



Work and Pensions Committee

15 February 2023

Rt Hon Mel Stride MP
Secretary of State for Work and Pensions
(By e-mail only)

Dear Mel,

I am writing to you to follow-up on our Report on [Universal Credit and childcare costs](#), which I understand the department will now respond to no later than lunchtime on Monday 27 March.

To aid the Government in its response to the Report, we are providing our estimates for the cost of implementing some of the key recommendations, along with the assumptions we have made in these calculations.

Upfront costs (paragraph 44)

We made a recommendation calling on the Government to amend the Flexible Support Fund regulations so that “receipts for payments made from the Fund can be submitted as if the parent had paid the childcare costs themselves”. In practice accepting this recommendation would mean that the upfront cost was either removed or largely offset.

Assuming the upfront costs covered by FSF are for one month, are claimed back and then future costs are claimed against Universal Credit, the overall cost of the fund would be (base point: the cost of the fund was £3.224 million in 2021–22):

- £3.546 million, if uptake of FSF increased by 10%;
- £3.869 million, if uptake of FSF increased by 20%;
- £4.191 million, if uptake of FSF increased by 30%; and
- £4.514 million, if uptake of FSF increased by 40%.

Caps and maximum reimbursement (paragraph 60)

We also recommended that in light of inflation and cost of living challenges, the childcare cost support payment should be uprated “to reflect the true cost of childcare”. Using the GDP deflator rate of inflation, we calculate that this would increase the single child support cap to £895 per month, and the multiple child support cap to £1,535 per month.

Understanding support and eligibility (paragraph 76)

In addition, we proposed that there be a childcare specialist work coach in every job centre. On the basis that the average yearly salary for existing specialist roles at job centres in the UK is £29,721, total cost for this role including civil service pension and national insurance contributions would be £35,659.

Assuming, the department pays the average salary for the “childcare specialist” roles, recruits on a linear basis over six months, all roles in each job centre are filled, and everyone is in post after six months, we calculate that implementing this recommendation in year one would cost £10,912,000, and £15,405,000 for all future years.

We hope this information is helpful in informing the Government’s consideration of our Report.

Yours sincerely,

A handwritten signature in black ink that reads "Stephen Timms". The signature is written in a cursive style with a horizontal line above the name.

Rt Hon Sir Stephen Timms MP
Chair, Work and Pensions Committee