EXPLANATORY MEMORANDUM TO

THE TAX CREDITS (APPROVAL OF CHILD CARE PROVIDERS) SCHEME 2005

2005 No.93

1. This explanatory memorandum has been prepared by the Department for Education and Skills and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 This Statutory Instrument will allow for the approval of unregulated childcare provided in the child's home or, for children over the age of 7, on other domestic premises. Approval will be based on the suitability of the individual only and will allow parents using approved care access to financial support, including the childcare element of the Working Tax Credit and Tax / NICs exemptions on Employer Vouchers, provided that they satisfy financial requirements set by Inland Revenue.

3. Matters of special interest to the Joint Committee on Statutory Instruments.

3.1 None

4. Legislative Background

4.1 The Scheme is made under section 12 of the Tax Credits Act 2002 for the purposes of prescribing a description of persons who provide "childcare" for the purposes of that section. The Scheme is made by the Secretary of State who is the appropriate national authority in relation to care provided in England. The Scheme provides for the giving of approvals by a body specified in the Scheme in accordance with the criteria set out in the Scheme.

4.2 Childcare provided by persons approved under this Scheme will constitute a new category of childcare provision for which eligibility for working family tax credit will arise. Regulations made under section 12 (1) of the Tax Credits Act will include a reference to this Scheme for the purposes of prescribing circumstances in which entitlement to working tax credit will apply .

4.3 This Scheme will replace the Tax Credits (Approval of Home Childcare Providers) Scheme 2003 (S.I. 2003/463). Take up under that Scheme has been limited due to its application only to childminders registered under the Children Act 1989. The new Scheme broadens the scope of

approval to that of carers providing care in the child's home or for children over the age of 7 on other domestic premises.

5. Extent

5.1 This instrument applies to England only.

6. European Convention on Human Rights

6.1 Not applicable.

7. Policy background

7.1 In March 2004 the Chancellor announced his intention to extend financial support for childcare to larger numbers of families by broadening the range of childcare that is eligible. We are proposing a voluntary scheme based on the individual meeting specific criteria, for the approval of care provided in the child's home or care for children over the age of 7 on other domestic premises. Parents using approved care would have access to financial support.

7.2 Eligibility for approval will depend on the applicant meeting the following criteria:

- Be aged 18 years or over.
- Has a relevant qualification or has attended an approved induction course in childcare.
- Has a First Aid certificate suitable to the care of babies and children that is not more than 3 years old at the time of approval.
- Has an enhanced Criminal Records Bureau disclosure that shows that there is no information that, in the opinion of the Approval Body, would make them unsuitable to care for children.

7.3 The proposed scheme is intended to provide parents, for the first time, with basic reliable information to help inform their choice of carer. This will help parents select childcare that is safe, right for their children and backed up by access to financial support to make it affordable.

7.4 The consultation period lasted 13 weeks, involving organisations and individuals that have an interest in childcare. In addition to the proposed scheme the consultation also asked for views on approving group care, for example out of school and activity based clubs. 149 responses were received.

7.5 Overall the majority of respondents agreed with the proposals as set out for individual care. There was general support for the criteria and for the appeal and cancellation of approval procedures, but some concern over the level of minimum qualification requirement and lack of ongoing training. In addition Local Authorities expressed concerns about their role and the lack of additional resource.

7.6 There was much less agreement over the proposals for approving group care with many people feeling that this type of care should be regulated by Ofsted and should include premises checks.

7.7 Most respondents were satisfied with the content of the Regulatory Impact Assessment (RIA) although those in favour of full regulation felt that it was biased towards the proposed option. A copy of the RIA containing a summary of the consultation results is attached.

7.6 Following consideration of the consultation results the scheme for individual carers will precede as proposed but a solution to the complexities of group care will be sought outside of the Childcare Approval Scheme.

8. Impact

8.1 A Regulatory Impact Assessment (RIA) is attached to this memorandum (Annex A)

8.2 In addition to the original contents of the RIA which formed part of the consultation papers, there are two additional sections on pages 14 and 15. These form a summary of the consultation results and the Government's decision on the way forward with the Childcare Approval Scheme.

8.3 The impact on the public sector is beneficial as the scheme will produce more affordable childcare for those requiring care at home or for older children, thus increasing people's employability.

9. Contact

Andy Davey at the Department of Education and Skills Tel: 0207 273 5439 or e-mail: andy.davey@dfes.gsi.gov.uk can answer any queries regarding the instrument.

Appendix A

Final Regulatory Impact Assessment (RIA) for the proposed extension of the approval of unregulated care

Purpose and intended effect of measure

Objective

The proposal intends to extend the approval of unregulated care to enable more parents in England to access the childcare element of the Working Tax Credit (WTC) and similar financial support, including tax/NICs exemption for employer support for registered or approved childcare, being introduced from April 2005.

The two areas of unregulated care affected by this proposal are family-based care, other than existing approved home childcarers, and care for children aged over 7, including out of school clubs.

Background

Home Childcarers

Childminders are regulated by the Office for Standards in Education (Ofsted) under the legal framework of Part XA of the Children Act 1989, as amended by the Care Standards Act 2000. Registration requirements include an inspection of the premises where care is provided. A childminder is defined as someone who:

- looks after one or more children under the age of 8 for more than a total of two hours a day on domestic premises (normally a childminder's own home) for reward;

- is registered and inspected by Ofsted - demonstrating the quality and standards of their care;

- is self-employed, runs their own business and provides a service to the families whose children they care for.

People who provide childcare in the child's home (home childcarers) are not regulated by Ofsted and therefore are not required to register.

The Home Childcarer (HCC) Scheme was launched in April 2003 to extend eligibility to the childcare element of the WTC to parents using childcare in their own home. Approval of the current home childcarers is under Tax Credit regulations.

The aim was to make childcare more affordable and, as a result, stimulate growth in supply. This would help parents, particularly lone parents, those working atypical hours and those with disabled children to get work.

Approval as a home childcarer was restricted to registered childminders and although there was considerable interest, reflected in the requests for briefing packs, take up has been disappointing. Initial evaluation suggests that the requirement to register as a childminder is seen as inappropriate for home childcarers, while existing childminders find the hours of work and employment status (employed instead of self-employed) unattractive.

The initial scheme was always seen as a first step that would assist in understanding the issues relating to approving home-based care. The Government is committed to finding the right way to extend this scheme to allow larger numbers of parents using home childcarers access to the childcare element of the WTC and similar financial support.

A full consultation on “Supporting the cost of home-based care” took place in 2002 prior to the launch of the initial HCC Scheme in April 2003. The majority of respondents agreed that the arrangements proposed for home childcarers were sensible, but many felt that nannies should be included from the outset of the initiative and that they should be regulated to bring them in line with registered childminders. Some felt that nannies had more recognised qualifications and experience and that this must be taken into consideration.

Children aged over 7

The Children Act Part XA places responsibility on all providers of childcare for children under the age of eight to be registered with Ofsted. If care is provided solely for children aged eight and over (over 7s) there is no responsibility on the provider to be registered.

An extensive consultation, which included a Regulatory Impact Assessment (RIA), was conducted in 2002 on proposals to regulate those who provided care for children over 7 years old, such as out of school clubs. Whilst the overwhelming majority argued that compulsory regulation of this area of provision would be the best way to protect older children, a significant minority, including the Better Regulation Task Force, expressed concerns that the imposition of regulation would be disproportionate to the risks.

The previous consultation led the Government to consider the advantages of first introducing an initial phase of voluntary certification under tax credit legislation, which is the option now being recommended. Although a regulatory scheme under Part XA of the Children Act would have to have been administered by Ofsted, after detailed discussion, it is not considered appropriate for Ofsted to administer a voluntary approval scheme.

There are currently quality assurance schemes that enable providers to be approved for WTC but these are not light touch. The schemes can cost between £25 and £650, and can take 6-18 months for approval to be given.

This is why there has been a slow take up and almost none by holiday schemes.

This RIA builds on and supersedes the previous RIA. After looking carefully at a range of options, including those set out in the earlier RIA, the Government has concluded that the best approach would be to take forward a combined voluntary approval scheme for providers of childcare which includes those looking after children over the age of 7 as well as those caring for children in the child's own home.

Risk assessment

The main purpose of these proposals is to ensure that more parents are able to access the childcare element of the WTC and receive assistance with their childcare costs.

There are currently 174 approved Home Childcarers.

A secondary purpose is, while supporting good quality childcare, to extend a measure of child protection to children being cared for by putting in place checks and quality assurance that do not exist at the moment. In particular, parents should have access to good information regarding suitability of individuals to inform their decisions and to improve choice. Although it is difficult to quantify, the Government believes that the effect of introducing checks will be to lessen the risk to children by deterring those with previous offences who might otherwise seek access to children in this sector and screening out those who are unsuitable.

Options

1. We have identified three options:

   - Do nothing
   - A regulatory model requiring primary legislative changes.
   - A voluntary light touch scheme based on Criminal Records Bureau (CRB) clearance and a minimum level of qualification

The table below describes the options in more detail and sets out a preliminary assessment of benefits and costs for each of the options. Following consultation, this assessment will be refined to take into account a wider range of views.

Costs and Benefits

Option	Description	Benefits	Costs
1	**Do nothing** There is already an approval scheme in place through the existing Home Childcarers (HCC) Scheme based on an enforceable code of practice and operated through Ofsted. The major drawback to this route is that it first requires registration as a childminder, which includes a check of either the potential childminder's or parent's premises. Parents who use unregistered care will not have access to the childcare element of Working Tax Credits (WTC) or to employer provided childcare vouchers. It would also force an unnecessary level of regulation on home-based carers seeking approval, delay implementing the Government's commitment to extending the current scheme, and prevent more parents from receiving assistance with their childcare through WTCs. This in turn will have an adverse effect on the growth of approved home-based childcare. For parents of older children seeking to get the childcare element of WTC, unless their children attend a provision for younger children that is registered with Ofsted under Part XA of the Children	This option requires no action and is without additional cost. A mechanism already exists for people to be approved as home childcarers, albeit via registration as a childminder with Ofsted, and the associated costs will remain in force. Parents employing approved home childcarers can currently access the childcare element of WTC if they are otherwise eligible. There continues to be a scheme for care for older children being eligible for the childcare element of WTC through accredited quality assurance schemes. .	There would be no additional costs, but the cost of registering with Ofsted would continue for childminders and approved home childcarers. This is currently heavily subsidised by the Government. The current cost of the accreditation scheme is nominal. . **<u>Costs for a typical business</u>** No change.

Option	Description	Benefits	Costs
1	Act, they must seek a group provision that has been approved by an accredited awarding Quality Assurance scheme. There is presently no such scheme for lone providers within a home setting. The consultation responses highlighted the sectors' wish for the Government to introduce some form of approval/regulation for this area, and adopting this option may bring repercussions from large organisations such as the National Society for the Prevention of Cruelty to Children, 4Children, YMCA and Fair Play for Children who have continually expressed concern that this area of provision is not regulated.		
2	**A regulatory model requiring legislative changes** For the over 7s this would be a mandatory scheme which would be implemented under section 79W of the Children Act. New primary legislation would be required for the Government to have powers to regulate home childcarers. This option would make it mandatory for care providers to register with Ofsted if they provided care for more than 2 hours a day for children up to and	This is the over 7s option on which the Government consulted on in 2002, and which was supported by the majority of those responding to that consultation. Regulation would give the Government the power to set and monitor safety and	Such a scheme would have to be regulated by the childcare regulator. Approval would incur most of the same costs as those for registering as a childminder and charges would have to be of the same order i.e. £675 per registration, if not subsidised. It should be noted that childminders receive financial

Option	Description	Benefits	Costs
2	including the age of 14 years. Through these regulations it would be possible to set minimum standards relating to vetting staff which can include qualification criteria and premises. Ofsted would have the power to disqualify unsuitable people and time limit the certificate. Renewal could, if Her Majesty's Chief Inspector decided, be dependent on an inspection.	standards for childcare catering for the over 7s who are currently not covered by the provisions of the Children Act. Depending on how widely the definition of home childcarer is set, such a scheme would require the registration of all providing childcare in the child's home and force many carers to demonstrate that they meet standards. What is not clear is how this would be policed, without unsustainable costs and high levels of intrusion into private arrangements	assistance through start up grants. Current approval by Ofsted of an under 8s group care costs £1000, of which £775 is a Government subsidy leaving £125 payable by a group. Regulation under this option would cost the same, but would be payable by the provider with the possibility that the charges, in full or part, could be passed onto parents. **<u>Costs for a typical business</u>** For group providers this could impose a burden if there was no subsidy. However for providers that are aware of their responsibilities under POCA and Health and Safety, the burden would be less as they would have already complied with the majority of the regulations.

Option	Description	Benefits	Costs
3 **3**	**A voluntary light touch approval scheme based on Criminal Records Bureau (CRB) clearance and minimum qualifications** This option introduces a scheme that extends the HCC Scheme and the one for those caring for older children under which approval requires evidence of identity, suitability to be with children and appropriate, base level training. A conservative estimate is that there may be 10,000 approvals per year. This estimate takes into account: • The number of parents currently using employer-provided childcare vouchers for unregistered care who will need to have their care approved by April 2005 if they are to continue saving National Insurance Contributions (NICs). • The number of nannies currently employed in England whose employers might benefit from the childcare element of WTC or the new tax and NICs exemption on employer-contracted childcare or childcare vouchers if they were to be approved.	This proposal would widen access to the childcare element of WTC and the new tax and NICs exemptions (from April 2005) on employer-contracted childcare and childcare vouchers. It would provide an alternative route to financial assistance with childcare for those adversely affected by the changes in April 2005 to the NICs exemption on childcare vouchers. The minimal legislative changes needed may be achieved through new regulations under the Tax Credit Act and the Income Tax (Earnings and Pensions) Act. The Government considers that this option can make an important impact on the availability of affordable childcare and, as explained later, the costs are	The estimated cost for approval as a home childcarer under this option will be about £70 per person plus any expense incurred in obtaining the necessary qualifications. The Government would expect this to be paid by the employing parent as it will give them access to the childcare element of WTC, under which they can claim back up to 70% of their childcare costs. Not all parents may qualify for the childcare element of WTC, particularly if they are high earners, but others may benefit where their employers offer childcare vouchers which from April 2005 up to £50 per week will be from tax and NICs. It is estimated, based on a number of sources, that approx 6,660 applicants will seek approval

Option	Description	Benefits	Costs
3	• The high turnover of nannies, whose average length of employment is estimated to be just over a year. • Estimates of the number of other forms of unregulated childcare based on figures supplied by local authorities. Based on these figures and on the scheme being run on a cost recovery basis through charges to carers, with Government helping with some start up funding, we estimate that the cost to the Government of setting up a light touch approval scheme would be £1,525,000 over 3 years, which includes an evaluation. The Government would contract for an approval service that would include registered bodies that can obtain CRB/POCA clearance and vet candidates in relation to any past convictions, as well as assessing other evidence relating to training. Such a service could be set up at relatively low cost by a consortium, with an existing Awarding Body in the childcare sector making approval decisions. In most cases confirmation of suitability would be achieved through obtaining an enhanced disclosure from the Criminal Records Bureau which would	reasonable and recoverable. There would be minimum interference in domestic arrangements, invasion of privacy, maximise take-up, giving parents information and choice. This model would substantially increase the number of parents able to access the childcare element of WTC. This can have particular benefits for shift-workers and parents of disabled children who are more likely to be reliant on home-based care, as well as parents of older children. As the scheme would replace the current HCC Scheme which is regulated by Ofsted, this option would constitute a reduction in regulation.	under this option in year one rising to 10,000 in year two, including growth and turnover. For over 7s the cost incurred by a sole carer (childminder in under 8s regulation) would be the same as above. It is estimated that the cost of approving the person in charge of a group to be £100, plus the cost of obtaining CRB clearances for staff, currently £33 per person. The Government considers that in most cases any cost to parents will quickly be recovered through access to WTC or other support. **Costs for a typical business** Where the care for over 7s is provided in a group, the cost

Option	Description	Benefits	Costs
3	include a check of the POCA list. The Protection of Children Act (POCA) 1999 was established as the framework of a coherent cross-sector scheme for identifying people considered to be unsuitable to work with children. It ensures that when such people are identified they are prevented from gaining access to children through their work. We also feel that carers seeking approval should be able to demonstrate that they have some understanding of working with children. Many carers will already have childcare qualifications, for example many Nannies will have level 2 or 3 National Vocational Qualifications in Care. There are no robust figures on the number of people holding qualifications in these sectors because they are not regulated and cannot readily be surveyed. We are proposing that as a minimum we would expect individually approved carers to have attended an induction course covering providing childcare in a domestic environment. We will be providing guidance on the content of the induction course with variants according to the role of the carer. They would also need to hold a valid first aid certificate covering the care of children.		would be based on each individual being checked which would be slightly less than the cost for an individual home childcarer. For the person in charge there would be the added cost of collating information on people working within the setting. This cost is unlikely to exceed £100. These measures will be associated with a net reduction of childcare costs to parents and hence lower overheads on any business venture they undertake. However increased costs to nanny agencies if they seek to offer approved carers, could be passed on to parents. Similarly for those that have complied fully with POCA

Option	Description	Benefits	Costs
3	The approval body will need to be satisfied that overseas candidates have demonstrated their suitably and qualifications to care for children in an unsupervised situation. To assist them in determining the equivalent of overseas qualifications, the approval body will have access to the information on the National Academic Recognition Information Centre (NARIC) database, although this will not cover all countries or qualifications. People from overseas can sometimes apply to their local police force for a certificate of good conduct or a letter saying they are suitable to work with children. For some countries the CRB is able to advise on the availability of information by the fax back method. The approval of group-based care (defined by a scheme based in or operating out of a given location rather than an organisation with multiple outlets) will be based on at least one named individual who meets the criteria for approval described above. The Manager would be required to provide evidence that at least one of these named individuals will be supervising the service to the children at all times and that all volunteers and staff working with children		there would be a negligible cost of approval.

Option	Description	Benefits	Costs
	have also had their suitability checked at least every 3 years. The same Approval Body would issue these approvals. It is proposed that the approval will be valid for a period of 12 months only. Providing all other conditions are satisfied, entitlement to the childcare element of WTC or the tax and NICs exemptions on employer-contracted childcare or childcare vouchers will be from the date the approval is granted.		

Equity and Fairness

The Government considers that the proposals would correct what many people regard as a current inequality, where a parent employing a registered childminder or approved home childcarer can access WTC, whereas a parent employing a fully qualified, experienced nanny with clear CRB checks cannot, unless that nanny first registers as a childminder, creating an unnecessary bureaucratic hurdle.

As WTC is most beneficial to families on lower incomes, extending access to Tax Credits is also aimed at promoting social inclusion and decreasing disadvantage particularly for parents of disabled children who are more likely to be reliant on home-based care.

Business Sectors Affected

The Business Sectors affected by a light touch approval scheme will be Agencies supplying nannies or other childcarers, Voluntary Organisations in the childcare sector and any other businesses whose recruitment and retention needs will be assisted by the availability of more affordable childcare. This will particularly benefit service sector organisations that require staff to work atypical hours and where access to affordable childcare in the family home will be important.

Discussions and correspondence have shown that small employers and voluntary organisations in the childcare sector welcome any action that will increase the availability of affordable childcare and improve the safety and quality of childcare. Many have been campaigning for the regulation of all childcare for a considerable length of time and will see these proposals as at least a step in that direction. The Government does not expect these proposals to have any direct effect on small business other than nanny agencies which may expect an increase in business. This increase in business may be more substantial where the agencies can undertake a vetting service for their clients, but otherwise who benefits from the increasing number of approved nannies will be a matter for market competition on a level playing field.

The Government has considered the impact of this scheme on childminders and had early discussions with the National Childminding Association (NCMA). Experience has shown that the market for childminding is very different from the market for home childcarers, and that the profile of a typical childminder is very different from that of a typical home childcarer. It is significantly more costly to employ a home childcarer than to leave a child with a childminder, and childminders will often be mothers experienced in raising children, while home childcarers, while often well qualified, may not be as experienced. Initially, it is expected that the main candidates for approval will be existing home childcarers, and approval will simply mean that the parents using them are better able to afford their services. For this reason, it is not believed that there will be a great impact on the demand for childminding.

Competition Assessment

The proposals are aimed at improving the affordability, quality and safety of childcare and are aimed at parents and individual carers rather than businesses. It is not believed that there are any competition concerns at present, as the measures will stimulate demand for approved home –based childcare across the country. By setting the approval criteria relatively low, it should minimise the extent to which the scheme artificially segregates the sector.

Enforcement and Sanctions

The interim proposal that is recommended will be voluntary. The vetting and approving processes will include a check on identity, right to work in England, qualifications and clearance of CRB checks. The Inland Revenue (IR) already has in place the means of checking for possible fraud with WTC applications, which the processes being envisaged will support. Any instance of child abuse will be a matter for the Police, but it is proposed to have systems in place to enable this information to reach the appropriate body so that approval can be withdrawn.

Consultation

Within government

HMT, Ofsted and IR are represented on the Integrated Project Board and have been widely consulted on HCC since its original conception.

Consultation has also taken place with Department of Trade and Industry (DTI - Agency Registration and Women's Employment Unit), Department of Health (DOH - Care Standards Tribunal and Domiciliary care team and NHS) Home Office (Criminal Records Bureau and Family Policy Unit, which is now in DfES and Immigration and Nationality), Department for Education and Skills (DfES - POCA etc), Department for Work and Pensions, Scottish Executive plus our legal advisors, DfES schools and workforce directorates.

Pre-consultation talks have also been held with the National Childminding Association (NCMA), Professional Association of Nursery Nurses (PANN), Recruitment and Employment Confederation (REC), Nanny Tax and Tinies Nanny Agency.

Public consultation

There has already been full consultation on options and proposals for regulating over 7s providers. In addition, the Government has consulted carefully before introducing the current HCC Scheme. This Regulatory Impact Assessment is being issued with a formal consultation document laying out the proposals.

Monitoring and Review

The interim proposal being recommended will only require secondary legislation under the Tax Credit Act to enable WTC to be based on approvals made by the Approval Body. The resulting tax credit claims will be monitored by the Inland Revenue.

It is also proposed to evaluate the scheme during its first two years of operation to ensure that the processes are effective and that the outcomes match our intentions. This will also enable us to develop more permanent arrangements for approving unregulated childcare.

Summary and recommendation

Option 1: No change

This is at no additional cost but will not substantially increase the number of parents able to access the childcare element of WTC. More importantly, it will not provide a reasonable option for some parents who currently use employer-provided childcare vouchers for unregistered childcare. These parents currently benefit from NICs exemption on the cost of the vouchers which they will lose from April 2005 unless the childcare they use becomes registered or approved.

Option 2: Regulation

This has not been costed in detail as preliminary work has demonstrated that the benefits to parents would be outweighed by the costs of a regulatory scheme, and that the imposition of regulation could be disproportionate to the risks.

Option 3: Light touch model

This has been costed at a total of £1.5 million over 3 years in set up costs. This model would substantially increase the number of parents able to access WTC and tax/NICs exemptions for employer- supported childcare. It would also introduce a level of checks and qualifications which do not exist for home based carers, other than approved HCC, at present. It balances the need to extend financial support and access to information to protect children against the imposition of further regulation on sectors of the childcare market that do not warrant it.

Therefore the Government strongly recommends Option 3. This model would substantially increase the number of parents able to access the childcare element of WTC and allow wider access to the new tax and NICs exemptions on employer-contracted childcare and employer provided childcare vouchers from April 2005. It would also introduce a level of checks and qualifications which do not exist for home based carers, other than approved HCC, at present.

NB: This was the version of the RIA that accompanied the consultation document in Summer 2004. Significant changes to the proposals have been made as a result of the consultation.

Summary of Responses to the Consultation

The consultation on the Childcare Approval Scheme closed on 16 August with 149 responses received. The headlines from this are:

- Overall, the majority of respondents agreed with the proposals as set out in the consultation document, but with the greatest level of disagreement being around the way approval might work for group-based care.

- Most respondents agreed that the proposed criteria for the approval of an individual carer were appropriate but there were some concerns about the low level of qualification and need for rigorous and ongoing training. They also supported the need for an enhanced CRB check, agreed with the proposed cancellation and right of appeal procedures and agreed that the approval should be renewed on an annual basis.

- There was less agreement for the proposals for approving group care with:

    - Some arguing that parents will benefit from even relatively short periods of childcare, so disagreeing with setting a minimum hours criterion.

    - Most respondents feeling that the manager should provide full details of management and staffing arrangements.

    - A strong feeling that premises should be checked as part of the approval process.

- In general there was a feeling amongst a number of respondents that either Ofsted should run the scheme, or else that these forms of childcare should be subject to full regulation.

- Most respondents were satisfied with the content of the RIA. Those who disagreed were mostly in support of the second option (full regulation) and felt that equal weighting was not given to all options.

- Local authorities expressed concerns about lack of clarity regarding their role and possible need for additional resources.

The Way Forward

The Government has agreed that the Childcare Approval Scheme shall proceed as proposed for individual carers (as in Option 3) based on the criteria as stated in the Consultation Document which are:

- They have to show that there is nothing in their background that makes them unsuitable to care for children. In the vast majority of cases this would be achieved through obtaining an enhanced disclosure from the Criminal Records Bureau (CRB).

- They have to show that they have some understanding of working with children either through suitable qualifications or, as a minimum, by

having attended an acceptable induction course.

- They must have a first aid certificate suitable to the care of babies and children that is not more than 3 years old at the time of approval.

Following the consultation a further criterion has been added that they must be aged 18 years or over.

We appreciate the concerns of local authorities and have written to them with further information and guidance.

The Government recognises that taking forward the original proposals for group care would be problematic, given the response from consultation strongly favouring addressing issues of safety of premises as well as suitability of individuals.

The proposals for group care have since been overtaken by events. Recently announced changes to Government policy focus on providing "wraparound care" from 8.00 AM – 6.00 PM on school premises or in association with schools. We now intend to explore with the Inland Revenue school based options for the extension of tax relief eligibility.

Declaration

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed…*Margaret Hodge*……**Date**…24th January 2005…....

Margaret Hodge, Minister for Children, Young People and Families