

Childcare Survey 2020

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About this report

This report is the 20th annual Childcare Survey. It is based on surveys from local authorities in England, Scotland and Wales, which were returned to Coram Family and Childcare between November 2020 and January 2021. We also produce the Holiday Childcare Survey, which is published annually before the school summer holidays. Previous reports are available from our website: www.familyandchildcaretrust.org.

Note on terminology: we use childcare to refer to all forms of care which are paid for by families or the government, not provided by parents or main carers and outside of compulsory schooling. Early education is one type of childcare and refers to children below school age. We believe that all activities in a child's life have a role in their education and development, but use the term childcare throughout for simplicity.

About Coram Family and Childcare

Coram Family and Childcare works to make the UK a better place for families by bringing together what we learn from our on the ground parent-led programmes and our research to campaign for solutions that parents want and need. We focus on childcare and early years to make a difference to families' lives now and in the long term. Before August 2018, we were known as the Family and Childcare Trust.

EXECUTIVE SUMMARY

The Childcare Survey 2020 shows a mixed picture for families in Britain. Over the last few years many parents have been able to get more free childcare for their three and four year olds. Others who are not entitled to free childcare still face very high prices. These prices have risen above inflation this year. In many parts of the country, there is not enough childcare available – this has changed little since 2019.

Most families can get some hours of free or subsidised childcare, but the system is too complicated. In England alone there are seven different ways that families can get support with their childcare costs. Each one of them has different eligibility criteria. While the support that is available is welcomed by many parents, the system is so complicated that parents may miss out on the support they are entitled to.

Childcare enables parents to work; it keeps valuable skills in the workforce, and helps children do better at school, which can narrow the gap between disadvantaged children and their peers. We need action to make sure that every family is able to access high quality childcare that boosts children's development and enables parents to work.

Price of childcare

- ▶ In Great Britain, childcare prices for children under three have risen above inflation this year. 25 hours of nursery for a child under two costs 5 per cent more than it did a year ago. For a child aged two, it costs 4 per cent more.
- ▶ The average cost of 25 hours of nursery for a child under 2 now stands at £131.61 per week, or £6800 per year.
- ▶ Working parents of three and four year olds in England and Wales can now get 30 hours of free childcare a week. If they need 20 extra hours to take this up to 50 hours a week, the average price in a nursery will be £99.66 in England, or £86.25 in Wales.
- ▶ A 30 hour entitlement for all in Scotland is currently being rolled out but is not yet available to all parents.
- ▶ The average price for families using an after school club for five days per week, in Great Britain, is £60.99 per week.

Whether there is enough childcare

- ▶ Only around one-half of local authorities in England (56 per cent) have enough childcare for parents working full time.
- ▶ Fewer than one in five local authorities in England have enough childcare available for children aged 12 to 14 who need after school care, or for parents working outside normal office hours, or for disabled children.
- ▶ There has been no improvement in sufficiency in England since 2019. For disabled children and parents working atypical hours, there have been small falls in sufficiency
- ▶ In Scotland, the majority of childcare categories have shown an increase in childcare sufficiency between 2019 and 2020, but there has been a fall in sufficiency for disabled children.
- ▶ In Wales, all categories have shown a decrease in childcare sufficiency between 2019 and 2020.

Extensions to childcare entitlements

- ▶ 64 per cent of English local authorities have enough childcare for children using the 30 hour extended entitlement, which is similar to 2019.
- ▶ The majority of local authorities have not seen any impact on the availability of early years childcare, including the free entitlements, as a result of the introduction of 30 hours.
- ▶ Around a third of local authorities thought that 30 hours extended entitlement had caused prices to rise for those aged three to four years outside of the funded entitlements. Half thought there had been a negative impact on the financial sustainability of childcare providers.
- ▶ In Scotland a 30 hour entitlement is currently being rolled out to all three and four year olds regardless of parents' working status. Most local authorities were positive about the impact of this – for example about two thirds thought it would reduce the attainment gap between disadvantaged children and their peers
- ▶ In Wales, 23 per cent of local authorities say they have enough childcare for children using the 30 hour entitlement in all parts of their local authority, and a further 62 per cent have enough in some parts.

Recommendations

The current childcare system makes it hard for families to get the help they need and forces some parents out of the workplace. Government should reform all current spending on childcare to create a simple and efficient system that makes sure all parents are better off working, and all children have access to high quality childcare which helps their development.

An ambitious strategy and reform will take time. Governments can take action in the shorter term to fix urgent problems in the system. We call on Scottish, Welsh and UK governments to:

- ▶ Reform Universal Credit so it doesn't lock parents out of work. Increase the maximum amount of childcare costs paid under Universal Credit and move to upfront payments for childcare
- ▶ Regularly review the funding rate for free early years entitlements to make sure that they meet the cost of delivering high quality childcare
- ▶ Extend the 30 hours free childcare for three and four year olds in England and Wales to families where parents are in training, to help parents get better jobs
- ▶ Double the early years pupil premium, to boost outcomes for the most disadvantaged children
- ▶ Re-allocate any underspend against the budget for Tax-Free Childcare to other parts of the childcare system – and focus this on the most disadvantaged children
- ▶ Target the £250m/year Flexible Childcare Support fund announced in the Conservative manifesto on the groups most in need and in the areas where there are the greatest shortages

INTRODUCTION

This report is the twentieth annual Childcare Survey. It is based on surveys from local authorities in England, Scotland and Wales, that were returned to Coram Family and Childcare between November 2019 and January 2020. A total of 175 local authorities returned data generating a response rate of 85 per cent. The methodology section at the end of the report provides further information on how we conducted the survey and analysed findings.

The report consists of three main sections: 1) the prices of childcare, 2) the availability of childcare, and 3) English local authorities' views about the 30 hour extended entitlement and Scottish local authorities' views about the extension to free early education and childcare. Information on the price and availability of childcare is broken down by nation and region (in England), by the age of child and the type of childcare.

Childcare is vitally important for many families in Britain: it supports parents to go out to work and high quality childcare helps to boost children's outcomes, particularly in the early years where it can narrow the achievement gap that opens up before children even start school (Department for Education, 2015).

Over seven million children in England alone use formal childcare, and three quarters of children under five use formal childcare (Department for Education, 2019a). Others use informal childcare, most commonly children being looked after by their grandparents. For pre-school children, nurseries are the most commonly used form of formal childcare followed by childminders. Once a child starts school, they may use breakfast, after school or holiday clubs in their school or at another private, voluntary or local authority setting or a childminder. Our Childcare Surveys track whether there is the formal childcare available for the families who need it, and whether it is affordable for them.

Government investment in childcare has risen over the past 20 years to help support parents to work and to boost children's outcomes through early education. For example, in England, The Institute for Fiscal Studies (2019) shows that the government spent £3.3 billion in 2018–19 on funded childcare places. This does not include expenditure on tax relief for childcare or help through the benefits system, or the costs of targeted free childcare for two year olds.

The glossary below provides more information on the different forms of support that are available for parents, including Tax-Free Childcare and extensions to free childcare for three and four year olds which were introduced in 2017. Tax-Free Childcare was introduced in April 2017 and helps parents to pay for childcare. It cannot be used at the same time as Universal Credit, which is only available for low and middle income families and normally provides more generous support than Tax-Free Childcare, meaning that Tax-Free Childcare mostly benefits higher income families. To date, uptake of Tax-Free Childcare has been lower than expected (HMRC, 2019a).

In September 2017 in England, free childcare was extended for three and four year olds with working parents to 30 hours per week during term time. A similar scheme, but for 48 weeks per year, is currently operating in Wales, having recently been rolled out across the nation. In Scotland, free childcare will be extended to 1140 hours per year (30 hours per week for 38 weeks per year) for all children, not just those with working parents. This will be rolled out by 2020.

For eligible families, this new investment can help make childcare more affordable. However, some childcare providers have raised concerns about the roll out of 30 hours, particularly around whether the government funding covers their delivery costs. Following a 7 per cent increase in extended entitlement spending in 2017–18, spending per hour on the three and four year old entitlement was effectively frozen in cash terms, leading to a 2 per cent cut in real terms. This leaves spending per hour about 20 per cent higher than it was in 2004–05 (Institute for Fiscal Studies, 2019). These investments have also added to the complexity of the childcare system, with seven different ways that families can access support for childcare, all with different eligibility requirements.

Our Childcare Survey looks at the price of childcare before any support to help pay for childcare is taken into account, as this allows us to track price changes over time and recognises that different families will also be eligible for different levels of support depending on their circumstances. However, for three and four year olds, we ask about the price of childcare assuming that they are using the free childcare entitlement.

Glossary 1 – Terms used in this report

- ▶ **Childcare** – the care, education and supervision of a child or multiple children by someone who is not their parent or carer, usually including pre-school and school-aged children. In this report, childcare includes government funded early education but not compulsory schooling, nor support from relatives or friends.
- ▶ **Early Years** – from a child’s birth to school age.
- ▶ **Nursery** – childcare provided in a group setting, with several early years professionals looking after a group of children. For children under five years of age and can include pre-school, day nurseries, and school nurseries.
- ▶ **Private, voluntary and independent nurseries** – nurseries not run by local authorities or schools. They may be run by private companies, independent schools or voluntary organisations such as charities.
- ▶ **Maintained nurseries** – stand-alone local authority nurseries that provide early education and childcare to children under five years, normally during school hours in term time.
- ▶ **Nursery classes in schools** – provide early education and childcare to children usually aged between two or three and four years. They are usually closed in school holidays.
- ▶ **Wrap-around childcare** – where children are looked after before and after school. This includes breakfast or after school clubs and childminders.
- ▶ **Childminder** – a registered child carer who works with children for more than two hours a day in their own home.
- ▶ **Registered childcare** – childcare providers that are registered for quality assessment by the childcare regulator. In England this is Ofsted, in Wales, it is the Care Inspectorate Wales (CIW) and in Scotland, the Care Inspectorate. To receive government funding for childcare, providers must be registered.
- ▶ **25 hour** – considered as ‘part time’ childcare to cover a typical part time working week, including time to travel to and from work.
- ▶ **50 hour** – considered as ‘full time’ childcare to cover a typical full time working week, including time to travel to and from work.
- ▶ **Weighted average** – this provides a more realistic average to account for differences in the population of children and number of childcare providers in the local authority areas.

Glossary 2 – Childcare payment terms¹

Childcare support	Age of child	Nation	Applicability
Funded childcare for 2 year olds.	2 year olds.	England	15 hours a week for 38 weeks a year for parents in receipt of benefits (including in-work benefits) or children who are disabled or looked after.
		Scotland	600 hours a year for parents in receipt of benefits (including in-work benefits) or children who are looked after. The eligibility criteria are narrower than for English families.
		Wales	12.5 hours a week for 39 weeks a year for 2 and 3 year olds in Flying Start areas (geographic areas which are deprived).
Universal funded childcare for 3 and 4 year olds.	3 to 4 year olds.	England	15 hours a week for 38 weeks a year for all 3 and 4 year olds.
		Scotland	600 hours a year for all 3 and 4 year olds (12.5 hours a week for 48 weeks). By August 2020, all 3 and 4 year olds will be entitled to 1140 hours a year.
		Wales	10 hours a week for all 3 and 4 year olds. Increased to 12.5 hours for 3 year olds in Flying Start areas.
Funded childcare for 3 and 4 year olds with working parents ² .	3 to 4 year olds.	England	3 and 4 year olds with working parents are entitled to an extra 15 hours a week free childcare for 38 weeks of the year, meaning they get 30 hours a week in total.
		Scotland	No difference to universal funded childcare (above).
		Wales	3 and 4 year olds with working parents are entitled to 30 hours per week for 48 weeks a year.
Tax-free childcare	Aged under 12 or under 17 if child has a disability.	All nations	<p>Covers 20% of childcare costs up to a maximum of £2,000 per child per year or £4,000 for disabled children. Tax-free childcare replaces the childcare vouchers scheme which has closed for new applications.</p> <p>Parents and their partner (if they have one) must earn at least the equivalent of 16 hours a week at the national minimum wage or national living wage.</p> <p>Can be received alongside the 30 hours extended entitlement, but not Working Tax Credit or Universal Credit.</p>
Universal Credit	Any age, with Ofsted registered providers.	All nations	<p>Pays up to 85% of childcare costs up to £175 per week for one child and £300 for two or more children. This is set to replace tax credits and other benefits.</p> <p>Universal Credit can be claimed alongside funded childcare, but not with Working Tax Credit or Tax-Free Childcare. Parents must have an income below a certain level – this varies depending on families' circumstances.</p>

¹ In addition to the childcare support in this table, there is support for parents in education which can be viewed here: <https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/757/757.pdf>

² Parents and their partner (if they have one) must both earn at least the equivalent of 16 hours a week at the national minimum wage or national living wage. Claimant must not earn more than £100,000 per year.

For further information including more detailed inclusion and exclusion criteria for childcare support, see Coram Family and Childcare: <https://www.familyandchildcaretrust.org/childcare-guides>.

In addition to this childcare survey, Coram Family and Childcare also produce the Holiday Childcare Survey, which is published annually before the school summer holidays. Previous reports are available from our website: <https://www.familyandchildcaretrust.org/holiday-childcare-survey-2019>.

FINDINGS

Section 1 – Prices for childcare

This section describes the typical prices charged by childcare providers and discusses how they have changed in the last year. Most parents receive some support through the Tax-Free Childcare or the benefits system to help them pay these costs (see the childcare support glossary in the introduction).

A: Prices for part time (25 hours a week) childcare for children under three

This year, the average price of 25 hours of childcare a week for a child under two in a nursery is £131.61 across Great Britain, or £6,800 a year. The average price of 25 hours of childcare a week for a child under two by a childminder is £118.34 across Great Britain, or £6,200 a year. There are substantial variations between regions outlined below. Inner London has the highest costs for 25 hours a week childcare for children under three.

The price of a part time childcare place for a child aged under three is about twice as much as the average household spends on food and non-alcoholic drinks each week (£60.60; Office for National Statistics, 2019³).

Table 1 - Price of 25 hours a week childcare for children under three at nurseries and childminders

	Nursery		Childminder	
	Under two	Two	Under two	Two and over
Great Britain	£131.61	£126.74	£118.34	£117.23
England	£134.65	£128.96	£119.83	£118.64
Scotland	£111.26	£107.74	£110.86	£109.92
Wales	£116.87	£117.11	£111.85	£111.84
East Midlands	£119.34	£119.15	£97.45	£97.45
East of England	£141.95	£133.65	£115.49	£114.31
London, inner	£182.56	£167.93	£174.16	£172.92
London, outer	£156.02	£150.93	£149.90	£149.56
North East	£118.05	£118.34	£103.94	£103.85
North West	£117.76	£109.41	£97.55	£94.64
South East	£144.90	£136.12	£120.99	£120.40
South West	£123.39	£123.47	£113.00	£113.85
West Midlands	£116.25	£113.02	£104.47	£101.77
Yorkshire and Humberside	£113.76	£111.15	£100.57	£100.22

³ Published in 2019, this estimate is based on the financial year ending March 2018.

Great Britain:

- ▶ Overall, nursery costs are slightly higher than childminder costs (for 25 hours a week for under twos and two-year olds). For example, nursery costs in Great Britain for under twos were £131.61 a week and 11 per cent more costly than the equivalent costs for a childminder (£118.34).
- ▶ England has the highest costs for nurseries and childminders, relative to those in Scotland and Wales.
- ▶ Nursery costs for under twos are slightly more costly than for children aged two years. This is because the required staffing ratios are higher for younger children and hence the staffing costs are higher.
- ▶ Although the nursery costs for two year olds are slightly less than those under two, childminder costs for both age groups are relatively similar. This may reflect childminders having less scope to change staff load compared to nurseries, meaning they are more likely to charge the same or similar prices for under twos and two year olds.

English regional differences:

- ▶ Within the English regions, the price for 25 hours of nursery childcare for under twos is 60 per cent higher in inner London (£182.56) than in Yorkshire and Humberside (£113.76).
- ▶ For 25 hours of nursery childcare for children aged two, the highest prices are again seen in inner London (£167.93), at 53 per cent higher than the North West (£109.41).

B. Prices of full time (50 hours a week) childcare for children under three

Prices for full time care (50 hours a week) tend to be slightly less than twice the price of 25 hours a week, as providers pass economies of scale on to parents. The average price of 50 hours of care a week for a child under two in nursery is £252.07 across Great Britain, or £13,100 a year. With a childminder it is £232.71 per week across Great Britain, or £12,100 a year. There are again substantial variations between regions outlined below with inner London having the highest costs for 50 hours a week care (well in excess of £300 per week).

Table 2 - Price of 50 hours a week childcare for children under three at nurseries and childminders

	Nursery		Childminder	
	Under two	Two	Under two	Two and over
Great Britain	£252.07	£240.08	£232.71	£230.30
England	£257.75	£244.91	£234.67	£232.63
Scotland	£207.44	£209.41	£222.13	£220.44
Wales	£224.10	£224.35	£225.21	£225.21
East Midlands	£212.99	£212.82	£187.74	£187.74
East of England	£271.05	£251.36	£231.88	£229.32
London, inner	£340.57	£316.02	£329.56	£327.93
London, outer	£302.01	£292.70	£295.48	£294.46
North East	£211.15	£215.76	£199.44	£199.26
North West	£214.37	£202.43	£189.30	£184.14
South East	£281.58	£265.22	£235.08	£233.67
South West	£248.56	£236.84	£221.53	£224.43
West Midlands	£238.19	£219.76	£204.67	£201.49
Yorkshire and Humberside	£222.68	£215.64	£200.58	£199.89

Great Britain:

- ▶ Overall, nursery costs are again slightly higher than childminder costs (for 50 hours a week for under twos and two-year olds). For example, nursery costs in Great Britain for under twos were £252.07 a week, 8 per cent more than the equivalent costs for a childminder (£232.71).
- ▶ England again has the highest costs for nurseries and childminders, relative to those in Scotland and Wales.
- ▶ On the whole, nursery and childminder costs for under twos are slightly more costly than for children aged two years, although there are a few exceptions.

English regional differences:

- ▶ Within the English regions, the price for nursery places (for under twos) are 61 per cent higher in inner London (£340.57) compared to the North East (£211.15).
- ▶ For nursery places for children aged two, the highest prices are again in inner London at £316.02, or 56 per cent higher than the North West (£202.43).
- ▶ Childminder prices are generally cheaper than nurseries for 50 hours a week, with the highest prices again seen in inner London (£329.56).

Low and middle income families will be able to receive support with childcare costs through Universal Credit or Tax Credits. However, for some families the cost of childcare will exceed the support that is available. In eight per cent of local authorities, the maximum limit per child under Universal Credit and Tax-Free Childcare of £175 per week (HMRC, 2019b) does not cover even a part time place in childcare for a child under two. This rises to 96 per cent for a full time place. If a family's childcare costs exceed these maximum limits, they will not receive any additional financial support for these childcare costs. This can mean that they are paying more in childcare costs than they are earning, and so are worse off financially for working more hours.

C. Childcare prices for children aged three and four

When asking about childcare prices for three and four year olds, we took into account that all children of this age group in England, Scotland and Wales are entitled to some free early education until they start school. Parents will therefore only need to pay for some of the hours of childcare that they need. In England and Scotland a parent needing childcare for 25 hours a week, and entitled to a free place for 15 hours a week, would only pay for 10 hours.

In Wales they would be entitled to a free place for 10 hours a week and would pay for 15 hours, except in Flying Start areas where the free entitlement is for 12.5 hours for 3 year olds. Because of this variation in the Universal Entitlement, we have not given a national figure for 25 hours in Wales.

In addition to the universal entitlements in all three nations, three and four year old children of working parents in England and Wales get extra hours of free early education – 30 hours for 38 weeks a year in England, and 30 hours for 48 weeks a year in Wales. In Scotland, all parents will have access to free early education for 30 hours a week by August 2020, but at the time of our survey it was not available to all parents. Some parents had access to it through a variety of local trial schemes.

We have assumed that families do not have to pay for any additional costs when using the free entitlement (for example, for lunch or other consumables) although we are aware that some families will face additional costs. This is discussed more fully in Section 3 (30 hours extended entitlement).

Some providers, particularly schools, have free childcare available in term time only and we have used this assumption in our calculations, so prices for parents will be higher in the holidays. In practice, many childcare providers use a 'stretched' offer to give the same amount of childcare hours over more weeks, for example in England 22.8 hours a week for 50 weeks of the year rather than 30 hours a week for 38 weeks of the year. This means some parents will be paying for more hours than we asked about in the survey.

This also means that the differences between what parents pay in Scotland, Wales and England will be greater than shown in this survey, because childcare entitlements mean parents will be paying the full cost for more of the year in England.

Because of these differences, we have not given a figure for Great Britain in this section.

Table 3 - Price of 25 and 50 hours a week childcare for three and four year olds in nurseries in England

	25 hours a week, including universal entitlement (paying for 10 hours)	50 hours a week, including extended entitlement (paying for 20 hours)
England	£50.75	£99.66
East Midlands	£47.44	£84.80
East of England	£50.71	£101.82
London, inner	£73.36	£154.43
London, outer	£57.62	£112.36
North East	£43.46	£83.22
North West	£43.60	£80.96
South East	£53.35	£104.61
South West	£47.49	£95.13
West Midlands	£47.23	£94.41
Yorkshire and Humberside	£45.44	£85.50

Table 3A – prices of 25 hours a week childcare in a nursery for three and four year olds in Scotland and Wales

	25 hours a week, including Universal Entitlement (paying for 10 hours)	50 hours a week, including extended entitlement in Wales (paying for 20 hours) and universal entitlement in Scotland (paying for 35 hours)
Scotland	£37.68	£136.36
Wales	N/A: free entitlement varies	£86.25

Families in Scotland who already have access to the 1140 hour a year free entitlement will be paying less than the amount in this table.

Great Britain:

- In all nations and regions families are paying considerably less for nursery childcare for three and four year olds than for younger children. There are two key drivers for this: families are receiving free hours meaning that parents are paying for fewer hours and lower staff to child ratios meaning that childcare costs less to provide.

English regional differences:

- ▶ Within the English regions, the price of 25 hours a week (with the funded childcare) for three and four year olds is 69 per cent higher in inner London (£73.36) compared to the North East (£43.46).

Table 4 - Price of 25 and 50 hours a week childcare for three and four year olds with childminders in England

	25 hours a week, including universal entitlement (paying for 10 hours)	50 hours a week, including extended entitlement in England (paying for 20 hours) and universal entitlement in Scotland (paying for 35 hours)
England	£47.20	£92.40
East Midlands	£40.69	£79.16
East of England	£46.24	£92.91
London, inner	£68.81	£130.49
London, outer	£59.00	£117.28
North East	£41.48	£79.59
North West	£38.77	£75.90
South East	£48.01	£93.06
South West	£46.00	£88.96
West Midlands	£39.55	£75.14
Yorkshire and Humberside	£40.08	£79.93

Table 4A – prices of 25 hours a week childcare with a childminder for three and four year olds in Scotland and Wales

	25 hours a week, including Universal Entitlement (paying for 10 hours)	50 hours a week, including extended entitlement in Wales (paying for 20 hours) and universal entitlement in Scotland (paying for 35 hours)
Scotland	£43.97	£154.31
Wales	N/A: free entitlement varies	£90.44

Great Britain:

- ▶ Whereas prices for younger children are often lower at nurseries than with childminders, prices for three and four year olds are closer – nurseries cost more in England, but less in Scotland and Wales. When children turn three, nurseries are able to benefit from higher staff ratios which reduce costs. With smaller numbers of children overall, childminders are not able to do this.

English regional differences:

- ▶ Regional variations are evident, with inner London having the highest costs for both 25 and 50 hour care. The costs of 50 hour childminder care after the free entitlements in Inner London (£130.49) is 41 per cent higher than the national (England) average of £92.40 and 74 per cent higher than the least costly region of West Midlands (£75.14).

D. Variations in the price of childcare for young children

This section outlines the highest and lowest prices of 25 hour childcare for children under two years relative to the local authority average price⁴. These differences from the average price reflect the ability of private childcare businesses (outside of the funded free entitlements) to set their fees in a competitive marketplace.

Table 5 - Highest and lowest prices as a percentage above or below average prices, for 25 hours of care for a child under two

	Highest price above average	Lowest price below average
Great Britain	+51%	-31%
England	+52%	-32%
Scotland	+50%	-21%
Wales	+36%	-26%
East Midlands	+51%	-39%
East of England	+47%	-32%
London, inner	+72%	-38%
London, outer	+37%	-25%
North East	+34%	-28%
North West	+61%	-38%
South East	+58%	-36%
South West	+64%	-25%
West Midlands	+31%	-24%
Yorkshire and Humberside	+55%	-30%

Great Britain:

- ▶ Of these 25 hour childcare costs for under twos, the differences are more marked for the highest price above the average, relative to the lowest price. Rental costs, required space, minimum wage, and regulations regarding ratios between staff to children means that there is in effect a minimum possible cost for providing childcare.
- ▶ The higher prices are more significantly different from the average because they reflect that some parents are able and willing to pay considerably more than the average for childcare.
- ▶ The highest prices in Wales are lower as a percentage of average prices than the highest prices in Scotland and England.

English regional differences:

- ▶ Within the English regions, the highest prices range from 72 per cent above the average in inner London to 31 per cent above average in the West Midlands.
- ▶ The lowest prices show less variation, between 39 per cent lower than the average in the East Midlands and 24 per cent lower than the average in the West Midlands.

⁴ The benchmark of 100% shows how much or less the prices differ. So, for example, a +52% indicates that nurseries in country or region charges up to 52% higher than the average.

E. Prices of school age childcare

Table 6 shows the weekly price for an after school club and a childminder for five to 11 year olds. The findings are applicable to term time care and exclude holiday clubs. For these, please see the annual Holiday Childcare survey at: <https://www.familyandchildcaretrust.org/holidaychildcare2019>

This year, the average price of an after school club for a week is £60.99 across Great Britain, or £2,400 a year during term time (39 weeks). The average price of a childminder to 6pm for a week is £73.33 across Great Britain, or £2,900 a year during term time. There are also some distinct variations at the regional level.

A place in an after school club for 15 hours a week costs parents about as much as the average household spends on food and non-alcoholic drinks each week (Office for National Statistics, 2019). This is without the additional costs that parents will face if they are also paying for childcare before school, which is often necessary for parents working the typical 9-5.

Table 6 - Weekly price of an after school club or childminder for children age 5-11

	After school club	Childminder to 6pm
Great Britain	£60.99	£73.33
England	£61.54	£74.04
Scotland	£62.35	£67.30
Wales	£61.16	£70.02
East Midlands	£53.27	£56.24
East of England	£52.62	£68.50
London, inner	£57.98	£114.69
London, outer	£83.09	£89.55
North East	£56.69	£55.43
North West	£53.49	£60.10
South East	£66.95	£76.97
South West	£64.37	£80.93
West Midlands	£59.90	£65.36
Yorkshire and Humberside	£58.54	£60.56

Great Britain:

- ▶ For Great Britain as a whole, childminder costs for five to 11 year olds tend to be higher at £73.33 a week compared to an after school club at £60.99 a week – although after school clubs are sometimes open for fewer hours than childminders.
- ▶ Scotland has the highest costs for after school clubs at £62.35, but England has the highest costs for childminders up to 6pm, at £74.04

English regional differences:

- ▶ The most costly region for 15 hours of after school clubs is outer London (£83.09) which is 58 per cent higher than the least costly region of the East of England (£52.62).
- ▶ The price difference is notably more for childminders, with inner London (£114.69) being 107 per cent higher than the least costly region of the North East (£55.43). The next costly region for childminders, outer London (£89.55) is 62 per cent higher than the North East.
- ▶ The differences between the after school clubs and childminder costs are particularly notable for inner London, where a childminder (£114.69) is approximately twice the price of an after school club (£57.98).

Some London local authorities have a historic pattern of running some after school clubs in-house and charging low prices to parents. This brings down average prices in these otherwise high-cost areas so they are close to the national average. This is particularly the case in inner London, but less so in outer London. Childminders are less likely to be subsidised, hence the more substantial regional differences noted above.

As well as using formal after school clubs, parents may also use activity clubs as de facto childcare. Prices for this are not captured in our survey. Because clubs providing a specific activity such as football or dance for children over eight do not have to be registered and regulated as childcare by Ofsted, they are not officially counted as childcare, and so parents will not usually be able to pay for them using Tax-Free Childcare or childcare support through the benefits system. Additionally, they usually do not offer enough hours of care per week, or for enough weeks per year, to provide reliable childcare for working parents.

F: Price changes in childcare since 2019

The majority of nursery prices have risen since 2019. The increase in Great Britain has been higher than inflation measured either by CPIH, which was 1.4% in December 2019, and RPI, which was 2.2% in December 2019. (Office for National Statistics, 2019).

Price rises have been steeper in England than in Scotland and Wales, where they have been closer to the rate of inflation. In England, price rises for three and four year olds have been a little higher than for younger children. This may reflect nurseries changing their prices in response to having more children using the free entitlement.

Table 7: price increases since 2019 for 25 hours nursery for children under 5

	Under 2	2 year old	3-4 year old using free entitlement
Great Britain	5%	4%	NA
England	5%	4%	6%
Scotland	2%	1%	NA
Wales	2%	3%	NA

We have not given figures for 3-4 year olds in Wales because of the variation in the free entitlement, or for Scotland because of the roll out of universal 30 hours childcare, which will mean no families are paying for 25 hours of nursery for three and four year olds.

For a detailed explanation of how the price changes were calculated, please see the methodology. The average change does not mean that all areas have seen equivalent rises, or that all providers have put their prices up by the same amount: the childcare market is fairly volatile. Price changes can reflect existing providers changing their prices, or providers opening or closing in an area.

Within this context of childcare costs, the final table in this section shows the extent to which the roll out of Universal Credit is affecting access to childcare. Although the majority of local authorities were not sure, reflecting the fact that Universal Credit has not yet been fully rolled out, 21 per cent said it was making it more difficult to access childcare and only 6 per cent said it was making it easier.

Table 8 - Is the roll out of Universal Credit making a difference to low and middle income parents' ability to access childcare?

Yes, it is making it easier for families to access childcare	6%
No, it is not making a difference	12%
Yes, it is making it more difficult for families to access childcare	21%
Don't know	61%

Section 2 – Childcare sufficiency – is there enough childcare?

This section outlines the legal duties on local authorities around monitoring the local childcare market and then presents data on whether there is enough childcare across Great Britain.

A. Childcare sufficiency – legal duties

Local authorities are required to manage the market for childcare in their local area, which means they need to know whether enough childcare is available for key groups. The precise rules vary between the nations of Great Britain:

- ▶ In England, local authorities have to audit childcare sufficiency annually, including considering the free early education entitlements, childcare for school age children, disabled children, and different types of families.
- ▶ In Scotland, local authorities have a statutory duty to consult with parents on the delivery of early education and childcare, and to publish a plan based on the results of their consultation.
- ▶ Welsh local authorities were required to produce a sufficiency assessment and action plan in 2017 and every five years thereafter, and report to the Welsh government annually through a progress update.
- ▶ Because these duties vary in different parts of the UK, we have presented sufficiency data separately for the three nations. These data are based on local authorities' assessments at the time of the survey, which may differ from their published Childcare Sufficiency Assessments if the local situation has changed since this was last published.

B. Childcare sufficiency in England

Local authorities were asked to report whether they had sufficient childcare in terms of 'Yes: all areas', 'Yes: in some areas', 'No' or 'Data not held or cannot tell'. Overall, the provision of childcare in all areas was far from universal and varied according to the type of childcare required.

Table 9 - Childcare sufficiency in England (% local authorities)

	Yes: in all areas	Yes: in some areas	No	Data not held or cannot tell
Children under two	60%	34%	1%	5%
Two year old free entitlement	64%	35%	1%	0%
Three and four year old 15 hour entitlement	73%	26%	1%	0%
Three and four year old 30 hour entitlement	64%	33%	1%	2%
5 to 11 year olds after school	32%	41%	2%	24%
12 to 14 year olds after school	14%	27%	5%	55%
Parents working full time	56%	36%	2%	6%
Parents working atypical hours	18%	44%	12%	26%
Disabled children	19%	49%	10%	22%
Families living in rural areas ⁵	24%	52%	5%	19%

- ▶ The availability of childcare varies substantially between different groups of children: while nearly three-quarters of local areas have enough childcare for the 15 hour entitlement for three and four year olds, only 14 per cent have enough childcare for 12 to 14 year olds after school.
- ▶ Most local areas are able to say whether there is enough childcare in their local area, with the exception of after school childcare for 12 to 14 year olds where there are significant data gaps – 55 per cent report 'Data not held or cannot tell'.
- ▶ The least provision is seen for parents of 12 to 14 year olds after school (14 per cent provision 'in all areas'), parents working atypical hours (18 per cent) and for disabled children (19 per cent provision 'in all areas').
- ▶ Generally, there is more childcare availability for younger children. For example, 64 per cent of local authorities report enough childcare in all areas for children aged two compared to 32 per cent for five to 11 year olds and 14 per cent for 12 to 14 year olds.

The extended entitlement for 30 hours of childcare has only been available since 2017. Although sufficiency for the 30 hour entitlement is still less than the 15 hour entitlement, it has increased, albeit marginally, since the 2019 report (from 62 per cent in all areas in 2019 to 64 per cent in all areas). As in 2019, only two per cent of the local authorities report data not held/cannot tell for the 30 hours of childcare.

Since 2019, sufficiency has remained similar in most categories, with most reporting two or less percentage point difference, as shown in Table 10. We have seen reductions of four percentage points in sufficiency for parents working atypical hours and for disabled children.

⁵ In this and subsequent tables, the rural families question only applies to local authorities which have rural areas.

Table 10 - Childcare sufficiency defined as 'Yes: in all areas' in England, for 2019 and 2020 (% local authorities)

	2019	2020
Children under two	61%	60%
Two year old free entitlement	63%	64%
Three and four year old 15 hour entitlement	74%	73%
Three and four year old 30 hour entitlement	62%	64%
5 to 11 year olds after school	32%	32%
12 to 14 year olds after school	15%	14%
Parents working full time	57%	56%
Parents working atypical hours	22%	18%
Disabled children	23%	19%

There have been concerns that the roll out of the 30 hour entitlement will reduce sufficiency for other children. This does not seem to be happening at a national level but some local authorities do report concerns locally – these are covered in more detail below.

Across early years provision and other age groups, there are some notable English regional variations in the provision of childcare in 'all areas'. These are shown in Tables 11 and 12.

Table 11 - Childcare sufficiency defined as 'Yes: in all areas' in English regions, for early years (% local authorities)

	Under two	Two year old free entitlement	Three and four year old 15h entitlement	Three and four year old 30h entitlement
East Midlands	20%	17%	17%	17%
East of England	30%	40%	50%	40%
London, inner	77%	69%	92%	85%
London, outer	47%	59%	59%	53%
North East	78%	78%	89%	67%
North West	70%	78%	78%	74%
South East	61%	61%	72%	61%
South West	27%	55%	55%	45%
West Midlands	70%	80%	90%	90%
Yorkshire and Humberside	87%	73%	100%	80%

Overall, the East Midlands, East of England and the South West report the least 'all areas' provision, with the North East and inner London reporting the highest levels of provision for early years childcare.

Table 12 - Childcare sufficiency defined as 'Yes: in all areas' in English regions, for other groups (% local authorities)

	5 to 11 after school	12 to 14 after school	Disabled children	Parents working full time	Parents working atypical hours
East Midlands	0%	0%	0%	0%	0%
East of England	10%	10%	20%	30%	30%
London, inner	54%	15%	31%	62%	15%
London, outer	24%	6%	12%	44%	6%
North East	33%	11%	11%	56%	22%
North West	43%	26%	30%	74%	26%
South East	29%	17%	0%	56%	17%
South West	27%	18%	18%	45%	36%
West Midlands	30%	10%	10%	70%	10%
Yorkshire and Humberside	30%	7%	40%	80%	13%

The figures in the East Midlands are most striking, with local authorities showing a lack of sufficiency in childcare for all categories. There was no 'all area' provision for 5 to 11 years olds after school, 12 to 14 year olds after school, disabled children, parents working full time and those working atypical hours.

Aside to this exceptional finding above, the East of England had the least 'all area' provision (between 10 and 30 per cent for all categories). The North West and inner London report the highest levels of 'all area' provision (between 15 and 74 per cent provision for all categories).

C. Childcare sufficiency in Scotland

Because statutory requirements in Scotland are different, authorities tend to have less knowledge than their English counterparts about childcare outside of the free entitlements. Outside of the funded childcare, between 38 per cent and 65 per cent report 'Data not held or cannot tell'.

Table 13 - Childcare sufficiency in Scotland (% local authorities)

	Yes: in all areas	Yes: in some areas	No	Data not held or cannot tell
Children under two	27%	31%	4%	38%
Two year old 600 hour entitlement	65%	31%	0%	4%
Three and four year old 600 hour entitlement	92%	4%	0%	4%
5 to 11 year olds after school	4%	46%	0%	50%
12 to 14 year olds after school	0%	27%	8%	65%
Parents working full time	27%	31%	4%	38%
Parents working atypical hours	12%	15%	23%	50%
Disabled children	4%	38%	4%	54%
Families living in rural areas	38%	19%	6%	38%

- ▶ 92 per cent of local authorities report enough childcare for the three and four year old entitlement in all areas, compared to zero per cent for the provision for 12 to 14 year olds after school.
- ▶ The younger age groups generally have greater sufficiency compared to the older children. For example, between 27 and 92 per cent have enough childcare in all areas for under five year olds, compared to zero and four per cent for children aged between five and 14 years.

Sufficiency rates for the funded childcare in Scotland have shown some changes since 2019. However, because Scotland has relatively few local authorities (32, compared to 152 in England), changes in responses from a few authorities can make a noticeable difference to the overall figures.

Table 14 - Childcare sufficiency defined as ‘Yes, in all areas’ in Scotland, for 2019 and 2020 (% local authorities)

	2019	2020
Children under two	23%	27%
Two year old 600 hour entitlement	55%	65%
Three and four year old 600 hour entitlement	74%	92%
5 to 11 year olds after school	10%	4%
12 to 14 year olds after school	3%	0%
Parents working full time	16%	27%
Parents working atypical hours	6%	12%
Disabled children	23%	4%
Families living in rural areas	26%	38%

- ▶ In general, sufficiency in childcare has increased for most categories since 2019, with the exception of 5 to 11 year olds after school, 12 to 14 year olds after school and disabled children.
- ▶ There has been a notable decrease in sufficiency in areas since 2019 for disabled children (decreasing from 23 per cent in 2019 to four per cent in 2020).
- ▶ In contrast, sufficiency has increased for the three and four year old 600 hour entitlement from 74 per cent in 2019 to 92 per cent in 2020.

D. Childcare sufficiency in Wales

Welsh local authorities were required to produce a statutory five-yearly Childcare Sufficiency Assessment in 2017. Over the last three survey years, the proportion of local authorities answering saying that they do not know whether they have enough childcare has reduced: it is now broadly equivalent to England.

Sufficiency for the three and four year olds using universal free entitlement is 29 per cent, the same as for Flying Start areas.

Table 15 - Childcare sufficiency in Wales (% local authorities)

	Yes: in all areas	Yes: in some areas	No	Data not held or cannot tell
Children under two	7%	86%	0%	7%
Flying Start areas	29%	64%	0%	7%
Three and four year old universal entitlement	29%	57%	0%	14%
Three and four year old 30 hours entitlement	23%	62%	0%	15%
5 to 11 year olds after school	14%	57%	14%	14%
12 to 14 year olds after school	0%	21%	29%	50%
Parents working full time	21%	50%	7%	21%
Parents working atypical hours	0%	36%	43%	21%
Disabled children	8%	31%	31%	31%
Families living in rural areas	0%	64%	18%	18%

- There are significant shortages for parents working atypical hours and families living in rural areas with no local authorities (both zero per cent) reporting enough childcare ‘in all areas’.

Reported sufficiency in Wales has reduced since 2019 for all categories (Table 16). For example, sufficiency ‘in all areas’ for Flying Start reduced from 59 per cent of local authorities in 2019 to 29 per cent in 2020. Also, sufficiency ‘in all areas’ for the three and four year old universal entitlement reduced from 57 per cent in 2019 to 29 per cent in 2020. As in Scotland, Wales has relatively few local authorities (22) so changes from a small number of authorities can have a large effect.

Table 16 - Childcare sufficiency defined as ‘Yes: in all areas’ in Wales, for 2019 and 2020 (% local authorities)

	2019	2020
Children under two	23%	7%
Flying Start areas	59%	29%
Three and four year old universal entitlement	57%	29%
Three and four year old 30 hours entitlement	33%	23%
5 to 11 year olds after school	24%	14%
12 to 14 year olds after school	5%	0%
Parents working full time	43%	21%
Parents working atypical hours	10%	0%
Disabled children	10%	8%
Families living in rural areas	12%	0%

Section 3 – 30 hours extended entitlements

By the end of this year, England, Scotland and Wales will all have a 30 hour a week childcare entitlement for some or all 3 and 4 year olds.

In England, this was introduced in 2017 for working parents (for more detail), see the information on free childcare entitlements above. In 2019, the Welsh government introduced a 30 hour extended entitlement for working parents of 3 and 4 year olds. This is similar to the English scheme, but available for more weeks a year. The Scottish government is in the process of doubling the free entitlement for all three and four year olds to 1140 hours per year (for example, 30 hours for 38 weeks), with no work requirement for parents.

Providers are not obliged to deliver the free entitlements, although commercial pressures make it difficult for many providers not to – parents may simply go elsewhere if not. The level of funding that childcare providers receive for the free entitlements is crucial to how providers deliver them. In England, rates for free entitlements for three and four year olds were reviewed in 2015 and the new Early Years National Funding Formula was introduced in 2017. Despite rises to the minimum wage, introduction of pension auto-enrolment and general inflation, these funding rates have not increased since then and it is unclear when they will next be reviewed.

The following sections give detail on the existing extended entitlement in England, and on the roll out of the 1140 hour entitlement in Scotland. We did not ask similar questions in Wales this year. This is because it has a small number of local authorities, and the baseline for these was very different – some already had pilots in place, others are Flying Start areas – making it hard to draw overall conclusions.

A. Provision of the 30 hours extended entitlement in England

Most local authorities were able to tell us about the proportion of providers offering the 30 hour extended entitlement. We have weighted their responses to reflect the number of different types of provider in their area, according to Ofsted registrations.⁶ These are shown in Table 17, which have a number of notable variations in provision.

Table 17 - Proportion of providers offering the 30 hours extended entitlement, England

	2020
Maintained nurseries	89%
School nursery classes	69%
PVI nurseries	90%
Childminders	62%

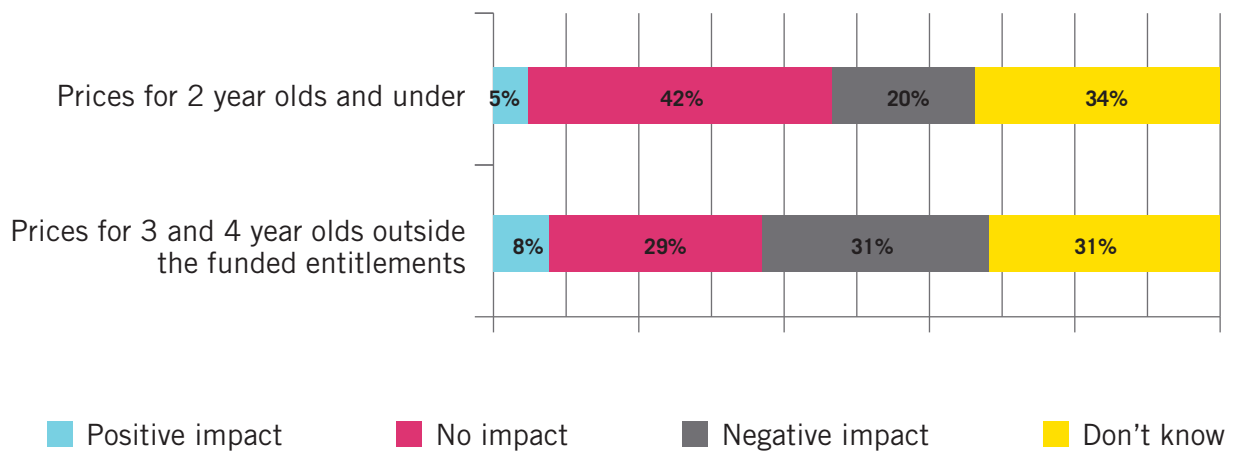
- ▶ Around nine out of 10 maintained nurseries and PVI nurseries offer the 30 hour extended entitlement.
- ▶ Around six out of 10 childminders offer the 30 hour extended entitlement. This lower proportion could be explained by the smaller number of children looked after by childminders meaning that the 30 hour offer is not as relevant to them as they are only looking after school children or children under three.
- ▶ Around seven out of 10 school nursery classes offer the 30 hour extended entitlement.

⁶ Note that weightings in this section are different to other weightings in our survey, which are based on child population. PVI providers and nurseries are taken from the Early Years Register, and nursery classes and maintained nursery schools from the Schools Register, which was filtered to exclude schools which do not have any early years provision.

B. Local authorities' views about the 30 hours extended entitlement in England

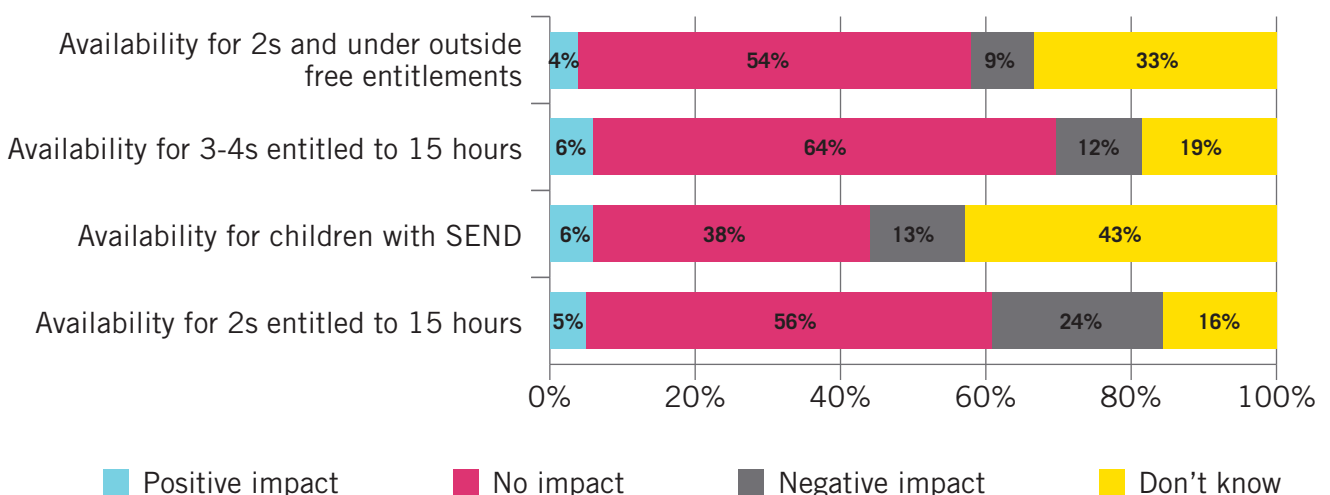
We asked English local authorities about their experience of the 30 hours extended entitlement and the difference it is making. As shown in Chart 1, most are either unsure about the impact of the offer on prices or report no impact. Where there is evidence of an impact on prices (discounting the 'Don't' knows' and 'No impact'), the results show more of a negative rather than positive impact (indicative of a price rise). Local authorities are more likely to report a price rise for three and four year olds outside of the funded entitlements (31 per cent) compared to prices for two year olds and under (20 per cent).

Chart 1 - Local authority views on current impact of the 30 hours extended entitlement on childcare prices



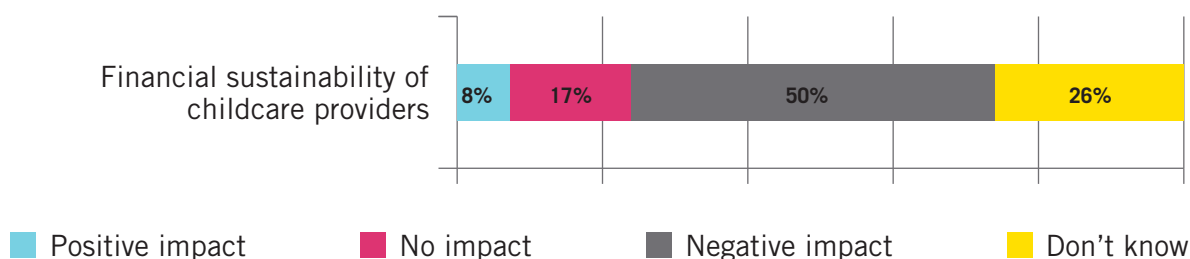
In general, local authorities have seen limited impact from the free entitlement on childcare availability, with between 38 per cent and 56 per cent reporting no impact (Chart 2). However, nearly one in four local authorities are concerned that there are fewer places available for two year olds entitled to 15 hours. Local authorities are most likely to be unsure about the impact of 30 hours on availability of childcare for children with SEND (at 43 per cent of local authorities – two percentage points up from 2019).

Chart 2 - Local authority views on current impact of the 30 hours extended entitlement on childcare availability



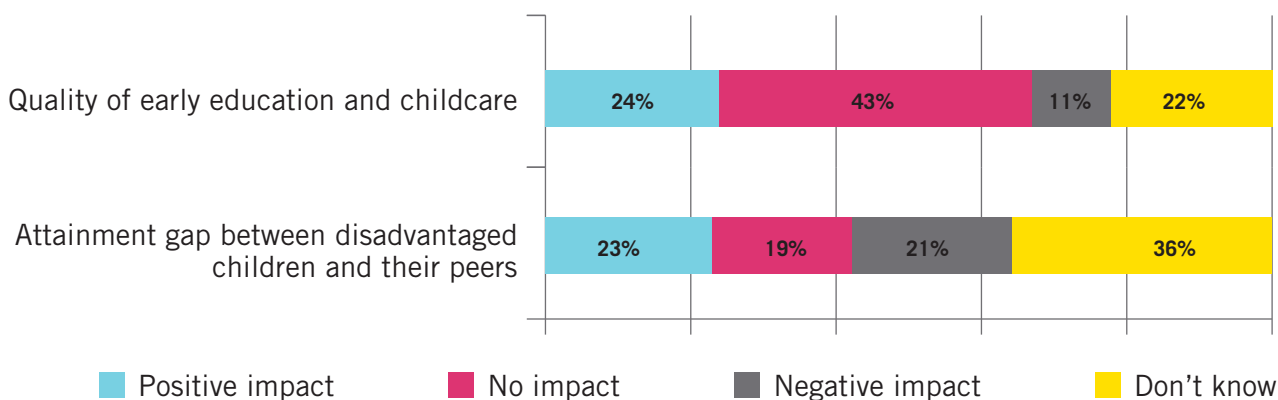
Local authorities are less optimistic (more of a negative rather than positive impact) about the financial sustainability of childcare providers following the introduction of the 30 hour extended entitlement (Chart 3). Fifty per cent of local authorities view this as having a negative impact on the financial sustainability of childcare providers compared to eight per cent viewing this as having a positive impact.

Chart 3 - Local authority views on the current impact of the 30 hours extended entitlement on the financial sustainability of settings



Local authorities were also asked to consider how the 30 hours extended entitlement may make a difference in their local area, in the future (Chart 4). Overall, these results are the most positive views reported by the local authorities. In terms of the quality of early education and childcare, 24 per cent expect a positive impact and 11 per cent expect a negative impact. In terms of the attainment gap between disadvantaged children and their peers, about the same number of authorities anticipate a positive as a negative impact.

Chart 4 - Local authority views on future impact of the 30 hours extended entitlement



Government guidance on the 30 hour extended entitlement states that it must be offered for free but parents may be charged for extras (such as lunch) as long as they have the option to say no to these. There has been significant discussion about what extras providers can charge for and whether these are truly optional, and there have been some reports of charges for lunch which appear higher than the cost of food and staff time for preparation. We asked local authorities about the proportion of childcare providers who are making additional charges, excluding for optional additional hours.

Local authorities were considerably less likely to provide data for this question meaning that we must treat these findings with caution. From the data we have, about half of childcare providers were making additional charges across different types of providers.

Table 18 – Proportion of providers offering 30 hours extended entitlement who are making additional charges, excluding charging for optional additional hours, England

	% making additional charges
Maintained nurseries (incl. nursery classes in schools)	55%
PVI (private, voluntary and independent) nurseries	45%
Childminders	51%

Several local authorities shared examples of providers in their area who were restricting the way that parents can access the 30 hours place, or making additional charges when they did. Not only are some practices limiting access to childcare for those children who are eligible for the 30 hours offer, some are also limiting access for children who are not eligible, such as two year olds. Comments reflecting these findings are shown below, starting with examples of the extra charges commonly imposed:

“There has been evidence of high charges being introduced for optional extras.”

“We have seen some examples of high charges for consumables or extra hours. The guidance is vague in terms of when the LA can or should intervene in relation to consumable charges.”

In relation to extra charges, some local authorities shared comments on childcare providers making additional charges to parents who use it. Examples of these increased costs are as follows:

“We are aware that many providers are increasing charges for additional hours rather than bring them in line with their normal daily charges, which results in the daily rate for funded children being higher than that for unfunded children.”

“Providers are finding creative ways to maintain their sustainability. The majority are applying this fairly and are open and transparent with their parents. A very small proportion are trying to make hefty charges a condition of taking up a free place.”

“Some providers are charging additional charges for extra curriculum activities, registration and administration charges. We have a provider charging a top up charge per hour.”

Some providers are also requiring that the childcare entitlement must be taken as the same number of hours every day, or only on certain days of the week. This may mean that parents who do not use childcare for full days every weekday cannot use their entitlement in full. These factors may increase the actual cost of childcare for families using the 30 hour extended entitlement, and they are not captured in our survey. Local authority comments show examples of where providers limit the use of the full entitlement:

“Some providers restrict the times that funded hours can be used so parents/carers cannot always use the hours at times/days that they need.”

“Some providers do restrict the hours parents can access the free entitlements i.e. may only offer am/pm sessions of 6 hours and require parents to pay for any additional hours.”

“Some providers are restricting the hours that funded sessions can be taken, making it difficult for some parents to obtain a funded-only place, with no additional charges.”

“Feedback from colleagues working with families indicate some of the larger chains are more likely to restrict hours of the day to access Early Entitlement.”

Many local authorities attributed this to problems with the rate paid for the 30 hours of free childcare:

“There has been an increase in the number of providers adding a charge to their funded hours in this third year of the three year early years budget. There is high provider resistance to any marketing of the word ‘free’. Whilst 30hrs is of course welcome by parents the offer is less and less free these days and providers are needing to be very creative with their private and government funded business.”

Finally, not all local authorities were critical about the childcare entitlement, with several sharing positive outcomes on parents, families and children, as examples:

“This is an area of monitor to ensure that providers are transparent about what charges are applied to funded early years places... Where issues have been raised by parents, providers have been responsive in resolving issues.”

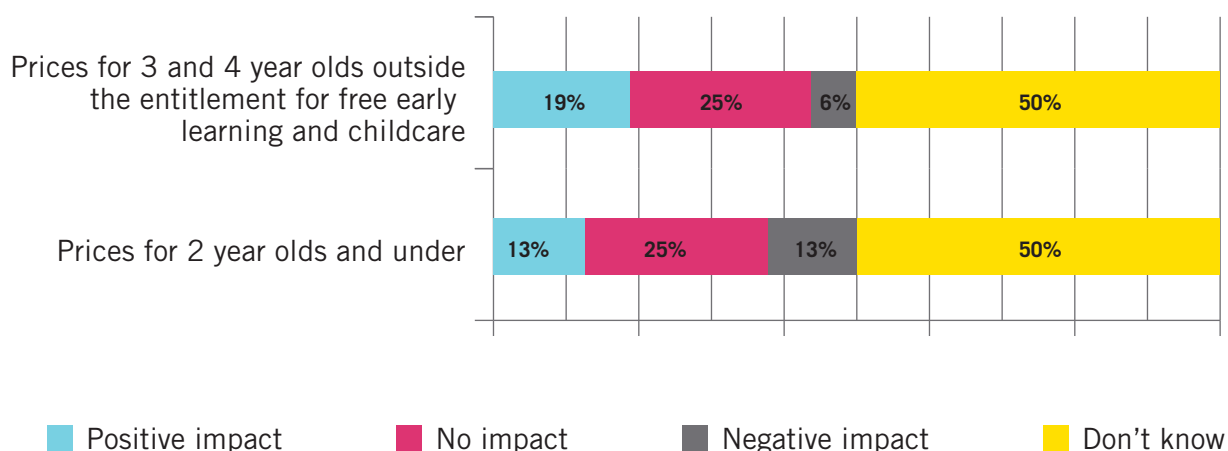
“We have a pre-school who has found that the initiative has increased their numbers and as a result they have been able to increase staff wages. This has helped to maintain a stable, motivated staff team.”

Some of these differences may be because the relationship between the amount parents pay for hours outside the free entitlement and the amount providers can get for the free entitlements from their local authority varies from area to area. In areas where parents’ fees are higher, providers may be more likely to try to make up the difference by charging for extras. In areas where the free entitlement is higher, or about the same, providers may be more willing to offer flexible places.

C. Local authorities’ views about the extension of free early learning and childcare from 600 hours a year to 1140 hours a year in Scotland

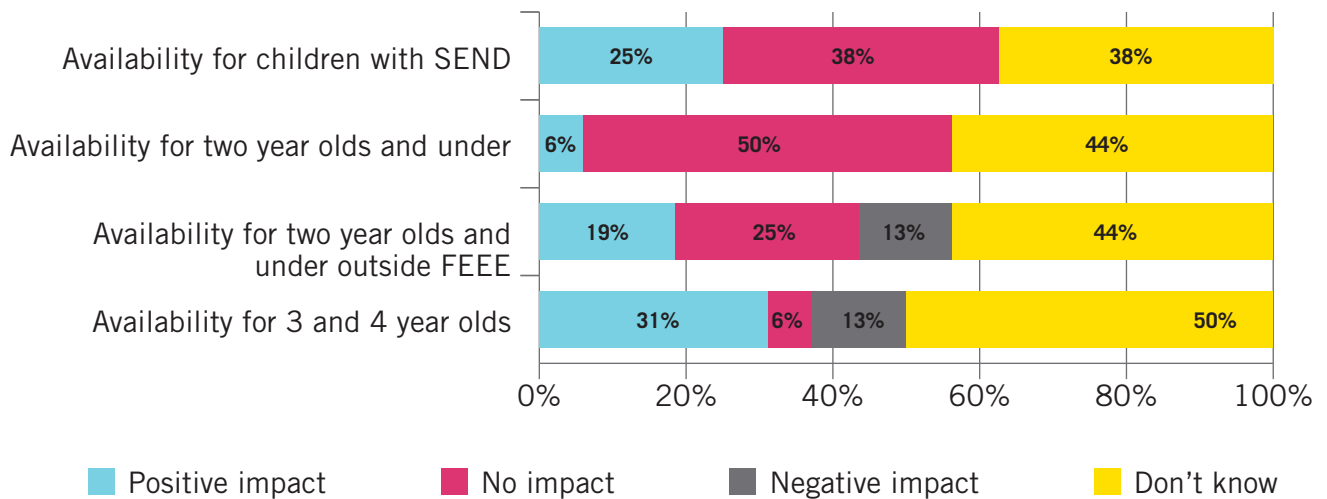
We asked Scottish local authorities about their expectations of the extension from 600 hours a year to 1140 hours a year of free early learning and childcare and the difference they could see it making. Most are either unsure about the difference that will be made to prices or expect no impact. Where local authorities are expecting an impact on prices, the extension is generally expected to have a positive impact on the price of for three and four year olds (19 per cent), whereas for children aged two and under there are positive and negative responses in equal weighting (13 per cent).

Chart 5 - Scottish local authority views on the expected impact of the extension of free early learning and childcare to 1140 hours a year on childcare prices



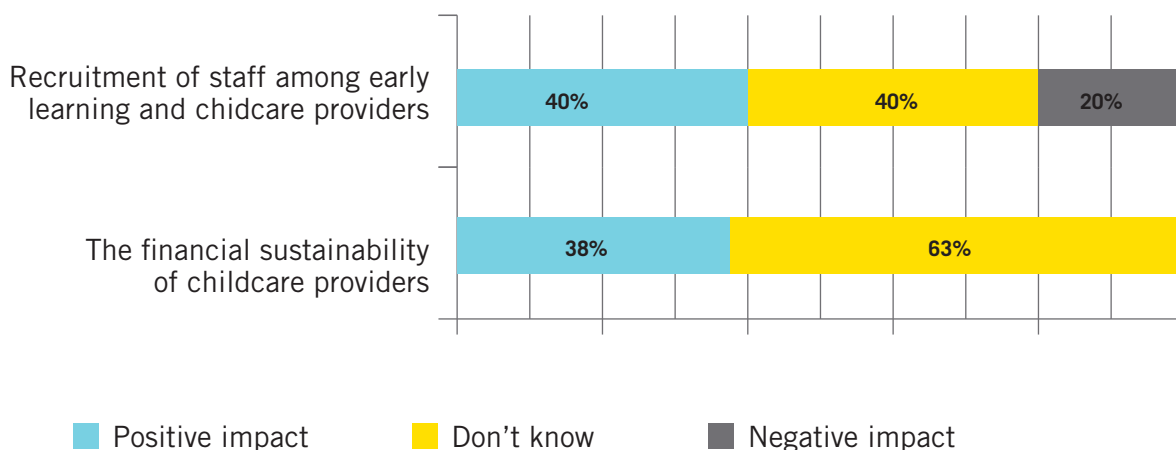
Similarly, half of local authorities say that that they don’t know or expect no impact on availability. Local authorities were most positive about the supply of childcare for three and four year olds, with nearly a third of expecting a positive impact. With the other age groups and categories such as the availability of provision for children with SEND there was more a more mixed picture.

Chart 6 - Scottish local authority views on the expected impact of the extension of free early learning and childcare to 1140 hours a year on childcare availability



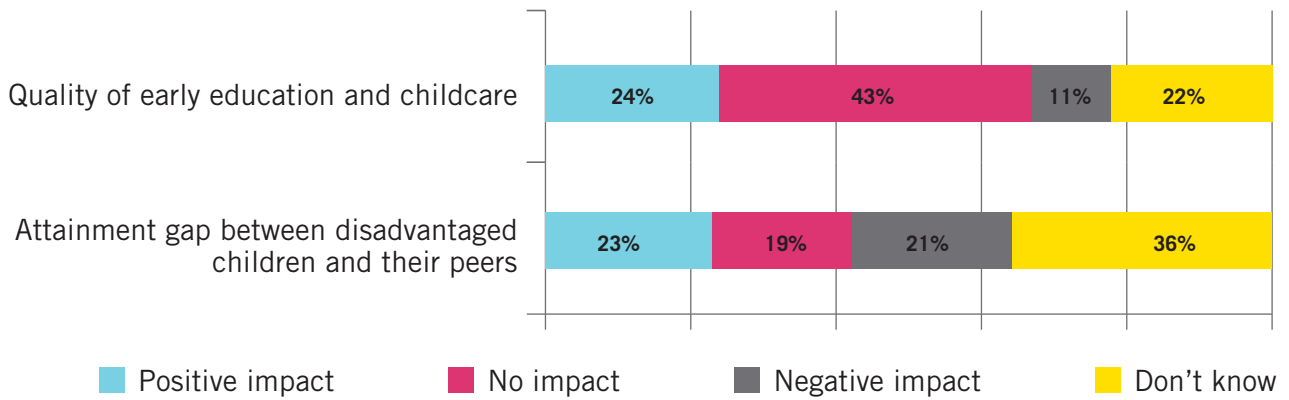
Likewise, the expectations for impact on the financial sustainability and recruitment of early learning and childcare providers (chart 3) are mixed. In both fields there is a great deal of uncertainty: 63 per cent for financial sustainability and 40 per cent for recruitment. However, there is some optimism about the potential impact of the extension, with positive responses making up a sizable proportion of local authorities.

Chart 7 – Scottish local authority views on the expected impact of the extension of free early learning and childcare to 1140 hours a year on the financial sustainability of childcare providers, and recruitment of staff among early learning and childcare providers



We also asked local authorities in Scotland to consider what the expected impact of the extension to 1140 hours will be in the local area going forward (Chart 4). Local authorities were broadly optimistic here: 69 per cent expected a positive impact on both the attainment gap between disadvantaged children and their peers, and the quality of early education and childcare, and no one expected a negative impact.

Chart 8 - Scottish local authority views on the expected impact of the extension of free early learning and childcare to 1140 hours a year on the attainment gap between disadvantaged children and their peers, and the quality of early education and childcare



CONCLUSION

Many parents across the country are benefiting from extensions to free childcare and subsidies which help with the costs. But there is a danger that these gains will be eroded by several years of above inflation price rises, and by parents not being able to find the childcare they need in their local area.

Without affordable childcare, parents can be forced out of the workforce or stuck in lower-skilled jobs – this is bad for them and bad for the economy. Without high quality childcare, children miss out on a potential boost to their outcomes which lasts all the way to GCSEs. Investing in childcare makes sense because it benefits the economy now and in the future.

Government should reform all current spending on childcare to create a simple and efficient system that makes sure all parents are better off working, and that all children have access high quality childcare which helps their development.

An ambitious strategy and reform will take time. Governments can take action in the shorter term to fix urgent problems in the system. We call on Scottish, Welsh and UK governments to:

- ▶ Reform Universal Credit so it doesn't lock parents out of work. Increase the maximum amount of childcare costs paid under Universal Credit and move to upfront payments for childcare
- ▶ Regularly review the funding rate for free early years entitlements to make sure that they meet the cost of delivering high quality childcare
- ▶ Extend the 30 hours free childcare for three and four year olds in England and Wales to families where parents are in training, to help parents get better jobs
- ▶ Double the early years pupil premium, to boost outcomes for the most disadvantaged children
- ▶ Re-allocate any underspend against the budget for Tax-Free Childcare to other parts of the childcare system – and focus this on the most disadvantaged children
- ▶ Target the £250m/year Flexible Childcare Support fund announced in the Conservative manifesto on the groups most in need and in the areas where there are the greatest shortages

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APPENDIX – Methodology

Note on tables: Percentages in all tables may not add up to 100 per cent due to rounding.

Timescales

This report is based on surveys sent to all Family Information Services at local authorities in November 2019. Respondents were able to fill in a form or reply online. After a month, we sent Freedom of Information requests to those local authorities which had not responded. The questions about the impact of the 30 hour entitlement in England were not included in the Freedom of Information requests. The deadline for Freedom of Information requests was in late January.

Authorities who responded without the need for a Freedom of Information request were promised that individual responses would not be published, with only regional/national averages provided in the report. This is consistent with previous surveys, and we do it to encourage honest and accurate data reporting. When Freedom of information requests are used, some local authorities automatically publish their own responses, so we cannot make the same promise. However, we do not report these Freedom of Information individual responses in this report, and nor do we say which responses were acquired through Freedom of Information requests and which through surveys.

Data sources

Average, maximum and minimum childcare prices are provided by local authorities rather than being calculated by the Coram Family and Childcare from information directly from providers. Similarly, assessments of sufficiency are provided by local authorities rather than being based on data collected by Coram Family and Childcare research team.

Where possible, we have kept questions consistent with previous versions of the survey to allow for tracking over time. However, we have made some changes to reflect the changing policy environment and in response to feedback from both survey respondents and organisations who use the data. We used slightly different surveys for local authorities in England, Scotland and Wales to reflect the different policy environments in the three nations.

Response rates

We received responses from 87 per cent of local authorities. The lowest response rate for any region was 75 per cent. Some local authorities did not give data for all questions, or gave data in a format that we could not use. For example, the effective response rate for the question about under 2s nursery prices was 70 per cent. Response rates for the questions about school age childcare were lower. The response rate for the questions on extended entitlement hour impact was 68 per cent in England and 50 per cent in Scotland. The question about providers offering 30 hours making additional charges, asked of English local authorities, had a usable response rate of 22 per cent. This is in part because these questions were not subject to Freedom of Information requests.

Weighting

In line with recent surveys, we have weighted cost data within regions and nations. This ensures that results from small local authorities which have relatively little childcare do not unduly influence overall results. Data on pre-school childcare is weighted against the 0-4 population based on ONS mid-year population estimates, and data for school-age childcare is weighted against the 5-11 population. Within local authorities, we have weighted cost data for PVI and maintained setting providers against the number of providers in that area. This is based on an assumption that the types of settings will have the same number of children on average. Childminder cost data is presented separately and not as part of the local weighted average for non-domestic settings. This is because of difficulties accurately estimating the number of children using childminders as opposed to non-domestic settings on a local level, and the unique role childminders play in the market. We used a slightly different method for weighting the responses on availability of the 30 hour extended entitlement – this is described in Section 3.

Tracking change over time

Our comparison does not include any use of childcare subsidies through Tax-Free Childcare or the benefits system.

When comparing prices over time, we have only included local authorities where we have data for both 2019 and 2020. This is to avoid results being skewed by different local authorities having missing data year-on-year.

Changes are weighted against this year's population data as described above. In some cases, we received 2019 data after the survey deadline for the year, but 2020 data within the deadline: in these cases, we have included the data in our calculations although they do not appear in the 2019 survey. This approach produces slightly different results to comparing regional weighted prices from the 2019 survey to regional weighted prices in the 2020 survey – we believe it gives a more accurate reflection of the changes experienced by families.

Data we do not collect

We do not collect data on the costs and availability of nannies and au pairs. This is because this data is not held by local authorities, and because they are used by a very small proportion of the population. Necessarily, the survey also excludes all types of informal childcare (e.g. grandparents, friends, babysitters). Information on families' use of formal and informal childcare can be found in the Department for Education's report series Childcare and Early Years Survey of Parents – the latest edition is for 2019. We exclude Northern Ireland because the childcare funding system is very different, making it hard to draw direct comparisons.