



Baroness Barran

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The Baroness Andrews OBE
House of Lords,
Parliament Square,
London,
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7th February 2024

Dear Kay,

Thank you for your query regarding an estimate of the number of younger children who will be entitled to the expanded childcare entitlements who come from families who also receive Universal Credit (UC), and how this will be evaluated. You raised this during the “The Importance of Good Quality Early Years Education Provision and Environments, particularly since the Covid-19 pandemic” debate on Thursday 30 November 2023.

I was delighted that the debate highlighted the importance of good quality early years education provision and the work this government is doing to support working parents, including at the Spring Budget 2023 where the Chancellor announced transformative reforms to childcare. By 2027-28, this Government will expect to be spending in excess of £8bn every year on free hours and early education, helping working families with their childcare costs. This represents the single biggest ever investment in childcare in England.

During the debate, you asked whether the Department for Education (DfE) holds data on the estimated number of children who will be taking up the expanded entitlements whose families are also in receipt of UC. I committed to providing additional information on this issue following engagement with the Department for Work and Pensions (DWP) and His Majesty’s Revenue and Customs (HMRC).

As explained in the debate, UC policy is owned by DWP. The childcare entitlements are owned by DfE, but eligibility for the working parent childcare entitlements is assessed by HMRC, alongside Tax-Free Childcare (TFC), through their online Childcare Service.

Following engagement with DWP and HMRC, officials have determined that the data you have requested is not held by these government departments at present. As such, I am unfortunately unable to answer your request in full. However, we do have data on the number of families of 3- and 4-year-olds accessing UC and estimates of the number of these families accessing the existing entitlements.

Families accessing Universal Credit and the existing entitlements

Disadvantage entitlement for 2-year-olds

Low-income families and children experiencing other forms of disadvantage¹ can qualify for 15 hours free early education for 2-year-olds, a year before all children become eligible for 15 hours at ages 3 and 4. In January 2023, 168,000 households were eligible for the disadvantaged 2-year-old entitlement² because they are in receipt of UC or an eligible legacy benefit. Low-income working families may also be eligible for childcare support paid through UC.

Take up of the disadvantaged 2-year-old entitlement is 74% (as of January 2023) and we know that 97% of households taking up the entitlement are eligible because they are low-income³.

Universal entitlement for 3- and 4-year-olds

In the latest official statistics⁴, published in February 2022, there were just under 120,000 households in receipt of UC Childcare in England. There were 19,000 families with a child aged 3 being paid the UC Childcare element, and just under 12,000 families with a child aged 4 being paid the UC Childcare element. Whilst we do not know how many of these are also claiming the early years and childcare entitlements, based on the high take-up of the universal 15-hour entitlement for 3- and 4-year-olds (94% in January 2023⁵), we can assume that there will be some overlap with those in receipt of UC Childcare.

Current 30 hours entitlement for 3- and 4-year-olds

Parents in receipt of UC can access the existing 30 hours entitlement if they are eligible but are not able to access both UC and TFC at the same time. Parents who are in receipt of 30 hours free childcare, who have not taken up UC, will be able to take up TFC instead. This is because the eligibility criteria are the same for the 30 hours entitlement and TFC.

¹ 2-year-olds are also eligible for this entitlement if the family have no recourse to public funds and meet the [relevant income threshold](#), if the child has an Education, Health and Care Plan, or if the child is looked after or previously looked after.

² <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5>

³ <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5/2023>

⁴ <https://www.gov.uk/government/statistics/universal-credit-claimants-eligible-for-and-receiving-the-childcare-element-march-2021-to-february-2022/universal-credit-claimants-eligible-for-and-receiving-the-childcare-element-between-march-2021-to-february-2022>

⁵ <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5/2023>

HMRC gather information on parents who access the current 30 hours entitlement for working parents and do not receive TFC. Currently, HMRC estimate that this number is 16,600⁶. Parents who are not eligible for TFC may likely be in receipt of UC, however it could also be that some of these parents use childcare vouchers. As such, the 16,600 figure will consist of many families in receipt of the 30 hours entitlement and UC, but they will not make up the total amount of this figure. This figure of 16,600 families in receipt of UC and not TFC are part of the 363,000 children currently registered for the 30 hours entitlement (as of January 2023)⁷.

Thank you again for raising this matter with me. I hope these further details have been useful and I will place a copy in the House libraries.

Yours sincerely,



BARONESS BARRAN

MINISTER FOR THE SCHOOL SYSTEM AND STUDENT FINANCE

⁶ Based on unpublished data shared by HMRC with DfE.

⁷ <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5/2023>