

Explanatory Memorandum to the Tax Credits (Approval of Child Care Providers) (Wales) (Amendment) Scheme 2013

This Explanatory Memorandum has been prepared by the Department for Communities and Tackling Poverty of the Welsh Government and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Tax Credits (Approval of Child Care Providers) (Wales) (Amendment) Scheme 2013.

Jeff Cuthbert AC/AM

Minister for Communities and Tackling Poverty, one of the Welsh Ministers

5 September 2013

1. Description

1.1 This Statutory Instrument amends the Tax Credits (Approval of Child Care Providers) (Wales) Scheme 2007 to reflect the UK Government benefit reforms arising from the Welfare Reform Act 2012. The Tax Credits (Approval of Child Care Providers) (Wales) Scheme 2007 provides the legal basis in Wales under the Tax Credits Act 2002 for the 'Childcare at Home Voluntary Approval Scheme' which is administered by the Care and Social Services Inspectorate Wales (CSSIW) on behalf of the Welsh Ministers.

2. Matters of special interest to the Constitutional and Legislative Affairs Committee

2.1 None.

3. Legislative background

3.1 This instrument is made subject to annulment (the negative procedure).

3.2 The Welsh Ministers have the power to make this Scheme pursuant to section 12(5) of the Tax Credits Act 2002. In respect of the Tax Credits (Approval of Child Care Providers) (Wales) Scheme 2007, the National Assembly for Wales is the appropriate national authority under section 12(6) of the Tax Credits Act 2002 and the regulations are made in exercise of the powers conferred on the National Assembly for Wales by sections 12(5), (7) and (8) and 65(3) and (9) of that Act. By virtue of section 162 paragraph 30 of Schedule 11 to the Government of Wales Act 2006, the functions of the National Assembly for Wales transferred to and now vest in the Welsh Ministers.

4. Purpose & intended effect of the legislation

4.1 This Statutory Instrument makes consequential amendments to existing legislation to reflect changes arising from the Welfare Reform Act 2012. The amendments are intended to ensure that appropriate and equal reference is made to the childcare costs element of Universal Credit, alongside existing references within the legislation to Working Tax Credit.

4.2 These amendments are of a routine and technical nature and have no major policy impact. They are necessary to ensure that qualifying parents/carers in Wales will not be disadvantaged as Universal Credit is phased in and they are migrated to or become eligible for the new benefit. If the legislative amendments are not made, these parents/carers will not be able to utilise the childcare costs element of Universal Credit when using an approved homecare provider under the 'Childcare at Home Voluntary Approval Scheme'.

4.3 The Scheme provides voluntary approval for homecare providers (nannies) who meet certain basic criteria. It offers parents/carers a level of reassurance that the person that they are employing has met minimum requirements on child protection, safety and expertise in child development, whilst allowing eligible parents/carers to utilise the childcare element of Working Tax Credit. It is essential that the legislation is amended to include reference to the childcare costs element of Universal Credit and to the childcare element of Working Tax Credit to allow parents/carers in Wales to utilise the benefit relevant to their circumstances.

4.4 The provision and entitlement to benefits is the responsibility of the Department for Work and Pensions. The coming into force date for the new arrangements, including the introduction of Universal Credit, is non-negotiable, with the implementation being rolled out across the United Kingdom, including Wales starting from October 2013.

The Policy

4.5 The Welfare Reform Act 2012 makes provision for Universal Credit (UC), a new benefit which will eventually replace six benefits for people both out of work and on a low income.

The Universal Credit will eventually replace:

- Income-based Jobseeker's Allowance;
- Income-related Employment and Support Allowance;
- Income Support;
- Working Tax Credit;
- Child Tax Credit; and
- Housing Benefit.

4.6 Universal Credit claims were introduced for single, newly unemployed jobseekers in selected areas of Greater Manchester and Cheshire in one Jobcentre in April 2013 and in a further three Jobcentres in July 2013. The Department for Work and Pensions (DWP) has confirmed its intention to extend to a further six Jobcentre hubs from October to the end of March 2014; this will include a Jobcentre hub in Shotton, North Wales.

4.7 The DWP has confirmed that the new benefit will be phased in gradually with a completion date of 2017 but is yet to confirm the detailed timetable for the roll out and migration of the current benefits, which will be replaced by UC.

5. Consultation

5.1 Consultation on the draft Statutory Instrument has been considered but deemed not to be necessary as the proposed changes are of a routine technical nature. They are required to be made solely to fit with the requirements of UK primary legislation in respect of Welfare Reform. Furthermore, if the changes are not made, there would be a detrimental effect on parents/carers in Wales.

6. Regulatory Impact Assessment (RIA)

6.1 An RIA has not been conducted in respect of this Statutory Instrument. It is not deemed to be necessary as the amendments do not propose any policy changes or additional burdens. The changes that the legislation makes are routine and technical in nature and are required to be made to fit with the introduction of UK-wide benefit reforms.