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DATE: 15 March 2019

GENERAL PURPOSES AND LICENSING COMMITTEE

Tuesday 19 March 2019

Please see the attached report marked "to follow" on the agenda.

5 CHILDCARE LOAN DEPOSIT SCHEME (Pages 1 - 6)

Copies of the documents referred to above can be obtained from
<http://cbs.bromley.gov.uk/>

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Report No.

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: Tuesday 19 March 2019

Decision Type: Non-Urgent Non-Executive Non-Key

Title: CHILDCARE DEPOSIT LOAN SCHEME

Contact Officer: Emma Downie, Head of HRIS & Reward
E-mail: emma.downie@bromley.gov.uk

Chief Officer: Director of Human Resources

Ward: N/A

1. Reason for report

- 1.1 The report sets out a summary of the Childcare Deposit Loan Scheme (CDLS)
- 1.2 The Childcare Deposit Loan Scheme would enable Council employees access to an interest free loan of up to £2,000 for the upfront costs of Ofsted registered childcare.
- 1.3 The Childcare Deposit Loan Scheme would be an additional optional benefit to employees and would be part of an overall package of benefits available to recruit and retain staff, especially those in shortage, hard to fill, occupations.
- 1.4 The introduction of the Childcare Deposit Loan Scheme would also support parents back into work and could therefore support the Council's equality objective.

2. **RECOMMENDATION**

- 2.1 **Members of the General Purposes & Licencing Committee are asked to approve the introduction of the Childcare Loan Deposit Scheme.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The provision of employee benefits such as the Childcare Deposit Loan Scheme is vital for the Council in attracting and retaining employees to LB Bromley, especially in hard to fill posts such as Social Work positions.
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Corporate Policy

1. Policy Status: New Policy
 2. BBB Priority: Children and Young People Excellent Council
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Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre:
 4. Total current budget for this head: £
 5. Source of funding:
-

Personnel

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 1485
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

3.1 In October 2018, access to employer based childcare voucher schemes was closed to new entrants following the introduction of the Government Tax Free Childcare scheme.

3.2 The closure of the employer based scheme has meant there are currently less options available to support working parents with childcare.

3.3 Affordable, quality early education and childcare improves children's outcomes and enables parents to work. The high cost of quality childcare is a push factor in staff recruitment and retention. London's maternal employment rate is nearly ten percent lower than the rest of the country.

3.4 A lot of working families also require more hours of childcare due to longer commutes, with fewer opportunities for informal childcare. Hence if the scheme is approved it will complement the Council's flexible work/life balance culture.

3.5 Nearly one in two mothers who are unemployed said that childcare is a key obstacle to getting a job, and one-in-five mothers think childcare is a barrier to getting more or higher quality work.

3.6 Expensive, scarce childcare is a huge pressure on parents' earnings. Childcare is even more challenging for single parents in London who spend roughly half their take home pay on a nursery place.

3.7 Dalia Ben-Galim, Policy Director at Gingerbread (a charity supporting single parent families) said: *"Helping parents with the upfront costs of childcare when they start work is a brilliant move that Gingerbread and London's single parents called for in the last Mayoral election. Thousands of London's single parents are being locked out of work due to the prohibitive cost of childcare and this scheme offers genuine support to parents who want to work. A childcare deposit scheme should be as commonplace and easy to access as cycle to work schemes or season ticket loans."*

3.8 The childcare deposit loan scheme (CDLS) will provide a loan to employees who need to secure a childcare place for their child. Much like a season ticket loan, it is interest free and paid back in equal instalments from the borrower's salary.

3.9 This scheme is available to all employees on a permanent contract and to those on fixed term contracts where there is at least 12 months left on the contract at point of application. The scheme is not available to casual employees or agency workers.

3.10 The CDLS would allow access to an interest free loan of up to £2,000. The amount loaned will depend on the amount of any other loans the staff member has with the Council already.

3.11 There would be set restrictions in place for the scheme:

- Restricted to childcare fees that are either paid in advance (i.e. a termly payment up front) or help towards the annual fee
- Childcare provider/childminder needs to be Ofsted registered
- Evidence of childcare place and registrations fees/termly/annual fees are required

3.12 The scheme will be administered in the same way as other current Special Assistance Loans already in place i.e. Season Ticket Loans. The employee completes the application form, obtains required approval from the appropriate Chief Officer before submitting to HR. HR

will check all relevant criteria are met before instructing payroll to make the salary advance/deductions. These would be taken as net deductions.

3.13 National Insurance and Pension contributions are not payable on childcare deposit loans by the employee

3.14 As is already the case for other loans and salary sacrifice agreements, i.e. Season Ticket Loan, anyone leaving employment before the balance of the loan is repaid would then have a deduction from their final salary, therefore reducing the risk of bad debts.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The introduction of the CDLS would enable parents to work, improves children's outcomes and thus meeting a number of Building a Better Bromley key priorities.

4.2 The provision of employee benefits, including the CDLS, is vital for the Council in attracting and retaining employees to LB Bromley, especially in hard to fill posts such as qualified Social Worker roles.

5. POLICY IMPLICATIONS

5.1 As stated above in paragraph 4

6. FINANCIAL IMPLICATIONS

6.1 The introduction of a CDLS will be of no additional cost to the Council other than the loss of interest. As the take-up of this loan is not expected to be high, this will not be significant.

6.2 The CDLS will be run in a similar way as Season Ticket loans, reducing the risk of bad debts as anyone leaving Bromley before the balance of loan has been repaid, will have the balance deducted from their final salary.

6.3 It should be noted that Liberata have agreed to undertake the additional work at no extra charge as an extension of the current Special Assistance Scheme with the mechanisms already in place to administer this.

7. PERSONNEL IMPLICATIONS

7.1 These are already covered in the main body of the report. Suffice to say the scheme is a vital recruitment and retention pull factor.

7.2 The CDLS would be an extension of the current Special Assistance Scheme and therefore managed in the same way as a Season Ticket Loan.

7.3 As long as employer loans to the employee do not exceed £10,000 at any point in time there are no tax implications. This would be monitored in the same way as now by HR.

8. LEGAL IMPLICATIONS

8.1 Under section 13 of the Employment Rights Act 1996 the employer can make deductions from staff pay to repay the loan provided the employee has consented.

9. PROCUREMENT IMPLICATIONS

9.1 There are no procurement implications

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	

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