

Report to be considered by the Joint Negotiating Committee on 29 March 2000

TERMINATION OF THE CHILDCARE SUBSIDY SCHEME

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1. Purpose

1.1 This report outlines proposals for the termination of the Council's Childcare Subsidy Scheme.

2. Summary

2.1 The Policy and Resources Committee, at its meeting held on 19 October 1999, resolved to terminate the Council's Childcare Subsidy Scheme. Opening discussions were entered into between the Leader of the Council and the Staff Side during Autumn 1999. It was understood by both sides that negotiations regarding the implementation of this proposal would recommence in the New Year once the Working Families Tax Credit was better understood.

2.2 When the Council's Childcare Subsidy Scheme was first introduced the Working Families Tax Credit did not exist. The adoption of this by the current government is a major step forward for the lower paid and means that the Council needs to reconsider its scheme.

3. Recommendations

3.1 That the existing childcare contracts should be honoured until the natural termination date of 31 August 2000 and met from directorate budgets where the expenditure falls.

3.2 That no new contracts be entered into, including groups such as school based staff who have not previously been eligible to join the scheme. Discretion will be used in exceptional cases arising from existing groups where, for example, commitments have already been given.

- 3.3 That the £10,000 in the budget be used during the 2000/01 financial year to honour existing protection cases and any new cases of exceptional hardship that would be deserving of an extension until 31 March 2001.

4. **Background**

4.1 The childcare scheme runs from 1 September each year with the contracts currently in place due to continue until 31 August 2000. [The subsidy is reset each year according to the available budget.](#) Under the Collective Agreement employees on salaries up to MKC Grade 6 are eligible to claim the subsidy, subject to the age of the [child](#) and their childcare provision arrangements. The current subsidy per week per child (payable pro rata to hours of work) is:

SCP up to 15	Birth to 5 th birthday	£15.00
SCP up to 15	5 years to 8 th birthday	£11.25
SCP points 16 – 30	Birth to 5 th birthday	£9.00
SCP points 16 – 30	5 years to 8 th birthday	£6.00

4.2 Under the Single Status Agreement reached in December 1999 school support staff are eligible to claim the subsidy, subject to them satisfying the standard criteria, from 1 April 2000.

4.3 Details of the existing scheme are set out in **Annex A**.

4.4 When the existing childcare scheme was introduced in September 1998 six employees appealed against the loss of their entitlement to claim the subsidy. These employees were granted special protection for three years which may need to remain in force.

4.5 Working families with children and lone parents who are on low incomes are eligible for the Working Families Tax Credit. Assistance and encouragement will be given where requested by individuals to enable them to claim this benefit.

4.6 A summary of the Working Families Tax Credit is set out in **Annex B**.

5. **Issues and Choices**

5.1 In order to meet its budget the Policy and Resources Committee have determined a saving which includes the withdrawal of childcare subsidy from staff [who are now able to apply for the Working Families Tax Credit if they satisfy the relevant criteria](#) (19/10/99 Minute PR63/00 refers).

5.2 Assuming the scheme is withdrawn, the question of any form of protection for hardship cases generated by the withdrawal will need to be considered.

6. Implications

6.1 Equalities

The current scheme has never been means tested. It is possible that the net effect on some families' incomes may be sufficient to dissuade them from continuing to work if, for example, family income is such as to make the family ineligible for Working Families Tax Credit.

6.2 Financial

There is no budget to fund the Childcare Subsidy Scheme apart from £10,000 during the year 2000/01 which will be used for protection cases. Continuing the scheme until 31 August 2000 with regard to existing childcare contracts is estimated to cost £29,000 to be met from directorate budgets where the expenditure falls.

6.3 Legal

- (a) To terminate the Childcare Subsidy Scheme before the natural end of the current contracts would constitute a breach of contract.
- (b) The Childcare Subsidy Scheme forms part of the Collective Agreement and therefore the removal is subject to negotiation with the Staff Side. The provision of the subsidy is due to be extended to include school support staff with effect from 1 April 2000 in accordance with the Collective Agreement.

7. Conclusions

7.1 [When the Council's Childcare Subsidy Scheme was first introduced the Working Families Tax Credit did not exist. The adoption of this by the current government is a major step forward for the lower paid and means that the Council needs to reconsider its scheme.](#)

7.2 The Policy and Resources Committee have determined to terminate the Council's Childcare Scheme, with the exception of £10,000 in 2000/2001, to assist in meeting the Council's budget obligations and in the knowledge that staff receiving low family incomes may be eligible for Working Families Tax Credit.

7.3 The Childcare Scheme represents a benefit provided under the Council's Collective Agreement with single status staff groups. This report is designed to facilitate the Scheme's removal from the Collective Agreement on a negotiated basis.

Background Papers: **Annex A** (attached) - Childcare Subsidies: Eligibility and Conditions
 Annex B (attached) - Summary of Working Families Tax Credit