



HM Revenue  
& Customs

SEPTEMBER 2021

# Tax-Free Childcare: barriers to sign up

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HMRC RESEARCH REPORT 630

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Published by HM Revenue and Customs, January 2022 [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

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# 1. Executive Summary

## 1.1 Background

HMRC commissioned Yonder to undertake research to explore the barriers to take-up of Tax-Free Childcare. The Tax-Free Childcare scheme (TFC) was launched by HM Revenue and Customs (HMRC) to support working families with the cost of childcare. The scheme is available to an estimated 1.3 million eligible families in the UK and offers support of up to £2,000 per year for each child or £4,000 per year for each disabled child. However, 282,000 families were signed up to the scheme in March 2021, so take-up is lower than expected. It is, therefore, vital for HMRC to have a clear understanding of the barriers which are preventing eligible parents from signing up, and how the customer journey can be improved to increase take-up.

## 1.2 Research objectives

Yonder Consulting was commissioned in February 2021 to conduct a quantitative phase of research. This study followed an initial wave conducted by IFF Research in 2019<sup>1</sup> and was designed to further explore the barriers to take-up, understand the extent to which these barriers are interrelated and identify any changes since the initial wave, across the following groups of parents:

- Group 1: Parents who were eligible for TFC but had not applied for it despite being aware
- Group 2: Parents who were eligible for TFC but had not applied for it because they were unaware

## 1.3 Methodology

The approach consisted of a combination of telephone interviews and on-line interviews, run concurrently. Interviews took place between 11th March and 17th April 2021 with parents who were eligible for TFC but had not yet applied for the scheme. A total of 897 interviews were achieved, made up of 610 online interviews and 287 telephone interviews.

## 1.4 What are the barriers for eligible parents who have not signed up to Tax-Free Childcare?

The research found that the top barriers to signing up to TFC were the following:

- 20% of eligible parents were unaware of the criteria and thought they earned too much to apply
- 19% of eligible parents said their needs were already being met through childcare vouchers

A lack of clarity about what the scheme covers was not identified as one of the top barriers to signing up, suggesting that those previously aware of TFC do have a good understanding of it. However, of those who agreed that a lack of clarity was a barrier, the majority said the element they understood the least was eligibility.

Overall, one-in-five Group 1 parents who were aware of TFC (20%) said they believed they were not eligible for it and more than half (53%) of these individuals said this was because they thought their household income was too high. However, given they were invited to take part in the survey because they were eligible, this could infer uncertainty about the eligibility requirements of the scheme.

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<sup>1</sup> <https://www.gov.uk/government/publications/tax-free-childcare-barriers-to-sign-up-and-use>

## 1.5 What do eligible parents think about the name Tax-Free Childcare?

The name Tax-free Childcare did generate some positive association among eligible parents:

- 81% agreed that they felt it was worth looking into
- 79% agreed that the 'tax-free' element made it sound appealing

The top negative associations with the name were:

- 71% believed there would be lots of detail and forms to fill out
- 52% thought there would be strings attached

For other eligible parents, the name Tax-free Childcare was perceived as a barrier to looking into/ signing up for the scheme, with 43% agreeing they found the name confusing and/ or unclear, and:

- 58% of those who thought the name was confusing and/ or unclear also said this had prevented them from looking into TFC
- 54% said it had prevented them from signing-up to the scheme

When understanding why the name had prevented parents from looking into/ signing up to the scheme:

- 28% said they did not understand what the name meant/ what the benefits would be and needed more information
- 14% said the name sounded complicated
- 12% felt the name was misleading

## 1.6 What is the best way to communicate to parents about TFC to encourage more to sign-up?

Word-of-mouth (31%) and the Childcare Choices/ GOV.UK website (29%) were the most cited sources of awareness for TFC, followed by coverage in the general media and general internet searches. These channels should be considered when deciding how best to communicate with eligible parents.

As previously stated, eligibility was considered the biggest barrier to take-up of TFC by eligible parents. As a result, increasing knowledge about the eligibility requirements, particularly the income threshold, could help to encourage those who previously thought they were ineligible to look into the scheme. Alongside eligibility requirements, providing information about the sign-up process could encourage take-up and mitigate any concerns about a lengthy or complicated process.

## 1.7 How has COVID-19 impacted the use of childcare for parents who are eligible for TFC?

During the COVID-19 lockdown beginning in January 2021, over half of eligible parents said their use of formal childcare had decreased (54%) and a small proportion said their use had increased (14%).

However, in the long-term, two-fifths of eligible parents (43%) expect their use of childcare to increase once the pandemic is over and schools, nurseries, and childcare providers have fully re-opened. The key reason for this expected increase was a return to work premises/ offices (17%). In contrast, parents who expect their use of formal childcare to decrease in the long term (15%) cited increased capacity to work from home as the main reason for this (32%).

## 2. Introduction

### 2.1 Background

In February 2021, Yonder Consulting was commissioned by HM Revenue and Customs (HMRC) to further explore barriers to take-up of the Tax-Free Childcare (TFC) scheme and build on the initial research conducted by IFF Research in 2019<sup>2</sup>. This report comprises the findings of a deeper exploration into barriers to take-up of TFC, the extent to which these barriers are interrelated and outlines any significant changes noted since the initial research was conducted.

Tax-Free-Childcare is a UK-wide government scheme<sup>3</sup> administered by HMRC and was launched in April 2017 to support working families with the cost of childcare. TFC requires eligible working parents to open an online account. For every £8 that families pay into the online account, the Government makes a top-up payment of £2, up to a maximum of £2,000 per child per year, for children under the age of 12. This is increased to £4,000 per child per year, for disabled children under the age of 17. Payments from TFC accounts are made to registered childcare providers that must be signed-up to TFC to receive payments from a parent's TFC account. To qualify for the scheme, parents need to expect to earn at least the National Minimum Wage for 16 hours a week on average, up to a maximum of one-hundred thousand pounds adjusted net income each per year. Single parents are also eligible.

The eligibility criteria for TFC and 30 hours free childcare are similar. However, parents receiving Child Tax Credits (CTC), Universal Credit or Employer Supported Childcare (such as childcare vouchers) are not eligible for TFC but are still eligible for 30 hours free childcare.

TFC was introduced as a replacement for childcare vouchers. Although childcare vouchers are closed to new applicants, parents can continue to use them if they joined the scheme on or before 4 October 2018. Parents cannot continue to use childcare vouchers if they successfully apply for TFC and they cannot re-join their voucher scheme once they leave and start using TFC.

HMRC estimates that 1.3 million families in the UK are eligible for TFC, however, with 282,000 families using the scheme in March 2021, take-up is lower than expected. Even though take-up has increased over the last few months, even during the January to March 2021 lockdown, especially for pre-school children<sup>4</sup>, given the impact of the COVID-19 pandemic on the economy and consequently jobs, understanding the barriers to take-up to the TFC scheme is more important than ever before, particularly among school-aged children.

The findings of this research will inform both policy and future communications in order to raise awareness of TFC, as well as understand how the customer journey can be improved to increase take-up of TFC amongst eligible parents.

### 2.2 Research aims and objectives

Previous research conducted by IFF Research in 2019 identified several barriers preventing parents from applying for TFC. Yonder Consulting was commissioned by HMRC to not only further explore these barriers and how they're interrelated, but also outline any changes prior to the COVID-19 pandemic, when the initial research was completed.

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<sup>2</sup> <https://www.gov.uk/government/publications/tax-free-childcare-barriers-to-sign-up-and-use>

<sup>3</sup> <https://www.gov.uk/tax-free-childcare>

<sup>4</sup> <https://www.gov.uk/government/collections/tax-free-childcare-quarterly-statistics>

The research aims to address these core themes, which are then broken into a series of sub-questions:

- Why have some eligible parents not applied for TFC?
  - What are the barriers to take-up?
  - Are eligible parents aware of TFC and do they understand it?
  - Is there a lack of clarity about what the scheme covers?
  - How much of a barrier is the name 'Tax-Free Childcare'?
- What is the best way to communicate to parents about TFC to encourage greater sign-up?
  - What communication channels would have the most impact?
  - What information would have the most impact in encouraging sign-up?

## 2.3 Methodology and sampling

### 2.3.1 Quantitative survey

A quantitative survey was designed in conjunction with HMRC, adopting a mixed methodology comprising Computer Assisted Telephone Interviewing (CATI) and online interviews which ran concurrently.

Interviews took place between 11th March and 17th April 2021 with parents who were eligible for TFC but were yet to apply. The sample was sourced from Yonder's proprietary research panels and purchased sample from our panel partners, as no centralised list of eligible parents was available. The sample was then screened using the following criteria to establish eligibility for TFC: age of children, whether paying for childcare, status of employment, annual income, and whether in receipt of CTC or Universal Credit.

A total of 897 interviews were achieved, made up of 610 online interviews and 287 telephone interviews. Of the total interviews achieved, half were conducted with parents who were aware of TFC prior to the research and half with those who were not aware, enabling statistically robust comparisons between the two groups:

	Awareness of TFC	Number of interviews
<b>Group 1</b>	Parents who were eligible for TFC but had not applied for it despite <b>being aware</b>	<b>449</b>
<b>Group 2</b>	Parents who were eligible for TFC but had not applied for it because they <b>were unaware</b>	<b>448</b>

## 2.3.2 Report interpretation

Some statistical tests have been run on data from the survey to explore any differences between sub-groups. However, there are a number of limitations in using statistical tests on quota sample data e.g. response bias, lack of known sampling probability, unknown population etc.

Not all figures in this report sum to a total of 100%. This is the case if more than one response was possible; and, where all responses have been included, figures may not sum exactly to 100% due to rounding. The use of words such as 'most', 'many', 'some' and 'few' are illustrative of the data collected for this study and do not represent the views of the general parent population.

### 3. What are the barriers for eligible parents who do not sign up to Tax-Free Childcare?

This chapter focusses on levels of awareness of the TFC scheme and identifies parents who were least likely to be aware of the scheme prior to the research. It also explores the reasons why those parents who were eligible and aware of the TFC scheme had not applied for it.

#### 3.1 Are there any differences between parents who had heard of TFC prior to participating in the research compared to those who had not?

As discussed in the methodology section, it was important to achieve an equal balance of eligible parents who were aware of TFC and those who were unaware, to be able to make statistically robust comparisons between the two groups.

As per table 3.1, the profiles of parents who were eligible for TFC but had not applied for it because they were unaware and those who had not applied for it despite being aware were similar, with the only difference being in the childcare provider for children aged four and above.

**Table 3.1 Profile of parents who were eligible for TFC**

	<b>Group 1: Parents who were eligible for TFC but had not applied for it despite being aware</b>	<b>Group 2: Parents who were eligible for TFC but had not applied for it because they were unaware</b>
<b>Number of children</b>		
1-2	88%	92%
3-4	11%	8%
5+	-	-
<b>Age of children</b>		
<5	33%	32%
5-10	56%	52%
11+	11%	17%
<b>Number of hours of childcare paid for weekly</b>		
<15 hours	52%	59%
16-20 hours	14%	12%
21+ hours	34%	29%
<b>Top three childcare providers for children aged 0-3 or 4-5 and not in school</b>		
Day nursery	42%	43%
Childminder	24%	23%
Nursery school	25%	19%
<b>Top three childcare providers for children aged 4+ and in full-time education</b>		
Out-of-school club	76%	67%
Childminder	28%	37%
Nanny	14%	12%
<b>Average number of holiday club days paid for yearly for children aged 4+ and in full-time education</b>		
1-10	37%	37%
11-20	31%	34%
21+	31%	28%

When asked if they had heard of TFC or 30 hours free childcare, at an overall level, half (50%) of eligible parents had heard of TFC prior to the research, but three-quarters (75%) had heard of 30 hours free childcare, indicating that the cut through of communications for 30 hours has been significantly more successful compared to TFC.

### 3.1.1 Which types of parents were less likely to be aware of TFC?

Among those Group 2 parents who were eligible for TFC but had not applied for it because they were unaware, it was fathers who were least likely to have heard of the TFC scheme. More than half (56%) of fathers had not heard of this scheme compared to mothers (45%). Of those parents who were working, couples (48%) had significantly greater awareness of the TFC scheme than single parents (63%), indicating that increased demands of parental responsibility on one parent may limit the time available to research into the schemes available to them.

It is important to note that of those parents who were unaware of TFC, around three-quarters (74%) also did not use childcare vouchers. Only 18% used childcare vouchers to cover some of their costs and 4% used childcare vouchers to cover all of their childcare costs.

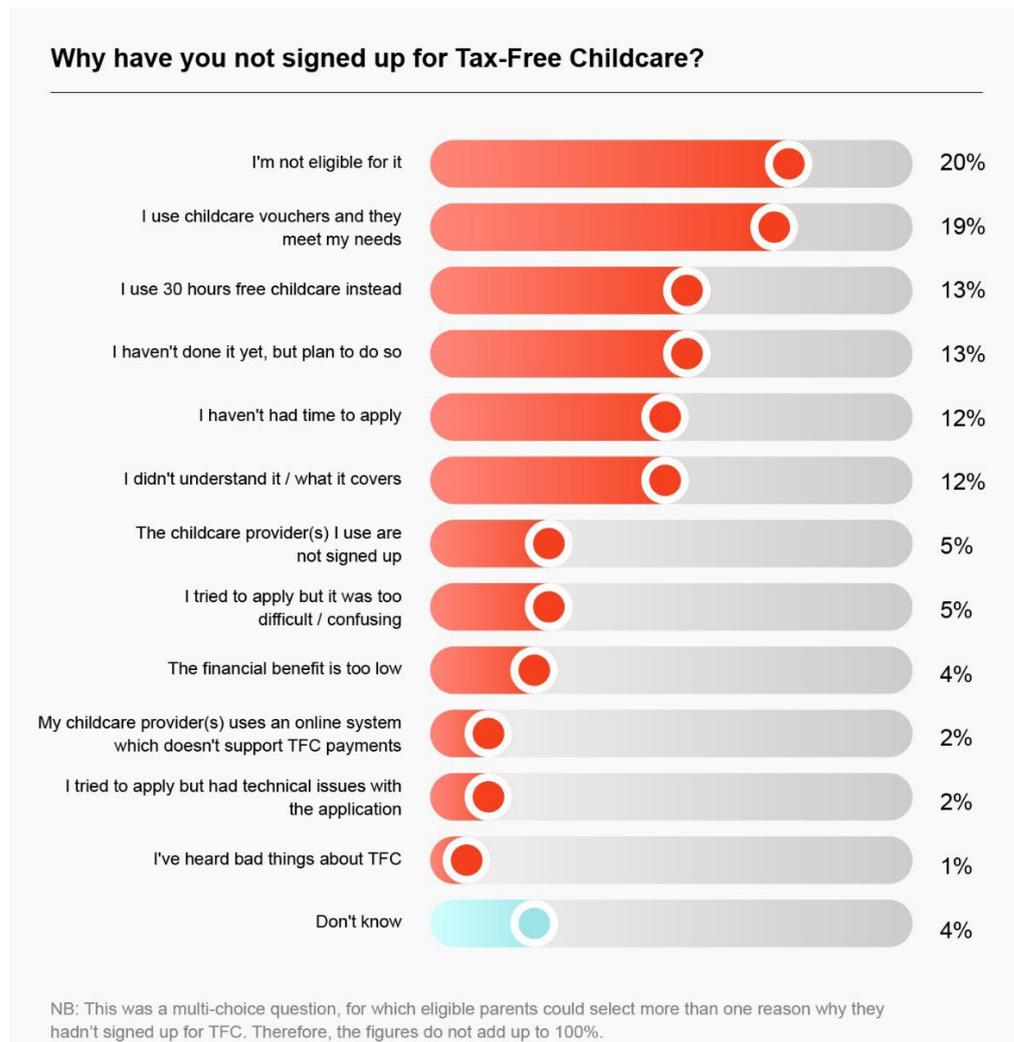
## 3.2 What had prevented some parents who were aware of TFC from applying for it?

To note, all data in this section relate to Group 1 only: parents who were eligible for TFC but had not applied for it despite being aware.

Despite all Group 1 parents within the survey sample being eligible for TFC, one-in-five (20%) thought they were not eligible, which could infer uncertainty about the eligibility requirements of the scheme. Around one-in-three parents in total stated that their needs were being met through other childcare schemes, with one-in-five (19%) using childcare vouchers and more than one-in-ten (13%) using 30 hours free childcare instead. These top barriers to signing up for TFC have remained consistent since the survey conducted by IFF in 2019.

In addition to the above, 13% hadn't applied yet but planned to do, and 12% said they had not had time to apply, so the research did identify a portion of parents who said they were planning to sign up for TFC. Figure 3.1 shows the most prevalent reasons given for not signing up to TFC.

**Figure 3.1. Reasons given for not signing up to TFC**



QC1. Why have you not signed-up for Tax-Free Childcare?

Base: All respondents who have not signed-up to TFC despite being aware and eligible, n=443

Why have you not signed up for Tax-Free Childcare?	%
I am not eligible for it	20%
I use childcare vouchers and they meet my needs	19%
I use 30 hours free childcare instead	13%
I haven't done it yet, but plan to do so	13%
I haven't had time to apply	12%
I didn't understand it/what it covers	12%
The childcare provider(s) I use are not signed up	5%
I tried to apply but it was too difficult/confusing	5%
The financial benefit is too low	4%
My childcare provider(s) uses an online system which doesn't support TFC payments	2%
I tried to apply but had technical issues with the application	2%
I've heard bad things about TFC	1%
Don't know	4%

### 3.2.1 Why did some parents think they were ineligible for TFC?

To be eligible for TFC, each parent must earn less than £100k and at least £142 per week (equal to 16 hours at the National Minimum or Living Wage), hence the scheme is not limited to low-income families. Of those Group 1 parents who thought they would not be eligible for TFC, analysis of verbatim showed that more than half (53%) perceived their household income to be too high to be eligible for the scheme.



*“It’s mostly for low income households under £16,000 per year.”*

In addition, older parents aged 35-54 were significantly more likely (25%) than younger parents aged 25-34 (9%) to say concern about eligibility was the reason they hadn’t signed up to TFC.

## 3.2.2 What did some parents not understand about TFC?

A lack of understanding of TFC and what it covers was explicitly mentioned by 12% of Group 1 parents. Analysis of verbatim showed the element they understood the least was eligibility (47%). A quarter (25%) did not know about the scheme or had not looked into it and one-fifth (20%) did not know how the scheme works.

*"I am unaware of our eligibility for it." (47%)*

*"I thought it was for single mums. I didn't think we would be eligible for it."*

*"I haven't looked into it as I thought it was for people on benefits." (25%)*

*"I don't understand the difference between tax free childcare and childcare vouchers." (20%)*

It is therefore important that there is greater clarity on eligibility criteria, specifically with the younger age groups/ those more likely to be longer term users of TFC (i.e. 25-34 age group).

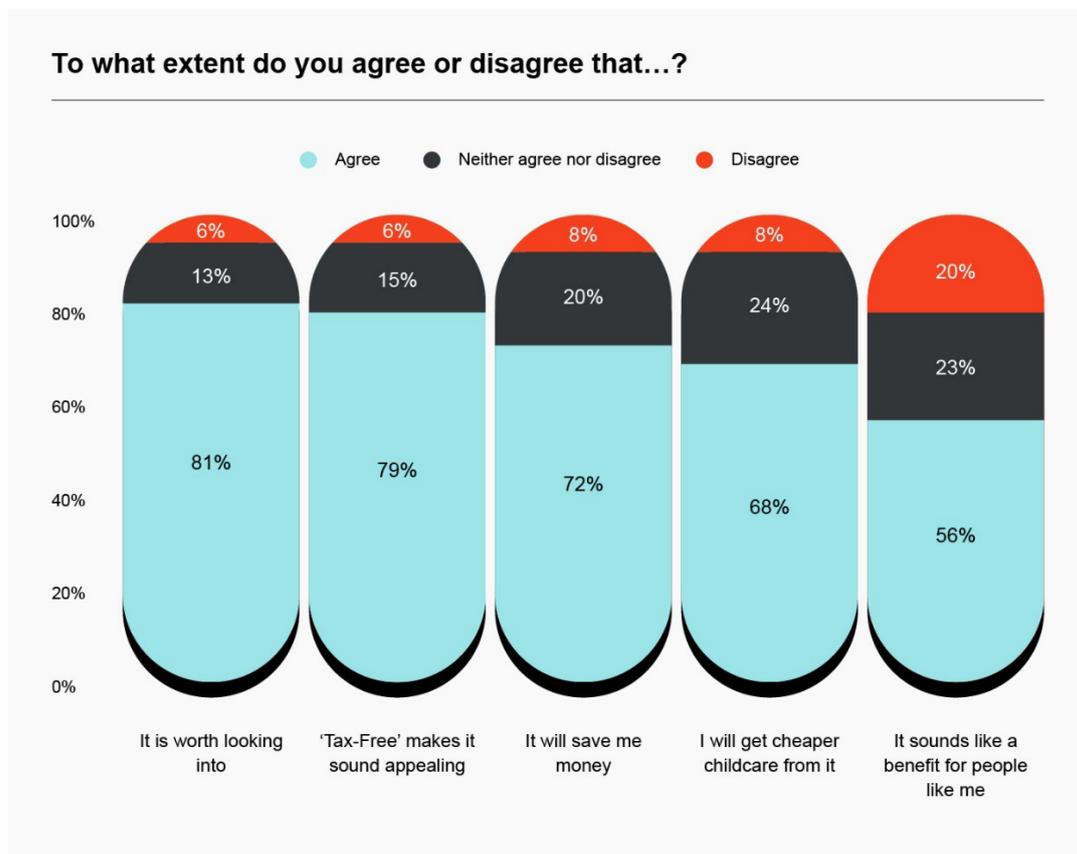
## 4. What do eligible parents think about the name Tax-Free Childcare?

This chapter focuses on the extent to which the name 'Tax-free Childcare' poses a barrier to eligible parents looking into or signing up to TFC.

### 4.1 What does the name Tax-Free Childcare make eligible parents think about the scheme?

The name Tax-free Childcare generates positivity towards the scheme, as four-in-five eligible parents (81%) agreed that the scheme is worth looking into because of the name and that the 'Tax-Free' element makes it sound appealing (79%). In particular, parents with young children aged 0-3 were significantly more likely (86%) than the average (81%) and those with children aged 6+ (79%) to agree that TFC is worth looking into. Figure 4.1 shows the full range of positive associations with the name.

**Figure 4.1. Agreement of positive statements associated with the name 'Tax-Free Childcare'**



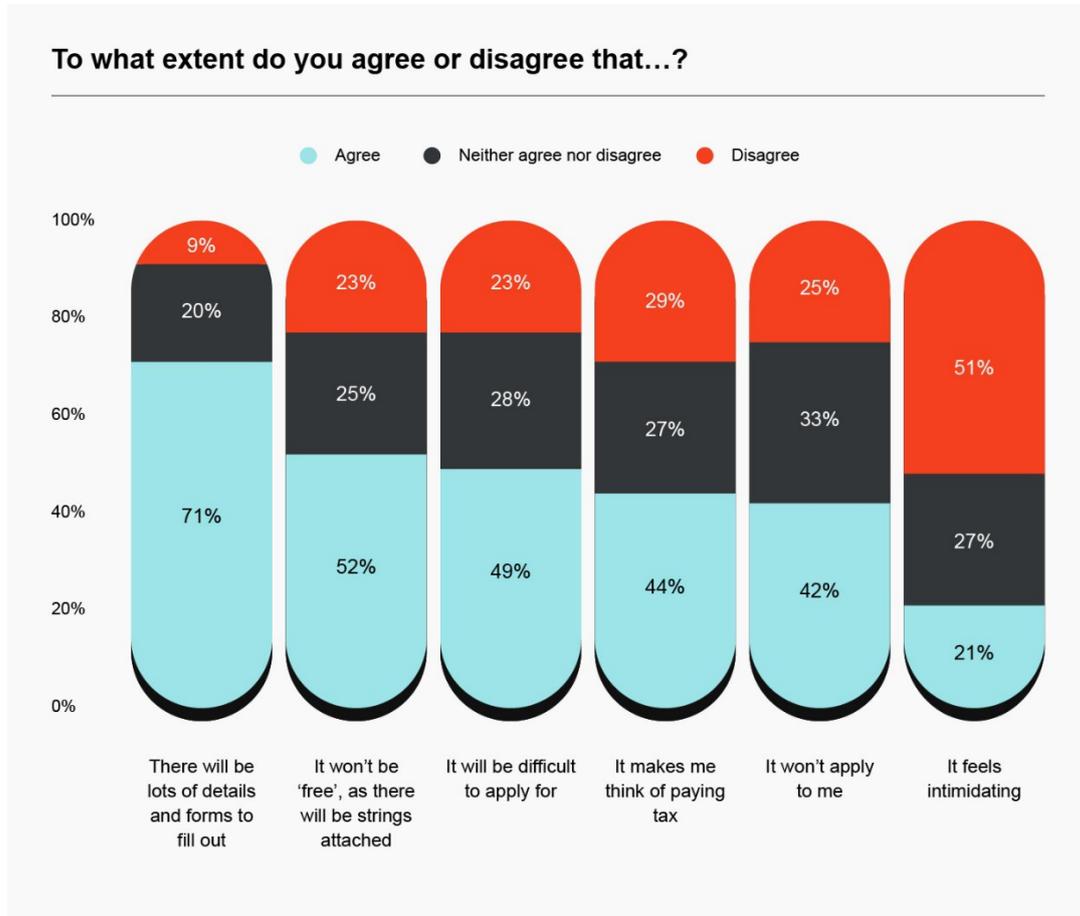
QD1. Thinking about 'Tax-Free Childcare' and what the name makes you think about the offer and what it will be like to use, to what extent do you agree or disagree with the following statements?

Base: All respondents, n=891

<b>To what extent do you agree or disagree that...?</b>	<b>Agree</b>	<b>Neither Agree nor Disagree</b>	<b>Disagree</b>
It is worth looking into	81%	13%	6%
'Tax-Free' makes it sound appealing	79%	15%	6%
It will save me money	72%	20%	8%
I will get cheaper childcare from it	68%	24%	8%
It sounds like a benefit for people like me	56%	23%	20%

The name also generates negative associations with eligible parents. Seven-in ten (71%) agreed the name suggests there will be lots of detail and forms to fill out and just over half (52%) agreed that despite 'Tax-Free' being in the name, TFC would not be free/ there would be strings attached. Figure 4.2 shows the full range of negative associations with the name.

**Figure 4.2. Agreement of negative statements associated with the name ‘Tax-Free Childcare’**



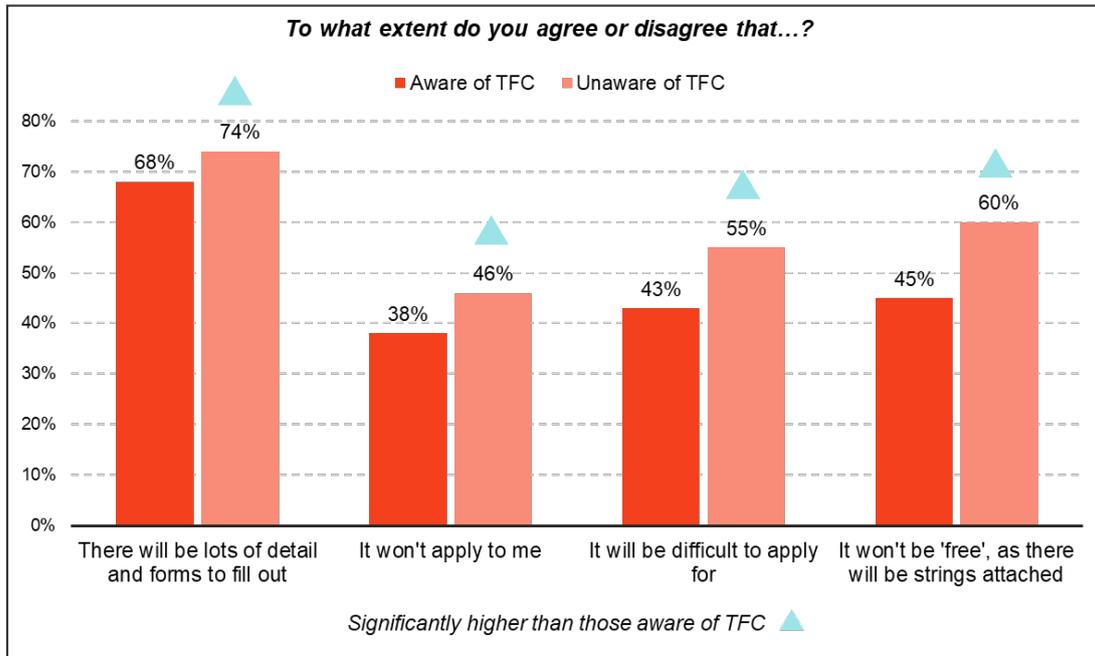
QD1. Thinking about 'Tax-Free Childcare' and what the name makes you think about the offer and what it will be like to use, to what extent do you agree or disagree with the following statements?

Base: All respondents, n=891

To what extent do you agree or disagree that...?	Agree	Neither agree nor disagree	Disagree
There will be lots of details and forms to fill out	71%	20%	9%
It won't be 'free', as there will be strings attached	52%	25%	23%
It will be difficult to apply for	49%	28%	23%
It makes me think of paying tax	44%	27%	29%
It won't apply to me	42%	33%	25%
It feels intimidating	21%	27%	51%

As figure 4.2 shows, Group 2 parents who were not aware of TFC prior to taking the survey were significantly more likely to agree with many of the negative statements compared with Group 1 parents who were previously aware of TFC, suggesting that the name triggers greater negative associations with parents who have no prior knowledge of the scheme.

**Figure 4.3. Negative statements associated with the name Tax-Free Childcare by those parents aware and unaware of the TFC**



QD1. Thinking about 'Tax-Free Childcare' and what the name makes you think about the offer and what it will be like to use, to what extent do you agree or disagree with the following statements?

Base: All respondents, n=891; Group 1: those aware of TFC, n=443; Group 2: those unaware of TFC, n=448

To what extent do you agree or disagree that...?	Aware of TFC	Unaware of TFC
There will be lots of detail and forms to fill out	68%	74%
It won't apply to me	38%	46%
It will be difficult to apply for	43%	55%
It won't be 'free', as there will be strings attached	45%	60%

**4.1.1 Why do some parents think TFC will include a lot of paperwork for them to complete?**

Of those parents who agreed that the TFC name suggests there would be a lot of paperwork involved, analysis of verbatim showed that the main reasons were previous experience with similar schemes (32%), that they thought they would need to provide lots of information as proof of eligibility (29%) and because it concerned the Government/ the link to taxation, there would be lots of paperwork (17%).

*"The general expectation is that anything Government-related will be monstrously bureaucratic and long-winded."*

*"Because there always is with universal credit and tax credits."*

*“Because they’ll ask for bank statements, letters from employers, marriage certificates etc...”*

*“I think with any funding, there’s a lot of background work to get it agreed and it can be very time consuming.”*

## 4.1.2 Why do some parents think it won't apply to them?

Analysis of verbatim showed that one-in-two of those who said the name suggests the scheme wouldn't apply to them believed this is due to their income being too high (55%). One-in-five parents felt that they wouldn't meet the eligibility criteria (20%), while more than one-in-ten parents thought that their employment status would impede their application (16%). Finally, 14% claimed previous experience of similar schemes had led them to believe that they wouldn't be eligible.

*"I'm pretty sure I'm not eligible because my income is too high."*

*"Because people who work and don't claim benefits are not entitled."*

*"Because we both work and pay taxes. The more tax you pay, the less you get."*

*"There are always a lot of restrictions with these schemes."*

## 4.1.3 Why do some parents think it won't be 'free'?

One-in-two of those who think the scheme won't be 'free' as the name suggests, believe it will have to be paid for in some way (47%). More than one-in-five of parents were suspicious that there would be hidden conditions (22%). Being associated with the Government and having previous experience with similar schemes, meaning it won't be free, were cited by more than one-in-ten parents (both 13%).

*"There are always strings attached when it comes to tax."*

*"I'd rather avoid Government initiatives, as there's always a catch and it ends up being more trouble than it's worth."*

*"All of these childcare provisions promise a lot but deliver significantly less. For example, 30 hours free is not 30 hours free. There are hidden costs."*

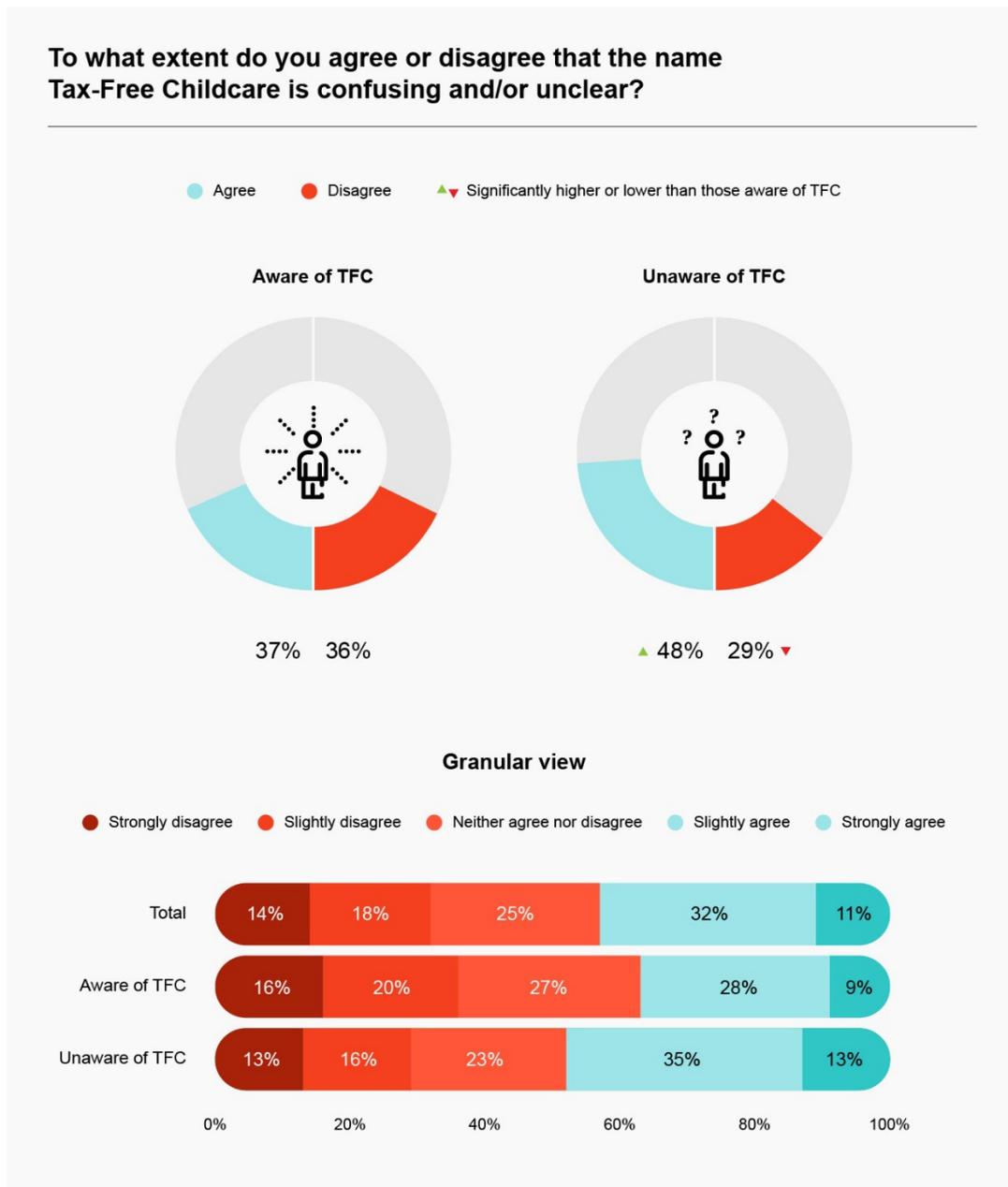
*"I think it's misleading to call it tax-free childcare, as I'm sure the money will come out of my taxes elsewhere."*

## 4.2 Has the name Tax-Free Childcare prevented some parents from signing up?

The name Tax-Free Childcare was seen as a barrier to signing up for some eligible parents, particularly those Group 2 parents who were not previously aware of the TFC scheme. More than two-fifths of all parents found the name confusing and/ or unclear (43%) with those unaware of TFC prior to

the survey being more likely to agree with this (48%) than those previously aware of TFC (37%). Nearly three-in-five (58%) of those who think the name is confusing and/ or unclear said this has or would have prevented them from looking into TFC and more than half (54%) said that it has or would have prevented them from signing-up to the scheme.

**Figure 4.4 Parents' views on the extent to which the name Tax-Free Childcare is confusing and/or unclear**



QD4. To what extent do you agree or disagree with the following statement: the name Tax-Free Childcare is confusing and/ or unclear?

Base: All respondents, n=891

<b>Parents' granular view</b>	<b>Strongly disagree</b>	<b>Slightly disagree</b>	<b>Neither agree nor disagree</b>	<b>Slightly agree</b>	<b>Strongly agree</b>
<b>Total</b>	14%	18%	25%	32%	11%
<b>Aware of TFC</b>	16%	20%	27%	28%	9%
<b>Unaware of TFC</b>	13%	16%	23%	35%	13%

Analysis of verbatim comments shows that when asked why the name has prevented parents from either looking into or signing up to TFC, more than one-in-ten (14%) said it was because the name made it sound complicated, 12% said it sounded misleading and 9% thought that the name suggested that the benefits or savings would not be worth them looking into/ signing up for.

*“With childcare vouchers, I know what I’m getting, but ‘tax-free childcare’ sounds complicated.”*

*“It sounds like a benefit we wouldn’t be eligible for and the word ‘tax’ is very off-putting.”*

*“Because it’s linked with tax and sounds like it will be very confusing. My experience applying for Government schemes is that they’re very detailed and always take such a long time.”*

*“It doesn’t sound like it will save me a lot of money and I’m not sure the effort to fill in the forms would be worth it for a small amount of money.”*

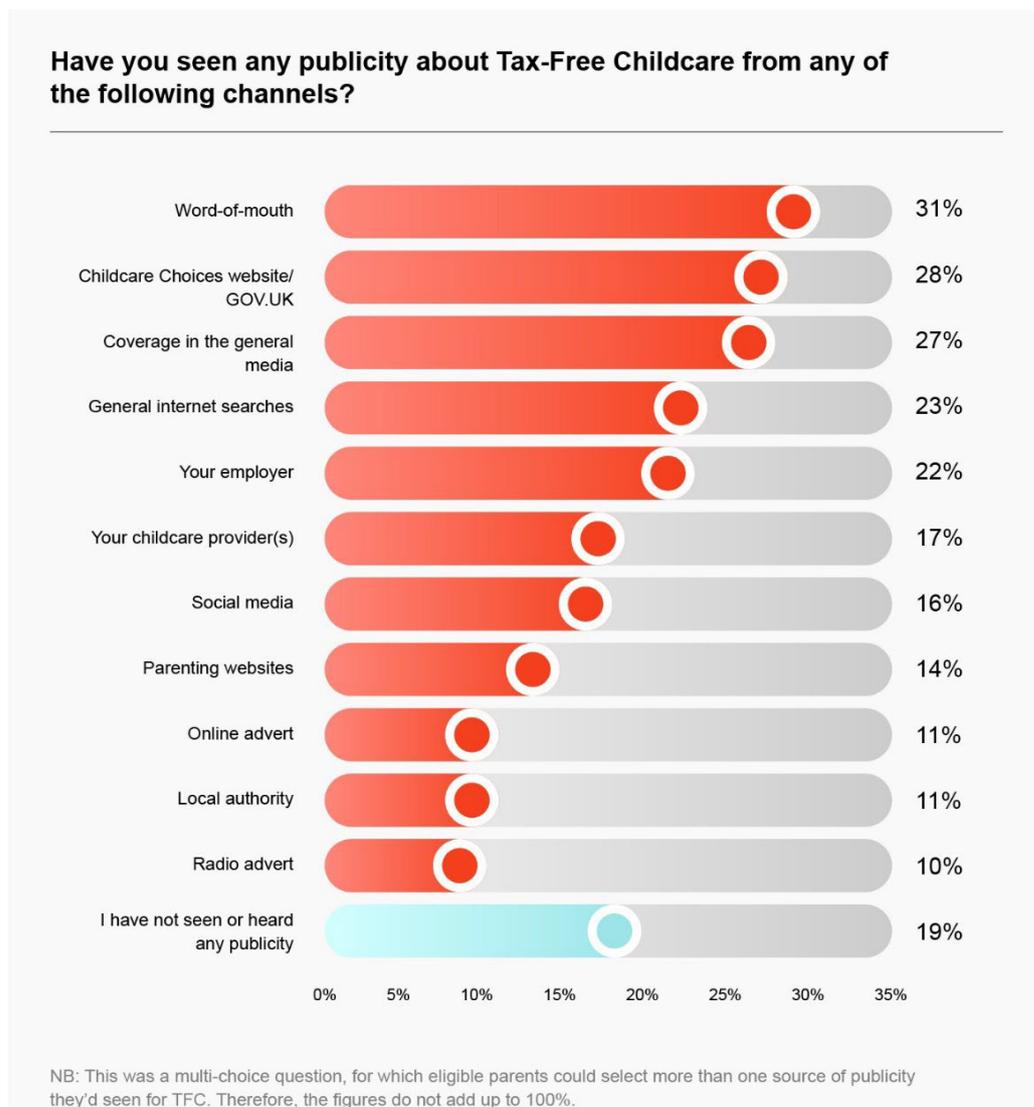
## 5. What is the best way to communicate to parents about TFC to encourage more to sign-up?

This chapter focuses on the most prominent sources that have raised awareness of TFC with eligible parents and the key themes to communicate in the future to further raise awareness of the scheme.

### 5.1 Of those parents who were aware of TFC, where do they recall seeing publicity about the scheme?

When we asked those Group 1 parents who were previously aware of TFC where they had learned about the scheme, the top three sources were word-of-mouth (31%), the Childcare Choices/ GOV.UK website (28%) and through coverage in the general media (27%). Conversely, radio adverts and online adverts had the least impact on awareness and one-fifth (19%) had not heard or seen any publicity at all. Figure 5.1 shows a full breakdown of channels for sources of awareness.

**Figure 5.1 Channels of sources of awareness**



QB12. Have you seen any publicity about Tax-Free Childcare from any of the following channels?

Base: All Group 1 parents who have not signed-up to TFC despite being aware and eligible, n=443

<b>Have you seen any publicity about Tax-Free Childcare from any of the following channels...?</b>	<b>%</b>
Word-of-mouth	31%
Childcare choices website/GOV.UK	28%
Coverage in the general media	27%
General internet searches	23%
Your employer	22%
Your childcare provider(s)	17%
Social media	16%
Parenting websites	14%
Online advert	11%
Local authority	11%
Radio advert	10%
I have not seen or heard any publicity	19%

## **5.2 What should be the priority messages in future communications to encourage more eligible parents to sign up to TFC?**

As stated earlier in this report, a full understanding of eligibility criteria was considered the biggest barrier to take-up of TFC by eligible parents, with a range of incorrect assumptions, notably regarding income, resulting in some believing they cannot sign up for TFC. Providing parents with greater clarity on eligibility requirements, including income requirements, is therefore likely to encourage those who previously thought they were ineligible to look into the scheme.

In addition to the above, analysis of perceptions of the name Tax-Free Childcare showed that seven-in-ten eligible parents agreed that the name made them think there would be lots of detail and forms to fill out when applying (71%). Alongside eligibility requirements, providing further information about the sign-up process and what is involved could mitigate any concerns about a lengthy or complicated process, and further encourage eligible parents to look into the scheme.

## 6. How has Covid-19 impacted the use of childcare for parents who are eligible for TFC?

This chapter focuses on how the Covid-19 pandemic has impacted the use of formal childcare among parents who are eligible for TFC and how they see their use of childcare changing as restrictions are lifted.

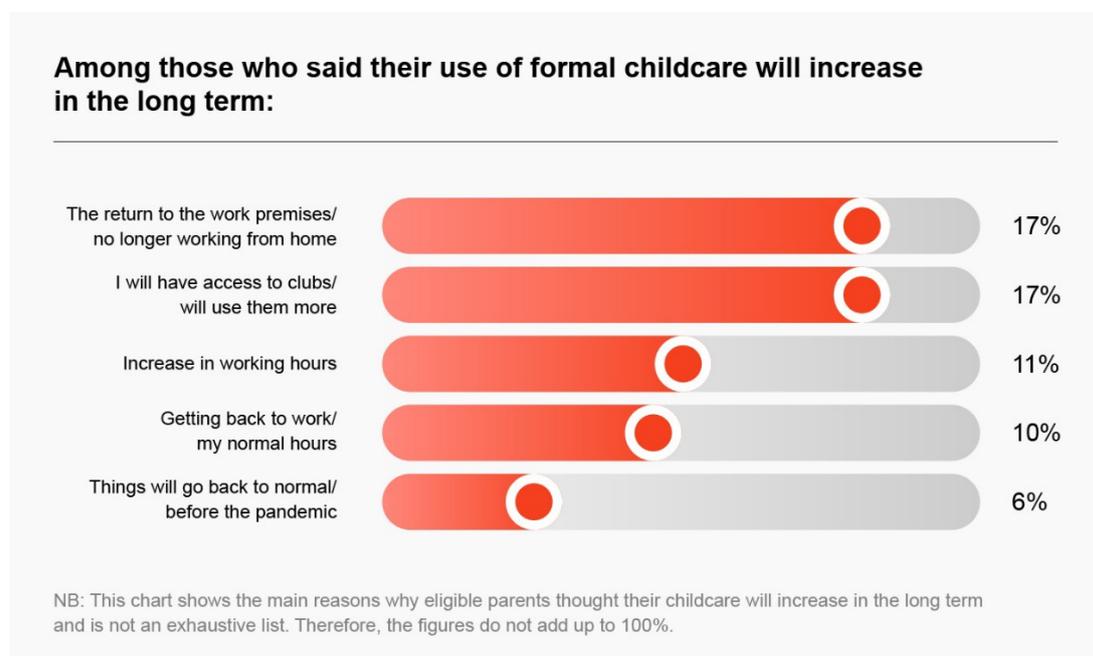
### 6.1 To what extent have the Covid-19 lockdowns changed parents' use of childcare?

During the latest nationwide COVID-19 lockdown, which began in January 2021, more than half of eligible parents had decreased their use of formal childcare (54%), with only a small proportion of parents saying it had increased (14%). Those with children aged 6+ were significantly more likely (61%) than those with children aged between 0-3 (38%) or 4-5 (51%) living in their household to have seen a decrease in their use of formal childcare during the latest lockdown.

### 6.2 To what extent do parents expect their use of childcare to change in the long term?

In the long-term, around two-fifths of eligible parents (43%) expect their use of childcare to increase once the pandemic is over. Those who saw their formal childcare usage decrease in the latest lockdown were significantly more likely (56%) than the average (43%) to expect their use of formal childcare to increase in the long term, once schools, nurseries, and childcare providers have fully reopened. The main reasons for this are that they expect to return to work premises once restrictions have been fully lifted, in conjunction with having access to childcare clubs again, meaning they will be able to use childcare more than during the pandemic. Figure 6.1 illustrates the main reasons eligible parents thought their childcare will increase in the long term.

**Figure 6.1. Reasons given for why childcare may increase as a result of Covid-19**



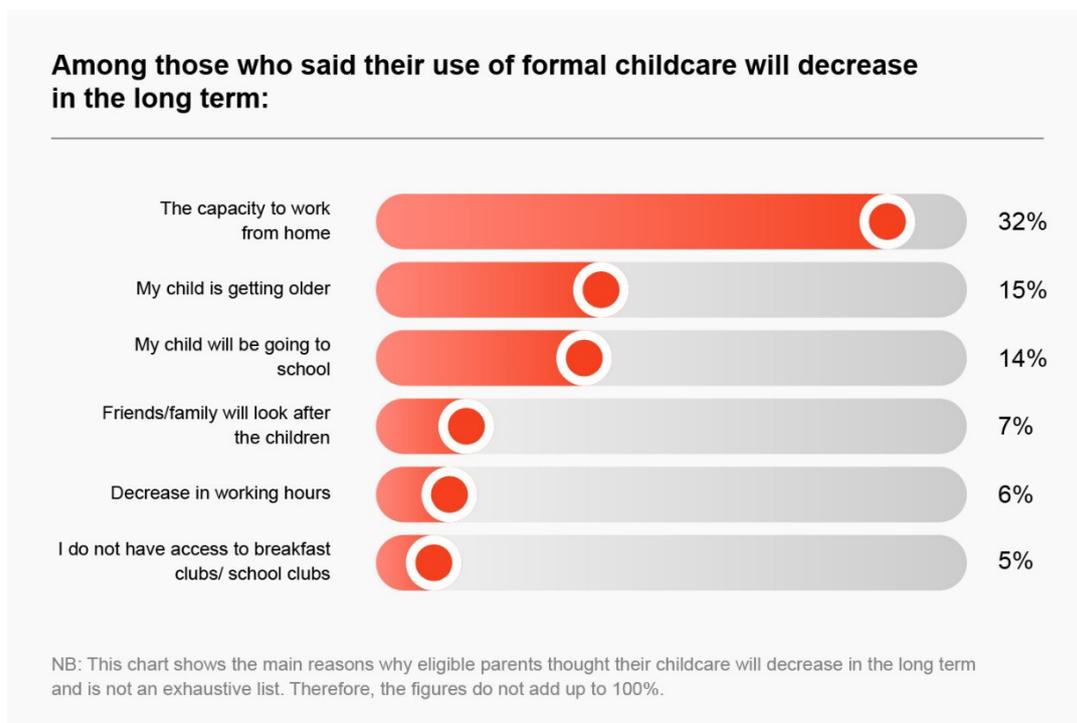
QE3. Why do you say that? Please provide as much detail as possible to help us understand why your childcare may have increased as a result of COVID-19.

Base: All respondents who said their use of formal childcare would increase, n=382

<b>Among those who said their use of formal childcare will increase in the long term:</b>	<b>%</b>
The return to the work premises/ no longer working from home	17%
I will have access to clubs/ will use them more	17%
Increase in working hours	11%
Getting back to work/ my normal hours	10%
Things will go back to normal/ before the pandemic	6%

Conversely, parents who felt that their use of formal childcare would decrease in the long term said this was because they thought they would have greater capacity to work from home more than pre-pandemic times (32%). Figure 6.2 illustrates the main reasons eligible parents thought their childcare will decrease in the long term.

**Figure 6.2. Reasons given for why childcare may decrease as a result of Covid-19**



QE3. Why do you say that? Please provide as much detail as possible to help us understand why your childcare may have decreased as a result of COVID-19.

Base: All respondents who said their use of formal childcare would decrease, n=130

<b>Among those who said their use of formal childcare will decrease in the long term:</b>	<b>%</b>
The capacity to work from home	32%
My child is getting older	15%
My child will be going to school	14%
Friends/family will look after the children	7%
Decrease in working hours	6%
I do not have access to breakfast clubs/school clubs	5%

The data therefore shows some differences in opinion from parents relating to how their use of childcare will change in the future, largely driven by their own personal circumstances, notably the amount of home working compared to a return to the office. However, it is clear that childcare will remain a vital element in the lives of many working parents. Therein lies the importance of TFC as a support with the cost of childcare for these parents, and the continued initiative to raise awareness and encourage more eligible parents to sign up to maximise the benefit they can gain from the scheme.

For further information on the different childcare schemes available, please use the following links:

<https://www.gov.uk/tax-free-childcare>

<https://www.mygov.scot/childcare-costs-help>

<https://gov.wales/childcare-parenting>

<https://www.nidirect.gov.uk/articles/pre-school-education-places>