

# Make Childcare Make Sense

for families on low incomes in London



4in10

### **About 4in10 London's Child Poverty Network**

4in10 is London's Child Poverty Network. It is comprised of over 450 organisations and individual members working to improve the lives of children living in poverty across the capital. The 4in10 collective belief is that all children have a right to grow up free from poverty and that failure to protect this right denies children the freedom and dignity that others enjoy. A future free from child poverty in London is possible if there is a conscious will and effort to make this a reality. Voices are stronger and more effective when campaigning together for this future. 4in10 also seeks to improve the skills and capacity within their membership base through training and networking. It connects people who care, highlights best practice that works, shares information, and keeps the spotlight on the damage of poverty on children and families in London. The 4in10 network is funded by Trust for London and City Bridge Foundation.

# Introduction

It is a well-established fact that the experience of child poverty in London is characterised by high housing costs. Latest statistics show that all the 20 UK local authorities with the greatest differential between child poverty rates before and after housing costs are in London.<sup>1</sup>

**However, it is not the high cost of housing alone that is driving child poverty rates in our city. Families are also having to shoulder higher childcare costs than elsewhere in the country; for children under 2, costs are between 25 and 30 per cent higher in London than for Great Britain as a whole.<sup>2</sup>**

<sup>1</sup> Stone, J. (June 2023) Local indicators of child poverty after housing costs, 2021/22, Loughborough University  
<sup>2</sup> GLA London Datastore, [Economic Fairness – Childcare Cost](#)



And this burden is felt more by families in poverty who spend 16 per cent of their household net income on childcare compared to 7 per cent of household net income for those who are not in poverty.<sup>3</sup> These facts were brought home to us in 2021 when we asked Londoners what they perceived the major drivers of poverty in the city to be and childcare costs were identified as the biggest (22 per cent).<sup>4</sup>

This insight was reinforced by the lived and learned experiences of 4in10 network members who told us at our regular coffee morning discussions and in our annual members' surveys that the childcare system

was simply not working for children and families, particularly for some groups of children including those living in single parent families, those with no recourse to public funds (NRPF) and those with special educational needs and disabilities (SEND). This led us to undertake this research project to look more closely at how families in London living on low incomes experience the childcare system now, and how reform to the system can be shaped to improve their lives and life chances.

At the same time, many others with an interest in this issue were, unsurprisingly, coming to a similar conclusion that the

<sup>3</sup> Poverty Strategy Commission (September 2023) [Interim Report: A new strategy for tackling poverty](#)  
<sup>4</sup> ClearView Research (October 2021) [Flying Against Gravity - The Lived Reality of Poverty in London](#)

current childcare system is not fit for purpose and that time was right for a major overhaul. Correspondingly, the past couple of years have seen an avalanche of excellent research and policy reports looking at the issue from various angles, as well as the establishment of the Early Education and Childcare Coalition which has brought together stakeholders to identify and push for solutions that can be widely supported. The momentum built by experts and advocates in the early years sector has come at a vital time when many providers face huge financial and recruitment challenges that lead to a risk of devastating closures across London.<sup>5</sup>

The political parties have also lasered in on the issue; with the Government having already made significant additional investment in the entitlements to childcare, the Labour Party undertaking a review into the system, and the topic set to be a major policy battleground at the forthcoming General Election.

In this context we hope that this report can add to the sum of knowledge already available and contribute to ensuring that reform can benefit all children including those in London who are experiencing poverty.



# Childcare and Early Education and Child Poverty in London

Before delving into what we have found through our research, it is worth looking briefly at the link between child poverty and childcare and early education<sup>6</sup>, as it operates via several connected but distinct mechanisms.

## Reducing costs

As noted at the outset, high childcare costs in London are a driver of child poverty; including childcare costs in the Social Metric Commission’s measure of poverty increases the poverty rate among families with children by 0.4 percentage points.<sup>7</sup> So, at the most straightforward level,

bringing down childcare costs, for those that already incur them, has the potential to reduce levels of child poverty, especially in London where they are significantly higher than the rest of the country.

## Making work a viable option

Looking beyond this, another important way in which affordable and accessible childcare can contribute to poverty alleviation is by supporting parents and carers to access paid work if they do not already or to increase their hours, and so increase their household income. However, as the evidence we have gathered shows, it is not as straightforward as saying that access to childcare immediately facilitates access to employment that then alleviates poverty. For a start we know that in-work poverty accounts for an increasing proportion of child poverty, so it is a pre-requisite that alongside access to childcare,

<sup>6</sup> Throughout this report we use both the terms ‘early education’ and ‘childcare’ to refer to the services provided by nurseries (private and maintained), childminders, preschools and nursery classes in primary schools. One or other term may either be more commonly used or appropriate in different circumstances, but we are clear when using either that these settings provide both education and care to children and that both are of importance and value.

<sup>7</sup> Poverty Strategy Commission (September 2023) Interim Report: A new strategy for tackling poverty

robust policies are in place to tackle low pay such as a requirement to pay the London Living Wage. And other issues including job insecurity and workplace discrimination must also be addressed.

That acknowledged, the vast majority of parents and carers we spoke to were clear that they wanted to work and believed that this is one of the best ways they could improve things for themselves and their children, they just needed the system to effectively support them to work rather than to stand in their way. And having access to a childcare system that is affordable, flexible and ‘makes sense’ in terms of work was an essential part of that jigsaw. As we will see, at

present families are confronted with a childcare system that all too often does not make sense; funded childcare hours do not match working hours, they cannot be used to access training and there are often inbuilt delays in accessing entitlements.

## Promoting educational attainment

It is also crucial to recognise that high quality early education is very beneficial to children from disadvantaged backgrounds.<sup>8</sup> A child’s early years are critical to their development and later educational achievement, so it is very concerning that the poorest children are already months behind their peers when they start at

## What words parents used to describe what childcare offers to their child



<sup>8</sup> Melhuish, E. and Gardiner, J. (2023). *Equal hours?* Sutton Trust

primary school and that there is evidence that the gap is widening.<sup>9</sup> Access to high quality early education, combined with parenting support focusing on the home learning environment, can reduce this gap and improve life chances for children from lower income families.

### Supporting a thriving city society and economy

Finally, it is worth considering the question through a city-wide lens. The London Assembly's Economy Committee has recently produced an excellent report 'Early Years Childcare in London' in which it cites evidence that a shortage of suitable childcare in London could be having a detrimental impact on London's economy, by acting as barrier to parents' participation in the workforce. Quoting Ben Franklin, Director of Research and Policy at CPP, it notes that this could amount to as much as "£5billion per annum in lost output for London's economy".<sup>10</sup> It could also be a contributory factor in the changing child-dependency ratio (the number of children compared to the working age population) which has fallen in Inner London but risen in Outer London.<sup>11</sup> If the whole of our city is to remain a place

where children and families and the wider community can thrive, we must invest in childcare infrastructure that works.

It is vital that in evaluating policy proposals to improve early education and childcare we hold all these arguments for doing so in mind equally, so that the resulting system does not repeat the mistakes of the past and makes sense to all those who stand to benefit so much from getting it right; individual children, families, local communities and the wider city.

## Some numbers

### Childcare in London

→ **282,600**

Number of nursery places London has for children<sup>12</sup> **aged 0-5**, while the Census 2021 shows that **529,000** children under the **age of 5** live in London.<sup>13 14</sup>

→ **30%**

In 2023 **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.<sup>15</sup>

9 The Sutton Trust (January 2024) [Inequality in early years education: General Election policy briefing](#)

10 London Assembly Economy Committee (January 2024) [Early years childcare in London](#)

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

12 Gov.uk, [Childcare and early years provider survey: reporting year 2023](#)

13 ONS (2022) [Population and household estimates, England and Wales: Census 2021](#)

14 Not all parents want a nursery place as some may choose another form of childcare such as a nanny or to stay at home with them up until school age.

15 Data shared by Coram Family and Childcare with the London Assembly Economy Committee and published in London Assembly Economy Committee (January 2024) [Early years childcare in London](#)

→ **36%**

In 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.<sup>16</sup>

→ **25H = £188.02**

A nursery place (25 hours a week) for a 2-year-old costs **£188.02** (inner London) and **£178.93** (outer London).<sup>17</sup>

→ **ONLY 59%**

In 2020, 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<sup>18</sup>

### Child poverty in London

→ **1 IN 4**

**26%** of children **under 5** live in poverty in London – equivalent to about four children in a nursery class of 15.<sup>19</sup>

→ **71,090 IN POVERTY**

About **71,090** children across London ages 0-4 are in relative poverty according to 21/22 data.<sup>20</sup>

16 Ibid.

17 Jarvie, Megan, Sam Shorto, Lisa Kunwar Deer and Emma Goddard, (2023) [Childcare Survey 2023](#), Coram Family and Childcare

18 Gov.uk, Education provision: children under 5 years of age: reporting year 2020

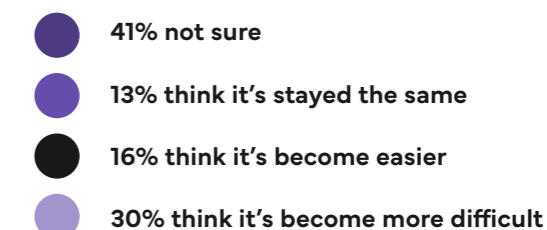
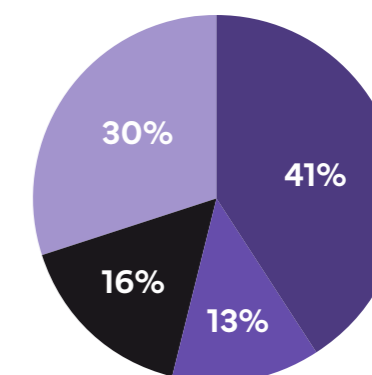
19 Trust for London (July 2023) [Who is in poverty in London?](#)

20 Family Resources Survey Stat-Xplore

21 Trust for London (2023) [London's Poverty Profile 2023: Poverty and Family Structure](#)

22 Trust for London (2023) [London's Poverty Profile](#)

Parents are divided on whether finding childcare has changed in the last 5 years.



Source: 4in10 Childcare Survey 2023

→ **45% BELOW POVERTY LINE**

**45%** of children in single parent households below the poverty line.<sup>21</sup>

→ **35%**

Children in London who are disabled are more likely to be experiencing poverty than those who don't – at **35%** and **32.8%**, respectively.<sup>22</sup>

# Our research

## London's Child Poverty Network set out to hear from parents to understand their recent first-hand experience of trying to access childcare in London while living on a low income.

To capture these experiences, we conducted 16 interviews and received survey responses from over 70 parents across London in 2023. The insights developed from those surveys and interview responses are woven throughout this report to highlight the complexity that real parents are facing everyday as they try to take care of their children and balance household and work-related responsibilities. Childcare is deeply valued by these parents, but frustratingly complex and overwhelmingly costly. For some, it hinders their ability to take on any work and for many it is a barrier to accessing compatible work opportunities because they must compress hours or work evenings and weekends to stay afloat. For others, it means there is no savings and no holidays, it is about survival and hoping that they can steady the boat in the future.

An advisory group of parents, policy analysts, campaigners and nursery

providers drawn from across the 4in10 network have helped guide this research both in its design and analysis. Through their expertise, they highlighted the importance of considering the complexity of parents lives and the needs of children. They also highlighted how providers face an enormous task in supporting low-income families to ensure their children have high quality care and education, while also balancing tight business budgets and adhering to regulatory frameworks.

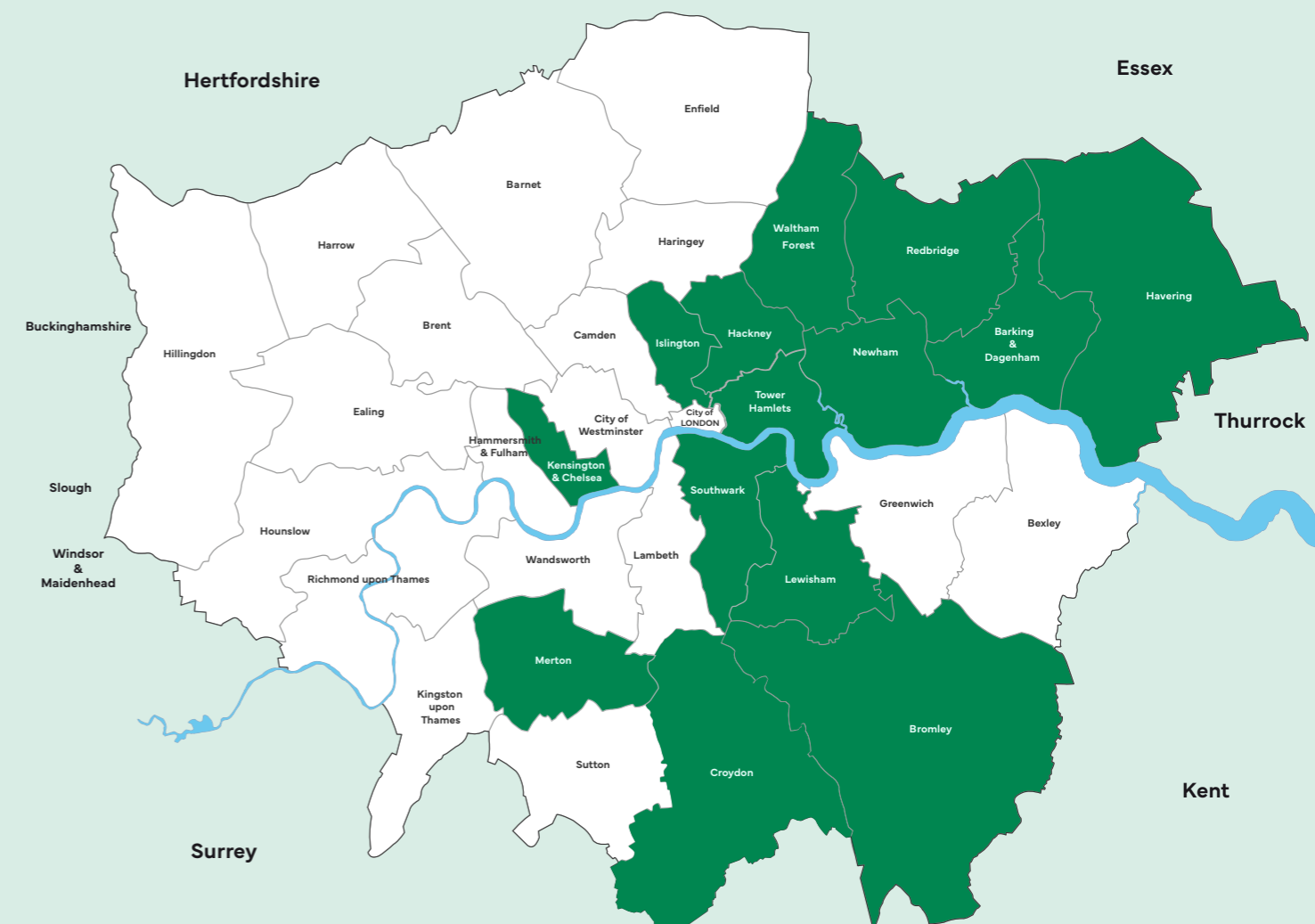
As explored already, an important connection exists between affordable, accessible childcare and well-paid work. A high-quality early years education also provides opportunities and support for young children with both immediate and long-term benefits.<sup>23</sup> All of these benefits were highlighted by families we spoke to who did not see good work opportunities for parents and high-quality education as in tension with one another, but valued both as ways to help unlock the potential for their children's lives both present and future.

Parents were also clear that the Government has a role and responsibility to get this right. It benefits all of society and can address

inequality from an early age. While parents believed that they were best placed to make the right decisions about the childcare setting their children attended, the cost of that should be shared across society to make sure that any families who cannot afford to pay otherwise are not locked out.

### Basic Details and Demographics

- All 16 parents in the interviews had a child currently or very recently in nursery or with a childminder (as in just started reception)
- 7 were migrants and 9 were British Citizens
- 13 were single parent households
- and 3 were dual earner households (4 single parent households did indicate they received financial support from their former partner)
- Only 2 parents used a childminder at all (social isolation caused by pandemic lock downs was repeatedly stated as an influencing factor for choosing a nursery rather than a childminder)
- 9 of these parents had received Universal Credit at some stage as a parent
- We had 14 women and 2 men complete interviews, and the survey responders were 98% women (only one man completed the survey)
- Survey responders were anonymous



## Overview of Findings: what childcare in London currently looks like for low-income families

The parents we interviewed and surveyed emphasised the value they place on accessing childcare. When we asked parents in our survey

**“What three words describe what childcare offers to you?”** Parents responded with phrases like:

“Salary, career progression and flexibility”

“Continue college”

“Career, progression, life”

“Independence, socialisation, employment”

“Time, mental wellness”

“Time to develop myself, self-care, maintenance”

And when we asked them

**“What three words describe what childcare provides to your child?”** They emphasised their children’s development and socialisation:

“Care, fun, learning”

“Friends, language development”

“Growth, friends, knowledge”

“Socialisation, experiences, variety”

“Growth, routine, socialisation”

“Social skills, protected, fun”

### Summary of existing and forthcoming support for parents with young children.

**Tax free childcare:** Some parents can claim up to £2,000 a year for each of their children to help with the costs of childcare.

**Universal Credit:** Parents may be able to claim back up to 85% of their childcare costs if they are eligible for [Universal Credit](#) (subject to a monthly cap).

**15 hours universal entitlement for three and four-year-olds:** This is available across a 38-week year.

**15 hours entitlement for disadvantaged two-year-olds:** This is [offered](#) to parents in receipt of certain benefits or non-UK citizens in low-income households. It is available across a 38-week year.

**30 hours entitlement for 3- and 4-year-olds living in working households:** This is available to parents who meet working condition requirements.

### Newly announced changes:

15 hours entitlement (starting September 2024) and increased to 30 hours (starting September 2025) for 9 – 23-month-old children in families that meet working conditions.

15 hours entitlement (starting April 2024) and increased to 30 hours (September 2025) for 2-year olds whose parents meet working conditions.

**Source:** [DfE \(Department for Education\)](#) and see [Early Years Alliance](#) for additional [explanation](#).

stay employed and ensure they had secure sources of income. One mother we spoke to is a single parent and was able to buy a house under a shared ownership scheme and said that prior to her child being eligible to receive funding as a 3- and 4-year-old, her housing and childcare costs were about equal. This mother lives in Barking and Dagenham and was paying £800-£900 a month on childcare when she first returned to work at the end of her maternity leave. Now that her child is eligible for the 3- and 4-year-old working household offer of 30 funded hours and she uses tax free childcare, she pays closer to £200 a month, but costs can spike up to £350 a month at times, even with the funding.

The parents we spoke to were clear that living in poverty made them feel stuck between caring for their children and trying to pursue opportunities that would enhance their ability to access an adequate income for their basic needs.

### A significant financial burden

For parents living on low incomes, the practical and emotional impact of poverty is both widely felt and deeply personal. The parents we spoke to shared how little room they had to adjust financial outgoings. To be able to work, they relied on a safe, supportive nursery or childminder to care for and educate their child. The costs of this were extremely high, even rivalling costs of rent, but crucial to enabling them to







The way the entitlements and other forms of financial support operate and interact with one another leave unaffordable gaps. For example, parents are often surprised to learn that they cannot immediately enrol their child into nursery after their third birthday but must wait until the start of the next academic term. And for those in receipt of the 'childcare element' of Universal Credit (UC) the fact that only 85 per cent of childcare costs are met and that this is capped at a fixed monetary amount can make work unaffordable. For this group too, the Flexible Support Fund (FSF) is now supposed to be available to help meet upfront childcare fees before future months are then claimed through UC, but in practice we understand that it is not being offered by all work coaches.

These limits on support plus the fact that the 15 or 30 funded hours are offered on a term-time basis<sup>24</sup>, the additional costs to get the amount of hours actually needed to cover working hours and the top ups for food, nappies and other charges that providers often request, challenge the notion of 'free' childcare that the Government claim they offer.

#### **An inflexible system**

Childcare funding support from the Government is structured in such a way that it requires parents to work to get the most substantial offers, but the funding schemes do not offer the realistic flexibility needed for many types of work and training. For all families, the 30-hours offered to

parents with 3 and 4-year-olds doesn't make sense for a standard 35-hour, 52-week work schedule. For low-income families, parents can't afford to top up the hours that are unfunded and so they reported taking annual leave or reducing their working hours to stitch together a workable solution. These adjustments help parents keep their childcare costs lower but limit their earnings potential too.

When describing the pressure to find work, one parent in receipt of UC explained the issue:

**"[Universal Credit staff] don't take [travel] into account, especially that I work far as well. It just doesn't work for me, because it takes me 45 minutes to an hour to go to work. And then I just can't drop her off and pick her up. You know, it doesn't work. And it's easy for Universal Credit to say, we will pay for the childcare. But they don't think about the rest."**

– Single mother with one daughter aged 4

Another father described the difficulties in juggling childcare and work and the adaptations he has to make, including managing with limited sleep, to try and fit his work and his child's nursery schedule together.

**"So, he goes [to] school, free, six hours a day for five days and only during term time. So, they initially offered me eight to one, three days a week but 52 weeks of the year or they offered term time only but five days a week. So, I opted for the term planning five days a week, so I work night shifts. So predominantly while he's asleep, I'm at work, and then I would come home around midday or 11.30 in the morning. So, my mum would drop him off to school in the morning. On the days that I'm at work, I'll collect him, so I'll come home and sleep for like two hours, and then I'll collect him at three o'clock."**

– Single father with one son aged 3 attending nursery

#### **Has access to childcare changed how you engage in paid work?**

**61% Yes**

**38% No**

Source: 4in10 Childcare Survey 2023

Our survey revealed that most parents would say that accessing childcare has changed the way they engage in paid work. Our interviews show that this is overwhelmingly a negative influence for low-income families as parents are not able to achieve the work patterns or career progression they would like.

**“I pay for everything. I mean, at the end of the month, there’s not that much left. There’s not loads to save, I’d like to be in a better position to earn more money and I haven’t been able to go for a promotion or anything like that because... all of that stuff just goes to the side.”**

– Single mother with one daughter aged 3



This parent compresses her full-time job into three longer days to be able to logistically take advantage of the 30-hour funding:

**“I do compress hours, so I don’t work on Thursday. I look after her on a Thursday. And her dad looks after her on a Friday, that’s our three-day routine. Look. It just shouldn’t be at the point where it’s making people kind of destitute, getting them into debt, financial difficulties,**

**and people shouldn’t have to choose between working and childcare. I don’t know, I guess what I’m paying now seems to be much more reasonable. Even though it’s just three days. I kind of had to change my working hours because, you know, I don’t work on a Thursday... You know, you’re kind of making lots and lots of sacrifices to afford what essentially is a basic need to help our economy keep moving. Yeah, it just shuts people out of work.”**

– Single mother with one daughter aged 3

Parents in work were clear that work and childcare were extremely difficult to square. A few of the ways that parents worked to avoid paying the high costs that weren’t covered by the funded offer included, compressing their hours (as mentioned above), working weekends, taking night shifts and relying on a family member who they shared a home with to be present while they worked late hours and their child slept. Others ended up giving up paid work and leaving the industry they worked in. Another parent shared their work schedule:

**“Because I work at six in the morning, then my mom has to drop her off. I tend to be back by three. So, then I can do the pickup. But recently, I think I’ve had to adjust my hours because my mom’s finding it difficult with her health problems**

**to be able to do early mornings. So now I’m changing from this week, I’m changing over to night shifts. So, I’ll be doing nine to five in the night. So hopefully it will work out that I could put her to sleep and leave her with my mom. And then when she wakes up because I’ll be home by six o’clock in the morning, I just have to kind of stay awake until I drop off to school, then come and sleep.”**

– Single father with one son aged 3

These stories demonstrate deeply concerning circumstances as working conditions combined with childcare costs are contributing to parents remaining in low-paying roles and unsuitable work schedules. This is a missed opportunity

for the Government to address poverty and empower families with young children to gain economic stability and improve the outcomes of both parents and children in the future.

#### **A hindrance to parents accessing training and development**

Parents earning low incomes want to increase their salaries by developing new skills and training for specific occupations. For a parent in full time higher education, they can receive up to 85 per cent (up to a fixed amount) towards childcare costs or access a learner support grant if in some types of training. But with childcare costs not entirely covered, it is difficult for parents to take up these offers, as they must cover additional childcare and living expenses.





Parents responded in our survey to say that inaccessible childcare keeps them stuck in lower skilled jobs. In total, 35 per cent of the parents we surveyed weren't using any government childcare funding entitlements at all and of that number 26 per cent said it was because the childcare was still too expensive and another 41 per cent cited other reasons including that they are looking for a job (and have been for months) but can't secure a job while also caring for their children. The policies are badly designed and not well understood by many parents and even fewer have the financial stability to take on training or development opportunities. Recent coverage of this issue has highlighted that vital workforce shortages will struggle to be addressed if parents cannot afford to pursue training in those industries due to childcare costs.<sup>25</sup>

**The Covid pandemic's impact on child development**

Another challenging issue that many parents raised was the impact of the Covid pandemic both in terms of their own experience as a parent of a young child as well as their child's lack of social interaction with other children and even other adults. Parents are worried that the fact that they can't afford to give their children the same opportunities as other children combined with the limited social interaction they had with other people in the first couple of years of their lives, will cause long-term harm or developmental delays.

**"You know, she doesn't want to interact. I don't know if this is purely because she was a Covid baby or**

<sup>25</sup> 'Thousands of student nurses and midwives ditching training over free childcare scheme exclusion' (February 2024), <https://www.independent.co.uk/news/uk/home-news/jeremy-hunt-childcare-students-government-b2492843.html>.

**what. But I just felt like she needed to interact. And plus, because she's not around, like, my family don't have a lot of children, like her age group. So, she's always around adults. And even when she started nursery, the teacher started picking up that she prefers adult company than playing with the children. All men just freak her out. So, she would cry when men would talk to her and things like that. Even now, when we take her to a doctor's we always have to request a female doctor. Yeah, so yeah, I just felt like she needed to interact with other children in her own age group."**

– Single mother with one daughter aged 4

Another parent explained why nursery was so important. When asked why they wanted their son to go to nursery, they replied:

**"Purely for development reasons. Because he was born during Covid a lot of this stuff was closed. And he wasn't able to go to as I couldn't afford, like the private care that they have. With it being Kensington there's not really anything that's that affordable. The first year and a half or two years like he literally was just stuck at home. So, when the opportunity came to be able**

<sup>26</sup> La Valle, Ivana, et.al. (June 2022) Implications of COVID for Early Childhood Education and Care in England.

**to obviously take him [to nursery] where he's you can make friends and stuff like that [I took it]."**

– Single father with one son aged 3

Another parent replied to the same question, 'why was nursery important?':

**"I guess all the things that we missed out on when she was at home during the pandemic, and you know being able to mix among children. She's a big talker as well. And she's an only child as well. So, it gives her the opportunity to like yeah, be around kids her age and yeah, it just gives her so much. I could go on, but you know, I think just being that opportunity to be around children her age. Yeah, in a different environment to her home environment."**

– Single mother with one daughter aged 3

Data is still emerging on the impact of social isolation and reduced group interactions for children born during or just after the UK lockdowns began in 2020<sup>26</sup>, The parents from this study expressed clear concerns that their children had missed out on crucial developmental opportunities.

**"The only thing is she was a COVID baby or COVID child she was born**

**then, then everything was shut. So, all the children's activities were shut. And I thought, oh, my God, she's going to be delayed as well. Because she doesn't have any... She's not meeting people."**

– Single parent, mum with two children aged 6 and 4

#### **Low-income parents experience intersectional barriers to accessing childcare**

For many children, the fact that they live in a low-income household intersects with other family circumstances that often mean childcare is even more difficult to access, but crucially needed. We spoke with parents who shared three particular situations that intersect with a more general reality of living on a relative low-income and can lead to greater inequality if not addressed.

#### **Families with no recourse to public funds**

Parents who have no recourse to public funds (NRPF) due to their visa status are usually unable to access the 30-hour entitlement offer for 3- and 4-year-old and other support schemes. With such a high number of families in London to whom these rules apply, they are burdened with paying the highest childcare fees in the country, sometimes with work restrictions and limited additional support.<sup>27</sup> It can create a poverty trap for families and these

children miss out. One parent explained that this is like punishing the children for the circumstances of the parents:

**"You can see emotionally in her eyes she doesn't want to go [home] because most of our friends are getting that extra help from the government. They stayed back but I have to come and pick up because I'm not getting that extra help. And I cannot afford to pay the money, it is too much for me. So, I have to come up pick up and it's affected my daughter today with that speech and language therapy, because I'm taking her out before school finishes. If for me if my child was fully helped her speech or language would have been... better."**

– Single parent, mum with 4 children aged 9, 7, 5 and three-years-old

**"Yeah, the only thing I can say is that if the government will give those 30 hours to the parents, whether they have no recourse to public funds, that will be very, very good... So, it's up to the Government to see and reconsider that decision concerning childcare. Understand, that is my opinion. I would love to go back to work. I can't be doing 16 hours and then the government only pays 20% of childcare fees. And the government will pay 20%. How will**



**I feed my children? How much am I earning? It's just, it's too much."**

– Single parent, mum with 4 children aged 11,9,6 and 3

This mother above tried to use the 15 hours but found that even the additional charges around that were too much. And she couldn't find a job with those few hours therefore she stopped using the free offer altogether at times and is struggling to secure employment that accommodates her caring responsibilities.

**Camden Council provides an enhanced 30-hour offer to families not eligible to access the national government 30-hour scheme. They show the role that local authorities can play in offering practical guidance and support to families and an affordable childcare offer to families who otherwise cannot afford it.**



### Families with children with special educational needs and disabilities

We know that children with special educational needs and disabilities (SEND) face an uphill battle with regards to educational outcomes and future attainment.<sup>28</sup> Trust for London has shown that disabled children and children with a disabled household member are more likely to be experiencing poverty.<sup>29</sup> And children with SEND in lower income households have a higher chance of exclusion from school, particularly when they are from non-white ethnic backgrounds.<sup>30</sup> Therefore, ensuring that these children are given access to high quality, inclusive early years support is essential both to their achieving their full potential and as a matter of equality and future life outcomes.

Yet in our interviews, parents described how they feel unsupported by the system to help their young children with additional needs:

**“[She] needs extra support. And for the past one year, I’ve not gotten speech or language therapy for her because the one in my area has been stopped. So, we have to wait. I’ve been waiting for one year again. So, everything is on me. I don’t have extra help.”**

– Single parent, mum with one child aged 5

These are parents for whom access to high quality affordable early education and childcare can be a lifeline as they balance caring for their child and managing other responsibilities. Parents we spoke

28 Education Endowment Foundation, (2020) ‘Special Educational Needs in Mainstream Schools’

29 Trust for London Trust for London (2023) [London’s Poverty Profile](#)

30 Just for Kids Law, 4in10 London’s Child Poverty Network and Children’s Rights Alliance, (2022), ‘Race, poverty and school exclusions in London’, 17.

to value the support they received from skilled early years practitioners with expertise in and experience of meeting special educational needs.

**“He’s a boy and he had a speech delay. That’s what we thought. But the nursery staff, they kind of knew some things were not right, because of his milestones. And he was not hitting his milestones. So, they looked at him and said, “Oh, you might need to get special help.” And I said, “oh, there’s nothing wrong with my son. He’s fine. I mean, he will talk, it’s just a speech delay,” but they referred me to the appropriate bodies to the pediatric doctor... and other therapy, speech, and language therapists. So, when the doctor gave me the diagnosis, that’s when I accepted it. When the doctor said, “oh, yeah, your son has got autism because of the following reasons.” I spoke to the staff, especially the SENDCO in the school, So, they did help”**

– Single parent, mum with two children aged 6 and 4

### Single parents

A substantial number (75 per cent) of the parents we interviewed were single parents and therefore heavily relied on affordable and accessible childcare in order to make

work a viable commitment. With 45 per cent of single parent households in London in poverty, they are more likely to feel the harm of insecure work and stringent conditions related to accessing welfare support.<sup>31</sup> Alongside the expansion of childcare to younger children, the Government announced more stringent conditions for parents in receipt of Universal Credit.

Gingerbread, a charity advocating for the rights of single parents, explained how recent changes impact parents:

**‘Under the changes, parents of 3 to 12-year-olds will now have to spend more time in work or applying for jobs. This could be up to a maximum of 30 hours a week. Parents will need to meet these new conditions to be eligible for Universal Credit.**

**Previously, parents of 3- and 4-year-olds were expected to work, or be looking for work, for a maximum of 16 hours a week. Parents of children aged 5 to 12 had to commit to work or looking for work for a maximum of 25 hours a week.**

**From July 2024, those with children under 3 have been required to meet with work coaches more frequently.**

31 Trust for London (2021-22) [Proportion of households in poverty by family type](#)

For parents of children aged 1, this is every three months as opposed to six. While for parents of children aged 2, this is now monthly, as opposed to quarterly.

The DWP (Department for Work and Pensions) have said that work commitments will be tailored to the individual and their personal circumstances. However, we have not yet seen the Jobcentre Plus guidelines on this.<sup>32</sup>

This decision from the Government goes against the findings from Action for Children's 'All Worked Out' report that showed single parents already face more barriers to work.<sup>33</sup> This policy puts pressure on families who do not have any more resource than they did in previous years. It will likely lead to more deductions and sanctions rather than a decrease in children experiencing poverty. These are families that must be given additional help and flexibility as they juggle many different responsibilities. While these changes to conditionality do not name single parents specifically, they do have an unequal potential to impact single-parent households across London.

The single parents we spoke to were clear that they are struggling with the mental pressure of knowing everything sits on their shoulders all the time. Every financial decision, trip to the doctor, afterschool activity, it is a huge amount of responsibility for one person to manage without factoring the added stress and limitations for families in poverty. Their financial challenges are unsustainable and to gain momentum to develop financial stability, they need additional resources.

#### 'Flying against gravity'

Evidence from previous 4in10 research has clearly shown that parents in London living on low incomes can feel that no matter how hard they try it is difficult to get financially stable and that the system does not make it any easier for them. A contributor to that research memorably described it as being like 'flying against gravity.'<sup>34</sup> This rings true for the parents we spoke to in this research project, many of whom faced intersectional discrimination on multiple grounds for example, being from a BAME background, with a disabled child, having no recourse to public funds and being a single parent. The litmus test for any reform to the early years sector must be that it benefits these families; helping them to escape poverty and setting their children on a path to fulfilling their potential.

32 Gingerbread (2023) [Changes to Universal Credit conditionality: Gingerbread's response](#)

33 Action for Children (2023) [All worked out](#)

34 ClearView Research (October 2021) [Flying Against Gravity - The Lived Reality of Poverty in London](#)



# What do low-income parents want instead and what does a childcare system that works look like?

## A high-quality service that puts children at the centre

Parents that spoke with us really valued childcare and wanted to find the right setting for their children. Their views reflect the findings of the Sutton Trust who state that *'For children from families in the lowest 40% of the income distribution – disadvantaged group – there are likely benefits for cognitive development associated with ECEC (early childhood education and care) usage between the ages of 3 and 5 years. These benefits are on average substantially greater if the ECEC is of high quality.'*<sup>35</sup> The parents we spoke to had very much embraced the view that high quality childcare mattered and so they invested time to research and visit providers to ensure their children had the best care they could access.

**"Because I come from a nursery background, I sort of had a look on Google and Ofsted reports about the nurseries around my area. But I did struggle to find a good nursery. But I don't know if that's because I work in nurseries, I used to work in a nursery that was outstanding. And I did find I struggled finding a good nursery, and even, even though he went to that nursery, I still had my faults there. But I didn't want to come across as that picky mom, because my son was entitled to the funded hours, like, you know, because I'm not paying for it. I didn't want to feel like I mean, you know, stepping on anyone's toes sort of thing."**

– Single parent with three children aged 7, 6 and 2

The funding provided by the Government to providers to cover places has been chronically inadequate causing a huge financial shortfall.<sup>36</sup> This is a complex issue and contributes to parents being requested to pay additional fees, even when only taking up the Government's funded offer.

One mum explained how she struggled with the additional fees:

**"And then again, like I said, the school meals was like 11 pounds something per week. And then on top, the actual nursery they had to wear a uniform. So I mean, even last year, while she was in nursery, I managed to get free school meals... But the uniform I still had to pay for."**

– Single mother with one daughter aged 4

## Decoupling work and early education and childcare support

Parents also want to break the unhelpful tie between work and childcare entitlements. They were clear that every child should have the opportunity for full time education care, if that is the best option for them, and that they need it all year round.

While the recent expansion of the offer, as discussed earlier in this report, is strongly welcomed, parents are struggling to realise its benefits due to complex link between

employment and Government support for childcare. The proposed reforms to childcare support put a plaster on the problem rather than addressing the underlying issue that parents and children would benefit from a universal, accessible early years offer that mitigates against the harm of poverty by supporting children's development *and* allowing parents to pursue career development. A system which guarantees total cost recovery for providers and detaches work requirements from childcare entitlements for all parents must be the long-term answer.

**The London Early Years Foundation provided additional funded hours to families who weren't eligible for the 30-hour government scheme. The scheme allowed parents who were only eligible for 15 hours of funded childcare to double it. Over 70% of parents and staff consulted saw positive impacts in communication skills, social development, and behaviour as a result of participation in Doubling Down. More details on the impact of LEYF's Doubling Down programme can be found on their website.**



**“And then at that point, I was quite stressed out because from a job point of view, what am I going to do, and then looking for a job at the same time. It was quite hard because I didn’t really understand what my options were in terms of looking after my son. And then I just searched online and just asked friends and family like what are my options? And then they obviously said to me, look you if you get a job and you earn a certain amount, you’ll be eligible for free funding for the 15 hours or 30 hours depending on your situation. So, then I went around and asked local schools. The thing is as well like some schools**

**they don’t do the 52 weeks and some schools they don’t do the part time one it’s all 52 weeks and some only do term time. The one closest to my house, they only do the three days a week, over 52 weeks, but they don’t do the term time one. So, it’s a private nursery, but the state school like five more minutes down the road they do the term time, five days a week, which is what I wanted, but it’s further down the road. So, it’s not that bad, but it’s still it’s not my local one. So, I have to travel a little bit more. So yeah, I wish I wish I had more information beforehand. I really didn’t know where to turn to.”**

– Single father with one son aged 3

### **Accessible and straightforward information and advice**

As previously discussed, parents expressed frustration that help and guidance was hard to find. Low-income parents believed that the Government should act to ensure these families have enough support to pay for all the childcare they needed and understand how to access all the financial resources they are entitled to.

Parents find the current system confusing. It’s both practically and financially difficult to navigate. Recent issues with the childcare access codes that parents need to obtain from HMRC (His Majesty’s Revenue and Customs) to show their eligibility for certain entitlements are glitchy.<sup>37</sup> When parents are looking at employment and the different benefits they are entitled to when in work, getting their children enrolled in childcare quickly can be crucial, but sadly is often out of their control and it is the parents and children who pay the price.

Parents seeking work or to progress in work struggle to do so with young children and this can negatively impact them, their families and mean that as a society we miss out on their contribution when these families’ wellbeing and financial resilience is at risk. Child Poverty Action Group’s ‘Your Work Your Way’ programme highlighted that childcare is a consistent barrier for parents wishing to enter paid employment. Combining a suitable childcare funding

support system with welfare rights advice and budgeting support can help parents get into work faster and increase their potential to progress. Parents should be supported to understand how to pair up existing income with the costs and investment needed to develop new skills and complete training that is more likely to lead to higher earnings in the future.

### **Childcare support that makes sense for both parents and children**

The examples below provide hopeful summaries of how parents living on low incomes would choose to engage in full-time, paid employment if high quality full-time childcare for their children was funded by the Government. These parents have identified specific benefits to themselves and their children.

For some parents, a fully funded childcare provision would hugely increase their earnings as they currently cannot take on paid work due to childcare responsibilities and they have no recourse to public funds. **Tomi\*** has four children and has lived in the UK for about a decade since moving from Nigeria. Her 16-hour job was not enough, and she struggled to find a nursery with a place for her child with autism. She had to cut her hours to take care of her son. If childcare was free for her, her ability to work and increase her overall household income would be greater.

37

Pregnant then Screwed (January 2024) Press release: code chaos for parents as just 1 in 10 secure a code to access the new government childcare scheme





**Alice\***, a parent with two children, one of whom has been diagnosed with autism said that having funded childcare would enable her to enrol in training and education to increase her earning potential. Even things like volunteering to build a network take time and with additional caring responsibilities for a child with autism these things are out of reach unless full time childcare is available. She added *'And we will pay back once you get back to work, you paying taxes will pay back to the government.'* She has specific hopes to work in human resources in a corporate environment. If her children had full time care, she would be pursuing opportunities and building connections to reach her goals. She has a university degree and feels a sense of shame that she must access foodbanks when she expected hugely different things before becoming a mother and later her relationship with her partner broke down. She even has ideas of getting some part time work, but the restrictions on her Universal Credit and Carers Allowance essentially make it financially unviable for her to work currently.

**Elizabeth\***, a single parent with one child is currently compressing her hours to access the current childcare offer. This impacts the opportunities she can take up in progressing in her own career as she has limited ability to adapt to new

work demands. While she is doing her best to balance life's demands, the costs of childcare require a lot of sacrifices. If childcare had not been a prohibitive cost, Elizabeth would have been back in work 5 days a week, much sooner.

**Ria\*** is married with one 2 1/2-year-old son and another baby on the way. Initially Ria and her partner planned to send their son to nursery 5 days a week. Then they considered four days, due to costs, but soon realised they needed to plan to send him 3 days a week and shift their work arrangements to afford a nursery place. Her husband works Sundays to take Mondays off. If money wasn't an issue, Ria would send her son to a private nursery to potentially improve his educational outcomes and her ability to work full time hours.

**\*Not their real names**

These individuals and hundreds of thousands like them across London are dedicated parents and individuals with aspirations and skills. They cannot work in the industries or at the level they would like because they cannot afford the childcare their children need. Below we have distilled their experiences into specific recommendations that will help to address existing barriers and support London to become a city in which all children and adults together can thrive.

# What changes are needed to make childcare affordable and accessible for low income-families in London?

## Recommendations for UK Government

We want to see a system which decouples access to state support for early years education and childcare from work requirements. All children have an equal right to education which should not be limited by their parent's ability to fund it.

- As a first step towards universal provision, we recommend that Government provide 15 hours for all two-year-olds (currently only available to only disadvantaged 2-year-olds) and 30 hours for all 3- and 4-year-olds (the full 30 hours are currently only available to working parents). This entitlement should include children whose families have no recourse to public funds.
- The Government must provide adequate funding rates to meet the true costs

to providers of providing high quality early education and childcare. This is an essential pre-requisite to any expansion of entitlements. As this report, and numerous others, have shown, an underfunded expansion is likely to disadvantage those on low incomes as they are less likely to be able to afford to pay for 'extras' and may therefore find it difficult to access a place.

- The Government should increase the early years pupil premium, to bring it in line with the primary school pupil premium.
- The Government must invest more funding into supporting disabled children and those with SEN in early education and childcare. Funding to support their inclusion must cover the whole of a child's entitlement and include those young children who have not yet received a diagnosis.



- A mandatory training programme should be introduced for all early years' practitioners to support the inclusion of children with SEND in early years settings.
- The Government should review the Childcare Acts 2006 and 2016 and related guidance, to ensure that local authorities have the necessary powers to ensure that provision is not only sufficient but is also affordable and accessible to all children including those living on low incomes.

## Recommendations for the London Mayor and Greater London Authority (GLA)

We are calling on the London Mayor and GLA to have a strong focus on EYs and childcare to include:

- Making a commitment to advocate for the recommendations set out above to national government.

- Developing a child poverty strategy for London, that recognises childcare as a tool for reducing poverty and inequality in the city as well as an essential part of London's infrastructure.
- Launching a new wave of the 'London Early Years Campaign' to raise awareness of new entitlements and promote their take up among families living on low incomes in London.
- Addressing challenges faced by early years education and childcare providers by:
  - Supporting them to recruit a skilled workforce by building on work already done through the devolved Adult Education Budget.
  - Providing business support (building on previous programmes)
- Convening key stakeholders across the city to encourage businesses to



do more to support employees to access affordable childcare including participation in the Childcare Deposit Loan Scheme which would help more parents in London be able to access childcare without being overwhelmed by upfront fees.

- Updating the Employers' Childcare Offers Toolkit to reflect new entitlements and considering strengthening the best practice recommendations in the Good Work Standard in relation to childcare.

#### **Recommendations for local authorities**

- London Councils and London Heads of Early Years Network should work together to share and promote best practice in the design and delivery of childcare and early education for children in families living on low incomes.
- In line with their duty to improve the outcomes of all children under 5 and reduce inequalities, local

authorities should prioritise support for early years providers who can supply high quality early education and childcare in the areas with the highest levels of deprivation.

- Local authorities must ensure funding is administered with families in mind and the greatest possible flexibility. For example, families should be able to receive funding as soon as possible when they become eligible rather than waiting for prolonged periods due to the need to apply for eligibility codes in advance.
- Ensure that the maximum possible amount of funding received as part of the Dedicated Schools Grant to fund entitlements is passed to providers to deliver them.
- Local authorities should prioritise projects which increase disadvantaged children's access to early education and childcare when allocating the Community Infrastructure Levy or s.106 funding.

# Final conclusion

As we have seen when looking through the eyes of parents of young children living on low incomes in London, the current childcare system makes little sense. Funding entitlements, even when made more generous, as the current Government has committed to doing, are not accessible to families unless they can be used without having to pay 'top ups'; are made flexible enough to meet individuals' circumstances; and are inclusive for all children regarding their needs. In our view creating a system that works for families; that gives their children the best possible start in life and sets them on a path to financial stability and security must be at the heart of national, city-wide, and local strategies to end child poverty. This echoes a widely expressed call made by many in the children's sector and is well captured in this conclusion from a recent report from New Philanthropy Capital:

*'Access to free or affordable childcare is one of the most critical elements of a child poverty reduction strategy. This should be provided from 2-5 years... The quality of that childcare is also critical. Childcare is not babysitting but developmental support in the most critical period. Childcare workers should be professionalised, trained, and compensated as educators.'*<sup>38</sup>

In this report we have looked at the evidence provided by families struggling with the current system, listened to them and put forward a series of recommendations that if implemented would begin to move us towards a childcare system that really does make sense for families, and we look forward to working with partners across the city to bring it to fruition.



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**Gingerbread\***

**Leyf**  
**Nurseries**

**Praxis**  
for migrants and refugees

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