

Childcare costs 'overwhelming women's earnings' in London ^[1]

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EXCERPTS

London needs a “new deal for childcare” with powers devolved to City Hall to fix a “messy, poor-value-for-money” market and help more parents back into work, a think tank claimed today.

A new report by the IPPR reveals that the cost of childcare is so high that some parents in low-income families effectively “pay to work” under the current system of tax credits.

The report found that a woman with a partner and two children who works fewer than 16 hours a week and earns the Government’s “national living wage” of £7.50 will see her childcare costs overwhelm her earnings, meaning a net loss to the family income.

The think tank found that London has the lowest maternal employment rate in the country. The cost of childcare in London is a third higher than the UK average, and 70 per cent of boroughs do not have enough childcare places for working parents.

If the number of mothers working in London rose to the national average, putting 80,000 more parents in work, it would lift 2,200 households out of poverty and give a £90 million boost to the economy, the report claimed.

The IPPR called on Mayor Sadiq Khan to lobby for powers over childcare to be devolved to City Hall — and to make this a priority at negotiations with the Government later this year. It argues that the Greater London Authority should then offer £680 million in central funding when legislation comes into effect allowing local government to retain all the business rates it raises locally.

This would be equivalent to the funding of the free entitlement to childcare in the capital and London’s allocation of tax-free childcare. It could then be channelled into a grant for childcare providers, replacing the system of income top-ups and grants. Clare McNeil, the IPPR’s associate director for work and families, said: “We think that the Mayor, who campaigned heavily on the issue of childcare before the election, needs to get a grip on it now.”

Mr Khan said: “I welcome today’s report... We urgently need a new deal from the Government to give London more powers and resources to improve childcare provision across our city.”

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