

## Financial support for individuals working in childcare

Those working in childcare across Northern Ireland – whether childminders, playworkers, or staff in a day nursery or out of school club – are dedicated, committed and hardworking individuals. Due to the nature of the sector, however, many of them may be working on a low income and / or on part time hours.

If this applies to you, this factsheet will help you to identify what financial support you may be entitled to.

The main form of support for lower income workers is Universal Credit.

### Universal Credit

Universal Credit is a benefit for people of working age, who are in or out of work. It combines the previous means-tested support for adults of working age and their children into one benefit and is intended to simplify the benefits system. Universal Credit is made as a 'household' claim. As a 'means tested' benefit you will be awarded an amount based on your overall household income and family circumstances.

Universal Credit has been designed to ensure that you are better off in work and working more hours. For every extra £1 you earn above a threshold (the work allowance), 55p is deducted from your Universal Credit. As Universal Credit is calculated monthly, changes in income will affect your Universal Credit from one month to the next.

Under Universal Credit you do not have to work a certain number of hours a week to qualify for help with childcare costs. You just need to be working. In a couple, either both individuals must be working, or one of them working and the other in receipt of Carer's Allowance, Employment and Support Allowance or in hospital or in prison (serving a sentence or remanded in custody).

Households who qualify for Universal Credit can also get help with reasonable registered childcare costs. Universal Credit covers up to 85% of the cost.

Understanding and calculating Universal Credit can be complex so for more advice contact our advisors at [fbas@employersforchildcare.org](mailto:fbas@employersforchildcare.org).

### Universal Credit FAQs

#### **Q: If I increase my hours of work will my Universal Credit stop?**

A: Not necessarily. Increases in income will gradually reduce how much you receive through Universal Credit. To encourage people to increase their working hours the Government will

reduce Universal Credit by 55p for every £1 earned. This makes it more financially rewarding to increase your salary.

**Q: If I'm working part-time will Universal Credit cover full-time childcare costs?**

A: No. Universal Credit covers reasonable childcare costs. If a claimant is only working two days a week then it would not be considered reasonable to have full-time childcare costs.

**Q: I'm worried about losing out on the support I get towards my rent if I increase my earnings. Will this be the case?**

A: Rarely. As household income goes up, the amount of Universal Credit you will be entitled to reduces. However, the housing costs element will always be the last element to be reduced. The other elements in the claim would need to be reduced to zero first.

**Universal Credit case study**

Elaine is a lone parent with two children, who works in a school age childcare setting and earns the National Living Wage. She recently increased her weekly hours of work from 16 hours to 28 hours. This has increased her net earnings by £6,269 per year, and she is still entitled to Universal Credit of £7,643 per year. This leaves Elaine more than £54 per week better off.

For more information about Universal Credit, read the factsheet available on our website here: <https://www.employersforchildcare.org/information-factsheets/>

**Financial support for registered childcare costs**

If you are not eligible for Universal Credit, but have registered childcare costs, you could still be entitled to financial support through Childcare Vouchers (if you are already part of the scheme) or through Tax-Free Childcare and the Northern Ireland Childcare Subsidy Scheme.

Tax-Free Childcare is available where both parents, or one parent in a lone parent household, are working and each earning at least the equivalent of the National Minimum or Living Wage for 16 hours a week, and no more than £100,000 per annum.

Through Tax-Free Childcare you can claim 20% of your childcare costs, up to a maximum of £2,000 per child per year (£4,000 for a child with a disability) from the Government.

For parents in Northern Ireland who are using Tax-Free Childcare they can also access the Northern Ireland Childcare Subsidy Scheme (NICSS). This scheme gives eligible parents a 15% reduction in their childcare costs, applied by the childcare provider, up to a maximum of £203 per month or £2,436 per year (£4,872 for a child with a disability).

You can find out more on our website [www.employersforchildcare.org](http://www.employersforchildcare.org) or by speaking to one of our advisors.

## Where can I get further information?

To find out more about what financial support you may be entitled to, contact our Family Benefits Advice Service for free, impartial and confidential advice.

Email [fbas@employersforchildcare.org](mailto:fbas@employersforchildcare.org) – we are here to help.