

Lack of affordable childcare costing mothers £1.2bn a year in lost earnings^[1]

Mothers are losing more than a billion pounds in earnings every year because a lack of high-quality, affordable childcare prevents them from working or increasing their hours, finds a charity.

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AVAILABILITY

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EXCERPTS

Analysis of the Labour Force Survey and the Family Resources Survey by Save the Children suggests the childcare system is preventing 450,000 mothers with children under the age of five in England looking for work or increasing their hours.

It says this means that fewer than one in three mothers with a young child are in full-time work.

The charity estimates that a mother in an 'average family' with young children could be losing between £3,400 or £11,400 a year. Scaled up, this means nationally mothers are potentially losing £1.2 bn over a year.

Save the Children says these lost earnings can have a 'huge impact' on children, with evidence showing that the stress and pressure affects children's quality of life and their ability to learn at the most important time in their lives – their 'critical pre-school years'.

The analysis, 'Lost Opportunities, Lost Incomes', shows that despite recent reforms, childcare issues are the number one barrier to work for parents with young children, with parents facing 'sky-high' childcare bills and struggling to cope with a 'complicated system'. Almost half of parents say they have no idea or are confused about what support they should get. Save the Children says they are left unable to access the childcare they need, which can 'tip families into hardship'.

According to the charity, parents say that childcare bills are still too high, with many claiming it costs more than their mortgage or rent, or that it doesn't make financial sense to go back to work.

Save the Children refers to Office of National Statistics data on hours and earning and the Family and Childcare Trust's 2017 Childcare Survey, which shows that average take-home pay for a mother working full-time is just over £20,000 and almost £45,000 for a couple both working full-time. Even taking into account funded childcare hours and Government subsidies, the analysis finds that the cost of childcare for two children can still be more than £8,000 a year. That is 39 per cent of the mother's take home pay – twice as much as she pays in tax.

To address the problems of cost, complexity and accessibility in the childcare system, which is preventing parents from working, Save the Children is calling on new Government ministers responsible for childcare to urgently set out the next steps to delivering a childcare system in England that is high-quality, affordable, easy to use and fits around families' lives.

The charity is also calling on parents to sign its petition to let the Government know reform is needed to fix the childcare system.

Steven McIntosh, director of UK poverty policy, advocacy and campaigns at Save the Children, said, 'Mothers describe a childcare system that feels stacked against them. They tell us it's nightmare to navigate with barriers to work at every turn. The result is an astounding loss in earnings, hitting families already battling to make ends meet. The financial pressure and stress that creates at home is never good for parents or their children. It's time to make childcare work for families.'

Purnima Tanuku, chief executive of National Day Nurseries Association (NDNA), said, 'NDNA wholeheartedly agrees with the issues and recommendations outlined in Save the Children's report, Lost Opportunities, Lost Incomes.'

'Not only is the system extremely difficult for parents to navigate, there is little support for parents of very young children to incentivise both parents to work. This leads to a loss of income from one parent – usually the mother – resulting in financial struggles, especially after a period of maternity leave. Their child misses out on high-quality early education which gives them the best start in life and the economy loses the skills, knowledge and expertise of that parent who can no longer afford to work.'

'The main reason that childcare for under threes is so expensive is the Government's funded hours scheme which is underfunded by an average of £958 per child per year. Nurseries have no choice but to make up the shortfall by charging parents more for paid-for hours.'

'Ideally parents should be supported from their child's first birthday but this cost should not be borne by childcare providers who are

already burdened with high business costs, especially with minimum wages increasing from April.

'The Government should also invest properly in an online system that works and is properly resourced.

'NDNA has put forward the idea of streamlining all benefits into one simple online account which can be used by parents to pay for the childcare of their choice. We believe that this Childcare Passport, coupled with adequate investment, should support both families, providers and the economy.'

Neil Leitch, chief executive of the Pre-school Learning Alliance, said, 'It is no surprise the high cost of childcare in the country is having a detrimental impact on maternal employment.

'For years now, the early years sector has been significantly underfunded, driving up costs for parents and leaving many unable to actually afford to return to work. Add to this the negative impact of underfunding on the availability of childcare places, and it's clear that the Government must do much more to support the sector financially if it is to address the problems raised in this report.

'That said, it's vital to remember that childcare policy is not just about supporting parents to return to work – it's about providing quality early education and learning opportunities to our youngest children. As such, while it's clear that ministers do indeed need to take urgent action to improve the affordability and availability of childcare, equally important is ensuring that Government is investing what's needed to support the quality of provision across the sector.'

CASE STUDY

Bianca (main picture above), a mother from East London with two boys aged three and seven, says childcare issues forced her to give up her full-time job as an educational team leader in a college.

She explained, 'I absolutely loved my job and I could see myself progressing. It was the cost of childcare that made me give it up, because if I'd had to pay for my younger son to be in nursery full-time that would have been a massive chunk of my salary. We made sure we lived within our means but of course you lose out on some things.

'There are a lot of people who have a lot to give to the economy, but childcare is such a massive barrier. The only way you can jump over that barrier is if you're willing to shell out a lot of money and have little left for three or four years.

'We did make that choice to have children, but we shouldn't be penalised for it, and that's how it feels at the moment.'

A Department for Education spokesperson said, 'We have doubled the free childcare available to working parents of three- and four-year-olds to 30 hours a week, saving parents up to £5,000 a year per child, and over 200,000 children have already benefited from a 30 hours place since September. Our independent evaluation of the early roll-out of 30 hours free childcare showed that nearly a quarter of mothers and one in 10 fathers increased their working hours as a result.

'We are tackling the barriers for parents to return to work by introducing shared parental leave, new rights to request flexible working and our £5 million returner programmes that will make it easier for people to get on with their careers after taking time out for caring.'

-reprinted from Nursery World

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