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# Childcare Survey 2022

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## About this report

This report is the 21st 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 2021 and February 2022. 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](http://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 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.

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## EXECUTIVE SUMMARY

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Childcare and early education is important social infrastructure and local and national policy should reflect this fact. COVID-19 has highlighted the importance of childcare to enable parents – especially mothers – to work and the importance of early years provision to children’s development. It is a false binary to present childcare as either supporting maternal employment rates or children’s development. It is, should be, and can be both.

Our research shows that childcare costs have increased yet again – this year up by 2.5 per cent for those aged under two – a year on year trend that we have seen over the 21-year lifespan of this survey. Every year, we have argued that the patchwork of early years funding exposes the high costs to parents and variable, often insufficient, provision across Great Britain.

This year, unsurprisingly, we have seen a more mixed picture emerge on costs, take up and sufficiency, but the problems of high costs and lack of provision persist.

Some providers have managed to remain afloat through Government support from the Job Retention Scheme, changes in how the Free Early Education Entitlement was funded and the Self-Employment Income Support Scheme; for others who were already on the brink, this support was not enough. The survey results show providers trying different strategies such as increasing costs and reducing ratios to stay open, e.g. increasing the number of children each member of staff cared for. Overall, there has been a decrease in the number of providers but the number of places has remained broadly stable. It is mostly childminders closing that is fuelling this decrease; an acceleration of an already existing trend (Ofsted, 2021). Childminders often offer more flexible and cheaper provision for families.

The survey also reveals an increased number of local authorities saying that there is not adequate provision to meet the demand for early years and primary school children – this insufficiency can be the hours available, the location of the setting, or the quality of provision on offer.

Even before the pandemic, disadvantaged children were starting school having met fewer developmental milestones compared to their more affluent peers. On average there was a 4.5 month attainment gap (Hutchinson et al 2019). Government funded early education entitlements is a key tool in reducing this gap and so it is essential that it is taken up by disadvantaged children who stand to benefit the most. The pandemic has increased these inequalities and further widened this gap with evidence showing that more children are starting school further behind, especially children from lower income households. Just under a third of local authorities flagged concerns that changes that providers had made had impacted negatively on the quality of provision.

Like in other sectors of the economy, it is too early to know whether this ‘real-time’ data is a blip or the beginning of new trends in early years outcomes. But the persistent challenges of a complex and expensive system remain. In addition to rising costs and patchy provision, inefficiencies are more visible. For example, there is a £2.4 billion underspend on Tax-Free Childcare since its inception; parents on Universal Credit receive no support with upfront childcare costs; and some working parents – such as parents without recourse to public funds – often miss out on crucial 30 hour a week provision that could help boost employment prospects. But there are also some opportunities.

The pandemic has brought a wider awareness of the importance of childcare to both parents and children – and especially the key role it plays in helping to narrow the gap between disadvantaged children and their peers. But sadly, once again, we find that too many families are struggling to find and afford the childcare they need.

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## Price of childcare

- ▶ The cost of childcare continues to rise steadily. This is a pattern that we have observed since the inception of our survey in 2001.
- ▶ Price increases since 2021 for a part time (25 hours) place in a nursery for children in Great Britain, was 2.5 per cent for those aged under two, 2.0 per cent for two year olds and 3.5 per cent for three to four year olds using the free entitlement.
- ▶ Some working parents of three and four year olds in England and Wales are eligible for 30 hours of funded childcare a week. If they need to pay for 20 extra hours to take this up to a full time place (50 hours a week) the average weekly price in a nursery is £105.76 in England, £98.58 in Wales.
- ▶ Since August 2021, all three- and four-year-olds in Scotland have been able to access 1140 hours of funded childcare per year which has greatly reduced costs for families. This equates to 30 hours a week during term-time, or about 22 hours if spread across the year. For a full-time place in a nursery (50 hours a week) in Scotland, families are paying on average £85.03 per week. In 2020, this was £145.70 per week.
- ▶ The average weekly price for families using an after school club for five days per week, in Great Britain, is £66.52 per week. This is an increase from £62.12 in 2021.

## Is there enough childcare?

- ▶ In England, 59 per cent of local authorities have enough childcare ('in all areas') available for parents working full time.
- ▶ Less than one in four local areas in England have enough childcare for 12 to 14 year olds (13 per cent), parents working atypical hours (19 per cent) and disabled children (21 per cent).
- ▶ Compared to last year, a lower proportion of local authorities in England report having enough childcare to meet demand for pre-school children. There has been a reduction in the proportion of local areas with enough childcare (childcare sufficiency) for disabled children and parents working full time. There has been an increased provision for parents working atypical hours and families living in rural areas.
- ▶ In Scotland where duties are different from England, there has been an increase in childcare sufficiency for some groups, but a decrease for children aged under two, 5 to 11 year olds after school and families living in rural areas.
- ▶ In Wales, there have been substantial reductions in childcare sufficiency for most groups, except 12 to 14 year olds after school which has the same provision as last year.

## Childcare and COVID-19 in England

- ▶ Compared to the time before COVID-19, 38 per cent of local authorities report a decrease in the number of children using the two year old free early education entitlements, and 40 per cent report a decrease in the number of children using three and four year old free early education entitlements. These entitlements play a key role in narrowing the achievement gap between disadvantaged children and their peers.
- ▶ Compared to the time before COVID-19, between 11 and 31 per cent of local authorities report reductions in the availability of various aspects of childcare. For example, 31 per cent of local authorities report a reduction in the number of wraparound childcare places for school age children.
- ▶ Most local authorities expect no changes in childcare sufficiency over the next year.



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- ▶ Fourteen per cent of local authorities say that at least a quarter of their group based providers are facing severe financial difficulties. Seventeen per cent of local authorities report that at least a quarter of their childminders are experiencing the same challenges.
  - ▶ Childcare providers are struggling to remain sustainable during the crisis, with 57 per cent of local authorities seeing childcare providers raise their prices and 30 per cent seeing providers increase the number of children looked after by each staff member.
  - ▶ In observing all the changes in place since COVID-19, the increase in charges and prices to parents are the most notable changes to improve a setting's sustainability, alongside reduced opening hours and reduced number of staff. Around half of local authorities reported seeing these changes.
  - ▶ Possibly as a consequence of steps taken by settings to remain sustainable, 30 per cent of local authorities thought that the quality of childcare had reduced in more ways than it had improved since the pandemic.
  - ▶ Ninety-four per cent of local authorities report difficulty in finding staff with the required qualifications and experience for childcare, with most saying 'very difficult'. Many in the sector view this as a recruitment crisis.

## Recommendations

There is still a childcare crisis; costs are too high and there is not enough of it. It remains a deeply flawed patchwork system that makes it hard for families to get the support they need and forces some parents – particularly mothers – out of the workforce entirely. Like with many other sectors, COVID-19 has both highlighted and exacerbated existing challenges. COVID-19 has also highlighted the importance of childcare and early years provision as key social infrastructure.

A complex funding system is both inefficient and unsustainable. We repeat our call that over the long term, the Government must reform all current spending on childcare to create a simpler and more efficient system that works for both parents, providers and children.

An ambitious strategy and radical reform will take time and political will. In the short-term, Governments – at all levels – can take immediate action to fix urgent problems.

- **The Westminster Government should follow the lead of the Scottish Government** - and extend the 30 hour free entitlement to all three and four year olds. In the meantime, **local authorities and Mayors should seek to extend eligibility of 30 hours provision locally** - at a minimum to parents in training, education, to single parents and families with no recourse to public funds.
- **Reform Universal Credit so it does not lock parents out of work** – by increasing the maximum amount of childcare costs paid under Universal Credit and guaranteeing support for upfront childcare costs.
- **Double the early years premium** to boost outcomes for the most disadvantaged children.
- Ensure the **National Tutoring Programme is reaching primary schools** – with a wrap around childcare offer to boost take up.
- Government should **re-allocate underspend from Tax-Free Childcare to other parts of the childcare system** – realigning Government funding towards low-income families.

These suggestions are practical and can be implemented immediately. Together with a comprehensive reform of spending, these are real opportunities to change children's life chances.

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# INTRODUCTION

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This report is the twenty-first 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 2021 and February 2022. A total of 177 local authorities returned data generating a response rate of 86 per cent. The methodology section at the end of the report provides further information on how we conducted the survey and analysed the findings.

The report consists of three main sections: 1) the prices of childcare, 2) the availability of childcare, and 3) the impacts of COVID-19 on childcare in England. 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. Based on the survey data, we make recommendations for reform.

Despite all the uncertainty and turbulence, there is a new visibility that childcare provision is vital to society. From narrowing educational gaps and providing a social space for children to play and learn; to enabling parents – including key workers – to work, childcare is necessary to the functioning of our society.

And yet despite this visibility, persistent challenges remain for a sector that has been undervalued for too long. Despite childcare providers being able to access the Job Retention Scheme, Self-Employment Income Support Scheme or benefits from changes in how the Free Early Education Entitlement was funded, many have struggled to stay afloat. Early years providers remained mostly open during the national lockdowns, yet our survey results show the number of children accessing early education entitlements has dropped – negatively affecting their development. And despite a range of Government policies and big investment, costs remain high and out of reach for too many low-income families. Together this limits children's opportunities to thrive and parents' abilities to work.

Unsurprisingly, formal and informal childcare use has changed dramatically over the last few years. It is estimated that 95 per cent of early years settings are now fully open and 84 per cent of children booked are attending (DfE, 2022). Pre-COVID-19, nurseries were the most commonly used form of childcare for pre-school aged children, followed by childminders (DfE, 2021). Once children start school, a range of breakfast clubs, after school activities and holiday provision may be available.

Government initiatives at all levels are responding to the challenges. From central Government's £300 million commitment in the Autumn Budget to fund Family Hubs across England - which includes investment in parenting programmes and the home learning environment (HM Treasury, 2021); to COVID-19 recovery funding that includes £153 million investment in the early years workforce (DfE, 2021c). There have also been announcements of investment in employment support, mental health provision and skills development. Some of these initiatives are part of the Government's 'Levelling Up' agenda which aims to support local areas to make local decisions reflecting different needs. Investing locally and supporting a range of outcomes across a range of government departments is welcome, but our concern remains that the impact of these programmes and initiatives will be limited because of the wider systemic challenges of affordability, insufficiency and varied quality that are not being addressed.

The glossary below provides more information on different supports that are available.

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Our Childcare Survey looks at the price of childcare before the support to help pay for childcare (Tax-Free Childcare or Universal Credit) 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.



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## Glossary 1 – Terms used in this report

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- ▶ **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 terms<sup>1</sup>

There is different childcare and early years provision in England, Wales and Scotland.<sup>2</sup> Where there are commonalities, we have presented the data comparatively. Where there are differences, the data is separated. The table below outlines some of the key terms.

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	Up to 1140 hours / year for parents in receipt of certain benefits (including in-work benefits) or children who are looked after.
		Wales	12.5 hours a week for 39 weeks a year for 2 to 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	From August 2021, all 3 and 4 year olds are entitled to 1140 hours a year. (30 hours a week during term time, or 22 hours spread across the 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 <sup>2</sup>	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	As 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	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.  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 Living Wage. Parents' earnings cannot exceed £100,000 / year.  Can be received alongside the 30 hours extended entitlement, but not Working Tax Credit or Universal Credit.
Universal Credit	Any age, with Ofsted registered providers	All nations	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.  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.

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

<sup>1</sup> 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>

<sup>2</sup> Information for this table has been gathered from: [Check what help you could get with childcare costs \(England\)](#); [Funded early learning and childcare \(Scotland\)](#); [Get help from Flying Start \(Wales\)](#)

# FINDINGS

## Section 1 – Prices for childcare

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

After reporting on prices for 2022, we will explore them in comparison to previous years.

### A. Prices for part time (25 hours a week) childcare for children aged under three

This year, the average price of a part time childcare place (25 hours) a week for a child aged under two in a nursery is £138.70 across Great Britain, or £7,210 a year. The average price of 25 hours of childcare a week for a child aged under two by a childminder is £124.41 a week, or £6,470 a year across Great Britain. There are substantial variations between regions outlined below. Inner London has the highest costs for 25 hours a week childcare for children under three.

To give these prices some context, 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 per week (£63.70; Office for National Statistics, 2021).

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

	Nursery		Childminder	
	Under two	Two	Under two	Two and over
<b>Great Britain</b>	£138.70	£133.69	£124.41	£122.03
<b>England</b>	£140.68	£135.28	£124.83	£122.33
<b>Scotland</b>	£108.62	£106.62	£119.17	£117.77
<b>Wales</b>	£125.73	£125.88	£118.99	£118.47
East Midlands	£133.16	£129.52	£115.73	£115.47
East of England	£153.08	£143.59	£129.61	£130.48
London, inner	£183.56	£173.98	£172.12	£173.27
London, outer	£155.19	£156.69	£148.51	£146.92
North East	£130.53	£129.29	£117.93	£115.31
North West	£129.74	£125.69	£110.24	£108.74
South East	£147.06	£143.10	£124.43	£122.60
South West	£133.40	£123.91	£130.69	£116.26
West Midlands	£137.14	£127.64	£114.34	£113.74
Yorkshire and Humberside	£122.17	£118.23	£110.39	£108.09

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**Great Britain:**

- ▶ Overall, nursery prices are higher than childminder prices (for 25 hours a week for those aged under two and two year olds). For example, nursery costs in Great Britain for those aged under two were £138.70 a week and 12 per cent more costly than the equivalent costs for a childminder (£124.41).
- ▶ England has higher costs for nurseries and childminders than Scotland and Wales.
- ▶ Nursery childcare for those aged under two is generally 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 prices for two year olds are slightly less than those aged under two, childminder costs for both age groups are relatively similar. This may reflect childminders having less scope to change staff to child ratios compared to nurseries, meaning they are more likely to charge the same or similar prices for those aged under two and two year olds.

**English regional differences:**

- ▶ Within the English regions, the price for 25 hours of nursery childcare for those aged under two is 50 per cent higher in inner London (£183.56) than in Yorkshire and Humberside (£122.17).
- ▶ For 25 hours of nursery childcare for children aged two, the highest prices are again seen in inner London (£173.98), at 47 per cent higher than in Yorkshire and Humberside (£118.23).
- ▶ Childminder costs for 25 hours (under twos) are 56 per cent higher in inner London (£172.12) compared to the North West (£110.24).

## **B. Prices of full-time (50 hours a week) childcare for children aged 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 aged under two in nursery is £269.86 across Great Britain, or £14,030 a year. With a childminder for a child aged under two it is £237.28 per week across Great Britain, or £12,340 a year. There are again substantial variations between regions outlined below with inner London having the highest costs for 50 hours of childcare a week (£368.73 per week for an under two year old at a nursery).

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

	Nursery		Childminder	
	Under two	Two	Under two	Two and over
<b>Great Britain</b>	£269.86	£262.16	£237.28	£235.73
<b>England</b>	£273.57	£265.38	£237.58	£236.01
<b>Scotland</b>	£212.99	£206.85	£238.35	£235.89
<b>Wales</b>	£246.79	£247.19	£230.69	£230.26
East Midlands	£253.03	£248.78	£201.66	£201.50
East of England	£303.61	£286.07	£259.27	£260.94
London, inner	£368.73	£347.25	£344.10	£346.60
London, outer	£303.04	£308.79	£294.27	£291.90
North East	£238.03	£234.72	£211.76	£210.91
North West	£238.29	£230.98	£208.25	£204.95
South East	£289.06	£283.12	£241.55	£239.37
South West	£264.58	£250.72	£231.43	£229.32
West Midlands	£267.02	£256.14	£218.85	£217.75
Yorkshire and Humberside	£241.88	£234.31	£210.07	£208.06

**Great Britain:**

- ▶ Overall, nursery costs are again slightly higher than childminder costs (for 50 hours a week for two year olds and those aged under two). For example, nursery costs in Great Britain for under twos were £269.86 a week, 14 per cent more than the equivalent costs for a childminder (£237.28).
- ▶ In general, England again has the highest costs for nurseries and childminders, relative to those in Scotland and Wales (except for the slightly higher cost for 50 hours per week for an under two year old at a childminder in Scotland).
- ▶ Nursery costs in Scotland are lower than England and Wales. For nursery costs for those aged under two, the average difference in cost per week in Scotland is £61 cheaper than England and £34 cheaper than Wales.
- ▶ On the whole, 50 hours per week nursery and childminder costs for those aged under two are slightly more costly than for children aged two, although there were a few exceptions, such as outer London (nursery), and East of England and inner London (childminder).

**English regional differences:**

- ▶ Within the English regions, the price for full-time nursery places (for those aged under two) are 55 per cent higher in inner London (£368.73) compared to the North East (£238.03).
- ▶ For nursery places for children aged two, the highest prices are again in inner London at £347.25, 50 per cent higher than the North West (£230.98).
- ▶ For most of the English regions, childminder prices are generally cheaper than nurseries for 50 hours a week. The highest prices are again seen in inner London (£344.10 for those aged under two and £346.60 for two year olds).

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Families on low incomes are able to receive some support with childcare costs through Universal Credit. Universal Credit claimants are able to claim back up to 85% of their costs to a maximum of £646 for one child or £1108 for two or more children per month.<sup>3</sup> The survey results reveal a significant gap where the cost of childcare in many cases – particularly for children aged under three – exceeds these thresholds. In addition, these childcare costs need to be paid upfront, with receipts usually required for repayment. With many families on Universal Credit already struggling to make ends meet, needing to find childcare costs upfront and not having enough to cover the costs can create an insurmountable barrier to (re)enter paid employment.

## 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, a parent who needs childcare for 25 hours a week during term time, and is entitled to a free place for 15 hours a week, would only need to pay for 10 hours. In Scotland, since August 2021, all parents (not just working parents) now have access to free early education for 1140 hours per year.

In Wales they would be entitled to a free place for 10 hours a week during term time and would pay for 15 hours, except in Flying Start areas where the free entitlement is for 12.5 hours for three year olds. Because of this variation in universal entitlements, we have not provided a national figure for 25 hours in Wales.

Before the pandemic, take up of the early education was very high. For three and four year olds it was 93 per cent in early 2020. By 2021, attendance figures had reduced to 90 per cent (ONS, 2021a). Some of this can be explained by changes in guidance. For example from March 2020 - August 2020, in Wales, the childcare offer was suspended to new entrants, with parents encouraged to keep children at home unless they needed to attend (Cabinet Statement, 2020) (see COVID-19 section).

The evidence is strong that these entitlements are effective in supporting children's development and we are hopeful that the decrease in take up is a temporary change due to COVID-19.

In addition to the universal early education entitlements, working parents of children aged three and four may be eligible to access additional hours. There are slightly different frameworks in England and Wales. In England, for children of eligible working parents the entitlement is for up to 30 hours a week for 38 weeks per year. In Wales it is also 30 hours for up to 48 weeks a year. For some these entitlements are used during term time, for others they are 'stretched' across the year. Much depends on the availability locally and parents' requirements. Despite this expansion, there are some considerable challenges especially for parents in low-income work or trying to (re)enter work.

Never intended to be an employment policy, it is often argued that 15 hours is best delivered every day for a couple of hours for children's learning and development (Eisenstadt, 2011). As such, it is difficult to fit in paid employment without affordable wrap-around provision. The childcare support is unlikely to be available; the places are not necessarily there, and the cost is simply too high. Responding to some of these challenges, the Government introduced a flagship 30 hours policy to support working parents. Despite the investment, it often is misdirected and not able to support those who could benefit most. Eligibility is based on earning a minimum of the equivalent of 16 hours at the National Living Wage, but many parents who are seeking to enter work or are on zero-hour contracts find it difficult to meet that threshold and so are likely to miss out.

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3 For more information on Government support available see: <https://www.gov.uk/help-with-childcare-costs/universal-credit>



The 30 hours policy should be designed to support those aiming to access work and/or increase their working hours. The evidence shows that these are parents who are in low paid work, or in education and training. At the moment, these parents are missing out. Eligibility criteria should be extended to these groups.

Recognising this imbalance, the Scottish Government has transformed this policy into a universal entitlement where from August 2021, all children aged three and four in Scotland are entitled to 1140 hours a year. This equates to 30 hours a week during term time, or 22 hours spread across the year. The entitlement was agreed between the Scottish Government and the Convention of Scottish Local Authorities (COSLA) demonstrating the need and importance of working across national and local authorities to provide the funding infrastructure with local delivery.

These figures show costs of childcare. It has not been possible to capture data on additional costs - for example lunch or other consumables. Other parts of the survey show that some settings have increased their costs to help remain open.

**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)
<b>England</b>	£54.10	£105.76
East Midlands	£50.49	£92.53
East of England	£57.11	£114.02
London, inner	£69.07	£141.74
London, outer	£70.74	£139.50
North East	£50.00	£96.17
North West	£49.28	£89.76
South East	£55.56	£112.71
South West	£48.04	£96.04
West Midlands	£49.52	£101.85
Yorkshire and Humberside	£48.49	£88.57

**Table 4 – 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 9 hours)	50 hours a week, including extended entitlement in Wales (paying for 20 hours) and 1,140 hour entitlement in Scotland (paying for 20 hours)
<b>Scotland</b>	N/A	£85.03
<b>Wales</b>	£50.37	£98.58

**Great Britain:**

- ▶ In all nations and regions, families are paying considerably less for nursery childcare for three and four year olds compared to younger children. There are two key drivers for this: (1) families are receiving free hours resulting in parents paying for fewer hours; and (2) childcare providers are able to operate at lower staff to child ratios for older children, which often means that childcare costs less to provide.
- ▶ In Scotland, the costs are not applicable for 25 hours a week childcare since they are covered by the 1,140 hour entitlement (since August 2021).

**English regional differences:**

- ▶ Within the English regions, the price of 25 hours a week (where families receive 15 hours per week funded childcare) for three and four year olds is 47 per cent higher in outer London (£70.74) compared to the South West (£48.04).
- ▶ For 50 hours per week for three and four year olds, costs are again the greatest in inner London (£141.74) and 60 per cent higher than in Yorkshire and Humberside (£88.57).

The equivalent costs for 25 and 50 hours a week childcare with childminders is shown below.

**Table 5 - 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 (paying for 20 hours)
<b>England</b>	£48.67	£93.98
East Midlands	£48.80	£94.10
East of England	£46.69	£93.36
London, Inner	£47.33	£91.84
London, Outer	£47.65	£81.13
North East	£52.51	£104.40
North West	£69.24	£138.43
South East	£58.21	£115.66
South West	£45.29	£82.92
West Midlands	£43.20	£81.86
Yorkshire and the Humber	£48.59	£95.44

**Table 6 – 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 9 hours)	50 hours a week, including extended entitlement in Wales (paying for 20 hours) and universal entitlement in Scotland (paying for 34 hours)
<b>Scotland</b>	£46.69	£93.36
<b>Wales</b>	£47.33	£92.94

### Great Britain:

- ▶ In the same way that prices for younger children are often higher at nurseries than with childminders, this pattern persists for three and four year olds in England and Wales. However, childminder costs in Scotland are slightly higher than the equivalent costs for nurseries (£93.36 for 50 hours care at a childminder compared to £85.03 for 50 hours at a nursery). This is likely to be due to the increase in free universal entitlement for nursery care in Scotland.

### English regional differences:

- ▶ Within the English regions, the price of 25 hours a week for a childminder (where families receive 15 hours per week funded childcare) for three and four year olds is 60 per cent higher in the North West (£69.24) compared to the West Midlands (£43.20).
- ▶ For 50 hours per week for three and four year olds, costs are again the greatest in the North West (£138.43) and 71 per cent higher than in outer London (£81.13).

## D. Variations in the price of childcare for young children

This section outlines the highest and lowest prices of 25 hours of childcare for children under two years old relative to the average price in the region<sup>4</sup>. 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. These variations can make a significant difference for families who may find that the only childcare available locally is significantly higher than average costs.

**Table 7 - 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
<b>Great Britain</b>	+53%	-30%
<b>England</b>	+54%	-30%
<b>Scotland</b>	+44%	-19%
<b>Wales</b>	+36%	-27%
East Midlands	+68%	-41%
East of England	+24%	-24%
London, inner	+54%	-40%
London, outer	+54%	-33%
North East	+30%	-21%
North West	+65%	-30%
South East	+55%	-35%
South West	+59%	-22%
West Midlands	+63%	-30%
Yorkshire and Humberside	+42%	-29%

<sup>4</sup> This section outlines the highest and lowest prices of 25 hours of childcare for children under two years old in any single local authority in a region relative to the average price in that region.

### Great Britain:

- ▶ Of these 25 hour childcare prices for those aged under two, the highest prices in local authorities tend to be further from the average than the lowest prices. 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 also more different from the average than the lower prices are because they reflect that some parents are able and willing to pay considerably more than the average for childcare.
- ▶ There is less variation in price in Scotland and Wales (both 63 percentage point difference) compared to England (84 percentage point difference).

### English regional differences:

- ▶ Within the English regions, the highest prices range from 24 per cent above the average in the East of England to 68 per cent above the average in the East Midlands.
- ▶ The lowest prices show less variation, between 21 per cent lower than the average in the North East and 41 per cent lower than the average in the East Midlands.

## E. Prices of school age childcare

Table 8 shows the weekly price for an after school club and a childminder for 5 to 11 year olds. The findings are applicable to term time care and exclude holiday clubs.

This year, the average price of an after school club for a week is £66.52 across Great Britain, or £2,590 a year during term time (39 weeks). The average price of a childminder to 6pm for a week is £71.39 across Great Britain, or £2,780 a year during term time. There are also some distinct variations at the regional level. These prices are without the additional costs that parents will face if they are also paying for childcare before school, which is often necessary for parents working typical 9am to 5pm hours.

**Table 8 - Weekly price of an after school club or childminder for children aged 5-11**

	After school club	Childminder to 6pm
<b>Great Britain</b>	£66.52	£71.39
<b>England</b>	£66.75	£71.21
<b>Scotland</b>	£66.75	£72.86
<b>Wales</b>	£62.24	£73.42
East Midlands	£67.46	£63.96
East of England	£81.54	£72.52
London, inner	£64.77	£107.33
London, outer	£86.85	£92.85
North East	£64.25	£59.44
North West	£53.10	£57.06
South East	£63.09	£71.44
South West	£63.48	£70.19
West Midlands	£72.38	£72.47
Yorkshire and Humberside	£59.56	£64.72

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### Great Britain:

- ▶ For Great Britain as a whole, childminder costs for 5 to 11 year olds tend to be higher at £71.39 a week compared to an after school club at £66.52 a week, although after school clubs are sometimes open for fewer hours than childminders.
- ▶ Scotland and England are slightly more costly for after school clubs compared to Wales. Childminder costs are relatively similar across the three nations, with prices in Wales being slightly higher.

### English regional differences:

- ▶ The most costly region for a weekly after school club is outer London (£86.85), which is 64 per cent higher than the lowest cost region of the North West (£53.10).
- ▶ The price difference is notably more for childminders, with inner London (£107.33) being 88 per cent higher than the North West (£57.06), the least costly region. Childminder prices are significantly higher in London than in other regions.
- ▶ The difference between the price of after school clubs and care with a childminder is particularly notable for inner London, where a childminder (£107.33) is 66 per cent higher than an after school club (£64.77).

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, and so the price differences between childminders and after school clubs is likely to be greater in regions where subsidising after school clubs is more common.

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 2021

The majority of nursery prices have risen since 2021. However, the increase in Great Britain as a whole has been lower than inflation measured either by CPIH, which was 4.8% in December 2021, and RPI, which was 7.5% in December 2021 (Office for National Statistics, 2022)<sup>5</sup>. Price increases are higher for three and four year olds compared to younger children and have risen most sharply in Wales. Data on 25 hours for three and four year olds in Scotland was not captured this year.

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<sup>5</sup> Inflation rises mostly attributed to the rising global price of energy, see <https://www.bbc.co.uk/news/business-12196322>

**Table 9 - Price increases since 2021 for 25 hours nursery for children aged under 5**

	<b>Under 2</b>	<b>2 year old</b>	<b>3-4 year old using free entitlement</b>
Great Britain	2.5%	2.0%	3.5%
England	2.5%	1.9%	3.5%
Scotland	1.6%	2.1%	N/A
Wales	2.9%	3.0%	3.6%

Although not captured previously, the price increases for 50 hour childcare are shown below and broadly reflect the price increases for 25 hour childcare. Wales again shows the highest increase, and Scotland shows a price reduction of -0.6 per cent for two year olds.

**Table 10 - Price increases since 2021 for 50 hours nursery for children aged under 5**

	<b>Under 2</b>	<b>2 year old</b>	<b>3-4 year old using free entitlement</b>
Great Britain	2.5%	2.1%	3.3%
England	2.5%	2.2%	3.3%
Scotland	0.6%	-0.6%	1.1%
Wales	4.3%	3.7%	4.9%

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 and varies substantially between and even within local areas. Price changes can reflect existing providers changing their prices, or providers opening or closing in an area.



## 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: in 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 11 – Childcare sufficiency in England (% local authorities)**

	Yes: in all areas	Yes: in some areas	No	Data not held or cannot tell
Children aged under two	57%	39%	0%	5%
Two year old free entitlement	63%	36%	0%	1%
Three and four year old 15 hour entitlement	79%	21%	0%	0%
Three and four year old 30 hour entitlement	73%	26%	0%	1%
5 to 11 year olds after school	26%	47%	2%	24%
12 to 14 year olds after school	13%	29%	5%	53%
Disabled children	21%	44%	7%	28%
Parents working full time	59%	35%	0%	6%
Parents working atypical hours	19%	41%	10%	31%
Families living in rural areas	39%	54%	4%	4%

Most local areas are able to say whether there is enough childcare in their area, with the exception of after school childcare for 12 to 14 year olds where there are significant data gaps – 53 per cent reported ‘Data not held or cannot tell’.

The biggest gaps in sufficiency, as measured by provision ‘in all areas’, are seen for parents of 12 to 14 year olds after school (13 per cent), parents working atypical hours (19 per cent) and for disabled children (21 per cent).

Generally, there is more childcare availability for younger children. For example, between 57 per cent and 79 per cent of local authorities report enough childcare ‘in all areas’ for children aged under two, those aged two (free entitlement) and three and four year olds in receipt of the 15 hour and 30 hour entitlement. This compares to 26 per cent provision ‘in all areas’ for 5 to 11 year olds after school.

**Table 12 - Childcare sufficiency defined as ‘Yes: in all areas’ in England, for 2022 and 2021 (% LAs)**

	2022	2021
Children aged under two	57%	72%
Two year old free entitlement	63%	72%
Three and four year old 15 hour entitlement	79%	82%
Three and four year old 30 hour entitlement	73%	74%
5 to 11 year olds after school	26%	26%
12 to 14 year olds after school	13%	13%
Disabled children	21%	25%
Parents working full time	59%	68%
Parents working atypical hours	19%	16%
Families living in rural areas	39%	29%

- ▶ Since 2021, availability ‘in all areas’ sufficiency has decreased for the majority of categories apart from parents working atypical hours and families living in rural areas. The same amount of provision ‘in all areas’ was seen for 5 to 11 year olds after school and 12 to 14 year olds after school (26 per cent and 13 per cent respectively).
- ▶ For most categories, childcare ‘in some areas’ has increased since 2021 with a lack of provision showing minimal change. With a similar proportion of local authorities showing a lack of provision since last year, there has been an increase since 2021 for childcare ‘in most areas’.
- ▶ The extended entitlement for 30 hours of childcare for three and four year olds has been available since 2017. Although sufficiency for the 30 hour entitlement is still less than the 15 hour entitlement for three and four year olds, it has stabilised to an average of three-quarters of local authorities having provision ‘in all areas’. Last year’s report showed an increase for the three and four year old 30 hour entitlement from 64 per cent ‘in all areas’ in 2020 to 74 per cent ‘in all areas’ in 2021 (to 73 per cent in 2022).

**Table 13 - 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 15 hour entitlement	Three and four year old 30 hour entitlement
East Midlands	67%	67%	78%	78%
East of England	29%	29%	71%	43%
London, inner	70%	80%	90%	80%
London, outer	57%	60%	67%	60%
North East	100%	100%	100%	100%
North West	65%	70%	90%	90%
South East	47%	53%	73%	67%
South West	25%	33%	50%	42%
West Midlands	45%	55%	73%	73%
Yorkshire and Humberside	60%	80%	93%	87%

- ▶ Across the English regions, the South West generally had the least provision (from 25 per cent to 50 per cent sufficiency) for all categories of early years childcare. The North East had the most with 100 per cent sufficiency for all categories, followed by inner London which had between 70 per cent and 90 per cent provision.
- ▶ The largest variation within the categories was for those aged under two which ranged from 25 per cent sufficiency in the South West to 100 per cent in the North East.

**Table 14 - % of childcare providers in England offering 30 hours**

	% offering 30 hours
Childminders	66%
PVI settings	91%
Maintained nurseries	94%
Primaries with nursery classes	72%

The majority of childcare providers are now offering 30 hours, particularly so for PVI settings and maintained nurseries.

Across other age groups, there are some notable variations between English regions in the provision of childcare 'in all areas'.

**Table 15 - Childcare sufficiency defined as 'Yes: in all areas' in English regions, for other groups (% local authorities)**

	5 to 11 afterschool	12 to 14 afterschool	Disabled children	Parents working full time	Parents working atypical hours	Families in rural areas
East Midlands	33%	33%	33%	56%	22%	40%
East of England	29%	14%	43%	71%	14%	25%
London, inner	20%	10%	30%	50%	20%	N/A
London, outer	13%	7%	20%	40%	7%	N/A
North East	44%	11%	22%	100%	44%	100%
North West	30%	20%	15%	65%	25%	45%
South East	13%	7%	13%	47%	13%	27%
South West	17%	0%	25%	33%	8%	33%
West Midlands	18%	9%	9%	60%	9%	33%
Yorkshire and Humberside	47%	20%	20%	80%	27%	50%

- ▶ The South West reports relatively low levels of 'all area' provision (0 to 33 per cent), as does outer London (7 to 40 per cent) and the South East (7 and 47 per cent).
- ▶ The least areas of provision are childcare for 12 to 14 year olds after school, with there being no 'all area' provision in the South West and 7 per cent for both the South East and outer London.
- ▶ The North East presents relatively high levels of sufficiency with the maximum possible 'all area' provision for parents working full time and families in rural areas.

Overall, the picture on sufficiency is mixed. In most areas there has been a decrease which is likely to be the result of uncertainty and changes in both demand and supply of childcare. But with all this uncertainty perhaps there is also an opportunity.

In addition to the high cost, and the decrease in sufficiency, provision may often not be flexible enough to reflect wider changes – and precarity especially for low-income workers – in the labour market. As the sector begins to regroup and expand again, there is an opportunity to better match supply and demand. The social enterprise Flexible Childcare Scotland<sup>6</sup> provides an interesting example to match supply and demand where you can pay by the hour and the hours are flexible. Local authorities could do more to develop a granular picture on the changing nature of provision and work with providers to better respond. The benefit for parents is that they would be able to access childcare that they are confident with and not be liable to pay for hours they do not need; for the provider they would be able to move towards higher occupancy levels. This could challenge the boundaries of current thinking and funding in the childcare market.

6 <https://www.fcsc.org.uk/>

## C. Childcare sufficiency in Scotland

Differences in statutory requirements in Scotland mean that local authorities tend to have less knowledge than their English counterparts about childcare outside of the free entitlements. Outside of childcare for children entitled to funded childcare, between 33 per cent and 74 per cent reported 'Data not held or cannot tell'.

**Table 16 - Childcare sufficiency in Scotland (% local authorities)**

	Yes: in all areas	Yes: in some areas	No	Data not held or cannot tell
Children aged under two	18%	27%	5%	50%
Two year old free entitlement	78%	17%	0%	4%
Three and four year old 1140 hour entitlement	96%	0%	0%	4%
5 to 11 year olds after school	9%	39%	0%	52%
12 to 14 year olds after school	4%	17%	4%	74%
Disabled children	30%	17%	0%	52%
Parents working full time	30%	13%	0%	57%
Parents working atypical hours	13%	9%	4%	74%
Families living in rural areas	20%	33%	13%	33%

- ▶ 96 per cent of local authorities reported childcare for the three and four year old 1140 hour entitlement 'in all areas', compared to 4 per cent for the provision for 12 to 14 year olds after school.
- ▶ The second highest provision 'in all areas' was for the two year old free entitlement (78 per cent). The next highest levels of provision 'in all areas', by some margin, was for disabled children and parents working atypical hours (both at 30 per cent).

**Table 17 - Childcare sufficiency defined as 'Yes, in all areas' in Scotland, for 2021 and 2022 (% local authorities)**

	2020	2021
Children aged under two	18%	24%
Two year old free entitlement	78%	61%
Three and four year old 1140 hour entitlement	96%	50%
5 to 11 year olds after school	9%	14%
12 to 14 year olds after school	4%	3%
Disabled children	30%	15%
Parents working full time	30%	29%
Parents working atypical hours	13%	10%
Families living in rural areas	20%	26%

- ▶ The proportion of areas with enough childcare for children eligible for funded childcare in Scotland has shown some changes since 2021. In general, there is a mixed picture of sufficiency increasing and decreasing since 2021.

- ▶ Sufficiency in childcare has decreased for three categories since 2021. Childcare for those aged under two has decreased from 24 per cent ‘in all areas’ in 2021 to 18 per cent in 2022. For 5 to 11 year olds after school, provision has decreased from 14 per cent to 9 per cent. Provision for families living in rural areas has decreased from 26 per cent to 20 per cent.
- ▶ In contrast there has been a substantial increase of provision ‘in all areas’ for the three and four year old 1140 hour entitlement, from 50 per cent in 2021 to 96 per cent in 2022, since this offer was first implemented in August 2021. A further substantial increase is seen for the two year free entitlement from 61 per cent ‘in all areas’ in 2021 to 78 per cent in 2022.
- ▶ 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.

## D. Childcare sufficiency in Wales

Welsh local authorities were required to produce a statutory five-yearly Childcare Sufficiency Assessment in 2017. Over the last few years, the proportion of local authorities reporting that they do not know whether they have enough childcare has reduced. However, over the last year this positive trend is interrupted.

**Table 18 - Childcare sufficiency in Wales (% local authorities)**

	Yes: in all areas	Yes: in some areas	No	Data not held or cannot tell
Children under two	24%	53%	0%	24%
Two year old free entitlement	41%	41%	0%	18%
Three and four year old 15 hour entitlement	41%	35%	0%	24%
Three and four year old 30 hours entitlement	29%	41%	0%	29%
5 to 11 year olds after school	6%	76%	0%	18%
12 to 14 year olds after school	6%	18%	18%	59%
Disabled children	0%	47%	12%	41%
Parents working full time	24%	59%	0%	18%
Parents working atypical hours	0%	47%	24%	29%
Families living in rural areas	7%	53%	13%	27%

- ▶ In 2021, ‘data not held or cannot tell’ applied only to four categories with the highest proportion of 44 per cent for 12 to 14 year olds after school. For 2022, the proportion where data is not held has increased and applies to all categories.
- ▶ There are significant shortages for disabled children and parents working atypical hours with no local authorities reporting that there is childcare ‘in all areas’. Further shortages are seen for 5 to 11 year olds after school (6 per cent ‘in all areas’), 12 to 14 year olds after school (6 per cent) and families in rural areas (7 per cent).
- ▶ Less than half of local authorities in Wales have enough childcare for free early education entitlements (41 per cent for both the two year free entitlement and the three and four year old 15 hour entitlement ‘in all areas’ and 29 per cent for the three and four year old 30 hours entitlement).



**Table 19 - Childcare sufficiency defined as 'Yes: in all areas' in Wales, for 2022 and 2021 (% local authorities)**

	2022	2021
Children aged under two	24%	47%
Two year old free entitlement	41%	59%
Three and four year old 15 hour entitlement	41%	53%
Three and four year old 30 hour entitlement	29%	47%
5 to 11 year olds after school	6%	29%
12 to 14 year olds after school	6%	6%
Disabled children	0%	19%
Parents working full time	24%	41%
Parents working atypical hours	0%	6%
Families living in rural areas	7%	8%

- ▶ Reported sufficiency in Wales has decreased since 2021 for all categories, except for 12 to 14 year olds after school where the proportion has remained the same.
- ▶ The largest decrease is seen for children aged under two where provision 'in all areas' decreased from 47 per cent in 2021 to 24 per cent in 2022.
- ▶ Childcare 'in all areas' also decreased substantially for some of the additional early years categories. Provision for those aged two (free entitlement), three to four (15 hour entitlement) and three to four (30 hour entitlement) showed decreases of 18, 12 and 18 percentage points respectively. Parents working full time also reduced from 41 per cent in 2021 to 24 per cent in 2022.
- ▶ As in Scotland, Wales has relatively few local authorities (22) so changes from a small number of authorities can have a large effect.

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## Section 3 – Impact of COVID-19 on childcare in England

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As in the 2021 report, we once again asked local authorities about the impact of COVID-19 on their local childcare sector. The impacts of COVID-19 vary significantly between different areas depending on both the structure of the childcare market and the local effects of COVID-19.

Local authority teams often work closely with childcare providers and parents, and so are able to identify emerging issues early. We asked about changes to supply, demand and sufficiency of childcare locally, steps taken by childcare providers to maintain sustainability, and the expected impact of possible changes to Government funding. This information was gathered in November and December 2021.

The results we present are a snapshot in time and should be interpreted as such. They do present indicators that if not addressed may widen existing inequalities or risk more volatility in the sector.

Key indicators include:

- a reduction in take up of early education entitlements is likely to disproportionately impact children from low income families
- it is likely that take up for children aged three and four will rebound
- take up for eligible two year olds has long been a struggle for local authorities and may not improve without significant efforts locally and nationally
- a notable proportion of local authorities report decreasing quality across provision.

These insights are from the local authorities' perspectives.

### A. Childcare use

The survey confirmed that in the vast majority of areas, childcare use had decreased since last year with families using fewer hours of childcare. Figures from the ONS (2021a) show that in January 2020, before the pandemic, take up of the universal entitlement for three and four year olds reduced from 93 per cent to 90 per cent of eligible children, and the number of three and four year olds registered for the extended hours entitlement decreased by 5 per cent.

The reasons for these reductions are likely to be a combination of families needing less childcare, as they have temporarily or permanently stopped or reduced working or had a change in working pattern or place of work, that they are reluctant to use childcare because of the risk of the spread of the virus and guidance urging parents not to use childcare provision unless essential - like in Wales where between March and August 2020, the childcare offer was suspended to new entrants, with parents encouraged to keep children at home unless they needed to attend (Cabinet Statement, 2020). The universal nature of this offer combined with high take up rates pre-COVID-19 suggest that it will rebound back. The rationale of the two year old early education entitlement has always been to offer children from disadvantaged circumstances the opportunity to participate in early years provision when costs would be otherwise prohibitive. It was to help narrow the widening gaps - in language and communication, and social and emotional skills and development. Take up has always varied, peaking at about 72 per cent in 2018 (DfE and ONS, 2019). In January 2020, before the pandemic, take up for eligible two year olds was 69 per cent. By 2021 it had dropped again to 62 per cent (ONS, 2021a).

Many local authorities have continuously struggled to engage eligible families for a range of reasons that include lack of awareness, complexity of the offer and parents' reluctance to take up a targeted benefit.

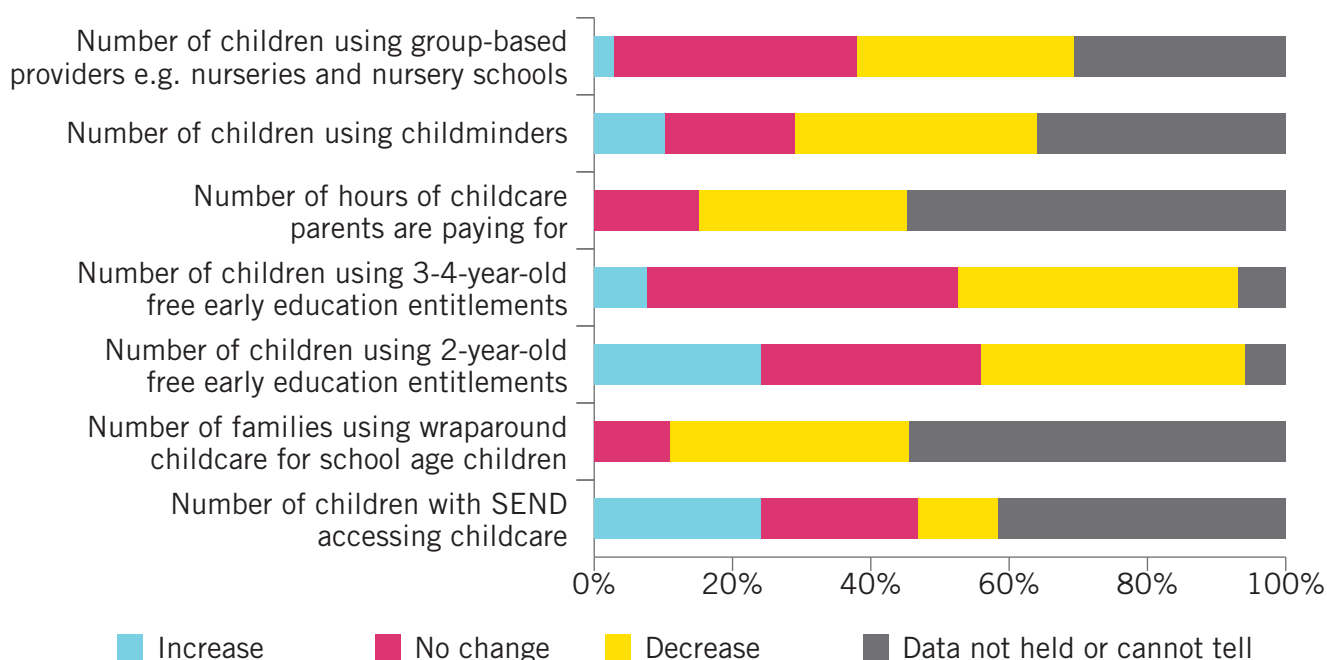
So the results in Chart 1 indicating a decrease in the number of two year olds accessing a place are worrying. They sit tentatively alongside wider data showing decreases across all types of provision compared to before the pandemic.

Coram Family and Childcare's Parent Champions programme working with parent volunteers has proven effective in driving up take up (Coram Family and Childcare, 2019); as have other approaches drawing on behavioural insights to overcome barriers (Nesta, 2022). Local authorities will need to prioritise these types of approaches to support families to access the two year old offer - and ensure that providers are able to continue to offer it.

**Table 20 - Numbers of children accessing childcare**

	Increase	No change	Decrease	Data not held or cannot tell
Number of children with SEND accessing childcare	24%	23%	11%	42%
Number of families using wraparound childcare for school age children	0%	11%	35%	54%
Number of children using 2-year-old free early education entitlements	24%	32%	38%	6%
Number of children using 3-4-year-old free early education entitlements	7%	46%	40%	6%
Number of hours of childcare parents are paying for	0%	15%	30%	55%
Number of children using childminders	10%	19%	35%	35%
Number of children using group-based providers e.g. nurseries and nursery schools	3%	35%	31%	31%

**Chart 1 - Local authority view on change in childcare now compared to before COVID-19, % of local authorities**



- ▶ Between 11 per cent and 40 per cent of local authorities have reported a decrease in the use of childcare compared to before COVID-19:
  - the number of children with SEND accessing childcare (11 per cent reported a decrease)
  - the number of hours of childcare parents are paying for (30 per cent decrease)
  - the number of children using group-based providers e.g. nurseries and nursery schools (31 per cent)
  - the number of families using wraparound childcare for school aged children (35 per cent)
  - number of children using childminders (35 per cent)
  - number of children using two year old free early education entitlements (38 per cent)
  - number of children using three to four year old free early education entitlements (40 per cent).
- ▶ Between 11 per cent and 46 per cent of local authorities say that there has been no change in the use of childcare compared to before COVID-19. This has mostly been seen for the three to four year old free early education entitlements (46 per cent show no change).
- ▶ Reflecting the decrease in use since the pandemic, a few local authorities report notable increases. The interesting exception is that about a quarter (24 per cent) report an increase in the number of children with SEND accessing childcare and the same proportion for the number of children using the two year old free early education. This is interesting because it is in a context of lower levels of attendance.

## B. How childcare providers have responded

A mixed picture emerges on changes made by providers to weather the uncertainty. In many areas of provision no changes were observed. But when there have been changes, our concern is their impact on quality. It should also be noted that there are reported increases in provision too.

**Table 21 – Change in childcare availability now compared to before COVID-19, % of local authorities in England**

	Increase	No change	Decrease	Data not held or cannot tell
Number of full day (e.g. 8am – 6pm) childcare places for 0 – 4 year olds that settings are offering	10%	49%	26%	15%
Number of free early education entitlement places for 2-year-olds that settings are offering	12%	56%	20%	12%
Number of free early education entitlement places for 3-4-year-olds that settings are offering	7%	62%	19%	12%
Number of childcare places for children with SEND that settings are offering	11%	37%	11%	41%
Number of wraparound childcare places for school age children	3%	27%	31%	39%

- ▶ The majority of local authorities did not see a change in the number of places available for children. Between 27 per cent and 62 per cent reported no change for the supply categories noted above.
- ▶ 62 per cent of local authorities reported no change in the number of free early education entitlement places for three to four year olds that settings are offering.
- ▶ 12 per cent or fewer of the local authorities saw an increase in supply for any of the above categories.

- Evidence of decreased supply still persists since COVID-19. The largest decreases were for the number of wraparound childcare places for school aged children (31 per cent showed a decrease) and the number of full day (e.g. 8am – 6pm) childcare places for 0 – 4 year olds that settings are offering (26 per cent showed a decrease).

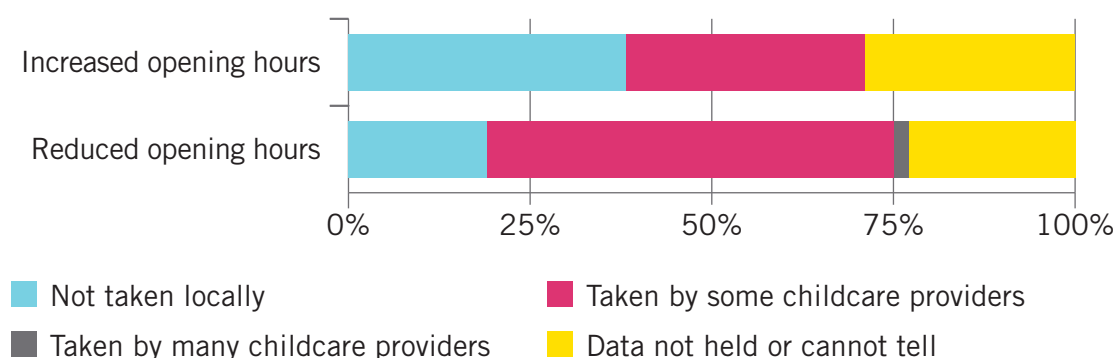
We also asked local authorities what childcare providers in their local area had done to manage changes during the COVID-19 pandemic. The survey showed a wide variety of actions taken locally by providers to respond to the crisis, some of which could have a negative effect on families. These changes are potentially important in making sure there is enough high quality childcare available in the medium term for all families who need it. Changes to staffing and prices can have an impact on both the quality of childcare and whether it is accessible for all families, notably for children with SEND and low income households.

Findings were grouped into opening hours, staffing, places available for free early entitlements, and charges for parents. Note that between 22 per cent and 50 per cent of local authorities were unable to report data for the steps taken.

**Table 22 - Steps taken by local childcare providers to help with business sustainability since last year, % of local authorities in England**

	Not taken locally	Taken by some childcare providers	Taken by many childcare providers	Data not held or cannot tell
Reduced opening hours	19%	56%	2%	22%
Increased opening hours	38%	33%	0%	29%

**Chart 2 - Changes in opening hours to help with business sustainability since last year, % of local authorities in England<sup>7</sup>**



- Over one half of childcare provider’s (58 per cent) had reduced their opening hours to help with their business sustainability over the last year. This surpassed the 33 per cent of those that had increased their opening hours. Thirty-eight per cent made no changes to increasing their hours.

In terms of staff changes, the most notable response was that 55 per cent had reduced their number of staff to help with their business sustainability. With the number, experience and qualification levels of staff members related to the quality of provision we are concerned that if this trend becomes permanent it would have a negative impact on the quality of provision.

<sup>7</sup> Note on charts: Percentages in all charts may not add up to 100 per cent due to rounding.

**Table 23 - Staff changes to help with business sustainability since last year, % of local authorities in England**

	Not taken locally	Taken by some childcare providers	Taken by many childcare providers	Data not held or cannot tell
Increased staff ratios – more children per member of staff	28%	27%	3%	43%
Decreased staff ratios – fewer children per member of staff	31%	23%	0%	45%
Increased number of staff	31%	27%	0%	43%
Reduced number of staff	10%	53%	2%	34%

- ▶ The patterns around staff changes were varied in terms of their number of staff and staff ratios.
- ▶ Only 10 per cent of childcare providers had not reduced their number of staff, with 55 per cent taking steps to reduce their staff numbers. Twenty-seven per cent of providers had increased their number of staff.
- ▶ There were also similar mixed patterns in staff ratios, with 30 per cent of providers reporting they had increased staff ratios (more children per member of staff) and 23 per cent saying they had decreased their staff ratios. Around one third of local authorities reported no change in staff ratios.

Most local authorities also reported providers increasing their prices and charges to parents to help their business sustainability.

**Table 24 - Prices and charges to parents to help with business sustainability since last year, % of local authorities in England**

	Not taken locally	Taken by some childcare providers	Taken by many childcare providers	Data not held or cannot tell
Increased prices charged to parents	13%	49%	8%	30%
Reduced prices charged to parents	43%	18%	0%	40%
Increased charges made to parents over and above regular fees (e.g. additional charges for things like nappies, food, wipes, refreshments etc.)	14%	43%	6%	38%
Decreased charges made to parents over and above regular fees	37%	13%	0%	50%

- ▶ 57 per cent had taken steps to increase their prices charged to parents and 49 per cent have increased their charges to parents over the last year.
- ▶ Only 18 per cent and 13 per cent of providers had reduced their prices and charges respectively.

In observing the above changes to help improve settings' sustainability, the increase in charges and prices to parents, alongside reduced opening hours and reduced number of staff are the most notable changes. Around one half of local authorities had reported these changes.

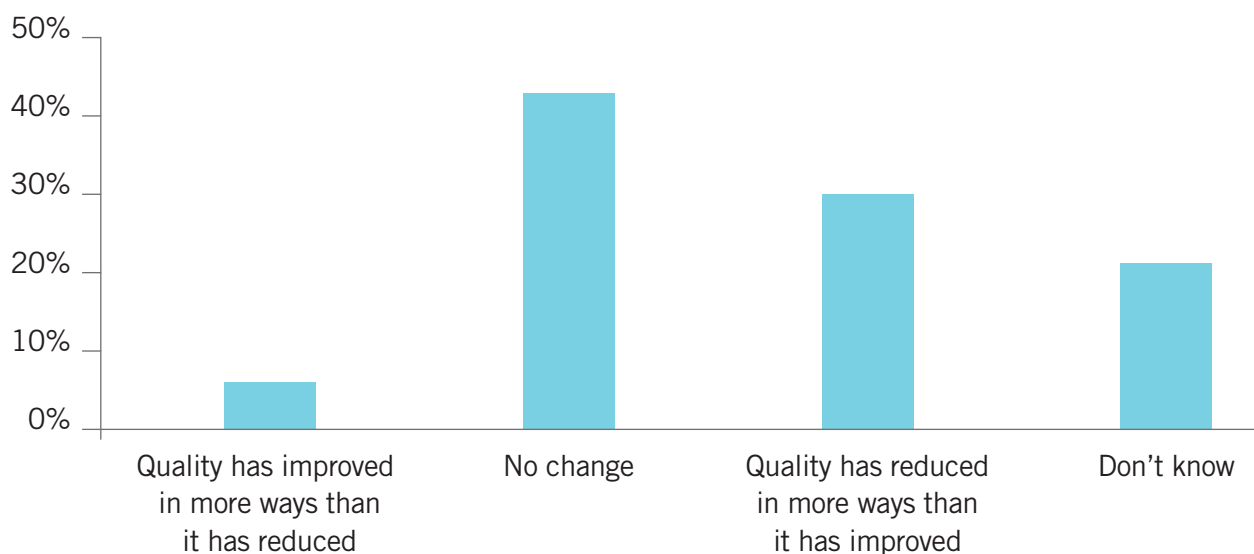
## C. Impact on quality

Possibly as a consequence of the changes noted above to sustain business sustainability, local authorities were slightly less in agreement that the quality of childcare provision had increased since the COVID-19 pandemic.

**Table 21 - Impact of the COVID-19 pandemic on the general quality of childcare provision, % of local authorities in England**

Quality has improved in more ways than it has reduced	6%	27%	3%	43%
No change	43%	23%	0%	45%
Quality has reduced in more ways than it has improved	30%	27%	0%	43%
Don't know	21%	53%	2%	34%

**Chart 3 - Impact of the COVID-19 pandemic on the general quality of childcare provision, % of local authorities in England**



- ▶ Only 6 per cent of local authorities thought the quality of childcare provision had increased since the COVID-19 pandemic.
- ▶ Although a further 43 per cent saw no change, a notable 30 per cent thought that the quality of childcare had reduced in more ways than it had improved since the pandemic.

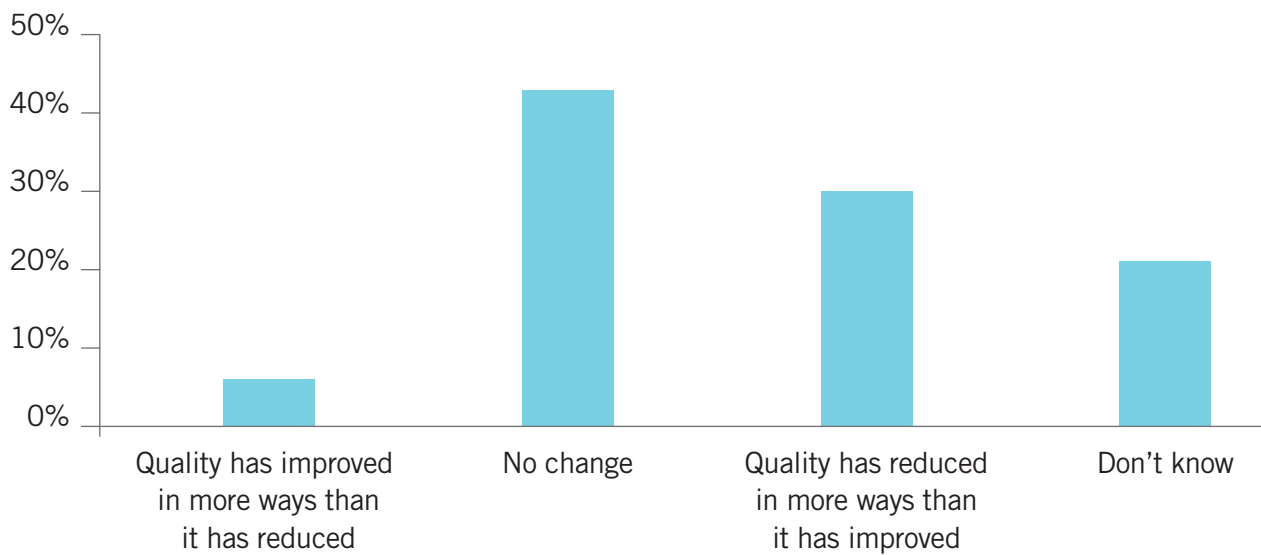
One additional striking result from the survey was the percentage of local authorities who said childcare providers were having difficulty in finding staff with the required qualifications and experience for childcare with 65 per cent of local authorities reporting that it was 'very difficult' for providers to find qualified or experienced staff and a further 29 per cent reporting 'somewhat difficult'. No local authorities reported that it was 'easy' to find relevant staff.



**Table 26 - Percentage of providers reporting difficulty in recruiting staff**

Very difficult	65.0%
Somewhat difficult	29.1%
Neither difficult or easy	2.6%
Somewhat easy	0.0%
Very easy	0.0%
Don't know or cannot tell	3.4%

**Chart 4 - Difficulty of finding staff with the required qualifications and experience for childcare settings, % of local authorities in England**



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## CONCLUSION

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The results from our survey reveal a mixed picture. But there is a common thread of a complex childcare system with very high costs and insufficient provision. Prices have risen again in England and Scotland. With wider measures of inflation rising steeply, this will no doubt put further pressure on already stretched family finances. While it is positive to see some improvements in sufficiency in some places, it is too limited, and many gaps remain, and some have indeed worsened.

The patchwork of, and the gaps in, support makes it hard for families to get the support they need and forces some parents – particularly mothers – out of the workforce entirely. Without high quality childcare, children miss out on a potential boost to their outcomes which lasts all the way to when they take their GCSEs.

Like with many other sectors, COVID-19 has both illustrated and exacerbated existing challenges. COVID-19 has also highlighted the importance of childcare as social infrastructure. Investing in childcare makes sense because it benefits and strengthens the economy, both now and in the future.

We repeat our call that over the long term, the Government should reform all current spending on childcare to create a simpler and more efficient system for parents and providers (Coram Family and Childcare/ JRF, 2016). The first step to achieve this would be a comprehensive funding review of all the free early education entitlements and aligned childcare spending. It should aim towards a progressive system – not penalising parents who work and offering children access to high quality provision. It should support the sustainability and quality of childcare providers so that parents are able to find childcare that meets their families' needs. And it should develop workers in the sector who have proven themselves to be invaluable but remain woefully undervalued.

An ambitious strategy and reform will take time and political will. In the short-term, Governments – at all levels – can take immediate action to fix urgent problems.

- ▶ The Westminster Government should follow the lead of the Scottish Government - and extend the 30 hour free entitlement to all three and four year olds. This will help address concerns around the widening attainment gap between disadvantaged children and their more affluent peers.
- ▶ With skills and education budgets devolved we recommend - at a minimum - that local authorities, Mayors, and the Welsh Government extend seek to extend eligibility of 30 hours of childcare to parents in training, education, to single parents and to families with no recourse to public funds. For these groups, the cost of childcare is most prohibitive and would benefit most from of (re)training or (re) entering employment.
- ▶ Reform Universal Credit so it does not lock parents out of work. The high cost of childcare outstrips the support offered by Universal Credit in many areas. It means that for many families, it simply does not make financial sense to work because they would be worse off. In our response to the Work and Pensions Committee's Inquiry into Universal Credit and Childcare costs, we called for several reforms to simplify and increase the childcare support available (Coram Family and Childcare, 2022). Reforming UC to better support parents to pay for childcare would meant that no family was worse off working and boost children's outcomes.

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- ▶ Double the early years premium to boost outcomes for the most disadvantaged children. We welcome the Government's decision to increase the Early Years Pupil Premium from 53p to 60p per hour (IFS, 2021) – the first increase since its inception, but we are still concerned that it is not enough to help close the widening attainment gap disadvantaged children and their peers.
  - ▶ The reduction in the proportion of local authorities with enough childcare for disabled children means that the SEND code of practice (DfE and DHSC, 2014) and the childcare sufficiency requirements for children with SEND are not being met. The Government has convened a SEND Review Steering Group that will assist in drafting a delayed Green Paper and consultation (DfE 2021d). We urge this group to seek diverse views from across the sector to ensure that its recommendations are both representative and practical.
  - ▶ Ensure the National Tutoring Programme (NTP) is reaching primary pupils. With the current provider having missed many key milestones, reports suggest that the NTP is likely to be recommissioned (Fazackerley 2022). If this is the case, we urge for the tender process to reflect more support for primary school children and to make sure it coupled with a wrap around childcare offer to boost take up.
  - ▶ The survey has revealed a mixed picture on sufficiency. As new models of work evolve, and others remain, parents' requirements for childcare may change too. The challenge for frontline workers will be cost in the face of unpredictable hours; with less time commuting, professional workers may want different hours. All children require high quality provision, but especially those from disadvantaged backgrounds. There is a fundamental question for the sector on how to adapt to changing patterns and improve quality at the same time. It is not easy; creative thinking and models of delivery are required to unlock this challenge.
  - ▶ Quality provision must be prioritised throughout the recovery. Thirty per cent of local authorities reported that the quality of childcare had decreased. Many providers rightly made changes to remain open and sustainable while coping with constant change, managing staff absences and changing requirements. But this indicator should now be interpreted by the whole sector as a warning to ensure that any changes to policy and practice must prioritise quality. If not, the risk is detrimental to children's development - especially those from financially vulnerable circumstances, and will widen the attainment gap between disadvantaged children and their more affluent peers.
  - ▶ Childcare costs are included in the calculation of inflation which is welcome news given the current focus on the rising cost of living. We will work with the ONS to ensure that their calculation of childcare costs accurately reflects the sector and patterns of use by parents.
  - ▶ Central Government could re-allocate underspend from Tax-Free Childcare to other parts of the childcare system – realigning Government funding towards low-income families. There has been a £2.4 billion underspend since the inception of the scheme (Morton, 2021). This underspend could be reallocated nationally and locally to fund our proposals.

Together with a comprehensive reform of spending, these are real opportunities to support families and change children's life chances.

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## APPENDIX – Methodology

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### Timescales

This report is based on surveys sent to all Family Information Services at local authorities in November 2021. 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 COVID-19 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 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 86 per cent of local authorities. The lowest response rate for any region was 81 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 twos nursery prices was 73 per cent. Response rates for the questions about school age childcare were lower. The response rate for the questions on Covid and childcare were lower as they were not included in the freedom of information request. The response rate from local authorities in England was 57 per cent. The response rate was below 50 per cent in Wales and Scotland so we have not published results.

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## 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 did not weight the data used for 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 only include local authorities where we have data for both this year and the previous year. This is to avoid results being skewed by different local authorities having missing data year-on-year. This approach produces different results than would be reached simply by comparing the overall price figure from this year's survey against the overall price figure from last year. We believe this gives a more accurate reflection of the changes experienced by families.

Changes are weighted against this year's population data as described above. In some cases, we received 2021 data after the survey deadline for the year, but 2022 data within the deadline: in these cases, we have included the data in our calculations although they do not appear in the 2021 survey. This approach produces slightly different results to comparing regional weighted prices from the 2021 survey to regional weighted prices in the 2022 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 Survey of – the latest edition is for 2019 with more recent surveys cancelled by COVID-19. The next survey release in this series is estimated for July 2022.

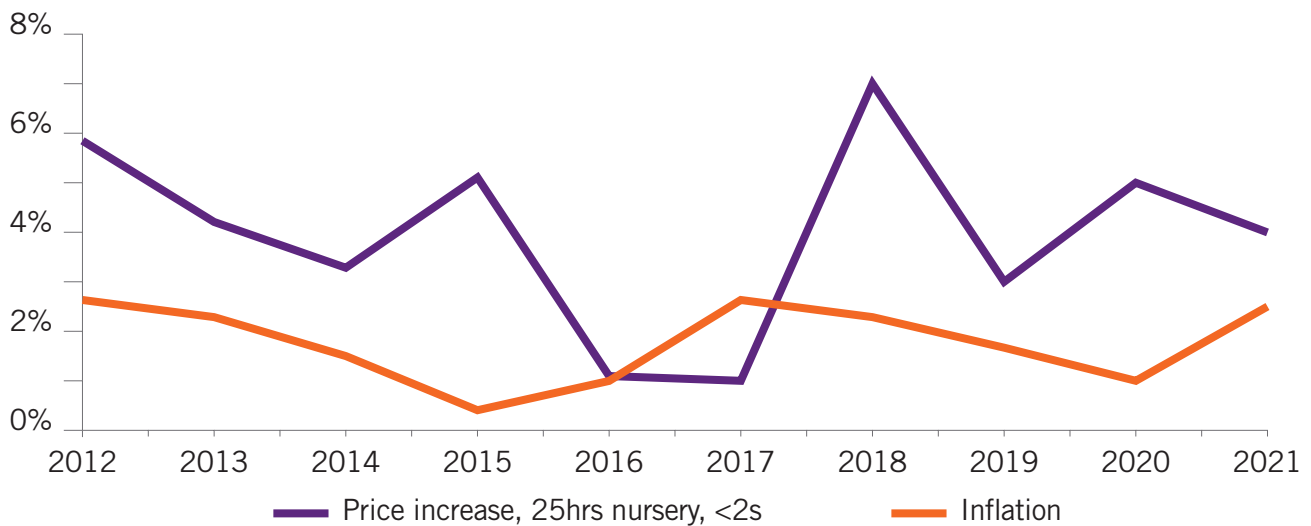
We exclude Northern Ireland because the childcare funding system is very different, making it hard to draw direct comparisons.



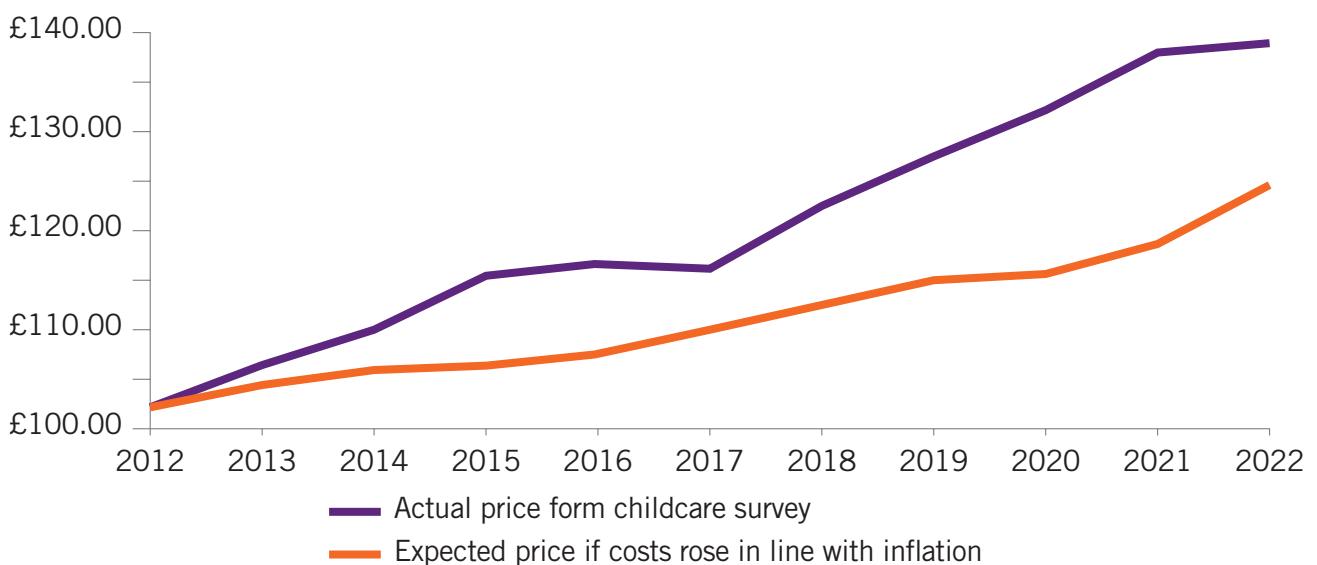
## Childcare prices over time

The below graphs compare the percentage increase in childcare costs against inflation in Great Britain since 2012. The inflation figures are taken from the ONS' consumer price index time series, while the figures for childcare costs are taken from previous Coram Family and Childcare reports. What we can see from this is that childcare prices generally track above the base rate of inflation in the economy, and rise faster than what could be expected if it rose in line with inflation.

**Chart 5 - Rise in cost of 25 hours of childcare in a nursery for children under two in Great Britain compared to inflation, 2012-2021**



**Chart 6 - Rise in cost of 25 hours of childcare in a nursery for children under two in Great Britain compared to price if costs rose in line with inflation, with 2012 price as a baseline, 2012 to 2021**



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It is important to note that the methodology used to calculate the increase in childcare prices changed between 2016 and 2017, as detailed earlier in this chapter of the report. Previously, the price increase was reached by calculating the percentage increase from the national average cost of 25 hours of childcare for children under two from one year to the next. For the 2017 report, this method changed so that only those local authorities for which we had data for both years were included, and the contribution of each local authority was also weighted by population.

We believe this gives a more accurate figure, but does mean that the price increase figure reached using the new methodology is not automatically the same as would be reached by the previous method. We highlight this only as a point of methodological transparency; the change in calculation method has a relatively minor impact on the final figure, and does not invalidate the price increase figures.