

The early years: what everyone needs to know

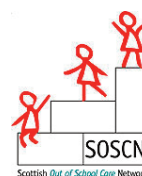
The cost of childcare in Scotland: a special report

February 2011

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Why do costs matter?

Cost is a key component of the whole experience of non-parental care for children and the positive or negative impact it has. This report focuses on costs, but within the context of related areas of debate frequently raised by Children in Scotland and its members. Two years after the Scottish Government and Cosla's agreement in December 2008 to implement the Early Years Framework this report highlights the problems surrounding its implementation and points to the need for more resources and greater priority to be accorded to the support of services at a time when the birthrate is rising. Under the terms of the Spending Review agreement announced in November 2010 between the Scottish Government and Cosla's leadership, one of the specific commitments was support for the implementation of the Early Years Framework. This report highlights the challenges involved.

This report brings together survey data from local authorities, plus a small scale telephone survey of private nurseries across Scotland, along with published and unpublished data gathered by other organisations concerned with childcare and its costs. This in depth report is published simultaneously with a headline report by the Daycare Trust¹ on the high rate and variability of childcare costs across the UK. The surveys were not exhaustive but the trends were consistent.

Universal, subsidised early childhood education and care, and out-of-school care led by high quality staff, in partnership with parents, benefits children and their families. But cost and funding issues by themselves can fundamentally determine the wellbeing of children and their families: patchy, unstable services increase parental stress, which has a direct impact on children's day to day wellbeing; inconsistent care for young children may damage their emotional development; high prices continue the cycle of child poverty for low-wage earning families; and a poorly paid workforce affects the standards of care and support.

Key points from the report

- Parents in Scotland are paying high childcare costs that are increasing.
- Overall average childcare costs for 25 hours a week are £84 in Scotland, which is more than half the gross average part time weekly earnings of £160.
- There is widespread concern among local authority staff and organisations representing the childcare sector (89% of respondents) that the non-statutory childcare sector (i.e. anything other than preschool entitlement) will face cuts.
- There is a wide range of costs across Scotland and different charging structures are used. Costs range from £58 to £107 per child for 25 hours' care, including private and local authority nurseries. The Scottish Childminding Association's 2010 survey showed less fluctuation for childminding rates with 25 hours' care ranging from £80 to £110. Unlike private nurseries, childminders mostly offer fee reductions or no fees during holiday periods (averaging 4 weeks a year), and offer discounts for siblings. Rural areas mostly have fewer choices but tend to be slightly cheaper.
- Average costs for childminding are slightly higher than private nurseries, with £90 the average for 25 hours of childminding compared with £78 for 25 hours in a private nursery.
- In 2009 the average cost of childcare in private nurseries was £75² for 25 hours, which suggests costs are rising just above inflation at 4%: inflation for 2010 was 3.3%.
- In 2009 the average cost of childminding for 25 hours was £85³, which suggests costs are rising above inflation at 5.9%: inflation for 2010 was 3.3%.
- In 2008 Children in Scotland and Daycare Trust published joint research about the average cost of a full time nursery place⁴. For a child under 2 years old the fee was £158 per week. This is now £161, an increase of 1.9%. For a child over 2 years old the fee was £143 in 2008, and is now £151, an increase of 5.6%.

¹ Daycare Trust/Children in Scotland, 2009

² <http://www.childreninscotland.org.uk/docs/pubs/Childcarecostsrocket.pdf>

³ Daycare Trust/Children in Scotland, 2009

⁴ Daycare Trust/Children in Scotland, 2009

¹ <http://www.daycaretrust.org.uk/pages/childcare-costs-surveys.html>

- Term-time out of school clubs cost on average £8.76 per session. The Scottish Out of School Care Network's members report £8.52 per session. Five sessions a week results in an average of £43 per week. Session costs reflect different payment methods: for example, in centres where children attend during holiday periods, service providers may calculate an average weekly cost to enable parents to budget for regular weekly payments.

- There is a wide range of costs for out of school care, with reported weekly costs ranging from £37.50 to £71 and session costs from £6.50 to £12.95.

- There is insufficient knowledge in local authorities about whether there are sufficient services available for children with additional support for learning needs and disabilities. Parents of these children echo the lack of information and accessibility of provision expressed by respondents to Children in Scotland's survey. Responding to a Capability Scotland survey in 2010, 48% of parents said they were not offered a choice of service for their child. Asked if there were services in their area they would like to use but were unable to, 20% didn't know and 27% thought this was true.

- Some parents who use partner provider private nurseries to access full day care so they can work or study pay fees upfront, receiving reimbursements for the free preschool entitlement period either monthly or termly. There is insufficient knowledge about how widespread this practice is or how it impacts parents.

- Analysis of Scottish Government statistics, (which consider childcare and education separately) reveals a slight decrease since 2008 in the number of registered childcare centres and the number of centres providing preschool education has gone down by over 3%. At the same time the number of children under 5 has risen by approximately 5%.

Overall themes of the report

While the information gathered is not comprehensive, clear trends emerge from the different data sources.

There is wide variety and inconsistency in childcare services, particularly in how costs are charged and funded, combined with poor overall knowledge both at government level and between local authorities.

There is widespread concern that, however vital they may be to policies such as the Early Years Framework, non-statutory childcare services are vulnerable to cuts.

There is also a growing divide between the public sector and both the private sector and informal care provided by friends, neighbours, siblings and grandparents.

Education and care – the divide

Terminology is important. There is a conceptual and practical split between the care and the education of children that is the result of a cultural history linking care with looking after children while parents study or work, and education with academic achievement. This may have made sense to adults in times past, but it is reasonable to assume it has never made sense to children. The person who cuddles you when you are upset, or changes your nappy, can happily read stories with you or help you measure and fill cups with water. Care and education cannot really be separated, and yet the division is seen in funding, regulation, staff education, pay and conditions, service planning and data collection.

In Scotland children are entitled, from the term following their third birthday, to attend a nursery or preschool setting (a council nursery or private sector partner provider) without charge for the statutory requirement of at least 12.5 hours a week or 475 hours a year over 38 weeks. Any other care (for children under 3½ years, or outside school time) is outwith statutory requirements – although daycare is a listed option for safeguarding young children – and at the discretion of local authorities and the parental purse⁵.

⁵ Children Scotland Act 1995, section 22
<http://www.legislation.gov.uk/ukpga/1995/36/section/22>

Depending on birth date some children will receive six terms of preschool provision, some only four, unless they defer their entry to Primary 1. This is paid for by the government, although local authorities determine how it is allocated. Guidance published in 2003 makes suggestions about how this money is allocated, but the 2008 Concordat agreement between the Scottish Government and Cosla emphasised the autonomy of local authorities. Some aggregate the weekly hours available, allowing parents to use the free entitlement as they wish (and so combining the concepts of care and education). Others limit availability to 2.5 or 5 hours a day, leaving families to pay for additional care. In some areas children can start nursery, free, before their official date of entitlement: in others they can start but must pay a small fee. This practice can exclude families unable to pay for this early start, which can mean places in local, preferred, nurseries are filled by children from more advantaged backgrounds.

Some authorities exert considerable influence over providers of this education through detailed partner provider contracts and high levels of council provision, while others are more flexible. This influences the range of costs: for example, some parents pay more for childcare if they are unable to aggregate the free period, or can only access care within the private sector.

We found two striking examples of the practical impact of this conceptual divide. One daycare centre took children to a different room, with different staff, for their free 2.5 hours of preschool education and then returned them to their care setting. Elsewhere, some private settings divide the day clearly into general care and the free preschool education period in order to manage the different methods of funding and payment, so parents choose what they can afford. This happens because the divide between care and education is entrenched in public policy and reinforced by charging mechanisms.

Scotland sits alongside Poland, France and Germany in having entitlement beginning at 3 years old, but lags behind the Nordic countries (where it begins at birth), Slovenia (where it begins at the end of parental leave), and Belgium (where entitlement begins at 2½)⁶. However the big difference is in what entitlement brings. In Scotland and the UK fewer

than 3 hours a day are free, with any other time being at full cost, which results in high part time attendance. In other countries entitlement brings longer periods of entitled care with contributions to costs calculated according to a range of criteria, and this is reflected in the number of children in care for longer periods⁷.

Education and care - costing the divide

The costs of care for children under 3 years old are higher than for those over 3 years old, because of the adult-child ratio required. The under 3 age group receives no statutory Scottish Government funding. Local authorities may provide free or subsidised care for children in families deemed to be at risk in some way, or may be linked into initiatives to support parents in low paid jobs, but these are decisions for individual local authorities. The focus is usually on child protection.

Both the private sector and local authorities subsidise the free education entitlement of children aged 3 years onwards. Local authorities do so through their local taxes and local arrangements, and the private sector via profits from fees for children under 3 years: 72% of National Day Nurseries survey respondents⁸ in Scotland reported Government funding does not cover their costs.

In the public sector it could be argued the gap in funding and costs of the preschool entitlement is at the expense of further investment in children under 3 years old or of primary school age. The private sector's only other source of income is caring for children under 3 years, so the care of very young children subsidises places for older children.

Out of school care

Out of school care was the area most respondents felt to be vulnerable to cuts, but at the same time was where costs might be expected to rise, with increasing levels of manager qualifications leading to demands for wage increases. Support for out of school care varies according to local authority and local needs. In some areas parents' employment

⁶ www.childrenscotland.org.uk/wfi - Working for inclusion publications

⁷ www.childrenscotland.org.uk/wfi - Working for inclusion publications

⁸ National Day Nurseries Association members survey, Nov, 2010

makes it possible for them to pay for care and sustain a service. In areas where employment is more fragile or wages lower services are more likely to be subsidised and so vulnerable to budget cuts. There were few data available from local authorities about overall numbers and costs. Figures from The Scottish Government show that places in out of school care settings (a mixture of stand alone and integrated centres) continued to grow – in 2009 there were 1091 places and in 2010, 1199. The number of stand alone settings decreased which may be the result of mergers. However, with local authorities reporting that non-statutory services such as out of school care being vulnerable to cuts this is a sector viewed to be most at risk of depletion in the coming financial year.

Disability and additional support needs

Respondents expressed a lack of confidence in their knowledge of access to services for children with disabilities or additional support for learning, and whether sufficient places were available. This might be because different staff were responsible for supporting families with extra needs, or because there is simply a lack of knowledge.

Funding sources for extra support were varied and meant reduced choices for families with children with additional support needs or disabilities, who would not be able to access private sector care services with the same range of choice as families of children without disabilities.

In a 2010 survey by Capability Scotland parents identified a lack of suitable affordable care for all ages, including out of school and holiday care. Asked if there were services in their area they would like to use but were unable to, 20% didn't know and 27% thought this was true, highlighting a lack of knowledge about available services and a sense of exclusion from those that exist.

A high number of lone parents are parenting children with disabilities. If suitable care is not available to support these parents to work or study – care sensitive to the needs of lone parents and the particular needs of children with disabilities – this can

result in increased levels of poverty for these children and their families.

Funding sources

Funding early years, out of school or holiday care is complicated and there is a strong division in the early years between the concepts of care and education. Aside from the small number of free hours available for preschool education, care is supported in varying ways. Local authorities charge varying amounts according to locally determined criteria, for example reduced or free care for children on child protection registers, with disabilities, or with families in low paid employment. Those in work can claim working tax and child tax credits, or where employers have set up the necessary systems, can use employment vouchers⁹.

Claiming tax credits is complicated, and results in high percentages of overpayment.¹⁰ The Citizen's Advice Bureau reports a far from universal takeup and attributes this to a lack of knowledge of the entitlement, its complexity and poor administration¹¹.

The Scottish Childminding Association noted in its evidence to the Scottish Government's poverty consultation that its childminder members "report that parents with a low income are not accessing this help [tax credits] and instead are attempting a patchwork of childcare often using their own family which is stressful for them and may not be good for the children."

What is important to note is that tax credit and voucher funding is determined and administered by the UK government in Westminster, in a way that responds to a demand for childcare that is linked to employment and puts funding into parents' pockets. Currently a maximum of 80% of childcare costs can be claimed, with up to £140 a week for one child and an additional £24 a week for two or more. From April the maximum will be 70%, which means higher costs for parents.

Scottish Government funding for preschool education, or for student parents to assist with their education, is supplied direct to institutions and local authorities. Other funding for vulnerable groups is at

⁹ www.cpag.org.uk

¹⁰ <http://www.taxcc.org/Research%20Library.htm>

¹¹ Citizens Advice Bureau, Evidence Journal, spring 2010
<http://www.citizensadvice.org.uk/index/campaigns/evidence-journal.htm>

the discretion of local authorities.

Different payment methods

Because of the different local means of providing care and education, parents face different payment methods for children entitled to free preschool education but accessing it in the private sector or paying for full time care in any setting. Some private nurseries refund the fees of the free entitlement hours to parents monthly or termly, as they receive payment from the local authority. Some provide options, depending on the parents' financial situation or preferences. Others incorporate the entitlement money into the year to produce a weekly average cost, while others have higher payments during holidays than in term time. There is no overview or national guidance concerning this practice or the impact it has on parents' choices, consistency of care, or family cash flow.

Students and childcare

Students face particular challenges in arranging childcare and their problems highlight the fact that decisions concerning childcare funds do not always take into account children's wellbeing.

Childcare funding for students in Scotland is discretionary. It is decided by further and higher education institutions on application by students, on a first-come first-served basis. A recent campaign¹² increased the level and flexibility of payments available but did not end the uncertainty around funding which is one of the greatest concerns among student parents. An NUS Scotland survey found "only 34% of student parents said they knew how much they were going to receive before starting their course".

Funds are distributed in different ways, varying by educational establishment, making it hard for parents to anticipate potential funding. For those studying for more than a year, it is difficult to guarantee funds will be there to cover childcare costs for the entire study period. Funding for childcare often ceases during holidays. For students using private childcare providers this can mean withdrawing children from settings with the risk of losing a place the following

term, resulting in short periods of care from adults in different settings. This inconsistency runs counter to what is known about the importance of children being able to develop strong attachments with key adults for their emotional wellbeing, as well as being in opposition to advice on the importance of consistency within parenting.

Many students use nurseries on college or university premises, which may be vulnerable to cuts.

Conclusions and recommendations

The data gathered by Children in Scotland and its partners is not exhaustive but the trends are clear. Costs are increasing, non-statutory services are vulnerable and overall the numbers of centres providing preschool education and registered childcare centres is falling by over 3% and 1% respectively over a period when the under fives population has increased by 5% – and is projected to continue to increase over the next few years.

The only statutory care and education for children is 475 hours per year for children during the term following their third birthday until they start primary school. All other childcare is funded at the discretion of local authorities, and by parents, supported by complex tax credits and vouchers determined by the Westminster government arrangements and which few parents will in future be able to access.

Many report concern at the fragility of non-statutory childcare services in the face of local authority budget cuts.

Early childhood education and care working in partnership with parents benefits children from a young age, but the only statutory provision that exists is for children when they are almost 3½ years old – and is only part time. All the evidence points towards the period from birth to age 3 as vital to children's long term health and wellbeing. The Scottish Government should consider an overhaul of the all the childcare and education funding within its power to redress this imbalance.

¹² <http://www.nus.org.uk/en/Campaigns/Campaigns-in-Scotland/Education-Not-Free-Not-Fair/Still-in-the-Red-report/>

While data are collected about different aspects of early education and childcare across Scotland, information is patchy and coloured by the divide between education and care. There is no detailed overview of provision, funding and costs.

The Working for Inclusion research programme, part funded by the Scottish Government, found countries with low levels of child poverty and high child wellbeing also consistently have the highest levels of fully integrated early childhood care and education provision, associated with generous benefit systems and strong income redistribution. While Scotland is bound by policies determined by Westminster, a better overview of the facts in Scotland would aid arguments for increased devolution in this area. In the meantime Scotland should consider changing what is already within its power.

Children in Scotland would like to thank everyone involved in taking the time to gather and contribute information and data for this report.

Children in Scotland is the national independent agency for voluntary, statutory and professional organisations and individuals working with children and their families in Scotland. Our members include most of the 250,000 people in Scotland whose jobs involve working with, and caring for, children and young people. We improve awareness and understanding of the challenges and opportunities facing Scotland's children and families; influence government policy and practice at all levels; and serve as a unifying force for better childhoods.

To find out more about our work visit www.childreninscotland.org.uk.

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Inland Revenue Charity No. SC003527 VAT No. 875 7960 5

978-1-901589-55-9

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Children in Europe issue 20 – March 2011

ISSN 1475-42-07

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