



Scottish Out of School Care Network

Financial Support to Parents to Pay For Childcare

**supporting children's rights
to play, care and learning
soscn.org**

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FINANCIAL SUPPORT TO PARENTS TO PAY FOR CHILDCARE November 2023

WHAT SUPPORT IS AVAILABLE TO PARENTS TO HELP WITH CHILDCARE COSTS?

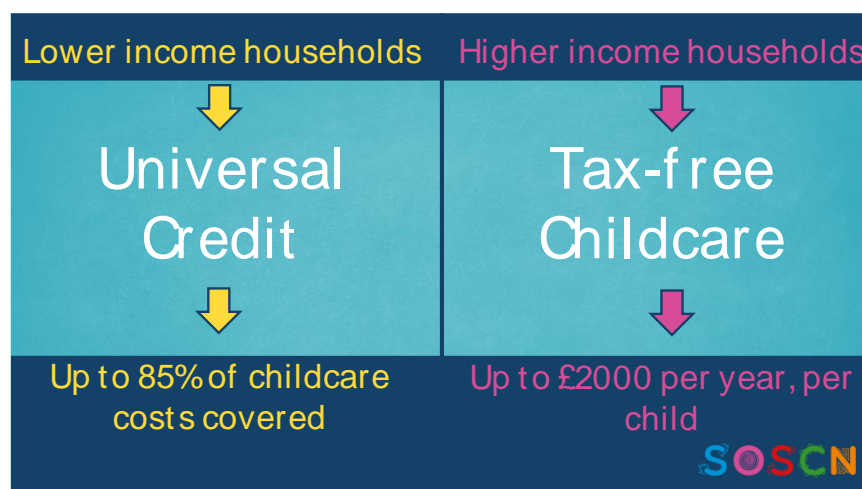
We know that parents think that childcare is often unaffordable, however, this is usually before knowing they can receive additional financial support from the UK government to pay childcare fees. As an out of school childcare provider registered with the Care Inspectorate, you should ensure that parents are accessing this additional funding as you may find that most, if not all parents accessing (or potentially accessing) your service should be eligible for some form of financial support payment towards childcare costs.

WHAT FINANCIAL SUPPORT CAN FAMILIES ACCESS?

For the lowest income families, they may receive additional financial support of up to 85% to cover childcare costs through universal credits. They may also be able to access a up-front childcare cost payments to help with childcare costs.

Even a wealthier parent (earning just under £100,000) can receive an additional tax-free £2000 (per child, per year) to pay for 20% of childcare costs.

Many parents still use Vouchers to pay for childcare, however, this system is being phased out and is closed to new members; this includes people changing employers. Once you leave one childcare voucher scheme you can no longer enter another existing one. However, parents could access the tax-free childcare system. The tax-free childcare system may even be preferable to parents currently accessing vouchers- it is worth their while investigating whether it is better to stay with the vouchers or join the new system.



WHAT DOES THIS MEAN IN TERMS OF AMOUNTS PAID BY PARENTS?

If we take the example of an out of school care service which charges £15 per session for a place after school, a parent on universal credit could receive financial support of up to £12.75 (85%), meaning they must cover the remaining £2.25 per session, a sum which seems more affordable.

A wealthier parent participating in the Tax-Free Childcare Scheme could receive £3 (20%) towards the cost of the place, meaning they must only cover the remaining £12 per session. If using the after school care full time during term-time (38 weeks) this could work out at a saving of £570 per child, per year.

HOW CAN YOU ENABLE PARENTS TO ACCESS THIS FINANCIAL SUPPORT?

“Do the maths for them” - it’s vital that you put the information on all publicity and marketing materials and your website, illustrated with real examples of how much financial support parents might be entitled to, and how much they would have to pay out of their own pocket. Don’t wait until parents are contacting you for further information about your service- some parents may never get in touch because they think they can’t afford it. As we’ve already seen the vast majority of parents will be entitled to some financial support.

WHY SHOULD YOU TELL PARENTS?

Currently there is little or no financial assistance given directly to school age childcare services. Some local authorities may provide no or low-cost lets, or support with training and qualifications, however, this is not guaranteed and varies greatly between Scottish Local Authorities. The one consistent and guaranteed form of funding is through support to parents- by helping them, you will ultimately be helping yourself.

FURTHER INFORMATION ABOUT UNIVERSAL CREDIT

People may be able to get Universal Credit if they’re on a low income or need help with their living costs. Someone could be:

- out of work
- working (including self-employed or part time)
- unable to work, for example because of a health condition

To claim a person must:

- live in the UK
- be aged 18 or over (there are some exceptions if you’re 16 to 17)
- be under [State Pension age](#)
- have £16,000 or less in money, savings and investments

Universal Credit provides support to households to help meet their eligible childcare costs, enabling customers to take up work or increase their working hours. The Universal Credit childcare offer supports the wider government childcare offer which includes free childcare hours and tax-free childcare, meaning reasonable childcare costs do not form a barrier to work.

Customers can receive support with eligible costs with **registered** childcare services, regardless of the number of hours they work. Any eligible childcare costs are not subject to the Benefit Cap.

Universal Credits will provide 85% of childcare costs for children under 16 (or under 17 and disabled), subject to a maximum amount per month of:

- £951.00 for 1 child
- £1,630.00 for 2 or more children.

DWP can only pay for childcare parents have used, normally after the care has been provided. This is claimed back on their Universal Credit Account. Please remember that DWP cannot offer help if parents are receiving funding towards their childcare from childcare vouchers through their employer. If the cost is higher than the vouchers, DWP can only help towards the additional costs.

Universal Credit Childcare Costs- detailed information:

<https://www.gov.uk/guidance/universal-credit-childcare-costs>

UPFRONT CHILDCARE COSTS SUPPORT

If parents need help towards their upfront childcare costs until they are in receipt of their first wages, DWP may be able to assist them to remove this barrier to work. Costs that DWP can assist with include:

- Deposit - one off advance payment of childcare
- Retainer – Advance payment to secure the nursery provision prior to starting work or training
- Fees – upfront childcare fees for the first month in advance of the service being delivered
- Taster or settling in periods to help prepare or settle their child(ren) into the new childcare environment. **Note: This list is not exhaustive**

In addition to claiming their upfront childcare costs they are also able to claim 85% of these on their Universal Credit account so that they have money to pay one month in advance going forward.

DWP encourages parents to contact their Work Coach through their Journal or discuss the support on offer and the details DWP need to consider payment.

BENEFITS CALCULATOR

Benefits calculators can illustrate how you can be better off in work or working more hours. There is no limit to how many hours you can work. This means Universal Credit will not necessarily be stopped if you work extra hours, have more than one job, get bonus payments, are on zero-hour contracts or get overtime.

The Benefits Calculators website (www.gov.uk/benefits-calculators) includes links to the 'Policy in Practice', the 'entitledto' and the 'Turn2us' benefits calculators.

TAX-FREE CHILDCARE SYSTEM

Tax-free childcare is an additionality (of up to £2,000 per year, per child) for parents to pay for registered childcare. The payment goes directly to services but they must be registered for the scheme.

Parents and government both pay into a tax-free childcare account which then pays the service. Any money left over in the account when childcare is no longer needed is returned to parent and government

The scheme pays 20% of childcare costs e.g. ASC sessions costs £15= parent pays £12, govt pays £3.

To be eligible the child must be 11 or under and usually live with the parent. They stop being eligible on 1 September after their 11th birthday. Adopted children are eligible, but foster children are not.

Parents must be earning at least the national minimum wage or living wage for at least 16 hours a week for at least 3 months. Parents can earn up to £100,00 per year.

Tax-free Childcare- detailed information:

<https://www.gov.uk/tax-free-childcare>

How to sign-up to tax-free childcare if you are a childcare provider

<https://www.gov.uk/guidance/sign-up-to-tax-free-childcare-if-youre-a-childcare-provider>

TAX-FREE CHILDCARE AND SUPPORT FOR DISABLED CHILDREN

If a child is disabled and usually lives with the parents, they may get up to £4,000 a year until 1 September after their 16th birthday. They're eligible for this if they:

- get Disability Living Allowance, Personal Independence Payment, Armed Forces Independence Payment, Child Disability Payment (Scotland only) or Adult Disability Payment (Scotland only)
- are [certified as blind or severely sight-impaired](#)

Parents can use the extra Tax-Free Childcare money they get to help pay for extra hours of childcare. They can also use it to help pay their childcare provider so they can get specialist equipment for the child such as mobility aids. Parents should talk to services about what equipment their child can get.

LINKS

Universal Credit Childcare Costs- detailed information

<https://www.gov.uk/guidance/universal-credit-childcare-costs>

Tax-Free Childcare- detailed information

<https://www.gov.uk/tax-free-childcare>

How to sign-up to tax-free childcare if you are a childcare provider

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Childcare Choices – information about help available to pay for childcare (UK Government)

<https://www.childcarechoices.gov.uk>

Parent Club – Get to grip with childcare costs and benefits (Scottish Government)

<https://www.parentclub.scot/articles/get-grips-childcare-costs-and-benefits>