

Chapter F7: Childcare costs element

Contents

Introduction	F7001
Qualifying conditions	
General test.....	F7010
The work condition	
Single claimant in paid work.....	F7011
Couples in paid work.....	F7012
What is paid work.....	F7014
Treated as in paid work.....	F7015
The childcare costs condition	
General test.....	F7030
Relevant childcare.....	F7031
Time limits to notify childcare costs	F7059
Attributable to an assessment period.....	F7061
Costs paid before the award, or paid on or after the date of claim for a period before the start of the award	F7062
Costs paid in advance during the award	F7064
Late notification	F7065
Excluded childcare	F7066
Amounts	
Childcare charge limit.....	F7080
Excessive charges and reductions.....	F7081
Zero hours contract	F7087
Childcare costs element extension period	
Run on after death.....	F7090

Definitions

Close relative.....F7111

Qualifying young personF7112

Meaning of schoolF7114

Legislation Used in Chapter F7

Abbreviation	Full Title
UC Regs (NI) 16	The Universal Credit Regulations (Northern Ireland) 2016 No. 216
WR (NI) Order 15	The Welfare Reform (Northern Ireland) Order 2015 No. 2006
Children (NI) Order 95	The Children (Northern Ireland) Order 1995 No. 2702
E&T Act (NI) 50	Employment and Training Act (Northern Ireland) 1950
UC (CC & MIF) (Amdt) Regs (NI) 19	The Universal Credit (Childcare Costs and Minimum Income Floor) (Amendment) Regulations (Northern Ireland) 2019 No.173

Chapter F7: Childcare costs element

Introduction

F7001 Support for the costs of childcare within Universal Credit will be available to lone parents and to couples, where all members are either in work or are treated as in work, regardless of the number of hours they work.

F7002 A claimant's maximum amount will include a specific additional element where the claimant incurs a cost for at least one dependent child that requires registered childcare.

F7003 The following guidance describes the conditions for a childcare cost element within Universal Credit.

F7004 – F7009

Qualifying conditions

General test

F7010 An amount in respect of childcare costs is to be included in an award of Universal Credit where the claimant satisfies in respect of an assessment period

1. the work condition (see F7011 to F7015) **and**
2. the childcare costs condition¹ (see F7030 to F7040).

¹ UC Regs (NI) 16, reg 32

The work condition

Single claimant in paid work

F7011 The first condition of the childcare element requires that the claimant is in paid work. This condition is met, in respect of an assessment period, if the claimant

1. is in paid work **or**
2. has an offer of paid work where he is due to start that work before the end of the next assessment period¹.

¹ UC Regs (NI) 16, reg 33(1)(a)

Example

Colin is in receipt of Universal Credit with an assessment period that runs from the 8th of each month. On 12.3.18 Colin secures a new job which he is to start on 30.4.18. For the purpose of the first condition of the childcare costs test Colin is in paid work for the assessment periods that run from 8.3.18.

Couples in paid work

F7012 Unless F7013 applies, where the claimant is a member of a couple¹ (including a person who is a member of a couple but who is paid as a single person²) both members of that couple have to be in paid work.

¹ WR (NI) Order 15, art 45; ² UC Regs (NI) 16, reg 3(2)

F7013 Where only one of the couple is in paid work, the work condition described at F7010

1. is still met if the partner who is not working is unable to provide childcare themselves because they

1. have limited capability for work (see ADM Chapter F5) **or**

2. have regular and substantial caring responsibilities for a severely disabled person (see ADM Chapter F6) **or**
3. are temporarily absent from the claimant's household¹ (see ADM Chapter E2).

¹ UC Regs (NI) 16, reg 33(1)(b)

Example

The Universal Credit benefit unit comprises of Ben, Sara and their daughter Pauline. Ben works as a cleaner for 2 days each week. Sara does not work but is unable to look after Pauline whilst Ben is at work because she is providing full time care for her disabled mother who also lives with them. For the purpose of the work condition both Ben and Sara satisfy the paid work test.

What is paid work

F7014 Paid work means¹ work done for payment or in expectation of payment. It does not include being

1. engaged by a charitable or voluntary organisation **or**
2. a volunteer, in circumstances in which the payment received by or due to be paid to the person is in respect of expenses.

¹ UC Regs (NI) 16, reg 2

Treated as in paid work

F7015 A claimant will be treated as satisfying the paid work test in F7011 **1.** where, in relation to that assessment period, the claimant

1. has ceased paid work
 - 1.1 in that assessment period **or**
 - 1.2 in the previous assessment period **or**
 - 1.3 in the month immediately preceding the commencement of a new award, but only where the assessment period in question is either the
 - 1.3.a first assessment period **or**
 - 1.3.b second assessment periodfollowing the commencement of that new award¹ **or**
2. is receiving²
 - 2.1 statutory sick pay

- 2.2 statutory maternity pay
- 2.3 statutory paternity pay
- 2.4 statutory shared parental pay
- 2.5 statutory adoption pay
- 2.6 maternity allowance
- 2.7 statutory parental bereavement pay
- 2.8 statutory neonatal care pay.

1 UC Regs (NI) 16, reg 33(2)(a); 2 reg 33(2)(b)

Example

Robin is receiving statutory sick pay whilst off work sick. He claims Universal Credit and his award commences on 2.3.18. For the purpose of the work condition and any childcare costs that he may still incur, Robin is treated as in paid work. Under this provision he can be treated as in paid work for the assessment period that runs from 2.3.18 and for each assessment period thereafter whilst he is receiving statutory sick pay.

Example 2

Stan ceased work on 18.7.18, he claims Universal Credit and his award commences on 27.7.18. For the purpose of the work condition and any childcare costs that he may still incur, Stan is treated as in paid work. Under this provision he can be treated as in paid work for the assessment period that runs from 27.7.18 to 26.8.18 and 27.8.18 to 26.9.18 (this is because of the limitation imposed by F7015 1.3).

F7016 – F7029

The childcare costs condition

General test

F7030 In order to qualify for the childcare costs element, one of the conditions which the claimant must satisfy is that they have paid charges for relevant childcare¹. This cost condition is met in respect of an assessment period, where the claimant has reported to the decision maker that he has paid charges in or in respect of that assessment period for relevant childcare in respect of

1. a child **or**
2. a qualifying young person but only up to and including the 31st August following the qualifying young person's 16th birthday

for whom the claimant is responsible² (see ADM Chapter F1) and those charges are attributable to that assessment period.

Note: The costs paid can include a charge for a deposit or advance fee (see F7061).

1 UC Regs (NI) 16, reg 34(1)(a); 2 reg 34(1)(b)

Relevant childcare

F7031 Relevant childcare means that the childcare provider is registered or approved, for example registered with the local Health and Social Care Trust.

F7032 For childcare provided in Northern Ireland¹, the care is provided

1. by a person registered under prescribed legislation² **or**
2. out of school hours by a school as part of the school activities **or**
3. by an approved childcare provider **or**
4. by a home based childcare provider approved by a Health and Social Care Trust in Northern Ireland.

1 UC Regs (NI) 16, reg 37(2); 2 Children (NI) Order 95, part XI

F7033 – F7034

F7035 For a child outside of Northern Ireland, relevant childcare includes care provided by a Secretary of State accredited childcare provider, as well as care provided by a childcare provider which is approved or accredited by the relevant state, and evidence of such approval or accreditation is provided to the Department by the claimant¹.

1 UC Regs (NI) 16, reg 37(3)(a) & (b)

F7036 – F7039

F7040 The childcare arrangement charges, described in F7030, need to be paid for the purpose of enabling the claimant

1. to take up paid work **or**
2. to continue in paid work **or**
3. where F7015 applies, maintain child care arrangements that were in place when they
 - 3.1 ceased paid work
 - 3.2 started to receive the benefits listed¹ at F7015 **2.**

1 UC Regs (NI) 16, reg 34(1)(c)

Example 1

Ben is in receipt of Universal Credit. His benefit unit comprises of Ben, Sara and their daughter Pauline and the assessment period runs from the 26th of each month. Ben works as a cleaner for 2 days each week and pays £200 nursery fees at the end of each month for Pauline's childcare. Sara does not work but is unable to look after Pauline whilst Ben is at work because she is providing full time care for her disabled mother who also lives with them. Ben is made redundant and his last day of work is 8.8.18. Pauline is kept in childcare whilst Ben is unemployed because he is confident of securing further employment in the near future and doesn't want to lose the nursery place. Ben continues to satisfy the childcare costs condition, however if Ben remains without paid work the payment of the childcare costs element will be restricted to the end of the assessment period following the assessment period during which he ceased work; in this case that would be up to 25th September (this is because of the limitation imposed by F7015 **1.2**).

Example 2

Ben ceases work on 8.8.18 and makes his first claim for Universal Credit from 26.8.18, he reports that he will still, whilst unemployed, be paying £200 a month nursery fees for his daughter Pauline's childcare. For the purpose of the childcare costs condition Ben satisfies this test. However if Ben remains without work the payment of the childcare costs element will be restricted to the end of the second assessment period following the month during which he ceased work; in this case that would be up to 25th October (this is because of the limitation imposed by F7015 **1.3**).

F7041 – F7058

Time limits to notify childcare costs

F7059 The time limit for reporting costs is the end of the assessment period that follows the assessment period in which the childcare costs were paid².

1 UC (CC & MIF) (Amdt) Regs (NI) 19, reg 2; 2 UC Regs (NI) 16, reg 34(1)(a)

Example

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He pays his childcare costs in respect of 1st January to 31st January on 2nd January and reports them on 10th February. The costs were reported before the end of the assessment period following the one in which they were paid, which was in time. See paragraph F7061 for guidance on how to attribute the costs to assessment periods.

F7060

Attributable to an assessment period

F7061 To be attributable to an assessment period (AP1), childcare costs must have been

1. paid in AP1 for childcare that is provided in AP1¹ **or**
2. paid in AP1 for childcare that was provided in any previous assessment period²
or
3. paid in either of the two previous assessment periods for childcare that is provided in AP1³.

1 UC Regs (NI) 16, reg 36(1)(a); 2 reg 36(1)(b); 3 reg 36(1)(c)

Example 1

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He pays his childcare costs in respect of 1st January to 31st January on 2nd January and reports them on 10th February. He reported them before the end of the assessment period following the one in which he paid them, so they were reported on time.

Costs for 1st January to 12th January are attributable to assessment period 13th December to 12th January under **1**. so are included in the childcare element for that assessment period. Costs for 13th January to 31st January are attributable to assessment period 13th January to 12th February under **3**. so are included in the childcare element for that assessment period.

Example 2

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He pays his childcare costs on 2nd February for the period 1st January to 31st January and reports them on 10th February, which is in time.

Costs from 1st January to 12th January are attributable to assessment period 13th January to 12th February under **2**, so can be included in the childcare element for that assessment period. Costs for 13th January to 31st January are also attributable to assessment period 13th January to 12th February under **1**., so in this case costs for the whole period from 1st January to 31st January are included in the childcare costs element for assessment period 13th January to 12th February.

Costs paid before the award, or paid on or after the date of claim for a period before the start of the award

F7062 Where the claimant has paid childcare costs

1. before the commencement of the Universal Credit award in respect of a period after the commencement of the award **or**
2. on or after the commencement of the Universal Credit award in respect of a period before the award

the months prior to the commencement of the Universal Credit award should be treated notionally as assessment periods in order to determine whether the criteria described in paragraph F7061 as regards attribution to a particular assessment period are met.

Note 1: In such cases, each preceding month should be treated as beginning on the same day as it would have done if it were an assessment period¹.

1 UC Regs (NI) 16, reg 36(3)

F7063 This provision enables costs to be attributable to an assessment period (AP1) if they were

1. paid in AP1 for childcare that was provided in a notional assessment period **or**
2. paid in either of the two notional assessment periods preceding AP1 for childcare that is provided in AP1.

Note: The provision does not allow charges to be attributed to an assessment period if they were both paid in a notional assessment period **and** were in respect of childcare that was provided before the first assessment period.

Example 1

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He makes his claim on 13th March and reports on 20th March that he paid childcare costs on 15th March in respect of childcare from 1st March to 31st March. The decision maker treats the month from 13th February to 12th March as a notional assessment period.

Costs in respect of 1st March to 12th March are attributable to assessment period 13th March to 12th April under F7061 2. because they were paid in that assessment period and are in respect of a previous notional assessment period. Costs from 13th March to 31st March are attributable to assessment period 13th March to 12th April under F7061 1.. Costs from 1st March can therefore all be included in the childcare costs element for the assessment period 13th March to 12th April.

Example 2

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He makes his Universal Credit claim on 13th March and reports that he made an advance payment of childcare costs on 28th February, covering the period from 1st March to 31st March. The decision maker treats the month from 13th February to 12th March as a notional assessment period.

Costs for 1st March to 12th March cannot be attributed to assessment period 13th March to 12th April because none of the conditions in F7061 is satisfied. Costs for 13th March to 31st March can be attributed to assessment period 13th March to 12th April under F7061 3. and can therefore be included in the childcare costs element for that assessment period.

Costs paid in advance during the award

F7064 Where the claimant pays charges for relevant childcare in advance in respect of more than one month or more than one assessment period in a single payment, as described in F7061.3, then the proportion of the advance payment paid in respect of all or part of an assessment period is calculated using the following formula¹.

$$(PA/D) \times AP$$

Where

PA is the total amount of the advance payment less any amounts which are to be left out of account, as described at ADM paragraphs F7081 to F7085.

D is the total number of days covered by the payment.

AP is the number of days covered by the payment which also fall within the assessment period in question.

1 UC Regs (NI) 16, reg 36(2)

Example

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He pays £500 childcare costs on the 10th of January and notifies the Department by telephone on the 11th. The costs he paid are to cover childcare costs for January and February (59 days) and no amounts are to be left out of account under ADM F7081 - F7085. Therefore

1. in the assessment period of 13th December to 12th January (AP1), 12 days are covered by the payment (1st January to 12th January) and so the amount of the advance payment in respect of AP1 is £101.69 ($500/59 \times 12$)
2. for the assessment period of 13th January to 12th February (AP2), the amount is £262.71 ($500/59 \times 31$) as all 31 days are covered by the advance payment and
3. in the assessment period 13th February to 12th March (AP3), 16 days are covered by the payment (13th February to 28th February), so the amount is £135.59 ($500/59 \times 16$).

Late notification

F7065 Where costs are reported late, the time limit for notifying the decision maker that childcare costs have been paid can be extended¹ provided all of the five conditions described in ADM A4310 to A4315 are satisfied.

1 UC Regs (NI) 16, reg 34(2)

Example

Cornelius has had an award of Universal Credit since 13th October and his assessment period starts on the 13th of each month and ends on the 12th of the following month. He pays his childcare costs in respect of 1st January to 31st January in advance on 31st December but does not remember to report them until 28th February. The costs in respect of the entire period are out of time as they were not reported by the end of the assessment period following the assessment period in which they were paid.

The decision maker invites Cornelius to apply for an extension of time and to include his reasons and special circumstances for being late in reporting the costs. Cornelius explains that the stress of coping with a serious illness in the family caused him to

forget to notify the costs earlier. The decision maker decides that special circumstances prevented Cornelius from reporting that he had paid the charge within the relevant notification period, and allows the late notification.

Note: When considering where the claimant's circumstances fall in F7061 - F7065, please note childcare costs can only be paid for a maximum of 3 assessment periods.

Excluded childcare

F7066 Certain childcare arrangements are excluded and as such the claimant is ineligible for a childcare costs element. The type of childcare that is excluded is where the care is provided by a

1. close relative of the child wholly or mainly in the child's home **or**
2. foster parent¹.

Note: The close relative is in relation to the child and not in relation to the claimant and so the child's grandparents would not be a close relative.

1 UC Regs (NI) 16, reg 37(4)

F7067 The care provided by a close relative in a place other than the child's home, perhaps in the close relative's home, is an acceptable childcare arrangement (providing the child carer is registered as in F7031).

F7068 – F7079

Amounts

Childcare charge limit

F7080 The amount of the childcare cost element is limited to either

1. 85% of the charges for relevant childcare that are attributable to that assessment period **or**
2. £1031.88 where the care is for one child **or**
3. £768.94 where the care is for two or more children

whichever is the lesser amount¹.

1 UC Regs (NI) 16, reg 35(1)(a)

Excessive charges and reductions

F7081 The amount of childcare charges paid by the claimant should be reduced where the decision maker considers those charges to be excessive when having regard to the extent to which

1. the claimant **or**
2. where the claimant is a member of a couple, the other member

is engaged in paid work.

Note: This provision is not activated where the claimant is not actually engaged in paid work, for example, where they satisfy the work condition via F7011 **2.** (has an offer of paid work) or F7015 **1.** (has ceased paid work).

F7082 The amount of the reduction is the amount considered excessive¹.

1 UC Regs (NI) 16, reg 35(2)(a)

F7083 What makes a childcare cost excessive is not prescribed and will be for the decision maker to determine by having regard to all the circumstances including the claimants working pattern compared to the corresponding childcare arrangements.

F7084 Decision makers should note, when deciding on excessive childcare charges, that

1. childcare charges may still be considered excessive even if they are less than the maximum limit
2. the availability/suitability of childcare providers may warrant higher childcare charges

3. the location of the childcare provider in relation to the claimant's place of work and the available transport options in-between may require longer periods of childcare
4. no account is taken of the level of the childcare charge per hour
5. reasonable travel time could be included in the extent to which the claimant is engaged in paid work
6. comparisons with other registered child carers should not be made
7. school holidays, the age of the child/children or a disability can legitimately increase the time needed for childcare
8. childcare may have to be purchased in blocks of time or sessions which can legitimately increase the childcare costs.

Example 1

Carly reports paying childcare costs of £300 per month to Royal Nursery who charge £30 per hour. She does 10 hours work in the assessment period and therefore the costs, although very high, are not excessive.

Example 2

Jane reports paying childcare costs of £840 per month to Cherub Nursery who charge £15 per hour. She works 10 hours over 4 days each week. Although the charges represent 16 more hours than Jane works they are not considered excessive because she has about one hours travelling from the nursery to work and a further hour back each day.

Example 3

Warren normally works a rolling shift system covering 12 hours over 4 days a week, the days he is required to work changes from week to week. Warren pays £100 a week to Sunshine Nursery for the costs of providing childcare over 5 morning sessions each week. A comparison between the number of hours worked (12) to the number of hours childcare is paid for (20) suggests 8 hours or £40 could be excessive. The decision maker makes further enquiries to establish the reasons behind the extra hours care. If it is because of Warren's reasonable travel arrangements the cost would not be excessive. If it is because the childcare sessions can only be purchased in weekly blocks (half or full days) the cost would not be excessive. If the childcare provider was sufficiently flexible to enable Warren to purchase specific periods at short notice the cost would be excessive.

If the decision maker did consider the charges to be excessive the amount of Warren's childcare cost element would be, in an assessment period that captured 5 payments,

$$£500 (5 \times £100) - £200 (5 \times £40) = £300 \times 85\% = £255$$

- F7085 The amount of childcare charges are also reduced by any amount that is met by
1. an employer **or**
 2. some other person **or**¹
 3. payments out of funds provided by the Department that are in connection with the claimant's participation in work-related activity or training².

1 UC Regs (NI) 16, reg 35(2)(b); 2 reg 35(3)

- F7086 When considering F7085 **3.**, payments from the Adviser Discretion Fund will not reduce the amount of childcare charges¹ providing the following conditions are met

1. the claimant has
 - 1.1 taken up, or is due to take up, paid work **or**
 - 1.2 has increased, or is due to increase, their hours of work **and**
2. the claimant is required to pay childcare charges before any Universal Credit entitlement reflects the increase in the claimant's earned income **and**
3. the claimant is less likely to take up paid work or increase the hours of work if the Adviser Discretion Fund payment was not included.

1 UC Regs (NI) 16, reg 35(3A)

Example

Fiona works 16 hours a week and, in order to increase her hours, needs to secure extra childcare. As she is now able to access funding from the Adviser Discretion Fund she has, with effect from 7.9.23, increased her hours of work to 32. Her assessment period is 27 to 26 of the month. She has secured additional relevant childcare and applies to the Adviser Discretion Fund for financial help to pay for the additional childcare costs for the period 7.9.23 - 30.9.23. The funding from the Adviser Discretion Fund is issued to the childcare provider on 2.9.23. The claimant provides evidence of that payment and her Universal Credit for the period 27.8.23 to 26.9.23 will be calculated taking into account the Adviser Discretion Fund payment as if the claimant had paid this herself.

Zero hours contracts

F7087 The claimant may not have an identifiable working pattern because they are employed on a zero hours contract. In this situation the decision maker will need to make a comparison, as described at F7083 et seq between the hours actually worked in the assessment period and the hours of childcare.

F7088 – F7089

Childcare costs element extension period

Run on after death

F7090 Where childcare costs have been awarded but a child or young person for whom the claimant is responsible dies the award can continue as if the child or young person had not died until the end of the second assessment period following the assessment period in which the death occurred¹.

1 UC Regs (NI) 16, reg 39

Note: If the parent does not have any childcare expenditure after the death of the child then the run on will probably only consist of the child element.

Example

Steve and Janet are entitled to Universal Credit for themselves including an allowance for their son Max. Each assessment period (that runs from the 10th of each month) Steve claims a £500 childcare cost element in respect of the relevant childcare costs that he had paid out at the end of the previous month. Max dies on 11.8.18. The provider has a two month cancellation policy (regardless of circumstance) and so Steve pays the appropriate fees for a further two months after Max's death. As a result of the run on rule the childcare element can be included for the assessment periods 10.9.18 to 9.10.18 and 10.10.18 to 9.11.18.

F7091 – F7110

Definitions

Close relative

F7111 A close relative in relation to a person means¹

1. parent
2. parent-in-law
3. son
4. son-in-law
5. daughter
6. daughter-in-law
7. step-parent
8. step-son
9. step-daughter
10. brother
11. sister
12. where any of 1. - 11. is a member of a couple, the other member of the couple.

1 UC Regs (NI) 16, reg 2

Qualifying young person

F7112 For the purpose of whether childcare costs can be considered in respect of a qualifying young person, only sub paragraph 1. applies¹. A qualifying young person is a person who has reached the age of 16 but not the age of 20 and who is

1. aged 16 years, but only for the period up to, but not including, the 1st September that next follows their 16th birthday
2. aged up to 19 years, but only for the period up to, but not including, the 1st September that next follows their 19th birthday where they are enrolled on, or accepted for
 - 2.1 approved training² or
 - 2.2 a course of education
 - 2.2.a which is not advanced education
 - 2.2.b at a school, college or other establishment that is approved by the Department

2.2.c where they spend on average more than twelve hours a week during term time in receiving tuition doing examinations or practical work or supervised study

this must not include meal breaks or unsupervised study, including homework, whether done on or off the premises of the educational establishment³

3. aged 19 and has been

3.1 undertaking a course of education or training **or**

3.2 accepted or enrolled for a course of education or training

before reaching that age⁴.

Note 1: The education or training described in **3.1** and **3.2** does not include education or training that is provided through a contract of employment⁵.

Note 2: A person shall be treated as undertaking a course of full time education during the period between the end of one course and the start of another where the person is accepted for or enrolled on the latter course.

Note 3: Where a child or qualifying young person turns 16 or 19 on the 31st August the period described at **1.** and **2.** will end on that same day.

¹ UC Regs (NI) 16, reg 34(1)(b)(ii); ² E&T Act (NI) 50, sec 3;

³ UC Regs (NI) 16, reg 6(1); ⁴ reg 6(2); ⁵ reg 6(3)

F7113 Any person who falls within ADM F7112 is not a qualifying young person if they are receiving Universal Credit, Jobseeker's Allowance or Employment and Support Allowance¹.

¹ UC Regs (NI) 16, reg 6(5)

Meaning of school

F7114 School means a school as defined in relevant Northern Ireland legislation¹.

¹ UC Regs (NI) 16, reg 37(6)

F7115 – F7999

The content of the examples in this document (including use of imagery) is for illustrative purposes only