

Call to cut tax-free childcare for wealthy to help society's poorest ^[1]

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EXCERPTS:

Tax-free childcare for wealthy families should be cut to raise funds to help the poorest children, according to a new report.

It suggests that up to £238m could be saved if the Government's new childcare vouchers scheme was limited to families with parents earning £60,000 or less.

Under proposals which are the subject of a public consultation, families where both parents work could get tax breaks worth £1,200 per child.

The vouchers will be available to parents earning up to £150,000, so a couple with a combined income of £300,000 could claim them.

A report published by the Policy Exchange think-tank recommends that this cap is lowered, and that the money saved is ploughed back into raising the quality of childcare for pre-schoolers from deprived backgrounds.

Reducing the threshold to £100,000 would save £52m, lowering it to £75,000 would save £145m and cutting it to £60,000 would save £238m, it says. Under the lowest threshold, families with two parents working, with a joint income of £120,000 would be eligible under the think-tank's recommendation.

Children's centres, local councils and other groups could bid for funding to use to raise the quality of childcare in poorer neighbourhoods, the report suggests. It says that while it backs the Government's move to ring-fence money to pay for free early years education for poor two-year-olds, more needs to be done to ensure that these youngsters are getting high-quality childcare and education.

"Government should therefore consult on lowering the cap on parental income eligibility for tax-free childcare, and reinvest the money in a time-limited pot of seed funding that local authorities, early years providers, or individual children's centres could bid for with a specific evidence based proposal in order to raise the quality of childcare in deprived areas."

The Policy Exchange also calls for children's centres, which used to be known as Sure Start children's centres, to return to their original mission of helping families in disadvantaged areas.

Between 2004 and 2010 there was a massive expansion of the centres, which were first set up under Tony Blair's Labour government, with an aim of having one in every community by 2010.

The report says that since 2010, funding for these centres has been cut by 28 per cent.

But it adds that despite the cuts, only 35 centres had closed by last April - around one per cent of the total - with other centres merging. Around two-thirds of the UK population live within a mile of one of the centres.

The report suggests that as pressure on funding continue, these centres will only be sustainable in the future if they return to their first purpose of supporting poor families.

Study author Harriet Waldegrave said: "We should be concerned about children - mostly poor children - who are falling behind at a young age. Their potential to grow into happy, talented and not to mention economically productive adults is being squandered. But if we are going to maximise the chances of children's centres breaking the cycle, the limited funds we have to do this need to be focused on children in the most deprived areas.

"We know high-quality childcare for deprived two-year-olds can also be effective, and Government is right to ring-fence a significant amount of money from the early years budget onto this.

"But to get more good places, we think there is a need for Government to offer a pot of money to high-quality providers and to local councils to bid for in order to build capacity in their areas.

"This is a better use of funding than supporting wealthier families with their childcare costs."

-reprinted from the Yorkshire Post

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