



Work and Pensions Committee

House of Commons | London | SW1A 0AA

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David Rutley
Minister for Welfare Delivery
Department for Work and Pensions

Mims Davies
Minister for Employment
Department for Work and Pensions

From the Chair

27 April 2022

Dear David and Mims,

Universal Credit and childcare costs

Thank you for speaking to the Committee last week as part of our inquiry into Universal Credit and childcare costs. The Committee has asked me to write to you both following up on the information shared with us.

During the evidence session, the Committee asked why only 6% of those claiming the child element of Universal Credit are also claiming the childcare element and you said you are conducting analysis to estimate the number of in-work Universal Credit claims in receipt of the childcare element. The Committee is pleased to hear that the Department is researching this further.

We also heard that the Department has done “quite a lot of analysis looking through a low-income parent’s lens at the whole system” to find where the biggest problems and gaps are for low-income families in relation to childcare costs and that some of this can be shared with the Committee.

1) When does the Department expect to be able to share this analysis with the Committee?

You also told us that “we are ambitious to increase the take-up rate too. There is a lot of work that we will be doing to significantly improve that and the Committee will hear more about that—unfortunately not today, but there is activity in terms of both clarifying the data and driving the take-up rate.”

2) When is the Department planning to begin work to “significantly improve” the take-up rate of the childcare element of Universal Credit and when will the Committee hear further information on the Department’s plans?

As discussed in the evidence session, the Committee has received a lot of evidence on the Flexible Support Fund. Donna Ward told the Committee that the Department has undertaken research with both claimants and operational staff within DWP

concerning childcare, inclusive of the Flexible Support Fund. Again, we were pleased to hear that this research is taking place.

3) When do you expect this research to be shared with the Committee? Will it be published more widely?

We also heard from parents and organisations, as well as jobcentre staff that assessment period dates for claimants to get their childcare costs reimbursed can be confusing and lead to a cycle of debt. The Committee was interested to hear whether there could be an adjustment of assessment dates for parents when making a childcare application. Neil Couling said that:

“I would almost say that it is nigh on impossible now because of where we are, given that so much hangs off that monthly assessment period in terms of the rest of the system design.”

4) We thank the Minister for offering to take our point away and respond with a note to the Committee on an adjustment of assessment period dates for claimants of the childcare element of Universal Credit. We ask that this is included in the response to this letter.

During the evidence session, we discussed the childcare caps and heard from Donna Ward that:

I have seen the average payments and we should make them available to the Committee. The average payments are well below the cap—like half the rate of the caps—so you could get £600 a month maximum. The average payments are around £300. We do need to make this data available to the Committee, but I have asked the analysts to look at that.

5) We thank the Department for sharing the above analysis on the payments parents on Universal Credit receive. Are there plans for this data to be shared, in full, with the Committee and if so, when can we expect this?

Finally, we were pleased to hear that an Inter-Ministerial Group on family has been established which is looking at childcare support across the Government. We urge the Department to feed the findings of our inquiry to the IMG and look forward to discussing the work of the Group with the Secretary of State in the future.

We would be grateful for a reply by **Friday 20 May**.

Yours sincerely,



Rt Hon Stephen Timms MP
Chair