

Workplace nurseries may secure extra tax breaks [UK] ^[1]

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EXCERPTS

Gordon Brown is expected to announce extra tax breaks for workplace nurseries, to bolster pre-school education and encourage parents to return to their jobs.

In his pre-Budget report next Wednesday, the chancellor - who became a father in October - is expected to extend tax relief for employers who offer childcare.

Childcare will be a centrepiece of Labour's next election manifesto, with the idea of promising a national network of nurseries under discussion. A shortage of affordable childcare is preventing poorer mothers returning to work and creating educational inequalities, the party believes.

Mr Brown is preparing to endorse proposals set out in an Inland Revenue consultation on employer-supported childcare. That suggested widening existing tax exemptions for workplace nurseries, simplifying the rules for employers, and offering a better incentive for companies to back a broader range of provision. Employers would no longer have to manage the childcare facility.

But the main change would be to widen and simplify the tax exemption, in order to entice more companies to help staff juggle work and family life.

Last week's document - put out by Labour as part of Tony Blair's "big conversation" with voters - stated that "new research shows that the early years of a child's life are crucial to their welfare and future". "A core goal is getting children ready to learn at age five," it added.

The government says it has created 1.3m new childcare places, 8,000 out-of-school clubs and a new curriculum for the early years. But the document admitted: "We still lag far behind the best in Europe."

Ministers believe that pouring resources into the under-fives may be more effective pound-for-pound than further increasing subsidies for higher education. However, there are disagreements about whether to target the money at the poor or extend help across the board.

Childcare is currently patchy and Labour is likely to make a third-term commitment to guarantee nurseries in every area, and to regulate standards more effectively. One problem at present is that many nurseries close in the evening before parents are able to return from work.

The Queen's Speech last week promised a "child trust fund", giving every child born after September 1 2002 an endowment of £250. That would be doubled for poorer children, with families expected to build on the government's nest egg. Labour wants to expand on the proposal for its third term.

The government has also introduced a "Sure Start" programme, offering parents advice on dental health, breast-feeding and giving up smoking.

- reprinted from the Financial Times

Region: Europe ^[2]

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