

## **Appendix E Cabinet meeting 16<sup>th</sup> February 2017**

### **Eligibility for the extended free childcare entitlement (30 hours)**

#### **The current entitlement**

All 3 and 4 year olds will continue to be eligible for 15 hours per week of free early education. This is a universal entitlement for all children. The new entitlement is an extension of the current entitlement and provides an additional 15 hours of free childcare for children that are eligible.

#### **Definition of qualifying children for the new entitlement**

The new entitlement to 30 hours free childcare is intended to support working parents with the cost of childcare and enable them, where they wish, to return to work or to work additional hours.

The additional 15 hours will help families by reducing the cost of childcare and will be available to:

- Families where both parents/carers are working with combined earnings less than £100,000 per year
- Lone parents/carers (sole parent/carer in household) that are working earning less than £100,000 per year
- Those earning on average, a weekly minimum equivalent to 16 hours at national minimum wage which is £107 a week at the current National Minimum Wage rate
- Those parents/carers that are self-employed earning less than £100,000 per year
- Parents/carers on zero hours contracts who meet one of the above criteria.

Full details will be set out in regulations, by mid April 2017.

The government intends that the additional entitlement should also be available in the following circumstances; all this will be considered before the final regulation is set:

- both parents are employed but one or both parents is temporarily away from the workplace on parental, maternity or paternity leave;
- both parents are employed but one or both parents is temporarily away from the workplace on adoption leave;
- both parents are employed but one or both parents is temporarily away from the workplace on statutory sick pay;
- one parent is employed and one parent has substantial caring responsibilities based on specific benefits received for caring; or
- one parent is employed and one parent is disabled or incapacitated based on receipt of specific benefits.

The government believes that this will help these households to maintain one parent in employment or enable them to increase their hours of work whilst supporting the other parent with their own needs.

These eligibility criteria mean that around 390,000 three and four year olds will be eligible for 30 hours of free childcare.

### **Checking eligibility**

The Secretary of State confirmed at Second Reading in the House of Commons that parents will be able to apply for both Tax-Free Childcare and the 30 hour entitlement through a joint application system being developed by Her Majesty's Revenue and Customs (HMRC). A joint online application system will provide a simple and straightforward way for working parents to access the schemes and will avoid the need to provide the same information twice. The government amendment tabled will place a function on HMRC to provide an eligibility checking service for the Department.

### **Support for working parents**

For the free entitlement to be most effective it must be restricted to childcare arrangements that enable parents to take up paid work, to continue in paid work or to increase paid work. To ensure that it is focussed on work and to align with Tax-Free Childcare, the government intends to introduce a 'main reason test' through regulations. This will seek to ensure that parents take up the additional hours of free childcare for the purposes of supporting their employment. This 'main reason' could, for example, include commuting time or paying for childcare in blocks of time or sessions that puts parents in a position to work.

### **Grace period**

The government believes it is right to ensure that there will be a short grace period for families whose circumstances change. This will give parents the opportunity to regain employment and will also give providers certainty that if they offer a place under the new entitlement they will not have to fill that place immediately if a parent's circumstances change.

### **Training and education**

The new entitlement is to support parents to take up work or increase their working hours. Parents who are studying will not qualify for the new entitlement, unless they meet the criteria outlined above. Parents who are under the age of 20 and are studying a publicly funded course are eligible for the Care to Learn Scheme, which provides vital financial support for childcare costs of up to £175 per child per week. For parents over the age of 20, Discretionary Learner Support and Childcare Grants may also be available depending on the nature of the education and training that parents participate in.