



**Women's Centre Regional Partnership (WCRP)**  
**Response to Gordon Brown's announcement**  
**to axe the Childcare Voucher Scheme**

Gordon Brown's keynote speech to the Labour party conference in Brighton has been a talking point, both before, during and after the event. The speech covered an array of promises. One of which focused on childcare provision, with a commitment to deliver free childcare places, for 250,000 two year olds. However what the speech failed to detail, was that this would be at the expense of 340,000 working parents that avail of the childcare voucher scheme in the UK.

The childcare voucher scheme works on the basis that parents are offered the opportunity to pay for their childcare tax free, (providing your Employer is a member of the scheme). Saving working parents £900 (for basic rate payers) and £1,200 (for higher rate payers). Currently 8,000 working parents avail of the scheme in Northern Ireland. Making it a feasible option for both parents, to return to work, as it offsets the high cost of childcare. It 'pays to work'.

The rationale for the surprise decision was *'to re-direct money to where it is needed most, to help disadvantaged children access high quality childcare'*<sup>1</sup>.

However on closer inspection there are a number of consequences that need consideration.

1. The 250,000 places are for two year old children in England only.
2. The places will be for up to ten hours a week. This will not accommodate the majority of parents whose childcare needs are to enable them to work. Also if you have your 2.5 children, what provision is there for childcare arrangements for children of different ages?
3. The decision for the removal of the scheme is that it's taking money from the middle classes to those in most need. This is simply not the case. Most working parents in Northern Ireland, are currently struggling with the

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<sup>1</sup> <http://www.guardian.co.uk/politics/2009/sep/29/gordon-brown-labour-conference-speech>

- economic downturn. This is a further squeeze on their already tight budgets.
4. The implications are likely to impact greater on women, who bear the main childcare responsibilities, increasing the gender pay gap. A number of HR professionals have reinforced this point. Linda Scott, HR director at the British Transport Police, commented in an article by *Personnel Today*: "*If you take the tax benefits for childcare vouchers away you could find people won't return from maternity leave, so we will lose talented people. It will just make the gender pay gap worse as women will be out of the workplace for longer.*" Charles Cotton, the Chartered Institute of Personnel Development (CIPD) Reward Adviser, said: "*The only reason employers provide [the vouchers] is tax advantages. I am sure some employers will look at it and make a cold, rational decision in light of what's going on in the economy at the moment.*"<sup>2</sup>. The likelihood of employers replacing the vouchers with something similar for their employees is negligible if there is no benefit for them.
  5. There has been no consideration given to the contribution that the local economy receives by providing the opportunity for two parents to work. The decision will force many families into a position where one parent has to stay at home, therefore the government will lose out on tax and national insurance contributions from salaries. The social security benefit system may come under more strain and the local economy will also lose the skills and experience of key employees.
  6. There are also implications on the quality of childcare that parents will be able to afford. Research has proven that employees with inadequate childcare are more likely to be late for work, absent, or distracted on the job than parents who are confident about their children's child care arrangements. Employees may be forced to spend less time at work to handle childcare concerns. The removal of the voucher scheme will have consequences on the quality of childcare that parents will be able to access.
  7. The voucher scheme is also an important source of income for nurseries and childminders in Northern Ireland.

Opposition against the government's decision to phase out tax relief on childcare vouchers is already gathering pace. Employers, Childcare Voucher organisations, parents, the childcare sector and the women's sector have reacted angrily to the decision, which was announced with no prior notice.

Employers for Childcare, have launched a Childcare SOS campaign .

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<sup>2</sup> <http://www.personneltoday.com/articles/2009/10/01/52386/scrapping-childcare-voucher-tax-relief-will-cause-gender-pay-gap-to-widen-warn-hr.html>

Employers For Childcare is launching an immediate campaign '**ChildcareSOS**' to protect working parents, employers and childcare providers across Northern Ireland.

Have your voice heard and register your opposition to this proposal by sending an email to [ChildcareSOS@employersforchildcare.org](mailto:ChildcareSOS@employersforchildcare.org)

<http://www.employersforchildcare.org/>

There is also a Number 10 online petition asking the Prime Minister to rethink the decision.

<http://petitions.number10.gov.uk/keepvouchers/>

WCRP endorse both campaigns, and would encourage others to do so also. The policy has huge implications for women and children in Northern Ireland.