatest gifts, and we need as many people as possible to go into the sector. Unfortunately, if pay rates remain where they are—care work is one of the reasons for the gender pay gap—and unless nurseries massively increase their costs and training budgets, people's desire to work in the field will not increase.

**Mr Gyimah:** I would like to give the hon. Lady some encouragement on some of the questions she asked. The number of providers delivering the three and four-year-old entitlement has increased every year since 2011. In 2015, a total of 43,800 providers did so.

The hon. Lady raised a concern about the workforce. The quality of the workforce continues to rise. Between 2008 and 2013, the proportion of full day care staff with at least a level 3 qualification rose from 75% to 87%, and the proportion with a degree or higher rose from 5% to 13%. I hope she finds that encouraging. The number of places is increasing, and staff qualifications are going up.

**Jess Phillips:** The idea that the number of places are increasing is interesting. I am sure that some nursery providers that did not previously exist have opened their doors, but I think that some that previously did not offer the Government's scheme are now doing so. Many nurseries in my area that have always existed suddenly have a big banner outside saying, "Free three and four-year old places here". There is still a supply and demand issue. In his next intervention on me, will the Minister say what happened in 2013? Why did the number go up before then and then stop in 2013, or do we just not have the figures?

**Mr Gyimah:** I am encouraged by what the hon. Lady says about nurseries advertising the free entitlement, which she said is so underfunded, and having banners outside trying to attract parents. If it is so underfunded and nurseries are losing money by offering it, why are they so keen to advertise it?

**Jess Phillips:** Perhaps they did not realise and thought the subsidies were bigger. As I said, I would be delighted if the Minister proved me wrong. However, I can almost



[Jess Phillips]

guarantee that for the next five years after the roll-out, we will see a higher-than-inflation increase in the cost of childcare for parents of children aged nought to three. I really hope I am wrong, but something will have to give. I do not run a nursery, so I do not know—I am basing my comments on the evidence that has been given to me that there will be a massive shortfall. Maybe I will start a nursery—I like to take on new tasks.

As a parent, I know about the effect of growing demand. This year I was one of the many hundreds of thousands of parents who were told that they could no longer access childcare. There may be an increasing number of places and delight about the figures, the graphs and reports that we read, but the reality is different. I was told I could no longer access the childcare I have accessed for my children for years, because demand outstripped supply. That is happening to people every day, regardless of what the figures say. Supply is not growing to meet demand. I currently have no childcare before school for my children, which has fundamentally changed my family's working habits. It has meant a reduction in the income of my husband, who is the full-time carer of my children. No chart or table will tell me that is not happening when I know it is—it is happening to me and to many other parents I speak to on the school run.

I want to be sure about the graphs, the funding and schemes that are being outlined. All I am asking for is a review of whether the funding will work. As I have said repeatedly, I want the Minister to prove me wrong. I want a review of whether there has been any rise in the costs of wrap-around childcare for children aged nought to three and those over four, like my children, and of how many women fall out of the labour market when their children are aged nought to three. I want to understand whether the Government have got their figures right.

**Christian Matheson** (City of Chester) (Lab): I apologise for making the schoolboy error earlier of not turning my phone to silent and therefore disrupting the Committee. I meant no disrespect, Ms Dorries.

I would have expected the Government to welcome the opportunity of a pause and a review because it would provide a breathing space for them to dig themselves out of a hole. We should remind ourselves of the genesis of the policy of 30 hours a week of childcare which, in common with my hon. Friend the Member for Birmingham, Yardley, I genuinely welcome. The political genesis of the policy was that my party had offered a fully costed and prepared proposal for 25 hours a week, and the Conservatives entered the general election campaign determined to trump that with 30 hours a week, yet without doing the sums to work out where the money would come from, so I would have expected the Minister to welcome the proposal for a review and pause.

**Alex Cunningham:** Will my hon. Friend give way?

**Christian Matheson:** That would be handy, because I need to read something from my iPad, which has turned itself off.

**Alex Cunningham:** I am not sure that that was the role that I had intended to undertake.

The Government have said 30 hours, which trumped our 25 hours, but is that not to be welcomed? An extra five hours a week is a tremendous figure. We want the scheme to work, but we want it to be funded, and all the organisations are saying that there is not enough money and that the estimates are based on the wrong data. The Government need to get it right so that we can all celebrate the wonderful fact that the Tories have trumped the Labour party.

**Christian Matheson:** I thank my hon. Friend for that intervention. I also thank the Minister for, and congratulate him on, the extension to 30 hours, which will be welcomed by parents up and down the country, as long as it works. I do not wish to be churlish and I hope that my comments will be taken in the spirit with which I offer them.

**Mr Gyimah:** The hon. Gentleman is right to point out that both main parties promised to increase the free entitlement for three and four-year-olds at the election, with the Labour party saying 25 hours and the Conservatives saying 30. However, we were the only party to commit to two things: a review of the cost of providing childcare; and an increase in the hourly rate. I did not see a reference to any review or increase in rates in the Labour party's manifesto. We did not just make a promise; we are delivering. What is the basis for the hon. Gentleman's claim that our pledge cannot be delivered, but Labour's could have been?

**Christian Matheson:** I remind the Minister that the Labour party's proposals—I appreciate that we are not discussing them, and I know your keenness that we stick to the Bill, Ms Dorries—were fully costed. My suspicion is that the Government's proposals were not costed at the time, but I do not want to provoke your ire, Ms Dorries, so I will not make the same mistake as other colleagues—

**The Chair:** Order. Please stick to the amendment.

**Christian Matheson:** There will be many beneficiaries of these proposals. I welcomed the hon. Member for Norwich North saying that fathers will benefit because we are moving, although perhaps not as swiftly as we might like, into an age in which fathers have more childcare responsibilities. My hon. Friend the Member for Birmingham, Yardley made the good point that the gender pay gap will continue as long as we have a greater emphasis on maternal childcare, but I will not go into that as we are not on that topic at the moment.

One area that the review might take into account is the effect on providers. If the Committee will allow me, I will quote a constituent, and I may write to the Minister in greater depth about this particular case, because it is quite detailed. There is consternation—or concern, perhaps—that the numbers do not necessarily add up for providers. My constituent tells me that the reality of the current proposals is that “each hour of extra funding” for his nursery in Chester “would mean a potential loss of £1.10, so that's £16.50 per week per child.”

He continues:

“We have 35 registered children currently, which equates to £577.50 per week, times 14 weeks in this term,”

which means

“£8085.00 per term, or £24,000 per year.”

Those figures are losses due to the shortfall for providers. I do not expect the Minister to respond to that particular case now and I apologise for putting him on the spot without having written to him first, but the example illustrates the concern among providers that the numbers do not add up. A review that included providers would at least give us reassurance, or might identify a problem that needs addressing.

My constituent went on to write:

“The implications of this, coupled with increased rates, fuel costs and the... proposals to increase the national minimum wage, will put the pressure squarely on the providers shoulders, meaning they will either not be able to provide the level of care each parent rightfully demands, or it could even put them out of business”.

**Chloe Smith:** Does the hon. Gentleman agree that there is a problem in some parts of the country with local authorities not passing on as much of the funding as they ought to? I welcome the spreadsheets with which we have been provided to show that that is happening across the country. As I said on Second Reading, Norfolk County Council holds back 8% of the funding, whereas the figure elsewhere in the country is fractions of that, and I think that that is wrong.

10.45 am

**Christian Matheson:** I deliberately did not want to quote the whole of a long and quite complicated email from my constituent, but he makes a similar point. I have to say that my local authority of Cheshire West and Chester Council has just had £47 million taken off its annual budget by the Chancellor.

**The Chair:** Order.

**Christian Matheson:** Indeed, Ms Dorries.

**Mr Gyimah** *rose*—

**Christian Matheson:** I am very close to the end of my speech but, of course, I give way to the Minister.

**Mr Gyimah:** I want to draw the Committee’s attention to a point made by the hon. Member for Birmingham, Yardley about the cost of childcare and low funding rates. Central Government give Birmingham £5.49 and it pays £3.83 to providers. If there is a challenge around childcare in that area, it is not because the Government are under-funding childcare, but because of what the local authority is top-slicing. Of course it has to top-slice, but I would like to know why there is such a gap for Birmingham.

**Christian Matheson:** The hon. Gentleman makes a good point, but a Minister talking about funding for local authorities as a whole will be skating on thin ice, because such funding is not a good story for the Government.

The Minister may want me to write to him with more details about the case I cited, but childcare providers’ concerns need to be addressed. The review under the clause would give the Government breathing space to ensure that the numbers add up and could reassure providers who are working hard to offer a quality service to parents in my constituency and others.

**The Chair:** I call the Minister.

**Mr Gyimah** *rose*—

**The Chair:** If the Minister does not want to respond, that is fine.

**Mr Gyimah:** I have a lot to say, Ms Dorries, and I am grateful for the opportunity to serve under your chairmanship. We have had a long debate on amendment 10. I would like to do three things: provide a bit of context; deal with the amendment and the clause; and address several of the points raised by Opposition Members.

First, on the context, both the Labour and Conservative parties promised to increase free entitlement for three and four-year-olds because we recognise that that will make a difference to parents by helping with the cost of living and enabling them to work more hours. We also know that high-quality childcare makes a big difference to children’s life chances. Both parties share the same objective, and I note that Labour Members supported the Bill on Second Reading.

Both parties can also lay claim to a tradition of making big moves in the childcare sector. The hon. Member for North West Durham talked about the Labour party’s track record. I am proud to say that the Conservative-led Government in the previous Parliament continued that when the free entitlement for three and four-year-olds went up from 12.5 hours to 15 hours. We introduced a new entitlement of 15 hours of early education for disadvantaged two-year-olds. We also introduced the early years pupil premium, which is worth £50 million, so that disadvantaged three and four-year-olds do not fall behind at school. We introduced shared parental leave, which is to be extended to grandparents, and we legislated for tax-free childcare, which means that for every £100 that parents spend on childcare, £20 will come from the taxpayer. That is for parents who are buying additional hours to the existing free entitlement, or who have children younger than three. Parents can use tax-free childcare for children up to the age of 12, and up to 18 in the case of disabled children.

**Jess Phillips:** I just want to check—partly for my own personal finances—when that tax-free childcare will be available. The Minister says that that has been put in place, but I understand that it is currently not available.

**Mr Gyimah:** I said that we legislated for that in the previous Parliament. Tax-free childcare will come into effect from 2017. I know the hon. Lady is concerned about the cost of school-based, wrap-around childcare, but she can use tax-free childcare to help to offset the cost of her wrap-around childcare. In addition, parents can get subsidies through childcare tax credits for up to

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75% of the cost of childcare, and that figure will be 85% when we move to universal credit. The Bill is part of a package of reforms through which the Government will spend £6 billion in this Parliament to support parents with their childcare.

**Pat Glass:** While we welcome the moves within universal credit to increase subsidies for childcare from 75% to 85% of the costs, does the Minister accept that there will be a lag? Universal credit will come into being six months after this childcare policy is implemented, so there will be a lag of six months between the two.

**Mr Gyimah:** Parents can get 75% of their costs paid for today, and that will rise to 85% when universal credit comes into force. That goes to the crux of the measure: no parent will be worse off as a result of the Bill, and no parent will get anything taken away from them as a result of the Bill. This is a new entitlement.

**Ruth Cadbury (Brentford and Isleworth) (Lab):** The Minister says that “no parent” will be worse off, but I understand there are differences in the funding arrangements. Nationally, the new funding rate for the three and four-year-old offer is £4.88, including the early years pupil premium funding. All regions except London will see an increase in the hourly rate, but London will lose 65p of funding per child per hour for the extension of the entitlement, with some boroughs losing as much as £4.29 per place. How will that play out for the parents of three and four-year-olds in London?

**Mr Gyimah:** The hon. Lady talks about the money paid to local authorities. I was making the point that no parent will be worse off in terms of the childcare that they get.

I will come to this in more detail later, but we have announced that we will consult on an early years national funding formula to ensure that we smooth out the allocations for local authorities. It is not fair that one local authority can get £9 an hour and afford to offer 20 hours’ childcare, while another local authority, such as in Birmingham, gets £5 an hour. We need to ensure that a local authority gets the funding that reflects the needs of the children in that local authority, rather than the amount being based on history, as is currently the case. I will come to that point in more detail later.

**Alex Cunningham:** What the Minister said was quite helpful. In Mid Dorset and North Poole, a week’s childcare costs £94, whereas in the Minister’s constituency of East Surrey, that costs nearly £180. If local authorities are not properly funded to take local circumstances into account, how on earth can they provide the cover that he wants?

**Mr Gyimah:** The hon. Gentleman raises precisely the point I am making: we want to fund local authorities fairly to take account of local circumstances. The current funding formula is based on historical fiat and historical local spend; it does not reflect local need. In addition to increasing the hourly rate, we want to consult on a national funding formula to ensure that local authorities get funds that reflect their needs.

**Alex Cunningham:** In Surrey, the cost of childcare has gone up by 36% in the past five years. It will cost £9,000 for a family with one child to access childcare in Surrey. Is the Minister saying that he will ensure that the county council for the constituency he represents as a Member of Parliament will have sufficient money to fund that level of childcare in the future?

**Mr Gyimah:** Let me put the hon. Gentleman’s mind at rest—I am glad he is taking so much interest in my area, rather than his. As a result of the combination of policies that I have talked about, a parent could get up to £40,000 of subsidy towards their childcare for two children. That is how far the Government are going to subsidise parents with the cost of childcare.

We are discussing amendment 10 and clause 1. I understand the arguments made by some members of the Committee about funding for disabled children and children with SEN to support them in accessing the free entitlement, but let me be clear that I do not believe that clause 1, on the funding review, should remain in the Bill.

Before I address the key points, I want to thank hon. Members for their contributions. I particularly thank the hon. Member for North West Durham for her extensive work on improving access to childcare for disabled children. That is clearly an area of her expertise and I thank her for her contribution to the debate. I also want to put on record that, beyond our line-by-line scrutiny in Committee, I want to work with her and officials on how we can improve access to childcare for disabled children, so I invite her to the Department to discuss that.

I want to be very clear that the Government believe that parents with disabled children should have the same opportunities as other parents via increased choice of and access to high-quality childcare. The Government’s commitment to improving the system for children with SEN and disabilities was strongly demonstrated in the previous Parliament, during which we legislated through the Children and Families Act 2014 to introduce the biggest reform to the SEN and disability system for 30 years. The reforms, which introduced a nought-to-25 system, with an emphasis on early identification and the importance of integration between education, health and social care for children across the age range, were supported on both sides of the House.

**Ruth Cadbury:** The Minister listed three factors in the review of disabled children’s education, but he did not use the word “childcare”. The parents of disabled children want to be able to work as well as to have good care, education and social services support, so will childcare be part of the review that he has just mentioned?

**Mr Gyimah:** I am coming to precisely that point. The changes will not solve all issues in the system overnight, but they are at the early stages of implementation and are starting to make a real difference for families. As I pointed out in relation to funding for parents of disabled children, tax-free childcare for families with disabled children will provide support of up to £40,000 until the child turns 18. So, from nought to 18, a parent with a disabled child will get twice the allowance that a parent with a non-disabled child will get through tax-free childcare.



I recognise that the extensive work carried out by the parliamentary inquiry into childcare for disabled children, co-chaired by the hon. Member for North West Durham, found that some parents have difficulties accessing childcare. That is disappointing. I am clear that the entitlement to 15 hours' early education is for all children. It is not acceptable for children with disabilities to be unable to access their entitlement.

**Alex Cunningham:** As the Minister knows, 40% of families with disabled children are not accessing care, which is 10 times more than in the wider population. I accept that there is sufficient money, but how do we ensure that there is the expertise needed in all our nurseries to provide the expert care that meets the specific needs of disabled children?

**Mr Gyimah:** The hon. Gentleman makes a good point. The truth is that disabled children have very different needs. There are a range of needs, which is why I would like to work with the hon. Member for North West Durham.

I will develop my argument further on how we can make sure we have the right expertise in the right setting. For some disabled children there needs to be an overlap between early education and nursing care, and in some situations there also needs to be a speech and language therapist, or a music therapist, on hand. There is no one-size-fits-all approach to childcare for disabled children. We need to work out the right way to do this, and if the hon. Gentleman will bear with me, I will make some suggestions during my speech.

Local authorities are required by law to secure free entitlement places for parents who want their children to take them up. There is a clear legal position enabling all three and four-year-olds to receive 15 hours of early education, and it is clear in the Bill that all such children are eligible to receive an additional 15 hours. Local authorities are also under a duty in the Childcare Act 2006 to ensure that there is sufficient childcare in their area. The requirement is for all children, and it is not acceptable if there are no places for children who have additional needs.

11 am

The debate has centred on how the funding settlement makes such care possible. A key issue that has been raised is that disabled children are not accessing their entitlement because of funding problems, so I will set out the funding settlement for early-years provision in general and then move on to how it relates to children with additional needs.

I was pleased to confirm on Second Reading the generous spending review outcome for early years provision. At a time when the Government are focused on austerity and on ensuring that we pay our way, they have made the strategic decision to increase investment in early years childcare, because it is so important. Together with the funding announced in the summer Budget, that means that the Government will invest more than £1 billion a year in the funding entitlement by 2019-20. I am yet to see any publication that has come out since the spending review that disputes the fact that we will put in £1 billion a year—£700 million for the core entitlement and £300 million to uplift the rates.

**Jess Phillips:** I recognise what the Minister says, but if a report does state otherwise, will he change his mind?

**Mr Gyimah:** If there is a report that disputes the £1 billion a year spend, I would definitely like to see it.

**Jess Phillips:** And would the Minister increase the amount?

**Mr Gyimah:** No, I would definitely like to see the report. Of the £1 billion, £300 million is for a significant uplift to the rate paid for two, three and four-year-old entitlements. We have increased the rate not just for the three and four-year-old entitlement, as promised at the election, but for the two-year-old entitlement. The new average hourly rate—we have to be clear about it—is £4.88 for three and four-year-olds and £5.39 for two-year-olds, and the equivalent rate per carer, for three and four-year-olds, is £39. The uplift will apply to all children accessing the free entitlement.

We did not stop there, however. We also announced £50 million of capital funding to help providers who wish to expand and increase the number of places they are able to offer, as well as committing to a fairer funding distribution through the introduction of a national funding formula for early years. Neither of those elements, which are critical to a comprehensive and sustainable system, is mentioned in the clause.

Introducing a fairer funding formula for early years is essential. Current funding for early years varies considerably around the country, enabling some areas to offer parents additional hours of provision above the statutory 15 hours a week. The additional investment is a strong signal of the importance that the Government place on early years, and of our desire to help hard-working parents back to work and help them with the cost of living.

The rate increase is underpinned by the comprehensive review of the cost of childcare that was published on 25 November. The review was based on the best published evidence available, with additional evidence being collected through the review itself. Some 2,000 pieces of evidence from the childcare sector were reviewed, and every major childcare organisation contributed to the review. Childcare providers generously even provided their own profit and loss accounts so that we could identify and understand how their cost base worked. We promised the view at the election, and we have delivered on that promise. It is the most comprehensive bottom-up analysis of the cost of childcare provision in the country, and I have no doubt that hon. Members will agree with the rigorous, evidence-based approach we have taken to the analysis.

On how the review was conducted, it was led by the Department for Education's chief analyst, who analysed the best published evidence and went the extra mile by collecting additional evidence throughout the review. The review examined the cost of childcare provision at provider level and considered all evidence on the current demand for and supply of childcare places for two, three and four-year-olds, for whom there is free entitlement. It also considered cost pressures that providers will need to meet in future, including the national living wage, and found that there is scope for providers to be more efficient, for example by reducing under-occupancy.

[Mr Gyimah]

That analysis has allowed us to understand the funding needs of the sector and gain better insight into the characteristics of a diverse market and how it might respond to deliver the entitlement.

**Ruth Cadbury:** I thank the Minister for describing the review. He mentions under-occupancy. Has he had the chance to analyse how childcare providers can deal with occupancy figures and capacity, given that many parents work uneven hours, shift work and so on, and other parents are on flexible contracts? How does the Minister expect childcare providers to operate at high occupancy rates when so many parents work different hours in different weeks?

**Mr Gyimah:** There is significant scope for looking at under-occupancy, and we want to work with the sector. Most nursery providers say that they are very busy on Tuesdays, Wednesdays and Thursdays, and less so on Mondays and Fridays. Some nurseries price their offer in such a way as to encourage parents to take up the quiet times, when there are still staff costs but no parents taking up the offer. There are ways to make that possible.

**Ruth Cadbury:** It is generous of the Minister to consider the needs of childcare providers, but how does that work given that it is the employers of those parents who determine the hours for which they need the childcare offer?

**Mr Gyimah:** If a childcare provider wants to say to parents, “This is how we price; it is a market,” parents can pick and choose the spots that work best for them. We are saying that there is more scope to look at under-occupancy. It may work for some providers and not for others. We will work with the sector on that.

As I said, the review had extensive input from the whole sector. I will name some of the key organisations that provided input: the National Day Nurseries Association, the Professional Association for Childcare and Early Years, the Family and Childcare Trust and Contact a Family, as well as providers that attended round-tables that we held in the summer. The review does not just reflect costs in the south-east and London, because those round-tables were held around the country. I would like to take the opportunity to thank everyone who contributed to such a significant achievement, with the review being the first of its kind.

We are debating the impact of the provisions on children with additional needs, and the review also considered the impact on the cost of provision for children with special educational needs and disabilities. We held thematic discussions on childcare for children with additional needs, including special educational needs and disabilities. The review found that the nature and level of support required by those children can vary significantly, as does the prevalence of additional needs across each setting. The cost estimates reported in the review made allowances for some of those factors.

Our analysis of the responses to the call for evidence also highlighted that providing for children with additional needs, special educational needs and disabilities drives up costs for providers, particularly salaries. That is because children may need more one-to-one support,

and there may be a need for greater involvement of other services—for example, health services or therapists—to support the provider in caring for the child. I saw that for myself when I visited Bath Opportunity pre-school, a specialist nursery providing childcare for children aged nought to five with a range of additional needs. The pre-school delivered excellent care for the children, but it was clear that the cost of delivering that care depended on children’s level of need. To deliver that care, the provider needs to work closely with a range of agencies, supported by the local authority to access funding from the high needs block, which is for ages nought to 25.

**Alex Cunningham:** The Minister heard me raise earlier the issue mentioned by Contact a Family, about the early years single funding formula. Is he saying that the higher-level funding will compensate and provide sufficient funding for people with a disabled child, who are finding the costs extremely high?

**Mr Gyimah:** First, I have outlined how parents could get tax-free childcare. Secondly, we confirmed in the spending review that there will be protection for high-needs funding, which will ensure that it rises in proportion to the number of children, including those under five. For parents with disabled children, there will be a number of funding sources to help them buy childcare provision based on their needs.

**Alex Cunningham:** Is the Minister reassuring the Committee that a person with a disabled child will not be disadvantaged financially in any way whatever, in comparison with a person with a child who does not have a disability, when they come to buy childcare?

**Mr Gyimah:** By having tax-free childcare and the high needs block, and also by having increased the hourly rate, we will ensure that local authorities continue to have the flexibility to target funding where it is most needed to help children with disabilities and their families, including the youngest children.

**Pat Glass:** I hear what the Minister is saying about the high needs block of grant funding, but will he not accept that local authorities such as mine have lost 40% of their funding? They argue that the funding that goes into the high needs block is insufficient in itself to fund education for children who have statements or education and social care plans—the statutory bit. They will therefore not be able to find money to fund the non-statutory bit, which is childcare, even if they want to, which they do.

**Mr Gyimah:** The hon. Lady pre-empts my next point. When it comes to funding for children with additional needs, we know that one size does not fit all. That is why I have committed to considering early years funding for children with special educational needs and disabilities as part of our wider consultation on allocation and a fairer funding system in 2016—specifically to look at the issue that the hon. Lady points out.

However, we also know, going back to a previous point, that access is not just about funding. We have heard throughout this debate that although funding is important, it is not the only issue. I am sure that in a



later debate we will talk about how the workforce support children with additional needs, but the way in which local authorities and providers work together to ensure that all children access their entitlement goes beyond funding into how services work together and how the workforce are supported. I therefore want very clearly to commit that as part of our early implementation of 30 hours from September 2016, we will seek to encourage innovative approaches to providing flexible childcare for working parents whose children are disabled or have special educational needs. I am sure that the hon. Lady will have a view on that when we sit down to discuss how we can make that happen.

I would now like to talk more widely about clause 1 and why I do not believe it should stand part of the Bill.

**Alex Cunningham:** I am grateful to the Minister for taking another intervention. He said about 10 minutes ago that he would address the issue of staffing to ensure that there is the necessary level of expertise in nurseries so that they can offer appropriate support for children with disabilities. I do not know whether he intends to address that later in his speech, but it appears that he is moving on, so I would appreciate it if he addressed it now.

**Mr Gyimah:** I believe that there is an amendment specifically on the workforce. When we debate that, we can debate all the staffing issues together. I want to focus on amendment 10 and clause 1.

Clause 1 was introduced in the other place in response to concerns about a lack of detail about how the Government would fund their commitment to provide 30 hours of free childcare for three and four-year-olds. Critically, it was also about the opportunity to scrutinise how that would be done. Before the Bill was introduced, we committed to increasing the rate paid to providers that was announced by the Prime Minister in March, and to a comprehensive review of the cost of childcare.

11.15 am

As I said earlier, we have firmly delivered on those commitments, as promised, and we have done so in time to inform the scrutiny of the Bill. We have completed the review of the cost of childcare. The final report has been published, and we have confirmed the generous financial settlement for the delivery of the 30-hour entitlement announced by the Chancellor. Clause 1 proposes that a review be completed and a funding solution put in place. We have addressed those points extensively in the last few months, and the outcome is now clear.

On that basis, and as we have now addressed the concerns raised in the other place, we believe that clause 1 is no longer needed. It would require us to undertake a second review just after finishing the first one, which took six months, at significant cost to the taxpayer. In particular, it would require that an independent review be established. That would take significant time to set up, with the appointment of a chair, the setting of terms of reference and the gathering of evidence, and it is not clear how its findings would feed into decisions about Government spending, which Members know are taken at the Budget and the spending review. That is why we got on with things so quickly, established the Government's review and reported in time for the spending review.

The Government need to announce funding rates for local authorities in 2017-18 by the summer of 2016, so that local authorities can develop their own single funding formula for providers and consult them. Another review would not only delay childcare to the tune of £5,000 per child for parents, but would make it difficult to enable local authorities to prepare in advance of roll-out in 2017. Having to carry out a review again would delay implementation. We cannot afford more obstacles in the way of providers who are keen to know—and need to know—how the arrangements will work out.

**Alex Cunningham:** No one wants to delay the implementation of this fantastic policy, but the review, and the consideration of the issues that were raised in the other place, could happen in parallel without inhibiting that implementation. They would inform it considerably and perhaps make it possible to get the right numbers, which we need to understand the cost and the number of placements available. Surely the Minister accepts that something could be done in parallel, and that he does not have anything to fear from that.

**Mr Gyimah:** I do not see the case for a further independent review after a review has been held. The autumn statement set the Government's budget and spending plans for the entirety of the Parliament. We have a very generous settlement: we will be spending £2.9 billion in 2018-19, having spent £2.8 billion in the last Parliament. That is a significant increase.

Finally, Members have asked questions about the detail in the Bill. The hon. Member for North West Durham is a veteran of childcare debates in this House, and I say to her that regulations are the right place for much of the detail. The full eligibility criteria, and the details about the childcare providers that local authorities are required to fund for the current entitlement, will all sit in regulations. The previous Labour Government made the same choice. We set out our intentions in a series of policy statements, and the regulations will be subject to the highest degree of parliamentary scrutiny.

**Pat Glass:** I accept that on previous occasions much of the detail on childcare has been in regulations. The difference is that there has previously been some detail in the Bill. The concerns raised in the other place and by the Opposition today are about the singular lack of detail in the Bill. That is why we are concerned about so much being pushed into regulations.

**Mr Gyimah:** As I said, the regulations will be subject to parliamentary scrutiny. I hope that hon. Members will agree that the proposals in clause 1 have been fully met through the completion of a robust and evidence-based review and a substantial financial settlement. It is important that we consider one of the key reasons why the clause was inserted in the other place—namely, concern that the Bill would not be scrutinised by Parliament in the light of spending decisions. I understand that concern, but we are now scrutinising the Bill line by line, with further stages of debate ahead. It may not have been the intention of the other place to delay the implementation of additional free childcare by inserting the clause, but I am clear that setting up an independent review would risk delay. I therefore believe that clause 1 should not

[Mr Gyimah]

stand part of the Bill, and I hope that the hon. Member for North West Durham will feel reassured enough to withdraw amendment 10.

**Pat Glass:** I started this morning by saying that we support the Bill. We want to see it have a fair wind, but we have a number of concerns about the lack of detail in it. It is particularly lacking in detail about funding. I am somewhat reassured that we now appear to have £1 billion, but that leaves us still almost £0.6 billion short of the figure mentioned in the independent review, so there is still a major funding gap. We want to help the Government persuade their lordships that the Bill is sustainable and deliverable.

The Minister is not being fair when he refuses to accept that there is an existing cross-subsidy in the system, and that the current 15-hour offer is underfunded and is subsidised by parents who are taking more than 15 hours. We have real concerns that if the number is increased to 30 hours, it will remove the opportunity for that cross-subsidisation and push the cost down in the system, so that there will be a sharp increase in the cost of childcare for babies, one year-olds and two year-olds. It will produce an ongoing squeeze on costs elsewhere, and our real concern is that as a result, quality will suffer.

**Mr Gyimah:** The hon. Lady has repeated the claim about £1.6 billion that she made on Second Reading. That figure predates the funding uplift and ignores the eligibility criteria that we have introduced and the savings we get through working tax credit and tax-free childcare. I ask the hon. Lady to withdraw that comment, given that it ignores all those facts, which we have known about since the spending review.

**Pat Glass:** I am sorry, but from what the Minister has said today he has not convinced me that we have the funding we need to deliver this policy. I think he will have to try harder. He is refusing to accept that cross-subsidisation underpins the system. If we pull away the

opportunities for that cross-subsidisation, it will either squeeze costs somewhere else or affect staffing ratios and quality.

**Jess Phillips:** Following the Minister's intervention, is my hon. Friend as worried as I am about the fact that the Government are now saying they can afford the new measures because of the change in eligibility? Earlier, the argument was that eligibility had not reduced access for anyone. How has eligibility reduced the cost of the policy—is it because people cannot now get access to the offer?

**Pat Glass:** I am grateful for that intervention. If the threshold has gone up, it appears that it will push out families and children from the least advantaged homes—those who have the least money. The rise in the eligibility threshold will hit those who can least afford it.

**Mr Gyimah:** I thank the hon. Lady for being so generous with her time. My point is that before the spending review, as before any spending review, there was wild speculation about what Government promises made in their manifesto will cost. Until the Government have actually set out the detail of a policy, that is all speculation. Since the spending review we have made clear who is eligible and provided the money to fund it, so it is wrong for hon. Members to keep referring to speculative figures that were published before the spending review.

**Pat Glass:** I have looked at the IPPR document and the Government's review of the cost of childcare, and there is hugely more detail in the IPPR document than in the review. The Minister has referred to the review several times, and I have it here. My reading is that it does not take account of cross-subsidisation.

11.25 am

*The Chair adjourned the Committee without Question put (Standing Order No. 88).*

*Adjourned till this day at Two o'clock.*