

Dawn Bowden MS
Minister for Children and Social Care

By email

27 January 2025

Dear Minister,

We write on behalf of the Expert Advisory Group on Childcare (EAGC) to share our concerns regarding the childcare budget outlined in the Draft Budget and plans for Phase 3 of the Flying Start programme's childcare element.

First, we welcome the increase in the daily rate for childcare providers. This measure is vital for the sector's sustainability. The additional £20 million and the exemption of registered childcare providers from small business rates are much-needed steps to support the childcare sector.

However, we are deeply concerned about the limited additional funding allocated to childcare in this budget. As you have noted, the new funding primarily offsets the increase in daily provider rates, offering no substantial investment to address the systemic challenges facing childcare in Wales.

Moreover, the additional funding fails to recover the significant reductions the childcare budget has already endured. The £16.1 million redirection during the October 2023 in-year spending review and the subsequent £11.2 million cut in the 2024-25 budget represent a cumulative loss of [£27.3 million](#) over two years. This reduction stands in stark contrast to the [£128.4 million Barnett Consequentials](#) from increased childcare investment in England and the overall [£1.7 billion](#) uplift in the Welsh Government's budget.

We understand that the Welsh Government faces challenging decisions in allocating its budget and must carefully prioritise available resources. However, the additional funding allocated to childcare falls significantly short of addressing the substantial cuts the sector has endured and the critical need for investment to meet the growing demands of families and providers.

We had hoped that increased funding would reverse the previous cuts and signal renewed investment in childcare. However, the limited additional funding leaves uncertainty about the Welsh Government's commitment to tackling the childcare crisis in Wales.

Reports from various organisations consistently highlight how childcare in Wales remains unaffordable and inaccessible for many families.¹ Barriers to accessing childcare disproportionately impact low-income families and families with disabled children and children with additional needs, preventing parents from working and depriving children of critical early educational benefits, thereby perpetuating cycles of poverty.

With more than half of children living in poverty in Wales belonging to families with a child aged 0 to 4, affordable, accessible, and high-quality childcare is essential. It supports parents, particularly the second earner in couple households, to enter or remain in the workforce, thereby reducing poverty. Tackling child poverty is a stated priority of the Welsh Government, and childcare is a critical component of any effective child poverty strategy. Given that one of the key approaches of the child poverty strategy is to [“reduce costs and maximise the incomes of families”](#), childcare plays an even more critical role in effectively implementing the strategy, as it directly affects family finances while enabling parents to participate in the workforce.

Flying Start, as an anti-poverty strategy, has proven the Welsh Government’s commitment to addressing child poverty through early years investment. While the EAGC does not view Flying Start as a comprehensive solution for childcare, we support its expansion to all two-year-olds as a step in the right direction.

In your correspondence with the EAGC and in Senedd debates, you have reaffirmed the Welsh Government’s commitment to expanding Flying Start’s childcare element. Additionally, you noted that local authorities have been commissioned to prepare for this expansion. However, we remain unclear about the implementation of these plans, particularly in the absence of a dedicated budget. Your [statement](#) to the Children, Young People, and Education Committee highlighted the challenge of delivering without a confirmed budget, raising concerns that Phase 3 expansion of Flying Start may be delayed or suspended.

Therefore, we would like to ask you to provide clarity on the following:

1. How are local authorities expected to plan for the expansion of Flying Start without a clear budget allocation?
2. Does the absence of budgetary provision in the Draft Budget signal a suspension of Phase 3?

¹ [Little steps, big struggles: Childcare in Wales](#) (November 2023), [Tackling disadvantage through childcare in Wales](#) (January 2024), [Family Childcare Promise: The effects of introducing a cap on childcare costs for families with 0-4 year-old children in Wales](#) (July 2024); [Ending Poverty in Early Years](#) (December 2024)

3. How will the Welsh Government address the systemic challenges in the childcare sector, including ensuring that Flying Start's expansion supports families with disabled children and those with additional needs?

Evidence shows that childcare is central to reducing child poverty. In [your oral statement](#) of October 1, 2024, you emphasised the importance of a child's first 1,000 days and reaffirmed child poverty as a priority for the Welsh Government. With childcare consuming nearly half the income of the lowest-income families, decisive action is needed to meet the commitments of the child poverty strategy.

The EAGC would welcome the opportunity to discuss our concerns and explore ways we can support the Welsh Government in achieving its goals for childcare and poverty reduction.

Thank you for your attention to this critical matter, and we look forward to your response.

In the interests of transparency, copies of this letter will also be sent to opposition party spokespeople, and we will be making it public in the next few days.

Kind regards,

Sarah Rees (Head of Oxfam Cymru) and Steffan Evans (Head of Policy (Poverty), Bevan Foundation) on behalf of the Expert Advisory Group on Childcare