

Written evidence submitted by Claire Paye

Executive summary

The Government's £6bn spent on childcare is not a good use of money because it does not influence the majority of parents (see para 1 below) and it eliminates the cheapest option, which is to remove discrimination in the tax system so that parents can care for their children at home if they choose to. It is also very expensive in the long run as long hours in childcare have a negative effect on children's mental health, which costs the Government in the long run.

1. What difference childcare makes to parental employment:

Elizabeth Truss quotes a figure of 50% of mothers would work if childcare were cheaper. This goes against Government research.

From a Department for Education and Childcare Early Years Survey 2014

- Most mothers (57%) would rather work fewer hours and spend more time with their children.
- 33% of mothers at work would rather be at home caring for their children full time.
- *From a Dept for Education Review of Childcare costs analytical report 2015*
- 77% of parents not using childcare would rather look after their children themselves. Only 18% because they can't afford it.
- 55% of parents haven't put their 2 year olds into childcare because they feel they are too young.
- 37% of parents said that nothing would make childcare better suited to their needs.

There is no point weighting all Government investment in families into childcare. It will only make a difference to 18% of non-childcare users.

Mothers say they want cheaper childcare because they can't afford to be at home full time or part time because they will be penalised in the tax system and receive no help with the loss of their income.

2. Why it would be cheaper and fairer to give parents a choice:

- The Government currently spends about £6bn on childcare through the various childcare programmes they offer. All childcare help is now for parents with 2 incomes except for 'free' pre-school for 3 and 4 year olds (*NB the 30 hours is not free as most nurseries require 'voluntary' top ups to function*).
- 30 hours of 'free' childcare costs Government £5,632p.a. for EACH 3 or 4 year old, (more for 2 year olds). **A transferable tax allowance, enabling families to have a stay at home parent, would cost £2,300 or a maximum of £4,600 PER FAMILY at the higher tax bracket.**
- Working tax credits/universal credit will allow up to 85% of childcare costs to be included.
- Many workers in nurseries will be on the minimum wage and will be entitled to their own tax credits/childcare payments/benefits etc.
- Many mothers in work will earn less than £11,500 due to part time hours (which they have chosen), so they are contributing no tax at all.
- Single income families pay much more tax than dual income families:

Additional tax paid by single income family (SIF) vs dual income family (DIF) using 2016/17 figures.

Total household gross income £	Annual tax and NI paid by SIF £	Annual tax & NI paid by DIF – 2 equal earners £	Higher rate child benefit tax charge (2 children) £	Extra tax paid by SIF annually £
20,000	3,118	440		2,678 609% +
27,195	5,421	2,140		3,281 153% more

30,000	6,318	3,036		3,282 100% +
40,000	9,518	6,236		3,282
50,000	13,220	9,436		3,784
60,000	17,420	12,636	1,788	6,572 52% more

Almost 60% of families have incomes which put them in the poorer half of the population. Most families are in the lower half of income distribution in the country.

Not only do single income families with children pay more tax than dual earners, it is very difficult for single income families on below average wages to increase their take home pay by getting a pay rise or a better paying job.

A British one earner family with two children on 75% of the average wage will face a **73% marginal effective tax rate**. For every £1 extra they earn, they will only keep 27p after the withdrawal of benefits and additional tax paid and national insurance paid.

If they are in rented accommodation and on housing benefit, the removal of benefits and increase in tax can mean a 90.6% marginal effective tax rate. For every extra pound they make, they keep less than 10p. The reason for this in the UK is that family responsibilities aren't recognised in the tax system, just by means of tax credits, which taper sharply.

So the only way to increase a family's income significantly is for a second earner to go out to work. He or she can keep £11.500 before paying any tax. This means they need cheaper childcare because both are working. This doesn't mean they want to be separated from their children for 30 hours a week before they even start school. They have no choice. They have to work because the Government will not recognise, as Germany, France, the USA and almost all other countries do, family responsibilities in the tax system.

3. The reason many parents are right to want to care for their children in a home environment for as many hours as possible.

This inquiry makes no mention of the needs of children. There are some spurious references to child development, which are limited to the cognitive, not the emotional, in formal childcare settings, coupled with a ridiculous suggestion by Rushanara Ali that for a child to spend more time with their parent, due to loss of employment, would be 'dangerous and damaging'. She truly seems to believe that full time hours in childcare would be better for a child than part time hours, with the time to spend at home with a parent. This is why she is wrong according to recent studies:

- **The dangers of high levels of cortisol due to long hours in external childcare:**

Science Daily 2004. Early separation from their mother causes problems for babies. The earlier the stress caused by maternal separation, the greater the child's later social difficulties.

Belsky et al 2007 showed that **parenting made more difference** to how children developed than any child-care. In other words, good parenting is much more influential in a child's development than high quality child-care. Also that although high quality care predicted higher vocabulary scores, child care was associated with more externalising behaviour such as aggression when at school. So the children make cognitive advances in academic areas – communication, speech – but struggle with emotional developments such as managing their emotions.

Some studies have shown that the cognitive advantages dissipate by the time the children are 7, but the behavioural problems remain.

A paper from the National Institute of Child Health and Human Development by Professor Jay Belsky in March 2009 found that the more time children spent in centre based care from 3-54 months of age, the more cognitively and linguistically advanced they were AND the more they manifested aggressive and disobedient behaviour. These effects were less pronounced in home-based care settings. And, in fact, many of these early linguistic benefits even out as the children grow older, whereas the emotional disturbance remains. In other words, by about age 7, the academic advantage of formal childcare settings had dissipated, but the negative effects in terms of aggression and disobedience, continued. So, care outside the home does seem to be the issue.

Anhert and Lamb 2004 studied children in a German nursery. After 5 months in day care children who had apparently 'settled' still had high levels of cortisol. This couldn't be detected through their behaviour.

Vermeer et al 2006 did a study of nine different research reports and found that 'in day care children have higher cortisol levels than children at home. This effect was notable in children under thirty six months.'

Carrion et al 2007 stated that stress predicts brain change in children. Cortisol damages the pre-frontal cortex which is associated with impaired control of emotions.

Hanson et al 2012 showed that high levels of stress cause harm, especially to the executive functions such as control of inhibitions, working memory and sustained attention.

Burghy et al 2012 showed that childhood cortisol correlates with anxiety in older girls whilst for boys stress activates the release of testosterone which leads to externalising behaviour and aggression.

Neuropsychopharmacology 2016. Stress in early life can affect the formation of the brain, impacting emotional, social and cognitive behaviours,

Developmental risks (still) associated with Early Child Care, 2001, Jay Belsky's Emmanuel Miller Lecture Longer hours in day care result in worse behaviour in children and poorer quality of mothering

The more hours a week children spend in a day care setting, the greater the negative effect on emotional development and on behaviour. One reason for this, which is almost never highlighted, is the impact on the relationship between mothers and children. The longer children spend in non-maternal care, the less likely their mothers are to respond sensitively to them and the less likely children are to respond well to their mothers. This was found to be the case particularly where children spent more than ten hours a week in childcare, there was more than a single care arrangement in the first 15 months of life and the quality of childcare was poor. In other words, where babies didn't receive the loving, sensitive, consistent care that the mother can usually provide.

- **The importance of time spent with their mother or father:**

*The Enduring Predictive Significance of Early Maternal Sensitivity: Social and Academic Competence Through Age 32 Years, by Lee Raby et al, has found that sensitive caregiving in the first three years of life predicts an individual's social competence and academic achievement, not only during childhood and adolescence, but into adulthood. The study used information from 243 individuals who were **born into poverty**, came from a range of racial/ethnic backgrounds, and had been followed from birth to age 32.*

Socioeconomic Gaps in Early Childhood Experiences: 1998-2010, Reardon et al

Poor children are closing the gap on rich children due better parenting.

This Stanford University study has found that there is less of a gap on entering kindergarten in maths and literacy between richer and poorer students than there was in 1998, despite the fact that the poorer children are getting poorer. This is important because gaps on entering kindergarten tend to be maintained throughout the school years. The crucial time is therefore before they start kindergarten.

It appears that the gap has narrowed because of richer home environments. The US Government has invested in programmes encouraging parents to read to their children and help their development, which has disproportionately helped poorer children. For example, going from 0-10 books in a home has a greater effect than going from 100-110. Interestingly, Reardon did not find strong evidence to suggest that public preschool participation made a significant difference.

Luby et al 2013 'maternal support in early childhood predicts larger hippocampal volumes at school age'. The hippocampus is a brain region key to memory and stress modulation.

The 'Lighting up Young Brains' report by Save the Children: 'Critically, the evidence also shows that growing up with an insecure relationship can affect a child's later physical and mental health, behaviour and education (APPG 2015). Recent research suggests that this happens because a child's relationship with parents or carers plays a role in regulating their stress hormones. Children who have more secure relationships have more controlled stress hormone reactions. Children who have less secure relationships have higher stress hormone levels. This creates elevated hormone levels that can potentially alter the development of brain circuits in ways that make children less capable of coping with stress as they grow up (National Scientific Council on the Developing Child 2008). 'Parents and carers have the biggest influence on their child's early learning: A strong relationship with a parent or carer gives a young child the confidence to explore the world, while everyday activities like talking and sharing books help stimulate young children's language skills right from birth.'

Neural circuits underlying mother's voice perception predict social communication abilities in children, Abrams et al 2016 **Mother's voice stimulates brain areas associated with social communication in 7-12 year olds**

This fascinating research, which is worth reading in more detail at:

<http://www.whataboutthechildren.org.uk/research/research-summaries-2014-to-2016> identified that many different parts of the brain, mainly associated with social communication and self-regulation, were stimulated more by hearing the child's own mother's voice than hearing that of someone else's mother or anyone else. Recognition of the mother's voice plays a vital role in helping children manage their emotions and helping them learn. The mother's voice can reduce a child's stress and increase their feelings of well-being. No one else's voice has the same power as the mother's voice, even for 7-12 year olds.

Parents play a key role in facilitating 'affect regulation'.

Professor Jane Barlow at the Parent Infant Partnership conference outlined the connection between constant, sensitive parental care in the early years and a child's ability to manage their own emotions. 'Affect regulation' refers to the ability to tolerate and cope with strong positive or negative emotions, otherwise known as emotional resilience. Parents can help children to manage their emotions and find healthy ways to express themselves by responding appropriately to their own children and to others. This in turn helps their academic and social competence. On the other hand, the failure of infants to learn how to regulate their emotions is strongly linked to delays in

motor, language and cognitive development and ongoing parent-child relational problems (*DeGangi 2000a, cited by Jane Barlow*).

4. Recommendations:

- Recognise that many children won't benefit from long hours in childcare and they might even be harmed.
- Allow families flexibility to choose how many hours both parents work and how many hours they can care for their children. Don't adopt a one size fits all race to pour money into childcare.
- Acknowledge that most mothers who want to work now are working, that most mothers would prefer to spend fewer hours working and more hours caring for their children. That mothering is not simply a 'loss of time and skills' [Elizabeth Truss]: mothers who are lucky enough to be at home full time may feel they are doing an extremely valuable job already and that their contribution to GDP is the least important contribution they might make in their lives and pales into insignificance compared with the investment they are making in their children's well-being, happiness and future life chances.
- Divert Government funds from additional investment in childcare into establishing a fairer family tax system.
 1. Bring in a full Transferable Tax Allowance for all single income families with children under 5.
 2. Reduce the Marginal Effective Tax Rate.
 3. Increase the threshold for the Higher Income Child Benefit Tax Charge to £99,000 for single income families, as it is for dual income families.
 4. Recognise family responsibilities in the tax system
- Use funds to train parents from disadvantaged backgrounds in how to be good parents, rather than removing their children for potentially dangerously long hours each week.
- Ring fence entitlement to 15 hours of pre school. The prioritisation of 30 hours means that parents who feel that their children don't need and don't want 30 hours of pre school a week are being squeezed out of pre-schools because places are prioritised to those on 30 hours.
- Stop erosion of support for single income families through removal of childcare vouchers and prioritisation of long hours at pre school.
- Remove focus on getting mothers back into work as an objective and replace it with a measurement of how many families have the balance of work and home childcare that they want.

Not all mothers want to be at home full time. Not all families want their children to be in childcare for 30 hours a week. They can 'choose' to go out to work and put their children into childcare, they can't 'choose' to stay at home to care for their children in a home environment. This is unjust, unfair and uneconomical.