

Cost of childcare so high that it does not pay UK families to work

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EXCERPTS

Childcare is now so expensive that families are increasingly better off if one parent gives up work to look after their offspring, a major new report has found.

The cost of sending a toddler to nursery part-time has risen by around a third over the past five years, with parents now forced to pay an average of £6,000 a year - £1,533 more than in 2010.

Despite heavy government spending on childcare, gaps in provision are also increasing, the survey found. In addition, for the first time, Britain's poorest families are having to find substantial sums to make up the shortfall between part-time childcare costs and the maximum amount of help they can claim under working tax credits.

"The reality is that for too many families it simply does not pay to work," concluded the Family and Childcare Trust in their annual Childcare Costs Survey 2015.

It now costs around £115.45 on average to send a child aged under two to nursery for 25 hours a week in Britain, a total of £6,003 per year. This is a 5.1% increase on last year.

When population distribution is taken into account, the price of a part-time nursery place for the under-twos has risen by 32.8% over the term of the last parliament. The cost of part-time care by a childminder for a toddler is up by 4.3% on last year, an average of £104.06 per week, or £5,411 a year.

The survey also found part-time nursery prices for children aged two and over have risen by 4.1% to £109.83 per week on average, while a childminder for this age group is up 2.5% to £103.04.

For the first time outside of London, some parents on the lowest incomes are finding that the maximum amount of help they can claim for childcare is leaving them out of pocket by at least £52.50 a week.

The report suggests that there are two reasons for the increases in prices for under-twos: in England, nurseries and childminders are putting up their prices after keeping them down during the recession, and parents are subsidising the government's free places for disadvantaged two-year-olds.

The survey also found that the problem of insufficient childcare provision is getting worse not better, with just 43% of councils in England fulfilling their legal obligation to provide childcare for working parents, compared with 54% last year.

The report suggests three reasons for the fall in supply over the past year: 382,000 women returned to work between September to November last year, while places for older children may have been eroded at the expense of the increased number of places for two-year-olds in general, and those two-year-old children who qualify for free early education in particular.

A Department for Education spokesman said the report "neglects the record amount of fully funded childcare we are giving. Based on the FCT's own figures, our free entitlement will save the average eligible family £2,500 per year for each child."

Nick Clegg, the deputy prime minister, acknowledged the cost of childcare was rising. He pledged his party would provide 15 hours a week free for all two-year-olds and for those children of working parents aged between nine months and two years.

The Labour party said its own research shows costs have risen by more than 33% in more than one in four local authorities in England.

Alison McGovern, Labour's shadow minister for children, said Labour proposed extending free childcare for working parents of three- and four-year-olds from the current 15 hours to 25 hours a week, as well as delivering at least 50,000 more childcare places by doubling the number available through Sure Start centres.

Region: Europe [3]

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