

# Child care costs survey 2015<sup>[1]</sup>

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## AVAILABILITY

Full report in PDF<sup>[2]</sup>

Blog: Childcare prices rise faster than Government help for parents<sup>[3]</sup>

## Key findings

Childcare costs:

- The cost of sending a child under two to nursery part-time (25 hours) is now £115.45 per week in Britain, or £6,003 per year, which is a 5.1 per cent rise since 2014.
- The cost of part-time care from a childminder has also risen - by 4.3 per cent - and now costs £104.06 per week or £5,411 per year.
- Childcare prices have continued to rise at levels above the rate of inflation. When population distribution is taken into account, the cost of a part-time nursery place for a child under two has increased by 32.8 per cent over the last Parliament.

Childcare supply:

- The Childcare Act 2006 requires local authorities in England and Wales to make sure - as far as is practicable - that there is sufficient childcare for working parents, but despite this duty, this year just 43 per cent of councils in England had enough childcare for them, compared with 54 per cent last year.
- Gaps in provision for disabled children have also increased, with only 21 per cent of English local authorities and 7 per cent in Wales now having enough childcare for this group, compared with 28 per cent (England) and 18 per cent (Wales) in 2014.

Free early education:

- In England, the 40 per cent most income deprived two year olds became entitled to free part-time early education in September 2014. By November 2014 about 160,000 children were receiving this help - 60 per cent of those who are eligible, although there were large variations in the take-up between local authorities (35-100 per cent). This means that 110,000 eligible two year olds are missing out on free early education.

## Areas of action

Our research shows persistent problems with childcare provision in the UK. It is expensive, there are gaps in provision and too many children are missing out on the free early education to which they are entitled. The run up to a general election is the time for all political parties to look at childcare reform.

We have five recommendations, which we call on any incoming Government to implement in the next Parliament:

1. Merge Universal Credit support for childcare with the tax-free childcare scheme to create a single progressive system.
2. Extend free early education to cover all two year olds and for 48 weeks of the year for all two, three and four year olds.
3. Make early education and childcare a legal entitlement for parents, bringing it in line with the right to a school place.
4. Amend the funding formula for free early education for two year olds, to make sure it meets the cost of provision in expensive areas such as London.
5. Overhaul the free early education funding formula for three and four year olds to make it more responsive to social factors.

But these measures alone will not fix the system. It needs radical reform and in the long-term we want to see all political parties commit to an independent review of childcare. This should aim to create a simple system that promotes quality, supports parents and delivers for children.

## Fixing the child care system

Our 2015 survey shows that while the price of out-of-school childcare is stable, under-fives childcare prices have continued to rise. In the course of this Parliament, nursery costs for under-twos have increased by 32.8 per cent, at a time when real wages have remained largely static.

While childcare represents a significant outlay to parents, it is important to remember that childcare by its very nature will always be

expensive. It is not fair to suggest that high childcare costs are the result of providers charging high fees to hard-pressed parents. The reality is more complex. The need to ensure safety for children and deliver high quality childcare rightly means that childcare cannot - and should not - be provided 'on the cheap.' Interventions to ensure that childcare is affordable must not compromise its quality.

But high childcare costs have a negative impact on families, on the community and the wider economy and for this reason the Government needs to take action. For some parents, usually mothers, the cost of childcare is a barrier to work and they leave the labour market when they have children. This move can push some families into poverty.

Other parents remain in employment but opt to work part-time. However, in many organisations parttime jobs are often of a lower status than full-time employment and are less likely to lead to promotion. Parents may also 'trade down' their work, where they move to a job below their skills and experience because it fits in with their caring responsibilities. Over a longer period of time there is a 'motherhood penalty' associated both with interrupted employment and part-time work. This wage disadvantage is proportionally higher for better qualified women, but studies show that even women who lack higher level qualifications are disadvantaged.

Although successive governments have increased their help with childcare costs, parents in Britain are still paying a higher proportion of their income on childcare than do most other developed countries. As a consequence maternal employment levels for those with children under five - particularly for the least well qualified - are low, compared with many other developed countries. Women's skills are lost and families are forced to depend on benefits, rather than contribute to the economy as tax payers.

There are other problems with the UK's childcare system. Some providers struggle to break even and there are gaps in care that are not being filled. All this is indicative of a childcare system that is not working. The priority must be to fix these problems and ensure that parents throughout the UK have access to affordable and high quality childcare.

**Related link:** Cost of childcare so high that it does not pay UK families to work [4]

**Region:** Europe [5]

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**Source URL (modified on 27 Jan 2022):** <https://childcarecanada.org/documents/research-policy-practice/15/02/child-care-costs-survey-2015>

#### Links

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