

Briefing Paper

Investing in childcare

In this paper we set out why investment in both physical and social infrastructure is important from a gender perspective and set out the case for a shift in our approach to childcare.

Infrastructure is defined as “the basic physical and organisational structures needed for the operation of society or enterprise.” When discussed in relation to government policies and spending plans conversation tends to focus on physical infrastructure, such as roads and rail. While this investment is crucial, a successful economy and society also needs good social infrastructure such as childcare and health services.

It is our view that an effective childcare system needs to deliver for children, parents and employers and the best way to ensure this is to consider childcare as a crucial element of Wales’ infrastructure. Such a shift will help to place investment in childcare at the heart of economic development, ensuring that economic growth delivers for men and women.

1. Wales’ economy is not currently making the most of women’s potential
 - 1.1. Despite progress, women’s economic participation remains lower than men’s. Figures from the ONS show that in the last quarter of 2014, 74.5% of women in the UK aged between 16 and state pension age were participating in the labour market (i.e. were either employed or unemployed and seeking work) compared to 83.3% of men.¹
 - 1.2. Women continue to be more commonly employed in sectors that are lower paid and offer fewer opportunities to progress, such as social care, tourism and administration. They are also less likely to be represented in more senior positions accounting for just 36% of the chief executives of the 100 largest Welsh charities, 18% of Welsh local authority chief executives and 2% of chief executives or equivalent of the top 100 businesses in Wales.²
 - 1.3. It is also recognised that women are often found working below their skill level, with a lack of appropriate childcare and/or flexible working options cited as contributing factors. In our own 2013 report *A Woman’s Place* we found that 28% of respondents felt that full use was not being made of their skills and experience.³ The IPPR identified the same issue in their study of flexible

¹ ONS *Participation Rates in the UK – 2014 2015*

² EHRC Wales *Who runs Wales? 2014 A lost decade – no change 2014*

³ Chwarae Teg *A Woman’s Place: A study of women’s roles in the Welsh workforce – the full report 2013*

working across Europe, stating that a high prevalence of women working below their “qualification grade” was one of three undesirable employment outcomes for women.⁴

1.4. The impact of these issues is clear. The gender pay gap persists, being nearly 20% for all UK workers (i.e. full and part time) and 16% in Wales.⁵ There is also a wider economic impact. In 2014, the Women’s Business Council estimated that the UK economy could be grown by more than 10% by 2030 if men and women’s economic participation rates were equalised.⁶

2. Childcare remains a key barrier

2.1. Figures show that having children continues to affect women’s economic participation. Of those women not participating in the labour market, two in five stated this was due to “looking after the family/ home”. While the overall participation rates for women with dependent children were not vastly different from those without at 74.1%, the participation rate for those with children aged 0-4 when the need for childcare is most acute was just 65%.⁷

2.2. The gender pay gap shows that childcare continues to shape women’s career choices and engagement with the labour market to a greater extent than men’s. While the gender pay gap for younger women has lessened significantly, it widens noticeably for older women. In 2015 the gender pay gap for women aged 22 to 29 was 4.2, this jumps to 11.5 for women aged 30-39 and to 27.3 for women aged 50-59.⁸

2.3. While the UK’s maternal employment rate is average among OECD countries, it is significantly lower than the top performers Denmark, Sweden and the Netherlands, all of which have maternal employment rates of around 80%.⁹ Looking at international evidence the IPPR concluded that the degree of public support for childcare is a “significant determinant of maternal employment rates”.¹⁰

3. An effective childcare system is as important to Wales’ economic success as physical infrastructure

3.1. There is growing agreement internationally of the importance of investing in social infrastructure and care services in particular.

3.2. The New Economics Foundation recently stated that “since childcare can play a pivotal role in entrenching or reducing income and gender inequalities, public investment to raise quality [of childcare] and make it universally

⁴ IPPR *Women and Flexible Working: Improving female employment outcomes in Europe 2014*

⁵ ONS *Annual Survey of Hours and Earnings 2015 Provisional Results 2015*

⁶ Women’s Business Council *Maximising Women’s Contribution to Future Economic Growth 2014*

⁷ ONS *Participation Rates in the UK – 2014 2015*

⁸ ONS *Annual Survey of Hours and Earnings: 2015 Provisional Results 2015*

⁹ IPPR *Childmind the Gap: Reforming Childcare to support mothers into work 2014*

¹⁰ Ibid

accessible will reap valuable returns to individuals, society and the public purse.”¹¹ This view is echoed by the Women’s Budget Group¹² and Nesta.¹³

3.3. The International Trade Union Confederation went a step further, suggesting that investment in social infrastructure will reap the same rewards as investing in physical infrastructure while also delivering more gender equal gains. They state that “besides creating new jobs, investment in both childcare and social care would help tackle some of the central economic and social problems confronting contemporary societies: low productivity, the care deficit, demographic changes and continuing gender inequality in paid and unpaid work.”¹⁴

3.4. While universal, free childcare is likely beyond the gift of the Welsh Government under current devolution and funding arrangements, shifting out approach to childcare to view it as a crucial element of Welsh infrastructure that requires investment, could help to place it at the heart of economic development. This will ensure that women are able to benefit more equally from WG investment and ensure that economic development not only delivers a more prosperous Wales but a more equal one too.

¹¹ New Economics Foundation *The Value of childcare: Quality, cost and time*

¹² Women’s Budget Group *Investing in the caring economy – the case of free universal childcare in the UK 2016*

¹³ Nesta *Childcare: the next grand infrastructure project 2015* (Blog Post: accessed 11.07.16)

¹⁴ International Trade Union Confederation *Investing in the Care Economy: A gender analysis of employment stimulus in seven OECD countries 2016*