Employers For Childcare

Working For Parents

Help towards registered childcare costs

Email: fbas@employersforchildcare.org

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Free, confidential advice and guidance

This is a brief introduction to the various forms of financial support that are available towards registered childcare costs. For more information or for personal advice on the best form of financial support for your family, contact our Family Benefits Advice Service on fbas@employersforchildcare.org. Our trained advisors can help you to ensure that you are accessing all the financial support to which you are entitled.

Whether you are currently working, considering starting work, thinking of changing jobs, or simply need some advice – we are here to help!

Help towards registered childcare costs

The government provides financial support towards the cost of registered childcare for eligible families. In all cases at least one parent must be in work, however the best form of help will depend on a number of factors including household income, cost of childcare, working hours, number of children and whether there are any disabilities or additional care needs within the household. A summary of the forms of help to working parents is provided below:

Help towards childcare costs available to new claimants

Universal Credit

Universal Credit has replaced Tax Credits as the main means-tested benefit for adults of working age.

This benefit provides claimants with 85% of their eligible childcare costs for children under 16 (17 for children with disabilities), however as this is a means-tested benefit the amount that a household will actually receive will be dependent on household income and circumstances. Parents must be working but there is no minimum number of hours.

In some cases it can be beneficial to claim Universal Credit alongside Childcare Vouchers.

For more information on Universal Credit, refer to the comprehensive factsheet available in the Factsheets section of our website.

Tax-Free Childcare

Tax-Free Childcare allows eligible working families to claim 20% of their childcare costs, up to a maximum of £2,000 per child per year (£4,000 for a child with a disability), from the Government.

The scheme is available to parents of children until the 1st September after their 11th birthday (16th birthday for children with disabilities), parents must be in employment, or one parent in a single-parent household, earning between 16 hours at the National Living Wage and £100,000 per year.

Tax-Free Childcare cannot be claimed alongside any of the other forms of support for childcare costs.

For more information on Tax-Free Childcare, refer to the Comprehensive guide to Tax-Free Childcare available on our website.

Northern Ireland Childcare Subsidy Scheme

The Northern Ireland Childcare Subsidy Scheme allows parents whose children are in receipt of Tax-Free Childcare to receive a 15% discount off registered childcare costs.

Where a childcare provider has registered for the scheme, eligible families can save 15% off their childcare costs, up to a maximum of £203 per month or £2,436 per child per year (or £406 per month or £4,872 for a child with a disability).

Parents can then make a further 20% saving towards their remaining childcare costs through Tax-Free Childcare. The maximum amount that can be saved per child through Tax-Free Childcare is £2,000 per year, or £4000 for a child in receipt of Disability Living Allowance.

For more information on the Northern Ireland Childcare Subsidy Scheme, refer to the Northern Ireland Childcare Subsidy Scheme factsheet available on our website

Help towards childcare costs no longer available to new claimants

Childcare Vouchers

The Childcare Voucher scheme closed to new entrants in October 2018. Any parents currently in the scheme can continue to use it provided they make at least one salary sacrifice in every 52 week period, do not change employer and do not start to use Tax-Free Childcare.

Childcare Vouchers allow eligible parents to sacrifice up to £243 per month of their salary, tax and NIC exempt, to pay for their childcare costs for children under 16 (17 for children with disabilities). This can be a saving of up to £816 per year, per parent. You do not receive a higher amount if you have more than one child.

The Childcare Voucher scheme is only accessible to those employees who joined the scheme prior to the closure in 2018, who remain eligible and whose employer continues to offer the scheme. Parents must be earning more than the National Living Wage. In some cases, Childcare Vouchers can be claimed alongside Universal Credit.

Other forms of support

Depending on where you live, there may be other forms of support that you are entitled to, for example, in England parents of may be entitled to 15 or 30 hours of free childcare. In Northern Ireland, while there is no free childcare provision, children are entitled to a limited amount of funded early years education in their immediate pre-school year.

Working out what is the best support for you

It can be complex working out what is the best form of support for you and your family. Our advisors are able to help. By contacting our Family Benefits Advice Service you can receive free, confidential and impartial advice on what is the best support for your family. We will explain all of your options, and tell you why one or other form of support is better.

Last year, our advisors identified an average of over £1,200 in financial support for parents who contacted the Family Benefits Advice Service for a personal calculation.

To give you the right advice, we will need to know your:

- Household income and working hours
- Childcare costs
- Family circumstances (number of children, any disabilities).

We can also help you estimate what support you might need in the future, for example, if you are returning to work after Maternity Leave or a career break, planning to change jobs, or thinking about having another child.

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