

Advisor Discretion Fund – Help with upfront childcare costs

This factsheet gives an overview of the Advisor Discretion Fund, how it can be used to help with upfront childcare costs, and how this may affect a Universal Credit claim.

This is a complicated area that continues to develop. Visit our website regularly to find the latest version of this factsheet - www.employersforchildcare.org/parents/download-library/ - or speak to our Family Benefits Advice Service on 0800 028 3008 to find out what is best for you and your family.

Support for lower income parents with upfront childcare costs when starting work, returning to employment or significantly increasing their hours

From 25 October 2021 eligible Universal Credit claimants or those who are in receipt of other income-based benefits in Northern Ireland may be able to receive a grant for initial upfront childcare costs through the Advisor Discretion Fund.

1. What is the Adviser Discretion Fund?

The Adviser Discretion Fund (ADF) is a non-repayable grant award of up to £1,500 (within a 12 month period) only available through a Work Coach in a local Jobs and Benefits office. The grant is used to buy goods or services to remove a barrier to employment, for example:

- help towards training costs
- help with the cost of travelling to work
- help to take up a job offer, including help with the cost of pre-work checks or professional registration fees
- help to increase hours of employment
- help to start up in self-employment or to keep self-employment going following COVID-19
- help with childcare costs (in certain circumstances).

2. Who can get the Adviser Discretion Fund?

You may be eligible to access ADF if you are:

- age 16 years old and a lone parent; or
- receiving one of the following benefits:

- Jobseeker's Allowance (including National Insurance credits only)
- New Style JSA
- Incapacity Benefit
- Employment and Support Allowance
- New Style ESA
- Income Support
- Universal Credit
- Pension Credit
- Maternity Allowance
- Carer's Allowance
- Carer's Credit
- Working Tax Credits
- Housing Benefit
- or if you receive one of the above benefits and are intending to take up additional hours or an additional job to allow you to progress in work
- or if your partner is receiving one of the above benefits.

Speak to your Work Coach in your local Jobs and Benefits office to check if you are eligible.

3. How can the Advisor Discretion Fund be used for initial upfront childcare costs?

From 25 October 2021, eligible parents who are in receipt of, or moving onto, Universal Credit or are in receipt of other income-based benefits, and for whom upfront childcare costs are a barrier to moving into work, recommencing employment such as following a period of parental leave, or are significantly increasing their hours, may be able to receive help through the Advisor Discretion Fund.

- This is a **non-repayable grant for upfront childcare costs** of up to £1,500
- The money will be **paid directly to a registered childcare provider only**
- A receipt for the upfront childcare costs paid through the ADF can also be submitted for the purposes of calculating the parent's Universal Credit entitlement.

4. Why is financial support for initial upfront childcare costs necessary?

Parents in Northern Ireland who are in receipt of Universal Credit and considering moving into employment can struggle to do so due to the considerable barrier posed by having to pay initial upfront childcare costs. The current Universal Credit system requires a parent to pay their registered childcare costs upfront, and then receive a portion of these costs reimbursed through Universal Credit. This can take up to six weeks, by which time the parent may have had to find more money to make another payment to the childcare provider for subsequent childcare costs, which are often paid monthly, in advance, at the start of the month.

This can mean that, for some parents, moving into employment is simply not possible without going into debt or using up any savings they may have built up. This barrier to

employment has been recognised by the Government and eligible parents may now be able to claim help with upfront childcare costs in the form of a non-repayable grant through the expanded Adviser Discretion Fund (ADF).

5. How can the Advisor Discretion Fund Help

Upfront childcare costs are only payable through the ADF for the first month, when a parent is starting work, recommencing employment or significantly increasing their hours. However, a parent can make more than one application within a 12 month period, for example if they start a job which later ends, and then start a new job within the same 12 month period. The maximum overall limit for the ADF is £1,500 in any 12 month period.

6. How do I apply?

Parents will need to complete two forms which will be available from their work coach:

- ADF application form (AD1 form) and
- Assistance with Upfront Childcare Costs (AD5 form).

The childcare provider will also have to complete some sections of the AD5 form. Once fully completed the forms must be returned directly to the parent's Jobs and Benefits Office. Staff in the Jobs and Benefits Office will be able to advise the parent of the process and the local arrangements to deal with the application forms.

The Work Coach will discuss the application with the parent before providing the AD1 and AD5 forms, but it is important to note that receiving or completing these forms is not a guarantee that an application will be successful. This will be confirmed by the Work Coach, or on receipt of a Confirmation of Payment form (AD7 form).

Parents who are charged weekly rather than monthly

If the parent's childcare provider charges on a weekly basis, rather than monthly, the parent should still only complete one AD5 form. If they wish to claim for a full month, then the figure relating to the full one month period should be completed on the form, rather than the weekly amount. The childcare provider will receive a single payment covering the whole month.

Parents who are using multiple childcare providers

Sometimes a parent will be using multiple childcare providers, for example, if they have children of different ages, one of whom is using an out of school provider, and a younger child who is attending a day nursery or childminder. In this case, the parent can make one ADF application covering the overall amount, however, separate AD5 forms will need to be fully completed by both the parent and the respective childcare providers. A separate AD7 (Confirmation of Payment form) will issue for each payment.

7. How is payment made?

ADF payments are made directly to a childcare provider's bank account by the Jobs and Benefits Office on behalf of the parent.

The payment will normally be made by BACS, and following processing will take a minimum of 3 working days to arrive in the childcare provider's account.

Once payment is made, the Jobs and Benefits Office will provide the parent with a receipt (AD7 form) as proof of the payment having been made. This receipt is instead of proof of payment being issued directly to the parent by the childcare provider.

8. How does the ADF payment of childcare costs affect Universal Credit?

To add these costs to their Universal Credit claim, the parent should upload the AD7 form to their journal as proof of payment. This will ensure that the upfront costs are treated as though the parent had made the payment themselves.

The parent's next Universal Credit award will be calculated to include the reimbursement of 85% of registered childcare paid during the parent's assessment period, including any costs that were paid by the ADF.

Not only can eligible parents now receive support through the ADF for upfront childcare costs, new [regulations](#) also mean that the upfront costs can still be used to calculate the parent's Universal Credit entitlement, as though the parent had paid them themselves. This will help to ensure that they have sufficient resources to pay for subsequent months of childcare in advance before claiming those costs in arrears from UC.

Step by step summary:

1. **Request ADF support for childcare:** Inform your work coach that upfront childcare costs are a barrier to moving into work or increasing your hours of work – provide evidence of the childcare that you require and the costs you have been quoted.
2. **Complete application forms:** Complete forms AD1 and AD5 (provided by your work coach) and ask your childcare provider to complete the relevant information on the AD5 form. Return the AD5 form directly to the Jobs and Benefits office.
3. **Childcare provider is paid enabling child to attend:** Childcare provider will receive payment directly from the Jobs and Benefits Office enabling your child(ren) to take up their place.
4. **Upload your AD7 form to your UC journal (if applicable):** You will receive a receipt (AD7 form) from the Jobs and Benefits Office. Upload this to your UC journal as proof of your childcare costs.

9. Is there any other help towards registered childcare costs?

This is both complex and new information for Universal Credit claimants. It is important to note that, aside from payments made through the ADF, there has been no change overall to how parents receive support with their registered childcare costs through Universal Credit. In general, parents will still be expected to pay their fees to the provider, and submit their receipts to Universal Credit in order to receive support.

10. Where can I get further information?

We will continue to keep this factsheet up to date as further information becomes available. It reflects the most recent information that has been provided to us by the Department for Communities but please note, therefore, that it is subject to change.

If you are considering returning to employment and would like further advice on how this change may affect your entitlement to any benefits or help with childcare costs, or wish 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. Call us on Freephone 0800 028 3008 or email hello@employersforchildcare.org – we are here to help.