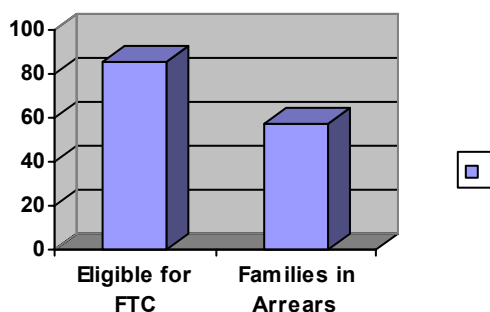


Comments on Early Years Best Value Implementation Progress Report Southwark Community Care Forum on behalf of the Early Years Voluntary Sector Network

Following reports to Executive and to Overview and Scrutiny committees in December and January last on the likely effects of the proposals contained within the Early Years Best Value document, the community nurseries and other members of the Network decided to track the effects of the changes in tax credits and fees for their users and on. A number of community nurseries increased their fees from the beginning of the year to take account of their new intake of children. All but one nursery have introduced higher fees on a staged basis. All have encouraged their parents to claim the new Family and Childcare Tax Credits.

The information below has been obtained direct from the nurseries and the families using their childcare services. This includes 9 of the 10 community nurseries, Pre-School Learning Alliance (PLA) and other childcare providers.

Take up of Tax Credits and arrears of fees:



At the end of April 2003, 85 (44%) of 192 families using community nurseries were understood to be eligible or receiving the new tax credit. Of this 85, 57 (67%) are in arrears because they are not in receipt of all or part of their tax credits. At the end of May 2003 arrears ranged from approximately 3 to 4 week's fees amounting to between £300 to £500 for each family.

The community nurseries have an ethos of trying to provide a wide range of support to families within their communities. Part of this is to ensure that families are helped to identify and claim benefits to which they are entitled and where receipt of benefits is delayed nurseries will negotiate lower interim fee payments pending receipt of benefits. Families are only excluded from services because of non-payment as a last resort. However, due to the large amounts of arrears involved and the financial pressures families are under there are concerns about whether these arrears will be cleared in full when Credits are finally received. Parents gave the late payment of Credits as the reason for arrears.

Two community nurseries are subsidising the families of 5 children due to concerns about the children and their families, but will be unable to do so after the end of August.

Transition to the new Tax Credits:

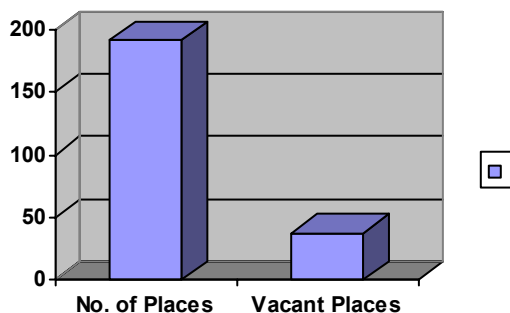
Parents have reported considerable problems in receiving their Tax Credits due from 1st April. When they have been able to access the Inland Revenue Helpline they have often been told to phone back later. Southwark parents appeared to have fared little better than parents in other parts of the country in obtaining the new Credits.

Amounts of Credit received have been less than anticipated. Some nurseries have reported payments of between £12 and £25 per week. It is not known whether these are interim or full payments.

Delays in receipt of the new Credits are also affecting nursery staff. At one nursery 7 members of staff are eligible for Credits. None have received them. Last week 2 were forced to ask for assistance from social security with their rent.

One Nursery's admission criteria include a requirement that parents receive tax credits. But lack of receipt of Credits by parents are forcing them to consider reviewing the admission criteria to include better off parents.

Effects of fee increases:



As of the end of March 2003, 8 community nurseries lost 41 (17%) of their 233 places mainly due to introduction and/or notification of increased fees. One nursery lost 16 children which is half of the total number of places available, but was able to retain viability by calling in its waiting list. Another nursery is concerned that it is no longer viable but is hoping that the promised pilot scheme for commissioning places will be implemented in time for them to fill sufficient vacant places.

Reasons given by parents withdrawing their children included fees being too high. One nursery has reported a change in attitude of parents who previously chose community rather than commercial nurseries because of their high quality, reasonable fees, close links with the community.

Nurseries are reporting that higher fees are the primary reason why they are finding it difficult to fill vacancies. Previously, most nurseries had close to 100% occupancy and waiting lists. However, from last Autumn occupancy levels fell due to fewer children requiring places. It is not known if this is a temporary issue.

Fees have risen from between £50 to £140 per child per week. Only one nursery has not yet raised its fees, but had amongst the highest level of fees previously. Most are aiming to have raised fees to £135 per week by September. However, there are concerns that if the withdrawal rate remains the same in September a number of nurseries may need to review their viability.

Prospective parents are reluctant to register when told of increased fees. This is particularly true amongst parents who are still finding employment. Some have said that with increased fees, it is not worthwhile working.

Changes in patterns of occupancy:

Nurseries report that parents are now exploring part time hours in addition to part time days because they cannot afford full time places. A number of parents have withdrawn their children and placed them into nursery schools which are free. But nurseries are also reporting that parents are resorting to unregistered childminders. This is of considerable concern.

Implications to Community Nurseries and Families:

- ❖ Without grants currently received by community nurseries and other voluntary sector child care providers nurseries would not now be viable. Although it is expected that the administration of the Family Credits will improve it is likely that there will always be a gap between claiming and receiving the Credits. This factor has not been taken into account in the Best Value planning process.
- ❖ Child protection issue may arise when children are placed in the care of unregistered childminders. It will also defeat many years work to encourage childminders to register and to provide them with support and training to ensure good quality childcare. It is also understood that the Childminding Project is considering disbanding due to lack of certainty about their future funding.
- ❖ The PLA are also extremely concerned that no further information about their situation following a 50% cut in grant in April 2004 is available. Parents using PLA childcare are not normally eligible for Tax Credits, as their service operates at under 16 hours per week.
- ❖ Parents are reporting that increased fees and late payment of Tax Credits is a strong disincentive to starting or continuing employment. This appears to fly in the face of the Council's Anti-Poverty Strategy.