



Department
for Work &
Pensions

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29th June 2022

Dear Sir Stephen,

Universal Credit and Childcare Costs

Thank you for inviting us to speak to the committee about this important topic on Wednesday 20th April. The committee wrote to myself and the Minister for Employment on 27th April 2022 and we are responding to the questions raised.

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?

Though we have some data internally, it requires further quality assurance before it is robust enough to share 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?

Previously, the take up statistics of the childcare element on Universal Credit have been reported based on figures showing the number of claims receiving the childcare element as a proportion of all parents on UC (6%). This has been highlighted to be underrepresenting the true take up since this includes parents not currently eligible for the childcare element because they are not earning. Consequently, officials have carried out further analysis and I can confirm that the accurate figure for the take up rate is 13% of all eligible households.

With this in mind, the department has developed a programme of work to improve the take-up rate of the childcare element of Universal Credit which has already started and will continue over the coming year.

We are currently promoting the generous UC childcare costs offer as part of a national UC advertising campaign. The campaign is helping to increase awareness of the UC childcare offer.

We are also working in partnership with DfE and HMRC to promote the full range of childcare support, signposting to information on the Childcare Choices website. A joint multichannel advertising campaign to promote childcare support options across Government to millions of parents across the UK will be launched soon. This will include new videos to explain the UC childcare offer in more detail to parents, and provide them with a step-by-step walk through on how to apply. Leaflets to promote the offer to parents will also be distributed to Jobcentres to accompany the recently released video for Work Coaches to help them fully understand and promote the childcare offers to parents.

We now have over 30 childcare champions nationally and an established network of childcare subject matter experts within our Jobcentres who are co-ordinating and driving delivery of improvement activities and upskilling teams to be able to confidently and consistently promote the UC Childcare Offer and how it fits with other relevant help with childcare for UC families.

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?

As mentioned to the committee at the hearing, we are carrying out research around UC childcare, but this work is yet to conclude and be quality assured. This research is for policy development.

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.

As we outlined at the committee hearing, due to the design of Universal Credit, it would be very difficult to align assessment periods with childcare costs periods. Assessment Periods are a fundamental, automated element of the Universal Credit service determined by the date of entitlement. They are an intrinsic part of the system design.

Allowing Assessment Periods to be altered to suit a claimant's circumstances would require a fundamental re-design of the Universal Credit system. Even then, whilst this functionality may go some way to addressing the childcare challenge, dependencies in the Universal Credit system would generate far more negative outcomes. These outcomes would impact how earnings can be attributed, how changes of circumstance can be considered and would likely generate more overpayments and arguably greater confusion.

We do have excellent guidance and learning products that are available to support Work Coaches that they can refer to if there are topics and policies they need clarification on.

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?

In February 2022 the average entitlement to the Universal Credit childcare element in the household was £329.00. We are pleased to share with the WPSC the latest data showing UC claimants eligible for and receiving the childcare element between March 2021 and February 2022, this information is available to the Committee on the Gov.uk website.

We look forward to receiving your findings following your UC Childcare inquiry.

Yours sincerely,



David Rutley MP

Minister for Welfare Delivery



Mims Davies MP

Minister for Employment



Work and Pensions Committee

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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?

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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