

Childcare costs survey 2010

This is the ninth annual childcare costs survey conducted by Daycare Trust, the National Childcare Campaign



Sponsored by



Figure 1: Childcare costs in Britain 2010 for 25 hours a week¹

Region	Nursery (under 2)	Nursery (2 and over)	Childminder (under 2)	Childminder (2 and over)	Out-of-school Club (15 hours)
London	£109	£97	£104	£103	£45
South East*	£106	£97	£95	£95	£48
South West*	£87	£80	£86	£87	£43
East of England*	£90	£88	£84	£84	£47
West Midlands	£77	£73	£71	£69	£39
East Midlands	£86	£84	£78	£76	£51
Yorks & Humber	£84	£79	£80	£80	£48
North West	£76	£67	£69	£69	£41
North East	£75	£70	£82	£82	£39
England regional average	£88	£82	£83	£83	£45
Scotland average	£84	£78	£80	£79	£48
Wales average	£78	£79	£79	£80	£39

This year's survey has found that nursery costs have continued to rise significantly throughout Great Britain. Childminder costs have also increased across Britain in the past twelve months. Reversing the trend from the previous year, out-of-school club costs swelled in England whilst decreasing in Scotland and Wales. Although Family Information Services reported greater childcare sufficiency than in previous years, almost 60 percent of those surveyed stated that parents had reported a lack of childcare provision. Typically, FIS reported a particular lack of childcare for children aged 12 and over, disabled children and children with special educational needs.

The 2010 survey results

From 2010 Daycare Trust is reporting costs for 25 hours rather than 50 hours of childcare; a more accurate reflection of typical childcare usage², as in some cases, parents report financial barriers that prevent them from accessing more hours of childcare.

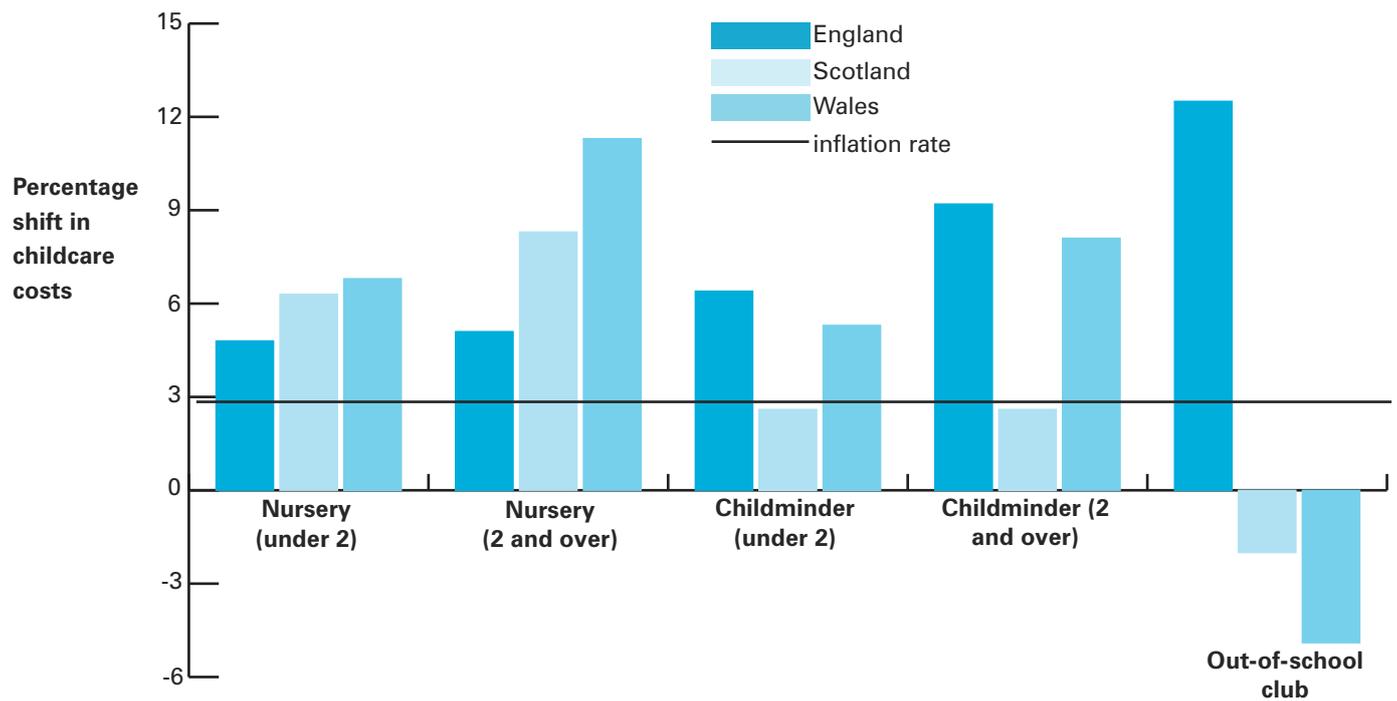
As in previous years, London and the South East had the highest childcare costs overall. Parents in London paying the highest reported costs can expect to pay as much as £11,050 per year for 25 hours childcare per week, or £22,100 for 50 hours care per week. Average prices for 25

hours of childcare in London and the South East ranged from £95 to £109. The North West of England demonstrated the lowest costs, providing 25 hours of nursery care for around £30 less than London and the South East on average.

As shown by figures 1 and 2, the most obvious trends are:

- Childcare costs for children aged 2 and over have risen more significantly than those for children under 2.
- England was the only country to demonstrate significant growth in all forms of childcare costs.
- England has experienced a significant increase in the cost of out-of-school care, whereas costs in Wales and Scotland have fallen.
- England has experienced the most significant growth of childminding costs, yet the smallest increase in nursery costs.
- Scottish childminding costs have grown at a rate below inflation, equating to a stabilisation of costs in this area.
- Welsh childcare costs are still typically lower than those in England and Scotland in spite of a broad increase in the cost of all forms of childcare, with the exception of out-of-school clubs.
- As a consequence of the growth in cost, the average yearly expenditure for 25 hours nursery care per week, for a child under 2 stands at £4,576 for English parents, £4,368 for Scottish parents and £4,056 for Welsh parents.

Figure 2: Percentage shift in British childcare costs compared to inflation rate of 2.9%⁴



- On average, parents can expect to pay £176 per week for a full-time (50 hours p/w) nursery place in England for a child under 2 – a significant proportion of the average gross weekly earnings of £489.
- The average cost of £88 for 25 hours nursery care for a child under 2 in England represents more than half of the average part-time gross earnings of £153 per week³.

narrowing of regional cost disparities, with the East Midlands and Yorkshire and the Humber reporting a 23.5 per cent and a 12.9 per cent growth in nursery costs for children aged 2 and over, respectively. The West Midlands and North West currently represent the cheapest regions in England for childcare.

Figure 3a: Percentage shift in childcare costs in England (inflation = 2.9%)

Nursery (under 2)	Nursery (2 and over)	Childminder (under 2)	Childminder (2 and over)	Out-of-school club
4.8%	5.1%	6.4%	9.2%	12.5%

Whereas nursery costs in England rose between 4.8 and 5.1 per cent in the past year, the average cost of a childminder increased by 6.4 per cent for children under 2 and 9.2 per cent for children aged 2 and over. These disparate rates of inflation are evidence of increasing harmonisation in the costs for both forms of childcare in England.

The costs for all forms of childcare in England have increased at a rate above inflation. Although parents in London and the South East still experience the highest childcare costs, it must be acknowledged that nursery costs in these regions have stabilised somewhat; increasing by just 12p per hour for a nursery place for a child aged 2 and over in London. This has contributed to a

The most significant price increase in England has been that of out-of-school clubs, which rose by 12.5 per cent over the past 12 months. In this instance, the costs in London are representative of the national average; regions such as the East Midlands and Yorkshire and the Humber on the other hand, reported figures in excess of the national average.

Costs in Scotland

Table 3b: Percentage shift in childcare costs in Scotland (inflation = 2.9%)

Nursery (under 2)	Nursery (2 and over)	Childminder (under 2)	Childminder (2 and over)	Out-of-school club
6.3%	8.3%	2.6%	2.6%	-2.0%

Compared to last year, Scottish childcare costs have witnessed moderate growth – although nursery care costs have risen considerably, with the weekly cost of a nursery place for a child under 2 increasing by 6.3 per cent, to £84 per week. The growth has been more significant for children aged 2 and over, rising from £72 to £78 – an increase of 8.3 per cent.

The cost of a childminder in Scotland has risen by 2.6 per cent across all age ranges. This increase equates to costs of £80 per week for children aged under 2 and £79 for those aged 2 and over.

Costs for out-of-school clubs have remained similar, falling from £49 to £48. Although this small reduction goes somewhat to stabilising out-of-school club prices in Scotland, it does little to redress the 29 per cent price increase witnessed during 2008-2009.

Costs in Wales

Figure 3c: Percentage shift in childcare costs in Wales (inflation = 2.9%)

Nursery (under 2)	Nursery (2 and over)	Childminder (under 2)	Childminder (2 and over)	Out-of-school club
6.8%	11.3%	5.3%	8.1%	-4.9%

Nursery costs in Wales for children under 2 increased from £73 to £78. A place for children aged 2 and over increased by a slightly larger £8 per week, to £79.

Continuing the trend from the previous year, childminders represented a more expensive form of childcare than nurseries in Wales. The weekly cost of a childminder for children under 2 rose from £75 to £79. For children aged 2 and over, the average weekly cost increased by 8.1 per cent, from £74 to £80. Out-of-school clubs in Wales have seen average weekly costs decrease from £41 to £39 – a reduction of 4.9 per cent.

This decrease in price fails to counterbalance the 13.9 per cent rise in out-of-school-club prices reported from the previous year.

Quality costs

For the most part, we see that the cost of childcare is continuing to rise above the rate of inflation despite the recession in 2009. Exceptions to this are out-of-school provision in Scotland and Wales, which has seen a decrease from last year.

As in previous years, the childcare market has endured the typical opening and closing of providers; an expected trend given the small nature of many childcare providers. Generally however, the childcare market seems to have held up well in the recession, possibly as parents stay in work for financial necessity. There is some anecdotal evidence of mothers returning to work earlier than planned after having a baby, or looking for work to supplement income, and therefore an increased demand for childcare⁵. However, there is also evidence of families having to change their childcare arrangements due to the economic situation⁶.

Significant public investment has been made over the past decade to stimulate childcare availability, ie through the New Opportunities Fund, Neighbourhood Nurseries Initiative and Children's Centre funding. However, with public spending cuts expected after April 2011, it remains to be seen what cuts may be experienced in the childcare and early years sector, which could cause even greater cost increases to parents. Daycare Trust would urge government to continue to invest in childcare and early years provision, as it presents an ideal opportunity to invest to save; it provides children with the grounding to reach their potential later in life and enables parents to contribute to the labour market. As such, an investment in early years provision represents an investment in the economy.

While in Britain the availability and affordability of childcare has been improving over recent years, quality still needs to be addressed, with staff typically low paid and undervalued. As Daycare Trust outlined in its recent research report, *Quality costs*⁷, high quality childcare and early year's provision will be expensive, as it involves employing highly qualified staff and paying them at a decent level to ensure consistency and a highly motivated staff team. However it is only through the provision of high

quality provision that we will be able to improve children's outcomes – particularly those children from the most disadvantaged backgrounds. We estimate that the government currently spends around £4 billion on early childhood education and care (plus additional spending on Sure Start Children's Centres), compared to £30.1 billion on secondary schools in England.

Availability of childcare

There have been large increases in the supply of childcare over recent years, with investment to increase the number of childcare places. Despite this, the childcare costs survey found that between 54 per cent and 69 per cent of Family Information Services said that parents had reported a lack of childcare in their area in the last 12 months. This amounts to an overall percentage of 58% in Britain, a substantial improvement on last year's findings of 69%, but still worrying that parents continue to find a lack of childcare in their area. There would also appear to be a British divide, with a significantly higher proportion of

Figure 4: Have parents reported a lack of childcare in the last 12 months?*

	Yes	No	No Response
England	48 (54%)	38 (43%)	3 (3%)
Wales	11 (69%)	2 (13%)	3 (19%)
Scotland	13 (65%)	4 (20%)	3 (15%)

*Sum of percentages does not always total 100% as figures have been rounded to the nearest whole number.

parents from Wales and Scotland reporting a lack of childcare than in parents in England; possibly due to childcare markets being very small, or parents not finding appropriate or affordable childcare that is suited to their needs or those of their children.

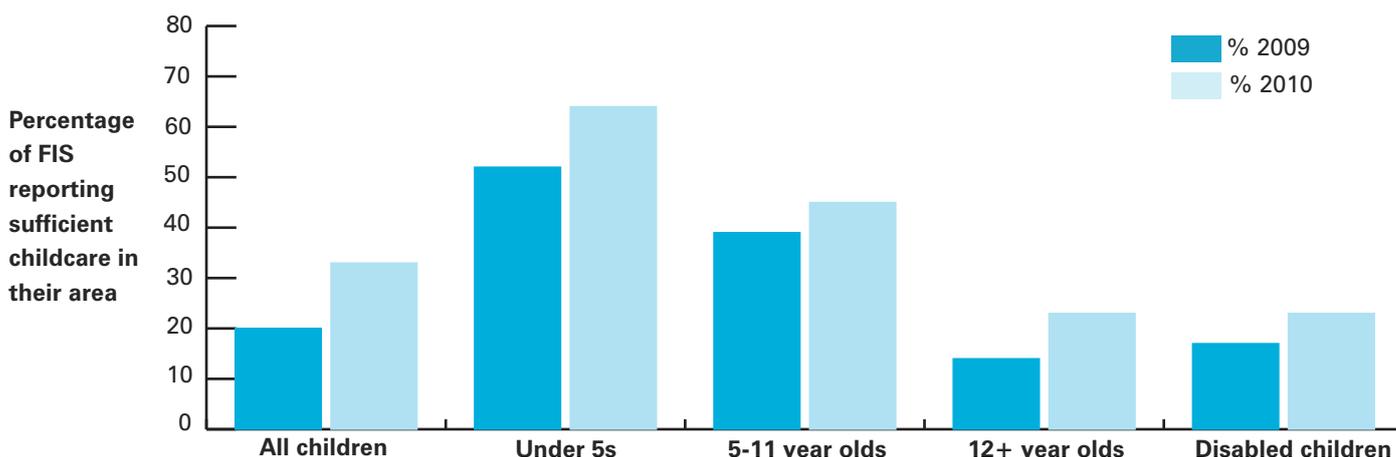
Since 2007/8 local authorities in England and Wales have been required to conduct childcare sufficiency assessments and action plans to determine the level of childcare supply in their area and identify (and address) any gaps in

Figure 5: Is there sufficient childcare in your area for...?*

	Yes	No	Don't Know	No Response
All children	36 (33%)	54 (46%)	8 (7%)	32 (27%)
Under 5s	70 (64%)	32 (27%)	4 (3%)	21 (18%)
5-11 year olds	49 (45%)	43 (36%)	8 (7%)	21 (18%)
12+ year olds	25 (23%)	70 (59%)	14 (12%)	18 (15%)
Disabled children & children with SEN	25 (23%)	53 (49%)	15 (14%)	16 (15%)

*Sum of percentages does not always total 100% as figures have been rounded to the nearest whole number.

Figure 6: FIS reporting that there is sufficient childcare in their area for different groups of children 2009-10



provision. As shown in figures 5 and 6 on the previous page, there have been improvements in the sufficiency of childcare for all groups; but still, almost half of local authorities report insufficient childcare for older children (47%) and disabled children (49%), with less than half reporting sufficient childcare for the 5-11 age group (45%).

Welfare reform for lone parents

The government is pressing ahead with its intended welfare reform, with lone parents whose youngest child is seven being required to move from Income Support to Jobseeker's Allowance from this October. However, Draft Statutory Instruments for the Jobseekers Act, expected to come into force on 26 April 2010, will afford some concessions with regard to childcare and flexible working: parents will not be sanctioned if they cannot attend work or work-related activities due to a lack of appropriate childcare; and lone parents with a youngest child of 12 and under may restrict their availability for work to normal school hours. With developments in welfare reform, it is even more critical that childcare for older children is available and affordable, and that provision is available through school holidays – one of the frequent gaps in provision.⁸

Help with childcare costs

Childcare costs in Britain are incredibly high, with parents paying a large proportion of the costs. Twenty one per cent of parents report that they struggle to meet childcare costs.⁹ However, there is a difference between the fees charged and the actual amount that parents pay. The Government provides several types of funding to reduce the amount that parents have to pay. Some families can claim up to 80 per cent of childcare costs through the childcare element of Working Tax Credit, although not all parents claim their full entitlement. The recent government Green Paper, Support for All, outlined plans to develop a tax credit eligibility checker, which will help parents to better understand the level of support they could receive.

For those parents not eligible for the childcare element of Working Tax Credit, employer-supported childcare is available, which can lead to savings of up to £1,196 for higher rate tax payers and £943 for lower rate tax payers. The government had planned to phase out employer-supported childcare, but due to the strength of response from working parents and backbench MPs, the scheme will remain in place, but will be capped at 20% tax relief, reducing the saving to higher rate tax payers.

HMRC and the London Development Agency are also running Childcare Affordability Programme pilots to test ways of making tax credits work more effectively. The pilots on offer involve an actual costs pilot for 1000 families across South East England, a pilot for parents of disabled children across London, an offer of 100% costs being met, enhanced support to parents, and/or an additional subsidy on top of tax credits in certain London Boroughs.

All three and four-year olds are also entitled to free part-time early years education, which from September 2010 is extended to 15 hours a week and will be available more flexibly. A forthcoming code of practice on the free entitlement will outline the definitions of flexibility and emphasise that places must be free at the point of delivery, which will hopefully increase the take-up amongst disadvantaged groups, who are still less likely to use their entitlement. The Government is also expanding the free places to 15 per cent of the most disadvantaged two-year olds across England.

For further information on 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 or visit www.payingforchildcare.org.uk.

1. Compiled from a survey of Family Information Services in England, Scotland and Wales, with a 65 per cent response rate overall, but with slightly lower response rates in the South West, South East and East of England (50 per cent, 53 per cent and 50 per cent respectively).

2. Smith, Speight and La Valle (2009) *Fitting it all together: how families arrange their childcare and the influence on home learning* DCSF Research Report RR 090, DCSF: London

3. Office for National Statistics – *Annual Survey of Hours and Earnings* (2009).

4. The inflation rate using the Consumer Price Index (December 2009)

5. Caluori, J. (2009) *Childcare and the recession* Daycare Trust: London

6. Clark, J., Latter, J., Pereira, I., Leary, K., and Mludzinski, T & Ipsos Mori (March 2009) *The economic downturn – the concerns and experiences of women and families: Qualitative and quantitative research main report* Government Equalities Office: London

7. Goddard, K., and Knights, E., *Quality costs: paying for high quality early education and care* Daycare Trust: London

8. OPM (May 2008) *Reviewing childcare sufficiency assessments: report for the DCSF* OPM: London

9. Speight et al (2009) *Childcare and Early Years Survey of Parents 2008* Research Report DCSF-RR136, DCSF: London

Recommendations

The 2010 Childcare costs survey shows above inflation price increases, despite the recent recession. With a general election due by June this year, and difficult spending decisions to be made in 2011 no matter which party wins the election, now is the time to recognise the importance of childcare and early years provision, and to invest appropriately.

Daycare Trust recommends that the Government:

- Sustain and build upon investment in childcare and early years provision, given its impact on child outcomes, and its potential for return on investment.
- Continue to invest in the quality of childcare and early years provision, through initiatives such as the Graduate Leader Fund, and consider more radical initiatives to improve the qualifications of the workforce.
- Conduct a national evaluation of 2011 Childcare Sufficiency Assessments for England and Wales, to ensure that the data gathered by local authorities is captured to give a national and regional picture of childcare sufficiency.
- Increase the proportion of help with childcare costs through tax credits to 100%; increase the maximum levels that can be claimed by disabled children and region to accommodate high cost areas – particularly London and the South East; and consider more fundamental reform.
- Extend the provision of the free entitlement to all two, three and four year olds, building on the number of hours available so that 20 hours a week is available by 2020.
- Increase provision of out-of-school childcare, given the growing number of working parents and the impact of the welfare reform programme.
- Provide subsidised out-of-school activities for all school-age children, ultimately aiming to make them free for all.

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 about these services contact us or visit our website.

Daycare Trust
2nd Floor
Novas Contemporary Urban Centre
73-81 Southwark Bridge Road
London, SE1 ONQ

Tel: 0845 873 6260 or 020 7940 7510
Fax: 020 7940 7515

Email: info@daycaretrust.org.uk

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

February 2010
ISBN: 978-1-907305-02-3
Cost: £45

Daycare Trust is a registered charity 327279 and a company limited by guarantee 02063604 registered in England and Wales. VAT registered 830 9847 06.

All rights reserved. © Daycare Trust 2010

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

Imagine Co-operative Childcare was the first social enterprise provider of Childcare Vouchers to the private and public sector, Government and Charities. We offer simple, effective schemes to help working parents with the costs of childcare (including holiday playschemes), with supportive account management at every step.

Imagine Co-operative Childcare
Co-operative House
234 Botley Road
Oxford
Oxon, OX2 0HP
Freephone: 0800 458 7929
vouchers@imagine.coop
www.imagine.coop

