



Treasury Committee

House of Commons, London, SW1A 0AA

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The Rt Hon Elizabeth Truss MP
Chief Secretary to the Treasury
1 Horse Guards
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Dear Liz

20 June 2018

Thank you for the Government's response to the Committee's Childcare Report which has been published as the Committee's fifth Special Report today. The Committee was disappointed in the Government's response to some of the recommendations. In particular, it states that:

Analysis of the impact of Tax-Free Childcare (TFC) on working parents will need to take place once the scheme has had time to bed in, parental awareness has increased, and families have had more time to understand the support they can receive under the scheme. This is why the government has committed to carry out a post-implementation review of TFC two years after it was implemented.

The Committee was clear in its recommendation that the Government should not close the childcare voucher scheme without knowing its impact on working parents. By carrying out a post-implementation review of Tax-Free Childcare two years after its commencement, the Government will be ending childcare vouchers—a scheme that has been extremely popular with working families—without seeking to understand what the consequences will be.

As was evident from the 2017–18 HMRC Supplementary Estimate, and the OBR's November 2017 Economic and Fiscal Forecast, the uptake of Tax-Free Childcare has been 90 per cent lower than the Government had expected.

The Committee again urges the Government to reconsider the Committee's recommendation and commit to publishing an analysis of the take-up of Tax-Free Childcare compared to the continued use of childcare vouchers during the first year of the scheme—and the subsequent impact on households—prior to making a decision on whether to discontinue vouchers in October 2018.

I will be placing this letter in the public domain.

*Mary you
Nicky*

The Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee