

Struggling parents could get £10,000 loan to ease cost of childcare under Government scheme ^[1]

Author: Enoch, Nick

Source: Mail Online

Format: Article

Publication Date: 8 Feb 2012

EXCERPTS:

Parents struggling to cope with childcare costs could borrow up to £10,000 in a scheme being considered by Downing Street.

The plan, backed by senior figures in the Treasury, would take the form of a loan similar to those offered to students.

Independent think-tank, the Social Market Foundation (SMF), put forward the proposal today to ease the burden for British parents, who are forced to choose between giving up work or spending around 25 per cent of their income on childcare.

A poll by SMF showed that 55 per cent of parents find childcare 'too expensive'. The think-tank has suggested a national childcare contribution scheme where parents who earn more than £12,000 annually could receive a lump sum - repaid monthly over an extended period and at a low interest rate through the tax system, The Times reported.

The study gives an example of a family paying £7,800 in childcare for three years. Under the scheme, their repayments would fall to £14 a week over 11 years rather than £50 a week over three years.

If earnings dropped below the threshold for personal allowance (currently £7,475), the payments would stop, and be written off after 20 years. Cuts to the tax credit system, combined with the rising cost of childcare, have priced many mothers out of the jobs market.

Until April last year, working tax credit covered 80 per cent of the costs of childcare - up to £175 a week for one child and £300 a week for two or more.

But in April that was cut to 70 per cent as ministers battled to reduce the welfare bill. A Government source said the loan plans were being 'seriously' examined by the Downing Street policy unit.

-reprinted from Mail Online

Related link: Pre-School Learning Alliance warns of debt danger in childcare loan plan ^[2]

Region: Europe ^[3]

Tags: funding ^[4]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/12/02/struggling-parents-could-get-£10000-loan-ease-cost-childcare-under>

Links

[1] <https://childcarecanada.org/documents/child-care-news/12/02/struggling-parents-could-get-£10000-loan-ease-cost-childcare-under> [2]

<https://childcarecanada.org/documents/child-care-news/12/02/pre-school-learning-alliance-warns-debt-danger-childcare-loan-plan> [3]

<https://childcarecanada.org/category/region/europe> [4] <https://childcarecanada.org/category/tags/funding>