Research Report
No 231

The Barriers to Childcare Provision

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ISBN 1 84185 378 X
October 2000

AUTHORSHIP AND ACKNOWLEDGEMENTS

The Policy Studies Institute (PSI) was commissioned by the Department for Education and Employment to undertake this study while Claire Callender, the main author of this report, was working at PSI. On leaving PSI to take up a Chair in Social Policy at South Bank University, Claire Callender continued working on the study.

Claire Callender undertook much of the research with Michael White of PSI who was responsible for undertaking the literature review and modelling the take-up of childcare. The summary findings of the modelling are included in Chapter 2 of this report.

There are several people I would like to thank for their help and support while undertaking the study. First, I would like to thank those in the Department for Education and Employment who commissioned the study, especially Jenny Wight, Richard White and Richard Bartholomew. Next I am indebted to Nick Smith of Research Partnership who undertook the postal survey on PSI's behalf, and to BMRB, especially Andrew Thomas, who carried out the focus groups. I also want to thank my ex-colleagues at PSI for their involvement in the work, especially Michael White and Karen McKinnon who undertook the computer analysis. Finally I would like to thank all the childcare providers who took part in the survey.

All the views expressed in this report are solely those of the authors.

Professor Claire Callender,
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Introduction

This is a report of the findings from a study commissioned by the Department for Education and Employment on the barriers to childcare provision undertaken by Professor Claire Callender of South Bank University and the Policy Studies Institute (PSI) .

Research aims and objectives

The overall aim of the project was to establish what, if any, are the barriers to the provision of childcare services for children under the age of 16. The study's objectives were:

- to assess the nature and the extent of both the demand for and supply of different types of childcare provision taking into account children's ages, the geographical spread; and the costs to parents;
- to identify the unmet demand for childcare and the reasons for this by examining and identifying any barriers to supplying different types of provision; and
- to explore practical solutions to overcoming barriers to the supply of childcare provision.

This report focuses primarily on the second and third research objectives while another concentrates on the first.

Research methods

The overall research project consisted of:

- Desk research to review the literature and existing data on the nature and extent of both the demand for and supply of childcare.
- Analysis of secondary data sources to assess the potential unmet demand for childcare services.
- Interviews with 20 key organisations concerned with childcare provision.
- Five focus group discussions with childcare providers and potential providers carried out in May 1998 in three separate locations to reflect a range of provision in terms of size and type as well as inner city/urban and rural areas
- A postal survey of 1,281 childcare providers, including childminders, conducted between January and May 1999. The effective response rate for childcare providers was 63 per cent while it was 48 per cent for childminders.

There is no readily accessible and comprehensive data source on all childcare providers in the UK. Consequently, the sample of providers in this study is not necessarily nationally representative.

This report discusses the findings from the interviews, focus group discussions and the survey of providers.

Factors affecting working mothers' take-up of childcare

Available information concerning the costs of childcare proved inadequate for an analysis concerning the effects of *costs* on the demand for formal childcare. However, the analysis showed that the demand for formal childcare was influenced by the local *availability* of two kinds of childcare services:

- Childminder places - affecting formal childcare as a whole; and
- Out of school club places - affecting formal childcare exclusive of childminding.

A similar influence was not demonstrated for day nursery places: the relationship was in the same direction, but not strong enough to be considered reliable.

All analyses netted-out the effects of numerous other potential influences on the demand for childcare, including those influencing the mother's employment, the ages and numbers of her children, and family resources. It is therefore reasonable to interpret the findings as showing that lack of availability of childcare services was constraining the demand for childcare. Equivalently, the findings can be interpreted as indicating a latent demand for childcare, which was released by the availability of additional childcare services.

The nature and scope of childcare provision amongst the providers in the sample

Type of provision offered by the providers surveyed

- Three-quarters of childcare providers (excluding childminders) offered only one type of provision while the remainder supplied more than one.
- Day nurseries were predominately (77%) run by the private sector. Nearly all of them (96%) classified this type of childcare as their main provision.
- Most (56%) playgroups and pre-school schemes were run by voluntary organisations and these dominated voluntary organisations' childcare provision.
- The vast majority (93%) of organisations running playgroups identified this type of childcare as their main form of childcare provision.
- Out of school care provision was available in all sectors with considerable overlap between providers. Organisations offering out of school childcare usually offered more than one type of such care. For example, nearly a half (48%) providing before school care or breakfast clubs also provided after school care.

- Four out of five childminders most often looked after children during working hours but they were willing to care for them at other times, except late at night and over the week-end.

Scale of provision among the providers surveyed

- The maximum number of children providers (excluding childminders) could take was 30 on average, and the median was 24.
- School holiday schemes and day nurseries could cater for more on average, 37 and 54 respectively.
- Most (52%) playgroups, and before and after school providers (39.3%) catered for between 21-30 children, on average.
- Childminders looked after three children, on average.

Age of children catered for among the providers surveyed

- Among all the providers surveyed, care was most widely available for 4 year olds and least available for children aged 13 and above.
- There were significant differences in the age groups of children catered for depending on the type of provider:
  - day nurseries primarily looked after babies and children up to 4 years;
  - playgroups and play schemes catered largely for 2-4 year olds;
  - children aged 5 and over were most often looked after by out of school provision which also catered for the broadest age group of children; and
  - the average age of children looked after by childminders was 2.4 years.

The structure of provision among the providers surveyed

- The hours of care available per day varied by the type of provider:
  - the vast majority of day nurseries (95%) and childminders (89%) usually provided at least seven hours of care a day; and
  - most playgroups (72%) and out of school childcare (62%) provision lasted for 3-4 hours a day.
- The majority of all providers, including childminders, usually provided care for five days a week.
- very small proportion of providers normally required children to attend on a full-time basis
  - the norm for playgroups and ‘other’ types of provision was part-time care; and
  - the norm for day nurseries, out of school childcare, and childminders was a combination of full and part-time care

The most comprehensive care for working parents was provided by day nurseries and childminders.

The demand for childcare among the providers surveyed

A rather confusing picture emerges about the demand for and supply of childcare. Some factors suggest that there may be a surplus of places while others point to shortages.

Optimum capacity

- The vast majority of providers had had some slack over the previous year and appeared to have had the capacity to take more children:
  - one in five providers had cared for the maximum number of children they could take in the 12 months leading up to the survey; and
  - one in six had never operated at full capacity over this period.
- Childcare providers, but not childminders, offering care every day of the week and on a full-time basis - the most comprehensive care - were the least likely to have any spare capacity.

Vacancies

- Up to four in five providers had had some vacancies in the 12 months prior to the survey, suggesting some slack in the system:
  - day nurseries and playgroups had the highest vacancy levels; and
  - providers offering ‘other’ types of care the lowest levels.
- Vacancies were most likely to be for children aged 3 years old:
  - over half of all providers with vacancies had spare places for this age group; and
  - the proportion reporting openings for 3 year olds ranged from 68 per cent to 29 per cent.
- Childminders were mostly likely to have some spare capacity for babies under one year.
- Providers offering out of school childcare had most space for 7 year olds.
- All providers (except childminders) had the most vacancies for the age group of children they most frequently catered for – indicating an excess of supply over demand.

Waiting lists

- Despite the high level of vacancies reported, there appeared to be considerable unmet demand. Just under half of the providers (excluding childminders) had waiting lists for children they would like to take, but for whom no places were available.
- The proportion of providers with a waiting list varied with each type of provider
  - day nurseries were most likely to have waiting lists (67%) ; and
  - childminders were the least likely (16%).
- Most providers had waiting lists for between 1-10 children but the larger the provider the greater the number of children on their list.

The relationship between vacancies and waiting list

- We might expect that providers with vacancies would not have waiting lists and *vice versa*. However, this does not appear to be the case.

    - just under a half of all providers with vacancies, had no waiting lists;
    - a further, 13 per cent had no waiting lists but had vacancies; and
    - over a third of all providers had both vacancies and waiting lists.

- This discrepancy between supply and unmet demand could have been due to a variety of factors such as:
    - a mismatch between the ages of children for whom there were vacancies, and the ages of the children needing a place;
    - frictional vacancies which arise where parents spend time looking for childcare provision with the right characteristics, and when children are withdrawn at short notice for various reasons;
    - inefficiency in the way in which the childcare providers handled both their vacancies and waiting lists;
    - the fact that some providers run on a termly cycle or only took new children at certain times of the year; and
    - most important of all, vacancies may be a poor proxy for the supply of places while waiting lists may not be an accurate indicator of unmet demand.

Obstacles to setting up childcare provision according to the providers surveyed

The greatest obstacles to setting up new childcare provision

- The three interdependent categories of obstacles, which were the greatest deterrent to setting up new provision were associated with:
    - infrastructure and information particularly, finding suitable premises;
    - costs; and
    - the economics of provision, especially the time it took to fill childcare places.

- There was very little variation between providers in the greatest obstacle they identified, but childminders were much more likely to be hindered by the governing legislation and regulations than were others.

Set-up costs

- The obstacle most frequently mentioned by all providers (except childminders) was the cost of buying equipment – cited by nearly three in five.

- The major obstacles for the different types of providers were:
    - buying childcare premises – cited by nearly a half (47%) of the day nurseries and a third of out of school childcare providers;
    - converting or adapting premises – reported by over a third (36%) of playgroups and nearly three in ten (28%) 'other providers'; and
    - the time it took to fill up places – affecting a quarter of all childminders.

Infrastructure and information

- The deterrent most commonly mentioned by all providers (except childminders) was the lack of support for new businesses, reported by two in five providers.

- The major barriers for the different types of providers were:

    - finding suitable premises mentioned by nearly a third of day nurseries, nearly a quarter of out of school childcare providers, one in five playgroup and ‘other providers’; and
    - a lack of support for small businesses mentioned by just under one in ten childminders.
- Recent government initiatives to help small businesses may help childminders.

Legislation and regulation

- Meeting the requirements of the 1989 Children Act was at the same time the obstacle most frequently mentioned (25%) by all providers and the least important factor (69%). The government is aware of these issues and some of them have been addressed in the recently published Care Standards Bill 1999 and other announcements made in August 1999.
- The major impediments for the different types of providers were:
    - getting planning permission from local authorities to set up new provision mentioned by a quarter of day nurseries, one in fourteen ‘other providers’, and just one in twenty playgroups; and
    - the time it took to register with their local authority mentioned by one in five childminders and one in eight out of school childcare providers.

Obstacles to running childcare provision among the providers surveyed

The greatest obstacles to continuing to provide childcare

- Providers’ greatest obstacles to continuing to provide their services were associated with:
    - the economics of provision identified by a third of all them, particularly how much parents could afford to pay for childcare and the perceived threat of competition from schools providing nursery education. Three out of ten day nurseries, over two in five playgroups, and nearly three in five childminders identified this; and
    - the costs, especially the ongoing costs and general lack of funding which hindered two out of five ‘other providers’ and three in ten out of school childcare providers.

Costs

- The obstacle most commonly cited was wages, mentioned by two-thirds of all providers.

- The major obstacles for the different types of providers were:
  - wages, mentioned by all providers (except childminders). Playgroups were the most likely to single them out and ‘other providers’ the least likely (69% compared to 44%); and
  - registration and inspection costs impacting on over two out of five childminders.

The economics of provision

- The obstacle most commonly cited by all providers was how much money parents could afford to pay for childcare – mentioned by over three-quarters of all providers.
- The major obstacles for the different types of providers were:
  - the belief that childcare should be cheap, mentioned by three in five childminders and two in five day nurseries;
  - the perceived threat of competition from schools providing nursery education identified by well over half (55%) of playgroups and over a quarter (27%) of ‘other providers’; and
  - how much parents could afford to pay for childcare, mentioned by over two out of five out of school childcare providers.

Infrastructure and information

- The obstacle most frequently reported by all providers was their lack of expertise in marketing, cited by a third of all providers (except childminders).
- The major obstacles for the different types of providers were:
  - lack of expertise in marketing childcare provision for about one in ten day nurseries, playgroups, and ‘other providers’; and
  - the lack of public transport for one in seven out of school childcare providers and one in twenty childminders.

Legislation and regulation

- The most frequently selected impediment was differences in the regulatory standards between different types of providers, identified by over two in five of all providers (except childminders).
- The major obstacles for the different types of providers were:
  - differences in the regulatory standards between different types of providers, mentioned by a third of day nurseries, an eighth of playgroups and a tenth of ‘other providers’;
  - differences in the way local authorities interpreted the 1989 Children Act’s regulations and guidelines, mentioned most often by out of school childcare providers; and
  - local authorities not policing unregistered childminders mentioned by the vast majority of childminders.

- Many of these issues have been recognised in the changes announced by the government in August 1999 and in the Care Standards Bill published in December 1999.

Obstacles to providing high quality childcare among the providers surveyed

The greatest obstacles to delivering high-quality childcare

Providers' greatest obstacles to delivering quality care were:

- staff's terms and conditions of employment, especially staff's wage levels mentioned by a quarter of all providers (excluding childminders) and especially day nurseries, playgroups, and 'other providers'; and
- the economics of provision, especially how much providers could charge for childcare which troubled three in ten out of school childcare providers and two in five childminders.

Terms and conditions of employment

- The obstacle most frequently hindering all providers' (except childminders) delivery of high-quality care was their ability to recruit suitably qualified staff. Over four in five of all providers cited such recruitment difficulties.
- The major problems for the different types of providers were:
  - the low wage levels of childcare staff, mentioned by seven out of ten playgroups, three in five day nurseries and half of 'other providers'; and
  - the lack of suitably qualified and experienced staff, mentioned by three in five out of school childcare providers.
- Three in five survey respondents' gross annual salary was less than £10,000 and this proportion rose to nearly nine in ten for childminders.
- So, whilst providers recognised salary costs were a major obstacle to continuing to provide childcare, they also acknowledged poor wage levels were a major hurdle to recruiting good-quality staff and providing a good-quality service.

Training and qualifications

- Overall, the level of survey respondents' qualifications was not very high, especially among childminders. All providers were most likely to identify the costs of training as an obstacle to delivering high quality care. Four out of five of them (except childminders) mentioned these costs.
- Monies allocated to the Standards Fund for training and development may help with some of these issues.

The economics of provision

- Just as the affordability of childcare most frequently affected providers' capacity to continue to provide services, so it was the most common factor influencing providers' ability to deliver high-quality care. Nearly nine out of ten providers, including childminders, thought that how much money parents could afford to pay for childcare affected the quality of their provision.
- The major obstacles for the different types of providers were:
  - how much parents could afford to pay for childcare for all providers including childminders, but except for 'other providers'; and
  - 'other providers' identified parents' belief that childcare should be cheap.

- The childcare subsidies available from the Childcare Tax Credit should help with these issues.

Increasing childcare provision and improving its quality

Greatest obstacles to expanding existing provision among the providers surveyed

- The supply of childcare provision could be expanded if existing providers:
  - increased the number of hours of care they provided;
  - boosted the number of childcare places available; and
  - diversified their provision by delivering other types of childcare services.
- The greatest obstacle to **all three** strategies was:
  - the size of providers' premises particularly in relation to increasing the number of places (43%) but less so in relation to either raising the number of hours (32%) or diversifying their provision (23%).
- The greatest obstacles for different types of providers surveyed were:
  - providers' limited premises, which stopped both playgroups and out of school childcare providers from adopting all three expansion strategies;
  - the economics of provision was paramount for childminders because they did not have any more time to increase their hours and/or were operating at their maximum capacity;
  - inadequate premises prevented day nurseries from increasing the number of childcare places and undertaking other types of childcare but the economics of provision, namely the costs and returns on those costs stopped them increasing their hours; and
  - 'other' providers' premises militated against them increasing the number of places while costs stopped them both from boosting their hours and expanding into other types of childcare provision.

Most effective change for increasing the number of childcare providers

- All providers in the survey, irrespective of the type of childcare they provided, believed that the most effective way of increasing the number of providers was to give financial support to parents to help meet childcare costs. Overall, just over a third of all providers singled out this issue.
- These views suggest that the Childcare Tax Credit delivered via the Working Families Tax Credit is likely to help increase the number of providers.

Policies for increasing provision which affect providers' costs

The policy most favoured, among all the providers surveyed, for reducing their costs and hence increasing provision was VAT free purchases. Nearly seven out of ten providers, and slightly fewer childminders, selected this policy.

- The most popular policies among the different types of providers were:
  - VAT free purchases for seven out of ten playgroups and out of school childcare providers and slightly less childminders; and

- reducing business rates supported by 86 per cent of day nurseries and over a half of ‘other providers’.

- Again, government policy has addressed the latter issue by changes in the rules on non-domestic rates in the private sector.

Policies for increasing provision which affect the economics of provision

- All the providers surveyed, irrespective of the type of care they supplied, favoured childcare subsidies for parents most of all. Nine out of ten supported this and believed it was the most effective policy lever for increasing provision. They recognised that the costs of childcare were a barrier to take-up, and hence had an immediate impact on its supply. So according to the providers, if childcare was more economically viable, more provision would be available. This finding confirms PSI’s econometric modelling on the factors affecting mother’s take-up of childcare.

- Again, government policy has taken on board these concerns via the Childcare Tax Credit.

Policies for increasing provision which affect the infrastructure and information

- The providers surveyed were most likely to believe that local audits of childcare provision and childcare needs would increase childcare provision overall. Three-quarters of them thought this.

- The most popular policies among the different types of providers were:
  - local audits of childcare provision and childcare needs, advocated by around three-quarters of playgroups, ‘other providers’ and childminders; and
  - information for providers and parents on all the different types of childcare provision in the locality, supported by seven out of ten day nurseries, and four out five out of school childcare providers.

- To some extent government measures have addressed these issues. The Early Years Development and Childcare Partnerships work with local partners to plan services. In addition, initiatives such as electronic information points in supermarkets will help improve the dissemination of information on local childcare provision, employment and training in the early years sector, benefits and family support.

Policies for increasing provision which affect the legislation and regulations

- The change favoured most of all by the providers was getting rid of the differences in the standards of childcare regulation and inspection. Overall, two-thirds of all providers (excluding childminders) thought this.

- The most popular policies among the different types of providers were:
  - getting rid of differences in the standards of childcare regulation and inspection, advocated by around three-quarters of day nurseries, nearly two-thirds of playgroups, and nearly three in five ‘other providers’; and

- streamlining the system for regulating and inspecting all types of childcare provision, promoted by nearly two-thirds of out of school childcare providers and seven out of ten childminders.

- Again, several of these issues are encompassed in the changes in legislation published in December 1999 and changes to regulations announced in August 1999.

Policies for increasing provision which affect training and qualifications

- The providers surveyed were most enthusiastic about the greater availability of training leading to a recognised qualification as a means of increasing the number of providers. Nearly three-quarters of all providers (excluding childminders) favoured this approach.

- The most popular policies among the different types of providers were:
  - the greater availability of training leading to a recognised qualification, supported by nearly four-fifths of playgroups, two-thirds of day nurseries, and nearly three in five 'other providers'; and
  - more training courses which lead to a recognised qualification, promoted by four in five out of school childcare providers and three-quarters of childminders.

- Current developments such as the establishment of Early Learning Goals will help such concerns.

1 INTRODUCTION

1.1 Introduction

The Department for Education and Employment commissioned the Policy Studies Institute to examine the barriers to the provision of childcare services for children under the age of 16. The study was conducted by Professor Claire Callender of South Bank University. This report outlines the findings from interviews with key childcare organisations, focus group discussions with, and a survey of, childcare providers, which sought to identify the barriers to providing childcare. In addition, it summarises the key findings from other work undertaken by PSI that assessed the supply and demand of childcare provision using existing secondary data sources.

1.2 Background to study

1.2.1 The rising labour market participation of mothers and the need for childcare

Over the past 20 years, the number of married women in employment has increased by almost 50 per cent and this trend is expected to continue. This expansion has been especially marked amongst mothers and, in the last decade, amongst those with young children. Marital status used to be the most important indicator of women's economic activity but this is no longer the case. Today responsibility for dependent children (i.e. under 16 years) is the most significant determinant of whether or not women work and the hours they work. In particular, the age of their youngest dependent child has a strong influence.

The Labour Force Survey shows that in Spring 1998[1] the economic activity rate for women of working age with dependent children was 67 per cent compared with 75 per cent for those without children. The activity rates were lowest amongst those with pre-school children and highest for those with school-age children. Over the last decade, the proportion of women with no children who were economically active was unchanged. For women with dependent children it rose from 61 to 67 per cent while for women with children under 5 years, the rise was even more substantial from 45 to 55 per cent. Indeed, the largest rise in labour market activity has been amongst these women with pre-school age children. If these trends continue, women will account for an increasing share of the labour force and an increasingly high proportion of these women will be mothers of young children. In turn, this suggests an increasing demand for childcare.

[1] Thair T and Risdon A (1999) 'Women in the labour market: results from the Spring 1998 Labour Survey', *Labour Market Trends* March, 103-128.

Callender et al's (1997) recent study *Maternity Rights and Benefits in Britain 1996*[2] has also highlighted some very important trends in mothers' labour market behaviour which would suggest an increasing demand for childcare. Key issues to emerge from this study were:

- The rise in the proportion of women returning to work after childbirth. In 1996 two-thirds (67%) of women returned to work within 10-11 months of childbirth compared to less than a half (45%) in 1988.
- The amount of time women take out of the labour market for childbearing and childrearing has continued to fall. Thus in 1996, women on average took only 6 months maternity leave. So these women are returning to work when their children are still very young and in need of high levels of care.
- Increasing proportions of women who had worked full-time while pregnant are returning, and higher proportions are returning to full-time employment, especially first time mothers. In 1979, a fifth of women who had worked full-time during their pregnancy had returned to work compared to double the rate of part-timers (37%). By 1996, the proportion of full and part-time workers returning was nearly the same (69% and 64% respectively). So by 1996, over a third of all women returned to full-time work after childbirth compared with 20 per cent in 1988 and 7 per cent in 1979. This suggests that rising proportions of mothers need full-time childcare provision.

Callender et al (1997) also confirmed that issues about childcare inhibited women's labour market participation and their return to work. Of those women who had worked during their pregnancy but did not return to work, over a third (35%) said that the main reason for not returning was that they could not earn enough to pay for childcare. Furthermore, one in ten (11%) said it was because they could not find suitable childcare. In other words, Callender et al's (1997) study showed, like others before it, that the lack of appropriate and affordable childcare services hinders women's return to work. Indeed a more recent study[3] found that two-thirds of non-working mothers would prefer to work or study if they had access to good quality, convenient, reliable and affordable childcare.

Evidence from both this study, and Forth et al's study of *Family Friendly Working Arrangements in Britain 1996*[4] also showed the positive influence of family friendly working arrangements on the rate of women's return to work. The survey of employers showed that where employers operated childcare-related arrangements they were most likely to retain staff. Yet only one in ten employers operated such policies and only two per cent provided workplace nurseries. Similarly, the survey of new mothers showed that women's return to work behaviour varied substantially depending on whether their pre-birth employer operated flexible and family-friendly employment practices. Women were least likely to return where their pre-birth employer had no such practices (56%), and were most likely to return where the greatest number were in operation (77%). Yet only three per cent of women used a workplace nursery or crèche and the same proportion

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[2] Callender C, Millward N, Lissenburgh S, Forth J (1997) *Maternity Rights and Benefits in Britain 1996* Research Report No 67, Stationery Office, London.
[3] La Valle I, Finch S, Nove A, and Lewin C (1999) *Parent's Demand for Childcare* Department for Education and Employment Research Report No 176, London.
[4] Forth J, Lissenburgh S, Callender C, and Millward N (1997) *Family Friendly Working Arrangements in Britain 1996* Department of Employment, London

received financial help with the costs of childcare. It is to women's use of different types of childcare provision that we now turn.

1.2.2 Childcare provision

Research based on a series of surveys of working parents has shown that there has been a rise in the proportion of working women using childcare. Research by Finlayson et al (1996) [5] shows that in 1994 the majority (55%)[6] of working mothers used informal forms of childcare. Only 12 per cent exclusively used professional arrangements namely childminders, nannies, nurseries or crèches, nursery schools or playgroups, and after school or holiday play schemes. A further 19 per cent of mothers avoided the need for childcare by working only school hours or by working from home and 14 per cent said that their child did not require childcare because of their age.

A more recent study[7] found that in 1999 a clear majority of parents (86%) used some form of formal or informal childcare in the previous 12 months, while a more narrow majority (57%) had used some in the last week. The household characteristic, which most strongly influenced use of childcare, was parental working status. Usage in the last week was highest for lone parents with full-time jobs (77%) and couples who both worked full-time (70%). Usage was also higher among families in the higher income groups and in non-manual occupations. These groups, who were more likely to use any childcare, also used it in greater quantities than other parents.

There is a variety of other sources of information on the type of childcare provision used by working parents. The most important and comprehensive of these is the Family Resources Survey. It shows similar trends although the exact proportions differ.[8]

Fully comprehensive data on the number of childcare places available in different types of provision for all children under 16 are not readily available. However, Department of Education and Employment data[9] show that over the past 10 years in England both the numbers of providers and places available. The key providers are the voluntary sector and private organisations. Registered day nursery provision stood at 6,100 nurseries providing 203,00 places in 1998, approximately five times the 1988 levels. In 1998, there were 94,700 registered childminders, an increase of 20,000 since

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[5] Finlayson L, Ford R and Marsh A (1996) 'Paying more for child care' *Labour Market Trends* July, 295-303.
[6] This includes 11 per cent who used a combination of formal and informal care arrangements.
[7] La Valle I, Finch S, Nove A, and Lewin C (1999) op. cit.
[8] The proportion of working parents using different forms of childcare provision varies depending upon both which women are included (i.e. all working women or only those with full-time working partners) and the age of the children (i.e. under 16 or younger).
[9] This contains information gathered under The Children Act 1989 and thus only covers information for children under 8 years and in certain types of provision. It excludes children in nursery schools but the Department for Education and Employment collects data on this for pupils under 5 years. It also excludes children looked after in the home by a nanny or mothers' help. Since this study was started responsibility for the collection of data gathered under the Children Act 1989 has been transferred to the Department for Education and Employment. It only covers provision in England.

1988. By March 1998 15,7000 playgroups with 383,00 places but in the last four years the number of places has fallen

1.2.3 'Meeting the Childcare Challenge'

In May 1998 the government published the Green Paper 'Meeting the Childcare Challenge' [11] which launched the National Childcare Strategy. It identified three main problems with childcare provision in the UK:

- the quality of the care can be variable;
- the cost of care is high and out of the reach of many parents; and
- in some areas, there are not enough childcare places and parents' access to them is hampered by poor information.

Through the National Childcare Strategy and working in partnership, the Government committed itself to providing a framework within which good quality, affordable childcare could be developed. The overall aim of the National Childcare Strategy, according to the Green Paper (p.6) is

> *to ensure good quality, affordable childcare for children aged 0 to 14 in every neighbourhood, including both formal childcare and support for informal arrangements. The Strategy is founded on a commitment to promoting the wellbeing of children, offering equal opportunities for parents, especially women and to supporting parents in balancing work and family life.*

In November 1998, the responses to the Green Paper were published. While the Strategy was enthusiastically welcomed, concerns were voiced about:

- services for the under threes
- the disadvantaged and the needs of families in rural areas
- children with disabilities and those with special educational needs
- the needs of parents and children from ethnic minorities
- the needs of the homeless, travellers or refugees
- getting the balance right between the needs of children and those of parents.

Various policy measures have been introduced to meet the main problems identified in the Green Paper and in the National Childcare Strategy. The major ones include:

- help with the costs of childcare via the Childcare Tax Credit, which is part of the Working Families Tax Credit.
- help to increase the supply:
  - the introduction of the New Opportunities Fund primarily for increasing out of school childcare;
  - changes to the Out of School Childcare Initiative so funding can be used for essential infrastructure support to ensure quality and sustainability of both new and existing out of school provision;

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[10] *Children's Day Care Facilities at 31 March 1998, England* (1999) Stationery Office, London.
[11] *Meeting the Childcare Challenge: A Framework and Consultation Document* 1998 (Cm3959) Stationery Office, London

- the setting up of Sure Start to provides support services including childcare for children under four in disadvantaged communities.

- help to improve the quality:
  - a new training and qualifications framework developed by the Qualifications and Curriculum Authority and the National Training Organisations for the Early Years and Playwork;
  - new regulations and inspection procedures for early education and day care.

As a result of these and other measures, the Strategy has helped improve the supply of childcare provision. Government sources suggest that by June 1999, around 66,000 new childcare places had been created since the launch of the National Childcare Strategy in May 1998. Of these, some 63 per cent have been created through the Out of School Childcare Initiative and approximately a further 20 per cent through the Early Years Development and Childcare Partnership Plans. The remaining places are to be created by April 1999 for which funding has been allocated to the Further Education Funding Council.[12] More recently the Education and Employment Secretary announced that '*the government had created 76,000 new childcare places, approaching the annual target of 82,000 places in just six months ...Eighty per cent of the new places created so far are in the private and voluntary sector*.'[13]

It is against this background that the Department of Education and Employment commissioned this study on the barriers to the provision of childcare.

1.3 Research aims and objectives

The overall aim of the project was to establish what, if any, are the barriers to the provision of childcare services for children under the age of 16. To meet this aim, the study had the following objectives:

- to assess the nature and the extent of both the demand for and supply of different types of childcare provision taking into account children's ages, the geographical spread; and the costs to parents;
- to identify the unmet demand for childcare and the reasons for this by examining and identifying any barriers to supplying different types of provision; and
- to explore practical solutions to overcoming barriers to the supply of childcare provision.

This report focuses primarily on the second and third research objectives while another study concentrates on the first.[14]

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[12] *Sixty Six Thousand New Childcare places – Hodge Exceeds Target* (1999) Department for Education and Employment Press Release, 16 June.
[13] *Government exceeds targets on creating new childcare places – Blunkett* (2000) Department for Education and Employment Press Release, 24 January.
[14] White M (1998) Factors facilitating or restricting the take-up of childcare among working mothers: an analysis using the Family Resources Survey and linked locality data. Report to the Department for Education and Employment, mimeo, Policy Studies Institute.

1.4 Research methods

The overall research project consisted of the following:

- Desk research to review the literature and existing data on the nature and extent of both the demand for and supply of childcare.
- Analysis of secondary data sources to assess the potential unmet demand for childcare services.
- Interviews with 20 key organisations concerned with childcare provision.
- Five focus group discussions with childcare providers and potential providers.
- A postal survey of 1,281 childcare providers, including childminders.

This report examines the findings from the interviews, focus group discussions and the survey of providers. Full details of the methodology are outlined in Appendix 1.

1.4.1 Interviews

Twenty face-to-face semi-structured interviews were undertaken at the start of the project with senior personnel in key organisations concerned with childcare provision. Their prime purpose was to get a better understanding of the range of issues facing childcare providers and to help inform the development of the research instruments used in the focus groups. The interviews were conducted between January and March 1998.

The organisations included voluntary sector groups such as the Childcare Trust, National Childminders Association, Kids Club Network, Pre-School Learning Alliance; in the private sector groups concerned with promoting childcare such as LV Group - Childcare Vouchers, Work Family Directions; organisations focusing on links with business and employers such as Business in the Community, Employers for Childcare, Pan London Employers Network; and private, public and voluntary sector providers including a major au pair agency and their representative organisations such as the Local Government Association.

1.4.2 Focus group discussions

A total of five focus group discussions were conducted which explored a spectrum of opinion on the barriers to childcare provision in more depth than was possible through face to face interviews or a quantitative approach.

The five focus group discussions, each with eight participants, were undertaken with different types of childcare providers operating in the public, private and voluntary sectors.

- Two group discussions were with providers of non-profit making care, which included playgroups, crèches, before and after school care, holiday clubs and childminding;
- two groups were with providers of private day nursery care; and
- one group was with potential providers of childcare namely, people interested in setting up nursery day-care, workplace day-care, before and after school care, holiday play schemes and childminding.

Details of how individuals were selected for the focus groups are outlined in Appendix 1. The fieldwork was carried out in May 1998 in three separate locations, Preston, Leeds and Kendal in Cumbria, to reflect a range of provision in terms of size and type as well as inner city/urban and rural areas. Kendal, representing rural provision, had a mix of rural town and more isolated rural areas to reflect the different factors affecting provision depending on the degree of isolation and the density of population.

1.4.3 Survey of providers

The postal survey of childcare providers was undertaken to help quantify the prevalence of the barriers they face. It was important that the full range of different types of providers were included in the survey. However, there is no readily accessible and comprehensive data source on all childcare providers in the UK.[15] Nor is there a single source of listings of all childcare providers. Consequently, it was not possible to get a nationally representative sample of childcare providers. Therefore, the sample was drawn from a sub set of organisations listed in the *Directory of Childcare Information Services 1996* produced by Choices in Childcare, the most up-to-date edition then available. All the organisations selected from the directory were asked to provide details of providers within their locality. Thus, the sample of providers was **not** necessarily nationally representative.[16] Care should be taken, therefore, when interpreting the findings of the survey.

The sample was stratified by category of provider and region.[17] Childminders and other categories of childcare providers were surveyed separately and different questionnaires were used for each group to reflect their differing concerns. A total of 194 usable questionnaires from childminders were returned giving an effective response rate of 48 per cent. 1,087 questionnaires were received from other categories of childcare providers, equating to an effective response rate of 63 per cent. The fieldwork was conducted between January and May 1999.[18]

1.5 Outline of the sample of providers

1.5.1 Unweighted sample

The data provided by the organisations was supplied using the category of provider listed in Table 1.1. The distribution of the sample within these categories, unweighted, is outlined in this table.

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[15] The lack of a readily accessible comprehensive data source is a significant problem and has implications for policy development and for monitoring the impact of policy change.
[16] It is not possible to assess the nature of any biases in the sample because no national data are available on the number and type of childcare providers.
[17] For more details on sample selection see Appendix 1.
[18] For detail about the response rates see Appendix 1.

Table 1.1 Unweighted sample of childcare providers by category of provider

1.5.1 Unweighted sample

The data provided by the organisations was supplied using the category of provider listed in Table 1.1. The distribution of the sample within these categories, unweighted, is outlined in this table.

Category of childcare provider	All Providers (%)
Private nursery	29
Playgroup	25
Childminders	15
Out of school childcare	14
School holiday schemes	9
Crèche	7
Local authority nursery	2
Base total number	1,281

Source: PSI Survey of Childcare Providers 1999

1.5.2 Weighted sample

The sample was divided into two groups of providers: childminders and all the other categories of childcare providers. In addition, the responses from childminders and the other categories of childcare providers were analysed separately because two different questionnaires were used for these two groups.

It was decided to weight[19] the responses of the other categories of childcare providers to reflect their distribution in the sampled categories of providers. This distribution is shown in Table 1.2.[20]

[19] For details of how the weighting was applied see Appendix 1.
[20] It was not possible to weight the sample whereby it was nationally representative because no comprehensive national data on childcare are available.

Table 1.2 Weighted sample of other childcare providers by category of provider

Category of childcare provider	Other categories of childcare providers (%)
Playgroup	56
Private nursery	21
Out of school childcare	12
School holiday schemes	7
Crèche	4
Local authority nursery	1
Base total number	1,087

Source: PSI Survey of Childcare Providers 1999

1.6 Outline of the report

The next chapter is a summary of our assessment of the supply and demand of childcare provision based on our analysis of secondary data. Thereafter, the report is based on the findings from the focus group discussions and the postal survey of providers. Chapter 3 looks at the nature and scope of provision while Chapter 4 examines the demand for childcare. The following chapters concentrate on the obstacles faced by providers: Chapter 5 explores them in the context of setting up provision; Chapter 6 in terms of running provision; Chapter 7 in relation to the quality of childcare provision, and the final chapter explores obstacles in relation to expanding existing provision.

As stated earlier, findings from the childminders surveyed and other categories of providers surveyed have been analysed separately. These two groups will be referred to in the report as childminders and childcare providers. In addition, it should be recalled that the sample of providers is not nationally representative, so care must be taken when interpreting the data presented.

2 REVIEW OF FACTORS AFFECTING WORKING MOTHERS' TAKE-UP OF CHILDCARE

by Michael White, Policy Studies Institute

2.1 Introduction

The chapter examines the factors facilitating or restricting the take-up of childcare among working mothers using the Family Resources Survey and linked locality data.

2.1.1 Aim of the analysis

The analysis was carried out to assess how far the local supply of childcare services affected working mothers' use of 'formal' childcare. Formal childcare refers to services which are supplied through the market or through public and voluntary agencies rather than through family or friends.

The further aim of carrying out this analysis was to estimate how far changes in the supply of services, or in factors which affect supply, would be likely to influence the demand for formal childcare.

2.1.2 Sources of data

The analysis made use of two main sources of data:

- The 1995/6 Family Resources Survey, which provides information for a large national sample of working mothers concerning their children, their financial circumstances, and their childcare use, together with some further background details. Childcare information was only available for mothers who were in employment.
- A database on childcare places available, by local authority area, which had been updated to 1995/6. This database was supplied by the Department of Health. It was limited to England and to services for children aged up to 8.

A few additional items of information were matched in by local authority area from other sources to complete the data for the analysis.

2.1.3 Methods of analysis

In the analysis, the supply of childcare was initially represented in two distinct ways:

- In terms of the number of places available, per 1,000 population, for various types of childcare services: registered childminders, daycare nurseries, and out of school clubs.

- In terms of the average cost per hour of formal childcare used. This information was not available in the local authority database, so regional average costs were estimated from information supplied by mothers in the Family Resources Survey.

Initial analysis indicated that the average cost of childcare, estimated in this way, was not sufficiently reliable to be used as the basis for estimating the effects of variations in costs on the demand for services. Accordingly, the further work focused upon the supply of childcare in terms of numbers of places available.

The chief analyses considered how far mothers' take-up of childcare was influenced by local supply, while taking into account variations in the mothers' characteristics and their family circumstances. The method used took particular account of those characteristics, which influence a mother's participation in employment over the childrearing years, since employment propensity is a strong influence on the demand for childcare.

The factors directly taken into account included: age, ill-health of the mother, marital status, partner's employment status, family income other than the mother's own wage, home ownership, car ownership, number of children in various age-groups, ill-health of any child, and the population density of the area of residence. Some analyses also made use of the number of hours the mother worked, a measure of local female unemployment, and a coding of the administrative region.

For technical reasons, it was necessary to analyse the effect of each aspect of local childcare supply (such as childminder places or out of school clubs) separately. Care was taken to ensure that the approach was consistent across the analyses.

2.2 Main findings of the research concerning childcare supply

2.2.1 Effects of the supply of childminder places

Mothers' probability of using formal childcare was found to be, on average, higher when the local provision of childminder places was greater, relative to population. Similarly, the number of hours of formal childcare used tended to be higher where the local provision of childminder places was greater.

To quantify this finding, calculations were made for mothers with characteristics that were typical for the sample, while varying the assumptions about the level of childminder places. (For example, the typical mother had family income of £379.60, which was the average for the sample, and was married, which was the most frequent marital status.) Of women with typical characteristics, and living in an area of England with average supply of childminder places, 19.6 per cent were estimated to use formal childcare. This rose to 23.7 per cent if the same women lived in an area with the highest level of childminder places observed in England. If the same women lived in an area with the lowest level of childminder places observed in England, only 15.9 per cent would use formal childcare. The increase or decrease from the average position to the extreme, is about 20 per cent of the average in each direction.

These figures are, however, very probably an under-estimate. This is because childminder supply is averaged over quite a large area (a local education authority), while mothers are most likely to be affected by an increase or decrease in demand in their immediate vicinity. A more localised increase in supply should therefore have a larger impact on demand.

2.2.2 Effect of the supply of day nursery places

The analysis did not clearly demonstrate that the demand for childcare was influenced by the local supply of day nursery places. Although the demand for childcare was somewhat higher where day nursery places were more numerous, the relationship was not strong enough to be considered reliable.

In interpreting this negative result, it should be borne in mind that the numbers of day nursery places were generally very much smaller, and more variable, than the numbers of childminder places. This makes it inherently more difficult to identify an impact.

2.2.3 Effect of the supply of out of school club places

To avoid overlap with the analysis of childminder places, we considered the effect of out of school club places on demand for childcare *excluding* use of childminders.

Demand for formal childcare (except childminder services) was found to increase where the available places in out of school clubs was greater. A supplementary analysis showed that the number of out of school club places had no effect on the demand for childminder services.

In 1995/6, there was a very great local variation in the supply of out of school club places: the highest level observed in England was more than six-and-a-half times greater than the average for England. Calculations indicated that a mother living in an area with the maximum level of supply of out of school club places would be more than three times as likely to make use of formal childcare (except childminders) as one living in an area with an average level of out-of-school club places. Those living in an area with an average level of places would be about 20-25 per cent more likely to use formal childcare (except childminders) than those living in an area with the lowest observed level of places.

As noted earlier in the case of childminders, these figures are likely to be an underestimate. Mothers' demand for places will be affected by the supply at schools in their catchment area, rather than by the average supply across the whole local education authority.

2.3 Other findings with possible policy relevance

2.3.1 Desire to work additional hours

It was found, in a supplementary analysis, that employed women who had formal childcare arrangements were less likely to wish to work additional hours, than women not using formal childcare. This suggests that those having formal childcare are more likely to be able to work up to the level of hours, which they prefer.

2.3.2 Effect of population density on demand

The probability of a mother using formal childcare as a whole was found to vary strongly with population density. This however did not apply to childcare excluding childminder services. Further investigation indicated that the difference was essentially one between the 20 per cent living in the most densely populated areas (which tend to be in the large metropolitan areas such as Greater London, Greater Manchester and the West Midlands), and those living in the remaining areas. The analysis showed that it was not a difference between rural and urban areas as such, nor was it a difference between Greater London and all other areas.

Additional calculations indicated that, of mothers with typical characteristics, little less than two-thirds were likely to use formal childcare if they also lived in an area of the highest observed population density.

This finding can perhaps be interpreted in terms of the distance to nearest services (specifically childminders), which will generally be least in areas of the highest population density.

Consistent with this, mothers in car-owning families were substantially more likely to use formal childcare, after allowing for the influence of family income.

2.3.3 Influence of the health of the mother or of her child

Formal childcare was somewhat more likely to be used where the mother had a longstanding problem of ill health, or where one or more of the children had a persistent health problem.

There was some suggestion that formal childcare was associated with ill health where other social problems were also present in the family, and this could represent the impact of local authority childcare support policies. However, the numbers in the various sub-groups were too small to make a reliable conclusion possible.

2.3.4 Regional and local variations in demand

Regional variations in demand for childcare were rather small, after taking account of local variations in supply of services. However, variations at local authority level are substantial. The local authority database provides a potential means of estimating the local impact of future changes in supply (including as a result of policy) on demand for childcare.

2.4 Main conclusion and summary

Available information concerning the costs of childcare proved inadequate for an analysis concerning the effects of *costs* on the demand for formal childcare.[21]

However, the analysis showed that the demand for formal childcare was influenced by the local *availability* of two kinds of childcare services:

- Childminder places - affecting formal childcare as a whole;
- Out of school club places - affecting formal childcare exclusive of childminding.

A similar influence was not demonstrated for day nursery places: the relationship was in the same direction, but not strong enough to be considered reliable.

All analyses netted-out the effects of numerous other potential influences on the demand for childcare, including those influencing the mother's employment, the ages and numbers of her children, and family resources. It is therefore reasonable to interpret the findings as showing that lack of availability of childcare services was constraining the demand for childcare. Equivalently, the findings can be interpreted as indicating a latent demand for childcare, which was released by the availability of additional childcare services.

[21] The recently published study by La Valle et al (1999) *op. cit.* may provide more adequate information for analysing the effects of costs in the future.

3 THE NATURE AND SCOPE OF PROVISION

3.1 Introduction

This chapter, and the following chapters, calls upon the findings from the interviews with key childcare organisations, focus group discussions, and the postal survey of providers. In particular, it sets out the nature and scope of the childcare services provided. As stated earlier, findings from the childminders surveyed and other categories of providers surveyed have been analysed separately. These two groups will be referred to in the report as childminders and childcare providers.

As discussed in Chapter 1 (Section1.4.2) the qualitative data is based on the findings from five focus groups conducted in three different regions. In addition, as mentioned in Chapter 1 (Section 1.4.3) it is not possible to get a nationally representative sample of childcare providers. Therefore, the survey of providers reported on here is not necessarily nationally representative. Care should be taken, therefore, when interpreting the findings of the survey.

3.1.1 Type of childcare offered by childcare providers

All survey respondents were asked about the range of childcare they provided[22]. The most common sort of provision was playgroups offered by three out of five providers, followed by day nurseries, supplied by a quarter. A sizeable minority also ran some type of out of school provision, especially after school care (Column 2 Table 3.1).

Table 3.1 Range and main type of childcare provided

Column percentages

[22] The survey respondents were asked to categorise the type of care they provided from a list which is identified in Table 3.1. The respondents' categorisation of the childcare they provided may not correspond to the categories of childcare used in official statistics or other administrative data. However, the respondents own definitions have been used throughout this report.

Type of childcare provision	Range of childcare provided[23]	Main type of childcare provided
Playgroup/pre-school	60	56
Day nursery	24	23
Out of school care – breakfast clubs/before school	10	0.2
Out of school care – after school	2	11
Out of school care – school holiday or schemes	20	5
Weekend, later night, overnight	1	0.2
Crèche[24]	7	4
Base total number	1,087	1,087

Source: PSI Survey of Childcare Providers 1999

Three-quarters of the providers in this sample were involved in just one type of childcare while a quarter supplied more than one. In addition, just under one in five providers claimed that their organisation ran other childcare establishments, in addition to the one where the respondent worked.

These multiple providers were asked about their main form of provision. This is set out in the last column of Table 3.1 along with the provision of those offering just one type of childcare.

Table 3.2 illustrates the extent to which different types of childcare suppliers concentrated on a particular type of childcare provision. It shows that providers offering day nurseries were the most likely to focus exclusively on this type of childcare – the vast majority (95.9%) only supplied day nursery care. By contrast, organisations offering before school care and breakfast clubs were the least likely to only provide this type of care - under two one per cent of organisations provided it as their main form of provision (Table 3.2).

[23] Multi-response so does not add up to 100%.
[24] Defined by the provider

Table 3.2 Range of provision by main type of childcare provided[25]

Row percentages

All types of provision	Main provision							
	Day nursery	Play group	Out of school care: before school	Out of school care: after school	Out of school care: school holidays	Week-end, later nights, etc	Other	Base total no.
Day nursery	**95.9**	1.1	0	1.4	0.7	0	4.6	260
Play group/pre-school	3.5	**93.4**	0	1.6	0.8	0	11.6	656
Out of school care-breakfast clubs	37.9	5.6	**1.9**	48.1	5.7	0	2.3	111
Out of school care: after school	30.1	8.4	0	**54.0**	6.1	0	7.0	232
Out of school care: school holidays	32.2	9.8	0	30.6	**23.9**	0	14.0	215
Weekend, later night, overnight care	(19.0)	(25.8)	(0)	(6.3)	(25.9)	(**23.0**)	(0)	10
Crèche	12.8	20.5	0	7.7	5.1	0	**55.1**	78
All childcare providers	23.0	56.4	0.2	11.5	4.7	0.2	4.0	1,087

Source: PSI Survey of Childcare Providers 1999

Table 3.2 also shows which providers offered multiple provision and the type of provision. What is particularly interesting is the delivery of out of school care and the different patterns of delivery. Organisations involved in out of school care were likely to offer more than one type of out of school care. For example, nearly a half (48%) of all providers running before school care or breakfast clubs also provided after school care and saw after school care as their main provision. Nearly a third (30.6%) of all school holiday schemes were delivered by organisations also providing after school care. In addition, around a third of before and after school care and holiday schemes were provided by day nurseries.

3.1.2 Type of childcare provided by childminders

Table 3.3 shows the full range of the sort of childminding that respondents could provide and the sort of childminding that they did most. It clearly demonstrates the flexibility of childminders in the type of care they were prepared to offer. Although childminders primarily cared for children during working hours, the vast majority were willing to look after children at other times except for late at night and over the week-ends.[26]

Table 3.3 Range and type of childminding provided most[27]

Column percentages

[25] Multi-response so does not add up to 100%.
[26] Given the distribution of the type of childminding provided and the fact that the vast majority of childminders cared for children during working hours no further analysis will be undertaken using the variable of type of childminding.
[27] Multi-response so does not add up to 100%.

Type of childminding provided	Range of childminding	Main childminding provided
Care during working hours	96.4	80.9
Out of school care: after school	87.0	7.2
Out of school care: before school	81.9	1.0
Out of school care: school holiday	75.3	0
Weekend, late night, overnight care	14.4	0
Local authority	9.3	0.5
Other	0.5	0
Not answered	0	10.3
Base total number	194	194

Source: PSI Survey of Childminders 1999

These findings were backed up by the focus groups. The focus groups suggested that parents often chose childminders because they could offer the sort of flexible care they needed. As a childminder in Leeds commented:

> *We will work until whatever time the parent gets there, if they are caught in traffic or can we do extra days or something like that, where nurseries are more structured, they have more children than we have. [Is that a demand that has been changing?] I think that's changed, I've certainly got more flexible now than I used to be because the parents see more demand put on them in their work.*

In theory, childminders could offer care for any time of the day or night, but in practice, it seems that most wanted to restrict their childminding to conventional daycare hours. Some may offer a slightly longer day than day nurseries, perhaps starting at 7am and finishing any time up to 8pm and some will do occasional weekends and even overnight stays. However, there are strict regulations regarding overnight stays, for insurance purposes, which act as a disincentive.

3.2 Who provides childcare services

The childcare providers in this sample were primarily voluntary organisations and organisations in the public sector[28]. Four in ten were voluntary organisations and a slightly lower proportion (37%) were in the public sector while the remaining 18 per cent were in the private sector (Table 3.4)

There were significant[29] differences between which sector delivered what type of childcare (Table 3.4). Particularly marked was the way in which some provision was dominated by certain sectors. The private sector had a near monopoly of day nursery provision. Over three-quarters (77.4%) of day nurseries were delivered by the private sector. Nearly half (48.5%) the providers in the private sector ran day nurseries and four in ten of them ran playgroups. Playgroups and pre-school provision were

[28] Survey respondents' self-defined the sector they worked in. Their definitions may not correspond with those listed in official statistics or administrative data.
[29] The differences described are significant at 0.1 level of significance.

primarily delivered by the voluntary sector – well over half (56.5%) were run by them. And this type of provision was the main stay of the voluntary sector - four fifths of voluntary sector organisations provided play schools and pre-school groups. By contrast, no one sector dominated the provision of out of school care.

Table 3.4 Main type[30] of childcare provided by sector

Row percentages

Main type of childcare provision	Sector				Total base number
	Private sector	Public sector	Voluntary organisations	Not answered	
Day nursery	**77.4**	13.8	4.1	4.7	249
Playgroup/pre-school	25.0	14.5	**56.5**	4.0	613
Out of school care [31]	25.2	31.3	36.1	7.4	179
Other [32]	(15.8)	(**42.2**)	(38.0)	(4.0)	46
All childcare providers	36.7	18.2	40.3	4.8	1,087

Source: PSI Survey of Childcare Providers 1999

Turning now to childminders, one in ten were willing to work for local authorities, but in reality, hardly any of them did (Table 3.3). For nearly all (93.8%) childminders, childminding was their main job. In addition, the vast majority (93.3%) were self-employed, working on their own.

3.3 Scale of provision

The number of children that a childcare provider, including childminders, currently can take depends upon a combination of factors including:

- whether the provider falls within the remit of the 1989 Children Act or the 1996 Schools Inspections Act;
- the requirements of the 1989 Children Act;
- the way in which the Children Act is interpreted by the provider's local authority;[33]
- the age of the children; and
- the number of staff employed.

The Children Act, which currently only covers children aged 8 and under where more than two hours of care per day is regularly provided, sets out the following guidance on adult:child ratios: [34]

[30] As can been seen from the distribution of the main types of providers, the numbers of certain types of out of school providers are very small which makes analysis difficult. For this reason all out of school providers have been grouped together.
[31] This includes before-school care, after-school care, and holiday schemes.
[32] This includes crèches, week-end, late night, and overnight care.
[33] Out of school clubs (but not holiday play schemes) which are an extension of learning activities provided by a school for its pupils, are exempt from registration under the1989 Children Act.
[34] The regulation of provision for children aged over 8 and the child:adult ratios for children over 3

- 0-2 years = 1:3
- 2-3 years = 1:4
- 3-8 years = 1:8

3.3.1 Size of childcare providers

Providers were asked about the maximum number of children they could take. The maximum number ranged from 4 to 240, the median number was 24 children, while the overall average was 30. This difference between the median and the mean, points to the way in which there was a small proportion of providers, catering for large numbers of children. In particular, providers offering school holiday care as their main provision could cater for large numbers of children and thus skewed the overall average for all providers. School holiday care and day nurseries had above the average maximum number of children while all others had below average (Table 3.5).

Table 3.5 Main type of childcare provided by number of children that could cater for

Main type of childcare provided	Range	Median number	Average maximum number of children
Day nursery	7 – 157	33	37
Playgroup/pre-school	4 – 240	24	26
Out of school care: before and after school	16 – 40	31	28
Out of school care: school holiday	16 – 160	42	54
Other	8 – 240	20	25
All childcare provision	4 – 240	24	30

Source: PSI Survey of Childcare Providers 1999

Another way of examining the scale of provision is to analyse the size of providers as measured by the maximum number of children that each provider could take. Table 3.6 confirms that in this sample of providers, well over half (54%) of all day nurseries could take 31 or more children and they formed just under a half (48%) of all large providers. Over half (52.4%) of playgroups and pre-school schemes were of medium size catering for between 21-30 children. Playgroups dominated medium sized provision, forming 71 per cent of medium sized providers. They also formed the majority of providers catering for between 1-20 children, two-thirds (65.7%) of all small providers were playgroups.

The differing numbers of children catered for by the various types of childcare providers may reflect the influence of current legislation and regulation. As we will see (Table 3.9), out of school provision was used by children over the age of 8. Therefore, some fell outside the remit of the 1989 Children Act.[35] Consequently, this provision may not have been influenced as much, if at all, by the adult:child ratio guidance contained within the 1989 legislation. Furthermore, as we have seen (Table

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have been reviewed – see*: Consultation Paper on the Regulation of Early Education and Day Care* (1998) DfEE and *Summary of the Responses to the Consultation Paper on the Regulation of Early Education and Day Care* (1998) DfEE, December. Other proposals for changing the regulations and adult:child ratios for three and four year olds as the first step towards a level playing field across private, voluntary and statutory early years settings were announced in August 1999: see *£30 million for thousands more nursery staff for safer, better nurseries* DfEE Press Release 2 August 1999. Some of these proposals were subsequently laid out in the Care Standards Bill published in December 1999.

[35] If care is provided for children under 8 then these schemes fall within the remit of the legislation.

3.4) nearly a third of out of school provision was provided in the public sector. Where such provision is an extension of learning activities provided by a school for its pupils, it is exempt from registration under the 1989 Act. Together these factors may help explain why out of school care, and especially holiday care, could take more children than other forms of provision.

Table 3.6 The main type of childcare provided by size of provider (measured by the maximum number of children the provider could take)

Row percentage

Main type of childcare provided	Size of provider			Not answered	Total base
	Small (1-20 children)	Medium (21-30 children)	Large (31+ children)		
Day nursery	21.6	23.2	**54.2**	1.0	249
Playgroup/pre-school	36.8	**52.4**	10.3	0.5	613
Out of school care: before and after school	26.0	39.3	34.6	1.1	127
Out of school care: school holiday	11.5	27.8	56.6	4.2	51
Other	**(54.6)**	(17.0)	(18.1)	(10.4)	46
All childcare provision	31.6	41.5	25.7	1.2	1,087

Source: PSI Survey of Childcare Providers 1999

The adult:child ratios in the 1989 legislation do not help us to understand why day nurseries had an above average maximum number of children. Day nurseries are covered by this legislation and catered for very young children. We might expect them, therefore, to have below average numbers. So we have to look elsewhere for explanations of the size of their intake.

One explanation might be that they are run by the private sector and so may have access to more resources and larger premises because the 1989 Children Act also lays down regulations about premises. The amount and type of space required depends on the age and number of children looked after.

3.3.2 Size of childminders

Childminders were asked about the number of children they were looking after at the time of the survey. The average number varied only slightly depending on the type of childminding they provided (Table 3.7). For the most common type of childcare provided – care during working hours – both the average and median number of children cared for was three. Therefore, we see that childminders were very different from other sorts of childcare providers in terms of the scale of their operation. Not surprisingly, they cared for far fewer children compared with 'other' types of providers.

Table 3.7 Type of childminding provided by number of children looked after

Type of childminding provided	Number of children	
	Median	Average number
Care during working hours	**3.0**	**3.0**
Out of school care: before school	2.0	2.4
Out of school care: after school	2.0	2.7

Out of school care: school holiday	2.0	2.7
Weekend, late night, overnight care	1.5	2.8
Local authority	1.0	1.5
Other	2.5	2.5

Source: PSI Survey of Childcare Providers 1999

3.4 Age of children for whom care was provided

3.4.1 Age of children catered for by childcare providers

Table 3.8 illustrates the average age of the children the various providers catered for. It clearly shows considerable disparities between providers, with certain providers focusing on specific ages. Day nurseries cared for the youngest children while school holiday schemes were aimed at the oldest children. These averages, however, mask the patterns of provision for children in different age groups.

Overall, children aged 1-4 years were catered for by the majority of all childcare providers. Only a minority of them, however, provided for babies under one year and children aged 5 years and older. And within this particular sample of providers, care was most widely available for 4 year olds. This was because several different types of providers covered this age group of children. So overall, over four out of five (83.88%) of all providers took this age group of children. By contrast, provision was least available for teenagers – less than five per cent of providers serviced children aged 13 and over. This was because teenagers were practically exclusively catered for by just one type of provider – school holiday schemes.

Table 3.8 Main type of childcare provided by ages of children catered for[36]

Main type of childcare provided	Median age of the children catered for	Average age of the children catered for
Day nursery	3	2.6
Playgroup/pre-school	2.6	3.4
Out of school care: before and after school	8	7.8
Out of school care: school holiday	8	8.4
Other	4	4.3

Source: PSI Survey of Childcare Providers 1999

There were other distinctive patterns in terms of which age group of children dominated certain provision:

- three-quarters of all babies aged one and under were catered for by day nurseries;
- around three in five of all 2-4 year olds were provided for in playgroups;
- about two-thirds of all 6 -11 year olds were catered for by before and after school care; and
- the majority of children aged 12 and over were provided for by school holiday schemes.

[36] Note this is not the average age of the actual children attending but the average age of the children catered for – the base is the numbers of providers.

Similar patterns emerge when the ages of children catered for are analysed by the type of provider. New-born babies and children up to 4 years were the main intake of day nurseries. Two to four year olds dominated playgroups and play schemes while children aged five and over were most often catered for by out of school care (Table 3.9).

The varying age groups taken by different types of providers may well be influenced by the guidance on adult:child ratios because of the way the ratios potentially impact on the costs of provision. Nursery schools are likely to be the most expensive, per capita, because of the age group of children they cater for and the number of staff they would require. However, other factors may come into play when trying to understand the age distribution of children by type of provision. For example, playgroups' intake may well be affected by the tendency to take only children who have been toilet trained, usually those above 2 years.

Table 3.9 Age of children currently catered for by main type of childcare provided[37]

Column percentages

Age	Main type of childcare provided: Day nursery	Play-group	Out of school care: before and after school	Out of school care: school holiday	Other	All childcare providers
Less than 1	**67.9**	4.4	0	4.2	(48.2)	20.4
1	**70.2**	6.0	0	2.7	**(57.2)**	22.1
2	**91.9**	**66.9**	0	3.9	**(75.9)**	**62.2**
3	**94.6**	**98.1**	2.7	11.5	**(82.1)**	**81.4**
4	**93.2**	**87.3**	**67.4**	44.0	**(75.8)**	**83.8**
5	37.4	17.0	**93.3**	**94.6**	(41.1)	35.3
6	4.5	0.8	**92.1**	**87.8**	(30.2)	17.7
7	3.7	0	**92.7**	**88.8**	(29.1)	17.3
8	2.5	0	**92.7**	**90.0**	(21.9)	16.7
9	0	0	**92.1**	**90.0**	(12.8)	15.6
10	0	0	**89.4**	**87.3**	(10.4)	15.1
11	0	0	**85.5**	**88.8**	(9.4)	14.6
12	0	0	21.6	**57.5**	(10.7)	5.7
13	0	0	6.7	22.5	(8.2)	3.1
14+	0	0	2.9	1.5	(8.2)	1.8
Not answered	2.8	0	4.9	1.5	(6.9)	1.6
Base total number	249	613	127	51	46	1,087

Source: PSI Survey of Childcare Providers 1999

3.4.2 Age of children catered for by childminders

Not only did childminders look after fewer children than ‘other’ types of providers but also the children they were responsible for were younger. The average age of the children cared for during working hours was under two and half years old - well below school age. The children they looked after before and after school and during school holidays, predictably, were older (Table 3.10).

[37] Multi-response so does not add up to 100%.

Table 3.10 Type of childminding provided by age of children looked after

Type of childminding provided	Median age	Average age
Care during working hours	2	2.4
Out of school care: before school	5.5	6.0
Out of school care: after school	5.5	6.1
Out of school care – school holiday	5	5.3
Weekend, late night, overnight care	3	4.2
Local Authority	5.5	4.9
Other	2	1.7

Source: PSI Survey of Childcare Providers 1999

Childminders do fall within the remit of the 1989 Children Act. This legislation and the adult:child ratios, therefore, affected the number of children they looked after. It will be recalled that the guidance on adult:child ratios is 1:3 for children aged 0-2 years and 1:4 for those aged 2-3 years. Given the age group of the children they tended to care for, and the fact that just under nine out of ten (88%) of all the childminders surveyed worked alone, it is not surprising that they took in an average of just three children.

3.5 Structure of provision – childcare providers and childminders

Turning now to the way in which the care on offer was structured by both childcare providers and childminders, again we see some significant differences in their provision.

3.5.1 Hours of care provided

Childcare providers supplied an average of five hours of care a day while childminders offered more, on average 8.8 hours a day. Over half (52.7%) of all childcare providers (excluding childminders) offered 3-4 hours of care. However, the hours of care varied considerably and significantly, depending on the type of provider. The vast majority of day nurseries (95.4%) and childminders (89.2%) usually provided over seven hours of care a day. By contrast, most playgroup (71.8%)[38] and out of school care (62.3%) provision lasted for 3-4 hours a day (Table 3.11).

In addition, there was a distinct pattern of hours provided by different providers. Playgroups supplied the majority of provision lasting 1-2 hours a day, 3-4 hours and 5-6 hours whilst day nurseries the majority of care lasting 7 hours a day or more.

[38] According to the Improvement and Development Agency registered pre-school/playgroup workforce survey 1988 which was published in 1999 and covered England only, most playgroup sessions last 2.5 hours. However, playgroups may provide more than one session per day.

Table 3.11 Hours of childcare provided by main type of childcare provided

Column percentages

Hours per day	Main type of childcare provided				All childcare providers (excluding childminders)	Child-minders
	Day nursery	Play-group	Out of school care	Other		
Up to 2 hours	0	10.3	12.1	(16.7)	8.5	1.0
3-4	1.7	**71.8**	**62.3**	(37.9)	**52.7**	4.1
5-6	1.7	14.3	9.2	(16.4)	10.7	5.2
7+	**95.4**	2.2	14.4	(26.2)	26.6	**89.2**
Not answered	1.2	1.4	2.0	(2.8)	1.5	0.5
Total base number	249	613	179	46	1,087	187

Source: PSI Survey of Childcare Providers 1999

3.5.2 Days per week care provided

The usual pattern of provision for all providers was to supply most of their childcare for five days a week. However, a sizeable minority of playgroups and 'other providers' – well over a third of both – provided childcare for between 1 - 4 days a week (Table 3.12). Indeed, 89 per cent of the provision run 1-4 days a week was found among organisations running playgroups.

Table 3.12 Number of days per week childcare provided by main type of childcare provided

Column percentages

Days per week	Main type of childcare provided				All childcare providers (excluding childminders)	Child-minders
	Day Nursery	Play-group	Out of school care	Other		
1-4 days	0	36.0	5.3	(37.5)	22.8	10.8
5	**97.6**	**63.0**	**88.8**	**(54.2)**	**74.8**	**88.1**
6-7	0.8	0.7	2.5	(8.3)	1.3	0.5
Not answered	1.6	0.3	3.4	(0)	1.1	0.6
Total base number	249	613	179	46	1,087	187

Source: PSI Survey of Childcare Providers 1999

3.5.3 Flexibility of provision

Only a very small proportion of childcare providers normally required children to attend their provision on a full-time basis, and where this happened it was among organisations running playgroups. Part-time provision only, was found most often amongst those supplying playgroups or other types of provision. The most flexible of all providers, however, were day nurseries, childminders and out of school care because the majority of their children attended on a full and part-time basis (Table 3.13).

Table 3.13 Flexibility of provision by main type of childcare provided

Column percentages

	Main type of childcare provided				All childcare providers (excluding childminders)	Child-minders
	Day nursery	Play-group	Out of school care	Other		
Full-time only	0.9	5.0	4.1	(0)	3.7	5.7
Part-time only	2.1	**52.9**	15.4	**(63.0)**	35.5	8.8
Both full and part time	**96.5**	42.1	**79.3**	(26.5)	**60.0**	**85.5**
Not answered	0.5	0	1.2	(10.5)	0.8	0
Total base number	249	613	179	46	1,087	187

Source: PSI Survey of Childcare Providers 1999

3.6 Other characteristics of the providers

The childcare providers surveyed were relatively small enterprises with half employing less than 5 employees and the remainder between 6 and 25 employees.
The individuals working in childcare (excluding childminders) had been involved in this area of work for an average of 13 years. Half of them had been working in childcare for between 11-15 years. Childminders had been involved for shorter periods, on average 9 years. In addition, half of them had worked in childcare for between 6-10 years.

However, when conducting the survey it was apparent that the turnover rate of providers, especially childminders, was very high. When examining a sample of people not responding to the childcare providers' survey, we found 18 per cent of non-respondents had unobtainable telephone numbers, which may mean that they had gone out of business since the publication of the directory in 1996. To this group of non-responders we can add other respondents who had gone out of business. So overall, approximately five per cent of providers may have gone out of business between 1996 and 1999.

The turnover rate for childminders was even higher. When examining all non-respondents we found that 18 per cent had gone out of business and a further 13 per cent whose telephone number was unobtainable. All non-respondents who had gone out of business were contacted and asked why they were no longer operating as childminders. Over a third had found alternative employment while a fifth had given up for no particular reason. Two-thirds had stopped being a childminder since 1998. To these groups of non-respondents, we can add other respondents who had gone out of business. So overall, approximately 28 per cent of providers may have gone out of business between 1996 and 1999.[39]

[39] This figure drops to one in five if we exclude those whose telephone numbers were unobtainable.

3.7 Summary

3.7.1 Type of provision offered

Three quarters of childcare providers in our sample, excluding childminders, offered only one type of provision while the remainder supplied more than one. Day nurseries were predominately (77%) run by the private sector. Nearly all of them (95.9%) classified this type of childcare as their main provision. However, they also supplied after school care but this was supplementary to their main provision. Most (56%) playgroups and pre-school schemes were run by voluntary organisations and these dominated voluntary organisations' childcare provision. The vast majority (93.4%) of organisations running playgroups identified this type of childcare as their main form of childcare provision.

The provision of out of school care was far less clear cut. It was available in all sectors and there was considerable overlap between providers. Therefore, organisations offering out of school care were likely to offer more than one type of out of school care. For example, nearly a half (48%) providing before school care or breakfast clubs also provided after school care.

By contrast, childminders were willing to be much more flexible in the type of care they were prepared to offer. Although four out of five of them most often looked after children during working hours, there were willing to care for them at other times, except late at night and over the weekend.

3.7.2 Scale of provision and age of children catered for

The average maximum number of children all the different childcare providers (excluding childminders) could take was 30 and the median number was 24. Only school holiday schemes and day nurseries could cater for above this average number (37 and 54 respectively). Not surprisingly, therefore, the majority of school holiday schemes (56.6%) and day nurseries (54.2%) were large providers supplying places for 31 or more children. The majority (52.4%) of playgroups were medium sized with between 21-30 children, as were most (39.3%) before and after school providers. By contrast, the average number of children looked after by childminders, at the time of the survey, was just three.

Within this particular sample of providers (excluding childminders) care was most widely available for 4 year olds and least available for teenagers – children aged 13 and above. This was because several different types of providers covered 4 year olds but only school holiday schemes catered for teenagers.

Not surprisingly, there were also significant differences between providers in terms of the age groups of children they catered for. Day nurseries looked after the youngest children: babies and children up to 4 years were their main intake. Two to four year olds dominated playgroups and play schemes. Children aged 5 and over were most often looked after by out of school provision, which catered for both the oldest children and the broadest age group of children.

Turning now to childminders, we see some very different patterns of childcare which are findings in their own right, and a further justification for examining them separately from other childcare providers. Childminders took an average of just three children whose average age was 2-4 years.

3.7.3 The structure of provision

The hours of care available per day varied by the type of provider. The vast majority of day nurseries (95.4%) and childminders (89.2%) usually provided at least seven hours of care a day. By contrast, most playgroup (71.8%) and out of school care (62.3%) provision lasted for 3-4 hours a day. The majority of all providers, including childminders, usually offered this type of care five days a week. Only a very small proportion of them normally required the children to attend on a full time basis. For playgroups and other types of provision the norm was part-time care while for day nurseries, out of school care, and childminders the norm was a combination of full and part-time care. So, the most comprehensive care for working parents was provided by day nurseries and childminders.

4 THE DEMAND FOR CHILDCARE

4.1 Introduction

This chapter explores the overall demand for childcare and the scale and nature of that demand. It will call upon evidence from the interviews with childcare organisations, the focus group discussions, and the survey of providers. In the survey, all providers, including childminders, were questioned about the demand for their services in relation to their **main** type of provision only. Thus, all the analysis in this chapter, which distinguishes between different types of providers, relates to providers' main provision. Furthermore, because of the unequal distribution of the main provision and the small numbers involved in before and after school care, all out of school providers have been grouped together in this analysis.

4.2 Optimum capacity?

Overall, one in five of all childcare providers (excluding childminders) had operated at full capacity all the time over the 12 month period prior to the survey while one in six had never done so. About a half had been full, either half the time or over half the time (Table 4.1).

Childminders had had slightly more spare capacity than other types of providers but again the differences were not large. Nearly three in ten had cared for the maximum number of children they could, in the year leading up to the survey, while one in six had never operated at full capacity.

There were some variations to this overall pattern amongst different types of providers, including childminders, and those of a different size but these were not significant.

Significant differences were found depending on the number of hours of care provided per day among childcare providers but not among childminders. Providers offering 5-6 hours of care were the most likely to run at full capacity all the time (29%) or more than half the time (48.6%) over the previous year than those supplying more or less hours than this.

More interesting was the association between the number of days of care supplied per week. Again, this was significant for childcare providers but not for childminders. The more days of care available, the greater the likelihood that a provider would operate at full or near full capacity. Thus twice as many providers caring for children 6-7 days a week, as opposed to those providing 1-4 days a week, operated at maximum capacity all of the time (31.2% compared to 14.6%). Conversely, the lower the number of days of care offered, the greater the likelihood of the provider never operating at full capacity. Hence over a fifth (22.3%) of providers offering 1-4 days of care had never had the maximum number of children that they could take over the past year, unlike any of the providers offering 6-7 days of care.

There was also an association between how often providers had had the maximum number of children they could take over the previous year, and the flexibility of their provision. The minority of providers, but not childminders, running full-time provision only, were twice as likely as those providing either part-time care only or a combination of the two to have had the maximum number of children over the previous twelve months (40.6% compared to 21.4% and 19.2%). In addition, these full-time childcare providers were also much less likely than the others never to have run with their full complement of children (2% compared to 15%).

What these findings suggest, is that there is some slack in the system. Providers, including childminders, appear to have the capacity to take more children. However, those childcare providers, but not childminders, offering care every day of the week and on a full-time basis, namely, the most comprehensive care – were the least likely to have any spare capacity. In other words, this suggests that providers are matching tendencies in demand.

Table 4.1 The extent to which providers have had the maximum number of children they could take over the past 12 months by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
All of the time	23.3	19.3	23.8	(11.1)	20.6	27.8
More than half of the time	41.9	33.2	35.5	(30.9)	35.5	28.4
Half the time	11.3	16.3	14.1	(13.2)	14.6	14.4
Less than half the time	10.0	13.9	14.4	(25.3)	13.6	11.3
Never	12.5	16.6	10.6	(15.9)	14.7	17.0
Do not know	1.0	0.6	1.6	(3.5)	1.0	1.0
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

4.3 Vacancies

4.3.1 The prevalence of vacancies

Another potential indicator of providers' capacity was whether they had had vacancies in the last year. In other words, vacancies could be used as a proxy for the demand for childcare. However, we have no data on the number of vacancies. Consequently, it is not possible to calculate the amount of spare capacity for each provider. In addition, the data we do have can tell us little about the nature of the vacancies and the extent to which some were ‘frictional vacancies’, namely temporary vacancies arising from parents withdrawing children at short notice.

Nearly four out of five of all providers (excluding childminders) had vacancies. Day nurseries had the highest proportion of vacancies while ‘other’ forms of care had the lowest. However, this variation amongst providers was not statistically significant. Vacancies were less common amongst childminders, two-thirds had had some vacancies in the 12 months leading up to the survey (Table 4.2).

Table 4.2 Vacancies over the past 12 months by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Vacancies	**82.8**	**81.4**	**67.1**	**(54.6)**	**78.3**	**66.5**
No vacancies	14.3	16.4	23.0	(10.0)	16.7	33.0
Do not know	0.5	0.7	2.2	(5.3)	1.1	0
Not answered	2.4	1.5	7.7	(30.1)	3.9	1.5
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

There were some variations to this overall pattern amongst childcare providers and childminders depending on their size; the number of hours per day of care they provided; the number of days per week offered, and whether this was on a full and/or part-time basis. However, none of the differences was statistically significant. So although providers had vacancies across the board, there was nothing particularly distinctive about those with and without vacancies.

4.3.2 Vacancies for whom?

All providers with vacancies were asked about the ages of the children that they had had these vacancies for in the 12 months before the survey. Vacancies amongst providers (excluding childminders) were most frequently reported for 3 year olds – over half had vacancies for this age group. And this was the case for all the different types of providers, except out of school care providers. Playgroups (69.9%) were most likely to have such vacancies while ‘other’ providers (29.1%) were least likely. Out of school care providers had most vacancies for 7 year olds (Table 4.3).

Table 4.3 Age of children for whom providers had vacancies over the past 12 months by main type of childcare provided[40]

Column percentages

Age	Main type of childcare provided					Child-minders[41]
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Less than one	8.3	1.7	0	(9.4)	3.4	**67.7**
1	9.4	2.2	0	(11.8)	4.1	59.0
2	24.4	43.7	1.8	(23.8)	31.9	66.9
3	**43.3**	**69.9**	3.4	**(29.1)**	**51.7**	63.8
4	40.9	59.5	3.9	(25.0)	45.1	58.3
5	16.6	14.9	4.1	(9.4)	13.4	48.0
6	0	0	3.6	(0)	0.8	39.3
7	0	0	**5.1**	(0)	0.8	38.6
8	0	0	5.0	(0)	0.8	37.8
9	0	0	4.5	(0)	0.7	26.0
10	0	0	4.5	(0)	0.7	-
11	0	0	4.5	(0)	0.7	-
12	0	0	3.0	(0)	0.5	-
13	0	0	2.8	(0)	0	-
14+	0	0	1.0	(0)	0	-
All ages	43.2	18.9	73.0	(30.4)	33.4	65.5
Don't know	0.6	1.0	2.8	(5.9)	1.3	0
Not answered	2.8	1.8	10.0	(33.4)	4.7	2.3
Base total number with vacancies	214	513	137	41	904	127

Source: PSI Survey of Childcare Providers 1999

Given the way in which the various providers catered for different age groups of children (Table 3.9), it is not surprising that this was reflected in their vacancies. Indeed, if the ages of children for whom there were vacancies are compared to the ages of children providers catered for, an interesting pattern emerges. The age groups of children where vacancies are most frequently reported correspond to the age groups providers most frequently catered for. For example, over two-thirds of playgroups had vacancies for 3 year olds and nearly all (98.1%) of them provided care for 3 year olds. This finding suggests that there may be an excess of supply over demand, especially in provision aimed at 3 year olds.

Turning to childminders, they were most likely to say they had vacancies for babies under a year old. Over two in five childminders had a vacancy for these children (Table 4.3). However, these vacancies for babies did not coincide with the age group of children childminders were most likely to cater for (Table 3.9). Yet, amongst providers' vacancies were most common for the age group they most often catered for.

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[40] Multi-response so does not add up to 100%.

[41] Childminders were only asked about the vacancies they had for children up to the age of 9.

4.4 Waiting lists

4.4.1 The prevalence of waiting lists

To try to capture unmet demand, all providers including childminders were asked if they had waiting lists for children they would like to take, but for whom no places were available. Nearly a half (48.8%) of all providers (excluding childminders) had waiting lists. There were significant differences by the type of provider. Day nurseries were most likely to have waiting lists - over two-thirds had them. By contrast, childminders were the least likely to have such a list.

Table 4.4 Waiting list by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Waiting list	**67.3**	49.2	27.9	(22.9)	48.8	16.0
No waiting list	31.8	**49.8**	**70.2**	**(64.6)**	**49.6**	**82.5**
Not answered	1.0	1.0	1.9	(12.5)	1.6	1.5
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

There were also some differences by size of provider with the largest being the more likely than either medium or small providers (59% compared to 45%) to have waiting lists. This probably reflects parental preferences for larger providers because of the type and range of facilities that they can offer.

There were some significant differences in the prevalence of waiting lists among childcare providers, but not childminders, depending on the hours of childcare provided daily. As the number of hours provided increased, so did the likelihood of having a waiting list. Thus, twice as many providers offering 7 hours or more as those providing 1-2 hours daily had waiting lists (32.2% compared to 61%). This suggests that the demand for places was coming particularly from working mothers.

There were no significant associations, however, between waiting lists and the number of days of care provided each week or whether this was provided full or part-time for any sort of provider, including childminders.

4.4.2 The size of waiting lists

Providers, including childminders, were most likely to have waiting lists for between 1-10 children, especially those providing ‘other’ types of care and childminders. At the other end of the scale, day nurseries were most likely to have waiting lists of 31 or more children. This pattern partly can be explained by the overall size of the provider (Table 3.6), especially amongst medium and large providers. Thus over half (52.6%) of the providers with waiting lists of between 21-30 children were medium sized while just under half (48.8%) with waiting lists of 31 or more children were large providers.

Table 4.5 Number of children on waiting lists by main type of childcare

provided

Column percentages

Number of children on waiting list	Main type of childcare provided Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	Child-minders
1-10	**42.9**	**50.3**	**56.6**	**(65.5)**	**48.8**	**(93.5)**
11-20	17.1	22.3	18.8	(16.7)	20.2	(3.2)
21-30	8.0	9.4	5.7	(6.0)	8.6	(0)
31+	20.4	11.2	8.3	(7.2)	13.7	(0)
Do not know	3.9	1.4	6.5	(4.6)	2.8	(0)
Not answered	7.7	5.3	4.0	(0)	5.8	(3.2)
Base total number with a waiting list	168	302	50	10	530	31

Source: PSI Survey of Childcare Providers 1999

There was no clear association between the number of children on waiting lists and the number of hours of care provided daily. Nor were there any statistically significant differences by the number of days of care provided either each week or the basis upon which this was provided.

4.4.3 Waiting lists for whom?

Among all providers, excluding childminders, the unmet demand was greatest for two year olds. Over half (53.9%) of providers had waiting lists for two year olds. Given the way in which the various providers catered for different age groups of children (Table 3.9), it is not surprising that this was reflected in their waiting lists. Playgroups were the most likely of all providers to have waiting lists for 2 years olds – seven out of ten had waiting lists for this age group.

Table 4.6 Age of children on waiting lists by main type of childcare provided[42]

Column percentages

Age	Main type of childcare provided: Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	Child-minders[43]
Less than one	**57.0**	16.6	3.7	(21.1)	28.3	**(54.8)**
1	49.1	26.3	3.7	**(39.6)**	31.6	(19.4)
2	46.7	**67.5**	1.2	(30.3)	**53.9**	(16.1)
3	27.7	45.1	1.5	(21.1)	35.0	(16.1)
4	8.3	12.6	8.8	(9.3)	10.8	(19.4)
5	1.2	1.6	18.6	(19.9)	3.5	(12.9)
6	0	0	23.6	(9.3)	2.5	(3.2)
7	0	0	**26.8**	(15.3)	2.9	(3.2)
8	0	0	17.3	(13.9)	2.0	(0)
9	0	0	14.0	(10.7)	1.6	-
10	0	0	8.3	(10.7)	0	-
11	0	0	1.5	(10.7)	0	-
12	0	0	1.5	(16.7)	0	-
13	0	0	0	(16.7)	0	-
14+	0	0	0	(16.7)	0	-
All ages	22.6	13.4	48.1	(23.8)	19.8	(6.5)
Not answered	3.7	5.6	16.3	(0)	5.9	(3.2)
Don't know	1.4	0	0	(0)	0	(0)
Base total number with a waiting list	168	302	50	10	530	31

Source: PSI Survey of Childcare Providers 1999

Among childminders and day nurseries the greatest shortage of places was for babies under one year - over three out of five had waiting lists for them. This is perhaps a little surprising given that childminders also reported vacancies for babies. Among organisations providing 'other' types of care shortages were most acute for 1 year olds, while for those supplying out of school care, the unmet demand was greatest for 7 year olds.

Some of the survey's findings about waiting lists were reflected in, and developed by, the discussions with key childcare organisations and the focus groups. For instance, the focus groups suggested that the waiting list for a particular type of childcare provision was indicative of parental preferences. However, some of the childcare organisations interviewed pointed out how very emotive and subjective factors can affect parental preferences and choices. If something goes wrong with their childcare, they will remove their child from the provision. This makes the long-term market difficult to assess compared to other products or services. In addition, this may help explain why there appears to be contradictory evidence on vacancies and waiting – an issue that will be discussed in more detail below

The focus groups thought day nurseries were particularly popular among parents because this type of care was more professional and accountable. Parents needed full-time care because they were working full-time. In some areas (Leeds, in our sample),

[42] Multi-response so does not add up to 100%.
[43] Childminders were only asked about the vacancies they had for children up to the age of 9.

private providers reported that parents were particularly keen for their children, even very young children, to receive *education* as opposed to just *care*: sometimes referred to as *'educare'*. Some providers were trying to fulfil these expectations, but many did express reservations about this. This seemed to be a recent development, in the last five years, according to the experience of one provider:

> *... We are now getting so many parents that only look at the education aspect ... now every parent comes in with an expectation of the child doing well, not just at school but university, and that's when we are taking 3 month old babies in some cases, and this is what parents are talking about. And you think, oh, my god, when is this child ever going to be a child?*
> (Private day care provider)

They had less to say about playgroups but believed there was a lot of demand for holiday care. However, when clubs were set up they were not always well attended. They thought the main reason for this was that holiday clubs and play schemes often did not run for the whole holiday period or they only ran for a few hours each day. Even a full day session, if it started at 9.00 or 9.30am in the morning and finished at 3.00 or 4.00pm did not allow travelling time for people in full-time jobs. This meant they were not meeting the needs of working parents, which was perceived to be greater in rural areas.

Providers in the focus groups, like providers of day nurseries and childminders in the survey, believed that the greatest unmet need was for the care of babies. They suggested that a lot of the demand was from first time mothers who were planning to return to work after maternity leave. Childminders, who were often the first choice for many mothers, could usually only take one baby at a time.

> *Childminders can only take one baby on, they are only allowed one, they are a problem sometimes because a lot of parents don't like babies under one going into a nursery because they are better with a one to one with the childminder than they are in the nursery.*
> (Childminder, Kendal)

The focus groups also thought there was a gap in provision for 11-14 year olds, which was partly borne out by the survey. As we saw in the last chapter, only a small minority of providers catered for this age group (Table 3.9) but the proportion of providers reporting waiting lists for this age group was not very high (Table 4.6).

4.5 The relationship between vacancies and waiting lists

If we assume that vacancies and waiting lists can be used as proxies for supply and demand, then the above findings give a rather confusing picture about the potential supply and demand for different types of childcare. Some factors, such as the high level of vacancies, suggest that there may be a surplus of places while the prevalence of waiting lists points to shortages.

Within the normal rules of supply and demand, we would expect that providers with vacancies would not have waiting lists and *vice versa*. However, this was not the case for most providers (excluding childminders). Just under a half with vacancies had no waiting lists so in these cases, supply appeared to outstrip demand. A further 13 per cent had no waiting lists but had vacancies, so demand outstripped supply. However, over a third of all providers had both vacancies and waiting lists (Table 4.7).

Table 4.7 Relationship between vacancies and waiting lists by type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Vacancies no waiting list	30.9	**47.2**	**60.9**	**(63.3)**	**46.5**	**55.7**
Waiting list but no vacancies	13.5	13.7	12.9	(8.7)	13.2	7.2
Both vacancies and waiting lists	**53.8**	35.6	14.5	(13.0)	35.4	8.2
No vacancies and no waiting lists	0.8	2.5	9.5	(0)	3.1	25.8
Not answered	1.0	1.0	2.3	(13.0)	1.6	1.5
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

When this is explored further by type of providers, including childminders, a somewhat different pattern emerges. For the majority (around three in five) of those providing out of school care, 'other' provision, and childminding, there seemed to be a surplus of places, but this was not true for either day nurseries or playgroups. However, among the different types of providers demand outstripped supply for only a minority (between one in fourteen to one in seven cases). In other words, vacancies and waiting lists arise for different categories of provision.

These discrepancies between supply and unmet demand could have been due to a variety of factors. One of these may have been a mismatch between the ages of children for whom there were vacancies and the ages of the children needing a place. If this were so, we would anticipate that vacancies would be low in those age groups where waiting lists were high. Indeed our provisional analysis[44] showed that there were some mismatches. Overall, the trend was for demand to outstrip supply for children aged one and under, but there was a closer match for three year olds.

The mismatch between the ages of children for whom there were vacancies and the ages of children wanting a place only goes some way to explaining the apparent discrepancy between the high level of vacancies reported and the reported unmet demand. Other potential explanations include:

- Institutional factors which lead to inefficiencies in the way in which the childcare providers handled both their vacancies and waiting lists.

[44] Care needs to be taken when interpreting such data because of the small number of cases.

- The fact that some providers run on a termly cycle or only take new children at certain times of the year. Consequently, providers may have vacancies at certain time of the year, which they do not fill until a given date in the year, and children are on waiting lists for those places.

More significantly, we need to question the assumption that vacancies are indicative of surplus capacity. From our data, we can not tell what was the total capacity of providers nor how many vacancies they had. Therefore, we cannot calculate the amount of spare capacity. In addition, we do not know the extent to which the vacancies were 'frictional vacancies'. Parents may spend some time looking for childcare provision with the right characteristics for them, while children will be withdrawn at short notice for various reasons. Providers with large numbers will be more likely to experience frictional vacancies. So it is unsafe to equate the existence of vacancies with surplus capacity.

Similarly, waiting lists may not be an accurate indicator or proxy for unmet demand. The existence of waiting lists does not prove that people are without childcare. Some parents may put their children on a waiting list but make alternative childcare arrangements. Alternatively, waiting lists may underestimate demand. As the focus groups showed, sometimes provision had to be set up before parents realised they needed it. As one private provider observed: '*children coming out of the woodwork*' once she had opened her day nursery. For some parents provision had to be in place before they were able to think differently about their lives and their options. However, the existence of substantial waiting lists cannot plausibly be attributed to 'frictional' effects and does seem to indicate mismatch between demand and supply.

4.6 Summary

The findings from this chapter give a rather confusing picture about the demand for different types of childcare. Some factors suggest that there may be a surplus of places while others point to shortages.

4.6.1 Optimum capacity

Only a minority of providers - around one in five - had cared for the maximum number of children they could take in the 12 months leading up to the survey. At the other extreme, a much smaller proportion of providers – around one in six – had never operated at full capacity over this period. So the vast majority of providers had had some slack over the previous year and appeared to have had the capacity to take more children. However, those childcare providers, but not childminders, offering care every day of the week and on a full-time basis, namely, the most comprehensive care – were the least likely to have any spare capacity.

4.6.2 Vacancies

The majority of providers, up to four in five of them, had had some vacancies in the 12 months prior to the survey. Day nurseries and playgroups had the highest vacancy levels, and providers offering ‘other’ types of care the lowest levels. Nothing else, however, particularly distinguished which providers had high or low levels of vacancies. So overall, these vacancies again suggest some slack in the system.

Vacancies were most likely to be for children aged three. Over half of all providers with vacancies had spare places for this age group. Similarly, playgroups, day nurseries, and ‘other’ types of providers had the most unused places for this age group although the proportion reporting openings for 3 year olds ranged from 67.5 per cent to 29.1 per cent. By contrast, childminders were mostly likely to have some spare capacity for babies under one year while providers offering out of school care had most space for 7 year olds.

Inevitably, these age variations in vacancies reflected the differing age group of children each provider catered for. Indeed, when we examined these more closely, an interesting pattern emerges. All providers, except childminders, had the most vacancies among the same age groups of children they most frequently catered for – indicating an excess of supply over demand.

4.6.3 Waiting lists

This picture of surplus demand, however, is complicated if we examine the nature and extent of waiting lists. Just under half the providers, excluding childminders, had waiting lists for children they would like to take, but for whom no places were available. In other words, despite all the high level of vacancies reported, there still appeared to be considerable unmet demand.

The proportion of providers with a waiting list varied with each type of provider. Day nurseries were most likely to have waiting lists (67.3%) while childminders were the least likely (16%). In addition, most providers had waiting lists for between 1-10 children but the larger the provider the greater the number of children on their list.

4.6.4 The relationship between vacancies and waiting lists

Within the normal rules of supply and demand, we would expect that providers with vacancies would not have waiting lists and *vice versa*. However, this does not appear to be the case. Just under a half with vacancies had no waiting lists so in these cases, supply appeared to outstrip demand. A further 13 per cent had no waiting lists but had vacancies, so demand outstripped supply. However, over a third of all providers had both vacancies and waiting lists.

This discrepancy between supply and unmet demand could have been due to a variety of factors. One of these may have been a mismatch between the ages of children for whom there were vacancies and the ages of the children needing a place. Indeed, there were mismatches, especially for children aged one and under.

This mismatch only goes some way to explaining the apparent discrepancy between the high level of vacancies reported and the reported unmet demand. Other potential explanations include:

- Inefficiency in the way in which the childcare providers handled both their vacancies and waiting lists.
- The fact that some providers run on a termly cycle or only take new children at certain times of the year.
- More fundamentally, vacancies may be a poor proxy for the supply of places while waiting lists may not be an accurate indicator of unmet demand.

5 OBSTACLES TO SETTING UP CHILDCARE PROVISION

5.1 Introduction

This chapter examines the obstacles childcare providers faced in setting up childcare provision. Subsequent chapters will examine hurdles encountered while running provision, and when expanding existing provision. First, this chapter will report on the greatest obstacles and then focus on those associated with the set-up costs; infrastructure and information; and regulation and legislation.

Like the previous chapters, it will call on the interviews with childcare providers; the focus group discussions; and the survey of providers, concentrating on their main type of provision. The issues potentially faced by childminders are not the same as those encountered by other types of providers and this was reflected in the questions asked in their respective questionnaires. However, they can be grouped together into similar categories for ease of comparison.

5.2 Greatest obstacles to setting up provision

All providers were asked, in an open-ended question, about the greatest obstacle stopping others setting up childcare provision. Their answers are outlined in Table 5.1. High proportions of providers, nearly half, did not answer this question. This is probably because they had been operating for a good many years (see Chapter 3, Section 3.7). So, they may have had difficulties remembering the challenges they faced, or in relating to this question, or both. Alternatively, they may not have been aware of the problems other people had to face.

One out of twenty of all providers surveyed, excluding childminders, thought there were no obstacles to setting up new provision but two out of five believed that there were. For these providers, there was very little variation in the greatest obstacles they identified which prevented others setting up childcare provision. Nearly equal proportions mentioned the costs; the economics of provision, namely how long it took to fill up places; and infrastructure and information. The least problematic area was the legislation and regulations governing childcare provision (Table 5.1).

By contrast, one in ten of all childminders thought that there were problems stopping others becoming childminders, but four times as many believed that obstacles did not exist. The focus groups included discussions with potential providers, those who were trying to set up provision for the first time. Therefore, they can help shed light on the difficulties when setting up new provision. Moreover, the focus groups discussions illustrated how many of the obstacles were interdependent, which may explain why equal proportions of survey respondents identified all different categories as barriers to setting up provision. For example, being able to find suitable premises often depended on financial resources. So, these two difficulties were inter-linked. The financial costs were seen as the major barrier to the setting up of new provision. The stringent regulations governing childcare provision were usually seen as obstacles to be overcome. However, these two factors were interdependent in the sense that complying with regulations involved greater expense.

Table 5.1 The greatest obstacles stopping others setting up childcare provision by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Costs[45]	**16.3**	9.6	**17.3**	**(13.5)**	12.6	6.7
Economics of provision	10.2	16.0	6.6	(6.2)	12.7	16.0
Infrastructure and information[46]	11.0	**15.5**	13.5	(7.9)	**13.8**	5.2
Legislation and regulation[47]	5.7	1.5	2.4	-	2.5	**16.5**
No obstacles	5.2	4.8	8.0	(4.5)	5.4	9.3
Don't know	3.9	5.3	9.0	(5.9)	5.6	3.6
Not answered	47.6	47.2	43.2	(62.0)	47.3	42.8
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

Within each broad category of obstacles shown in Table 5.1, one particularly significant obstacle can be singled out for each type of provider. These were:

- **Costs** and in particular, the overall costs and lack of funding – were most often mentioned by day nurseries; out of school care and 'other providers';
- **Infrastructure and information** issues, especially finding suitable premises – was most commonly cited by playgroups; and
- **Legislation and regulation**, specially the time it took to register with their local authority – was the most burning issue for childminders.

There were some significant differences in the greatest obstacles identified associated with the sectors the providers operate in and the length of time they had been in existence. In particular, twice as many providers in the private sector compared to those in the public sector were worried about infrastructure and information issues stopping others setting up provision (18% compared to 8.5%). In addition, costs were of greater concern the longer a provider, but not a childminder, had been in operation. So, one in six providers who had been operating for 5 years or less was hindered by the infrastructure, compared to just one in twenty who had been in business for 31 years or more. However, the size of the provider as measured by the number of

[45] See Table 5.2 for the costs involved.
[46] See Table 5.3 for a listing of the infrastructure and information issues.
[47] See Table 5.4 for a listing of the issues arising from legislation and regulation.

children they could cater for had no significant impact on providers' concerns about the different factors inhibiting others from setting up childcare provision.

5.3 Costs

5.3.1 The key obstacles

There was a range of potential costs involved in setting up new provision. The one all providers, except childminders, most commonly cited as hindering new provision was buying equipment – mentioned by nearly three in five (Table 5.2).[48] Although this was identified as a hurdle, it was more often cited as a minor rather than a major one. The most frequently reported major obstacle was buying childcare premises, identified by just under two in five (37.2%) providers. By contrast, the least problematic issue facing providers was difficulties in getting loans for childcare ventures for buying equipment, or for adapting a childminder's home.

As we can see (Table 5.2) there were some significant differences between different types of providers in the challenges they faced. The **major** obstacles mentioned most frequently were as follows:

- Buying childcare premises – cited by nearly a half (47.2%) of the day nurseries and a third of out of school care providers.
- Converting or adapting premises – reported by over a third (35.9%) of playgroups and nearly three in ten (27.6%) 'other providers'.
- The time it takes to fill up places – affecting a quarter of all childminders.

Although there were some differences in the obstacles identified depending on the number of children a provider catered for, these were not significant. In addition, the only significant difference with regards to the length of time providers had been operating as childcare providers related to the purchase of childcare premises. There was a general trend for providers to see this as a greater difficulty the shorter the period of time they had been involved in childcare provision. This may well be because they had more recently experienced this problem, and so see it as a greater issue for potential providers.

[48] To keep the table simple, respondents who replied: do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

Table 5.2 Whether set up costs were obstacles stopping others setting up childcare provision by main type of childcare provided

Column percentages

Costs	Whether or not factor is an obstacle	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Buying childcare premises	Yes	55.8	37.0	36.4	(16.8)	40.4	N/A
	No	12.2	7.8	16.2	(11.5)	10.4	N/A
Converting or adapting premises	Yes	64.6	54.3	54.6	(38.8)	56.1	48.0
	No	14.2	9.0	14.9	(10.5)	11.2	44.3
Buying equipment	Yes	39.4	**65.2**	**61.8**	**(60.6)**	**58.5**	48.5
	No	50.0	29.4	30.0	(22.6)	33.9	49.5
Membership of a professional organisation	Yes	N/A	N/A	N/A	N/A	N/A	22.7
	No	N/A	N/A	N/A	N/A	N/A	51.0
Paying a business advisor to help set up	Yes	N/A	N/A	N/A	N/A	N/A	3.6
	No	N/A	N/A	N/A	N/A	N/A	14.4
Learning how to look after children	Yes	N/A	N/A	N/A	N/A	N/A	7.3
	No	N/A	N/A	N/A	N/A	N/A	77.8
The time it takes to fill up places	Yes	**62.4**	54.1	43.3	(19.7)	52.8	55.1
	No	29.1	36.7	42.2	(36.0)	35.8	37.1
Difficulties in getting loans for childcare venture /adapting home and/or buying equipment	Yes	43.6	34.8	41.6	(13.8)	37.0	12.9
	No	13.7	9.4	16.3	(17.9)	11.9	25.3
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

Not surprisingly, private sector providers considered buying childcare premises more of a barrier than providers in the public or voluntary sector, while those in the voluntary sector found buying equipment a more serious constraint.

The discussions with the focus groups, which included potential providers, gave some useful insights into the way in which these factors operated in practice, as did the interviews with childcare organisations. According to the focus groups, set-up costs could be a major factor in deterring people from opening up new childcare provision. They went on to explain how these costs accrued.

5.3.2 Premises

First, there was the cost of the building, whether it was being bought or rented. It was not easy to rent property for childcare use because extensive changes often had to be made in order to comply with regulations.

Potential providers intending to buy a property had found it very hard to get banks to support them. Banks were generally reluctant to back what they considered a high-risk service. As the interviews with childcare organisations highlighted, conventional sources of finances were often not available due to a lack of security or collateral. Viable income streams were hard to establish so it was difficult to ensure that the provision would be sustainable in the long term. Furthermore, in investment terms, some believed that there was little alternative use for purpose-built premises.

According to the focus groups, the initial purchase costs were great and if the building needed to be converted, additional costs were incurred in meeting all the required regulations.

> *very limited to where you can go, you can't rent somewhere and then say, sorry, I'm going to knock down half the walls and put in three rows of tiny tots toilets, no landlord is ever going to allow you to do that*
> (Private provider, Leeds)

5.3.3 Time it takes to fill up places and the economics of provision

Half of all the providers surveyed identified the time it took to fill up places as an obstacle to new provision. Providers often cannot rely on being full from the first day of opening and it may take some time to reach full capacity. According to the focus groups, this may be because parents are unaware of the provision, which is essentially a marketing issue. It may be because parents are reluctant to change their current arrangements, however makeshift they may be. This was especially apparent in the rural areas:

> *'I find that the breakfast club and holiday club haven't taken off as well as the after school club. Because the facilities weren't there before people already had other arrangements and probably didn't have to pay for them and that sort of thing, so they are tending to stick to the other arrangements, like the gran has them or they may take some time off work and the neighbour takes them to school in the morning, that sort of thing. Because the facility wasn't there before they are just sticking to what they know.*

(Provider of before and after school care, Kendal)

In addition, some providers preferred to take in just a few children at a time so the children could settle in and develop a one-to-one relationship with a carer. Despite this upfront loss, staff still had to be employed and all the equipment and facilities had to be ready for full capacity. This was an additional burden to be considered when setting up.

All providers in the focus groups agreed that the returns on childcare provision were not high and were limited by what parents were able and/or willing to pay. Unless the provision was subsidised, or unless it was small scale and being provided in one's own home (e.g. childminders), the setting-up costs had to be considered in relation to what could be retrieved in charges, once the provision was up and running to full capacity.

It was apparent from the discussions in the focus groups that those with no previous experience of providing childcare were much less aware of the difficulties of making it an economically viable venture. This was especially the case with out of school provision. The focus groups reported that parents were very vocal in their demands for childcare provision but when provision was in place, it was not always used to capacity. The focus groups gave examples of after school clubs and holiday schemes, which had had to close once the initial funding subsidy, had ceased.[49]

5.3.4 Equipment

As we saw in the survey, equipment costs were most often cited as an obstacle to setting up new provision. The focus groups reported how the costs of equipping a nursery or after school club to a reasonable standard were high. Private providers felt quite aggrieved that they were not given access to the same suppliers used by schools; neither could they benefit from the same VAT- free purchasing facilities. They thought this was unreasonable and unfair. Equipment suitable for older children was more expensive still, and this may have acted as one of the barriers to providing for post-primary school children in the after school clubs.

According to the focus groups, childminders, who usually had little capital behind them, had to ensure that their own house and garden were up to a certain standard and complied with safety regulations, before they could register. They had to have sufficient toys and equipment for the age range of children they were intending to take. It was undoubtedly easier for childminders to restrict the age range of the children they were prepared to take compared to 'other providers', and so contain their set-up costs. As a consequence, some were not keen to take older children and some of them would not take babies.

5.3.5 Time costs of setting up

Potential providers also commented on how time-consuming setting up childcare provision was. They believed most individuals wanting to start from scratch needed to be self-employed or unemployed in order to have enough time to deal with all the conversion requirements, paperwork, planning permission, publicity and so on.

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[49] Gatenby in his recent study *The Out of School Childcare Initiative: An Evaluation of Long-term Sustainability 1998* (1998) Research Report No 48, DfEE found that 80% of the 145 schemes surveyed in 1995 had survived while the remainder had closed.

Actually setting up is hard. ... I couldn't do it while I was childminding as well ... For a start, trying to fight the authorities and schools, and finding the premises, spending all day on the telephone...
(Non-profit making provider, Leeds)

5.4 Infrastructure and information

5.4.1 The key obstacles

In the survey of providers, the most commonly cited deterrent to starting new provision, associated with infrastructure and information, was the lack of support for small businesses (Table 5.3).[50] Two in five providers, excluding childminders, identified this. This figure, however, hides the fact that it was cited more often as a minor obstacle rather than a major one.

The most common major obstacle faced by providers was finding suitable premises, mentioned by nearly a quarter (23%) of all providers. In contrast, the least pressing problem was information on how to set up childcare provision.

There were some significant variations between different types of childcare providers in terms of the problems with the infrastructure and information they most often identified. The **major** obstacles mentioned most frequently were as follows:

- Finding suitable premises – amongst day nurseries (31.3%); playgroups (20.8%); out of school care provision (22.6%); and 'other providers'.
- Lack of support for small businesses - childminders (8.8%).

There also were some differences in the deterrents identified depending on the size of the childcare provider, as measured by the number of children catered for. The only significant difference was in relation to finding suitable premises. Smaller sized providers, those with 20 or less children, found this more of a constraint than larger providers, as did providers in the private sector. There were few significant differences in the obstacles singled out associated with the length of time the provider had been involved in childcare, with two exceptions. Significant differences were found amongst providers in relation to the lack of information on what childcare was needed in their area and in the lack of support for small businesses. However, with both difficulties there were no obvious patterns between the length of time providers had been operating and the extent to which these were identified as a problem. In addition, those providers most concerned about the lack of support for small businesses were in the private sector.
Again, the information gathered from the focus groups can shed light on the issues revealed in the survey.

Table 5.3 Whether factors concerning infrastructure and information were

[50] To keep the table simple, respondents who replied: do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

obstacles stopping others setting up childcare provision by main type of childcare provided

Column percentages

Infrastructure and information	Whether or not factor is an obstacle	Main type of childcare provided					Child-minders
		Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Finding suitable premises	Yes	46.2	29.5	**37.2**	(19.5)	34.1	N/A
	No	20.2	33.2	34.6	(16.7)	29.7	N/A
Lack of co-operation from your local school	Yes	24.0	23.4	21.7	(6.8)	22.4	N/A
	No	45.7	56.6	53.1	(28.2)	52.4	N/A
Lack of co-ordination or planning of childcare provision in your area	Yes	24.1	22.2	23.8	(15.9)	22.6	19.1
	No	52.0	59.3	52.2	(37.1)	55.5	55.7
Lack of information on what childcare is needed in your area	Yes	26.8	23.0	29.8	**(31.9)**	25.4	28.3
	No	52.6	57.2	47.6	(32.0)	53.4	47.4
Lack of information on how to set up childcare provision / as a childminder	Yes	20.2	16.5	19.3	(16.4)	17.8	18.1
	No	52.3	60.0	56.0	(37.7)	56.8	69.1
Lack of support for small businesses	Yes	**52.4**	**36.8**	36.4	(13.2)	**39.3**	20.7
	No	22.6	24.2	30.5	(18.8)	24.7	20.9
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

5.4.2 Local planning for childcare

Potential providers in the focus groups raised the problem of the lack of publicity about what information and advice was available, and the apparent lack of a co-ordinated policy at local level. For example, sometimes the availability of advice on how to start childcare provision was discovered by chance. One respondent had been investigating the possibilities of setting up childcare facilities for some time. She commented:

I think you need to analyse the demand, that would be a starting point ...helping anyone wishing to start, there's the business plan ...I only found out by accident (about Lawtech - the local technical college) by having coffee with the head of the local high school…. It's not advertised'
(Potential provider, Preston)

Although these potential providers had identified, to their satisfaction, an unmet need for provision, some had found it very difficult to get anyone to engage in a dialogue about setting up locations and what plans there were for local provision.

5.4.3 The co-operation of local schools

According to the participants in the focus groups finding schools willing to allow their premises to be used for after school care was not always easy. One potential provider in Preston said several schools refused her:

> *Although I was paid lip service, of yes, yes, it's a wonderful idea, it's great, I just came up against a brick wall. School after school ...*
> (Potential provider, Preston)
>
> *My Head was not in favour of any after school club at all, I cannot use the school class room ... because there might be a sports event but it's wet, they have to go into the hall or the teacher might want to stay and do a bit of marking ...*
> (Potential provider, Leeds)

Several schools had rejected another respondent, who was trying to find premises in which to run an after school club. The reasons given by schools usually were to do with not wanting to lose regular access to any of their rooms that might be needed occasionally, or being uncertain about who would take responsibility for school property.

There was considerable feeling that there needed to be some form of co-ordination of need and provision at local authority level. For example, one respondent's plans for after school provision were knocked back because she was told similar facilities were being set up close by. However, the agency involved was unwilling to discuss alternative locations.

It may be that these potential providers were being unsuccessful for other reasons. Nevertheless, their perception was that there was no clear route to determining the best approach to setting up new childcare provision and no clear guidelines for location according to need.

5.5 Legislation and regulation

As discussed in Chapter 3 (Section 3.4), the 1989 Children Act and other legislation lays down a range of rules and guidance about the nature of suitable premises for childcare provision and about staffing levels. As significant, the 1989 legislation also requires providers to register with their Social Services Department. Providers are then inspected annually. If providers have been given grants for nursery education, they are also inspected every four years under the Nursery Education and Grant Maintained Schools Act 1996. Ofsted, under the Schools Inspection Act 1996, inspects maintained schools providing nursery education. Since the study was conducted, new inspection arrangements are to be introduced.

This regulatory framework plays a vital role in ensuring the standard and quality of childcare provision and in safeguarding the wellbeing of children. However, it has been recognised that the current system, in operation at the time this study was conducted, has some shortcomings. Providers of early education and day care are subject to different types of regulation despite the fact that they offer very similar services to children and often in the same institution. In other words, there are inconsistencies of regulation between types of childcare providers and institutions, and sometimes between geographical areas. In addition, it has been suggested that the existing regulatory frameworks are neither well suited to adapting to changing needs and emerging services nor to new developments in childcare under the National Childcare Strategy.[51] Consequently, the government has assessed whether a uniform regime can be developed and what reforms should be put in place.[52] Thus, it was important to ascertain the extent to which the legislation and other regulation affected potential providers' ability to set up new provision.

5.5.1 The key obstacles

The survey of childcare providers did show that meeting the requirements of the 1989 Children Act was perceived to be an obstacle for around a quarter of all childcare providers, excluding childminders (Table 5.4).[53] However, it was also the least important factor for nearly seven out of ten childcare providers. There were, however, some very significant differences between providers in terms of what they considered the major deterrent within this broad area. The **major** obstacles the different providers identified were as follows:

- Getting planning permission from local authorities – affected a quarter of day nurseries. It also was the major obstacle most frequently cited by 'other providers' and playgroups, but to a lesser extent. One in fourteen 'other providers' identified it, as did just one in twenty playgroups.
- The time it took to register with the local authority was most often mentioned by one in five childminders and one in eight out of school care providers.

Table 5.4 Whether legislation and regulation covering childcare provision were obstacles stopping others setting up childcare provision by main type of childcare provided

[51] *Consultation Paper on the Regulation of Early Education and Day Care* (1998) DfEE, London.
[52] See *Summary of Responses to the Consultation Paper on the Regulation of Early Education and Day Care* (1998) DfEE, Early Years Division, December. As discussed earlier these regulations have now been reviewed and some changes have been incorporated in the Care Standards Bill published in December 1999.
[53] To keep the table simple, respondents who replied: do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

Column percentages

Legislation and regulation	Whether or not factor is an obstacle	Main type of childcare provided					Child-minders
		Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Meeting the requirements of the Children Act	Yes	28.4	**22.4**	29.6	**(19.8)**	**24.8**	22.7
	No	67.4	72.3	63.7	(63.0)	69.4	**73.2**
The time it takes to register with the Local Authority	Yes	36.6	16.6	**32.3**	(14.2)	23.7	52.0
	No	43.8	62.7	57.1	(55.6)	57.2	39.2
Getting planning permission from Local Authorities	Yes	**46.2**	9.9	12.2	(12.8)	18.7	N/A
	No	22.5	31.1	45.6	(31.2)	31.5	N/A
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

Again, there were some significant differences between providers in the extent to which they considered these issues an obstacle. Providers with 31 or more children were nearly twice as likely as smaller providers to see getting planning permission as a problem. In addition, those in the private sector were more affected by this than providers in other sectors. However, the length of time the provider had been operating appeared to make no difference. None of these variables impacted significantly on providers' ability to meet the requirements of the 1989 Children Act or the time it took them to register, with one exception. The longer a childcare provider had been in operation the less likely they were to see the time it took to register as a problem. Thus, providers who had been working in the field of childcare for 31 years or more were three times less likely than those who had been in existence for 5 years or under to view this as an obstacle.

Again, the focus groups can help us understand some of the dynamics underpinning the survey respondents' responses, as outlined below.

5.5.2 Local planning policies

Overall one in five providers surveyed considered getting planning permission as an obstacle to developing new provision. By contrast, in the focus groups local authority planning policies were seen by potential providers as one of the biggest barriers they had to overcome when setting up childcare provision. The search for premises which would satisfy local planners seemed an almost insuperable task to many.

Potential providers in the focus groups felt residents and councillors were afraid of noise. One local government officer was said to have talked of '*hoards of screaming babies*'. Providers thought that planners in one particular authority were more worried about upsetting or disturbing residents than about children's health and safety. This impacted on opening hours - for example the noise of car doors opening at 7am might disturb residents. To such planners it seemed preferable to site a children's nursery next to a busy, but dangerous and polluting road, where no resident would be disturbed.

The 1989 Children Act was unanimously well received by potential and existing providers, but the regulations governing premises, equipment and staffing ratios meant that setting up was a very costly business compared to other small enterprises. In addition, because of the standards required of the premises, for example the number of children's toilets and hand basins and the necessity for carpeting in certain areas, the business rates were often higher too.

5.6 Summary

5.6.1 The greatest obstacle to setting up new childcare provision

In our sample of providers surveyed, the greatest deterrent to setting up new provision was associated with infrastructure and information issues and in particular, the purchase of equipment. One in seven providers identified this. However, similar proportions of providers also identified costs and the economics of provision, namely how long it took to fill up places while incurring full running costs. This was probably because all three categories of obstacles were interdependent.

There was very little variation in the greatest obstacle to developing new provision identified by different types of providers, except childminders were much more likely to be hindered by the governing legislation and regulations than others. Indeed, for all providers, bar childminders, this was considered the least problematic issue when setting up new provision.

5.6.2 Set-up costs

Among the costs incurred when starting new provision, those for buying equipment were most often cited as a hindrance by three in ten providers. However, it was the cost of purchasing premises, and not equipment costs, that were the major obstacle, especially for day nurseries and out of school providers. The major costs hindering new provision for playgroups and 'other providers' were converting or adapting premises, while for childminders it was those resulting from the time it took to fill up places when starting anew.

5.6.3 Infrastructure and information

The most commonly cited deterrent to starting new provision, associated with infrastructure and information, was the lack of support for small businesses mentioned by two in five providers. Yet again, this was more likely to be a minor rather than a major obstacle. The major barrier most frequently mentioned by every type of provider, except childminders, was finding suitable premises. Childminders' major problem was the lack of support for small businesses. Recent government initiatives to help small businesses may, however, help childminders.

5.6.4 Legislation and regulation

Turning now to the legislation and regulation governing childcare provision, and the aspects impeding new provision. Meeting the requirements of the 1989 Children Act was at the same time the most frequently mentioned obstacle (24.8%) and the least important factor (69.4%). The major obstacle for day nurseries, playgroups, and 'other providers' was getting planning permission from local authorities to set up new provision. For childminders and out of school providers, it was the time it took to register with their local authority. The government is aware of these issues and some have been addressed in the recently published Care Standards Bill 1999.

6 OBSTACLES TO RUNNING CHILDCARE PROVISION

6.1 Introduction

This chapter examines the obstacles childcare providers faced when running childcare provision. First, the chapter will report on the main hurdles encountered, and then focus on those associated with the running costs; the economics of provision; infrastructure and information; and regulation and legislation.

Like the previous chapters, it will call on the interviews with childcare organisations, the focus group discussions, as well as the survey of providers, concentrating on their main type of provision.

6.2 Greatest obstacles to running provision

All providers were asked, in an open-ended question, about their greatest obstacle to continuing to provide childcare. The vast majority - some four in five of them - believed that there were obstacles to continuing their services. Only a very small minority (4.9%) did not think any existed. However, childminders were the least likely to believe that there were any constraints (Table 6.1).[54]

Table 6.1 The greatest obstacle to continuing to provide childcare by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Costs[55]	26.0	28.9	**31.8**	**39.0**	29.1	2.6
Economics of provision	**29.4**	**42.1**	21.6	22.4	**35.0**	**58.2**
Infrastructure and information	12.2	11.8	24.2	7.0	13.7	2.1
Legislation and regulation	5.4	1.9	2.8	1.1	2.8	6.2
No obstacles	6.9	3.6	6.7	5.3	4.9	13.9
Not answered	20.1	11.7	12.8	24.8	14.4	17.0
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

[54] The greatest obstacles were grouped together in four main categories. See the Statistical appendix for details of the different components in Table 6.1.
[55] See Table 6.2 for costs involved.

For all providers (excluding childminders), the greatest stumbling block to continuing their services was the economics of provision, particularly competition from schools providing nursery education.

The economic viability of provision was also essential for childminders who were especially worried about their low and unreliable income from childminding. Similarly, it was the greatest obstacle to running childcare identified by playgroups, and day nurseries. By contrast, their ongoing costs and a general lack of funding were the greatest hurdle for providers of out of school care and 'other providers' (Table 6.1).

As we can see (Table 6.1), different types of providers singled out different factors impeding their ability to continue to provide childcare. There were other significant variations as well. Providers in the voluntary sector were more likely than those in other sectors to select costs as their greatest hindrance. However, there were no other variations by sector. The longer providers, but not childminders, had been operating the more likely they were to be concerned about the economics of provision. The length of time providers had been in business also impacted on their views about costs. However, there was no obvious pattern in the relationship between the length of time and the extent of concern about costs. Finally, there were only slight variations in the obstacles selected associated with the size of the provider. Larger providers, those catering for 31 or more children, were more likely than smaller providers to identify the economics of provision as a hurdle to be overcome.

6.3 Costs

6.3.1 The key obstacles

Providers incurred numerous recurrent costs when running their childcare services. The one cost providers were most likely to identify, affecting their ability to continue their childcare provision, was wages (Table 6.2).[56] This was not surprising, as staffing was providers' largest cost and was the most expensive element in childcare provision. Moreover, providers had little scope to juggle their staff costs because of the regulations laying down staff:child ratios.

Wages were mentioned as an obstacle by two-thirds of all providers. They were also the major difficulty encountered by all providers, except childminders. The cost least likely to concern them was insurance, identified by just three in ten providers. The significance of wages did vary by type of provider with playgroups being the most likely of all to single out wages and 'other providers' the least likely (69.3% compared to 44.1%).

[56] To keep the table simple, respondents who replied: do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

Table 6.2 Whether costs were obstacles to continuing to provide childcare by main type of childcare provided

Column percentages

Costs	Whether or not factor is an obstacle	Main type of childcare provided					Child-minders
		Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Insurance	Yes	21.1	35.3	20.3	(24.4)	29.1	33.5
	No	60.6	57.1	67.7	(46.6)	59.2	64.4
Rent	Yes	33.4	45.0	36.8	(21.6)	40.1	4.6
	No	28.5	39.3	42.3	(24.7)	36.7	38.1
Wages	Yes	**62.5**	**69.3**	**57.5**	**(44.1)**	**64.8**	N/A
	No	23.9	21.9	31.9	(30.9)	24.4	N/A
Registration and inspection costs	Yes	35.2	33.0	35.6	(23.2)	33.4	43.3
	No	50.1	58.0	53.0	(46.0)	54.8	54.1
Catering costs	Yes	29.7	9.6	17.1	(12.1)	15.6	25.8
	No	53.5	43.2	60.7	(28.1)	47.8	65.5
Advertising	Yes	31.4	32.5	31.4	(18.8)	31.9	18.0
	No	52.5	47.4	53.7	(50.7)	49.8	46.4
Getting a retainer fee over the summer	Yes	N/A	N/A	N/A	N/A	N/A	36.1
	No	N/A	N/A	N/A	N/A	N/A	32.5
General administrative costs	Yes	39.6	45.4	41.5	(30.8)	42.8	42.7
	No	46.6	41.0	48.8	(38.8)	43.5	47.4
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

Concerns about wages are predictable, but need to be put in perspective. It has been shown that gross hourly pay rates in childcare can vary from under £3 for playgroup workers to £17 for nursery teachers.[57] Amongst the survey respondents, the salary range was wide. This was because a small minority of the respondents owned or managed the childcare provision but the vast majority did not. Nearly three in five of all respondents' gross annual income was less than £10,000 and this proportion rose to nearly nine in ten for childminders (Table 6.3).[58] The high wages at the top of end of the distribution can be explained by the fact that one in five of the survey respondents classified their job titles as principal, chairperson or owner.

Table 6.3 Gross annual salary by main type of childcare provided

Cumulative percentages

Gross annual salary	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Less than £5,000	4.1	66.8	26.8	(30.6)	44.3	63.4
£5,001-£10,000	17.1	79.3	47.0	(45.2)	58.3	87.1
£10,001-£15,000	39.1	83.0	58.5	(58.7)	67.9	92.3
£15,001-£20,000	58.7	84.9	69.4	(66.7)	75.6	93.3
£20,001-£25,000	70.4	86.5	77.2	(74.3)	80.8	93.8
£25,001-£30,000	74.1	87.1	79.1	(74.3)	82.3	94.3
£30,001+	86.3	88.4	86.9	(75.7)	87.2	95.3
No wages -volunteers	0.3	4.8	4.1	(6.5)	3.7	N/A
Not answered	13.4	6.8	9.0	(17.8)	9.1	5.7
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

Childminders' priorities were somewhat different from those of other types of childcare providers, probably because their turnover and income was so much smaller by comparison. For childminders, the costs most often reported as hindering the continuation of their service were associated with registration and inspection. However, this was more often a minor rather than a major hurdle. Their most significant major obstacle was getting a retainer fee for children over the summer period when, and if, the child did not attend (Table 6.2).

Although there were some differences in the importance providers attached to these varying costs depending on their size[59] and the length of time they had been operating, none of them was significant. By contrast, the sector providers worked in did make a significant difference on the extent to which they considered some costs an impediment. Organisations in the voluntary sector were more likely than those in the private or public sectors to experience wages, rent, and insurance costs as burdensome. With all three costs, it was providers in the public sector who were least concerned about them.

[57] Quoted in '*Working wonders: quality staff, quality services*' (1997) Briefing paper 2, Daycare Trust, London.

[58] Respondents were not asked if they worked full or part-time, so these low figures include part-time wages. And for this reason it was not possible to estimate an hourly wage and compare it to the national minimum wage.

[59] Measured by the number of children catered for.

Again, the focus group discussions, reported on below, can shed further light on the concerns reported by the survey respondents.

6.3.2 The national minimum wage

The focus group discussions took place before the introduction of the minimum wage and some providers were worried about its impact because staff pay was generally so low. As one participant observed:

> *If they brought a minimum wage into playgroups that's the end of that. I've worked in playgroups and there are a lot of times when you go home with nothing.*
> (Non-profit making provider, Leeds)

So there was a general concern that the minimum wage would put up the costs of some types of provision. Alternatively, to remain viable some providers would have to rely more on volunteers, which could lead to a fall in standards. Childminders were unaffected by the minimum wage, as they were usually self-employed. Some providers, however, speculated that an indirect effect of this might be that childminding would become cheaper and more affordable compared to other provision in the voluntary and private sector affected by the minimum wage. What these discussions indicate is the extent to which the infrastructure of childcare provision has been built on a low-wage economy.

6.3.3 Sick and maternity pay

Providers were also worried about another wage-related issue, sick pay for staff. They asserted that they could not claim it back. Private providers, in particular, thought this was very hard on them financially and indeed on other small businesses, because the profit margins were so slim. They believed that because they had a predominantly female workforce, they were especially vulnerable to large amounts of sick leave being taken, often around maternity leave.

> *... so we have to pay her sick pay, 28 weeks and then we will have to pay her maternity pay, I cannot refuse to let her come back to work, but if she's back in work for 2 weeks, I then have to pay another 20 weeks with sick pay.'*
> (Private provider, Leeds)

Other research[60] also shows that small employers often find these issues difficult to organise and finance, especially when replacement staff are needed.

6.4 The economics of provision

6.4.1 The key obstacles

A combination of factors can influence the economic viability and sustainability of provision and, consequently, providers' capacity to continue to provide services.

[60] Callender C, Millward N, Lissenburgh S, and Forth J (1997) *Maternity Rights in Britain 1996* HMSO, London.

These varying factors, including those providers perceived as threats to their business, are listed in Table 6.1 and have been grouped together under the heading of the economics of provision.

The affordability of childcare was the factor most frequently cited as affecting the viability and sustainability of the providers' services. Over three-quarters of all providers surveyed, except childminders, thought that how much parents could afford to pay for childcare influenced their provision (Table 6.4).[61] This was not necessarily the major obstacle for all providers although it was for over two out of five (43.7%) out of school care providers.

The other major obstacles most frequently cited by the providers were as follows:

- The belief that childcare should be cheap was the major obstacle identified by three in five childminders and two in five day nurseries; while
- The perceived threat of competition from schools providing nursery education was identified by well over half (55.3%) playgroups and over a quarter (26.7%) of 'other providers'.

There were some interesting associations between the obstacles providers selected and a range of variables. The most significant was the extent to which certain developments were perceived to be a threat to providers, and hence an obstacle to continuing to provide childcare. This varied with the length of time providers had been operating as providers. Thus, the longer a provider had worked in the field, the less likely they were to see parental preferences for informal care as a threat. However, the opposite was true in relation to competition from 'other providers', competition from schools, and the trend in parents sending their 3 and 4 year olds to nursery education. So on the whole, the longer providers had been operating the more likely they were to be concerned about these three developments. However, with all these three trends, providers in the public sector were the least concerned. Similarly, there were differences in providers' views by the number of children catered for, but even where these were significant, there was no obvious pattern in the relationship between size and the extent of concern about a particular hurdle.

All these issues were raised in the focus groups and interviews with childcare providers.

Table 6.4 Whether the economics of provision were obstacles to continuing to provide childcare by main type of childcare provided

Column percentages

Factors	Whether or not factor is an obstacle	Main type of childcare provided	Child-minders

[61] To keep the table simple, respondents who replied: do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

		Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
How much parents can afford to pay for childcare	Yes	**76.5**	**79.7**	**78.6**	(31.3)	**76.7**	**79.9**
	No	15.9	14.7	14.7	(19.1)	15.2	17.5
The belief that childcare /childminding should be cheap	Yes	64.9	70.3	73.2	(28.9)	67.8	**82.5**
	No	18.3	20.0	16.4	(21.2)	19.1	9.8
Informal care provided by family and friends	Yes	41.6	26.2	44.4	(25.9)	32.7	41.2
	No	36.9	44.5	36.6	(25.4)	40.7	36.1
Competition from other providers	Yes	45.1	56.0	30.2	(31.3)	48.2	40.2
	No	45.1	33.6	53.6	(26.4)	39.2	49.0
Competition from schools providing nursery education	Yes	68.5	78.2	13.2	(35.3)	63.6	47.9
	No	23.2	14.5	50.2	(27.5)	22.9	42.8
Parents sending their 3 and 4 year olds to nursery education	Yes	65.1	79.3	12.2	(39.4)	63.3	50.0
	No	24.9	13.3	41.1	(24.4)	21.0	41.2
Parents' insecure jobs	Yes	58.5	40.8	49.2	(17.3)	45.3	70.1
	No	28.3	37.8	28.0	(20.9)	33.3	19.1
High turnover of children	Yes	29.7	37.7	28.6	(21.4)	33.6	26.2
	No	55.7	44.4	47.9	(49.6)	47.8	44.8
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

6.4.2 Affordability and pricing structure

Over three-quarters of the survey respondents identified affordability as a key obstacle to provision. Participants in the focus groups also believed strongly that there were limits to what could reasonably be charged for childcare. They thought these limits were in part culturally determined and in part determined by what parents could afford to pay. Even the well paid in this country were reluctant to pay highly for childcare. However, the providers recognised that many parents (namely mothers) did not earn enough to be able to pay much for childcare and custom dictated that childcare costs were considered in relation to the mother's wage, which was usually lower than the father's.

> *I don't think they can afford to ... one of my parents I know for a fact, it's nearly half her wage, and it's not very cheap for her, and she couldn't afford to give me any more than that.*
> (Childminder, Leeds)

It was felt that there was still a pressing need for affordable childcare for parents on low and middle incomes.

> *If you're only paying out £2 an hour for childcare they need to be on at least £5 an hour because the time they have paid the childcare and the tax it's really not worth them working.*
>
> *We found quite a few parents that are in catch 22 where they can't afford to pay but they can't earn enough. They have a concession rate for some but they don't advertise it, and they have got to go and grovel more or less ...*
>
> *then you get to where one of the parents isn't working and that's why they can get this childcare and they get back to work and the childcare thing stops because they are back to work and earning more money, then they are in the same boat again (that is not being able to afford the childcare)*
> (Non-profit making providers, Kendal)

For many parents childminders were the cheapest option and this often left some families with little choice.

> *I didn't have any choice really, I was a single parent, and I had to take work up to the maximum. I took 14 weeks leave, I went straight back to work, I got the only childminder in the village, so if she hadn't taken him, I don't know what I would have done. I couldn't really afford to put him into a nursery.*
> (Potential provider, also a parent, Preston)

Providers saw childcare as a traditionally lowly paid profession with a non-commercial ethos. It was generally agreed that people did not go into childcare primarily to make money. It could be profitable but by a very modest margin. For example, a commercial provider running two nurseries with a staff of seventeen said he paid himself a '*very modest salary'*. Schools with premises and infrastructure already in place could only earn '*a little extra'* by providing after school care. Yet, for many schools it was more trouble than it was worth. They could earn much more from hiring out space to outsiders such as Weightwatchers etc.

The introduction of the Childcare Tax Credit as part of the Working Families Tax Credit will help tackle the burning issue of affordability – a central feature of the National Childcare Strategy. Not only will more families be able to get help with childcare costs, but also they will be able to get more money to meet these costs.

At the time this study was conducted, the Childcare Tax Credit had not been introduced. It is not surprising, therefore, that there was little awareness of Childcare Tax Credit among the potential providers. However, when it was explained, they thought that it would stimulate demand for childcare from low-paid families. Most current providers, who were aware of it, thought it a good idea. Nevertheless, they believed that very low earners would hardly earn enough to benefit from it.

6.4.3 Perceived competition from schools and the expansion of nursery education for 3 and 4 year olds

Nearly two-thirds of the providers surveyed perceived that competition from schools providing nursery education and parents' use of nursery education for their 3 and 4 year olds threatened their continuing provision. They attributed their concerns to the expansion of nursery education which means more childcare/nursery education places will be available for 3 and 4 year olds. Since the study was conducted, a nursery place for every 4 year old has been guaranteed for those who are eligible. This policy will be particularly beneficial to children from low-income families, whose parents could not afford to pay for private provision.

Our interviews with childcare organisations revealed how they felt threatened by nursery expansion rather than seeing it as a potential opportunity, for example by exploiting the new funding for 3 year olds. According to these organisations, the most profitable part of the childcare market was older children, especially those over four years old. This was because of the low staff:child ratios compared to younger age groups. With the increasing numbers of 4 year olds going into nursery education the most lucrative part of the market was being lost. Therefore, the costs of provision for younger children were increasing. In other words, they believed that with the entry of 3 and 4 year olds into nursery education, the economics of private provision had changed. The market for private provision had narrowed.

The private daycare providers interviewed were particularly concerned about this development. They complained that no help was being given by the government to cover their losses and the true costs of provision. By contrast, playgroups were concerned that they might lose all their 3 to 4 year olds unless they were prepared to think about providing education as well. Thus, it was the price inelasticity that was the problem, especially at the lower end of the market.

According to the private providers interviewed and those in the focus groups, parents were choosing nursery education for their 3 and 4 year olds rather than playgroups or day nurseries for a variety of reasons such as:

- its availability;
- it was free of charge;
- their desire to get their children into a 'good' school and a reception class was one way into that school; and

- parental demand for, and concerns about, the education of their pre-school children.

One private day nursery provider from Leeds cynically summed up this last point by saying *'Parents want their children to have an A-level when they are five'*. Indeed, the providers debated the pros and cons of '*educare'*.

However, some nurseries were finding that many parents were choosing to leave their 3 to 4 year olds at day nurseries instead of moving them to nursery schools. There were two reasons for this. By leaving them in the nursery, the problem of transporting them to and from a nursery school was avoided. Also, the staff:child ratios were better at day nurseries than in nursery schools. Many day nursery providers felt that they were providing good quality care, which included appropriate education as well.

Some childminders believed that this ideological shift which stressed the educational input of childcare was making institutional care more attractive than home-based individual care.

Once in place this policy would have obvious implications for anyone setting up a pre-school nursery, but it was discussed mainly from the standpoint of existing providers in this study.

6.5 Infrastructure and information

6.5.1 The key obstacles

The infrastructure issues affecting the continuity of childcare services focused on expertise in marketing and poor or no public transport facilities. A third of providers (excluding childminders) reported that their lack of expertise in marketing childcare provision hindered their provision (Table 6.5).[62] This was also the major problem for day nurseries, playgroups and 'other providers'; however, only about ten per cent of each was affected. By contrast, for out of school care providers and childminders, poor or no public transport was a more significant issue. One in seven out of school care providers saw this as a major hurdle compared to one in twenty-five childminders.

[62] To keep the table simple, respondents who replied: I do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

Table 6.5 Whether infrastructure and information issues were obstacles to continuing to provide childcare by main type of childcare provided

Column percentages

Factors	Whether or not factor is an obstacle	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Poor or no public transport	Yes	23.2	16.0	28.3	(16.5)	19.7	19.6
	No	54.0	57.0	33.8	(35.2)	51.7	46.4
Lack of expertise in marketing childcare provision	Yes	**32.9**	**36.2**	**33.0**	**(22.3)**	**34.6**	N/A
	No	42.1	33.5	41.3	(26.4)	36.4	N/A
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

There were no significant variations in the extent to which providers saw these issues as obstacles by their size, sector, or the length of time they had been operating. Several issues about transport were raised in the focus groups' discussions, as outlined below.

6.5.2 Transport

Providers in the focus groups highlighted how the lack of transport affected people living in rural areas. It meant that without private means of transport and someone free to drive children about, childcare provision was often inaccessible to them.

They reported that parents living in isolated rural areas had particularly acute needs for childcare provision because their children had less opportunity to mix with other children, and if provision existed at all, there was little choice. Also, parents themselves were often living quite isolated lives and for them local childcare provision could offer a way of bringing them into regular contact with other parents.

> *And that's one of the reasons why the small group in a rural area is very important because it's providing a service, not just for the child in many respects, because there are people who feel isolated. Many women who don't work still, or work on a farm, and that's their job, for them to go to a pre-school group with their child, once or twice a week, gets them out, meet other parents, it's very much a service.'*
> (Private daycare provider, Kendal)

The focus groups believed that keeping rural childcare provision was also a way of keeping rural village schools open and helping to sustain a rural community. They quoted cases of 3 year old children travelling 24 miles a day to benefit from free education in a state nursery, because there was no state provision in the rural area and no funding to attend a private nursery. This may have repercussions on choice of school later, and lead to lack of support for rural schools.

> *... it keeps the village school going, quite nicely. The pre-school groups ... you often find that the parents who bring their children to that pre-school group will then want them to go into that village school, ... so it's feeding the school.*
> (Private daycare provider, Kendal)

Our econometric analysis of the factors affecting the take-up of childcare in Chapter 2, (Section 2.3.2) both refutes and supports these conclusions. Our analysis showed that the probability of a mother using formal childcare as a whole varied strongly with population density but it was not necessarily between rural and urban areas as such. However, mothers in car-owning families were substantially more likely to use formal childcare, after allowing for the influence of family income.

The focus groups also helped shed light on why the lack of transport or the means to fund it were problems in setting up after school provision, especially when trying to service several schools in the one setting.

> *... we only service one school at the moment. It's very difficult to get round to them all ...because they all have the same finishing time ... we would need a minibus to go round and pick them up, or we rely on childminders to bring them in.'*

The difficulties of transporting children to and from different schools made out of school care problematic unless each school provided its own after school care. The advantages of providing on-site after school care were that the administration and infrastructure were already in place, and the building too of course. The difficulty was compounded in rural areas where children were bussed into schools and had to be bussed home again at the same time.

One local authority (large urban) was considering 'wrap around' care from 8am to 6pm in order to tackle this problem of transportation which affected all working parents.

6.6 Legislation and regulation

In Chapter 5 (Section 5.5) we discussed how the regulatory frameworks affecting different types of providers varied. Consequently, there were inconsistencies of regulation between types of childcare providers and institutions, and sometimes between geographical areas. These issues are well recognised by the government and have prompted changes to the legislation and regulations affecting childcare providers.
However, when this study was conducted these inconsistencies and anomalies existed. For example, state schools and nursery schools did not have to comply with the same staff:child ratios as other childcare providers. This was because they fell within the remit

of the School Inspections Act 1996 and not the 1989 Children Act. For those attached to primary schools, their staffing levels were affected by the DfEE's Circular 2/73. This circular recommended a ratio of 2:26, provided there was at least one qualified teacher and one qualified nursery assistant, or 1:20 if the teacher had other administrative duties to perform. By contrast, private day nurseries and others falling within the remit of the 1989 Children Act, had to work with a ratio of 1:4 for 3 year olds and 1:8 for 4 year olds. It is in this context that respondents' replies to the survey should be located.

6.6.1 The key obstacles

There are a variety of different aspects of the legislation and regulations governing childcare that can potentially affect the continuity of provision. Indeed, in the survey, all providers, excluding childminders (Table 6.6) most often selected as an obstacle differences in the regulatory standards between different types of childcare provision.[63] This was also the most common major obstacle identified by a third of day nurseries, an eighth of playgroups, and a tenth of 'other providers'. The most frequently mentioned major encumbrance reported by out of school childcare providers was differences in the way local authorities interpreted the regulations and guidelines of the 1989 Children Act. By contrast, local authorities not policing unregistered childminders was by far the most significant obstacle for childminders. Three out of five childminders identified this issue and the vast majority saw it as their major challenge to the continuity of their services.

Again, there were variations in the extent to which these factors affected providers' ability to continue to provide services. Those in the private sector were the most likely to report obstacles associated with: differences in regulatory standards between different types of childcare provision; differences in the interpretation of the 1989 Children Act's regulations and guidelines between local authorities; and differences in the interpretation of the 1989 Children Act's regulations and guidelines within their local authority. By contrast, organisations in the public sector were the least likely to see these issues hindering their childcare services. They were only half as likely as private sector providers to identify them as obstacles.

There were also significant differences in the extent to which the interpretation of the 1989 Children Act, both between and within local authorities, were identified as issues depending on the size of the provider. The larger the provider, the greater the challenge posed by the interpretation of the legislation. Larger providers, with 31 or more children, were one and half times more likely than small providers, with 20 children or less, to identify these issues.

Table 6.6 Whether legislation and regulations were obstacles to continuing to provide childcare by main type of childcare provided

Column percentages

[63] To keep the table simple, respondents who replied: I do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

Factors	Whether or not factor is an obstacle	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Differences in the regulatory standards between different types of childcare provision	Yes	**62.4**	**38.7**	**41.5**	**(26.1)**	**44.1**	N/A
	No	25.5	40.5	40.8	(35.0)	36.8	N/A
Differences in interpretation of the 1989 Children Act's regulations and guidelines between local authorities	Yes	54.1	29.6	32.5	(24.1)	35.6	34.0
	No	32.4	49.2	48.5	(39.8)	44.8	50.5
Differences in interpretation of the 1989 Children Act's regulations and guidelines within your local authority	Yes	44.1	27.8	33.2	(18.8)	31.8	29.4
	No	42.4	54.3	50.3	(42.7)	50.4	52.6
How often your local authority inspects you	Yes	17.1	12.3	9.8	(2.4)	12.6	15.4
	No	74.3	77.2	75.7	(71.7)	76.1	78.9
The Local Authority not policing unregistered childminders	Yes	N/A	N/A	N/A	N/A	N/A	**62.8**
	No	N/A	N/A	N/A	N/A	N/A	17.0
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

Once again, information gleaned from both the interviews with providers and the focus groups can help us understand further some of the issues underpinning providers' views, reported on below.

6.6.2 Differences in regulatory frameworks affecting different types of providers

In the survey of providers, these differences were identified as a major obstacle to the continuity of providers' childcare services. Private nursery providers in the focus groups felt particularly aggrieved that state schools and state nursery schools did not have to comply with the same staff:child ratios as they did, because they fell within the remit of different legislation. While private day nurseries and others had to work with staff:child ratios of 1:4 for 3 year olds and 1:8 for 4 year olds, the schools could operate with far larger staff:child ratios.

Some of the providers interviewed believed that in reception classes, catering for 4 year olds, children could be in classes of over 30 with just one teacher and one classroom assistant. Their observations could be correct. There is no legal limit for ratios of staff to children in reception classes. Private providers did not want their ratios changed but they felt that the state sector should have to comply with the same regulations.

Discussions with the childcare organisations also highlighted how the age spans of children covered by differing legislation varied. The Children Act covers children up to the age of eight while the education legislation relating to pre-school services focuses on 3 and 4 year olds.

Finally, the space requirements for children of differing ages are laid down in the Children Act. However, these requirements for 3 and 4 year olds in maintained schools were deregulated in 1996. It was these anomalies in the legislative and regulatory frameworks that aggrieved providers in the focus groups.

Some of these issues will be addressed by the recent changes announced by the Minister in August 1999.

6.7 Summary

6.7.1 The greatest obstacle to continuing to provide childcare

Providers' greatest obstacle to continuing to provide their services was associated with the economics of provision, especially how much parents could afford to pay for childcare and competition from schools providing nursery education. A third of all providers selected the economic viability of their provision as the greatest threat, especially day nurseries, playgroups and childminders. For out of school care and 'other providers' it was the ongoing costs and general lack of funding which hindered them. For all providers the governing legislation and regulations were the least problematic issues.

6.7.2 Costs

Providers incurred numerous recurrent costs when running their childcare services. The one cost providers, but not childminders, were most likely to identify, which affected their ability to continue to provide childcare, was wages. Two-thirds of providers mentioned this. Wages were also providers' major obstacle. The significance of wages did vary by type of provider with playgroups being the most likely of all to single them out and 'other providers' the least likely (69.3% compared to 44.1%). However, childminders' continuity of provision was hampered by registration and inspection costs.

6.7.3 The economics of provision

The most commonly cited obstacle to continuing provision, associated with the economics of provision, was how much parents could afford to pay for childcare – mentioned by over three-quarters of all providers. This was a major obstacle for out of school care providers but not for any other type of provider. The major one for childminders and day nurseries was the belief that childcare should be cheap while for playgroups and 'other providers' it was the perceived threat of competition from schools providing nursery education.

6.7.4 Infrastructure and information

For a third of providers, the most frequently reported obstacle in the area of infrastructure and information affecting the running of their provision was their lack of expertise in marketing. For one in five childminders, the problem was the lack of public transport.

6.7.5 Legislation and regulation

The aspect of the legislation and regulation governing childcare provision most likely to hinder the continuity of provision was the differences in the regulatory standards between different types of childcare provision. This was cited by 44.1 per cent of providers. It was also the major obstacle for day nurseries, playgroups and 'other providers'. The most frequently mentioned major encumbrance reported by out of school childcare providers was differences in the way local authorities interpreted the regulations and guidelines of the 1989 Children Act. By contrast, local authorities not policing unregistered childminders was by far the most significant obstacle for childminders. Many of these issues have been recognised in the changes announced by the government in August 1999 and in the Care Standards Bill published in December 1999.

7 OBSTACLES TO PROVIDING HIGH-QUALITY CHILDCARE

7.1 Introduction

This chapter examines the obstacles childcare providers faced in providing high-quality childcare. First the chapter will report on the main obstacles encountered, and then focus on those associated with the terms and conditions of employment, training and qualifications, and the economics of provision.

Like the previous chapters, it will call on the interviews with childcare organisations, the focus group discussions, as well as the survey of providers concentrating on their main type of provision.

One of the key objectives of the National Childcare Strategy is to raise the quality of childcare provision. According to the Green Paper, there are no common definitions of standards or quality which are recognised and applied across all childcare settings. Not only are there gaps and inconsistencies in the system of regulation, but many childcare workers lack formal qualifications. The Green Paper estimated that 20 per cent of pre-school workers and 70 per cent of childminders in England have no formal childcare qualifications. It was for these reasons that our survey of providers, interviews and focus groups explored these facets of quality.

Our discussions with childcare organisations suggested that parents were becoming much more discerning about the quality of provision. Similarly, research shows the increasing importance of childcare quality for parents. For example, studies on lone parents' decision to return to work highlight how the quality of provision is essential in mothers' decision to return to work.[64] The provision must be of a high quality. It must be good enough to replace the mother, to warrant taking a job. It must generate parents' confidence because the lack of confidence in its quality can act as an important barrier to take-up among parents.

Childcare organisations suggested that the quality of any provision was reflected in:

- the nature of the staff employed
- the terms and conditions of employment
- staff turnover
- the attitudes and approach of the staff to care and education
- levels of qualifications of staff
- staff development
- the staff:child ratios and
- the amenities provided.

Providers in the focus groups believed that the major factor determining quality in childcare was the quality of the staff employed, or in the case of a childminder, the

[64] Ford R (1996) *Childcare in the Balance: How lone parents make decisions about work* Policy Studies Institute, London.

quality of family care s/he offers. Therefore, it is worth sketching out the nature of the childcare workforce in our sample of providers, before exploring other obstacles to quality care.

7.2 Who works in childcare

There are no comprehensive data on the profile of those working in the childcare field. However, unpublished extrapolations from household survey and other data indicate that only about one per cent of those working in childcare are men.[65] In other words, childcare is almost an entirely gendered career. In addition, staff tend to be young, and white.[66]

Table 7.1 clearly shows how the providers in our sample were female dominated: nearly all the survey respondents were women. Their median age was 41 years. The age for childminders is in keeping with data held by the National Childminding Association. Data on nursery nurses from the Labour Force Survey show that their median age is 25 or under. However, our sample had a cross section of providers. In addition, about one in five of the survey respondents classified their job titles as principal, chairperson or owner and so were likely to be older.

Table 7.1 The gender of the respondent by main type of childcare provided

Column percentages

Gender	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Male	6.1	2.6	18.6	(8.4)	6.3	1.0
Female	**92.5**	**96.4**	**79.5**	**(87.1)**	**92.4**	**97.9**
Not answered	1.4	1.0	2.0	(4.5)	1.4	1.0
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

7.3 Greatest obstacles to providing high-quality childcare

All providers in the survey were asked, in an open-ended question, about the greatest obstacle stopping providers from delivering high-quality childcare. Over four in five of them believed that such obstacles existed while nearly one in five did not. However, childminders were the least likely to believe that there were any constraints.

Providers were most likely to identify staff's terms and conditions of employment as the greatest obstacle to quality care (Table 7.2). Nearly a quarter mentioned this. And

[65] Penn H, McQuail S (1997) *Childcare as a Gendered Occupation* DfEE Research Report 23, DfEE, London.
[66] 1998 Labour Force Survey.

within this broad category of obstacles, they singled out the wage levels of staff. By contrast, the issue of least concern to them was the legislation and regulation. This is particularly interesting because in Chapter 6 we saw the way differences in the interpretation of the legislation, especially in connection with child:staff ratios hindered providers from continuing to deliver childcare services.

Table 7.2 The greatest obstacle to providing high quality childcare by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Staff's terms and conditions of employment[67]	25.4	24.7	18.5	(26.7)	23.9	N/A
Training and qualifications[68]	23.3	18.0	20.9	(16.5)	19.6	19.6
Costs	8.3	13.7	7.8	(10.2)	11.3	6.2
Economics of provision[69]	23.5	21.9	**29.8**	(18.1)	23.4	39.0
Infrastructure and information	2.0	3.6	4.5	(1.1)	3.2	3.6
Legislation and regulation	0.8	0.9	0	(0)	0.7	1.0
No obstacles	8.6	9.0	4.8	(12.9)	8.4	21.6
Not answered	8.1	8.3	13.7	(14.6)	9.4	8.8
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

There was some variation in different providers' views on the greatest obstacle to providing quality care. Day nurseries, playgroups and 'other providers' were most likely to single out staff's employment conditions: around a quarter did so. Out of school care providers and childminders were much more troubled by the economics of provision, namely how much parents could afford to pay for childcare. Three in ten out of school care providers and two in five childminders singled out this as a challenge they had to face.

Providers in differing sectors selected significantly different obstacles. In particular, voluntary organisations were nearly twice as concerned as those in the public and private sectors, about costs affecting the quality of their provision. Similarly, there were some important differences in providers' views depending on how long they had been in business. However, there were no obvious patterns between the length of time in operation and the obstacles selected. Finally, the larger the provider, the more likely they were to be worried about the terms and conditions of employees. Providers catering for 31 or more children were one and half times more likely than providers with 20 children or less to mention this issue as a barrier to quality provision.

[67] See Table 7.3 for the issues concerning employees' terms and conditions.
[68] See Table 7.6 for the issues related to training and qualifications.
[69] See Table 7.7 for a list of the factors concerning the costs of provision.

7.4 Staff's terms and conditions of employment

7.4.1 Key obstacles

There were several aspects of employees' terms and conditions of employment potentially hindering the delivery of quality care which are listed in Table 7.3. The obstacle most frequently mentioned by all providers was their ability to recruit suitably qualified and experienced staff. Over four in five of all providers cited this (Table 7.3).[70] It was also the most common major barrier for only three in five (57.6%) out of school care providers. The major issue for seven in ten playgroups, nearly three in five (57.6%) day nurseries, and half of 'other providers' was the wage levels of childcare staff.

The extent to which providers identified each hurdle to providing quality childcare varied slightly by their size, how long they had been operating in the field, and by sector. However, these differences were not statistically significant.

Again, the discussions with the childcare organisations and focus groups can help us understand some of the dynamics underpinning the issues identified by providers in the survey. It is important to note, however, that issues concerning recruiting staff, wages, career opportunities and staff turnover were all inter-linked in providers' minds. It was often difficult for the focus group participants to talk about just one of these issues, in isolation from the others.

[70] To keep the table simple, respondents who replied: do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

Table 7.3 Whether employees' terms and conditions of employment were obstacles to providing high -quality childcare by main type of childcare provided

Column percentages

Costs	Whether or not factor is an obstacle	Main type of childcare provided				
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)
Finding suitably qualified and experienced childcare staff	Yes	81.9	82.6	**87.7**	(69.5)	**82.7**
	No	16.0	14.6	10.6	(22.9)	14.6
Staff turnover	Yes	73.8	67.6	74.5	(61.5)	69.9
	No	23.3	29.3	21.6	(26.7)	26.6
Wage levels of staff	Yes	**87.3**	**90.7**	86.5	**(83.6)**	78.9
	No	9.3	6.5	10.8	(6.4)	7.8
Limited career opportunities	Yes	77.7	77.5	75.4	(67.4)	76.7
	No	17.4	15.4	17.9	(11.2)	16.1
Base total number		249	613	179	46	1,087

Source: PSI Survey of Childcare Providers 1999

7.4.2 Staff recruitment

According to those interviewed from childcare organisations, to improve the supply of qualified staff there was a need to:

- develop a career structure to attract high-quality staff
- increase the status of childcare
- increase training opportunities
- improve staff development to reduce turnover.

In keeping with the findings from the survey of providers, those in the focus groups who found it most difficult to recruit staff were involved in before and after school care, and holiday care. These providers pointed out that for most people, employment for an hour in the morning and two or three hours in the afternoon was inconvenient unless they could find complementary working hours, say as a classroom assistant. One person reported doing this and it worked well. Holiday times were difficult too and this type of care was heavily dependent on volunteers. High staff turnover was a result.

> *I've just lost my two oldest staff ... older women with their own children have to then take care of their own childcare arrangements and they think,*
>
> *oh, is this all worth it for what, an hour?*
>
> (After-school provider, Leeds)

In the focus groups, day nursery providers and others offering standard day care hours did not report any major problems recruiting staff however, they recognised the importance of attracting qualified and experienced staff. Private suppliers of nursery day care talked of good responses to job advertisements. While many might be poor quality applicants, generally there were enough good applicants to make the selection process competitive.

To help increase the supply of qualified staff, the government aims to provide up to 50,000 opportunities for young people to work or train in childcare through the *New Deal for Young People.* However, providers in the focus groups expressed severe reservations about these proposals to recruit unemployed 18-24 year olds into childcare. In their opinion, 18 year olds were too young to take on the responsibility for groups of children. They thought the *New Deal for Young People* might also attract the wrong type of person.

> *I think they might be a bit too young. Taking a lot of the responsibilities that go with childcare, it's alright them having a little sister at that age or whatever, but when it comes to looking after a group of children, you don't want to leave them on their own with a group of children when they are not much older than the children themselves.*
> (Non-profit making provider, Kendal)

Since the survey was undertaken, there has been a considerable growth in childcare provision which has lead some commentators to suggest that there are now shortages. The government recognises that there are local shortages in childcare staff but there did not seem to be a significant national problem. In response to these issues, the government is to launch a major recruitment campaign later in 2000 for early years workers to promote childcare as a career to all job seekers of all different backgrounds.[71]

7.4.3 Wages

In Chapter 6 (Section 6.2.1) we saw how two-thirds of all providers believed that their salary costs were an obstacle to continuing to provide childcare. This was not surprising, as wages are one of the most expensive elements in childcare provision and represent providers' largest cost. Yet, wages were low. As we saw, nearly three in five of all respondents' gross annual income was less than £10,000. This proportion rose to nearly nine in ten for childminders (Table 6.3).[72] Despite these wage levels, some providers in the focus groups were concerned about the effects of the national minimum wage on their wage bills. What these findings indicated is the extent to which childcare services have been built upon a low wage economy.

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[71] 'Staff shortage hits plan for extra childcare' *The Times* 5 February 2000.

[72] Respondents were not asked if they worked full or part-time, so these low figures include part-time wages.

So, whilst providers recognised salary costs were a major obstacle to continuing to provide childcare, they also acknowledged poor wage levels were a major obstacle to recruiting good quality staff and providing a good quality service.

Much research attempts to explain the distribution of wages, and gender differences in particular. Data from the survey confirmed the gender differences in respondents' income. The median income for women was between £5,001 - £10,000 per annum while for men it was between £20,001-£25,000 (Table 7.4).[73] Women's lower wages are traditionally associated with both vertical and horizontal gender occupational segregation and the hours they work. There certainly was evidence in the survey that men were in higher positions within their field, which helps explain their higher incomes. However, no data in the survey were collected on respondents' hours of work. Some of these income differences are likely to be associated with women's tendency to work part-time and men's to work full-time.

Table 7.4 Gross annual salary by gender

cumulative percentages

	Men	Women	Total (excluding childminders)
Less than £5,000	6.6	47.2	44.3
£5,001-£10,000	12.6	61.9	58.3
£10,001-£15,000	21.2	71.6	67.9
£15,001-£20,000	37.8	78.7	75.6
£20,001-£25,000	55.2	83.1	80.8
£25,001-£30,000	60.0	84.4	82.3
£30,001-£35,000	75.4	85.5	84.3
£35,001-£40,000	79.3	86.4	85.4
£40,000+	83.8	88.0	87.2
Voluntary	83.8	91.0	90.9
Not answered	100	100	100
Base total number	68	1,004	1,087

Source: PSI Survey of Childcare Providers 1999

In the focus groups, it was generally felt that pay was too low in the profession. However, there was a resigned acceptance that it was unlikely to change because parents would not, or in many cases could not, pay more. Yet, they agreed the poor wage levels caused recruitment problems and high staff turnover.

7.4.4 Staff turnover

Seven in ten providers surveyed thought that staff turnover was an obstacle to providing high-quality care. In addition, it has been estimated that staff turnover in centre-based childcare is nearly 30 per cent a year.[74] Providers in the focus groups argued that children needed stable relationships with their carers. High turnover made this difficult, thus affecting the quality of provision. Similarly, high turnover is not good for staff, as they need to have a reason to stay. For some, staff turnover was a direct result of poor wages. As one provider said:

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[73] However, the number of men is low so care needs to taken when interpreting the data.
[74] Penn H (1995) 'The Relationship of Private Day Care and Nursery Education in the UK' *European Early Childhood and Education Research Journal* Vol 3 No3 pp29-41.

...we've got a high turnover of staff because we can't afford to pay them much, so we don't keep them very long.
(Non-profit-making provider, Kendal)

7.4.5 Limited career opportunities

Providers in the focus groups were very aware of the link between their ability to recruit quality staff and the terms and conditions they could offer. They felt, along with the childcare organisations interviewed, that the lack of any sort of career structure was definitely a barrier to the acquisition of, or the ability to keep high-quality staff. Providing childcare was not a profitable enough business to be able to offer promotions and many good staff had moved into education where they were better paid.

7.5 Training and qualifications

The National Childcare Strategy recognises that a qualified workforce is vital for ensuring high-quality childcare. Yet, untrained and unqualified workers largely staff the childcare sector.[75] According to the National Childminding Association, 70 per cent of childminders have no relevant qualifications for looking after children.

Table 7.5 illustrates how there were significant differences in the survey respondents' highest qualification. Overall, childminders had the lowest level of qualifications. Over one in five had no qualifications at all, and a further two in five had a qualification up to Level 2. By contrast, the most highly qualified workforce were working in out of school provision – well over a quarter (27.9%) had a degree or Level 5 qualification. This may be because this type of provision involves teachers. The majority of respondents, however, had a qualification up to Level 3. This was also the most common qualification level found amongst the survey respondents.

[75] LGMB/COSLA (1999) *Workforce survey* Luton.

Table 7.5 Respondents' highest qualification by main type of childcare provided

Cumulative percentages

Qualification	Main type of childcare provided					Child-minders
	Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
None	4.2	4.6	6.7	(2.1)	4.7	22.7
Level 1 – NVQ, GNVQ Foundation	0	8.3	9.6	(3.2)	7.3	26.3
Level 2 – GCSE, CSE, O Levels, City and Guilds, NVQ2, GVNQ Intermediate, BETC first certificate	9.4	30.1	24.8	(12.6)	23.7	66.5
Level 3 – A or AS Level, NVQ3, GNVQ Advanced, ONC/OND,NNEB,BTEC National	55.3	60.5	52.1	(47.2)	57.3	86.1
Level 4 – Teaching qualification, HNC/HND, BETEC Higher, NVQ4	72.3	68.7	60.7	(61.0)	67.3	88.7
Level 5 Degree or higher degree, NVQ5	89.8	78.2	88.6	(77.9)	82.0	91.8
Other	97.8	97.7	96.7	(95.5)	96.9	96.4
Not answered	100	100	100	100	100	100
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

At the time our study was conducted, there was no coherent or flexible training and qualifications framework within the childcare field. There was a variety of childcare and education courses and qualification. For those caring for children under 8 there was a range of Childcare and Education NVQs encompassing group care; pre-school provision in community run pre-school group; work in pre-school groups; and work with babies. In addition, there were other qualifications for nursery nurses. For those working with children aged 5-15 years there was a Playwork NVQ while for those working with children over 12 there were other Youth work qualifications. This led many childcare organisations to call for a streamlining in qualifications to eradicate overlapping provision.

The Qualifications and Curriculum Authority (QCA) and the National Training Organisations for the Early Years and Playwork are currently developing a new framework. It aims to provide everyone with comprehensive and integrated information about the skills, competences, training and qualifications needed for a wide range of jobs in the sector. In addition, it aims to set out clear progression routes. Early Learning Goals have been established which early years settings will be working towards from September 2000.

7.5.1 Key obstacles

Providers in the survey were most likely to identify the costs of training as an obstacle to delivering high-quality care, within this broad category of issues relating to training and qualifications (Table 7.6).[76] Four out of five of them mentioned these costs. They were also the major obstacles cited by all providers, excluding childminders. The training and qualification issue least likely to concern them was information on the type of qualifications available, identified by three in five providers. The significance of training costs did vary by type of provider with playgroups being the most likely of all to single them out, and out of school care providers the least likely (85.2% compared to 74.7%).

The costs of training also were most often identified by childminders as inhibiting their ability to delivery quality childcare. More than four in five of them singled out this cost. Training costs were childminders' most common major obstacle too. However, finding the time to undertake training was another significant resource constraint for them.

Money now has been set aside by the government for training and development through the Standards Funds. This is to ensure that the training needs of those implementing the Early Learning Goals are met. Similarly, TECs are using their resources to provide more training and business support for childcare providers.

[76] To keep the table simple, respondents who replied: do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

Table 7.6 Whether training and qualifications were obstacles to providing high-quality childcare by main type of childcare provided

Column percentages

Factor	Whether or not factor is an obstacle	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Information on the type of qualifications available	Yes	47.3	62.2	67.5	(59.4)	59.6	64.9
	No	47.6	32.5	28.1	(23.4)	34.8	27.8
Access to suitable training and qualifications	Yes	55.3	69.2	71.4	(58.3)	65.0	74.2
	No	41.6	26.5	25.7	(30.6)	30.0	20.6
The quality of training	Yes	70.1	56.4	60.3	(55.1)	60.2	49.4
	No	26.3	38.5	30.1	(23.8)	33.7	27.8
The costs of training	Yes	**75.1**	**85.2**	**74.7**	**(75.0)**	**80.8**	**82.0**
	No	20.8	10.6	20.7	(12.3)	14.7	14.4
Finding time to undertake training	Yes	N/A	N/A	N/A	N/A	N/A	81.9
	No	N/A	N/A	N/A	N/A	N/A	16.5
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

There were some significant differences between providers in the extent to which they considered training and qualification issues an obstacle. Providers' concerns over access to suitable qualifications varied depending on their size although there was no obvious pattern to this. Similarly, the size of the provider was associated with the extent to which they perceived the quality of training as a problem. Larger providers, those with 31 or more children, were more likely than those with fewer children to see this as a hindrance. In contrast, the length of time childcare organisations had been in operation, and the sector within which they operated, appeared to make little difference to their views on factors inhibiting the provision of quality care.

Again, insights into the survey findings can be gleaned from the discussions with the focus groups and the childcare organisations, discussed below.

7.5.2 Training

There was a strong feeling amongst some childcare organisations that the legislation and regulations governing childcare were not being used to drive up the quality of provision and of staff. They wanted to see incentives for providers to improve quality and minimum standards of training included in the legislation.

Some organisations also highlighted the need for training aimed at the managers of childcare provision rather than exclusively focusing on staff involved in its day-to-day delivery. So for example, they wanted training which encompassed guidance on running childcare provision including:

- management training
- financial planning
- marketing and fund raising
- legal framework.

Providers in the focus groups felt there was a need for ongoing training, to keep staff up to date and in order to have a constant influx of new ideas. They also believed it was important for staff to see other childcare settings and to be taught by people other than their workplace colleagues. However, the training was very expensive and not always available locally.

> *... it's the same with any profession, you've got to go on, you've got to keep updating, you've got to keep looking at new ideas and new ways of doing things.* (Private day nursery provider, Kendal)

Focus group discussants felt there was a particular need for more locally available training courses for those caring for 5 to 11 year olds. In addition, it was speculated that perhaps the lack of provision for 11 to 14 year olds might be the result of a lack of training courses which targeted this age group. There was also a perceived lack of co-ordination of qualifications in some areas. For example, a course for older children was recognised as valid in one part of the county but not in another. This was probably because of differences in the way local authorities interpreted and implemented the governing legislation.

Childminders had a problem finding time to do a training course because they often worked into the evening and then had to find time for their own children too.

7.5.3 Qualifications

According to the focus groups, most providers saw the two qualifications for nursery nurses - the NNEB and the NVQ - rather differently. Private day nursery providers were very scathing of NVQ trainees. Some thought that they were very poor academically while others thought that they got by on paper, but not in practice. Most agreed that NVQs were more appropriate for those who had some experience already, for example, a mother or a more mature person. NNEB students were considered better, but most still needed to be trained when they came to the nursery.

> *Going back to NVQs, I think there are two problems really. They are for the low ability, but the paperwork isn't. The course doesn't suit the candidate. The other thing is we are expected to do all the assessment, we don't get paid for it, I've refused now.*

(Private provider, Leeds)

7.6 The economics of provision

7.6.1 Key obstacles

Combinations of factors affect the economics of provision and their impact on quality. Just as the affordability of childcare most frequently affected providers' capacity to continue to provide services (Chapter 6, Section 6.4.1), so it was the most common factor influencing providers' ability to deliver quality care (Table 7.7).[77] Nearly nine out of ten providers, including childminders, thought that how much money parents could afford to pay for childcare affected quality. They all singled it out as their major obstacle to providing high-quality care within the category of the economics of provision, except for 'other providers' who identified parents' belief that childcare should be cheap as their major obstacle.

There were no marked differences in providers' responses to these issues. So, the size of the provider, the sector in which it operated, and the length of time they had been operating, appeared to have no significant impact on respondents' views on the obstacles to providing quality care.

The views of providers expressed in the focus groups about the economics of childcare provision were discussed in the previous chapter (Chapter 6, Section 6.4.2). These providers did not talk directly about how affordability issues affected quality. However, representatives of the childcare organisation did. They observed that nearly all the recognised ways of boosting the quality of care, such as improving the quality of staff and their terms and conditions, had cost implications. Yet, providers were limited in how much they could charge for childcare.

The childcare organisations strongly believed parents valued highly good-quality care. However, currently the value of childcare was expressed only by what people could afford, rather than its inherent value. They also pointed out that parents were not used to paying for care for school age children. They hoped that as more families paid for care for under 5 year olds, they would be more willing to pay for the care of older children.

[77] To keep the table simple, respondents who replied: do not know; not applicable; or who did not answer, have been excluded from the table but have been included in the calculations presented. Furthermore, the questionnaire distinguished between major and minor obstacles. Again, these are not present in the tables but are referred to in the text.

Table 7.7 Whether the economics of provision were obstacles to providing high quality childcare by main type of childcare provided

Column percentages

Costs	Whether or not factor is an obstacle	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Access to help and advice on how to manage childcare	Yes	47.7	53.6	56.3	(59.3)	53.4	49.0
	No	43.7	40.7	34.4	(23.3)	39.7	37.6
Limits on what can be charged for childcare/ childminding	Yes	66.8	72.6	68.0	(56.9)	69.8	72.2
	No	24.6	22.9	22.1	(16.8)	22.9	22.7
How much parents can afford to pay for childcare/ childminding	Yes	**86.4**	**89.1**	**87.9**	**(72.6)**	**87.6**	**88.6**
	No	9.2	6.9	7.3	(8.1)	7.5	7.7
Parents' belief that childcare/ childminding should be cheap	Yes	80.5	87.5	83.4	(67.1)	84.3	87.1
	No	14.9	8.0	10.6	(8.8)	10.1	9.8
Finding time to undertake training	Yes	N/A	N/A	N/A	N/A	N/A	81.9
	No	N/A	N/A	N/A	N/A	N/A	16.5
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

7.7 Summary

7.7.1 The greatest obstacle to delivering high-quality childcare

In the survey, providers' greatest obstacle to delivering quality care was staff's terms and conditions of employment. A quarter of all providers, excluding childminders mentioned this issue, and especially day nurseries, playgroups and 'other providers'. Out of school care providers and childminders, however, were troubled much more by the economics of provision, namely how much parents could afford to pay for childcare and how much they could charge. Three in ten out of school care providers and two in five childminders singled this out as the greatest challenge they had to face.

7.7.2 Terms and conditions of employment

The obstacle most frequently hindering providers' delivery of quality care was their ability to recruit suitably qualified and experienced staff, most of whom are women. Over four in five providers cited such recruitment difficulties. This was the major problem for out of school care providers only. For all others, namely, playgroups, day nurseries and 'other providers', their major concern was the wage levels of childcare staff. This is not surprising given the low level of wages, indicating the extent to which childcare services have been built on a low-wage economy.

So, whilst providers recognised salary costs were a major obstacle to continuing to provide childcare, they also acknowledged poor wage levels were a major hurdle to recruiting good quality staff and providing a good quality service.

7.7.3 Training and qualifications

Overall, the level of survey respondents' qualifications was not very high, especially among childminders. Providers were most likely to identify the costs of training as an obstacle to delivering high-quality care from all the other issues relating to training and qualifications. Four out of five of them mentioned these costs. They were also the major hurdle cited by the different types of providers, including childminders. Some of these issues will be helped by monies allocated to the Standards Fund for training and development.

7.7.4 The economics of provision

Combinations of factors affect the economics of provision and their impact on quality. Just as the affordability of childcare most frequently affected providers' capacity to continue to provide services, so it was the most common factor influencing providers' ability to deliver quality care. Nearly nine out of ten providers, including childminders, thought that how much parents could afford to pay for childcare affected quality. They all singled it out as their major obstacle to providing high quality care, except for 'other providers' who identified parents' belief that childcare should be cheap as their major obstacle. The childcare subsidies available from the Childcare Tax Credit should help with this issue.

8 Increasing Childcare Provision and Improving its Quality

8.1 Introduction

This chapter examines the obstacles providers faced in expanding their existing childcare provision. It will then explore providers' thoughts on policy changes which might help overcome the hurdles associated with providers' costs; the economics of provision; the infrastructure and information; the legislation and regulations and training and qualifications.

Like the previous chapters, it will call on the interviews with childcare organisations, the focus group discussions, as well as the survey of providers concentrating on their main type of provision.

Central to the National Childcare Strategy is the desire to increase the overall availability of childcare. Numerous policies and resources have been channelled to meeting this aim. However, one obvious way of increasing supply is to encourage existing providers to deliver more childcare services. In this way, the impediments encountered in setting up completely new provision are avoided. Therefore, it is important to understand what factors, if any, may inhibit the expansion of existing provision.

8.2 Greatest obstacles to expanding existing provision

There is a variety of ways of expanding existing provision. Providers could increase the number of hours of care they provide. They also could expand the number of childcare places available. Alternatively, they could diversify their provision by delivering other types of childcare services. All three strategies for increasing the supply of childcare are explored below.

8.2.1 Increasing the number of hours provided

Providers in the survey were asked, in an open-ended question, about the greatest obstacle to increasing the number of hours of childcare they provided each day. Nearly three in five of providers, excluding childminders, identified some sort of obstacle while one in twenty did not. Again, childminders were less likely to identify an obstacle (Table 8.1).

Providers, excluding childminders, were most likely to think that infrastructure and information issues inhibited their expansion. A third of all providers cited this obstacle. In particular, the stumbling block was their premises, especially the size of their premises. By contrast, the issue of least concern to them was the legislation and regulation. However, these obstacles are inter-linked. As discussed in previous chapters, there are currently strict regulations governing childcare premises and space requirements.

Providers' views varied on the greatest impediments to increasing the number of hours they operated. Childminders were the most likely to single out the economics of provision, namely their lack of any spare capacity. Over three in five selected this obstacle. Essentially, they did not have any more free time to increase their hours because of their existing family commitments or because they were already operating at their maximum capacity. In addition, around three in ten day nurseries were inhibited by the economics of their provision. Playgroups and out of school care providers were much more concerned about the infrastructure, especially their premises. Two in five playgroups singled out this hurdle, as did three out of ten school providers.

Table 8.1 The greatest obstacles to increasing the number of hours of childcare provided by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Costs	14.6	12.7	15.2	**27.8**	14.2	0
Economics of provision	**28.8**	20.2	18.7	25.0	22.2	**62.4**
Infrastructure and information	20.7	**39.6**	**28.9**	12.0	**32.4**	0
Legislation and regulation	3.0	3.0	3.0	2.0	2.7	0.5
No obstacles	5.0	2.5	5.6	2.1	3.8	10.3
Not answered	27.9	21.9	29.5	33.1	25.0	26.8
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

Providers' apprehensions varied depending on the sector they worked in. Most marked were voluntary organisations' concerns about the infrastructure hindering any expansion. Over two in five voluntary organisations mentioned this compared to around a quarter of those in the public and private sectors. Similarly, there were some important differences in the obstacles identified depending on how long providers had been in business and their size. However, there were no obvious patterns between the length of time in operation, the providers' size and the obstacles selected.

8.2.2 Increasing the number of childcare places

Providers in the survey were also asked an open-ended question about the greatest obstacle to increasing the number of childcare places they provided. Seven in ten of them were hindered in some way while one in twenty-five were not. Again, childminders were the least likely to believe that there were any constraints (Table 8.2)

For all providers, (excluding childminders) the greatest barrier was their infrastructure, especially the limitations posed by their premises and facilities. In contrast, childminders could not increase the number of children they looked after because of the economics of provision. They already were taking the maximum number of children they were allowed to look after.

Table 8.2 The greatest obstacles to increasing the number of childcare places by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Costs	13.4	6.5	10.5	16.7	9.2	0.5
Economics of provision	21.1	21.3	17.8	8.7	18.1	**32.5**
Infrastructure and information	**39.6**	**45.4**	**41.4**	**42.9**	**43.3**	10.8
Legislation and regulation	10.4	2.5	3.2	0	4.3	23.7
No obstacles	2.7	2.7	8.9	5.2	3.9	9.3
Not answered	21.7	21.6	18.2	26.6	21.3	23.2
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

The importance of obstacles deterring providers varied depending on their sector. Again, voluntary organisations were most likely to identify infrastructure hurdles compared with those in the public and private sectors. This impeded nearly half of voluntary organisations, in contrast to two out of five in the private sector, and a third in the public sector. Similarly, the significance of the hurdles facing providers varied by the number of years they had been operating. However, there was no obvious pattern between the length and the obstruction selected. By contrast and perhaps surprisingly, providers' size as measured by the number of children they could take, had no impact on the obstacles chosen.

8.2.3 Diversifying provision

In an open-ended question, all the providers surveyed were asked about the greatest obstacle to expanding into other types of childcare provision. High proportions of providers, nearly two in five, did not answer this question. This is an interesting finding in its own right. It may be because many providers could not conceive of providing more than one type of care. Indeed, as we saw in Chapter 3 (Section 3.2.1), three-quarters of the providers in this sample were involved in just one type of childcare while a quarter supplied more than one.

Just over half the providers surveyed, excluding childminders, were impeded from diversifying into other forms of childcare provision while one in twenty-five were not. Yet again, their most common hurdle was infrastructure, mentioned by nearly a quarter of all providers. Again, the difficulty was associated with their premises. Infrastructure was also mentioned most often by day nurseries, playgroups, and out of school care providers. By contrast, costs were of greatest concern to providers supplying some other types of provision. Yet again, the economics of provision was childminders' main constraint (Table 8.3).

Table 8.3 The greatest obstacles to diversifying provision by main type of childcare provided

Column percentages

	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Costs	14.7	11.9	18.0	**17.5**	13.8	4.1
Economics of provision	13.5	15.3	9.5	15.7	14.0	**20.1**
Infrastructure and information	**20.7**	**25.6**	**21.1**	11.4	**23.1**	18.0
Legislation and regulation	7.2	2.3	1.6	0	3.2	3.1
No obstacles	6.3	3.0	5.0	0	4.0	11.3
Not answered	37.6	42.0	44.8	55.4	42.0	43.3
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

The hurdle most likely to be identified varied significantly by sector. The public sector were deterred the least by both the economics of provision and infrastructure issues, while the private sector were the least apprehensive about costs. There were only slight differences associated with the length of time providers had been operating but these were not significant. Nor were there significant differences in the extent to which obstacles were selected, by the size of the provider.

Discussions with the focus groups confirmed that providers' premises were the main reason why they felt they could not expand their provision. Increasing the number of childcare places was limited by the amount of space available; if more space had to be acquired it had to be paid for. However, the financial costs rarely were the principal reason for not extending existing provision. There were of course financial implications in other reasons, such as issues of staff:child ratios and staff recruitment.

According to providers in the focus groups, complying with the regulations of the Children Act and waiting for inspections meant that extending provision was often a lengthy operation. Also, there were the cost implications. For example, if a couple of extra places were needed, more staff and space could be required because of the staff:child ratios and regulations. If a playgroup were to extend over a lunchtime period, it would have to comply with Health and Hygiene regulations. Moreover, if a childminder were to offer overnight stays, there were extra regulations they would have to adhere to.

There was also the issue of insurance. The extra insurance cover required hindered, extending hours of provision. For example, if a playgroup or crèche offers care for a period exceeding three hours, extra insurance has to be taken out which would mean an increase in charges. Another example would be a childminder offering to have children for overnight stays.

Providers accepted that these regulations were necessary but they still considered them obstacles that acted as disincentives to increasing provision.

8.3 Incentives to childcare providers

8.3.1 How the number of childcare providers could be increased

The providers in the survey were asked, in an open-ended question, about what could be done to increase the number of childcare providers. The changes most often mentioned were improving the infrastructure, cited by over a third of all providers. In particular, providers believed that there needed to be better local co-ordination of provision. Yet, the one issue they most often identified was not in fact associated with infrastructure, it was the desire for more funding and grants. Providers wanted this one change more than any other.

As Table 8.4 shows the issues identified did vary by type of provider. Day nurseries, playgroups, and out of school care providers were most likely to believe that improvements in infrastructure would lead to a growth in childcare providers. 'Other providers' thought a reduction in providers' costs were more likely to bring about such changes while childminders opted for improvements in the quality of provision through raising the status of their profession.

Table 8.4 What could be done to increase the number of childcare providers by main type of childcare provided[78]

Column percentages

Policies affecting	Main type of childcare provided: Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	Child-minders
Providers' costs	36.0	28.9	36.0	36.4	32.0	7.2
Economics of provision – users' costs	6.2	3.0	8.7	2.7	4.7	8.8
Infrastructure and information	38.8	34.9	36.8	20.5	35.5	36.6
Legislation and regulation	12.1	14.0	5.7	2.4	11.7	14.4
Training and qualifications	14.7	35.4	30.2	12.5	28.8	46.9
Don't know	0	0	0	0	0	4.1
Not answered	30.6	25.4	24.7	27.9	27.0	21.1
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

8.3.2 Most effective change for increasing the number of childcare providers

More important, providers were asked what changes they thought would be **most** effective in increasing the number of childcare providers. Without exception, all the different types of providers were most likely to single out a change in the economics of provision, namely making childcare more affordable, as the most effective means of increasing the number of providers. Overall, just over a third of all providers

[78] Multi-response so does not add up to 100%.

identified this issue. In addition, all of them thought that financial support for parents to help meet childcare costs could achieve this objective (Table 8.5). These views suggest that the government's strategy of subsiding childcare costs through the Childcare Tax Credit within the Working Families Tax Credit will help increase the number of providers.

It is perhaps not surprising that providers believed so strongly in this approach to increasing provision. As will be recalled (Chapter 6, Section 6.2), the economics of provision and affordability in particular, was identified as the key obstacle to continuing to supply childcare.[79] Over three-quarters of all providers (Table 6.4) thought that how much parents could afford to pay for childcare hindered provision.

The number of children providers catered for had no impact on the importance they attached to financial aid for parents as the most effective strategy for improving the supply of childcare provision. Nor did the sector they operated in, although private sector providers were more likely to believe that cutting provider costs would boost provision. Similarly, the length of time providers had been in business had little impact on their views. Even where differences existed, there was no obvious pattern between the length of time and incentive they identified.

Table 8.5 The most effective change to increase the number of childcare providers by main type of childcare provided

Column percentages

Policies affecting	Main type of childcare provided					Child-minders
	Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding childminders)	
Providers' costs	24.1	10.1	8.0	11.9	13.1	13.9
Economics of provision – users' costs	**35.1**	**32.1**	**45.5**	**29.3**	**34.9**	**38.1**
Infrastructure and information	12.5	20.2	14.9	15.3	17.3	18.0
Legislation and regulation	10.6	6.8	5.7	2.1	7.3	4.1
Training and qualifications	4.7	16.6	17.1	15.0	13.9	12.9
Not answered	12.9	14.2	8.8	26.4	13.5	12.9
Base total number	249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

8.4 Policies for increasing childcare provision

8.4.1 Reducing providers' costs

Providers in the survey were asked to identify policies that would increase provision and to quantify the extent to which they would be effective. The policy providers most favoured for reducing their costs was VAT free purchases. Nearly seven out of ten providers, and slightly fewer childminders, selected this policy. However, not all providers thought that this was the most effective means of increasing provision. Both

[79] This was also an obstacle to delivering high quality care – see Chapter 7 Section 7.6.

day nurseries and 'other' types of providers believed that reducing business rates would have a greater impact (Table 8.6). [80]

Since this survey was conducted, there have been changes in the rules on non-domestic rates to end the anomaly that penalised private nurseries in relation to the public sector. These changes are likely to be well received and help reduce providers' costs, especially those providing day nurseries and other types of provision.

Table 8.6 The extent to which policies affecting providers' costs would help increase the number of providers by main type of childcare provided

Column percentage

Policy/ practice	Extent to which policy/ practice would lead to an increase in providers	Main type of childcare provided					Child-minders
		Day Nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
VAT free purchases	A great deal/quite a lot	71.8	**69.4**	**69.3**	49.9	**69.2**	**63.9**
	Not a great deal/not at all	18.4	20.8	21.2	26.1	20.6	28.4
Loan schemes for capital expenditure/ to adapt childminders' homes/ buy equipment	A great deal/quite a lot	75.3	54.4	59.9	44.0	59.7	57.2
	Not a great deal/not at all	12.3	19.1	25.1	21.0	18.6	33.6
Reduction of business rates	A great deal/quite a lot	**85.8**	55.0	66.5	**55.5**	64.0	N/A
	Not a great deal/not at all	4.5	14.8	14.5	7.0	12.1	N/A
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

The number of children providers looked after did not affect their views on which policies could reduce their costs, although larger providers looking after more than 31 children were more likely than smaller ones to believe in the effectiveness of loan schemes.

It will be recalled that for day nurseries, out of school care and 'other providers', the greatest obstacle stopping others setting up such childcare was the costs incurred, especially buying equipment (Chapter 5, Section 5.2, Tables 5.1 and 5.2). In addition, for both out of school care and 'other providers', costs, particularly wages, were the greatest obstacle to the continuity of their services (Chapter 6, Section 6.2, Tables 6.1 and 6.2). Given providers' concerns about the set up costs of buying equipment and other recurrent costs, the popularity of VAT free purchases as a means of reducing

[80] To keep the table simple, respondents who replied: I do not know or who did not answer have been excluded from the table but have been included in the calculations presented.

costs is understandable. Significantly, providers were more likely to think that the introduction of VAT free purchases would increase provision a great deal, if they had identified buying equipment as a major hurdle to setting up new provision. Over half providers thought this, compared to two in five who did not think buying equipment was an obstacle. Similarly, providers were more likely to think in this way, if they had selected catering costs as a major running cost impeding their continuing ability to provide childcare (three in five compared to two in five).

There were also significant associations between those providers advocating the effectiveness of loan schemes for capital expenditure as a way of increasing provision, and other factors identified as a major obstacle either to setting up new provision or the continuity of provision. For example, there was a relationship with the purchase of childcare premises; converting or adapting premises; difficulties in getting loans for childcare premises; and finding suitable premises. The most significant of all of these was finding suitable premises. So, providers were twice as likely to think that loan schemes would increase provision a great deal, if they had identified finding premises as a major hurdle, compared to those who did not think it was an obstacle.

Not surprisingly too, there was an association between providers promoting reductions in business rates and the extent to which they considered their rent as a threat to the continuity of their provision. Providers espousing this strategy for increasing childcare provision were one and a half times more likely to have identified rent as a major obstacle compared to those he did not think their rent was an issue.

Private providers do not have access to VAT free purchasing, unlike state schools. Nor do they have access to the same suppliers used by local authority schools. So it was understandable that, in the focus groups, private providers complained. They felt this was unreasonable and unfair because they too were providing a service which was needed and not making much profit. They believed that they ought to be given access to the same resources and perks that were available to local authority schools and that the regulations governing pre-school provision should apply to the state sector as well. Many non-profit making providers felt that there needed to be some recognition of the practical and economic difficulties of providing the type of flexible childcare required by some working parents.

8.4.2 Improving the economics of provision

We saw earlier that providers considered altering the economics of provision as the most effective means of increasing childcare provision (Section 8.3.2). This was not surprising, given that providers identified the economics of provision, especially affordability, as the key obstacle to continuing to supply childcare. Over three-quarters of all providers thought that how much parents could afford to pay for childcare was an obstacle to provision (Table 6.4).

Here we can see the extent to which providers thought that particular strategies would achieve the aim of boosting the economics of provision. Providers, irrespective of the type of care they supplied and the number of children they catered for, were unanimous in their thinking. Nine out of ten believed that subsidising parents' childcare costs would increase provision by a great deal or quite a lot (Table 8.7). [81]

Essentially, providers were advocating more affordable childcare. They recognised that the costs of childcare were a barrier to take-up and hence had an immediate impact on its supply. So, if childcare was more economically viable, more provision would be available. Again, these views suggest that the government's strategy of subsiding childcare costs through the Childcare Tax Credit within the Working Families Tax Credit will help improve the economics of provision.

Providers, especially childminders, playgroups, out of school care and 'other providers' also recognised the importance of providing parents with information on the financial support available.

Not surprisingly, providers were most likely to think that childcare subsidies would boost childcare provision a great deal, where they had identified how much parents could afford to pay for childcare as a major obstacle to provision. Nearly four in five (77.9%) of such providers believed this compared to under half (45.1%) who did not think affordability was an obstacle. In addition, this was the most pronounced association between providers' thinking about childcare subsidies, and what they identified as a major hurdle to provision. Other significant associations included: the belief that childcare should be cheap; the time it took to fill places; parents' insecure jobs; and the high turnover of children.

Similarly, providers advocating advice to parents on financial support for childcare costs were most likely to do so if they had identified how much parents could afford to pay for childcare as a major obstacle to childcare provision. Twice as many (63.8%) such providers did so, compared to those who did not think affordability an obstacle (27.9%). Again, this was the most marked association.

However, other significant associations included parents' insecure jobs; the belief that childcare should be cheap; high turnover of children; and informal care provided by family and friends. All these obstacles were also positively associated with providers' propensity to believe that tax relief for employees on all employer subsidised childcare provision would increase the number of childcare providers.

[81] To keep the table simple, respondents who replied: I do not know or who did not answer have been excluded from the table but have been included in the calculations presented.

Table 8.7 The extent to which policies affecting the economics of provision would help increase the number of providers by main type of childcare provided

Column percentages

Policy/ practice	Extent to which policy/ practice would lead to an increase in providers	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excluding child-minders)	
Tax relief for employees on all employer subsidised childcare provision	A great deal/quite a lot	84.6	61.7	84.3	61.4	70.6	83.0
	Not a great deal/not at all	6.0	14.3	5.9	5.9	10.6	7.2
Advice to parents on financial support to meet childcare costs	A great deal/quite a lot	83.1	82.5	86.0	62.1	82.3	88.7
	Not a great deal/not at all	11.3	10.7	11.3	13.3	11.0	8.7
Financial support to parents with the costs of childcare/ childminding	A great deal/quite a lot	**92.1**	**87.3**	**91.2**	**72.2**	**89.5**	**90.7**
	Not a great deal/not at all	3.5	5.0	6.1	5.9	4.9	4.2
Employers introducing practices to help parents combine working with family life	A great deal/quite a lot	73.7	69.5	81.8	62.5	72.2	72.2
	Not a great deal/not at all	18.0	18.7	9.0	8.0	16.4	17.5
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

8.4.3 Improving the infrastructure and information

Providers were most likely to believe that local audits of childcare provision and childcare needs would increase childcare provision overall. Three-quarters of them thought this. Similar proportions of playgroups, ‘other providers’ and childminders also most often selected this strategy. However, both day nurseries and out of school care providers were more convinced of the need for information on all the different types of childcare provision in their locality being made available to providers and parents. Seven out of ten day nurseries and four out of five out of school care providers believed that this information would boost childcare services most of all (Table 8.8).[82]

Some of those concerned are being addressed by the Early Years Development and Childcare Partnerships, which have been established in all local authorities in England to work with local partners to plan services. In addition, through pilot projects such as electronic information points in supermarkets, which provide information on local childcare provision, employment and training in the early years sector, benefits and family support.[83]

The number of children providers catered for had no impact on their views about what policies affecting the infrastructure and information would lead to greater childcare provision. However, the extent to which providers considered problems with the infrastructure as major obstacles to setting up provision, did have an impact. The most stark relationship was between providers who believed that local audits of childcare provision would raise the number of childcare providers a great deal, and those who identified the lack of information on childcare needed in their locality as a major obstacle. Nearly two and half times more providers who thought this lack of information was a major obstacle than those who did not, espoused the efficacy of local audits. Other significant differences were associated with providers identifying as a major hurdle: the lack of co-ordination or planning of childcare provision; the lack of information on how to set up childcare provision; the lack of support for small businesses; and the lack of expertise in marketing childcare provision.

Furthermore, all these issues were also associated with providers' propensity to believe that information for providers and parents on childcare provision would lead to 'a great deal' of increase in the number of providers. The most powerful influence was whether providers had identified the lack of information on childcare needed in their locality as a major obstacle. Some 72.1 per cent of providers who had identified this as a major impediment believed that access to such information would increase provision compared to just 36.9 per cent who did not identify this obstacle.

[82] To keep the table simple, respondents who replied: I do not know or who did not answer have been excluded from the table but have been included in the calculations presented.
[83] '*Touch Screen Technology at Supermarkets gives childcare information* DfEE Press Release 5 October 1999

Table 8.8 The extent to which policies affecting the infrastructure and information would help increase the number of providers by main type of childcare provided

Column percentages

Policy/ practice	Extent to which policy/ practice would lead to an increase in providers	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excl. child-minders)	
Specialist advice on how to set up childcare and information on the best way to run it	A great deal/quite a lot	63.5	68.7	76.8	66.2	68.7	77.9
	Not a great deal/not at all	27.5	20.8	13.2	8.5	20.5	17.0
Information on all types of childcare in your area to be made available to providers and parents	A great deal/quite a lot	**70.7**	74.4	**80.7**	69.4	74.3	80.5
	Not a great deal/not at all	22.1	18.2	12.9	9.2	17.9	15.5
Information on all childcare vacancies in your area	A great deal/quite a lot	68.3	72.1	71.7	61.2	70.7	79.9
	Not a great deal/not at all	25.8	20.5	22.8	20.5	22.0	17.5
Review of who provides childcare and who needs childcare in your area	A great deal/quite a lot	70.6	**76.2**	74.6	**71.1**	**74.4**	**80.9**
	Not a great deal/not at all	22.8	15.6	19.5	11.5	17.7	16.0
Local co-ordination of planning of childcare provision	A great deal/quite a lot	70.0	69.4	74.2	69.1	70.3	68.0
	Not a great deal/not at all	20.7	19.5	17.8	11.9	19.1	19.1
A national telephone helpline on childcare services / childminders	A great deal/quite a lot	58.0	58.0	62.0	44.8	58.1	70.1
	Not a great deal/not at all	33.4	33.7	29.7	31.6	31.9	23.2
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

The focus groups were able to shed some light on the issues underpinning providers' views. Private providers felt that the government and local authorities should work in partnership with them to respond to the unmet demands for childcare. Some government sponsored nursery building programme was also required.

At the local level, providers strongly felt that childcare provision needed to be integrated with local planning and development rather than tackled piecemeal in response to demand, as it appeared to be in many authorities. They suggested that local authorities should plan for childcare provision in the same way they planned school provision. For example, a new housing estate on the outskirts of Preston had facilities for a pub, a school and a local surgery, but there was no provision for a daycare centre.

Providers also wanted local authorities to co-ordinate childcare provision and make information and advice readily available to potential providers. In addition, schools needed to be brought into the discussion and encouraged to make available their buildings for out of school care.

8.4.4 Reviewing legislation and regulation

The changes favoured most by providers for dealing with the obstacles associated with the legislation and regulations governing childcare was getting rid of differences in the standards of childcare regulation and inspection (Table 8.9).[84] In other words, these providers thought that a level playing field in this area was the most productive means of increasing the number of providers. Overall, two-thirds of providers, excluding childminders, thought that such changes would lead to an expansion of provision. Three-quarters of day nurseries, nearly two-thirds of playgroups, and nearly three in five 'other providers' supported this approach. By contrast, out of school providers and childminders were more likely to promote streamlining the system for regulating and inspecting all types of childcare. Nearly two-thirds of out of school providers and seven out of ten childminders favoured this approach.

Again the changes in regulations, which have been being introduced since this survey was conducted, will address some of the providers' concerns.

The size of providers had some impact on their views. On both issues, there was a tendency for medium and large providers to be supportive of such changes compared to those with 20 or less children.

Significantly and predictably, providers were much more likely to believe that getting rid of differences in the standards of childcare regulation and inspection would increase provision 'a great deal', if they had identified differences in regulatory standards between different types of providers as a major hurdle to delivering childcare. Seventy one per cent thought this, compared to 28.9 per cent who did not think that this was a barrier. In addition, this was the most powerful influence on providers thinking about eradicating the differences in childcare regulation and inspection.

Table 8.9 The extent to which policies affecting legislation and regulation

[84] To keep the table simple, respondents who replied: I do not know or who did not answer have been excluded from the table but have been included in the calculations presented.

would help increase the number of providers by main type of childcare provided

Column percentages

Policy/ practice	Extent to which policy/ practice would lead to an increase in providers	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excl. child-minders)	
Streamlining the system of regulating and inspecting all types of childcare	A great deal/quite a lot	73.5	63.6	**63.2**	54.6	65.5	**70.6**
	Not a great deal/not at all	19.5	26.0	25.1	22.2	24.3	22.7
Getting rid of differences in the standards of childcare regulation and inspection	A great deal/quite a lot	**75.4**	**64.2**	59.1	**56.3**	**65.6**	63.4
	Not a great deal/not at all	17.2	23.2	28.7	13.2	22.3	24.8
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

There were, however, some other significant differences where providers had singled out other major obstacles to provision associated with the legislation. And these were: differences in the interpretation of the 1989 Children Act's regulations and guidelines between local authorities; differences in the interpretation of the 1989 Children Act's regulations and guidelines within their local authority; the frequency of local authority inspections; and the times it took to register.

The most marked difference in providers' views on streamlining the regulatory and inspection system to increase provision 'a great deal', was whether or not they thought that differences in regulatory standards between different types of providers was a major obstacle. Nearly two-thirds (63.2%) of providers identifying this as a major obstacle supported streamlining compared to a quarter (24.7%) that had not selected it as an obstacle.

In addition, there were also significant differences depending on whether providers had identified the following as major obstacles: differences in the interpretation of the 1989 Children Act's regulations and guidelines within their local authority; differences in the interpretation of the 1989 Children Act's regulations and guidelines between local authorities; how often the local authorities inspected them; and getting planning permission from local authorities to establish childcare provision.

8.4.5 Improving training and qualifications

In Chapter 7 (Section 7.5) we saw how the quality of provision was affected by the training and qualifications framework for childcare providers. In turn, by improving the framework and access to training the number of providers potentially can be increased.

Providers were most enthusiastic about the greater availability of training leading to a recognised qualification as a means of increasing the number of providers (Table 8.10).[85] Nearly three-quarters of all providers, excluding childminders, favoured this approach in the broad area of training and qualifications. Nearly four-fifths of playgroups, two-thirds of day nurseries, and nearly three in five 'other providers' supported this change. By contrast, out of school care providers and childminders wanted more training courses that led to a recognised qualification. Four in five out of school providers and three-quarters of childminders opted for this strategy for increasing the number of providers.

Providers were significantly more likely to believe that the greater availability of training would lead to 'a great deal' of growth in the number of providers, if they had selected information on the type of qualifications available as a major hurdle to improving the quality of care. Seventy-three per cent thought this compared to a quarter who did not think it hindered the delivery of quality care – a ratio of nearly 3:1. Moreover, this had the most marked impact on providers thinking about access to training.

Furthermore, there were other significant associations between providers' beliefs about how the availability of training would boost provision, and others factors selected as major obstacles. These major obstacles were the costs of training and the quality of training.

In addition, there was a relation between providers identifying all these four obstacles as major ones, and whether providers believed that more training would lead to 'a great deal' of increase in providers. Again the most significant was information on the type of qualification available. Seventy-three per cent of providers who believed that more training would boost 'a great deal' the supply of providers identified this information gap as a major obstacle compared to 24 per cent who did not think it hindered quality childcare.

[85] To keep the table simple, respondents who replied: I do not know or who did not answer have been excluded from the table but have been included in the calculations presented.

Table 8.10 The extent to which policies affecting training and qualifications would help increase the number of providers by main type of childcare provided

Column percentages

Policy/ practice	Extent to which policy/ practice would lead to an increase in providers	Main type of childcare provided					Child-minders
		Day nursery	Play-group	Out of school care	Other	All childcare providers (excl. child-minders)	
A new system of training childcare workers and new qualifications	A great deal/quite a lot	54.7	58.2	66.9	42.3	58.2	N/A
	Not a great deal/not at all	38.1	33.0	23.9	32.0	32.8	N/A
Greater availability of training leading to a recognised qualification	A great deal/quite a lot	**65.1**	**78.1**	79.0	**57.5**	**74.3**	N/A
	Not a great deal/not at all	28.5	15.8	16.1	17.9	18.8	N/A
A greater variety of courses leading to recognised qualifications for childminders	A great deal/quite a lot	N/A	N/A	N/A	N/A	N/A	73.8
	Not a great deal/not at all	N/A	N/A	N/A	N/A	N/A	21.2
More training courses leading to a recognised qualification	A great deal/quite a lot	60.6	77.3	**79.9**	52.3	72.9	**74.8**
	Not a great deal/not at all	32.2	15.2	16.0	22.0	19.6	21.7
Local assessment of what training childcarers need and what training is available	A great deal/quite a lot	67.6	70.4	76.5	56.5	70.2	73.7
	Not a great deal/not at all	25.3	20.4	16.4	17.8	20.8	21.6
Base total number		249	613	179	46	1,087	194

Source: PSI Survey of Childcare Providers 1999

8.5 Summary

8.5.1 Greatest obstacles to expanding existing provision

The supply of childcare provision could be expanded if existing providers:

- increased the number of hours of care they provided;
- boosted the number of childcare places available, and
- diversified their provision by delivering other types of childcare services.

The greatest obstacle to all three strategies was associated with the infrastructure, and in particular providers' premises especially the size of their premises. It was more of a problem in terms of increasing the number of places (43.3%) than either raising the number of hours (32.4%) or diversifying their provision (23.1%).

The limitation of providers' premises was the most important obstacle stopping both playgroups and out of school care providers from adopting all three expansion strategies. For childminders the greatest obstacle was the economics of provision namely, they did not have any more time to increase their hours and/or were operating at their maximum capacity. Inadequate premises prevented day nurseries from increasing the number of childcare places and undertaking other types of childcare but the economics of provision stopped them increasing their hours. Similarly, 'other providers' premises militated against them increasing the number of places while costs stopped them both from boosting their hours and expanding into other types of childcare provision.

8.5.2 Most effective change for increasing the number of childcare providers

All providers, irrespective of the type of childcare they provided, believed that the most effective way of increasing the number of childcare providers was to alter the economics of provision by giving more financial support for parents to help meet childcare costs. Overall, just over a third of all providers singled out this issue. These views suggest that the Childcare Tax Credit delivered via the Working Families Tax Credit is likely to help increase the number of providers.

8.5.3 Policies for increasing provision which affect providers' costs

The policy providers most favoured for reducing their costs was VAT free purchases. Nearly seven out of ten providers, and slightly fewer childminders, selected this policy. However, not all providers thought that this was the most effective means of increasing provision. Both day nurseries and 'other' types of providers believed that reducing business rates would have a greater impact. Government policies are addressing the later issue. Again, government policy has addressed the latter issue by changes in the rules on non-domestic rates in the private sector.

8.5.4 Policies for increasing provision which affect the economics of provision

Providers, irrespective of the type of care they supplied and the number of children they catered for, were unanimous in their thinking. Nine out of ten believed that subsidising parents' childcare costs would increase the number of childcare providers. Essentially, providers were advocating more affordable childcare. They recognised that the costs of childcare were a barrier to take-up and hence had an immediate impact on its supply. So, if childcare was more economically viable, more provision would be available. Again, government policy has taken on board these concerns via the Childcare Tax Credit.

8.5.5 Policies for increasing provision which affect the infrastructure and information

Providers were most likely to believe that local audits of childcare provision and childcare needs would increase childcare provision overall. Three-quarters of them thought this. Similar proportions of playgroups, 'other providers' and childminders also most often selected this strategy. However, both day nurseries and out of school care providers were more convinced of the need for information on all the different types of childcare provision in their locality being made available to providers and parents. Seven out of ten day nurseries, and four out of five out of school care providers, believed that this information would boost childcare services most of all. To some extent, government has addressed these issues. The role of Early Years Development and Childcare Partnerships is to work with local partners to plan services. In addition, initiatives such as electronic information points in supermarkets will help improve the dissemination of information on local childcare provision, employment and training in the early years sector, and on benefits and family support.

8.5.6 Policies for increasing provision which affect the legislation and regulations

The change favoured most by providers for dealing with the obstacles associated with the legislation and regulations governing childcare was getting rid of differences in the standards of childcare regulation and inspection. Overall, two-thirds of providers, excluding childminders, thought this. Three-quarters of day nurseries, nearly two-thirds of playgroups, and nearly three in five 'other providers' supported this approach. By contrast, out of school providers and childminders promoted streamlining the system for regulating and inspecting all types of childcare provision. Nearly two-thirds of out of school providers and seven out of ten childminders favoured this approach. Again, several of these issues are encompassed in the changes in legislation published in December 1999 and changes to regulations announced in August 1999.

8.5.7 Policies for increasing provision which affect training and qualifications

Providers were most enthusiastic about the greater availability of training leading to a recognised qualification as a means of increasing the number of providers. Nearly three-quarters of all providers, excluding childminders, favoured this approach. Nearly four-fifths of playgroups, two-thirds of day nurseries, and nearly three in five 'other providers' supported this change. By contrast, out of school care providers and childminders thought that more training courses were needed which lead to a recognised qualification. Four in five out of school providers and three-quarters of childminders opted for this strategy. Current developments such as the establishment of Early Learning Goals will help such concerns.

APPENDIX 1

Focus group discussions

Qualitative methods were chosen in addition to the survey to get an in-depth understanding of the barriers to childcare provision. Qualitative research techniques, involving in-depth and flexible questioning, offered the most effective way to gain an insight into attitudes to the demand for childcare and the nature of the barriers to childcare provision, from the perspective of many different types of providers, both existing and potential.

Focus groups were considered the most appropriate qualitative method because they provide an ideal forum for exploring a range of views, beliefs and attitudes in a more general context than the single depth interview. In addition, the discussion format and the exposure to the views of others can encourage participants to share their experiences and allows comparison between different types of respondent. In this case, it allowed for comparisons between different types of provider within a group and between different groups of providers.

The sample

Five focus group discussions each with between 6-8 participants were conducted: two with private providers of childcare, two with non-profit making providers and one with potential providers. Unpaid carers, including informal (granny) carers and au pairs were excluded. Also specifically excluded were nursery education providers (when not offering daycare as well) and school nurseries (unless the nursery was run on school premises by another organisation). The locations were chosen to represent a mix of urban/inner city and rural areas.

The private provision mostly comprised day nurseries, one of which was a college nursery, and there was one shoppers' crèche. Some of the nurseries included pre-school education with care but none was exclusively nursery education. One had an after school club.

The non-profit making provision comprised a mix of playgroups, crèches, before and after school clubs, holiday clubs and childminding.

The group of potential providers included people interested in setting up nursery daycare, workplace daycare, out of school care, holiday schemes and childminding. The respondents were mostly 'new' to childcare provision but who may have had some involvement with children, for example there was one teacher, one headteacher, one ex-midwife and there was one respondent who was already running two nurseries. Details of the sample can be seen in the table below.

Sample profile

	Number of groups	Number of respondents	Location	Type of provision
Private providers	2	14	Leeds Kendal	1 playgroup 1 pre-school 10 day nurseries 1 college nursery 1 after-school nursery
Non-profit making providers	2	17	Leeds Kendal	childminders playgroups/mother & toddler groups health/leisure club crèches out of school care (incl. holiday schemes)
Potential providers	1	7	Preston	1 flexible childminding out of school care 2 nurseries

Recruitment, fieldwork and analysis

All the respondents were recruited by BMRB's specialist field and recruitment unit from lists supplied by the Policy Studies Institute. The lists had come from organisations PSI had contacted concerning its survey of providers. Recruitment was based on achieving a mix of provider type within the constraints outlined in the study design section, namely excluding unpaid carers and au pairs, nursery education providers (with no daycare element) and school nurseries. The focus groups were moderated by staff members of BMRB Qualitative and they were structured such that large providers were not included in the same groups as small providers. A topic guide was used as an *aide memoire* to help structure the discussions and ensure that the same subject areas were covered with each group. All the discussions were tape-recorded and transcribed for later analysis.

Survey of providers

All fieldwork and data processing for the project was undertaken by The Research Partnership. In this section of the report, we describe the technical aspects of the survey:

- questionnaire development
- sampling
- methodology
- response analysis
- coding and data processing

Questionnaire development

There were two questionnaires used in the survey, one designed for childminders and the other for the range of `. Although the vast majority of the questions were similar between the two questionnaires, the phrasing varied to reflect the different organisational context of childminders. Typically, such individuals work from home and are self-employed; this contrasts with the other providers who were part of organisations.

The questionnaire content was compiled by PSI with comments from the DfEE and The Research Partnership incorporated in the laid out versions. In order to test questionnaire comprehension a pilot study was carried out among 50 childminders and a spread of 50 other providers. The pilot questionnaires were mailed with an accompanying letter on PSI letterhead and a return envelope, just before Christmas 1998. A return date of 8th January was given, by which time 8 completed questionnaires from childminders had been received, as had 9 from other providers.

Attempts were made to telephone all those who had not responded to ask why this was the case. It emerged that a number of providers had gone out of business since the directories from which the sample had been drawn (see below) were compiled. As a result, it was decided to increase the issued sample for the main stage survey.

Completed pilot questionnaires were examined to assess the accuracy of completion. Consequently, a number of refinements were made to the wording of questions and response codes. The final questionnaires were agreed by the DfEE and approved by the Survey Control Unit prior to the fieldwork taking place. Copies of the two version of the final questionnaire follow this annex.

The sample

There is no readily accessible and comprehensive data source on all childcare providers in the UK. Nor is there a single source of listings of all childcare providers. Consequently, it is not possible to get a nationally representative sample of providers. However, a variety of organisations compile localised directories of providers covering either local authority or other areas. Some, but not all, of these organisations are contained in the *Directory of Childcare Information Services 1996* produced by Choices in Childcare. Therefore, the sample was drawn from a subset of organisations listed in the *Directory of Childcare Information Services 1996*, the most up-to-date edition then available.

A total of 54 such organisations were selected across Great Britain, to include a mix of urban and rural areas, and a good range in terms of the number of providers listed in their local directory. Each of the 54 organisations was written to by PSI requesting their co-operation in the survey and a listing of all providers in their directory.

22 organisations agreed to help, and while these included organisations in England and Wales, there were none from Scotland. All 22 provided their directory to PSI, normally in the form of a paper listing. These were analysed by The Research Partnership to profile the range of providers in the 22 areas. In so doing, it was necessary to collapse the categories of providers to cope with the varied terminology

used by those compiling the directories. The final categories used in drawing the sample were:

- childminders
- crèche
- playgroup
- out of school provision – both before and after school
- school holiday schemes
- private nurseries
- local authority nurseries

As already mentioned, childminders were treated separately and a start sample of 600 of these was drawn from the 9899 available. In drawing this sample it was decided to under- and over-sample across areas as some of the directories looked to have a far more comprehensive listing of childminders than others. The working assumption was that a gross response rate of 33% would be achieved to generate the required sample of 200 childminders.

Based on feedback from the pilot exercise, a slightly more optimistic assumption of gross response rates was made about all other providers (36%). The start sample for this group was 2200. In drawing this sample, the guiding principle was to try to achieve large enough numbers of completed questionnaires from each of the types of providers to enable meaningful analysis. Thus all 88 local authority nurseries and all 225 crèches were included in the start sample; sub-samples of all other types of providers were drawn. In so doing, the geographical distribution was tweaked to effect a more even geographical distribution.

The structure of the start sample was agreed with the DfEE before the main stage fieldwork.

Methodology

All 2800 sampled contacts were sent a questionnaire and covering letter during the first week of February. Also enclosed was a reply paid envelope addressed to The Research Partnership.

Response to the survey was monitored on a daily basis to decide the optimal timing for the reminder mailing. This took place on the 2nd March. A further copy of the questionnaire and reply paid envelope was enclosed with the mailing.

Response to the reminder mailing was again monitored and it became clear that the childminders were lagging behind the other providers. Based on the pilot it was suspected that the most likely cause of non-response was that the childminder may no longer be resident at the address or have ceased providing childcare. This suspicion was reinforced by a number of telephone calls to The Research Partnership from childminders that had been sent a questionnaire but that had stopped providing childcare. It was agreed that there seemed little merit in sending yet another postal reminder and so it was decided to try and telephone as many of the childminders as possible to both chase up non-responders and to ascertain reasons for non-response.

All other childminders were sent a further postal reminder on 29th March. This again consisted of an explanatory letter , further questionnaire and return envelope.

It was also decided to follow up non-responding other providers by telephone in four sample areas to try to ascertain reasons for non-response.

Response analysis

A close date of 14th May was set for the project – there were few completed questionnaires received after this date. As of the 14th May, the following response situation resulted:

Childminders: start sample of 600

Outcome	Number	%
Returned via post :		
Completed questionnaires – in final data set	194	32
No longer in business – letter returned #	60	10
Returned incomplete questionnaires	4	0
Other (e.g. wrong contact details)	2	0
Telephoned non-responders :		
Requested questionnaire to complete	73	12
No longer in business #	64	11
Claim already completed	52	9
Number unobtainable #	46	8
Contact details incorrect #	25	4
Refused to help	15	3
No contact after 4 calls	12	2
Other	4	1
Non-responders, no phone number available :	50	8

Based on all contacts, a **gross response rate** of 32% was achieved.

The four categories marked with # are those that could be considered out of business. Discussions with BT have confirmed that 'number unobtainable' means that the line is no longer in existence. There was a total of 195 such contacts across the four relevant categories from the total of 601 selected (itself an interesting finding). Removing these from the base results in an **effective response rate** of 48%.

There were 2200 other providers sampled:

Outcome	Number	%
Completed questionnaires – in final data set	1089	50
No longer in business – letter returned #	68	3
Other (e.g. wrong contact details)	28	1
Returned incomplete questionnaires	15	1

Based on all contacts, a **gross response rate** of 50% was achieved.

As mentioned above, non-responders from four of the sample areas and followed-up, in the same manner as the non-responding childminders. The following outcome was obtained:

Outcome	Number	%
Contact details incorrect – see note below #	59	28
No contact after 4 calls	55	26
Number unobtainable #	38	18
No telephone number	30	14
Requested questionnaire to complete	14	7
Claim already completed	8	4
Refused to help	7	3
Total	211	

The 59 respondents in the first category claimed either to have never seen the questionnaire or that the contact/address details we had were incorrect and that the questionnaire could therefore never have reached them. As such, they and the number unobtainable should be taken out of the base for calculating the effective response rate as neither category could ever have responded.

Thus, the base of 211 reduces by 97 (59+38) – the equivalent of 46%. If this proportion is applied to the total of 1000 non-responders (2200-1089-68-28-15), then there would have been a total of 460 contacts from the whole sample that could be considered ‘unreachable’. This would reduce the base of live contacts to 1740 (2200-460), resulting in an **effective response rate** of 63%.

Data processing

All returned questionnaires were manually edited and open-ended responses coded to agreed categories. Data were entered to an SPSS database, subsequently used by PSI to produce tabulations.

Two sets of tabulations were produced – one for childminders and one for all other providers. The other provider tabulations were weighted to correct for the differential sampling fractions applied to different types of provider and to correct for differential levels of response. The table below shows the derivation of the weights applied:

Type	Universe	Sampled	Returns	Gross response rate	Weight

Crèche	225	225	83	36.89	0.4839
Playgroup	3388	630	324	51.43	1.8665
Out of school	727	307	173	56.35	0.7501
School holiday schemes	399	319	113	35.42	0.6303
Private nursery	1274	631	370	58.64	0.6146
LA nursery	88	88	26	29.55	0.6041

APPENDIX 2 THE QUESTIONNAIRES

SELF COMPLETION QUESTIONNAIRE

Survey of childminders

The Policy Studies Institute has been commissioned by the Department for Education and Employment (DfEE) to conduct this important survey of people involved in providing childcare. The aim of the survey is to look at the barriers faced by childcare providers, be it in starting up new provision or extending existing provision.

We very much hope you will be able to take part.

All the information you provide will be treated in the **strictest confidence**. No completed questionnaires will be passed to the DfEE and no individuals will be identified in any subsequent presentations or reports. Neither do the DfEE know who has been selected to take part in the survey.

As you will see, most questions can be answered simply by ticking the appropriate box…

Yes ☐
No ☐

A few questions ask you to write a number in the boxes provided …

Number of days ☐

And others simply require you to write in your answers.

Completing the questionnaire should take around 15-20 minutes of your time.

We would be grateful if you could complete the whole questionnaire and return it in the enclosed reply paid envelope provided to The Research Partnership by 19th February 1999.

If you have any queries please contact The Research Partnership.

Thank you for you help.

The Research Partnership
The Mannings
Chard Road
Stockland
Devon EX14 9DS

Tel:

I N F O R M A T I O N   O N   T H E   C H I L D M I N D I N G   Y O U   P R O V I D E

Q1 **What sort of childminding can you provide ? And what age of children can you provide care for ?**
(Tick all that apply)

	Age of children									
	<1	1	2	3	4	5	6	7	8	9+
Care during working hours										
Before school care										
After school care										
School holiday care										
Weekend, late night, overnight care										
Local Authority (Borough/County/District)										
Other (please write in)										

……………………………………………….

Q2 **How many children do you look after currently and how old are they?**
(Enter the <u>number</u> of children in each box that applies)

	Age of children									
	<1	1	2	3	4	5	6	7	8	9+
Care during working hours										
Before school care										
After school care										
School holiday care										
Weekend, late night, overnight care										
Local Authority (Borough/County/District)										
Other (please write in)										

……………………………………………….

Q3 **Of the different sorts of childminding listed above, which <u>one</u> do you do most ?**
(Please tick <u>one</u> box only)

Care during working hours	
Before school care	
After school care	
School holiday care	
Weekend, late night, overnight care	
Local Authority (Borough/County/District)	
Other (please write in)	

………………………………………………..

Q4 **How many hours of childcare do you usually provide in a day ?**

Number of hours ☐

Q5

Number of days ☐

Q6 **Do you normally require the children to come to you on a full time basis or can they attend on a part time basis ?**
(Please tick one box only)

Full time only ☐
Part time only ☐
Both full and part time ☐

THE DEMAND FOR YOUR CHILDMINDING

Q7 **Over the last twelve months, would you say that you have looked after the maximum number of children - all of the time, more than half the time, about half of the time, less than half the time, or never ?**
(Please tick one box only)

All of the time ☐
More than half the time ☐
Half the time ☐
Less than half the time ☐
Never ☐
Don't know ☐

Q8 **Which ages of children have you had vacancies for in the last twelve months?**
(Tick all that apply)

Age of children :
<1 ☐
1 ☐
2 ☐
3 ☐
4 ☐
5 ☐
6 ☐
7 ☐
8 ☐
9+ ☐
Had no vacancies in last twelve months ☐

Q9 **Do you have a waiting list of children whom you would like to take, but for whom you have no place ?**

Yes	
No	

IF YES :

How many children are on your waiting list ?	
What are the ages of the children waiting for a place ?	

OBSTACLES TO PROVIDING CHILDMINDING

Q10 **To what extent, if at all, do you think that the following act as obstacles to providing childminding ? Would you say they are a major obstacle, a minor obstacle or not an obstacle ?**

	Major obstacle	Minor obstacle	Not an obstacle	Don't know	Not applicable
Converting or adapting your home					
Buying equipment					
Insurance					
Rent					
Registration and inspection costs					
Catering costs					
Membership of professional organisation					
Paying a business adviser to help set up					
Getting a retainer fee over the summer					
Learning how to look after children					
General advertising					
Paperwork and administrative costs					
Other costs (please write in)					

………………………………………………..

	Major obstacle	Minor obstacle	Not an obstacle	Don’t know	Not applicable
The time it takes to fill up places					
Difficulties in getting loans for adapting home and/or buying equipment					
Lack of support for small business					
Amount parents can afford to pay for childminding					
The belief that childminding should be cheap					
Informal care provided by family & friends					
Competition from other providers					
Competition from schools providing nursery education					
Parents sending their 3 and 4 year olds to nursery education					
Parents’ insecure jobs					
High turnover of children					
Poor/no public transport					
Lack of co-ordination or planning of childcare provision in your area					
Lack of information on what childcare is needed in your area					
Lack of information and advice on how to set up as a childminder					
Meeting the requirements of the 1989 Children Act					
The time it takes to register with the Local Authority					
Differences in interpretation of the 1989 Children Act regulations and guidelines by Local Authorities					
Differences in interpretation of the 1989 Children Act regulations and guidelines within your Local Authority					
How often your Local Education Authority inspects you					
The Local Authority not policing unregistered childminders					

Q11 **What do you think is the <u>greatest</u> obstacle ……**
(Please write in your answer below for each aspect, using the obstacles listed in the previous question if you wish)

…..to you continuing to be a childminder ?	
…..to you increasing the number of hours a day of childcare that you provide ?	
…..to you increasing the number of children you look after ?	
…..to expanding into a different type of childcare provision ?	
…..stopping <u>others</u> setting up as a childminder ?	

INCREASING THE NUMBER OF CHILDMINDERS

Q12 **What do you think could be done to increase the number of childminders, like yourself ?**
(Please write in your answer below)

……………………………………………………………………………………

……………………………………………………………………………………

……………………………………………………………………………………

Q13 **To what extent, if at all, do you think that the introduction of the following would help increase the number of childminders ?**

(Please tick one box on each line)

		A great deal	Quite a lot	Not a great deal	Not at all	Don't know
VAT free purchases for childcare providers	1					
Loan schemes to adapt homes/buy equipment	2					
Tax relief for employees on all employer subsidised childcare provision (not just workplace nurseries)	3					
Specialist advice on how to set up as a childminder and on the best way to be a good childminder	4					
Information on all types of childcare in your area to be made available to parents and childminders	5					
Information on all childcare vacancies available in your area	6					
Reviews of who provides childcare and who needs childcare in your area	7					
Co-ordination of planning of childcare provision in your area	8					
Advice to parents on financial support to meet the costs of childcare	9					
Financial support for parents with the costs of childminding	10					
A national telephone Helpline on childminders	11					
Streamlining the system for regulating and inspecting all types of childcare provision	12					
Getting rid of differences in the standards of childcare regulation and inspection	13					
A greater variety of courses leading to recognised qualifications for childminders	14					
More training courses leading to a recognised qualification	15					
Assessments of what training childminders need & what training is available in your area	16					
Employers introducing practices to help parents combine working with family responsibilities	17					

Q14 **Which change, listed above, do you think would be the <u>most</u> effective in increasing the number of childminders ?**
(Please enter <u>one</u> number from the list above at Q13 <u>or</u> write in your answer)

…………………………………………………………………………………

…………………………………………………………………………………

…………………………………………………………………………………

………………………………………………………………………………..

THE QUALITY OF CHILDMINDING

Q15 **We would now like to ask you some more general questions on the quality of childminding.**

To what extent, if at all, do you think that the following act as obstacles to providing high quality childminding ? Would you say they are a major obstacle, a minor obstacle or not an obstacle ?

		Major obstacle	Minor obstacle	Not an obstacle	Don't know
Finding time to undertake training	1				
Information on the type of qualifications available	2				
Access to suitable training and qualifications	3				
The costs of training	4				
The quality of training	5				
Access to help and advice on how to manage childcare provision	6				
Limits on what can be charged for childminding	7				
How much parents can afford to pay for childminding	8				
Parents' belief that childminding should be cheap	9				
Other (please write in)	10				

Q16 **What do you think is the <u>greatest</u> obstacle stopping childminders from providing high quality childcare ?**
(Please enter <u>one</u> number from the list above at Q15 <u>or</u> write in your answer)

……………………………………………………………………………………

……………………………………………………………………………………

……………………………………………………………………………………

There are no obstacles ☐

P E R S O N A L   D E T A I L S

Q17 **To help us analyse the information we have collected, we would like to find out about your background.**

How many years have you been working in the childcare area ?

Number of years ☐

Q18

Age at last birthday ☐

Q19 **Are you ?**

Male ☐
Female ☐

Q20 **What is your <u>highest</u> educational qualification ?**

None	☐
Level 1 - NVQ1, GNVQ Foundation	☐
Level 2 - GCSEs, CSEs, 'O' Levels, City and Guilds NVQ2, GNVQ intermediate, BTEC first	☐
Level 3 - A or AS Levels, NVQ3, GNVQ advanced, ONC/OND, NNEB, BTEC national certificate	☐
Level 4 - Teaching qualification, HNC/HND, BTEC Higher, NVQ4	☐
Level 5 - Degree or higher degree, NVQ5	☐
Other (please write in)	☐

……………………………………………………………

Q21 **Is your main job being a childminder ?**

Yes	☐	→ ***go to Q24***
No	☐	→ ***continue***

Q22 **If your main job is not a childminder, what is the job title of your main job?**

……………………………………………………………………………………

……………………………………………………………………………………

……………………………………………………………………………………

Q23

……………………………………………………………………………………

……………………………………………………………………………………

……………………………………………………………………………………

ALL TO ANSWER :

Q24 **Are you self-employed ?**

Yes	☐	→ ***continue***
No	☐	→ ***go to Q27***

Q25 **If you are self-employed, do you work on your own or do you have any employees ?**

Work on own/with partner but no employees	☐	→ ***go to Q29***
Work with employees	☐	→ ***continue***

Q26 **How many people do you employ at your place of work ?**

1 - 5	☐
6 - 24	☐
25 or more	☐
Don't know	☐

Now please go to Q29

Q27 **If you are an employee, how many employees are there at the place where you work ?**

1 - 5	☐
6 - 24	☐
25 or more	☐
Don't know	☐

Q28 **Do you have any managerial duties or do you supervise any other employees ?**

Manager	☐
Supervisor	☐
Not manager or supervisor	☐

ALL TO ANSWER :

Q29 **What is your gross annual income from childminding, that is, before tax or other deductions?**

Less than £5000	☐
£5001 - £10000	☐
£10001 - £15000	☐
£15001 - £20000	☐
£20001 - £25000	☐
£25001 - £30000	☐
£30001 - £35000	☐
£35001 - £40000	☐
£40001 +	☐

THANK YOU FOR COMPLETING THE QUESTIONNAIRE.

PLEASE RETURN IT TO THE RESEARCH PARTNERSHIP IN THE ENVELOPE PROVIDED - NO STAMP IS REQUIRED.

SELF COMPLETION QUESTIONNAIRE

Survey of childcare providers

The Policy Studies Institute has been commissioned by the Department for Education and Employment (DfEE) to conduct this important survey of people involved in providing childcare. The aim of the survey is to look at the barriers faced by childcare providers, be it in starting up new provision or extending existing provision.

We very much hope you will be able to take part.

All the information you provide will be treated in the **strictest confidence**. No completed questionnaires will be passed to the DfEE and no organisations will be identified in any subsequent presentations or reports. Neither do the DfEE know which organisations have been selected to take part in the survey.

As you will see, most questions can be answered simply by ticking the appropriate box…

Yes ☐
No ☐

A few questions ask you to write a number in the boxes provided …

Number of days ☐

And others simply require you to write in your answers.

Completing the questionnaire should take around 15-20 minutes of your time.

When answering the questions please do so in relation to the workplace given at the top of the letter accompanying this questionnaire.

We would be grateful if you could complete the whole questionnaire and return it in the enclosed reply paid envelope provided to The Research Partnership by 19th February 1999.

If you have any queries please contact The Research Partnership.

Thank you for you help.

The Research Partnership
The Mannings
Chard Road
Stockland
Devon EX14 9DS

INFORMATION ABOUT WHERE YOU WORK

Q1 **What sort of childcare do you provide ?**

(Tick all that apply)

Day Nursery	
Play group/pre-school	
Out of school care - breakfast clubs/before school care	
Out of school care - after school care	
Out of school care - school holiday care or schemes	
Weekend, later night, overnight care	
Other (please write in)	

……………………………………………………………………..

Q2 **How old are the children you currently cater for ?**
(Tick all that apply)

	Age of children														
	<1	1	2	3	4	5	6	7	8	9	10	11	12	13	14+
Day nursery															
Play group/pre-school															
Out of school care - breakfast clubs/before school care															
Out of school care - after school care															
Out of school care - school holiday care or schemes															
Weekend, later night, overnight care															
Other (please write in)															

…………………………………

Q3 **Is your establishment in the private or public sector (e.g. Local Authority) or is it a voluntary organisation ?**
(Please tick <u>one</u> box only)

Private sector
Public sector
Voluntary

Q4
childcare ?

Number of years

Q5 **What is the <u>maximum</u> number of children that you can take at your workplace ?**
(Enter the number of children in all the boxes that apply)

Day Nursery

Play group/pre-school

Out of school care - breakfast clubs/before school care

Out of school care - after school care

Out of school care - school holiday care or schemes

Weekend, later night, overnight care

Other (please write in)

……………………………………………………………..

Q6
type of childcare provision ?
(Please tick <u>one</u> box only)

Day Nursery

Play group/pre-school

Out of school care - breakfast clubs/before school care

Out of school care - after school care

Out of school care - school holiday care or schemes

Weekend, later night, overnight care

Other (please write in)

Q7 **Does your organisation run other similar establishments ?**

Yes ☐
No ☐

PLEASE ANSWER THE REST OF THE QUESTIONNAIRE ABOUT THE MAIN TYPE OF CHILDCARE PROVIDED AT THE ADDRESS GIVEN ON THE ACCOMPANYING LETTER

Q8

Number of hours ☐

Q9

Number of days ☐

Q10 **Do you normally require children to attend your childcare provision on a full time basis or can they attend on a part time basis ?**

Full time only ☐
Part time only ☐
Both full and part time ☐

THE DEMAND FOR CHILDCARE WHERE YOU WORK

Q11 **Over the last twelve months, would you say that you have had the maximum number of children that you can take at your workplace - all of the time, more than half the time, about half of the time, less than half the time, or never ?**
(Please tick one box only)

All of the time ☐
More than half the time ☐
Half the time ☐
Less than half the time ☐
Never ☐
Don't know ☐

Q12 **Which ages of children have you had vacancies for over the <u>last</u> twelve months ?**
(Please write in the age groups below, or tick the 'no vacancies' box)

…………………………………………………………………………………

…………………………………………………………………………………

Had no vacancies in last twelve months ☐

Q13 **Do you have a waiting list for children whom you would like to take, but for whom there are no places available ?**

Yes ☐
No ☐

IF YES :

How many children are on your waiting list ?	
What are the ages of the children waiting for a place ?	

OBSTACLES TO CHILDCARE PROVISION AT YOUR WORKPLACE

Q14 **To what extent, if at all, do you think that the following act as obstacles to providing childcare ? Would you say they are a major obstacle, a minor obstacle or not an obstacle ?**

	Major obstacle	Minor obstacle	Not an obstacle	Don't know	Not applicable
Buying childcare premises					
Converting or adapting premises					
Buying equipment					
Insurance					
Rent					
Wages					
Registration and inspection costs					
Catering costs					

	Major obstacle	Minor obstacle	Not an obstacle	Don't know	Not applicable
Advertising					
General administrative costs					
The costs of training staff					
Other costs (please write in) ……………………………………………………..					
The time it takes to fill up places					
Difficulties in getting loans for childcare ventures					
How much parents can afford to pay for childcare					
The belief that childcare should be cheap					
Informal care provided by family & friends					
Competition from other providers					
Competition from schools providing nursery education					
Parents sending their 3 and 4 year olds to nursery education					
Parents' insecure jobs					
High turnover of children					
Finding suitable premises					
Lack of co-operation from your local school					
Poor or no public transport					
Lack of co-ordination or planning of childcare provision in your area					
Lack of information on what childcare is needed in your area					
Lack of information on how to set up childcare provision					
Lack of support for small businesses					
Lack of expertise in marketing childcare provision					

	Major obstacle	Minor obstacle	Not an obstacle	Don't know	Not applicable
Meeting the requirements of the 1989 Children Act					
The time it takes to register with the Local Authority					
Differences in the regulatory standards between different types of childcare provision					
Differences in interpretation of the 1989 Children Act regulations and guidelines between Local Authorities					
Differences in interpretation of the 1989 Children Act regulations and guidelines within your Local Authority					
How often your Local Education Authority inspects you					
Getting planning permission from Local Authorities					

Q15 **What do you think is the <u>greatest</u> obstacle ….**
(Please write in your answer below for each aspect, using the obstacles listed in the previous question if you wish)

….. to you continuing to provide childcare ?	
….. to you increasing the number of hours a day of childcare that you provide ?	
…..to you increasing the number of childcare places you provide ?	
….. to expanding into a different type of provision ?	
….. stopping <u>others</u> setting up childcare provision ?	

Q16 **If you provide more than one type of childcare, what obstacles, if any do you face in providing these other types of childcare ?**
(Please write in your answer below)

…………………………………………………………………………………

…………………………………………………………………………………

…………………………………………………………………………………

There are no obstacles ☐

INCREASING THE NUMBER OF CHILDCARE PROVIDERS

Q17

providers like yourself ?
(Please write in your answer below)

…………………………………………………………………………………

…………………………………………………………………………………

……………………………………………………………………………………..

…………………………………………………………………………………

Q18 **To what extent, if at all, do you think that the introduction of the following would help increase the overall number of childcare providers ?**
(Please tick <u>one</u> box on each line)

		A great deal	Quite a lot	Not a great deal	Not at all	Don't know
VAT free purchases for childcare providers	1					
Reduction of business rates for childcare providers	2					
Loan schemes for capital expenditure for childcare providers	3					
Tax relief for employees on all employer subsidised childcare provision (not just workplace nurseries)	4					
Specialist advice on how to set up childcare provision and information on the best way to run it	5					
Information on all types of childcare in your area to be made available to childcare providers and parents	6					

		A great deal	Quite a lot	Not a great deal	Not at all	Don't know
Information on all childcare vacancies available in your area	7					
Review of who provides childcare and who needs childcare in your area	8					
Local co-ordination of planning of childcare provision	9					
Advice to parents on financial support to meet the costs of childcare	10					
Financial support for parents with the costs of childcare	11					
A national telephone Helpline on childcare services	12					
Streamlining the system for regulating and inspecting all types of childcare provision	13					
Getting rid of differences in the standards of childcare regulation and inspection	14					
A new system for training childcare workers and new qualifications	15					
Greater availability of training leading to a recognised qualification	16					
More training courses leading to a recognised qualification	17					
Local assessment of what training childcarers need and what training is available	18					
Employers introducing practices to help parents combine working with family responsibilities	19					

Q19 **Which change, listed above, do you think would be the <u>most</u> effective in**

(Please enter <u>one</u> number from the list above at Q13 or write in your answer)

…………………………………………………………………………………

…………………………………………………………………………………

…………………………………………………………………………………

THE QUALITY OF CHILDCARE AVAILABLE

Q20 **We would now like to ask you some more general questions on the quality of childcare.**

To what extent, if at all, do you think that the following act as obstacles to providing high quality childcare ? Would you say they are a major obstacle, a minor obstacle or not an obstacle ?
(Please tick one box only on each line)

		Major obstacle	Minor obstacle	Not an obstacle	Don't know
Staff turnover	1				
Wage levels of childcare staff	2				
The limited career structure of the profession	3				
Finding suitably experienced and qualified childcare staff	4				
Information on the type of qualifications available	5				
Access to suitable training and qualifications	6				
The costs of training staff	7				
The quality of training	8				
Access to help and advice on how to manage childcare provision	9				
Limits on what can be charged for childcare	10				
How much parents can afford to pay for childcare	11				
Parents belief that childcare should be cheap	12				
Other (please write in) …………………………………………………………...	13				

Q21 **Which do you think is the greatest obstacle stopping childcare providers from delivering high quality childcare ?**
(Please enter one number from the list at Q15 above or write in your answer)

……………………………………………………………………………………

……………………………………………………………………………………

There are no obstacles ☐

PERSONAL DETAILS

Q22 **To help us analyse the information we have collected, we would like to find out about your background.**

How many years have you been working in the childcare area ?

Number of years ☐

Q23

Age at last birthday ☐

Q24 **Are you ?**

Male ☐
Female ☐

Q25 **What is your <u>highest</u> educational qualification ?**

None ☐

Level 1 - NVQ1, GNVQ Foundation ☐

Level 2 - GCSEs, CSEs, 'O' Levels, City and Guilds NVQ2, GNVQ intermediate, BTEC first certificate ☐

Level 3 - A or AS Levels, NVQ3, GNVQ advanced, ONC/OND, NNEB, BTEC national certificate ☐

Level 4 - Teaching qualification, HNC/HND, BTEC Higher, NVQ4 ☐

Level 5 - Degree or higher degree, NVQ5 ☐

Other (please write in) ☐

……………………………………………………………

Q26

…………………………………………………………………………………………

Q27 **What do you mainly do in that job - what are your main tasks ?**

……………………………………………………………………………………

Q28 **Are you self-employed ?**

Yes ☐ → ***continue***
No ☐ → ***go to Q33***

Q29 **If you are self-employed, do you work on your own or do you have any employees ?**

Work on own/with partner but no employees	☐	→ ***go to Q33***
Work with employees	☐	→ ***continue***

Q30 **How many people do you employ at your place of work ?**

1 - 5	☐
6 - 24	☐
25 or more	☐
Don't know	☐

Now please go to Q33

Q31 **If you are an employee, how many employees are there at the place where you work ?**

1 - 5	☐
6 - 24	☐
25 or more	☐
Don't know	☐

Q32 **Do you have any managerial duties or do you supervise any other employees ?**

Manager	☐
Supervisor	☐
Not manager or supervisor	☐

ALL TO ANSWER :

Q33 **What is your gross annual income, that is, before tax or other deductions ?**

Less than £5000	☐
£5001 - £10000	☐
£10001 - £15000	☐
£15001 - £20000	☐
£20001 - £25000	☐
£25001 - £30000	☐
£30001 - £35000	☐
£35001 - £40000	☐
£40001 +	☐

THANK YOU FOR COMPLETING THE QUESTIONNAIRE.

PLEASE RETURN IT TO THE RESEARCH PARTNERSHIPIN THE ENVELOPE PROVIDED - NO STAMP IS REQUIRED.