

# Daycare Trust Childcare costs survey 2008

## Daycare Trust costs survey

This is the seventh annual childcare costs survey conducted by Daycare Trust, the National Childcare Campaign. This year's survey shows that childcare costs continue to rise in England and Wales while costs in Scotland have slightly fallen. Parents also continue to report a lack of affordable childcare in their area.



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## The 2008 survey results

The 2008 childcare costs survey shows that parents continue to face increasingly high costs for nurseries, childminders and out of school clubs. In England the cost of a typical nursery place for a two year old has increased at more than twice the rate of inflation and in Wales by four times the inflation rate.<sup>1</sup> Scotland has fared better with childcare costs decreasing in the last year. Nurseries continue to be more expensive than childminders. The yearly cost of a typical nursery place for a child under two is now £8,268 in England, £7,384 in Wales and £7,332 in Scotland.

<b>Table 1: Childcare costs in Britain</b>					
<b>Region</b>	<b>Nursery (Under 2)</b>	<b>Nursery (2 and over)</b>	<b>Childminder (Under 2)</b>	<b>Childminder (2 and over)</b>	<b>Out of School Club</b>
Inner London	198	174	177	175	27
Outer London	202	186	184	170	47
South East	179	165	162	161	44
South West	162	154	150	151	40
East of England	168	156	145	143	57
West Midlands	133	129	117	116	39
East Midlands	142	133	119	123	61
Yorks & Humberside	135	131	132	130	43
North West	139	131	118	118	41
North East	135	133	134	138	34
<b>England regional average</b>	<b>159</b>	<b>149</b>	<b>144</b>	<b>142</b>	<b>43</b>
<b>Wales average</b>	<b>142</b>	<b>141</b>	<b>153</b>	<b>151</b>	<b>36</b>
<b>Scotland average</b>	<b>141</b>	<b>128</b>	<b>139</b>	<b>141</b>	<b>38</b>

Compiled from a survey of 135 out of 198 Children's Information Services in England, Scotland and Wales (68% response rate), based on 50 hours a week in a nursery or with a childminder and 15 hours a week at an out of school club.

### Costs in England

Childcare costs for children in England continue to rise above the rate of inflation. Our annual survey shows that a typical full-time nursery place for a child under two is now £159 per week. This compares with average earnings of £457 per week.<sup>2</sup> The costs have increased by nearly 5% in the past twelve months.

The highest childcare costs were found in London and the South East where typical costs ranged from £161 to £202 a week – and parents paying the highest reported costs could be paying as much as £750 a week, or £39,000 a year. The lowest costs were in the West Midlands.

Fees for childminders were lower than nursery fees with an average rate of £144 for a child aged under two and £142 for a child two and over. The increase was broadly in line with the inflation rate.

The cost of an out-of-school club has increased by more than six times the inflation rate, with typical costs of £43 for 15 hours a week. This is a particularly worrying development considering that from October 2008, lone parents with a youngest child aged 12 or over will be required to be available for, and to actively seek, work.

### Costs in Scotland

Unlike in England and Wales where costs have steadily increased, childcare costs in Scotland appear to be slowing down and show a slight decrease since last year. Scotland now has the lowest childcare costs compared with England and Wales (see Table 1 for comparative figures). A typical nursery place for a child aged under two in Scotland is now £141 and for a child aged two and over is £128 – both figures show a three per cent decrease on the previous year. Fees for childminders in Scotland are typically £139 for a child aged under two and £141 for a child aged two and over. The typical cost of an out-of-school club in Scotland is now £38 for 15 hours a week – which is unchanged since 2007.

### Costs in Wales

Childcare costs in Wales have increased more quickly over the last 12 months than those in England and Scotland. The survey shows that a typical full-time nursery place for a child under two is now £142 per week in Wales – an 8 per cent increase from last year. The cost of a full-time nursery place for a child aged two and over is now £141 and has increased at an even faster rate – a 12 per cent increase over the year.

At £153 for a child under two and £151 for a child two and over, the costs of a childminder in Wales is now higher than in England and Scotland. Childminder costs in Wales also rose at a much higher rate than in England and Scotland. Out-of-school clubs in Wales now typically charge £36 for 15 hours a week – an increase of 6 per cent since 2007.

## The rising costs of childcare

Daycare Trust has been carrying out the annual childcare costs survey since 2002 in England and since 2005 in Scotland and Wales.

Charts 1 and 2 show the increasing costs of childcare for a place in a typical nursery for a child aged under two and aged two and over.

Each year the Daycare Trust survey has found that childcare costs have risen above the rate of inflation – this year increasing in England by nearly 5 per cent for a nursery place for a child under two. This compares with an inflation rate of 2.1 per cent.

Analysis in Laing and Buisson's *Market report on children's nurseries* estimated that nursery fees have grown on average by five per cent each year over the last six years.<sup>3</sup>

## Childcare provision in England<sup>4</sup>

In spite of increases in the supply of childcare over recent years, the childcare costs survey found that more than two-thirds (70 per cent) of Children's Information Services (CIS) in England said that parents had reported a lack of affordable childcare in the last 12 months.<sup>5</sup>

We know from our recent research with parents that finding suitable and affordable childcare for disabled children can be incredibly difficult.<sup>6</sup> The costs survey again found that many CIS were unsure of the additional childcare costs for disabled children and indicated that there is insufficient childcare for disabled children. More than a third of CIS in England who responded to the survey reported that there was not enough childcare provision in their area for disabled children aged 0-4 years and more than a quarter were unsure whether there was sufficient provision. Just over a quarter reported insufficient provision (and a similar proportion were unsure) for children aged 5-11; and nearly half reported insufficient provision (and nearly a third did not know) for children aged over 12.

From April 2008, local authorities in England and Wales have the duty to secure sufficient childcare, particularly for working parents. It is crucial that local authorities act to ensure that their duties are fulfilled and parents are able to access affordable childcare to enable them to take up paid work.

Chart 1

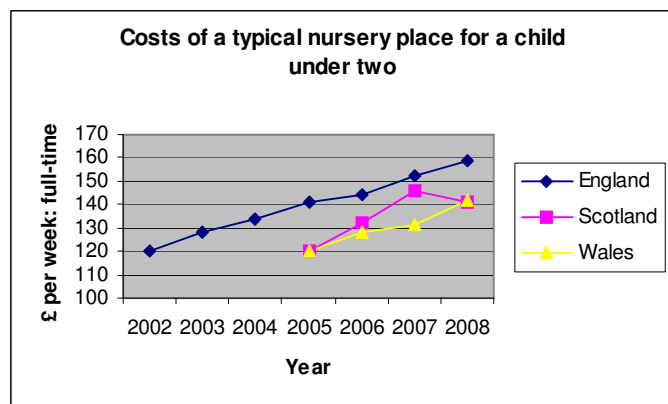
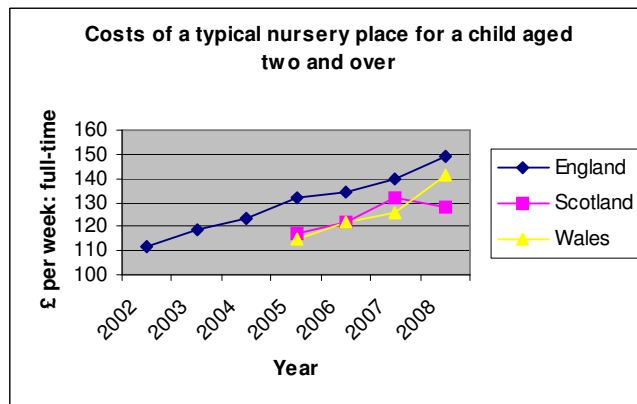


Chart 2



## Paying for childcare

The costs of childcare take up a large part of parents' household income. Research shows that, in 2005, families spent 11 per cent of their income on childcare. Not surprisingly, those with the lowest incomes (i.e. in the lowest-income quintile) spent a higher proportion of it on childcare – 20 per cent of their household income – compared with those in the highest income quintile who spent 8 per cent of their income on childcare. Lone parents spent 16 per cent of their income on childcare compared with 10 per cent for couples.<sup>7</sup> Research from Daycare Trust and the National Centre for Social Research showed that lone parents, low-income families and parents with pre-school children were also more likely to report difficulties in paying for childcare.<sup>8</sup>

1. The latest inflation rate using the Consumer Price Index is 2.1% (at December 2007). 2. Source: National Statistics 3. Laing and Buisson (2007) *Children's nurseries: UK market report 2007*, London: Laing and Buisson 4. This section covers England only due to the low number of CIS in Scotland and Wales. 5. Percentages are not included for Scotland and Wales due to a low base. In Wales, 10 out of the 15 CIS who responded said that parents reported a lack of affordable childcare in the last 12 months and in Scotland the figures were 11 CIS out of 21 responses. 6. Daycare Trust (2007) *Listening to parents of disabled children* 7. Hoxhallari L., Conolly A and Lyon N (2007) *Families with children in Britain: findings from the 2005 Families and Children Study (FACS)*, DWP Research Report No. 424, Leeds: CDS 8. Daycare Trust (2007) *Childcare nation? Progress on the childcare strategy and priorities for the future*. 9. Daycare Trust (2007) *Ibid*. 10. Daycare Trust (2007) *Ibid*. 11. Daycare Trust (2007) *Ibid*.

## Help with childcare costs

The costs survey reports the shockingly high costs of childcare in Britain, although it should be remembered that there is a difference between the fees charged and the actual amount that parents pay. The Government provides several types of funding to reduce the amount that parents actually have to pay. Some families can claim up to 80 percent of childcare costs through the tax credits system, although only a small proportion (between 3 and 5 per cent)<sup>8</sup> actually do so – partly due to the complicated eligibility criteria. A tax-efficient employer-supported childcare system worth up to £1,066 a year is also available to assist with childcare costs but, again, few parents actually receive such support.<sup>9</sup> In London there is also the Childcare Affordability Programme, which subsidises the costs of childcare by up to £30 a week for parents on a low income.

The most widely used childcare subsidy is the free part-time early years education that all three- and four-year olds are entitled to receive. Only a small proportion of this age group are not receiving their 'free entitlement' – although Daycare Trust's recent research shows that those who are missing out are more likely to be those in disadvantaged groups.<sup>10</sup> This research also showed that a substantial minority of parents are actually paying for the 'free entitlement'. The Government is now expanding free part-time early years education to two year-olds, beginning with those in the most disadvantaged areas.

For further information about how to get help with childcare costs, accessing free early years education and all other childcare enquiries, call Daycare Trust's information line on 020 7840 3350.

## Daycare Trust is calling on the Government to invest in high quality childcare and:

- Meet parents' aspirations for universal childcare services by
  - expanding free places for two, three and four-year olds to at least 20 hours a week, for 48 weeks in the year and
  - subsidising out of school activities for all 11-14s and for younger children from poorer families, aiming ultimately to make them free.
- Tackle the affordability crisis by giving local authorities the means to develop sustainable services in poorer areas and provide free places for those missing out, including places for disabled children, parents needing out of hours care, Further Education students and parents of under-threes who want to train.
- Set new standards for the pay of childcare workers, either through national benchmarks or incentives such as the Graduate Leader Fund.

Daycare Trust would like to thank and acknowledge the help and support given by Children's Information Services in the compilation of the cost survey and to Imagine Co-operative Childcare for funding this publication.

Daycare Trust is the national childcare charity, celebrating 21 years of campaigning for quality accessible, affordable childcare for all and raising the voices of children, parents and carers. We lead the national childcare campaign by producing high quality research, developing credible policy recommendations through publications and the media and by working with others. Our advice and information on childcare issues assists parents and carers, providers, employers, trade unions and policymakers.

We recognise that everyone is unique and we value difference in our communities. We listen to all views and are committed to act without prejudice. We oppose all discrimination and promote equality in all we do.

Daycare Trust offers a range of services, including an information line, consultancy, training and membership. Recent publications include *Childcare nation? Progress on the childcare strategy and priorities for the future* and *Listening to families series*. To purchase these publications or to find out further details of our services please visit our website [www.daycaretrust.org.uk](http://www.daycaretrust.org.uk) or call us on 020 7840 3350.

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