



Resolution Foundation

Childcare: failing to meet the needs of working parents

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Executive Summary

Childcare is central to parents' decisions about whether to enter the labour market and how many hours to work. This is particularly true for second earners and lone parents who are usually women. Growth in the number of women entering the workplace since the 1970s has given an important boost to the living standards of families on low-to-middle incomes, but female participation has now plateaued. In addition, a high proportion of parents now work 'atypical' hours.

This report analyses these trends and concludes that the current UK childcare market is failing ordinary working parents on two counts: first, childcare costs are high by international standards; and second, there is very little childcare available outside of standard working hours.

This report sets the scene for a major investigation by the Resolution Foundation into childcare models that can better help parents to meet their work and family commitments.

Introduction

The growth in the number of women in the labour market since the 1970s has played an important role in raising the living standards of families. In 2009, 74.4 percent of women aged 25 to 54 in the UK were in work, with 35 percent of these women working part time. Sixty five percent of couples are now dual earning and close to 50 percent of single parents are in work¹. Working additional hours or having a second earner in the household has been an important route for families on low-to-middle incomes to maintain their living standards in the face of stagnating median wages. Given that median wages are not expected to rise until at least 2015, supporting female participation in the workplace will continue to be critical to maintaining living standards².

A large part of the growth of women in the workplace has been the result of mothers remaining in or returning to work. In 2007, 50 percent of mothers of children under the age of three were in work in the UK, rising to just under 70 percent of mothers with one child aged six to 16³. But female participation in the UK has plateaued since 2005 and maternal employment falls behind the Nordic countries, Canada, Switzerland and the Netherlands⁴.

The availability of affordable childcare has a critical influence on levels of female participation, and hence living standards, by allowing parents to reconcile work and family commitments. Failure to reconcile these commitments increases the economic vulnerability of families, with worklessness being the most important cause of child poverty. Despite being classified as one of the biggest investors in families by the OECD (driven by cash supports for children around birth and increased investment in childcare services), the UK continues to have some of the most expensive childcare in the developed world. High childcare costs are a significant barrier to work and have a particularly negative effect on low earners⁵.

Getting childcare right so that parents can balance their work and family commitments is critical to the economic recovery, to the living standards and life chances of families and to the Government's welfare reform agenda to make work pay for parents. This report argues that the current childcare market in Britain is failing ordinary working families because it is expensive and inflexible in responding to the working patterns of today's parents. Formal childcare is generally available between 8am and 6pm but non-standard or atypical working hours are now the norm. At least one partner in 75% of families on low-to-middle incomes and in 91% of families on higher incomes works outside the hours 8am-6pm, once thought of as the normal working day⁶. Others work shift patterns that may change week to week and cannot easily be accommodated by formal childcare providers who require pre-booking and pre-payment. Reconciling work and family commitments is critical for families on low-to-middle incomes. Dropping out of the labour market or being forced to reduce their hours would have a significant negative impact on these families' living standards. At the same time, they are not wealthy enough to buy the kinds of help available to more affluent families to help them balance competing pressures.

Creating a childcare market that can respond to the working patterns of today's parents and support their aspirations to balance work and family commitments is the topic of a six month long investigation by the Resolution Foundation. It will consider models of childcare that meet the needs of parents and can financially sustain providers, as well as addressing the drivers of high cost childcare in the UK. This report serves as a starting point for that project. It will examine the extent to which the current childcare on offer in the UK is fit to meet the needs of working parents, with a particular focus on families on low-to-middle incomes. It will examine parents' working patterns, current childcare use and the issues parents face in finding childcare that is affordable and adequately flexible. While this project does not focus on the child development aspects of childcare, it will seek solutions that can provide a level of quality consistent with good outcomes for children.

¹ OECD (2011) *Doing Better for Families*. Paris: OECD. Available at: www.oecd.org/social/family/doingbetter [accessed 2 June 2011].

² Plunkett, James (2011) *Growth Without Gain? The faltering living standards of people on low-to-middle incomes*. London: Resolution Foundation.

³ OECD (2011) *Doing Better for Families*. Paris: OECD.

⁴ OECD (2011) *ibid*.

⁵ OECD (2011) *Doing Better for Families: United Kingdom*.

⁶ Resolution Foundation analysis of Childcare and Early Years Providers Survey 2009

Evidence

The working patterns of parents

The availability of affordable childcare to support work is a particular issue for dual earning and for single parent working households. If one parent remains at home, he or she tends to assume the vast majority of caring responsibilities. In Britain in 2007, 21.1 percent of children were living in a household with two full-time working parents, 40 percent with one full-time and one part-time working parent and 27.1 with one full-time working parent. Over a third of women in Britain work part-time, reducing the amount of formal childcare required. Across the OECD, there appears to be a consistent positive relationship between the incidence of part-time work and high childcare costs⁷. This indicates that part-time work is not always a preference for mothers with children but a choice based on whether or not it pays to work longer hours.

Across OECD countries most women take some period of time off work when their child is first born. Short periods of leave have been shown to have a positive effect on female employment, although prolonged leave can weaken women's participation in the labour market. In the UK, 84 percent of women take 39 weeks maternity leave out of a total eligibility of 52 weeks, with many women forgoing the last 13 weeks of unpaid leave⁸. Employment among mothers tends to be lowest when children are under the age of three, with many returning to paid employment once their children reach school-age. Table 1 shows how female employment in Britain changes with the age of their child. It shows that more women work part-time once their children turn three and mothers with school-age children work longer hours than mothers with younger children. However, full-time work among mothers with children of any age in the UK is far lower than the OECD or EU average. On average, close to 54 percent of mothers of school-age children work 40 or more hours per week in the EU-24 compared to less than 20 percent of British mothers of school-age children. Mothers with more than one child are less likely to work than mothers with only one child, with work incentives being significantly lower for mothers with three or more children⁹.

Table 1: Distribution of working hours among working mothers in couple families by age of youngest child, 2007

	Women w/ children 0-2 years old				Women w/children 3-5 years old				Women w/children 6-14 years old			
	1-29	30-39	40-44	45+	1-29	30-39	40-44	45+	1-29	30-39	40-44	45+
UK	56.4	26.7	10.0	6.9	62.3	23.0	8.3	6.5	51.7	28.7	9.6	10.0
OECD-17 Average	28.9	26.2	37.2	7.6	32.0	25.7	33.7	8.6	29.6	25.9	34.1	10.4
EU-24 Average	23.4	23.5	47.2	6.0	25.1	23.0	44.5	7.4	23.7	22.7	44.6	9.0

Source: OECD Family Database

While balancing work and family commitments has long been difficult for working parents, the growth of atypical working hours coupled with the growth of dual earning households poses a more serious challenge to the reconciliation of work and parenthood. Atypical working hours is used to describe working early mornings, evenings, nights, weekends, variable shifts, split shifts and being 'on call'.

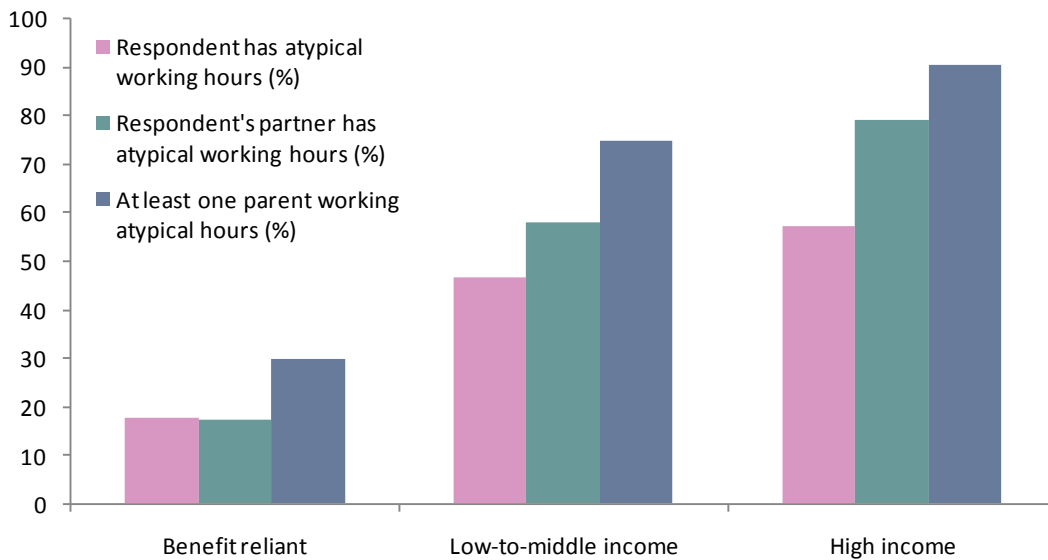
⁷ OECD (2011) Doing Better for Families, op cit.

⁸ Shore, Ben (2010) Maternity and Paternity Leave: The small print. Available at: <http://www.bbc.co.uk/news/business-11587797> [accessed 12 June 2011].

⁹ OECD (2011) Doing Better For Families, op cit.

Resolution Foundation analysis of the 2009 Childcare and Early Years Provider Survey for England highlights the fact that the majority of parents now work atypical hours. At least one partner in 75% of families on low-to-middle incomes and in 91% of families on higher incomes work outside the hours 8am-6pm (See Figure 1)¹⁰. Only one in five working families in Britain has at least one parent who works all their hours between 9am and 5pm and less than 1 percent of families now have both parents who work within this period¹¹. While managers and other professionals are most likely to work long hours, lower income workers are most likely to work nights and weekends and have less control and flexibility over the hours they work.

Figure 1: Proportion of parents working atypical hours



Source: Resolution Foundation analysis of Childcare and Early Years Providers Survey 2009

What's driving atypical working hours?

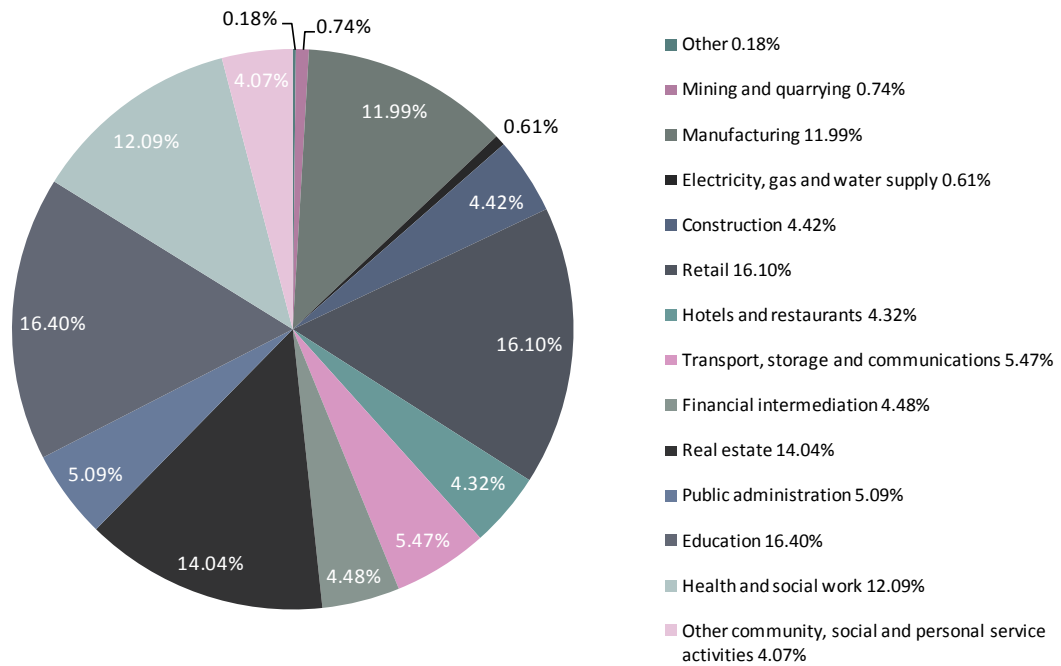
The change in the sectoral make-up of the UK jobs market is driving significant changes in working patterns. As Figure 2 shows, in 2008, the retail, health and social care, hotels and other personal services sectors accounted for 37 percent of jobs in the UK economy. All of these sectors regularly require employees to work at night, in the evening or at weekends. Compared to other EU countries atypical work is most common in the UK; more organisations require weekend work and the UK has the highest percentage of employees out of 21 EU countries regularly working at night¹². This reflects the make-up of the UK economy compared to that of other European countries, with the UK's strong services sector and diminishing reliance on manufacturing where atypical hours tend to be less common.

¹⁰ Resolution Foundation analysis of Childcare and Early Years Providers Survey 2009

¹¹ Lyonette, Clare and Clark, Michael (2009) Unsocial Hours: Unsocial Families?, op cit.

¹² Lyonette, Clare and Clark, Michael (2009), ibid.

Figure 2: Workforce jobs by sector, UK 2008



Source: Resolution Foundation analysis of Annual Survey of Hours and Earnings data

Working patterns of people on low-to-middle incomes

The growth of the service sector in the UK economy represents a fundamental shift in employment patterns for those on low-to-middle incomes. This is because there is strong cross-over between sectors where atypical hours are common and those where people on low-to-middle incomes work. As Table 2 shows, 48 percent of jobs in accommodation and food, 42 percent in retail and 31 percent in health and social care are held by people in low-to-middle income households in 2008-9¹³.

¹³ Lyonette, Clare and Clark, Michael (2009), *ibid.*

Table 2: Workforce jobs held by people in low-to-middle households: UK 2007-08

	2008-09	
	of all jobs in industry	of all LMI jobs
Retail	42%	18%
Health and social work	31%	12%
Manufacturing	35%	12%
Financial services	23%	10%
Construction	37%	10%
Transport and communications	34%	7%
Education	25%	7%
Accommodation and food services	48%	6%
Public administration, defence & social security	23%	5%
Arts, entertainment & recreation	29%	4%
Agriculture, forestry & fishing	44%	2%
Energy, water and mining	25%	2%
Professional scientific & technical activities	16%	1%
Other service activities	44%	3%
Total jobs¹	32%	100%

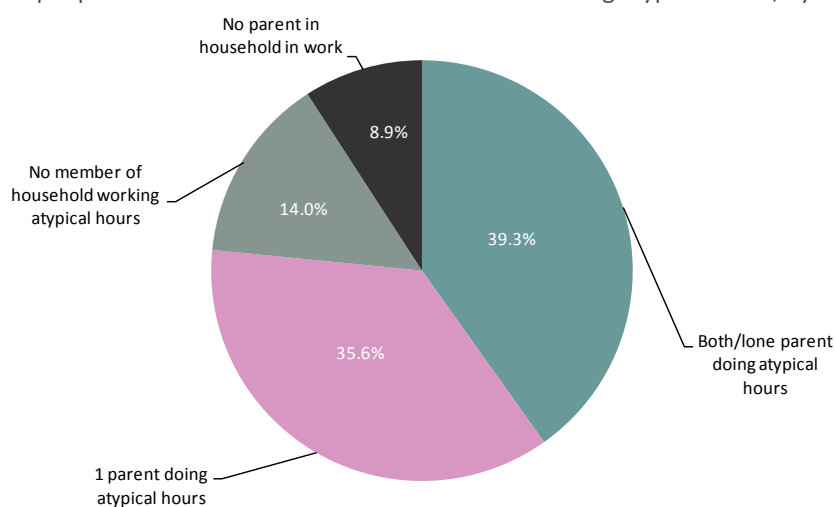
Notes: ¹ Does not include jobs not allocated to one of the industrial categories above.

Source: RF analysis of DWP, Family Resources Survey 2008-2009

How do parents manage atypical working hours?

Many dual earning couples who work atypical hours manage their childcare responsibilities between themselves, by what is known as ‘shift parenting’. This arrangement breaks down when dual earning couples work similar patterns of atypical hours and, therefore, cannot manage childcare responsibilities between them or when lone parents work atypical hours and do not have access to informal care. Among families on low-to-middle incomes, 27 percent are dual earning couple families where both parents work atypical hours and 12 percent are single parents working atypical hours, a total of 39 percent (see Figure 3). Weekends are the times when couple parents are most likely to have work schedules that overlap¹⁴. These families have a pressing need for childcare that can respond flexibly to their working patterns.

Figure 3: Proportion of people in a low-to-middle income household working atypical hours, by family type



Source: Resolution Foundation analysis of Childcare and Early Years Providers Survey 2009.

¹⁴ Barnes, Matt, Bryson, Caroline and Smith, Ruth (2006) Working Atypical Hours: what happens to ‘family life’? London: National Centre for Social Research.

Case study – Bev and Liam

Bev is a single parent on a low-to-middle income who lives in London with her 10 year old son, Liam. Bev's job as a chef means that she has to leave for work at 5.30am. Given the difficulty of finding formal childcare early in the morning, Bev relies on a friend. Bev pays her friend £50 a week to be with Liam in the mornings and to take him to school. Her friend also picks Liam up from school when Bev does not finish work in time. Bev is heavily dependent on this arrangement to stay in her current job. However, it does have the advantage of being cheaper and more flexible than formal childcare and allows Liam to get ready for school in his own home rather than at a childminder's.

Parents' use of childcare

Across income groups, most parents use a combination of formal and informal childcare provided by family and friends (see Figure 4). Parents' decisions over childcare are not exclusively driven by their work needs but also take into consideration the developmental needs of children, relationships with grandparents and other household tasks¹⁵. Compared to parents on higher incomes, those on low-to-middle incomes reported using fewer hours of formal childcare and more hours of informal childcare. Reliance on informal childcare in part reflects the failure of the formal childcare market to respond adequately to the needs of this group.

Among parents on low-to-middle incomes with children of all ages, 55.2 percent reported using formal childcare in the past week, with 38.6 percent using both formal and informal care and 36.6 percent using only formal care. Nearly a quarter of parents on low-to-middle incomes reported using informal care only. Use of formal and informal childcare was greater among parents of children under five, reflecting the fact that 40 percent of parents of school-age children use no childcare at all¹⁶.

Figure 4: Childcare use by income



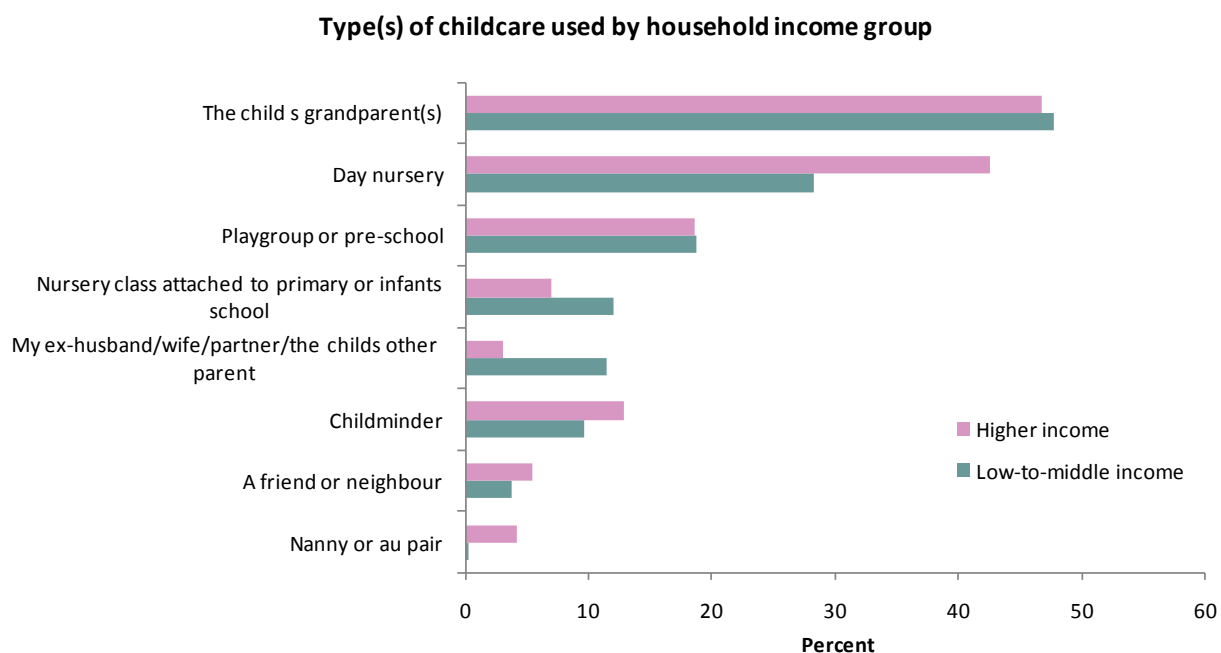
Source: Resolution Foundation analysis of Childcare and Early Years Providers Survey 2009.

For all income groups, grandparents are the most common type of childcare, with 40.7 percent of parents on low-to-middle incomes using grandparent care for children of all ages. For children under five, parents on low-to-middle incomes were less likely to use nursery provision than those on higher incomes and were more likely to rely on an ex-partner to provide care. For school-age children, over 60 percent did use breakfast clubs and afterschool services, although parents on higher incomes were more likely to use these services (see Figure 5).

¹⁵ Rutter, Jill and Evans, Ben (2011) *Informal Childcare: Choice or Chance?* London: Daycare Trust.

¹⁶ Phillips et al, *Childcare and Early Years Providers Survey 2009*. London: Department for Education.

Figure 5: Types of childcare used by household income group



Source: Resolution Foundation analysis of Childcare and Early Years Survey 2009.

Case study – Karen and Darren

Karen and Darren are in their mid-thirties and both work full time. Karen works at a children's centre and Darren is a software tester. They have four children: two daughters and a son at school and a two year old daughter. Their two year old daughter goes to a childminder four days a week, with one day of childcare provided by Darren's Mum who lives nearby. Childcare is the family's biggest monthly expense after rent, accounting for around 20 percent of their monthly household income. Given the significance of childcare costs for the family budget, Darren has decided that he will look after their daughter one day a week when he works from home. This will reduce the family's childcare costs by around £130 a month, although it will mean that Darren has to work into the evening to make up for lost time while on childcare duty.

UK childcare costs

According to the Daycare Trust's most recent annual survey of childcare costs, childcare in England costs on average £97 per week for 25 hours of care for a child under two and £94 a week for a three or four year old. Costs are particularly high in London and the South East with weekly costs for 25 hours of care being around £115 per week¹⁷. These high costs coupled with an inflexible offer indicate why parents on low-to-middle incomes are heavily reliant on informal networks to meet their childcare needs. A report by the OECD found that the UK has some of the most expensive childcare in the world, accounting for 25 percent of average income in 2004, compared to 14 percent in the EU24 and 16 percent in the OECD¹⁸.

The overall cost of childcare faced by parents in the UK is dependent on a range of factors including the number of children they have, their ages, where they live, and their household income. Parents of school age children use a small number of hours of childcare, six hours on average a week on either side of the school day, making their childcare bill significantly lower than those with younger children, except in the school holidays¹⁹. Parents of children aged three and four are also entitled to 15 hours of free childcare provision a week which significantly reduces the amount of paid childcare required to support full- or part-time work. Free childcare is also provided to two-year olds

¹⁷ Daycare Trust (2011) Annual Childcare Costs Survey 2011. London: Daycare Trust.

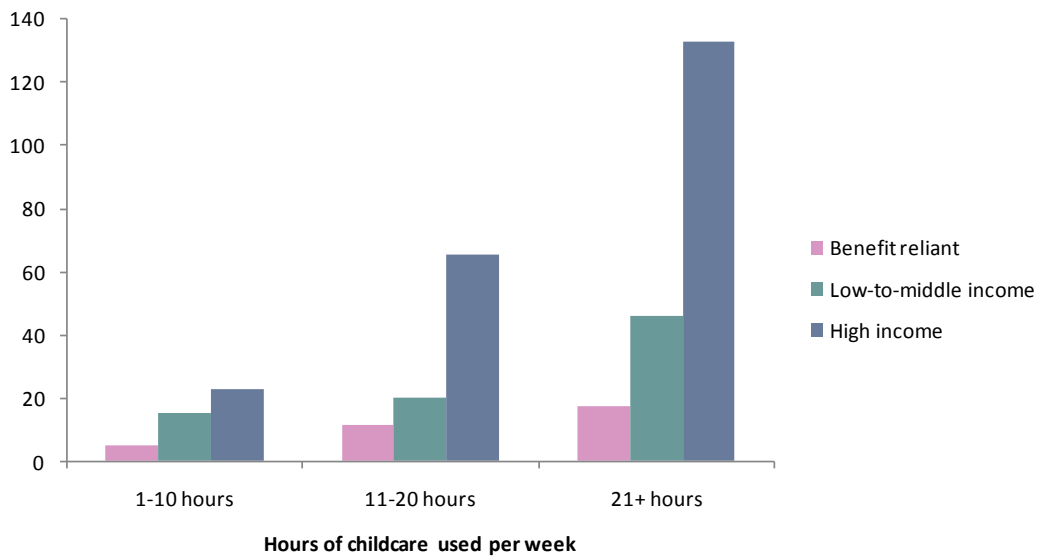
¹⁸ OECD (2011), Doing Better for Families, op cit.

¹⁹ Phillips et al (2010) Childcare and Early Years Provider Survey 2009, op cit.

from disadvantaged backgrounds, with a commitment to provide 15 hours of free care by 2013. Furthermore, parents on low-to-middle incomes working 16 hours or more a week can claim support for the costs of childcare up to 70 percent of £175 for one child and up to 70 percent of £300 for two or more children, under the childcare element of the working tax credit. The maximum level of support provided through this support was reduced from 80 percent to 70 percent of costs in April 2011.

Figure 6 below shows how much parents report paying for childcare depending on how many hours of childcare they use and their household income. While higher income families spend by far the most on childcare, families on low-to-middle incomes face significantly higher costs for the same number of hours than families that are reliant on benefits.

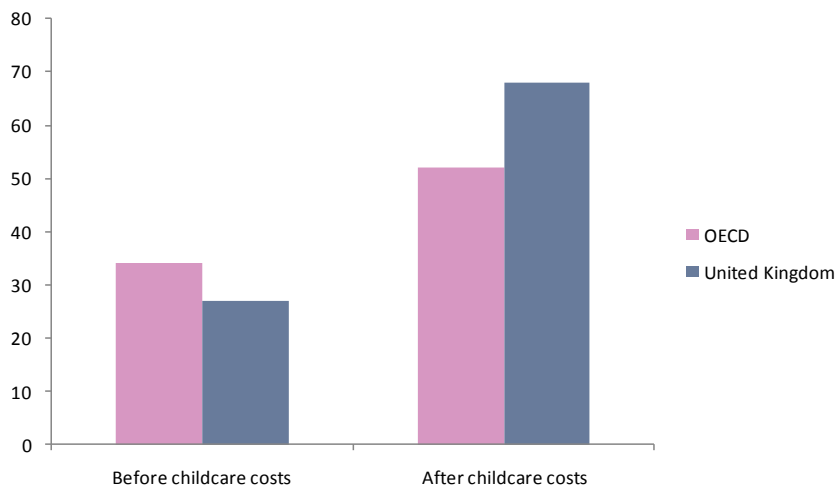
Figure 6: Average weekly expenditure on childcare (£s)



Source: Resolution Foundation analysis of Early Years and Childcare Survey 2009.

The high cost of childcare can create significant disincentives to work because much of the additional earnings from work are not retained by the household but go to pay for childcare. Before childcare costs, a second earner on average earnings in the UK loses 27 pence of every additional pound earned in taxes and lost benefits. This compares favourably to the OECD average of a 34 percent marginal tax rate on second earners. But, factor in childcare costs and the marginal tax rate facing a second earner in the UK shoots up to 68 percent compared to the OECD average of 52 percent as shown below, that is to say, parents keep just 32 pence of every additional pound earned.

Figure 7: Effective tax rate on second average income earned 2008



Source: OECD, Doing Better for Families, 2011.

With some of the most expensive childcare in the OECD, it is unsurprising that in the UK 24 percent of parents reported finding it difficult or very difficult to meet childcare costs in 2009. Single parents, low income parents and parents with high childcare bills are the most likely to face difficulties. Particular problems continue to exist around school holidays for older children, with 30 percent of parents having difficulties finding childcare they can afford during the school holidays²⁰.

While parents' decisions about work are complex and based on numerous factors including childcare, evaluation results from the Childcare Affordability Pilots published in May 2011 demonstrate the significance of childcare costs, particularly to those on low incomes. One of the options tested in the pilot was the impact on parents' likelihood of moving into work if 100 percent of childcare costs were paid rather than 80 percent – the percentage of childcare costs covered under the pre-April 2011 working tax credit system. Although affordability was not considered to be the only barrier to the take up of work and formal childcare, those who had all their costs covered did report having more money in the household which allowed them to spend more on treats and activities for their children, to save and to improve their household's standard of living. The additional subsidy removed the pressure and stress of paying for childcare. By contrast, those in the control group reported finding it difficult to pay for childcare and felt more pressurised as a result of higher childcare costs. Parents who received the 100 percent subsidy generally had to make sacrifices once the offer ended and reported feeling the reduction in household income acutely. Many parents were forced to borrow or make other savings in order to maintain continuity of formal childcare after the offer was withdrawn²¹.

Developing a childcare market that is fit for purpose

Access to more flexible and affordable childcare is critical to maintaining the living standards of families on low-to-middle incomes and to the wider economy. Failure to sustain employment, particularly among women with children, will dampen economic growth as the UK moves into recovery. From the analysis presented in this report, it is clear that the current childcare market in the UK fails ordinary working families in two critical ways: it is expensive by international standards and lacks the flexibility to meet the needs of the majority of parents whose working patterns no longer fit the 8am to 6pm model of childcare on offer. Addressing these two issues, affordability and flexibility, will be the focus of the Resolution Foundation's programme of work to identify models of childcare that fit today's employment patterns and family structures and can adapt to future changes.

Affordability

The most immediate affordability issue is how much support Government will provide for childcare to parents on a low-to-middle income under the new Universal Credit beginning in 2013. The amount of support available to parents through the childcare element of the current working tax credit was already reduced in April 2011, with parents only being able to claim 70 percent of childcare costs rather than 80 percent. Analysis published by the Resolution Foundation shows that this means a loss, on average, of £436 a year in childcare support for families, with some losing as much as £1,300²².

The Government has committed to maintaining current levels of funding for childcare under the Universal Credit system - £2 billion in 2014/15 - but expects more parents to be eligible for support, in part because it wants to extend support to those working fewer than 16 hours a week, but also because overall take up is expected to be greater under Universal Credit. More parents and the same funding pot can only mean one thing: less support will be available for each family.

The Department for Work and Pensions is working on a range of possible options, with the following two being the current focus:

- Parents can claim a maximum of 80 percent of costs up to £100 for one child or £150 for two or more children; or

²⁰ Phillips et al, Childcare and Early Years Provider Survey 2009, op cit

²¹ Abery, Marianne (2011) Childcare Affordability Pilots (CAP09): 100% Costs, Disabled Children and Actual Costs Pilots. Evaluation summary. London: Department for Education.

²² Resolution Foundation (2010) Working families face £436 cut in support for childcare costs next year. Available at: http://www.resolutionfoundation.org/media/media/downloads/PR_Child_care_costs.pdf [accessed 31 May 2011].

- Parents can claim a maximum of 70 percent of costs up to £125 for one child and £210 for two or more children.

Other possible options include covering a smaller percentage of overall costs for parents of school-age children in order to provide more generous coverage for those with younger children. This reflects the fact that parents of school-age children use fewer hours of childcare per week and therefore childcare costs act as less of a disincentive to work. Another option would be to provide childcare support only to parents working over a certain number of hours, as in the current system. While it is unclear in any case whether parents working only a few hours will be able to find formal childcare for such short periods, this option is unlikely to win support from the Government because it goes against the overall design of Universal Credit and its focus on ending worklessness²³.

Despite commitments that Universal Credit will make work pay for parents, the two main options for childcare support described above will mean that lone parents and second earners on low-to-middle incomes will have no financial incentive to work full time. In fact, going to work full-time will actually cost some of them money. The lower caps on eligible childcare costs mean that parents exceed the caps as they move close to full-time hours and have to pay all remaining childcare costs out of pocket. This creates significant disincentives to increasing hours despite the positive impact this has had on living standards in recent years. For example, under the 70 percent option, a second earner on £7.20 an hour with two children aged two and five keeps just £1.47 out of £7.20 for every extra hour she works up to 15 hours a week. Once she starts to work over 20 hours, the amount she keeps drops to 66 pence for every additional hour worked and if she works over 30 hours, the cost of working an extra hour is greater than the amount she earns²⁴. This is shown in Figure 8 below.

Figure 8: What happens to an hour's extra wage of a second earner on £7.20 an hour
– couple with two children aged 2 and 5 with 70% childcare credit



Source: Hirsch, D. (2011) The Hours Trap

In London and the South East, where childcare costs are higher than other parts of the country, parents will hit lower ceilings for support more quickly, leaving them paying more out of pocket as they extend their working hours. Results from the Daycare Trust's 2011 Survey of Childcare Costs show that of the 24 Local Authorities who responded to the survey in Inner and Outer London and in the South East, three quarters have nursery costs for a child under two in excess of £100 per week for 25 hours of childcare²⁵.

Beyond this immediate concern about childcare support for working parents under Universal Credit, there is a wider question about what is driving the comparatively high cost of childcare in the UK. Providers argue that they struggle to make ends meet and that childcare is not a lucrative business. Childcare workers are not highly qualified or highly paid and government support for childcare has increased considerably since the first National Childcare Strategy in

²³ Presentation given by Department of Work and Pensions on options for childcare support under Universal Credit, 24 May 2011.

²⁴ Hirsch, Donald (2011) The Hours Trap. London: Resolution Foundation.

²⁵ Daycare Trust (2011) Annual Childcare Costs Survey, op cit.

1999. Bearing these factors in mind, there is a case to be answered as to why the costs of childcare in the UK are so high.

Flexibility

Despite the growth of work at atypical hours, most childcare providers continue to provide a service that is restricted to 8am to 6pm. Centre-based childcare provision outside of these hours is largely confined to the NHS and other public sector organisations, although several public sector organisations have closed onsite nurseries in recent years. The BBC, for example, has closed all six of its onsite nurseries and instead offers staff employer-supported childcare vouchers. The Royal Mail has recently announced the closure of the nursery at its largest sorting office as of November this year. The nursery at the Mount Pleasant sorting office in London has operated from 6am to 10pm since 1994 and has benefited from an annual subsidy of £160,000 from the Royal Mail which is no longer thought to be cost effective²⁶. There are a small number of childminders who provide childcare outside standard hours but at higher costs.

Furthermore, many childcare providers require slots to be booked and paid for in advance, will only offer half or full day slots and require parents to use the same slots each week. This creates substantial difficulty for parents working variable shifts and makes formal childcare unsuitable for emergencies or for parents who only need an hour or two of care but have to pay for half a day. In some instances, community nurseries which operate on a not for profit basis and are often subsidised by Local Authorities are able to offer greater flexibility to lower income parents, allowing for hour-long sessions or infrequent childcare use.

Case study – Meeting the need for atypical hours childcare: Greater Manchester Police

Following a staff survey, Greater Manchester Police became aware that its employees were facing childcare difficulties, particularly related to working atypical hours. Of the 249 staff that responded, 20 percent had problems with out of hours childcare, 21 percent had problems when on emergency duties, 8 percent sometimes required overnight care, and 26 percent had problems with the costs of childcare.

In response the Force employed a Childcare Coordinator based in the Greater Manchester Police Equal Opportunities Unit and funded from the Force's general budget. The Coordinator manages a network of childminders who provide childcare from 6am until the following day, including any time, any day and overnight childcare and school drop off and pick up. This took several years to develop and has been in operation since 2003.

Employees also reported problems with childcare during schools holidays. In response, a network of school holiday clubs was established, spread across 10 Local Authorities. To date, this includes over 20 clubs. The Childcare Coordinator has been critical in building relationships with Local Authorities to establish and maintain this network.

A small percentage of higher income parents rely on nannies and au pairs to provide the sort of flexibility they require but these options are unaffordable for most families. Families on low-to-middle incomes are heavily reliant on informal care, particularly from grandparents, to reconcile atypical working schedules with family responsibilities. Informal care provides the glue between parental care and formal childcare provision, for example bridging the hours between the end of school and the end of the working day or providing care in an emergency if a childminder is ill. But reliance on informal care is not without its problems. For some families it is not an option because of distance from family members or the poor health of grandparents. Lower income parents, particularly those in the peripheral labour market, are forced to use informal care because of the cost of formal childcare, limiting their choices. This raises questions about the extent to which parents moving into 'mini-jobs' under the Universal Credit reforms will be able to secure formal childcare for a small number of hours a week, even if they are eligible for support with childcare costs. Concerns have also been raised about the quality of some informal care and the negative impact on children's cognitive development of poor quality, full-time informal care²⁷.

²⁶ <http://www.islingtontribune.com/news/2011/may/royal-mail-announce-staff-nursery-mount-pleasant-close>

²⁷ Rutter, J. and Evans B. (2011) *Informal Childcare: Choice or Chance?* London: Daycare Trust

Attempts have been made to respond to the childcare needs of parents working atypical hours, for example through the creation of 24-hour nurseries in the early 2000s. But most of these have closed because they proved to be financially unsustainable for providers. Weekend nursery provision is also rare, although a few settings are beginning to experiment with a more flexible weekend offer²⁸.

From a provider perspective, it is difficult to sustain a business providing childcare outside of core hours. First, although a large number of parents work atypical hours, many use shift parenting and informal care to cope with these working patterns. It is, therefore, difficult for providers to assess the real level of demand for childcare outside core hours. Second, childcare staff have to be paid higher wages for working atypical hours which will raise the price of childcare for parents, pushing it out of reach of low-to-middle income families. Third, the childcare workforce is dominated by women with children who would not necessarily choose to work atypical hours for their own childcare reasons. This makes recruitment challenging for providers. Working through large employers or groups of employers in sectors where atypical work is common such as retail may be one possible route to addressing the sustainability issues for providers.

Other countries have been more successful at providing childcare outside core hours. Some of the larger towns in Denmark have a limited number of nurseries that offer care during evening and night hours and four municipalities have attempted to organise a 24/7 service. For example, Vartov Daycare Centre provides 65 places for children aged one to six years old. It has been operating 24 hours a day, seven days a week since 1993. To get a place at the Centre, parents have to show proof that they work atypical hours. Parents who use the service include nurses, doctors, parents who work in policing or transportation and parents who run shops and restaurants. France has a few examples of 'non-stop' childcare settings and ones that offer care as late as 9.30pm. In Sweden, more than half of all municipalities offer childcare at night and recent legislation in Finland stipulates that municipalities have to offer childcare at times when parents need it, including at night and at the weekends²⁹.

Current market failure in the provision of childcare outside core hours and international examples of best practice indicate that there may be a broader role for government in developing a childcare market that is responsive to the needs of parents working atypical hours. Central to this is the extent to which the current provision of free childcare for three and four year olds can be made more flexible to better support parents as well as the developmental needs of children. The minimum guarantee of flexibility allows parents to have their fifteen hours delivered as three five hour sessions or five three hour sessions and the free entitlement must be spread over at least 38 weeks. Parents' ability to access greater flexibility than the minimum standards currently varies as it is dependent on their Local Authority and on the ability of the local childcare market to respond.

Conclusion

The availability of flexible, affordable, high quality childcare is a pressing concern for families and critical to the wider economy. The growth of employment in the service sector has created new low-to-middle earning jobs and presented parents with new challenges in meeting work and family commitments as atypical hours work has become the norm. The childcare market has failed to keep pace with changes in the nature of employment and the growth of dual earning and lone parent households and is currently inadequate to meet the needs of families on low-to-middle incomes. Addressing these market failures to support female employment and allow progression in work will be integral to maintaining the living standards of ordinary working families.

Next steps

The Resolution Foundation is working with childcare providers across the private, public and community sectors and with employers to develop models of childcare that can provide greater flexibility for parents who work outside standard hours at a price that is within reach of ordinary working families. This work will be informed by international experience; by an examination of the drivers of the high costs of childcare in the UK; and by focus groups with parents who work atypical hours to understand how they currently manage their work and family commitments, the barriers they face to remaining in work and how those barriers could be better addressed. A report detailing models of childcare for atypical hours will be produced in autumn 2011.

²⁸ For example, Cherry Tree nursery in Moray Scotland offers weekend care in half hour slots for a minimum of three hours.

²⁹ Singler, R. (2011) *Open All Hours: Flexible childcare in the 24/7 era*. London: Daycare Trust.

The Resolution Foundation

The Resolution Foundation is an independent research and policy organisation. Our goal is to improve the lives of people with low-to-modest incomes – who we refer to as low-to-middle earners (LMEs) – by delivering change in areas where they are currently disadvantaged. We do this by:

- undertaking research and economic analysis to understand the challenges facing LMEs;
- developing practical and effective policy proposals; and
- engaging with policy makers and stakeholders to influence decision-making and bring about change.

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