

COSTS OF CHILDCARE FOR HOUSEHOLDS WITH MULIPLE BIRTHS

TAMBA AND AMBA SURVEY RESULTS 2013

“The biggest issue is the cost of multiple children. A support scheme for multiples would be greatly welcomed! The cost of putting two children of the same age in childcare is ridiculous and the reductions offered are hardly worth it,” mother of two-year old twins.

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Summary

The results of our latest survey show multiple birth families in the UK find themselves between a rock and a hard place.

The costs of childcare for many families are prohibitive and mean that many, often mothers, have to give up work for far longer than they would like. This can push many families into poverty or real financial hardship. For those families which are able to find and afford suitable childcare, the costs place a high burden on their finances and often result in considerable financial difficulties.

Other reports into the financial and social consequences of multiple births show many more families are in work poverty or just above it. To enable our families to get back to work so they can avoid these financial difficulties, the UK Government has to either meet a greater proportion of childcare costs for a considerable number of our families or enable them to spread the costs over a longer period of time, which is normal for families who may only have one baby at a time.

As can be seen from the results of the respondents from Australia, where the Government provides a much higher level of financial support for childcare, families are far less financially stretched and able to enjoy bringing up their families with fewer worries.

“If I worked full-time it would cost my monthly salary to put them into childcare- therefore no point working. It is only through the flexibility and understanding of the company I work for who allow me to work part-time and from home. They need to make it affordable for twin parents- we have double the cost all at once,” mother of three-year-old twins

Section 1: Introduction

In 2013 Tamba conducted a survey of the impact of childcare costs on families with multiples. The survey was completed by 742 parents of multiples, 95% of whom were the mother. Almost 30% of respondents were aged between 30 and 34, and over a third were aged 35-39.

The survey was highlighted to families in the UK and Australia via social media. The majority of those who completed the survey lived in the UK (84.7%), but 109 of the families responding were from Australia. UK respondents represented all regions, although the majority were located in the South East (24.7%) and London (17.4%).

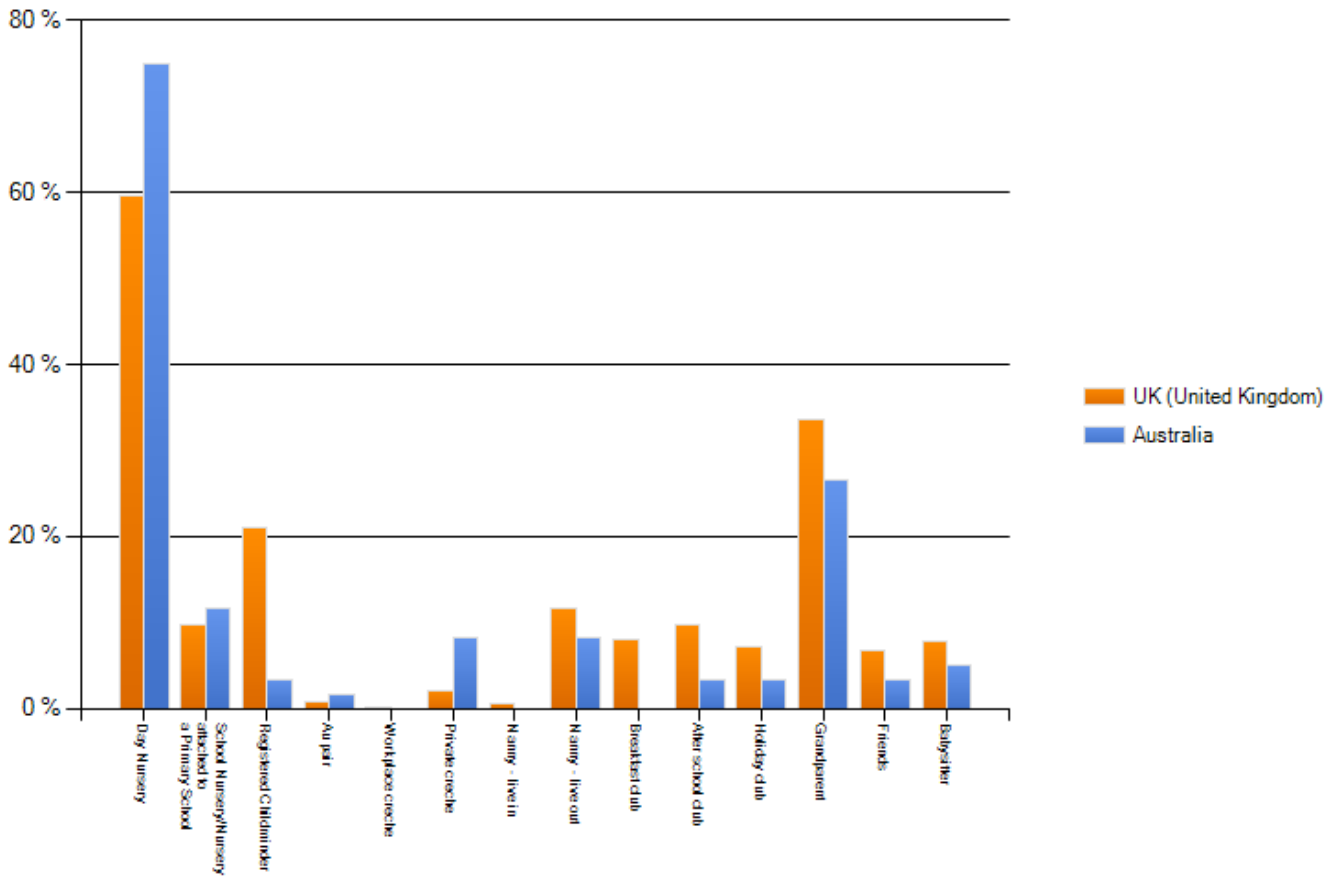
Those responding were predominantly parents of twins (92.5%). Forty five families (6.3%) had triplets and only two families had higher multiples (0.3%). Almost a third of families had an additional single child (30.7%), whilst others had two (5.4%) or three (1.8%) single children.

Section 2: Childcare

Childcare was used by over two thirds of families (69.7%). This was consistent across the nationalities responding (69.7% overall, 70.4% in Australia, 69.8% in the UK). There were, however, differences in the types of childcare used in the two countries. As shown below in Figure 1, day nursery and grandparents were the most popular form of childcare in both countries, but day nursery was more popular in Australia (75.0% in Australia vs 59.3% in UK) and grandparents more widely used in the UK (33.5% in UK vs 26.7% in Australia). The biggest difference was in the use of registered child-minders, who were used by a fifth (21.1%) of UK respondents, but only two families (3.3%) in Australia. Breakfast clubs also appear to be a UK only phenomenon, yet are not widely used (8.0%). This may be due to the age of the children in the families surveyed as only 34.1% were aged 4 or above.

Worthy of note is the finding that only one family responding to the survey used a workplace crèche. This may be due simply to the unavailability of crèches of this type. However there is also the possibility that parent's had to seek alternative forms of childcare because of factors arising from having two or more children, such as availability of places or cost and level of subsidy.

If your family does use childcare, which do you use? (Please select all that apply)

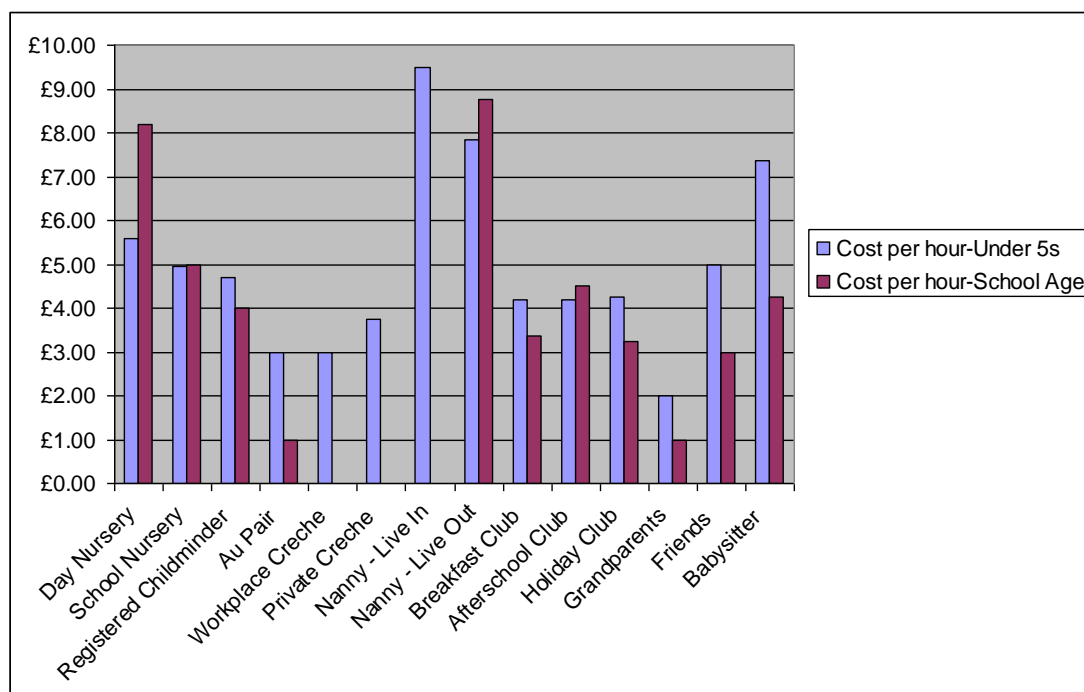


Childcare is overwhelmingly used to allow parents (usually the mother was the respondent) to work (89.2% in the UK). Using childcare to gain some free time was reported almost twice as often in Australia (38.1%) as in the UK (19.6%). Relatively few families use childcare solely because it was provided for free (7.5%). Parents also felt childcare was important for their child’s development, mostly for social interaction beyond the family unit.

Childcare tends to be used by families throughout the year. In the UK it is used in 46.8 weeks of the year (mode 48 weeks), and in Australia during 47.3 (mode 50) of the 52 weeks. The amount of childcare used is fairly consistent across term time and school holidays. In the UK childcare is most often used on three days each week throughout the year. During term time an average of 49.41 hours of childcare are used. During school holidays this increases slightly to 53.86 hours. A similar situation is seen in Australia, where childcare is used on two days each week, and the average number of hours used increases almost negligibly from 43.19 hours in term time to 43.45 hours in school holidays. The most logical explanation for this pattern is that most of the children placed into childcare are not of school age, and are therefore unaffected by school terms. Those parents who do have school age children may be unable to arrange work patterns around school terms, meaning that

childcare is also required during the holidays. This would explain the small increase in the hours used during school holidays.

The chart below shows the cost per hour for different types of childcare in the UK, for children under five, and those of school age. Costs vary greatly, from Grandparents which are free for 87% of families, to an average of £9.50 for a live in nanny.



Day nurseries and Grandparents are the most popular forms of childcare for families of multiples, but it is clear that cost is not the only factor when choosing childcare. The cost per hour of day nurseries (£5.58 for under fives) is above average cost for paid childcare (which is £4.95) and yet is the most commonly used type. Au Pairs proved to be relatively cheap in terms of hourly rate, particularly for school age children, yet were hardly used by the families surveyed.

The data shows there is a difference in the cost of childcare according to the age of the child. For those under five the average cost (as stated earlier) is £4.95. The average for school age children is £4.21. This is not a great difference overall but the costs for certain types of childcare vary greatly on average for the different ages. Day nurseries (£8.18 school age, £5.58 under fives) and live out nannies (£8.75 school age, £7.84 under fives) are more expensive for school age children. Au pairs (£3 under fives, £1 school age), friends (£5/£3) and babysitters (£7.38 under fives, £4.25 school age) were all considerably more expensive for children under five years of age.

In the UK 44.0% of families stated that they received a discount from their childcare provider. This was most frequently (for 47% of those that received a discount) a discount of 10% for the second child that most parents referred to as a 'sibling discount', not specifically a discount for multiples. Similar

discounts of 5% were reported by 13% of parents; 15% discounts by 6%, and 25% by 3% of those families who received a discount. Three families received a 50% discount, and five families paid the same price for all two or three of their children as they would have for one.

Contributions towards the cost of childcare are received by only 40.1% of families in the UK. Just over half of these contributions are through Child Tax Credits, 53.7%, and 41.7% are from Salary Sacrifice. Only 2 families reported receiving a contribution from their employers. Contributions most commonly amount to up to 10% of the cost (33.6%), with a further 12.1% of families receiving 11-20% and 21-30% of childcare costs. Six of the families questioned received contributions amounting to 91-100% of their childcare costs.

The situation for parents of multiples using childcare in Australia is very different. 90.7% do not receive any discount for two or more children using the same provider. However, 80.4% of families of multiples receive contributions through child tax credits towards the cost of childcare. These contributions most commonly cover 41-50% of childcare costs (35.3% of families), with a further 23.5% of contributions covering 51-60% of the costs.

The average amount paid for childcare each week, month and year is far less in Australia than the UK. In the UK parents pay an average of £206.53 each week for childcare. Some families get this childcare for free, but for the rest the cost ranges from £11 to £860 per week. Australian parents pay 16.4% less on average (£172.67), with a maximum figure of £590. This trend continues into the monthly costs. In the UK families pay £940.86 on average, ranging from £40 to £3,440. In Australia the average cost to families is £643.47, which is 31.6% less each month. The most a family had to pay for childcare was £1,486, less than half (43.2%) of the highest bill reported in the UK. Over the course of a year the cost of childcare in Australia is again around a third less (32.8%). The average cost in Australia is £6,859.43, compared to £10,214.29 in the UK. Again the largest amount paid for childcare is lower in Australia, £17,841.60 as opposed to £40,380 in the UK. However the minimum amount paid for childcare, excluding those families that paid nothing for childcare, was £590 in Australia and only £200 in the UK.

Cost is a major factor for determining how much childcare is used by families of multiples. Most families in the UK questioned (72.4%) would use more childcare if they could afford it. This proportion was less in Australia (63.4%), where availability of places has a bigger effect on childcare use (70.8% of families). In the UK there are three main issues that affect childcare use: suitability of childcare (reported by 48.4% of respondents); availability of places (43.0%), and atypical work patterns (37.3%).

Families that did use any childcare confirmed the importance of cost. A large number of families (21.2%, 157) stated that childcare was 'too expensive' for them to use. A few more families in the UK said that childcare was 'unavailable' (7.3%). Only 15.7% of those families not using childcare said

that it was because they did not need any. Australian families were in a similar situation, although a higher proportion (23.3%) had problems with availability. One issue that further complicated the issue of childcare for 2.6% of UK families was a disability in one or more of their children. Three of these families reported that childcare cost a lot more, and three had found that suitable childcare was a lot less available. Two further families had less severe problems with availability.

Section 3 - Changing Costs? Comparison with the Daycare Trust Survey 2013

The Daycare Trust and Family and Parenting Institute recently published the findings from their own Childcare Costs Survey (Daycare Trust, 2013). Above inflation rises in cost in England were reported. The average cost for a nursery place for a child under 2 was reported to be £4.26 per hour. It appears that on average the cost of Day Nurseries has increased even more, as parents of multiples reported an average cost of £5.58 per hour for underfives and £8.18 per hour for school aged children. The Daycare Trust also calculated an average cost of £3.93 per hour for a child minder caring for a child under two. Respondents to the Tamba survey reported costs that resulted in an average of £4.70 per hour for under fives to be looked after by a child minder.

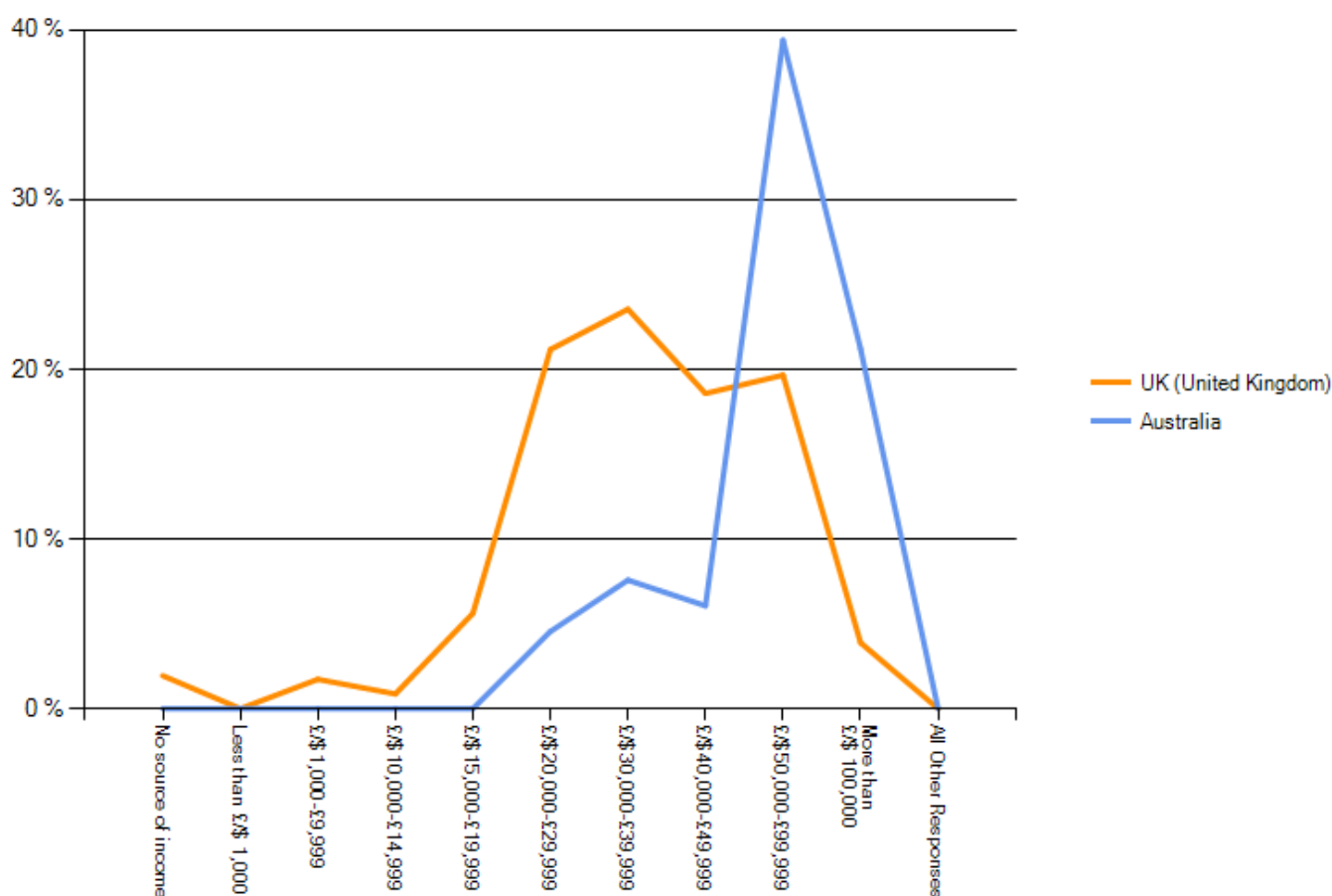
An annual average bill of around £11,000 per year was stated to be the cost for parents using '50 hours of childcare per week' (Daycare Trust 2013). Tamba's survey found that parents of multiples in the UK used an average of 51.64 hours of childcare per week. Many of these families (33.5%) made use of Grandparents as a free form of childcare. However, those that paid for at least some of their childcare faced an average yearly bill of £10,214, very similar to the costs calculated by the Daycare Trust. The 'average yearly expenditure for a child under two' was actually found to be £5,103 by the Daycare Trust survey. Parents of multiples obviously have to pay for at least two places in Daycare, which is reflected in the average yearly expenditure of twice that amount (£10,214) reported by the Tamba survey.

The Daycare Trust stated that there were major gaps in childcare despite legal duties on local authorities. The Tamba survey highlighted very limited use of workplace and private crèches, possibly indicating a lack of availability of places being experienced by parents of multiples.

Section 4 – Work patterns

Families with multiples predominantly include a main wage earner who is employed full time (79.2% employed and a further 9.5% self employed full time). Parents are employed part time in 7.6% of families, and the main wage earner is a stay at home parent in only 12 out of the 742 families. Most of the main wage earners work for more than 35 hours per week, 45.2% work for between 36 and 40 hours a week, 18.6% work 41-45 hours each week, and 20.3% work for more than 45 hours each week. Income for the main wage earner is £20,000 or more in the majority of families, as shown in the table below.

What is the partner who is the main wage earner's approximate total annual income? (From all sources before deductions for income tax, National Insurance etc) (Please select from the drop-down menu below)



Most of the parents (90.9%) who are the main wage earners have continued to work, 8.6% had to stop working because of the cost of childcare, and 1.1% were forced to stop working because of the unavailability of childcare. Several parents commented further on their answer to this question. These parents were generally split between being in a position where they had to carry on

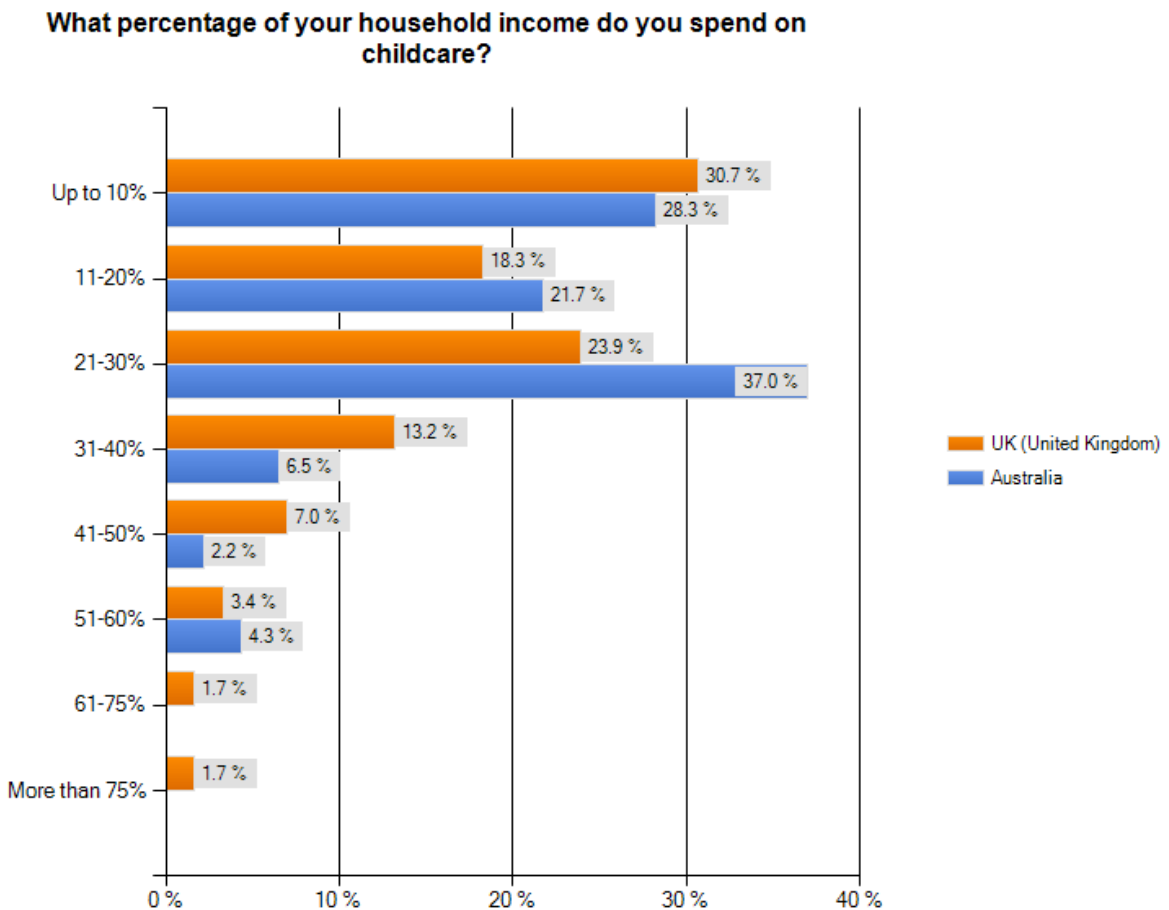
working as they could not afford any other option, or having to reduce or condense their hours or change to a more flexible job in order to balance earning and childcare. One in every eight families (13.3%) reported having to reduce the working hours of the main wage earner because of the cost of childcare. A further 2% had to make this reduction because childcare was unavailable. This situation was a less significant problem in Australia, where only two families (3.2%) reduced working hours because of childcare costs.

In the UK the partner who was not the main wage earner was also employed in over two thirds of families. Most of these partners (42.5% of all partners) were employed part time (5.3% self-employed part time), yet over a fifth of the secondary wage earners were employed full time (19.5%, 2.5% self-employed). Many of those partners working part time still worked a considerable number of hours, with a sixth (16.2%) of all secondary wage earners worked between 26 and 35 hours per week. Almost a fifth (19.1%) worked 20-25 hours and another fifth worked for 16 to 20 hours each week. Earnings for this partner were still relatively high, yet varied more greatly than the main wage earner's income, presumably because of the greater variability in the number of hours worked.

In the UK a quarter (24%) of these partners had chosen to be a stay at home parent, however, in Australia nearly half (42.4%) of the secondary wage earners had made that choice. Nearly two fifths of families in the UK said that the secondary wage earner had stopped working because childcare was too costly (38.7%), a further twenty parents (4.9%) were forced to stop working as childcare was unavailable. Almost half of the families surveyed reported that the secondary wage earner had reduced their working hours as a result of childcare issues. In 42.7% of families this was because of the cost of childcare, in 6.2% this was due to the unavailability of childcare. In Australia less than a quarter of parents who were the secondary wage earner had been forced to reduce their working hours (21.9%).

Section 5 – Financial Health

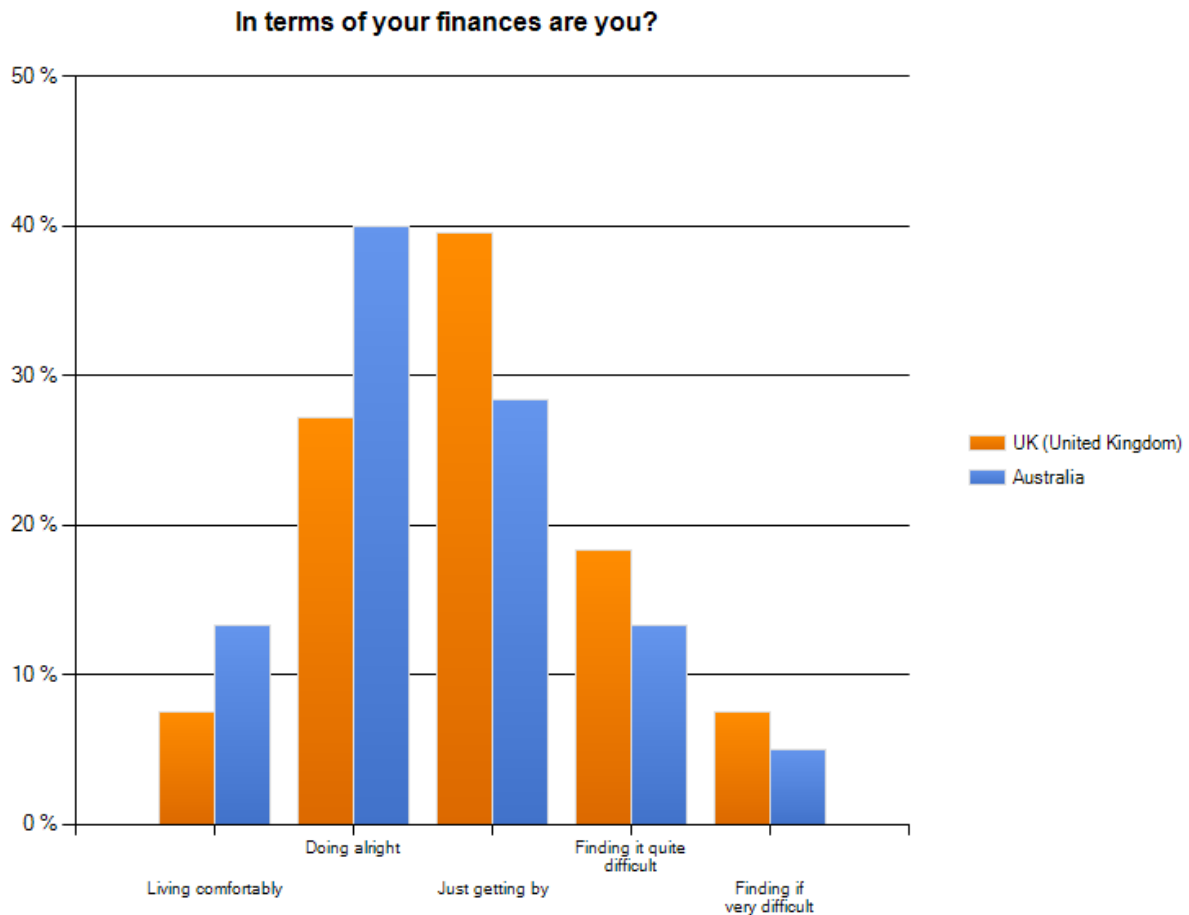
The chart below shows the proportion of household income spent on childcare. This spending is limited to 10% or less for nearly a third of families, but reaches a higher percentage of the families income in a large number of cases. Nearly a fifth of families spend 11-20% of their income on childcare, and a quarter spend 21-30%. A smaller number of families are having to spend a very high proportion of their total income on childcare; with 6.8% of families losing over half of their household income to childcare.



The picture painted by this data may not reflect the true situation in many families. A third of families made use of Grandparents to provide at least some of their childcare, this provision was usually free, thus easing total costs. Families with both partners earning a decent wage clearly have a lower proportional cost for childcare, and therefore find it financially viable for both partners to work. For others in lower paid work, or different employment situations, this may not be the case. Comments from respondents reveal that many secondary wage earners lose a very high proportion of their income to childcare costs, with some partners only just breaking even once childcare has been paid for. Some even earned less than the cost of childcare, but

choose to work for career reasons, or because they felt it benefitted themselves or their children to be in work/nursery.

Dedicating a proportion of household income to childcare costs, or reducing working hours to care for children obviously has an impact on a family's financial health. The chart below shows how families in the UK and Australia felt they were coping financially.

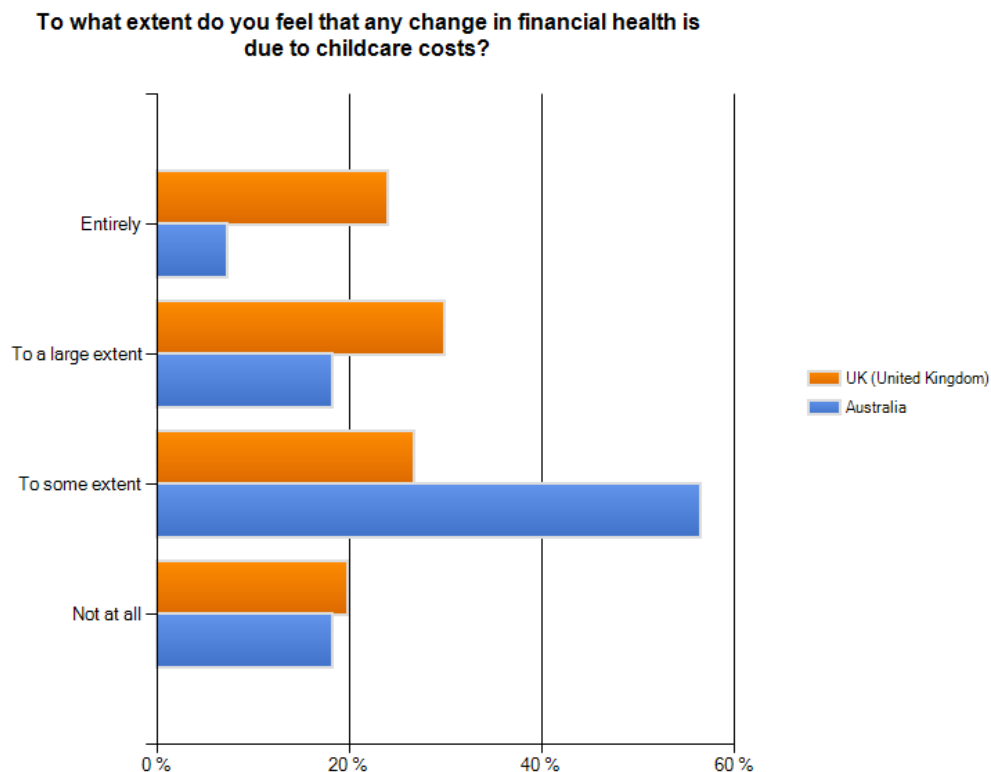


Despite most families responding having a main wage of £20k or more, and two thirds having a secondary wage earner, it is clear that families of multiples feel under financial strain. Only 7.5% of respondents in the UK felt that they were living comfortably. A quarter (27.2%) were 'doing alright', but most families felt they were struggling. Most were in a state of 'just getting by' (39.5%) but for over a fifth of families the situation was more serious and they were 'finding it quite difficult' (18.3%) or, worse still, 'finding it very difficult' (7.5%). Families in Australia fared much better financially, as over half reported no financial difficulties (53.3%) and a lower percentage reported more serious financial difficulties. Less Australian families claimed to be 'worse off' financially over the last year than those in the UK (43.3% in Australia vs 65.6% in UK). Similar numbers of families in the UK and Australia had spent most or all of their savings (39.8% overall) or some of their savings (35.9%), highlighting the financial pressure that parents of multiples are

under. This use of savings is obviously not a sustainable option over a long term for families, but may be the only way that the impact of the costs of more than one child at the same time can be met.

The extent to which basic needs of parents themselves and their children could be met was also similar in both countries. Parents in 38.7% of families felt they were not lacking any basic items that their peers could afford, but a quarter (23.2% overall) of parents felt they missed out on two items each week. 14.9% of families lacked four or more such items each week. In terms of basic items for their children, more families in both the UK (55.4%) and Australia (63.8%) felt able to provide everything their peers did. Children in 14% of families missed out on just one basic item weekly, 15.7% missed out on two, and fewer (9.1%) missed four or more items as parents could not afford them. These were deemed 'basic items', rather than luxury or extra items, further highlighting the fact that families of multiples, particularly in the UK, are in the majority of cases 'just getting by', or worse.

Negative changes in the family's financial health were overwhelmingly attributed to childcare costs. In 23.9% of UK families it was felt to be 'entirely' due to the cost of childcare. In Australia this was the case in only 7.3% of families. Childcare costs were responsible for changes to financial health 'to a large extent' in 29.8% of UK families and 'to some extent' in a further 26.6%. The chart below indicates the lesser perceived impact of childcare costs in Australia.



Section 6 – UK Government Proposals

“We used to live in Australia where each child qualified for a grant of up to \$7000/year provided parents were employed part or full time. This meant that our daycare daily fees were reduced by 50%. This was also paid directly to the parents on a monthly basis to contribute to your monthly fees.” Father of three year old twins

Feedback from Families

Families were asked their opinion on the UK Government's proposals to introduce a childcare top up scheme that will meet the costs of up to £1,200 of childcare for each child for families with either two working parents or working single-parent families. Almost half the parents (45%) thought that these proposals were a good idea, and only 8.6% said they were a 'bad idea'. However, almost a third (31.1%) were unaware of these proposals. Whilst many parents agreed that these proposals were a 'good idea' in general, a large number of respondents were keen to point out that the amount proposed was 'not enough'. Parents highlighted the fact that £1200 is 'just a drop in the ocean', and that it 'won't make a dent in my childcare costs', covering the cost of childcare for only one month of the year. Confusion existed over how this proposal fit in with existing schemes, such as child tax credit and childcare vouchers. Many parents welcomed the proposals only if they were in addition to current schemes, fearing they would be worse off if the proposal was a replacement.

Other parents were angry that these proposals seemed to reward families with two working parents and penalised one parent families, families in which one partner was studying, or those parents which chose, or were forced by costs, to be stay at home parents.

Families completing the Tamba survey were invited to comment on any suggestions they had regarding childcare. Many of these suggestions focussed on government intervention. Some parents felt that nursery provision should become more like the rest of the education system. Some wanted nurseries to be government run, or state governed in some way. Others were happy for nurseries to be privately run as long as they were 'not for profit', as they felt the charges made by nurseries were not a reflection of the actual cost of provision. Some parents thought that reducing the amount of paperwork that child-minders and nurseries had to complete may enable them to reduce the cost to parents. Changing the way that Nannies are employed, so that parents did not have to pay tax and NI was thought by some to be a way of making them a viable childcare option, particularly for parents of multiples. Government intervention in terms of a cap on the charges that could be made was suggested by a number of families, as was a new childcare payment system that was based on a percentage of family's income.

A change to the free provision provided by the government was frequently suggested. Many families wanted the free places to begin at a younger age. Some thought it was unfair that free provision began at age 2, not 3, only for those families on benefits. The survey has clearly highlighted the financial strain that many working families find themselves under due to the cost of childcare. Parents of multiples would be greatly helped by receiving free provision earlier. They also felt that the free provision should be extended to provide more hours. Some parents found it difficult to utilise their free provision, as nurseries would only take children on a full time basis, or that the sessions provided for free could not be used if both parents were working, and were, for example, unable to collect children after half a day at nursery.

The hours of paid for childcare provision were also criticised by working parents. Many parents found it difficult to find childcare that suited their working patterns. Some parents suggested more nursery placements attached to schools with better hours available, which were more suited to working parents. Subsidised holiday and breakfast clubs and after school clubs were also highlighted as a need by working parents. Working parents also felt there was a gap in childcare provided by their employers. This was either non-existent, and so government incentives were suggested to encourage companies to provide crèches. Employer childcare also needs to fit the hours of business of the company, and be useable by those parents doing shift work, or working outside of normal business hours. This should also be the case for public sector employers, such as the NHS.

The way in which childcare is subsidised is a point of contention amongst parents of multiples. Some families feel unfairly discriminated against by the system. Those that were self-employed felt they did not get enough help. Middle income families also felt that the government's current childcare policies did not favour them, and that they deserved greater assistance as such a large proportion of their income is spent on childcare to allow both parents to work. Other respondents felt that parents should be enabled and encouraged by society, and by systems of subsidisation, to look after their own children.

Some families felt that childcare vouchers should be capped according to the number of children, rather than per adult. This would make it fairer for families with multiples, or single parent families. Several families suggested that there should be no caps at all on childcare vouchers, or tax credits. Other parents thought that childcare should be tax deductible, and some felt that childcare should be subsidised upfront, rather than relying on complicated systems, such as tax, in order to reclaim childcare costs.

Suggestions made by some parents highlighted the particular problems facing families with multiples. Having multiples is almost always unplanned, so whilst parents may have assessed whether they can afford a child beforehand, they are then faced with double the costs. Discounted childcare for multiples was suggested as a way of coping with one of the largest costs, which other families are able to spread by planning when to have subsequent siblings.

Another proposed way of controlling the cost of childcare was to extend maternity/paternity leave for parents of multiples.

One parent summed up the issue for parents of multiples:

“Parents should only pay for the first child in a multiple birth; the others should be funded so that the parent can return to work if they wish. When deciding to have a child the affordability is calculated on having one child and as a multiple birth is not planned or chosen then extra help should be given. There is no further help with costs of food, nappies, child care, school costs etc.!”

Feedback from Tamba

These proposals, whilst potentially helpful, do not address the biggest problem that our families face, which is having to meet all the costs of paying for multiple childcare places in one go rather than being able to spread them out over a longer period, which is the normal pattern for parents who have one child at a time. This could potentially be achieved by either assigning additional financial support for multiple birth families, or by providing additional support for each and every additional childcare place for all families.

Our full consultation response is available at <http://www.tamba.org.uk/Get-Involved/Campaigns/Finance>

The Last Word

“Learn from the Scandinavian countries (myself from there). It is heavily subsidised which gives women (especially) better opportunity to return to work to start paying 'back' the subsidies. Also ensures women do not lose knowledge through long absences from the work place,” mother of twins