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Northern Ireland Childcare Cost Survey 2014

The fifth annual childcare cost survey to be carried out in Northern Ireland, analysing the experiences of using and paying for childcare services



Written by
Rachel Dennison
Employers For Childcare Charitable Group
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Foreword

I am delighted to introduce the fifth annual Childcare Costs Report for Northern Ireland. By surveying over 4,200 parents this year, we are confident that this report provides a comprehensive insight into the experiences of families who use various forms of childcare.

Sadly, it no longer comes as a surprise to learn that the costs of full-time childcare are continuing to increase, and to find evidence of families struggling not only to find flexible provision that suits their needs, but also to be able to afford it. The fact that over 60% of children experiencing poverty now live in households in which at least one parent is working is further evidence of the mounting pressure on family incomes.



In the context of various forthcoming changes to the financial support available for parents with the cost of childcare, we are concerned about the potential differential impacts on families across Northern Ireland. We welcome the proposed introduction of the Tax-Free Childcare Scheme, given that its provisions will, for example, extend to people who are self-employed who we have long argued should be entitled to support with the cost of their childcare. However, we remain concerned that many families will struggle to navigate the increasingly complex system of support; that others will be worse off than they are at present if their circumstances change and they find themselves unable to move between different schemes; and that many will be forced into making choices which result in short term benefits, but remove the potential for longer term financial savings.

At Employers For Childcare Charitable Group, we make no apologies for our ambitious aims of seeking significant improvements to the childcare infrastructure in Northern Ireland. Ideally this would result in universally available childcare places that are flexible, affordable and appropriate for every parent and child's needs. We exist to make it easier for parents to get in to work, and to stay there, and will continue to reiterate the value of childcare not only in terms of child development, but also as an essential contribution to the labour market and local economy. What we cannot do, therefore, is continue to tolerate a system in which almost 60% of parents struggle with the cost of childcare either throughout the year or at some point during it.

We must view the publication of the forthcoming Childcare Strategy as an opportunity to place this matter firmly on the agenda, to ensure that government recognises the impact that childcare is having on working families across Northern Ireland, and crucially include measures which attempt to address it. That Strategy must also give cognisance to the impact that having access to flexible and affordable childcare has on local employers, who will benefit from a stronger and more diverse workforce, as well as the consequential benefits to the local economy.

In much the same way as local business leaders have made the case for devolution of various aspects of taxation, we believe it is now time for the Northern Ireland Assembly to demonstrate the difference that devolution can deliver by considering new and more imaginative ways of supporting working families. Using the evidence presented in this report, I hope that policy and

decision makers will carefully consider the case for additional support to increase families' incomes, which in turn will enhance children's outcomes, improving their educational attainment and life chances and enabling the destruction of cycles of inter-generational poverty and disadvantage.



Marie Marin
Chief Executive Officer
Employers For Childcare Charitable Group

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Glossary of terms

Formal childcare: The definition of registered formal childcare provision as stated in the Children (NI) Order 1995 is as follows:

People running day care services, used by children aged under twelve and open for more than two hours a day. Day care services include facilities such as day nurseries, play groups, out of school clubs, holiday schemes and crèches. People who run these schemes are required to register whether or not they receive payment.

Childminders who look after children aged under twelve for more than two hours a day in a private house for reward.

Informal childcare: Informal childcare is generally defined as care arranged by the child's parent either in the child's home or elsewhere, and is provided by relatives, friends, neighbours or babysitters and is unregulated. It is referred to as informal care because the arrangements are not formalised with contracts or employment rights (OECD Family Database) and are not registered with the appropriate authority.

Private settings: Private childcare settings operate as a business, making a profit from providing their services. They are inspected by Health and Social Care Trusts in Northern Ireland to ensure they meet the standards set out in the Children (NI) Order 1995.

Community based/voluntary childcare: Community Childcare Providers offer community-based childcare services. Such provision is usually subsidised by Government funding to enable provision to be offered at a lower rate. Examples would be Sure Starts and women's centres which offer childcare services.

Childcare Voucher schemes: The Childcare Voucher scheme is a Government initiative which operates through employers. The scheme allows parents to pay for registered childcare from their pre-tax salary, thus making a significant saving in tax and National Insurance Contributions. The Childcare Voucher scheme is available to both parents, provided they can access it through their employer. This means there is the potential for a family to double their saving. Childcare Vouchers are accepted as payment by all forms of registered childcare.

Tax-Free Childcare: Tax-Free Childcare is a new form of financial help with childcare costs which will be available to parents from autumn 2015 (subject to the legislative process). The Tax-Free Childcare Scheme will allow eligible working families to claim 20% of their childcare costs, up to £2,000 per child per year, from the Government. For a family to be eligible, both parents will have to be in work, earning just over an average of £50 a week and not more than £150,000 per year. Self-employed parents will also be eligible to join. The scheme will be available to parents of children up to the age of 12 (or age 16 for children with disabilities).

Working Tax Credit: Working Tax Credit is designed to help people on lower incomes who meet certain conditions and who are employed or self-employed. The amount received depends on various factors, including hours worked and annual income. Working Tax Credit may also include support for eligible childcare. The childcare element currently enables parents to claim

up to 70% of the cost of eligible childcare. The current maximum amounts of eligible childcare are £175 per week for one child and £300 per week for two or more children.

Executive Summary

This is the fifth annual childcare cost survey to be carried out in Northern Ireland. As with previous years, the findings detail childcare costs by type and county, and also explore the impact that high childcare costs are having on local families.

Methodology

Data was collected through two surveys conducted between May and August 2014:

- The childcare provider survey was sent to all day nurseries, childminders and out of school clubs in Northern Ireland. 986 providers completed the survey.
- A parent survey was distributed electronically. 4,263 parents responded to the survey.

Key Findings

Childcare Costs

- The cost of a full-time place has risen to £162 per week. This represents an increase of 2.5% since 2013. This is 1.2% higher than the rate of inflation.
- Since 2011, childcare costs in Northern Ireland have risen at a steady rate of 1.3% each year. The increase in costs between 2013 and 2014 has therefore been the greatest rise since the series began in 2010.
- A full-time day nursery place costs on average £156 per week, an increase of 1.3% on last year's figure of £154 per week.
- Childminding costs also increased, however at a higher rate than day nursery costs. A full-time place in a childminding setting now costs on average £167 per week. This is an increase of 3.7% on last year's figure of £161 per week.
- As in previous years, the highest full-time average costs are found in Counties Antrim and Down (£168 and £166 per week respectively).
- The lowest full-time costs are recorded for Counties Tyrone and Fermanagh (£145 and £132 per week respectively). Once again, costs in Fermanagh are much lower than in the other counties.
- Breakfast clubs decreased in price over the last year. In 2013 an average breakfast club cost £34 per week, this year's results show a £4 per week decrease.
- Afterschool club costs have also decreased over the last year. In 2013 an afterschool club cost £84 per week on average, this year the figure sits at £83.

- Unlike breakfast and afterschool clubs, summer schemes have increased in price, although only marginally, since last year's survey. The average cost of a summer scheme is now £121 per week, an increase of £1 on last year's results.
- Over the series, the average costs of community settings have increased year on year. However, for the first time this year that there has been a decrease in prices. With the exception of breakfast clubs, every other type of community run childcare type decreased in price, leaving a greater cost differential between private and community childcare.

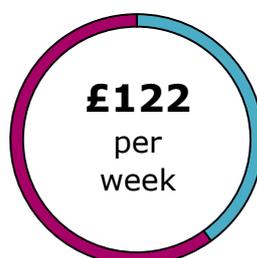
Parents' use of childcare

- 45% of parents in the survey used only formal childcare (for example a registered childminder, day nursery or out of school club) to meet their childcare needs. Over half of the respondents relied on some element of informal care, either through using a mix of formal and informal care (39%), informal care only (11%), or they or their partner cared for the children themselves (5%).
- The main form of formal childcare used was a day nursery (48%). When informal childcare is concerned, grandparents are the main form used by parents (78%).
- A breakdown of results revealed that:
 - One parent households are more than twice as likely to use only informal childcare when compared to two parent households (20% compared to 9% respectively).
 - As the number of children in a family increases reliance on formal childcare decreases. Consequently larger families with four or more children requiring childcare are more likely to either only use informal childcare or a mix of both formal and informal types.
 - Formal childcare either becomes increasingly unaffordable or logistically difficult to manage when a family grows to more than two children.
- The average family using a mix of formal and informal care required a total average of 45 hours of childcare per week. On average, 20 hours of childcare was provided informally. Considering that the majority of informal childcare is provided through grandparents, they are required to care for their grandchildren for the equivalent of two days a week.
- Qualitative evidence points to the use of informal childcare as a mechanism for reducing the overall childcare bill or avoid the charges altogether. In order to explore this further, the results below show how much a typical weekly childcare bill amounts to for families depending on the type of childcare used.

Childcare Costs incurred by families by childcare type



Formal childcare only



Mix of formal and informal



Informal only

- The use of informal childcare, in particular, either as the main source of childcare or integrated with formal childcare use, can significantly lower the cost paid by families helping them to ensure that their childcare needs are met and enabling them to work.

The affordability of childcare

Proportion of salary allocated to childcare costs

- 48% of parents stated that childcare consumed around half of their partner's or their own pay. 7% commented that the cost of childcare exceeded either their partner's or their own take-home pay.
- Families who rely only on formal childcare are more likely to allocate a larger proportion of their take home pay to childcare costs. Almost 10% of these families commented that childcare exceeds either their own or their partner's take-home pay, this is almost double the figure for families who use a mix of formal and informal childcare.
- Over half of families who use only formal childcare (55%) stated that childcare costs are around half the amount of their partner's or their own take-home pay. This compares to 42% of families using a mix of childcare services and 29% of those only using informal childcare. The findings show that using a mix of childcare lowers the financial impact on the family budget.
- In the last year, median net weekly earnings have increased to £367.72. Using the average full-time cost calculated through the childcare provider results (£162), 44% of earnings are allocated to childcare in 2014.
- Conducting the same calculation using the actual average costs paid by families depending on their childcare use shows that, those using only formal childcare allocate a higher proportion of their salaries to childcare (47%). The proportion decreases to 33% for those using a mix of childcare types and 23% for families only using informal childcare.

Childcare costs in proportion to salary

	Weekly Cost	Median Net Weekly Earnings	Total Proportion of salary
Average Full-time weekly formal childcare costs	£162	£367.72	44%
Survey families' costs - formal childcare only	£173	£367.72	47%
Survey families' costs - Mix of formal and informal childcare	£122	£367.72	33%
Survey families' costs - informal childcare only	£85	£367.72	23%

- Regardless of the type of childcare used, the overall cost can eat up a significant amount of the family income.

Childcare costs in relation to other household bills

- 27% of respondents commented that their childcare bill actually exceeded their mortgage or rent payments.
- After housing costs, the childcare bill is the largest outgoing for families. For 33% of respondents the childcare bill was the second largest monthly outgoing.
- Families in which both parents are working full-time, or a single parent in full-time employment, with two children in formal childcare reported that their childcare bill was their largest monthly outgoing, exceeding their mortgage/rent payments. For over half of both family types the monthly childcare bill exceeded the mortgage/rent payment.
- Recent figures by Barclays and the Centre for Economic and Business Research estimate that in 2013 the average monthly mortgage payment in Northern Ireland was £589 per month. This breaks down to a weekly cost of £136 per week.
- The results of the childcare provider survey show that the average full-time formal childcare place costs £162 per week for one child. This is £26 more expensive than the average mortgage payment.

Struggle to meet childcare costs

- 22% of parents said that they did struggle with their costs. A further 36% of parents said that they 'sometimes' found paying for childcare a struggle.

- Overall, 58% of parents struggled with their costs either throughout the year or at some point during it.
- 79% of one parent families struggled with their costs either throughout the year or at some point during it compared to 57% of two parent families.
- When the results are broken down by the type of childcare used by the family, 26% of parents using formal childcare struggled with their costs from month to month, compared to 14% of those using informal childcare and 18% of those using a mix of the two types.

Childcare costs and increased financial pressure

- 48% of respondents stated that childcare costs placed them under increased financial pressure.
- 22% of respondents regularly used loans from family or friends, credit cards or payday loans to meet their childcare bill.

How parents manage the cost of childcare

It is clear from the results that those paying for formal childcare only are more likely to struggle with their childcare costs. In order to avoid paying maximum costs parents resort to a number of mechanisms to manage their spending on childcare.

The qualitative results reveal three key trends:

1. Reliance on informal childcare

- Grandparents, and other informal childcare providers, are providing hours of childcare at little or no cost to the family. This reduces the family's childcare bill and at the same time fulfils their childcare needs.
- It is clear that grandparents provide a vital service to families; without their support many families would have to either rely on formal childcare, incurring the additional expense, or reduce their working hours to manage the cost.

2. Financial sacrifices

- In order to manage the cost of childcare many families are resorting to making financial sacrifices and very strict budgeting to ensure they could meet their payments.
- Across the majority of qualitative responses it was accepted as inevitable that paying for childcare would mean that other items had to be sacrificed. For the majority of families these sacrifices included holidays and entertainment. These items were classed by families as 'luxuries'. For other families, however, the sacrifices extended into essential items such as food and heating.

3. Changes to employment

- Last year's survey showed that 46% of parents were forced to reduce their working hours or leave work altogether due to the high cost of childcare. This trend is worsening as 51% of parents this year made those difficult choices.
- The results also showed that 46% of parents stated that they had changed the pattern of their working hours due to childcare costs, for example by choosing a compressed hours working pattern. This is an increase of 6 percentage points on last year's results.
- As with last year's results, the decision to reduce working hours or leave employment affects more women than men. 37% of fathers stated that they reduced their working hours compared to 56% of mothers. However, changes to working patterns, perhaps to facilitate drop-offs and pick-ups at childcare or school settings, were common amongst both women and men with 43% of fathers and 47% of mothers changing the pattern of their hours.
- The qualitative results illustrate the struggle behind the decision to make changes to working hours in order to manage the cost of childcare. It is clear that the high cost of childcare is a significant factor behind any change in working hours and that the decision is often a last resort.
- A variety of working patterns utilized by parents emerged in the qualitative results. These ranged from parents working opposite hours to each other, working compressed hours, both parents using flexi-time, working weekends and evenings and parents using their annual leave entitlements to reduce the need for formal childcare.
- In addition to impacting on family life, income and parental well-being, changing employment patterns can also substantially impact on career progression. Many of the parents in the survey did not want to damage their careers by reducing their hours of work. For these parents, although cost of childcare was placing them under a significant financial stress, the cost was viewed as necessary to maintain their careers.
- Mothers, in particular, commented on the impact that choosing to leave work or reduce their hours would have on their careers and how difficult it would be to return to the workforce. Many mothers felt that they were over-qualified for their job roles and not making use of the qualifications they had gained because of the types of work which were available on a part-time hours arrangement.

On the surface it may, therefore, seem that families are not struggling to meet their childcare bills, but this is actually a result of the other sacrifices and measures which they are taking to lower the cost.

How can childcare costs be addressed?

Many of the parents in the survey made innovative and interesting recommendations about how the cost of childcare could be addressed. Suggestions included introducing a cap on costs or increasing government subsidies, providing financial incentives to employers to set up workplace nurseries and providing subsidies to childcare providers. It was clear that the majority of parents believe that government intervention is necessary to tackle this problem.

Childcare services in Northern Ireland

- 97% of parents stated that they were happy with the quality of care provided by their chosen childcare setting.
- 61% of parents stated that there was insufficient childcare provision in their local area.
- 50% of parents found it difficult or very difficult to access information on flexible childcare, compared to 16% who found the experience easy or very easy.
- 46% of parents found it difficult or very difficult to access information on affordable childcare, compared to only 17% who found it easy or very easy.
- 49% of parents were unsure that they were availing of all the benefits and entitlements that are available to their family.

Conclusions

The impact of childcare costs on families across Northern Ireland is significant. Not only do high costs have a negative impact on a family's standard of living, particularly when financial sacrifices are made in order to meet the cost, but they also add to the risk of in-work poverty, inhibit career progression and can affect children's development. The extended impact of families being unable to afford formal childcare affects the older generation, who are called upon to provide childcare for their grandchildren; the labour market, which suffers as a result of parents reducing their working hours or leaving work altogether; and the local economy, through reduced tax revenues.

Considering the findings of this research, and the government's continued focus on reducing economic inactivity and investing in early intervention, the need to tackle the problems associated with childcare, particularly around flexibility and affordability, is now more urgent than ever.

We believe it is time to think differently about childcare provision, to prioritise it as a necessary and valuable element of government's educational and social care provision, with significant added economic benefits.

Furthermore, in times of austerity, when families are struggling, it is particularly important that all parents are making use of the financial support available to them. 2015-16 has the potential to completely change the landscape of all family social security benefits and financial entitlements. The introduction of Tax-Free Childcare, which is expected in autumn 2015, will

mean a whole new system of childcare support. The existing Childcare Voucher Scheme will also close to new entrants. It is likely that the Executive will also make its decision on welfare reform at the end of 2014. This could mean the introduction of Universal Credit to Northern Ireland. It is of fundamental importance that sound, comprehensive advice and information is provided to help parents access the most beneficial forms of help for their family. This is necessary both in the run-up to these changes and on a continuous basis throughout their implementation.

The findings of this Report paint a worrying picture of the impact that high childcare costs have on local parents, and consequently, children, the older generation, the labour market and our local economy. Since 2010, our Childcare Costs Reports have presented a situation which is worsening year-on-year. We believe this is real and definitive evidence that the current system of childcare is failing local families. It is now crucial, particularly given the many changes to childcare support which are due to take place in 2015-16, that our local politicians and policy makers take real, meaningful and effective steps to address this problem for the benefit of families today and the generations to come.

1. Introduction

In 2014 a raft of new research and statistics pointed to the continued rise in the rate of poverty, and in particular in-work poverty, across the UK. Various reports have highlighted the increase in the cost of living, contrasted starkly with falling wages and rising levels of unemployment.

In March 2014, the Joseph Rowntree Foundation highlighted that, in Northern Ireland household incomes, poverty rates and the labour market have all deteriorated over the last five years to a greater extent than anywhere else in the UK.

The report also indicated that incomes in Northern Ireland have decreased more rapidly compared to the other three regions of the UK; child poverty rates are higher and have slightly increased despite rates falling in Great Britain; and the level of in-work poverty has increased since 2006/07.

In November 2014 the Child Poverty Alliance launched 'Beneath the Surface: Child Poverty in Northern Ireland' which explored in-depth the multi-faceted nature of child poverty in the region. The report outlines many of the contributory causes of poverty and indeed the increasing rate of poverty, which has accelerated over recent years. The cost of living, austerity measures and the high cost of childcare were all considered to be issues which must be addressed if the rate of child poverty is to be tackled. The links between family income and children's outcomes, in the short and long term, underline the need to address this problem sooner rather than later.

This wealth of data and analysis points to a very worrying conclusion: families are struggling to make ends meet, and although the government continues to tell us that work is the surest route out of poverty, the high rate of in-work poverty undermines this conclusion. Indeed, the most recent Joseph Rowntree Foundation's *Monitoring Poverty and Social Exclusion Report* revealed that working families today are at a greater risk of poverty than they were ten years ago, as costs of living continue to increase much faster than family incomes.

For working parents, having access to suitable childcare enables them to work, but as the cost of childcare consumes larger proportions of family incomes, it begins to undermine the role of work in creating economic stability, and contributes to levels of in-work poverty. Theoretically, the childcare infrastructure should support parents who choose to work and enable them to earn and progress in their careers. Sadly, in Northern Ireland the lack of flexible and affordable childcare not only acts as a barrier to work for some parents, but it can also force parents to consider whether it is financially viable to be in work at all.

This is the fifth annual Childcare Cost Survey for Northern Ireland. The results of the previous surveys have presented a picture of families struggling with the high cost of childcare; this year's findings are no different. Over the last four years we have used our findings to show our local politicians and policy makers the problems that parents endure because of the lack of affordable childcare. We have called for an up-to-date Childcare Strategy which meets the needs of working families and we continue to lobby for better information on the types of financial support available with the cost of childcare.

OFMDFM are currently working on a Childcare Strategy for Northern Ireland, due for release in spring 2015. We are one of a range of stakeholders involved in the co-design process and hope that our input will help to create a Childcare Strategy which meets the needs of families in Northern Ireland.

Major changes to the financial assistance available with childcare costs are also on the horizon. Employers For Childcare Charitable Group spent the best part of 2014 lobbying our local MLAs and MPs on this issue. Tax-Free Childcare, a whole new system of childcare support, is expected to be introduced in autumn 2015.

We welcome the extension of financial support with the cost of childcare to people who have been previously ineligible, such as people who are self-employed, but remain deeply concerned that without appropriate information and advice, parents will be unable to navigate the increasingly complex system. We have also repeated our concerns about the closure of the Childcare Voucher Scheme to new entrants upon the introduction of Tax-Free Childcare, as we know this will make the struggle with childcare costs even harder for some families, and will have further negative impact on local employers.

It is essential that comprehensive information is made widely available to parents about Tax-Free Childcare before the scheme is introduced. If this is not available many parents are in danger of losing eligibility for the most beneficial form of help for their family circumstances. This is a situation we want every family to avoid and we are working hard to encourage our Assembly to implement an awareness raising campaign for parents.

The findings of our annual Childcare Costs surveys allow us to capture the challenges and issues that parents in Northern Ireland are facing today. This gives us strong evidence to intelligently campaign at Stormont and Westminster for support which will help to address the main issues for parents. This year's childcare cost survey provides another instalment to the series and once again emphasises the need for proactive steps to be taken to address the cost of childcare.

2. Methodology

As with previous years of the Childcare Cost Survey series, the data collection took place in two stages:

1) Childcare Provider Survey

All registered childminders, day nurseries and out of school clubs in Northern Ireland featuring on the Family Support NI website (n: 3929) were posted a copy of the questionnaire in May 2014. 986 childcare providers responded to the survey. 60% of respondents were childminders, 11% were day nurseries and 29% were out of school clubs.

The survey asked providers to detail how much they charge parents for their services. This information is used to calculate the average cost of childcare.

2) Parent Survey

An electronic survey was launched during May 2014. 4,263 parents responded to the survey. A detailed breakdown of respondents is provided in Section 3.1. The survey explores how much parents pay for childcare and the impact this has on other factors, such as employment.

Limitations

Despite increasing the number of lone parent respondents by 2% from last year, only 9% of respondents were from one parent families. This lower than the actual representation of lone parents in Northern Ireland (26%).

Whilst we improved the geographical spread of responses against previous years, there was still a small over-representation of parents from County Antrim.

3. Childcare Costs in Northern Ireland – Childcare Provider Results

During May 2014, we contacted all day nurseries, childminders and out of school clubs in Northern Ireland and asked them to detail how much they charged parents for their services. 986 childcare providers responded, allowing us to compile an accurate picture of childcare costs across each of the counties for each childcare type. The results are detailed below.

3.1 Private Childcare Costs

3.1.1 Full-Time Costs

Parents working full-time hours will typically require 50 hours of childcare a week; the majority of childcare settings which offer full-time places open between 8am and 6pm Monday to Friday. The 2013 Childcare Cost Survey calculated that the average full-time childcare place cost £158 per week.

This year's results show that over the last year the cost of a full-time place has risen to £162 per week. This represents an increase of 2.5%. This is 1.2% higher than the rate of inflation.

Since 2011, childcare costs in Northern Ireland have risen at a steady rate of 1.3% each year. The increase in costs between 2013 and 2014 has therefore been the greatest rise in costs since the series began in 2010.

Table 1 sets out the private weekly childcare costs recorded from this year's survey.

Table 1: Private Full-Time Weekly Childcare Costs 2014

	Full-time	
	Nursery	Childminder
Total average cost	£156	£167
Total full-time average cost	£162	

The key findings from this year's results are as follows:

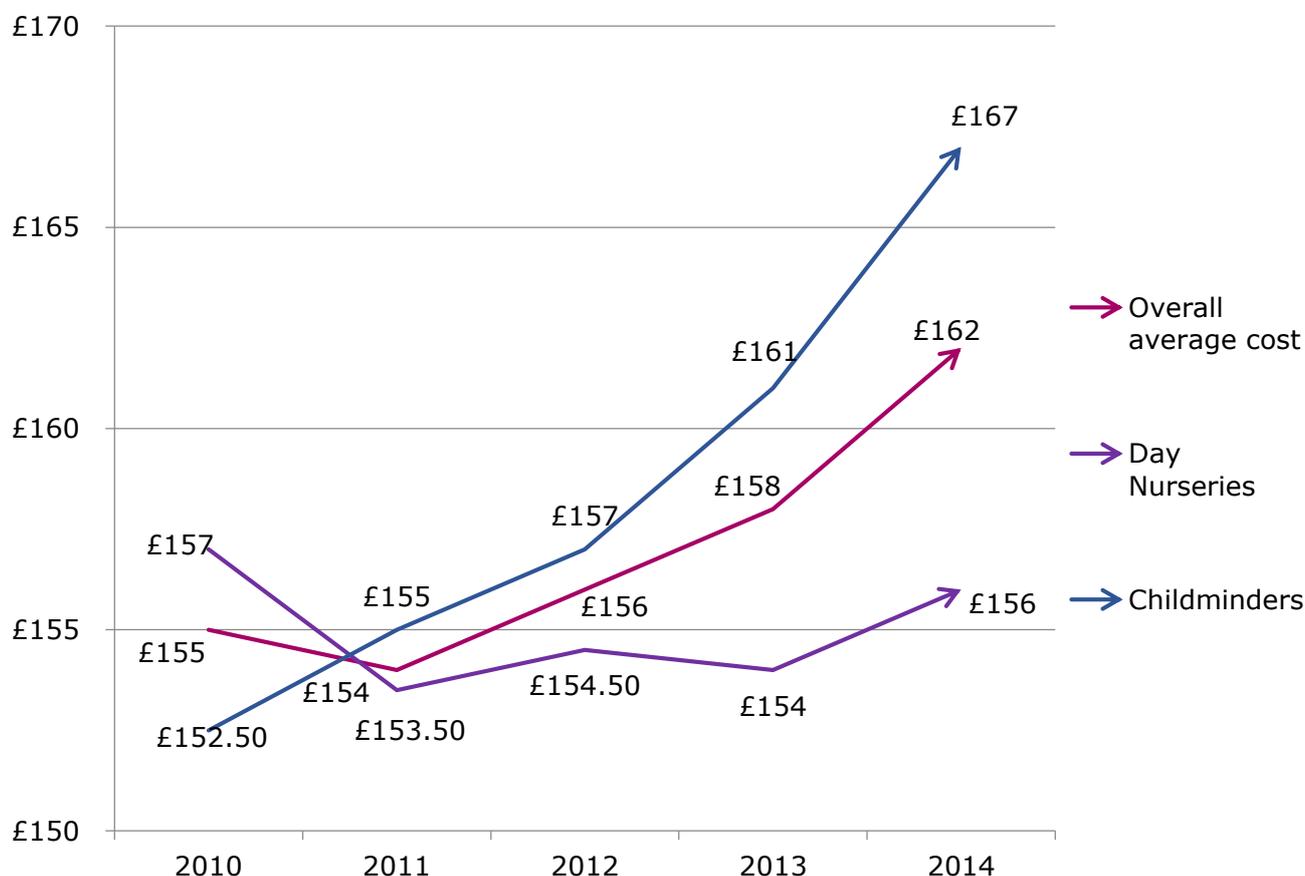
General Costs

- Both the average cost of a day nursery and a childminder have risen over the last year.
- A full-time day nursery place costs on average £156 per week, an increase of 1.3% on last year's figure of £154 per week.
- Childminding costs also increased, however at a higher rate than day nursery costs. This is a trend which has continued since our first report in 2010. A full-time place in a childminding setting now costs on average £167 per week. This is an increase of 3.7% on last year's figure of £161 per week.

- Once again childminding costs exceed day nursery costs. Indeed £167 per week for a childminding place is the highest average full-time cost recorded since this series began in 2010.
- This year there is a £11 difference between the average cost of a childminder and a day nursery place, the largest to date. In 2013 there was a cost difference of £7 between the two setting types.

Figure 1 shows the change in full-time costs since 2010, including overall average costs and those for day nurseries and childminding settings.

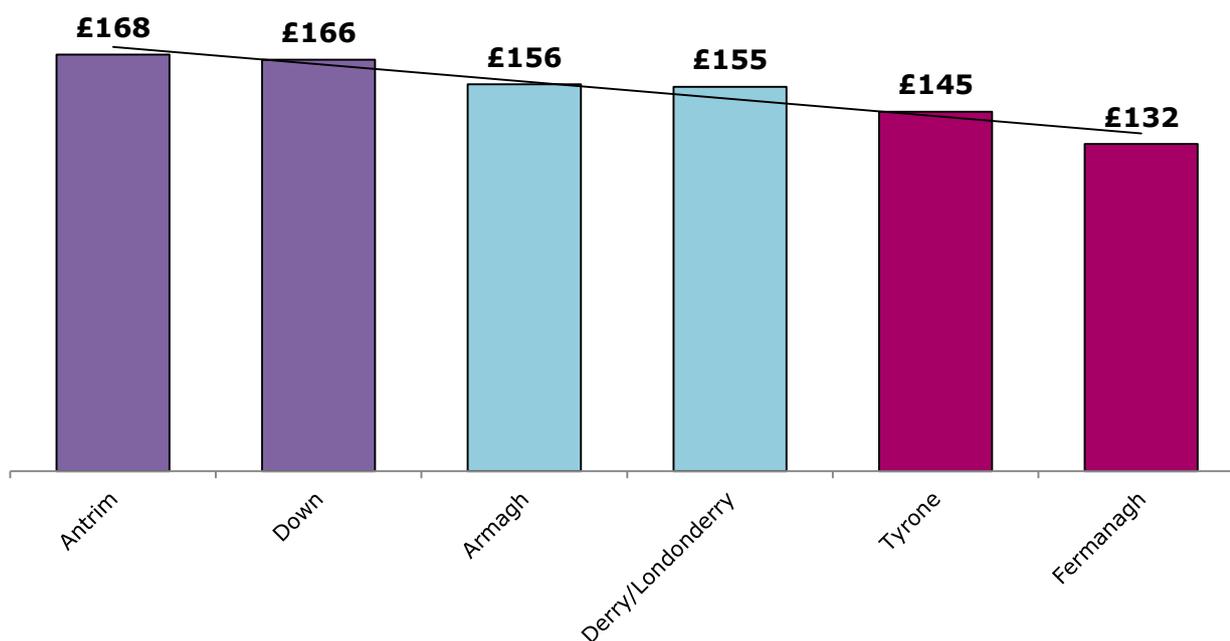
Figure 1: Change in Full-Time Private Childcare Costs 2010-2014



*Childcare Costs by County***Table 2: Full-Time Childcare Costs by County 2014**

50 hours per week	Nursery	Childminder	Full-time total average
Antrim	£163	£173	£168
Armagh	£147	£165	£156
Down	£161	£171	£166
Fermanagh	£129	£136	£132
Derry/Londonderry	£146	£164	£155
Tyrone	£136	£154	£145

- As in previous years, the highest full-time average costs are found in Counties Antrim and Down (£168 and £166 per week respectively). The lowest costs are recorded for counties Tyrone and Fermanagh (£145 and £132 per week respectively). Once again, costs in Fermanagh are much lower than in the other counties.
- Total average costs in each of the counties have increased over the last year, with the highest increase in county Derry/Londonderry. Over the last year costs rose from £145 to £155. This is the first time since 2011 that costs in County Derry/Londonderry have increased, indeed for the last three years they have remained at £145 per week. The increase in 2014 brings its costs more into line with those found in County Armagh, which currently sit at £156 per week.

Figure 2: Average Full-Time Private Childcare Costs per Week by County

- To break down the results by childcare type, County Antrim has both highest day nursery costs (£163 per week) and childminding costs (£173 per week) in Northern Ireland.
- On the other end of the scale, County Fermanagh has both the lowest day nursery costs (£129 per week) and childminding costs (£136 per week) across each of the counties.
- The difference between the highest and lowest day nursery cost in Northern Ireland is £34 per week, this is the equivalent to around the cost of one day's full-time childcare.
- Between the highest and lowest childminding costs, there is a difference of £37 per week. Again this could be around the cost of one day's childcare, illustrating the variation of costs across the counties.

3.2 Out of School Club Costs

Out of school clubs comprise of breakfast clubs, afterschool clubs and summer schemes. Each type of provision is designed to cater for school aged children to wrap around the school day and during holidays.

Table 3: Average Out of School Club Costs per Week 2014

	Breakfast club	Afterschool Club	Summer scheme
Antrim	£28	£89	£136
Armagh	£31	£85	£140
Down	£27	£83	£121
Fermanagh	£30	£63	£107
Derry/Londonderry	£29	£77	£122
Tyrone	£25	£66	£76
Total Average	£30	£83	£121

- Breakfast clubs decreased in price over the last year. In 2013 an average breakfast club cost £34 per week, this year's results show a £4 per week decrease. Since 2011 breakfast club costs have increased at a steady rate, this year's results mark the end of this trend.
- Afterschool club costs have also decreased over the last year, a continuation of the 2013 findings. In 2013 an afterschool club cost £84 per week on average, this year the figure sits at £83.
- Unlike breakfast and afterschool clubs, summer schemes have increased in price, although only marginally, since last year's survey. The average cost of a summer scheme is now £121 per week, an increase of £1 on last year's results.

- Breaking down the results by county, it is interesting that unlike full-time childcare costs, breakfast clubs both in this year and in previous years are more expensive in the more rural, westerly counties when compared to the more urban easterly counties. In last year's results county Derry/Londonderry had the most expensive breakfast club costs at £33 per week. This year the highest cost is found in county Armagh at £31.
- There is very little difference in cost between the average prices in each of the counties, with only £6 of a difference between the highest cost in Armagh (£31 per week) and the lowest in Tyrone (£25 per week).
- When afterschool club costs are considered, the highest costs are found in county Antrim (£89 per week); the lowest are in county Fermanagh at £63 per week. There is therefore a greater variation in costs across the counties, with a difference of £26 between the highest and lowest costs.
- Summer schemes are more expensive in counties Armagh (£140 per week) and Antrim (£136 per week), mirroring last year's survey. Again, matching last year's results, Tyrone has the lowest costs at £76 per week. Costs in this county have been considerably lower than other summer scheme costs for the last three years.

3.3 Community Childcare Costs

Figure 3 shows the difference between costs in community operated settings and privately owned settings.

In previous years community childcare settings have been less expensive than private settings. This is a trend which has continued.

Over the series, community settings have increased in cost year on year. This is the first year that there has been a decrease in prices. With the exception of breakfast clubs, every other type of community run childcare type decreased in price, leaving a greater cost differential between private and community childcare.

Figure 3: Average Costs of Community and Private Childcare Settings per Week 2014



- Community day nurseries have decreased in price by £4 since last year's survey and now cost £131 per week on average.
- Afterschool clubs decreased by £3 per week to cost £58 and summer schemes decreased by £2 and now cost £90 per week.
- Breakfast club costs increased from £16 in 2013 to £18 in 2014.
- Any change in cost has been minimal when compared to the majority of private setting types.

3.4 Conclusions

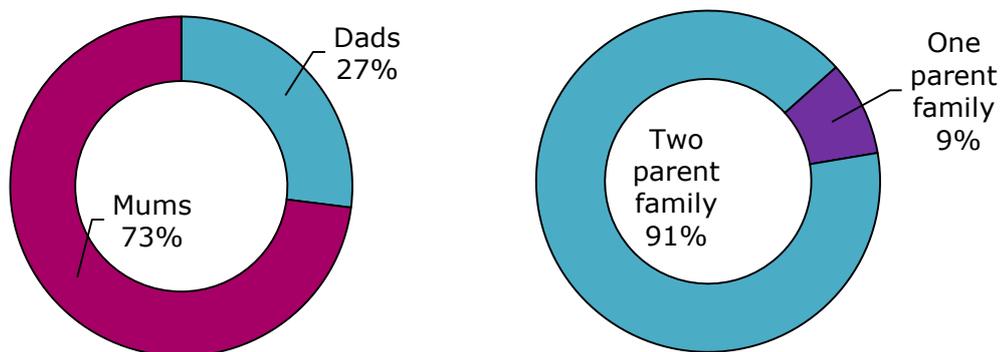
The results of the childcare provider survey show that full-time average childcare costs have increased over the last year, making childcare more expensive for parents. The only exceptions from this trend have been breakfast and afterschool clubs, which not only have bucked the trend by reducing costs, but conversely are more expensive in westerly counties where full-time places are cheaper. With all of this data in mind, the next section explores the impact of childcare costs on local families.

4. Using and Paying for Childcare in Northern Ireland - Parent results¹

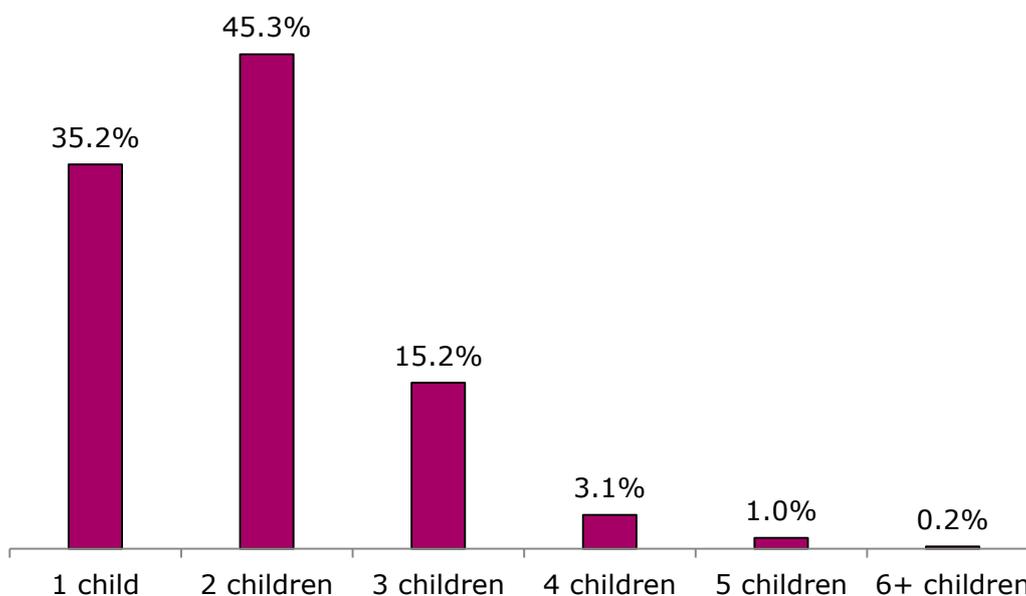
This section provides a breakdown of the respondents to the survey.

4.1 Profile of Respondents

This year 4,263 parents completed the survey. As with previous years, the majority of parents were mothers (73%) and were part of two parent families (91%).



Most families had two children (45.3%); this is a trend which has continued over the last few years.

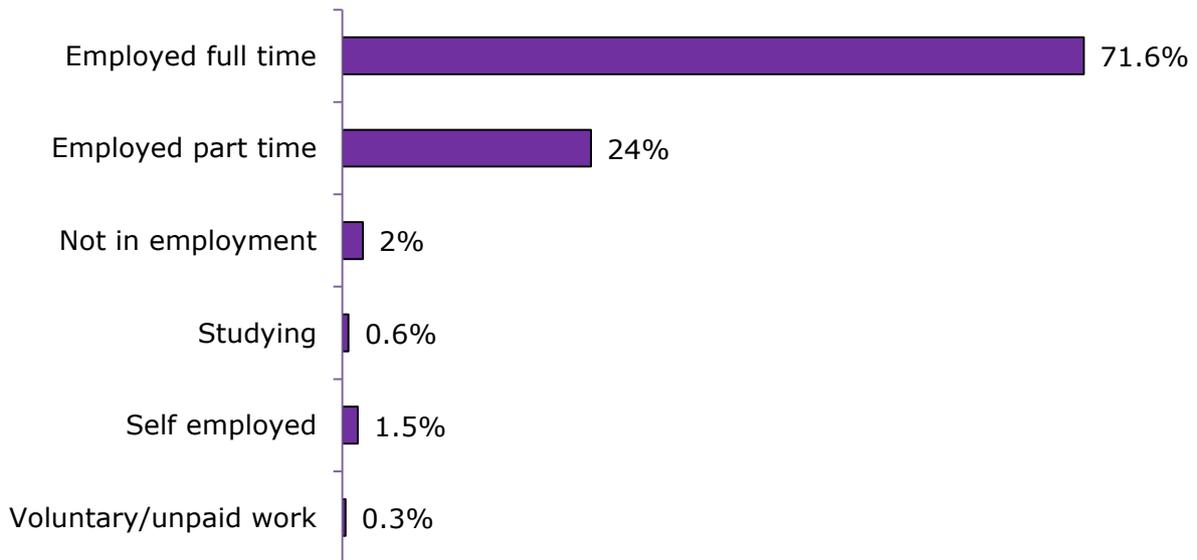


¹ This section draws on the quantitative and qualitative data provided to us through our survey of parents, conducted in May 2014. The findings include quotes from respondents; the opinions and comments expressed by the parents quoted are in their view only and do not necessarily represent the opinions of Employers For Childcare Charitable Group.

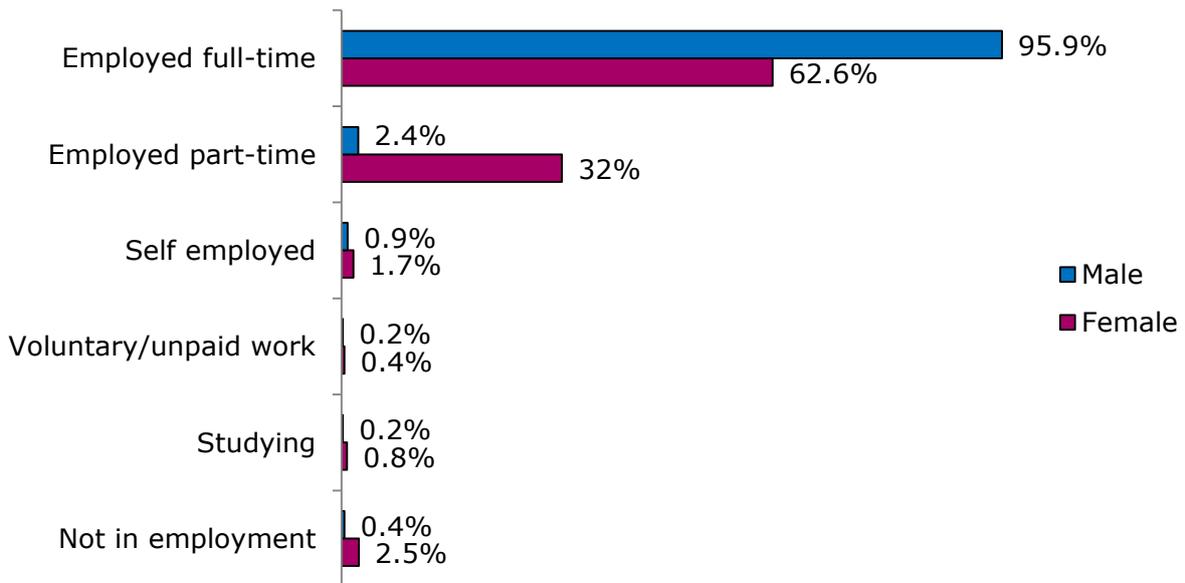
Only 7% of families had a child with a disability and/or special needs. This is an increase of 2% when compared to the 2013 survey.

4.1.1 Employment

71.6% of respondents worked full-time hours; 24% worked part-time.



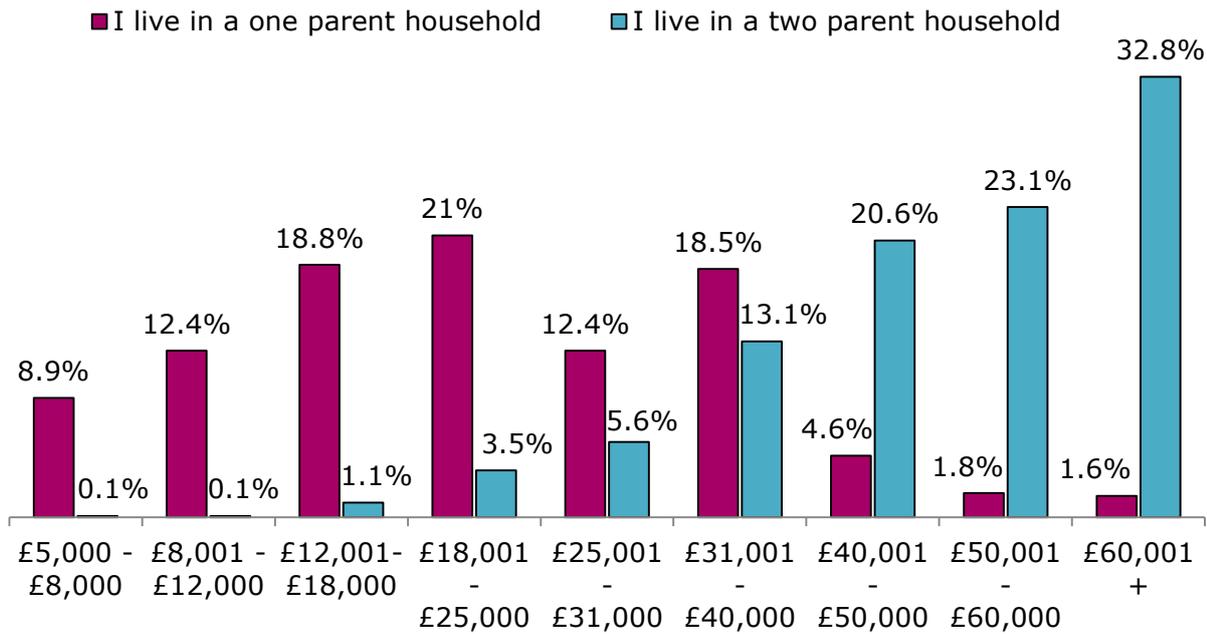
Interestingly, breaking down the results by gender reveals that 62.6% of women compared to 95.9% of men work full-time. Indeed almost a third of female respondents work part-time compared to only 2.4% of male respondents.



23% of parents worked outside 'typical' Monday to Friday 9am-5pm working hours.

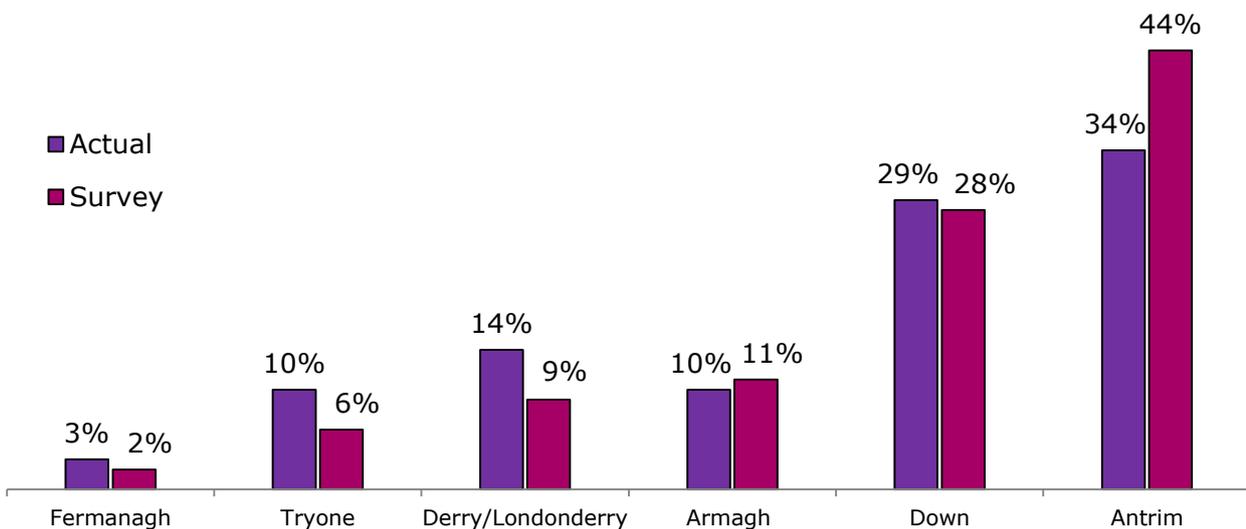
4.1.2 Household Income

70% of all households had an annual income of over £40,000, which is reflective of the prevalence of two parent family respondents. When the results are displayed according to household type it is clear that one parent families have much lower incomes than two parent families. Only 8% of one parent families have an annual income of over £40,000, compared to 76.5% of two parent families.



4.1.3 Location

We surveyed parents across Northern Ireland in order to achieve a representative sample. The table below shows our response rate by county alongside the percentage breakdown of the Northern Ireland population, also by county. Our response sample broadly follows the same trends, making our sample geographically representative. As with previous years, the majority of parents who responded to the survey lived in County Antrim, indeed the response rate for this county is above the actual population breakdown by 10%. The results for each of the other counties broadly match the actual county breakdown.



4.2 Use of Childcare

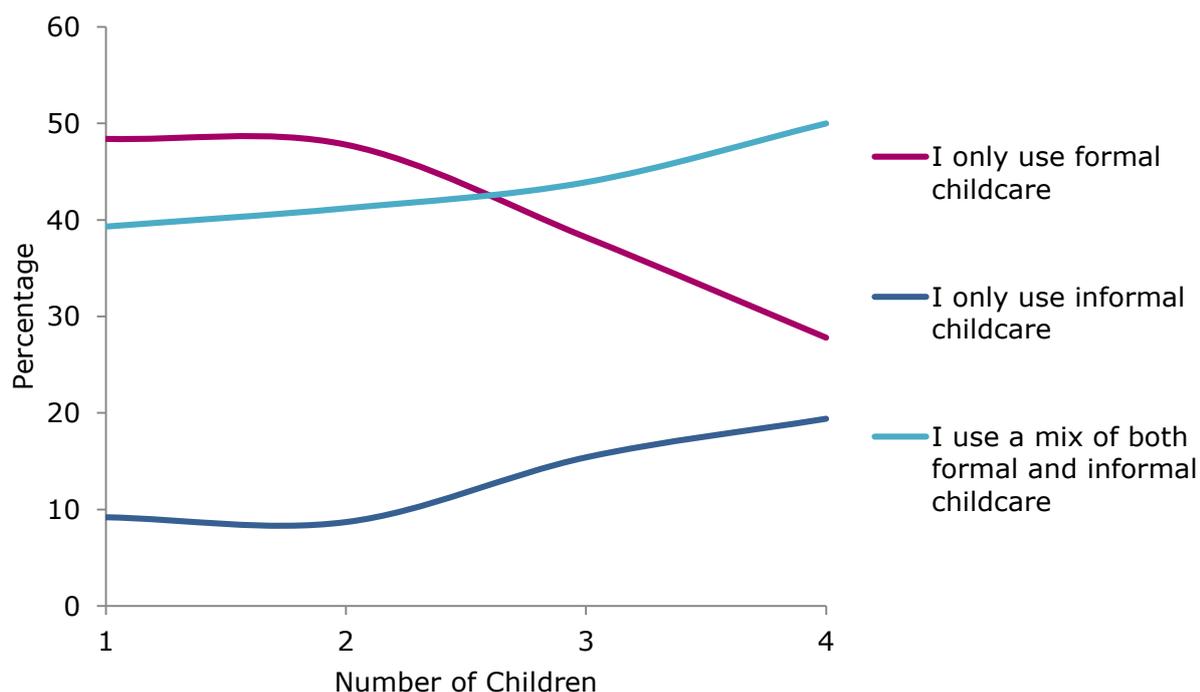
It was clear in previous years' results that many parents rely on a mix of formal and informal childcare in order to meet their family's needs. The 2013 report showed that informal care, particularly from grandparents, was often built into the weekly childcare arrangements. In order to capture the balance between formal and informal care we asked parents to define their childcare situation. This enabled us to explore why certain families choose the pattern of childcare that they use.

45% of parents in the survey used only formal childcare (for example a registered childminder, day nursery or out of school club) to meet their childcare needs. Therefore over half of the respondents relied on some element of informal care, either through using a mix of formal and informal care (39%), informal care only (11%), or they or their partner cared for the children themselves (5%).

When the results are broken down by different variables some interesting trends emerge:

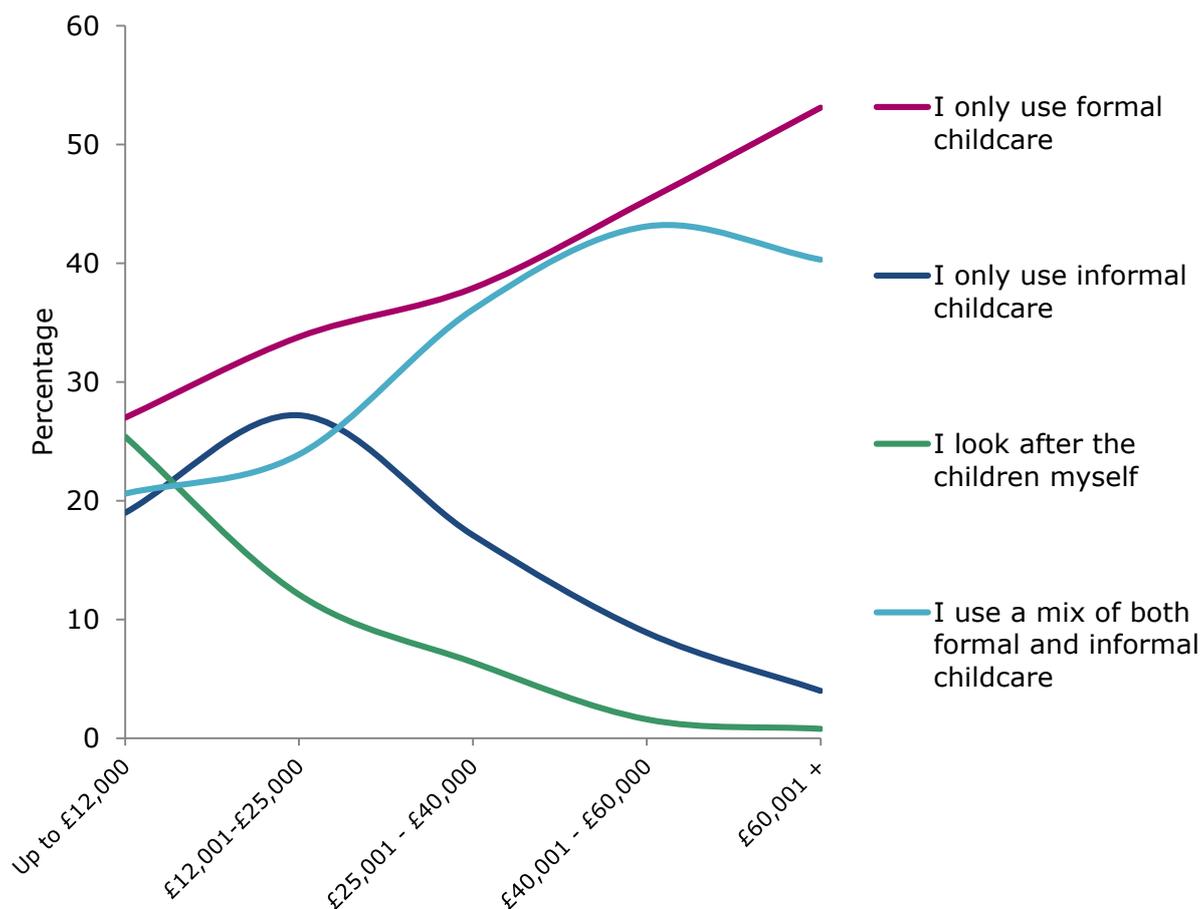
- One parent households are more than twice as likely to use only informal childcare when compared to two parent households (20% compared to 9% respectively).
- Indeed almost half of two parent families (46%) used only formal childcare compared to 38% of one parent families.
- As the number of children in a family increases reliance on formal childcare decreases. Consequently larger families with four or more children requiring childcare are more likely to either only use informal childcare or a mix of both formal and informal types. Figure 4 illustrates these findings.

Figure 4: Childcare use by number of children



- The results show that formal childcare either becomes increasingly unaffordable or logistically difficult to manage when a family grows to more than two children.
- The link between household income and childcare usage further confirms this assumption, see Figure 5.

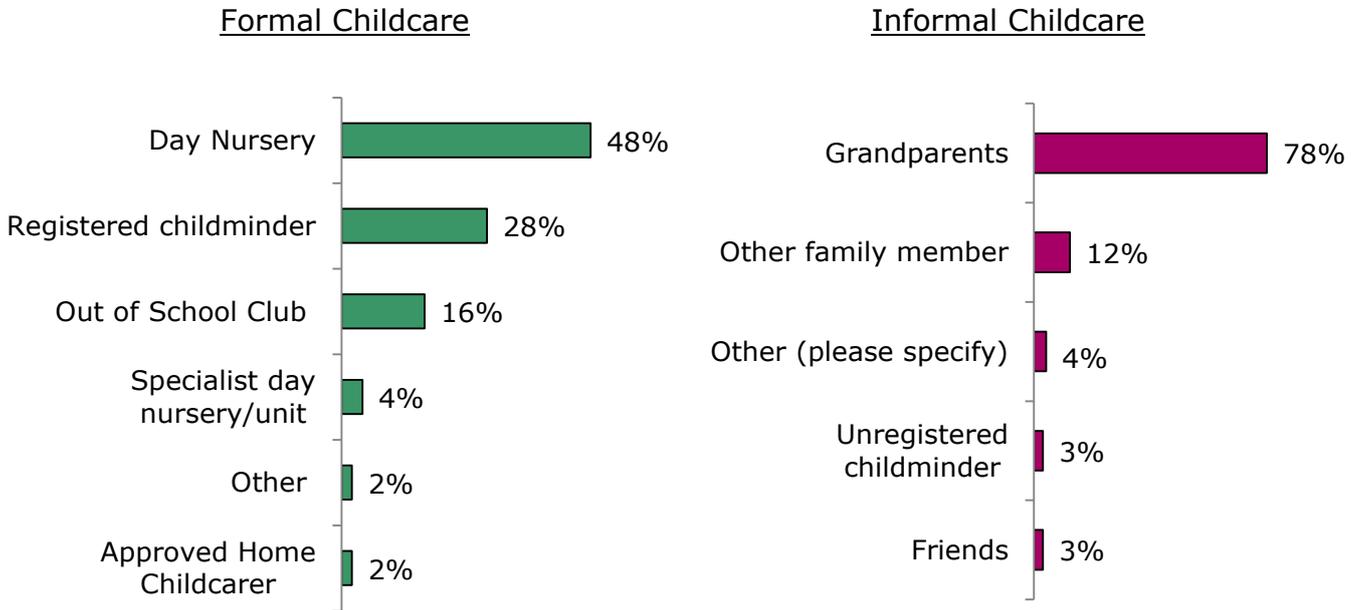
Figure 5: Childcare use by household income



- There is less variation in childcare usage when the household income is £12,000 per year or less. As income increases reliance on formal childcare increases and use of informal childcare and parents looking after children themselves decreases dramatically. Over half (53%) of parents from households earning over £60,000 per year use formal childcare only, compared to 27% of the lowest income families.

4.2.1 Main Forms of Childcare Used by Respondents

Figure 6: Formal and Informal Childcare Used by Families



Mirroring last year’s results, most respondents used a day nursery as their main form of formal childcare (48%). When informal childcare is concerned, grandparents are the main form used by parents (78%). In terms of the amount of childcare used, the average family using a mix of formal and informal care required an average of 45 hours of childcare per week. On average, 20 hours of childcare was provided informally. Considering that the majority of informal childcare is provided through grandparents, they are required to care for their grandchildren for the equivalent of two days a week. This is a huge commitment but one which is invaluable for families.

Qualitative evidence points to the use of informal childcare as a mechanism for reducing the overall childcare bill or to avoid charges altogether (see Section 4.4). In order to explore this further, the results below show how much a typical weekly childcare bill amounts to for families depending on the type of childcare used.

Figure 7: Childcare Costs incurred by families by childcare type



Families only using formal childcare services paid on average £173 per week. Conversely, those who only availed of informal childcare paid £85 per week. Families using a mix of formal and informal childcare paid on average £122 per week, showing that by using a mixture of the two forms the overall potential childcare bill is reduced.

It is understandable why some families, such as those with more children or those on lower incomes, choose to rely on different forms of childcare in order to manage the cost. The use of informal childcare, in particular, either as the main source of childcare or integrated with formal childcare use, can significantly lower the cost paid by families helping them to ensure that their childcare needs are met and enabling them to work.

11% of families incurred no childcare costs. The majority of these families (67%) used informal childcare and 28% covered childcare themselves or through their partner. 3% commented that they used a mix of formal and informal care and 2% used formal childcare services; this could be reflective of families using their free entitlement to a pre-school childcare place.

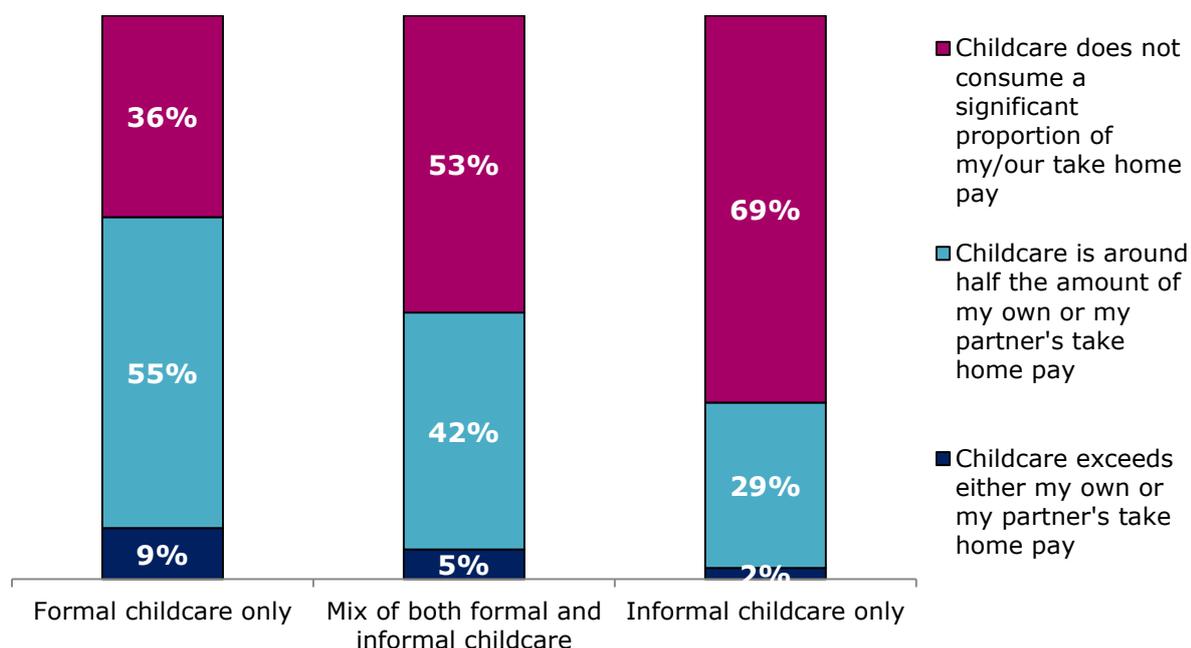
4.3 The Affordability of Childcare

We wanted to gauge how affordable childcare is for local families and explore how families manage their costs. The following sections explore the impact childcare costs have on families.

4.3.1 Childcare Costs and Family Income

We asked parents to detail how much of their take-home pay is allocated to childcare costs by asking them to choose which one of three statements which was most closely aligned with their own situation. 7% of parents commented that the cost of childcare exceeded either their partner's or their own take-home pay. 48% stated that childcare consumed around half of their partner's or their own pay. The remaining 45% commented that childcare did not consume a significant proportion of their pay. Linked to the previous section, the type of childcare used is both linked to what families pay for childcare and how the different types help to either lower or increase the costs involved. Figure 8 shows the results broken down by the family's use of childcare.

Figure 8: Childcare costs as a proportion of family income, by childcare usage



It is clear that families who rely only on formal childcare are more likely to allocate a larger proportion of their take home pay to childcare costs. Almost 10% of these families commented that childcare exceeds either their own or their partner's take-home pay, this is almost double the figure for families who use a mix of formal and informal childcare.

Over half of families who use only formal childcare (55%) stated that childcare costs are around half the amount of their partner's or their own take-home pay. This compares to 42% of families

using a mix of childcare services and 29% of those only using informal childcare. Once again the findings show that using a mix of childcare lowers the financial impact on the family budget.

In previous years the Childcare Cost Survey Reports have calculated the proportion of salary which is consumed by childcare costs. Each year, with the exception of 2011 when the figure sat at 45%, childcare costs have been the equivalent of 44% of the median net weekly earnings². This year the proportion continues to sit at 44%, see Table 4.

Median net weekly earnings have increased to £367.72. Using the average full-time cost calculated through the childcare provider results (£162), 44% of earnings are allocated to childcare in 2014.

It is interesting to also conduct the same calculation using the actual average costs paid by families depending on their childcare use. It is clear, reflecting the other results in this survey, that those using only formal childcare allocate a higher proportion of their salaries to childcare (47%). The proportion decreases to 33% for those using a mix of childcare types and 23% for families only using informal childcare.

Table 4: Childcare costs in proportion to salary

	Weekly Cost	Median Net Weekly Earnings	Total Proportion of salary
Average Full-time weekly formal childcare costs	£162	£367.72	44%
Survey families' costs - formal childcare only	£173	£367.72	47%
Survey families' costs - Mix of formal and informal childcare	£122	£367.72	33%
Survey families' costs - informal childcare only	£85	£367.72	23%

Regardless of the type of childcare used, the overall cost can eat up a significant amount of the family income. The more children in childcare, the greater proportion is allocated. The childcare bill can leave families with significantly reduced income which must also cover other household bills, which will also be greater due to the increased number of dependents in the household.

² Our calculations are based on DETI's Annual Survey of Hours and Earnings 2014. Net weekly earnings are calculated using gross weekly earnings minus basic rate tax (20%) and NIC (12%) (Tax Code 1000L).

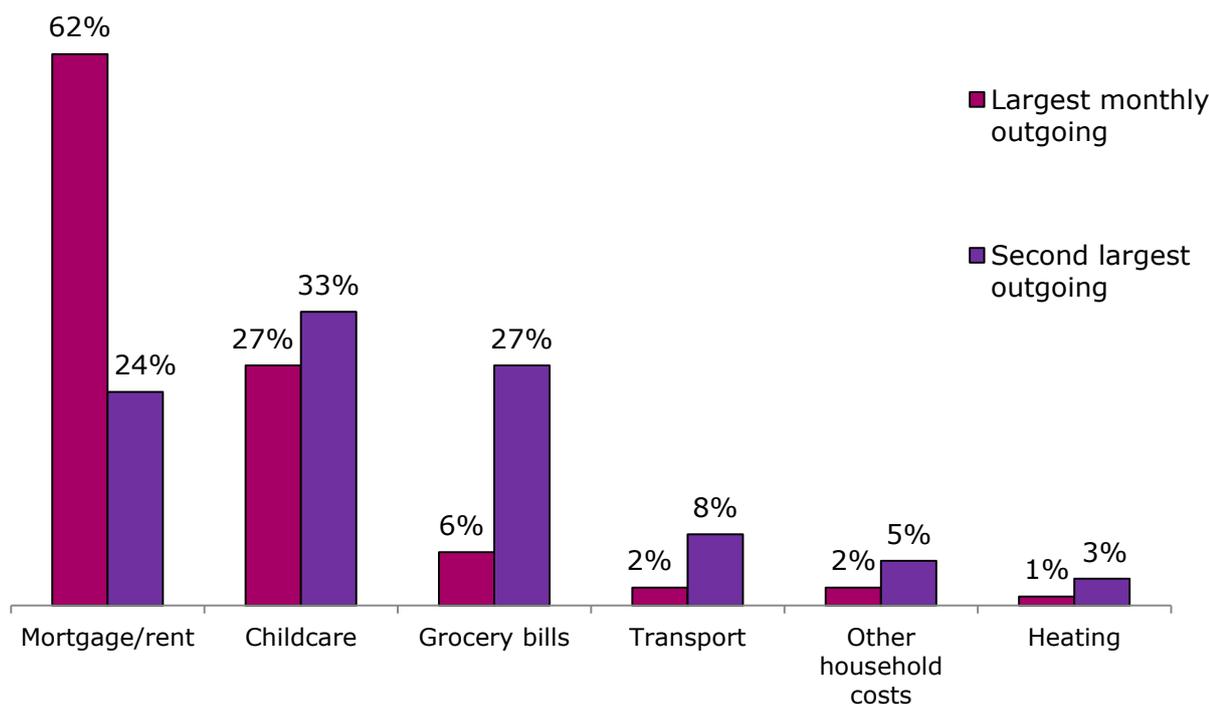
It is well acknowledged that the overall cost of living has increased over recent years. Therefore, although the cost of childcare takes up the same proportion of the median net weekly earnings as last year's results showed, the increasing cost of goods and services eats up a higher proportion of the remaining disposable income, putting families under increased financial pressure.

4.3.2 Childcare in Relation to Other Household Bills

We asked respondents to rate their household bills in order of highest to lowest expense. Perhaps unsurprisingly, for 62% of respondents, mortgage or rent payments were the highest monthly outgoing. Despite this, 27% of respondents commented that their childcare bill actually exceeded their mortgage or rent payments.

After housing costs, the childcare bill is the largest outgoing for families. For 33% of respondents the childcare bill was the second largest monthly outgoing.

Figure 9: Respondents' largest and second largest monthly outgoings

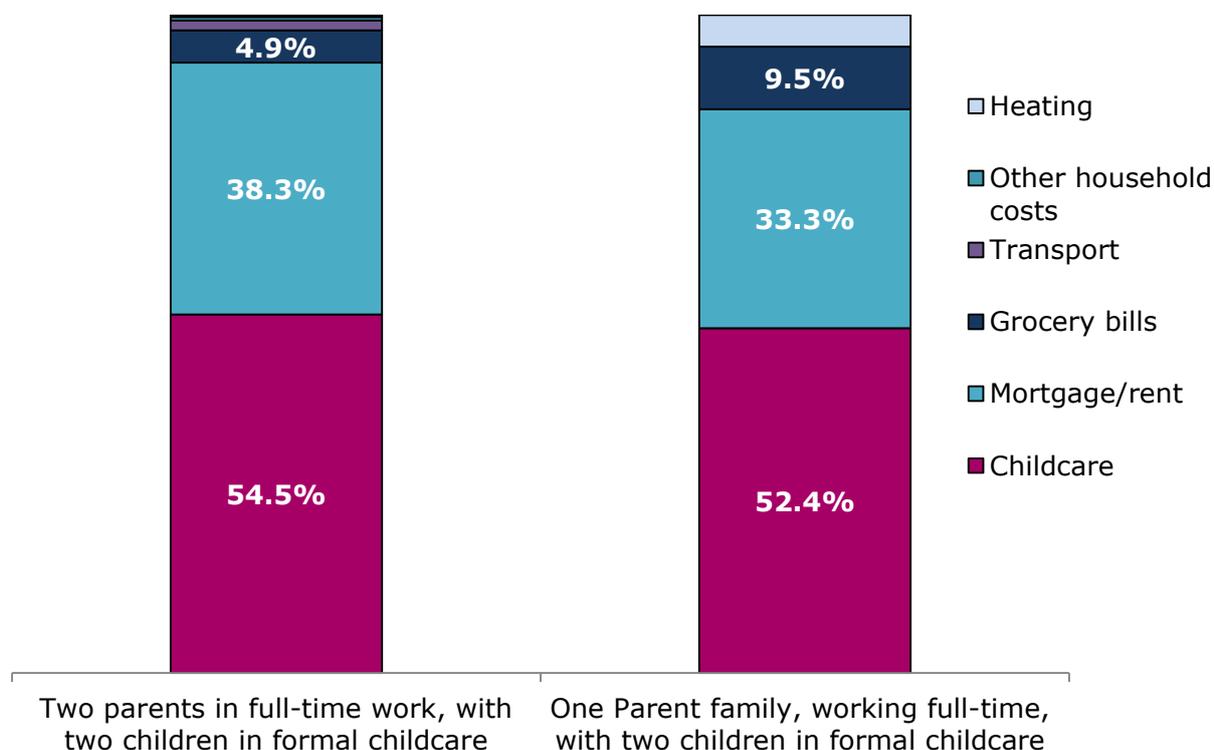


It is clear from the results across the survey that parents will take measures to avoid paying for full-time formal childcare in order to reduce the cost. However, formal childcare should be available to support parents to enter the workforce. It should enable parents to work full-time if they choose, yet for a family in this situation to avail of full-time formal childcare the cost can either deter one or both parents from working full-time or can force the use of informal childcare or other measures to reduce the cost (this will be explored in more detail in Section 4.4).

In the survey, families in which both parents are working full-time, or a single parent in full-time employment, with two children in formal childcare reported that their childcare bill was their

largest monthly outgoing, exceeding their mortgage/rent payments. Figure 10 shows the results for both family types.

Figure 10: Largest monthly outgoing of families working full-time, using formal childcare for two children, by family type



For over half of both family types the monthly childcare bill exceeded the mortgage/rent payment.

If a typical family finds itself in a situation where the cost of formal childcare, which should support employment and encourage economic stability, becomes the largest monthly outgoing, exceeding mortgage/rent payments, it is not affordable and therefore not fit for purpose.

Recent figures by Barclays and the Centre for Economic and Business Research (Cebr) estimate that in 2013 the average monthly mortgage payment in Northern Ireland was £589 per month. This breaks down to a weekly cost of £136 per week.

The results of the childcare provider survey show that the average full-time formal childcare place costs £162 per week for one child. This is £26 more expensive than the average mortgage payment.

Furthermore, Section 4.2.1 details the actual average costs families in the survey paid for childcare depending on the type of childcare used. Families only using formal childcare paid an average of £173 per week; this is £37 per week more expensive than the average mortgage payment.

Families using a mix of formal and informal childcare or, only informal childcare, had lower average costs. Families using a mix of both types of childcare paid on average £122 per week, which is still only £14 lower than an average mortgage payment.

Families using only informal childcare paid on average £85 per week, £51 less than an average mortgage payment.

It is therefore understandable why some families avoid using only formal childcare services.

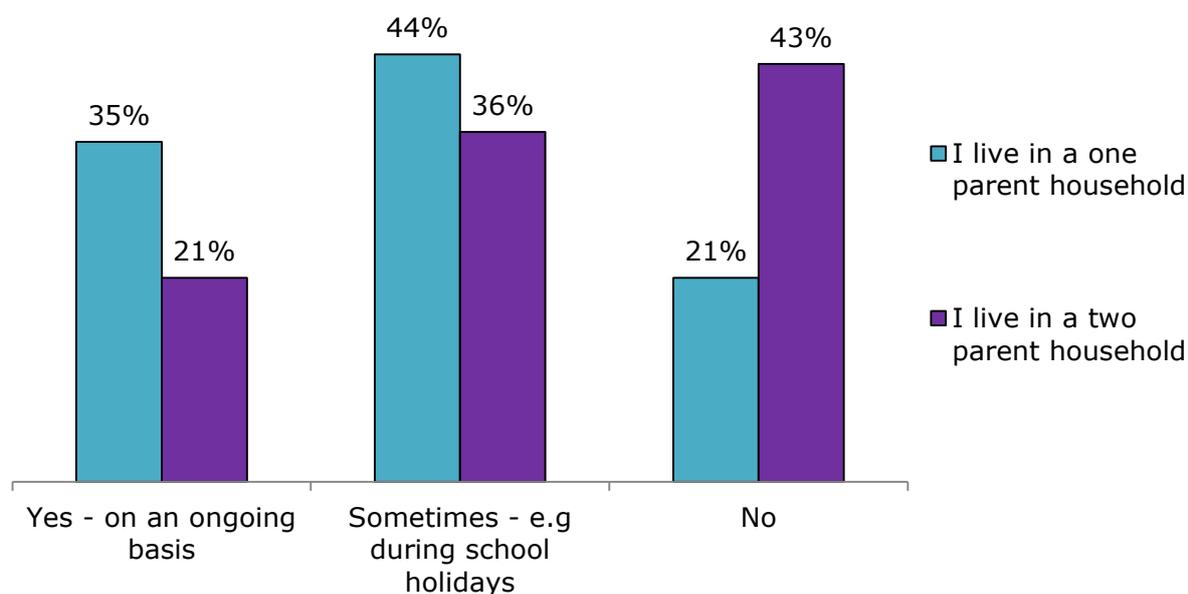
4.3.3 Struggle to Meet Childcare Costs

We asked respondents if they struggled to meet their childcare costs either throughout the year or at some point during it. 22% of parents said that they did struggle with their costs. A further 36% of parents said that they 'sometimes' found paying for childcare a struggle. In this year's survey, 42% of parents did not struggle with their costs; this is an increase on last year's figure of 37%.

Overall, 58% of parents struggled with their costs either throughout the year or at some point during it. This is a decrease of 5% on last year's results. There are a range of factors which may underpin this decrease, including a fall in employment rates, meaning fewer families need to use childcare, or an increase in families relying on informal childcare. However, it remains a concern that most families continue to struggle with the cost of childcare.

Figure 11 shows the results by family type. It is clear that one parent families are more likely to struggle with their costs compared to two parent families. Indeed 79% of one parent families struggled with their costs either throughout the year or at some point during it compared to 57% of two parent families.

Figure 11: 'Do you struggle with your childcare costs?' by family type

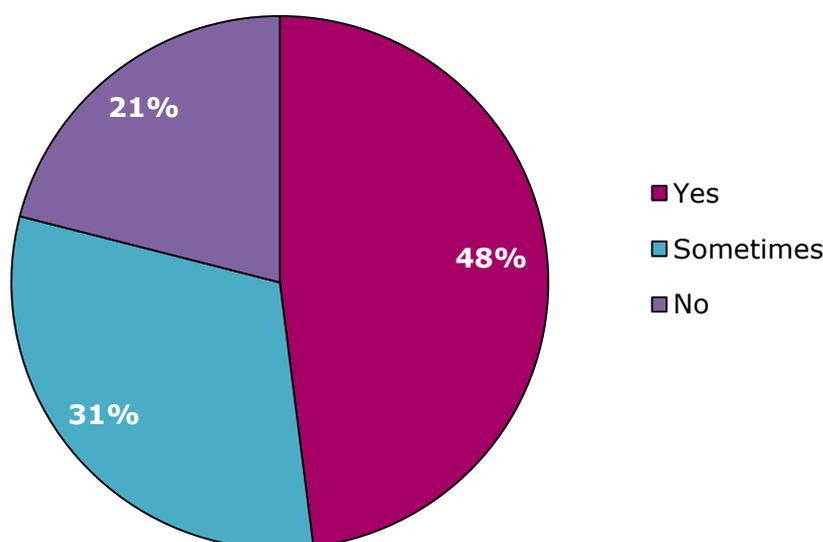


Furthermore, when the results are broken down by the type of childcare used by the family, 26% of parents using formal childcare struggled with their costs from month to month, compared to 14% of those using informal childcare and 18% of those using a mix of the two types.

4.3.4 Childcare Costs and Increased Financial Pressure

48% of respondents stated that childcare costs placed them under increased financial pressure.

Figure 12: Increased financial pressure due to childcare costs



The qualitative responses explain the ways in which childcare costs add to the financial pressure families are under. The most common response from parents was that due to the size of the childcare bill they could save very little or none of their monthly income. This leaves families vulnerable to unexpected bills and also provides little financial insurance for the future:

“It does affect our financial stability as there is no saving money now which puts the family at serious risk if something goes wrong with employment.”

“Thankfully we are in a position to meet the costs but there is not money left over to save for the future.”

“Some months by the time childcare, mortgage, rates, bills, groceries etc are paid there is little money left for other things for instance if an expensive household appliance was to break it has been put on a credit card in the past until we can pay it off.”

“I find I can save little to nothing each month which can put us under pressure when the unexpected happens. For example, last month both kids needed new shoes the same week our washing machine broke.”

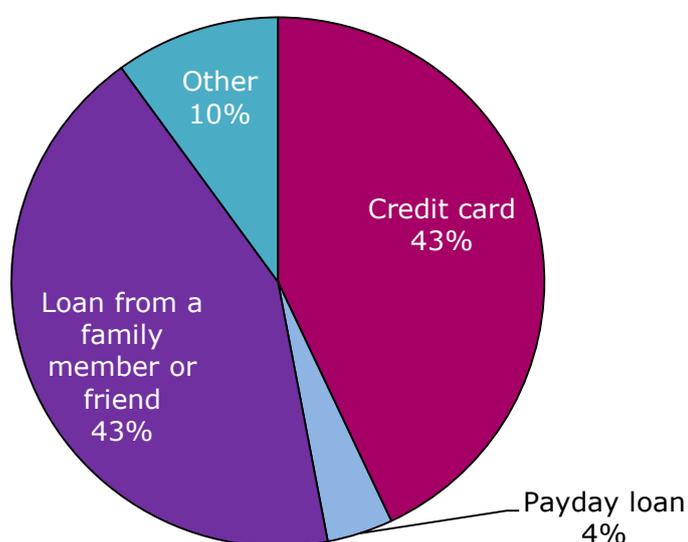
Many other parents commented that they could not afford luxuries, such as eating out, new clothes or entertainment because of the cost of childcare. A number of parents also commented

that they could not afford to have any more children because they would not be able to pay the increased childcare bill.

4.3.5 Reliance on Other Means to Meet Childcare Costs

In relation to financial pressures associated with childcare, we asked respondents if they ever use loans from family or friends, credit cards, payday loans or any other means to pay their childcare costs. 78% of respondents did not rely on any of the above to help them meet their payments. However of the remaining 22% of respondents who did use these forms of support, 43% relied on loans from family or friends. An additional 43% used credit cards to meet their payments. Worryingly, 4% of families used payday loans.

Figure 13: Other means used to meet childcare costs



It is clear in the qualitative responses that parents put their need to rely on these forms of payment down to the high cost of childcare rather than any other bill they may incur:

"I often have to resort to using my credit card towards the end of the month for petrol or groceries. If childcare wasn't so expensive I could avoid this and avoid getting further into debt."

"My husband and I are both in supposedly good paid jobs in the public sector however we don't have any spare cash every penny is accounted for each month and increasingly we are using credit cards to pay for bills."

"We have been living on our overdraft for years. With our youngest now in pre-school at the local Primary School it has meant that we are slowly reducing that overdraft and also our credit card debt. We do not lead an extravagant life. We just get by. I do two jobs and take on additional hours when I can in order to make ends meet."

“It [childcare] comes out of my wages automatically but is a drain on what is left to play with for food etc. I just use credit cards and overdrafts to survive until the next pay day before the whole cycle starts all over again.”

4.4 How Parents Manage the Cost of Childcare

The results of the previous few sections show that the cost of childcare puts families under significant financial strain. Key findings include:

- 48% of parents stated that childcare ate up around half of their partner's or their own pay.
- For 27% of respondents the childcare bill exceeded their mortgage or rent payments.
- After housing costs, childcare was the largest monthly outgoing for the majority of families.
- 58% of parents struggle with their costs either throughout the year or at some point during it.
- 48% of respondents stated that childcare costs placed them under increased financial pressure.
- 22% of respondents regularly used credit cards, loans from family or friends or payday loans to pay their childcare bills.

With the cost of a formal full-time childcare place rising to £162 per week for one child, it is perhaps not surprising that the cost of childcare places families under additional financial strain.

It is clear from the results that those paying for formal childcare only are more likely to struggle with their childcare costs from month to month. In order to avoid paying maximum costs parents resort to a number of mechanisms to manage their spending on childcare. The qualitative results reveal three key trends: firstly there is a reliance on informal childcare; secondly, families make financial sacrifices in order to meet their childcare payments; and thirdly parents make changes to their employment. The same three trends arose in last year's results and will be discussed in turn.

4.4.1 Dependence on Informal Childcare

78% of all informal childcare used by parents in the survey was provided by grandparents. The qualitative responses reflect on just how much respondents rely on the care provided through their own parents. It is very clear that informal childcare is a necessity for families in driving down overall costs and in enabling parents to stay in work:

"Should I not have had a family member who agreed to look after my child a couple of days per week I would have to seriously consider if we could afford paying a formal childcare provider and may well be better off working less hours."

"I am very fortunate that my mother-in-law has helped me no end, as I work full-time. I really don't know how families can afford childcare as I know myself and my husband are in reasonably good jobs but could not afford to pay for full-time childcare."

"I rely heavily on my mum who knows we could not afford to care for [child] if she did not look after [child] 3 out of 5 days even though she is a pensioner"

“We have asked grandparents to help with some hours of childcare to lessen the expense - with two kids at Nursery each for a full week would be the most expensive bill in our household, much higher than our mortgage.”

Grandparents, and other informal childcare providers, can provide hours of childcare at little or no cost to the family. This reduces the family’s childcare bill and at the same time fulfils their childcare needs. Without the help of grandparents many families would struggle to meet their childcare bill and would face additional financial burdens as a result. The help of grandparents also supports parents to remain in employment, for many on a full-time basis. This supports parents’ career progression, increases their earning power and is also of benefit to the local labour market and economy.

Respondents relying on care from grandparents are thankful for the help they provide and see it as a necessity for their family. However, many parents also commented that they felt guilty for depending on their own parents in this way. Furthermore, some respondents also commented that they worried about the future and a time when their parents would no longer be in a position to offer childcare.

It is clear that grandparents provide a vital service to families; without their support many families would have to either rely on formal childcare, incurring the additional expense, or reduce their working hours to manage the cost. If it was not for the childcare provided by grandparents more families would struggle with their childcare costs.

For many parents childcare provided by grandparents either on a full-time or part-time basis is welcomed because of the advantages that children gain from spending quality time with their grandparents. However, for the vast majority of parents, the main rationale behind the choice is financial. Formal childcare benefits children socially and developmentally and many parents recognise this, however this type of care comes at a much greater cost, particularly for a full-time place. Although many parents would prefer to use only formal childcare services they are prohibited by the high cost. Indeed if parents could afford to pay for a full-time childcare place it could make juggling family and work much more manageable, and it would reduce the burden on the older generation to provide childcare.

4.4.2 Making Financial Sacrifices

It was noted earlier that childcare costs placed families under increased financial pressure, and in order to manage the cost of childcare many families resorted to making financial sacrificed and very strict budgeting to ensure they could meet their payments:

“The cost of childcare is a real burden and it really holds you back in regards to buying anything or going on holidays... because in the back of your mind you’re always thinking “I still have the £500.00 per month to pay regardless of anything else.”

“It's incredible that childcare constitutes the biggest proportion of our household expenditure. This requires a great deal of careful budgeting to ensure it is manageable and a considerable amount of financial sacrifice for parents.”

Across the majority of qualitative responses it was accepted as inevitable that paying for childcare would mean that other items had to be sacrificed to meet the payment. For the majority of families these sacrifices included holidays and entertainment. These items were classed by families as 'luxuries'. For other families, however, the sacrifices extended into essential items such as food and heating:

"We have drastically cut our food bill as well as other expenses, so that we can afford childcare."

"I skip meals and turn the heating off to make sure I can afford childcare."

"Childcare and mortgage are the monies that are set aside every month as these are both top priority in our outgoings. Everything else gets paid if we have enough. Sometimes payments have been missed as our family needs to eat."

"We have cut back on almost everything else including grocery shopping and heating."

"Over the last three months, for example, I have only been able to afford to pay the interest on my mortgage, I've been using credit cards for groceries in the last week of the month, I have been taking days off work to save petrol costs at the end of the month. We have downsized cars, reviewed household bills and cancelled all 'luxury' items. We have car shared when possible."

The high cost of childcare in relation to other bills and indeed the rise in costs compared to wages were common themes in the results:

"We never expected it [childcare] to cost practically the same amount as our mortgage, it is a huge drain on our incomes and it keeps going up in price, yet I haven't had a pay rise in over five years.....it gets harder and harder to [pay for] for a service that working parents have no choice on not paying."

"Childcare costs have increased every year for the last 5 years but my wages have been frozen for the last 3."

"I feel that the cost of childcare has inflated so much (like fuel and mortgages) in recent years and it is simply too expensive for many parents. To me it is beginning to feel like an expensive luxury, rather than a need."

The cost of formal childcare clearly puts a strain on families, and the way that the high costs are discussed show that parents are often surprised and exasperated by the price of childcare and the extent to which it rises year on year. The high cost forces families to make difficult decisions about their other outgoings, including the way in which the family budget is allocated and how various bills are prioritised. At the point when costs become so high that families struggle with the amount of disposable income remaining, difficult decisions have to be made: for many these decisions focus on whether or not it is financially viable to stay in work.

4.4.3 Childcare Costs and Work

Childcare services should enable parents to enter the workforce and gain from the benefits of work, including providing families with economic stability, enhanced personal well-being, and pursuing and advancing a career. However the evidence gathered through the survey suggest that, rather than supporting parents to work, the high cost of childcare can in fact cause families to struggle financially and cause parents to consider whether it is actually beneficial to work at all.

Last year's survey showed that 46% of parents were forced to reduce their working hours or leave work altogether due to the high cost of childcare. This year's results show an increase in this figure to 51%.

Furthermore, the results also showed that 46% of parents stated that they had changed the pattern of their working hours due to childcare costs, for example by choosing a compressed hours working pattern. This is an increase of 6 percentage points on last year's results.

As with last year's results, the decision to reduce working hours or leave employment affects more women than men. 37% of fathers stated that they reduced their working hours compared to 56% of mothers. However, changes to working patterns, perhaps to facilitate drop-offs and pick-ups at childcare or school settings, were common amongst both women and men with 43% of fathers and 47% of mothers changed the pattern of their hours.

The qualitative results illustrate the struggle behind the decision to make changes to working hours in order to manage the cost of childcare. It is clear that the high cost of childcare is a significant factor behind any change in working hours and that the decision is often a last resort:

"I had no choice but to reduce my workings hours (5 days a week to 3 days a week) so I could look after my children twice a week on my days off instead of sending them to nursery. I couldn't keep my full-time job as I wouldn't be able to afford childcare."

*"Childcare is extremely expensive for parents and for my family it is like we are paying a second mortgage. The cost is so great that we cannot afford to place 3 children in daycare full-time and *for that reason* I now work part-time. The cost puts a lot of stress on my family to ensure that we can cover it each month and also leaves us very little disposable income."*

A change in either working hours or the pattern of hours worked, or indeed a mix of both, may help families in reducing childcare costs, but it may also have unintended negative knock-on effects. A number of parents made reference to the impact this had on their family and their own personal well-being:

*"The cost of childcare meant that in 2010, I left a full-time job as it wasn't sustainable with my then two children. I now work two part-time jobs, at a much lower wage, *not using my qualifications and experience* because they enable me to work around my*

husband's shifts and thus reduce the need for childcare. *However this has a detrimental effect on our household and we are both quite often drained and exhausted!*"

"I am lucky I can be flexible in my working pattern this allows me to cut down need for childcare however this is *very unsocial and takes away from family time together.*"

"The cost of childcare is currently so high that we have had to check the feasibility of whether my wife should go into full-time work after she qualifies as a nurse. We have considered her working weekends and evenings so that I am home to look after the kids when she is at work. *This will obviously have knock-on effects in terms of home life as we won't both be there at the same time.*"

A variety of working patterns utilized by parents emerged in the qualitative results. These ranged from parents working opposite hours to each other, working compressed hours, both parents using flexi-time, working weekends and evenings and parents using their annual leave entitlements to reduce the need for formal childcare. Many respondents, including those quoted above, commented on the impact that working in this way has on family life and the additional strain it can put on parents and their relationships with each other.

In addition to impacting on family life, income and parental well-being, changing employment patterns can also substantially impact on career progression. When the cost of childcare forces families to consider whether or not it is financially viable to continue working in the same role at the same number of hours, parents are forced to make difficult decisions about their priorities. Many of the parents in the survey did not want to damage their careers by reducing their hours of work. For these parents, although cost of childcare was placing them under a significant financial stress, the cost was viewed as necessary to maintain their careers:

"I hand out my entire salary to pay for childcare but have to do this in order to keep my job in the knowledge that childcare costs will eventually decrease when my children go to school."

"I am pregnant with our second and will have to have a major rethink around my working patterns, I will only earn about £200 a month after I pay for childcare working full-time hours. I need to establish if I should continue with a valuable career which I have worked really hard to establish or to leave the workplace to raise our family."

"I basically work to keep my job as if I leave for a long period of time I wouldn't get the same position. I'm aware I'll not make any money for saving or extra treats until all my children are at school, it's a very sad existence because that's all we're doing existing!"

"I do find childcare a lot of money, almost the same as having 2 mortgages but at least it is a short term expense. I only have my job and grade because of my hours. If I were to reduce hours any further, I would have to look at other employment options."

"I am only willing to pay out so much for childcare because I am in a job with visible progression and I know it won't be forever."

"The cost of the childcare is more or less my wages. However, being a professional, it is important that I keep working. Otherwise, when my children are at school and I am ready to re-enter the workplace, it will be extremely difficult for me to get a job."

A general theme which ran throughout many of the qualitative responses was that the cost of childcare was detrimental to career progression, for example:

"I see many mothers in my area that are educated and not working, as it is not financially viable - however, within my own workplace, an essential criteria for any posts is 'two years' experience in the past five years'. This excludes many women from returning to work. Childcare costs and lack of flexibility does not enable women to progress up the career ladder."

"Childcare is outrageously expensive. It exceeds take home pay on minimum wage, therefore it is a strong disincentive for mothers to re-enter employment while their children are under school age."

"Women can and want to be part of the workforce, we are talented and skilled and yet because of the cost and limited options regarding childcare we are forced to make a choice between working and looking after our children. Childcare costs are staggering...there needs to be an incentive for mothers (or fathers- but let's face it, in the majority of cases it is the mother) to get back into the workforce. It should not be the case that a person is in a position where they cannot afford to go back to work - that is a perverse scenario."

Mothers, in particular, commented on the impact choosing to leave work or reduce their hours would have on their careers and how difficult it would be to return to the workforce. As with the 2013 results, many mothers felt that they were over-qualified for their job roles and not making use of the qualifications they had gained because of the type of work which offered part-time hours. In addition, leaving the workforce, or a particular career path, for any length of time was considered to hinder career progression, and hence many parents, such as those quoted above, will suffer the high cost of childcare and view it as sacrifice which must be made to the benefit of their own careers.

4.4.4 Conclusions

In order to tackle the significant burden of childcare costs, both in terms of impacting on family budgets and career progression, parents make a range of sacrifices every day. On the surface it may seem that families are not therefore struggling to meet their childcare bill, but this is due to the other sacrifices and measures which they take to lower the cost. One parent's comment summaries this perspective and places emphasis on Government to address the problem:

“Yes we can afford the childcare on the face of it, but we have to sacrifice other areas as the childcare swallows up a huge portion of our finances. We used to make additional payments to our mortgage to try and clear it quicker but since paying for childcare that has had to stop as we simply do not have the finances to do that anymore. So there is added stress and pressure because as middle earners people may think we don't have an issue but it massively impacts on other areas. The Government need to recognise this and that childcare is forcing people to have to cut down on hours or even leave employment!!”

5. What can government do to make childcare more affordable for families?

It is clear that the cost of childcare puts families under significant pressure. We asked parents what government should do to address the affordability of childcare services.

5.1 Financial Support

Perhaps unsurprisingly, the overwhelming majority of qualitative responses focused on measures which would directly reduce the overall cost to families. Suggestions included capping childcare costs, subsidizing childcare and introducing tax breaks which were realistically based on the cost of childcare services. Many parents called for an extension of the existing Childcare Voucher scheme as the current amount has not increased since 2005 and has not risen therefore in line with childcare costs. Some parents called for a clamp down on the rising cost of childcare and the introduction of a standardised, flat-rate, costs across providers. Another suggestion was for a childcare loan supplied by government, similar to a student loan which could be paid back through a parent's payroll:

"The cost of childcare should be capped for families with the balance made up by Government / local authorities - that way there is a level playing field and people know the costs up front and can plan accordingly."

"Government should be subsidising all childcare costs - childcare providers should be charging a flat rate per child that the parents must pay with the rest made up by the Government."

"Raise the childcare tax/voucher allowance to a level which will exceed or at least matches the REAL cost of childcare."

"An interest free loan that can be paid over long term, i.e. 10 years, or perhaps similar to a student loan would be very useful, especially if you have multiple children in childcare."

Despite the wide variety of responses, a common theme emerged: any benefit supplied to support parents with the cost of childcare should be universally available and not means-tested. For example, one parent commented:

"The government should provide support without penalizing middle income families to benefit low income households. Every family should have the same assistance regardless of how much they earn."

Many of the qualitative responses focused on the perceived failings of the current system of childcare support, with many parents commenting on how they believed it to be unfairly biased towards non-working parents. Others suggested that a system of childcare support should reward, encourage and incentivise working parents, with many feeling that the system in place is not effective in doing so because it is unfairly targeted, for example:

“Our government provides far too lavishly for the non-worker, and too scarcely for the worker.”

A number of parents, particularly middle earners, commented on the reduction in family benefits and entitlements over the past few years, which have had a direct impact on their family income. This has added to their financial struggles:

“We earn more but we pay out more due to lack of help from the government so ipso facto we are penalised for working for a living.”

“I feel the middle of society are losing out the most, and the lower income families get a lot of help and the high income families do not feel the pressure as much. People on middle income tend to suffer the most - having to pay the full amount without much assistance and taking up a large portion of their salary.”

“When the government first introduced tax credits the eligibility for joint income was capped at £75k and under. It is now £26k joint income. How can this be justified when the cost of living has increased dramatically including childcare costs and people have not had pay rises in a number of years?”

5.2 Support the Childcare Sector

In addition to supporting parents directly, many respondents highlighted the need to support the childcare sector itself. Parents recognise the value of high quality childcare provision and many were sympathetic to the problems childcare providers face in maintaining the quality of their services in the context of the cost of overheads, utility bills and staff costs. If government provided subsidies to childcare providers, parents were hopeful that the savings would be reflected in the cost of childcare:

“Child carers should be paid well, affordable childcare shouldn't be at the detriment of staff...some type of incentives for providers [should be granted] in order that they may maintain and retain highly trained staff”

“Qualified nurseries / after school clubs should receive subsidies from government to allow them to reduce their charges.”

“The care provider we used said that they had to do so much staff training and certification for the building and staff, and the cost of insurance meant they were not earning a lot. The government should provide free training and provide grants for building certification. They should also consider running the insurance scheme for childcare providers that meet their levels. This would help reduce the child care costs without impacting the level of care provided.”

Other parents called for the government to regulate childcare providers more stringently as a means of reducing costs to families, by for example, capping yearly increases in costs and clamping down on additional costs which are often charged to parents.

5.3 Employers

A number of parents mentioned the role of employers and the benefits of workplace nurseries. Having a childcare facility located close to the workplace was considered to be both convenient from a commuting perspective and also in being complementary to working hours. Parents recommended that government should help to subsidise workplace nurseries, and reduce the cost to employers, to incentivise them to set up childcare facilities. It was clear from many of the responses that parents were not aware of existing tax exemptions for employers and employees if a workplace nursery is provided. There is, therefore, a need to promote the assistance which is available. Suggestions included:

“Child care should also be given consideration by employers when looking into getting people into work. The biggest thing holding people back is availing of childcare, but if this was more affordable then more people could work. If the government reduced the costs involved to those providing child care where premises costs, utility bills and overhead costs could be reduced this would allow the price of child care to drop.”

“Companies and organisations should be given tax breaks to help them establish crèches or contribute financially to crèches that open earlier each day, close later and operate 7 days a week.”

“The government should help and encourage businesses to provide on-site daycare for the children of their staff. Shared heating/electric, amenities should reduce overheads and allow the cost of childcare to be reduced.”

Many other parents stated that government should impose stricter regulations on employers with regards to flexible working and the availability of part-time jobs:

“Introduce a scheme to encourage educated and talented parents to get high level part-time jobs. Most people I know have had high level high paid jobs and they have had to give up their job when they had children. It would be great to see an initiative that links talented people with children into high level part-time positions. Most positions are advertised as full-time. There could even be a job sharing scheme/ skills match pairing part-time workers up to do a full-time job.”

“I would prefer that they impose flexible working and work life balance in workplaces. I think it is given a very light hand in terms of its application and is entirely down to the employer to facilitate or NOT as the case is most likely to be.”

“Provide guidance and assistance to employers to help them provide flexible working solutions for their employees, e.g. encourage job-sharing, home-based working outside working hours, in the evenings etc.”

The findings of previous sections have shown that for many parents the change to part-time work is often viewed as a retrograde step in their career plan. This is because most part-time positions are in lower paid, more junior roles with insufficient availability of job-share and other flexible working options more likely to be available in more senior positions.

5.4 Grandparents

A number of respondents acknowledged the support of grandparents in providing childcare and recommended that they should be eligible for some form of financial assistance. Some parents commented that this should be through a tax reduction, others stated that existing childcare support should be extended to cover informal care from grandparents. Parents were keen to credit grandparents for the supportive role they play in providing childcare:

“Allow some sort of tax reduction/allowance for the payment of grandparents as this is a significant amount for me to pay relatively young grandparents who could be working but have given up work to help me afford childcare.”

“Given that many families rely on grandparents and other family members for childcare provision there should be more financial support available for this type of childcare arrangement.”

One parent commented that that “government is relying on the older generation to provide free childcare” and that either some incentive/payment for these grandparents or financial subsidies should be introduced to allow parents to avail of formal childcare services, removing the burden on the older generation.

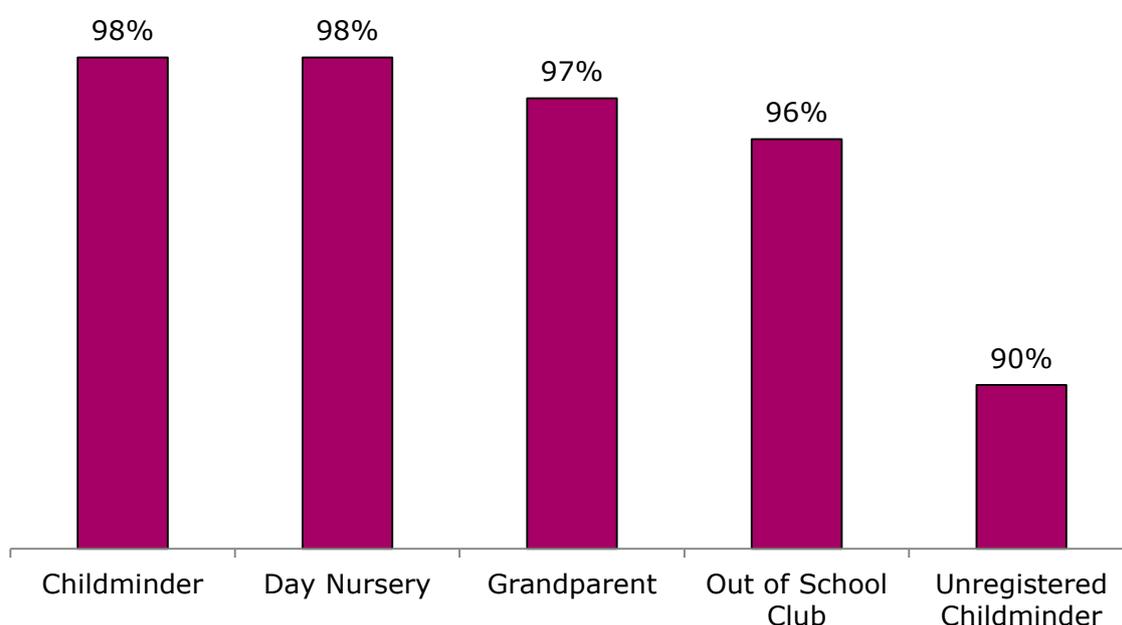
In conclusion, most respondents considered that there was a need for government intervention to address the cost of childcare, and many made interesting and innovative recommendations as to how this could be achieved.

6. Childcare services in Northern Ireland

6.1 Quality of Childcare

Over the last four years, respondents in our surveys have been generally happy with the quality provided by their childcare service. This year's results show a continuation of this trend with 97% stating that they are happy with the quality of care. Figure 14 shows the breakdown of results by childcare type.

Figure 14: Quality of childcare services by childcare type



The results are consistently high, with each childcare type receiving over 90% of parents commenting they were happy with the quality of care. The lowest result was received by unregistered childminders at 90%, which is still a relatively high result considering that these childcare providers are not registered with or inspected by the Health and Social Care Trusts.

The results in previous sections of this report have consistently shown that families find the cost of formal childcare very expensive; however, there was also a general acknowledgment that in many cases, due to the quality of care provided, these services are worth the price:

"While I feel childcare is expensive and is a significant drain on our income, I personally feel that our childcare is excellent value for money as I am extremely happy with the quality and care shown by our childcare provider to my child."

"Our childminder is invaluable. It [childcare] allows both of us to continue to work and contribute to society, however it is by far our biggest outlay. We get little or no help and as such have to do without. It is soul destroying sometimes, but our children are our most prized possessions, we cannot scrimp on their care."

Many parents also commented on the value of formal childcare for their children’s development:

“The development of our children in our chosen Childcare unit includes social skills, learning structure and routine, speech and behaviour. Therefore, I would happily pay it all again, but maybe with better planning or assistance. I would wholly recommend the experience to any parent.”

“I think that my child being in childcare has been brilliant for her development but I’ve really struggled to keep up with payments. I would prefer my child is in daycare as she responds better to a routine and the daycare has a curriculum and guidelines to follow.”

Indeed, the benefits of structured formal childcare on children’s development was considered to be extremely beneficial. Using informal childcare is often the less expensive and more flexible option for parents, but formal childcare is attractive due to its positive impact on child development. For this reason many parents begrudge leaving formal childcare for informal childcare. One parent who was struggling with the cost of formal childcare commented on the decision to change to informal care:

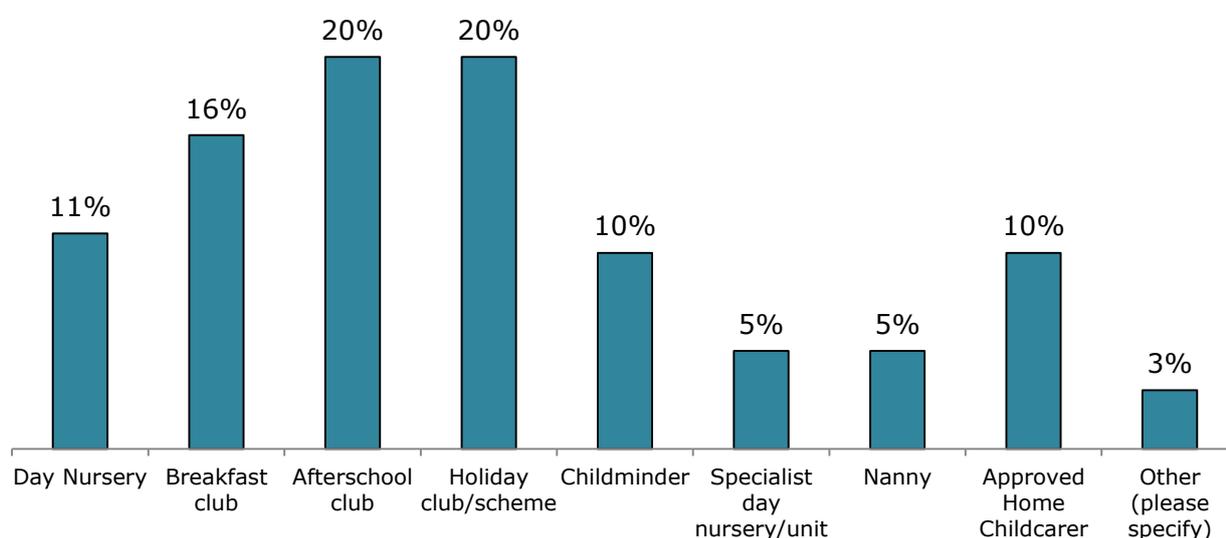
“I don’t know what I can do other than move her to full-time informal care but feel that would have a negative impact on her development and she gets more social and physical stimulation in a nursery environment.”

It is clear that good quality formal childcare services are of benefit to children and this is acknowledged by parents. For many, although the cost of formal childcare is high, it is worth the expense. It is positive that so many parents in the survey are happy with the quality of care provided through their childcare provider.

6.2 Provision of childcare services

61% of parents stated that there was insufficient childcare provision in their local area. We asked these respondents to detail which types of childcare were lacking, Figure 15 shows the results.

Figure 15: Lack of childcare provision in Northern Ireland



The biggest concern amongst parents was a lack of afterschool clubs (20%) and holiday/summer schemes (20%) in their area.

In addition to the provision of childcare, parents also found it difficult to access information on finding affordable childcare and flexible childcare. Indeed 46% of parents found it difficult or very difficult to access information on affordable childcare, compared to only 17% who found it easy or very easy (see Table 5).

Furthermore, 50% of parents found it difficult or very difficult to access information on flexible childcare, compared to 16% who found the experience easy or very easy.

The Bright Start framework, published by the Northern Ireland Executive in 2013, seeks to address problems with the overall availability of childcare and information available to help parents source suitable childcare. School age childcare is a major problem, with parents in our survey commenting on the need for more afterschool and summer scheme provision. Bright Start introduced the School Age Childcare Grant Scheme which aims to provide an additional 7,000 places to address this need. We are hopeful that the new places will be of benefit to parents. Furthermore, four of the key action points in Bright Start seek to create better access to information on childcare and related financial support. Changes to the Family Support website and the development of an app will hopefully improve the situation for parents. However more work needs to be done to raise awareness of the website and app, otherwise parents will simply not know about the resources available to them.

Bright Start is still in its early days and as such has not had a significant impact on parental confidence in finding childcare or improved access to related information.

Table 5: Parents’ perception of finding information on childcare in their local area

	Very easy	Easy	Neither easy nor difficult	Difficult	Very difficult
Accessing affordable childcare in my area	2%	15%	37%	35%	11%
Finding flexible childcare in my area	3%	13%	34%	35%	15%

6.3 Information on the Financial Help with the Cost of Childcare

The government provide a range of family benefits and entitlements which parents can claim to supplement their income. These include Child and Working Tax Credits, Child Benefit, Free School Meals and School Uniform Allowances. Whilst many available benefits have been reduced through austerity measures over the last few years, we remain concerned that insufficient numbers of parents are actually claiming all the support to which they are entitled.

In this year’s survey we asked parents if they were certain they were availing of everything they are entitled to; just under half (49%) of parents answered ‘no’ to this question (see Figure 16).

Figure 16: Are you sure you are claiming all the family benefits and entitlements that are available to your family?

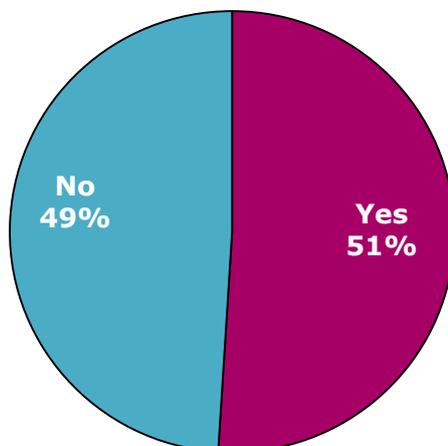


Table 6 shows that most parents considered it to be difficult to access information on both the financial help available with childcare costs and on available family benefits and entitlements.

Amongst the number of family benefits and entitlements there is available financial support with childcare costs, mainly through the Childcare Voucher scheme and the Childcare Element of Working Tax Credit. Considering the high cost of childcare and the impact it has on families in Northern Ireland, it is important that parents are claiming support which could help lower the cost. Unfortunately, many parents are simply unaware of the help they could be claiming. 34% of parents stated that it was difficult or very difficult to access information on help with childcare costs.

The two main forms of help which currently exist to help parents reduce the cost of childcare are the Childcare element of Working Tax Credit and the Childcare Voucher scheme. From autumn 2015 government will introduce a new form of financial support called Tax-Free Childcare. The new scheme boasts savings of up to £2,000 per child, but only those families in which both parents are working and have childcare costs of £10,000 per child will actually make the full saving. When Tax-Free Childcare is introduced the Childcare Voucher scheme will close to new entrants. Through Childcare Vouchers, families can save a maximum of £1,866 per year, which is not means tested on the basis of the hours worked by the parents or the cost of childcare provision., nor does it require both parents in a two parent family to be working.

Only parents who are members of the Childcare Voucher scheme next autumn will be able to choose which form of support is financially more beneficial for their circumstances. Furthermore the roll out of Universal Credit, which will replace Tax Credits, is also continuing. It is, therefore, more important than ever that families receive the correct advice and information about what help is available and what is the most beneficial form of help for their family. We are hopeful that both the UK government and the Northern Ireland Assembly take measures to ensure that parents are made aware of the support available to them.

Table 6: Accessibility of information on financial support with childcare costs and family benefits and entitlements

	Very easy	Easy	Neither easy nor difficult	Difficult	Very difficult
Financial help with childcare costs	5%	21%	40%	27%	7%
Information relating to family benefits/ entitlements	3%	18%	38%	33%	8%

As a Charity, we will also promote the various schemes to families and work with parents through our Family Benefits Advice Service to make sure they are claiming the correct support. Our reach is limited, however, and it therefore essential that a government endorsed promotion campaign is implemented.

7. Conclusions

This year's findings show that, as in previous years, childcare costs have increased yet again, with a full-time formal childcare place now costing an average of £162 per week. What marks this particular rise as significant is the fact that it is higher than the rate of inflation, which currently sits at 1.3% (October 2014). Our findings, therefore, show that childcare costs have increased to a greater extent than other goods and services. Furthermore, childcare costs have risen while earnings have decreased; median gross weekly earnings for all employees in Northern Ireland fell by 2.2% over the last year.

The £162 per week average cost amounts to 44% of the Northern Ireland average net weekly earning and is £26 per week more than the average mortgage payment. For a family with two children, average childcare costs can amount to £16,848 per year. This is an enormous cost and it is unsurprising that so many of the parents who responded to the survey are suffering financial difficulties due to the price of childcare.

We know that many families would like to be able to avail of full-time formal childcare to enable them to balance their work and home lives, but in Northern Ireland this simply isn't an option for many due to the significant cost of a full-time place. A general theme which runs throughout the results is that families would avail of formal childcare services if they could afford them. When we consider the way in which local families organise childcare, it is clear that the childcare infrastructure is failing people in Northern Ireland. For the most part, childcare provision is inflexible and unaffordable. For this reason it is easy to understand why some families, in particular one parent families and larger families, are more reliant on informal childcare. Examining the patterns of families' childcare usage highlights a tipping point at which parents begin to take practical measures in order to reduce their childcare costs and make them more manageable, while still covering the hours of childcare needed.

In order to avoid struggling with the cost of childcare, the majority of families adopted one of, or a combination of, three mechanisms. They used informal childcare (either on a full-time or part-time basis), changed their employment patterns and made financial sacrifices to help manage the cost. It is clear from the findings that whilst parents value childcare and recognise its benefits in enabling them to work, they face a daily struggle to meet its costs.

7.1 What is the Impact of Childcare Costs?

On Families-

- **Economic well-being:** It is very clear from the results that childcare costs place a significant financial strain on families, with 48% of respondents commenting that childcare increased their financial pressures. Furthermore, well over half (58%) of respondents struggled with their costs either throughout the year or at some point during it. It is worrying that many families are making significant financial sacrifices to manage their costs, including reducing spend on food and heating, meaning that the cost of childcare has a negative effect on the family's standard of living.

- Risk of in-work poverty: In those families for whom the cost of childcare consumes a significant proportion of their take home pay, childcare undermines the economic benefits of work, and is a contributory factor in the rising rate of in-work poverty, particularly for those who turn to overdrafts, loans and pay day loans in order to keep up with the cost (22%).
- Career progression: For those parents who choose to reduce their working hours or leave work altogether (51%) the impact on career progression is substantial. This is because of the lack of availability of flexible working arrangements at more senior levels of many organisations, as well as the difficulties associated with returning to the workforce after a period of absence.
- Child development: Parents acknowledge the benefits of informal childcare for children as they gain from spending time with grandparents, for example. However, good quality formal childcare also has benefits for child development. Many parents who could not afford to use formal childcare commented on how this disadvantages their children, particularly in the early stages of their development.

On the older generation-

- It is clear from the results that the older generation provide invaluable childcare support to families. 78% of all informal childcare usage was provided through grandparents. Furthermore the care provided by the older generation is often built into the family's pattern of childcare. Where families use a mix of formal and informal childcare, grandparents provide an average of 20 hours of care each week. This is a huge commitment. A recent study by Grandparents Plus calculated that childcare provided by grandparents is worth £7.3 million to the UK economy.
- This reliance on grandparents places an additional burden on the older generation. This is not to say that grandparents do not welcome caring for their grandchildren, but in many cases they are required to cover extra hours of care due to the failings of the childcare infrastructure. As one parent commented "the government is relying on the older generation to provide free childcare."
- A system of childcare which relies heavily on the older generation may not be sustainable in the long term due to the extension of the retirement age and the impact of people having children later in life compared to previous generations. If it comes to a point when the older generation are no longer able to provide childcare to the same extent, families will struggle even more.

On the local labour market and economy-

- Over half of the parents in the survey commented that they had changed their working hours because of the cost of childcare. This impacts on local employers because productivity reduces as the hours that employees are available for work reduces. Furthermore, employers risk losing staff if childcare becomes financially unviable, which not only impacts on the

business due to the loss of talent and expertise, but increases costs through the need for additional training which can be damaging, particularly for smaller companies.

- The local economy suffers as the rate of economic inactivity increases, as working parents reduce their hours or leave work, resulting in a reduction in taxes. In addition, these families are more likely to avail of social security benefits to supplement their income, which has a further impact on the public purse.
- If parents choose to cover more hours of childcare themselves, there is less need for childcare places, which impacts on childcare providers whose businesses will suffer due to reduced numbers of children requiring places.

7.2 How Can Childcare Costs Be Addressed?

Many of the parents in the survey made innovative and interesting recommendations about how the cost of childcare could be addressed. Suggestions included introducing a cap on costs or increasing government subsidies, providing financial incentives to employers to set up workplace nurseries and providing subsidies to childcare providers. It was clear that the majority of parents believe that government intervention is necessary to tackle this problem.

In Northern Ireland, OFMDFM are currently working on a Childcare Strategy. In September 2013 the department launched 'Bright Start', which was a strategic framework with a set of 15 first key actions to address the problems associated with childcare provision. These actions include a School Age Grant scheme, a Rural Childcarer Start Up package, small capital grants for childcare settings to adapt to the needs of disabled children, improvements to the Family Support NI website, and initiatives to support workforce development.

It is too soon to assess the impact of Bright Start, particularly since some of the actions are only in their initial stages. The framework acts as the prelude to the full Childcare Strategy which is due to be published in March 2015. Although it is positive that the Executive are taking steps to address the problems with childcare provision, the £12 million budget, which has been ring-fenced for childcare, will have limited impact, particularly in the context of the innovative measures suggested by families. Many of the parents alluded to the childcare systems which exist in other places, in particular the Nordic countries, where it would seem that a higher priority is attached to childcare. In many cases a system of universal childcare exists and parents can access provision at little or no cost. This promotes the developmental needs of children, enables parents to access work and has long term gains as a result of investing in early years development.

James Heckman's cost-benefit analysis is frequently referred to in discussions on state provided childcare. His analysis concluded that there was a 7% to 10% per year return on investment in early years, based on children's increased school and career achievement, and reduced costs in

the health and criminal justice systems³. In Northern Ireland, NICVA commissioned PWC to conduct a cost-benefit analysis of universal childcare⁴. Although the findings of the report indicated that the costs of providing universal childcare outweighed the quantifiable benefits, there are many other substantial social benefits which could be gained from investing in a system of state provided childcare. These include a reduction in child and adult poverty, and the long term benefits of investing in child development which are difficult to measure but are of significant social value.

Considering the findings of this research, and the government's continued focus on reducing economic inactivity and investing in early intervention, the need to tackle the problems associated with childcare, particularly around flexibility and affordability, is now more urgent than ever. This report has outlined the direct impact that childcare costs are having on parents, children, the older generation, local businesses and the economy. The consequential social effects, such as increased poverty rates, the impact on women's career progression, and the long term impact of the lack of investment in early years for the benefit of children's development, must be considered.

According to NICVA's analysis, a system of universal childcare in Northern Ireland will never pay for itself, in terms of increased tax revenue. However given the social benefits of investing in a system of childcare, we believe that the discussion should be re-framed to include an analysis of the cost of not providing universal childcare. A cost benefit analysis of the health service for example, or the education system, would show similar results, yet the social benefits are far greater and therefore warrant government investment. We believe it is time to think differently about childcare provision, to prioritise it as a necessary and valuable element of government's educational and social care provision, with significant added economic benefits.

7.3 Maximising Information and Financial Support

A system of universal childcare is unlikely to make it onto the Executive's agenda in the near future, which means that most parents will continue to pay the majority of their childcare costs themselves, with a small percentage of government subsidy. In times of austerity, when families are struggling, it is more important than ever that all parents are making use of the financial support available to them. A range of family benefits and entitlements are on offer, including help with the cost of registered childcare. Worryingly almost half (49%) of parents in the survey were unsure that they were claiming all of the help to which they were entitled.

2015-16 has the potential to completely change the landscape of all family social security benefits and financial entitlements. The introduction of Tax-Free Childcare, which is expected in autumn 2015, will mean a whole new system of childcare support. The existing Childcare Voucher scheme will also close to new entrants. It is likely that the Executive will also make its decision on welfare reform at the end of 2014. This could mean the introduction of Universal Credit to Northern Ireland. If almost half of parents are already unsure of what they are entitled

³ Heckman, J (2012) *Invest in Early Childhood Development: Reduce Deficits, Strengthen the Economy*, available from <http://www.heckmanequation.org/content/resource/invest-early-childhood-development-reduce-deficits-strengthen-economy> (accessed 4/12/14).

⁴ PWC (2014) *Universal Childcare in Northern Ireland: A Cost-Benefit Analysis*, Belfast: NICVA.

to, it is of fundamental importance that sound, comprehensive advice and information is provided to help parents access the most beneficial forms of help for their family. This is necessary both in the run-up to the changes and on a continuous basis throughout their implementation.

We know, for example, that some parents will be better off using Childcare Vouchers rather than Tax-Free Childcare, but if these parents do not join a Childcare Voucher scheme before the introduction of Tax-Free Childcare, they will be unable to claim the most financially beneficial form of support. Furthermore, it is not clear from the information provided about Tax-Free Childcare to date what the impact joining this scheme will be for families who are in receipt of Universal Credit, including housing benefit. It is therefore important that parents can access advice and information which will empower them to make the correct decisions for their circumstances.

Our Family Benefits Advice Service was set up in 2010 specifically to provide parents with advice and information to help them make informed decisions about benefits, childcare and work related issues. We aim to reach as many parents as possible to make them aware of the coming changes, but as a small charity and social enterprise our reach is limited. We have highlighted to OFMDFM the need to invest resources into an awareness raising campaign. With government investment many more families could be made aware of the changes which will affect them and their families. Given the current economic climate and the findings of this report, this should be treated as an issue of utmost importance.

We will continue to work with OFMDFM as key stakeholders in the development of a Childcare Strategy. Our findings will be used both as part of this process and in our other lobbying activities.

The findings of this Report paint a worrying picture of the impact that high childcare costs have on local parents, and consequently, children, the older generation, the labour market and our local economy. Since 2010, our Childcare Costs Reports have presented a situation which is worsening year-on-year. We believe this is real and definitive evidence that the current system of childcare is failing local families. It is now crucial, particularly given the many changes to childcare support which are due to take place in 2015-16, that our local politicians and policy makers take real, meaningful and effective steps to address this problem for the benefit of families today and the generations to come.

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employers

For Childcare

charity

Employers For Childcare Charitable Group
Blaris Industrial Estate, 11 Altona Road
Lisburn, BT27 5QB

t: 028 9267 8200

f: 028 9267 9200

e: info@employersforchildcare.org

w: www.employersforchildcare.org

Company Registration No: NI43041

Charity Registration No: XR57249