

Losses in the Childcare Sector

[New data](#) published by the Department of Education has revealed a significant fall in the number of childcare providers since April 2020.

- Between **April 2020 and March 2021, the number of childcare providers fell by 2,940, from 74,983 to 72,043.**
- Losses in the number of childcare providers increased sharply at the start of 2021. **In January, a total number of 1772 providers were lost between the beginning and end of the month.**

The Childcare Sector Prior to Covid

Prior to the pandemic, the childcare system in England was already failing to meet the needs of children, parents, and the economy. **Supply was not keeping up with the demand for childcare,** with just over half

(57%) of local authorities in England had enough childcare for the children whose parents work full-time and just a fifth (22%) had enough for the children of parents working atypical hours. **Affordability was a key issue** - childcare costs were around 30% of the income of dual-earner couples on median incomes and around 20% for 1.5 earner couples. **Chronic underfunding was threatening the sustainability of providers,** particularly in poor areas. In 2019, the cost of providing education and care for under-twos was underfunded by 37%, and for three- and four-year-olds it was underfunded by 20%.

Recommendations

Any plan to build back better after Covid must address the crisis in the childcare sector or it will continue to fail the child who are locked out of critical early years development and the mothers who rely on it to undertake paid work.

An overhaul of the system is long overdue. This requires emergency support for providers now, moving to a supply-side funding model in the medium term, and better training for the workforce and increased

support for the most disadvantaged children, who benefit the most from high-quality childcare. In the longer-term, there is a need for a universal and free system, in recognition of childcare as a public service on equal footing with school education. The Women's Budget Group have done work on [the costing, employment effects and financing of universal provision of childcare in the UK](#). You can read more about our recommendations for childcare [here](#).