

## West Dunbartonshire Council

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

Children's Services Committee: 18 April 2007

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**Subject:      Childcare Charges in Early Education & Childcare Centres**

#### **1.    Purpose of Report**

- 1.1** To provide Committee with information on the proposed revised charges for childcare provision within Council operated Early Education & Childcare Centres following the decision of the Council Meeting on 28 March 2007 to suspend the decision of 13 December 2006 Children's Services Committee.

#### **2.    Background**

- 2.1** The decision of the Children's Services Committee on 13 December 2006 was to agree to an increase in childcare charges to a flat rate of £3 per hour and an increase to out of school care charges to a flat rate of £2.50 per hour. This effectively increased the hourly rate for childcare and removed the 3 substantial discounts currently available to parents. These are:
- 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 and any subsequent child should be charged 25% of the agreed rate.
- 2.2** The original Committee report gave a comparison with private operators of similar childcare provision who generally charge more and offer no significant discounts.
- 2.3** The range of support available to families to offset childcare costs through Working for Families Tax Credit and Working for Families funding was outlined.

- 2.4** At the Special Council meeting on 28 March 2007, an emergency Motion relating to the Removal of Nursery Discounts was considered. The Council agreed to suspend the decision of the 13 December 2006 Children's Services Committee for further consultation and that this item would be fully discussed at the next meeting of the Children's Services Committee.

## **Main Issues**

- 3.1** There has been insufficient time to carry out further consultations as agreed by Council on 28 March 2007, however, to enable the Committee to discuss the matter further the report outlines the current position.
- 3.2** Childcare charges across Scotland have risen over the past few years. A recent national survey suggests the average cost of full-time childcare is £146 per week. This contrasts with the current West Dunbartonshire figure of £106.25 per week (based on 42.5 hours per week). With the proposed increase to a flat rate of £3.00 an hour the figure would be £127.50 per week.
- 3.3** The changes to the childcare charges only affect families accessing Council centres which offer extended childcare along with the basic pre-school entitlement (Gartocharn and Garshake EE&CC) and centres offering Out of School Care (Clydebank, Ladyton, Linnvale, St. Eunan's EE&CCs). Within that grouping only families accessing more than 20 hours of additional childcare, or with more than one child are affected by the loss of discounts.
- 3.4** The number of families who can access places within Council childcare facilities is limited either by criteria, ie Garshake EE&CC for Council staff only, or due to the overall capacity of the service. Only parents fortunate enough to gain a place in Council-run centres have benefited from the discounts over the years. Other parents in similar circumstances have to pay the higher charges in the private sector.
- 3.5** Parents were informed of the Children's Services Committee decision to raise charges, by letter dated 10 January 2007. Following the issue of the letter, contact to complain about the loss of discounts was made by one parent from Gartocharn EE&CC and a small group of parents whose children attend Garshake EE&CC.

## **4. Personnel Issues**

- 4.1** There are no significant personnel issues. Simplification of the charging policy however 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 EE&CC.

## **5. Financial Implications**

- 5.1** The increase in childcare and out of school care charges would result in increased income of £72,250 in 2007/2008.
- 5.2** The increased income generation was based on current usage and families eligibility for discounts pro rated from £2.50 to £3.00 for childcare and £2.00 to £2.50 for Out of School Care. If discounts were not applied, the potential income generation is further increased.

## **6. Risk Analysis**

- 6.1** There is no risk to service provision in the proposals.

## **7. Conclusions**

- 7.1** Further consultations on the proposal to increase charges, as agreed by Council on 28 March 2007, have not yet taken place.
- 7.2** Even with the increased charges proposed, childcare charges in West Dunbartonshire EE&CCs will be in line with charges in neighbouring authorities, comparable with charges in private nurseries and below the Scottish average.
- 7.3** A small number of parents have complained specifically about the loss of discounts and made a case that this will impact significantly on their family's financial situation. As a result the decision taken at the December 2006 Children's Services Committee was suspended pending further clarification and discussion.
- 7.4** As the removal of the discounts on childcare, rather than the increase in hourly rate, is the cause of parental concern, a staged implementation of these changes has been suggested by some parents to assist families in planning for the new financial arrangements.
- 7.5** There remains a need to review the charging policy for childcare and discount arrangements. There are 2 proposed ways of doing that:
  - 1) move to an increased flat rate of £3 per hour for childcare and £2.50 per hour for Out of School Care from 30 April 2007. This will have given parents 4 months to prepare for the changes or
  - 2) implement an increase in the basic rate for childcare and Out of School Care to £3 per hour and £2.50 per hour respectively from 30 April 2007 but retain existing discounts until December 2007. Then from January 2008 remove existing discount arrangements and introduce a simplified discount policy of a 10% reduction for every second and subsequent child in a family. This second option would give the families affected a full year to plan for the changes in discount arrangements. This option would however reduce the potential income generation described in 5.2 above.

As the actual charges paid by individual families are dependent on a variety of factors including their eligibility for a free pre-school place, estimates of increased income generation are limited to pro rata figures related to existing usage. Delaying the increase in hourly rate until May 2007 will result in a reduction in income of approximately £6,020 (See Appendix I for example of family with 2 children).

## **8. Recommendations**

**8.1** The Committee is invited to consider the options above and to agree Option 1 to:

- a) Re-affirm the decision of the Children's Services Committee on 13 December 2006 to increase childcare charges to a flat rate of £3 per hour and out of school care charges to a flat rate of £2.50 per hour; and
- b) Agree to introduce the new charges from 30 April 2007.

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**Background Papers:** Report to Children's Services Committee on 13 December 2006

**Wards Affected:** All wards affected

## APPENDIX I

### Example of family with 2 children

A. April 2007 – March 2008 Increase in hourly rate with no discounts

Child (1)	41 hours @ £3.00	£123.00 / week x 46 weeks per year	=	£5,658.00
Child (2)	41 hours @ £3.00	£123.00 / week x 46 weeks per year	=	<u>£5,658.00</u>
		Total		£11,316.00

B. April 2007 – May 2007 No increase in hourly rate and current discount (50%)

Child (1)	41 hours @ £2.50	£102.50 / week x 4 weeks	=	£410.00
Child (2)	41 hours @ £1.25	£51.25 / week x 4 weeks	=	<u>£205.00</u>
		Sub Total		£615.00

May 2007 – December 2007 Increase in hourly rate with current discount (50%)

Child (1)	41 hours @ £3.00	£123.00 / week x 30 weeks	=	£3,690.00
Child (2)	41 hours @ £1.50	£61.50 / week x 30 weeks	=	<u>£1,845.00</u>
		Sub Total		£5,535.00

January 2008 – March 2008 Increase in hourly rate with new discount (10%)

Child (1)	41 hours @ £3.00	£123.00 / week x 12 weeks	=	£1,476.00
Child (2)	41 hours @ £2.70	£110.70 / week x 12 weeks	=	<u>£1,328.40</u>
		Sub Total		<u>£2,804.40</u>
		Total		<u>£8,954.40</u>

A. Option 1 Total Income £11,316.00

B. Option 2 Total Income £8,954.40

Loss in income by Option 2 = £2,361.60