



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Justice and Social Security Committee

Thursday 8 June 2023

Session 6



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Pàrlamaid na h-Alba

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SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE
15th Meeting 2023, Session 6

CONVENER

*Collette Stevenson (East Kilbride) (SNP)

DEPUTY CONVENER

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

COMMITTEE MEMBERS

*Jeremy Balfour (Lothian) (Con)

*Miles Briggs (Lothian) (Con)

*Katy Clark (West Scotland) (Lab)

*James Dornan (Glasgow Cathcart) (SNP)

*Marie McNair (Clydebank and Milngavie) (SNP)

*Paul O’Kane (West Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Beverley Isdale (First 4 Kids)

Susan McGhee (Flexible Childcare Services Scotland)

Rami Okasha (Children’s Hospices Across Scotland)

Kirsty Ramage (Bellsbank Project)

CLERK TO THE COMMITTEE

Claire Menzies

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament
**Social Justice and Social
 Security Committee**

Thursday 8 June 2023

[The Convener opened the meeting at 10:00]

**Decision on Taking Business in
 Private**

The Convener (Collette Stevenson): Good morning, and welcome to the 15th meeting in 2023 of the Social Justice and Social Security Committee. We have received apologies from Miles Briggs.

Our first item of business is a decision on taking business in private. Do members agree to take agenda items 3 and 4 in private?

Members indicated agreement.

**Child Poverty and Parental
 Employment Inquiry**

10:00

The Convener: Our next agenda item is an evidence-taking session to inform our inquiry into addressing child poverty through parental employment. The inquiry is looking at how the Scottish Government is working with local authorities, employers and other partners at a local level to tackle child poverty through improving employability.

This will be our second panel on the theme of affordable and flexible childcare, with the focus of this session on service delivery. I welcome to the meeting Susan McGhee, chief executive of Flexible Childcare Services Scotland, and Rami Okasha, chief executive of Children's Hospices Across Scotland, both of whom are joining us in the committee room. We are also joined remotely by Kirsty Ramage, project leader at the Bellsbank Project, and Beverley Isdale, chief executive of First 4 Kids. Good morning to the witnesses and thank you for joining us.

Before we start, I want to mention a few points about the format of the meeting. We have allocated roughly an hour and 15 minutes for questions. I should say to the virtual witnesses and members that, before speaking, they should wait until I—or the member who is asking the question—say their name to give our broadcasting colleagues a few seconds to turn their microphone on. Anyone who wishes to come in on a question can indicate as much with an R in the dialogue box in BlueJeans.

Please do not feel that you have to answer every question. If you have nothing new to add to what has been said by others, that is okay. We have a lot to cover this morning, so I ask everyone to keep their questions, answers and follow-up questions tight. Colleagues who are in the room should indicate to me or the clerk if they wish to come in or to ask a supplementary question. Members who are joining us online should use the chat box or WhatsApp to do so.

As agreed at our pre-briefing, I will invite members to ask questions in turn. For our first theme, which is flexible childcare, I call James Dornan, who is joining us remotely.

James Dornan (Glasgow Cathcart) (SNP): I want to start with a question for Susan McGhee from Flexible Childcare Services Scotland. You describe yourselves as a

"test site for a scalable business model".

What insights can you provide on how flexible services impact child poverty?

Susan McGhee (Flexible Childcare Services Scotland): The delivery of flexible childcare has a huge impact on child poverty, because it empowers parents to be able to enter or remain in work, to study or to get support that prepares them for returning to work. It also reduces the amount of money that families need to spend on childcare. Childcare costs, say, £6 to £7 per hour; if someone can book flexibly only the hours that they need, instead of a set session, it will save them a couple of hours a day, which, over a five-day week, could add up to £60 or £70. That would help those families move out of poverty; the money might go towards their food shopping, for example, so that they are not struggling to eat. Flexible childcare makes a big difference.

We have surveyed the families using our services. Each week, between 800 and 1,000 families use the service; when we carried out our survey, about 800 families were using it, and we found that approximately half of them were using flexible childcare, because they were returning to work or studying. Other users were families who have children with additional support needs. Of those, around 400—94 per cent—had increased their income by up to £5,000 per year, which made a huge difference to their lives.

James Dornan: What would be needed, above what you are getting now from the Scottish Government and local authorities, to increase the level of flexibility available in pre-school and school-age childcare?

Susan McGhee: Operating flexibly means that it is harder to fill your service. Commercial providers aim for 100 per cent occupancy, which, realistically, means somewhere over 90 per cent occupancy, and they sell their sessions on a straight-line basis—that is, Mondays to Fridays, half days or full days. It is really easy to fill up the service in that way. If you sell your sessions flexibly—in other words, provide just the sessions that families need—you end up with odd gaps in the overall capacity that are hard to fill, and it means that you really only get a maximum of about 70 per cent occupancy.

We also tend to operate in areas that are probably not attractive to commercial providers, and we have families with multiple and complex needs that often require our practitioners to attend, for example, team around the child social work meetings. A lot of other agencies are involved in the work that we do, and we have to have higher staffing levels to meet that need. Therefore, the cost of delivering a really flexible service for families in the most significant need is around £3 to £4 an hour or more than is currently funded through the 1,140 hours funding rate from most local authorities.

James Dornan: Basically, you are saying that more money is needed. Do you think that that should come from the Scottish Government or from local authorities? How good is your relationship with local authorities in terms of ensuring that you get the support that you require?

Susan McGhee: It can be difficult. The priority of most local authorities around their funded hours is education and attainment. Although parental employability is one of the targets of that offer, it is perhaps not the priority for local authorities.

There is often a question about how children can learn if they are attending flexibly, but I think that it is a non-question in a lot of ways. After all, children learn all the time, so the learning is continually happening. Further, a lot of the families in the places where we operate would not use other services, so the choice is between our services or nothing.

We probably need to work more closely with some of the local authorities' employability programmes to see whether there might be a connection that could support parents. You could have the best employability programme ever but, if a family does not have childcare that enables them to work, they are just not going to go to work.

James Dornan: Is there a difference between pre-school childcare and school-age childcare in that regard, or do you face the same problem with both?

Susan McGhee: At the moment, pre-school childcare is funded and school-age childcare is not. That is a big shock to many parents. They might have worked during the early years and then had some funding through the pre-school years, which meant that the cost of childcare went down and they were able to work a bit more. As a result, the family's circumstances improved slightly. However, when their child goes to school, there is suddenly no funding for the before-school or after-school services that they might need. Families can struggle with that. We see people reducing their working hours or stopping working at that point, because they simply cannot find childcare that they can afford.

Children in the early primary years—in all primary years, really—are too young to be going home by themselves and spending any significant period of time alone in the family home. Also, in areas of poverty, they often do not have the things in the family home that they might need; they might be going home to an empty fridge or no wi-fi access. However, if they go to a club, they get food after school, access to services, support for homework, outdoor play and so on. There are huge benefits to that kind of childcare for all children, but particularly for children from families living with significant challenges.

James Dornan: When I hear you talk about there being no food in the fridge or no wi-fi access, I think that it is amazing how times have changed. However, that is the reality of life.

Your answers have been really helpful, but I have one last question. Are there are particular issues with the delivery of flexible provision in rural areas as opposed to urban areas?

Susan McGhee: Families in rural areas face a huge challenge when looking for childcare. People often get in touch with us to say that they are looking for a place for the child but that they simply cannot travel to the nearest space available. Further, it is difficult for a provider to deliver a sustainable service in a rural area.

There is certainly a big case to be made for being able to use the school estate and allowing providers to have small clubs on school premises in those areas. After all, there will obviously be a school that families can travel to, and if those premises could be used for both school-age and younger-age childcare by providers that step in and provide such services, it would certainly be helpful for families.

The other thing that could be explored is a hook-up with demand-responsive transport. Often, in rural areas, there are demand-responsive transport services that struggle to be sustainable. They might be for elderly people, or people with disabilities or additional support requirements, who need transport, but could they support families with young children, too? Would that tick two boxes? It would help families travel to the childcare services that they need while also helping the demand-responsive transport services become more sustainable.

James Dornan: That was very helpful. I see that Beverley Isdale wants to come in.

Beverley Isdale (First 4 Kids): I just want to echo what Susan McGhee has said about the shock that parents get when they find out that school-age childcare is not funded. It has quite an impact on parents' careers, because they might have had a funded place for their three or four-year-old—or for their two-year-old now—and then they suddenly find that they have to start paying again.

I would quite like a definition of what we mean by “flexible”. Does that mean flexible booking for parents or flexible hours for the delivery of childcare? There has been talk of people working, say, shift patterns or in the national health service who might finish really late—for example, at 8 o'clock—and how the childcare needed there is much more expensive. I can say, “You can book whatever day you want and whatever hours you want between 8 am and 6 pm,” and I will have enough people to fill childcare sessions between

those times; however, from 6 pm until 8 pm, only one child might need that service.

James Dornan: Thanks very much for that, Beverley.

The Convener: As no other panel member wants to come in, I will move on to theme 2. I call Katy Clark, who is joining us remotely. *[Interruption.]* Can you hear us okay, Katy?

Claire Menzies (Clerk): She cannot hear. Nobody can hear.

The Convener: In that case, I move on to Jeremy Balfour, who will ask questions on theme 3, and then we will come back to Katy Clark.

Jeremy Balfour (Lothian) (Con): Good morning, and thank you for coming along. Presumably, staffing costs are the major pressure on providers of preschool and school-age childcare. What other costs do you face? Are those changing, and how are you coping with them? Who wants to jump in?

Susan McGhee: Yes, staffing is the biggest cost for the service. Childcare is a ratio-driven business, so there must be a set number of staff per child.

However, the cost of living is impacting heavily as well. The cost of all the resources that we buy, such as food for the children and other consumables, are going up really quickly. The fuel costs—the power for the services—are rising, as are rents. In some areas, we have been using local authority premises to provide the service, and the rents have risen massively. The costs that are fairly standard for any business are rising rapidly for us.

We support the real living wage and we are an accredited real living wage employer, but the funding rates have not kept up with the percentage increase of those costs. The cost of inflation has also been higher than the increase in funding rates. We feel as though we are being hit from all sides at the moment. We are trying to provide services that meets parents' needs and the costs of doing that are going up and up.

Staffing costs are also under pressure because we cannot compete with the higher salaries that are paid by local authority services. There is therefore a real pressure to push costs up even beyond the real living wage increase to attract good-quality staff. The jobs that people are doing in our services deserve to be higher paid. Supporting and developing our future citizens is a really important job.

10:15

Jeremy Balfour: As no one else appears to want to comment on that, I will move on. Are

partner provider rates for funded early learning and childcare keeping up with the rising costs? Have they been getting worse for the past couple of years, or has the differential been going on for a number of years?

The Convener: Before anybody answers that, Beverley Isdale and Kirsty Ramage asked to come in on your earlier point.

Jeremy Balfour: My apologies. I will put that question on hold for later.

Beverley Isdale: One of our additional expenses is caused by the gaps in places as a result of parents' changing working patterns. With hybrid working, parents can work at home some of the time and go to their places of work at other times. That means that they might use our service only three days out of five and have the children with them when they are working from home. Whether that is right or wrong, it makes a difference to the number of our services that are full or that have empty places. That is another thing that costs us quite a lot of money.

For the past two years, we have had funding to develop the school activity and holiday—*[Inaudible.]* That has been cut this year, so we must now try to find the money to carry on all the work that was done to develop that, because it is not available any more. That will be another additional expense for this summer's holiday provision.

Next to staffing costs, which are 80 per cent of our expenditure, is school lets. Because things were so tight during the pandemic and we were losing money, we chose not to pay our rent to the local authority because it was one of the things that we could not afford to pay at the time. As a result, we have accrued debt, as other businesses will have accrued debt in different ways during the pandemic, and paying that back will be a big issue for us over the next however many years it takes. The local authority has been extremely kind in allowing us to do that, but we now have this bill that we need to pay.

Every business thing that we use, such as our telephone lines and information technology, has gone up by the rate of inflation and is now much more expensive.

Kirsty Ramage (Bellsbank Project): I want to say more or less the same thing. Because we are a third sector organisation, all our work is done through and paid for by grant funding. We have also found that grant funding is not going up, but everybody is expecting wages to go up. Instead of applying to two or three major funders a year, we are having to apply to 17 or 18. Everybody's wages are being paid from three, four or five different sources. It is really difficult to keep on top of that.

In addition to that, the local authorities take all our staff, because they can provide—*[Inaudible.]*—the trade—*[Inaudible.]*—generation is—*[Inaudible.]*—a big hit as well. One of the biggest hits is cover. If we have a member of staff who is off sick or on annual leave, we need to get bank staff in, so that does—*[Inaudible.]*

The Convener: Kirsty, we seem to have lost your connection. You might want to try to come back in. I do not think that Kirsty can hear me. We seem to be having some technical problems.

Kirsty Ramage: I can hear everybody.

The Convener: Oh, you can. That is good.

Kirsty Ramage: I have just one more point. As I was saying, covering staff absences is a real issue for us, but there are also issues when we are looking for bank staff, because we are in a rural area of high deprivation. People who work in early years need a protection of vulnerable groups certificate, which costs £59, and registration with the Scottish Social Services Council costs £20 or £25, but someone might get only four hours' work out of that. It is really difficult—*[Inaudible.]*

The Convener: I am sorry, Kirsty. We seem to be losing you again. Can you hear us?

We can always come back to you if your connection picks up. If you turn your camera off, that might improve your sound.

We can move on—

Kirsty Ramage: I do not know how much of that you heard, but the cost—*[Inaudible.]*

The Convener: Kirsty, I am afraid that your connection is really poor at the moment. We will come back to you.

Rami Okasha wanted to come in.

Rami Okasha (Children's Hospices Across Scotland): I want to mention staffing costs. Although CHAS is not a childcare provider, we work with many families who are struggling to access childcare. One of the barriers for children with very complex needs often relates to the level of skill that is required to support that child in any setting, in or out of the home. In those cases, where we are looking at the requirement for high levels of nursing skills, the salary reference point is the NHS scale, so, in effect, we are looking for people who have pretty much the skills that are needed for nursing or nursing support but are outwith the NHS. There is a huge gap emerging between NHS and non-NHS pay for those skills, which is a real challenge for non-NHS healthcare providers.

Jeremy Balfour: Thank you. That is a really helpful point.

I will go back quickly to what we were discussing previously in relation to partner provider rates for funded early learning and childcare keeping up with rising costs. It was stated that that is not the case, so has that been the situation post-Covid or was it happening before Covid?

Susan McGhee: There were always concerns that that rate was not the same. Anecdotally, we have heard that the local authority allocation per child is a couple of pounds more per hour than the allocation for funded providers. It has always been a concern, and the sector has challenged that in a number of ways on lots of occasions. As costs continue to rise, it is becoming a bigger and bigger challenge for providers to support that provision.

In some ways, private, voluntary and independent providers, which are those partners of local authorities, are supporting that policy because they are carrying some of that cost. The funded rate can be below their hourly charge-out rate so, by being a partner, they are losing money compared with their predicted revenue. The really basic issue is the 10 per cent increase in the real living wage—the inflation rate—given that the increase in the funded rate for partner providers is nothing like that. Obviously, that varies across authorities, but it has not gone up by anything like that.

Jeremy Balfour: I have one further question. Flexible Childcare Services Scotland's submission notes that

"targeted access to flexible childcare"

will cost more to deliver, but that

"this higher funding need may only be for a temporary period."

Susan McGhee, will you expand on why those high costs would be temporary?

Susan McGhee: The higher costs of delivering a flexible service are related to the gaps in filling occupancy capacity; we cannot fill that to 100 per cent, because we would end up with bits that just will not sell. The costs are also related to the higher staffing levels that are required to attend the various meetings that come with providing a service in an area where there is complex need, when families have more need and when there are other agencies involved; additional costs come with that.

We need to do more research on this, and we have had some discussions with the ELC directorate about exploring it further to try to understand it, but we think that the need might be temporary as we observe that families sometimes come to our services when they first move away from multigenerational unemployment. Life can be a wee bit chaotic when they first start to move

away from that. The work that they start in might be very sessional—a zero-hours type contract—and they might come back out of work because it is difficult to get a routine established in a family. However, after a period, we observe that things tend to stabilise. Families might have been booking flexible sessions quite randomly to allow them to do shifts, but then their bookings start to form a pattern. That might be because they begin a one-week-on, one-week-off shift pattern. There are different things to consider, but we think that a pattern starts to emerge.

As I said, further research and analysis is needed to understand the point at which the targeted higher rate might not be needed any more because a family is using a more standard model. I do not believe that there would be a set timeframe for every family. For example, I do not think that we could say that it will take three months or six months, because the approach has to be person centred, and it depends on the needs of each family, but it is worth further exploration and analysis.

The Convener: I will now go back to Katy Clark.

Katy Clark (West Scotland) (Lab): I will ask about workplace issues. We previously heard a lot of evidence about the difficulties with recruitment and retention that are linked to pay and conditions and, indeed, even to the remuneration of those who are running small—[*Inaudible*]. Today, we have heard further evidence on some of the other financial struggles that the sector faces. What do you think the Scottish Government do about that?

Susan McGhee: On the workforce capacity and recruitment challenges, there was an increased need for people in the sector as part of the increase to 1,140 hours of funded childcare, and there has been a big scale up by local authorities, which have added more services. They did a big recruitment drive based on the 1,140 hours, and a lot of qualified people have moved from the PVI sector—where perhaps they were not paid as much—into those jobs. There has been a lot of movement of qualified and experienced staff from the PVI sector into local authority services.

We thought that that was starting to stabilise, but deferred entry entitlement has come in this year, so local authorities in many areas are again looking for more staff to meet those requirements, which means that more people are moving across into local authority services. That makes it really difficult for us.

At the same time, we were living through Covid, which had an impact on colleges and training providers, so there probably have not been as many newly qualified entrants to the sector, which has been really challenging.

Recruitment is extremely difficult. It is having an impact on the quality of experience for Scotland's children because we have inexperienced staff leading inexperienced staff as we cannot keep the quality and experience within the services.

It is really challenging at the moment. There are more vacancies than there are people applying for them. Services are competing for staff, so recruitment bonuses are being advertised to get people to sign up. Lots of different things like that are happening, which is positive in some ways because it improves conditions for people working within the sector. However, as a provider, it is extremely difficult to do that and remain sustainable alongside the other challenges.

10:30

There are some things that could be done to look at qualifications. The sector is still predominantly female staffed. It has a 96 per cent female workforce. Perhaps we could widen the qualification criteria and include more outdoors, play-based qualifications. That would be an interesting way to provide different routes into the sector and might diversify the workforce somewhat, which would be positive for everybody.

Perhaps it would be good to have a boost in funding rates for bringing into the sector more mature candidates who are changing career. It is a sector with high churn. People come in and often, sadly, when they have their own children, they cannot afford the childcare so they do not return to it, which is not the best situation to be in. Perhaps there could be an incentive to bring people back into the sector—a golden hello, I suppose—alongside a supported training package. Things change really quickly in the sector, so we could have something that helped to boost people's confidence and ensure that their practice and knowledge were up to date if they were returning to the sector after a period of absence.

There are a number of potential initiatives on that. The workforce team at the Scottish Government is considering a number of them. It would be good to work really closely with the sector and get providers involved in that.

Beverley Isdale: One of the themes for us would be consolidation of what we already have. There is a lot of talk about where the funding will go for school-age childcare or the two-year-old places. There was holiday provision and then the money stopped. There is no security.

We have already spoken about the fact that we have clubs that are absolutely full and have waiting lists but cannot recruit staff to increase the numbers. However, we also have clubs that are sitting at 60 per cent full, so there is 40 per cent spare capacity that could be used for children we

hope to get into one in the near future. That would involve very little cost but would mean much more security for our sector.

I have staff moving on not because they want to do so but because there is no security in our sector. We might have to close some of the services that have low numbers, so we need to consolidate what we have instead of starting to look to other places to fulfil the demand when there is already space. The way forward must be the school base being open from 8 am till 6 pm—or even from 8 am till 8 pm if you want to include things such as Brownies and youth clubs—so that it is really flexible but with different people in there doing different jobs.

We have staff who work as support for learning assistants in schools and then come straight to us because there are not enough hours in a support for learning assistant's job and it is only term time and there are not enough hours in an after-school club, which could also only be term time. They put the two together and are running two jobs to get almost a full-time wage. It would be good if we could make that easier for people, so that their income was improved and they got more hours. That would improve the diversity of the people we have in the sector. It would be a full-time job at a reasonable rate.

You want people who are play-work qualified. You want people who have child development in their backgrounds. You want people who have a sports background, a dance background or any of the arts and culture backgrounds, so that the children, particularly school-age children, could get all those activities in one central place instead of having to be ferried back and forth to lots of different camps to get their football practice, their band practice or whatever. That is the only way that we are going to get good-quality staff who want to stay. I suppose it is about taking a pedagogy approach. We want to get people who want to stay in the job, so that we can be secure and parents have peace of mind and can go off to work.

The Convener: Thanks, Beverley. You raised some interesting points there.

Katy Clark: On the point that Beverley is making, which she covered in the First 4 Kids submission, does she have any proposals for how some of those ideas could be taken forward—in relation to people who are working in childcare also having roles as classroom assistants, for example? Does she have any practical suggestions about that?

Beverley Isdale: I do not—my expertise is not really in recruitment and human resources. However, one of the blocks is that support for learning is often seen in a similar way to how

school-age childcare used to be seen. There is the idea that, when your children go to school, you can work in a support for learning assistant's job for a little bit of pin money. It is not highly qualified and it is not particularly highly valued, and it is only for a few hours in term time, so your home life fits in. It is very female orientated, much as childcare is. It is all of those things, which are the same things that come up in relation to childcare, that we need to get past.

If we could value a pedagogy that is more about being a mentor for the child, rather than being specifically a support for learning assistant, a classroom assistant or a play worker, it would combine all the roles that we have divided up. We need to value the position. It goes hand in hand with asking how we value children and how we value play work or play, or their recreational time. How important is that?

It is also about asking whether we should be making parents work more hours instead of spending time with their children. There needs to be a balance, and that is where the point about flexibility comes in. People need to be able to choose whether they want someone else to look after their children instead of having no choice but to work 40 hours a week, be absolutely shattered, not be able to do the homework, and so on. That is where the need for flexibility comes in. It is definitely about valuing the post and valuing the child. There needs to be a social change. There needs to be a cultural change in how society views it. We have done that for things that are unhealthy, such as smoking and so on, and I think that we need to do that in relation to how important children are as well.

The Convener: Thanks, Beverley. We will move on to questions from Marie McNair.

Marie McNair (Clydebank and Milngavie) (SNP): Good morning. It is great to see all the witnesses. Thanks for your time.

The written submission from First 4 Kids suggests that the current system is penalising parents for choosing to work part time and have a balance between family and work. CHAS highlights the flaws in the UK carers allowance system and how we can improve on that in Scotland. I know that the committee is going to take some evidence on that in the near future.

From a social security perspective, can the witnesses highlight anything else that is a barrier? For example, previous witnesses have suggested that an increase in conditionality in universal credit is limiting choices. They have also suggested that 85 per cent of childcare costs are covered under universal credit—why not 100 per cent? How can families meet the remainder of those costs? Can you highlight any barriers?

Susan McGhee: Probably one of the biggest barriers is parents' understanding of what they are entitled to. There is a real lack of understanding of that, and it is not easy to get information about what they are entitled to. We try to signpost parents to financial support, but people find it complicated and struggle to understand it.

In particular, given the way that the eligibility of two-year-olds is linked to some of the benefits that their families are on and to low incomes, we would have thought that some of our families would have been entitled to funding because of their circumstances, but that has not always been the case. It is quite a complex system. Our request would be to make it more straightforward for everybody.

Rami Okasha: For parents who are also carers—in receipt of carers allowance—there are challenges around the cliff edge of losing that allowance entirely if the person earns more than £139 a week. For some parents who are in receipt of carers allowance, there is a financial disincentive to look for childcare and for work, because they would lose significant money. We certainly believe that that should be tapered off rather than there being a cliff edge at £139 a week. That would help and support many parents who are in receipt of carers allowance.

Marie McNair: Does anyone else want to come in?

Kirsty Ramage: I hope that you can hear me this time.

Marie McNair: We can.

Kirsty Ramage: [*Inaudible.*]

The Convener: I am sorry, Kirsty—you are breaking up again. Have you tried switching your camera off?

Kirsty Ramage: It is off. Can you hear me now?

The Convener: Yes.

Kirsty Ramage: I was talking about how universal credit does not benefit people who take on extra work. For example, one of our parents was working 16 hours and was receiving universal credit, housing benefit and all the rest of it. When she took on 32 hours, she became more than £100 a month worse off. Because she gets paid [*Inaudible.*] a year, universal credit thinks that she has been paid double in that month and she loses all her housing benefit and universal credit for that one month every year. Therefore, she has not benefited financially by taking on more working hours, and her childcare costs have gone up as well.

Marie McNair: Thanks for that, Kirsty.

What about other policy areas—for example, health and social care? Are reforms needed there that would help parents who are dealing with additional support needs?

Rami Okasha: The solutions are complex but the challenges are significant. When parents need support workers to be with their children, they cannot find staff with the right skills. There is a real skills shortage, so there is difficulty in agreeing packages of care with the local authority or health and social care partnership. Even when a package is in place, there is a challenge in finding staff with the right skills.

Just the other day, I was talking to a parent who had in place a very significant package of support but was simply unable to recruit the staff that she needed to support the child, so she is giving up work in order to be the sole carer for her child.

There is, therefore, a real challenge around the workforce and skills. However, there are also examples of really good practice. Children's community nurses are working with other staff in different systems to upskill them, including in childcare provision. There are examples of good practice, but the magnitude of the problem is significant in relation to children with additional support needs.

Beverley Isdale: We have come across the question of children with additional needs a number of times. It is happening with us at the moment. Children with additional needs tend to have transport from school to home. If they want out-of-school care, parents have to request that the children go elsewhere, because the education authority refuses to send them to out-of-school care. They have to go to their home base. That makes it really difficult for parents. The other thing is lack of equipment. If we have the space for a child, do we have a changing facility for them? Also, if we need staff training, how forthcoming can that training be?

10:45

Paul O'Kane (West Scotland) (Lab): I am particularly interested in eligibility and how we continue to expand provision, particularly for different age ranges. I will start with the work that has been done for two-year-olds. Audit Scotland's recent report highlighted that progress is being made but that work still has further to go. I want to get a sense from the witnesses of whether we are getting it right in identifying eligible two-year-olds. Do councils need to use more of their discretionary powers to get to more families? What is your sense of what is currently happening?

Susan McGhee, would you like to start?

Susan McGhee: We are making progress. There are eligible two-year-olds who are almost definitely benefiting from attending services. However, there is still a wee bit of an air of stigma around accepting an eligible two-year-old place, because people get those spaces because there is a reason for their getting them. There is a bit of a stigma around that for some families and we need to get over that for a start.

That should not happen, so we have to communicate in a different way to remove the feeling of not wanting to be one of the families that gets an eligible two-year-old place. We need to use a bit more discretion around that, and, when a family is identified as facing particular challenges, the authority can say that, although they might not meet the definition of what the funding is for, because they have not been shown to be facing this, this and this challenge, the child would benefit from an eligible two-year old place. There is therefore a need for discretion and partnership working between the local authorities and the providers on that, so that we are taking a connected and holistic approach to supporting the family.

On the broader expansion to younger children, there is a need to be in more of a partnership—in the truest sense of the word—relationship, so that providers feel that they are being listened to and that the challenges of the expansion to three and four-year-olds are not just repeated in the expansion to younger and older children. There needs to be a real joined-up approach to that, and those challenges need to be addressed before we make them bigger by scaling up the provision.

The Convener: Kirsty Ramage would like to come in.

Kirsty, can you hear us okay?

Kirsty Ramage: Has it happened again?

We work in an area of high deprivation, so we understand the benefits that children and qualifying two-year-olds get from—can you hear me?

Paul O'Kane: Yes.

The Convener: Yes, we can hear you okay.

Kirsty Ramage: We understand the benefits to children in this area of accessing childcare, but local feeling seems to be that it is coming at a detriment to working parents. There is no place for them. We offer a crèche, and it is full of the children of working parents because they cannot access local authority childcare because they do not qualify—they are not classed as vulnerable because they are working, but they cannot work if they do not have childcare.

Paul O’Kane: The committee received a submission from Early Years Scotland that focused on the point that the thresholds for access to that childcare are quite limiting. I think that 25 per cent of two-year-olds are eligible and many families are missing out. My question is whether those thresholds are right or whether we need to look at them and expand access. Susan McGhee, do you want to comment on that?

Susan McGhee: Yes. So many of the families that are working and that are just above that threshold are probably pretty close to being in poverty and struggling in lots of ways. It is a balance. People just tip over the threshold and, suddenly, they have a bill for childcare, which might mean that they are in a worse situation than some of the families who qualify for the funded places. There is probably a need for more funded places for families in general, but we must get it right, because, at the moment, there will be an unwillingness on the part of providers to enter into that.

We must get the model right so that we can provide those places and then look at where the thresholds sit, how the system supports families to work and what the whole wellbeing approach to that looks like, because provision might be made not to support people to work but to support them to train or to support their mental health and wellbeing by giving them a break. We need to look at the big picture of why families need that care. It is not just about earnings—there are different reasons for that need.

Paul O’Kane: I will follow up on that point. A lot of our discussion has been about universal provision for three and four-year-olds. Are there significant challenges to universal provision for two-year-olds? What work can you see being done that might move us towards that position?

Susan McGhee: As with many things, the biggest challenge comes down to the cost and getting the funding level right so that providers are able to offer that. The ratio of staff to children is different at age two—there are only five children to each member of staff, whereas there are eight older children to each staff member. That makes the staffing cost for that provision higher, which calls for a higher funding rate. As providers, we already think that the funding rate is not meeting the cost of delivering the service for children. Therefore, that is the biggest issue. We must get the funding right. If we can do that, and if the workforce challenges can be resolved, having that universal offer will be good for all parents. However, beyond that, there is also a need for targeted additional support for families who are facing the most complex challenges.

Paul O’Kane: Witnesses are very helpfully leading my questions into the next area that I had

planned to go to, which is always good. Rami Okasha, on the point about families who require additional support and have different needs, are councils using flexibility to provide childcare, particularly for two-year-olds, or could far more be done now, within discretionary powers and by looking more widely at eligibility, to address those circumstances?

Rami Okasha: That is a really important question, because, although we talk about universal availability at ages three and four, we do not have universal availability—there are many hundreds of children whose families are unable to find childcare settings that support them because of their complex healthcare needs. Many parents who would like to work and access childcare simply cannot, because the right settings with the right staff—we have heard about staffing and the physicality of the settings—are not available. That is the first thing that I want to say.

There is often good will on the part of local authorities to be supportive from the perspective of both childcare and self-directed support, but there is a lack of availability of settings that are suitable for all children. At CHAS, we work very much at the hard end of hard things—for example, with children who have very complex needs and life-shortening conditions. However, I am sure that the point that I make is also relevant to children who have complex disabilities but not a life-shortening condition. There is a real challenge in that regard.

In preparation for today’s session, I spoke to a parent from the Lothians—the mum of a young girl called Ava, who sadly died a number of years ago. She talked about the challenges that she had in trying to find somewhere suitable for her child. She said that they were very lucky to have a childminder who was willing to learn and upskill with community nurses in order to develop the necessary skills to look after Ava. However, when Ava’s needs changed, that stopped being a feasible placement, so they tried a nursery placement. That worked well for a short time, but the parents were called every day to come to support the staff with feeding or other complex issues. Therefore, although there was, nominally, a childcare place, the reality was that those parents could not work, because they were constantly being called away from their work. In the end, one of the parents—the father—gave up full-time work in order to care for Ava.

The mum talked about how school worked really effectively, but the challenge related to out-of-school care. Holiday clubs were simply not accessible to Ava. Many parents across Scotland face that challenge.

It is less about eligibility criteria and more about the practicality of how such support can be delivered for some of Scotland’s most vulnerable

children. Children with a life-shortening condition are overwhelmingly likely to be from the very poorest postcodes in Scotland—there is a real association between poverty and life-shortening illnesses—so something needs to be done.

Paul O’Kane: Convener, are you happy for Susan McGhee to come in before I ask my final question?

The Convener: Yes.

Susan McGhee: I just have a quick point to make. That is another area in which we find that, as providers, we are supporting the cost of the policy through our own funds and through our funders. Children with quite complex additional support needs attend some of our services. In some cases, we have gone back to local authorities to ask about additional funding—the children might need one-to-one support or we might need a specialist piece of equipment. Often, such funding is not available, so we have to manage that within our own budgets or with support from some of our grant funders. However, the benefit for those children and their families of being in a service with other children is huge, and it can be done—the facilities and the teams can cope with it. We just need to be able to pay for the additional resources and staffing.

Paul O’Kane: We have spoken about two-year-olds, but I am keen to understand a bit more about school-age children who do not currently have clear eligibility in that space. Do you have a view on what kind of eligibility for school-age children would be the most helpful in trying to ensure that we support people into work and keep people in work? The Government is considering all of that.

I do not know whether anyone wants to add anything—I appreciate that it is a big question.

Rami Okasha: I will expand on the point that I made a moment ago. Where holiday clubs for children with additional support needs are available, the charges are sometimes higher than those for holiday clubs for children without additional support needs. In relation to specialist provision being put in place during the school holidays, I heard of a parent being offered a holiday club for two days during the entire summer holidays and being charged at twice the rate of the holiday club that is available for mainstream children because of the complexity of that child’s needs. There is therefore inequity, and that is a real challenge in relation to being able to support people over that period of time and parents being able to work during the school holidays.

There is also a question about the wraparound support that is available for older children with disabilities, as they might not be able to be on their own and might require support outwith the school period, too.

Beverley Isdale: In our submission, we said quite clearly what we thought the expansion priority should be. For us, it is about in-work poverty—parents who are working but are still in poverty. We should think about those who are most at risk of having to stop work because they cannot afford childcare.

11:00

We should include lone parents who have no family support around them—people who are quite isolated and do not have parents in the next street or people who can do informal stuff for them. Another group is people who are newly engaged back in work. When people who have not worked for a long time go back to work, that is a precarious situation for them—there is a lot of anxiety. If we can take away the anxiety about what will happen to their children, they will have a better chance of staying in work and perhaps getting better hours, and they will have less reason not to turn up at their work.

A priority should be respite for parents or families of children with a disability or a particular need. As has been said, that is expensive. Business models are based on the ratios that the Care Inspectorate thinks should apply. For children of the age that we deal with, the ratio is one adult to 10 children, but that ratio is different for children with additional needs, so provision becomes more expensive.

Respite should be a priority. The parents of children with disabilities who come to our services are so grateful, because it is so difficult to get support for them. The children get so much benefit from being free and able to play with their peers.

A priority is anybody who is socially isolated and needs support—particularly people who are new to the area or even to the country and who need time or support to settle. Coming to a community-based play activity is good.

It is fundamental that the youngest children in school—those in primary 1, 2 and 3—enjoy the early years at school, because that makes a difference to how they feel about school for the rest of their lives. Those children need to be able to build good relationships, and they need to enjoy leisure time that is not necessarily about whether they can hold a pencil right and whether they know this or that, but which is associated with being at school and with their school friends. The youngest children in school would also benefit most from expansion.

The Convener: Before I bring in Gordon MacDonald to cover the final theme, I will ask a question. One thing that has come through, particularly in my constituency, is about the challenges of in-work poverty. In one family, both

parents are working and paying a phenomenal amount for childcare; when they applied for a mortgage recently, it was refused because their childcare costs were so high. That has impacted their credit ratings, too. Have you picked up on that in your areas? I ask Beverley Isdale to comment, as she touched on in-work poverty.

Beverley Isdale: I have not come across that, and none of our parents have told us about that. When we send out application packs, we always include information about tax credits and the HM Revenue and Customs childcare vouchers, so that parents know that they can get help with childcare, whatever their income is. However, I have not heard about having to mention childcare outgoings in a mortgage application.

The Convener: Has Susan McGhee come across that?

Susan McGhee: I have not come across that situation as directly as that—certainly not in my current role since founding Flexible Childcare Services. However, in my previous role, which was in more commercial nursery services, I was aware of families whose childcare costs were significantly more than their mortgage and who were really concerned about that. In some families, it took more than the whole salary of one of the two parents to cover childcare costs. It is really expensive to have more than one child in full-time childcare, so I can understand how childcare costs could reasonably affect a family's mortgage application, because applicants declare their outgoings on an application.

Gordon MacDonald (Edinburgh Pentlands) (SNP): Good morning, panel. This morning, we have talked a lot about the challenges that the sector faces. Looking to the future, the Government announced in October its approach to expanding the childcare offer. During the previous parliamentary session, it had its consultation about developing the policy. What involvement has the sector had in developing the policy that was announced in October about expanding childcare to school-age children and to one and two-year-olds?

Susan McGhee: There have been consultation events. Obviously, the sector membership groups are consulted, and they speak. There is definitely always a clamour from the sector for more consultation and to have voices heard directly, and there is a real willingness for people to share their expertise and be a part of that.

It can be difficult. We get multiple surveys about different things, and that can be a hard way to gather information from people. Obviously, it is hard to run around the country setting up consultation events. There are challenges around that, and the routes into getting everybody's voice

heard can be difficult, but there is a willingness and, I think, a desire for more of that to happen.

Some of that work is at a fairly early stage. My organisation has been working with the directorate responsible for school-age children through the CivTech programme, developing a piece of software to gather data around both regulated and non-regulated school provision. That is still in development—it is about to go into the user testing phase—so we are still at an early stage of gathering that evidence and information. That data will be an on-going live feed. It will not be a one-off piece of research.

There is a desire to be consulted more and to get the system right before it expands because, if we expand, given the struggles that currently exist, there is a danger that the system will implode and that we will not have a service for families.

Gordon MacDonald: As you rightly pointed out, the policy is at an early stage and, clearly, there are on-going discussions. Do you feel that those discussions are influencing the Government's policy?

Susan McGhee: In some ways, yes, they are influencing policy at national Government level, but is harder once it filters down to local government level. There are often barriers there. It is about that whole joined-up thing. The people influence the policy and the policy comes down from the Government, but then it kind of gets a bit messed up when it hits local government areas. That is the sticking point for lots of providers.

Beverley Isdale: I agree. There have been consultations. As you will have heard today, I have a lot to say for myself, so, at such events, I often say quite a lot. However, things then happen and I wonder why, because, despite the whole theme of that consultation and all the feedback that I have given, something else—[*Inaudible.*]—about funding. For example, the holiday money disappears and Scottish football is getting money to provide holiday camps. I think, "Well! That is not what was said in the consultation."

It is about how all that joins up and how the information filters through. Yes, we have been asked a lot, but not a lot then comes back to us about what has been useful in moving the Government. It is still very piecemeal. I am not sure how well we are listened to, unfortunately.

Local authorities know as little as I do. I speak to them quite a lot. They were given two weeks' notice to put in an application for the capital funding that was released. There was not much lead-up to that, so I am not sure that it will be money well spent, because nobody has had enough time to think it through properly.

Kirsty Ramage: The committee is taking evidence on parental employment, but there does not seem to be much talk about capacity. If you have a baby, your maternity leave lasts six to nine months, if you are lucky, and then you are expected to go back to work. If you are lucky enough to find a local provider that you can use for childcare, it might cost you a week's wages but, in reality, if your child is six or nine months old, the issue is capacity: there is nothing available.

Local authorities do not provide childcare for working parents of babies. You have to wait until your child is three and you cannot have maternity leave until they are three years old. A lot of the issue is about capacity and finding somewhere that you can go.

Gordon MacDonald: Just moving on—*[Interruption.]* Sorry, Kirsty, do you have more to say? You dropped out.

Kirsty Ramage: No, that was me. I just feel that working parents are always at the bottom of the pile for access to childcare at all ages. I do not understand how pre-five childcare and after-school childcare are not just part of the normal school day and week. We do not pay to send our children to primaries 1 to 7, so why do we need to pay to send our children to an after-school club? It is all part of their education and keeping the parents in work. Why is it not just all one big shebang? I do not get why it has to be all those separate organisations and services scrabbling for funding. We should just make it all part of the same estate.

Gordon MacDonald: If we are looking at school-age childcare, a lot of schools already have breakfast clubs, after-school clubs and some form of holiday provision, but it is clearly not an ideal world. If, in four years' time, we wanted to see an entirely different approach to childcare, what would it look like and what is the level of task that we face?

Susan McGhee: I would like there to be more of a hub model in some ways that serves everyone from the youngest children and families right the way through. Perhaps it would also have school-age childcare within the schools, as we have talked about, because we need to make better use of the school estate. However, there should be a hub within the community that provides not only the childcare but wraparound family support and community facilities so that it becomes a real asset for the local community and reduces the number of doors that families need to knock on for help.

That would mean that families would be able to go to one place where they are comfortable that has the space for childcare provision but also for other services. Foster families use some of our services, so there might be a meeting room for

something such as a foster parent support group or for community groups to use for activities. If school-age childcare was looking at incorporating activity groups such as dance groups and brownies, those premises could also be used for such groups.

There should be a combination of early-age childcare within a hub and school facilities being used. It should also be normal, accepted and easily accessible that your child can attend those services regardless of their additional support needs. Extra, targeted funding should be available for children and families who need additional staff members or additional resources or who live in extreme poverty and need support with access to winter clothes, school uniforms or food.

We should have a much more holistic, wraparound and community-based facility.

Gordon MacDonald: Is that achievable if we get the funding model correct and the staffing levels right?

Susan McGhee: It is absolutely achievable, but there are loads of struggles. The sector is facing an awful lot of challenges, but there also is a willingness in it: we are adaptable and agile people. You saw just how adaptable and agile the sector is throughout Covid. There is a willingness to play a part.

Providers are supporting that policy financially. What those funded hours bring is often less than what they would have if they sold the service privately. There is a willingness there. People could have chosen to opt out before now and they have not. We have a skilled workforce and strong leaders in the sector, so, if we get the funding model right and if we work in partnership with national and local government and we are all pulling in the same direction, not in all the multiple directions that we are all going off in at the moment, I absolutely believe that we can achieve that. We have to achieve it.

11:15

Gordon MacDonald: Absolutely. Does anybody else want to come in?

Rami Okasha: I concur with what Susan McGhee has said about the ambition for a more seamless service for parents, so that they are not being moved from pillar to post between different systems. The systems should be working together to support parents.

For those children who have additional needs, we need to move towards having genuinely accessible provision that actually exists and can be accessed by parents and children every time. It is also critically important that it is done with a sense of equity.

You are rightly focused on the childcare system, but we should not forget the social security system that wraps around it and supports many parents to either work or access childcare. Getting rid of some of the traps that exist there would be a big step for those parents who rely on social security.

Beverley Isdale: I concur with the hub idea. As was spoken about earlier, we should have a system where the school is available to everybody. I do not know whether anybody would need to be employed by the same employer or how it could be done in partnership, but it could be a hub where everything happens for a child.

We also need to value it. It happens in Scandinavia, so we can definitely do it, but the people who work with children in Scandinavia are pedagogues, so they are valued and their value is higher than that which we put on our childcare staff, playwork staff or support for learning staff. That is how we need to look at it. We need to value the people who work with children.

Everything needs to be included. At the moment, I rent a space in a school to deliver our service, but we get pushed from pillar to post. If the school wants that space for something, we can have our let cancelled at the last minute and parents have no childcare because the school gets priority. We need to be included and as much a priority as the school day is a priority. Our service needs to be respected and well resourced.

We do a lot of upcycling. It is the voluntary sector, so we always make do with whatever we have and try to make it last longer. However, the service needs to be well resourced, particularly if you have facilities for children who need specific equipment. It would be ideal to have our own space on a school estate. I would love nothing better than to have a cabin in the playground of every school that I work in so that I could open the doors and the kids could be inside or outside and there would be free flow. Invariably, however, we are in the dining hall and we have a half-mile trek before we get to the door to the playground, which is often a concrete jungle and therefore not the best play area.

In smaller schools, where things such as out-of-school care is not really sustainable, we need transport but, at that time of day, it is impossible to get any kind of transport unless you have your own minibus, because all the drivers are being used to do the school transport. If we have a cluster-based system, with three or four schools coming to one hub, we need to be able to transport those children. We also need to be able to transport those children during the holidays on trips to local parks. Theoretically, we should be able to have such a system now that children have free bus passes, but not enough buses run so that does not actually work.

Gordon MacDonald: Thanks very much.

The Convener: We have come to the end of our evidence session. I thank the witnesses for the evidence that they have provided today.

Next week, we will hear from two panels on employability programmes and education and training.

That concludes our public business. We will now move into private to consider the remaining items on the agenda.

11:20

Meeting continued in private until 11:34.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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