

# Cuts in nursery funding 'have hit poor areas hardest' <sup>[1]</sup>

As childcare providers see their income fall, many will be forced to close without a cash boost in the budget

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## AVAILABILITY

Read online <sup>[2]</sup>

## EXCERPTS

Parents have been warned they face rising childcare costs as new research reveals that nearly half of all nurseries, pre-schools and childminders in England are receiving less government funding than five years ago.

Department for Education figures, analysed by independent research firm Ceeda and seen exclusively by the Observer, show 60 local councils in England paid childcare providers up to 17% less to provide government-funded places for three- and four-year-olds in the 2017-18 academic year compared with 2013-14.

The reduction has hit disadvantaged children hardest because childcare providers in deprived areas – who are offered fewer privately funded children to look after and therefore rely more heavily on income from government-funded places – are struggling to stay in business, according to the report.

The average number of childcare places available to children under five has fallen by more than 20% in the most deprived areas of England while the number available to children under five in the least-deprived areas has increased by a third.

Working parents of three- and four-year-olds are eligible for a government-funded nursery place of 30 hours a week during term time (38 weeks a year) if they earn up to £100,000 each, which means nurseries in affluent areas often have high-earning clients who top up their funded places privately. Meanwhile, nurseries and childminders in some of the most deprived areas of England – the Isles of Scilly, North Lincolnshire, Sunderland, Bradford, Torbay, Middlesbrough, Stoke-on-Trent and Hounslow – have all had their hourly government-funding rates slashed by 10% or more.

Neil Leitch, chief executive of the Pre-School Learning Alliance which represents nurseries, said parents across the country faced a rise in childcare costs in the future as nurseries, pre-schools and childminders were forced to increase fees and charges to plug the government funding gap. "In the worst cases, providers who simply cannot make the books balance will be forced to close their doors for good. This isn't an exaggeration – it's already happening."

Leitch and the shadow early years minister Tracy Brabin have called on the government to increase funding for the early years sector in the budget on Monday. Brabin said: "This research shows that despite Tory ministers boasting of record investment in early years care, the truth is that too many practitioners on the frontline have seen their funding slashed in real terms in recent years. The consequence of these cuts is that experienced, high-quality childminders and nurseries are leaving the sector, and that can have a massive impact on a child's life."

Across all local authorities in England, Ceeda found an average real-terms increase in three- and four-year-old funding rates of just 1.8% over the five-year period. It has calculated that private and voluntary-sector day nurseries and pre-schools face a funding deficit of £616m in 2018. Its managing director Dr Jo Verrill said this was having a disproportionate effect on low-income families because they are least able to pay for "extras" when accessing funded hours, and that in turn means that providers in deprived areas are struggling to generate the private fee income they need to stay afloat.

Jo Callaghan, who has been running Munchkins Daycare nurseries in Essex for the past 15 years, said: "Over the past five years my overheads have gone up, the wages I pay my staff have gone up, and the funding I receive from government has gone down. I have to charge parents for extras I didn't previously charge them for, and it's unfair on the children whose parents cannot afford to pay. These places were sold to parents as free. The government has been deceitful."

Nadhim Zahawi, minister for children and families, said: "This government has made very clear its commitment to high-quality early years provision. By 2020 we will be spending around £6bn on childcare support – more than any other government – and we plan to spend around £3.5bn this year on our free early education entitlements.

"The total national average hourly funding rate to local authorities for three- and four-year-olds increased from £4.56 to nearly £5, and all local authorities saw 7% increases in their funding rates for two-year-olds.

“This government has introduced support specially for low-income families with access to high-quality early years care through our 15 hours of free childcare for all three- and four-year-olds, with 30 hours available for working families, in addition to the 15 hours a week for the most-deprived two-year-olds, which almost 750,000 children are already benefiting from.”

**Related link:**

**Region:** Europe <sup>[3]</sup>

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**Source URL (modified on 27 Jan 2022):** <https://childcarecanada.org/documents/child-care-news/18/10/cuts-nursery-funding-%E2%80%98have-hit-poor-areas-hardest%E2%80%99>

**Links**

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