



## Childminder Fees Survey 2017

May 2017

## Executive Summary

### Shortfall in funding

- Childminders in England charge between £3.00 and £10.00 per hour, but the average childminder hourly rate is £4.64.
- The average hourly rate that local authorities receive from the Department for Education for the free entitlement is slightly higher than the national average rate (£4.85 compared to £4.64).
- However, the average local authority base rate in 2017-18 – the amount which will actually be passed on to childminders – is significantly lower (£4.28 compared to £4.64), amounting to an average hourly shortfall of -£0.36.
- This £0.36 hourly shortfall would equate an annual shortfall of £410.40 per child (based on the 1,140 funded hours per year).
- If a childminder chose to offer three funded places to three- and four-year olds, the shortfall would be £1,231.20 per year, which equates to 12 per cent of the average annual salary of a childminder (£10,100)<sup>1</sup>.

### Childminder fees and additional charges

- The majority of childminders (64 per cent) charge the same rate for all the children they look after, though around a sixth charge different rates for older children (17 per cent) and siblings (16 per cent).
- The majority of childminders (60 per cent) do not charge parents any additional fees for food, outings, or other activities in addition to their hourly rate. A little over a fifth (22 per cent) charge additional fees for meals, snacks, trips and outings. Some childminders also ask parents to supply their meals and consumables.
- The majority of childminders (59 per cent) reported raising their fees in the past two years. Just under half of (44 per cent) say it is likely they will raise their fees in the next year, and around the same amount (45 per cent) say it is unlikely.
- Whilst some childminders will be able to make up the shortfall through funding supplements – or for charging for consumables (including food) or extra services – many will not be in a position to do so. This could be because they will not qualify for the supplements on offer, and/or because they already charge parents for meals and consumables (or ask parents to supply their own).

## Introduction

PACEY's Childminder Fees Survey 2017 survey was carried out online in early 2017 between 15 February and 6 April. We received 1,523 total responses from individual childminders from across England. The primary purpose was to find out the average hourly rate in England, as well as how many childminders charge additional fees on top of their hourly rate for meals, snacks, consumables and other services. We also wanted to find out when childminders had last raised their fees, and how likely they were to increase them in the coming year.

The survey results were then compared to the average base rate that local authorities in England will be paying childminders in 2017-18 to deliver funded places for three- and four-year-olds. From September 2017, some working parents of three- and four-year-olds will be entitled to 1,140 hours per year of government funded early education and childcare – double their current entitlement. Offering funded places is not compulsory, and childminders will be able to choose how many funded places they offer, as well as *when* and *how* they deliver them, within certain constraints<sup>2</sup>. In addition, the Government has clarified that funding is not intended to cover the cost of meals, consumables, additional hours or additional services.<sup>3</sup>

## What childminders in England charge

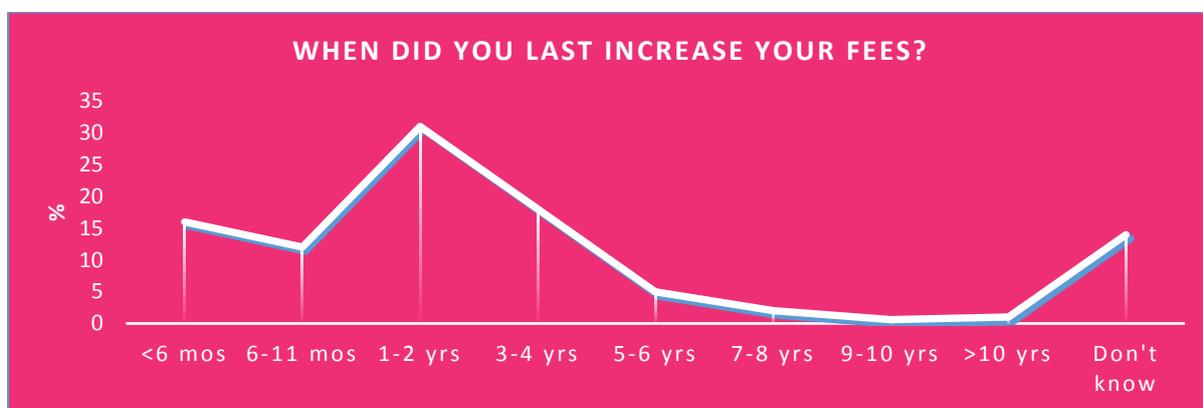
We asked childminders in England to tell us their standard hourly rate in decimal format. Our survey found that the average (mean) rate in England is £4.64. The highest rate mentioned was £10.00, whilst the lowest rate given was £3.00. The most frequently mentioned rate was £4.00, and the median rate is £4.50.

Interestingly, independent research recently conducted by Frontier Economics on behalf of the Department for Education calculated that the average hourly cost of providing a childminding place for a three- or four-year-old in England is £4.77.<sup>4</sup> This closely resembles the average rate that childminders actually charge, though it is a bit (£0.13) higher.

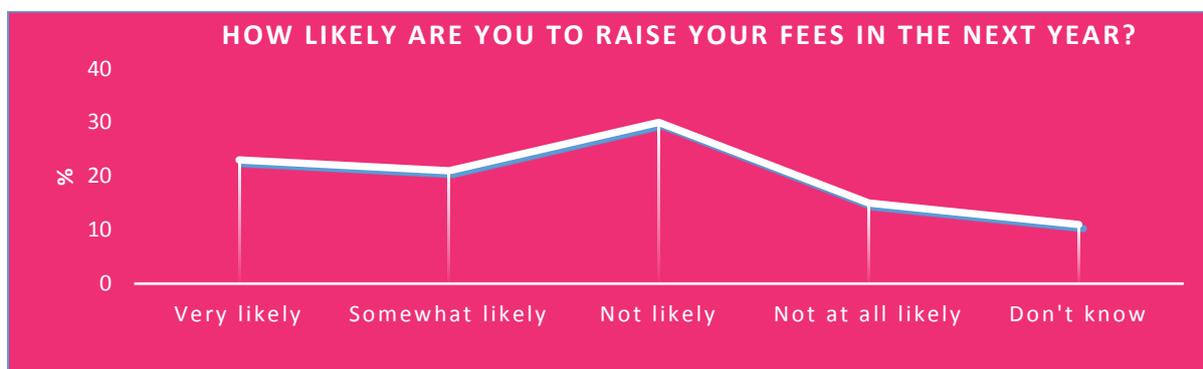
We also wanted to know what proportion of childminders charge a different hourly rate from their standard rate for specific groups of children. A majority of survey respondents (64 per cent) reported charging the same rate for all the children they look after. Around 17 per cent say they charge a different rate for school-age children, and 16 per cent charge a different rate for siblings. Only two per cent of childminders charge a different rate for babies under a year old.

We also asked childminders whether they currently charge parents additional fees for food, outings and other activities in addition to their hourly rate. A majority (60 per cent) do not charge any additional fees. However, just over a fifth (22 per cent) charge for meals and snacks, and the same number charge for trips and outings, particularly those which cost over £5. Around ten per cent say they charge for toddler groups and local activities, and three per cent charge for nappies and wipes. Five per cent of childminders reported asking parents to supply their own nappies and wipes, with some of these also requiring parents to supply packed lunches and snacks.

A majority of childminders (59 per cent) reported having raised their fees in the past two years, and 77 per cent have increased them in the past four years. A surprisingly large number (14 per cent) said they did not know when they had last raised their fees.



When asked how likely it is that they will raise their fees in the next 12 months, respondents were evenly divided, with 44 per cent reporting they were likely to raise fees and around the same number (45 per cent) reporting they were not likely. Around 11 per cent said they did not know.



## Comparison with local authority rates

We wanted to compare the average rate charged by childminders in England with the rate they will be paid by their local authority for delivering funded places for 3- and 4-year-olds in 2017-18. The average hourly rate that local authorities receive from the Department for Education for the free entitlement is £4.85. This is £0.21 higher than the national average rate charged by childminders, but it also must fund the local authority's administration of the entitlement, as well as any additional support for providers. In 2017-18, local authorities are required to pass on 93 per cent of the funding they receive from central government directly providers, and in 2018-19 this will rise to 95 per cent.<sup>5</sup>

The average local authority base rate in 2017-18 – the amount which will actually be passed on to childminders – is £4.28.<sup>1</sup> It must be noted that the average base rate does not include the mandatory deprivation supplement that some childminders will be entitled to, or discretionary funding supplements based on quality, flexibility and English as an additional language.<sup>6</sup>

	Mean hourly rate	Median hourly rate	Mode	Range
<b>PACEY survey (private rate)</b>	£4.64	£4.50	£4.00	£7.00
<b>DfE funding to LAs</b>	£4.85	£4.50	£4.30	£4.80
<b>LA base rate to childminders</b>	£4.28	4.05	£4.00	£2.83

This is significantly lower than the average childminder rate and amounts to an average hourly shortfall of -£0.36. If a childminder was providing one 30-hour place for a three- or four-year-old, this would amount to an annual shortfall of £410.40 per child based on the 1,140 funded hours per year. If a childminder chose to offer three funded places to three- and four-year olds, the shortfall would be £1,231.20 per year. This equates to 12 per cent of the average annual salary of a childminder (£10,100)<sup>7</sup>.

Moreover, the shortfall is larger in certain parts of the country than others. We took an in-depth look at the difference between private and local authority funding rates in the 16 areas where we received 20 or more responses.

Local authority	Region	Number of responses received	Local authority funding base rate*	PACEY survey mean rate	Difference	Supplements**
Buckinghamshire	SE	108	£4.25	£5.33	-£1.08	DS of 6p

<sup>1</sup> This average takes into account the base rates reported by 145 out of 149 local authorities. At the time of publishing, PACEY was unable to establish the 2017-18 base rate for four local authorities: Blackburn with Darwen, Telford and Wrekin, Wakefield and Wolverhampton

Cambridgeshire	EE	100	£4.04	£4.36	-£0.32	DS of up to £1.30
Hampshire	SE	78	£3.95	£4.50	-£0.55	DS, FS & QS
Essex	SE	66	£4.41	£4.83	-£0.42	Not known
Surrey	SE	53	£4.51	£5.77	-£1.26	Not known
Bedford	EE	52	£4.01	£4.57	-£0.56	DS of up to 73p
Kent	SE	46	£3.91	£4.75	-£0.84	DS of up to 90p, QS for QTS of up to 90p
Norfolk	EE	38	£3.65	£4.05	-£0.40	DS of up to 25p, FS of 20p, QS of 20p
Hertfordshire	EE	36	£5.05	£5.59	-£0.54	DS & LACS
West Sussex	SE	26	£4.42	£4.95	-£0.53	DF from 23p to 61p
Nottinghamshire	EM	25	£4.17	£3.96	£0.21	Not known
Gloucestershire	SW	24	£3.90	£4.26	-£0.36	DF of 16p
Southend-on-Sea	EE	23	£4.18	£5.01	-£0.83	DS of 44p
Staffordshire	WM	23	£3.85	£4.05	-£0.20	DS of up to 30p per hour
Cornwall	SW	22	£4.10	£4.25	-£0.15	DS of 10p, QS of 6p for level 6
Oxfordshire	SE	21	£4.01	£4.78	-£0.77	Not known
Average	-	-	£4.15	£4.69	-£0.54	-

\*Excluding any supplements for deprivation (DS); quality (QS); flexibility (FS); or looked after children (LACS)

\*\*The only mandatory supplement is deprivation, and this is generally based on the postcode of the child. Local authorities have the discretion to offer supplements based on flexibility (FS); quality (QS); and looked after children (LACS). For more information, see [Early years national funding formula: allocations and guidance](#).

In 15 of these 16 local authorities, the local authority's universal base rate is lower than the average hourly rate for childminders in the area. The average hourly shortfall in these 16 areas is -£0.54. This is £0.18 higher than the national average.

The one local authority where we did not find a shortfall was Nottinghamshire in the East Midlands. It should be noted that a little under half (44%) of the 16 local authorities are in the South East and 31% are in the East of England. A smaller number are in the South West, West Midlands and East Midlands. The remaining four regions of England, all in the North of England, are not reflected in our in-depth sample.

## Conclusion

According to our analysis, the average childminder will experience a shortfall of over £400 per child, per year, for every full 30-hour place they offer. As childminders are permitted to care for up to three children under the age of five, some could lose as much as £1,231.20 per year. This deficit is likely to have an extremely detrimental effect on the sustainability of a childminder's business, given the average net income is just £10,100<sup>8</sup> per year.

Whilst some childminders will be able to make up the shortfall through funding supplements – or for charging for consumables (including food) or extra services – many will be not be in a position to do so. This could be because they will not qualify for the supplements on offer, and/or because they already charge parents for meals and consumables – or ask parents to supply their own. Moreover, current government guidance is clear that additional charges must be voluntary and cannot be a condition of offering a place. In addition, funding supplements are complex and could change in the future.

It is vital that the next government recognises that the current commitment to 30 hours can only be achieved with a long term sustainable funding plan, which must be subject to regular review. Childminders also need improved guidance on how they can charge for meals and additional services, as well as effective business support to enable them to work in partnership with other providers deliver funded hours more sustainably.

---

## References

<sup>1</sup> £18,600 is the average income from a childminder providing childcare (table 14) minus £8,500 which is the average cost of a childminder providing childcare (table 12) equates to £10,100 net income. See S. Panayiotou, S. McGinigal, J. Kent, C. Smit, C. Witsø and E. Edwards-Hughes (2017), [Survey of Childcare and Early Years Providers: England 2016](#) (London: Department for Education).

<sup>2</sup> Funded hours can be provided any day of the week, including weekends, between 6am and 8pm. There is no longer any minimum session length, and the maximum session length is still 10 hours. There is no mandatory pattern of delivery, and providers do not have to deliver (and parents do not have to take up) all 1,140 hours.

<sup>3</sup> Department for Education (2017), [Early education and childcare: Statutory guidance for local authorities](#) (London: Department for Education).

<sup>4</sup> S. Blainey and G. Paull (2017), [Study of Early Education and Development \(SEED\): The cost and funding of early education](#) (London: Department for Education).

<sup>5</sup> For more information on early years funding, see Department for Education (2017), [Early years national funding formula: allocations and guidance](#) (London: Department for Education).

<sup>6</sup> For more information on mandatory and discretionary local authority funding supplements, see Department for Education (2017), [Early years national funding formula: allocations and guidance](#) (London: Department for Education).

<sup>7</sup> S. Panayiotou, S. McGinigal, J. Kent, C. Smit, C. Witsø and E. Edwards-Hughes (2017), [Survey of Childcare and Early Years Providers: England 2016](#) (London: Department for Education).

<sup>8</sup> S. Panayiotou, S. McGinigal, J. Kent, C. Smit, C. Witsø and E. Edwards-Hughes (2017), [Survey of Childcare and Early Years Providers: England 2016](#) (London: Department for Education).