Work and Pensions Committee

Oral evidence: Universal Credit Roll-out, HC 336

Wednesday 24 October 2018

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Watch the meeting

Members present: Frank Field (Chair); Heidi Allen; Neil Coyle; Rosie Duffield; Ruth George; Steve McCabe; Nigel Mills.

Questions 811 - 913

Witnesses

I: Steven McIntosh, Director of UK Poverty Policy, Advocacy and Campaigns, Save the Children, Dalia Ben-Galim, Director Of Policy, Gingerbread, Joe Shalam, Researcher, Centre for Social Justice, and Jonathan Broadbery, Head of Policy and External Relations, National Day Nurseries Association.


Written evidence from witnesses:

Save the Children
Centre for Social Justice
Examination of witnesses

Witnesses: Steven McIntosh, Dalia Ben-Galim, Joe Shalam and Jonathan Broadbery.

Q811 Chair: Good morning, everybody. We have two panels of witnesses this morning. Steven, could you kick off by introducing yourself and the organisation from which you come? We will go down the line and then we will begin questions with Nigel.

Steven McIntosh: I am Steven McIntosh. I am the director of UK poverty policy, advocacy and campaigns, for Save the Children.

Dalia Ben-Galim: Good morning. I am Dalia Ben-Galim. I am the director of policy at Gingerbread, the charity that supports single-parent families.

Joe Shalam: Good morning. I am Joe Shalam. I am a researcher at the Centre for Social Justice. We are a think-tank that looks to understand, and ultimately reverse, the root causes of poverty.

Jonathan Broadbery: Good morning. I am Jonathan Broadbery, head of policy and external affairs at the National Day Nurseries Association. We are a membership body and a charity that works with day nurseries across the three nations of the UK.

Q812 Nigel Mills: Could you just start by outlining for us what you perhaps think are the main differences between support for childcare costs on universal credit and how it worked under the legacy system?

Chair: Come in with an answer only if you have something new to say; please do not just recite what your colleagues have said.

Steven McIntosh: One of the key differences in the Government introducing universal credit was in the 85% of childcare costs that can be recouped by parents. For many parents that may be an increase, given that the percentage within some of the aspects of the previous benefit system was 70%. We recognise and welcome the fact that the Government have continued to identify the costs of childcare as a major barrier to employment.

There are certainly some groups for whom that is not the case. There are estimates that say that around 100,000 families, as a result of a combination of different elements of support from the previous benefit system, whether that be support with council tax, housing or other elements, would have got up to 96% of their childcare costs covered under the previous system. There is a risk that some families, setting aside transitional protections, might be disadvantaged by the shift to universal credit. It is critical that, as well as that headline figure, we look at some of those families that could be disadvantaged.

We are coming back to up-front costs for childcare, which is the way in which those childcare payments are estimated by parents and the way in
which they receive those payments, which could make a huge difference to parents’ ability to either receive up-front support in order to cover those costs or to cover those costs up front and then wait for payment after a period of weeks until they get their universal credit payment through.

**Dalia Ben-Galim:** To add to that, for example, all the childcare charges must enable the claimant to work. Currently, under working tax credit you can use some of your childcare costs perhaps to support you in training or education, but because you have to provide a burden of proof with your costs in order to get reimbursed, it has to be purely on childcare costs.

There is also a real lack of knowledge around the UC childcare offer within jobcentres. There is a real variation and real variety of what work coaches know and do not know, and the Department for Work and Pensions has acknowledged, in its own research in 2017, that there is a real spectrum of knowledge, and that that is hindering many single parents in particular.

The final point I would add is about increased conditionality. Alongside how childcare is paid there is increased requirements on parents of three and four year-olds to seek work or risk being sanctioned. That is a new element within universal credit, and particularly for single parents it is quite punitive.

**Joe Shalam:** I would just add that there is a significant change in the accessibility of the childcare support through universal credit as opposed to the old system, in that you are eligible now for childcare support just by virtue of being in work rather than having to meet the 16-hour threshold under the working tax credit system. As it is calculated on a monthly basis and is designed to react to your circumstances among your overall UC award, there is a significant change there from the old system where in working tax credit you make a yearly assessment and have to estimate your costs. So those are just two additional points there.

**Jonathan Broadbery:** The only thing that I would add from our members’ perspective is—this picks up on what Dalia said—the uncertainty about how it works and that then impacting on settings where parents can often turn to the nurseries for advice and guidance where they are not necessarily in a position to offer that. It is taking up a lot of staff time working through what an entitlement might be and how that can be progressed.

Q813 **Nigel Mills:** We had some pluses and some minuses there. What about for providers of childcare? Are there any advantages or disadvantages from this change? Mr McIntosh, you alluded to one area that might come up, I suspect.

**Steven McIntosh:** Yes, more from a family perspective, but Jonathan is probably better able to speak from the providers.
Jonathan Broadbery: Just to start off, the NDNA and our members do see the value of childcare both for the children and the parents. Any expansion of the availability of support, the increase in the cap, is welcome because barriers to accessing childcare are barriers to returning to work. Providers want to be able to give that support. They want to be able to give places, and they do a lot of work with parents to offer free places where they can afford to. I know members do that in some places and also giving that support around being able to access the benefit system to be able to pay for that.

Chair: In Birkenhead we have very good nurseries that cross-subsidise, and now they are being asked to be welfare rights officers and to tell parents, “By the way, there is this fund that you can claim.” Has the Department specifically informed nurseries about the flexible fund?

Jonathan Broadbery: We have not had anything through from the Department. Unlike with Treasury—

Chair: You have had some or nothing through?

Jonathan Broadbery: Nothing through, no. Unlike with the Treasury on tax-free childcare and the Department for Education on the funded hours offer—where NDNA as a membership organisation sits on working groups and also receives information to disseminate to members—on the universal credit element we have not received any information directly. That could be something that would help nurseries, but a lot of our members push back and say the funding that they receive from Departments for various elements is paying for childcare, not paying for administrative support; it is not paying to be benefits advisers. Anything they are doing in that regard is over and above, a gesture of goodwill in wanting to work with these families.

Q815 Rosie Duffield: Is it easy enough for parents to find good-quality, convenient childcare with the support that is available under UC?

Dalia Ben-Galim: I do not think much has changed in terms of being able to find good-quality and flexible childcare that works for your working pattern as a single parent. The costs have not come down, there is not more provision for parents who we work with, but it is harder. We have parents who are too scared, they see going into work as a risk on universal credit, partly because of the work allowance and the instability of income and everything around universal credit broadly, but also because they need to find the money up-front to pay for childcare. Particularly if they are on a zero-hours contract or if they are not in secure work, it means that those costs are very high up front. They cannot find childcare that would meet their working needs and it makes it really difficult.

I have a parent who is in touch with us called Jessica. She would get the invoice off the nursery—they were never the same each week—for payment. She took them to her work coach, scanned them across and then got a phone call to say, “No, we don’t need the invoices; we need
receipts. You have to pay for it first”. There was a burden of proof element. Then she said in a way it was like a blessing in disguise that she was not scheduled on the next rota on her zero-hours contract because financially she felt crippled not knowing if she would be able to pay that up front and not knowing that she would get that money reimbursed. It doesn’t seem like much has changed in terms of availability or accessibility.

Just to add something on the 30-hour provision, because obviously that is a huge Government programme as well, we find there is a real mismatch between those who are on universal credit and low income. They generally do not meet the eligibility criteria for the 30 hours. We have lots of single parents who are working 10 or 15 hours a week who might be on zero-hour contracts or term-time working, which means that they are not eligible for 30 hours, which is a real problem in the system. It is not as though there is more provision available for that cohort of people.

Q816 **Rosie Duffield**: There is another aspect of that that I am interested in. I went on a panel last week where Coram released a report on this kind of thing and they were saying that there is a real lack of child minders and that child minders are not coming through. Does that impact as well, because it is not just nurseries; there are other aspects?

**Dalia Ben-Galim**: Yes, child minders traditionally have offered much more flexible childcare. There is a decrease in child minders. I have not seen the latest figures, but the trend is that it was much more difficult to register as a child minder because there are high up-front costs for child minders to register. For anyone to be eligible for any kind of Government funding, they need to be Ofsted registered and there are costs associated with that.

**Heidi Allen**: Sorry, say that again slowly?

**Dalia Ben-Galim**: To be registered as a childcare provider, whether that is a child minder or a nursery, you have to be registered to receive any kind of Government funding. To be eligible for 30-hour payments and so on, you need to be Ofsted registered. For child minders that is an additional cost to register with Ofsted and everything that entails. They might not have full occupancy to be able to manage that cost.

There are also requirements around how much space you need in your home. Given everything that we know about what is happening in the housing sector, that is becoming increasingly more difficult for often women, often mums, to become child minders. There is a real lack of child minders, particularly around the flexibility.

**Steven McIntosh**: I might just add that with the dual purpose of childcare, which is a support for parental employment but also as early education for children—and we will touch on issues of how universal credit could be a portal to parents discovering broader childcare entitlements outside universal credit later—we are particularly
disappointed that there seems to be the huge loss of momentum from the Government’s perspective on the quality of childcare, given that you have one in three of the poorest children who fall behind before they reach school and that high-quality childcare, which is led by a graduate early years teacher, can be one of the most decisive routes to encouraging them and supporting both parents and children with early learning. We are keen to see a much stronger agenda from Government on increasing childcare quality so that that dual purpose can be realised.

**Q817** **Chair:** There used to be a premium, didn’t there, so that poorer parents had larger amounts of money to spend to be advised on better childcare, the best childcare?

Dalia, can I just raise this point? The person who ingeniously went and got invoices rather than receipts, didn’t her work coach say, “But I can help you with the flexible fund”?

**Dalia Ben-Galim:** No, not in this case. The proof that was required were receipts that you had paid it already, not the invoice of what you had to pay. That was the conversation. It might have been that her work coach was really supportive and helping her scan them into her journal and making sure that the receipts were well documented, but the level of proof that she required was receipts, not invoices.

We had another parent in touch whose kid goes to breakfast club and afterschool club, and generally you either transfer money or you pay in cash. The breakfast club charged her to put receipts together because that is not something that they do and she needed to have it on letterhead. It was this whole kind of process of having the formality of receipts.

**Chair:** Like doctors charging. Steven’s point is important and we might pick it up in our recommendations: how do we ensure the poorest mothers get the best? The only way the Government can help with that is for poorer mothers to have larger sums of money to spend and, therefore, are not excluded from nurseries with graduates teaching.

**Q818** **Ruth George:** I have done some work on the 30 hours of childcare issue and found that quite a few providers there were saying that, because of having to provide the 30 hours, they are struggling to give the places of 15 hours of free childcare. That is obviously what you are saying, Dalia; that most lone parents will qualify only for the 15 hours. Is that a particular issue that you are finding—that they are struggling to find the 15 hours of free childcare?

**Dalia Ben-Galim:** We have not heard that specifically as a concern. It is back to that dual purpose. The 15 hours has always been about children and their education and being ready for school; the 30 hours is meant to be about supporting parents into employment. They obviously clash in real life and for many providers. We have not had specific concerns or there has not been an increase.
We always have parents who are struggling to find 15 hours because of their working pattern. Most nurseries will either offer 15 hours in the morning or in an afternoon; they are the school-based nurseries. That is really great for kids. All the evidence on quality shows that is really positive for children to have two and a half or three hours a day, every day, consistently with high-quality provision. It is not great if you are trying to find a job. There are very few jobs that are close to home that are two hours a day, so it generally does not fit very many working patterns.

Some nurseries will have more flexibility. You can use your 15 hours over two or three days. There are usually additional costs associated with that in terms of wraparound or lunches or meals, so it is very difficult.

*Jonathan Broadbery:* If I can just come in on that point as well, what our members are generally telling us is that there are issues around the 30 hours and the funding. On average, our members find that it is about £1.90 per child per hour underfunded, which you are talking about £2,000 a year—that ballpark figure. Providers might be the opposite of what you are suggesting; they would say, “We cannot make the 30-hour offer work so we cannot offer that.” But they can make the 15-hour provision work, maybe in a model similar to what Dalia was talking about.

Day nurseries are the majority of the childcare sector, so 80% of childcare is delivered through nurseries in non-domestic settings. There are over a million children in those kinds of settings. It is the vast majority of the childcare provision and if there are other issues, and I do not want to go into them too much, around funding through DfE and other Departments, that flexibility is not available. Frontier Economics did an evaluation for the DfE on the 30 hours policy and one of their key findings was that it was not free and it is not flexible. That is due to funding and it is due to the way that nurseries are having to adjust their business model.

**Chair:** We are going to come back to some of these issues.

**Q819 Ruth George:** Could I just ask about the top-up fees? I presume those are not claimable under universal credit childcare because they will be for things like lunches or lateness or nappies?

*Jonathan Broadbery:* My understanding is that they are not claimable, but I am happy to be corrected on that. I know for certain that they are not claimable on the 30 hours, so there are ways that nurseries are making that sustainable.

**Q820 Heidi Allen:** I am going to drive you mad now—sorry. I want to ask a little extra question. That was why, when we talked about doing this inquiry, I was keen that we could have done it jointly with the Education Select Committee, because to me there are so many overlaps—that is a shout-out to them, if they are listening.

I would like a straight yes or no from each of you. We have talked
already about better funding for the poorest parents and the poorest children to get them the best and the most childcare that is out there. Would you fund that by, one example, suggesting that the income thresholds for free childcare are just too high? Why on earth should wealthy parents be getting free childcare? Do you think that should be looked at again—yes or no?

**Steven McIntosh:** Yes.

**Dalia Ben-Galim:** Yes.

**Joe Shalam:** Yes.

**Jonathan Broadbery:** Yes.

**Heidi Allen:** Thank you. It is ludicrous, isn’t it?

**Chair:** Of course it is, yes. The money saved ought to be so that some mothers can be in the nursery with their children so they learn with their children and, therefore, take that learning back home. Again, that is why we should have done a joint inquiry. That is another question.

**Q821 Heidi Allen:** However, we have the system that we do. You have touched a little bit already on this up-front payment issue. I am interested in what effect you see that having on families being able to make ends meet, budgeting and then the knock-on effect that potentially comes from that in terms of their appetite and ability to get into work or more work. If you could very quickly redesign the process for us, what would you change about it?

**Steven McIntosh:** To give you a sense about what these upfront costs might look like for a family, if you have a one-year-old, so you are returning to work after maternity leave or take a year’s break to have a child, a full-time place for a one-year-old, the up-front cost, which is a deposit and the advance payments, might be as much as £1,000. Even up through the spectrum, if you are looking at a full-time place for a two-year-old, it is £880. Even for a three or four-year-old, including the 30 hours of free provision, you are still looking at £300 to £400. The idea that families who have spent time out of the workforce have £1,000 lying around to pay those costs up front is patently absurd. We are definitely seeing in the experience from families that it is either a block to work or putting them at risk of debt. The idea that families would choose between getting into debt or getting into work is defeating the core purpose of universal credit.

We have certainly spoken to families who have a job offer or are job seeking and have looked at the implications for their childcare payments and seen that they will face these up-front costs. Some have turned down job offers as a result because they are simply terrified about getting into debt. Given that families on the lowest incomes have an average of £300 in savings, this would entirely wipe that out and potentially put them into debt. Many do not have any savings at all.
Certainly, there are both work incentives and financial hardship and debt implications. This is not just the moment your child starts childcare; up-front costs are ongoing. Each month, while it might not be quite as high because the deposit element is not part of that—one of the mums we are working with, who you will hear from later, has childcare costs each month of £700 to £800. Even though the majority of that might be claimed back as a result of the 85% support for childcare costs, she is still having to find £700 to £800 at the start of every childcare payment period.

We will perhaps come on to the support that Government have set out that might be available, but that is much more discretionary, short term, and small amounts. That system simply is not designed to provide that ongoing support for Government. It causes a cash flow crisis for families but this need not be for Government, given that it is lifting up payment that families will get anyway, simply moving it in timelines. I can come back to you with some of the solutions and ways in which Government could do that.

Q822 **Heidi Allen:** That is like advance payments and first payment and all of that jazz as well, isn’t it?

**Dalia Ben-Galim:** Yes, it is exactly the same.

**Joe Shalam:** I would emphasise that this is an issue that is affecting lower income families in general. They are put off by the cost of childcare from moving into work in a way that we are not seeing in higher income families. Some 57% of C2-D families said that they were put off from working because of childcare costs. In particular, we know that 90% of providers are charging up-front costs now as well. This is of critical importance.

Steve touched on some of the support that is available through UC—things like the flexible support fund and budgeting advances. From our research into this, we have identified that each of these options are not necessarily going to work when it comes to childcare in particular. The idea that you might receive an advance every month to cover your costs on a monthly basis that works alongside the monthly UC award is not something that we think is congruent with the design of UC, nor is it possible in the regulations. With the budgeting advances in UC, you are only allowed one at a time and the maximum you can get is £812, which does not actually cover the average up-front cost you could expect for a one-year-old in full-time care, so it would not cover you anyway. There are a few things there to look at.

**Jonathan Broadbery:** I just want to come in on the up-front costs from the other side of it, so obviously nursery providers. Not to get too much into the Education Committee side of things again, but there are requirements around staff ratios to children. Nurseries need to know in advance how many children they are going to have so that they can ensure that they have the right number of staff in place, and the right
qualification level of staff in place. Our members tell us that is pretty much a constant juggle for them.

Steven mentioned the cost for different ages. If you have a very young child, you need one member of staff for three children, whereas obviously when you are getting into three and four it can be one member of staff for every eight, or 13 if you have a qualified teacher in there. Nurseries need to know in advance how many children they are going to have, obviously what age they are going to be, but that they are going to be there and they are going to be taking up those places. Deposits are charged, as Joe mentioned, by a vast majority of providers, and that is to make their businesses sustainable and to make sure that they can open their doors when those families arrive.

Q823 **Heidi Allen:** Just quickly, without wanting to completely redesign the UC process, how would you change this? Presumably the, "I want a receipt, not an invoice" is about making sure there is no fraud here and you are not pretending that you are going to take up childcare and so on. I have no idea—this is just off the top of my head—but could you envisage, a bit like the Department is coming around to the idea of paying your housing, that if I cannot manage it I am going to pay it direct to the landlord? Perhaps it is a question for you, Jonathan, bearing in mind that child minders are smaller organisations. Could you envisage it where the money does not pass go and goes straight to the childcare provider? Is that something—

**Jonathan Broadbery:** I will take this first. That is exactly want NDNA is proposing. My understanding is that universal credit is supposed to mimic the return to work, but now that other childcare elements have progressed—I am thinking specifically tax-free childcare—that is a system whereby parents put into an account and the support, which is 20%, is there up front. If that is the world that they are expected to move towards, we do not see why there could not be something whereby any form of support that a parent is getting for childcare goes into the accounts that are already set up with HMRC and can be paid to the provider of choice by the parent. The parent then has the flexibility to say, “I want them to go to a child minder first thing and the child minder will take them to a nursery or a nursery school and then the child minder will pick them up” and have that flexibility and have a lot more control.

Q824 **Heidi Allen:** It is very clunky at the moment, isn’t it? It is one receipt; one transaction?

**Jonathan Broadbery:** It is very clunky. There is a lot of administration on all sides. Local authorities receive some elements of the payment and then distribute it and take a percentage for administration. Nurseries do an element of administration; parents do an element of administration. We feel that there certainly should be the technological infrastructure in place within Government to say—

Q825 **Chair:** It is a good idea, though, isn’t it? It would give your members a
certainty that they do not have now.

**Jonathan Broadbery:** It would. It would address elements of questions that parents have about not knowing what they are entitled to and how to get it. It would give members certainty and it would reduce their administrative costs so that frontline staff can do what they need to do, which is looking after the children.

**Q826 Heidi Allen:** Would you still need the deposits if you had that certainty of funding coming?

**Jonathan Broadbery:** That is a good question. I don’t know off the top of my head. There might be a reduced need for quite so much—

**Q827 Heidi Allen:** Could you have a think about that for us, maybe? That would be a huge cost saving, less money sloshing around the system.

**Jonathan Broadbery:** Yes.

**Dalia Ben-Galim:** Gingerbread proposed an up-front deposit scheme ahead of the London mayoral election, and Sadiq Khan and the GLA have adopted a type of scheme. What we suggested was exactly that. You could make the argument that the flexible support fund within jobcentres would pay the provider directly for the deposit, so the parent would not see that. In a way that is guaranteed, so the child would go to nursery and when they left the flexible support fund would be reimbursed that deposit. That way, there is definitely a risk to the flexible support fund, but it is pretty low and it is not on the shoulders of parents. That is one way to tackle the up-front costs.

**Q828 Chair:** It moves the risk though, doesn’t it?

**Dalia Ben-Galim:** Exactly.

**Chair:** From slender shoulders to the broadest shoulders.

**Dalia Ben-Galim:** Exactly, and it is not a high risk. It follows the child, so when the child leaves the provider, either you use that for your last payment or it goes back to the flexible support fund. It is quite a low-cost risk. There is some cost, but it is not massive, and it is also quite low in terms of getting that money back.

The second thing is that the tax-free childcare system requires a very different burden of proof on more middle-class parents compared with what we have been talking about on universal credit. You do not need to submit receipts. You need to have a registered childcare provider. The money is in your account and you, as a parent, are able to transfer it directly. I think that is ideological and that is an active decision that has been made about how people, depending on where they are on the income scale, are treated. It is a real inequity.

**Heidi Allen:** That is terrible.
Dalia Ben-Galim: I would argue that it is a real inequity and it is a real difference in how you prove what childcare you are using.

Chair: This benefit would work well if it was for the middle class. The whole of universal credit would. This is middle class management of money. It does not take into account if you have a daily wage or a weekly wage.

Dalia Ben-Galim: That is probably a whole other debate and discussion, but I think there are ways within the current system.

Steven McIntosh: I absolutely echo the perversity that tax-free childcare for wealthier families provides a gentler process for families, and therefore supports them to not have cash flow problems from up-front costs. The idea that universal credit is preparing families for the budgeting that they would need to do when they come off universal credit, when the system that they would go on to is different and much more advantageous to those families, does not make sense.

There are two ways you could do it. It could be direct payment through providers, which I think would be preferable, not least as a payment that could be in excess of a family’s monthly income does not encourage them to budget effectively. That is just impossible for them to pay. Secondly, you could look at estimating your costs a month in advance with your provider, providing a readout of that and then making a claim in advance for those costs so you could pay them up front. There are different ways of doing it, but Government absolutely have to do this before we see this rolling out to a larger number of families.

Rosie Duffield: In everyone’s opinion, should the cap on maximum childcare costs under UC be updated and, if so, how?

Joe Shalam: We looked at this and we looked at the average costs of childcare across the country. We thought with a limited pool of resources what is the best way to put more petrol in the engine of the system. We thought that focusing on the coverage, so the percentage of costs covered up to the cap, was a more equitable way of supporting families across the country, where in some areas they are quite well covered by the current cap, and in other areas it is less so. We looked at the most progressive way of improving it. For us, it is an option but not necessarily a priority if we are going to invest more into UC as childcare support.

Chair: We have regional rent levels. Why can’t we have regional payments for childcare if there are these differences in costs? We will leave that question with you.

Jonathan Broadbery: Something has just popped into my head. We do have differential hourly rates for the 30 hours. Authorities in London will pay more per hour of childcare than authorities in the north. Our perception is that it is not enough across the board but there is already a mechanism within DfE that says childcare costs more here than it does there and it does differ from local authority to local authority.
Q832 **Rosie Duffield:** That leads to the next question. Is the cap set at a realistic level? Does it work out?

**Dalia Ben-Galim:** The childcare support within working tax credits has not been uprated for many years. I cannot remember exactly—I don't know if you know—but it certainly has not risen with inflation, nor with increasing childcare costs. I think that would probably be the first step: to adjust the rate of support for childcare costs in line with inflation. We have not done the costing, so I don't know how much that would cost, but that would probably be the minimum requirement of starting to reduce that cap to make it reflect childcare costs.

**Rosie Duffield:** Presumably, especially for providers?

**Jonathan Broadbery:** Yes, I think the Treasury Select Committee looked at the cost of childcare and found that the Department for Education’s analysis was based on data from 2012 and 2013 in terms of salaries, rent, property costs—all these elements. Since then we have seen things like the living wage come in, pension enrolment, all these additional costs that are not factored in. Obviously, it is painful for families to cover the costs of childcare, but they are a cost to businesses first so it ends up coming downstream. I would say across Government there is an underappreciation of what different Government regulations do to the cost of childcare.

Q833 **Chair:** Jonathan, the cap was set in 2005, wasn’t it?

**Jonathan Broadbery:** I don't know the exact date for that.

**Chair:** They have then based it on 2010-11, and now we are in 2018.

Q834 **Rosie Duffield:** That is a good point, though, because we are always banging on about good-quality childcare but we expect to pay very low levels for it. It is one of the worst paid sectors in the entire country, isn’t it? We want brilliant childcare for no money.

**Jonathan Broadbery:** Yes. There is increasing evidence of high turnover in staff, certainly with the young people joining, and I know that there are efforts in Wales and Scotland to increase recruitment and look at childcare recruitment in a different light, rather than this attitude of, “Oh well, if you are not doing so well academically, have you thought of this?” Actually, it is demanding and you are providing education for the very formative stages of a child’s life. As Steven alluded to, the need for high quality in that setting is phenomenal, but the salaries that providers are able to offer just are not there and that is maybe why you are not seeing so many child minders as well, because they just cannot make it work.

Q835 **Neil Coyle:** I have an amazing constituent called Leanne, and she is amazing for lots of different reasons, not least she is the first woman ever to undertake an apprenticeship as a lighterman on the River Thames. She was almost forced off the apprenticeship because of the problems evidencing her childcare costs as a single mother. She ended up in debt. I am sure you have other Leanne-type examples out there
but, thinking practically, how might it be made easier to report evidence of childcare costs?

**Joe Shalam:** We went into the Department to discuss this with officials. I think the Department has introduced this now where parents are able to scan their receipts and send them. I do not know if that is true; at least they said it was forthcoming when we met them in autumn last year.

Q836 **Neil Coyle:** My understanding is that it was introduced in February, so it has been in practice for nine months. Are you saying that you think that has made a difference? It does not sound like it.

**Dalia Ben-Galim:** No. While you can take a photo of your receipt with your phone and scan it, we are hearing lots of problems with online journals, in terms of the communication between the jobcentre and parents. I don’t think making it easier to provide your burden of proof is the right area to look at. I think removing that burden of proof and changing the way that costs are provided is probably better than making it easier to submit your receipts.

There are ways that you can do it through technology or posting, but that is not the core issue. The core issue is that it is for parents to get a receipt, to pay upfront, and then get that money reimbursed a month or two later. That is the core problem. It does not matter if you can scan it, because you still have pay it up front, and I just don’t think that is going to help that much.

Q837 **Heidi Allen:** It should still be less hassle than having to take time off work and go to the jobcentre, which could be two bus rides away.

**Dalia Ben-Galim:** Yes.

Q838 **Chair:** You say that the repayment might be a month or two later?

**Dalia Ben-Galim:** Yes. Well, if the burden of proof is rejected, so if it is the wrong kind of proof—

Q839 **Chair:** Supposing it works smoothly, what is the quickest time, in your experience, you get repayment for up-front costs?

**Dalia Ben-Galim:** It will be a month later, with your next UC payment.

Q840 **Chair:** So you have borne it for eight weeks?

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1 “Witness note: “On review of the regulation, I would like to clarify that work coaches are not, per the current regulations, able to bring forward payments into a claimant’s current assessment period. Rather, the regulations state that ‘the childcare costs condition is met in respect of an assessment period if . . . the charges are for childcare arrangements . . . that are to enable the claimant to take up paid work or to continue in paid work’. This regulation appears to be in place so that claimants do not necessarily have to be in work to begin their claim, so as to support those blocked from entering employment. If the claim is perceived by a work coach to enable that claimant to work, they may begin their claim in their current assessment period. The claimant will still, in these circumstances, receive the childcare element as part of their next Universal Credit award.”
Joe Shalam: I am quite sure that within the regulations work coaches can move that childcare payment into your current assessment period, rather than your next month’s payment, if they identify that it is preventing you from moving into work\(^1\). Again, there is a question about awareness of this and whether work coaches know which tools they have available to them. I think within your assessment period that could be necessarily a month if you are at the very start of it; if you are close to being paid, then that could be a week.

Q841 Chair: The truth is that you are great experts in this and we ask work coaches to do a huge amount of tasks. The idea that they are as expert as you, even those who are the most willing in the world, is not realistic, is it?

Steven McIntosh: I might just add that where childcare payments sit within universal credit and the challenges that families face, we know from DWP’s figures that one in three childcare payments are late and that childcare payments are the most likely parts of universal credit to be late. In looking at how families experience the system, this is one of the most challenging areas. To echo the point, if the decision—

Q842 Heidi Allen: Why is that, just because of this clunky business about sending in receipt?

Steven McIntosh: I suspect so. As well as parents struggling to get the receipts or invoices, payments are also being rejected. We spoke to a mum recently who was expecting her payment on a Wednesday because she needed to make that payment to her provider to keep the childcare place, and she was told on the Monday that the same proof she had been offering month after month had been refused and, therefore, she was at risk of not getting that payment and not being able to pay the childcare provider.

Q843 Neil Coyle: Was that an issue of the work coach or whoever it was at the jobcentre not understanding what was a valid document?

Steven McIntosh: It is when it reaches a decision maker who reviews the decision and looks at it. It is unclear whether that was the validity of the document or it was the judgment that she had not used the childcare or she had used more childcare than she needed. Again, this had been a consistent pattern of childcare usage, so it should not have been a question. She had had no change in circumstances.

Q844 Neil Coyle: The Department would tell us the online system—doing it through the journal and taking a photo of your receipt—should make this work. What is the problem?

Dalia Ben-Galim: The problem is that the journals are not working for every claimant on UC. There is a lack of information and a lack of alerts. We are finding that single parents are not going to check their journal every day in case there is a message from their work coach asking them something. The alert system does not work particularly well. Not all
information is accessible and viewable. You need quite a lot of data. You need quite a big provision on your mobile phone to be able to access all the documents. Not everyone has wi-fi at home. It is very difficult to book a computer at a public library, as we know, and so on. The system of journals is potentially great if everyone had access online and if the app worked really well, but at the moment it is still having teething problems. Whether those teething problems are permanent problems we do not know yet, but at the moment there are too many to allow the system to work well.

Q845 **Neil Coyle:** Teething? It has been in place for nine months. It does sound like you are saying this is more about the individual than the Department. Is it that the journals are not being picked up or the work coaches are not responding and saying, “That will not do”?

**Dalia Ben-Galim:** I think it is really varied. In one case we had a work coach—many work coaches are on UC—who also had to submit her receipts, so she knew what to do. She supported the parent to make sure it was all okay, but then she was on leave. The parent took the same documentation in and it was not approved. It is really varied. There are some great work coaches but there is a lack of information and a lack of consistency.

Q846 **Neil Coyle:** Jonathan, how is your organisation supporting its members to make sure parents do get the right receipt, or whatever it is, and so get the payment more smoothly?

**Jonathan Broadbery:** At the moment that is not an issue that our members are raising with us for support with. We have a lot of work going on around 30 hours and around tax-free childcare. We provide resources and support. We provide fact sheets for our members as well. Often Government guidance comes out and we will distil it down into what they need to do on a practical day-to-day basis.

At the same time, our members are telling us that they appreciate the support because parents come to them with questions, but they do not have the time or they should not be expected to be providing that advice. If the system works for parents, then there is not that burden on nurseries; there isn’t that uncertainty among parents. Some of our members are dealing with 90% parents who are on some form of support. Only 10% are paying all the childcare costs themselves. They are spending day after day with different parents supporting them through universal credit, through the 30 hours, through tax-free childcare or through whatever. There has not been a request from our membership yet, but I think we are still at around 10% roll-out, if I remember the figures, and most of that is single parents. In terms of where we are nationally, as a proportion there are not a lot of parents on this element of universal credit.

**Joe Shalam:** It is 14,000.

**Chair:** It does show what the work ethic is, doesn’t it, that you go
through all of this, with all these risks? You have been messed around getting on to universal credit, then you have this fright of the payments not coming through. It may be two months before you get that up-front payment. It is as horror story, isn’t it?

**Q847 Steve McCabe:** I want to go on to the flexible support fund, but I wonder if I could ask one more question about these late payments. I understand that some nurseries can charge up to £20 a day for late payments from the parent. If you are in that predicament, can you claim it back? Is there any provision under universal credit for the Department to reimburse you? That is presumably an additional cost that you have incurred that is not your fault.

**Dalia Ben-Galim:** I don’t know.

**Steven McIntosh:** I am not aware that there is.

**Q848 Steve McCabe:** If you are not paying your fees because you do not have enough money, the nursery can charge a late payment additional fee, which can be up to £20 a day, as I understand it. I just wonder if there is any way you can get that back, because presumably it is not entirely your fault that you have ended up in this predicament.

**Joe Shalam:** There is some discretionary ability for work coaches to use the flexible support fund, and I know you are going to come on to this in a minute. We know that last year only 2% of the money that was spent using the flexible support fund went towards childcare. There are questions about whether work coaches really know how much they can use this fund for the purposes of childcare rather than, say, supporting someone with travel costs to a job interview. As to whether they would be able to use the flexible support fund for the purpose of late payments, that is another question and I am afraid I do not know, but it should be there as a discretionary fund for those sorts of issues.

**Q849 Steve McCabe:** We can try to find that out. On the question of the flexible support fund, I recently wrote to the DWP on behalf of a constituent of mine, a young single mother who was holding down two jobs—probably something you will be familiar with—about a problem she was having with childcare costs. In the reply, they did not even mention the flexible support fund. How common is it for people to get less than adequate information about the flexible support fund?

**Dalia Ben-Galim:** It is very common to get very little or no information about the flexible support fund. In a way, it is not that you want parents to have that information; the expectation is that the jobcentre will enable its work coaches to use their discretion. It is not for parents to say, “Can I access your flexible support fund?” That is not the way the system should work. It should be, in the way jobcentres train their work coaches, part and parcel of what is available, understanding what discretion they have and what flexibilities there are. That is where we feel there is a real lack of knowledge and consistency.
Q850 **Steve McCabe:** Do you know who gets it? Do you have many examples of people who do access the flexible support fund?

**Dalia Ben-Galim:** We have parents who might have their transport costs covered for a job interview, or some money to buy a new outfit for a job interview—that kind of thing.

Q851 **Steve McCabe:** These are people trying to get into work?

**Dalia Ben-Galim:** Yes, it tends to be.

Q852 **Steve McCabe:** It does not provide any support for you once you are in work with childcare problems?

**Dalia Ben-Galim:** No, not that we have seen.

**Joe Shalam:** It has been used only to a very limited extent for that purpose—2% or so of all support.

Q853 **Steve McCabe:** It would be wrong to think of it as something that is designed to support childcare?

**Joe Shalam:** There is potential there for it to be used for that purpose.

Q854 **Steve McCabe:** But no evidence that that is how it is being used?

**Joe Shalam:** Again, we have to remember that there is only a very small number of UC claimants utilising the childcare element of UC—14,000 at the last count out of 880,000. As the roll-out accelerates and we move into eligibility for families, there will be naturally a greater awareness of things like the flexible support fund, but it is important that, if we are going to use that as a mechanism to support parents with childcare, work coaches are fully aware of the tools at their disposal, because they do have them.

Q855 **Steve McCabe:** I looked at this recently because of a case I have been dealing with, and I must admit that I found it hard to make heads or tails of the entitlements. Is there any such thing as a simple childcare calculator that tells you what you are entitled to and whether you would be better off on universal credit or tax-free childcare? Is there anything like that available?

**Dalia Ben-Galim:** Yes. Gingerbread has a whole plan and our advisers are well versed to be able to work with parents, depending on their circumstances, to work through those calculations. I have also seen information on Money Saving Expert, but it is general. It has personas, “If you are in this kind of situation, you might be better off on tax-free childcare,” but it is not about tax-free childcare or universal credit. That tends to be about tax-free childcare or childcare vouchers because either you are on tax-free childcare or you are in receipt of universal credit. We do a lot of “better off in work” calculations with parents. The jobcentres are meant to do that but, again, it is hit and miss.
Chair: When you say that you do a lot of calculations for parents on whether they would be better off, the whole scheme is supposed to make people better off, isn’t it? You should be able to take that for granted, shouldn’t you?

Dalia Ben-Galim: Yes.

Joe Shalam: Ideally, you would have a seamless system that meant you could transfer between tax-free childcare and universal credit in a way that benefited you in your circumstances. The Treasury estimated that something like 50,000 families at any point—this is at full roll-out—could be caught in the gap of being ineligible for the scheme most beneficial to them. As Jonathan mentioned earlier, in making the transition from being out of work to being in work as seamless as possible, we have to get it right.

Ruth George: You have given us a good overview there. Are there any other elements of universal credit that impact on parents with children who are looking to move into work and to interact with childcare, the other childcare payments within universal credit, or lack of?

Dalia Ben-Galim: Yes. The knock-on effect that we talked about is what we are seeing more often than not. For example, parents have job-seeking requirements. For single parents, this can be very difficult. If you are not job seeking, you are at risk of being sanctioned. That is money directly out of your payments and it is pretty much a sure-fire way of being pushed into more debt that you are already in. Single parents tend to be sanctioned at a very high rate and also tend to overturn their sanctions at a very high rate, meaning that they were wrong to begin with, but that period when they were wrong means that families spiral into debt pretty quickly. That is one way around the increased conditionality in the system for everyone, but particularly for parents of preschool-aged children.

We know that the childcare provision is not there and is very expensive. There is a lack of flexible work and that is a problem that we are very concerned about as the roll-out continues to accelerate. At the moment, we get the cases, obviously, as an organisation that supports single parents, but we have seen in the past few weeks, ahead of the Budget, that these cases, not just for charities but across the board, are entering the public domain more forcefully.

Steven McIntosh: The interaction between the childcare element and withdrawal rates for universal credit does create some pretty eye-watering effective marginal tax rates for specific groups of families, many lone parents and, in particular, second earners, where you have one parent already in work and the second parent returns to work after they have had children. You could look, for example, at a couple with two children and with the second earner moving into part-time work. The effective marginal tax rate would be about 73%, meaning that they are keeping about £2.10 of what they earn. But if they go into full-time work,
meaning that both parents are going to work, as they increasingly earn, the rate ends up at 91%, so they are keeping just 9% of their earnings.

Again, looking at the principles behind universal credit, for specific groups, particularly those second earners and also lone parents, the interaction between the costs of childcare and work allowances and withdrawal rates is incredibly intense.

**Q858 Neil Coyle:** As a follow-up to Dalia’s point about the conditions and the agreement, to what extent are the people you support telling you that it is not an agreement and it is not a deliberative process; they are just compelled and told what they have to do?

**Dalia Ben-Galim:** Yes, that is generally the norm. The norm is that parents feel the pressure of seeking work or the risk of being sanctioned. Lyn was working 12 hours a week and her daughter started school. Her shifts became more unpredictable. She was on a zero-hours contract. She had to leave her job because she could not do the drop-offs and pick-ups and the afterschool childcare was not there. When we last spoke to her, she was at risk of being sanctioned. What should she do? What are her options? Either she is going to be sanctioned in the system or she has to pay extra childcare for her child, not knowing whether she is going to have work. She is caught.

**Q859 Chair:** And she has to pay them up front?

**Dalia Ben-Galim:** And she has to pay them up front. That is pretty standard. She is not an exceptional case. If she was an exceptional case, it is not great for her but that would be okay. That would be something that the charity could support and we could make sure there were safeguards. But if that is the norm, that is a real problem. That is what we are seeing time and again from parents who are contacting us. While there are specific elements with universal credit that particularly affect single parents, it can be punitive for other groups as well. Parents are being penalised to move into low-quality work that is insecure. There is no good solution for many parents. They are trapped.

**Q860 Neil Coyle:** It is also meant to be an agreement between the individual and the jobcentre and it is to what extent it is a genuine agreement.

**Dalia Ben-Galim:** It is not an agreement if there is a sanction system behind it. You cannot control whether your employer is going to give you three hours of work or 15 hours of work. In a way, you could have a positive conversation between a parent and a work coach, but when there is a sanction system sitting behind it, it is not a genuine conversation. As soon as you slip up or your employer does not offer the flexibility that you need or your kid gets chickenpox and is off school for two weeks, it starts to unravel very quickly.

**Chair:** That is life.
Ruth George: That is a really good point. Have the reductions in support for disabled children or the two-child limit impacted on childcare and work as yet, or does that narrow it down even further?

Joe Shalam: That is outside the remit of my research, so I do not have anything to talk about on that.

Jonathan Broadbery: In terms of support for children with SEND, what we are finding is that there are a lot of problems not necessarily linked to universal credit but, as the expectations of families returning to work and the childcare offer expands, more and more children with SEND are coming into nurseries. While there is a requirement on local authorities to support that, there are not the resources available to do that. We are seeing local authorities imposing quite strict requirements so that support is delayed and assessments are delayed. There are real concerns about whether there is the support in the system for children with SEND. There is more that the sector is doing around making sure that staff have the skills and abilities to work with those children and support them and maximise that, but the financial element of that from local authorities is not available and it is a real concern.

Dalia Ben-Galim: There are a couple of concerns about disability from our perspective. There is a reduction in support for disabled children unless they are in receipt of high-rate DLA within universal credit. We have not had cases yet on the helpline but I would imagine, as time goes on, that will be a concern. When single parents need to stop working to care for a disabled child, they are not exempt from their work-seeking requirements, so they are still at risk of being sanctioned until that assessment happens. Again, that is pretty worrying and could cause quite a lot of financial and emotional hardship.

Rosie Duffield: Can you re-emphasise that for a second? If a child has been assessed as having those needs and that parent has to be the carer, there is no link-up for that parent being exempt from this?

Dalia Ben-Galim: Not during the assessment period, which, as we know, has been delayed in many cases for a whole other set of reasons.

Rosie Duffield: And during appeals?

Dalia Ben-Galim: Exactly. You are still subject to work-seeking requirements during that time.

Chair: All right. Thank you very much for that grim evidence. We will have to move very quickly and do a report on this. Thank you very much for coming.

Examination of witnesses

Witnesses: Gaynor Rowles, Lucy Collins, Vikki Waterman and Thuto Mali.
Chair: I am sorry that the House of Commons security is so effective that it has kept you out all this time. Can we begin with you, Gaynor? Might you just introduce yourself and say who you are? We will go down the list and then Neil will have the first question.

Gaynor Rowles: I am Gaynor. I am a self-employed mobile hairdresser. I am a single parent and I have three children: Robbie who is nine and then twins who are three.

Vikki Waterman: I am Vikki. I am a 34-year-old single parent of two girls. I have a four-year-old and a little one who is two on Saturday.

Lucy Collins: I am Lucy. I am from Manchester. I am a single parent to a nine-year-old boy and a three-year-old girl. I am a self-employed nail technician.

Thuto Mali: I am Thuto Mali. I am from right here in London. I am mum to a bright, brilliant, boisterous, beautiful two-year-old boy. I am a former BBC journalist turned mum on a mission to make childcare work under universal credit. I am also the author of the change.org petition, which at the last count had 95,700 signatures.

Chair: Whereabouts in London?

Thuto Mali: East Finchley, north London.

Chair: I am sorry about that, Neil. I thought it would be Bermondsey.

Neil Coyle: Thank you so much for coming, and I am sorry about the issues coming through security. Briefly, how does your experience of claiming support for childcare under universal credit differ from what you were used to before?

Gaynor Rowles: I cannot remember much of how it was before, because I did not have the childcare. But how it worked with the working tax credit and things, it was much easier. You just used to have to tell them your earnings every year with being self-employed and it was easier. With it not being stressful, that is why I cannot remember, whereas now it is just so stressful with what you have to do.

Chair: Gaynor, before, when you were on tax credits, there was a yearly assessment of your income, but did that affect your childcare entitlement or not?

Gaynor Rowles: I did not need the childcare element back then. That is why, with the childcare element, I do not know how different it is.

Chair: When you first applied for childcare, what surprised or horrified you?

Gaynor Rowles: With this universal credit at the minute?

Chair: Yes.
**Gaynor Rowles:** It was the fact that you have to fork out a month or four weeks of nursery fees first before getting your 85% back, but then you do not always get your 85% back.

Q869 **Chair:** Did you get it in four weeks?

**Gaynor Rowles:** No.

Q870 **Chair:** How long was it before you got that up-front payment back?

**Gaynor Rowles:** When I first switched to universal credit, I was eight weeks without money, so I had to rely on my parents. Then, when I put the children into nursery, I think it was about six weeks. I had to fork out six weeks of nursery fees before then I got contributed. This is month in, month out. You never get it on time. You never, ever get your childcare on time.

Q871 **Heidi Allen:** How long have you been doing it now, going through the system?

**Gaynor Rowles:** I have been on universal credit for nearly two years.

Q872 **Chair:** And the payments have not become better?

**Gaynor Rowles:** No.

Q873 **Chair:** All right. Vikki?

**Vikki Waterman:** I have been on universal credit for seven months. I went back to work after having two children at the end of March or beginning of April. Similar to Gaynor, I had to pay up front for the childcare costs. At the time, my eldest was also in childcare, so it was £1,300 that I had to pay up front before I even went back to work and earned anything and before they had had any childcare.

Q874 **Chair:** How long did it take them to repay you that £1,000-plus?

**Vikki Waterman:** It was just over five weeks.

Q875 **Chair:** Thank you. Lucy?

**Lucy Collins:** I have been on universal credit for around two years as well. I left my job in the police because of childcare issues. It is very difficult to get childcare around shifts, so I decided to go self-employed. I have had two periods when I have struggled with the initial up-front costs of nursery. One was initially when I had had the break from the police, and I knew a lot less then than I do now, so the money I needed for that time was borrowed from my parents. It was a good month before I got that back in order to pay them back.

Then the other issue I faced was in the summertime when children are off school. Your childcare increases then. I was not aware of the flexible
support fund at that time either. Someone advised me to ask for a budgeting advance, but that was rejected on the basis that—

Q876 Heidi Allen: Who was the someone? Can you remember? Was it a friend or someone in the jobcentre?

Lucy Collins: I am on quite a few help sites for universal credit.

Heidi Allen: Blogs and websites and things?

Lucy Collins: Yes, with advice on whether this is right because, unfortunately, there is not a lot of continuity. People are being told one thing and someone else is being told something else, so they are really helpful. It was on these sites that I was made aware of the flexible support fund, which I now try to promote because it seems like the biggest secret at the jobcentre. The second time, when the budgeting advance was refused, I called again the next day and told them—

Q877 Heidi Allen: Why did they tell you they refused it?

Lucy Collins: Even though an unexpected bill is part of the criteria, I know they are quite strict with the criteria. I thought it would be okay because it was a larger bill that I normally would not have to pay. But I was told that childcare was not something that they would give a budgeting advance for. I know that under the old budgeting loan they would have.

Q878 Chair: Lucy, the lack of flexible childcare to match your job in the police resulted in you resigning a job where you were getting a good pension?

Lucy Collins: Yes, it did.

Q879 Chair: Thuto?

Thuto Mali: My situation is quite similar to Lucy’s. Initially, I retrained also to be a nail tech, but when I enrolled in college, childcare was the biggest issue. In fact, they would not even allow me to enrol on the course unless I had a stipulation that I was able to afford the childcare. I was not told by anybody that I could have any help. At £1,800 a month, it was not sustainable. While I did my nail course privately, I had to withdraw from the full beauty course. My child had to come out of nursery and then he was at home from March until September.

Under universal credit and for me to be working simply does not work and I found this out in July. We tried again. My child turned two in August. I applied for a job. It was my dream job. I got the job, deservedly. Unfortunately—

Q880 Chair: What was it?

Thuto Mali: It was a UK communications officer for UK programmes—that is about as much as I am going to say. Yes, it was my dream job.
Q881 **Heidi Allen:** Was this for the BBC still?

**Thuto Mali:** No, it was not. I had taken another turn into internal-external comms. With the journalism, I could not do it. Entertainment news just does not work with a two-year-old as a single mum. But on a salary of £32,000, we would not be entitled to any universal credit, any housing benefit or any help. Having paid our rent, council tax and £1,500 per month for full-time childcare, plus the £500 deposit on top, we would be left with £60 for the entire month for all our bills. That is effectively £2 a day. Unfortunately, I was not able to take the job because it just did not work. Work did not pay for us.

Q882 **Chair:** By “us”, do you mean two or three of you?

**Thuto Mali:** It is just me and my son; I am a single mum.

Q883 **Chair:** I am just thinking, on £2 a day, you would have to spend quite a bit of that day shopping to get three meals out of £2, on top of everything else?

**Thuto Mali:** Yes, and nappies, petrol, travel, utilities. We were at the foodbank last Christmas. That is how bad things got for us. We were at the foodbank last Christmas because it got that bad. It is not that I do not want to work; it is just that work does not pay in this situation.

Q884 **Rosie Duffield:** Given all of your experience—which is probably vastly different from that of the architects of this system, to be honest, because you are directly affected by it—are there any changes that the Government could make to childcare support to make it work better for you?

**Gaynor Rowles:** Yes, it would be helping out more with the up-front costs. You have to fork out the monthly cost first. In my situation, my children have just changed nursery. When they change nursery, you have to pay a week up front. With twins, that is two weeks plus a week each, so that is four weeks. It is £188 per week. Where do I find that money? Something needs to be done. Like I said, we will give the evidence that our children are in nursery. They have had evidence from the nursery itself. All of us have said that, haven’t we?

Q885 **Chair:** They have their ages?

**Gaynor Rowles:** Yes, they have their ages, so why do we have to keep telling them? They are in nursery. We are not lying that they are in nursery. That up-front cost would help, if they helped pay the 85% that they say they would. I have not even been getting 85% help with mine anyway and I cannot understand why. I have still not got to the bottom of that. Some months I get 85%; other months I do not get 85%. I don’t know why.

Q886 **Heidi Allen:** Your work coach cannot explain it to you?
Gaynor Rowles: I have just switched work coaches now. My first work coach did not have a clue. He has not helped me along the way. I have not known about all of this flexible whatever. I have not known about advance payment. I have not known anything. He has not helped me.

Q887 Neil Coyle: Do you think they did not tell you or do you think they just did not know themselves?

Gaynor Rowles: I do not think this person in particular knew himself. This other one that I have works alongside self-employment more. I think it was the fact that he did not know about self-employment as well. Self-employment does not work on universal credit, either. It is made a lot harder.

Q888 Chair: Lucy said she went on a number of websites to find out the information. What a set-up this is.

Gaynor Rowles: Yes. I found out through speaking to you.

Q889 Chair: This was sold to us—and therefore to our constituents—as simplifying everything. We were into a new dawn when all these terrible complications of six benefits were rolled into one and it was going to make such a difference. Vikki, how about you?

Vikki Waterman: Following on from Gaynor’s point about the work coach, there is the simplification of it and the continuity. You can speak to one person and they will tell you one thing. You can ask the same question an hour later and somebody will tell you something completely different.

Q890 Chair: You do not always speak to the same work coach?

Vikki Waterman: I met a work coach when I first applied for universal credit. I have met her once. Since then, I have never had to go back to the jobcentre. I do everything online. I can either submit something on my online account and somebody will get back to me, normally after a few days, up to five days or so, a few weeks sometimes. I can ring up and speak to one person and they will tell me one thing. They will pass me on to somebody else and they will tell me something different. It is just this constant merry-go-round. There is no continuity. I can completely understand how it is supposed to be. I can see what is trying to be achieved. But across the board people need to be singing from the same hymn sheet, and they are not.

Q891 Chair: Lucy?

Lucy Collins: Following on from that on continuity, you do not always see the same work coach. I am on live system, not full system, so I have to ring up all the time. Every time I have these issues, every month, I am ringing at least once a day, sometimes twice a day. Every single time I am ringing, I am speaking to a different person and I am going over
myself. You just get passed from pillar to post. Continuity is a massive issue.

There is also the practicality of it. It is so complex in the way that it works with assessment periods. As Gaynor was saying, sometimes she is not sure if she is getting back 85% back. You cannot work it out. My assessment period runs from the 21st of one month to the 20th of the next month. You do not pay your childcare like that; you pay your childcare up front on the 1st of the month. You do not even know and it is in dribs and drabs. That is a massive issue. You have a receipt of the bill from start to finish and what your childcare is, and you are getting paid totally differently. Even I sometimes do not know how they are working that out. If they made that a lot simpler—for example, you could have, “You reported this much childcare on this date and this date. You will be getting back 85%, which is this much” so that people could understand it—that would be a good start as well.

Thuto Mali: Following on from what everyone has said, it is about simplifying it and making it easily accessible and understandable. Also, with regard to the up-front costs, as a single mum I do not want to be taking out another loan. I do not want to be in any more debt. I do not understand why it is a loan and not a bursary or some sort of incentive, similar to how they do tax-free childcare. Why is it not matched with that? Why do we have to go through all these hurdles?

A real discussion also has to happen between childcare providers, the Work and Pensions Committee, the Department of Work and Pensions, and businesses. For example, in the job that I applied for they are so pro-parent—they have childcare vouchers and flexible working—yet they could not make it work. That then makes me think about what else other employers are doing. When I have spoken to childcare providers, a lot of them do not even do the free 15 hours because it is not worth their while. They have told me that it costs them more to have my child as a two-year-old for those 15 hours. At the first nursery he went to, they do not do it. They will take the 30 hours when he is three and four, but they will not take him when he is two; hence why we had to swap. That childcare provider, because she was in the same situation, founded her nursery because, as a mum, she could not find childcare provision. She started it some 30-odd years ago and that is why she takes children like mine so that they are able to have the same access and the same level. He loves it. He runs in there every single morning. It is the highlight of his day. Before that, we used to have to just watch our friends and his counterparts walking past our window on the way to nursery with my child stuck inside.

Q892 Chair: The risk has been taken up by the provider, hasn’t it, not by the Government?

Thuto Mali: Yes, essentially.

Chair: Somebody is committed and makes it a vocation.
Thuto Mali: Yes, but not every provider—I know the first one ran it very much like a business. When we got our show-around, it was very corporate. They were selling to us. I do not think they even looked at my son. Then the second one was very much about him, which is why he is there. You can tell that they care and you can tell that it is a labour of love, but not many people even know. Quite a few people in my area did not know. I have become an advocate for them. I said, “Let me do your PR,” because I have managed to get three other children in there as well.

Heidi Allen: We have touched on it quite a bit already and in our previous session we heard a lot about this also: this issue of paying up front. Some of you have said that you had to borrow money from parents. The fact that you would have to pay up front probably meant you did not take that job. Unless there is anything in particular extra you want to say, we all understand the flaws in paying up front. Talk to me if any of you have any ideas as to what would be a better system. Shall we start with Lucy? You look poised.

Lucy Collins: The flexible support fund is supposed to be there to help with this, but it is not. I do not understand. Well, I do: every jobcentre has a budget and is really protective of that budget. I know that unless you know about it and you approach them, they are not forthcoming with that.

Heidi Allen: I cannot help but feel that the flexible support fund is just a sticking plaster. If you know about it, it might help you out, but it does not fix the design flaw of you needing to find this money up front.

Lucy Collins: It does not make sense because universal credit pays in arrears. No childcare provider will do that.

Neil Coyle: Gaynor and Lucy, you both mentioned you had borrowed from parents. If your parents had not been able to support you through that, what would you have done then?

Gaynor Rowles: This is it. Basically, more than anything, my parents have had to provide and pay for my children to go to nursery so that I can still go to work. Like I say, I have had my business for 15 years. I do not want to give that up. But my parents should not have to pay for my children to lead a normal life and for me to lead a normal life, but I would be better off not working. I did an entitlement thing not long ago and I am only £9.37 a week better off working. That is it.

Chair: With help from your parents?

Gaynor Rowles: No, this was when I did a calculation.

Chair: No, but you got into that position where you could be £9.37 better off because your parents helped you?
Gaynor Rowles: Yes. My parents help me in every way. They help provide the children with clothes. I do still, but when things are really hard, you have to watch your money from month to month.

Neil Coyle: How many hours are you working?

Gaynor Rowles: It fluctuates—it goes from 16 to 30. It just depends.

Neil Coyle: For all of that, it works out at less than £10?

Gaynor Rowles: Yes. It just depends what work I get in. Some weeks I might get 30 hours. It is hard for me because I can only do the school hours because I still have my little boy to pick up. I have to take my children to nursery before 8 am so that I can do the school run as well and start work for 9 am, but then I have to finish work for 3 pm to pick the little boy up. But I still have to pay nursery for a full day from 7 am to 6 pm regardless of what time I pick him up. Even though I am not making the money that way by putting those hours in because I have to sort tea and things out—it is a hectic life—I still have to pay for a full day.

Likewise, with the 30 hours. Mine have just been granted the 30 hours. That is only for term time, but I still need to work in the holidays as well. I am a lucky one. The nursery that mine go to does it over the year so that my children can still go to nursery in the holidays. Otherwise, it would be a hell of a lot more money again.

Chair: Vikki, when you were making a choice for the nursery, what was the period between agreeing with the nursery that your children would go there and the children turning up for their first day?

Vikki Waterman: Overall, it was maybe a month to six weeks between the initial phone call to see if they had a place. Then they have a few settling-in days, you have a look around a few times to see if you like it and things like that and then discuss fees and things.

Chair: If we were thinking of a reform that the nurseries should tell the Government that you have a place from a certain date, they would get maybe six or four weeks’ notice that they should pay the nursery?

Vikki Waterman: Yes, absolutely. Those four weeks up front would just be a huge help. With regard to nurseries and universal credit and the way it works, Gaynor was saying that her nursery helps with universal credit because it evens it out over the course of the year. Effectively, what she is paying every month in nursery fees is the same regardless of whether it is term time or not. It evens it out. For my youngest now, it is £510 a month every month on the same date, and that makes it a lot easier. Some nurseries have the flexibility whereby you can pay that way or you can do it on term time depending on your job. Teachers, for example, would probably want to do it the other way.

Chair: The nurseries have introduced the flexibility rather than the scheme itself?
Vikki Waterman: Yes, only some of them though. That itself means that they know what my fees are and what they are going to be. It keeps the universal credit payment around about the same amount instead of it fluctuating wildly with a £500 difference from one month to the next.

Lucy Collins: Because my childminder is self-employed, she is on universal credit and understands those difficulties. She is universal credit-friendly as well. I moved my daughter out of a nursery that was not so that I could send her to the childminder. She is able to spread those free hours and the payments out.

Also, as Gaynor said, if you want to put your child in nursery, you have to pay for those 10 or 12 hours regardless of whether they need to be there from 9 am until 3 pm. That is a huge extra cost. My childminder works a little bit differently; she is a bit more flexible and I can use her for just those six hours. That brought my costs down a little bit.

Thuto Mali: With my son, we got his place within 48 hours of my phone call. I had phoned up to find out if they took the funding, took my child there, got everything done and signed, and in 48 hours he had his place. That was the end of July or the beginning of August. He started nursery on 10 September. There would have been plenty of time for them to have said, “Yes, he has his place.” Again, I have the same issue that my current funding is only term time and I am just lucky that they did the 15 hours as three hours a day. For example, it is half-term today but my fairy godmothers from Save the Children have paid for my little one to be in nursery today. Otherwise, I could not be here.

Q903 Heidi Allen: I want to come up with some ideas of how we could make this better. One idea that we heard through the previous session—and tell me whether you think it is a good, bad or indifferent idea—was that you are taken out of it and the DWP pays for childcare directly.

Vikki Waterman: Yes, that is fine.

Lucy Collins: It would take out that initial barrier straightaway.

Q904 Heidi Allen: The money is coming through you for no reason, isn’t it?

Lucy Collins: We could just bypass that.

Vikki Waterman: We have been speaking among ourselves, and we spend a lot of time submitting evidence for childcare, taking pictures of invoices and bank statements, highlighting what we have paid and when, submitting them either to the jobcentre or to an online account, and remembering to do them on the right date and at the right time. It is a massive stress. I work 33 to 36 hours a week, normally over three days, so I have long hours on those three days and then I have two children the rest of the time. I am running a house and trying to work a full-time job. As well as all of that, I am having to remember that I need to do this on this date and that I need to submit these childcare costs and that I
have to remember to ring the nursery to submit the invoice, because otherwise it is not going to get paid on time. Absolutely, that would be a huge help.

Q905 **Chair:** It would make a big difference?

**Vikki Waterman:** It would, yes.

Q906 **Heidi Allen:** I am not a mum, but I would imagine from listening to all your stories that when you find the right place you want to keep your children there. It is not like you are going to chop and change. It would almost be like you have a contract with childminder XYZ and you want that regular relationship and the payments. It is not like you are going to change tomorrow and want to go to a different place.

This is slightly off-subject. Gaynor, I find this calculation of £9.37 staggering. I am not a mum so I do not know, but I would imagine that there is a part of all of you that knows it is going to be tough for a few years and it is not going to be all milk and ambrosia, and that making ends meet is going to be a bit tricky while the children grow up and you can get back to work. How should it work? What should the benefit system work like to enable you to cope with these years? I am sure you all, when you come through it, want to be back out there full-time and paying your way. How could it be more supportive to help you through this period?

**Thuto Mali:** It has to look at individual cases as opposed to this blanket thing that they have going on. Everyone talks about money and all that you will be losing is benefits, but they do not talk about the human cost. They do not talk about the time that I am now going to be out of the workplace and how I am going to re-enter with a massive gap in my 40s. We already know about inequality of pay and everything else. It is a women’s human rights issue as well as being a mother and benefits issue.

It is just very short-sighted. If you were to help us in some way to bridge that gap for a period of four years by the time our children are in full-time education, it is either that or the state can sponsor me and my child for the rest of our lives because that is exactly how it would work. Rather than investing in us for four years so that I can be in a position where he can go to nursery and I can go to work, we would be in a situation whereby I would be stuck at home and you would be paying for his nursery, paying for our rent, paying for everything. I feel that it is very short-sighted.

**Lucy Collins:** Not to go off on a tangent, but I have recently become subject to the minimum income floor. Basically, I have had to make the decision to continue with my self-employment. That 12-month start-up period when I am exempt from the MIF is just not long enough.

**Chair:** We have views on that, Lucy.
Heidi Allen: If you get bored one evening, have a Google on our website. You will see we have been looking at that.

Chair: Vikki?

Vikki Waterman: We do not want to sit at home. We did not plan to be single parents and we should not be penalised for that. That is not what we are here for. We want to be able to go to work and to provide for our own families. At the minute, it seems as if there is a roadblock everywhere we turn. All we want you to do is just to make it more accessible.

Chair: Gaynor?

Gaynor Rowles: I totally agree with each and every one of you, and just to make things not as stressful, either. Since I have been on this, I have changed as a person—I am not my normal happy self. It is quite sad to think about how it can affect people. There are more people out there who are worse off than me. I have good family and I have very good friends and good support out there as well.

Chair: It is a huge story. Gaynor, thank you.

Steve McCabe: I just wondered if any of you had had an experience of the nursery charging you extra money if you were late with your payments. Has that happened to any of you?

Vikki Waterman: At the first nursery that my two children were at, which I took them out of, I called and spoke to the owner of the nursery directly, who was less than helpful. She added an extra fee because I was two days late, which was because the universal credit payment came in two days late. She added an extra £50 to it for being two days late. If it was a day late, she would have still added £50. That is why I took my children out of that nursery. I had never been late with any other payment. They had been in there for quite some time. I was paying it regularly. I could have, potentially, asked my parents or my grandfather to lend me that money to pay it on time. I did not see why I should have had to do that for two days.

Steve McCabe: Apart from the rights and wrongs of the nursery charging that late payment fee, which is a separate issue, there is no way you can get that money back? Presumably you were late because universal credit had not paid to you, but no one said, “This is how you get the money back”?

Vikki Waterman: No.

Thuto Mali: In my case, when we had to pay privately, my child was suspended from nursery. I was paying half or three quarters of it and his dad was supposed to pay the other. It did not quite happen. I was whacked with an £800 bill and told that my child was suspended from nursery. I paid the £800. That would have been the money for him to
continue on and for me to be able to do my course. I could not do that so we sat at home. That is how it was treated.

Q911 **Chair:** Any other comments?

**Lucy Collins:** I have been fortunate in that respect with my childminder. Although it is in the contract that they would add on costs if my fees were late, thankfully my childcare provider was quite understanding.

Q912 **Chair:** She was on universal credit herself, wasn’t she? She knew what the situation was.

**Lucy Collins:** Yes, she had a bit of sympathy. I am very fortunate in that respect that I did not incur any late charges.

Q913 **Heidi Allen:** I might have missed it; sorry if I did. I am finding it all a bit much to take in and my brain keeps zoning out. Did you ask whether the jobcentre paid you back for those late fees?

**Lucy Collins:** No.

**Vikki Waterman:** No.

**Chair:** There was no question of that. Thank you for persevering to get in to give us evidence. It was stunning, but it is pretty depressing at the moment. We will move to a quick report. You have been hugely helpful in shaping what we are going to say and what reforms we are going to ask for. Thank you for your journeys and thank you for being such wonderful witnesses, each of you, to how strong the work ethic is despite every obstacle, it appears, being put in your way and you going out to work. Instead of saying, “Here is a helping hand”, you make sure you are real successes at what you are doing. We view you as that. Thank you very much.

**Heidi Allen:** It is the most glamourous panel we have ever had as well.