

# Appendix 1

## Children's Services (Education), Affordability Questionnaire – September 2003

### 1. Methodology

In order to examine the affordability of daycare and related issues as requested by the Executive in June, a comprehensive survey has been conducted of parents/carers and daycare providers (Community Nurseries and Early Years Centres). Headline information from the survey is detailed below, a copy of the full results from the survey is available on request.

A decision was taken to conduct the survey in September to avoid the summer holiday period, and it was designed to include all parents/carers currently using services as well as those that had recently left. The survey comprised 3 parts as follows:

A questionnaire for each parent/carer currently using an Early Years Centre/Community Nursery facility, **(456 questionnaires were sent out 88 returned 19%)**.

Information requested included:

- Age(s) and number of children
- Type of childcare provision used and cost
- Working Tax Credit claims/eligibility/amount received towards childcare costs
- Household income
- One/two parent family

A questionnaire for each parent/carer whose child stopped using an Early Years Centre/Community Nursery facility between April and August 2003, **(119 questionnaires were sent out – 5 returned 4%)**.

Information requested included:

- Age(s) and number of children
- Employment status
- One/two parent family
- Reasons for leaving childcare provision
- Whether Working Tax Credits were being claimed when using childcare
- What type of alternative childcare is being used (if any)
- Household income

A snapshot data collection questionnaire for Community Nurseries/Early Years Centre managers to complete for 9<sup>th</sup> September 2003 relating to occupancy of places, number of parents claiming Tax Credits, level of current fee arrears. **(19 questionnaires sent out - 18 returned – 95%)**.

## 2. Parents currently using services

The following headline results have been extracted from the survey of parents currently using services and represents 19% of this target group:

### Ages of children

The survey asked parents to indicate how many children they have who are under the age of 11 as childcare costs can apply to families throughout this age range for attendance at afterschool and holiday facilities.

A key factor affecting the affordability of daycare relates to the number of children for which childcare costs apply. This is particularly the case for families with 2 or more children under the age of 5 paying for full daycare services. Childcare Tax credits are only paid towards childcare costs for the first 2 children (up to a maximum of £140 Credits for a ceiling of £200 childcare fees).

Of the 88 returns:

- 12 parents responded that they have 2 children under 5 years old.
- 4 parents responded that they have more than 1 child under 3 years old.
- 0 parents responded that they have 3 or more children under the age of 5 years old.

These are the parents that would be facing the highest cost of daycare, although it should be noted that all Early Years Centres, charge a reduced daycare fee (70%) for the second child attending and 50% for the third child. Most Community Nurseries have a similar discount facility in place for parents with 2 or more children paying for daycare services.

### Fees and charges - the cost of childcare

In addition to using Community Nursery/Early Years Centre facilities, 17 (19%) families reported that they also use Afterschool facilities for their children and 6 (7%) use a childminder. As demonstrated in table 1 below, the highest level of childcare costs fall within the £125 - £150 range (35 parents) and a high number of these parents have indicated that their household income is less than £15,000 p.a. (22 parents).

Table 1 below, shows the total weekly childcare costs that parents are paying in relation to their household income (Early Years Centres and Community Nurseries).

Table 1 - Household income /weekly childcare fees

		HOUSEHOLD INCOME (BEFORE TAX)					No Response	Total Returns
		<£15,000	£15,000- £24,000	£25,000- £34,000	£35,000- £49,000	>£50,000		
<b>TOTAL WEEKLY COST OF CHILDCARE</b>	<£50	0	2	0	0	0	0	2
	£51 - £100	4	7	5	3	1	2	22
	£101 - £125	0	1	1	0	1	0	3
	£126 - £150	22	8	1	2	3	0	36
	£151 - £225	7	5	2	0	3	0	17
	>£226	0	0	0	0	0	0	0
	No Response	3	0	0	0	0	5	8
		<b>36</b>	<b>23</b>	<b>9</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>88</b>

Household income is a key determinant of the level of Tax Credits that will be received. The level of Tax Credits awarded are tapered depending of the level of household income, the ceiling for Tax Credits eligibility is currently £58k per annum. Our survey indicated that 36 parents (28 using Early Years Centres and 8 at Community Nurseries totaling 41%) have household incomes of less than £15k per annum. These families are most likely to receive the highest levels of tax credit benefits towards their childcare costs. 27 parents (31%) indicated household incomes of between £15k and £29k, and 14 (16%) between >£30k - £55k.

Table 2 below gives a breakdown of the correlation between household income and the level of Childcare Tax received towards the cost of childcare per week. 65 of the 88 parents included in the survey (74%) indicated that they receive Childcare Tax Credits of £10 p.w. or more towards the cost of their childcare. 12 of these parents with household incomes between <£15,000 and £24,000p.a. were receiving higher/(est) levels of Childcare Tax benefits of between £101-£140pw.

It should be noted that a number of other factors are used to determine the level of Tax Credit benefits awarded to parents including, number of hours worked, number of children in the household etc. It is therefore not correct to assume that 2 parents with the same level of household income will receive the same level of Tax Credit benefits.

Table 2 - Household income/Childcare Tax benefit

		HOUSEHOLD INCOME (BEFORE TAX)					No Response	Total Returns
		<£15,000	£15,000-£24,000	£25,000-£34,000	£35,000-£49,000	>£50,000		
<b>CHILD CARE TAX BENEFIT</b>	<£10	0	1	1	1	1	0	4
	£10 - £30	1	2	3	3	3	1	13
	£31 - £50	3	2	1	0	0	1	7
	£51 - £80	8	4	2	0	1	0	15
	£81 - £100	10	4	0	0	0	0	14
	£101 - £140	8	4	0	0	0	0	12
	No Response	6	6	2	1	3	5	23
		<b>36</b>	<b>23</b>	<b>9</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>88</b>

### 3. Parents that stopped using daycare services (April – August 2003)

From the 79 questionnaires sent out to users who stopped using services (for whatever reason) between April and August 2003, only 5 were returned, all were ex parents of Early Years Centres.

All 5 parents had only one child under 5 years, were in receipt of Childcare Tax Credits whilst using the daycare service, and all had household incomes of between £15k to £19k. Two parents indicated that they had left the Early Years Centre provision to take up a place at a Nursery school/Reception Class. Two of the parents stated that fees and difficulties in receiving Child Care Tax credits was their reason for leaving and they are now using relatives for their childcare and one parent gave no response.

Due to the response size it is not possible to establish a definite reason(s) as to why some parents are deciding to give up their daycare places, but in the 5 responses 3 stated the increased cost of the placement was a contributing factor to their decision.

### 4. Survey of Providers

A snapshot audit has been conducted on usage of Early Years Centres and Community Nurseries on 9<sup>th</sup> September 2003, to show statistics including:

- Take up of Working Tax Credits
- Take up of places and any unusual withdrawal of children/vacancies
- Number of families with 2 or more children under 5 and their use of childcare.

Responses were received from 8 of the 10 Community Nurseries all 9 Early Years Centres. This is the second audit of this kind and it gives an overview

of impact on daycare following the Early Years Best Value Review and subsequent implementation. It does not include any information relating to playgroups/sessional provision or services provided by umbrella organisations.

The key findings of the September audit of providers indicate from the responses received:

- 224 of the 276 of childcare places across Community Nurseries (81% occupancy), and 164 of the 228 fee-paying places at Early Years Centres (64% occupancy) were filled.
- 35 children (24 from Community Nurseries and a further 11 from Early Years Centres) had left with parents stating the fees were too high or they were unable to afford the service.
- 19 children (15 from Community Nurseries) and a further 4 from Early Years Centres) left to take up a place at a Nursery School/Reception class for which there is no fee.
- Debts due to outstanding fees from parents who experienced difficulties in processing their WTC claims were reported as £20,562 (total from all 8 Community Nurseries) and £16,253 (from 8 of the 9 Early Years Centres).

In an attempt to support parents claiming WTC and those experiencing difficulty in paying the fees, providers have:

- Ensured parents have claimed all the financial support/subsidy they can.
- Provided information about WTC, Lone Parent schemes, grants and the Children's Information Service
- Offered Part-time places as a short/long term solution
- Re-assessed circumstances to see whether children are eligible for free care.

There were no cases reported of families with 3 children under 5 attending a Community Nursery or Early Years Centre. A total of 12 families attending Early Years Centres and 1 family at a Community Centre had 3 children with 1 or 2 attending a childcare provider.

## 5. Affordability of Daycare – Case Studies

Below are some sample case studies from the survey giving basic details of family circumstances, annual household income, weekly childcare costs and Childcare Tax benefit, to give an indication of the levels of financial support that parents are receiving through Tax Credits. Due to the sensitivity of the information being requested, parents were asked to give details of their household income and Childcare Tax benefits within a band range rather than precise details. It should also be noted that additional Tax Credits (Working and Child Tax Credits) may be received by parents to supplement their income. This financial information was not requested and is not included below.

### Case 1

Parent A is a lone parent family and lives in SE15 with three children, one aged 2 and two aged between 5-11years. This parent uses an Early Years Centre for daycare as well as an After School facility.

Household income	£15,000 - £19,000
Weekly childcare costs	£215
Weekly Childcare Tax benefit	£81 - £100 <b>(38% - 47% of childcare costs)</b>

---

### Case 2

Parent B is a lone parent family and lives in SE22 with two children, one aged 3 and one aged between 5-11years. This parent uses an Early Years Centre for daycare as well as a childminder.

Household income	<£15,000
Weekly childcare costs	£150
Weekly Childcare Tax benefit	£81 - £100 <b>(54% - 67% of childcare costs)</b>

---

### Case 3

Parent C is a lone parent family and lives in SE5 with three children, one aged 2 and two aged 5-11years. This parent uses a Community Nursery for daycare as well as an After School facility.

Household income	£40,000 - £49,000
Weekly childcare costs	£134
Weekly Childcare Tax benefit	<£10 <b>(&lt;7.5% of childcare costs)</b>

#### Case 4

Parent D is a two parent family and lives in SE15 with one child under 2. This parent uses a Community Nursery for daycare and a family friend.

Household income	£15,000 - £19,000
Weekly childcare costs	£220
Weekly Childcare Tax benefit	£81 - £100 <b>(37% - 45% of childcare costs)</b>

---

#### Case 5

Parent E is a two parent family and lives in SE1 with two children, one aged 2 and one aged 5-11years. This parent uses a Community Nursery for daycare and other childcare services (non-specified).

Household income	£50,000 – £55,000
Weekly childcare costs	£132.50
Weekly Childcare Tax benefit	£10 - £30 <b>(7% - 22% of childcare costs)</b>