

2016 UK childcare survey ^[1]

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AVAILABILITY

Full report PDF ^[2]

Introduction

Since last year, the number of English local authorities reporting a shortage of free early education places for three and four year olds has more than doubled. More than a third of councils are now struggling to meet demand. These gaps mean that children are missing out from free early education, parents are prevented from working and the Government may find it more difficult to deliver on its pledge of expanding free childcare in 2017.

Key findings and areas for action

Childcare provision is a crucial part of a modern state's infrastructure. It enables parents to work, improves children's outcomes and helps narrow the gap between disadvantaged children and their more affluent peers. Given how important childcare is to all of us, the Government is rightly spending both time and effort in making sure it works.

Since 2002 the Family and Childcare Trust has undertaken an annual survey, measuring the price and availability of childcare. The data – collected from local authority Family Information Services – makes it possible to monitor changes in childcare prices and supply from year-to-year.

The publication of this year's survey, the 15th in the series, coincides with significant changes in childcare policy and funding. It shows that price rises have slowed compared with last year and are now increasing in line with inflation, although childcare remains a substantial item of family expenditure.

However welcome this slow down may be to parents, it is questionable whether the trend will continue, as the National Living Wage, pension auto-enrolment and new funding arrangements may put new financial pressures on childcare providers in the near future.

The survey's findings also reveal some serious cracks in our childcare system. High costs remain a barrier to parental employment. Parents often still struggle to find the flexible childcare that enables them to work. We do not have enough childcare for disabled children and those in rural areas. The workforce is poorly paid, yet many childcare providers struggle to make ends meet. With additional pressure on the system, these cracks may well widen.

Key findings

Childcare costs

- The price of sending a child under two to nursery part-time (25 hours) is now £116.77 per week in Britain, or £6,072 per year, which is a 1.1 per cent rise since 2015.
- A registered childminder now costs £104.27 per week for part-time care for a child under two, compared with £104.06 last year, a price increase that is similar to the rate of inflation¹.
- A family with one child under two in part-time childcare and one child aged five at an afterschool club can now expect to pay £7,933 per year for childcare, over 28 per cent of median household income.
- When prices are weighted to take population distribution into account, part-time nursery prices for a child under two fell by 0.3 per cent last year, much in line with the rate of inflation. This is the first time that nursery price rises have tracked inflation since 2008.
- The poorest parents get help with their childcare costs through Working Tax Credit, although there is a maximum cap on the money they can get. This year there are 11 local authorities where the average cost of part-time childcare exceeds this cap, leaving the poorest working parents having to pay an average of £81.53 per week or £4,240 per year out of their own pocket.

Childcare supply

- The Childcare Act 2006 requires local authorities in England and Wales to make sure that there is sufficient childcare for working parents, but this year only 45 per cent of councils in England had enough childcare for parents who work full-time.
- Just 9 per cent of English local authorities had enough after-school childcare for 5-11 year old children, a gap that has widened significantly since 2011, when 28 per cent of local authorities had enough childcare for this age group.

- Gaps in childcare in Scotland, Wales, in rural areas and for families with disabled children have not narrowed since last year, with just 15 per cent of English local authorities having enough childcare for disabled children, compared to 21 per cent in 2015.

Free early education

- An estimated 41,300 three year olds are missing out on free early education in England. The survey indicated that 59 local authorities do not have enough free early education places for three and four year olds, up from 23 local authorities in 2015.
- There are big differences between areas in the number of childminders per 1,000 children under five, from four childminders per 1,000 children in Hull to 24 per 1,000 children in Bromley. This is important, as childminders often provide flexible childcare and will be needed to make the 2017 extension to free early education work for parents.

Areas for action

This year's survey shows persistent problems with childcare provision in the UK. It is expensive and fails to deliver for too many working families, particularly those who are on low incomes, for parents who work atypical hours, and for parents of disabled children. There are also too many children missing out on their free early education places. Unless these problems are addressed urgently, they will jeopardise the success of the extension to free early education in 2017, limit the effectiveness of other Government support and prevent families from moving into work and out of poverty.

Drawing from the findings of this year's survey, we have six immediate recommendations. We call on the Government to:

- Make an early education place a legal entitlement for children, bringing it in line with a school place.
- Strengthen parents' rights by bringing in a fair and transparent admissions code of practice for childcare provision.
- Integrate all the financial support into one simple, transparent and progressive system for parents, that delivers help to those who need it most.
- Require every local authority to develop a funded childcare inclusion plan to address gaps in access to care for children with special education needs and disabilities.
- Help providers expand to fill gaps by offering grants for start-up costs and publish guidance on market management for local authorities.
- Make sure childminders are able to offer free early education provision by providing small grants to help with compulsory training costs, insurance and equipment.

But these measures alone are short-term and will not fix a system that too often does not work for children, for parents, for providers, for employers and the Government. Recent policy initiatives have simply been add-ons to a system that needs radical overhaul to reflect today's modern, working families. Childcare funding needs comprehensive reform and the creation of a simple and efficient system that encourages quality, promotes child development, supports working parents and delivers for employers and the economy.

Related link: Revealed: Childcare costs a third more in London than the rest of UK ^[3]

Region: Europe ^[4]

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