

# Early years childcare in London report

Drawing of Earth and children cutting paper with scissors

## Key information

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## Childcare in London Report

The **London Assembly Economy Committee** is calling on the Government to review funding rates for early education entitlements in London, amid concerns that the sector will be unable to cope with the increase in demand when free childcare is expanded to children under three.

An investigation by the Committee into early years childcare in London found that the capital 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.

Across two evidence gathering sessions, the Committee heard from organisations including Pregnant Then Screwed, Gingerbread, Institute for Fiscal Studies, Early Years Alliance and National Day Nurseries Association.

The Committee heard that as well as costs, the availability of childcare places was another key issue for parents. This was the experience of many parents or carers who responded to a survey on childcare conducted by the Committee, with some describing availability as “limited” or with long waiting lists for places.

The Committee welcomes the Government’s plans to expand the free entitlements for children under the age of three, which is due to be introduced gradually from April 2024 and fully in place by September 2025. This has the potential to support more parents into work and alleviate cost-of-living pressures for families.

However, these national reforms will have a significant impact on the sector and the provision of childcare in London. Evidence to the Committee highlighted that there is a risk that the sector in London will struggle to cope with the expected rise in demand for places.

For the expansion to be a success in London, it must be properly funded and implemented with input from the childcare sector, to ensure providers have the capacity and infrastructure to address the increase in demand.

The Committee has published its report 'Childcare in London', with findings including:

- Parents in London struggle to access childcare more 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.
- For some parents it does not make financial sense to take on more hours and pay childcare costs for this additional time. This can impact career progression, particularly for women, and has a detrimental impact on London's economy.
- The childcare sector in London is experiencing severe staffing shortages, with ongoing challenges related to recruitment and retention. There has been a considerable reduction in the number of childminders operating in England, with London seeing the largest fall.
- Childcare providers generally spend more on wages and rent or mortgages in London than in other parts of the country.
- The Committee welcomes the Government's plans to expand the free entitlements for children under the age of three. However, there are clear concerns about whether the childcare sector has the capacity and infrastructure to cope with the rise in demand.

The Committee also conducted a survey of Londoners who have used or worked in London's childcare sector. It received 103 responses and found similar themes to evidence provided to the Committee by the organisations.

One respondent said: *"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."*

Another said: *"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."*

The Committee has published a report with **eight** recommendations, including:

- 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 also lobby the Government to review these funding rates.
- 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 Mayor and 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 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.
- The Government should take action to simplify the system of shared parental leave to increase take-up. The Mayor should encourage London employers to promote shared parental leave to their employees, including through the Good Work Standard.

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