John-Paul Marks CB
First Permanent Secretary and Chief Executive
HM Revenue and Customs

Dear First Permanent Secretary and Chief Executive,

We are writing as leaders of organisations across the UK that support and represent registered childminders, to express our deep concern about HMRC's recent decision to abolish the long-standing agreement with registered childminders in terms of claiming expenses, including the 10% tax-free wear and tear allowance, as part of the transition to Making Tax Digital for Income Tax.

We understand that this will only apply initially from April 2026 to those earning more than £50,000 a year, but the intent is to extend this to all registered childminding businesses. Many registered childminding businesses are still fragile and recovering from the pandemic, Cost of Living Crisis and general increase in the costs of running a business, which could have a significant impact on their business sustainability.

The childminding profession is currently facing a severe crisis and has been declining in all parts of the UK during the expansion of the statutory entitlement of funded childcare. Linked to this, acute shortages of childcare for families are being experienced in many communities around the UK. Registered childminder numbers are now at their lowest level on record, and if this trajectory continues, it is predicted that there will be no registered childminders left in ten years' time. Given the vital role registered childminders play in delivering early education and childcare provision and supporting children and families, this loss would be devastating.

Our organisations are working hard, alongside government, to prevent the further decline in registered childminder numbers. Encouraging progress is being made in some areas, including in Scotland, where the Scottish government is predominantly funding a national programme to recruit new registered childminders into the workforce and improve retention. However, this requires a joined-up approach across government Departments, as the removal of the wear and tear allowance could inadvertently undermine this work by destabilising low-income childminding businesses and making them unsustainable. If we are truly committed to ensuring all children have the best possible start in life - regardless of where they live, their family income, or their additional needs - then registered childminders must remain a central and sustainable part of the childcare and education offer for families for years to come.

Our organisations have worked closely with HMRC on the transition to Making Tax Digital to ensure that registered childminders are adequately supported and prepared and were assured they would not be in any way financially disadvantaged by the transition. It is therefore with considerable shock and concern that the sector has received HMRC's decision to abolish the blanket 10% wear and tear allowance that registered childminders have historically been able to claim.

The wear and tear allowance recognises the unique nature of childminding as a home-based business. Registered childminders open their homes daily to operate childcare and early education provision, resulting in significant wear and damage that goes far beyond normal domestic use.

Replacing this allowance with a requirement to claim only for individual items, purchases and repairs places a substantial financial burden on registered childminders - many of whom are already cash-poor - and will leave many demonstrably worse off.

Alarmingly, we are already hearing from significant numbers of registered childminders who say that this change will be the final factor influencing their decision to leave the profession altogether. We fear that this decision could accelerate the decline of the childminding workforce at a time when stability and growth are urgently needed.

Additionally, some childminders may be forced to make the difficult decision to reduce staffing levels as a direct result of this change and the very late notice with which it was announced. We have heard from a childminder in England who expanded their business to create additional places in support of the funded entitlement expansion from 1 September 2025. After seeking professional financial advice, they have now concluded that they must downsize their business, including making redundancies, less than six months later. They feel they have no viable alternative.

Registered childminders offer something truly unique: a home-from-home environment that supports children's wellbeing; flexible and affordable childcare and education for hundreds of thousands of working parents; and specialist, highly valued care for children with additional needs. Beyond their critical role in early years and childcare provision, registered childminders also support the wider economy by enabling parents to work with greater flexibility.

While the change to the wear and tear allowance will begin for some childminders from April 2026 as they transition to Making Tax Digital, the expansion of the scheme means that it will ultimately affect all childminders.

We urge you to reconsider the impact of this decision on the childminding profession, the wider childcare and early years sector, and the families who rely on them. We strongly request that the 10% wear and tear allowance be retained in order to protect the sustainability of childminding and prevent further loss from the sector.

Thank you for your time and consideration. We would welcome the opportunity to meet and discuss the contents of this letter further.

With kind regards,

Ka Lai Brightley-Hodges

Head of Coram PACEY

Graeme McAlister

Chief Executive, Scottish Childminding Association

Patricia Lewsley-Mooney

Chief Executive, Northern Ireland Childminding Association

Claire Protheroe

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