



STRONGER TOGETHER

**CONGRESS**

Northern Ireland Committee  
Irish Congress of Trade Unions

# Childcare

## in Northern Ireland:

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### Cost, Care and Gender Equality

**Better Work Better Lives**  
A Policy Paper

# Childcare, Cost and Gender Equality in Northern Ireland

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## FOREWORD

*Childcare in Northern Ireland: Care, Cost and Gender Equality* is the first in a series of policy papers under the NIC ICTU campaign **Better Work Better Lives**. The campaign represents the coming together of 23 unions within Northern Ireland which represent the hopes and interests of over 200,000 workers.

The aim of the campaign is to build a consensus within Northern Ireland for a Representative Forum for Social Dialogue for Northern Ireland.

Northern Ireland has perhaps the least developed social dialogue in Europe and we believe this has been a contributing factor that has held back progress in a range of areas.

Social Dialogue is essentially a process whereby those who represent the interests of workers, business (and sometimes others) can come together and engage with government in a structured and coherent way to seek to develop policies that can improve our society and economy. We believe that we need to challenge in particular:

1. The scourge and prevalence of low pay and the ever-growing trend of indecent work;
2. The declining rate of public investment in our public services;
3. The counterproductive 1% pay cap which has been foisted on our public servants who have been expected to deliver more with less.

To address these critical issues we need a process and a forum where we can engage with government and where we can present, discuss and debate policy choices.

This paper seeks to do just that. Despite some progress, important challenges remain in relation to equality in the labour market. Enduring issues such as lower levels of female participation in the workforce, more women working part time, the

gender pay gap as well as an inadequate framework for paid parental leave have many implications.

One key lever, (but not the only one) is to seek to address the childcare challenges families and working parents face. We believe the money spent on childcare in Northern Ireland needs to shift away from subsidisation to investment in public provision.

We believe that by redirecting this resource, we will provide a better and more consistent level of childcare. We must also consider how we can improve the conditions of employment of childcare workers, and give working parents, and in particular mothers, real choices and options.

We do not profess to have all of the answers but we believe this researched and evidence-based paper presents some realistic, achievable and pragmatic solutions to what is a multifaceted problem.

Through our engagement with a wide range of stakeholders including political parties and our involvement in civic society campaigns such as the *Childcare for All* campaign, we will seek to chart a better way forward for mothers, families, children and childcare workers.

What is crucial is that we do not have this debate in a vacuum that is why a formal and representative Forum for Social Dialogue for Northern Ireland is so urgently needed. We want to build a consensus on this concept and strongly believe that we and indeed others have an important part to play in this debate and in how this region organises its economy and society.

I want to take this opportunity to thank my colleagues in the Nevin Economic Research Institute (NERI) for their assistance in the development of this paper. I also hope this paper generates debate but crucially, action on this important topic.

**Owen Reidy**  
*Assistant General Secretary*  
Irish Congress of Trade Unions



## EXECUTIVE SUMMARY

Whilst female participation in the labour market has improved in recent years, there is still a large and persistent gap between men and women.

It should be the aim of any government to enact policies to ensure that all those who wish to take part in the labour market are enabled to do so. This means removing barriers to employment through legislation and the provision of services.

Affordable, universal childcare is associated with higher female employment rates, particularly for mothers.

In order to bring about greater gender equality in the labour force we propose the following policies:

1. The commitment to 30-hours free Childcare in England (with similar policies to be rolled out in Scotland and Wales) needs to be extended to Northern Ireland, with the proviso that is properly funded.
2. State spending on childcare needs to be redirected from subsidisation of childcare to supply and investment in childcare services.

Removing barriers to participation in the labour market is a necessary, but not sufficient condition for gender equality. The quality of employment that workers enjoy when in the labour market matters just as much. If we are to be successful in closing the labour force participation gender gap there will be a need for more workers in the care sector. We must ensure that a policy which seeks to increase women's employment is not one that leads to the continued creation of poor-quality employment in the care sector. This obviously has important implications for gender equality within the labour market as the majority of childcare workers are female.

3. There is a need for drastic improvement in the pay and conditions associated with childcare work. This would not only provide much need value to this essential work but also recognise the skills and experience required of childcare workers.
4. Unionisation and collective bargaining or a system of sectoral agreements is needed in the childcare sector. This would provide a mechanism to professionalise the childcare workforce through the introduction of a skills and wage infrastructure that could improve job quality.
5. Adequate childcare provision is vital to ensuring access to the labour market, but in order to achieve real equality we also need to ensure that the world of work recognises the reality of the modern family unit and gives both parents real choice to share equally in the care of their children.
6. We need to introduce genuine flexible working arrangements into the Northern Ireland labour market for the benefit of employees, not just employers. Employers need to offer workers flexible working patterns, such as opportunities to work shorter working weeks, flexi-time and working from home. It is paramount that increasing opportunities for flexible forms of employment is not used to reduce the quality and conditions of employment.
7. We argue the need for a more gender equal parental leave entitlement between men and women. This would include an individual entitlement of parental leave for both mothers and fathers which is not shared between parents. Crucially, we believe that this must be paid. Such a policy will have the benefit of increasing the rights of fathers to care for their children. We suggest a 'use it or lose it' model of paid parental leave.

## INTRODUCTION

The lack of affordable, high quality and accessible childcare has become an increasingly important issue as the proportion of women participating in the paid labour market has grown and the requirement for childcare provision outside of the home has risen.

International and regional comparisons of the cost of formal childcare indicate that Northern Ireland has some of the highest childcare costs. Families are spending more on childcare in Northern Ireland than they are in other countries and in other regions of the UK. The implication of this can mean that parents may only be marginally better off working in paid employment, if at all, than they are staying at home and looking after their children.

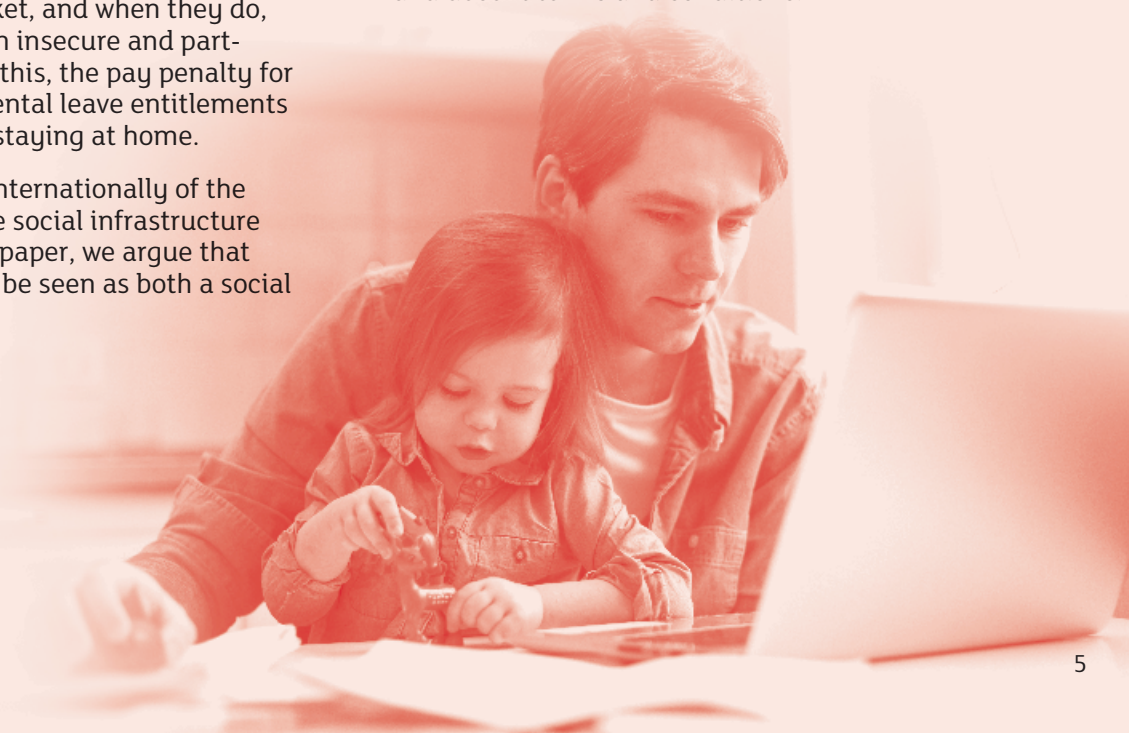
This, of course, has particular implications for women who continue to undertake the majority of childcare within the home. In fact, there is consistent evidence that becoming a mother is the most important factor in explaining gender inequalities in the labour market. Women with children are much less likely to participate in the labour market, and when they do, they are more likely to work in insecure and part-time positions. In addition to this, the pay penalty for motherhood is large, and parental leave entitlements are skewed towards mothers staying at home.

There is growing agreement internationally of the importance of investing in the social infrastructure of childcare provision. In this paper, we argue that investment in childcare must be seen as both a social and economic imperative.

We also argue that responsibility for childcare must be considered not only by parents, but also by the State and employers. This requires major transformations in the workplace in order to acknowledge mothers' and fathers' right to care for their children. It also requires the provision of universally accessible, high-quality childcare services by the state.

The provision of a properly funded system of childcare and associated policy initiatives will bring particular and positive impacts for:

- **Gender equality:** by facilitating the fuller participation of women in the labour force, as well as providing incentives for fathers to care for their children such as via a system of parental leave;
- **Living standards:** by reducing the burden for families which face onerous childcare costs and increasing the benefits of paid employment;
- **The childcare workforce:** by valuing the labour involved in such work through professionalisation and decent terms and conditions.



## AN OVERVIEW OF CURRENT CHILDCARE USAGE

Families use a range of different childcare providers to meet their childcare needs. We look at the breakdown of childcare usage based on whether the child receives childcare from one of the following providers:

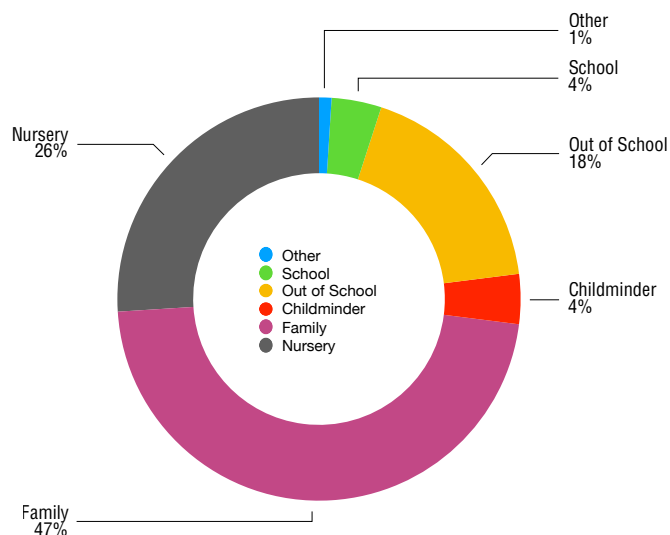
1. **Nursery** - this includes playgroups, pre-school, day nurseries, creches.
2. **Family** - this includes grandparents, non-resident parents/spouses, brothers/sisters, other relatives and family friends.
3. **Childminder** - this includes childminders, nannies and au pairs.
4. **Out of School** - this includes both out-of-school clubs and holiday schemes.
5. **School** - Reception or nursery places provided in either primary or infant schools.
6. **Other** - Forms of childcare not classified elsewhere.

Care provided by family is the most common type accounting for almost one half (47%) of all childcare usage. This is followed by nursery care which accounts for just over one quarter (26%) of all places. Almost one fifth (18%) of household's report that they obtain their childcare from the out of school category, while childminders account for just 4% of childcare used in Northern Ireland. This percentage may be higher in rural areas which have fewer nursery and creche places. Schools provide 4% of childcare places with 1% classified as other.

It should be noted that the above analysis is based on a breakdown of how families who state that they use childcare report how they obtain their childcare - both registered and unregistered. This is different from the breakdown of registered childcare providers and registered childcare places which is reported by the Department for Health on an annual basis. The latest report states that there are 4,277 providers of day care and 62,638 registered childcare places in Northern

Ireland. It is widely acknowledged that there is a high degree of under provision of registered childcare in Northern Ireland. This is evidenced by the fact that the number of registered places is far exceeded by the number of childcare places actually utilised.

**Chart 1: Childcare Usage by type Northern Ireland 2015/16**

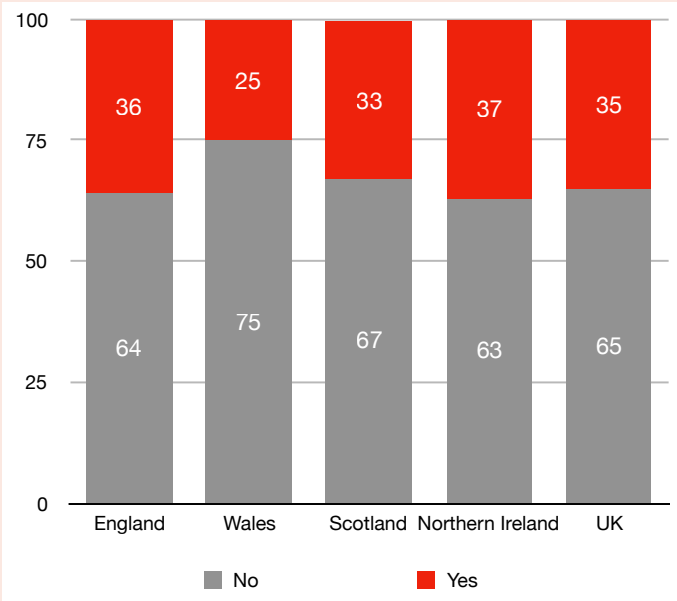


Source: Family Resources Survey, 2015-16

### Who Pays for Childcare?

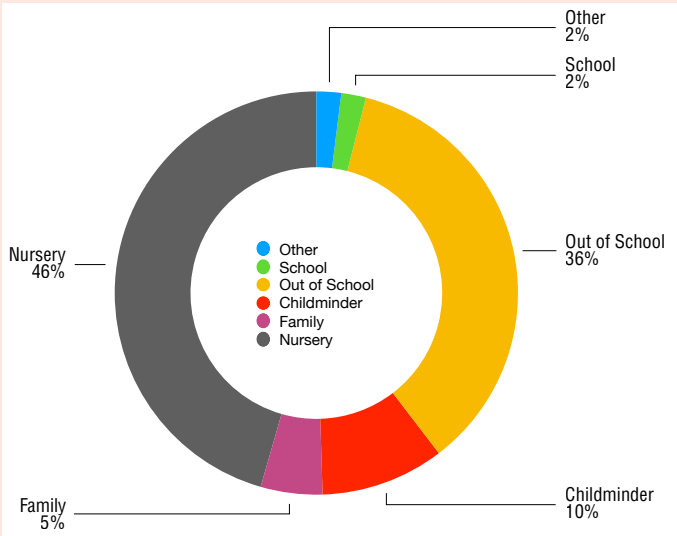
Some 37% of households in Northern Ireland pay for the childcare they use. This is above the UK average which stands at 35% of all households. There is however considerable variation within the UK average with Wales having the lowest proportion of paid for childcare (25%), followed by Scotland (33%) and England (36%).

**Chart 2: Childcare usage by purchase across UK regions 2015/16**



Source: Family Resources Survey, 2015-16

**Chart 3: Paid Childcare Usage by type Northern Ireland 2015/16**



Source: Family Resources Survey, 2015-16

Looking at childcare that is paid for by households, nursery accounts for the largest proportion (46%), followed by out of school which provide 36%. Childminders account for almost 10% of paid childcare. Paid friends and family are used to provide 5% of reported childcare use.

In comparing usage of paid for childcare in Northern Ireland to the UK, as a whole, the marked difference in how paid for childcare is provided is clear. Nursery is the most common form of paid for childcare except in England where out of school accounts for a larger share. Wales stands out as a region on many aspects. Wales has the highest proportion of paid nursery places (54%) and the lowest proportion of out of school (21%). While Wales has almost no paid childminding places, this is somewhat mitigated by the higher usage of paid family and friends' childcare, suggesting that the definition of childminder may be different. Scotland also tends to have a greater proportion of paid nursery places but, in contrast to Wales, has a much higher proportion of out of school places.

Northern Ireland has the highest proportion of paid childminding places and the second lowest proportion of out of school places.

**Table 1: Paid Childcare Usage by type and UK region 2015/16**

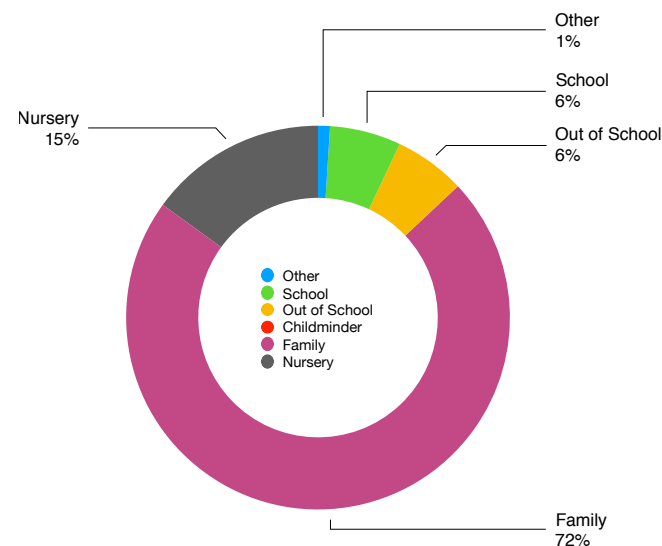
	England	Wales	Scotland	NI
Nursery	41	54	48	46
Family	3	9	4	5
Childminder	8	0	8	9
Out of school	45	21	38	36
Other	2	2	1	2
School	1	13	1	2

Source: Family Resources Survey, 2015-16

Unpaid Childcare

Of course, large proportions of those requiring childcare rely on childcare for which they do not pay. Looking at unpaid childcare, the vast majority of this care is provided for by friends and family (72%). Of the remainder, 15% is provided through nursery with a further 6% in out of school. Similarly, 6%, of non-payment childcare is provided for by schools and the remaining 1% is classified as other providers.

Chart 4: Unpaid Childcare Usage by type Northern Ireland 2015/16



Source: Family Resources Survey, 2015-16

Comparing the provision of unpaid childcare places in Northern Ireland to other regions of the UK we can see that Northern Ireland has the lowest number of unpaid nursery places and the second highest proportion of unpaid family places (72%), just behind Scotland (73%). Wales has by far the highest proportion of unpaid places in out of school (30%) which is five times the proportion in Northern Ireland. Indeed, the prevalence of unpaid out of school places appears to be associated with lower proportions of unpaid family places.

Table 2: Unpaid Childcare Usage by type and UK region 2015/16

	England	Wales	Scotland	NI
Nursery	19	20	18	15
Family	53	47	73	72
Childminder	0	0	0	0
Out of school	13	30	4	6
Other	3	0	0	1
School	12	3	3	6

Source: Family Resources Survey, 2015-16

Note: The sample size for Wales in the Family Resources Survey is small and this may lead to some distortion in the breakdown of provision. However, the Family Resources Survey is widely used for evaluating the provision of public services across the regions of the UK.

WHY DO WE NEED TO ADDRESS THE ISSUE OF CHILDCARE?

GENDER EQUALITY

For too long the responsibility of caring for children has fallen disproportionately on women. This has not only constrained women’s participation in the labour market, but it has also stunted the progress of women who do participate.

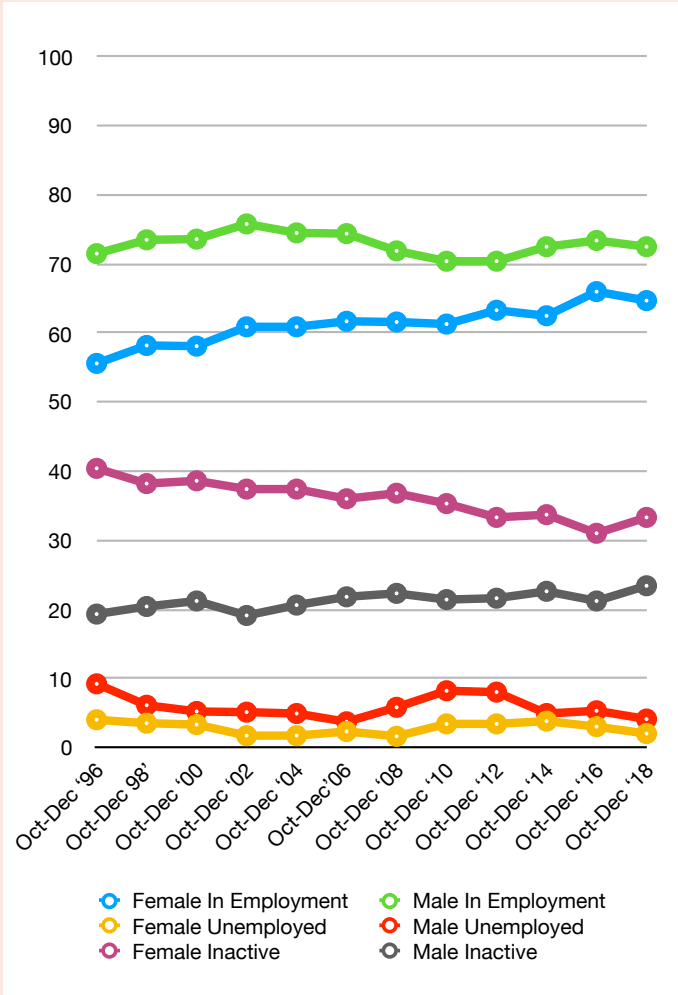
Despite some high level commitments to gender equality, the NI Executive is not making the most of women’s economic potential, and particularly the potential of mothers. There is consistent evidence that becoming a mother is the most important factor in explaining gender inequalities in the labour market.

One of the most distinctive elements of labour market change over recent decades has been the growth in women’s participation in paid employment. In 1996, the female employment rate was 56%. By 2018, female participation in paid employment has increased to just under 65%.



Whilst over time we have seen a decline in the employment rate gap between men and women, as Chart 5 shows, the female employment rate remains significantly below that of males. Moreover, in more recent years there has been a slowing in the closing of the gap between male and female labour market participation, with around an 8% gap remaining some years now.

Chart 5: Labour Force Participation, 1996-2018

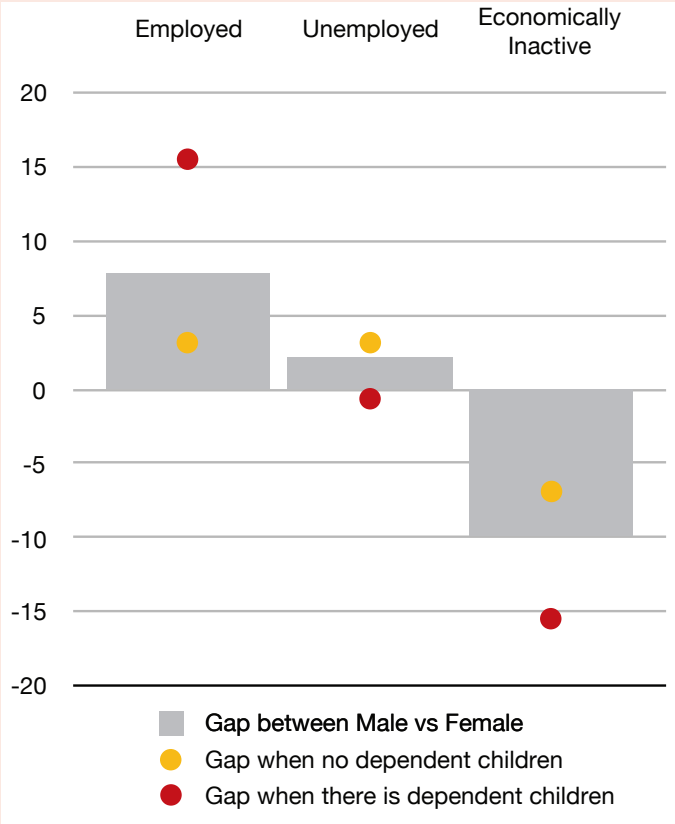


Source: Quarterly Labour Force Survey

The Motherhood Employment Gap

Importantly, the gender gap in labour market participation rates between men and women increases drastically with the presence of dependent children. As shown in Chart 6, the gender gap is less than 5 per cent gap between males and females for those with no dependent children. For those with dependent children, the employment rate gap between males and females triples to 16 per cent. As such, much of the employment rate gap between males and females is more accurately described as a motherhood employment gap.

Chart 6: Percentage difference between male and female labour force participation, with and without children, 2018



Source: Quarterly Labour Force Survey

It is however not enough to look only at levels of labour market participation in order to assess gender equality in the labour market. It is also necessary to examine the nature of labour market participation. When we look behind headline labour market participation figures it is evident that despite increasing female participation, gender differences in terms of the nature of labour force participation, working time and hourly pay are very pronounced.

Importantly, however, what becomes clear from an examination of the data is that a large proportion of the difference between males and females in terms of the nature of labour force participation is in many cases better described as a motherhood gap, rather than a gender gap.

**Table 3: Percentage difference in nature of labour force participation between male and female, with and without dependent children, 2018**

		S-E FT %	S-E PT %	Perm FT %	Perm PT %	Temp FT %	Temp PT %
All	Male	17.5	1.6	70.5	16.7	2.6	2.2
	Female	4.9	3.7	54	29.8	3.5	4.1
0 children	Male	17.1	1.3	71.3	5.2	2.7	2.3
	Female	4.9	2.3	60.5	24.2	4.6	3.6
1+ children	Male	18.2	2.1	69.2	6	2.4	2.1
	Female	4.9	5.6	45.1	37.6	2	4.8

Source: Quarterly Labour Force Survey

Women with dependent children are over represented in part-time employment, compared with men with or without dependent children and women with no dependent children. They are also more likely to be in temporary employment and much less likely to be self-employed than men with dependent children.

Whilst men with no children are more likely than women to be in a full-time permanent job, having children greatly amplifies the difference in likelihood of being in a permanent, full-time job. Having one or more children reduces the female likelihood of being in a permanent, full-time job by almost one-third, with only

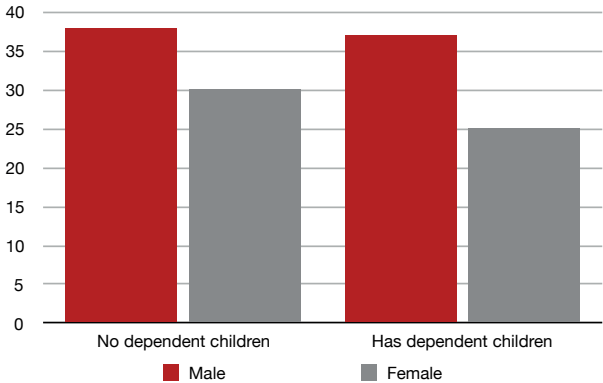
45% of females with one or more children working in a permanent, full-time job.

The decrease in the proportion of women with children to not be employed in permanent, full-time employment appears to be driven almost entirely by the much higher likelihood of women with children to work part-time. Fewer than 1 in 3 women with no dependent children work part-time. This compares to almost 1 in 2 women with dependent children who are employed on a part-time basis.

Having dependent children reduces average weekly working hours of both men and women. There is however a much greater reduction in average working hours for women than there is for men. Women with dependent children work 5 hours less per week on average compared to females with no dependent children, whilst males with dependent children work 1 hour less on average compared with males with no dependent children.

Women with no dependent children work around 8 fewer hours per week, on average, compared to men with no dependent children. However, as illustrated in Chart 8 below, having dependent children further amplifies the gender differentiation in terms of working hours. Women with dependent children work an average of 11 hours less per week than males with dependent children.

**Chart 8: Average hours worked per week by gender, with and without dependent children, 2018**



Source: Quarterly Labour Force Survey

Gender Pay Gap

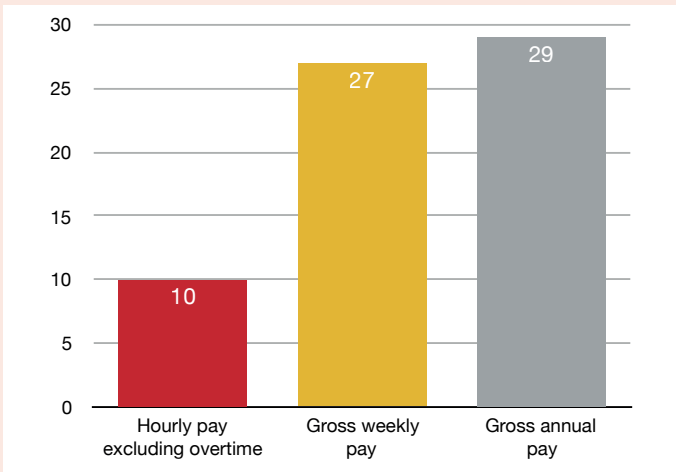
In political and policy discussions about the gender pay gap in Northern Ireland there is often suggestion that inequality in earnings is not a concern, or indeed that the gender pay gap is in reverse with males earning less than females. This is indeed the case when we compare the average hourly earnings excluding overtime of full-time workers and separately of part-time workers.

However, this is not the full picture.

When we look at the hourly earnings excluding overtime across all workers (including full-time and part-time) we see that women earn close to 10% less than men. This is due to the ‘part-time effect’ evidenced by the fact that women occupy more part-time jobs than men and these jobs tend to be lower paid than full-time jobs. This part-time effect is further illustrated by assessing the gender gap in terms of the gap in gross weekly and gross annual earnings between males and females as shown in Chart 9 below.

Gross weekly earnings are 27% below that of males, whilst gross annual earnings are almost 30% below that of males.

Chart 9: Percentage point gap in pay between males and females, 2018



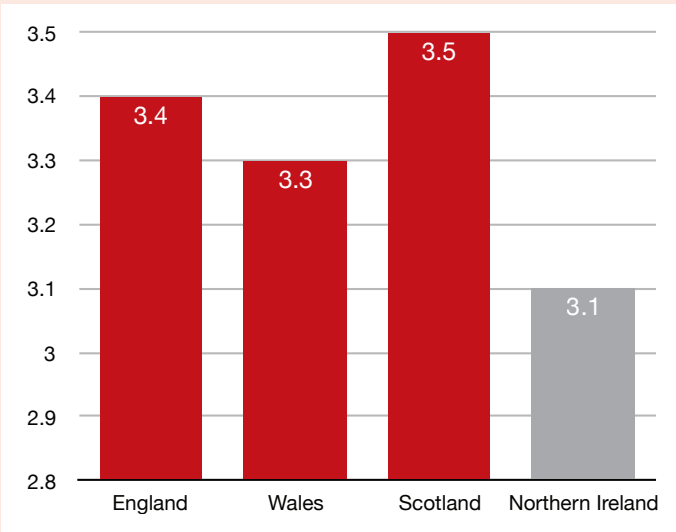
Source: Annual Survey of Hours and Earnings, 2018

EXPENDITURE ON CHILDCARE

Household Expenditure

Looking at average or median spend per hour of childcare across all types, Northern Ireland is shown to have the lowest spend of any UK region. This is not surprising as Northern Ireland is a lower wage and, in some cases, lower cost region compared to both England and Scotland.

Chart 10: Median Hourly Spend on Paid Childcare by UK region 2015/16

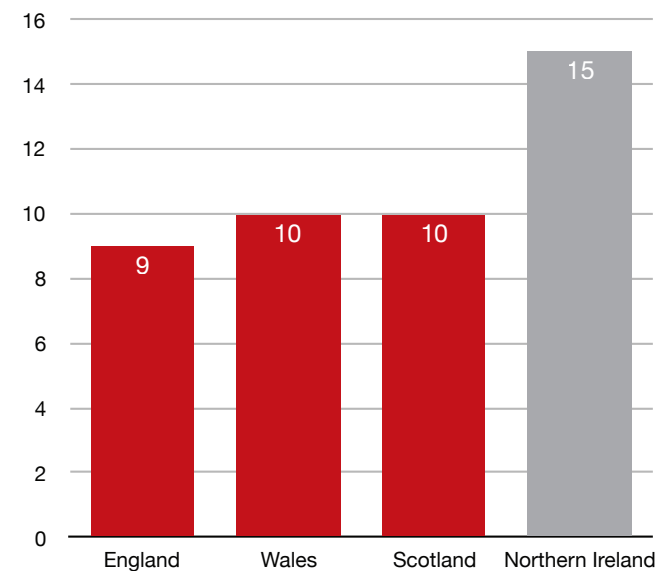


Source: Family Resources Survey, 2015-16

When we look at hours, a very different story emerges. Families in Northern Ireland use substantially more paid hours than any other UK region. At 15 hours, the median number of hours in Northern Ireland is 50% higher than any other UK region. This is in addition to the fact that Northern Ireland has the highest proportion of households paying for childcare of any region.

This means that Northern Ireland households are not only more likely to pay for childcare, but when they do, they are also more likely to use significantly more of it.

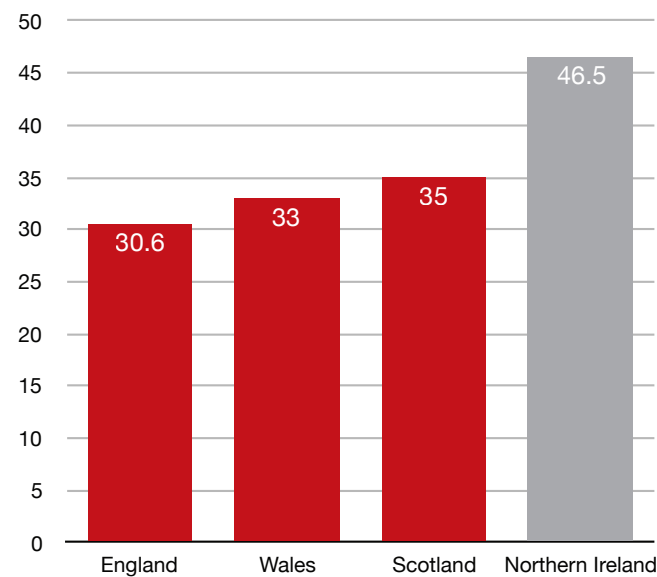
**Chart 11: Median Hours Paid Childcare by UK region 2015/16**



Source: Family Resources Survey, 2015-16

Thus, while Northern Ireland does have the lowest per hour cost of childcare overall, the greater take-up of paid childcare hours means that the average weekly spend by households in Northern Ireland is significantly larger than any other region. The median household spends £3.10 per hour and the median household uses 15 of those hours per week combining for an average weekly spend of £46.50. This compares to £31 in England.

**Chart 12: Average Weekly Childcare Spend by UK region 2015/16**



Source: Family Resources Survey, 2015-16

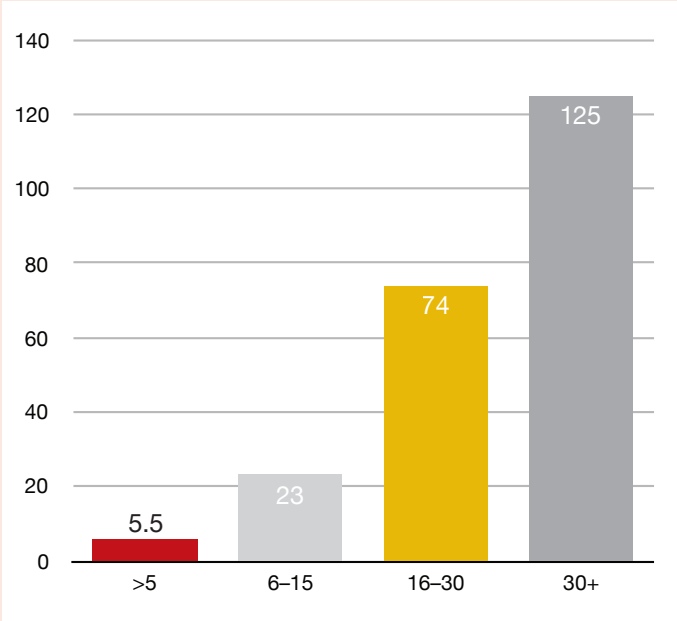
Of course, there are large differences between what different households actually spend on childcare with those who use fewer childcare hours tending to pay much less, and those who use more childcare hours tending to pay much more.

To get a more accurate picture of spend on childcare by parents in Northern Ireland Chart 13 presents the average weekly spend for households in terms of the actual hours that they use.

Households are divided into four groups based on the actual number of hours they used. This shows that average weekly spend can be as low as £5.50 per week for those using fewer than 5 hours and can range to £125 per week for those using more than 30 hours paid childcare per week.



Chart 13: Average Weekly Childcare Spend in Northern Ireland by banded hour region 2015/16



Source: Family Resources Survey, 2015-16

Government Expenditure

The Government provides financial support for childcare in a number of ways both through direct provision and social transfers. In calculating a total spend for the regions of the UK we look at the spend by government on publicly provided childcare in the form of early years (under 5) spending, along with social transfers in the form of the Childcare element of Tax Credits. Additionally, we look at the spend on Childcare Vouchers, a system of public subsidy for private childcare routed through employers. Adjusted for population, Northern Ireland has the highest per capita spend on childcare.

Table 4: Public Spending on Childcare per head of Population by UK region 2016/17

	England	Wales	Scotland	NI
Childcare element of Tax Credits	309	277	300	539
Childcare Vouchers	14	1	15	13
Under 5's Early years spending	51	12	91	36
Total	374	290	407	588

Source: HMT Public Expenditure Statistical Analyses; HMRC Child and Working Tax Credit Statistics; HMRC Estimated costs of the principal tax reliefs

Notes: Childcare Vouchers expenditure allocated to regions by population. Under 5's Early Years Expenditure refers to a subfunction of spending by the Department of Education as defined in HMT Functions of Government classification.

However, on closer inspection, it can be shown that all of the excess spending on childcare in Northern Ireland is routed through the tax credit system. The figures for Tax Credits can be further adjusted by region to show the average actual weekly award per family, and this shows that the award in Northern Ireland is considerably higher than any other UK region.

The average payment of Childcare tax credits amounts to over £72 per week in Northern Ireland, considerably higher than in the rest of the UK. While Northern Ireland does have a higher average number of dependent children per family, it is only 6% higher than the UK average. While this will explain some of the increased tax credit spend, the gap in per family spend is much larger.

**Table 5: Average Weekly award of Childcare element of Tax Credits by UK region 2016/17**

	England	Wales	Scotland	NI
Avg. weekly award	56	53	56	72

Source: HMRC Child and Working Tax Credit Statistics;

As the childcare element of tax credits is calculated as a percentage of the private costs, the higher public spend through social transfers in Northern Ireland merely reflects the higher private costs identified in Chart 12.

Public expenditure on publicly provided childcare in Northern Ireland is significantly below that in England and substantially below that provided in Scotland. Overall, it would appear that Northern Ireland is spending more on childcare but doing so through social transfers rather than public provision.



## CHILDCARE WORK AND WORKERS

### Which occupations make up the childcare workforce and what is their size?

The childcare sector employs an estimated 10,000 paid workers in Northern Ireland. Childcare workers are employed in a wide range of settings, including private day nurseries, nursery and reception classes in schools, pre-schools and playgroups, out of school and holiday schemes. Nursery nurses and assistants include creche assistants; creche workers; nursery assistant; nursery nurse; pre-school assistant. Childminders and related occupations include au pair; childcare assistant; child minder; nanny. Play group workers include playgroup assistant; playgroup leader; playgroup supervisor; playgroup worker.

**Table 6: Which occupations make up the childcare workforce and what is their size?**

Northern Ireland	N	% share
All childcare workers	10,021	1.3
Nursery nurses and assistants	3,564	0.4
Childminders and related occupations	5,355	0.7
Playworkers	1,102	0.1

Source: Quarterly Labour Force Survey, 2018 (Oct-Dec)

Note: The LFS does not cover childcare as it is commonly understood, and groups together childcare and nursery education using the Standard Occupational Classifications system of classifying occupations. For example, the SOC unit group ‘nursery nurses & assistants’ includes job roles such as nursery officer, pre-school assistant or crèche helper but nursery teachers are not grouped here but are instead counted together with primary teachers as the SOC unit group ‘Primary and Nursery education teaching professionals’. As nursery teachers cannot be distinguished from primary teachers, it is not possible to separate them from the primary and nursery education teaching professional workforce. Similarly, Nursery managers are counted under ‘Health and Care Managers’ and so it is not possible to separate nursery managers from this larger grouping.

Median hourly pay excluding overtime amongst childcare workers is significantly below the median hourly pay excluding overtime of all workers - £8.90, compared to £11 for all workers. Playgroup workers have the highest median pay at £9.35, with the hourly earnings of nursery nurses and assistants and childminders and related occupations significantly below this at £7.50 per hour.

Almost half of all childcare workers earn below the real living wage (48%). This is a significantly higher figure than the proportion of all workers who earn below the real living wage (30%). More worryingly, the median annual gross pay which for childcare workers is almost half of that compared to the average of all workers (£11,028 compared to £21,254). This is related to the fact that not only are childcare workers likely to earn significantly less per hour worked than the average employee but they are also more likely to work on a part-time basis.

There is little evidence that experience, skills or additional qualifications will reap much reward in

the childcare sector with much smaller gaps between the lowest paid and the highest paid in the sector. Specifically, the median wage at the 10th percentile is £7.36, whilst the median wage at the 80th percentile is £10.24 per hour. Owing to sample size constraints it is not possible to get an estimate at the 90th or higher percentiles. A ratio of around 1.4:1. Comparing this to workers as a whole the median wage at the 10th percentile is £7.50, and £18.27 at the 80th percentile. A ratio of around 2.5:1.

**What is the gender and age profile of the childcare workforce?**

The overall childcare workforce is overwhelmingly female (99%) compared with other occupations (47%). In terms of age, childcare workers are young relative to workers in other occupations (with a mean age of 36 years compared to 41 years for other occupations).

**Table 7: What is the average rate of pay and working arrangements for childcare staff in Northern Ireland?**

	All workers	All childcare workers	Nursery nurses & assistants	Playgroup workers	Childminders & related occupations
Median hourly pay excl. overtime NI	£11.00	£8.90	£7.50	£9.35	£7.50
Median gross annual earnings	£21,254	£11,028	£12,476	n.a	n.a
As a % of overall median hourly earnings excl. overtime	100%	80.9%	68.2%	68.2%	85%
% earning below Real Living Wage	30%	48%	> 50%	n.a.	> 50%

Source: Quarterly Labour Force Survey, 2018 (Oct-Dec)

Note: n.a. Not available – sample size not large enough to get reliable estimates.

# WHAT POLICY INTERVENTIONS ARE NEEDED?

## Public Childcare places

### *Why a change is needed*

Extending the availability to free childcare should be a policy priority for a number of reasons.

1. Northern Ireland has the lowest proportion of households receiving free childcare in the UK.
2. Northern Ireland has the second lowest public spending on childcare provision in the UK, falling only behind Wales.
3. Northern Ireland has by far the largest average weekly spend on childcare of those households which do pay for childcare.
4. Northern Ireland has the largest average spend on childcare element of tax credits, vastly exceeding that of all other UK regions.

These factors all interact to produce a childcare environment in Northern Ireland which is skewed toward subsidisation rather than provision. This means that rather than providing childcare places within communities, Northern Ireland is providing for individual childcare payments to be reimbursed. Northern Ireland has more households paying for childcare and therefore is likely to have more households receiving the childcare element of Tax Credits as a result. The figures bear this out. Of those paying for childcare, some 34% in Northern Ireland are receiving the childcare element of Tax Credits compared to only 23% in England and 24% in Scotland (reliable figures for Wales are unavailable). Given that those who pay for childcare in Northern Ireland use more hours, on average, than their UK counterparts, it becomes easier to see how and why Northern Ireland's average childcare element of Tax Credits payment and Northern Ireland's per head of population spend on the same is so high.

The profile of public spending between Northern Ireland and the rest of the United Kingdom in terms of childcare is substantial. However, the difference between public spending on early years is dwarfed by the difference in spending on the childcare element of Tax Credits. Spending only marginally more per head of population in England and Wales achieves a much lower proportion of households paying for childcare. Therefore, investing in public provision of childcare in Northern Ireland is likely to result in a much larger reduction in spending on childcare tax credits, creating a virtuous circle of spending.

### *Policy Proposal – Access to Free Childcare*

The commitment to 30-hours free Childcare in England should be extended to Northern Ireland. There will need to be an increase in public funding for childcare in order to ensure that it is properly funded. As this policy would likely see an equal if not greater reduction in expenditure on Childcare tax credits, this policy proposal should not necessitate an increase in total funding over the medium term.

## Better conditions for childcare workers

### *Why a change is needed*

If the goal of childcare policy is to make such a service more affordable and available, this cannot be at the expense of pay and conditions for workers in the sector. If childcare is to become an important and valued service, then the workers who provide that service also require to be valued. The current situation regarding pay and job quality shows that workers are underpaid and undervalued. To bring workers into the childcare sector, to maintain staff morale and reduce turnover, there needs to be significant action in professionalising childcare roles and rewarding skills and experience.



The roots of poor terms and conditions for childcare workers stem from the fact that the value and importance of ‘unpaid for’ and ‘paid for’ childcare has remained unrecognised. In addition to the lack of value assigned to the importance of childcare, low pay predominates in sectors of the economy that are dominated by female employment partly because of the out-dated and erroneous assumption that a wage paid to a female worker should not be expected to support a family. This assumption remains incorrect and needs to be challenged as childcare policy moves forward.

Unionisation and collective bargaining or a system of sectoral agreements provide a mechanism to introduce a skills and wage infrastructure that could improve job quality. Previous research has shown the role that unions have historically played in introducing specificity in occupations and skills recognition. Furthermore, devolved bargaining structures such as works councils in Germany, which implement sectoral agreements at the ground level, have also been shown to give the greatest premium to low paid workers.

### ***Policy Proposal – Sectoral Agreements***

We propose that the Northern Ireland Executive (or Ministers exercising that authority) should provide for a sectoral agreement between trade unions and employers to agree fair and decent terms and conditions for workers in the childcare sector. This should also inform government decisions about the funding of childcare provision and dispel the notion that these types of services can be provided with a low paid workforce.

## **Closing the Gender Gap**

### ***Why a change is needed***

The lack of affordable and flexible childcare impacts negatively on women’s employment. This is because too high childcare costs increase the opportunity cost and reduce the benefits of paid work for women, in particular. This is especially the case for women with lower educational attainment and skills. In addition, the increased likelihood of women to have primary responsibility for care duties within the home means that they cannot participate in the labour market to the same extent or in the same way that men can. This negatively affects female economic empowerment, earnings, job quality, and opportunities for career progression.

### ***Policy Proposal – Paid Parental Leave and better flexible working entitlements***

The evidence suggests that more substantial childcare provision can help to close gender gaps in the labour market and in turn improve the economic circumstances of women in the labour market. We argue the need for the provision of 30-hours free childcare which is currently available in other regions of the United Kingdom to be extended to Northern Ireland. The provision of 30-hours of free childcare per week would offer women the choice to participate more fully in the labour market, without having to weigh up the opportunity cost.

This will be beneficial not only for the economic and social circumstances of women and their families, but will also have a positive effect for the Exchequer and the Northern Ireland economy as a whole. However, the world of work also needs to accommodate both mothers’ and fathers’ right to care for their children and to balance more equally paid and unpaid work (including childcare responsibilities) commitments. Opportunities for flexible working arrangements and paid parental leave for both males and females are needed to enable parents to balance their working hours and caring responsibilities.

We believe that enhanced rights to paid parental leave which is reserved for both men and women could encourage more men to take time off to care for their children. Additionally, through the provision of parental leave entitlements for both men and women, any perverse incentives for employers to hire men over women will be weakened by the universality of the policy.

We suggest a *'use it or lose it'* model of paid parental leave. This includes an individual entitlement of paid parental leave for both mothers and fathers which is not shared between parents. Furthermore, as pay is a primary factor in decision-making of take-up of parental leave, particularly for fathers, we argue the fundamental importance of all and any entitlement being paid leave.

In addition to this there is a need for employers to offer male and female workers opportunities for flexible working patterns, such as via opportunities to work shorter working weeks, flexi-time and home-working. Evidence shows that work-life balance policies can be beneficial in closing gender inequalities in both the labour market and in caring responsibilities. In introducing this flexibility, it is paramount that the increasing use of flexible forms of employment is not used to reduce the quality and conditions of employment. Too often flexibility in working arrangements have been one-sided and used to the benefit of managers and employers. Part-time and temporary jobs are often low paid, offer few other benefits, present fewer opportunities for training, and have few prospects in terms of career development or promotion. This means ensuring that all workers irrespective of their working arrangements have decent pay, security of employment, and are offered the same opportunities for training and career progression.

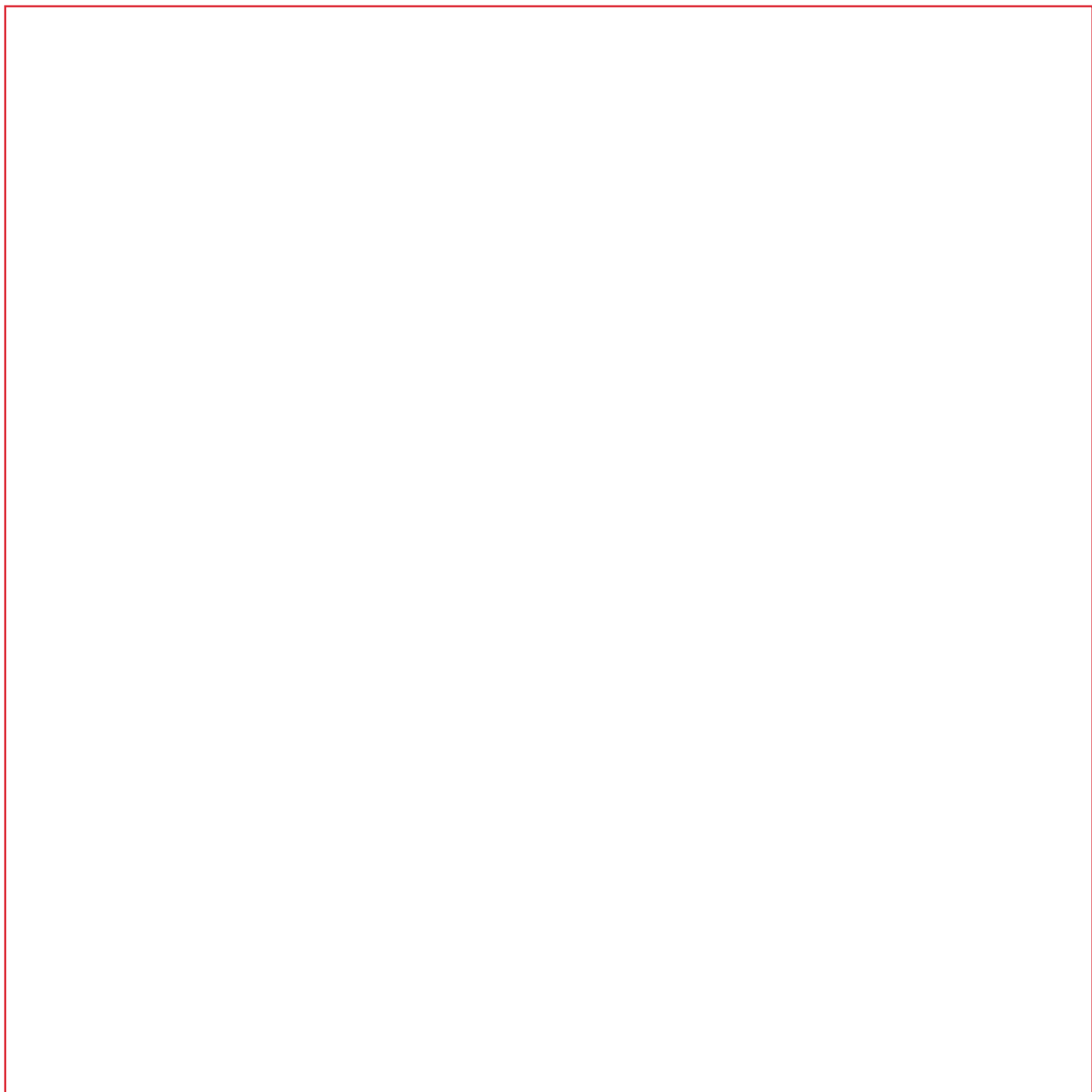
## CONCLUSION

Childcare in Northern Ireland is a policy issue that needs careful and comprehensive consideration.

More households in Northern Ireland are paying for childcare and are having to use more of it. At the same time, public expenditure is disproportionately aimed at funding childcare through social transfers. We need to rebalance public support for childcare for greater provision and less reliance on reimbursement.

Increasing women's access to decent employment should be a key policy aim of a comprehensive childcare system. At the same time, consideration must also be directed towards supporting parents through increased rights to paid parental leave and flexible working.

The current childcare workforce is characterised by low pay and little or no career progression. The workforce is also almost entirely female. While greater access to childcare can improve the prospects of many women workers, this should not be at the expense of workers in the childcare sector. We must therefore ensure that as we improve the support for childcare provision, we also improve the quality of childcare jobs.



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