

## **West Dunbartonshire Council**

### **Report by the Director of Education and Cultural Services**

**Children's Services Committee: 20 June 2007**

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**Subject:      Childcare Charges in Early Education & Childcare Centres:  
                 Response to the Consultation Exercise**

#### **1.    Purpose of Report**

- 1.1** To provide information and feedback for Members on the consultation exercise undertaken in relation to the proposed revised charges for Childcare provision within Council operated Early Education & Childcare Centres (EE&CCs).

#### **2.    Background**

- 2.1** The decision of the Children's Services Committee on 18 April 2007 was to delay further discussion and decisions regarding the proposed changes to Childcare Charges in line with the decision of the Council meeting on 28 March 2007, until a consultation had been undertaken with parents.
- 2.2** Officers were instructed to decide on how best to consult on the issue of increased charges and the removal of discounts, and to submit the results of the consultation to a future meeting.

#### **3.    Main Issues**

##### Scope of the Consultation

- 3.1** The proposed changes to the childcare charges only affect families accessing childcare for children under 3 years, or in the case of children over 3, additional hours along with the basic free nursery entitlement or out of school care. Within that grouping only families accessing more than 20 hours of additional childcare, or those with more than one child receiving childcare are affected by the proposed removal of the discounts. As this represents only a small proportion of the families within West Dunbartonshire who are paying for childcare, it was decided to consult with all parents who use West Dunbartonshire Early Education & Childcare Centres as well as those accessing their early education entitlement and childcare within the private sector.

- 3.2** A questionnaire was devised asking parents about their use of childcare, and seeking their views on whether an increase in the hourly rate is fair and appropriate and secondly whether the removal of the current discounts is fair and appropriate. There was also an opportunity for parents to express any additional comments or views on the matter. A blank copy of the questionnaire is attached as Appendix 1.
- 3.3** The questionnaires were distributed to parents via Council Early Education & Childcare Centres during the week beginning 7 May 2007 with a return date of 21 May 2007. 201 questionnaires were returned.
- 3.4** In order to canvas the views of West Dunbartonshire parents accessing education and childcare via partnership nurseries, the support of the private sector nursery providers was sought. While initially almost all of the owner/managers agreed to distribute the questionnaires, after consideration only one nursery actually issued the questionnaire to West Dunbartonshire parents. This resulted in only a limited number of families being consulted. 19 completed questionnaires were returned from the private sector.
- 3.5** In discussion with private sector providers, they made it clear that their refusal to issue the questionnaire was based on a concern that it would simply highlight the disparity between childcare charges within the private sector and those within Council EE&CCs. They considered that it was not in their interests to highlight the higher charges which parents had to pay within the private sector.

#### Analysis of the Responses

- 3.6** Of the 201 questionnaires returned from parents accessing Council Early Education & Childcare Centres the responses can be summarised as follows:
- 51 of the respondents were West Dunbartonshire Council employees;
  - 98 families pay for childcare;
  - 131 parents think the proposed increase to the hourly rate for childcare is fair and appropriate (68 said NO);
  - 39 parents think the removal of the discounts is fair and appropriate (159 said NO).

A more detailed summary of the responses is included as Appendix 2.

**3.7** Of the 19 responses received from parents accessing partnership nurseries the responses can be summarised as follows:

- 4 of the respondents are West Dunbartonshire Council employees;
- 19 pay for childcare;
- 8 parents think the proposed increase to the hourly rate for childcare is fair and appropriate (10 said NO);
- 2 parents think the removal of the discounts is fair and appropriate (16 said NO).

A more detailed summary of the responses is included as Appendix 3.

**3.8** The above results indicate that, of the parents who responded, the majority consider that the proposed increase in hourly rate (from £2.50 per hour to £3.00 per hour for childcare and from £2.00 to £2.50 per hour for out of school care) is fair and appropriate.

**3.9** The results also indicated that of the parents who responded the majority were not in favour of the removal of discounts related to the number of hours of childcare/out of school care accessed and the number of children in a family accessing childcare.

#### Additional Comments

**3.10** Many of the parents who responded took the opportunity to make a range of comments in relation to the questionnaire and the proposals outlined. These reflect a range of opinion but it is worth highlighting some of the issues commented upon. (A summary of comments is attached as Appendix 4)

- i. A number of the comments refer to the desirability or duty on the Council to subsidise childcare particularly for employees. It should be noted that as the previous reports to the Children's Services Committee have detailed, childcare in the Council Early Education & Childcare Centres is heavily subsidised. Council employees who use Garshake Nursery, for example which was specifically set up as a workplace nursery, benefit from the highest level of subsidy. Garshake Nursery Early Education & Childcare Centre is the only Council centre able to offer full-time childcare to children under 3 and 'wrap around' childcare for 3 and 4 year olds accessing their early education entitlement.

- ii. Families with 2 or more children enjoy significant discounts to the basic hourly rate increasing the subsidy provided by the Council. As illustrated in Appendix 1 to the paper submitted to the Children's Services Committee of 13 December 2006, this results in a small proportion of families receiving high quality childcare for their second child at the cost of £1.25 per hour and for their third child at 63p per hour.
- iii. It should be noted that while all 3 and 4 year olds have an entitlement to 12 ½ hours per week of early education, there is no entitlement to childcare. The Council provides free childcare to children in need as a priority and according to individual circumstance. There is no duty on the Council to provide childcare to working families who do not fall within this priority category.
- iv. The partnership nurseries generally provide childcare for a longer day than Council Early Education & Childcare Centres. Some parents comment on the importance of the flexibility which this longer day affords working parents. It is important to note however that the charging policy of private providers is based on a fixed daily or weekly period and parents pay the full charge regardless of how many hours they use. In contrast Council Early Education & Childcare Centres charge parents for only the hours which they use. Providing a longer day within Council Early Education & Childcare Centres would require considerable investment in terms of additional staffing and building adaptations. As the current level of charging, coupled with the discounts, falls significantly short of meeting the running costs of existing childcare and out of school care facilities any enhancement of the service provided would require further subsidy from the core budget.
- v. A number of parents comment on the need for affordable childcare to allow both parents/single parents to take up employment. This is undoubtedly a real issue but it is a national issue which is difficult to address at a local level. Given the very limited capacity of the Council to provide extended hours childcare, for every family who benefits from the low rate and discounts within the Council facilities, there are other families in similar situations who have no choice but to access the more expensive private sector.

- vi. A number of the respondents refer to moving their children to private providers if the basic hourly rate is increased and discounts removed in Council managed facilities. As the papers to the Children's Services Committee on 13 December 2006 illustrated, both the current and the proposed charges within Council managed nurseries are below the charging level of the local private providers. This is further underlined by the reluctance of the private sector to take part in the consultation which they considered would simply highlight the difference in fee levels.
- vii. Some respondents also note apparently more favourable charging levels in other local authority areas. Again in the paper to the Children's Services Committee of 13 December 2006 a comparison with other local authority providers suggests that the proposed new level of charging for childcare at £3.00 per hour would not be out of step with other local authority providers. The survey of other Councils also indicated that some local authorities provide no out of school care facilities and others charge more than the proposed £2.50 per hour for West Dunbartonshire out of school care facilities.

#### Impact of Proposed Charges

- 3.11** As a result of issues raised at the Children's Services Committee on 18 April 2007, an information gathering exercise was undertaken to establish the number of families currently accessing childcare within Council Early Education & Childcare Centres and the number of families benefiting from the discounts available.
- 3.12** Details of the number of families paying for childcare in each of the Council Early Education & Childcare Centres is outlined in the table attached as Appendix 5.
- 3.13** In summary this shows that a total of 348 families pay for some level of childcare within a local authority Early Education & Childcare Centre. This ranges from families accessing 42 hours per week of childcare in Garshake and Gartocharn Early Education & Childcare Centres to families accessing as little as ½ hour per week added on to their child's 12 ½ hours education entitlement. The impact of the proposed revised hourly rate charges and the removal of the discounts therefore varies significantly from family to family. The table in Appendix 6 illustrates the full range of the increase per week per family. For some families the increase would be as little as 19p per week but for a very few families the increase could be as high as £189 per week.

**3.14** Currently, 129 families benefit from some level of discount. This can be broken down as follows:

- 31 families receive a 5% discount;
- 6 families receive a 10% discount;
- 54 families receive a 50% discount;
- 2 families receive a 75% discount.

**3.15** Based on current usage, families purchasing childcare generate a weekly income to the Council of £9,139.35. Introduction of the increased flat rate charge would on current usage generate a weekly income to the Council of £11,994.94. On an annual basis this would be an increase in income of around £150,000.00.

**3.16** The income generated would allow the Early Years Service to continue developing the range of services provided to families and the quality of education and childcare available within West Dunbartonshire.

#### **4. Proposals**

**4.1** In order to generate an increased level of income to support high quality education and childcare within Council managed facilities, it is proposed that the hourly rate for childcare is increased to £3.00 per hour in Early Education & Childcare Centres and to £2.50 per hour for out of school care. These charges should be introduced as soon as practicable and ideally from 1 September 2007. This timescale would ensure that parents have had 8 months lead in time from the initial decision in December 2006 and the notification issued by the Council in January 2007.

**4.2** In addition it is proposed that the current scheme of discounts should be significantly revised to provide a single discount of 20% to families with a second and any subsequent children accessing childcare. This would have the following impact on families currently receiving a discount:

27 families would lose the 5% or 10% discount and receive no discount;  
54 families will receive 20% instead of 50% discount;  
2 families will receive 20% instead of 75% discount.

**4.3** The financial impact of the increased charges and proposal would vary depending on the number of childcare hours and the number of children per family. The number of families affected in each centre would also vary significantly. The Appendix 6 gives examples of 3 Centres which represent the range of circumstances (Andrew B Cameron, Garshake and Clydebank EE & CCs).

**4.4** The change in the discount policy could be introduced in September 2007 to maximise the income generated during this financial year.

Alternatively the change in the discount policy could be delayed to reduce the impact on families during this financial year.

## **5. Personnel Issues**

- 5.1** There are no significant personnel issues. However a simplification of the charging policy would reduce the amount of time spent by staff managing the collection of childcare charges. It would also benefit the automated charging system for Garshake Early Education & Childcare Centre. It is not possible to outline the possible impact on the workforce of any change in charging policy for childcare.

## **6. Financial Implications**

- 6.1** The increase in childcare charges and the change to the discount system would result in increased income generation as outlined in 3.16 above.

## **7. Risk Assessment**

- 7.1** There is no significant risk to the delivery of the service. There may be some impact on uptake of childcare. Changes to charging policy in the past however have not resulted in any long term drop in demand.

## **8. Conclusions**

- 8.1** The results of the consultation with parents accessing Council Early Education & Childcare Centres and one private nursery, indicate that the majority of parents agree with the proposed increase in hourly rate for childcare and out of school care within Council facilities. The majority of parents however view the removal of the current discounts as an unfair additional burden on working families.
- 8.2** As the increase in the hourly rate is necessary to generate income to support early education and this is viewed as fair and appropriate by the majority of parents, this change to charging policy should proceed as soon as practicable.
- 8.3** The removal of discounts would have an impact on 129 families across the authority based on current usage. A single level of reduced discount would reduce the additional financial burden on these families and a delayed introduction of the new policy would allow further financial planning time for families. A simplified discount system would improve the efficiency of the collection of childcare charges but still allow for some increased income generation.
- 8.4** In order to ensure that future rises in childcare charges have less impact on families, an annual increase in line with inflation would appear to be required.

**8.5** In order to generate additional income to meet the development needs of the service while responding to the views of parents as expressed during the consultation the following options are required to be considered:

1. move to an increased hourly rate of £3.00 per hour for childcare and £2.50 for out of school care from 1 September 2007 and from September 2007 introduce a single discount of 20% for every second and subsequent child in a family. These charges to be reviewed on an annual basis and increased in line with inflation.

or

2. move to an increased hourly rate of £3.00 per hour for childcare and £2.50 for out of school care from 1 September 2007; and from 7 January 2008 introduce a single discount of 20% for every second and subsequent child in a family. These charges to be reviewed on an annual basis and increased in line with inflation.

## **9. Recommendations**

**9.1** Elected Members are asked to consider the options above and to agree Option 1 to:

Move to an increased hourly rate of £3.00 per hour for childcare and £2.50 for out of school care and to introduce a single discount of 20% for every second and subsequent child in a family from 1 September 2007.

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### **Background Papers:**

Children's Services Committee of 13 December 2006: Childcare Charges in Early Education & Childcare Centres;  
Children's Services Committee of 18 April 2007: Childcare Charges in Early Education & Childcare Centres

**Wards Affected:** All Wards affected.