Crèche barriers
How Britain can grow its childcare industry

Helen Wilkinson
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About the author

Helen Wilkinson is an ideas entrepreneur. She is the founder of Genderquake (www.genderquake.com), an advocacy and knowledge based consultancy committed to feminising and building the new economy and delivering equality. Genderquake is launching the first national award for childcare entrepreneurs in 2002, in partnership with the Kids’ Clubs Network. Helen is also the founder and chief evangeliser for www.elancentric.com, the first business community for elancers – internet enabled home and mobile workers – as well as networks, associations and organisations that pride themselves on being elancentric™. Helen was one of the pioneering members of Demos and now sits on its advisory council and manages its research on work-life issues. She is also a trustee of the Kids’ Clubs Network, www.kidsclubs.org.uk, and an associate of the Industrial Society’s Futures Division, www.indsoc.co.uk/futures.
The ideas and themes outlined in this report have had a long gestation and it is impossible here to acknowledge all sources of inspiration.

The report draws on themes developed in my book *Family Business*, an edited collection of some of the most imaginative thinkers on the role of families in the new economy published in 2000. That year, I also had the honour and good fortune to be a member of the first national Childcare Commission, founded by the Kids’ Clubs Network and chaired by Harriet Harman. The commissioners covered a broad range of political views and experiences – from community development and business – and there can be no doubt that I benefited enormously from their insights and experiences. I also learnt much from the evidence based approach of the commission, which meant we undertook regional visits – in my case to Wales – to hear first-hand the experiences of practitioners in delivering the National Childcare Strategy on the ground and parents’ views of its relative merits. Particular thanks go to Regina Bash-Taqi, who sat on this commission and also shared with me her experience and insights as a childcare entrepreneur.

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Naturally all the usual disclaimers apply.

Helen Wilkinson
Winter 2001
Executive summary

This short book provides an interim assessment of the first ever UK National Childcare Strategy. It concludes that without far-reaching reform there is a real danger that the ambitious targets the strategy sets out will not be met. While a package of incremental reforms could help to extend and refine what has already been achieved, there is a deeper challenge still to be met: stimulating and incubating the entrepreneurial growth of sustainable childcare solutions at a scale which can meet the growing volume of demand in the UK. The second and third parts of the book profile a range of childcare entrepreneurs and set out the basis of a ten-year framework for supporting their activities.

Context
A number of announcements during 2001 have illustrated the government’s desire to extend and accelerate the development of the National Childcare Strategy:

*Pre-school provision in deprived areas*: The Neighbourhood Nursery Initiative commits up to £100 million of capital funding from the New Opportunities Fund on top of £203 million start-up grants provided by the Department for Education and Skills over the next three years, with the goal of developing 900 new neighbourhood nurseries.

*After-school provision in deprived areas*: An extra £55 million from the New Opportunities Fund has also been set aside to provide start-up funds for around 50,000 out of school childcare places in disadvantaged areas.
**Expert groups and business development managers:** The government has established an expert group to help ensure access to private and public finance, and a £6 million business support programme over three years for childcare and nursery education providers.

**Dawn to dusk community centres:** The government has outlined its vision for ‘dawn to dusk’ community centres housed within schools, providing childcare services before and after the school day.

These are important initiatives, reflecting a clear shift of priorities towards business development and support and shared investment in innovative childcare solutions. However, important as they are, they do not fit clearly within a strategic framework for defining and delivering the next phase of the National Childcare Strategy, nor grapple decisively with the problems impeding delivery on the ground.

Many childcare entrepreneurs are already achieving a great deal with relatively few resources and in spite of real obstacles. But they could achieve much more if the systems for delivery were more empowering. All stakeholders involved in the National Childcare Strategy need to be imbued with a new enterprise culture. This requires extensive reform of the government structures and processes designed to deliver that strategy.

**The childcare challenge**

The first ever National Childcare Strategy, published in 1998, committed itself to delivering high quality affordable childcare for all families. This meant growing an entire industry – almost from scratch. Current challenges, reviewed in part 1 below, should be understood in the context of this political commitment and of unprecedented public demand. Problems identified in the first wave of reform include:

**Childcare gaps:** There is only one registered childcare place for every seven children under eight in England. Only 2 per cent of all primary school age children attend out of school clubs.

**Labour shortages:** The recruitment challenges of the childcare industry are greater than teacher and nursing shortages: 90,000 new play scheme workers are needed for the expansion of out of school childcare
alone, and over 300,000 childcare workers are needed over the next four years. At least a third of the childcare workforce is untrained, with high turnover and low rates of pay.

Quality control: The government has worked hard to introduce a new regulatory regime under OFSTED, reflecting the increased emphasis being placed on childcare which offers learning potential. However, regulation and quality standards for the sector as a whole remain fragmented.

The cost of care: Parents typically bear 93 per cent of childcare costs. Average spending on childcare per hour has gone up from £1.10 in 1991 to £1.54 after 1994. The typical cost for a family with two children – one pre-school, the other school age – is £6,000 per year. While government has invested significantly in making childcare affordable, it is still out of reach for too many, and, as quality standards and expectations rise, it may well become more expensive.

The need to involve employers: Employers have been curiously absent from the childcare debate so far. One reason is complacency. Another is that government policy does little to encourage and reward family friendly employers. Engaging employers in providing sustainable, large-scale childcare solutions is a major priority.

Extending the strategy: summary of recommendations
A range of incremental measures which would help to address these problems are recommended:

Improving the status of childcare workers: The government is already running a high profile recruitment campaign, but other ways of raising visibility are needed. Award schemes such as the awards for Excellence in Childcare led by the Kids’ Clubs Network and the National Childminder Association’s awards for childminders are critical in celebrating achievements and raising awareness. To these should be added two new categories: the Childcare Champion award for an employer investing in the childcare business; and a new award for childcare entrepreneurs, as part of an attempt to attract and reward people investing
in and starting up childcare enterprises. Ongoing measures to increase pay, provide training and ‘professionalise’ the sector are also needed.

Expanding the recruitment pool: Recruitment among specific groups, particularly men, is also needed. No more than five per cent of play-workers are male, and less than one per cent of nursery nurses are men.

An integrated quality regime: Maintaining quality standards is an ongoing challenge. In particular, nannies need to join the existing quality regime, and childcare for children over eight should be fully regulated. Targets for training and development to support a fully qualified childcare workforce also need to be met.

Sharing the costs of care: Government and employers will need to subsidise the costs of childcare further if it is to be made affordable and sustainable for all those who need it. Measures to extend the recently created framework would include:

- introduction of a childcare tax allowance
- extending tax relief to all forms of employer-provided childcare
- tax incentives for companies that introduce and support flexible working by employees
- tax incentives for investment in local, community based childcare provision
- a national award for the Childcare Champion of the Year for employers who have invested in or helped to provide innovative childcare solutions.

Building a sustainable childcare infrastructure
The recommendations set out above would and should make a positive difference to the effectiveness of the existing strategy. However, there is a deeper challenge to be met. While the current National Childcare Strategy represents a historic commitment by government, it is reliant on a set of institutional arrangements which, in some cases, are stifling the potential growth of the industry. A reshaping of the strategic framework is needed to:
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- strengthen partnerships and make government structures more accessible and coherent
- recognise and support entrepreneurial efforts to develop sustainable childcare solutions.

Central government remains fragmented. The absence of a single point of entry to government for childcare providers also means that there is no visible point of contact for coordinating the strategy and no clear line of accountability.

Fragmentation in policy and planning is mirrored at community level. Early Years Development and Childcare Partnerships (EYDCPs) have suffered from a number of weaknesses – notably the absence of strategic thinking and skills deficits in business development and marketing.

Families and communities also need to be more actively involved in meeting the childcare challenge. The National Childcare Strategy has said little about the informal caring of families and has only recently begun to focus on strengthening family capacity and providing community-led solutions.

Childcare entrepreneurship in action

Beyond the headlines and statistics about the childcare gap, individuals and organisations are working in imaginative and innovative ways to deliver change on the ground.

Part 2 of this report profiles childcare entrepreneurs in action – from small bands of childminders and community entrepreneurs to large-scale and commercially successful nursery chains like Jigsaw. Some of them have emerged in response to specific challenges in some of the most difficult areas of the country. In those cases, delivering affordable childcare has become a catalyst for broader social regeneration and job creation for local people.

Although these entrepreneurs come from diverse backgrounds and perspectives, a common experience stands out. They are succeeding in spite of – not because of – the system. The systems and processes for delivering the National Childcare Strategy have not been designed with the needs of childcare entrepreneurs in mind.
Incubating and accelerating the childcare industry

What can be done to enable childcare entrepreneurs and to incubate and accelerate the growth of a new industry? To unleash the problem-solving capacity of our communities, the focus must shift from simply applauding individual acts of entrepreneurship towards systematically creating an entrepreneurial culture in the childcare sector. Government should follow three main routes to achieving this. It should:

● become ‘chief entrepreneur’ for the childcare market
● engage employers fully in the drive for creative and sustainable childcare solutions
● build investment and support structures to nurture and incubate childcare entrepreneurs.

A national strategy for childcare entrepreneurship

Part 3 of the report outlines the structure of a reshaped national strategy designed in part around the potential and needs of childcare entrepreneurs. The strategy rests on complementary action at national, regional and local levels.

Central government should outline a ten-year plan to develop a national infrastructure. Departmental responsibility for the National Childcare Strategy should be more clearly defined, and various relevant programmes, like Sure Start and Early Excellence Centres, should be more closely integrated across departments.

The EYDCPs should continue to be charged with prime responsibility for delivering the plan locally and targets for their performance should be set. Around these fixed points, however, the organisational systems that govern and fund childcare provision should be radically reshaped. The national infrastructure should include the following:

Childcare Development Agency: This non-departmental public agency would be founded through a public–private partnership with start-up finance from central government. Its job would be to incubate and accelerate the growth of an industry and to make recommendations to government (national and local) on ways to improve policy and delivery.

Government funding should be matched by private sector funds (including funds from the venture capital industry). It should have non-
profit status to allow it to access the broadest range of funding sources, and all financial surpluses should be reinvested into growing more childcare businesses. Within the Childcare Development Agency there should be the following units:

**Incubator Unit**: The Incubator Unit should focus on providing a range of services, including access to start-up finance, advice and support networks. The £6 million earmarked for business support for childcare providers recently announced should be channelled through this unit. The unit should delegate and outsource provision and services where relevant to local and national providers. Its job would be to act as a catalyst for learning, knowledge sharing and supporting the nation’s childcare entrepreneurs and associated stakeholders.

**Childcare Fund**: Funding for childcare has been significant, but the funding streams are many and the application process is complex and cumbersome. The Childcare Fund would be a vehicle for channelling all current childcare funds and creating a dedicated funding stream exclusively for childcare development. Additional funds from other sectors and sources should then be added to this overall funding pot. The fund would act as a one-stop funding gateway to all funding streams for relevant childcare providers. Targets should also be set for supporting providers to bring in matching private sector funding.

**Community Innovation Fund**: The National Childcare Strategy depends for its success on its capacity to foster and strengthen mutual exchange in local communities. This economy of mutual exchange should be encouraged and supported through a dedicated Community Innovation Fund. The focus would be on encouraging applications for funding from projects focused on building community capacity around childcare services.

A key aim of this initiative is to encourage employers to invest in community childcare provision by providing help with start-up costs. Another goal is to encourage a new generation of entrepreneurs to develop innovative, community based solutions.

To ensure **local coherence**, reform of national delivery and funding systems should be enhanced by restructuring at local level, with clear
local leadership, encourage decentralisation and achieve contextu-
alised solutions.

*Children's Centres:* If the Childcare Development Agency is the national organisation acting as the focal point for delivery and practice, Children’s Centres should be the focal point around which childcare and community related services and networks should be organised. The goal should be to have a Children’s Centre in each community by 2010. Schools – primary and secondary – provide an obvious focus, with build-
ings and spare capacity. Children’s Centres could become a one-stop service for all referrals relating to childcare from different stakehold-
ers at the community level.

Local partnerships would continue to be responsible for delivering local childcare plans and growing the local childcare market. They should be housed or contactable within the Children’s Centres. EYDCPs should also be infused with new members – community entrepreneurs, local employers, and people with marketing and business skills.

*Local Childcare Trusts and Forums:* EYDCPs should also take the lead in experimenting with the creation of Local Childcare Trusts, using these as a vehicle for depositing resources from the national Childcare Fund and Community Innovation Fund, and securing other sources of income. EYDCPs should also take the lead in establishing Childcare Forums, allowing parents and the wider community to become involved in meeting the childcare challenge.

**Conclusion**

Taken cumulatively, these reforms would help to establish a system of investment and support which is genuinely capable of developing childcare solutions in a manner and at a scale which is appropriate to the growing level of demand in the UK. The task is not just to establish the targets, but to find the right way of meeting them. This will only be possible if we nurture a more entrepreneurial approach to creating childcare solutions.
Families in the twenty-first century operate like micro-businesses and are increasingly reliant on outsourcing household labour – the cooking, cleaning, parenting and care work that traditionally women have taken care of. As families become more like employers, managing and organising care work, it becomes easier to draw analogies between business and family life. As Shirley Burggraf, author of *The feminine economy and economic man*, puts it: ‘The caretaking economy and the competitive economy are two sides of the same economic reality, neither of which can function without the other.’

But comparisons between families and businesses can only go so far. ‘Family business’ is like no other, and the childcare industry has specific qualities which make it radically different from other sectors. Care work is resource intensive. At the same time, the costs of getting it wrong are almost incalculable – literally unfulfilled human potential or psychic and physical damage. In this context, the very meaning of entrepreneurship – the capacity to take risks in the building of an enterprise where there is a market gap – sounds counter-intuitive.

We cannot have a free market in childcare because it is children’s welfare – the lives of tomorrow’s citizens – that is at stake. The imperative of maintaining high levels of quality control coexists with the desire to stimulate supply in the face of unprecedented levels of demand.

So the idea that we might be positively encouraging a new generation of childcare entrepreneurs to emerge from the shadows, innovate and take risks to cater to demand seems to be reckless and irresponsible.
Other factors impede the growth of the sector. There are high start-up costs, structural barriers to economies of scale, and profit margins that are low relative to other markets. Part of the problem is that productivity in the wider economy may have increased – 1 hour in 1990 is 25 times as productive as in 1830. But when it comes to childcare, there has scarcely been any change.

The economies of scale that typically accrue with information and communication technology (ICT) or improvements in efficiency do not really have an impact in the caring industries. Children cannot be cared for as if they were products on an automated factory line. And new technology may promote and strengthen networks, but it cannot replace the need for direct adult supervision and care.

For all these reasons, the cost of caring is often seen to be too great for entrepreneurs to capitalise on it successfully and effectively. There are even more barriers when it comes to leveraging investment from business. With high start-up costs and slow returns, mainstream investor interest has been minimal. Childcare businesses are neither a recipe for getting rich quick, nor do they provide a rapid exit for founding investors. The childcare business requires long-term commitment.

These inbuilt barriers impose significant restraints on the supply side, so that, in spite of unprecedented levels of demand, the market is responding relatively ineffectively to the childcare challenge. As a consequence, the market for childcare solutions is fragmented and underdeveloped.

This is what makes growing this industry – effectively from scratch – so challenging and yet so fundamental. Yet, as this argument makes clear, it is not so much that the childcare entrepreneurs are absent – there are indeed striking acts of social entrepreneurship throughout the UK and many of these are in the area of childcare and community action – rather the problem is that these individual acts of care entrepreneurship are taking place in a vacuum. Barriers – cultural and economic – need to be overcome if the potential and innovation of our childcare entrepreneurs are to be unleashed.

This argument explores the barriers to more entrepreneurial solutions and examines why the infrastructure created by government policy is not yet functioning properly. It then sets out an agenda to stimulate and support a new generation of childcare entrepreneurs.
1. The childcare challenge

The government’s response to the dilemma facing today’s working families has been decisive and historic. The first ever National Childcare Strategy was published in 1998. It committed itself to high quality and affordable childcare for all as the cornerstone of family policy and economic opportunity. A total of 66,000 new places were created in the first year, and it is predicted that up to 1 million children will benefit in the first five years. It was a bold initiative, not least because it effectively commits the National Childcare Strategy to growing aggressively an entire industry – almost from scratch.

In the first term, the government concentrated on removing obstacles to high quality and affordable childcare. This policy agenda is broadly in line with what parents – particularly women – say will make their lives easier. The government’s role has been to act as a catalyst, encouraging public–private partnerships, listening to parents and creating a quality framework that is child focused and achieves the goals of family policy.

The government has also tackled some of the challenges by focusing on building and creating what it hopes will be a sustainable infrastructure as the basis on which a mixed economy in childcare can flourish.

The problem
Yet in spite of this clear political commitment and vision and financial investment, the execution and delivery of innovative childcare solutions have been less successful. The ‘market’ for childcare solutions
is curiously weak and underdeveloped. Demand far outstrips supply, and solutions have been surprisingly lacking.

Working families – parents and children – are not getting the childcare they want or deserve. More than 50 per cent of working mothers with children under five are not using their preferred form of childcare. Among mothers staying at home, 24 per cent have said that they would return full-time if they had the childcare of their choice, and 55 per cent would return part-time.

Although the use of formal childcare has been on the increase as mothers have taken up full-time employment, informal care dominates, especially for the pre-school age group. The problems are various and include the following:

**Childcare gaps:** According to the Daycare Trust, the ‘childcare gap’ is significant. Take provision for children under eight. According to the Trust’s figures, there is just one registered childcare place for seven children under eight years old in England.8

The picture for school age children is also dismal. The service is fragmented and patchy across different regions.9 According to some figures, only 2 per cent of all primary school age children currently attend an out of school club – this is in spite of the fact that the number of out of school clubs showed an impressive increase of approximately 25 per cent from 1997 to 1999, with the largest growth in summer holiday and breakfast places. The overall number of children on waiting lists for after-school clubs has risen by 14 per cent.10 According to the Kids’ Clubs Network’s database, 23 per cent of all clubs have waiting lists, with an estimated 10,000 children waiting for a place.

Childminders are the most numerous of childcare service providers. Until recently, the number of childminders has been falling. The National Childminding Association (NCMA) reported a 20 per cent drop in childminders in England and Wales between 1997 and 2000 and argued that as many as 16,000 new recruits were needed every year just to keep pace with those leaving the profession.11 A recent report suggested that the number of childminders had dropped by almost a third between 1992 and 2000, a sign of a growing shortage of people willing to work as carers. (The latest figures show that the number of childminders is now increasing as start-up grants in England have
begun to have an impact on recruitment, but the core principle – declining willingness to be a childminder – remains.)¹²

There are also specific problems. For example in Rural areas, where economies of scale that in urban centres allow for a range of childcare options are less common because of the absence of a transport infrastructure, the problem of matching supply and demand is even greater: 86 per cent of rural parishes have no private nursery, 93 per cent have no public nursery and 92 per cent have no out of school childcare.¹³

Socially excluded neighbourhoods feel the brunt of the childcare deficit. Many disadvantaged communities have no childcare services. Among 600,000 children under three living in poverty, only one in fourteen have a subsidised childcare place. Childcare services are needed for parents who don’t work and for those who cannot afford to pay, because they can increase children’s educational attainment and health.

Childcare for under-threes is where there is the most demand – 49 per cent of mothers with children under twelve months go back to work – and yet it is also the most expensive.¹⁴ New government funding for 900 neighbourhood nurseries nowhere near matches the scale of need or demand. Research by the Daycare Trust shows that almost all childcare services for children under three are private sector arrangements for those whose parents can pay. Early evidence shows that the childcare tax credit is not enough on its own to stimulate and sustain new services in poor areas. Moreover, more childminders are needed in disadvantaged areas.¹⁵ Sure Start will help at most 5 per cent of children under four; fewer than 500 family centres are run by local authorities, and only 256 community nurseries out of 6,700 nurseries in England provide affordable childcare for a cross section of their communities.¹⁶

Older children also receive short shrift from the system. Their need for care is often leisure based, creating the need to pay for activities and transport there and back. Homework clubs and after-school activities are often dependent on the school as the focus for organisation and many schools still won’t open their premises. Audits carried out by Early Years Development and Childcare Partnerships across the country reveal a shortage of out of school provision for young people between the ages of eleven and fourteen.¹⁷ The Kids’ Clubs Network estimates that there are now around 300 schemes, but 2,000 are actually needed.¹⁸
Childcare providers are chasing change in other ways. We may increasingly live in a 24-hour society, but childcare provision is still stuck in the nine-to-five working paradigm. Only 10 per cent of UK employees now work a standard nine-to-five, 40-hour week but childcare has not developed to meet the needs of shift workers.\(^{19}\)

Nor has childcare adapted to the needs and demands of student parents. One in four colleges has no childcare facilities, and more than a third of colleges with facilities do not take children under three. There are additional problems because student parents cannot claim the childcare tax credit.\(^{20}\)

It is easy to paint a picture of government and market failure. It is important to recognise that the childcare gap is closing and the government strategy appears to be having an effect. Figures for the first three quarters of 1999 show that more than 107,000 new places were created. Attendance at some form of nursery education has increased dramatically where facilities are available to 91 per cent of three year olds and 98 per cent of four year olds (although ‘care’ is only part-time and in term-time only).

After-school clubs have experienced genuine growth. The government strategy is to create 10,000 additional after-school clubs for 1 million children. Since 1997, after-school clubs have doubled in number and will double again by between 12,000 and 13,000 by 2004.\(^{21}\) Nevertheless the scale of the problem and the extent of the childcare gap remains significant.

The next phase of the National Childcare Strategy needs to address the challenges of the cost of care, labour shortages, quality control, weak infrastructure, involvement of employers, sustainability of childcare solutions and failure to build capacity in families and communities with new targets, and incremental reforms to the current system. At the most basic level the government needs to commit itself to tackling specific childcare gaps. In the first instance, this means expanding and extending present policies in the following areas:

- Under-three year olds: Targets need to be set for childcare provision for under-three year olds with a commitment to early excellence centres in every area. Designated start-up funds need to be set aside

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for childcare entrepreneurs specifically catering for under-three year olds.

- **Nannies and the state**: Nannies should be included in the regulatory regime and within the childcare tax credit.
- **Rewards for community parents**: Parents should be allowed to benefit from the childcare tax credit when they are reliant on grandparents, relatives and friends.
- **A single regulatory and quality regime**: There should be a unified regime with a particular remit to review the quality of care and provision for children over eight.
- **Student parents**: Students should be given access to the childcare tax credit, and childcare provision should be made available free to every student parent in full-time further and higher education colleges.
- **School age children**: The government should continue to focus on and expand childcare for older children (five plus and ten plus) and cater for their different care and learning needs.

Action in all these areas only makes sense in the context of a national plan which spells out targets and what can be delivered over the next ten years.

**The cost of care**: If matching supply and demand effectively is one problem, affordability is another. Despite the recent government initiatives and attempts to subsidise the costs of childcare, parents still find the costs significant.

Recent calculations estimate that parents meet 93 per cent of childcare costs.\(^{22}\) The average spend on childcare per hour rose from £1.10 in 1991 to £1.54 after 1994.\(^{23}\) Lone parents for their part spent almost a quarter of their earnings on childcare in 1993. Between 1989 and 1993 the increase in the proportion of lone parents paying for their childcare increased from around 2 in 10 to 4 in 10.\(^{24}\)

Poor families really lose out. Children whose parents are unemployed, work part-time or use unpaid childcare may miss out on quality childcare and early years education. The government’s policies have clear weaknesses in this area. The childcare tax credit is too narrow. It is designed to support those already working but it isn’t powerful enough
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to encourage individual parents into work – and there is nothing available as a route into work. Those on benefits have a certain kind of stability and do not want to give that up for a tax credit or a job that might be insecure in itself. Out of school clubs are often a luxury that low-income families cannot afford. A recent report found stark variations in the costs of out of school care. Typical costs for an after-school session can vary from 50p to over £10 and less than half of the clubs surveyed (40 per cent) offered concessionary fees to families on low incomes.25

There is also less state help with childcare costs in Britain than in almost any other leading economy. British parents pay the highest childcare costs in Europe, with typical costs for full-time childcare for a family of two children – one pre-school and one older child – at £6,000 a year, more than the average family spends on housing or food.

It is apparent that the National Childcare Strategy will not meet demand if the costs of childcare are not tackled systematically. Priority groups are:

● working parents where the family income is slightly over the current Working Families Tax Credit (WFTC) threshold
● parents not working and on benefit
● parents using forms of childcare currently not eligible for childcare tax credit, including nannies, informal childcare and family childcare.

The Childcare Commission also proposed that help with childcare costs be extended in the following ways:

● to give additional support through a toddler tax credit for parents wishing to extend parental leave to provide care for the first three years of their child’s life
● to expand the childcare tax credit to provide larger amounts for parents further up the income scale
● to establish a student tax credit for parents undertaking training and higher education
● to include regulated nannies in the childcare tax credit and to include informal named child carers within the WFTC childcare
cost system (the Conservative MP David Willetts has also argued that the childcare tax credit should be made available to families reliant on informal carers)

- to complement this support by the introduction of tax relief on childcare payments for all parents in recognition of the importance of childcare as essential support for children and families.

An alternative to the Childcare Commission’s proposals in regard to the final point, maintaining the distinction between formal and informal childcare solutions, would be for the state to award childcare vouchers for grandparents and community organisations involved in caring for children. These vouchers could form part of a LETs scheme involving business, public services and local government. In this way it could help to capitalise on people’s productive capacities – especially those of older generations – as well as forming the basis of a new intergenerational contract which would be the cornerstone of the newly emerging extended families.

Labour shortages: If the sector is to flourish effectively, recruitment and retention issues need to be addressed head on. The childcare industry is poorly developed, and in spite of high levels of demand it remains an undervalued sector. The sector is characterised by low pay, low status, and feminisation.

The facts speak for themselves: 33 per cent of nursery nurses and a quarter of all childcarers hold no relevant childcare or early education qualification; rates of pay are lower than in any other sector; and there is high turnover. The recruitment needs of childcare are greater than in teaching and nursing: 90,000 new play scheme workers are needed for the expansion of out of school childcare alone, and over 300,000 childcare workers are expected to be needed overall over the next four years.

Certain types of carer are even harder to recruit and retain than others. The status of childminders is a particular focus: the reported decline in the number of childminders has been attributed to low pay, poor working conditions and few benefits. According to the National Childminding Association, childminders in some areas have been leaving in great numbers, unable to sustain their childminding busi-
ness in the face of uncoordinated expansion of provision. They are also fed up with the low income of the self-employed childcare entrepreneur. Many individuals can get more pay and status stacking supermarket shelves or working in a bar than working as a committed carer.

The start-up costs of becoming a childminder are deemed to be too high, standing at £600 in some areas. The introduction of government start-up grants for childminders may have alleviated recruitment difficulties, as the NCMA recently speculated, but the challenge of retaining these workers remains. Until issues of pay and status are tackled, this problem cannot be expected to go away.

There is also concern that lack of public recognition of the value of caring, the low esteem in which childminder jobs are held, is an obstacle to recruitment and retention in the sector. Women today are less dependent on childminding as a route into the labour market and as a solution to their own childcare difficulties. Partly because of this, the crisis in caring may deepen unless there is a radical shift in attitudes to the sector.

There is a further dilemma facing politicians and entrepreneurs moving into the sector. If the status of the sector is raised through higher rates of pay, the costs for parents will necessarily increase – unless government and employers can help share the burden.

It is clear that we will need to find ways of subsidising the pay of childcare workers and providing an infrastructure of training and opportunity that motivates individuals to move into the sector. At the same time, we will necessarily need to target wealthier parents to pay and help subsidise the costs for lower income families.

What can be done to recruit and retain a new generation of care workers? As demand for and the availability of childcare increases, so too does the pressure to develop a trained and qualified workforce. According to the Childcare Commission, over 300,000 new workers are required over the next four years – at least half of whom need to be qualified; when the Childcare Commission’s targets for expansion are added, these requirements are likely to treble over a ten-year timescale.

The government has made it clear that developing a childcare workforce through the National Childcare Strategy is a priority. A TV and press advertising campaign is underway, and a national framework of qualification and training has been established, with local training and
recruitment strategies. The DfES is already installing touch-screen terminals on high streets as part of a venture to accompany the campaign. Mothercare stores are housing the information kiosks to provide free information on childcare services. The government predicts that, within two to three years, there will be 8,000 kiosks across the UK.

If we are to tackle the image of childcare as a poorly paid, low status feminised sector of the economy, we also need to encourage more men to move into the sector. Initiatives like the Male Playworkers’, Forum need to be encouraged to share experiences and learning. Again we start from an appallingly low base. No more than five per cent of playworkers are male, and less than one per cent of nursery nurses are men.32

If the National Childcare Strategy is to meet its own ambitious targets, there will need to be an increase of over 60,000 playworkers for 3–14 years olds in the UK by 2003.33 Self-evidently, childcare providers and government will need to think much harder about ways of making the sector more attractive to men for them to work it.

The same diversity arguments hold more generally. The government recruitment strategy has set targets to bring employees from black and minority ethnic communities into the childcare profession. Currently these groups are under-represented in the childcare workforce, and those who do work in the sector are less likely to hold senior or managerial posts. Only 3.9 per cent of managers and supervisors in day nurseries and 5.7 per cent of other childcare and education staff are from minority ethnic groups, and black childminders make up only 1.6 per cent of childminders.34

Quality control: The core problem today is that there are unprecedented levels of demand and a supply side stretched to breaking point. In this context, maintaining quality control becomes more important than ever before – given the obvious public costs of not doing this. At the same time, attempts to enforce standards run the risk of stifling entrepreneurship in the sector.

Quality of care is a critical issue, yet the sector is largely staffed with untrained and unqualified workers with high turnover rates and the lowest rates of pay of any sector. For many parents the practical fact is that a key criterion of quality may be just to know the carer. But that...
in itself may not be enough to provide the best early care and start in learning that a child needs.

Ensuring high quality has to be a key strand of any integrated childcare system. In practice, this means bringing all our carers under one quality regime. The government has been working hard to put in place a new regulatory regime under OFSTED that will underpin quality in childcare and bring all childcarers under one regulatory roof. In theory, the goal should be to create a single regulatory structure and a uniform quality standard.

Nannies need to be brought into the regulatory regime so that there are common standards across the sector. Childcare for children over eight should also be fully regulated. There should be targets for training and development to support a fully qualified childcare workforce alongside improved pay and conditions (as above).

The Childcare Commission recently proposed a quality framework to build on and complement new OFSTED structures. Apart from investment in training and incentives for gaining qualifications, it includes: extending the regulation for childcare providers for children over the age of eight; quality accreditation for nannies; and accreditation for informal childcarers (community parents and the like) and childcare networks.

The NCMA, the national association helping to set standards and quality in the sector, is working in partnership with government, local authorities and other childcare providers to ensure that all childminders have access to services, training, information and support to enable them to do their job as effectively as possible. It has been instrumental in promoting the NCMA’s Quality Childminding Charter and involving individual childminders in local approved childminding networks, Children Come First. It is also committed to growing the number of networks (see below). Registered childminders are now represented on Early Years Development and Childcare Partnerships.

The NCMA’s six-point investment plan includes:

- fast track registration and introductory training
- extra help for childminders in disadvantaged areas – keeping quality care
- a level playing field in the tax and benefits system

28 Demos
● a publicity campaign about the virtues of childminding
● a scheme of start-up grants, as well as grants to support existing childminders, with the aim of building sustainability into the system and lowering the costs of entry – the government has already committed 19,000 childminder start-up grants for the next two years
● greater investment in Children Come First approved childminding networks.

Where the networks are concerned, the childcare partnerships have responded well, but funding is needed to maintain them. The NCMA has called on the government to invest in the development of up to 250 Children Come First networks focused on children from birth to three years as part of a three-year plan. There is some evidence to suggest that this may be an efficient use of public resources – the cost per place is £500 compared to £4,300 for an all-purpose children’s centre and to the cost of setting up a new out of school place (currently estimated at more than £1,000), although under the New Opportunities Fund programme the start-up cost averages £450 per place.

The NCMA plan also stresses continued investment in networks to develop and facilitate high quality out of school provision. The childcare partnerships have tended to focus on early years and the problem of out of school childcare, so that the need to stimulate these networks has had less policy attention. This is in spite of the fact that out of school clubs are often easier to kickstart than provision for younger children (as they are often cheaper and sessioned).

The government also needs to look further abroad for inspiration. The Smartstart initiative in North Carolina begun by Governor Hunt in 1993–94 has become a pioneer on the international stage and a source of learning about ways of addressing quality care and learning in the early years. It began as a response to the fact that North Carolina was close to the bottom of the federal league for childcare standards and faced a crisis of recruitment and retention in the childcare sector. The initiative lifted North Carolina’s position in the education league table and other states are now looking to it for inspiration.
Weak infrastructure: The National Childcare Strategy recognises the need to create and sustain an infrastructure to support the growth of the care economy. Early Years Development and Childcare Partnerships were created as the vehicle for delivering this on the ground. Since 1998, 150 EYDCPs have been created in England and they are supported by the DfES. In theory, they are expected to audit existing provision and create and deliver childcare plans. In practice, some partnerships have been lacking in focus and their mechanisms have been unwieldy. Some of the partnerships have had too many small and ‘bitty’ things to do, distracting them from strategic thinking, and process has often overtaken the end product.

Many partnerships have suffered from problems endemic in the sector as a whole: lack of experience and expertise; overbureaucratic practices; the absence of a culture of public–private partnerships; limited business and development skills, and the absence of an entrepreneurial culture. The list goes on.

In the second term of the New Labour government the weakness of the childcare infrastructure is becoming more and more apparent. It remains one of the greatest barriers to delivering the government’s own vision.

Experience has shown that the partnerships have had inadequate knowledge of the Working Families Tax Credit and other government family and child benefits that could help to underpin the financial sustainability of childcare provision. Because of their limited business development skills, they have failed to develop entrepreneurial solutions locally. The annual plans that the partnerships have to produce have not assisted longer term development, but have used up time, allowing little space for looking at opportunities for funding from private sources, a major weakness in the strategy as a whole.

If the local and regional infrastructure is patchy, piecemeal and weak, the national infrastructure suffers other problems. Sure Start, the Childcare Unit and Early Years Development are situated on the same floor of the same building but historically reported to different departments (although the newly created Department for Work and Pensions now has a watching brief, and the Childcare Unit and Early Years Development have now merged). The lack of one point of entry has meant that there has been no focal and visible point of contact for the
The childcare challenge

coordination of the childcare strategy, and no single line of accountability.

Overall, there is no clear national plan, and government targets and goals in ten years’ time remain ill-defined. The complexity of the system – locally and nationally – means that people neither understand how the policies are being delivered, nor do they see their success on the ground. As a consequence, the National Childcare Strategy has failed to generate the kind of public support and endorsement for government policies that the government might have expected.

Governance arrangements for EYDCPs illustrate the lack of entrepreneurial culture. The average membership of each partnership is 31 with a range from 15 to 72. (Yet most commercial boards rarely look beyond boards of 12 to drive strategy and operations.) Just under half are chaired by local authority officers, a quarter by councillors and the remainder mainly by members of voluntary organisations or academics, rather than by people from the private sector. The private sector is similarly underrepresented both in terms of childcare providers and employers who would wish to support childcare initiatives. At the same time, the emphasis appears to be on representation and advocacy rather than marketing, operational development and delivery.

Insufficient attention has been given to creating and engendering sustainable childcare solutions and strengthening the business case for childcare. For example, at strategic planning workshops and other support events organised by the Department for Education and Employment, the Daycare Trust and the Kids’ Clubs Network, the partnerships’ attention has been on quality, information and early years education, and less thought has been given to funding opportunities, marketing and employment needs.

The time taken to raise public funds through the partnerships means that little time is left to develop childcare provision, seek innovative solutions, or develop private sector initiatives and services for private sector providers. The regulation and bureaucracy is stifling the growth of entrepreneurialism in the sector as a whole. Part of the problem is that partnerships suffer from a lack of direct funding themselves (above and beyond funding for their basic infrastructure) and are without core childcare funds to dispense at the local level. EYDCPs compete for money from SRB (Single Regeneration Budget), New Deal
for Communities, New Opportunities Fund, and Objective 1 and 2 funding sources. (Sure Start provides an interesting example in that it has taken a different approach in providing full funding initially to prevent local boards chasing money instead of identifying solutions.)

In spite of all these weaknesses, it is clear that partnerships have the potential to assess local needs, develop community access, build and sustain childcare provision, and ensure local accountability. But if they are to be liberated to achieve these broader goals, the current weaknesses and obstacles must be overcome. At the moment, they are too unwieldy to function effectively as development agencies and yet insufficiently diverse to act as consultative bodies to any great effect. The elements of an improved infrastructure are set out in the final section of this report.

Involvement of employers: Employers have been curiously absent in the childcare debate and less than forthcoming in providing childcare solutions. A recent Mori survey highlighted the gap that exists between rhetoric and reality when it comes to employer supported childcare. Among its key findings were that:

- only 8 per cent of parents have employers that provide help with childcare, and only one in ten workplaces provides help with childcare to staff
- only 4 per cent of parents receive any financial help in paying for childcare
- only 17 per cent of parents have employers that offer incentives to encourage mothers back to work after having a baby.

This is in spite of the fact that a 1998 survey showed that 74 per cent of employers said there were either minimal or no costs associated with family-friendly working practices, with 84 per cent saying they were cost-effective. The majority thought they had benefits: happier workers, increased retention and reduced absenteeism. Research in the United States among blue chip companies shows that for every $1 spent on a family-friendly service organisations save between $5 and $7.

Employer support is absent in spite of the fact that public support for greater employer involvement is high: 80 per cent of parents think
employers should provide more help with childcare; 92 per cent of parents say government should do more to encourage employers to do more to help employees with childcare.41

When it comes to balancing work and home life, parents said they would particularly like their employer to provide: part-time/flexi hours (22 per cent); a contribution towards nursery costs for employees (21 per cent); holiday play schemes (17 per cent); a workplace nursery (14 per cent).

Why have employers proved so slow to respond to the childcare challenge? The cynical response would be to say that the vast majority will only do so when they are compelled by the government. The more charitable view is to conclude that employers have failed to come forward partly because government policy to date has done little to support or reward employers’ investment in childcare, or support their employees with the costs of childcare. It is certainly true that many employers do not perceive an internal need. It is also true that the government has failed to articulate a vision that firmly puts employers centre-stage, as key stakeholders in delivering the targets set out in the National Childcare Strategy. The timidity of the government’s approach and the failure to develop a coherent and proactive strategy for encouraging employers is clear.

For example, there are currently few incentives to employers for providing childcare – at their own site or in the community. Tax arrangements are complicated, and employees are liable to be taxed on any employer support for childcare that is not directly managed by the employer. This restricts options for employers wishing to provide a tax-free option for staff and means that any payment through a childcare allowance or vouchers will be taxable.

Employers are currently able to offset some of their spending on childcare provision against corporation tax. However, this has no benefits for the public sector or charities. The Childcare Commission has argued that the costs of childcare should be set against employer national insurance contributions rather than corporation tax. Providing direct start-up grants to employers wishing to develop childcare may also be a useful and cost-effective way to encourage employers to develop their own provision.
Employees are not liable to tax on the benefits they receive from using a nursery or play scheme provided by their employer. However, according to the Daycare Trust, there are only 650 of them in the UK and the conditions are restrictive and place unnecessary burdens on employers. Employers incurring day-to-day costs in providing or subsidising childcare for employees may set these costs against their profits in calculating their tax bill, but they are open to interpretation and things can get complicated.

The childcare tax credit that is part of the Working Families Tax Credit does not improve the situation where employers want to provide childcare vouchers to low income workers, as these are added into the parents’ income when determining the level of childcare tax credit they can get. Therefore, an employee without any support from an employer may get £80 CTC, but with a £40 childcare voucher the amount will drop to £40 CTC. The question arises as to why the employer should subsidise a government scheme.

More generally, although efforts are underway to extend the family-friendly agenda and to broaden out this agenda by focusing on new ways of working, there are no tax incentives to encourage flexible working. Partly as a consequence, the National Childcare Strategy is increasing the accessibility and affordability of basic childcare but is only just beginning to think about rewards and incentives for creating these more flexible options (new moves are afoot to extend childcare tax credit eligibility to informal carers, for example).

The next phase of the National Childcare Strategy depends on promoting a mixed economy of care and strengthening the involvement of the private sector in childcare solutions. The first challenge is to incentivise employers and involve them in the childcare challenge. A range of incremental measures can and should be introduced.

- A childcare tax allowance should be available equivalent to the married couples’ allowance, or tax relief should be extended to all forms of employer-provided childcare, ending the restriction to workplace nurseries only.
- Employees in receipt of WFTC should not be penalised for employer-provided childcare vouchers.
- The qualifications for capital allowances should be made clear.
Employers should be encouraged to provide for staff by a double incentive – for every £100 invested in childcare, £200 should be allowed to be calculated against corporation tax.

Tax incentives should be offered for new ways of working – employers should be encouraged to promote work-life initiatives and there should be tax incentives for more flexible working. Homeworking, for example, minimises transport congestion and has clear environmental benefits, as well as decreasing stress levels. It also frees up people’s time to put more back into the community, a critical element in delivering the National Childcare Strategy.

Tax incentives should be available for employers to invest in local childcare provision and services to encourage business involvement in community childcare initiatives.

Sustainability of childcare solutions: As we have seen, the childcare partnerships have structural and cultural flaws that have resulted in a failure to develop childcare services that are self-sustaining rather than grant dependent. Dominated by the public and not-for-profit sectors and focused on their own short-term survival, they have inevitably been short-termist, inward-looking, fire-fighting for survival rather than looking to the long term and providing strategic leadership and vision in the sector as a whole, or being more strategically supportive of entrepreneurs.

The challenge of developing sustainable childcare solutions in areas of disadvantage is paramount, and current rules can make it difficult to move into these areas. All out of school childcare, for example, has to be self-sustaining to be eligible for New Opportunities funding, but in areas of deprivation it is difficult to meet this kind of strict criterion for eligibility. One consequence is that after-school development does not occur to the level that is needed.

There are other problems for particular age groups. The upfront costs of collective provision for under-five year olds means that nursery provision is dominated by private sector involvement, which does not cater for low income groups as effectively as social enterprises could.

The goal of seeding sustainable childcare solutions remains elusive. Without achieving sustainability, much of the public investment and
Crèche barriers

political commitment put into the National Childcare Strategy will be wasted.

The failure to build capacity in families and communities: The National Childcare Strategy has surprisingly little to say about the informal caring of families and has only recently begun to focus on strengthening family capacity and promoting community-led solutions.

This is all the more surprising because experience shows that many families are still reliant on informal childcare and in many cases prefer it to more structured professional childcare provision. Grandparents – particularly grandmothers – for example are increasingly relied on during family break-up or when a family crisis has led to the breakdown of routine parenting. Where working mothers are living with the father of their child, 24 per cent of grandparents carry out daytime childcare, compared with 44.5 per cent in families where the parents are not together.42

To date, the thrust of government policy has been on making work pay and on building community networks which promote engagement with the labour market. Far less attention has been focused on making care pay or in stimulating and supporting a culture of family care, let alone other community based networks to support family and community life. Nevertheless, there have been some recent initiatives marking a policy shift in this direction. For example:

- Local authorities will for the first time formally recognise extended family relationships in housing policies.
- The National Family and Parenting Institute has been established to: provide advice to parents; map and disseminate best practice; develop parenting support; influence the agenda for research on the family and raise public awareness of the importance of parenting.
- One of the NFPI’s main initiatives is Parentline, a national helpline for parents. The government has also provided seed finance for www.fathersdirect.com, a non-profit organisation focused on nurturing networks for fathers, and for practitioners and policymakers in the field.
These disparate initiatives cannot be said to amount to a coherent strategy for strengthening family capacity and support networks in the community. The next phase of the strategy must do just that as part of a broader push to strengthen and support communities through government.

The measures recommended so far are vital initiatives and crucial refinements of the National Childcare Strategy. But they will pale into insignificance unless we meet the central challenge facing us. How do we grow, incubate and accelerate the development of an entirely new industry – an industry dedicated to family business?

The following chapter looks at the emerging entrepreneurial culture. It profiles some of these childcare entrepreneurs in action, describing some of their characteristics as well as some of the challenges faced in creating an entrepreneurial culture in the childcare sector.
2. Childcare entrepreneurship in action

Over the last few years, a new generation has moved into the childcare sector, inspired by a belief in social business and a desire to deliver sustainable childcare solutions. Some of the early successes of this new mood are already visible. It is vital that the government and employers learn from these initiatives if the targets set out in the National Childcare Strategy are to be met.

The remainder of this section describes the emerging entrepreneurial culture, showcases some specific practical examples and identifies some common characteristics of childcare entrepreneurs and their organisations and networks. It also identifies ways in which the current framework is impeding their growth. Who Minds, the magazine of the national Childminders Association, is full of examples of entrepreneurial childminders, many of whom are featured below.

**Case study 1: Childminders, the original childcare entrepreneurs**

Childminders are in some respects the original childcare entrepreneurs. Typically they are self-employed, having sole trader status, although some also set up limited companies. Their actions are by definition entrepreneurial, and childminders have frequently set up in response to their own pressing childcare needs, seeing income generating ways through their dilemmas and finding that they can successfully combine work and family life.
Judith Dalby is fairly typical. She has been a registered childminder for six years, the last two and a half in partnership with her husband Robin, a process which has seen them become more ‘businesslike’ in their approach and has led to a scaling up of their services. Interestingly, Robin’s decision to leave his old job at BT was motivated by a desire to be more involved in family life: ‘Whilst in my old job at BT, I felt I’d missed out a lot of my own children’s growing up. I could see that childminding would give me an opportunity to see the children developing and learning new things. So when I was offered voluntary redundancy from BT, I decided to give childminding a go.’

Robin’s decision to join Judith precipitated them into doing a ten-week business course together, at the end of which they produced a business plan. It showed that if they could identify sufficient demand, they could make childminding a viable business without being dependent on any alternative sources of income. The redundancy money was used to convert some of the garage into a playroom, they bought a lot of equipment and they were able to offset certain running costs and capital expenditure against taxable income. They now have up to twelve children in their care at any time.

Childminders often fall through the large-scale funding loop. They are seen to offer personalised and flexible rather than scalable solutions. But in rural areas, high capital costs and the problems of a weak transport infrastructure can render nurseries and other forms of childcare impractical. Childminders are once again vital in helping to plug this gap, and this year the first New Opportunities Fund grant for childcare was awarded to a single childminder. Although individual childminders are not usually considered for NOF funding, Catriona Pinnington from Axbridge in Somerset was successful in being awarded a grant of over £12,000. Catriona has been childminding for eleven years and, thanks to the grant, her childminding business, Trina’s Tots, has scaled up to provide places for children aged three and over and is now registered to care for as many as twelve children, allowing her to take on her first two employees.

As freelancers and as their own agents, childminders are often able to take advantage of the flexibility of organising work around their life. They have also been some of the first childcarers to respond to the demands of parents who no longer work the typical nine to five shift.
In this sense, the flexibility of care that many home based childminders can offer positions them at the forefront of a new entrepreneurial culture. The Daycare Trust’s research found that, in 61 per cent of working families, one or both parents are working outside the standard ‘nine to five’, and many rely on registered childminders because few other providers will take children as they may do in the early morning, late evening, overnight or even over a weekend.

Maureen Ferrier is a childminder in Crawley, West Sussex, who has stood ready to offer ‘out of hours’ care for a single parent who works as an airline stewardess. In effect, Maureen’s family acts as the ‘surrogate’ or extended family network when long-haul fights are scheduled. Childminders have been quick to identify the internet as a marketing tool for seeking out new clients, including prospective parents, as well as a channel of communication with their current customers and about childminding and their work. Individually and collectively, they have embraced new forms of technology to improve their communications and services. Combined with initiatives like Child Works, it is not difficult to see how, combined with initiatives like Child Works, an emerging e-infrastructure will highlight gaps in supply and demand – locally, regionally and even nationally – as well as providing a forum for learning, mutual exchange and the building of communities of interest for parents, childcarers and educationalists alike.

Some of the ‘early movers’ on the Web identified by the National Childminding Association have been: Nicky’s Nippers Childminders Service, www.nickysnippers.homestead.com; Marion Ryan, a registered childminder who has been providing childcare for fifteen years and also acts as the coordinator for the local Childminding Group, www.members.aol.com/childcaresl; Ellie Frake in Somerset, www.geocities.com/elliefrake; and Georgie Pickett in Nottinghamshire, www.georgieschildminding.homestead.com. The NCMA has been active in prompting the idea of childminding as a business and in providing the tips and tools for enabling childminders to advertise their services effectively.

A number of regional childminding associations, operating as local autonomous associations and groups (albeit members of the National Childminding Association nationally), have also begun to set up dedicated websites and community links to promote greater awareness
Childcare entrepreneurship in action

about childminding: as a career for those contemplating working in it, as a forum for learning and mutual exchange for childminders locally, and as a channel of communication between the childminding community and parents in local communities.

Solihull Borough Childminding Association, www.sbcma.org.uk, and Kendal and District Childminders Group, www.kdcm.org.uk, are both good examples. The Kendal and District website follows on from their successful publication of a guide for parents in their area thanks to sponsorship from the local Business Links. The start-up grants for childminders and the funds available to local networks and associations should make initiatives like these commonplace, helping to bring together isolated freelance childminders – especially those in rural areas – as well as drawing together a fragmented market, highlighting gaps in supply and demand, and filling out information and knowledge.

The creative application of ICT, especially in isolated rural areas, is vital in breaking down isolation for childminders and parents alike, and in allowing a degree of preselection to take place online. Networks and associations such as these tend to work closely and collaboratively with the National Childminding Association, www.ncma.org.uk, which has put together a Children Come First toolkit for childminders and their networks.

Entrepreneurial and home based childcare solutions have the added advantage of having lower start-up costs, thus registering high on the sustainability index which will become a critical litmus test of the government’s childcare strategy in the months and years to come. There are already 32 networks approved by the NCMA as Children First childminding networks and the government has made a commitment to finance a further 150 new networks in England year on year. The creation of these networks, with the emphasis on mutual learning, has meant that some childminders have become ‘accredited’ as early years education providers, while others have become qualified to offer ‘community childminding services’ and cater to disabled children and those ‘most in need’.

Case study 2: The Trojans
The Trojans, an award-winning educational charity, runs after-school clubs at fourteen South London schools. It is a prime example of what
can be achieved by committed childcare entrepreneurs. It also runs holiday schemes and acts as a community catalyst, providing advice and guidance on how to create clubs. In particular it advises on how to access funding.

From its inception, Trojans has taken an entrepreneurial attitude to the childcare market. Jackie Nunns, one of its project leaders comments: ‘Government aims, such as the creation of a national childcare strategy and the reduction of child poverty, mean that there is a lot of money out there – what is difficult is finding the people who have the time and skills to apply for the funding that’s available. Trojans can help because it has learned how to do it.’

Implicit in Nunns’ analysis is the idea that Trojans is able to nurture and accelerate the learning of others. In effect, it is acting as an incubator for the local childcare market, providing the knowledge, the insights and the learning to help others benefit from the path they have pioneered.

But the Trojans model is entrepreneurial in other ways too – especially in its use of resources. The focus is on economies of scale. A school provides rent-free premises and access to some equipment. There are two fee rates, one of them for parents on a low income or benefit, and the service is free if parents also volunteer time. (All volunteers are also given training.) Children (like their parents) are involved in decisions about how funds are spent and the clubs are highly structured – providing a mix of structured play, education and free time. No one in the local community is turned away.

Trojans benefits from and accesses resources through the Children’s Fund, the single regeneration budget and other non-governmental trusts and grants. Significantly, it has yet to leverage local employers and businesses. There are other government funding streams. Under the New Opportunities Fund, £450 may be received for each after-school place created.

The challenge of maintaining momentum in ventures like Trojans is critical: 80 per cent of small voluntary groups fold within the first eighteen months – as much through lack of knowledge about how to take organisations and ventures to the next stage as through lack of commitment. One of the aims of Trojans is to improve the chances of sustainability, and it works collaboratively with national organisa-
tions like the Kids’ Clubs Network, which provides information and advice about preparing community business plans, sourcing grants and finance and sustaining the projects moving forward.

**Case study 3: Childworks, www.childworks.co.uk**

Childworks is an internet based one-stop shop for the childcare and education community, providing interactive tools, content, and business services for parents, childcarers and educationalists alike. The site, www.childworks.co.uk, officially went live on 25 June 2001 at the launch of National Kids’ Clubs Week. Its founding directors, Ibrahim and Regina Bash-Taqi, have behind them fourteen years and five years of experience in childcare, education and business-to-business services. The aim of Childworks is to enhance childhood experiences by providing a comprehensive range of high quality, affordable tools, services and products to be used by childcare and education providers to improve the effectiveness of their service; and by enabling childcare and education providers to tap into the potential of the internet to enhance the quality of what they provide. It also aims to create the e-infrastructure for parents, childcare providers, schools and other agencies interested in the welfare of children to communicate and network effectively.

Childworks has a simple premise. Most adults with children in their care want to do the best for them. But sometimes they lack the necessary tools. Some of the specific added-value services Childworks provides include: regular email updates on what’s new in the sector; a grants alert system for childcare entrepreneurs and practitioners; an online agency for jobs in the childcare sector; and personnel support and online training for childcare providers. It also offers members bespoke software, Childwatch, which helps childcare and education providers to manage all aspects of their business quickly and easily.

Regina Bash-Taqi, one of the founders of Childworks, is herself a serial social entrepreneur. In her early thirties, she founded the Lighthouse Children’s Foundation in 1994 and has raised just over half a million pounds for the charity since its inception. She has also been involved in numerous other community activities. She was awarded the 1998 Times/NatWest Community Enterprise Award for London and until 1999 was an elected member on the Southwark Early Years Development and Childcare Partnership.
Childworks is conceived as a for-profit community business and marks Regina’s own movement from the culture of charities and grant aid into socially responsible business. Significantly, Regina and her partner Ibrahim have financed the start-up costs themselves, remortgaging their home to borrow £100,000. As Regina puts it ‘We like to think of ourselves as a dotcom on a shoestring!’ Childworks is certainly benefiting from the low costs of entry that internet based business ventures offer compared to more traditional ‘bricks and mortar’ childcare ventures. Costs have been deliberately kept low, and less than 10 per cent of their loan was spent on capital. Their biggest expenditure will be meeting their living costs, as Ibrahim gave up his full-time job in February 2001 and Regina was set to give up hers.

Regina believes that one of the greatest barriers to childcare entrepreneurs is that most start from a base of needing childcare themselves or doing something for their own communities and in deprived areas: to access funding, they set up as charities and become employees of the charity. For those with an entrepreneurial spirit, this can be frustrating because the opportunity can be missed to experiment, and expansion can be difficult.

For Regina, a dream project is one in which businesses put some of their community support funds into a pot to set up a Childcare Foundation in their local area – the companies can then release employees to become trustees of the charity, while the foundation can actively seek out entrepreneurs to give funds and support on a project basis, either as business ventures or not-for-profit organisations. National organisations such as the Kids’ Clubs Network would work closely with the local foundations to help them put in place their funding strategies and act as a channel for exceptional individuals to become involved in the childcare business.

Case study 4: St Paul’s Project, Hounslow, London
The innovative and creative use of ICT to deliver childcare solutions is part of the story. But creating and building the appropriate physical infrastructure for childcare firmly grounded in the local community remains as important as ever. The St Paul’s Project in Hounslow, London, is an example of such an initiative, founded as a voluntary sector organisation, which has succeeded in providing good quality,

Its main function when it was founded in 1994 was to provide nursery education for two to five year olds, although it has subsequently developed into a centre for other community functions and activities as well and now has a number of goals:

- to provide high quality, affordable nursery education to children from less well-off families
- to provide high quality training for childcarers in the community
- to enable disadvantaged parents to secure employment or self-employment through training and access to employment initiatives
- to create community links, enabling parents to form social and religious networks within the community which provide long-term support and foster community relations
- to provide a centre for young people to come together for youth activities
- to provide a meeting place for the elderly and for community functions at weekends.

At the heart of the St Paul’s Project is ‘vision of a community resource centre that will unlock the potential of the community, parents and local children’. The centre was established after a group of local mothers approached the church, which had acquired a run-down, disused church hall, for assistance in providing childcare. Helped by the church, the group managed to raise enough funds to refurbish the premises and establish nursery provision. Funding was obtained through (substantial) contributions from church members, a bank loan, and from the London Borough of Hounslow as part of a Service Level Agreement between the nursery and the social services department the first such agreement with an organisation run by an ethnic minority group. The activities of the centre reflect the multicultural nature of the local community.

The St Paul’s Project successfully harnessed the energy and involvement of a range of organisations, including the local authority, the local
church, the National Lottery Charities Board, the Baring Foundation, BAA and British Airways.

The variety of services and activities housed by the centre enables it to be an effective signposting organisation in training, employment, housing and health, and a strong community link that provides long-term support and fosters better community relations. St Paul’s Hall is used for a variety of community activities such as the local Brownies, language classes and as a meeting place for the elderly and youth groups.

The church helped the group organise themselves and assisted with fundraising. Through a concentrated effort, over £75,000 was raised, mainly through members’ contributions. With the help of a bank loan, the organisation secured the premises and comprehensively refurbished them at a cost of £110,000. A further £45,900 was secured through church members’ donations again, and £50,000 came from the London Borough of Hounslow.

Since opening in 1994, the nursery has cared for over 140 children and enabled over 45 individuals to be employed in childcare and related careers. Further training in childcare has been provided for four unemployed people under the local authority training scheme, and job experience has been provided for ten school leavers and twelve students pursuing studies in nursery education, enabling them to gain employment and further training in childcare.

The project is a model of social and economic innovation that extends well beyond its initial aim of providing nursery education. It directly contributes to the economic competitiveness of local people by providing comprehensive childcare at an affordable cost, thereby allowing parents to seek work, education or training. It also plans to expand its range of services to include an element of careers guidance.

The project delivers clear community benefits. A disused and derelict building has been refurbished and now serves as a valuable community resource centre, catering for a variety of needs at an affordable cost. The project actively develops social capital by providing a resource for, and encouraging interaction between local two to five year olds, their families, young people and the elderly. It has successfully bridged the risk gap as a social enterprise: it began with a small group of volunteers, but as time has passed the community ethos has been maintained along-
side a drive to become more commercial and professional in focus and service delivery. The project appears to be capable of scaling up because of a number of factors:

- a high level of demand for affordable childcare services in the local community
- sustained financial contributions from members
- plans to generate extra income (and provision of toys) from companies and other charitable organisations
- an expansion of the range of services provided, at the same time raising awareness of the project throughout the borough
- ways of becoming further embedded in the local community by providing a broader range of services and promoting racial, cultural and religious understanding
- the enhancement of the fixed asset base of the local community through building refurbishment.

The St Paul’s Project offers important lessons for voluntary organisations wishing to make a successful transition to social enterprise. It has benefited from a number of critical success factors:

- **Members’ support**: The project relies on a high level of support from church members, who together contributed over £120,000 to the purchase and refurbishment of the premises.
- **Local authority support**: The Service Level Agreement between St Paul’s and the local social services department provides essential long-term funding (£50,000 over six years in return for a designated number of spaces).
- **Affordability**: The nursery charges £105 per week for full-time childcare and nursery education Monday to Friday. This compares very favourably with other local childcare facilities.
- **Availability**: Childcare is provided by the nursery between 8am and 6pm throughout the year (including school holidays), allowing a full day for parents to work, pursue job search activities and/or training and education. Part-time arrangements are also available.
- **Board commitment and commercial experience**: The board of directors operates on an entirely voluntary basis and is made up of indi-
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individually with a good mix of commercial experience. ‘A desire and willingness to sacrifice time, effort’ and to understand the workings of the project is stated as a critical factor in its development.

- Commitment of staff: The nursery directly employs four permanent and three part-time members of staff. The emphasis on affordability means that wages may be lower than other childcare providers in the area and, thus, the reliance on staff commitment is higher.

- Synergy with local community needs: The project recognises its role as part of a multi-ethnic and multicultural neighbourhood and strives to assimilate multiculturalism into its activities, thereby reflecting the nature and needs of the community it serves.

According to independent assessors, the St Paul’s Project is capable of being replicated. It has received high commendations from a Swedish trade union delegation visiting Hounslow to study the running of a successful voluntary sector nursery. The local authority has recommended the scheme as a model for other aspiring projects in relation to its structure, management control, sustainability and visibility; this is within an authority where financial constraints have led to the closure of some under-fives services. The centre is already copied as a good practice example and is able to provide advice on setting up and fundraising to other voluntary organisations and church groups in the borough. The management committee has successfully sought an effective balance between ‘a sound mixture of business experience, with a keen awareness of what they perceive to be the fundamental aspects of community regeneration’.

Case study 5: London Rebuilding Society

Money, and the difficulty of raising finance for childcare enterprises, is a constant theme of childcare organisations, as is the difficulty of knitting together disparate funding streams. The London Rebuilding Society (LRS) is a non-profit mutual formed through a partnership with the Local Investment Fund, the Charities Aid Foundation, Social Enterprise London, NatWest and the Greater London Enterprise, which aims to meet that need, while also imparting business skills to the social enterprise sector.
The London Rebuilding Society provides technical assistance and financial services; it is business minded but offers opportunities to social enterprises. It is a new breed of financial and business intermediary for the fledgling childcare industry and for the social enterprise sector more broadly.

The idea for the organisation originated from work done by Ed Mayo and Naomi Kingsley of the New Economics Foundation who incubated and developed the concept thanks to funding from the London Borough Grants Unit and the City Parochial Foundation. Naomi Kingsley has since moved on to become the Society’s chief executive.

LRS emerged out of the perceived need to develop and nurture social enterprise, and the awareness that traditional routes to finance were often unavailable for social enterprises, forcing them to fall back on grant aid and more charitable approaches, which in the end may not be self-sustaining. As a community finance intermediary, it has thus arisen in response to perceived market failure and a market gap not filled by traditional financial institutions and government.

The focus is explicitly on building ‘wealth beyond welfare’ – and using the tools and techniques of wealth creation, rather than compensating people for being poor or offering grants. The aim is to foster entrepreneurial value creation, rather than a charity culture, and to use and develop new financial techniques above and beyond grants. There is a particular emphasis on community business ventures and creating an infrastructure of support and enabling systems for nurturing social enterprise.

The formation of LRS coincides with the government’s Neighbourhood Regeneration initiative and its associated neighbourhood nursery initiative – which aims to get 900 neighbourhood nurseries, each with a capacity of 50 plus, up and running in the 20 per cent most deprived wards by 2004. Together, they have the potential to act as catalysts and provide seed finance to a number of innovative childcare entrepreneurs in London.

The Society has two specific funds relevant to the childcare sector: the Social Enterprise Fund which will provide cheap loan finance as well as support and technical assistance to social enterprise; and the Mutual Aid Fund which will help charities and voluntary sector organisations
wishing to move towards entrepreneurial activity and greater sustain-
ability.

Under the leadership of Naomi Kingsley, one of the London
Rebuilding Society’s goals is to encourage the development of childcare
as social enterprises. Experience of the care sector to date suggests that
social enterprises do not succeed if they have a charity mindset and this
is especially the case with childcare, which has unique business chal-
lenges.

Adequate capitalisation and professional management are critical
indicators of success. To date, experience and what has been learnt from
the first wave of innovation suggest that the policy approach and
specific problems in inner cities have made the climate for effective
childcare social enterprises especially tough. Many of these business
challenges are encapsulated in early childcare centres, as Naomi
Kingsley well knows. As treasurer at Newtec, an educational and train-
ing charity for low income women in Stratford (see below) which has
developed a pioneering and innovative on-site nursery for working and
trainee mothers (www.newtec.ac.uk), Ms Kingsley has practical under-
standing and experience of the childcare business cycle.

In this context, it becomes vital that childcare enterprises receive
sufficient capitalisation in the start-up phase and that access to support-
ive bank finance is made available. The role of financial institutions
specialising in community development such as the London Rebuilding
Society is likely to become more important in the future and will form
the backbone of an infrastructure supportive to childcare entre-
preneurs. The lessons from its first wave of funding and innovation will
provide vital learning for policy-makers and practitioners who are
concerned to develop a life support system for childcare entrepreneurs
throughout the business lifecycle.

Case study 6: The Childcare Institute in Stratford, East London
If money is critical to seeding childcare ventures, the ingredients that
will make them succeed or fail often lie in the extent to which innov-
ative childcare providers have formed entrepreneurial clusters, and
networks for sharing ideas, disseminating learning and generally
helping to create a supportive entrepreneurial culture.
Stratford, one of the most deprived London boroughs, may seem an unlikely candidate for such a cluster but it is emerging as one such area of entrepreneurial innovation in the childcare market. It is the site of the now famous Bromley by Bow community centre, whose activities include a nursery, and which is rolling out nursery provision elsewhere in the borough. Stratford is also home to the educational charity, Newtec (www.newtec.ac.uk), which has spearheaded innovative and high quality childcare services and which has clearly built a successful partnership with the local authority and intermediate agencies.

Their vision is to create and engineer a custom-built Childcare Institute in Stratford which will enable them to deliver a range of services which will improve employment opportunities, provide a 60-place full-time equivalent daycare unit, offer business start-up help, and support private sector employers in addressing local childcare needs, as well as providing a home and epicentre for a local childminding network in the Stratford area.

The project is innovative in that it addresses the childcare gap by enabling employers, childcare providers and unemployed people to access an integrated and structured service. The Advisory Group and project partners include the lead agency, Newtec, the London Borough of Newham’s Education and Regeneration Partnership, the Newham EYDCP, as well as Social Enterprise London, the Daycare Trust, the University of East London, and other local voluntary organisations in the area. The London Development Agency has provided £4 million through SRB funding, with a further £1.2 million from European regional development funds. The plan is to open the institute in January 2003, and before then a further million pounds top-up funding will need to be raised from other sources – through Community Fund trusts, charities, government and potentially even through Employment Bonds.

The institute’s primary purpose is to provide adult education for unemployed people living and working in the local area and for professionals working in the sector who want to upgrade their skills. It will build on and enhance the other services in the area like Newtec and Bromley by Bow.
Case study 7: Jersey Childcare Trust

Jersey exists as an autonomous country but its proximity to England means that it is interesting to explore how effective a Childcare Trust can be in helping to create momentum and change around childcare in an area which historically has done little in this regard. The model could be applicable to EYDCPs, which will need to think much more strategically and imaginatively in the next phase of the National Childcare Strategy.

The Jersey Childcare Trust was set up to make Jersey a more family-friendly island early in 1997. Interestingly the impetus in this case came from the island’s education department a year earlier. However, it was recognised that because tackling the childcare challenge necessarily involved multiple stakeholders and cut across a range of departments and skills, an autonomous and independent agency needed to be established. The education department provided seed finance and the trust was formed with charitable status, allowing the organisation to access a broad range of funding sources and benefit from tax breaks. It has a small core staff of two full-timers and two part-timers.

Since its inception, the organisation has spearheaded a number of important initiatives. It hosted its first Children Week in 2001, and has launched a competition to find Jersey’s most family-friendly employer, as well as providing an Employers’ Toolkit for flexible working and childcare. In autumn 2000 it worked with Plymouth University to develop the most wide-ranging survey of childcare needs ever in Jersey thanks to a grant from the Lloyds TSB Foundation. Its website went live at the end of 1998 and now lists childcare staff vacancies (of which there are many) and childcare providers with spaces for children (of which there were none at the time I reviewed the site).

Issues of quality and professionalism in the sector are key issues for the trust. As well as advocating and lobbying for more effective provision, it acts as a kind of childcare information and referral service. Interestingly, in a small way, it is also effectively acting as an incubator and clearing house for potential childcare entrepreneurs, and seeks to match up people interested in starting up childcare provision with potential partners.

It has also been keen to help childcare entrepreneurs with seed finance in an attempt to stimulate supply. In 1998–99, for example, it
ran a Starting Points grants scheme, which invited applications from childcare entrepreneurs for a grant of £1,000 to help them develop services. In this case, providers were actively approached in an attempt to raise awareness and 21 childcare organisations were financed. The trust also promoted a Quality for Children grant in 2001 and financed 35 childcare organisations from a total sum of £45,735. It hopes to continue this as a rolling programme to keep the sector vibrant and innovative.

The trust has also been instrumental in forming another charity, The Spring, to cater specifically to the needs of school age children: there is a particular childcare gap in this area on the island and the impending closure of two after-school clubs would have left 50 families without childcare. The ambition is that The Spring will move on to develop further after-school clubs on the island. Jersey is an island where space is at a premium and so all the challenges of start-up costs for purpose-built nurseries and childcare provision are writ large. The trust recognises that the real estate market in Jersey – where the cost of purchasing land or property is particularly high – puts many potential entrepreneurs off. (A three bedroom semi-detached house there can rarely be bought for less than £250,000.)

The origins of the trust are interesting in that it provides a model for the kind of Childcare Foundation which Regina Bash-Taqi, profiled above, and Jan Anderson in Humberside have identified and acted upon. Its mission is to work towards better, more accessible and affordable childcare for Jersey’s children. In the future, it is not impossible to imagine such organisations as the Jersey Trust springing up in communities in Britain, bringing together multiple stakeholders – parents, community groups and local employers, as well as local authorities – to tackle the childcare gaps and act as the central gateway through which local finance is streamed and accessed.

**Case study 8: Susan Wylie, Millennium Award Winner, Glasgow 2000, School for Social Entrepreneurs**

Parents are often the original childcare entrepreneurs, responding creatively, flexibly and imaginatively to their own childcare dilemmas. Many go on to become childminders. Others become agents of change in their communities. Susan Wylie is one such person.
A mother of two daughters aged twenty and five, she is one of six Glasgow Millennium Award winners with the School for Social Entrepreneurs. She left school at fifteen with basic qualifications and became a trainee sewing machinist in a local factory at a time when the North Glasgow area of Possilpark still had an industry. At the age of twenty she had her first child. She stopped working until her daughter was six, when she once again found employment in the local food and beverage industry. She moved into management for a period of nine years.

When she had her second child, Susan hit the problem facing many working parents – the absence of affordable childcare. Partly as a consequence, she became concerned about the need to reform the childcare industry. Susan went on to do a childcare training course with Glasgow North Ltd, which provided her with childcare provision for her daughter while she trained. When she completed the course Susan successfully ran a mothers and toddlers scheme in her local area. Then she moved on to a family support centre with her child and became involved in a number of projects in her community. Her daughter went to nursery school while she completed a National Certificate in working with communities, a one-year full-time course, and gained work experience in a community placement.

She is now active in her community and in February 2000 she heard about the School for Social Entrepreneurs. Armed with a good idea, and a desire to make it happen, she applied to the school and became an award winner. Her project, Families First, aims to develop a safe play park for the children and families in the area of Possilpark. It will be used by local childcare organisations (mothers and toddlers, nurseries, playgroups, and family centres), but above all local children and their families. She is now networking with local groups to gain support for her project. Susan’s story is on the web (www.sse.org.uk/people/susan.wylie/index.html) and she is contactable via email: susan.wylie@sse.org.uk. Interestingly, of the six Glaswegian Millennium Award Winners, two are directly related to the provision of childcare in local communities.

**Case study 9: Kids’ Clubs Mean Business**

Kids’ Clubs Mean Business is a new programme run by Kids’ Clubs Network, www.kidsclubs.org.uk, with funding for three years from the
DTI’s Phoenix Fund. The programme aims to stimulate and support new out of school childcare businesses.

It has grown out of evidence that this model can work in growing and incubating new levels of service provision. The Network’s experience has shown that many out of school clubs can be set up in this way. The Out of School Childcare Initiative run through TECs produced a big increase in the number of out of school clubs.

However, there are currently few incentives for people to start up after-school care as individual businesses. EYDCPs do not have a specific remit to encourage new businesses and sometimes do not have the experience or expertise (or indeed the will, on occasion) to support new childcare businesses. Sole traders for their part can only rarely get financial support from NOF to start up (one reason why childcare entrepreneurs are increasingly having to think about setting themselves up as limited companies).

The plan of Kids’ Clubs Mean Business is to create a framework of support. It aims to:

- work intensively for a year in Lambeth and Bradford to support up to five out of school businesses, each with a particular emphasis on black and ethnic communities
- stimulate new businesses in the area through business start-up sessions: one-day tasters and business and playwork training to NVQ level; mentor networks will be recruited and publicised
- produce a newsletter to disseminate experiences and good practice and signpost for more support
- in the meantime, develop national business tools such as a business support toolkit and produce training for national dissemination, including 200-hour business/playwork training and start-up sessions
- organise a national series of seminars in year 3 to disseminate practice and highlight innovation.

Kids’ Clubs Network is also working with other partners to develop a programme to support community entrepreneurs to create new jobs and employment in playwork and support sustainable community
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 provision. An application from fifteen partners has been submitted for European funds.

**Case study 10: JACC Ltd and Humberside Childcare Trust**

The serial entrepreneur appears to be as prevalent in the childcare sector as elsewhere. Each venture is a source of learning for the next one – failures are rebranded as the sources of future success and the challenges and obstacles faced in realising one’s vision themselves become the inspiration for new ventures.

This certainly appears to be true in the case of Jan Anderson whose entrepreneurial zeal has seen her innovate and set up a number of organisations and services involved in delivering or financing childcare since the early 1990s. Maintaining accessibility and affordability has been a critical motivation for Jan Anderson’s ventures and this was one of the catalysts for the creation of the Humberside Childcare Trust.

Jan set up as a sole trader providing childcare consultancy in July 1993 thanks to a number of contracts with the Humberside TEC to deliver the out of school childcare initiative for Humberside. She also developed two workplace nurseries in and around York for MAFF (the Ministry for Agriculture, Fisheries and Food). In 1996 she began work on developing her own day nursery in York in a development being fully built by the Joseph Rowntree Housing Trust (it opened in 1998 and is now full).

Since then, Jan’s childcare consultancy has had a contract with Hull’s EYDCP for two years to deliver and develop childcare services in the city, including training and quality assurance. She also has a contract with Hull’s City Vision team to work on developing childcare services in the Noddle Hill area of the city. With new contracts have come employment growth and a change of status from sole trader to the establishment of limited company with shares. JACC Ltd (Jan Anderson Childcare Consultancy) now provides employment for six development workers, including Jan (who doubles as the company’s managing director). Jan’s husband is the company secretary and is the part-time finance officer.

It is significant that the growth of Jan’s consultancy parallels the new emphasis on delivery of the National Childcare Strategy on the ground. It reflects the extent to which the expanded funding streams are
beginning to filter through to and make an impact on local communities. But it takes entrepreneurial individuals and networks with vision to capitalise on these opportunities. Although Jan freely admits that her intention was never to become the managing director of a small and expanding SME, she has nevertheless been in the right industry at the right time and has been quick to identify the need and deliver innovative services and consultancy. She has also been fearless in taking the opportunities open to her and has in the process been a catalyst for job creation as well.

Jan’s early background was in community development so her more recent consultancy and commercial work is underpinned by sound knowledge of and empathy with community building techniques. She had experience of provision for under-fives, thanks to a three-year contract with the Department of Health’s Under Fives Initiative to develop community nurseries, and worked with York Childcare to set up a nursery in York as a partnership between York City Council, Midland Bank, York Health Authority and local voluntary organisations.

But Jan’s experience and entrepreneurial insight has best been exemplified in the imaginative and innovative way in which she has worked to overcome some of the challenges of delivering affordable and accessible after-school childcare to low income families. Her approach forewarns public–private partnerships and shows that they can work effectively in practice, bringing multiple stakeholders into the childcare business and rendering it sustainable and affordable for those most in need.

The Humberside Childcare Trust itself was set up by Jan in the mid 1990s when she was the Out of School Development Officer for the Humberside Training and Enterprise Council. Its aim was to offer fee subsidies to enable low income families to access out of school care in clubs across the former county of Humberside. The subsidy was claimed by and paid to the out of school clubs providing the places. The model of financing and subsidising low income families allowed for money to follow need. It helped tap into current sources of supply, and to foster greater social inclusion by providing childcare for low income and middle income families together.

In particular, it enabled clubs to charge an economic rate for childcare (helping to make their services sustainable) while at the same time
including low income families in their services because of the subsidy system. It also meant that the trust was able to plug the affordability gap for those families on low incomes who nevertheless did not qualify for support through the Working Families Tax Credit. The criteria for receipt of funding are constantly reviewed to ensure that the funds are targeted on those most in need.

Established as a charitable trust with a mix of organisations and stakeholders including local businesses, the organisation was able to access charitable as well as other sources of funding. It drew its trustees from influential organisations and companies within Humberside – people who could influence policy and funding decisions and ensure a flow of money into the trust.

It is possible to duplicate this model in other areas. Indeed, some regions have already set up their own systems for providing places for children in need. Several local out of school club networks in Wales have become registered charities in order to attract funding for children in need. Jan Anderson believes that key pointers for the success of the funding trust model are:

- contact with the Charity Commission for publications and advice
- legal advice on establishing the Trust Deed – this will also require money to be set aside
- trustees chosen with care – the trust will need people who are committed to the cause, have influence and have time to attend meetings
- someone with fundraising and negotiating skills to build a funding base for the trust
- time taken at the beginning of setting up to make sure that things are done in the right way.

Interestingly, the Humberside Childcare Trust has the potential to grow into a more ambitious funding vehicle for the development of a sustainable regional childcare infrastructure. After all, the kind of ‘ideal’ scenario outlined by one of our other childcare entrepreneurs, Regina Bash-Taqi, would involve local businesses channelling some of their community support funds into a pot to set up a Childcare Foundation (aka Trust) in their local area; the companies would then release
human capital in the form of employees to become trustees of the charity, while the foundation actively would seek out entrepreneurs to fund and give support on a project basis, either as business ventures or not-for-profit organisations. That vision has parallels with the vision and practice of the Humberside Childcare Trust, which has focused on socially inclusive childcare and delivering solutions for low income families. It has the potential to become a local conduit and pot through which all childcare funds from various sources could be channelled and distributed.

**Case study 11: Jigsaw Nurseries**

Many childcare entrepreneurs are small and community based. Yet if we are to meet the challenging targets set out in the National Childcare Strategy we need to accelerate the growth of childcare solutions and develop scalable solutions, which can be applied nationwide.

Jigsaw (www.jigsawgroup.com) is one of a number of bigger private nursery chains which has found a model which can scale up nationally and quickly without compromising on quality. Its fortunes have very much been tied to one driving entrepreneur whose vision has seen the company through an expansionist period, marking a genuine example of taking ‘family business’ seriously.

Tom Shea founded Jigsaw in 1990 along with Michael Gee, with the aim of providing accessible, affordable and high quality childcare for working parents. As chief executive, Tom Shea has been the driving force and he has grown Jigsaw from its inception: the first Jigsaw nursery was opened in 1991, and they now operate 29 purpose built nurseries, employing 600 staff, and caring for around 2,500 children in locations around the UK. The company also has ambitious expansion plans ahead of it, thanks to a management buyout in 1998 backed up by a capital injection of £14 million from the venture capital firm, 3i. It expected to have 32 nurseries operational by the end of 2001 and more sites are under consideration. Annual turnover is £10 million and Jigsaw’s share of the purpose built nursery market is put at above 30 per cent. It provides services to more than a hundred companies in the UK, as well as individual parents. Nursery workers at the Jigsaw Group also benefit from an employee share options scheme.
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Shea appears to have the skills mix required of modern day childcare entrepreneurs. A larger than life character, he is also a large-scale entrepreneur in the childcare business. He combines entrepreneurial zeal with sound executive and management skills. Valuably, his commercial acumen is underpinned by operations and management experience in the public and charity sectors: he used to run Haringey’s Play Service and was also chair of Kids’ Clubs Network for a while.

As an entrepreneur, he is known for using his networks effectively, including his partnership with government. (Shea sits for example on an expert group of representatives chaired by the government to ensure the best possible access to private and public sector finance and to help build partnerships at the national level.) When the DfEE launched its prospectus inviting nursery providers and other backers to create up to 900 new Neighbourhood Nursery Centres across England, Shea was quick to say that Jigsaw was interested in setting up 50 Neighbourhood Nurseries to aid in the delivery of the National Childcare Strategy. Significantly, Jigsaw sponsors some of the national charities like the Daycare Trust – one other way in which Jigsaw has sought to build support and capacity within the broader childcare community.

Shea is much talked about in the sector, not least because he aims for classic business profit while firmly putting the quality of childcare first. He represents a new breed of entrepreneur in the childcare business, a breed we need to support and celebrate if the ambitious targets laid out in the National Childcare Strategy are to be met.

The fact that the Jigsaw Group is heading for the stock market thanks to venture capital investment from 3i makes Jigsaw a company to watch, an indicator of the extent to which the childcare business can be both values led and commercially viable. Entrepreneurs like Shea, and companies like Jigsaw, will be critical in helping to bring about a broader shift in the attitudes of the mainstream investment community to childcare entrepreneurs and in helping to put in place a national childcare infrastructure which will be so critical to delivering a new, more equal, diverse and innovative economy.
Characteristics of childcare entrepreneurs

Childcare entrepreneurs share the characteristics of entrepreneurs in general. They discover and then realise opportunities to create value and improve well-being by meeting unmet needs or finding a better way to deliver a product or service. They are skilled at exploring these opportunities and making good their promise.

The most impressive entrepreneurs are rarely driven by the pursuit of profit – more often than not they are motivated by a vision of creating a new product or process, of changing lives and making a difference. They are invariably people with ideas and a purpose in search of assets and resources. Typically they have minimal assets, good ideas, and a passionate commitment to make a difference.

Although individual entrepreneurs are often the first movers, the successful ones rarely operate alone. Entrepreneurship is a team based process, bringing together a group of people who combine skills, know-how and resources to take a venture forward, and nowhere is this clearer than in relation to community entrepreneurship.

At its very best, entrepreneurship is a systemic process. And it is not just the process through which start-up organisations are born and grow: it is vital to the renewal of large and established organisations as well.

The childcare challenge is one that has an impact on the vast majority of people in some form or another. And perhaps because of this, it is an arena ripe for individual acts of community based entrepreneurship – from the small locally based initiatives like Susan Wylie’s in North Glasgow, to the inventive and innovative departures like Childworks, which hopes to revolutionise and internet enable an entire industry, and to the grand and scalable solutions like the Jigsaw nursery group. Typically the majority of childcare entrepreneurs are working within the voluntary and community sectors – and many of them have no assets to work with at the beginning other than a passionate commitment to unlocking the potential for mutual self-help and collaborative problem solving.

But their strengths can also be their weaknesses when it comes to scaling up and creating sustainable childcare solutions. Community enterprises and ventures, some of which have been described above, have often depended on a volunteer workforce. They may lack manage-
ment and business skills and often fear scaling up, preferring to stay small. They are sometimes resistant to acquiring these new professional skills, through low self-esteem or the fear that their principles will be compromised. Consequently, many of these enterprises are fragile and are often prone to failure: they bloom gloriously for a time, but die as quickly as they have emerged.

Yet these rich reserves of social capital need to be nurtured and built upon. This means tackling some of the skills deficits, as well as focusing much more systematically on entrepreneurship as a process and as a self-sustaining generative cycle of learning and development. Systemic weaknesses must be addressed and enterprises made more independently viable by identifying and providing new role models of success and good practice. The role of new intermediary institutions to incubate and nurture us towards a culture of sustainable childcare enterprises will be vital. It is significant that in some of the cases profiled above we can see the emergence of these new vital intermediary institutions working creatively and collaboratively across sectors and disciplines to deliver childcare solutions. Enterprises such as the London Rebuilding Society will be crucial in acting as their life support system and mentoring them to success.

The nature of community based activism is also changing. The new generation of change activists are more entrepreneurial by nature and, partly as a consequence, they are moving away from the ethos of voluntarism and charity to an ethos of social enterprise, harnessing commercial principles for the interest of the community. Still others are prepared to complete the cycle of change and move into overtly for-profit commercial ventures, determined and committed to proving that childcare can be a profitable and sustainable business, as well as a socially responsible one.

The move to more commercially savvy childcare entrepreneurship, like that exemplified by Tom Shea, co-founder of Jigsaw, completes the cycle of change and is essential if the ambitious targets laid out in the National Childcare Strategy are to be met, and if the childcare industry is to move into sustainability. But a balance will always need to be struck between the nationally scalable and commercial models of success and the more locally based community-led solutions.
Indeed, the shift to commercialising the childcare business is not without its own challenges. If community based entrepreneurs suffer from deficits in business skills, more commercially driven entrepreneurs can suffer from a lack of roots in the community. A common problem with some of the more business-minded entrepreneurs is that they tend to operate outside local networks and, because they are not ‘controlled’ by the local authority, they are sometimes viewed with suspicion – by local officials and even in some cases the community entrepreneurs whose support and talent they need to gain. Some of these community based groups and networks will be suspicious about the motives of the private provider – questions may get raised about the quality of the provision, the way they work or their commitment to the childcare itself.

So tensions can develop which need to be overcome if ventures are to be truly successful in moving into new areas. The more commercially minded entrepreneurs need to be sensitive to the childcare community they are working alongside and sensitive to the political environment as well – they will need to build and develop alliances and partnerships if they are to make a success of their endeavours. In turn, our public servants and communities will need to become more receptive to business talents, which are in short supply and much needed.

But bridges can be built. Many of the childcare entrepreneurs profiled above have had to exhibit a capacity to move between these different worlds to realise their vision, tackling obstacles along the way. Moreover, these tensions and barriers can be overcome if the childcare network itself becomes outward looking, diverse and inclusive in its approach. This will necessarily mean embracing private providers and encouraging them to invest in areas of greater disadvantage. Childcare networks, and the EYDCPs which are driving the partnership based approach, will need to welcome all sorts of provision and offer support and guidance for all childcare entrepreneurs if the targets laid out in the National Childcare Strategy are to be met.

Interestingly, some of the most successful examples of childcare entrepreneurship in action have been when childcare practitioners and entrepreneurs have been able to connect and work effectively with local politicians and public servants – civic and political entrepreneurs – who are committed to a new way of generating value from the publicly
funded assets for which they are responsible: leaders and managers in charge of resources and budgets who are prepared to embrace their ‘inner entrepreneur’. This is the hallmark of many of the examples described above. The main protagonists – the childcare entrepreneur-cum-providers – need to be embedded in and supported by a culture of entrepreneurship across sectors and disciplines if their ventures are to last in the long term.

At the moment, in spite of individual examples of civil and political entrepreneurship. Throughout the main part of our political culture lip service is paid to the idea of entrepreneurship while the ethos of public service and the grant-aid culture still prevail. One consequence is that the move to sustainable childcare solutions is being slowed down, and the energy and creativity of our founding childcare entrepreneurs are being hampered by the culture and processes they have to wrestle with politically to achieve their goals.

Politicians and the bureaucrats have to confront the tension that currently exists between the mindset of the social entrepreneur and the dominant mindset of the public servants responsible for framing and designing the National Childcare Strategy. Unless there is a rebalancing towards entrepreneurial values and attitudes, the government will fail to unleash the passion, creativity and innovation of a new generation of childcare entrepreneurs – and it will be unable to create an infrastructure which supports their endeavours.

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Policy and practice which continue to gloss over the difference in approach while paying lip-service to entrepreneurship are bound to fail: childcare entrepreneurs will continue to face cultural barriers if the expectations of what they are doing are wrong from the start and if policy is not framed with their needs in mind. In the remainder of this argument, I set out an agenda which would structure entrepreneurship into our political processes and culture and create the context in which the nation’s childcare entrepreneurs can flourish.
3. An agenda for entrepreneurship

Initiatives like those described above have their roots in bottom-up solutions. But if we are to unleash the problem-solving capabilities of our communities and entrepreneurs, our focus must shift away from celebrating individual acts of entrepreneurship instead systemic creation of an entrepreneurial culture in the childcare sector. This means devising policy informed by a social investment approach and underpinned by entrepreneurial values.

For the government, there are three main ways of stimulating the childcare market:

- government becomes the chief entrepreneur for the childcare market
- employers are engaged on a par with government and parents
- government (and employers) nurture, support, incubate and invest in our childcare entrepreneurs.

In practical terms, this means putting in place the building blocks of an integrated childcare strategy, focusing on building an infrastructure of support for these entrepreneurial activities and creating a context for the mutual promotion of learning and exchange. In particular, the government’s task will be to harness this energy, encourage diverse networks, promote collaboration and cross-fertilisation, and find, fund and nurture intermediary institutions which can convert the learning of these social businesses into nationally scalable models for innovation and acceleration.
For the government, this is not without its challenges. A common critique has been of its urge to centralise, keeping power and control at the centre. In fact, the argument of this book, like the argument of leading politicians within Labour itself, is that the government needs to manage less and enable more. It needs to become an enabling, rather than disabling, state.

People’s experience of the National Childcare Strategy at national and local level is one of complexity and fragmentation. Central government has created so many political initiatives and so many new funding streams that, for the childcare entrepreneur, the process has become overly complex and time-consuming.

The same fragmentation and complexity exists at local level – in particular, EYDCPs are not doing the job of integrating funding provision and joining up channels of funding. There is a clear need to standardise and rationalise the funding process to ensure that the experience of childcare entrepreneurs with government – national or local – is seamless, efficient and enabling.

This means finding new ways of ‘joining up’ policy, locally as well as nationally. The goal should be to ensure that entrepreneurs are no longer left to knit together multiple funding streams with multiple applications, and are instead freed to do what they do best – delivering imaginative childcare solutions at the national and local levels.

If the government needs to standardise and streamline the funding process, it also needs to encourage diversity and innovation in the childcare sector, bringing in new stakeholders as well as more familiar ones, and finding new ways of supporting and sustaining collaboration at the community level. It must strike the right balance between the centre and the localities, setting a clearer direction and strategy on the one hand, but allowing sufficient autonomy and freedom to local areas to deliver these services in as diverse a way as possible.

In business terms, central government is the chief executive officer, setting the overall strategy and direction. Localities and regions, for their part, are the chief operating officers, in charge of operations and delivery and effectively delegating and managing the outsourcing of the National Childcare Strategy to relevant entrepreneurs, intermediary networks and institutions.
So while funds and support services may be made available centrally, where possible these funds and services should be administered and managed locally. The centre rightly remains in charge of the quality regime and of providing evidence on the vision and strategy, but problem solving should be delegated down to the lowest possible level – from the centre to the localities direct to the entrepreneurs and communities themselves.

If the government is to create, nurture and incubate a systemic culture of creativity, innovation and entrepreneurship in the childcare sector, it will have to stimulate supply aggressively. This means strengthening existing networks, supporting and nurturing new ones into being, promoting connections across sectors and among different groups, pooling knowledge, and giving incentives to stakeholders currently not feeding into the lifeblood of the National Childcare Strategy.

The scale of the childcare challenge means that we must mobilise public–private partnerships much more effectively to stimulate a mixed economy of care and to promote social enterprise. Out of school clubs provide some interesting insights. They are run by a plethora of providers. At the moment, voluntary groups and registered charities are the largest providers, at some 42 per cent of all clubs. Nevertheless, private businesses, local authorities and employers are significant service providers.43

Looking to the future, this kind of mix should be extended to become the norm across the industry as a whole, although we should expect to see the private sector and employers playing an even greater role. The government will need to set aggressive targets for public–private partnerships, with a particular emphasis on increasing the role and responsibilities of the private sector and supporting and enabling the nascent but underdeveloped social enterprise sector.

In the short term, however, the focus must be on removing the barriers to entry for social and business entrepreneurs and actively encouraging and rewarding them for investing in the childcare business. The role of new intermediary institutions in creating a framework and infrastructure of support to achieve this will be vital.

What does this mean in practice?
An integrated childcare strategy
Affordable high quality childcare is as essential to the family business and the care economy as an integrated transport infrastructure is to the formal paid economy. Growing demand and the increased importance of childcare for national economic success are highlighting the need for new national and local structures of delivery – and the culture enshrined in them will be as vital as the structures themselves in delivering change on the level required.

New national and local structures: At the national level, there is fragmentation across different departments which is slowing down practice. The Childcare Commission’s examination of structures in other European countries led it to conclude that there was a need for a central focal point at the national level – effectively a new national department for the family. It would be charged with the task of driving the childcare strategy through setting targets – for networks, for cross-fertilisation, for training and quality – as well as the overall strategic direction.44

However, even without the creation of this new department, action can be taken now to minimise fragmentation across departments, improve the push to ‘holistic government’ and signal clear ownership and strategic responsibility for the agenda.

The responsibility of central government should be to outline a national plan and to set out a strategy for the next ten years. That said, although the centre can and should set national targets and standards, much of the experience of the last few years points to the importance of local knowledge and local networks. Devolving power and strategic decision-making therefore has to be a key element of any strategy as it moves forward. There will also need to be a parallel commitment to ‘joining up’ at the community level if change is really to ripple down.

Both Scotland and Northern Ireland have benefited from the devolution of power and responsibility for childcare, and there is a strong case that the same devolution of power and responsibility should take place in Wales so that funding and decision-making is brought closer to the ground.

Ideally, decisions should be devolved further to the lowest possible level, involving local authorities and local communities, with consultation and inclusion of key stakeholders – children and families them-
selves. Again, a range of pioneering initiatives – from Citizens’ Juries to Children’s Juries – have been tried and tested and provide scalable models of involvement. Without this kind of local involvement and delegation, national priorities and targets are likely to come unstuck or fail to be delivered on the ground because of the absence of local knowledge, local markets and local community involvement.

An infrastructure supportive to childcare entrepreneurs: As we have seen, the infrastructure for childcare is weak and underdeveloped. Changes in structures of delivery will in the end fail if the supporting infrastructure is not equipped to do the job.

There is a desperate need for a holistic funding strategy for the childcare business. The creation of a one-stop service to bundle and top slice all relevant funding sources for the childcare partnerships to access is the key to the next phase of the Childcare Strategy.

At the moment, national priorities and targets are coming unstuck or not being delivered on the ground because of the absence of a coherent funding framework and infrastructure of support at the national and local level, and because skills deficits in partnerships have led to a failure to harness local knowledge and local markets.

As we will see below, a host of policy initiatives could be implemented overnight which would lead by example, and signal an important culture shift.

The national level
At the national level, the following are needed.

Childcare Development Agency: One of the most urgent reforms is the creation of a single national dedicated agency committed to building the infrastructure to deliver the childcare strategy on the ground.

The Childcare Development Agency should be founded as a public–private partnership. Seed financing would come from central government with matching finance from national employers and other investors. It should be responsible for building on the existing infrastructure and partnerships and should have a time-limited remit to drive the delivery of the National Childcare Strategy with the goal of
creating a robust childcare infrastructure; it should exist as an autonomous and independent agency.

Children Fund: After a prolonged period of underinvestment in the childcare infrastructure, there has been a significant increase in funding over the last four years to encourage and reward social innovation and community businesses (although childcare advocates would argue that more investment is needed). But the funding process is slow, bureaucratic, time-consuming and fragmented.

There are three main funding channels: funding to support the infrastructure; funding to tackle the supply side (new places); funding to cater to demand (ie parents/communities). At the same time, there is no single dedicated Childcare Fund, a specific sum of targeted funds exclusively for childcare which additional top-up funding can build upon and complement.

The creation of this dedicated Childcare Fund should be a priority and should be accompanied by initiatives to create simplicity and clarity about funding sources and a single point of entry through the proposed national Childcare Development Agency. The goal of the fund should be to act as a one-stop funding gateway to all funding streams relevant for childcare providers and to top slice and channel the other disparate (and additional) funding streams – Single Regeneration Budget, the Children’s Fund, New Deal for Communities and the New Opportunities Fund – thus creating a coherent financing framework.

The European Union could also be a source of potential funding (there is a precedent for creating ‘key funds’ in large European budgets for high priority cross-cutting issues and childcare could be one of these). Currently, there is no real way of levering in additional funds, and a dedicated childcare fund would reflect priorities and also interact with government money to make it work more effectively. The Childcare Fund would be housed in the Childcare Development Agency, and this streamlined approach to a one-stop service and entry point for all funding initiatives would be replicated at the local and community level by the Children’s Centres (see later). It is also clear that if we are to foster innovation and creativity the rules and regulations need to accommodate a mixed economy of childcare entrepreneurs and to accept commercial (as well as not-for-profit) applications so long as a
significant portion of the profits are to be reinvested back into the Childcare Fund, available for parents and other community networks to apply for. This is ‘Third Way’ business and effectively encourages the ploughing back of profits into communities. So just as employers and entrepreneurs can minimise their tax liabilities by reinvesting in business, so too childcare entrepreneurs should be able to reinvest back into their communities tax-free.

*Community Innovation Fund*: The overall success of families and our communities ultimately depends on our capacity to foster and strengthen mutual exchange in the community. This kind of mutual exchange needs to be supported by a dedicated Community Innovation Fund, housed within the national Childcare Development Agency (albeit administered at the local level through EYDCPs). This Community Innovation Fund would require matching funds from local business, charitable foundations and local government, and this would ensure that more money was coming in locally from multiple stakeholders.

A key element of this community business initiative should be to encourage employers to invest in childcare provision by providing start-up costs, buildings, space and business planning support, with eligibility for tax deductions for other childcare entrepreneurs to bridge the childcare gap in local communities. The goal should be to incentivise a new generation of social entrepreneurs committed to building social capital and taking responsibility for supporting families in the new economy.

One of the major challenges we face in strengthening support networks is the absence of a culture of entrepreneurship on a large scale. The government can be criticised for failing to build a national infrastructure – or for not creating the conditions in which this infrastructure can develop. There are over a hundred people working in the DfES to administer partnerships and contracts, but no central funds have been set aside for national organisations working in the field of entrepreneurship and childcare. The focus has been on project based, short-term funding commitments. Yet without national coordination, planning and commitment to core funding, the systematic creation of an entrepreneurial ethos within the childcare sector will be impeded.
An agenda for entrepreneurship

Childcare Incubator: A key element of any start-up business is maintaining momentum in the critical early phase. In recent years, the incubator model has gained currency in the UK, most visibly in the internet sector, where a host of intermediary institutions sprang up to incubate and develop fledgling new economy enterprises. This model of incubation and development is vital where new markets and new solutions are being created. And nowhere is the need greater than when it comes to the family business. After all, the key to developing childcare solutions on the scale required necessarily involves multiple stakeholders – parents, as well as voluntary and non-profit organisations and networks, where traditional business skills may be lacking but where there is knowledge of community needs in abundance.

This Incubator Unit, housed within the Childcare Development Agency, should focus on providing a range of services including access to seed finance, advice and a network, as well as an infrastructure of support to the nation’s childcare entrepreneurs. Again, it should have seed funding from government, with matching private sector funds (even indeed from the venture capital industry). It should, however, have non-profit status, allowing it to access the broadest possible range of funding support and ensuring that any profits are reinvested in growing more childcare businesses.

In practice, it should also outsource and delegate services where relevant to local providers, while nevertheless retaining a central clearing-house role at the national level to disseminate best practice and case studies through an innovative website.

The return to the local

This plethora of new institutions – the Childcare Development Agency and its associates, the Childcare Fund, the Community Innovation Fund and the Childcare Incubator – make up the spine of a national system for developing our childcare infrastructure. However, they need to be administered and managed with a commitment to delegation and outsourcing to local providers, entrepreneurs and community networks. In particular they need to be accompanied by the following reforms at the local level:
Local authorities should adopt childcare as a corporate priority with a commitment to an integrated childcare strategy.

The childcare partnerships (EYDCPs) need to be rebranded and reconstituted as diverse consultative bodies – strengthening the involvement of employers, businesses and entrepreneurs, as well as maintaining local involvement and accountability among relevant communities. These partnerships should have a relevant adviser within the Childcare Development Agency to turn to for advice. The shadowing and mentoring programmes for EYDCP workers in England introduced by the DfEE and delivered through the Kids’ Clubs Network should be extended nationwide with a focus on the mutual exchange of ideas, skills and learning; including the establishment of a skills bank for mentors and shadows in the childcare industry.48

The childcare strategy should be refocused and repackaged at the national level with a ten-year agenda of action outlining goals and vision. Central government should also allot direct budgets for partnerships based on three-year plans (albeit with annual audits, which include an assessment of local needs). This will create long-termism in strategy and remove the ‘application, application, application’ mentality that goes with the need to keep on applying for funding. Partnerships for their part should be obliged to seek out matching local funds from business.

Childcare should be made a feature of transport development plans locally (as well as nationally) and should be incorporated within the planning framework for housing, business and infrastructure proposals.

Physical infrastructure in the form of derelict buildings (private and owned by the government and/or local authorities) should be creatively used. There should be a central connection point – a telephone number and a website coordinated by the Childcare Development Agency – where companies and relevant individuals and community groups can post up details of spare capacity, desks, old equipment and so on which can be recycled and reinvested back into the Children’s Centres that will be the cornerstone of the government’s policies. Schools should be required to open
their doors after 3.30pm to local community groups, including out of school centres.

- More family-friendly choices in housing allocation should be made – for example, strengthening kinship networks where possible by placing family relatives close to each other. As families begin to look outwards and kinship networks are extended to include friends as well as family, neighbours as well as siblings, we also need to ensure that no opportunity is lost to promote family-friendly housing solutions. This would include building Children’s Centres in large communal estates. At the same time, we need to enable people to make shifts in social housing, and actively create estates with a broad demographic mix. These should have communal areas and meeting places where singles and the childless can meet and engage with parents and the elderly.49

- The renamed and rebranded childcare partnerships should be housed within the Children’s Centres, in a symbolic and practical gesture of commitment to bottom-up solutions.

- Childcare partnerships should experiment with the creation of Local Childcare Trusts, using these as a vehicle for depositing resources from the national Childcare Fund and Community Innovation Fund, and topping these funds up through matching finance from business and other sources.

- Partnerships should also take the lead in setting up Childcare Forums, allowing parents and the broader community to become involved in the childcare challenge. These can also become a useful consultative body for partnerships to draw on for advice and input.

Children’s Centres, the hub of every community: At the local level, Children’s Centres should act as the centripetal force to bring all the disparate threads together. They will effectively be the hub of every community, creating a virtuous cycle and promoting social inclusion and community creation.

The idea of Children’s Centres flows out of the clear need to build on the Early Excellence programme and Sure Start and family centres introduced by the New Labour government. Both the Daycare Trust and the Kids’ Clubs Network’s Childcare Commission have recommended
Crèche barriers

bringing these pre-existing services together in the form of Centres for Children.

Just as the Department for Working Families and the Childcare Development Agency would act as one-stop shops at the national level for childcare solutions, so, too, Children’s Centres would act as a gateway to children’s needs in local communities: they would be the basis from which to generate social capital and promote social inclusion, for example by charging fees to better-off parents while offering subsidised rates for lower income families.

The centres would effectively combine nursery care and education for children with satellite services like out of school clubs, childminder networks and parent clubs. All these initiatives could be resourced and housed from within the Children’s Centre, and the centres themselves could be distributed across the Early Years Development and Childcare Partnership area. They would act as the single point of entry at the local level, just as the Childcare Development Agency should be the central connection point for parents, practitioners and entrepreneurs alike.

As the Kids’ Clubs Network puts it: ‘Children’s Centres could be viewed as potential growth poles for community initiatives. Like schools and community centres, they would become social focal points, especially important for encouraging partnership with local children and families.’

A natural home for Children’s Centres arguably already exists – indeed, they could be housed within the existing national infrastructure through the use of schools as ‘dawn to dusk’ centres, although this would raise new issues of access to and governance of school premises.

How much would Children’s Centres cost? According to the Daycare Trust, a typical Children’s Centre could cater to a broad range of children: 300 could receive full-time care, and a further 80 could receive daycare on a part-time basis; 60 children could access services at the centre with local childminders, while an additional 60 children could attend with their parents, grandparents and informal carers. On this basis, one Children’s Centre would require start-up funds of around £250,000. Others argue that the upfront capital costs are likely to be more: £1–2 million in some cases if the centres are purpose built, but revenue could be in the region of £250,000 in the first year with a small
core team. Early Excellence Centres cost around £1–2 million. Interestingly, Wales is pioneering change in this area as part of its commitment to a social inclusion agenda.52

The costs of kick-starting the Children’s Centres network and giving access to a quarter of children under 14 in England would require a capital investment of £494 million according to one estimate, with ongoing revenue funding. Such costs may seem prohibitive. Nevertheless, they are good value for money, especially for taxpayers. A recent government evaluation report revealed that for every £1 invested in such schemes, £8 was saved on alternative services.53

The funding for these centres can rightly come from multiple sources, including the Children’s Fund, On Track, SRB and New Deal for Communities, as well as from funds for out of school provision, study support and health, from business grants and corporate sponsorship and investment, and from parents’ childcare fees – although funding would be coordinated through the Childcare Development Agency. It is also easy to envisage a scenario in which Children’s Centres act effectively as outsourced suppliers to local employers, reducing the need for them to provide childcare solutions, and increasing accessibility within the community at large.

In a variety of ways, then, Children’s Centres have much to recommend them. But perhaps one of their strongest selling points in the current climate is that they could be delivered through a variety of models: community based services; public–private partnerships, as well as local authority services. As such, they would be symbolic of the culture of entrepreneurship which should be infusing the next wave of the Childcare Strategy.

Another key benefit is that they would bring childcare further out of homes and into the community, rendering visible a problem which has an impact on us all and signalling a symbolic shift from private to public responsibility. As important, every family in the local community would know where to go, creating a visible focus of activity for the delivery and execution of the National Childcare Strategy, and enabling successive governments to build a public constituency of support for such public spending initiatives.
Capitalisation of communities and networks which help themselves: Another indicator of success for the National Childcare Strategy will be the extent to which it fosters and strengthens mutual exchange in local communities – through grants, tax incentives and from the community finance initiatives through the Childcare Fund, alongside support and advice from the Incubator Unit. After all, a key element of stimulating the market and making it work effectively involves encouraging a return to local solutions, building local knowledge, strengthening networks and promoting cross-fertilisation.

There are already foundations on which to build. An economy of mutual exchange already exists around the UK, evident in the community action of parents who set up after-school clubs, organise nanny shares and babysitting services, and develop networks of reciprocal support through reliance on the informal care of grandparents, friends and neighbours. Parents are in many key respects the founding childcare entrepreneurs – developing innovative and entrepreneurial solutions to their own daily childcare challenges.

Governments and employers could play a much greater role in supporting and encouraging the growth of parenting mutuals and parent clubs as well as professional guilds of childminders, playworkers and the like. One could imagine a whole range of internet enabled cooperative ventures: babysitting banks; childminding networks; playworker networks; parenting networks; and childcare partnership networks.

The Community Innovation Fund outlined above should offer start-up grants for community ventures on the internet, strengthening the networks that already exist – such as the Kids’ Clubs Network, www.kidsclubs.org.uk – and financing the creation of new forums for people to exchange ideas and offer help and assistance. ‘UK childminders’, for example, is an online discussion forum for anyone involved in childminding. This free online service allows childminders to discuss issues around their work and share ideas, themes, lessons and plans. The National Childminding Association actively works with and supports local childminder networks. In rural areas, where lack of infrastructure may create barriers to involvement, the internet is an ideal networking tool, and a solution to the needs of isolated childminders in need of support and advice.
In the absence of a regulatory framework and the absence of funding, net entrepreneurs have begun to step in. But experience suggests that community businesses, and their associated networks, flourish best where the communities have been involved in defining their own needs and are in the driving seat. For example, the National Childminders Association itself was founded a generation ago by an entrepreneurial and visionary childminder who recognised the need for it.

The goal and task of government should be to foster, encourage and reward entrepreneurship while encouraging community investment and regeneration. The government should take the lead in creating the legal framework to facilitate this kind of activity, as well as facilitating its growth through financial incentives rewarding self-reliance – through start-up grants for everything from website development through to learning centres and so on.

Since the best self-help organisations are usually ones where the users define their own needs and develop their own services and organisational forms, the task of local and national government and the various partnership agencies should be to facilitate this. Partly for this reason, the Community Innovation Fund should be managed and administered by EYDCPs through the Children’s Centres in local communities, and matching funds from local businesses should be required.

The focus should be on encouraging the emergence of a new generation of .net and .org enterprises which are self-sustaining and which invest resources and capital into the communities they serve. More work needs to be done on thinking through the best organisational forms for these mutuals and guilds and on developing the appropriate legal framework. The model of the recently revamped Co-operative Movement provides one community mutual structure, and professional and trade associations provide another legal framework for such community-led enterprises.

The internet clearly offers tremendous potential to facilitate these networking connections, nurturing communities online. Simple techniques such as postcode matching could enable and foster connections and allow people to identify like-minded individuals in their area, and to meet up in the flesh – not just through real-time email interaction. Innovations such as guaranteed electronic markets – trading childcare
and other services – no longer look so far off. The key will be providing the right legal framework and creating positive financial incentives for such community based developments.

**Audit for sustainability**

The government message also needs to focus on sustainability. This will require not just upfront public investment and a commitment to maintaining and scaling up public support and subsidy, but an emphasis on business development skills and capacity building within existing provision.

A certain level of boldness and courage will be needed to drive through the necessary culture change. We should be prepared for initiatives to fail as well as to succeed as part of the process involved in growing sustainable childcare solutions. The projected Childcare Development Agency would lead the drive to sustainability, acting as a clearing house and as a publisher of knowledge about the business case for different kinds of childcare solutions. Failures would be seen as opportunities for learning, and success stories championed and celebrated.

Childcare partnerships for their part should be obliged to put together a funding strategy based on a business plan approach, costing future development and pulling together a fundraising package ranging from core funding to top slicing regeneration budgets, with targets set for private sector involvement.

At the same time, the government must remain the incubator and investor of last resort and must necessarily take a longer term perspective. It must be prepared to seed finance childcare ventures and foster new solutions, as well as to give more innovative business models and childcare solutions time to develop and prove themselves.

The Childcare Incubator should be formed precisely to fulfil the nurturing role that is needed if the failure of ventures is to feed into future learning and innovation in the sector, above and beyond the aggressive growth targets set for the industry as a whole through the Childcare Development Agency.
An agenda for entrepreneurship

Social capital
A key focus of government policy in the months and years to come must be on harnessing and strengthening family capacity and developing a dense network of support structures through community building and mobilisation initiatives. This can be tackled in the following ways:

Rewarding the extended family: Strengthening family capacity and valuing informal care should be an explicit priority. Not only is it cost effective, but it supports many people’s preferences for informal care and goes with the grain of human nature. There is evidence to suggest that families – and the complex networks of relationships, structures and patterns of care and behaviour – are beginning to be reconstituted as the four-generation extended family becomes the norm.57

The task of government is to harness these changes and nurture the new sets of relationships. As part of this search for sustainable solutions, taxpayers, government and employers must recognise that the family is a key stakeholder in modern society, rather than a background force to be taken for granted. As such, government should ensure that all policies for working families are audited with the following goals in mind:

● to reinforce the role of mutual exchange
● to strengthen relationship building in all families – whether they are intact or disrupted – emphasising the importance of family relationships as well as family structure
● to underpin support networks by building up family capacity, auditing provision, supporting informal care (of the elderly and children), providing self-development funds (through the Community Innovation Fund initiative) and reforming housing allocation to strengthen the geographic ties that bind.

Mobilising grandparents could prove a popular way of closing the child-care gap among some families (though we cannot and should not assume that all grandparents want to care). Research by Professor Geoff Dench (Institute of Community Studies and University of Middlesex) found that grandparents are taking a smaller role in day-to-day care than they did twenty years ago. Four in ten said they wanted a life with fewer family duties.58
In general, grandparents want to be grandparents not childminders. Despite this, a more coherent and consistent approach to grandparents in family policy is required. Perhaps one of the simplest reforms involves local authorities ensuring that more family-friendly choices are made in housing allocation, strengthening kinship networks where it is desired by placing family relatives close to each other.

The elder army: If the government has a role to play in facilitating the re-emergence of the extended family, it also has a role to play in making use of the energy of the wider community and helping families tap into wider sources of support. Effectively, the government needs to pursue a twin-track strategy – on the one hand, strengthening the ties that bind; on the other hand, sustaining the weaker ties within local communities to embed families in a wider set of relationships and kinship networks, leading over time to the emergence of stronger ties and the revitalisation of trust and social capital.

In this respect, the ageing of society represents an opportunity rather than a threat. An elder army could be effectively mobilised to help in the delivery of the National Childcare Strategy. A scheme of Community Service for Old People has the virtue not just of keeping the elderly young, productive and active, but also of promoting social cohesion. It would link the young and old in a new-style generational contract, build empathy and understanding between the generations, and give the elderly a stake in the communities of which they are a part.\(^{59}\) This national scheme of Community Service for Old People should be integrated and linked with the National Childcare Strategy and the New Deal for Communities.

Elder people’s involvement would be organised through the Children’s Centre in its role as the hub for community activity. In this scenario, one could imagine ‘proxy parenting’ in the community, with the elderly and other community activists helping to plug gaps in childcare provision – especially for under-threes and in after-school clubs where demand is greatest and childcarers are still in short supply.

Community parents: The government also needs to find ways to connect children in need with volunteers who can plan an active and involved role in their lives as ‘community parents’.

82 Demos
Given differences in the needs of individual children for father and mother role models, schemes for both community mothers and community fathers should be anticipated.

Where community mums are concerned, much more can be done to mobilise the dense networks of women’s organisations and associations that already exist such as the Women’s Institutes, the Mothers’ Unions, the Townswomen’s Guilds and Home Start, an innovative charity which provides voluntary community support to mothers suffering from depression in the first few months after childbirth.

There are less obvious networks to draw on when it comes to encouraging ‘community fathers’ to come forward and volunteer to act as proxy fathers and role models for children – girls as well as boys (although, given the research evidence, boys should be the priority).

There are models from abroad which merit consideration. The California governor pioneered a community mentoring scheme focused on the problems of father absent households – the goal was to encourage mentoring and father role models for disadvantaged children.60

In Britain, we could and should create a public awareness campaign around the idea of community parenting, extending the message that putting children first is everyone’s priority and advocating the idea of ‘team parenting’, extending the concept outwards to include the wider community as well as blood relatives. However much we reform adoption services and try to minimise relationship breakdown, there will be children who fall through the net and who grow up in care or without a parent. Mentoring and community parenting can help to fill the gap.

A public engagement campaign backed up with a central resource bank for mentoring and self-referrals and nominations could be administered through the National Family and Parenting Institute or other agencies.

These community parents should be stepping in when actual parents are absent or struggling with problems. We could tap into the groundswell of support for such initiatives in the community in a variety of ways. They could be linked to a Work-Life agenda and the Business in the Community agenda, with a Community Parent Award in each local area. These initiatives could also be linked to a Family
Scholarship accreditation scheme, which should be introduced to reward and value informal carers in local communities.

_Time to care:_ If we are serious about renewing social capital and strengthening family capacity and community support networks, we have to get serious about working time and integrating policies that encourage flexible ways of working with the National Childcare Strategy.

Time credit schemes should be encouraged – people in local communities should be able to build up credits earned through time spent on community based care activities. The New Economics Foundation is putting a lot of these ideas into practice. These time credits could be gained and exchanged through activities that include childcare, out of school learning and play centres.

By acknowledging the importance of these unpaid forms of social contribution, new impetus can be given to the diverse, entrepreneurial efforts of many parents and community groups. Such an initiative can boost the mixed economy of care.

If we are prepared to reward employers and businesses for their capital investment in childcare solutions, so too we should reward individuals for their investment of time. In practice, this means that time banks should receive sympathetic tax treatment as they grow and could form the basis of a personal ‘satellite account’ in which individuals could accrue entitlements, based on ‘time dividends’, which could be linked to pensions and lifelong learning.

**Conclusion**

If we are to grow the next generation of childcare entrepreneurs, we must change our mindset and mentality about the caring industries and encourage individual and collective acts of childcare entrepreneurship across the board. In practice, this means valuing the family business and our caring industries, in ways that are unprecedented financially and culturally to encourage people to invest time and money in the sector.

What will the future look like in 2010 if these goals are achieved? In ten years’ time, it is not unrealistic to imagine a vibrant, high quality and affordable childcare industry, able to meet the needs of working
families flexibly and efficiently: an industry which values its workforce, and recruits and retains committed carers to the sector.

The isolation typically experienced by many parents today should become a thing of the past. Parents should have peace of mind and be secure in the knowledge that the childcare on offer is high quality and affordable. Employers for their part should no longer be absent from the childcare debate: they should be at the forefront of community initiatives to support childcare, encouraging their employees to become freelancers and mobile workers, through the creative application of ICTs and through community business initiatives and public–private partnerships focused on delivering childcare solutions.

This is a bold and optimistic vision and it may seem light years away from the current position where the sheer scale of the challenges that lie ahead can create a mood of inertia. Practitioners and policy-makers alike can all too easily remain immersed in micro-policies and incremental reform and in the process run the risk of losing sight of the big picture.

Nevertheless, the vision outlined in these pages is achievable. The building blocks of the childcare industry are within our grasp and a new generation of childcare entrepreneurs is waiting to respond to the challenge. The focus now should be on creating the framework, the networks, the infrastructure and the public endorsement to reward their endeavours.

As I hope this report has made clear, childcare entrepreneurs and parents need not care alone, nor should our children be at home alone. The solution lies in learning to care together and in unleashing the passion, the innovation and the creativity of the nation’s founding childcare entrepreneurs so that others will be inspired to follow their example.
Notes

1. The Kids’ Clubs Network in partnership with Genderquake is launching a Childcare Entrepreneur of the Year award in 2002.
2. See note 1.
3. These themes are fully explored in various chapters in Wilkinson H, ed, 2000, Family business, Demos, London.
8. More precisely, one for 7.5.
17. OK, Older Children’s Newsletter, issue 1, November 2000, Kids’ Clubs Network in association with the DfEE, London.
18. Interview with Anne Longfield, Chief Executive, Kids’ Clubs Network, summer 2001, www.kidsclubs.co.uk
22. From the Daycare Trust’s 1997 figures.
25. See note 9.
27. See note 13.
28. Estimate of Anne Longfield, Chief Executive, Kids’ Clubs Network.
30. See note 12.
32. See note 31.
33. See note 31.
34. See note 31.
35. For more information on NCMA’s Quality Standards, see Information Line Briefing Sheet 4, NCMA, Bromley, and an Investor in People initiative.
36. See note 29.
37. See note 29.
38. The £450 per place figure for the New Opportunities Fund programme was given by Anne Longfield, Chief Executive, Kids’ Clubs Network.
41. See note 39.
43. See note 9.
44. See note 31.
45. See, for example, the National Childcare Commission and the work of Opinion Leader Research which introduced some Children’s Juries.
50. See note 46.
51. Daycare Trust briefing paper.
52. See note 18.
53. See note 15.
55. For more information, email ukchildminders-subscribe@onelist.com. Reported in *Who Minds? The Magazine of the National Childminding Association*.
58. See ‘The new old age’ in Wilkinson, 2000 (see note 3).
60. Initiatives like this will be outlined in a forthcoming report by Helen Wilkinson, *Disconnected Dads: strengthening the ties that bind*.