

West Dunbartonshire Council

Report by the Director of Education and Cultural Services

Children's Services Committee: 13 December 2006

Subject: Childcare Charges in Early Education & Childcare Centres

1. Purpose of Report

1.1 This report seeks the approval of members on new revised charges for the provision of childcare in Council operated Early Education & Childcare Centres.

2. Background

2.1 Childcare charges in Early Education & Childcare Centres were introduced in August 2000 for children aged 0 – 5 years at the flat rate of £2.50 per hour. These charges have not been increased since their introduction.

2.2 All children in their pre-school or ante pre-school year (3 and 4 year olds) are entitled to 5 half day sessions in an Early Education & Childcare Centre free of charge but parents require to pay for any additional hours which are then regarded as childcare.

2.3 The charges were subsequently amended in January 2001 to include the following discounts:-

- i parents accessing 20 hours or more of childcare for any one child (in addition to any pre-school or ante pre-school eligibility) should be entitled to a 5% reduction;
- ii parents accessing 40 hours or more of childcare for any one child should be entitled to 10% reduction;
- iii if more than one child from the same family is accessing childcare, the second child will be charged at 50% of the agreed rate. If there are three or more children, the third child and any subsequent children would be charged at 25% of the agreed rate.

(See Appendix 1 for an example of how this operates)

- 2.4** Childcare charges in Early Education & Childcare Centres for all children of school age were introduced in July 2001 at a rate of £2.00 per hour plus the discounts above noted. These charges apply to school-aged children accessing out of school care at the beginning or end of the school day. These charges have not been increased even in line with inflation since their introduction in 2001.
- 2.5** All children are now entitled to a free nursery place from the term after their third birthday. The entitlement is for 12 ½ hours per week over 33 weeks. In all but one of the Council's Early Education & Childcare Centres the provision is based on school terms amounting to 39 weeks across the year, which is greater than the basic entitlement . "Childcare" in West Dunbartonshire refers to any additional hours outwith the 12½ hours for 39 weeks.
- 2.6** The Admissions Policy presently in place ensures that all children who are defined as Children in Need, or are referred to the Early Education & Childcare Service by Health or Social Services as priority cases, continue to receive day care free of charge.
- 2.7** Families can also access a range of other support to offset childcare costs, for example:
- i Working Families Tax Credit allows working parents with a joint income of up to £55,000, to claim up to 70% of childcare costs; (on average in West Dunbartonshire families receive 40% of costs);
 - ii Working for Families Funding is available in this authority to support working or training parents in certain circumstances with their full childcare costs for 26 weeks; (the number of families currently supported is 107 covering 180 children)
 - iii Students are assisted with their childcare costs;
 - iv Some employers assist their staff with childcare costs;

3. Main Issues

- 3.1** Although comparisons with other local authority providers is difficult due to differences in the service provided, most other Councils who provide childcare charge a higher flat rate per hour and do not offer discounts. Private childcare providers in the area generally charge more than the current Council rates and only offer a weekly rate. (See Appendix 2a and 2b for further details)

- 3.2** West Dunbartonshire Council charges fall significantly short of the actual cost of delivering the service. For example, Childcare for babies under 2 years requires a 1:3 adult/child staffing ratio. Basic grade staff are paid £8.67 per hour before on costs. In addition there are management costs, resources and building costs to be taken into consideration. The income generated by charging £2.50 per hour for each of these 3 children ie £7.50 does not cover the cost. Local authority staffing and other costs are significantly higher in Council services than in the private sector, usually due to higher levels of resourcing and staff qualifications in local authority centres. The substantial discounts available for local authority centres further widen the gap between costs and income.
- 3.3** As a result of the discounts the calculation of childcare charges is complicated and time consuming. Fluctuations in parents' working patterns and childcare usage, and changes in family circumstances have an effect on the application of the discount system and therefore on the amount charged per child.
- 3.4** As a result of an internal audit report on financial systems and procedures in Early Education & Childcare Centres, a payroll deduction system was set up for charges in Garshake Early Education & Childcare Centre. This approach to the collection of charges is only possible in Garshake Early Education & Childcare Centre because the parents are West Dunbartonshire Council staff. Due to the changes in childcare charges as a result of fluctuating family circumstances outlined above, this automated charging system is proving difficult and many of the charges are having to be manually processed.
- 3.5** Recent internal audit reports of other centres confirm service managers' own views that the complexities of the charging policy are creating difficulties in the collection of fees process.

4. Proposals

- 4.1** In order that the income generated by childcare charges is maximised and the collection process simplified it is proposed that childcare charges are increased to £3.00 per hour for under 5's and £2.50 per hour for out of school care and that the discounts are withdrawn. These charges would be introduced from April 2007.

5. Personnel Issues

- 5.1** There are no significant personnel issues. However, if the collection process was simplified it would reduce the amount of time spent by staff on managing the collection of childcare charges. It would also help with the automated charging system for Garshake Early Education & Childcare Centre.

6. Financial Implications

- 6.1** The increase in childcare and out of school care charges would result in an estimated income increase of £60,000 for childcare and £12,250 for Out of School Care per year, in 2006/07, based on current usage. Currently the grant allocation from central government and the income generated by charges do not cover the full cost of the whole early years and child care service, necessitating a significant level of subsidy from the mainstream budget.

7. Conclusions

- 7.1** There is a need to review the charging policy for childcare and out of school care as the current arrangements are complicated by a range of discounts, provide inadequate income given the cost of the service and charges are below those of neighbouring authorities and private providers in the area.
- 7.2** The availability of financial assistance for childcare for a wide range of parents as outlined in 2.6 means that there is now less requirement for the Council to provide discounts on childcare for families. While it is important to provide affordable childcare for families in West Dunbartonshire this priority has to be balanced against the need to generate sufficient income to continue to provide high quality services for all families.
- 7.3** Even with the increases proposed, childcare in West Dunbartonshire Early Education & Childcare Centres will be in line with charges in neighbouring authorities and comparable with charges in private nurseries.

8. Recommendations

8.1 Elected Members are asked to:

- a) approve the increase in childcare charges to a flat rate of £3.00 per hour;
- b) approve the increase in out of school care charges to a flat rate of £2.50 per hour; and
- c) agree to the new charges being introduced from April 2007.

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Background Papers: No background papers

Wards Affected: All wards affected