

Holiday childcare costs survey 2010



This is the ninth annual holiday childcare costs survey conducted by Daycare Trust.

Summary

The typical cost of full-time holiday childcare in Britain in 2010 is £92.99, which varies between £79.02 per week in the West Midlands and £105.74 per week in the South East. There is discernible variation in the cost of holiday childcare both between regions and between local authorities within regions.

In some areas local authority-run provision is cheaper than private, voluntary and independent (PVI) provision but in others it is more expensive. In some areas costs have risen since 2009; in others they have fallen. In short, the picture is complex and highly volatile.

The sufficiency of holiday childcare in England (by which we mean the amount of childcare available, compared with the amount that parents need) fell slightly in the past year but increased in Wales. Currently, 20 per cent of English Family Information Services (FIS) can definitively state that they have enough holiday childcare to meet parental needs as opposed to 13 per cent of Welsh FIS.

Both England and Wales suffer from a severe paucity of suitable holiday childcare for children aged 12 and over, whilst England also has a particular lack of holiday childcare for disabled children.

Methodology

In June 2010 Daycare Trust asked all Family Information Services (FIS) in England and Wales and all Childcare Information Services (ChIS) in Scotland to complete a short questionnaire concerning the availability and typical cost of full-time¹ holiday childcare in their area. The survey also collated data on parental demand for wraparound childcare (ie childcare either side of available holiday playscheme hours) and whether or not parents had reported a lack of holiday childcare.

For the second year running, a distinction was made between maintained sector (ie local authority) and PVI-run provision, with an overall mean cost being calculated for each region. By making these distinctions we have been able to further explore the patchwork of holiday childcare costs across Britain.

We received 132 responses in total, an overall response rate of 66 per cent. All regions enjoyed a response rate of 63 per cent or greater, with the exception of the East of England.



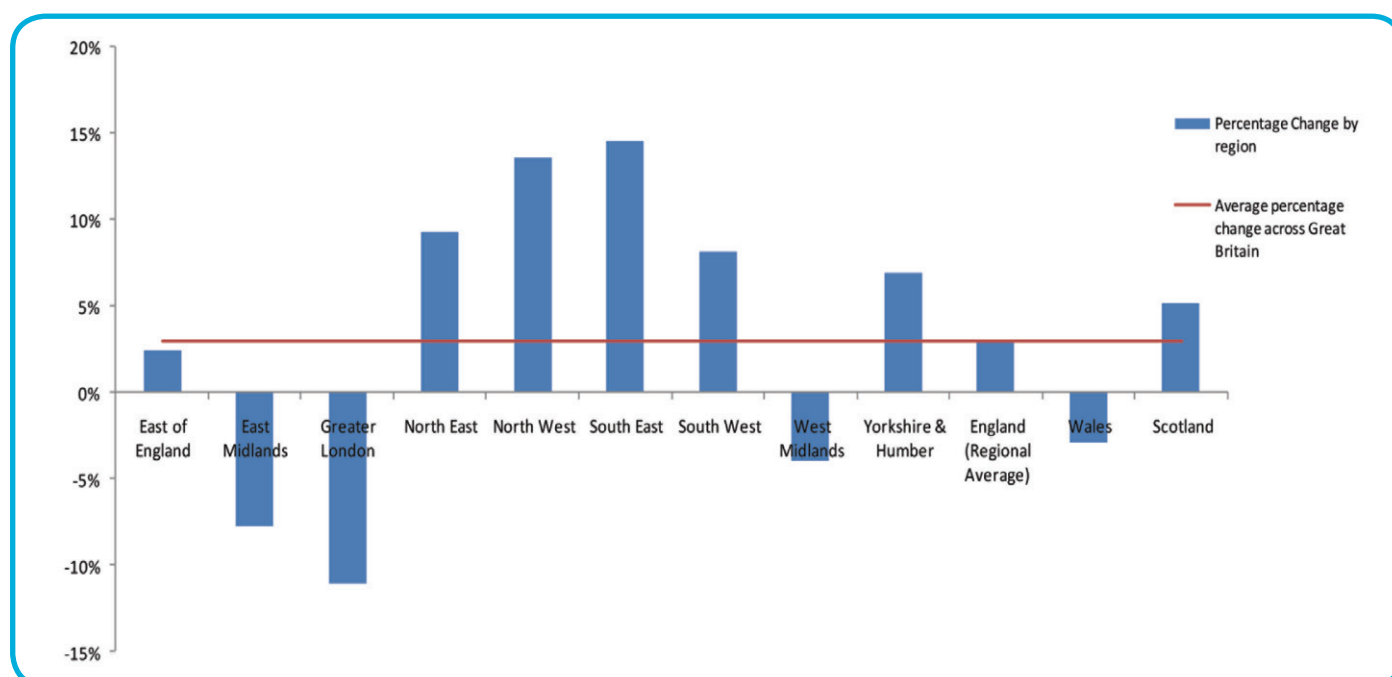
¹ FIS were asked to provide details of how many hours their full-time provision operated for. The average number of hours per day was 9.14 across all regions and across local authority and PVI provision.

The cost of holiday childcare

Figure 1: Typical weekly cost by region and percentage change 2009-10

| Region | Typical Weekly Cost (LA) 2010 | LA percentage Change | Typical Weekly Cost (PVI) 2010 | PVI percentage Change | Typical Weekly Cost (Mean) | Mean percentage Change |
|----------------------------|-------------------------------|----------------------|--------------------------------|-----------------------|----------------------------|------------------------|
| East of England | £83.00 | -6.48% | £119.32 | 9.72% | £101.16 | 2.44% |
| East Midlands | £75.17 | -6.04% | £88.73 | -9.17% | £81.95 | -7.76% |
| Greater London | £74.00 | -13.09% | £102.00 | -8.03% | £88.00 | -11.05% |
| North East | £63.05 | -11.21% | £108.10 | 26.34% | £85.58 | 9.33% |
| North West | £84.29 | 9.71% | £106.31 | 16.86% | £95.30 | 13.59% |
| South East | £98.36 | 12.32% | £113.11 | 16.50% | £105.74 | 14.52% |
| South West | £95.83 | 6.29% | £113.03 | 9.75% | £104.43 | 8.14% |
| West Midlands | £65.30 | -12.67% | £92.74 | 3.30% | £79.02 | -3.96% |
| Yorkshire & Humber | £104.25 | 12.45% | £98.04 | 1.70% | £101.15 | 6.97% |
| England (Regional Av.) | £82.60 | -0.46% | £104.55 | 5.89% | £93.58 | 2.99% |
| Wales | £58.89 | -6.61% | £101.60 | -0.64% | £80.25 | -2.91% |
| Scotland | £104.28 | 10.50% | £96.47 | 0.01% | £100.38 | 5.19% |
| Great Britain ² | £82.40 | 0.58% | £103.55 | 4.51% | £92.99 | 3.00% |

Figure 2: Percentage change in the mean cost of holiday childcare 2009-2010



² The average for Great Britain is the mean of the 10 English regions, Scotland and Wales.

England

The typical cost of a week's full-time holiday childcare in England this summer is £93.58, three per cent higher than in 2009. Although this represents just a small increase in costs at a national level, the picture at a regional level is much more fragmented, with significant fluctuations across local authorities in England. The most acute price variations were observed in the South East, where costs grew by 14.5 per cent, and Greater London, where costs fell by 11 per cent.

The disparate nature of holiday childcare costs in England becomes even more apparent when accounting for the difference between local authority- and PVI-provided childcare, where costs fell by 0.5 per cent and rose by six per cent respectively. Consequently, the typical cost of PVI provided holiday childcare now stands at £104.55, compared to just £82.60 for that provided by local authorities. The comparatively low cost of maintained provision may be explained by the fact that many local authorities offer significantly subsidised holiday childcare.

Within local authority provided holiday childcare, typical costs range from £63.05 per week in the North East to £104.25 per week in Yorks and Humber, where costs fell by 11 per cent and rose by 12 per cent respectively.

The East Midlands has the cheapest PVI-provided holiday childcare at £88.73 per week. The highest costs for PVI-provided holiday childcare are found in the East of England and South East, at £119.32 and £113.11 per week, respectively.

Wales

At £80.25 per week, the typical cost of holiday childcare in Wales is significantly lower than England and Scotland. This is primarily accounted for by the low cost of local authority-run holiday childcare in Wales, which fell by 6.6 per cent to £58.89 per week.

The cost of PVI provided holiday childcare in Wales has stabilised in the past twelve months, falling by just 0.6 per cent. However, at an average cost of

£101.60 per week, it is still significantly higher than maintained provision.

Scotland

On average, the cost of holiday childcare in Scotland increased by 5.5 per cent to £100.38 per week – the most expensive of the constituent nations. Unlike Wales and England, this cost fluctuation has been driven by the rising cost of local authority-run provision.

Consequently, local authority maintained provision in Scotland is significantly more expensive than England and Wales - £21.68 and £45.39 more per week, respectively. This disparity, also observed in 2009, has become more acute in the past twelve months, with the cost of local authority-run care increasing by 10.5 per cent in Scotland whilst decreasing in both England and Wales.

Conversely, the cost of PVI-run holiday childcare in Scotland is lower than England and Wales, at £96.47 per week, having risen by just 0.01 per cent in the past twelve months.



Amount and sufficiency of holiday childcare

There have been relatively few areas in which the amount of holiday childcare has increased, with most areas seeing a decrease or no change in provision. The 2010 survey sees many more FIS reporting decreases in provision – 39 per cent of FIS in England, 43 per cent in Wales and 47 per cent in Scotland – compared to corresponding figures from the 2009 survey of 26 per cent, 37 per cent and 20 per cent respectively.

This may be occurring as a result of decreased funding for holiday provision, with local authorities making cuts to provision in the current financial year in anticipation of forthcoming budget cuts, expected to be in the region of 15 per cent. For example, Westminster Council has outlined £1.6 million in cuts to early years funding and £900,000 to youth and play services.³ There may also be reduced demand because of the recession and parents trying to reduce spending or being out of work - some local authorities reported through the survey that limited demand from parents had led to playschemes not going ahead this summer. In any case this is a worrying trend, especially with the forthcoming welfare reform changes which will require all single parents with school-aged children to look for work.

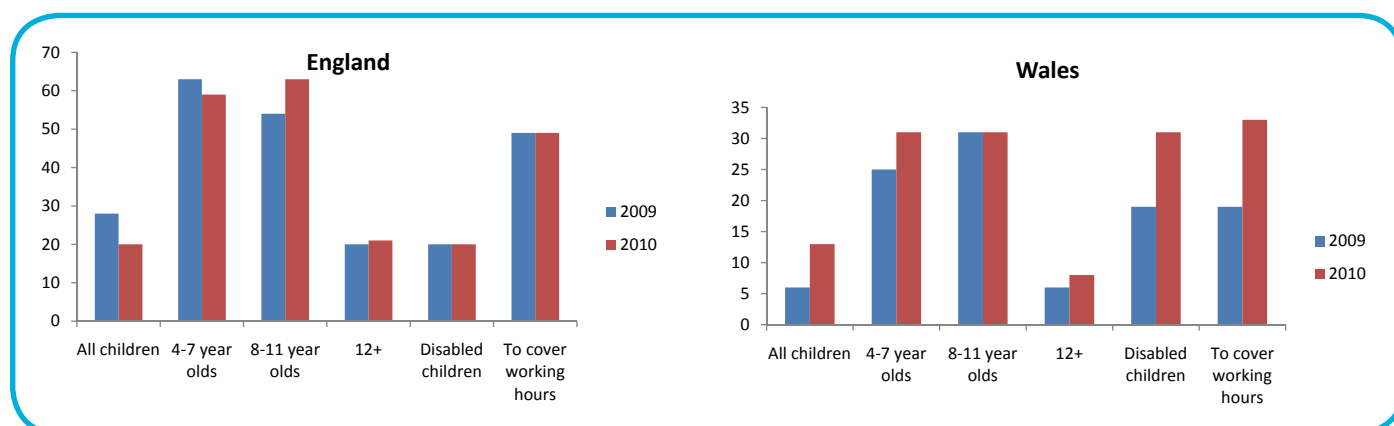
Since 2008, all local authorities in England and Wales have been required to undertake Childcare Sufficiency Assessments, with the next assessments due in April 2011, so local authorities now have a much better understanding of the childcare picture in their area.

Figure 3: Has the amount of holiday childcare provision increased in your area since 2009?

| | Increased | Same | Decreased |
|----------|-----------|------|-----------|
| England | 22% | 38% | 39% |
| Wales | 29% | 36% | 43% |
| Scotland | 21% | 32% | 47% |

In England the number of FIS being able to definitively say there is sufficient holiday childcare for all children has decreased substantially since 2009, from 28 per cent to 20 per cent. In Wales, the sufficiency picture is improving, although the numbers of FIS reporting sufficient childcare is still much lower than in England, with only 8 per cent of FIS reporting sufficient childcare for children aged 12+ and only 13 per cent reporting sufficient childcare for all children.

Figure 4: Sufficient childcare – England and Wales 2009-10



³ <http://www.cypnow.co.uk/news/1012864/Westminster-outlines-service-cuts/>

Figure 5: Do parents report a need for wraparound childcare or an overall lack of holiday childcare?

| | Need wraparound childcare? | Lack of holiday childcare? |
|----------|----------------------------|----------------------------|
| England | 46% | 63% |
| Wales | 50% | 71% |
| Scotland | 38% | 29% |

Do parents report a need for wraparound childcare?

Much holiday provision runs for fewer hours than parents need to cover their working hours – with only half of FIS in England (the same as in 2009) and a third of FIS in Wales saying that they have enough holiday childcare provision to cover working hours. This correlates with parents reporting a need for wraparound childcare in addition to the available holiday playschemes: around half of FIS in England and Wales, and over a third in Scotland, noted that parents report a need for wraparound childcare. Some local authorities have excellent provision available at little or no cost, for example one local authority provides free sessional provision from 10am-12noon and 1pm-3pm. Despite this provision being very valuable to local children and young people, it is unlikely to meet the needs of working parents, unless they have networks of informal care in place to work around the formal provision.

Do parents report a lack of holiday childcare?

The numbers of FIS saying that parents report a lack of holiday childcare is worryingly high. The situation in England is particularly worrying; with 63 per cent of FIS noting that parents have reported a lack of holiday childcare – a significant increase on last year's figure of 46 per cent. The England regional average masks even higher percentages in some regions, for example 71 per cent of FIS in the North East, 75 per cent in the West Midlands and 88 per cent in the South East said that parents had reported a lack of holiday childcare in their area. Corresponding figures in Wales continue to be high, at 71 per cent (compared with 75 per cent in 2009), whereas in Scotland the figure is much lower at 29 per cent.

Budget implications

Changes in the budget announced by new Chancellor George Osborne on 22nd June⁴ will have implications for the affordability of holiday childcare, both directly and indirectly.

Families with young children are set to be hit hardest by the budget announcements, with the withdrawal of the Health in Pregnancy Grant, limiting of the Sure Start Grant to a first child only, and scrapping of the baby element of the child tax credit and toddler tax credit. It has been suggested that this could mean an annual loss of £1,600 for some new mums.⁵

Some of the biggest budgetary savings announced by the Chancellor will hit all families in receipt of tax credits: changes to the taper (from 39 per cent to 41 per cent) and changes to disregard/overpayments are estimated to save the Treasury over £2 billion,⁶ but could have a substantial impact on some families. The increased taper will mean that there will be a much steeper withdrawal of tax credits for all, including withdrawal of the childcare element. From April 2012 new claims and changes of circumstances will only be backdated by one month rather than the current three months and the income disregard will be reduced to £5,000 by April 2013: these changes are particularly pertinent as holiday childcare costs are very time-limited and parents have little time to get holiday play schemes, and payment for them, organised, meaning that these costs fluctuate greatly and are more likely to need backdating as well as being liable to overpayment.

In addition, the family element will be combined with the child element of tax credits, which will mean that tax credits will stop for households earning around £26,000 for a one-child family by April 2012. This is substantially less than the current £58,000 threshold.

⁴HM Treasury (22 June 2010) Budget 2010 The Stationery Office: London

⁵http://www.thisismoney.co.uk/news/article.html?in_article_id=506914&in_page_id=2

⁶<http://www.ifs.org.uk/budgets/budgetjune2010/brewer.pdf>

There was also an announcement of a £150 increase in the child element of tax credits, which will help many families on low incomes, but this will not eliminate the losses for all families. For example, Gingerbread estimate that a single mum with two children earning £9.71 an hour will be £254 a year worse off as a result of budget changes.⁷

Furthermore, from October 2011 the Government has announced that it will lower the age at which lone parents are expected to return to work, changing from when their youngest child is aged seven to aged five. This means that the availability of out of school clubs and holiday clubs for younger primary-aged children will become even more important.

Information about holiday childcare

When undertaking our survey, as was the case last year, some FIS in England were unable to respond as they did not have the data available, even four weeks before the start of the school holidays. So as well as a postcode lottery of holiday provision, there also appears to be a patchwork of information provision. This may be because of limited funds for FIS, or because holiday childcare providers are not passing on information to FIS in good time. In either case the capacity of FIS and availability of information needs to be improved so that parents can get the information they need and plan for the summer holidays accordingly.

Help with holiday childcare costs

The holiday childcare costs survey reports the high costs of childcare in Britain, although it is important to highlight that there is often a difference between the fees charged and the actual amount that parents pay. Some families can claim help with up to 80 per cent of childcare costs through the tax credits system, although only 28% of families using formal childcare and in receipt of Working Tax Credit (WTC) also take up the childcare element⁸ – partly due to the complicated eligibility criteria. Claiming the childcare element of WTC for holiday childcare is even more problematic as payments are spread over the year and the system is not flexible enough to easily allow for short-term increases in costs. This will become even more of an issue once the changes to backdating and income disregards are implemented, as discussed above. Employer-supported childcare, often arranged through childcare vouchers worth up to £903 a year for basic-rate tax payers, is also available to assist with childcare costs. Parents can ‘bank’ their childcare vouchers over the year to pay for holiday childcare if they wish, ie if they have limited or no childcare costs throughout the rest of the year.

In *Next Steps for Early Learning and Childcare*⁹ the previous Government set out a future ambition that local authorities will make available to any parent who wants it, the ability to ‘stretch’ their entitlement to 15 hours care for three and four year olds over the whole year, accessing fewer hours per week over more weeks of the year. This could support working parents of three- and four-year-olds to spread the cost of childcare over the whole year rather than having additional costs during school holidays.

The forthcoming code of practice,¹⁰ expected to be in place in September 2010, states that local authorities should consider how this offer could be in place at local level by September 2012.

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 0845 872 6251.

⁷ Gingerbread (June 2010) Budget calculations

⁸ Speight et al (2009) Childcare and Early Years Survey of Parents 2008 DCSF

⁹ HM Government (2009) Next Steps for Early Learning and Childcare DCSF

¹⁰ DCSF (2010) Code of Practice for Local Authorities on Delivery of Free Early Years Provision for 3 & 4 year olds, <http://www.dcsf.gov.uk/everychildmatters/resources-and-practice/IG00689/>

Recommendations

- Measures need to be put in place to increase availability of holiday childcare provision, given the trend towards decreasing provision and the emphasis on working parents within the government's welfare reform programme. Holiday playschemes should be protected from local authority cuts as they provide an essential service to parents.
- Central government, building on the current summer holiday childcare pilots¹¹, should provide investment to ensure holiday childcare is more flexible and affordable for families.
- Government should increase the proportion of childcare costs paid through tax credits to 100 per cent; increase the maximum levels that can be claimed by region to accommodate higher childcare costs in some areas, and design a simplified system whereby the childcare element is separated from working tax credit and to give all families some help towards their childcare costs.
- Local authorities should ensure Families Information Services are funded appropriately, so that they are able to provide a full service to parents, and provide a brokerage role for holiday childcare where required.

¹¹Following last year's Holiday Childcare Cost Survey, the Department for Children, Schools and Families (now Department for Education) announced £5.5 million funding for 19 local authorities to test out innovative ways of providing summer holiday childcare for five to 14 year olds.

Daycare Trust is the national childcare charity. Established in 1986, we lead the national childcare campaign by producing high quality research and information, developing credible policy recommendations.

We campaign for quality, accessible, affordable childcare for all and raising the voices of children, parents and carers.

Our advice and information on childcare issues assists parents and carers, providers, employers, trade unions and policymakers.

Daycare Trust offers a range of services which include:

- Childcare information line 0845 872 6251
Open Monday, Tuesday, Thursday and Friday 10am – 1pm and 2pm – 5pm
Wednesday 2pm – 5pm
- Professional consultancy service
- In-house and open Training
- Membership

For full details visit www.daycaretrust.org.uk

Daycare Trust

2nd Floor

Novas Contemporary Urban Centre
73 - 81 Southwark Bridge Road
London SE1 0NQ

Tel: 0845 873 6260 or 020 7940 7410

Fax: 020 7940 7515

Email: info@daycaretrust.org.uk

Websites: www.daycaretrust.org.uk
www.payingforchildcare.org.uk

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