



Department for the Economy
Economic Strategy Team
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15 August 2016

Dear Sir/Madam

Re: Refocus of the Northern Ireland Economic Strategy: Call for Evidence

Employers For Childcare aims to support parents to access work and to stay in work. We encompass a campaigning charity which works on behalf of local parents and families, and three social enterprises, Employers For Childcare Vouchers, Employers For Childcare Solutions and Employers For Childcare Training. Our charitable activities include carrying out research on issues which impact on families, such as the annual Childcare Cost Survey series (2010-present), which tracks the cost of childcare and the impact high costs have on local families. We actively lobby for better support for families. We also operate the Family Benefits Advice Service. Our specialist advisors work with parents to make them aware of the financial support available to them. We carry out personal benefits checks and advise on support with the cost of childcare.

We welcome the opportunity to respond to this call for evidence on rethinking the Economic Strategy for Northern Ireland. It is essential that the Economic Strategy is strong and forward thinking in the context of Brexit and the continuing impact of the recession.

We recently responded to the Draft Programme for Government Framework 2016-21. In our response we welcomed the outcomes based approach and the overall purpose of the framework. In particular we were delighted that 'improving wellbeing for all' is the underpinning purpose of the framework, through tackling disadvantage and driving economic growth. We are hopeful that this signals the Executive's acknowledgement that social issues and economic issues are inextricably linked and should be addressed jointly. In the context of the economy, social issues such as poverty and the lack of affordable childcare provision, impact on economic issues.



MAKING WORK BETTER FOR EVERYONE
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We hope that the Economic Strategy follows the direction of travel set by the Programme for Government Framework and considers social issues in conjunction with economic issues.

We would like to make the following comments which are focused on our key areas of interest:

1. Social Enterprise and the Economy

Social Enterprises are profit making businesses which donate their profits to charitable activities. These businesses are competitive and innovative, indeed Northern Ireland has a vibrant and strong Social Enterprise sector. These businesses benefit the local economy and labour market while also addressing key social issues.

The last Economic strategy sought to “maximise the social benefits of investment through the use of social clauses in construction, supplies and services contracts”, fulfilling a Programme for Government commitment. We welcomed the inclusion of social clauses, however, disappointingly recent research by NICVA showed that in very few cases social clauses were included in tenders. We hope that the commitment to social clauses will be extended and enhanced in the new Economic Strategy. Social clauses should be included in all public procurement contracts. We call on government to introduce legislation similar to the Social Value Act 2012 for Northern Ireland. The strength provided through legislation would ensure that the social value which Social Enterprises bring to our local economy is realised.

The vision of the new Economic Strategy should encompass growing the Social Enterprise sector, not only the private sector. Although we are pleased that social economy is mentioned in one of the five key themes, we believe that Social Enterprise should feature in the vision of the strategy for 2030.

2. Employment and Childcare

Childcare is an economic issue, the childcare sector both creates jobs and supports them (by enabling parents to access and stay in work, as well as supporting parents to train).

The availability of childcare enhances parents’ employability, by enabling them to work and progress their careers. However, a weak childcare infrastructure, characterised by high costs, inflexibility and lack of suitable places, acts as a barrier to work and training.

Each year we carry out a Childcare Cost Survey for Northern Ireland. Last year almost 5,000 parents responded to the survey¹. We found that:

- The cost of an average full-time childcare place cost £164 per week.

¹ Dennison, R (2015) Northern Ireland Childcare Cost Survey 2015, available at <http://vouchers.employersforchildcare.org/media/complete-childcare-costs-report-2015-1.pdf> (accessed 9/8/16).

- 46% of parents reduced their working hours or left work altogether due to the cost of childcare.
- 61% of parents struggled with their childcare bill either throughout the year or at some point during it,
- 56% of parents said their childcare bill placed them under financial pressure.
- 24% of parents regularly used credit cards, loans from family or friends, overdrafts or payday loans to pay their childcare bill.

Many of the parents that reduced their working hours commented that it was a decision they had no choice but to make as the childcare bill made it financially unviable for them to continue working. This impacts on future career prospects for the parent and is damaging to the local labour market.

Our economy will be stronger if we have a highly skilled, dedicated workforce which is supported by a strong and robust childcare infrastructure. If we are to attract investment our infrastructure and skills base must be of a high standard. The childcare infrastructure is essential to this, without childcare parents cannot work, skilled workers leave the workforce or work in lower paid, lower hours jobs, and access to training and education is limited.

In addition, early investment in childcare benefits the economy in the longer term. Good quality childcare has developmental benefits for children, especially disadvantaged children, benefiting cognitive, social, emotional and intellectual development². Early investment benefits children for the rest of their lives and it is an investment in the future workforce.

The last Economic Strategy sought to “develop and start to implement a Childcare Strategy with key actions to provide integrated and affordable childcare”. This has still not happened, therefore it is crucial that the new Economic Strategy commits to implement the Childcare Strategy.

We call on government to work towards developing a system of universally free childcare, we believe that this investment will have long term gains for children, families and the local economy. It will enable parents to access work and training, support employment across the sectors and develop a strong future workforce.

3. Impact of Poverty

Tackling disadvantage is mentioned in the purpose of the Programme for Government Framework, it is essential that the Economic Strategy supports the achievement of this purpose.

² Child Poverty Alliance (2014) Beneath the Surface – Child Poverty in Northern Ireland, available at http://www.ci-ni.org.uk/DatabaseDocs/nav_4786494_beneaththesurface_web.pdf (accessed 9/8/16).

Poverty rates in Northern Ireland have grown over the last number of years. Recent figures show:

- 22% of individuals were in poverty in 2014/15³
- 25% of children were in poverty in 2014/15⁴
- In-work poverty now accounts for 45% of income poverty in Northern Ireland⁵.

A recent report by the Joseph Rowntree Foundation showed the cost of poverty in the UK; findings showed that £1 in £5 of spending on public services is needed due to the impact of poverty. The report concluded that if poverty was solved it would free up £78billion which could be used to improve public services and support the economy⁶.

According to the latest Monitoring Poverty and Social Exclusion in Northern Ireland Report (2016):

- Employment performance has been slower in Northern Ireland compared to Great Britain, only now reaching pre-recession levels. Since 2011, the working-age employment rate has increased by 0.6 percentage points, compared with a 3.0 percentage point increase in GB.
- The overall employment rate in Northern Ireland is five percentage points lower than in Great Britain.
- Average weekly pay is lower in Northern Ireland than a decade ago (after inflation). The gap with Great Britain has remained steady at the median, but low-paid workers have fallen further behind those in Great Britain⁷.

The Economic Strategy must address disadvantage by enhancing employment opportunities (for example enhanced pay, higher quality jobs and secure contracts), tackling patterns of disadvantage (such as intergenerational poverty) and enhancing support for workers and potential workers (though childcarer provision). As mentioned earlier, there is also an argument here to invest early in younger generations, to enhance future employment prospects and tackle disadvantage.

The impact of welfare reform must also be addressed in the Economic Strategy, as during its roll out many existing benefit claimants will be moved into work. There is a need to promote

³ Department for Communities (June 2016) The Northern Ireland Poverty Bulletin 2014/15, available at <https://www.communities-ni.gov.uk/news/northern-ireland-poverty-bulletin-201415-released> (accessed 9/8/16).

⁴ *Ibid*

⁵ Joseph Rowntree Foundation (2016) Monitoring Poverty and social Exclusion in Northern Ireland 2016, available at file:///C:/Users/rachel/Downloads/ni_mpse_findings_2016_final.pdf (accessed 9/8/16).

⁶ Joseph Rowntree Foundation (2016) Counting the cost of UK poverty, available at <https://www.jrf.org.uk/report/counting-cost-uk-poverty> (accessed 9/8/16).

⁷ Joseph Rowntree Foundation (2016) Monitoring Poverty and social Exclusion in Northern Ireland 2016, available at file:///C:/Users/rachel/Downloads/ni_mpse_findings_2016_final.pdf, p1 (accessed 9/8/16).

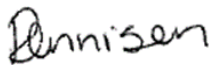
the in-work benefits which are available to help employees maximise their income and increase financial stability, for example help with the cost of childcare.

Conclusions

Employers For Childcare has expertise in the areas mentioned in this response. We operate three successful Social Enterprises, enabling us to provide employment and support the childcare sector. Through our charitable services we work with families to help them access and stay in work, particularly through our research and the Family Benefits Advice Service. We would welcome the opportunity to work with the Department where necessary to help develop the strategy and contribute to the Executive's economic ambitions.

We welcome the opportunity to respond to the Department's Call for Evidence on the Economic Strategy and hope that our response is useful in helping to shape the final document. If you would to discuss the points that we have raised in more detail we would be happy to meet with you. My contact details are rachel.dennison@employersforchildcare.org or telephone 028 9267 8200.

Yours sincerely



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