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## CHILDCARE AND EARLY YEARS PROVISION: A STUDY OF PARENTS' USE, VIEWS AND EXPERIENCES

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### Introduction

The introduction of the National Childcare Strategy in 1998 marked a radical shift in government policy and for the first time put childcare provision firmly on the political map. Since then a wide range of childcare initiatives and funding streams have been introduced, and hence there is a need for regular data to aid the evaluation of recent policy interventions in these areas. This study aimed to provide salient, up-to-date information on parents' use, views and experiences of childcare and early years provision, as well as to continue the time series data on these issues from the Parents' Demand for Childcare series, and the Survey of Parents of Three and Four Year Old Children and their use of Early Years Services series.

### Key findings

- More families are using childcare and early years provision in 2004 than in 2001, with the rise being largely explained by an increase in the numbers of parents using formal childcare and early years provision.
- Although levels of use had increased within most sectors of the population, the greatest increases were found among couple families, higher income families, more affluent areas, and all regions apart from London.
- In 2004, almost nine in ten families had used some form of childcare or early years provision - be in regular or ad hoc - within the last year. This represents 5.16 million families across England.
- Grandparents were the most commonly cited childcare providers, used by half of families in the last year. Out-of-school clubs were the most common formal providers, used by a fifth of parents in the last year.
- Two thirds of families had used childcare or early years provision within the last week. A third had used it in order to facilitate parents' work, study or jobsearch; a quarter had used it for the child's educational development.
- The average hourly cost to parents varied widely between different types of providers, from 30p for nursery classes to over £5 for nannies and au pairs. Costs were considerably higher in London.
- Cost of childcare and early years provision was a barrier to its use for some parents, particularly low earning families and lone parents. Significant minorities of parents also cited as barriers an inadequate number of formal childcare places in the local area and insufficient services at weekends, evenings and in the school holidays.
- A lack of information - or knowledge about where to find it - may have hindered some parents' use of childcare and early years provision. Four in ten parents would have liked more information about what was available in their local area. There was a great reliance on 'word of mouth' and a lack of awareness of government-led information services.
- Parents using childcare or early years provisions tended to cite more 'pull' than 'push' factors when asked why they had chosen their providers. Trust, reliability and the child's educational development were all common reasons for their choice.

## Policy background

Within its ten-year strategy for childcare, announced in late 2004, the Government signalled its plans to develop its policies to provide 'affordable, flexible, high-quality childcare for all parents who need it'<sup>1</sup>.

Since 1998 a wide range of childcare initiatives and funding streams have been introduced, with linked but slightly different foci and aims. Some of these initiatives and funding are universal. Other initiatives have been targeted at specific groups. Some programmes have been launched nation-wide. Other programmes are provided only in the most disadvantaged areas. The government reports to have increased the stock of childcare places by 90% since 1997, now providing 1.2 million registered places in England.

A range of childcare subsidies is also now available directly to parents. The main demand-side funding is the childcare element within the Working Tax Credit (WTC). However, funding to help parents to pay for childcare is also available from a range of other sources. In line with the ten year strategy, the childcare approval scheme has extended the childcare providers eligible for financial support. Employer-supported childcare has also been expanded.

The National Childcare Strategy also includes a commitment to raising the quality of childcare and giving parents the information they need to choose what is right for their children. In 2001, the National Standards were introduced. These set a baseline below which no (registered) service can fall. The ten-year strategy also includes proposals to ensure high quality childcare provision via reform of the childcare workforce.

## Methods

Just under 8,000 parents in England were included in the study, interviewed between September 2004 and early January 2005. They were randomly selected from the Child Benefit records. 78% of selected parents<sup>2</sup> were interviewed. All the parents selected had children aged 14 and under, to be comparable with the previous Childcare Survey series, and to focus on the age group most often included within government policy on childcare. A 'booster' sample of parents of 2 to 4 year olds enabled a closer look at early years provision. The interview obtained a broad picture about childcare and early years provision use and needs for all the children in the family, but then asked a more detailed set of questions about one randomly selected child (in families where there were two or more).

<sup>1</sup> Choice for parents, the best start for children: a ten year strategy for childcare, 2004

<sup>2</sup> Excluding those removed from the sample frame before they were passed to us or those with untraceable addresses.

## Defining childcare and early years provision

Following the model of the previous Parents' Demand for Childcare Surveys, the study used a very inclusive definition of 'childcare and early years provision'. Parents were asked to include any time that their child is not with resident parents (or their current partner) or at school. Hence this covered informal care, such as grandparents, as well as formal care; and covered times when the parents were working, as well as times when they were not (and thus children were being looked after for other reasons). However, by asking parents for the reasons *why* they used their childcare or early years provision, we are able to report separately on childcare used for economic reasons (for parents to work or study), for the child's educational development, or for other reasons.

## Main findings

### Who uses what childcare and early years provision?

#### Over the last year...

Almost nine in ten (86%) families had used some form of childcare or early years provision - be it regular or ad hoc - within the last year. Over that period, a greater proportion of families (67%) had used informal care than formal care (57%). Of all providers, families were most likely to have used grandparents. Half of families (49%) had done so at some point in the last year. Among the formal providers used in the last year, families were most likely to have used an out-of-school club. A fifth (18%) of families had used one (either on or off a school site).

Grossing up to national estimates<sup>3</sup>, these figures represent 5.16 million families having used childcare in the last year. 3.42 million families had used formal childcare or early years provision, and 4.02 million families had used informal childcare.

#### Over the last week...

Two-thirds of families had used childcare in the last week: 41% had used formal care, and 42% had used informal care. As with use over the last year, out of all the childcare providers, families were most likely to have used a grandparent for childcare during the last week (26%). Used by 12% of families, out-of-school clubs (on or off school sites) were the most commonly used type of formal provision in the last week.

Use of childcare was higher among working families. Seven in ten working lone parents had used childcare in the last week (72%), compared to 54% of non-working lone parents. Among couple families, seven in ten families where both parents worked had used childcare in the last week (69%), compared to six in ten families where only one of the parents

<sup>3</sup> National estimates are based on data of families with children aged 0-14 receiving child benefit as at 1<sup>st</sup> September 2004, DWP Information and Analysis Directorate, Information Centre.

worked (60%), and five in ten families where neither parent worked (48%).

Whilst higher income families were more likely to have used childcare in the last week than lower income families, this is accounted for largely (but not solely) by a greater use of formal childcare and early years provision among those with higher incomes. Five in ten (52%) families with a yearly income of £32,000 or more used formal childcare in the last week, compared to three in ten (31%) of those with a yearly income under £10,000.

Looking across the use of childcare for children of different ages, three and four year olds were most likely to have used childcare and early years provision, with nine out of ten (89%) having received childcare or early years provision in the last week. Among school aged children, primary school children were more likely to have received childcare than secondary school children (53% of 5 to 11 year olds compared to 36% of 12 to 14 year olds).

Few differences were found in the use of childcare and early years provision across different regions of England. The stark exception to this was London, where only 55% of families used childcare in the last week, compared to around two-thirds in all the other areas. This difference is largely based on a lower use of grandparents for childcare (14% of London families had used a grandparent for childcare in the last week, compared to at least 24% in all other regions).

#### Changes in levels of use in recent years...

Between 2001 and 2004, there had been an increase of eight percentage points in the proportion of families using childcare or early years provision within the last week. Although there were rises in the use of both formal care and informal care, the increase was more marked for formal care. There was a 10 percentage point rise in use of formal care, from 31% in 2001 to 41% in 2004. This compares to a 6 percentage point rise amongst informal care use from 36% in 2001 to 42% in 2004.

The increase in levels of use of formal care is partly accounted for by greater proportions of families using out-of-school clubs, with 12% of families having used this provider in the last week in 2004, compared just 6% in 2001. There is also an increase in the levels of use of nursery and reception classes with 13% of families having used at least one of these types of provision in the last week in 2004, compared to 7% in 2001.

Proportional rises in the use of childcare and early years provision were as follows:

- A 10% rise for couple families compared to half that amount among lone parent families
- An 11-12% increase for higher income families compared to a rise of only 7% among lower income families

- A rise of at least 6% in regions other than London compared to a 2% rise in London<sup>4</sup>
- A 10% rise in the most affluent areas compared to only a 5% rise in the most deprived areas.

#### Why do parents use childcare or early years provision?

Data on *why* parents were using childcare and early years provision have been used to explore varying levels of use according to whether they are using it for economic reasons (to work, jobseek or study) or for their children's educational development. Whilst 64% of families had used some childcare in the last week, only 36% had used it for reasons which included economic activities and 27% for reasons which included the children's education.

Of course, some parents used services for *both* economic *and* educational reasons. Among parents who had used childcare or early years provision in the last week, a third (36%) had done so for economic reasons, without referring to any educational needs for their children. A fifth (19%) of families using childcare and early years provision were doing so for both economic *and* educational reasons. A quarter (23%) were using it for educational - and not for any economic - reasons.

#### The cost of childcare and early years provision

The average weekly cost of childcare and early years provision (including the subsidies) was £23.00 (median). The average hourly cost of childcare (including subsidies, and whether for formal or informal care) was £1.43 (median), but ranged from 30p for nursery classes (which tended to be for refreshments) to £5.51 for nannies or au pairs (which tended to be for childcare fees). Costs tend to be higher in the least deprived areas (regardless of family characteristics), and in London. Across regions in England, the highest hourly cost by far was in London, at £2.46 (median).

15% of families who had made a payment to at least one provider said they had received some financial help towards it. Financial help included any help from outside the family, paid either to the family or directly to the provider to cover childcare costs. Families were also asked about receipt of tax credits. Two thirds (64%) of families received Child Tax Credit: 27% of families received it along with Working Tax Credit and 38% received it on its own<sup>5</sup>. Of those receiving Working Tax Credit, one in ten (11%) were in receipt of the childcare element (a further 5% were unsure)<sup>6</sup>.

<sup>4</sup> This 2% rise is not significant.

<sup>5</sup> Child Tax Credit is a payment to support families (whether working or not), which is paid in addition to Child Benefit and any Working Tax Credit. Working Tax Credit is a payment to top up the earnings of working people on low incomes, and includes support for the costs of qualifying childcare (the childcare element).

<sup>6</sup> Families can also benefit from the childcare element even if they are only receiving Child Tax Credit - as long as they are receiving more than the family element, meet the work criteria and declared eligible childcare cost in their application.

## What are the barriers to using childcare or early years provision?

Parents face a diverse range of potential barriers to using childcare and early years provision. Lower income families and lone parents found it harder, on average, to pay for their childcare and early years provision, than those in the highest income group (45% compared to 25%, respectively, said that affordability in the local area was 'very' or 'fairly' good).

Lack of affordable childcare was cited as a reason for not using it by 11% of those not using childcare, and its cost was cited as an influencing factor on their employment status by 10% of those not working. Similarly, there were families with young children who do not use any or much early years provision because of cost. For example, 19% of those not using nursery education, said they did not do so due to high costs, and 21% of those who did not use it every day in the last week, said this was due to cost factors.

There was also evidence of a perceived shortfall among many parents in the number of formal childcare places in their local area (41% of parents said there were not enough places available).

There appeared to be significant levels of unmet demand for formal childcare services during less traditional times, such as school holidays, weekends and evenings. For example, 43% of parents whose main provider was not open in the school holidays, said they would like it to be.

Parents - particularly parents who used some form of formal or informal childcare and early years provision - were largely positive about the quality of their own provision and of that available in their local area. 66% of all parents rated the quality of local provision as 'very' or 'fairly' good.

A lack of information - or knowledge about where to seek it - may be a barrier to parents' use of childcare and early years provision. When asked directly, four in ten (38%) parents felt that they would like more information about the childcare in their local area. Specific areas about which parents asked for more information included school holiday provision, early years provision and the cost and quality of childcare. What is particularly interesting is the reliance on 'word of mouth' for obtaining information about all kinds of childcare and early years provision (37% cited this source), coupled with a lack of awareness of two of the key government-led information sources, namely CIS and ChildcareLink (only 6 and 2% of parents, respectively, cited these sources).

## What do parents of pre-school children feel about their childcare and early years provision?

Looking firstly at pre-school children, parents' decisions about which providers to use are often made having to take into account several competing factors. When asked why they chose their provider, overall, parents cited more 'pull' than 'push' factors, more often mentioning reasons why they were attracted to the provider than reasons around a lack of choice. The majority of parents felt that they had a real choice of providers, citing reasons such as trust in the carer and preferences to see their child educated as well as cared for.

Parents' reasons for choosing their formal childcare providers differed according to the age of their children. Trust was key for parents of very young children (33%), with concerns about educational development increasing as the children reached four and five (11%).

Parents using a formal institutional provider or a childminder were asked what, in their view, could be improved about a range of services, from buildings and premises to staff qualifications. Overall, six in ten (58%) parents using an institutional provider and 84% of parents using childminders stated that none of the improvements were needed at their provider. The most frequently cited aspects that needed improving were buildings and premises and outdoor play and activities.

Parents were also asked to identify what academic and what social skills they thought their child was being encouraged to develop while they were at the (formal) provider. 72% or more of parents said that each of the academic skills we asked about had been encouraged in their child at their main provider.

Parents were generally satisfied with the level of feedback they received about their children's progress at their formal providers: 94% said they were 'very' or 'fairly' satisfied with the feedback they got.

## What do parents of school age children feel about their childcare?

Moving on to parents' views of the formal and informal childcare received by their school age children, parents' reasons for choosing their formal childcare providers differed according to the type of provider. Trust and reliability were key issues for choosing childminders (44% of these parents cited this reason). For users of out-of-school clubs, issues around how the care fitted in with their working hours and the choice of the children themselves were more important for choosing out-of-school care (9% and 11% cited these reasons, respectively). When talking about reception classes, parents most often cited educational reasons and the reputation of the provider (26% and 22% respectively).

Most parents were largely content with their providers. 92% of parents using childminders, 58% of those using reception classes, and 69% of those using out-of-school clubs could suggest no improvements.

Awareness of Ofsted inspection results was relatively high, particularly for reception classes, but also for out-of-school provision. 68% of parents whose reception class had been inspected, had received results of the process.

## Conclusions

More families are using childcare and early years provision in 2004 than in 1999 and 2001, with the rise being largely explained by an increase in the numbers of parents using formal childcare and early years provision. These findings are an indication of the success of the policies which focus on formal childcare and early years provision arising from the National Childcare Strategy.

The consequences of the universal provision of free part-time early years education for three and four year olds are less clear. There has been an increase in the use of nursery and reception classes (which both specialise in provision for three and four year olds), but not in nursery schools or day nurseries (and the data are less comparable), nor in childminders or playgroups.

Many of the childcare and early years initiatives have concentrated on improving the accessibility and affordability of childcare and early years provision to families that are less well-off. One might therefore expect to see some changes over the last few years in the profile of families using childcare and early years provision, with less of a concentration on the higher income families. This study found that lower income families have indeed increased their use of childcare, but increases in use are larger among higher income families. (Although, of course, as the study is cross-sectional, rather than longitudinal, it will not pick up whether families' incomes have increased over the period. The National Childcare Strategy may well have helped to lift some families' incomes, enabling them to take paid work.)

Most government policies have focused on issues surrounding the use of and demand for formal childcare and early years provision. Little has been done with regard to informal care, despite the fact that it makes up a large proportion of all childcare used - particularly among lower income families. However, this study clearly shows that informal childcare plays a key role among families in England. It is not only used as a cheaper option than formal care. It is often chosen because of the home environment, the trust which parents place in its providers and the flexibility in the arrangements which can be made. The extent to which these are particular issues for lone parents (who do not have the same opportunities as couple parents to shift-parent) are highlighted.

An integral part of government pledges on childcare and early years provision is a commitment to 'affordable' provision. This study indeed suggests that currently, childcare is affordable (though by no means usually easily affordable) to some, but less affordable - and sometimes a barrier to its use - for others. The need for more information about the costs of childcare services - upon which parents can make informed decisions - is also apparent. The affordability of childcare is a particular issue in London, where the hourly cost of childcare is higher than in other regions. This highlights the importance of the planned pilot work to address issues around the cost of childcare in London.

Despite the government reports of a 90% growth in the registered stock of childcare in England, this study found evidence of a perceived shortfall among many parents in the number of childcare places in their local area. Four in ten parents said they thought there were too few places in their local area. Problems with availability may be greater at particular times. There appears to be significant unmet demand for childcare at atypical times (weekends, evenings and in the school holidays).

A lack of information - or knowledge about where to seek it - is an important theme emerging from our study. There appears to be at least some level of discrepancy between parents' perceptions of the local childcare and early years provision market and what is actually reported by parents who use childcare. Specific areas about which parents asked for more information include school holiday provision, early years provision and the cost and quality of childcare.

## Additional Information

*Copies of the full report (RR723) - priced £4.95 - are available by writing to DfES Publications, PO Box 5050, Sherwood Park, Annesley, Nottingham NG15 0DJ.*

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