

West Dunbartonshire Council

Report by the Executive Director of Educational Services

West Dunbartonshire Council: 25 November 2009

Subject: Charges for Childcare 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 are currently:-

£2.75 per hour for childcare for nursery age children

£2.25 per hour for out of school care

In addition there is a 50% discount for every child after the first which means that some parents may be paying only £1.40 per hour for high quality care.

- 2.2** 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 school terms.
- 2.3** Children defined as “Children in Need” who are referred to the Early Education & Childcare Service by Health or Social Services as priority cases, are provided with free childcare before they are 3 years old, and/or in addition to their entitlement after they are 3 years old.
- 2.4** The majority of the Council’s Early Education & Childcare Centres provide a combination of the services described in 2.2 and 2.3. Where they have spare capacity, they are able to offer childcare to working parents at a cost of £2.75 per hour. 5 centres are also able to provide out of school care for children before or after school at a cost of £2.25 per hour.
- 2.5** Parents who require a greater amount of childcare than can be provided in the Council’s Early Education & Childcare Centres buy a place in a local private nursery or out of school care for their child. (See Appendices 1 and 2 for costs).

- 2.6** Garshake Early Education & Childcare Centre is the only centre which provides solely for children of West Dunbartonshire Council employees. Parents pay for all hours outwith the entitlement of 12 ½ hours per week over school terms for children in the term after their third birthday.
- 2.7** Families can access a range of financial supports to offset childcare costs for example:
- 1) Working Families Tax Credit childcare allowance
 - 2) Students are assisted with their childcare costs
 - 3) Some employers assist their staff with childcare costs
- 2.8** The Council employer childcare voucher scheme went to tender in October 2009 and will be launched in January / February 2010. This will allow employees throughout the Council (not just those using Garshake Early Education & Childcare Centre) to have their childcare costs subsidised. The scheme allows parents to exchange up to £55 per week of their gross salary for childcare vouchers. The exchanged part of the salary is exempt from Tax and National Insurance. This allows parents to save up to £1,196 per year on their costs. Two working parents could save up to £2,392 per year.

3. Main Issues

- 3.1** West Dunbartonshire Council charges fall significantly short of the actual cost of delivering the service. For example, childcare for babies requires a 1 – 3 adult / child ratio. Basic grade staff are paid £12.02 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 £2.75 per hour for each of these 3 children, ie £8.25 does not cover the cost. Staffing and other costs are significantly higher in Council services than in the private sector, due to higher levels of resourcing and staff qualifications in local authority centres. The 50% discount available in local authority centres further widens the gap between costs and income.
- 3.2** All ages of children in Council nurseries pay the same rate of £2.75 per hour. The private sector charge 3 rates for 0 – 2 years, 2 – 3 years and 3 – 5 years, with the highest rate being 0 – 2 years as this requires the highest ratio of adults to children, ie. 1 : 3.
- The Council offers a 50% discount for each additional child unlike the private sector.
- 3.3** The maximum hours of childcare being paid for in Garshake Early Education & Childcare Centre is 45 hours per week. The private sector charge a standard weekly rate of 50 hours or 52.5 hours, regardless of actual hours accessed.

- 3.4** Out of school charges in the private and voluntary sector vary depending on staff wages and accommodation charges. Providers tend to charge for a morning or afternoon session regardless of actual hours accessed.

Council Out of School Care Services charge for only those hours accessed.

- 3.5** In order that the income generated by childcare charges more closely reflects the true cost of the service it is proposed that childcare charges are increased as below, and the 50% discount is withdrawn. These new charges would be introduced from February 2010

Proposed Nursery charges

No of hours in a full day	Cost for half day		Cost for full day		No of hours in full week	Cost for full week	
10 hours	0 – 2	£19.00	0 – 2	£33.00	50 hours	0 – 2	£160.00
	2 – 3	£18.00	2 – 3	£31.00		2 – 3	£150.00
	3 – 5	£17.00	3 – 5	£29.00		3 – 5	£140.00

Hourly rate - £3.50 per hour where only 3 hours or less are required

- 3.6** These proposed charges more closely mirror the pattern of charging in the private sector which is outlined in Appendix 1. Where as at present in Council run centres, parents are charged on an hourly basis (£2.75) for all of the child care time they request, the new proposal would charge per session unless the parent required 3hours or less in the centre. This change would principally impact on users of Garshake and Gartocharn EE&CCs. In other centres where there is less capacity to offer extended childcare, parents generally pay for 1 or 2 hours per day to supplement the 2½ hours entitlement.

3.7 Proposed Out of School Care charges

Morning session 7.00 – 9.00 am - £5.00 per session
 Afternoon session 3.00 – 6.00 pm- £8.00 per session

Holidays – Daily rate £25.00
 Weekly rate £125.00

- 3.8** As above, charges would be per session rather than on the current hourly basis of £2.25.

4. Personnel Issues

- 4.1** If Garshake Early Education and Childcare Centre and the Council's 5 out of school care services were to be considered in relation to the Budget savings proposals for 2010 / 2011, this could have an impact on 21 posts. An increase in charges as outlined in this report would have no significant impact on staffing.

5. Financial Implications

- 5.1** The increase in nursery and out of school care childcare charges proposed would result in increased income. Currently the allocation from central government and the income generated by charges does not cover the full cost of the Early Education & Childcare Service necessitating a significant level of subsidy from the mainstream budget.
- 5.2** As outlined in Appendix 3, if the new charging policy was applied, based on current patterns of uptake, there would be an annual increase in income of £238,176.24 for nursery childcare, and an increase of £89,819 for Out of School Care childcare. As family circumstances and the need for childcare change, the pattern of usage of Council run services changes from year to year. There does however tend to be full use of Garshake and Gartocharn centres by working parents, and a waiting list of children who cannot be accommodated.
- 5.3** If the removal of the 5 Council run Out of School Care services and the closure of Garshake EE&CC were to be considered as savings options, this would provide a saving to the Council of £542,478 over a full year. This compares with the potential for increased income of £327,985 if the new charging policy is applied.
- 5.4** As outlined in 2.7 families can access a range of financial supports to offset childcare costs.

6. Risk Analysis

- 6.1** When additional charges are applied for a service there is always a risk of a decrease in demand. As noted above however both Garshake and Gartocharn centres run at full capacity with a waiting list. Parents who are unable to access full child care within Council centres are currently paying much higher charges in private nurseries. There would therefore appear to be a demand for childcare which is not solely dependent on cost.

7. Conclusions and Officers' Recommendations

- 7.1** There is a need to review the charging policy for childcare and out of school care as the current arrangements provide inadequate income given the cost of the service and charges are below those of private / voluntary providers in the area.

- 7.2** The availability of financial assistance for childcare for a wide range of parents as outlined in 2.7 means that there is no requirement for the Council to provide discounts on childcare for families. While it is important to provide affordable childcare for families in West Dunbartonshire Council, 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, charges for the high quality childcare in West Dunbartonshire's Early Education & Childcare Centres will be in line with charges in private / voluntary nurseries and out of school care. The proposals would however generate significant additional income.
- 7.4** Elected members are asked to:
- a. Approve the increase in childcare charges detailed above
 - b. Agree to the new charges being introduced from February 2010.

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Background Papers: No background papers

Wards Affected: All wards affected