



Early years childcare in London

Economy Committee

LONDONASSEMBLY

Economy Committee



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Foreword



Marina Ahmad AM **Chair of the Economy Committee**

The Economy Committee decided to investigate the issue of early years childcare in London because of its critical importance to so many aspects of life in the capital. Childcare is key to the city's economic development and success, enabling parents to go to work and driving up wages and employment. It also plays a vital role in supporting the education and development of the next generation, particularly for those from more disadvantaged backgrounds. At a time when more and more families are struggling with the cost of living, accessible and affordable childcare is an essential part of raising children in London.

There is no doubt that many parents are using high-quality childcare in the capital, and that hard-working staff are doing everything they can to care for and educate our young children. But it is clear from the Committee's investigation that London's childcare sector is struggling, and that the provision in the capital is not meeting the needs of all Londoners.

The Committee heard that London has the highest childcare costs in the country, especially in Inner London. Furthermore, parents in London struggle to find childcare to a greater extent than in other parts of the country, and this is particularly the case in more disadvantaged areas of the city. There has been a year-on-year reduction in the number of childminders operating in London and across the UK, and the Committee heard that many staff feel undervalued and underpaid in the profession.

The Committee consistently heard the message that early years education should be 'child-centred'. We know that the first years of a child's life are critical to their development; and that children from disadvantaged backgrounds are already behind their peers academically by the time they start school. A high-quality early years sector is therefore vital to aiding this development and alleviating inequalities. But this impact can only be felt if the sector is sufficiently funded and valued.

The high costs of childcare in London, along with other pressures such as housing costs, are making the capital increasingly unaffordable to live in. If we do not take action to address this soon, even more families and even more children will be driven out of London. The recommendations in this report are designed to go some way towards improving this situation, and ensuring London has the high-quality and affordable childcare system it so urgently needs.

Executive summary

The Economy Committee set out to investigate the state of early years childcare in London, with a focus on both the users and providers of childcare. The Committee's investigation also involved some discussion of childcare for school-aged children. However, most of the evidence received concerned early years childcare.

As part of the investigation, the Committee held two formal meetings in City Hall. The first meeting, held on 23 May 2023, explored the impact of costs and levels of provision on the users of childcare, including the impact of childcare costs on parents (particularly women) and their careers, and the knock-on impact this has on London's economy.¹ The second meeting, held on 14 June 2023, explored the challenges faced by childcare providers in London, including the availability of provision, access to funding, pay and working conditions.² The Committee also scrutinised the childcare policies of the GLA Group in both meetings.

Given the relevance of the investigation for many Londoners, the Committee carried out a survey to gather the views of those with experience of childcare in London. The survey received 101 responses, and responses are referenced throughout this report. The survey was open to those who wanted to respond and therefore was not seeking to be representative of the London population.

The Committee reached several key findings as part of our investigation, which are summarised below:

- London needs to have a high-quality, accessible and affordable childcare system. Early years education plays a key role in a child's development, enables parents to participate in the workforce, and alleviates cost-of-living pressures for families. These factors are all essential for London's economic development and making the city a more equal and attractive place to live in. The Committee would like to see policymakers place much greater value and importance on early years education as a social and economic good.
- London has the highest childcare costs in the country, with childcare costing between 25 and 33 per cent more in London than in Great Britain as a whole. Parents in London are spending an increasing proportion of their incomes on childcare costs, and these costs are one of several factors that are making it increasingly expensive to raise children in London. Parents in London also struggle to access childcare to a greater extent than in other regions in England. This shortage of childcare is particularly acute for parents of a child who is disabled or has special educational needs, or for parents who work atypical hours.
- The Government's additional support for childcare for working parents is welcome. However, the cost of childcare in London can still act as a barrier to parents' participation in the labour market. For some parents, and particularly for those acting as primary carers, it does not make financial sense to take on more hours and pay childcare costs for this additional time. This can impact career progression for women in particular

¹ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

² London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

and exacerbate the gender pay gap. It also has a detrimental impact on London's economy.

- Total spending on early years education and childcare more than quadrupled between 2001–02 and 2018–19. Most government support for childcare costs in England is provided through three childcare 'entitlements'. Spending on these entitlements has more than doubled since 2009–10, as the Government has increased the number of funded hours for all parents and introduced new entitlements for two-year-olds and children aged three or four in working families. The funding rate paid to childcare providers for these entitlements does not cover the cost of delivery in London. This impacts the sustainability of the childcare sector, as well as the cost, quality and availability of childcare for parents and families.
- The Committee welcomes the Government's plans to expand the free entitlements for children under the age of three. These measures have the potential to support more parents into work and alleviate cost-of-living pressures for families. However, there are clear concerns about the impact this will have on the childcare sector, and its capacity and infrastructure to cope with the rise in demand. The expansion needs to be properly funded and implemented with input from the sector to ensure it has the capacity to address the resulting increase in demand.
- The early years sector faces numerous challenges across the country, but many of these are more acute in London due to higher costs in the capital. Providers generally spend more on wages and rent or mortgages in London than in other parts of the country. The childcare sector in London is experiencing severe staffing shortages, and faces ongoing challenges related to recruitment and retention. Research has shown that workers in the sector feel undervalued, while wages and the lack of career progression also act as a barrier to recruitment and retention.
- There has been a considerable reduction in the number of childminders operating in England, with London seeing the largest fall. There are several potential explanations for this, including low pay, the amount of paperwork involved, a lack of flexibility in the role, and regulations around ratios of childminders to children being looked after (although differing views were expressed about ratios). One additional barrier is that many people living in the private rented sector or social housing are unable to set up as childminders.
- Awareness and uptake of support with childcare costs is not as high as it could be. Many parents are not aware of schemes such as Tax Free Childcare, while the number of programmes and the complexity of the system acts as a barrier to uptake. London has a lower take-up rate for some types of childcare than the rest of the country, including for disadvantaged two-year-olds.
- Employers have a role to play in supporting employees with childcare. In particular, the availability of flexible working is important in enabling parents to balance work with childcare. However, evidence suggests that employers can do more to create supportive working environments for employees who have childcare commitments.
- The Mayor has no statutory responsibilities for childcare in London. However, he has a Deputy Mayor for Children and Families, and has taken action through initiatives such

as the London Early Years Campaign and the Strong Early Years London (SEYL) programme. There are further ways in which the Mayor can support early years childcare in London, such as through the Good Work Standard and by raising awareness of childcare provision in London.

Recommendations

Recommendation 1

The Government should review the funding rates for early education entitlements in London, to ensure that they are meeting the costs of high-quality provision in the capital, including a better pay deal for employees in the sector. The Mayor should lobby the Government to review these funding rates.

Recommendation 2

The Mayor and Deputy Mayor for Children and Families, working with London Councils, boroughs and the childcare sector, should carry out and publish a constructive London-wide review of the sector in 2023-24 to understand the challenges it faces in delivering the expansion of free childcare entitlements and meeting the expected rise in demand, especially in relation to the most disadvantaged families. The Deputy Mayor should consult with the GLA's Early Years Stakeholder Group and the London Anchor Institutions Network when carrying out this work. The Mayor should then lobby the government and work with the sector to help it address the challenges identified.

Recommendation 3

The Mayor should run an awareness campaign, with the aim of recruiting and retaining more workers into the early years education sector. The campaign should promote the critical importance of early childhood education on a child's development and life chances, and emphasise the importance of early years professionals in supporting this work.

Recommendation 4

The Mayor and the Deputy Mayor for Children and Families should investigate the barriers to childminders working from private and social rented accommodation, and the scale of the problem in London. The Mayor and the Deputy Mayor should then work with social housing providers and private landlords in London to ensure that they are taking steps to permit tenants to set up as childminders in rented accommodation.

Recommendation 5

The Mayor and the Deputy Mayor for Children and Families, working with London boroughs, should ensure that information informing parents of the childcare support they are entitled to is made available in a range of settings across London, with the aim of helping them to navigate the system and increasing the take-up of childcare in London, particularly among disadvantaged groups.

Recommendation 6

The Mayor and the Deputy Mayor for Children and Families should update the Committee on what impact the Good Work Standard and Employer Toolkit have had on the support offered by employers to employees in relation to childcare, including providing onsite childcare. They should also update the Committee on how they intend to increase the uptake of the Good Work Standard and use of the Employer Toolkit, to ensure that more London employers are adopting good working practices relating to childcare.

Recommendation 7

The Government should take action to simplify the system of shared parental leave, in order to increase take-up. The Mayor should encourage London employers to promote shared parental leave to their employees, including through the Good Work Standard.

Recommendation 8

The Mayor should commission an evaluation of the impact of the Childcare Deposit Loan Scheme across the GLA Group, and explore how he can increase take-up of the scheme. The findings of this evaluation could also be used to strengthen the Childcare Deposit Loan Scheme Toolkit for other employers on how they can implement a similar scheme.

Introduction

The importance of childcare and early years education

London needs to have a high-quality, accessible and affordable childcare system. Early years education plays a key role in a child’s development, enables parents to participate in the workforce, and alleviates cost-of-living pressures for families. These factors are all essential for London’s economic development and making the city a more equal and attractive place to live in. The Committee would like to see policymakers place much greater value and importance on early years education as a social and economic good.

Early years childcare refers to childcare and education for children aged 0-5, before they start primary school. This can be provided by childminders, preschools and nurseries.³

The Committee received persuasive evidence demonstrating the many benefits of having an effective childcare system. Several guests at the Committee’s meetings wanted to see more value placed on the educational benefits of childcare, with some guests preferring the term “early years education” to “childcare”. Guests stressed that childcare policy should always place children at the centre; and should foreground the social and educational benefits it delivers for children, as well as the wider economic benefits.

“Fundamentally, education does not start at school age when they go to school at four. Early education starts much, much sooner than that.”⁴

**Purnima Tanuku OBE, CEO
National Day Nurseries Association**

The Committee heard how important childcare and early years education is for a child’s development, particularly for those from more disadvantaged backgrounds. The Institute for Fiscal Studies (IFS) has found that “In a range of countries, research finds that ‘high-quality’ early education has raised attainment and reduced inequalities”,⁵ while Coram Family and Childcare notes that “There is strong evidence that high quality early education can narrow the achievement gap between disadvantaged children and their peers that exist before they start school.”⁶ According to the Sutton Trust, there is already a gap of 11 months between the poorest children and their classmates by the time they start school.⁷ Early years education is critical to addressing this gap.

³ Gov.uk, [Early years foundation stage](#)

⁴ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁵ IFS, [Early years and childcare in England: Public spending, private costs, and the challenges ahead](#), 8 March 2023

⁶ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

⁷ The Sutton Trust, [A Fair Start: Equalising access to early years education](#), August 2021

A good-quality and accessible childcare system is also vital in enabling parents to participate in the labour market. This boosts employment and earnings, and brings wider economic benefits. In particular, it enables mothers – who often act as the primary carer – to return to work. This can help to address gender inequality in the labour market and the gender pay gap, by ensuring that women are able to progress in their careers rather than being constrained by childcare commitments. There is evidence to suggest that flexible and affordable childcare is an important factor in helping parents into work.⁸ In response to the Department for Education’s (DfE)’s most recent childcare and early years survey of parents, 60 per cent of working mothers with children aged four and under said that having reliable childcare helps them go to work.⁹

The cost of childcare in London

London has the highest childcare costs in the country, with childcare costing in between 25 and 33 per cent more in London than in Great Britain as a whole. Families on higher incomes in London spend a higher proportion of their incomes on childcare than parents in other parts of the country, while families on lower incomes are unlikely to use formal childcare beyond the government-funded entitlements.

Parents in London are spending an increasing proportion of their incomes on childcare costs. These costs are one of several factors that are making it increasingly expensive to raise children in London.

Christine Farquharson, Associate Director at the IFS, told the Committee that childcare in London is “just much more expensive than it is elsewhere in the country”.¹⁰ The annual Childcare Survey 2023, which is run by the charity Coram Family and Childcare, states that within England, the highest cost of several types of childcare provision is in Inner London.¹¹ Childcare costs in Outer London are also higher than the national average.¹²

The graph below, which is based on London Datastore analysis of the Childcare Survey, illustrates that the costs of childcare for children under the age of two are between “25 and 30 per cent higher in London than for Great Britain as a whole.”¹³ The 2023 survey also found that childcare costs had increased across the country; but that the gap had widened between costs in London and the national average.

⁸ IZA, [Can universal preschool increase the labor supply of mothers?](#), November 2016

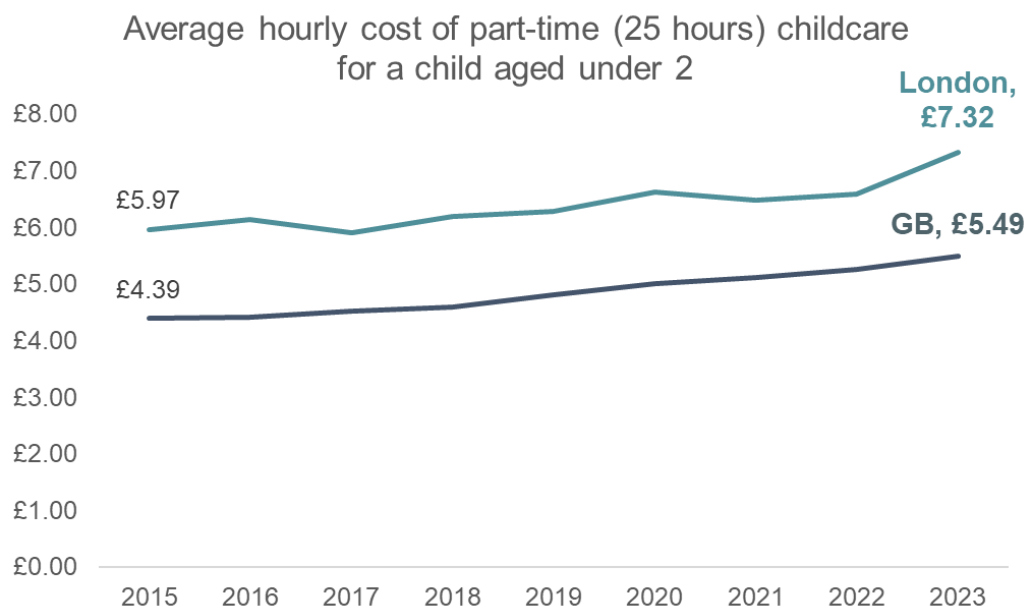
⁹ Gov.uk, [Childcare and early years survey of parents](#), July 2023

¹⁰ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

¹¹ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

¹² Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

¹³ GLA London Datastore, [Economic Fairness – Childcare Costs](#)

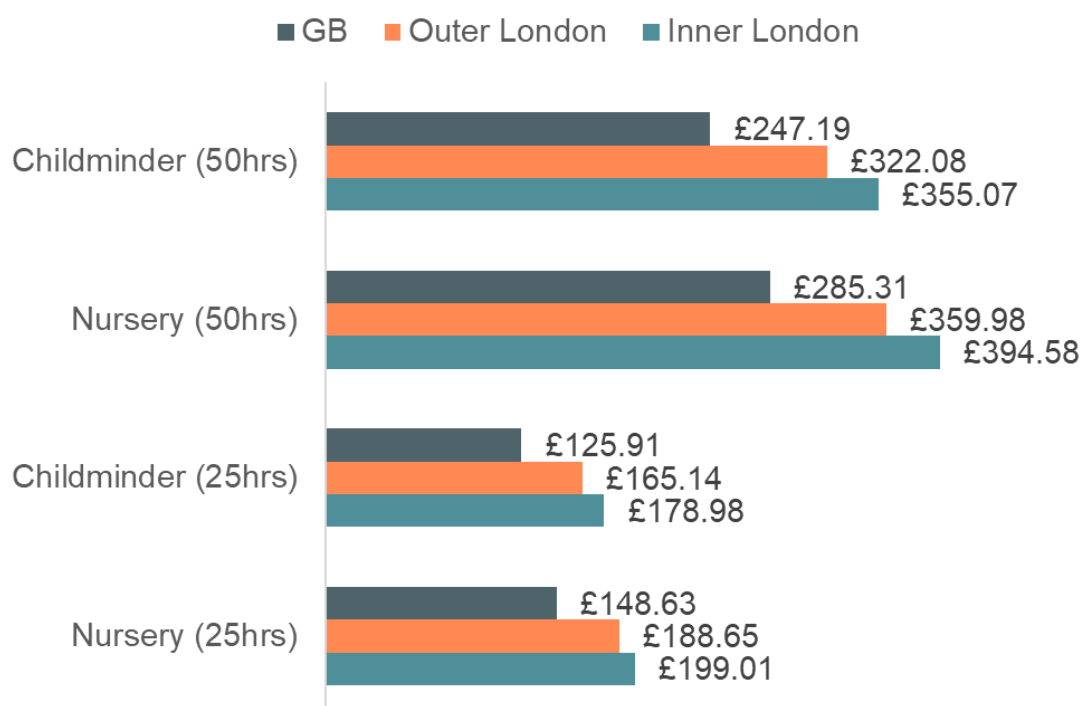


Source: London Datastore. Data derived from Coram Family and Childcare.

The 2023 survey found that, across various types and hours of childcare, costs were higher in London than in Great Britain overall. For example, in 2023 the average weekly cost of full-time nursery care (50 hours) for a child under two was £394.58 in Inner London; £359.98 in Outer London; and £285.31 in Great Britain overall.¹⁴ As the chart below shows, these trends are replicated across most age groups and forms of childcare.

¹⁴ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

Weekly average childcare costs in 2023 for a child aged under 2



Source: London Datastore. Data derived from Coram Family and Childcare.

The Committee heard that parents on higher incomes spend more on childcare in London than parents on comparable incomes in other parts of the country. Christine Farquharson told the Committee that, for parents who are three-quarters of the way up the income distribution, “in London they would be spending about £150 per week compared to about £87 per week in the rest of England.”¹⁵ Research from the IFS has found that, at the 90th percentile (meaning those who are nine-tenths of the way up the income distribution), weekly childcare spending in London stood at nearly £350, which is more than double the 90th percentile in most other regions.¹⁶

Meanwhile, the Committee heard that the cost of childcare in London means that parents on the lowest incomes are unlikely to use formal childcare beyond the free entitlements. Joeli Brearley, Founder and Director of Pregnant Then Screwed, noted that low-income households “tend to be the groups of people who do not access formal childcare”.¹⁷ Research from the Social Market Foundation (SMF) suggests low-income households are disproportionately affected by the cost of childcare; and report a lower rate of usage compared to households with higher incomes.¹⁸ The SMF argues that “for many, costs are simply too prohibitive”, and finds that 76 per cent of households with an income above £45,000 use formal childcare, compared with only 52 per cent of those with an income below £10,000.¹⁹

¹⁵ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

¹⁶ IFS, [The changing cost of childcare](#), May 2022

¹⁷ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

¹⁸ SMF, [Childcare costs and poverty](#), 21 July 2022

¹⁹ SMF, [Childcare costs and poverty](#), 21 July 2022

Parents and carers who responded to the Committee’s survey similarly highlighted the high cost of childcare in London. Many respondents told the Committee that childcare represented a significant proportion of their earnings. Some described the cost as similar to or more than their mortgage; others said it had an impact on their ability to save or apply for a mortgage.

The impact of high childcare costs on parents in London is not just financial. Several responses to the Committee’s survey highlighted the emotional consequences of childcare costs on their family. This included concerns and worries about savings; providing experiences for their family; and more generally being able to afford childcare.

“At £2,000 per month for a full-time place, it is one of our largest outgoings.”

“Costs are rising higher than inflation at our nursery, higher than my pay increase and it’s forcing me to make decisions like relocating out of London or changes my employment from full time to part to cope... It has reduced our ability to save, provide the experiences I’d like for my family and progress with my career as I’d hoped.”

Responses to the Economy Committee’s childcare survey

The Committee heard that single parents are disproportionately impacted by high childcare costs. Victoria Benson, Chief Executive of Gingerbread, told the Committee that most single parents “are having to find jobs where they do not need to use any childcare at all”.²⁰ According to the DfE’s childcare and early years survey of parents, “Parents in couple families were more likely than those in lone parent families to feel that local childcare is affordable (40 per cent, compared to 34 per cent).”²¹ One respondent to the Committee’s childcare survey highlighted the difficulty that childcare costs present for single parents.

“Full-time childcare costs equate to two-thirds of my take-home pay at the moment. As a single parent this is difficult to manage. The cost of childcare means I cannot save for my child’s future or have some money accessible for if I am ill and cannot work. I have had to cut back significantly on how much I can spend on essential items for me and my child. I effectively pay to work because of the cost of childcare and pay to be away from [my] child.”

Response to the Economy Committee’s childcare survey

Childcare costs are one of several factors that are making it increasingly expensive to raise children in London. Research carried out for Child Poverty Action Group (CPAG) in 2021 found that “London parents can face much higher costs than parents elsewhere in paying for a family

²⁰ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

²¹ Gov.uk, [Childcare and early years survey of parents](#), July 2023

home and for childcare”, although it also notes that transport costs for children are lower in London than in the rest of the country.²²

Since 2000, the child-dependency ratio (the number of children compared to the working-age population) has fallen in Inner London, but increased in Outer London.²³ The Centre for London partly attributes the trend to childcare costs in Inner London, although notes that housing costs are “likely most important”.²⁴

“We would be considering a second baby but fear that we would not be able to afford the additional childcare costs. The cost is a consistent source of worry and stress on our family.”

“We only have one child but right now I couldn't afford to have another one. But other factors such as cost of housing in London impact this.”

Responses to the Economy Committee’s childcare survey

The employment and economic impact of childcare costs in London

The Government’s additional support for childcare for working parents is welcome. However, the cost of childcare in London can still act as a barrier to parents’ participation in the labour market. For some parents, and particularly for those acting as primary carers, it does not make financial sense to take on more hours and pay childcare costs for this additional time. This can impact career progression for women in particular and exacerbate the gender pay gap. It also has a detrimental impact on London’s economy.

The Committee heard from guests at its meetings, and through responses to its survey, about the impacts that high childcare costs have on the employment decisions of parents and families in London. It is clear that the cost of childcare in London can act as a barrier to parents’ participation in the labour market. The Government provides additional financial support for childcare costs for working parents, which the Committee welcomes. However, for some parents, and particularly for mothers, it still does not make financial sense to take on more hours and pay childcare costs for the time spent in work.

This reflects the situation in the UK more widely: The Centre for Progressive Policy’s (CPP)’s 2023 survey found that, out of mothers who struggled to find suitable childcare, 46 per cent said it had prevented them from taking on more hours; and 29 per cent said it made them reduce their hours at work.²⁵ The CPP argues that “inadequacies in the childcare system act as a barrier to women’s participation in the labour market”.²⁶ Research carried out by the SMF in

²² Hirsch, Donald, [The Cost of a Child in London](#), June 2021

²³ Trust for London, [Child dependency](#)

²⁴ Centre for London, [Is inner London becoming a ‘child-free area’?](#), 7 November 2022

²⁵ CPP, [Growing pains: The economic costs of a failing childcare system](#)

²⁶ CPP, [Women in the labour market](#), 14 October 2021

2022 found that “a woman who had her first child in 2010-11 typically suffered a cumulative income loss of £66,434 over the following nine years, relative to what would have happened if she had remained childless.”²⁷

“When [women] look at childcare costs it does not make financial sense for them to pay childcare costs and continue working the same hours in many cases, therefore they take a step back from their career.”²⁸

Joeli Brearley, Founder and Director Pregnant Then Screwed

Respondents to the Committee’s survey also highlighted this financial trade-off, and the difficult decisions that parents make because of high childcare costs.

“I am an NHS nurse. It became a genuine debate as to whether it was worth me going back to work because my wages pretty much covered the childcare fees.”

“The inflexibility and cost of childcare is one main reason I left my previously full time senior position. We just spend our whole time juggling between work and care.”

Responses to the Economy Committee’s childcare survey

There is some evidence to suggest that a shortage of suitable childcare is having a detrimental impact on London’s economy. CPP’s research concluded that, if mothers had been able to work the hours they wanted to but could not because of childcare, it could have generated in between £27bn to £38bn extra in gross value added per annum in the UK.²⁹ Ben Franklin, Director of Research & Policy at the CPP, quoted these findings at the Committee’s first meeting, and added: “That is probably about £5 billion per annum in lost output for London’s economy.”³⁰

The availability of childcare in London

Parents in London struggle to access childcare to a greater extent than in other regions in England. This shortage of childcare is particularly acute for parents of a child who is disabled or has special educational needs, or for parents who work atypical hours.

²⁷ SMF, [Childcare crisis means new mothers miss out on £70,000 of earnings](#), 6 June 2022

²⁸ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

²⁹ CPP, [Growing pains: The economic costs of a failing childcare system](#)

³⁰ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

The evidence received by the Committee suggests that parents find it more difficult to access childcare in London than in other parts of the country. At the Committee’s first meeting, Ben Franklin highlighted research carried out by the CPP showing that a greater proportion of mothers in London had struggled to access childcare than in any other region in the UK. The research found that 65 per cent of mothers in London had struggled to find suitable professional childcare, compared to 54 per cent across the UK.³¹ Joeli Brearley told the Committee: “The really key issue in London is availability ... London parents find it very difficult to find any childcare.”³²

This was the experience of many parents or carers who responded to the Committee’s childcare survey, with some describing availability as ‘limited’ or with long waiting lists for places. Availability was described in terms of both the number of places and the level of flexibility on offer – for example, the number of days, and whether it was available at the times it was needed for work or other commitments. Some responses were positive about the availability of childcare in their area but described this as being specific to their area or based on ‘luck’.

“Availability is increasingly restricted especially for any child with a level of SEN or disability. The better settings have long waiting lists.”

“The availability is the real issue, I had my son on a waiting list before he was born and we still didn’t secure a space for him until 2 weeks before I was due to go back to work.”

“Hard to find good quality, flexible childcare that fits around work commitments and is affordable. Often impossible to get the right days needed.”

“Available widely in my area. We did not struggle to find a place.”

Responses to the Economy Committee’s childcare survey

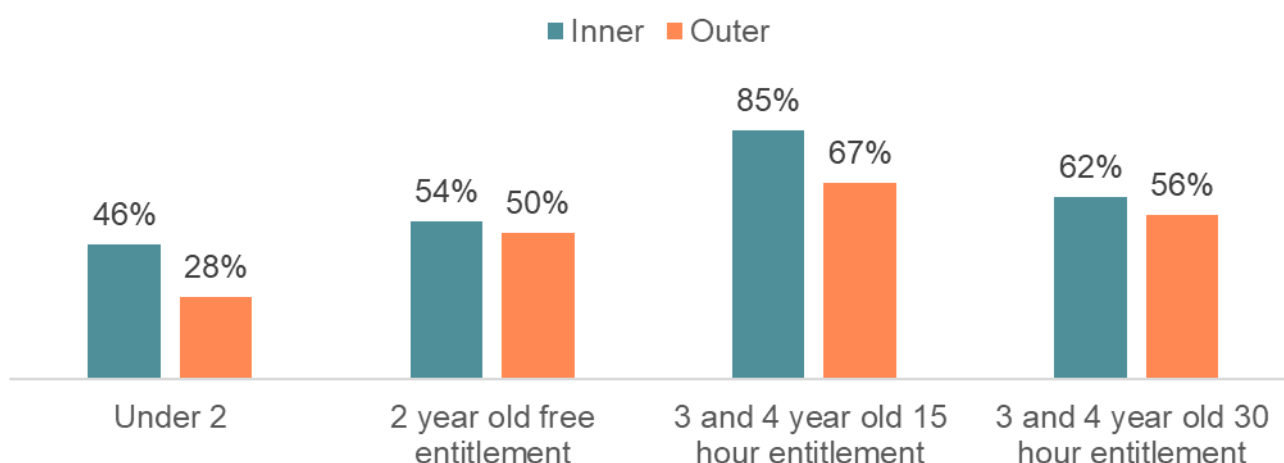
³¹ CPP, [Growing pains: The economic costs of a failing childcare system](#)

³² London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

Coram Family and Childcare’s 2023 Childcare Survey asked local authorities to report whether they had sufficient provision across a range of types of childcare. Just 28 per cent of local authorities in Outer London said they had sufficient provision for children aged under two, compared to 50 per cent in England as a whole.³³ The figure for Inner London was 46 per cent. For the three- and-four-year-old 30 hour entitlement, 62 per cent of local authorities in Inner London said they had sufficient provision, while 56 per cent of local authorities said they had sufficient provision in Outer London, compared to 66 per cent in England as a whole.³⁴

Childcare sufficiency in Inner and Outer London for early years

% of local authorities answering ‘Yes: in all areas’ when asked if they have sufficient childcare provision to meet demand



Source: Coram Family and Childcare. This chart includes all local authorities that responded to the 2023 survey.

It also found that Outer London had the lowest levels of childcare provision for disabled children, with only 11 per cent of local authorities reporting sufficiency in all areas, compared to 18 per cent in England as a whole.³⁵

Coram Family and Childcare shared data with the Committee that enabled a comparison between the Childcare Survey 2023 and the previous year, by analysing data from local authorities that provided information for both years. This research suggests a notable decline in the availability of some childcare in London since the pandemic. Across several metrics, there was a fall in local authorities reporting a sufficient amount of childcare in 2023, compared to the 2022 survey. For local authorities that provided data for both years of the survey, 30 per cent of local authorities in Inner London said that they had sufficient childcare for children under the age of two ‘in all areas’, compared to 70 per cent in 2022. For the same age group,

³³ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

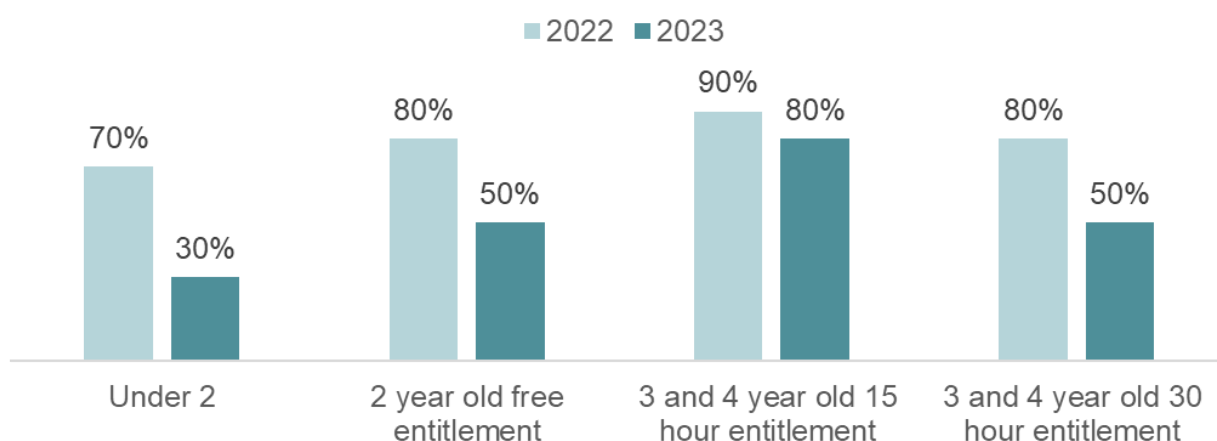
³⁴ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

³⁵ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

36 per cent of local authorities in Outer London said they had sufficient childcare ‘in all areas’ in 2023, compared to 57 per cent in 2022.

Childcare sufficiency in Inner London for early years

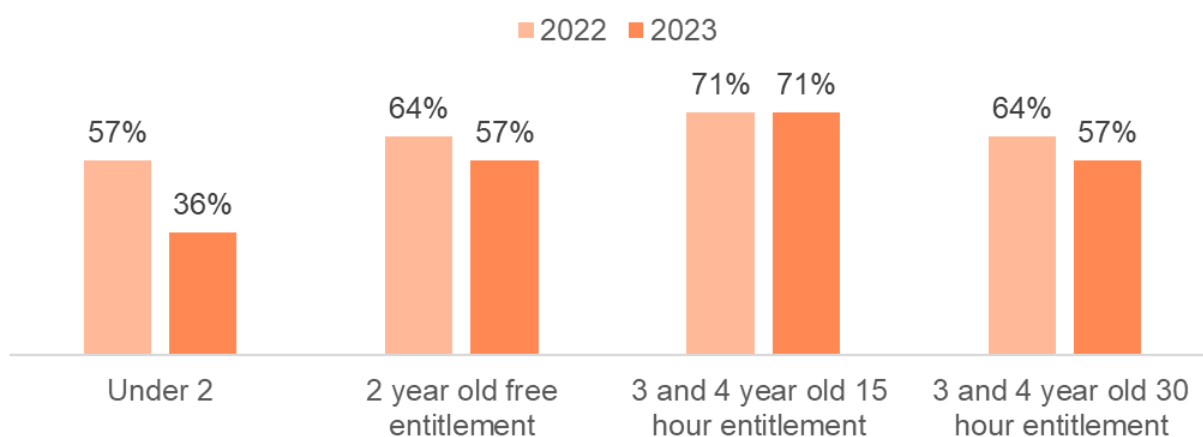
% of local authorities answering ‘Yes: in all areas’ when asked if they have sufficient childcare provision to meet demand (n = 10)



Source: Coram Family and Childcare. Figures differ from published reports as they compare data for the local authorities that responded to this question in both 2022 and 2023. This amounts to a total of 10 of the 13 (77 per cent) local authorities in Inner London.

Childcare sufficiency in Outer London for early years

% of local authorities answering ‘Yes: in all areas’ when asked if they have sufficient childcare provision to meet demand (n = 14)



Source: Coram Family and Childcare. Figures differ from published reports as they compare data for the local authorities that responded to this question in both 2022 and 2023. This amounts to a total of 14 of the 19 (74 per cent) local authorities in Outer London.

Inequalities in childcare provision

There is also evidence to suggest that there is less availability of childcare in more deprived parts of London. According to the London Early Years Foundation (LEYF), a charity which runs 40 nurseries across London, only 1 in 4.5 children in the most deprived areas have access to an early years place in London, compared to 1 in 2.6 children in the least deprived areas.³⁶ LEYF states:

*“Settings in more deprived areas are closing due to significant financial pressure as, typically, they rely on income from families accessing Government funded only provision ... they receive little to no top-up fees like nurseries in the more affluent areas do”.*³⁷

Analysis of Ofsted data by LEYF finds that in London, the least deprived areas have almost double the number of ‘outstanding’ nurseries, compared to the most deprived areas.³⁸

³⁶ LEYF, [Annual Report 2021/22 & Statement of Accounts](#)

³⁷ LEYF, [Annual Report 2021/22 & Statement of Accounts](#)

³⁸ LEYF, [Annual Report 2021/22 & Statement of Accounts](#)

Government support for childcare costs

The national policy landscape

Most government support for childcare costs in England is provided through three childcare ‘entitlements’. Spending on these entitlements has more than doubled since 2009-10, as the Government has increased the number of funded hours for all parents and introduced new entitlements for two-year-olds and for three- and four-year-olds in working families. Total spending on early years education and childcare more than quadrupled between 2001-02 and 2018-19.

The funding rate paid to childcare providers for these entitlements does not cover the cost of delivery in London. This impacts the sustainability of the childcare sector, as well as the cost, quality and availability of childcare for parents and families.

The Committee welcomes the Government’s plans to expand the free entitlements for children under the age of three. These measures have the potential to support more parents into work and alleviate cost-of-living pressures for families. However, there are clear concerns about the impact this will have on the childcare sector, and its capacity and infrastructure to cope with the rise in demand. The expansion needs to be properly funded and implemented with input from the sector to ensure it has the capacity to address the resulting increase in demand.

The system of childcare entitlements is designed to provide additional support with childcare costs for families who are in work, particularly through the 30-hour entitlement, which is only available to working families. This means that many families on low incomes are not entitled to additional support, such as the 30-hour entitlement. 70 per cent of families who are eligible for the 30 hours entitlement are in the top half of the earnings distribution in England, while just 20 per cent of families in the bottom third of the earnings distribution are eligible.³⁹ As a result, according to the Sutton Trust:

“There is some evidence that the 30-hour extended entitlement for working families may be contributing to the recent widening in the attainment gap, by doubly advantaging the better-off with additional hours.”⁴⁰

This is because disadvantaged families who are not in work do not receive the additional hours of childcare; therefore, these children may lose out academically.

³⁹ The Sutton Trust, [A Fair Start? Equalising access to early education](#)

⁴⁰ The Sutton Trust, [A Fair Start? Equalising access to early education](#)

Some guests at the Committee’s first meeting argued that greater prioritisation should be placed on supporting parents on lower incomes with childcare costs. Ben Franklin told the Committee:

“It is ridiculous that middle and high-income parents will benefit, but unemployed parents will not who, from a labour market point of view, probably stand to benefit the most from an extension of easily understandable, free childcare.”⁴¹

Joeli Brearley noted that higher-income families benefit disproportionately from the free entitlements, despite the fact *that* “children from lower-income families benefit the most from early years education”.⁴²

Most DfE funding for early years in England is delivered via the following three childcare entitlements:

- **15 hours universal entitlement for three and four-year-olds:** All three-to-four-year-olds in England are eligible for 570 free childcare hours per year. It is usually taken as 15 hours a week for 38 weeks of the year. The entitlement is universal and applies irrespective of income.
- **15 hours entitlement for disadvantaged two-year-olds:** Two-year-olds are eligible for 15 hours of free childcare a week if the family is in receipt of certain benefits. According to the IFS, this represents the 40 per cent most disadvantaged two-year-olds.
- **30 hours entitlement for working households:** Three-and-four year-olds from “working households” and certain other households specified in regulations qualify for the extended entitlement of 1,140 hours a year. This was introduced in September 2017 and is commonly taken as 30 hours a week for 38 weeks of the year. Parents are entitled to 30 hours a week of free childcare if they earn more than the National Minimum Wage for 16 hours a week on average. If one parent has an adjusted net income of over £100,000 a year, they are ineligible for the 30-hour entitlement.

Source: DfE, [15 hours free childcare for 3 and 4-year-olds](#), [Free education and childcare for 2-year-olds](#) and [30 hours free childcare](#)

Funding levels for the free childcare entitlements

Total spending on early years education and childcare more than quadrupled between 2001-02 and 2018-19.⁴³ Meanwhile, Government spending on the free childcare entitlements in England has more than doubled since 2009-10, as the Government has increased the number of funded hours for all parents; and introduced new entitlements for two-year-olds, and for three-and-four-year-olds in working families.⁴⁴ However, in recent years, increases in spending have not kept pace with the rise in costs for childcare providers. According to the IFS: “Once childcare providers’ costs are considered, core funding per hour for three-and-four-year-olds was more

⁴¹ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

⁴² London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

⁴³ IFS, [Early years spending update: Budget reforms and beyond](#), 26 September 2023

⁴⁴ IFS, [Early years and childcare in England: Public spending, private costs, and the challenges ahead](#), 8 March 2023

than 17 per cent lower in 2022-23 than it had been a decade previously.” It adds: “Core funding per hour for two-year-olds in 2022-23 was no higher in real terms than it was when the entitlement was introduced in 2015-16.”⁴⁵

Guests at the Committee’s meetings were in broad agreement that the levels of government funding for the childcare entitlements do not cover the cost of delivery for childcare providers in London or elsewhere.⁴⁶

“The key issue is that the three to four year old entitlement and the two year old entitlement are underfunded by the Government by almost £3 per child per hour... That means that those costs have to be passed down the chain, which is why we see these very extreme costs for one year olds and two year olds.”⁴⁷

Joeli Brearley, Founder and Director Pregnant Then Screwed

Guests referenced data obtained by the Early Years Alliance from a Freedom of Information request in 2021. This found that the funding rates paid to local authorities for the free entitlements were considerably less than the amount estimated, by the Government, to be necessary to fund the scheme. According to documents released by the DfE, officials estimated that a Government-funded early years place for a child aged three or four would cost, on average, £7.49 per hour by 2020-21. By this point, the average rate paid to local authorities was £4.89 per hour. As the Early Years Alliance states, “That’s a shortfall of £2.60 per child, per hour for every 30-hours place – or £2,964 over the course of a year.”⁴⁸

“There is a certain minimum, which you need to have skilled staff, pay them properly, suitable premises, and I would share the concerns that the three to four rate does not completely cover that.”⁴⁹

Iain Mansfield, Director of Research and Head of Education and Science Policy Exchange

Guests at both of the Committee’s meetings argued that these insufficient funding rates are having various detrimental consequences for the provision of childcare. They argued that, due to underfunding of the free childcare entitlements, providers are forced to increase costs in other areas, such as for one-and-two-year-olds, and for additional items such as nappies and food. The IFS states that parents “might be asked for ‘voluntary’ contributions to secure their place (though these are regulated)”, and also finds that “some providers respond to a squeeze

⁴⁵ IFS, [Early years spending update: Budget reforms and beyond](#), 26 September 2023

⁴⁶ See, for example, quotations from meeting below.

⁴⁷ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

⁴⁸ Early Years Alliance, [New data shows ministers knew early years was underfunded](#), 14 June 2021

⁴⁹ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

on free entitlement funding rates by raising prices on parent-funded hours [for children under the age of 3].⁵⁰

“If you are having to make a loss on three to four year olds, you are trying to get that back elsewhere, and that is going to be wages, that is going to be parents having to fund nappies, for example, things like that.”⁵¹

**Ben Franklin, Director of Research & Policy
CPP**

Guests also warned that funding levels for the entitlements particularly impact the sustainability of providers in more deprived areas, as they are more likely to rely on government funding via the entitlements for their income than settings in more affluent areas. Joeli Brearley argued that the underfunding of the entitlements can render those businesses unsustainable, resulting in “childcare deserts in areas of deprivation”.

The Government has since increased the funding rates (effective from September 2023) from an average of £5.29 to £5.62 for three-and-four-year-olds; and from an average of £6 to £7.95 for two-year-olds.⁵² This rise is welcome, although it has still been criticised as being insufficient by some representatives from the sector.⁵³

In response to the Committee’s survey on experiences of childcare in London, several parents and carers who were entitled to the 15 or 30 hours a week of Government support said that it was useful to them and their family; and that it made a difference to their finances. However, others described the system as ‘complicated’ or ‘confusing’, and difficult to understand. This related to the age at which the funded entitlements start; how the entitlements apply; and when the entitlements can be used. Some respondents also discussed additional fees from nurseries that reduced the perceived financial benefit of the offer. Some parents and carers wanted more hours as part of the childcare entitlement, or a greater income threshold in London given the much higher living costs.

“Everything is too complicated. I don't understand the rationale for 30 hours, as this does not in any way equate to a working week. There is no flexibility as to how those hours are used (e.g. if you could use them towards 3 longer days or carry them over to use in school holidays).”

⁵⁰ IFS, [Early years and childcare in England: Public spending, private costs, and the challenges ahead](#)

⁵¹ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

⁵² Gov.uk, [Minister urges social landlords to open the door to childminders](#), 21 August 2023

⁵³ See, for example: Early Years Alliance, [Funding rates confirmation 'another disappointment' for the sector, Alliance warns](#), 7 July 2023

“It has been a relief accessing it but it should be available from 1st day child goes to nursery not from the term after the child turns 3. (It is unfair for parents whose children are born at the start of the previous term, they have to wait for 3 months before accessing the funding).”

“At our nursery, these were used as a subsidy, they didn't cover the hourly rate for the nursery they were in. So over a month you only saved about £200 and we're still charged £1800 per child.”

“It is helpful. However the £100,000 cut off should be more in London.”

Responses to the Economy Committee's childcare survey

Coram Family and Childcare has called on the Government to “review the funding rate for early education entitlements to ensure that it meets the cost of providing high-quality care”.⁵⁴ The Committee believes this is particularly important in London, where cost-of-living pressures are greatest and childcare costs have been shown to be higher than in other parts of the country.

Recommendation 1

The Government should review the funding rates for early education entitlements in London, to ensure that they are meeting the costs of high-quality provision in the capital, including a better pay deal for employees in the sector. The Mayor should lobby the Government to review these funding rates.

Expansion of free childcare entitlements

At the Spring Budget 2023, the Government announced an extension of free childcare to parents of eligible children over the age of nine months.⁵⁵ This policy will be introduced gradually from April 2024, and will be fully in place by September 2025.⁵⁶ It means that spending on free entitlements will double between 2023-24 and 2026-27.⁵⁷

The Committee welcomes the Government's plans to expand the free entitlements for children under the age of three. These measures have the potential to support more parents into work and alleviate cost-of-living pressures for families. However, the expansion needs to be properly funded and implemented with input from the sector to ensure it has the capacity to address the increase in demand.

Guests at the Committee's meetings broadly welcomed the Government's plans. Joeli Brearley said the reforms should “have a benefit in terms of retaining mothers in the workforce”, while Ben Franklin stated: “From a positive point of view, it is seeing childcare as an economic asset.”⁵⁸ Councillor Ian Edwards argued: “This is very positive ... if this places more money back

⁵⁴ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

⁵⁵ DfE, [How to apply for 30 hours free childcare and find out if you're eligible](#)

⁵⁶ DfE, [How to apply for 30 hours free childcare and find out if you're eligible](#)

⁵⁷ IFS, [Early years spending update: Budget reforms and beyond](#), 26 September 2023

⁵⁸ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

into the pockets of those families, this is to be applauded.” He also noted, “The issue is the extent to which this will add to the demand for places.”⁵⁹

Guests expressed concerns about the impact the reforms could have on the childcare sector in London, and questioned whether it has the capacity and infrastructure to cope with the rise in demand. As Purnima Tanuku highlighted, “Some providers do not physically have the space to be able to expand, and of course capital funding is required.”⁶⁰ Neil Leitch, CEO of the Early Years Alliance, said: “On the surface, it should of course be a great offer. Yet the reality is what it creates is chaos because we do not have the infrastructure to deliver it.”⁶¹

“Another direction where the Mayor could be quite influential is around the Budget and the reforms that we are seeing coming online. The next two years are going to be a shakeup of the early years system, pretty much unlike anything that we have seen since the original free entitlement hours were introduced more than 20 years ago. There is a huge role here, or a huge vacuum here that the Mayor could fill in, first documenting the challenges with deliverability or the successes with deliverability and how those vary across the different local authorities within London, but also how they vary by different sub-populations within that.”⁶²

**Christine Farquharson, Associate Director
IFS**

It is clear that these national reforms will have a significant impact on the childcare sector and the provision of childcare in London. As guests highlighted at the Committee’s meetings, there is a risk that the sector in London will struggle to cope with the expected rise in demand for places. The Mayor and the Deputy Mayor for Children and Families have an important role to play in working with the sector; and supporting it through the period of transition and implementation of the extension.

Recommendation 2

The Mayor and Deputy Mayor for Children and Families, working with London Councils, boroughs and the childcare sector, should carry out and publish a constructive London-wide review of the sector in 2023-24 to understand the challenges it faces in delivering the expansion of free childcare entitlements and meeting the expected rise in demand, especially in relation to the most disadvantaged families. The Deputy Mayor should consult with the GLA’s Early Years Stakeholder Group and the London Anchor Institutions Network when carrying out this work. The Mayor should then lobby the government and work with the sector to help it address the challenges identified.

⁵⁹ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁶⁰ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁶¹ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁶² London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

London's early years sector

The early years sector faces numerous challenges across the country, but many of these are more acute in London due to higher costs in the capital. Providers generally spend more on wages and rent or mortgages in London than in other parts of the country.

The childcare sector in London is experiencing severe staffing shortages, and faces ongoing challenges related to recruitment and retention. Research has shown that workers in the sector feel undervalued, while wages and the lack of career progression also act as a barrier to recruitment and retention.

There has been a considerable reduction in the number of childminders operating in England, with London seeing the largest fall. There are several potential explanations for this, including low pay; the amount of paperwork involved; a lack of flexibility in the role; and regulations around ratios of childminders to children being looked after (although differing views were expressed about ratios). Another barrier is many people's inability to set up as childminders where they live in the private rented sector, or in social housing.

The early years sector faces numerous challenges across the country, but many of these are more acute in London due to higher costs in the capital. Christine Farquharson told the Committee that, as wages are higher in London, "London providers will be forced to pay a little bit more than those elsewhere in the country to keep their workforce ... The next biggest childcare provider cost is rent and mortgages and location, which again is something that we know is structurally higher in London than it is elsewhere".⁶³

*"It is all about costs. In London, costs are higher than the rest of the country, therefore that tends to drive up the price for parents, but also makes the feasibility of running... a nursery, or being a childminder, not as great as it is in other parts of the country, which is why you see so few places in London."*⁶⁴

Joeli Brearley, Founder and Director Pregnant Then Screwed

However, according to Ofsted inspections, early years provision in London overall is of a high quality. Joanne McCartney, Deputy Mayor for Children and Families, told the Committee: "A good sector is also one that is of very high quality. We are lucky that 96 per cent of our settings are either good or outstanding according to Ofsted criteria."⁶⁵

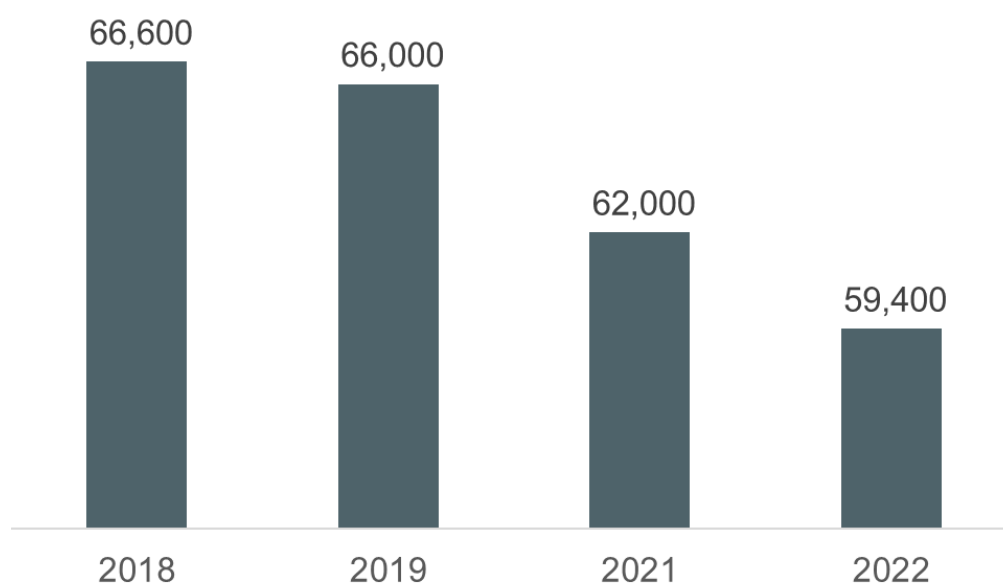
⁶³ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

⁶⁴ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

⁶⁵ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

In recent years there has been an increase in the number of nurseries closing down and childminders leaving the sector in London, a situation which is mirrored in other parts of the country and has been exacerbated by the pandemic and cost-of-living pressures. Data from the DfE indicates a consistent fall in the total number of childcare providers in England since 2018. Based on data from the 2022 Survey of Childcare and Early Years Providers (SCEYP), the DfE estimates that there were 59,400 childcare providers in England with at least one child aged 0-4 registered with them, down from 66,600 in 2018.⁶⁶ In London, there were 9,880 providers in 2022 (data on the number of providers in previous years in London has not been made available for comparison).

Number of childcare providers in England



Source: DfE, [Childcare and early years provider survey](#), Number of providers (2018, 2019, 2021 and 2022). Due to the pandemic, data was not collected in 2020. These figures have not been made available for London, so it is not possible to track the change in the number of London-based childcare providers over time.

Coram Family and Childcare's 2023 survey asked local authorities across the UK to cite the key factors impacting the sustainability of childcare in their areas. 69 per cent of local authorities reported problems with recruiting and retaining staff, 65 per cent highlighted the cost of staff, 57 per cent highlighted the cost of energy, 56 per cent highlighted the funding rate of early education entitlements, and 53 per cent highlighted the cost of food.⁶⁷

The early years workforce

The childcare sector in London is experiencing severe staffing shortages. An impact report for the Mayor's Strong Early Years London (SEYL) programme found that, in spring 2022, 67 per cent of all London nurseries and preschools had staff vacancies, and 94 per cent were finding them hard to fill.⁶⁸ The report highlights a substantial upward trend in the number of London settings experiencing difficulties in recruiting staff, rising from 23 per cent in autumn 2020 to

⁶⁶ Gov.uk, [Childcare and early years provider survey](#), 15 December 2022

⁶⁷ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

⁶⁸ Mayor of London, [Strong Early Years London – Impact Report](#), June 2022

73 per cent in spring 2022. Additionally, London settings reported increasing difficulties in retaining staff, rising from 6 per cent in 2020 to 31 per cent in spring 2022.⁶⁹ This mirrors the findings of other research; in response to Coram Family and Childcare’s 2023 survey, 71 per cent of local authorities reported that local childcare settings are finding it ‘very difficult’ to recruit staff with the required qualifications and experience.⁷⁰

Guests at the Committee’s meetings emphasised several challenges related to recruitment and retention in the early years sector. They highlighted wages and the lack of career progression in the sector as a barrier to recruitment and retention; and cited research showing that workers in the sector feel undervalued. Guests noted that the underfunding of childcare entitlements is a factor in the low wages paid by the sector.

“The key thing for us as well is that better pay and terms and conditions for the workforce. We know that they are undervalued and underpaid, but we know that any reform of the sector must include improving those pay and conditions.”⁷¹

Victoria Jones, Senior Policy Officer
Trades Union Congress

“The biggest single reason that they are leaving the sector, according to our research of 1,500 providers, is not because of money, it is because they feel completely undervalued, then it is [being] exhausted, then it is money. There is no professional career, there is no path that they follow, they are considered to be glorified babysitters.”⁷²

Neil Leitch, CEO
Early Years Alliance

A skilled and qualified workforce is vital to delivering a high standard of early years education. However there is some variation in the qualifications that staff hold. Research by the DfE into the early years workforce finds that the proportion of staff in early years settings qualified to at least level 3 (broadly equivalent to A-level) was the lowest in the country in London at 74 per cent in 2021, and highest in the North East at 91 per cent.⁷³ According to the Professional Association for Childcare and Early Years (PACEY):

“There has also been a clear decrease in the percentage of children benefitting from the presence of better-qualified staff in the London area, with a significant drop for two-year-olds. This is likely to enhance the disadvantage gap already apparent across England.”⁷⁴

⁶⁹ Mayor of London, [Strong Early Years London – Impact Report](#), June 2022

⁷⁰ Coram Family and Childcare, [Childcare Survey 2023](#), March 2023

⁷¹ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁷² London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁷³ DfE, [The early years workforce: recruitment, retention, and business planning – April 2022](#), April 2022

⁷⁴ PACEY, [A Workforce in Crisis: Saving Our Early Years](#), January 2021

The Committee is aware that work is under way to address some of these challenges, both nationally and in London. The DfE recently launched a consultation aimed at increasing the early years workforce in England; and it plans to launch a recruitment campaign to attract and retain talent early next year.⁷⁵ In London, the Mayor holds responsibility for the delegated Adult Education Budget (AEB). At the Committee's second meeting, the Deputy Mayor highlighted figures showing that, during the 2021-22 academic year, a total of 62 courses related to child development and wellbeing were delivered through the AEB, involving 5,340 participants. She also highlighted the work of the GLA's Early Years Stakeholder Group, and the London Anchor Institutions' Network, in seeking to address workforce challenges in the childcare sector.⁷⁶

The Mayor has a role to play in supporting the development of the workforce in London. However, Neil Leitch, CEO of the Early Years Alliance, argued: "Superficial programmes to attract people into a sector when we have not fixed the fundamentals are of very little benefit because they quickly realise there is no substance in what they are doing."⁷⁷ It is therefore vital that any initiatives related to recruitment also emphasise the value of early years education and the vital work carried out by staff in the sector. Guests at the Committee's second meeting spoke about the need to value the workforce and to emphasise their role as 'early years educators'.

The Government recently announced an optional change to the ratio of staff to children from 1:4 to 1:5 for two-year-old children; this came into force in September 2023.⁷⁸ The Government has stated that relaxing staff-to-child ratios "will increase childcare support for parents, boost the number of childminders and drive take up of childcare offers, to address rising costs".⁷⁹ Guests at the Committee's first meeting expressed contrasting opinions on the likely impact of this change. Iain Mansfield argued that relaxing ratios could drive down costs; but Joeli Brearley and Ben Franklin argued that this could result in a reduction in the quality of provision.⁸⁰

Recommendation 3

The Mayor should run an awareness campaign, with the aim of recruiting and retaining more workers into the early years education sector. The campaign should promote the critical importance of early childhood education on a child's development and life chances, and emphasise the importance of early years professionals in supporting this work.

Childminders

The number of childminders operating in England has more than halved over the last decade.⁸¹ The number of staff employed as childminders in England, including assistants, fell from 43,305 in 2018 to 33,869 in 2022. A similar picture emerges in London with a fall of 1,732 staff employed as childminders between 2018 and 2022.⁸² Further analysis by the Committee of DfE

⁷⁵ BBC News, [Universal credit childcare funding to rise 47% from June](#), 31 May 2023

⁷⁶ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁷⁷ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁷⁸ Gov.uk, [How staff-to-child ratios work](#), 20 April 2023

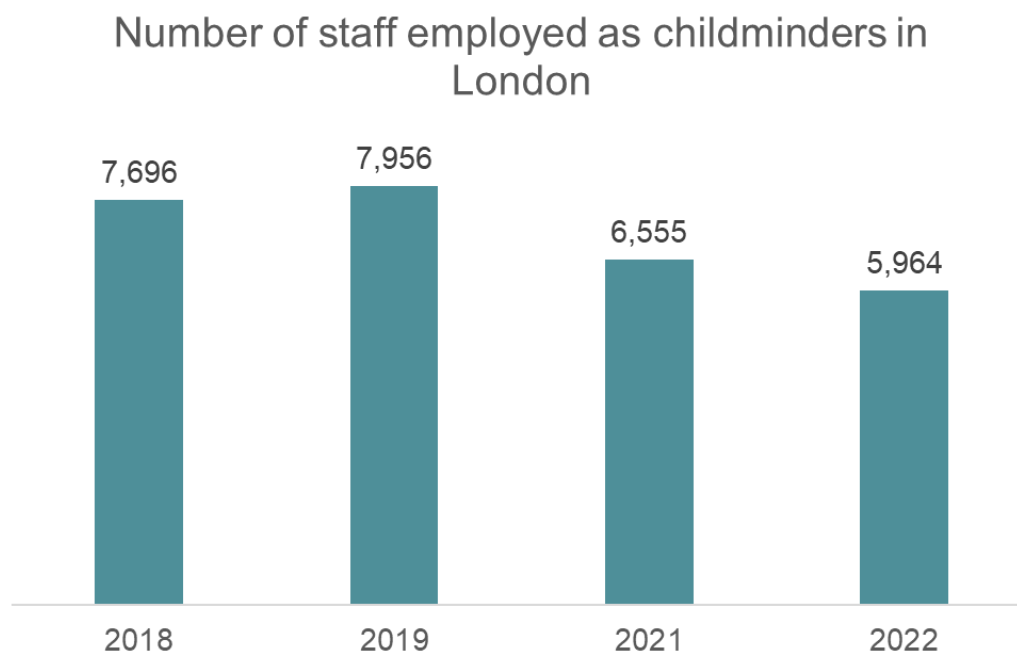
⁷⁹ Gov.uk, [Press release: Drive to reduce the cost of childcare for parents](#), 4 July 2022

⁸⁰ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

⁸¹ Gov.uk, [Minister urges social landlords to open the door to childminders](#), 21 August 2023

⁸² DfE, Statistics: childcare and early years, [Childcare and early years providers survey](#), 2022 and 2018

data on the number of registered places in London suggests a loss of over 13,000 registered childminder places since 2018.⁸³



Source: DfE, [Childcare and early years provider survey, Number of providers \(2018, 2019, 2021 and 2022\)](#). Due to the pandemic, data was not collected in 2020.

Helen Donohoe, Chief Executive of PACEY, told the Committee: “The biggest loss of childminders is in London.”⁸⁴ The demands facing the sector in London are clear from a 2020 survey, commissioned by the GLA and carried out by the Early Years Alliance and CEEDA, which found that 6 per cent of childminders in London were “winding down” and preparing to stop offering provision soon, with a further 50 per cent “struggling” and focused on trying to remain open over the next 12 months. Only 41 per cent felt their business was solid and their position “stable”, with 3 per cent planning to expand in 2020.⁸⁵

At the Committee’s meetings, various explanations were cited for the reduced number of childminders. These included low pay; the amount of paperwork involved; a lack of flexibility in the role; and regulations around ratios of childminders to children being looked after (although, as discussed above, differing views were expressed about ratios). The Government has said that it is taking steps to encourage more people into the childminding sector, such as reducing registration times and introducing measures to enable childminders to work together in groups of up to four childminders in total.⁸⁶

Guests also highlighted the fact that people face barriers to working as childminders where they live in the private rented sector or in social housing. They informed the Committee that people in rented properties sometimes have covenants in their tenancy agreements stating that the property cannot be used for business purposes, meaning they cannot work as childminders from home. On 21 August 2023, the then Children’s Minister Claire Coutinho wrote to housing

⁸³ DfE, Statistics: childcare and early years, [Childcare and early years providers survey](#), 2022 and 2018

⁸⁴ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

⁸⁵ GLA, [The business support needs of London’s early years sector and how they can be met](#), 30 November 2020

⁸⁶ Gov.uk, [Minister urges social landlords to open the door to childminders](#), 21 August 2023

associations, social landlords and developers, asking them to review clauses in tenant contracts that prevent childminders from working in rented accommodation.⁸⁷

Although this issue was raised by several guests at the Committee’s meetings, the scale of the problem in London is unclear – as is the extent to which it acts as a barrier to people working as childminders in the capital. London has a higher proportion of people living in the private and social rented sector than in other parts of the country, so there is a risk that the issue is more of a barrier in London than elsewhere.⁸⁸ The Mayor therefore has a role to play in seeking to better understand this issue in London, and working with stakeholders to address it.

Recommendation 4

The Mayor and the Deputy Mayor for Children and Families should investigate the barriers to childminders working from private and social rented accommodation, and the scale of the problem in London. The Mayor and the Deputy Mayor should then work with social housing providers and private landlords in London to ensure that they are taking steps to permit tenants to set up as childminders in rented accommodation.

⁸⁷ Gov.uk, [Minister urges social landlords to open the door to childminders](#), 21 August 2023

⁸⁸ ONS, [Housing, England and Wales: Census 2021](#)

Increasing the take-up of childcare in London

Awareness and uptake of support with childcare costs is not as high as it could be. Many parents are not aware of schemes such as Tax Free Childcare, while the number of programmes and the complexity of the system act as barriers to uptake. London has a lower take-up rate for some types of childcare than the rest of the country, including for disadvantaged two-year-olds.

Employers have a role to play in supporting employees with childcare. In particular, the availability of flexible working is important in enabling parents to balance work with childcare.

The Mayor has no statutory responsibility for childcare in London. However, he has a Deputy Mayor for Children and Families; and has taken action through initiatives such as the London Early Years Campaign and the Strong Early Years London programme. There are further ways in which the Mayor can support early years childcare in London, such as through the Good Work Standard and by raising awareness of childcare provision in London.

Awareness, access and take-up of childcare in London

The Government provides support for childcare costs through various programmes, including the Tax Free Childcare scheme and payments as part of Universal Credit. Although this support is welcome, guests told the Committee that the number of different funding streams adds complexity to the system and can make it difficult for parents to navigate. As the IFS notes,

“Support for childcare in England is complicated, with at least eight different programmes to help families with the cost of care, and with many families eligible for more than one form of support simultaneously. This complexity makes it difficult for parents to work out what support they’re entitled to and how to get it.”⁸⁹

The awareness and take-up of some funding streams is not as high as it could be. Guests at the Committee’s meeting quoted findings from the Government’s 2022 Childcare and early years survey of parents, which found that 47 per cent of parents with a child aged under 12 were aware of the Tax-Free Childcare scheme, up from 44 per cent the previous year.⁹⁰ The IFS highlights limited awareness of the scheme and “confusing eligibility rules or perceived hassle of the application process”.⁹¹ Meanwhile, the take-up rate of the childcare element of Universal Credit is low; in February 2022, these payments were received by just 25 per cent of eligible families with a preschool-aged child, and 13 per cent of eligible families with a child aged 16 or under.⁹²

⁸⁹ IFS, [Early years and childcare in England: Public spending, private costs, and the challenges ahead](#)

⁹⁰ DfE, [Childcare and early years survey of parents](#), 25 August 2022

⁹¹ IFS, [Early years and childcare in England: Public spending, private costs, and the challenges ahead](#)

⁹² IFS, [The changing cost of childcare](#)

Take-up of childcare differs across different demographic groups. According to the Nuffield Foundation, 93 per cent of three-and-four-year-olds accessed their 15 funded hours a week in 2019.⁹³ However, the most disadvantaged families are least likely to take up their places. Take-up is also lower among children from some ethnic minority backgrounds, and among children with English as an additional language and those with special educational needs and disabilities (SEND).⁹⁴ Research from 2018 found that three-year-old children who speak English as an additional language are nearly three times more likely not to take up their full childcare entitlements than those who speak English at home.⁹⁵

It is striking that London has a lower take-up rate for some types of childcare than the rest of the country, including for disadvantaged two-year-olds. In 2020, data from the DfE shows that only 59 per cent of eligible two-year-olds in London accessed their free 15 hours of early education, compared to 69 per cent in England as a whole (the DfE's equivalent data for 2023 is not broken down by region).⁹⁶ Analysis of this data by London Councils has found that take-up varies significantly across London boroughs, which could be linked to a variety of factors including disadvantage; employment status; ethnicity; SEND; population mobility; and having English as an additional language.⁹⁷

On 27 October 2023, the Government launched an 'eligibility checker', which enables parents to see what childcare support they are entitled to.⁹⁸

The Mayor has previously taken action to raise awareness of childcare provision in London. The Mayor's London Early Years Campaign ran until July 2022, and aimed to raise awareness among parents of the childcare support they were entitled to. Joanne McCartney told the Committee that the GLA did not continue this campaign, as the Government was running a similar campaign to raise awareness of the childcare entitlements.⁹⁹ However, guests felt that the Mayor still had an important role to play in raising awareness and increasing the take-up of childcare in London.

*"We have spoken a lot about information, complexity and understanding the system and how to get parents engaging in the system. That is important and that is something where the Mayor really does have a role in putting together resources, helping parents navigate the system and helping people to find and understand reasons why those entitlements would benefit them."*¹⁰⁰

**Christine Farquharson, Associate Director
IFS**

⁹³ Nuffield Foundation, [The role of early childhood education and care in shaping life chances](#), 20 October 2021

⁹⁴ Nuffield Foundation, [The role of early childhood education and care in shaping life chances](#), 20 October 2021

⁹⁵ Campbell et al, '[Universal' early education: who benefits? Patterns in take-up of the entitlement to free early education among three-year-olds in England](#)

⁹⁶ Gov.uk, [Education provision: children under 5 years of age: Reporting year 2020](#)

⁹⁷ London Councils, [The best start for young Londoners: Strengthening London's early years education offer following the Covid-19 pandemic | London Councils](#), 4 February 2021

⁹⁸ DfE, [Investment in childcare boosted by new resources and online tools](#), 27 October 2023

⁹⁹ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

¹⁰⁰ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

“[The Mayor could offer] much more proactive support and directed services for those disadvantaged in our communities and encouragement to sign up to the offers that exist, as complex as it is.”¹⁰¹

**Helen Donohoe, Chief Executive
PACEY**

Recommendation 5

The Mayor and the Deputy Mayor for Children and Families, working with London boroughs, should ensure that information informing parents of the childcare support they are entitled to is made available in a range of settings across London, with the aim of helping them to navigate the system and increasing the take-up of childcare in London, particularly among disadvantaged groups.

The role of employers

The Committee heard that London employers have a key role to play in implementing working practices that help employees with their childcare needs. These can include promoting flexible working to enable parents to balance work with childcare; providing onsite childcare facilities for employees; and offering childcare loan schemes. However, evidence suggests that employers can do more to create supportive working environments for employees who have childcare commitments. Joeli Brearley quoted research which found that “only 7 per cent of London parents said that their employer had ever had any conversation with them about childcare and what benefits they are entitled to or tried to assist them with any childcare issues”.

Respondents to the Committee’s survey who did receive employer support with childcare mentioned various types of childcare support and initiatives – for example vouchers, emergency leave, nurseries, and tax-free loans or salary sacrifices. Some respondents found these schemes helpful and easy to access; others described issues and delays in the schemes, or did not feel they were well-publicised. However, there were limitations for families making use of this support – for example, not being able to use schemes due to varying commuting patterns.

The GLA has taken steps to encourage employers to support employees with childcare issues. The GLA commissioned Coram Family and Childcare to create an Employer Toolkit on how London employers “can better support working parents to understand and access early education and childcare offers”.¹⁰² This was published in 2022, and was publicised by both the GLA and Coram Family and Childcare.¹⁰³

¹⁰¹ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

¹⁰² Mayor of London, [Employer toolkit: helping your employees to understand childcare offers](#)

¹⁰³ Coram Family and Childcare, [Coram Family and Childcare teams up with the Mayor of London to help employers boost awareness of childcare offers for working parents](#), 16 May 2022

The Mayor’s Good Work Standard also refers to providing interest-free payroll loans “such as Tenancy and Childcare Deposit Loans”, and directs employers towards the Employer Toolkit.¹⁰⁴ However, evidence has not been published on the impact of these provisions in the Good Work Standard and the Employer Toolkit. Ben Franklin told the Committee that the Good Work Standard “might be one lever in which childcare - whether that is preschool or within school - might play more of an active role in determining what companies meet that Good Work Standard”.¹⁰⁵

The Committee also heard that employers in general do not always promote shared parental leave to their employees, partly because of the complexity of the system. Shared parental leave is important in enabling parents to share childcare between them, and ensuring that women’s careers are not disproportionately impacted by childcare commitments.

“[Shared parental leave] is really complicated. I have met lawyers who do not understand shared parental leave. It is an incredibly complicated system. Therefore, often if men ask to take shared parental leave, their employer puts them off from taking it because they do not understand how it works. They often face even more severe discrimination for wanting to take time out to care for their children than women do because it is expected that women will take time out; it is not expected that men will.”¹⁰⁶

**Joeli Brearley, Founder and Director
Pregnant Then Screwed**

Recommendation 6

The Mayor and the Deputy Mayor for Children and Families should update the Committee on what impact the Good Work Standard and Employer Toolkit have had on the support offered by employers to employees in relation to childcare, including providing onsite childcare. They should also update the Committee on how they intend to increase the uptake of the Good Work Standard and use of the Employer Toolkit, to ensure that more London employers are adopting good working practices relating to childcare.

Recommendation 7

The Government should take action to simplify the system of shared parental leave, in order to increase take-up. The Mayor should encourage London employers to promote shared parental leave to their employees, including through the Good Work Standard.

¹⁰⁴ GLA, [Guidance and support for employers](#)

¹⁰⁵ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

¹⁰⁶ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

GLA Childcare Deposit Loan Scheme

The GLA offers its own Childcare Deposit Loan Scheme to all GLA employees. This offers a loan of up to £1,500 to assist with childcare registration and deposit fees, which may be paid in advance to Ofsted-registered childcare providers. Joanne McCartney told the Committee that, at the time of the meeting, the GLA had issued 58 loans through the scheme to employees. She added: “The Human Resource team is exploring ways it can increase the take-up as part of a review of all family-friendly policies across the GLA.”¹⁰⁷ In a subsequent letter to the Committee, dated 31 August 2023, the Deputy Mayor clarified that this figure is from 2019, and relates to the whole GLA Group. She told the Committee that she had requested more recent data on the take-up of the scheme.

The GLA also published a Childcare Deposit Loan Scheme Toolkit for employers in 2022, which includes information and guidance on how employers can implement a loan scheme to support with childcare costs, using a similar model to the GLA scheme.¹⁰⁸

Victoria Benson told the Committee:

“Researching the effectiveness of the GLA upfront costs scheme would be really good and helpful, and then talking to London employers about introducing their own scheme would be one way that would really help lower income women back into work.”¹⁰⁹

The Committee welcomes the provision of the Childcare Deposit Loan Scheme for GLA Group employees, but would like to see further action to increase its uptake.

Recommendation 8

The Mayor should commission an evaluation of the impact of the Childcare Deposit Loan Scheme across the GLA Group, and explore how he can increase take-up of the scheme. The findings of this evaluation could also be used to strengthen the Childcare Deposit Loan Scheme Toolkit for other employers on how they can implement a similar scheme.

¹⁰⁷ London Assembly Economy Committee, [Transcript of Agenda Item 5 – Childcare in London Part 2](#), 14 June 2023

¹⁰⁸ Mayor of London, [Employer toolkit: helping your employees to understand childcare offers](#)

¹⁰⁹ London Assembly Economy Committee, [Transcript of Agenda Item 9 – Childcare in London](#), 23 May 2023

Committee activity

Committee meetings

The Committee's investigation set out to examine the state of early years childcare in London. The Committee's first meeting was held on 23 May 2023, and explored the impact of costs and levels of provision on the users of childcare. The meeting was attended by the following guests:

- **Victoria Benson**, Chief Executive Officer, Gingerbread
- **Joeli Brearley**, Founder and Director, Pregnant Then Screwed
- **Christine Farquharson**, Associate Director, Institute for Fiscal Studies (IFS)
- **Ben Franklin**, Director of Research & Policy, Centre for Progressive Policy (CPP)
- **Iain Mansfield**, Director of Research and Head of Education and Science, Policy Exchange

The Committee's second meeting was held on 14 June 2023, and explored the opportunities and challenges faced by the childcare sector in London. The meeting was attended by the following guests:

- **Helen Donohoe**, Chief Executive, Professional Association for Childcare and Early Years (PACEY)
- **Cllr Ian Edwards**, Leader of Hillingdon Council and London Councils' Executive Member for Children and Young People
- **Victoria Jones**, Senior Policy Officer, Trades Union Congress (TUC)
- **Neil Leitch OBE**, CEO, Early Years Alliance
- **Joanne McCartney**, London's Deputy Mayor for Children and Families
- **Purnima Tanuku OBE**, CEO, National Day Nurseries Association

Childcare survey

Given that the cost and availability of childcare impacts many families in London, the London Assembly Economy Committee wanted to hear from those with experience of using childcare services in London. From June to August 2023, the Committee invited Londoners to share their views, including parents, carers, relatives of those using childcare and those working in the childcare sector. The survey was posted on the London Assembly's social media channels and was shared with stakeholders, who were also encouraged to share it with their networks. The survey received 101 responses and was open to anyone who wanted to respond, rather than collecting representative quantitative data. To reflect this, the survey design included a high number of open text box questions, and the report uses quotations rather than seeking to quantify responses using percentages.

Some quantitative questions were used to understand who responded to the survey and to make the questions most relevant to respondents. Responses to open text and closed questions of the survey are published alongside this report. As the survey was not seeking to be representative, and due to the number of respondents, quantitative data should be treated with caution.

Other formats and languages

If you, or someone you know needs this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email assembly.translations@london.gov.uk

Chinese

如您需要这份文件的简介的翻译本，
请电话联系或按上面所提供的邮寄地址或
Email 与我们联系。

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا منکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

Arabic

الحصول على ملخص لهذا المستند بلغتك،
فارجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي العادي أو عنوان البريدي
الإلكتروني أعلاه.

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઇ-મેઇલ સરનામા પર અમારો સંપર્ક કરો.

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