

Universal child care provision in the U.K: Towards a costs-benefit analysis ^[1]

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Source: PricewaterhouseCoopers ^[2]

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AVAILABILITY

No longer available online

- Additional information ^[3]

- Press release: "Universal child care could provide significant benefits to economy" from Daycare Trust ^[4]

From the Daycare Trust: The provision of universal child care could eventually be worth 'around £40 billion' to society over the next 65 years, according to a new report by senior economists from PricewaterhouseCoopers and published today in summary as a policy paper by national child care charity Daycare Trust. The economic analysis concludes that moving to universal child care for all one to four year olds could bring significant benefits in terms of higher female employment and earnings, although it would also have significant costs. It is the first study to quantify the potential economic costs and benefits of universal pre-school child care for the UK over the full working lifetime of both the parents and the children affected by the policy. Over the first 20 years during which universal child care is assumed to be phased in and begins to operate, the study estimates that the overall economic benefits to society would broadly match the overall costs of provision. In the longer run, there is potential for additional benefits in terms of increasing the lifetime earnings of mothers who would not need to take prolonged career breaks, as well as possible benefits to the future productivity of children from less advantaged backgrounds, who would receive good quality pre-school child care under the scheme. The study suggests that these long-term net benefits could accumulate to around £40 billion over a 65-year period (at 2003 prices), but these estimates are subject to significant uncertainties, particularly in relation to the increase in female employment resulting from the move to universal child care provision. A one percentage point variation in the female employment rate could cause the results to vary from a net benefit of around £85 billion to a net cost of around £6 billion. Stephen Burke, Director of Daycare Trust, said: "Child care for all is key to creating a fairer, better Britain. If we invest now, we will save later. We can create a lasting legacy of children's centres in every community, providing child care and early years services that every family can use. This report provides a child care challenge for the Government - clearly in the long term the benefits of investing in quality child care for children, parents and the whole country will pay huge dividends. The analysis supports the recent call by the Work and Pensions Select Committee for much more investment by Government in affordable child care in every community." David Armstrong, senior economist in PricewaterhouseCoopers Belfast office and co-author of the report, said: "There has been surprisingly little quantitative research on the economic costs and benefits of universal child care provision, as compared to the many such studies on primary and secondary school education. But it may be that the benefits of investing in child care and pre-school learning could be greater than investment in education at later ages, given that a very significant part of cognitive and non-cognitive skills development occurs before children start school."

Region: Europe ^[5]

Tags: economics ^[6]

mother's labour force participation ^[7]

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