

Government 'underestimated sixfold' families missing childcare support ^[1]

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Over three hundred thousand of the UK's poorest families will miss out on help paying childcare costs because the system is so complex, a charity has warned.

The Family and Childcare Trust says that thousands of hard-working families are likely to lose vital cash from schemes such as Universal Credit and tax-free childcare as they are unable to navigate the system.

It also says that government estimates of the number of people affected are likely to be six times lower than reality.

While the treasury has acknowledged that 50,000 families may lose money by being on the wrong system, the charity says this figure does not take into account self-employed parents or those on zero hours contracts, whose incomes vary each week, and is likely to be more like 335,000.

Four childcare support systems will be in place from 2016: tax credits, Universal Credit, employer-subsidised vouchers and the tax-free childcare offer, while in addition some families will receive help through jobcentres, colleges and housing benefit.

Employer childcare vouchers are set to be phased out from September next year while in 2017 tax credits will be merged into Universal Credit, which will also incorporate housing benefit.

The trust is calling for greater flexibility to switch between the different systems, and a national campaign to inform parents about financial help with childcare costs.

The trust's chief executive, Anand Shukla, said, 'With an increasing number of people in the workforce whose income changes week-by-week, it is clear that our childcare system is too complex.'

'This research reinforces the need for a complete overhaul of the childcare system. We need government to commit to a new vision for childcare that is simple to navigate and reflects the realities of working families today.'

A treasury spokesman said, 'The Government is already spending over £1 billion per year on childcare support through tax credits, and will be extending this support in Universal Credit to cover up to 85% of the costs of childcare, regardless of the number of hours worked.'

'We want childcare to be simple and responsive to the needs of parents. That is why parents will have the flexibility to move to tax credits or Universal Credit as soon as their circumstances change at any time and there is no restriction on the number of times they can do this.'

'HMRC are also developing an easy-to-use online calculator for parents to help them choose between the various childcare schemes available. Parents will be able to enter details about their personal circumstances to quickly see what support they may be entitled to and how much they may get.'

There are now an estimated 1.4m people on zero hours contracts while 4.6 million people are self-employed.

-reprinted from Nursery World

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