

**Briefing from the Family and Childcare Trust  
Increasing access to affordable childcare debate, House of Lords, 9 January 2014**

**About the Family and Childcare Trust**

The Family and Childcare Trust was formed in 2013 through a merger of Daycare Trust and the Family and Parenting Institute. We work to make the UK a better place for families and have a particular focus on childcare and family friendly working.

**Introduction**

High quality affordable childcare supports children's social and educational development and enables parents to work. There is a chronic shortage of affordable childcare, particularly in disadvantaged areas, and public support is poorly targeted to help those who face the greatest affordability challenges. These gaps undermine efforts to reduce educational inequalities and are a significant constraint on parental employment and poverty reduction strategies.

Working parents with young children use many different forms of childcare, including day nurseries, sessional pre-schools or registered childminders. When children reach school-age, many parents use breakfast and after-school clubs to look after their children before and after the school day, childminders to pick up their children after school or during school holidays. Parents of older children may also use after-school and holiday arts, sports and leisure activities as surrogate forms of childcare.

For families with children, childcare is now a very significant percentage of family expenditure. Every year the Family and Childcare Trust conducts a survey to gather information about childcare costs and availability in Britain. The latest survey in 2013<sup>1</sup> found above inflation rises in costs in England and lends weight to describing costs as equivalent to a 'second mortgage'.

**Childcare costs**

- The average cost of nursery place for a child under two is now £4.26 per hour across Britain. A parent buying 25 hours of childcare per week would face an average annual bill of £5600 and for 50 hours around £11,000.
- In London, the average cost of nursery place for a child under two is now £5.33 per hour. A parent in London buying 50 hours of childcare per week for a child under two would face an average annual bill of nearly £14,000 per year.
- The average cost of a childminder looking after a child under two is now £3.93 per hour across Britain.
- The average cost of an after-school club is now £49.67 per week across Britain. A parent with two children in an after-school club would have an annual bill of nearly £4,000 during term time.

**Year-on-year changes**

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<sup>1</sup> [http://www.daycaretrust.org.uk/data/files/2014/Childcare\\_Costs\\_Survey\\_FCT\\_2013\\_FINAL.pdf](http://www.daycaretrust.org.uk/data/files/2014/Childcare_Costs_Survey_FCT_2013_FINAL.pdf)  
[http://www.daycaretrust.org.uk/data/files/Research/costs\\_surveys/Holiday\\_Childcare\\_Costs\\_Report\\_2013.pdf](http://www.daycaretrust.org.uk/data/files/Research/costs_surveys/Holiday_Childcare_Costs_Report_2013.pdf)

- Childcare costs are rising at significantly above the rate of inflation in England. Costs for after-school clubs, nursery and childminder places for the over-tuos rose by more than 5% from 2012 to 2013.
- A nursery place for a child under-2 rose by 5.2% in England between 2012 and 2013, with no region seeing a fall in prices.
- Over a ten year period a nursery place for a child aged two or under is now 77% more expensive than it was in 2003. However, average earnings in real terms are now at similar levels to those of 2002-03<sup>2</sup>.

### **Childcare supply**

- Despite the legal obligations of the Childcare Act 2006 to provide sufficient childcare for working parents in England and Wales, the survey found that there are still significant gaps in provision. Only 20% of local authorities in England and 25% in Wales reported enough childcare for children aged two and under.
- There are also major gaps in provision for older children, disabled children and parents who have atypical work patterns such as shift workers or irregular work patterns. The gaps in provision increased in the last 12 months.
- Many families rely on informal – unregulated – childcare, with over a quarter of families (26%) using grandparents to provide childcare during term-term, 4% using older siblings, 5% using other relatives and 7% using friends and neighbours.

### ***Possible questions for the minister:***

- To help hardworking families with high childcare costs, will the minister consider lowering the eligibility threshold for the tax free voucher scheme from £150,000 in order to provide more support for families on middle and lower incomes?
- The government's plans to increase the childcare element of universal credit from 70% to 85% in 2016 only for parents who pay income tax will help relatively few parents and create an unhelpful new cliff edge in the system. Given this, will the minister consider increasing the level of payment to 85% for all parents receiving this support?
- To provide more support for parents and help to make the free offer more sustainable and in turn improve quality, will the minister look again at making the two year old childcare offer universal?

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