

Childcare costs

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Qualifying for childcare costs

A benefit unit will be able to receive help with childcare costs where the adult or adults in the benefit unit meet both the childcare costs condition and work condition.

Eligible children

Childcare costs can only be claimed for a child up to the 31 August following the child's 16th birthday.

Childcare costs condition

To satisfy the childcare costs condition the adult or adults in the benefit unit must have satisfied the following:

- paid and reported childcare costs in respect of a child or qualifying young person (subject to age) whom the claimant is responsible for and
- the childcare arrangements allow the claimant, or both members of a couple, to start, continue or remain in paid employment
- the childcare provider is registered or approved ([See Registered and approved childcare](#))

Work condition

To satisfy the work condition, the adult or adults in the benefit unit must satisfy at least one of the following:

- be in paid work
- have accepted a job offer that is due to start before the end of the next assessment period
- have ceased paid work in the:
 - current assessment period
 - previous assessment period
 - month immediately before the start of a new award but only where the assessment period is either the first or second assessment period following the start of the new award

For the purpose of paying childcare costs, to be treated as being in paid work the claimant must be:

- employed or self-employed
- about to start paid work before the end of the next assessment period
- someone who has ceased paid work in the current or previous assessment period
- a new claimant who ceased paid work no more than one month before their date of claim and is in their first or second assessment period
- absent from work but in receipt of either:
 - Statutory Sick Pay (SSP)
 - Statutory Maternity Pay (SMP)
 - Statutory Paternity Pay (SPP)
 - Shared Parental Pay (ShPP)
 - Statutory Adoption Pay (SAP)
 - Maternity Allowance (MA)

Work condition exceptions

For claimants to receive help with childcare costs, both members of a couple need to meet the work condition. However, there are exceptions where one claimant is working and the other:

- has Limited Capability for Work or Limited Capability for Work and Work Related Activity
- has regular and substantial caring responsibilities for a severely disabled person
- is temporarily absent from the claimant's household (for example in hospital or residential care)

If one member of a couple satisfies any of the conditions above they will be treated as meeting the work condition.

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Evidence

Information claimants need to report

To receive help with childcare costs, the claimant needs to give the following information about the childcare for each child:

- provider's full name and childcare registration number
- full contact details of the childcare provider, including address, telephone number and manager's name
- address where the child is being looked after
- the full cost of the childcare

If responsibility for childcare is shared with someone else, for example an ex-partner, the claimant must report the arrangements made.

Verifying childcare costs

The claimant is responsible for supplying evidence of any childcare costs. Acceptable evidence for verification is a:

- childcare contract
- letter from the childcare provider
- bank statement
- letter headed invoice from the childcare provider. For evidence of costs this will need to be date stamped and marked invoice paid

- contract with the childcare provider including details of where the contract varies throughout the year, such as school holidays
- receipt

The claimant has one month from the date it is requested to provide this evidence.

The childcare provider details only need to be verified on the initial setup of the childcare costs claim. However, if the childcare provider changes, the verification process will need to be completed again.

Claimants should be advised that they must keep evidence of the actual childcare costs they have paid out and claimed for, for two years. Evidence of childcare costs may be needed at a later date.

Childcare costs – reasonable usage

For Universal Credit, reasonable usage means considering whether the amount of costs a claimant pays to their childcare provider is generally reasonable, when balanced against the amount the claimant earns/works.

If the level of childcare costs seem high when compared to the earnings received, or hours worked, consideration should be given to whether all of the costs should be included. For example, if childcare costs exceed the claimant's earnings or the claimant is paying childcare for more hours than they work.

Claimants can only claim costs for childcare necessary for them to go to work. They can also claim costs to allow the existing childcare arrangements to continue for a further month where a claimant has recently lost their job or been offered a new job.

Some childcare costs which appear too high could be treated as reasonable. These include, but are not limited to:

- disabled childcare costs
- a childcare purchasing pattern
- parents that are not actually in work but treated as such for Universal Credit, for example on maternity leave

What makes childcare costs excessive is not defined and will be for a decision maker (DM) to decide by considering all the circumstances.

If the DM decides the childcare costs are excessive, they will work out reasonable expected childcare costs. The claimant will be awarded 85% support of this revised amount up to the childcare cost maximum limit.

Example 1

A claimant reports that they pay £300 childcare costs per month to the Royal Nursery who charge £30/hr. They work 10 hours in the assessment period and therefore the costs, although very high, are not excessive.

Example 2

A claimant reports that they pay £840 childcare costs per month to Cherub Nursery who charge £15/hr. They work 10 hours over 4 days each week. Although the charges represent 16 more hours than the claimant works they are not considered excessive because of the one hour travel time each way from the nursery to work every day.

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Time limits

Reporting childcare costs

If a claimant qualifies for help with childcare costs they must report the actual costs paid in each assessment period, as soon as they pay them, even if the costs haven't changed from the previous month.

Where the payment of childcare costs is reported in the assessment period in which they are paid but relate to a previous assessment period, the costs can be attributed to and awarded for the previous assessment period.

Claimants whose childcare costs are allocated across more than one assessment period may report those costs in any of the relevant assessment periods. However, they will only receive the proportion of their Universal Credit childcare costs award that relates to the assessment period in which they report the costs, and subsequent relevant assessment periods.

Childcare costs are not reported on time

If childcare costs are not reported within the assessment period they were paid, the childcare costs won't be included in the Universal Credit for that assessment period.

Childcare costs that are reported late need to be referred to a DM. If these costs are allowed, a separate payment will be made.

Reporting changes

Claimants must report any changes, either permanent or for limited period of time, by contacting Universal Credit. These changes may include:

- if the childcare provider stops being approved or registered
- changes to the hours the claimant or their partner works
- if there is a change of childcare provider
- if the child is no longer in the benefit unit or the claimant or partner are no longer responsible for the child

Payment of childcare costs

Help with childcare costs is worked out as a proportion of a monthly cap (see [Rates for Universal Credit](#)).

Example

If the monthly cap was 85% the amount a claimant receives would be worked out as follows:

A claimant pays £780 childcare costs for one child

Universal Credit will pay up to 85% of that amount up to the maximum limit

In this case 85% of £780 = £663

This is greater than £646.35

£646.35 will be paid

Childcare costs are not subject to the benefit cap (see [Benefit cap](#)).

Payment periods

Childcare costs are payable in an assessment period where those charges:

- are paid in that assessment period for relevant childcare provided in that assessment period
- are paid in that assessment period for relevant childcare which was provided in a previous assessment period

Paying childcare costs in advance

Claimants who pay for childcare costs in advance will receive help with these costs in the assessment period that the advance payment relates to. However they can only receive help with these costs if the childcare costs were paid in that assessment period or one of the two previous assessment periods.

This will reduce the likelihood of the claimant's entitlement being limited by the monthly maximum limit.

Where a payment of childcare costs is made for a period partly in arrears and partly in advance, the amount paid in arrears can be taken into account in the assessment period in which the payment is made.

The portion of the childcare costs paid in advance will be taken in to account in the assessment period that the advance payment relates to as described above

The amount paid in arrears is taken into account in the assessment period in which the claimant pays for the childcare. This is then added to the portion of childcare costs paid in advance, also allocated to that assessment period.

This total will be subject to the maximum amount payable for childcare costs.

When childcare costs can't be paid

If some of the childcare costs are paid for by someone else (for example, an employer or through a work programme scheme) the claimant can only claim for the remaining balance.

Example

A claimant has childcare costs of £200 per week and their employer pays £50 towards the childcare costs. If the proportion of eligible childcare cost was for example 85%, only 85% of the balance of £150 (£200 minus £50) would be paid. This equates to £127.50.

A child leaves the household

The claimant will still be eligible for childcare payments made in respect of a child leaving the household during the current assessment period. This is the case even if the costs were paid in a previous assessment period but attributable to the period in which the claimant ceases to be responsible.

Run-ins and run-ons

Claimants with a firm or accepted job offer can claim childcare costs in both the assessment period they start work and the assessment period prior to them starting work. This is known as a run-in.

Claimants can claim for deposits, up-front fees and advance childcare costs as well as routine costs. All such costs will be treated in the same way up to the maximum limits.

Under apportionment, eligible up-front fees and deposits are allocated across the entire period of childcare purchased, in the same way as routine childcare fees.

This is subject to the 3 month limit on dividing up advance payments and the maximum limits.

If a claimant stops work and has paid out for childcare costs, these costs can be claimed in the assessment period in which they stopped work and the next assessment period. Ongoing childcare costs can be claimed for a further month following the end of a period of employment.

New claimants, who ceased paid work within one month before making their initial claim and had pre-existing childcare arrangements may claim eligible childcare costs for the first two assessment periods of their claim. These are known as run-ons.

Childcare costs run-on after death of a child

If a child dies and there are on-going paid childcare costs, the benefit unit will continue to receive the help with childcare costs if appropriate.

Claimants will continue to receive support with childcare costs for three months, after the death of a child. This includes the assessment period in which the child dies and the following two assessment periods.

After this run-on period, payment of childcare costs will stop in respect of the deceased child.

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