

Childcare costs denying working families a good living standard – study ^[1]

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EXCERPTS

High childcare costs are leaving parents who work full time at the national minimum wage thousands of pounds a year short of being able to afford what the public defines as a basic acceptable standard of living.

Research published by the Joseph Rowntree Foundation (JRF) says benefit cuts and rising costs mean increasing numbers of households in low-paid jobs will not achieve the minimum income standard needed to live healthily and sociably.

A two-child couple each working full time on the minimum wage of £7.20 an hour would fall £2,600 a year - or 12% - short of the minimum income standard after paying rent and childcare, the study finds. The shortfall is even more dramatic for a lone parent working full time at minimum wage, who after paying rent and childcare would be £2,860 a year or £55 a week short of what they require, a gap of 18%.

Although the household minimum income standards agreed by public focus groups as part of the study are generally frugal - no allowance is made for tobacco, or motoring costs for pensioners for example - they are far higher than actual levels of earnings enjoyed low-paid individuals and families.

The gap is particularly stark for households dependent on social security. A two-child couple on out-of work benefits would receive just 39% of what the public consider to be an adequate basic income. JRF said childcare costs were one of the biggest barriers preventing working families achieving a decent standard of living, and called on the government to improve childcare affordability, including making it free to families on the lowest incomes.

Julia Unwin, the chief executive of JRF, said: "Childcare has become the one of the biggest barriers to reaching a decent living standard in modern Britain. Work should always be the best route to a better life, but these figures show that a comprehensive plan to bring down the high cost of childcare, and improve the returns from working more hours, is desperately needed.

"Having promoted greater access to childcare, the government now faces the challenge of ensuring that it truly becomes affordable and available to help ease the strain on parents' juggling working and caring. A radical overhaul is needed."

JRF also called for a reversal of cuts to universal credit working allowances to enable working families to keep more of their earnings before benefits are withdrawn. "Some difficult times lie ahead for families that depend on state benefits, whether in or out of work," the report says.

The research, carried out by Loughborough University centre for research in social policy, asks the public to define the minimum income required to enable households to afford to buy not just basics such as food, clothes and shelter but to participate in social and family life, such as occasionally going out, taking a modest holiday once a year, and buying birthday presents for relatives and friends.

A couple with two children need to earn at least £37,800 to meet the basic standards, while a lone parent with one child needs to earn £27,900, the research finds. A single person with no children requires £17,100 a year. According to the public, a single working-age adult would need to spend a weekly minimum of £44.72 on food to ensure they eat healthily three times a day. The minimum food budget for a pensioner couple was £71.99, £100.96 for a couple with two children, and £56.85 for a single parent with one child.

The public's 2016 definitions of a basic minimum income appeared to be influenced by years of austerity, with households expected to economise more than in previous surveys, to eat out less often and try harder to seek out deals and bargains. Families were also expected to rent smaller homes and require their younger children to share bedrooms.

But there was also an acceptance that basic living standard rises were necessary in areas such as car use, which was seen as increasingly essential because of unreliable and costly public transport, and the need to travel further to access job opportunities.

There was also public support for the idea that provision for children's developmental needs - in the form of social and educational

activities and structured childcare - was an essential living cost. "The overall impression is that the priority is to provide and maintain a standard of living that protects children from the effects of austerity and promotes a healthy and happy childhood while still operating within a constrained budget," the study says.

A Department for Education spokesperson said: "We know that access to high-quality, affordable childcare is vital for millions of parents and carers across the country. We are doing more than ever before to support the families that need it most with the cost and availability of childcare, but we know that more needs to be done.

"That's why we are increasing the support available to parents by doubling free childcare from 15 to 30 hours for working parents of three- and four-year-olds, introducing tax-free childcare worth up to £2,000 per child per year and up to £4,000 for disabled children, and this government is increasing support for low-income parents on universal credit. Councils must also provide childcare for children up to age 14 for parents who are working, studying or training and we are helping schools to offer after-school and holiday clubs."

-reprinted from The Guardian

Region: Europe ^[3]

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