

# Family Day Care

## Service Review Update

26 September 2017

# Purpose

There are three updates to be discussed with this presentation:

1. The implementation and growth of the Family Day Care service
2. The 2017/18 budget changes for the Family Day Care service
3. Commonwealth funding changes for Family Day Care

# Family Day Care Service Review Implementation & Growth

# Background

Family Day Care Service Review was endorsed by Council on 28 June 2016 Council, with resolution to:

- Increase the administration levy in a stage manner to fully recover all costs associated with the service
- Increase administration levy to \$1.40 as of 1 January 2017
- Actively pursue growth to contain the level of subsequent levy increases
- Provide an update to Council mid 2017 to recommend the setting of any subsequent levy increases.

# Update

## **Increase the administration levy to achieve cost neutrality**

- Admin levy increased from 42cents/hour to \$1.40/hour on 1 January 2017

# Update

## Actively pursue growth

A number of marketing & promotional activities have taken place:

- Advertisement in Surf Coast Times and on Facebook
- Recruitment flyers distributed around the municipality and at early years reference group services
- Recruitment information placed in quarterly early years newsletter to families
- Hours of care provided to children has increased from 56,199 annually to 63,135, a 12% increase
- The number of children on the waitlist has decreased from 64 to 36 children

# Update

## Actively pursue growth

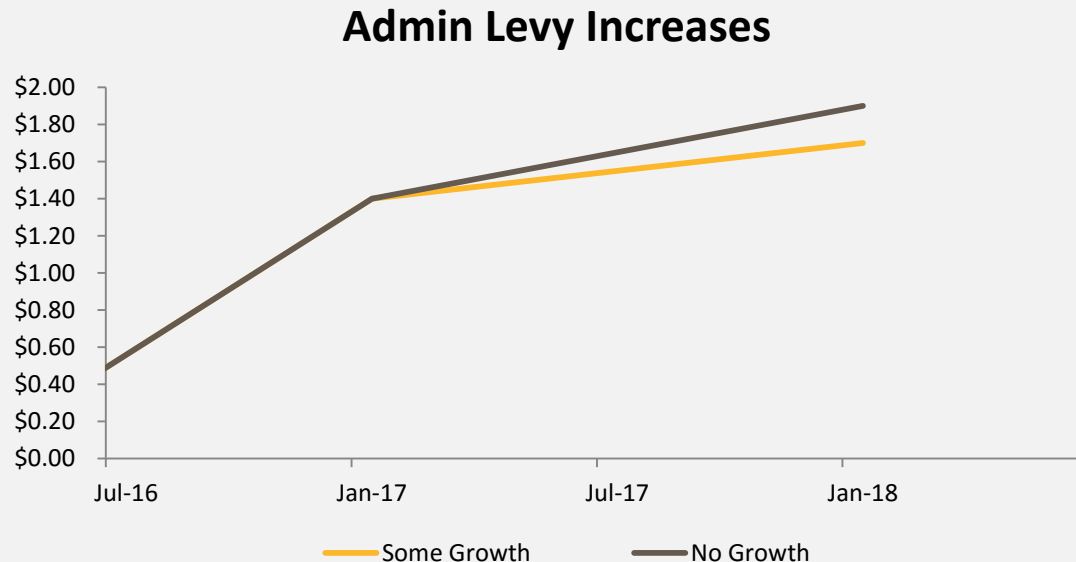
The number of Educators has increased from 12 to 15 (plus a casual Educator) and this has also provided a greater reach across the Municipality:

June 2016	June 2017
Torquay (5)	Torquay (6)
Deans Marsh (2)	Deans Marsh (2)
Jan Juc (3)	Jan Juc (2)
Gherang (1)	Gherang (2)
Bellbrae (1)	Bellbrae (1)
	Anglesea (1)
	Winchelsea (1)

# Update

## Financial Cost Neutrality

- Have had some growth which has reduced the impact of further Admin Levy increases, but not removed the need for another increase
- Need a second Admin Levy increase of \$1.70 in January 2018 to achieve cost neutrality in 2017/18





# 2017/18 Budget Changes

# 2017/18 Budget Changes

- There was an oversight when the 2017/18 fees for Family Day Care service through Council's budget process that needs to be rectified:
  - Officers committed to return to Council with the outcome of the growth initiatives
  - At the time of proposing the 17/18 budget officers should have used the assumption of \$1.40 administration levy, until Council resolved differently
  - Officers incorrectly included a second increase in the adopted budget (\$1.70 listed in fees table)
- Officers have continued to charge \$1.40 and where not planning on charging a higher rate until further Council resolution following this mid-year review

# Commonwealth Funding Changes

# Additional Funding Changes

## Community Support Program Funding (Federal)

- Advice that this will cease 30 June 2018 as a part of the Governments roll out of *Jobs for Families* initiative, which was not known at the time of the service review
- Community Support funding will only be available for identified vulnerable areas – which is not Surf Coast Shire
- Projected loss of \$40,728 in funding from 2018/19.

# Implications of funding loss

## Option 1 – full cost recovery by June 2019

- An additional Admin levy increase in July 2018 to \$2.20.

	2015/16	2016/17	2017/18	2018/19
	Pre 2017 Price	Jan 2017 Increase	Jan 2018 Increase	July 2018 Increase
<b>Admin fee/hour</b>	\$0.42	\$1.40	\$1.70	\$2.20
<b>Council Subsidy</b>	\$82,736	\$36,514 (Actual)	\$6,229	\$0

## Option 2 – full cost recovery by June 2020 (Preferred Option)

- A consistent, annual Admin levy increase over a further year. Council will need to subsidise the service in 2018/19.

	2015/16	2016/17	2017/18	2018/19	2019/20
	Pre 2017 Price	Jan 2017 Increase	Jan 2018 Increase	Jan 2019 Increase	Jan 2020 Increase
<b>Admin fee/hour</b>	\$0.42	\$1.40	\$1.70	\$2.00	\$2.25
<b>Council Subsidy</b>	\$82,736	\$34,514 (Actual)	\$6,229	\$18,992	\$0

# Recommendations

It is recommended that Council adopt the following:

- Continue to increase the administration levy in a staged manner to fully recover all costs associated with the service
- Increase the levy to \$1.70 from 1 January 2018
- Continue to increase the levy annually, until cost neutrality is achieved by June 2020.