Government responds to Treasury Committee concerns on childcare

General Features

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An update on the Treasury Committee's inquiry on Childcare, including the interactions between the various schemes, following publication of the Government's response to the Committee's report.

In March 2018, the Treasury Committee published their report on Childcare. This was following a call for written evidence which asked for views on the processes around how childcare schemes are delivered and the quality of childcare interfaces – such as the childcare service website – and their previous failures. The Committee also sought views on the overall package of government initiatives that aim to make childcare affordable, how the initiatives interact with each other and their effectiveness and whether they have delivered an adequate provision of affordable childcare that facilitates parental employment.

LITRG submitted written evidence to the inquiry. Although supportive of the childcare help provided by government through the various childcare schemes, our submission raised concerns about the lack of guidance given to help people navigate the system in order to choose between the schemes and understand how they interact. Unfortunately, with the introduction of Tax-Free Childcare, the childcare landscape is made more complex. Not only do the rules differ between the different schemes (for example the ages of children covered by the scheme) but in some cases parents need to work out which is the best financial support through a series of complex calculations.

Getting it wrong can not only mean they miss out on additional financial support, but they could lose current support. For example, claiming Tax-Free Childcare automatically brings to an end any tax credits claim (both working tax credit and child tax credit) even if the person is not currently claiming help with any childcare

costs. At present, there is a calculator on the Childcare Choices website however LITRG have some concerns about its accuracy and the fact it does not include Universal Credit.

In their report, the Committee made a number of recommendations including ensuring the online calculator can take account of UC and ensuring applications for all childcare schemes can be made through one portal. They also said that government must set out how it intends to simplify its range of support for childcare costs and address the complex interactions between different schemes and ensure the post-implementation review of TFC is published and necessary steps taken to correct any shortcomings that are identified by the review.

In their response, the government said that they are working very closely with LITRG and others to improve the GOV.UK guidance and to develop more detailed guidance to help them choose and apply for the government scheme which best suits their needs. They also recognised the complexity of the system but said that replacing childcare vouchers and directly-contracted childcare support would simplify the system and that they plan to amend the childcare calculator in future to allow people to enter their UC entitlement (calculated on a third party calculator that they link to) into the calculator so that they can compare all of the offerings.