

The practicalities of childcare: an overlooked part of the puzzle?

July 2014



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Acknowledgements

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We are incredibly thankful to all of the bureaux staff and volunteers who conducted the field work for this research. They came from the following bureaux:

Haringey, Brent, Barnsley, Coventry, Brighton and Hove, Bristol, Westminster, Sefton, Derby, Bedford, Stevenage, Erith, Bognor, Ripon, Leatherhead and East Herts.

We are also very grateful for the input from the following childcare organisations providers and schools who informed us about the rationale of childcare practical structures:

Professional Association for Childcare and Early Years, National Day Nurseries Association, London Early Years Foundation, Marsham Street Nursery, Each Peach Childcare, Nature Trails Day Nursery, Susan Leyland (childminder), Aston Clinton Daycare, Susan Smith (childminder) and St John Fisher Catholic Primary School.

Introduction

The face of work is changing in Britain, with record numbers working for themselves and taking on multiple jobs to make ends meet. But change in the labour market is not mirrored by flexibility in the childcare market. Two million grandparents have now reduced or stopped work to look after grandchildren, but many families do not even have that option¹. There has been significant investment in high quality childcare places and demand-side support over the course of the current Parliament. But the practicalities and costs of setting up childcare places whilst juggling arrangements with complex working patterns are still far too often a barrier to sustained employment. Parents are left trying to put together a jigsaw with missing pieces.

Too many parents, especially women, want to work but are locked out of the workplace and are unable to contribute to their household finances or to our economy. 41 per cent of Citizens Advice clients with children say that the cost of childcare is preventing them or their partner from taking up employment or increasing their hours of work.² Parents on low incomes have even less choice in the childcare market and less control over their hours because they are more likely to have unsecure contracts, to work evenings or weekends, and to find that their shifts change from one week to the next. As a result too many children, particularly those from disadvantaged backgrounds, are missing out on the higher quality early education that they need to get on in life. And meanwhile, childcare providers are struggling to cover their overheads and to keep their businesses afloat.

¹Family and Childcare Trust, Grandparents Plus, Save The Children, Time to care: generation generosity under pressure, 2014

² Full results of the Citizens Advice national client survey are due to be published later this year

Executive summary

To increase parental employment and to reduce disadvantage from an early age successive governments have sought to support parents to use formal childcare.

Despite the expansion of the Government's free early education offer and increased investment in financial support for childcare costs, many parents still cite childcare as a barrier to work and many children are not receiving quality early years education.

From bureau evidence Citizens Advice could see that parents were struggling with the interactions between benefits systems, job seeking support, flexible employment requirements and childcare provision itself.

In light of this we decided to research the detail of how childcare provision actually works on the ground. Our bureaux surveyed 400 different childcare providers across England which were broadly representative of the different types of childcare providers, and different levels of quality and deprivation found.

We found that parents face many practical barriers when trying to find and use suitable and affordable childcare. The options available to low income families and those who work evening, weekends or unreliable hours were considerably narrow and often involved compromising on quality.

We found that:

- using childcare involved large upfront costs with 90 per cent of providers requiring payment in advance and 40 per cent requiring a deposit of up to £150
- there was limited flexibility to change childcare arrangements with nearly two thirds of providers requiring a month or more notice to make any changes
- higher quality providers were more likely to require monthly payments and were less likely to offer flexibility.

Through interviews with childcare providers we have also found that unless providers take on considerable risks to their businesses or increase the cost of childcare there is little room for them to improve these practices.

However benefits systems, local authorities and Jobcentre Plus can do more to take into account the childcare realities that parents face. Throughout the report we have looked at the policy implications of our findings and we have set out fourteen recommendations that would improve the way these systems take account of how childcare is delivered.

By paying more attention to these practical details we can help parents to overcome the barriers they face when trying to access formal childcare.

National recommendations	Local recommendations
<p>Recommendation 1: The Exchequer Secretary to the Treasury, Priti Patel, should work with the Departments for Education, Communities and Local Government, Business, Innovation and Skills and Work and Pensions to set out a cross departmental strategy to ensure childcare markets provide what is needed by families.</p>	<p>Recommendation 5: The chief executives of local authorities and the Department for Work and Pensions work services director, Neil Couling, should ensure a consistent and close relationship between the two organisations to share understanding of the local childcare and employment markets.</p>
<p>Recommendation 2: The Secretary of State for Work and Pensions, The Rt Hon Iain Duncan Smith, should extend the amount of time for which parents can receive childcare support when a job ends.</p>	<p>Recommendation 6: The chief executives of local authorities should ensure that parents can access flexible, evening and weekend childcare and that this is routinely assessed.</p>
<p>Recommendation 3: The Minister of State for Employment, the Rt Hon Esther McVey, should make it mandatory to set out working patterns in jobs advertised on Universal Jobmatch.</p>	<p>Recommendation 11: The chief executives of local authorities should ensure that a high quality and consistent approach is taken when providing a business support function for childcare providers.</p>
<p>Recommendation 4: The Minister of State for Employment, the Rt Hon Esther McVey, should ensure that finding suitable childcare is routinely treated as a job seeking activity for claimants.</p>	<p>Recommendation 12: The chief executives of local authorities should ensure that payment arrangements and access to financial support for parents is included in sufficiency assessments of local childcare provision.</p>
<p>Recommendation 7: The Secretary of State for Work and Pensions, The Rt Hon Iain Duncan Smith, should consider providing childcare support in advance rather than arrears. He should also consider use of the Tax Free Childcare Accounts as a way of delivering this.</p>	<p>Recommendation 13: The Secretary of State for Education, the Rt Hon Nicky Morgan, should review the use of childcare deposits in conjunction with providers to determine best practice for local authorities to pursue locally.</p>
<p>Recommendations 8, 9, 10 and 14: The Secretary of State for Work and Pensions, the Rt Hon Iain Duncan Smith, should ensure any loan system for upfront childcare costs provides sufficient financial support to parents at appropriate points.</p>	

Methodology

To help us understand the picture across the country and in local childcare markets we asked bureaux to conduct research by enquiring about childcare provision in their area. Sixteen bureaux from across England³ were asked to complete 400 surveys and each bureau was given a target number to complete in their local area.

We asked bureaux to phone providers in their area to get information on:

- 1) specific childcare issues we had identified from existing evidence
- 2) feedback on the process of finding childcare and childcare information.

Bureaux were asked to contact childcare providers using details found through their local Family Information Service.

We asked bureaux to find out about:

- availability
- waiting lists
- Ofsted rating
- start and finish times
- cost – if per hour, session etc
- The free early years offer
- frequency of payment and whether in arrears or advance
- notice period for changes to arrangements
- evenings and weekends
- deposits, retainers, fees and fines.

We produced a questionnaire which examined these key aspects and focused on areas where there was limited or no existing data available. The questionnaires were used by bureau participants to facilitate conversation with providers. We provided additional guidance to participants to ensure the conversation was about fact finding rather than completing the first step towards taking up a childcare place.

Our approach allowed us to find out more about the process parents may go through to find appropriate childcare as well as data on the arrangements we were trying to find out about. Participants were asked in an evaluation questionnaire a series of questions about how they found this process.

However this approach did present limitations in the types of questions we were able to ask and in particular the amount of information we were able to obtain without appearing to be signing up to a childcare place. All research analysis including

³ Childcare policy, implementation and regulation operate differently in Wales, Scotland and Northern Ireland. Our research findings do not represent these childcare markets however our recommendations for national policies like benefit structures may have implications in these devolved administrations.

quality refers to Ofsted grades as this is the information parents can access on quality.

The research took place during March and May 2014 with 400 surveys returned. The scale of this research provides a statistically-valid representation of the English childcare market (at a 95 per cent confidence level, with a +/- five per cent margin of error). Due to the limitations of the mystery shopping approach taken the figures throughout the report will have varying response rates but only data that we have confidence in has been used.

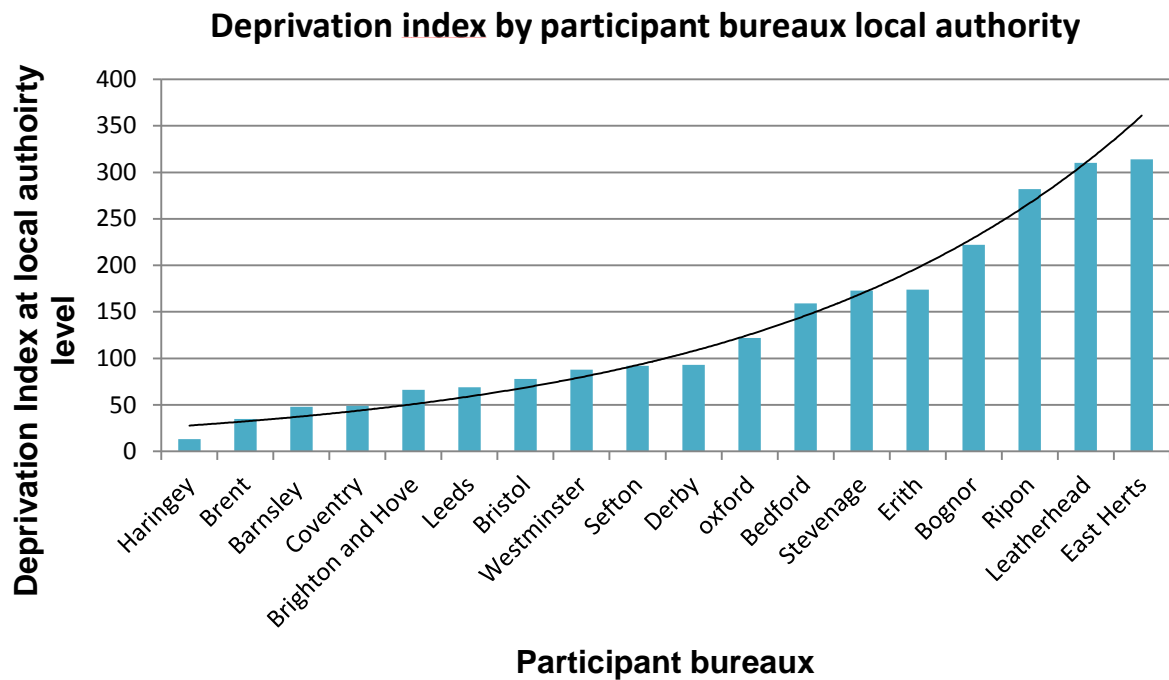
The sample is broadly representative of the provider profile. We used data from the Department for Education provider survey 2011⁴ to split the sample by provider type. We took the decision to find out about active childminders, early years providers in maintained settings, full day care providers and out of school provision.

We did not survey the following groups:

- non-working childminders as they were unavailable for parents to use
- sessional providers like playgroups as parents would often be required to stay whilst provision took place
- primary schools with reception classes but no nursery class as these could be viewed as school only and therefore after school provision was relevant for this group of children
- full daycare in children's centres as this type of provision accounted for less than 1 per cent of providers.

Our results are also broadly representative of Ofsted grades and deprivation indices at a local authority level.

⁴ Department for Education, Childcare and early years survey, 2011



*0 being the most deprived and 350 the least deprived

Prior to starting our research to get an idea of potential childcare issues parents face we used our database of consumer enquiries which had more than 700 enquiries about childcare in one year. These commonly related to notice periods and retainer fees

After our research was completed we also conducted structured interviews with seven different childcare providers to allow us to understand the issues raised from the research from a provider perspective. These interviews and conversations with childcare provider organisation informed our 'Why does this happen' sections throughout the report.

Whilst we have been completing this research our national client survey has been collecting data on a representative sample of our clients. Within this survey clients who were parents were asked if they felt that the costs of childcare were stopping them from working or working more. 41 per cent of the respondents agreed or strongly agreed with this statement. The full findings from this survey are due to be released later in the year.

How available and flexible is childcare?

What we already know:

There is growing consensus that whilst the availability of childcare has increased, the provision available is not particularly flexible or affordable.⁵ This has meant that childcare support and provision in the UK can be seen to disproportionately benefit those from higher incomes.⁶

The availability and take up of flexible working in the UK lags behind our Organisation for Economic Cooperation and Development peers and employers are more likely to believe now that balancing family and work life is the job of the employee only.⁷

Many studies have shown that working outside of a '9 to 5' full time job in the UK is not unusual.⁸

Parents who work in low income jobs like social care, retail and hospitality⁹ are also less likely to have control and choice over their working hours including working outside of standard hours and working to shift patterns.¹⁰

Whilst evenings and weekends work patterns are more common for lower income jobs, childcare provision which offers extended hours is typically less available and of lower quality.¹¹

Despite all of these obstacles parents want to work more hours and lone parents in particular believe that any job is better than no job.¹²

⁵ Family and Childcare Trust, Where next for childcare? Learning from the 2004 childcare strategy and ten years of policy, 2014 + The Institute for Fiscal Studies, Green Budget, 2014.

⁶ Lloyd, E, Penn, H, The costs of childcare, 2013.

⁷ Ibid.

⁸ Resolution Foundation, Childcare failing to meet the needs of working parents, 2011 + Family and Childcare Trust, Where next for childcare? Learning from the 2004 childcare strategy and ten years of policy, 2014.

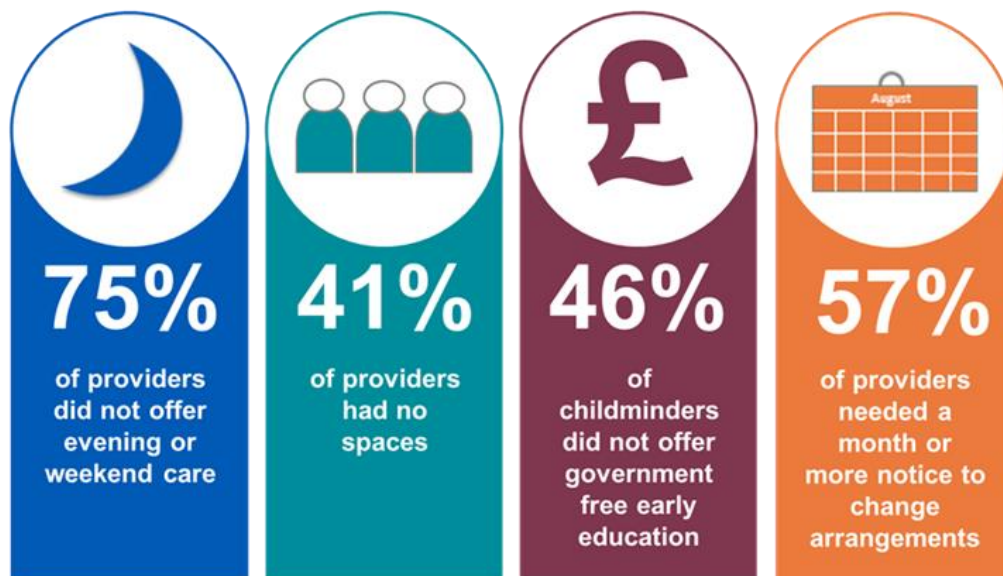
⁹ Annual Survey of Hours and Earnings, 2013.

¹⁰ Resolution Foundation, Childcare failing to meet the needs of working parents, 2011 + Relationships Foundation, Unsocial hours: unsocial families, 2009.

¹¹ Lloyd, E, Penn, H, The costs of childcare, 2013.

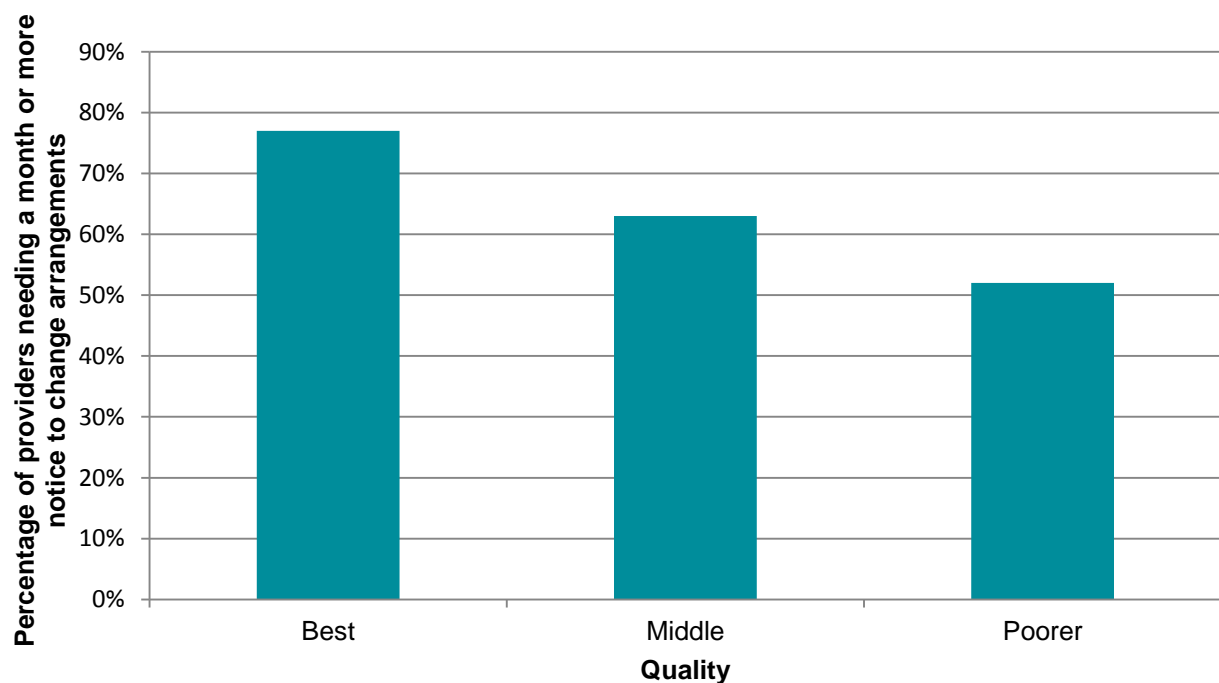
¹² Department for Work and Pensions, Lone parent obligations; following lone parents from benefits to work, 2012 + Resolution Foundation, Careers and carers, 2014.

What our research found:



We also found that the better the Ofsted grade the more notice was required to change childcare arrangements (table 1).

Table 1: Higher quality settings needed more notice to change arrangements



* Best quality is Ofsted grade 1, middle quality is Ofsted grade 2 and poorer quality is Ofsted grade 3.

What this means for families:

Finding and accessing suitable childcare that fits around their working arrangements and financial circumstances is not a straightforward task for parents (see appendix 1).

This is particularly a problem for parents who work outside of normal hours, shift patterns or unreliable hours and therefore need to be able to change their childcare arrangements.

In addition parents who need childcare outside the '9 to 5' or those who use a childminder will find it harder to make use of the government's free early education provision.

As table 1 shows, providers who offer the most flexibility are more likely to be of poorer quality. This could significantly limit children's development, and, as we know that low quality childcare leads to worse outcomes for children¹³, perpetuating a cycle of disadvantage for children from low income families.

Why this happens:

Many childcare providers understand the difficulties parents face when trying to access suitable childcare. However as only half of providers make any profit in deprived areas¹⁴ they are often faced with tough choices to generate any profit and maintain a viable business in a difficult market.

Childcare providers also tell us that:

- they are concerned about sufficient demand existing to justify them opening their service over evenings and weekends
- staffing outside of normal hours requires higher wages meaning there are higher overheads to providing the service
- providing flexibility is difficult as they routinely need to operate at near full capacity to keep their business going
- delivering statutory ratios of childcare providers to children limits flexibility
- often they have to have a mix of government funded and non funded places to ensure they cover all their costs.

¹³ Lloyd, E, Penn, H, The costs of childcare, 2013.

¹⁴ Department for Education, Childcare provider finances survey, 2010.

Policy implications:

Flexibility of financial support for childcare costs.

Under universal credit and the working tax credit parents can claim childcare costs for four weeks or one assessment period after a job ends. This is intended to give parents the ability to maintain childcare provision whilst looking for another job. In practice, many childcare providers require one month's notice to change arrangements. This places many parents in a 'catch 22' position. They will have to give notice to end arrangements as soon as their job ends. In doing so, they risk finding a job and not having suitable childcare available therefore having no choice but to turn down the job. Conversely, if they don't give notice they risk being unable to pay for their childcare provision if they don't find a job within the month.

Recommendation 2: The Department for Work and Pensions should extend the four week period in which parents can claim for childcare costs following the end of a job when funds are available. This is far more likely to increase the likelihood of them retaining their childcare arrangements whilst they look for work.

We estimate that extending it by a further assessment period would cost in the region of 30 million.¹⁵

Finding work: job seeking

Finding suitable and affordable childcare that works around job opportunities is a considerable challenge for many parents who either want to enter or stay in employment. From our research we were able to determine at least five stages of decisions and actions that a parent may have to take (see appendix one). Depending on the local market and the timing of enquiry parents may have to repeat some of these stages several times. In addition to this challenge parents are often faced with job adverts that do not provide enough information for them to make a decision about their suitability. This means that as well as calling round and visiting childcare providers, parents have to phone round employers to determine if a job is appropriate.

Recommendation 3: The Department for Work and Pensions should make it mandatory to include indications of working hours, patterns and days on Universal Jobmatch. This would mean that parents could potentially reduce the amount of unsuitable jobs and childcare they enquire about.

¹⁵ The average tax credit award for childcare costs at 70 per cent was £55.97 per week for years 12/13. Taking into account that universal credit pays 85 per cent childcare costs and one per cent inflation this comes to £68 per week. DWP have told us that 500,000 universal credit claimants are expected to receive help with childcare costs. If we assume that 20 per cent of employees start a new job each year this works out at 100,000 claimants potentially needing an extra assessment period of childcare costs. Assuming that all of these claimants took this up this would come to £29,466,666.

Recommendation 4: The Department for Work and Pensions should routinely consider finding suitable childcare as a job seeking activity for claimants. As it stands, the process of finding suitable childcare is complicated, time consuming and for job hunters plays an integral role in finding a suitable job.

Finding work: the role of Jobcentre Plus

The Department for Work and Pension has taken a new personalised approach to work seeking activity which presents new opportunities alongside potential risks. As part of this change, measures that specifically take into account the childcare challenges which parents face will become more discretionary. For example, previously a parent could decline a job opportunity without the risk of being penalised if it was incompatible with childcare provision. This new personalised approach requires Jobcentre Plus to decide whether or not the parent's decision is reasonable or not.

To make the most of this plan, without risking penalising parents for insufficient childcare in the local areas, Jobcentre Plus will need to ensure they have an up to date understanding of their local childcare market to inform their decision-making.

Recommendation 5: Jobcentre Plus should consistently work closely with local authorities to achieve a shared understanding of the local childcare and employment markets. We believe this presents a further opportunity for Jobcentre Plus to share data with local authorities to monitor potential local demand for childcare and their understanding of the local job market.

Local authorities role

Whilst some local authorities monitor demand and sufficiency of weekends and evenings and flexible childcare in their local area it's not done in a consistent or reliable way. It is also often not done in the context of the local employment market but simply on numbers of enquiries to Family Information Services about a specific type of provision.

Without consistent monitoring showing demand for childcare, parents who want to work will be unable to do so because of insufficient childcare.

Recommendation 6: Local authorities should consistently monitor and secure flexible and evening and weekend childcare provision as required by their local employment market.

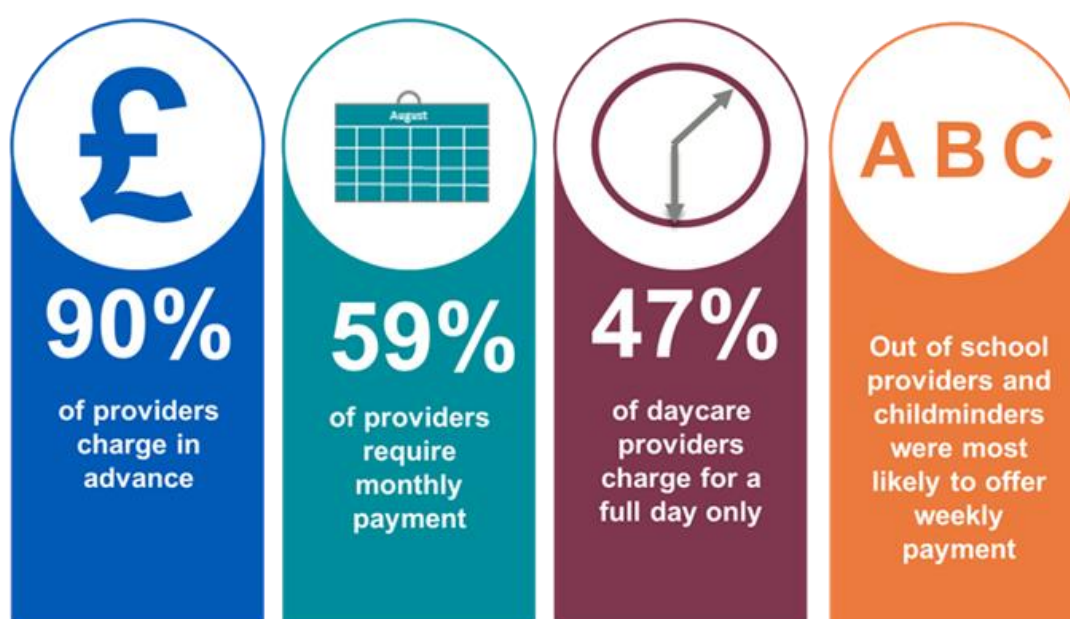
How parents pay for childcare

What we know already:

It has been suggested that the structure of financial support for childcare in the UK, like tax credits or universal credit, risks creating a barrier for low income families to take up local childcare offers.¹⁶ In universal credit proposals parents are partially reimbursed for childcare costs that they have already incurred. Providers charge in advance meaning parents are forced to find large amounts of money for childcare upfront with only limited and complicated financial government support. For those on a low income, looking for work or receiving their wages on a weekly basis, this is unaffordable.

Family and Childcare Trust also recently suggested that the structure of childcare provision is becoming more rigid as more providers now require payment for a whole day rather than the hours used.¹⁷ This means that parents may have to pay for more childcare than they actually need.

What our research found:

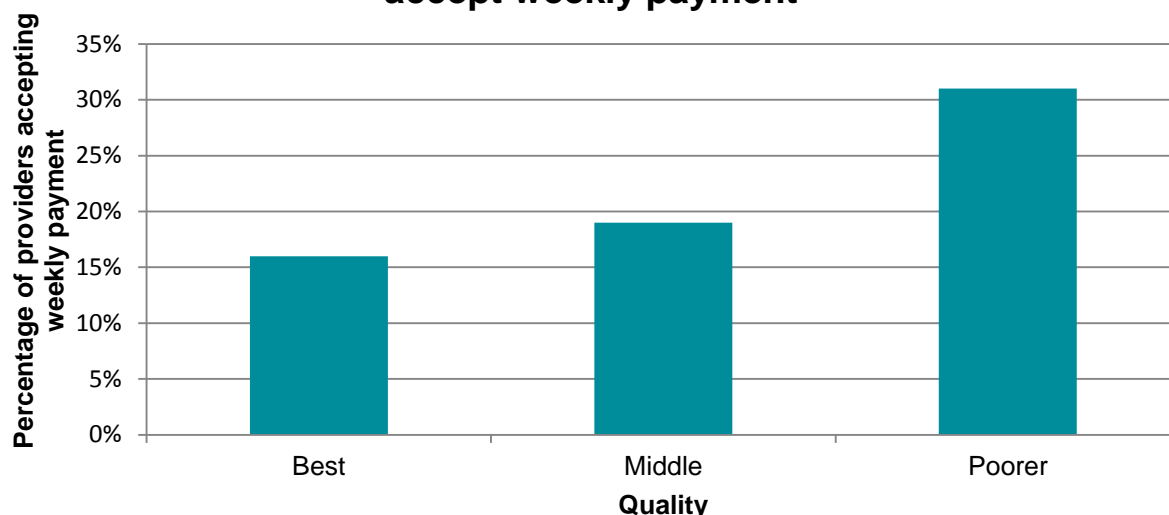


¹⁶ Lloyd, E, Penn, H, The costs of childcare, 2013 + Family and Childcare Trust, Where next for childcare? Learning from the 2004 childcare strategy and ten years of policy, 2014.

¹⁷ Ibid.

As with flexibility we also found that the better the quality the more likely it was that parents would have to pay for longer time periods (table 2).

Table 2: Poorer quality setting were more likely to accept weekly payment



What this means for families:

For low income families finding a month's childcare costs in advance alongside other upfront costs could lead to significant financial hardship. As employees frequently get paid in arrears and there is limited availability of low cost loans for childcare costs, parents may be left without any option and remain stuck out of the labour market.

Those families who are able to pull together enough money to pay for a week's childcare in advance will find that the childcare available to them is more likely to be of poor quality. This again reduces the potential for children from low income families to enjoy the equivalent developmental benefits as children in better off families.

Additionally, depending on the type of provision a parent uses, they could have increased costs that would reduce their financial incentive to work. Whilst financial childcare support covers most of the costs of childcare it doesn't cover it all. Under universal credit parents on a low income will have to find a larger percentage of their childcare costs than is the case in the current system. A low income single parent earning the minimum wage is likely to have to find less than five per cent of their costs¹⁸ in the current system but will have to find 15 per cent of their costs under universal credit.

The way childcare providers structure payment can make a big impact on small financial work incentives. If a provider requires payment for a whole day regardless

¹⁸ 70 per cent is paid through increased tax credits, about 20 per cent through increased housing benefit and about five per cent through increased council tax support.

of the hours actually needed this essentially means that parents could be paying 15 per cent of childcare costs for additional unnecessary hours. Even if parents are only charged for one unnecessary hour a day this 15 per cent could add up to over £10 a week for three days' worth of childcare¹⁹.

For parents who cannot afford to pay 15 per cent towards unnecessary hours of childcare the only option available to them is choosing childminders which typically charge on a per hour basis.

Why this happens:

Profit margins are low in the childcare sector and in some cases providers make no profit at all²⁰ meaning that reliable cash flow is incredibly important.

Providers tell us that:

- Upfront charges are required to meet upfront costs for providers like rent, rates and staff. As there is often limited or no profit to reinvest in these upfront costs providers often meet them month by month.
- As the profit margin is so low providers do not have the capacity to shoulder the lack of income when a place is booked but not used.
- They use session or day payment structures as they need near full capacity to make any kind of profit.
- They use session structures to reduce disruption from people coming and going and to ensure that children are settled.
- They also use this structure to ensure they meet ratios of childcare providers to children.
- In settings with more children trying to manage personalised hourly demands against ratio requirements becomes increasingly complicated and risky.
- The government free early education funding of childcare is often paid by local authorities in arrears on a termly basis. This can create significant cashflow issues for providers and means that advance payment for provision that isn't government funded is even more essential.
- The level of payment for the government free early education provision usually does not meet the cost of providing childcare²¹. This means that providers can only take on a limited number of these funded places without risking the viability of their business.
- Because the funding level for the government free early education provision is low providers feel they have to offer the provision in restricted sessions, over restricted days or ensure they do not cover parts of the day that have higher overheads like lunch time.

Policy implications:

¹⁹ Using Family and Childcare Trust 2014 childcare costs figures, part time nursery for under twos costs on average of £4.40 per hour

²⁰ Department for Education, Childcare provider finances survey, 2010.

²¹ National Day Nurseries Association, Childcare Challenge, 2014.

The timing of financial childcare support

In any system with demand-led funding providers will always need to reduce the risks of non-payment and underutilised provision. The option currently available to them to do this is use of advance payment structures.

However financial support like universal credit does not allow parents to receive help with the costs of childcare in advance and there is little consistency in how advance costs are treated within the tax credit system.

Even parents with consistent childcare charges could face problems with this on a continual cycle as childcare costs will not always fit perfectly with monthly assessment periods. If parents pay for childcare in the middle of an assessment period of universal credit they may need an additional two week's payment in advance every month.

Recommendation 7: When funding is available the Department for Work and Pensions should make payment of childcare support in advance rather than in arrears within universal credit. There is the possibility of leveraging existing payments systems like that offered in tax free childcare to deliver this.

Budgeting advances

As an alternative to advance payment of childcare costs the Department and Work and Pensions plans to use budgeting advances to help parents with the upfront costs of childcare.

What is a budgeting advance?

Budgeting advances are loans available to all universal credit claimants usually to help them manage financially until their first payment of universal credit is received. Claimants must repay the loan within 104 weeks of taking it out. They can only take out another budgeting advance once the previous one is paid off.

Whilst this is welcome it does not remedy other problems parents will face when receiving help with childcare costs in arrears. Parents will continue to struggle if their actual due dates for childcare cost payments do not neatly align with an assessment period of universal credit. The budgeting advance loan system also presents the problem of how a loan can be recovered in a sensible way which doesn't present parents with either dented work incentives or once again in a position where they are struggling with upfront costs.

In its current format this alternative to payment of childcare costs in advance is not sufficient and would require significant improvements.

Recommendation 8: The Department for Work and Pensions should allow parents to access budgeting advances at all necessary points needed to ensure they can always pay for the childcare needed to work. Parents will need to access additional budgeting advances to realign their actual payment of childcare costs with their universal credit payments and if their childcare costs increase substantially.

Recommendation 9: The Department of Work and Pensions should recover a budgeting advance from the last payment of childcare costs support following the end of a job or childcare arrangement.

If budgeting advances were recovered in total from the first payment of childcare costs a continuous cycle of need for budgeting advances could occur. Recovering by deducting a small amount from several subsequent universal credit payments could significantly reduce the financial gains from working for many parents.

Recommendation 10: The Department for Work and Pensions should increase the amount available in a budgeting advance so that it is at least set at a level equivalent to the maximum childcare costs element of universal credit. It should ensure that parents can access the loan for childcare costs on top of for everyday essentials like other claimants have access to.

Local authorities role

Local authorities can provide business support to childcare providers in their area. This support is of even more importance in more deprived areas where it is known that childcare businesses struggle. However it is not currently consistently provided to a good standard across the country.

Recommendation 11: Local authorities should consistently be using a business support function to encourage best practice models for things like payment arrangements are used.

By routinely providing this support local authorities will also have an opportunity to observe and monitor the difficulties providers face in making payment structures more suited to low income families. This would allow them to adapt their own policies, particularly around the payment of the government free early education offer, which can contribute to these problems.

Recommendation 12: Local authorities should include childcare payment arrangements and access to financial support in their local childcare sufficiency assessments. They should work with providers to ensure that the required payment arrangements do not form a barrier to families using childcare.

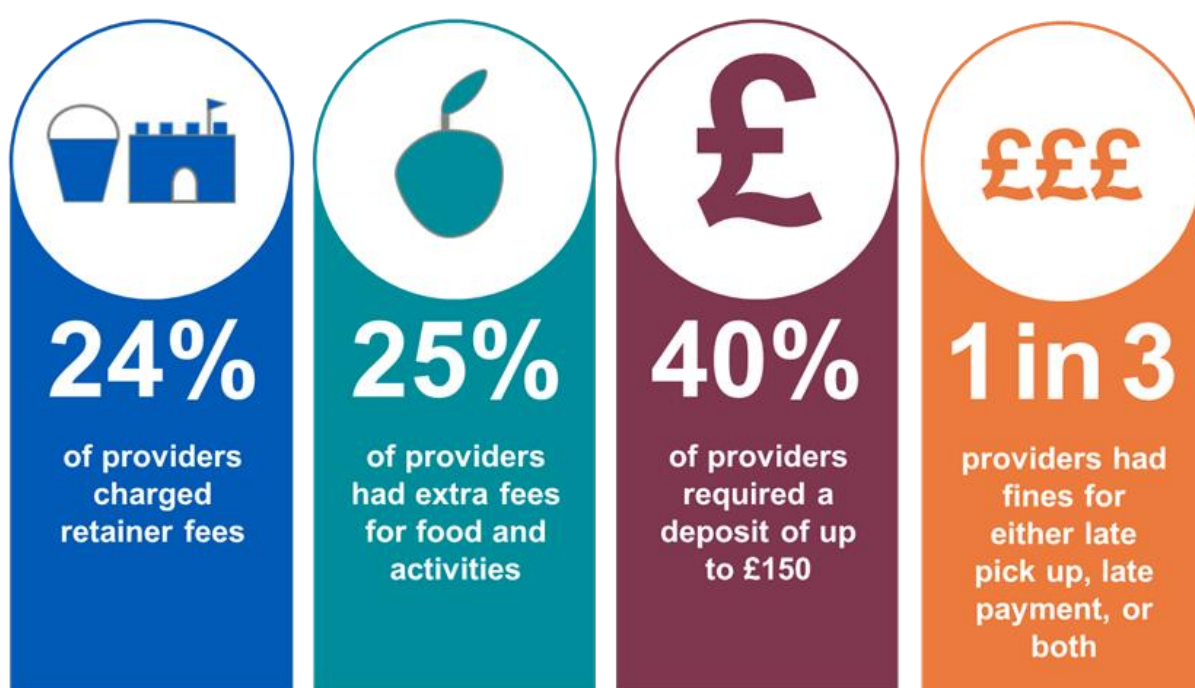
The extra costs of childcare

What we already know:

As well as payment in advance we wanted to explore whether other upfront and additional costs create barriers to those on a low income.

The Department for Work and Pensions have found in their lone parent obligation research²² that nearly 60 per cent of lone parents who went into work hadn't anticipated all of the small extra costs they now had to pay for.

What our research found:



The implications for families:

As with advance payments for costs, getting the money together for a deposit can also be a significant challenge for many low income parents, particularly if it is in addition to an advance payment.

As universal credit and the working tax credit cover childcare costs incurred so a parent can work they both have the potential to cover the cost of things like retainers. However depending on the benefit a parent is on they would still have to pay up to 15 per cent towards these kinds of costs. Those struggling to make work pay could see all of the financial gain wiped out by this and by the other fines and fees.

²² DWP, Lone parent obligations; following lone parents from benefits to work, 2012.

There is a particular risk for parents who have to use provision far from where they work or live as longer travel arrangements present an extra risk of lateness.

Why this happens:

Providers tell us that:

- there is strong competition for childcare places so providers may feel a deposit is necessary to guarantee that the place made available will be used as this otherwise could have been given to another child
- registration fees are used to cover the costs of talking to prospective families about a service and providing the opportunity for parents and children to visit providers to see if the setting is right for them
- deposits need to be set at a level that is not too high but would cover a certain amount of provision if a parent stopped using provision without notice or did not pay
- providers cannot get places filled for small amounts of time, say when a child is on holiday for two weeks, so they are out of pocket when a child isn't using the provision
- much like budget airlines to keep costs low and to present parents with options 'extras' like food and activities are kept out of core costs
- providers want to dissuade late pickup because they would have to make sure there was always sufficient staff provision and they do not receive any funding for this. Even if only one child is picked up late it is necessary to have two staff members present
- some providers commented that late pick up fines led to an increase in lateness or the length of lateness so they manage lateness with other methods like a three strike policy where they will reconsider the offer of a place following repeat lateness
- providers need to have reliable cash flow as they can be covering costs month to month as a result they feel they need to have rigorous late payment fines to dissuade late payment.

Policy implications:

The timing of financial support

As explained in the payment structure section low income parents need to have access to financial childcare support upfront otherwise an additional barrier to usage of childcare is created for low income families.

Recommendation 13: The Department for Work and Pensions should ensure that any system of budgeting advances or of childcare costs support would include the upfront costs of a non-refundable deposit and registration fees and at least provide advance funding for a refundable one.

The use of deposits and whether they are refundable or not is considerably varied across providers. This variety makes it difficult for Government to provide financial support for these costs as shown in recommendation 13.

Recommendation 14: The Department for Education and The Department for Communities and Local Government should, in conjunction with providers, carry out a review of the use of deposits. This should determine best practice for local authorities to pursue locally

This review should consider whether there is a necessity for non refundable deposits alongside payment in advance which should already give providers security.

Conclusion

When we consider that the aims of childcare policy are to increase parental employment and to improve outcomes for disadvantaged children our research findings are of particular concern.

Our research has shown the existence and scale of the practical barriers many parents, particularly those on a low income, will face when trying to access formal childcare.

We have found that the options within the childcare market for low income families are often narrow and of poorer quality.

To address the extra practical barriers within the delivery structure of childcare more needs to be done to align support systems like benefits and work search support with the actual childcare system itself.

Where is there room for improvement?

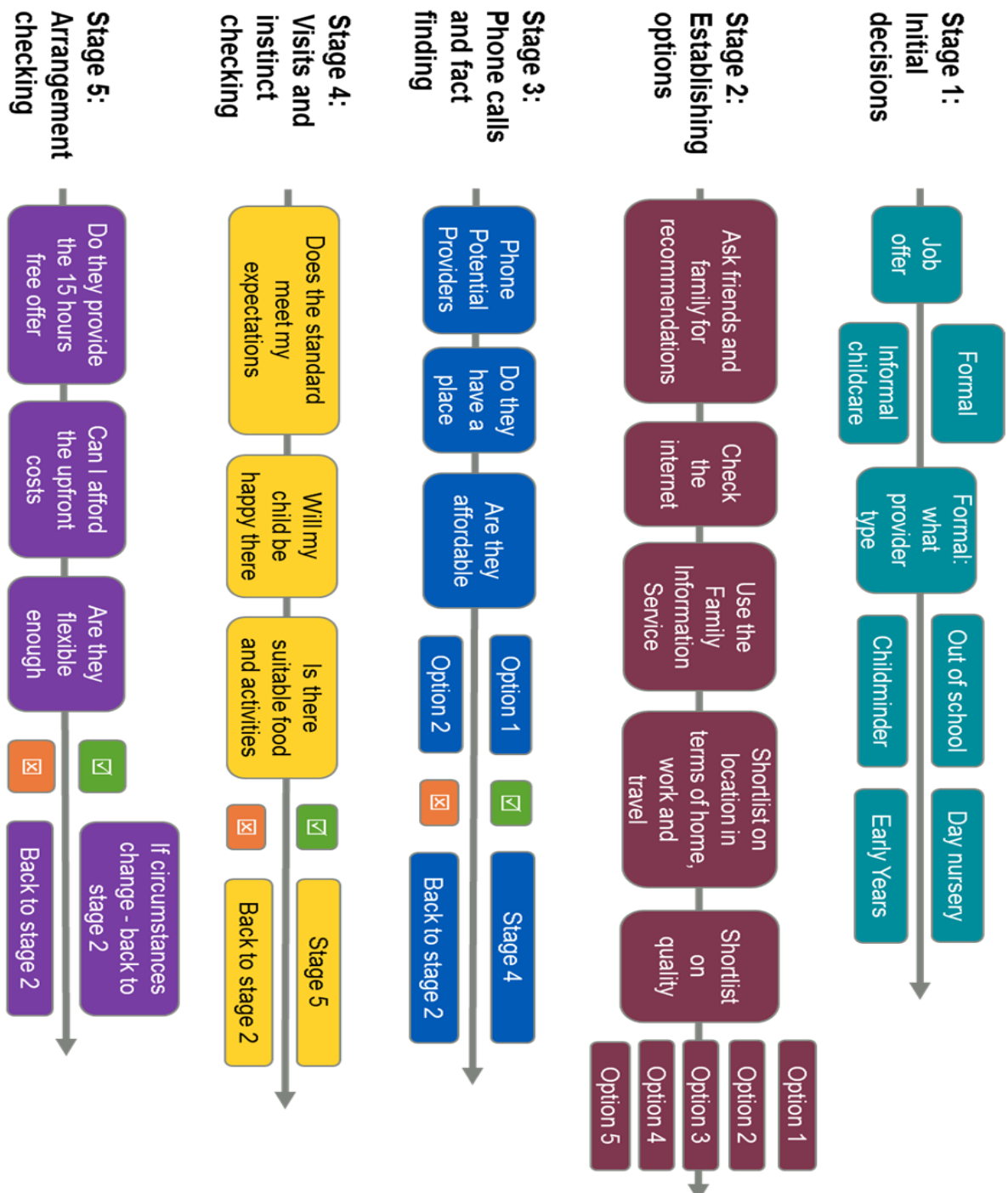
1. The way childcare support is delivered through universal credit.
2. The assessment and delivery of sufficient childcare by local authorities.
3. The business support role of local authorities (which should mean spreading best practice and increasing understanding of the struggles that providers face).
4. Work seeking support for parents (which needs to take into account local employment and childcare markets).

Our recommendations will go some way to alleviating the practical barriers that many low income families face when trying to access childcare but if the government is to realise its childcare policy aims it must set out how it is going to enable providers to align their services with the needs of families whilst ensuring access to high quality childcare.

Given the changes in the employment market and the reliance on informal childcare from family and friends there is a risk that if these barriers are not removed now they will become further entrenched and even more problematic for families. At a time of such change and when so much attention and significant funding is being invested in childcare it is crucial that this opportunity to help parents with the challenges they face is fully utilised.

Playing the childcare game

Our research has shown us that parents face complex decisions and actions at several different stages whilst looking for suitable childcare. Depending on the local market and the timing of enquiry parents may have to repeat some of these stages several times. This can leave them feeling like they are playing snakes and ladders with any change of circumstance putting them back in the game.



Our aims

- To provide the advice people need for the problems they face.
- To improve the policies and practices that affect people's lives.

Our principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

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Registered charity number: 279057
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Produced by: Citizens Advice
Published: July 2014
Images posed by models
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