Northern Ireland Childcare Cost Survey 2015

The sixth 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

This year almost 5,000 local parents took the time to share with us their experiences of using and paying for childcare, helping us to provide another comprehensive and up-to-date instalment of our Childcare Cost Survey Series.

We began collecting data on childcare costs in 2010 in order to track the change in costs and evidence the impact these costs have on local families. Before the first Childcare Cost Survey no such resource existed in Northern Ireland. In England, Scotland and Wales an organisation known as the ‘Daycare Trust’ (now the Family and Childcare Trust) had been recording costs for over a decade, we felt that Northern Ireland could too benefit from a similar report.

This is now the sixth instalment to our Northern Ireland Childcare Cost series, and sadly each year the picture of local families struggling to make ends meet intensifies.

Since 2010 families have borne the brunt of a series of cuts to family benefits and entitlements as part of the UK Government’s austerity measures. Yet whilst vital support has continued to be drawn away from families, the cost of childcare continues to grow.

Over the last few months another announcement, as part of the Summer Budget, introduced a further set of cutbacks which will be detrimental for families. Beginning from next April 164,000 local households will see their Tax Credit Award frozen for four years, and approximately 121,000 of these households will have their award reduced.

This year’s findings show that 56% of parents are under increased financial pressure due to their childcare bill and that 24% of our respondents were forced to rely on other means to regularly meet their childcare payment, such as credit cards, overdrafts, loans or payday loans. The qualitative findings present a picture of parents struggling to make ends meet and making difficult decisions about work, family and spend.

Each and every year the picture of local families becomes bleaker and we are concerned about the impact the forthcoming Tax Credit cuts will have on families already under extreme financial pressure. Over half of our respondents could not say with certainty that they are claiming all the help that is available to their family, and worryingly only 41% of parents were aware of Government plans to introduce a new form of financial support for families from 2017.

The Northern Ireland Executive is currently working on a Childcare Strategy, in light of the coming changes and the ever increasing cost of childcare, we are calling on politicians and policy makers to make childcare affordability a key focus of the strategy. The cost of childcare is arguably the largest deterrent for parents in availing of childcare services, and therefore accessing work. This has knock on effects on children, the wider family, the labour market and economy.

The results of this survey will form the basis of our response to the Childcare Strategy consultation. We will also continue to both provide a Family Benefits Advice Service to
ensure families are aware of the help available to them, including the coming changes, and call for government investment in an awareness raising campaign.

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 savings. 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 early 2017. 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. See Appendix for information changes to Tax Credits from April 2015.
Executive Summary

This is the sixth annual childcare cost survey to be carried out in Northern Ireland, detailing average childcare costs in 2015, and the impact of these costs on local families.

Methodology

The data collection took place between May and August 2015.

- The Childcare Provider survey was sent to all registered childminders, day nurseries and out of school clubs in Northern Ireland. 909 childcare providers responded to the survey.

- Between June and August 2015 parents were invited to take part in an online parent survey which asked about their childcare bill and the impact this has on other factors, such as employment. 4,943 parents responded to the survey.

Key Findings

Childcare costs

- The cost of a full-time place has risen to £164 per week. This represents an increase of 1.2% since 2014. It is also an increase which is 1.2% higher than the rate of inflation\(^1\).

- Since 2011, full-time childcare costs have increased year on year.

- A full-time day nursery place costs on average £158 per week, an increase of 1.3% on last year’s figure of £156 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 £170 per week. This is an increase of 1.8% on last year’s figure of £167 per week

- As in previous years, the highest full-time average costs are found in Counties Antrim and Down (£172 and £168 per week respectively). The lowest costs are recorded for counties Tyrone and Fermanagh (£148 and £131 per week respectively). Once again, costs in Fermanagh are much lower than in the other counties.

- Breakfast club costs have remained the same in 2015 as those recorded in 2014.

- Afterschool club costs increased over the last year, by £1 per week.

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\(^1\) At time of print the rate of inflation was 0%.
Unlike breakfast and afterschool clubs, summer schemes have increased significantly in price, since last year’s survey. The average cost of a summer scheme is now £134 per week, an increase of £13 on last year’s results.

Continuing from 2014, community childcare settings have decreased in price, leaving a greater cost differential between private and community childcare.

Parents’ use of childcare

- 49% of parents used only formal childcare (for example a registered childminder, day nursery or out of school club) to meet their childcare needs. 8% of parents used only informal childcare (for example through grandparents, friends or siblings). 41% used a mix of the two types and 2% covered the childcare themselves.

- The main form of formal childcare used was a day nursery (50%) and the main form of informal childcare used was through grandparents (78%).

- The average family using a mix of formal and informal childcare used on average 47 hours of childcare per week. Informal childcare was typically used for 20 of these hours. Considering that the majority of parents relying on informal childcare used grandparents, they can provide an average of two days of childcare per week for families.

- The main reason parents gave for using informal childcare was to reduce the cost of the overall childcare bill, this is an effective method of lowering the family’s childcare costs. Families in the survey using a mix of formal and informal childcare, and those using informal childcare only, had lower childcare costs than those only availing of formal childcare services.

- Parents commented that aside from reducing the childcare bill, the use of informal childcare also meant more flexibility in childcare arrangements. There were also benefits for children, including being cared for in a home environment, bonding with grandparents, fostering a strong grandparent-grandchild relationship and enabling grandparents to contribute to the children’s upbringing.

- For those parents who used a mix of formal and informal childcare, the care provided by grandparents on a part-time basis enabled the family to be able to afford/access formal childcare, also on a part-time basis. Parents noted a range of benefits for children, including interaction with their peers, enhanced social skills, a child-focused environment, and an educational and stimulating environment.

The Affordability of Childcare

- The average childcare place consumes 45% of the median net weekly earning in Northern Ireland. Those parents paying for only formal childcare allocated a larger proportion of income (48%) to the childcare bill.
After housing costs the childcare bill was the largest monthly outgoing for families. For 25% of families the childcare bill actually exceeded mortgage/rent payments.

The average weekly mortgage repayment in Northern Ireland is £139 per week (Cebr and Barclays, 2015). The average childcare payment is £25 per week more expensive.

61% of families struggled with their childcare bill either throughout the year or at some point during it.

81% of one parent families struggled to meet their childcare bill throughout the year or some point during it, compared to 59% of two parent families.

56% of parents said that the cost of childcare put their family under increased financial pressure.

24% of parents regularly used other means to meet their childcare bill, such as credit cards, loans from family and friends, or payday loans.

Managing the cost of childcare

In order to avoid paying maximum childcare costs parents utilised a number of mechanisms to manage their childcare spending. There are three main ways parents manage the cost of childcare:

1) Making financial sacrifices

In order to ensure that the childcare bill is met other financial sacrifices are made each month. For the vast majority of parents the items which are ‘given up’ are non-essential, such as family days out, entertainment, foreign holidays and new clothes.

A number of these families also commented that it is difficult to save money each month, for the future, but also to pay for unexpected bills, such as car or house repairs. The cost of childcare means that an extremely strict budget must be adhered to each month, with little money left over.

More worryingly, however, a high number of parents were placed under significant financial pressure due to the cost of childcare. A high number of respondents stated that they significantly cut back on essential items, such as food and heating, in order to meet their childcare bill.

It is clear that the cost of childcare is a financial burden for the majority of families in the survey, however when the childcare bill becomes so high that it forces families to make significant sacrifices and rely on other means to meet the payment, it places families in a dangerous financial position, which in turn has knock on effects on emotional and physical wellbeing.
Impact on families:

- Financial instability
  - No/reduced savings
  - Unprepared for emergency payments
  - Just making ends meet

- Less disposable income
  - Lifestyle changes
  - Less non-essential spending (e.g. entertainment, holidays)
  - For some families essential items are reduced (e.g. food and heating)

- Relying on other methods of payment (loans, credit cards)
  - Mounting debt
  - Vicious cycle

2) Using Informal Childcare

- Almost half (49%) of respondents used informal childcare on either a full-time or part-time basis.

- 78% of all informal childcare usage was provided by grandparents, showing that for the majority of families grandparents provide vital support. It is clear that for the majority of these parents, with few exceptions, the main reason for using informal childcare was to lower the cost of the overall childcare bill.

- With regards to cost, the support of grandparents benefits families in three ways:
  1. It enables parents to afford part-time formal childcare which has proven developmental and social benefits for children.
  2. It enables parents to remain in work. Without the support of grandparents, many parents would find that their childcare bill consumes a large proportion, if not all, of their income. This is financial unviable and can force parents to either give up work altogether or reduce their working hours. A large number of respondents acknowledged the support of grandparents in providing informal childcare as the reason they are able to work.
  3. It financially benefits families; the cost of a full-time childcare place can place a significant financial burden on families. Availing of informal childcare reduces the overall childcare bill and gives families more disposable income.

Impact on families:

- Impact on grandparents
  - More pressure/responsibility
  - Restrictions on time
  - Reduced earning power
  - Impact on health and wellbeing
• Impact on parents
  o Guilt about relying on grandparents
  o Worry about future care arrangements

3) Childcare and work

The reliance on informal care or reducing family spend represents significant lifestyle changes for families, and the wider family in many cases. However many families reach a point where these measures are no longer sufficient and they consider whether it is financially viable for them to continue working when a large proportion of income is consumed by the childcare bill.

• 46% of parents reduced their working hours or left work altogether because of the cost of childcare.

• Over half of mothers in the survey reduced their hours or left work due to childcare costs (52%), compared to just under a third of fathers (32%), showing that mothers still bear the brunt of caring responsibilities.

• It is clear that for the majority of parents the high cost of childcare was the main driving force behind their decision to reduce working hours or leave employment.

• Rather than reducing hours or leaving work, 44% of parents opted to change the pattern of their working hours.

• Once again more mothers than fathers made changes to their employment due to the cost of childcare. However, compared to those who reduced hours or left work another, similar proportions of both mums and dads chose to change their pattern of work.

• A range of working patterns were chosen by parents, such as working compressed hours (working the same number of hours in a week, but over fewer days), using flexi-time or job-sharing.

• Other parents chose shift working or regularly working overtime. A number of parents arranged their working hours around their partner’s hours so that childcare was covered. Interestingly parents who had chosen this pattern of work commented on the impact on family time. Although they reduced the cost of childcare, they sacrifice time together and as a family to do so.

• Many of the parents who made changes to their work because of the cost of childcare acknowledged the impact it could have on their employment and career, however for many they had no choice but to sacrifice work in order to alleviate the financial burden caused by childcare costs. Some parents in the survey refuse to let the cost of childcare damage their careers and continue to work full-time, at a financial loss, for the long term career benefit.
• Although for many of these parents the cost of childcare was financially ‘crippling’, the cost was viewed as essential in maintain their careers.

Impact on families:
• Career impact
• Reduced earning power
• Impact on parental and family wellbeing.

What is the role of Government in making childcare more affordable?
• As with last year’s results numerous parents discussed ways which could lower the cost of childcare, such as capping costs, increasing Tax Credits and Childcare Vouchers or making childcare completely tax free.

• A number of respondents commented on the current system of support and stated that it does not incentivise or encourage parents to work. For many this response centred on the level of support being removed as income increased.

• Reference was made to the series of Government cuts to family benefits and entitlements which have been implemented over the past few years, such as reductions in Tax Credits. Many of which have increased the financial pressure on families, making it harder to continue working while paying for childcare.

• A number of parents hailed the importance for childcare for children, not only for enhancing their developmental opportunities, but also as a system of good quality childcare is an investment for this and future generations.

Accessing Childcare and Information
• 98% of parents were happy with the quality of care provided by their childcarer.

• Many parents commented that the quality of care provided was excellent and that as a result their children benefit from being in childcare.

• Formal childcare has proven benefits for children, most particularly for aiding their development. Parents remarked on some of these benefits and for this reason justify paying the childcare bill.

• Some parents are understanding about the amount childcare providers charge, many other parents made similar comments due to the nature of the profession and how it is often undervalued.

• 57% of parents stated that there was insufficient childcare provision in their local area. Parents living in the more westerly, rural counties were more likely to report an insufficiency.
- In terms of affordability and flexibility, 38% of parents found it difficult or very difficult to access affordable childcare in their area. 47% of parents found it difficult or very difficult to access flexible childcare.

- 35% of parents found it difficult or very difficult to access information on the financial help available with childcare costs. 40% found it difficult to access information on family benefits and entitlements.

- Over half of parents, 51%, were unsure that they were claiming all the family benefits and entitlements that are available to their family.

- It is worrying that such a high proportion of parents are in this position, particularly considering the changes to the landscape of support which will begin to be introduced from April 2016.

- Tax-Free Childcare, which is one of the largest changes to childcare support, will be implemented in 2017. Only 41% of parents were aware that the Government is planning to introduce Tax-Free Childcare, and only 14% of these parents could say they had a good understanding of how the scheme will work.

Conclusions

The cost of a childcare place has risen again over the last year, despite the rate of inflation sitting at 0%.

Our findings show that childcare costs place families in difficult financial circumstances and can force them to make tough decisions about family, work and spend.

Policy makers in Northern Ireland are currently working on a Childcare Strategy for the region, and although we welcome this development, we believe that the strategy should contain more firm commitments, and in particular more of the proposed measures should be focused on affordability.

There is a crucial need to promote existing financial assistance for families, both now and in the coming months when there will be a series of changes to the support available.

Each year more and more financial help is drawn away from families, yet the cost of childcare continues to grow. High childcare costs act as a barrier to work and childcare use; now that childcare is on the political agenda the opportunity to address affordability cannot be missed.
1. Introduction

The cost of childcare and the impact it has on families is a hotly debated topic, in particular calls for the issue to be addressed at a political level are met with a mixture of support and criticism.

In 2015 childcare has received a considerable amount of political attention. In England in particular the Conservative Government’s pledge to introduce 30 hours of free preschool childcare for families has prompted local political parties to call for a similar scheme in Northern Ireland. Although the scheme is not automatically transferrable to Northern Ireland, and by definition is not strictly childcare, it is positive to see politicians considering childcare as a topic which needs to be addressed for local families.

In addition, in recent months the Northern Ireland Executive launched a Childcare Strategy for public consultation (closing 13 November 2015). The draft strategy follows on from the Bright Start Framework (2013), which introduced 15 key first actions which aimed to address the most prominent problems with childcare provision.

Childcare has finally reached the top of the political agenda and we are hopeful that the strategy will implement real change for families.

This is the sixth annual childcare cost survey to be conducted in Northern Ireland, this year almost 5,000 parents completed the survey and shared with us details of their childcare costs and the impact this has on their family, and as with previous years’ findings, the results are bleak.

Once again the cost of childcare, which has increased over the last year, puts families under increased financial pressure and impacts on employment, the wider family circle and family income and expenditure. The fact remains, childcare costs are rising year on year and families are struggling to keep up.

Our results are delivered at a time of transition and at the brink of a range of new policies and changes which will undoubtedly heavily impact on families.

From next April, in particular, a range of changes to the way Tax Credits are calculated will be introduced. Each of the 164,000 existing Tax Credit claimants will be affected by a four year freeze in rates, and Department for Social Development estimates calculate that 121,000 local households will see their tax credit award reduced. These cuts are in addition to a series of other reductions to family benefits and entitlements over previous years, many of which have already left families struggling to make ends meet. This next series of Tax Credit cuts will be devastating for many more families.

In addition, the introduction of the National Living Wage, which will mean that all workers aged 25 and over will be entitled to £7.20 per hour, from next April, will put pressure on businesses as staff costs will rise. The changes to Tax Credits will mean that many families will not see the benefit of the living wage, and conversely childcare providers are already commenting on how the increased cost of wages may push up the cost of providing a childcare place, increasing the cost of childcare for families.
The Childcare Strategy fails to take into account either of these contextual changes and the impact they will have both on families and childcare providers.

We are calling on Government, and in particular, our local policy makers to address the cost of childcare, especially though the provision and promotion of financial assistance.

We already know that there are many local parents who fail to claim all the support available to them due to simple lack of awareness, and we are concerned that this is set to rise as the types of available support change in the coming years, particularly with the introduction of the Tax Free Childcare scheme, which coincides with the closure of the Childcare Voucher Scheme to all new entrants from 2017.

The cost of providing a childcare place must also be considered; the quality of childcare cannot be compromised in order to provider cheaper childcare places, and the introduction of the National Living Wage may make the provision of childcare unsustainable for some providers.

Last year we called for the discussion around childcare to be re-framed. We believe that good quality childcare provision and its benefits for children, families, the labour market and economy, should warrant public investment, in the same way that education and health services are considered.

This requires significant investment and focus on affordability, neither of which we believe the current draft childcare strategy delivers.

We are pleased that policy makers are working on developing a Childcare Strategy for Northern Ireland and we welcome many of the measures contained within the draft document. However, at time of limited resources, and in the context of changes to vital family support, we believe that any money spent should be invested wisely and targeted at ways which will address the problem of affordability.

At the time of printing, the draft childcare strategy is still open for consultation, we are hopeful that it will develop into a meaningful strategy which implements real changes for families.

In the meantime, this report is the sixth instalment in the Childcare Cost Survey series and year on year the situation for families fails to improve. These findings provide up-to-date, strong evidence that local families need better support and intervention, sooner rather than later.
2. Methodology

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 which feature on the Family Support NI website were contacted during May and June 2015. 909 childcare providers responded to the survey. 51% of respondents were childminders, 13% were day nurseries and 37% 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

Between June and August 2015 parents were invited to take part in an online survey which asked about their childcare bill and the impact this has on other factors, such as employment. 4,943 parents responded to the survey. A detailed breakdown of respondents is provided in section 3.1.
3. Childcare Costs in Northern Ireland – Childcare Provider Results

During May and June 2015, 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. 909 childcare providers responded, allowing us to calculate average childcare costs across each of the counties for each childcare type. The results are detailed below.

3.1 Private Childcare Costs

Full-Time Childcare 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 2014 Childcare Cost Survey calculated that the average full-time childcare place cost £162 per week.

This year’s results show that over the last year the cost of a full-time place has risen to £164 per week. This represents an increase of 1.2%. Although this increase in costs has not risen as steeply in 2014-15 when compared to 2013-14, it still sits 1.2% higher than the rate of inflation, matching last year’s results.

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

Table 1: Private Full-Time Weekly Childcare Costs 2015

<table>
<thead>
<tr>
<th></th>
<th>Full-Time</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Day Nursery</td>
</tr>
<tr>
<td>Total Average Cost</td>
<td>£158</td>
</tr>
<tr>
<td>Total Full-Time Average Cost</td>
<td>£164</td>
</tr>
</tbody>
</table>
of 1.8% on last year’s figure of £167 per week. Between 2013 and 2014 costs increased by 3.7%, therefore, although childminding costs have increased once again between 2014 and 2015, the rise in costs is not as steep as the year previous.

- Once again childminding costs exceed day nursery costs. Indeed £170 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 £12 difference between the average cost of a childminder and a day nursery place, the largest to date. In 2014 there was a cost difference of £11 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 2010-2015**

![Figure 1: Change in Full-Time Private Childcare Costs 2010-2015](image-url)
Childcare Costs by County

Table 2: Full-Time Childcare Costs by County 2015

<table>
<thead>
<tr>
<th>50 Hours per week</th>
<th>Day Nursery</th>
<th>Childminder</th>
<th>Full-Time Total Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antrim</td>
<td>£166</td>
<td>£178</td>
<td>£172</td>
</tr>
<tr>
<td>Armagh</td>
<td>£150</td>
<td>£173</td>
<td>£162</td>
</tr>
<tr>
<td>Down</td>
<td>£164</td>
<td>£172</td>
<td>£168</td>
</tr>
<tr>
<td>Fermanagh</td>
<td>£127</td>
<td>£135</td>
<td>£131</td>
</tr>
<tr>
<td>Derry/Londonderry</td>
<td>£152</td>
<td>£162</td>
<td>£157</td>
</tr>
<tr>
<td>Tyrone</td>
<td>£142</td>
<td>£153</td>
<td>£148</td>
</tr>
</tbody>
</table>

- As in previous years, the highest full-time average costs are found in Counties Antrim and Down (£172 and £168 per week respectively). The lowest costs are recorded for counties Tyrone and Fermanagh (£148 and £131 per week respectively). Once again, costs in Fermanagh are much lower than in the other counties.

- With the exception of Fermanagh, in which costs decreased over the last year (from £132 in 2014 to £131 in 2015), the total average costs in each of the counties have increased over the last year. The highest increase was in County Armagh, in which the average full-time cost increased by £6.

- There is a £41 difference between the highest average costs, in County Antrim (£172 per week), and the lowest average cost in Fermanagh (£131 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 (£166 per week) and childminding costs (£178 per week) in Northern Ireland.

On the other end of the scale, County Fermanagh has both the lowest day nursery costs (£127 per week) and childminding costs (£135 per week) across each of the counties.

The difference between the highest and lowest day nursery cost in Northern Ireland is £39 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 £43 per week. Again this could be equal to or more than the cost of one day’s childcare in Antrim, illustrating the variation of costs across the counties.

Out of School Club Costs

There are three types of out of school clubs, these are breakfast clubs, afterschool clubs and holiday schemes. Each type of provision is designed to cater for school aged children to wrap around the school day and during holidays. Table 3 outlines average out of school club costs in 2015.

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

<table>
<thead>
<tr>
<th></th>
<th>Breakfast Club</th>
<th>Afterschool Club</th>
<th>Holiday Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antrim</td>
<td>£33</td>
<td>£90</td>
<td>£142</td>
</tr>
<tr>
<td>Armagh</td>
<td>£24</td>
<td>£77</td>
<td>£151</td>
</tr>
<tr>
<td>Down</td>
<td>£27</td>
<td>£83</td>
<td>£135</td>
</tr>
<tr>
<td>Fermanagh</td>
<td>£30</td>
<td>£61</td>
<td>£113</td>
</tr>
<tr>
<td>Derry/Londonderry</td>
<td>£24</td>
<td>£81</td>
<td>£125</td>
</tr>
<tr>
<td>Tyrone</td>
<td>£34</td>
<td>£72</td>
<td>£131</td>
</tr>
<tr>
<td><strong>Total Average</strong></td>
<td><strong>£30</strong></td>
<td><strong>£84</strong></td>
<td><strong>£134</strong></td>
</tr>
</tbody>
</table>

Breakfast club costs have remained the same in 2015 as those recorded in 2014.

Afterschool club costs increased over the last year, although only marginally, by £1 per week.

Unlike breakfast and afterschool clubs, summer schemes have increased significantly in price, since last year’s survey. The average cost of a summer scheme is now £134 per week, an increase of £13 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 Armagh had the most expensive breakfast club costs at £31 per week. This year the highest cost is found in county Tyrone at £34.

When afterschool club costs are considered, the highest costs are found in county Antrim (£90 per week); the lowest are in county Fermanagh at £61 per week. There is therefore a greater variation in costs across the counties, with a difference of £29 between the highest and lowest costs.

Summer schemes are more expensive in counties Armagh (£151 per week) and Antrim (£142 per week), mirroring the last two year’s results. Fermanagh has the lowest costs at £131 per week.

### 3.2 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 increased in cost year on year until 2014. 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. This year each type of community setting decreased in price, therefore as private settings have continued to increase since 2014, the cost differential is now much greater between the two types.

**Figure 3: Average Costs of Community and Private Childcare Settings per Week 2015**
• Community day nurseries have decreased in price by £4 since last year's survey and now cost £127 per week on average. Between 2013 and 2014 this cost decreased by the same amount, showing that over the last couple of years costs have decreased at a steady rate.

• Afterschool clubs decreased by £3 per week to cost £55 and summer schemes decreased by £1 and now cost £89 per week.

• Breakfast club costs decreased from £18 in 2014 to £17 in 2015.

• These findings point to two conclusions, firstly, any change in cost has been minimal when compared to the majority of private setting types. Secondly over the last year costs have decreased at a steady rate.

3.3 Conclusions

Once again average childcare costs have increased over the last year. A full-time average place now costs £164 per week, or £8,528 per year. Interestingly community childcare costs continue to decrease, making these options more attractive for families. The next section explores childcare costs from the perspective of the parents. It explores how families manage their childcare bill and the impact high costs have on local families.
4. Using and Paying for Childcare in Northern Ireland – Parent Findings

4.1 Profile of respondents

This year 4,943 parents completed the survey, 71% were mothers and 29% were fathers. 93% were from two parent families and 7% were from one parent families. The majority of families had two children (47%), this is a trend which has continued over the last three years.

Employment

76% of respondents worked full-time hours; 22.8% worked part-time.

If the results are broken down by gender it is clear that the majority of dads (98%) work full-time, compared to 66% of mothers. Almost a third of female respondents work part-time, in contrast to only 1.7% of male respondents.
22% of parents worked outside ‘typical’ Monday to Friday, 9am-5pm, working hours.

Household Income

72% of all households had an annual income of over £40,000, this is reflective of the prevalence of two parent family respondents. However, when the results are broken down by family type it is clear that one parent families have much lower incomes than two parent families.

Location

In order to achieve a representative sample we surveyed parents living across Northern Ireland. The figures below show the percentage of respondents in each of the counties, the chart compares our rate of response to the actual population breakdown. As in previous years, we received a higher number of responses from County Antrim than any other county. However, generally speaking the sample is broadly representative.
4.2 Use of Childcare

This is the sixth report in our annual Childcare Cost Survey series and a number of trends have become apparent through the course of our research, one of the most prominent trends focuses on how families manage the pattern of their childcare. In this year’s survey just under half of respondents relied only on formal childcare, for example a day nursery, childminder or out of school club, to meet their childcare needs. However, 41% of parents used a mix of formal and informal childcare to make up an ordinary week of care.

**Figure 4: Patterns of Childcare Used by Families 2015**

In terms of the types of childcare used, those parents using only formal childcare were more likely to use a day nursery or registered childminder. 50% of parents availed of a day nursery, followed by 27% who used a childminder as their main form of formal care, see Figure 5.

**Figure 5: Formal Childcare Used by Parents 2015**

- Day Nursery: 50%
- Registered Childminder: 27%
- Out of School Club: 16%
- Specialist Day Nursery/Unit: 3%
- Approved Home Childcare: 2%
- Other: 20%
For those parents who used informal childcare, either as their sole childcare type or alongside formal provision, the majority relied on grandparents to provide care (78%). This matches the findings from last year’s survey. Grandparents are by far the most used type of informal care. Only 12% of parents used another family member and 3% used friends. Worryingly 3% of parents stated that they used an unregistered childminder, which we have classed as informal care due to the lack of registration or regulation. Unregistered childminders, providing care for payment, are illegal. Figure 6 breaks down the use of informal childcare.

**Figure 6: Informal Childcare Use by Parents 2015**

![Informal Childcare Use by Parents 2015](image)

**Why Parents Mix Formal and Informal Childcare**

41% of parents used a mix of formal and informal care, for example using a day nursery three days a week and grandparents for the other two. The results of this year’s survey, and those of previous years, show that the care provided by grandparents is built into the family’s weekly pattern of childcare, it is not provided on an ad hoc basis, but is structured around family needs. We asked parents to state how many hours of childcare they used each week, for both formal and informal childcare. Families using a mix of formal and informal care required an average of 47 hours of childcare per week. On average 20 hours were provided through informal childcare, typically grandparents, and 27 hours were provided through formal childcare providers, see figure 7.

**Figure 7: Average Weekly Formal and Informal Childcare Use**

![Average Weekly Formal and Informal Childcare Use](image)
Considering that the majority of informal childcare (78%) is provided through grandparents, they typically care for their grandchildren for the equivalent of two days per week. The cost of the average formal childcare place per day is £32.80, two days of care therefore costs £65.60, a cost that parents are saving each week by using informal childcare.

The provision of childcare is a huge commitment for grandparents but it is invaluable for families. We asked parents why they used a mix of formal childcare, perhaps unsurprisingly, for the vast majority of respondents the main reason was financial. This benefit will be discussed in detail in Section 4.4. However, in addition to the financial benefits of relying on informal childcare, parents also commented on the increased flexibility informal childcarers can give as well as the benefits for children.

**Flexibility**

A number or respondents commented on the difficulties of facilitating school/childcare pick-ups and drop-offs. Many formal providers charge extra for this service, whereas grandparents can fulfil this need at a lower cost and are more flexible to changing needs, for example changing times or requirements at short notice.

Summer childcare is a particular problem for the parents of school age children, sourcing and paying for holiday childcare can be a challenge. Respondents commented that grandparents can step in during the summer months and cover childcare needs.

In addition, many childcare settings close at or before 6pm in the evening. Numerous parents commented on the struggle to ensure they finish work on time and are not late for pick-up times, which usually result in extra charges. Formal settings do not afford the same flexibility as informal childcarers. Some parents commented on how grandparents’ flexibility enabled them to work slightly later when they needed to without worrying:

“There is more flexibility with grandparents...at holiday times the afterschool club sometimes closes earlier or doesn't open at all (closed on a Monday due to lack of numbers) so the extra help from grandparents is much needed.”

“It means a great deal to have grandparents help out a couple of times per week, they enjoy having the children and it means we can work later if needs be.”

Regarding flexibility, the support of grandparents benefits families through:

1. The provision of school pick-ups and drop offs which can be difficult to facilitate and costly if provided through formal childcare providers.

2. Enabling parents more flexibility around working times, grandparents are not bound by opening hours and will not charge extra amounts for late pick-ups and drop offs.

3. Providing childcare during times when it is difficult to access suitable and available formal childcare, for example, evenings and weekends and during school holidays.
Benefits for Children

Although many parents attribute their decision about using informal childcare to cost, for many this is a choice which benefits children, firstly though spending time with their extended family. Secondly, many of the respondents who used a mix of formal and informal childcare commented on their thankfulness to their parents for providing informal care, not only for reducing the overall childcare bill, but also for enabling their children to access some hours of formal childcare. Numerous respondents commented that that if grandparents did not provide some hours/days of childcare they would be unable to afford formal childcare for their children at all. Many of the respondents commented on the benefits of both formal childcare and informal childcare for their children, see figure 8.

Figure 8: Benefits for children of formal and informal childcare, parents’ responses

Many parents specifically commented that children benefit from both formal and informal childcare, both have their own value and due to the support of grandparents children can access both:

"We get the best of every world – my child spends time with family which is more cost effective but still has the benefit of social and structured elements of the more formal system."

"I believe that my daughter benefits from the mix of childcare providers. She attends day nursery 2 days per week which gives her the essential opportunity of integration with peers in a supported and child focused environment that allows for social integration, development of key skills and to engage in activities that it is difficult to cater for in the home. I also believe that it is a good
preparation for nursery school. 1 day per week is spent with her grandmother and this allows them to develop their relationship and for my daughter to be cared for in an alternate home environment.”

“We use both formal and informal childcare to cut the costs and it also provides our child with a mix of experiences - he gets to spend time with his grandparents and also gain benefits from socialising with peers in the day nursery.”

Many parents choose to mix formal and informal childcare, however for others the financial relief using informal childcare provides makes the choice obligatory in order to make ends meet and to stay in work. A number of respondents stated that they felt guilty about asking their parents to care for their children, particularly those with elderly parents, this is discussed in more detail in Section 4.4.

**Impact of childcare type on the childcare bill**

Qualitative evidence shows that the use of formal childcare dramatically lowers the weekly childcare bill; in order to quantify this, we asked parents to tell us how much they paid for childcare in an average week. When the results are broken down by childcare use it is clear that using informal childcare can reduce the childcare bill for families, see Figure 9.

**Figure 9: Childcare costs incurred by families by childcare type**

<table>
<thead>
<tr>
<th>Childcare Type</th>
<th>Cost per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Childcare Only</td>
<td>£178</td>
</tr>
<tr>
<td>Mix of Formal and Informal Childcare</td>
<td>£125</td>
</tr>
<tr>
<td>Informal Childcare Only</td>
<td>£88</td>
</tr>
</tbody>
</table>

Families using only formal childcare incurred an average childcare bill of £178 per week. This is £53 more expensive than the average bill of a family using a mix of formal and informal childcare. Those families using informal childcare only paid an average £88 per week; £90 less than those using only formal childcare services.

Almost 50% of parents in the survey used only formal childcare services to meet their childcare needs, these families typically incurred a childcare bill of £178 per week. Only 8% of parents used only informal childcare and paid the lesser amount of £88 per week. Therefore the majority of families incur high childcare costs; the next section explores the impact this has on local families.
4.3 The Affordability of Childcare

The childcare bill can amount to a significant sum each week, on average a full-time place costs £164, annually this amount to £8,528. For the respondents of our survey the childcare bill differs by the type of childcare used, as detailed in the previous section. For those only relying on formal childcare the annual bill amounts to £9,256; this figure is reduced to £6,500 for families who can avail of a mix of formal and informal care. Although using both types of childcare can reduce the overall childcare bill by over £2,700 per year, paying £6,500 annually for childcare is still a substantial cost.

This section investigates the effect high childcare costs have on families, it looks at childcare costs in relation to income and other bills, as well as exploring the financial impact.

Childcare costs and income

In 2014 the Childcare Cost Survey showed that the average childcare bill consumed 44% of median weekly earnings. For parents using only formal childcare this increased to 47% of earnings.

The average median weekly earning is £367.72 per week\(^2\). Childcare costs have increased by £2 per week since 2014 with a full-time place costing £164; therefore the average childcare place now consumes 45% of the average earnings.

To carry out the same calculation using the survey families’ childcare costs shows that for those families who only used formal childcare this proportion rises to 48%. The proportion drops to 34% for those using a mix of formal and informal care. Families using only informal childcare allocated a lesser amount again, with 24% of the average earning allocated to childcare, see Table 4.

Table 4: Childcare Costs in Proportion to Salary

<table>
<thead>
<tr>
<th></th>
<th>Weekly Cost</th>
<th>Median Net Weekly Earning</th>
<th>Total Proportion of Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average full-time weekly form.</td>
<td>£164</td>
<td>£367.72</td>
<td>45%</td>
</tr>
<tr>
<td>formal childcare costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey families’ costs – form.</td>
<td>£178</td>
<td>£367.72</td>
<td>48%</td>
</tr>
<tr>
<td>formal childcare only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey families’ costs – mix of form.</td>
<td>£125</td>
<td>£367.72</td>
<td>34%</td>
</tr>
<tr>
<td>and informal childcare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey families’ costs – inform.</td>
<td>£88</td>
<td>£367.72</td>
<td>24%</td>
</tr>
<tr>
<td>childcare only</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^2\) 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).
Childcare eats up a significant proportion of the family income, an amount which has increased over the last year. Although the rate of inflation currently sits at 0%, the cost of childcare continues to increase year on year, putting many families under significant financial pressure. The next subsection places childcare costs in the context of other household bills.

**Childcare Costs and other household bills**

We asked parents to rate their highest to lowest monthly expenses. Matching last year’s results, for 62% of respondents the mortgage/rent payment was the largest monthly outgoing. However, for 25% of respondents the childcare bill actually exceeded their housing costs.

After housing costs the childcare bill was the largest monthly outgoing for the majority of respondents (36%). This figure has increased by 3% over the last year.

**Figure 10: Respondents’ largest and second largest monthly outgoings**

It is perhaps unsurprising that mortgage/rent payments consume the largest amount of income for most parents; however, in comparison to other household costs, such as grocery bills and heating costs, the childcare bill amounts to one of the highest monthly bills for families. In our survey of 4,943 parents, 25% paid more towards

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3 At time of print.
childcare than their mortgage/rent. This amounts to 1,143 parents. Figure 11 gives a profile of respondents whose childcare bill was the highest monthly outgoing.

The majority (94%) of these respondents belonged to two parent families, with just under half living in County Antrim. This is perhaps unsurprising considering that full-time average childcare costs are higher in County Antrim compared to the other counties.

The vast majority of these parents worked full-time hours and had reasonably high household incomes, with 47% earning between £40,000 and £60,000 each year. Almost 70% used only formal childcare to meet their childcare needs. The previous section demonstrated that using a mix of formal and informal care reduced the overall childcare bill, however despite this, almost a third of families who spent the majority of their income on childcare used informal childcare to supplement their formal childcare use.

Figure 11: Profile of parents whose childcare bill is the largest monthly outgoing

Ideally, working parents should be able to avail of affordable full-time formal childcare to meet their needs. However, the existing childcare infrastructure can actually work against parents, the profile above shows that parents working full-time, earning good salaries and availing of formal childcare can be crippled with a disproportionately high childcare bill. This is contradictory to the purpose of childcare provision in the first instance - when the childcare bill is too high parents are forced to reconsider whether work is financially viable, this has a knock on effect for children who cannot access the benefits of formal childcare provision.
Despite parents taking a series of measures to lower their childcare bill, see Section 4.4, for almost a third of respondents it is their largest monthly outgoing, over and above all other household costs, including mortgage/rent payments. The most recent Barclays and Centre of Economic Business Research (Cebr) report\(^4\) shows that the average weekly mortgage repayment in 2015 is £139. The average full-time childcare place is £25 per week more expensive.

By using a mix of formal and informal childcare parents can reduce their childcare bill, last section showed that families in this situation typically paid £125 per week towards childcare. For these families the childcare bill is less than the average mortgage payment by £14 per week. The ways in families manage their childcare costs are discussed in more detail in the next section.

**Struggle to meet childcare costs**

The last two sections have placed the childcare in the context of salary and in relation to other household bills, it is clear that even when families take measures to reduce their overall childcare bill, such as using a mix of formal and informal childcare, the weekly cost can still place a significant financial burden on parents. With this in mind, we asked respondents to tell us if they struggled to meet their childcare bill, either throughout the year or at some point during it. 27% told us that they struggled with the bill consistently throughout the year, a figure which has increased by 5% since 2014. A further 34% of parents ‘sometimes’ struggled with their childcare bill and 39% said they did not struggle.

In 2015, 61% of parents struggled to meet their childcare bill either throughout the year or at some point during it, this is a 3% increase since 2014.

When the results are broken down by family type it is clear that one parent families are more likely to struggle with their childcare bill, see Figure 12. 38% of one parent families, compared to 26% of two parent families, struggled with their childcare bill consistently throughout the year. Only 19% of one parent families told us that they did not struggle with their bill, in comparison to 41% of two parent families.

81% of one parent families struggled to meet their childcare bill throughout the year or at some point during it compared to 59% of two parent families.

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The childcare bill was considered by many as a huge financial burden which left little disposable income. Many of the parents who struggled commented that the bill was considered a priority payment which had to be met, often to the detriment of other household expenses, this is discussed fully in the next section.

Figure 12: ‘Do you struggle with your childcare costs’ by family type
4.4 Managing the Cost of Childcare

The childcare bill can be a huge cost for families, as the previous sections show. It is clear that for the majority of respondents childcare is considered to be a necessary payment, enabling parents to work and benefiting children’s development. For this reason parents make sure that their childcare needs are met through managing the cost of their childcare bill, ensuring it remains affordable and therefore accessible.

In previous years three main ways in which parents managed their childcare bill became apparent:

1. Making financial sacrifices
2. Relying on informal childcare
3. Changing employment patterns

These trends are also evident in this year’s survey and will be discussed in turn below.

Making Financial Sacrifices

“We constantly try to manage our costs but it is a frighteningly large bill every month”

The previous section showed that 61% of parents in the survey struggled with their childcare costs either throughout the year or at some point during it. For many parents in order to ensure that the childcare bill is met other financial sacrifices are made each month. For the vast majority of these parents the items which are ‘given up’ are non-essential, such as family days out, entertainment, foreign holidays and new clothes.

Many parents commented on the lack of disposable income:

“\textit{We’ve stopped buying clothes for ourselves, no holidays, no eating out. All fun things we do are free day excursions. We have literally cut back on everything that we can.}”

“\textit{It does take up a substantial amount of our income and it just a few pounds less than what we currently pay for rent and was more than our mortgage in our last house. It means we cannot afford luxuries like foreign holidays or new clothes as all of our money is accounted for.}”

For these families the items scarified at the expense of childcare are items which may deemed as ‘non-essential’, but they are items which enrich the family’s quality of life. Childcare is often referred to as a ‘priority’ payment and for this reason other items are sacrificed. A number of these families also commented that it is difficult to save money each month, for the future, but also to pay for unexpected bills, such as car or house repairs:

“\textit{It leaves nothing extra after childcare, and general household bills are taken out so leaves pressure on us as a family to be able to do anything additional or if any issues arise we don’t have disposable income to pay for these.}”
"The change in our family financial stability has increased considerably to our detriment due to the costs of childcare. We no longer have savings or an emergency fund and if anything is to go wrong with our car, house, jobs we would not have the funds to meet our needs."

The cost of childcare means that an extremely strict budget must be adhered to each month, with little money left over. The inability to save money for the future or to cover the cost of unexpected emergencies can mean that families become financially unstable, getting by, but unprepared for a change in circumstances. More worryingly, however, a high number of parents were placed under significant financial pressure due to the cost of childcare. A high number of respondents stated that they significantly cut back on essential items, such as food and heating, in order to meet their childcare bill:

"There are times when I just buy the complete essentials or do no shop at all and rely on what is already in the house for that week. Or I limit the amount/length of time the heating goes on. There may be clothes the children may require, but I just have to wait until I raise the money over a period of time."

"As it is a 'must pay' bill it is always paid on time so both parents can attend work. Other household bills either get paid in part, or not at all incurring more charges. We find that heating and groceries are cut back substantially while we struggle to break even after paying necessary bills like utilities and mortgage."

"Paying the childcare has sometimes meant me missing other bills or being short for food"

This is particularly concerning as it has a significant impact on both the family’s wellbeing and financial stability. Considering these results, it is understandable why the lack of affordable childcare is considered as contributory factor in the rising rates of in-work poverty and child poverty.

Financial pressure

We asked respondents to tell us about the financial impact of the cost of childcare; perhaps expectedly, considering the qualitative results detailed above, the majority of respondents (56%) commented that they were consistently under financial pressure due to their childcare bill. 28% stated that they sometimes felt under pressure due the cost of childcare. Only 16% of all respondents said that the cost of childcare did not put them under financial pressure, see figure 13.
Figure 13: Does the cost of childcare put your family under increased financial pressure?

Taken together, the quantitative and qualitative data paint a concerning picture of local families. For many it was taken for granted that sacrifices must be made to account for the cost of using and paying for childcare. Many commented on the change of lifestyle as a result. For some parents the lifestyle changes are small for example ‘forgoing luxuries’ such as choosing free family events over paid entertainment, choosing to holiday nearer to home rather than abroad, or becoming more energy efficient in the home – all of which represent a shift in lifestyle.

However, other families reported making more drastic changes, for example paying only the interest on mortgage repayments, stripping back on food spending to only the essentials, with some parents commenting on choosing lower cost meals which are not as nutritious or providing packed lunches for school children rather than school dinners. Many of the qualitative results discussed ‘watching every penny’ and ‘cutting back on everything possible’ to make sure that the childcare bill was paid. What is prominent however is that for each family, whether the sacrifice was large or small, the ability to pay the childcare bill was prioritised. This incurs an impact which is more than financial. Some parents commented on how their standard of living had dropped, others commented on merely surviving to make ends meet:

"We live on a month to month basis trying to pay all our bills including childcare when we get paid at the end of the month and then trying to survive to the end of the following month when we get paid again. It’s a continuous month to month cycle. We can never get ahead of ourselves."

"We’re working full-time and one of the household incomes is gone straight away on childcare and rent every month. Everyday going into work, working full-time knowing that there’s no money left over to do/buy nice things. Trying to work with that, knowing the end result, is mentally exhausting.”
Many respondents, such as those above, commented on the sense of never making ends meet, and the impact of this emotionally and psychologically. Numerous parents stated that they were often stressed or worried about their financial situation.

Using other means to meet the childcare bill

In order to make ends meet some parents relied on other means, such as credit cards or loans. In last year’s survey 22% of parents regularly used other means to pay their childcare bill. In this year’s survey 24% of parents used other means, a marginal increase of 2% on last year’s results.

Of the 24% of parents who used other means, almost half used credit cards (47%) and 40% used loans from family members or friends. 9% used ‘other’ means, the majority of which commented that they used their bank’s overdraft facility. Worryingly 4% of parents (the same proportion as last year’s survey) regularly used payday loans to help make ends meet due to the cost of childcare. All of these methods, but in particular the use of payday loans, can have serious financial repercussions for families.

Figure 14: Other means used to meet childcare costs
Below are a selection of responses from respondents:

"Childcare costs leave very little money to save for emergencies and personal savings. I always end up in overdraft after all household costs at end of each month."

"I am constantly managing to pay for childcare using my credit cards and overdrafts. I am still paying credit card off each month while struggling to pay for monthly childcare costs and it keeps mounting up every month."

"We both use an overdraft facility every month and occasionally use credit cards for normal household expenditure and if unplanned expenses arise. If we didn’t have childcare costs we would reduce if not eliminate our use of overdraft."

"I have seen months where I have had to put the groceries on a credit card as we were too overdrawn to pay for them out of our current account because of the costs of childcare. Childcare costs are increasing, but our salaries are remaining the same."

It is clear that the cost of childcare is a financial burden for the majority of families in the survey, however when the childcare bill becomes so high that it forces families to make significant sacrifices and rely on other means to meet the payment, it places families in a dangerous financial position, which in turn has knock on effects on emotional and physical wellbeing.

**Using informal childcare**

"It was a last resort to ask family to help us out, but I have little other options as we cannot afford the childcare costs"

Section 1 showed that almost half (49%) of respondents used informal childcare on either a full-time or part-time basis. 8% of parents used only informal childcare and 41% used a mix of formal and informal care. Interestingly 78% of all informal childcare usage was provided by grandparents, showing that for the majority of families grandparents provide vital support. It is clear that for the majority of these parents, with few exceptions, the main reason for using informal childcare was to lower the cost of the overall childcare bill.

Grandparents can provide childcare at little or no cost. Many parents commented that they simply could not afford to use full-time formal childcare, the help of grandparents enabled them to reduce the cost and pay for a part-time childcare place, below are a selection of comments from parents:

"We use grandparents because of the cost - we cannot afford to pay for our son to be in day nursery for a week and meet our monthly living expenses."

"The cost of full-time childcare for both kids would wipe out one of the wages coming into the household making it pointless to have both parents working."

"Formal childcare is far too expensive. If we used formal childcare for all our childcare needs then this would take approximately 40% of our monthly
earnings, which is too much. My wife would basically be working for nothing once we paid childcare.”

“Formal childcare is prohibitively expensive. I would rather not have to ask grandparents to provide childcare but am faced with little or no choice.”

With regards to cost, the support of grandparents benefits families in three ways:

1. It enables parents to afford part-time formal childcare which has proven developmental and social benefits for children.

2. It enables parents to remain in work. Without the support of grandparents, many parents would find that their childcare bill consumes a large proportion, if not all, of their income. This is financial unviable and can force parents to either give up work altogether or reduce their working hours. A large number of respondents acknowledged the support of grandparents in providing informal childcare as the reason they are able to work.

3. It financially benefits families; the cost of a full-time childcare place can place a significant financial burden on families. Availing of informal childcare reduces the overall childcare bill and gives families more disposable income.

It was clear from the qualitative responses that although parents were extremely grateful to their parents for providing childcare, many felt guilty about relying on their help so much:

“I feel guilty because they should not feel forced to look after grandchildren for such long days. Looking after children can be a real strain on older grandparents both physically and emotionally.”

“Any help we get comes from my Mum and Dad and as much as I appreciate it, it is an added stress for me as I worry that I am asking them to do too much and I worry that I am burdening them and not allowing the freedom to have their own life.”

“Grandparents [are] increasingly elderly and not in best health. I worry and I’m guilty at leaving children with them to cope with demands of energetic children, and guilty at not being able to pay them.”

For these parents the sense of guilt and associated worry impacts on their own wellbeing. Grandparents provide invaluable support at a low cost, but the impact of this on both them and the parents can be costly in other ways – physically and emotionally. A number of parents also commented that they worry about the future if grandparents were unable to continue providing care:

“My parents are getting older and I constantly worry that I am putting them under strain but also panicking about how I would afford childcare if they couldn’t help me”
"I realise this help will be removed and I will be very stuck. It was a last resort to ask family to help us out, but I have little other options as we cannot afford the childcare costs for two children otherwise”

Numerous respondents, such as the mother quoted above, commented on the decision to use grandparents at all as a ‘last resort’, one which they had ‘no choice’ in making due to the unaffordable nature of formal childcare or the failings of the childcare system:

"I am conscious of the impact two lively children have on the ability of elderly relatives to care for them - if I could afford an alternative I would willingly take it.”

"Grandparents that take on children full-time deserve recognition and maybe if childcare was more affordable they would get a break.”

"They volunteer their help as they know we struggle a little with the extortionate price of childcare. They are not, and should not be considered a permanent solution to combat the cost of childcare.”

For many there was a sense of placing blame on the inadequate childcare infrastructure, which leaves parents with very little options other than relying on informal childcare or paying the high cost of formal care. We asked respondents if providing informal childcare had an impact on their parents. Three main trends emerged in their responses, these will be discussed in turn in the next section.

Impact on Grandparents

Physical Impact

Many parents commented on the physical impact caring for grandchildren has on grandparents, with many commenting on the exhaustion ensued by caring for young, energetic children. Some commented that it was both a physically and emotionally tiring experience. Other parents commented on the extra stress or pressure grandparents were under because of the responsibility involved, as well as the demands of looking after young children:

"Caring for two young children is both mentally and physically challenging and although this has been a joy for them to look after our children, it can be incredibly demanding.”

"It has a big impact. Grandmother is under a lot more pressure and stress from looking after children, has had effect on her health at one point.”

"They are more tired as they are older and obviously takes much more out of them physically as well as mentally.”

Impact of commitment

Numerous parents discussed the commitment their parents had made in order to provide childcare for their grandchildren. Many commented on the restrictions on their parents now face because of the childcare responsibilities, for example having to plan
their day around school pick-ups and drop-offs, having to give up social activities and changing their routine and commitments around the needs of the children. For many respondents the commitment their parents had made placed limitations on how much they could enjoy their retirement, for example having to plan holidays or other appointments around their childcare responsibilities:

"The freedom you would associate with being retired is somewhat more constrained for a grandparent looking after their grandchildren. They cannot simply decide to take themselves off for a weekend- it requires considerable forward planning!"

"It means they have to organise their lives around our kids and a going to school at least twice sometimes three times each afternoon as kids get out at different times. They are retired and should be taking it easy but they are helping us."

For other grandparents the commitment they have made to their grandchildren goes beyond having to structure their routine around the provision of care. A number of parents commented that grandparents were still working and had given up work or changed their working pattern to help with childcare:

"My mother-in-law was enthusiastic to compress her working hours to care for our children once per week, but we can see after 6 months that she is exhausted, and has ended up working Saturdays and evenings to cover the day she is missing. We are considering ending the arrangement because it has been so much pressure on her."

"Grandparent has reduced their hours in work in order to look after my children. Grateful for their help and the fact that they do it unpaid but feel it puts restrictions on their life also running after 3 young children can be tiring on them as they have had recent health issues."

"My mother-in-law opted for early retirement to help us care for our first born, which is the only way I could return to work especially full-time. However, I have to be very aware of the fact that she is growing older and perhaps not as fit and healthy as she once was."

For these grandparents providing childcare results in a significant lifestyle change, prompting early retirement or a change in working pattern, changes which are not easily reversed. The impact of high childcare costs extends well beyond impacting on parental employment (which will be discussed in more detail in the next section), but also impacts on grandparents’ employment.

Financial Impact

Some parents commented on the extra cost to grandparents of providing food and entertainment while caring for their grandchildren. However, for those grandparents who took early retirement or changed their working patterns to provide care the financial impact is larger. Many parents commented on their parents’ reduced earning power and the impact of reduced salary:
"It has reduced the number of hours they are available to work which has had an impact on their income levels."

"There are financial implications of giving up work, my father has reduced his earning potential by changing shifts, this has a major impact on him and my mum."

"Grandmother is currently looking after children and she had to retire early losing out on a lump sum from her pension and reduced monthly payments."

A number of respondents discussed their parents’ decision to give up or reduce work and were regretful that they could not afford to pay them more for their time and care.

Many respondents expressed a gratefulness to their parents for the support provided, and in turn it was clear that grandparents were happy to make these sacrifices and enjoyed caring for their grandchildren and supporting the family. However, there was a sense in many of the responses that if affordable formal childcare was available neither parents or grandparents would be forced to make the decisions and choices that they have done to manage the family’s childcare needs.

**Childcare and work**

"I ask myself all the time, is it even worth it financially to work?"

The previous two sections have shown the changes families make to afford childcare; the reliance on informal care or reducing family spend represents significant lifestyle changes for families, and the wider family in many cases. However many families reach a point where these measures are no longer sufficient and they consider whether it is financially viable for them to continue working when a large proportion of income is consumed by the childcare bill. Three main trends showing the relationship between childcare and work became apparent, firstly parents reduced working hours or left work altogether, secondly, parents changed the pattern of their work, and thirdly parents continued to work full-time, but at a financial loss.

1. Reducing hours or leaving work

One of the main aims of childcare is to provide the safe care of children to enable parents to access, and stay, in work or training. Through childcare parents should be able to gain from the benefits of work, providing economic stability for their family and enabling the advancement of a career. The high of cost of childcare undermines childcare’s ability to support parents, furthermore the results of this survey (and those of previous years) suggest that rather than supporting parents it causes them to struggle financially and forces them to make difficult decisions about whether it is beneficial to work at all.

This year 46% of parents reduced their working hours or left work altogether because of the cost of childcare.
Interestingly, over half of mothers in the survey reduced their hours or left work due to childcare costs (52%), compared to just under a third of fathers (32%), showing that mothers still bear the brunt of caring responsibilities.

It is clear that for the majority of parents the high cost of childcare was the main driving force behind their decision to reduce working hours or leave employment:

"My childcare costs have forced me out of full-time employment. I have been studying to be an accountant for 7 years but am still on a low salary as I’m 3 exams away from qualifying. I now work 2 days a week at a loss."

"I reduced my hours as it wasn’t cost effective to work full-time and pay full-time childcare costs."

"My wife only works part-time because if she were to work full-time we would be financially worse off because of the price of childcare."

"I would be coming home with literally pennies if I had to pay full-time childcare so I really don’t see why I should work full-time if there is no benefit financially."

2. Changing the pattern of working hours

Rather than reducing hours or leaving work, 44% of parents opted to change the pattern of their working hours.
Figure 16: Changing working patterns due to the cost of childcare

Once again more mothers than fathers made changes to their employment due to the cost of childcare. However, compared to those who reduced hours or left work altogether, similar proportions of both mums and dads chose to change their pattern of work.

A range of working patterns were chosen by parents, such as working compressed hours (working the same number of hours in a week, but over fewer days), using flexi-time or job-sharing. Other parents chose shift working or regularly working overtime. A number of parents arranged their working hours around their partner’s hours so that childcare was covered, numerous respondents commented on working opposite one another:

"I work opposite shifts to my husband so my childcare costs are lower. This does impact on quality family time but it also allows our child to be with us more than childcare."

"I try to work weekends and nights opposite my husband but that means I don’t get to spend any time with my family."

"We sacrifice our time together as a complete family to minimise the time the children spend at the childminder by working opposite each other."

Interestingly parents who had chosen this pattern of work commented on the impact on family time. Although they reduced the cost of childcare, they sacrifice time together and as a family to do so. A number of parents also commented on using their annual leave entitlement to take one day a week off work so as not to use childcare on that particular day. For some couples their entire joint entitlement was used in this way, meaning that they did not have time off together, or as the family as a whole.
The impact of high childcare costs effects on families on more than a financial level, as well as influencing parental work, it also has a substantial emotional and personal impact on some families. Figure 17 summarises the impact on childcare costs on work.

**Figure 17: Impact of childcare on work**

<table>
<thead>
<tr>
<th>Impact on number of hours worked</th>
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<tbody>
<tr>
<td>Leaving work</td>
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<tr>
<td>Reduced hours</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact on pattern of hours worked</th>
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</thead>
<tbody>
<tr>
<td>Compressed hours</td>
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<tr>
<td>Working from home</td>
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<tr>
<td>Overtime</td>
</tr>
<tr>
<td>Shift work</td>
</tr>
<tr>
<td>Job-sharing</td>
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<tr>
<td>Flexi-time</td>
</tr>
<tr>
<td>Using Annual Leave</td>
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<tr>
<td>Working opposite partner</td>
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</tbody>
</table>

3. Working at a financial loss

Our results show that the high cost of childcare can impact on family life, income, and parental well-being. However in addition, it can substantially impact on career progression. For those parents who give up work, reduce their hours or change their working pattern, the change can be at the expense of their career, both in the long and short term. Many of the parents who made changes to their work because of the cost of childcare acknowledged the impact it could have on their employment and career, however for many they had no choice but to sacrifice work in order to alleviate the financial burden caused by childcare costs. Some parents in the survey refuse to let the cost of childcare damage their careers and continue to work full-time, at a financial loss, for the long term career benefit:

"My real reason for staying at work is to keep my job open so that when the children are older I can return full-time and still be up-to-date with systems. Financially I would be better off at home."

"As two professionals, we need to keep working (in engineering/construction) to keep our jobs and to increase the chance of developing our careers. Although my salary just goes to childcare every month I know when these difficult years of full-time childcare are over, we will be in a good position to support our family. It is so depressing to think we are wishing away these early years so we no longer have to struggle financially."
"The amount I make after childcare is minimal and I have only stayed in work to avoid having to return to the bottom of the career ladder if I were to take an extended break."

"It becomes a kind of "catch-22" situation – I can't afford (financially) to work; but can't afford (professionally) not to”!

Although for many of these parents the cost of childcare was financially ‘crippling’, the cost was viewed as essential in maintaining their careers. For many it was viewed as short term loss for a long term gain; however taking into account the results of the previous sections this can have a more than financial impact on parents and families, one which could be alleviated if the childcare infrastructure adequately supported working parents.
5. What is the role of Government in making childcare more affordable?

The previous sections have shown that the high cost of childcare puts extreme financial pressure on local families. We asked respondents what they felt should be done to address the lack of affordable childcare.

As with last year’s results numerous parents discussed ways which could lower the cost of childcare, such as capping costs, increasing Tax Credits and Childcare Vouchers or making childcare completely tax free.

**Figure 18: Parents’ suggestions about how Government can help reduce the cost of childcare**

<table>
<thead>
<tr>
<th>How can government help with the cost of childcare?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap Costs</td>
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<tr>
<td>Fix/Set rate for Costs</td>
</tr>
<tr>
<td>Subsidies</td>
</tr>
<tr>
<td>Free Childcare</td>
</tr>
<tr>
<td><strong>TAX</strong></td>
</tr>
<tr>
<td>Tax Breaks</td>
</tr>
<tr>
<td>Increase Childcare Vouchers</td>
</tr>
<tr>
<td>Workplace nursery provision</td>
</tr>
<tr>
<td>Financial Assistance for Grandparents</td>
</tr>
</tbody>
</table>

However aside from these financial suggestions, many parents commented on the ways in which Government should address and support the wider needs of working families and the role of childcare for children.

1. Supporting working parents

A number of respondents commented on the current system of support and stated that it does not incentivise or encourage parents to work. For many this response centred on the level of support being removed as income increased. Numerous respondents commented that as hard working tax payers they deserved better support from Government to help them in their roles as working parents. Reference was made to the series of Government cuts to family benefits and entitlements which have been implemented over the past few years, such as reductions in Tax Credits. Many of which have increased the financial pressure on families, making it harder to continue working while paying for childcare:
"Childcare costs need to be addressed by the Government, people who pay taxes and go out to work are constantly being squeezed and this is unacceptable, working/middle class families, middle to high range earners, are always the people who get hit the most and it is becoming increasingly difficult to live to a reasonable quality!"

"It is frustrating that more is not done to help working parents have affordable childcare arrangements. The current system incentivises at least one of the parents not to work as the benefits of full-time work minus childcare are minimal in comparison to one parent taking off to look after the child."

"Parents who work hard and earn a good salary should also be rewarded with support for childcare as this will allow them to remain in continuous/unbroken employment and continue to add to the economy and the success of local businesses/organisations."

Many of the parents mentioned that they wanted to work, and that Government support should facilitate that, rather than forcing parents out of work and onto the benefits system.

2. Childcare as an investment

A number of parents hailed the importance for childcare for children, not only for enhancing their developmental opportunities, but also as a system of good quality childcare is an investment for this and future generations.

Many commented that all children should be able to access childcare, no matter their background, and it is only when it is available and affordable for all that this will be possible:

"We need a realistically funded, real world based, integrated childcare system. Childcare is an investment for a whole generation of children."

"All childcare should be of a very good quality with Government support to elevate the recognition the role childcare providers play. They play a vital role in helping to raise happy, secure, well balanced children into adulthood. Statistics show personality is formed by the age of 5 so it’s imperative that everyone who interacts with young children should be properly trained and receive a salary that reflects the responsibility of the role."

Overall, it is clear from the responses that parents see a role for Government in addressing the cost of childcare, one of the main suggestions was for a level playing field for all parents and children so that affordable childcare can be accessed by all.

"I wish something would change in order to help couples pay with childcare to relieve some stress for families. It’s supposed to be the best time of your life but there are occasions when you wish your and your children’s life away wishing they were at school so you wouldn't have to pay this cost anymore. It’s a horrible thought, so if things were to change it would be amazing.”
6. Accessing Childcare and Information

6.1 Quality of Childcare

Throughout the Childcare Cost Survey Series parents have been generally happy with the quality of their childcare provider. This year’s results continue to show that parents are happy, with 98% stating that their childcare provider offers a quality service.

The results across each childcare type are consistently high, with parents using each form of childcare rating quality as very high. 99% of parents using childminders were happy with the quality provided, followed by 98% of those using a Day Nursery, grandparents or unregistered childminders. 97% of parents using an out of school club were happy with the quality of care.

Interestingly, in last year’s survey only 90% of parents, which is still a relatively high proportion, were happy with the quality provided through unregistered providers, this has increased to 98% in this year’s survey. This is perhaps surprising considering that unregistered providers are not inspected or held according to the minimum standards which are in place to ensure childcare provision is safe and of a high standard. Unregistered childminders are illegal and Employers For Childcare advise parents to only use registered provision.

Many parents commented that the quality of care provided was excellent and that as a result their children benefit from being in childcare. However, although many acknowledged the benefits, they commented on the high cost:

“We are very happy with the nursery our child goes to and he absolutely loves it there so I would not want to take him out as I know he learns a lot there and gains valuable life skills and social interaction. It is however a struggle to pay for this as we pay for 4 full days a week.”

“Whilst we don’t regret paying a penny as we have such a wonderful childminder, and had a bad experience with another registered childminder, the monthly bill does place us under financial pressure.”

“Although I love the crèche that my daughter attends and I feel she couldn’t be looked after any better, I feel that the price per day is quite extortionate (£33).”

“Our childminder is brilliant and our kids love her. It is just so hard to work every day and all your wages go on bills and childcare. The Government need to seriously address this issue for those families on paper that look to have a good income but in reality are barely getting buy when all bills are paid.”
Formal childcare has proven benefits for children, most particularly for aiding their development. Parents have remarked on some of these benefits and for this reason justify paying the childcare bill:

"Childcare is an investment in your children - you need to pay a lot of money to provide for a good safe registered childcare. It is worth it though as they really benefit from the interaction with other children in a good play/childcare support environment. The social skills obtained enables them to develop good life skills. Paying weekly or monthly for childcare involves a significant investment from parents which requires making sacrifices and having constant unbroken employment service."

"Even though we pay a lot of money for our son to attend a day nursery he has learned so much and the staff are to be commended for this. The development of our son in the last 2 years has been astounding and we feel that it has been money well spent!"

"I do think it is beneficial to have my child in childcare for development/social purposes. I don’t blame the nursery for the fees they charge as they all seem to be around the same price, rather the lack of cost of living increase in real money terms that parents have had to deal with."

Some parents, such as the one quoted above, are understanding about the amount childcare providers charge, many other parents made similar comments due to the nature of the profession and how it is often undervalued:

"I think it is important to recognise the great work childcare workers do. Their wages do not reflect the actual amount parents are paying. I don’t object to paying for childcare as my children are the most important things to me, but if things continue I cannot afford to work and provide childcare for my children."

"I think the work the staff do is excellent and I have been pleased with the care given to my children. I feel that childcare is an undervalued service, at the end of the day, my children are my most precious assets and if I need to pay for good quality care, I will."

"Our childminder is not overcharging us, she is definitely worth what she’s paid. However it would really help if full-time tax paying working parents could get some help with the costs."

However, amongst those parents who commented that childcare providers were not overcharging for care were others who felt that in some areas providers charged additional fees unnecessarily, for example for food, activities and trips, retainer fees and paying for care when a place is not used or the childcare provider is off on leave:

"In addition to the fees, I have to supply her breakfast, snacks and dinner along with nappies and wipes and anything else that is required."

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“I use a private run nursery - they charge for 365 days but are closed every public and bank holiday with a week at Easter and July and two weeks at Christmas - they should make a reduction for this as it amounts to six weeks in the year.”

“Very frustrating to have to pay private day care nurseries for bank and public holidays when they are closed!”

“I begrudge paying for bank holidays when my child isn’t there, and the food is by no means worth the price being paid for the place.”

Overall, parents realise the benefits of using formal childcare and many of those who relied on informal childcare were regretful that they could not afford to pay for formal care because of the benefits for children. For many the high cost was the main reason behind the decision.

6.2 Provision of Childcare Services

57% of parents stated that there was insufficient childcare provision in their local area.

When the results are broken down by county is clear that there is an overall insufficiency of childcare, however, parents living in the more westerly, rural counties were more likely to report an insufficiency, see Figure 19.

Figure 19: ‘There is insufficient childcare in my local area’ by county

73% of parents living in Fermanagh and 71% of parents in Tyrone reported insufficient childcare provision. Although in these counties the results are particularly high, in each of the six countries over half of parents commented that there was not enough childcare provision.
When the results are broken down by specific childcare type they broadly match last year’s findings, showing the biggest concern for parents were afterschool clubs and holiday schemes. This mirrors previous research which has shown that organising suitable childcare for school age children can be particularly challenging.

**Figure 20: Lack of Childcare Provision in Northern Ireland**

In terms of affordability and flexibility, 38% of parents found it difficult or very difficult to access affordable childcare in their area. 47% of parents found it difficult or very difficult to access flexible childcare.

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

<table>
<thead>
<tr>
<th></th>
<th>Very Easy</th>
<th>Easy</th>
<th>N/A</th>
<th>Difficult</th>
<th>Very Difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessing affordable childcare in my area</td>
<td>5%</td>
<td>25%</td>
<td>32%</td>
<td>30%</td>
<td>8%</td>
</tr>
<tr>
<td>Accessing flexible childcare in my area</td>
<td>4%</td>
<td>17%</td>
<td>32%</td>
<td>34%</td>
<td>13%</td>
</tr>
</tbody>
</table>

The recent draft Childcare Strategy, which was still open for consultation at the time of print, seeks to increase overall childcare provision in Northern Ireland to 100,000 childcare places. We hope that the full strategy will provide more affordable and flexible choice for parents.
6.3 Information

Historically the information available to parents to help them find childcare services has been difficult to access. In 2014, 34% of parents found it difficult or very difficult to access information on the financial help available with childcare costs. 41% found it difficult to access information on family benefits and entitlements.

The results of this year’s survey shows that these figures have remained broadly consistent. 35% of parents found it difficult or very difficult to access information on the financial help available with childcare costs. 40% found it difficult to access information on family benefits and entitlements.

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

<table>
<thead>
<tr>
<th></th>
<th>Very Easy</th>
<th>Easy</th>
<th>N/A</th>
<th>Difficult</th>
<th>Very Difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial help with childcare costs</td>
<td>3%</td>
<td>16%</td>
<td>48%</td>
<td>27%</td>
<td>6%</td>
</tr>
<tr>
<td>Information relating to family/benefits and entitlements</td>
<td>2%</td>
<td>13%</td>
<td>45%</td>
<td>31%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Although Government provides a range of financial support to help parents, from school uniform allowances to help with the cost of childcare, very few parents find it easy to access information on the support available. In many cases the types of benefits or entitlements that parents can claim are dependent on individual circumstances, as such numerous parents are unsure that they are claiming all of the help available to them, indeed in 2014, 49% of parents fell into this category.

This year over half of parents, 51%, were unsure that they were claiming all the family benefits and entitlements that are available to their family. See figure 21.
Figure 21: Are you sure you are claiming all the family benefits and entitlements that are available to your family?

Many parents commented that information was difficult to find and understand, for example:

“I also believe that the current support available (Childcare Vouchers/Tax Credits) are difficult to navigate. It is difficult to find out what you are entitled to.”

“Childcare tax credit system is over-complicated, which feels like they are trying to discourage you from applying. The system needs serious re-consideration.”

It is worrying that such a high proportion of parents are in this position, particularly considering the changes to the landscape of support which will begin to be introduced from April 2016.

In the coming years there will be huge reductions to Tax Credits, the possible implementation of Universal Credit, the withdrawal of Childcare Vouchers for new entrants and the new Tax-Free Childcare Scheme (for more information on the changes see Appendix 1). Regarding Tax-Free Childcare, which represents the largest change to childcare support in the last decade, despite some information and promotion in the media and through HMRC, the majority of parents were unaware that there were any plans to introduce a new scheme (and subsequently end the Childcare Voucher scheme for new entrants). Furthermore, of those who were aware only 14% could say they had a good understanding of how Tax-Free Childcare will work.
In addition to Tax-Free Childcare, anecdotal evidence gained through our direct work with parents indicates that many of the parents are unaware of the forthcoming changes to Tax Credits, as announced in the Summer Budget, which will be detrimental for many families. Therefore, the need for better information is crucial to helping parents make the right choices about the support available to them, otherwise in next year’s survey the numbers of parents who are unsure they are claiming all they can will rise.

Employers For Childcare operates a Family Benefits Advice Service which provides parents with information on their entitlements, including personalised benefits checks. Our service is free and confidential, and although we talk to thousands of parents each year, we do not have the capacity ourselves to raise awareness of the financial help available to all parents living in Northern Ireland. Only Government has the resources and capability to do this. We are hopeful that the forthcoming Childcare Strategy will include a commitment to promote the help available with childcare costs to parents across Northern Ireland. This needs to begin sooner rather than later, particularly considering the changes which are now imminent.
7. Conclusions

This report presents a worrying snapshot of local families struggling with the cost of childcare. Indeed, our findings show that not only has the price of an average childcare place risen over the last year, but that families are finding it increasingly difficult to cope with the cost. Figure 23 shows some of the key findings.

Figure 23: Key findings 2015

Once again the cost of the average full-time childcare place has increased higher than the rate of inflation. Inflation currently sits at 0% (Bank of England, August 2015); a figure which is based on the Consumer Price Index (CPI). The 2015 basket of goods and services which are tracked to calculate the rate of inflation include a number of household items and expenditures, including the cost of childcare.

However, although the rate of inflation may seem to predict that the cost of living is becoming more manageable for families, by averaging out the price increases of hundreds of household costs, the figure fails to take into account high rises in some goods and services, especially the cost of childcare. Indeed our findings show that this is a cost which places families in difficult financial circumstances, and forces families to make tough decisions about family life, work and spend.

An issue which comes across clearly in the results is that childcare is a priority spend for families, and as such it is one which demands the reorganisation of other expenses to ensure that the payment is met. It is a bill which also forces parents to reconsider whether it is financially beneficial for them to work at all. In both instances there are significant implications for families.
There are three main ways in which families manage their childcare bill, in many cases parents will use a combination of the three where possible. Our results have shown that although making financial sacrifices, using informal childcare or changing work arrangements can reduce the childcare bill (enabling parents to work, and allowing children to benefit from the formal childcare) there are knock on effects of each, which are outlined in the qualitative responses (Section 4.4), and in summary in Figure 24.

For many families it is a vicious cycle; whether a parent is working to pay for childcare which is essential to enable them to work; using informal childcare to cover their care needs, yet worrying about the impact on the informal caregiver (most likely grandparents); or cutting back on all non-essential spend to keep working to create financial stability for the family; in all situations the cost of childcare is the issue which forces parents to make these difficult decisions.

Childcare is designed to support families, both parents and children, however the existing system of childcare which is unaffordable, and in many instances inflexible, does the opposite. Worryingly, this is the overall conclusion of each of the six reports in our Childcare Cost Survey series; which begs the question: ‘what can be done to help parents access suitable childcare?’

**Addressing the cost of childcare**

In answer to the question about what Government can do to better support parents with the cost of childcare, many respondents suggested the need for better financial assistance. Indeed many parents were frustrated that they could not access better support to enable them to keep working and afford childcare.

Although there is some financial support available to families, through Tax Credits and Childcare Vouchers, over half of our respondents could not say with certainty that they were claiming all the support they were entitled to. This figure alone points to the failings of Government in ensuring that adequate, accessible and targeted information is available to parents. We call on Government to put in place measures to ensure that all parents are aware of their entitlements. This is crucial now and in the coming months when the landscape of support will change dramatically and it will become even more difficult for parents to ascertain what is available and what is best for their individual circumstances.

**Policy intervention**

In Northern Ireland, the Executive has taken its first steps towards addressing the problems associated with childcare. In 2013 the Bright Start framework was launched, containing 15 key first actions to deal with the most prominent issues. The flagship Bright Start School Age Childcare Grant scheme was one approach which was taken to both increase the number of school age childcare places and make them more affordable to parents. To date around 2,000 places have been funded, it is our
understanding that around 700 are new places\(^6\). The third round of the funding will be open for applications later in 2015.

Other actions included three strands of funding which were awarded to providers offering childcare for children with a disability. This included a small grant scheme, a holiday grant scheme and a range of approaches for providing childcare in the family home. One action focused on information and financial support, as a result changes have been made to the Family Support NI website to help families source childcare.

The Bright Start Framework is the precursor to the full Childcare Strategy, which is currently out for consultation (until 13 November 2015).

The draft Childcare Strategy has two main aims: to support the developmental needs of children and to enable parents to sustain employment. We welcome these aims, and as the results have shown, parents in Northern Ireland value childcare for both the benefits it holds for themselves and their children. Therefore it is correct that a Childcare Strategy should aim to improve outcomes for both parents and children.

Many of the draft strategies’ ‘interventions’ are commendable, for example the use of onsite childcare, financial support for childcare providers who open longer hours, enhanced information for parents in Bounty Packs, making inspection reports available online, workforce investment and capital grants to help providers expand. However, a number of the interventions contain a commitment to explore/ review/ assess the feasibility of the proposed idea, rather than a commitment to put in place measures to implement the proposal. In our opinion the time for research is over and indeed pre-Bright Start two organisations were commissioned to conduct research to prepare for a Childcare Strategy. One piece specifically aimed to explore and provide a business case for interventions; the results of this piece of work are not visible in the draft strategy. Furthermore, the budget which will be available to put in place the strategy is unconfirmed, therefore it is difficult to see how the strategy will work in practice.

**Addressing affordability**

Putting all aside, the question to ask is that if all the proposed interventions in the draft Childcare Strategy were firm commitments to implement change, how far would the strategy go towards addressing the problem of affordability?

It is apparent from our survey results that the cost of childcare is one of, if not the main, problem associated with childcare provision which is faced by parents. Any Childcare Strategy should therefore seek to address this problem and make childcare more affordable for families.

A number of interventions can help parents with affordability, for example the provision of onsite childcare in private firms. Through the Workplace Nurseries exemption parents who use workplace childcare are exempt from paying tax and national insurance on their entire childcare bill. This is extremely helpful for families, not less

because the childcare will be in a convenient location, but also from a cost perspective. For example if the nursery charged the Northern Ireland average, £162 per week, parents could make a saving of £52 per week.

Another example is the promotion of family friendly working policies amongst employers; our results show that 44% of parents chose to change their pattern of work because of the cost of childcare. If employers were more supportive of working parents, providing family friendly policies, such as flexible working or compressed hours, parents may be more able to facilitate childcare around work, which can lower the childcare bill.

The enhancement of information available to parents regarding the financial support available is also a positive measure, however, without the promotion of the website containing this information few parents will be able to access it. Furthermore, the quality and type of information to be included in Bounty Packs must be comprehensive and easy to understand – particularly concerning suitable financial support.

Some of the measures in the draft strategy could actually increase childcare costs, such as the interventions around workforce development, which are positive with regard to the quality of the care, but will increase expected pay and therefore childcare provider’s overheads. In addition the development of cross border childcare settings could leave parents in a situation where they are ineligible for financial support with their childcare costs.

In many cases the strategy fails to take into account the context in which its measures will be implemented. For example much evidence, including this and previous childcare cost surveys, point to the need for targeted information on financial assistance, yet the strategy fails to propose measures around this. This is surprising considering that the main types of financial assistance with the cost of childcare come from the UK Government, therefore increasing uptake will benefit local parents, children and the economy, but at the same time will not cost our Assembly a penny beyond promotion costs. Furthermore it is crucial that parents are aware of the coming changes to financial support, including changes to overall eligibility for Tax Credits, the closure of the Childcare Voucher Scheme to new entrants and the introduction of Tax-Free Childcare (see Appendix for more detail). These changes will make it even more difficult for parents to navigate the types of support available to them and vitally which types will be more financially beneficial to them. For example many parents are unaware that if they join the Tax-Free Childcare scheme they will lose eligibility for Tax Credits, a detail which is not widely publicised but will be financially detrimental for numerous families. The draft Childcare Strategy fails to put in place measures which will address the issue of awareness.

In addition, the introduction of the National Living Wage from next April, which will increase the minimum wage of workers aged 25 and over to £7.20 per hour, will have consequences for both parents and childcare providers. For those parents who earn minimum wage, the introduction of the Living Wage is good news, until it is coupled with the changes to Tax Credits which will also be introduced next April (see Appendix). Many childcare workers are paid minimum wage and as such nurseries and
out of school clubs will have to offer increased pay. Some representatives from the childcare sector have already raised concerns about this increase and the impact it will have on childcare costs.

It is clear in the results that for the most part parents do not begrudge paying childcare providers the amount they do because of the quality service provided to both themselves and their children. However, quality comes at a cost which puts pressure on other areas, which our findings have shown. It is still unclear what impact the introduction on National Living Wage will have on childcare costs, but anecdotal evidence suggests that it will have an impact on childcare providers, which will ultimately impact on parents – an issue the draft Childcare Strategy fails to take into account.

Many of the interventions in the draft strategy will be costly to implement and given the context and urgent need to address high childcare costs as a key issue and barrier to childcare use, more of the proposed measures should be focused on affordability. The ideal situation would be a system of universal childcare, however this is unlikely given that to achieve it the discussion around childcare would need to be re-framed and coupled with a significant cash injection.

We believe that childcare is both a social and economic issue, however it is often sidelined as a women’s or children’s issue, and one which to date has received very little political interest. There are some excellent examples of countries which see childcare as a valuable element of Government’s educational and social care provision, with significant added economic benefits. In Northern Ireland this is not the case.

Parent respondents to this survey commented that a system of good childcare is an investment in the future. This assertion is backed up by a large body of research. Therefore a Government which fails to invest in childcare, to put in place a system which is accessible and affordable, fails families both now and for the future.

We are pleased that policy makers are working on developing a Childcare Strategy for Northern Ireland and we welcome many of the measures contained within the draft document. However, at time of limited resources, and in the context of changes to vital family support, we believe that any money spent should be invested wisely and targeted at ways which will address the problem of affordability.

In conclusion, this is the sixth edition of the Northern Ireland Childcare Cost Survey series, and year on year more support is drawn away from families, making it increasingly difficult to make ends meet. Recent statistics have shown that there are now more children living in poverty in Northern Ireland than ever before, with a large proportion living in working families. The cost of childcare, which continues to rise, despite the low rate of inflation, only increases the burden on families. Now is the time to implement innovative and meaningful change; the discussions around a Childcare Strategy for Northern Ireland are an opportunity to create this change and put the focus firmly on supporting families in a time of great need.
Figure 24: Managing the Cost of Childcare – At a Glance

The diagram below shows how parents manage their childcare bill. The dark grey boxes represent the actions parents take, the light grey boxes indicate the impact of these actions.

NB: Parents using informal childcare also commented on the benefits of such, for example a strengthened child-grandparent relationship, see Section 4.2 for more detail.
8. References


Appendix

Upcoming Changes to Financial Support

A number of changes to family benefits and entitlements have been announced, many of which will have a detrimental impact on families. The changes will begin to take place from next year. There are four main changes planned, affecting Tax Credits, Universal Credit, Tax Free Childcare and the Childcare Voucher Scheme.

1. Tax Credits

In the Summer Budget 2015 some major changes to Tax Credits, beginning from 2016, were announced.

Firstly, Tax Credits will be frozen at their current rate for the next four years. Over the last three years Tax Credits have increased at a rate of 1% each year, before this they rose in-line with inflation. Secondly, a number of changes regarding how Tax Credit Awards are calculated were announced. Some changes will be introduced next April, while the remainder will take place in 2017:

April 2016

- Income Threshold – This is the amount of earnings at which the Government will start to reduce the level of Tax Credits received. From next April the income threshold will reduce from £6,420 to £3,850.

- Taper rates – Once a claimant earns above the income threshold (see above) the amount received through Tax Credits is reduced by the Taper Rate. From 2016 the Taper Rate will increase from 41% to 48%. This means that once a person’s income rises above £3,850 their award will be withdrawn at a rate of 48 pence for every extra pound earned.

- Income Rise Disregard – This is the amount by which a person’s income can increase in-year (compared to the previous year) before the award is adjusted. From next April it will be cut in half, from £5,000 to just £2,500.

April 2017

- In addition, from 2017 the child element of Tax Credits will be reduced so only the first two children in a family are eligible. Third and subsequent children born after April 2017 will no longer be eligible.

- The Family element, worth £545 per year, will be removed for new claimants from 2017.

What does this mean for families?

A series of figures detailing the effect of the changes have emerged, such as the Institute of Fiscal Studies’ estimation that 8.4 million households will lose on average £750 as a result.
Each one of the 164,000 households currently claiming Tax Credits will be impacted by the four year freeze on the rate of Tax Credits, which will diminish their value to families as the cost of living undoubtedly rises and the effect of other welfare cuts and changes kick in. In addition however, the series of other changes, including reduced income thresholds and increased taper rates, will dramatically reduce the Tax Credit award of numerous families, many of which will see support which has been a lifeline reduced or removed entirely. The Department for Social Development estimate that 121,000 families will see their award reduced.

2. Universal Credit

The introduction of Universal Credit is the biggest change to the welfare system in decades. Universal Credit is a new benefit for working age people which combines the current means-tested support for adults of working age and children into one benefit. This includes:

- Child Tax Credit
- Working Tax Credit
- Housing Benefit
- Income-related Employment and Support Allowance
- Income-based Jobseekers Allowance
- Income Support
- Parts of the Social Fund.

Under Universal Credit the childcare element will increase to 85% of registered childcare costs, an increase on the current Tax Credits maximum of 70% of costs.

**What does this mean for families?**

The new system is intended to be much simpler than that of the current system where separate benefits, which often overlap, are administered by different agencies, with different premiums and different ways of taking earnings into account. Although it will be much simpler to receive all benefits in one payment, if introduced, families will claim all of the aforementioned benefits through the same portal, meaning that if a mistake is made it can impact on all benefits, rather than just one. The application process will be digital by default, those applicants who do not have internet access will therefore find it difficult to make a claim.

However, although the new system has been introduced in England, and it will roll out in a phased basis, in Northern Ireland the issue of welfare reform has created great political tension, with none of the main parties agreeing on its implementation, incurring significant financial penalties.
3. Tax-Free Childcare

From early 2017 the Government will introduce Tax-Free Childcare to help families with the cost of registered childcare.

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, or £4,000 for a child with a disability, 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).

What does this mean for families?

Although we welcome the Tax-Free Childcare scheme as it will help many families with the cost of childcare, there are some factors which must be taken into consideration before joining the new scheme:

1. To receive the full £2,000 benefit you must have childcare costs of £10,000 per child per year.

2. You cannot claim Tax Credits or Universal Credit while using the Tax-Free Childcare Scheme. The legislation makes provision for the automatic termination of you and your partner’s Tax Credit or Universal Credit award once you make a valid declaration of eligibility for Tax-Free Childcare. Make sure you calculate the impact this may have before joining the new scheme.

3. You must confirm your eligibility for Tax-Free Childcare every three months. Any mistakes you make in your application/eligibility confirmation will result in a series of penalties. These include reductions of 25-50% for mistakes made in declarations of eligibility, penalties of up to £300 for failure to comply with an information notice and penalties of up to £3,000 (equivalent to 150% of the maximum support available in a full year) for providing inaccurate information or documents. The reasons for which penalties can be imposed include mistakes which are deemed to be “careless or deliberate”, and the periods that HMRC have to take enforcement action against an individual range from 4 years to 20 years in some cases. However, an individual has only 30 days to appeal for a review of a decision taken to impose a penalty, and 30 days to pay it in full once that penalty is finalised.

4. Closure of the Childcare Voucher Scheme to New Entrants

In Early 2017, when Tax-Free Childcare is introduced the Childcare Voucher Scheme will close to new entrants. Only those parents who were members of the Childcare Voucher Scheme before this date will be able to continue using the scheme.

What does this mean for families?
Once Tax Free Childcare is introduced the Childcare Voucher scheme will close to new entrants. If you are not a member of the Childcare Voucher scheme you will therefore not have the choice of which scheme will be best for your circumstances.

Once you leave the Childcare Voucher scheme, you cannot join it again, even if you will be better off financially. It is vital that parents understand the implications of joining the Tax-Free Childcare scheme before making any decisions.

For personalised information on the impact of any of these changes our Family Benefits Advice Service can help, call free on 0800 028 6538 to speak to an advisor.