

# UK childcare support for student parents

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## Helping student parents: The Elizabeth Nuffield Educational Fund (ENEF)

The Elizabeth Nuffield Educational Fund works to bridge some of the gaps in statutory childcare provision. Lady Nuffield established the fund in 1956 to provide financial help to women taking courses of education and training, often without parental support. Through the 1990s, the ENEF realised that its applicants' circumstances frequently shared a common thread. Childcare, both in terms of finding it and paying for it, had by the end of the decade emerged as the biggest area of unmet need and hardship among its applicants. <sup>(1)</sup>

As a result, ENEF awards have since 1999 been made solely for childcare. In 2000, some 273 awards were made totalling £376,000.<sup>(2)</sup> Women in further and higher education, between the ages of 21 and 50, may apply. Overwhelmingly, applicants have under-achieved at school and have disadvantaged backgrounds. However, they are often strongly motivated to acquire the skills and qualifications needed to get better paid work in jobs they find fulfilling. Motherhood itself is a powerful spur. Women increasingly see their own education and training as the surest route out of poverty towards economic independence, thus increasing the life chances of their children. The Fund assists women using formal and informal childcare, but receives many more requests for help every year than it can meet.

<sup>1</sup> Hilary Land, Bernice Martin, and Stephanie Spencer, *ENEF's 45 years of plugging the gaps in women's education*, March 2000. <sup>2</sup> *Nuffield Foundation Annual Report 2001*.

# UK childcare support for student parents

*The number of women returning to training and employment in the UK after having children rose steadily during the 1980s and 1990s, a trend driven by both personal choice and economic necessity. Successive governments' 'welfare to work' policies have increasingly targeted lone parents, mainly mothers, in campaigns to get claimants off benefits and into jobs or courses of study likely to lead to employment. Lifelong learning has also been promoted vigorously to create a flexible workforce in an increasingly knowledge-based economy. Yet governments have been slow to address the childcare needs of these students, especially those on the lowest incomes.*

*The aim of this paper is to review childcare provision for student parents in further and higher education, to identify specific gaps and to consider how existing and future policy initiatives may remedy these.*

## Further education students

Childcare support for adult students aged 19 and over in further education (FE) is entirely discretionary, although in 2001–02, some £30 million of ring-fenced funds have been distributed to institutions in England for this purpose. This represents a substantial increase on the £4 million made available in 1997–98. <sup>(3)</sup>

Funds are allocated from the Learner Support Funds on the basis of student numbers at a given institution, and the extent of need in the area it serves to widen participation. Help is focused on those students in greatest need, in particular lone parents, the disadvantaged and those on low incomes. Such students will be eligible if they have a child under 15 (or 16 for children with disabilities) and they are studying in an FE college, a Higher Education Institution (HEI); or an external institution, provided that it offers Learning and Skills Council (LSC) funded courses. Payments of up to £4,000 per dependent child may be made to eligible full-time students in any one academic year, depending on the needs assessment made by the institutions. The average amount paid is currently £1,300 per child. Part-time students may receive payments for childcare on a pro-rata basis. Students may be eligible for extra childcare help from the Access Funds that are allocated by the LSC from the Learner Support Funds. These Access Funds are distributed in a single allocation to institutions (totalling £62 million overall in 2001–02). Childcare support for FE students parents should not affect any entitlement they may have to state benefits.

### Childcare funding for FE students

- Entirely discretionary
- Up to £4,000 available per child
- Average payment of £1,300
- Informal care funded only exceptionally
- Under DfES review

In the vast majority of cases, only formal childcare is funded. Formal care is provided by childminders and nurseries registered with the local authority, or by approved crèches, after school clubs and holiday playschemes. Colleges have to provide the support where possible in the form of a subsidised place or a waived charge rather than a cash payment to a student. Indeed, colleges are encouraged by the DfES to apply for funds under the National Childcare Strategy to create childcare places for students if they can show there is a clear demand for such provision. The DfES has earmarked £19 million for the establishment of new childcare facilities in FE over the next three years.

By contrast, funding for informal care, by a relative or a friend, for example, is only allowed 'exceptionally' in circumstances when either a charge is made or when registered care is not available. Paradoxically, the Learning and Skills Council guidance to institutions also states that students should use at least some unpaid informal care in order to minimise the paid care they require. <sup>(3)</sup>

FE student support in England is currently under review. The introduction of a statutory childcare grant package in FE, perhaps along the lines of the newly-implemented childcare package for HE student parents as described in the next section, is understood to be among the options being considered by the DfES. Such a step would bring greater certainty, security and stability to student parents in their own personal budgeting and financial planning, and could help to boost overall participation.

In Scotland, further education bursaries, and help with childcare costs, may be awarded at the discretion of FE colleges in Scotland. Criteria for awards vary from one institution to another. The Scottish Further Education Funding Council has earmarked £3 million for childcare in its allocations to colleges in 2001–02, as it did last year. <sup>(4)</sup>

<sup>3</sup> FE Learner support funds 2001/02. Circular 01/08; Supplements A and B, Learning and Skills Council. <sup>4</sup> Extra funding for FE colleges boost learning opportunities, Scottish Further Education Funding Council (media release), 27 April 2001.

## Higher education students

A statutory childcare grant package was introduced in September 2001 for full-time undergraduate and postgraduate initial teacher training (ITT) students in HE, in England and Wales, and in Northern Ireland. Assessment and processing of applications in England and Wales is carried out by the LEAs, and the Student Loans Company (SLC) pays the money to student parents in three instalments. Only formal childcare, as outlined earlier, is funded under the statutory Childcare Grant, although other elements in the Childcare Package may be payable even if the student parent has informal childcare arrangements.<sup>(5)</sup>

The daunting complexity of the new childcare support system in HE is striking and increasingly acknowledged. A bewildering array of central and related components, both statutory and discretionary, confront student applicants, who may have to liaise with several different agencies to access fully the help for which they are eligible. It has generated widespread confusion among students, and compounded the administrative burdens on LEAs and HEIs.

In essence, the childcare grant package is accessed via the Dependants' Grant scheme. It consists of: a means-tested additional Dependants' Allowance of £250; a Travel, Books and Equipment Grant of £500 (both available for students with informal childcare needs); and the means-tested Childcare Grant itself. Childcare Grants are for children under the age of 15 at the start of the academic year (or under 17 in the case of special needs children). It is payable for 52 weeks at 85% of actual costs in term-time and in the Easter and Christmas holidays (for up to 40 weeks per year), and at 70% of actual costs during the long summer vacation (up to 12 weeks). The maximum payable to a student with one child is £114.75 a week, and in the long vacation £94.50.

Students with two or more children may receive up to £170 a week in term-time and the two shorter holidays, or £140 a week in the long vacation. Over a year, this totals up to £8,840 for a student with two or more children who is eligible for the maximum

available amounts. It is a means-tested grant which assesses the income of students, spouses or cohabiting heterosexual partners and any dependants. The new childcare support package became available to new students starting their courses in autumn 2001. Existing eligible students could either opt for the new childcare package or continue to receive the Lone Parents' Grant (of £1,075) which is to be phased out by 2004.

There are numerous other related components of help for parents. Discretionary support may also be available to students experiencing hardship and this is administered by the Higher Education Institutions (HEIs). These include an Access Bursary of up to £500 (or £1,000 in the case of those who choose to retain the Lone Parents' Grant), and Hardship Grants of between £100 and £3,500. There are also supplementary grants for school meals, travel, books and equipment. Part-time students are eligible only for discretionary support for childcare through the institution's Hardship Funds.<sup>(6)</sup>

The DfES has undertaken to review its system of targeted student support and to identify ways of simplifying and streamlining its administration and delivery. Although it is not yet clear whether the total budget available will increase in consequence, this review offers the prospect at least of more students in need getting more help with their childcare if only by default: a more user-friendly system, for students, their advisers and administrators, is likely to increase take-up.

In Scotland, assistance with childcare appears less generous than elsewhere in the UK. Single parents studying for a full-time higher education course can apply for a statutory means-tested Lone Parents' Grant of £1,075; and from autumn 2001 recipients of this grant also receive a new additional sum of £1,000 specifically to help pay for formal childcare. A new Mature Students' Bursary also came on stream in autumn 2001, distributed at the discretion of individual colleges and universities. Priority is given to lone parents, and payments of up to £2,000 per student may be made for formal childcare costs. Mature students (officially called 'independent students') are defined by all nations of the UK as either aged 25 and over, or married, or self-supporting for at least three years.<sup>(7)</sup>

Statutory childcare support for student parents in FE and HE in Wales and Northern Ireland is broadly similar to that provided by the DfES in England.

### Childcare funding for HE students

- Up to £8,840 per year for two or more children
- Help for part-timers is discretionary
- Mostly for formal care only
- Cumbersome and confusing system
- Complex for students, advisers and administrators
- Under DfES review

*5 Student support funding allocations for Higher Education Institutions, 2001–02, HEFCE. 6 Childcare Grant and other financial help for higher education students in 2001/02, DfES. 7 What support is available for mature Scottish students in higher education 2001–02, Scottish Executive.*

## NHS bursary-holders

Students on NHS-funded courses are uniquely disadvantaged, financially and socially, by the current system of student support, provided primarily by NHS bursaries. These are intended to meet everyday living costs such as accommodation. Further allowances may be payable to single parents, and those with dependants, but there is no specific grant for childcare. Significant numbers of parents appear to suffer hardship as a result of this and other omissions. Indeed, nursing and midwifery students make up the biggest single group of applicants to the ENEF for help.

A recent study commissioned by the Elizabeth Nuffield Education Fund<sup>(8)</sup> found that nursing student parents were financially disadvantaged, compared with other student parents; that finding and paying for childcare were major obstacles; that diploma students fared particularly badly. One senior nursing lecturer interviewed for the study reported that one-third of nursing students in her university department left before the end of the three-year course, usually because they could not afford to carry on studying.

There are two types of NHS bursary. A non-means-tested bursary (currently £5,305 or £6,232 in London) is paid to diploma students, and is in essence a flat-rate basic maintenance grant for 45 weeks of study. Additional allowances include a dependants' allowance (of up to £1,845) for the first child; and a single parent addition (of £910). There is also an older students' allowance for students aged 26 or above of £620 per year. Diploma students cannot apply for student loans, hardship loans, NHS hardship grants or institutions' Hardship Funds. Degree course students receive means-tested bursaries (of up to £2,578), with allowances that are broadly similar to both non-means-tested bursaries (that is, older students allowances) and mainstream undergraduate support (that is, higher rate

Dependants' Grant and Lone Parents' Grant). They are also eligible for student and hardship loans, NHS hardship grants and institutions' Hardship Funds.<sup>(9)</sup>

The absence of any specific childcare support is remarkable given the long-standing nursing shortages in the NHS, and successive government campaigns to tackle them. The Department of Health is expanding the numbers of nurse training places and, under the NHS Plan (2000), has pledged an extra 20,000 nurses working in the NHS by 2005.<sup>(10)</sup> Although the Government is investing significant sums in childcare facilities within NHS hospitals and other healthcare settings, only staff may use them, not students.

The Department of Health acknowledges that the support package available to nurses in training, and other healthcare students, does not cover childcare needs adequately. In 2001, ministers announced new childcare grants for healthcare students with children aged up to five. Both diploma and degree course students will be eligible for these. The grants will fund 70% of costs, (for formal care only) up to a maximum of £135 a week for each child. While these new grants will clearly help some, they will not be payable until 2004 and most parents of school age children will be no better off as plans stand. Drop-out rates in nursing training are running at about 20%, according to the National Audit Office.<sup>(11)</sup> The Government aims to cut this to 13%, starting with the September 2000 student intake, and has promised to invest £100 million in childcare for NHS staff over the next three years.

### NHS bursary-holders

- Financially disadvantaged, especially diploma students
- Students cannot use NHS childcare facilities
- Drop-out rates of 20% in nurse training
- No specific childcare grant or allowance until 2004

## Value of informal childcare

Many students use informal childcare, often in combination with formal provision. Informal care may be a personal parental choice or a necessity for lack of any formal alternative. Informal carers, such as grandparents and other close relatives or friends of the family, tend to have a long-standing, personal stake in the wellbeing and healthy development of the child. They and their charges are more likely to have a strong natural affection for one another, the

relationship is likely to be continuous, and arrangements for care may be more flexible.

In some ethnic minority communities, notably under-represented in many further and higher education institutions, extended family care is central to their cultural identity. Yet despite these factors, Government policy is geared overwhelmingly towards funding formal childcare only. Historically, ministers have been uneasy about

8 June Stein and Zenia Wainwright-Melnyk, *The financial position of nursing students supported by the ENEF*, Nuffield Foundation, June 2001 (restricted circulation). 9 *Financial help for healthcare students* (4th edition), Department of Health. *Starting a career in nursing or midwifery: financial support*, NHS Careers, 2001. 10 *Nurses returning en masse to the NHS*, Department of Health media release, 13 July 2001. 11 *Educating and training the future health professional workforce for England*, National Audit Office, March 2001.

### Why student parents may use informal care

- Bonds of affection
- Continuity of care
- Flexibility
- Cultural tradition
- Lack of formal care options

funding informal care directly, at least partly because of the possibility of child abuse in an unregulated sector. The National Childcare Strategy (1999), promising an extra one million formal childcare places, was predicated on the pursuit of 'quality' care.

Whether formal care guarantees quality is a moot point. Given that much formal care is provided by unqualified, poorly paid staff, the quality of it is bound to vary considerably. Abuse can happen in

formal care settings too: the argument that formal care is 'safer' is at best questionable. Moreover, the bias in state benefits against informal care is not universal. FE colleges can and do fund informal care on a discretionary basis, but only in 'exceptional' cases. Eligibility for Attendance Allowance, for example, turns on the extent and nature of the care required, not on whether the care is delivered formally or informally.

The availability and affordability of care may also restrict the student parent's options. Lack of financial support for informal care was cited as a problem by 41% of student parents interviewed for the Childcare Survey 2001.<sup>(12)</sup> But actual provision of formal care is also still scarce in many areas. Only 6% of primary school age children can access an out-of-school childcare place, for example, according to one recent estimate,<sup>(13)</sup> and most rural areas have no childcare provision whatsoever.

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## Special cases needing extra help

In addition to healthcare students, other particular groups find that specific funds are either inadequate to meet their childcare needs or absent. Parents of disabled children and those with special needs face multiple hurdles in finding adequate, affordable childcare to pursue their studies. Most families find that the infrastructure of specialist care they require is simply non-existent. Childminders and nurseries tend to lack the skills and resources to cater for disabled children's needs and, where available, the costs tend to be much higher than for other children. The current system of financial support, particularly its emphasis on formal care, fails this group of parents.<sup>(14, 15)</sup>

Many larger families are also disadvantaged. While there is potentially no limit to the number of children who could be supported through FE childcare support, the HE childcare grant package, for example, will only fund care for a maximum of two children. Other vulnerable groups of students whose higher childcare costs are not adequately

reflected under current support arrangements include those sent on placements. Nurses, for instance, are sent on clinical placements away from colleges or universities that may incur extra travel, and require them to work irregular hours. The academic year is longer for healthcare students than for others. There are no long vacations during which these students could otherwise take up formally-recognised paid employment to supplement their bursaries.

There are further discrepancies in eligibility for childcare support between part-time and full-time students. For FE Childcare Support, part-time students can apply for a pro-rata full-time rate. There is no restriction on what counts as a 'part-time' course in terms of minimum hours. In HE, however, part-time students have no specific childcare fund. Furthermore, only students who are studying for 60 credits in a year or half of a full-time equivalent course may access the Hardship Funds. One group which institutions are trying to attract into education, those who are taking a 'bite-size' chunk of study, find there is no childcare support available to them at all.

All these factors mean that many parents, particularly those bringing up children alone, struggle constantly to reconcile the requirements of their studies with the everyday demands of family life.

### Slipping through the childcare funding net?

- Parents of disabled children
- Larger families
- Part-time students
- Students sent on placements

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<sup>12</sup> *Childcare survey 2001*, Institute of Employment Studies. <sup>13</sup> *The next step for school age childcare*, Kids' Club Network, January 2002, and *A ten-year plan for childcare*, Kids' Club Network media release, 11 August 2001. <sup>14</sup> Hilary Land, *Student mothers with children with disabilities or health problems: a study commissioned by the ENEF*, Nuffield Foundation, July 2001 (restricted circulation). <sup>15</sup> *Ambitious for all*, Daycare Trust, 18 October 2001.

## Effects of childcare support on benefits claims

Although policy for means-tested benefits across the UK is consistent in disregarding childcare funding, in practice the treatment of grants and allowances for childcare by Benefits Agency offices has varied nationwide. This has caused considerable frustration and concern to students and their advisers in colleges and universities. In the climate of rapidly changing childcare support, there is evidence that some offices have occasionally counted such payments as income, and reduced benefits (housing benefit, for instance) accordingly, so the claimant is no better off; others have rightly disregarded them.

One contributory factor in the case of HE students in England, for instance, is that LEAs do not always give students a detailed breakdown of grants for living costs and additional payments for childcare in their financial award letters. In turn, this makes it more difficult for benefits offices to judge what can be disregarded and what should be treated as income. The DfES has circulated a reminder to LEAs in England that such detailed breakdowns must be given in financial award letters to students.

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## Conclusions

A complex national picture of piecemeal provision and labyrinthine application and assessment procedures emerges from this short review of childcare support for student parents in the UK. Particular groups, such as nurses in training and other healthcare students, and parents of disabled children, appear to be especially overlooked and under-served by current arrangements. What appears to compound the problem however is not necessarily the overall amount of financial provision available, which is potentially considerable for those with the skill and tenacity to access it, but the discretionary nature of so much of it.

All these factors must surely present a significant deterrent to all but the most resolute of potential students with dependant children. For those who are already disadvantaged and socially excluded by circumstances or income – the very priority groups the Government seeks to attract into further or higher education – the hurdles may seem so high and numerous as to be insurmountable. It is perhaps no wonder that so many of those who do proceed onto a course use as much informal care as they can arrange from relatives and friends: it may seem the easier and more reliable option, given the magnitude of form-filling, research and liaison with diverse agencies and government departments that the alternative may entail.

The logistical and administrative problems may ease as a result of the ongoing Government review of student support, due to report in 2002. In part,

the review is aimed at simplifying and streamlining the component parts of targeted support such as students with childcare needs – so that it becomes more user-friendly to students and administrators alike. But the most vulnerable groups, as described earlier, must have their special needs recognised and fully addressed too, if the Government's 'education and training for all' rhetoric is to bear close inspection. The Government should consider as a matter of urgency ways of meeting informal childcare costs under statutory funding schemes.

Longer-term, it is perhaps the vision of an integrated tax and benefits system that holds out the greatest hope for student parents struggling to make ends meet. The Chancellor of the Exchequer has foreshadowed a new child credit, payable in addition to child benefit,<sup>(16, 17)</sup> for which student parents will be eligible. Rates and thresholds will not be known until the 2002 Budget Statement, but this new credit raises the prospect at least of extra money for low income parents generally, and student parents in particular.

If forthcoming, this could give students the very financial leverage they need to choose for themselves who should look after their children while they study. Any government committed to widening access to further and higher education, so that opportunities are genuinely and transparently available to all, should surely uphold a parent's right to make that choice.

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<sup>16</sup> *New tax credits: supporting families, making work pay and tackling poverty*, Inland Revenue consultation document, July 2001. <sup>17</sup> *New tax credits – the response to consultation*, Treasury, 29 November 2001