

# Tax-Free Childcare Surveys: Introduction and summary of responses

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## Introduction

As part of the Tax-Free Childcare consultation, the Government ran short online surveys to make it as easy as possible for parents, childcare providers and employers to respond to the consultation. We received over 35,000 survey responses, which together with formal responses to the consultation, detailed discussion with stakeholders, and other qualitative research, have helped to inform the design of the scheme.

This document summarises the main points from the survey responses. The majority of responses were from parents, childcare providers and employers who were already familiar with the current Employer-Supported Childcare scheme (90% of parents, 96% of childcare providers and 96% of employers).

## Summary of responses

With over 35,000 responses, the Tax-Free Childcare online surveys received one of the largest numbers of responses to a Government consultation. The Government is grateful for this level of input, which helped to balance some of the more qualitative research.

As well as the need to make the new Tax-Free Childcare scheme as widely available as possible, a central theme from the survey responses was the need to keep the new model simple to use. In particular, parents told us that it must be easy for them to open and pay into childcare accounts. Parents who currently receive Employer-Supported Childcare also told us they would like their employers to play a role in Tax-Free Childcare where possible.

A range of childcare providers responded to the survey, including nurseries, childminders and nannies. The majority of childcare providers wanted a simple process for dealing with the account provider, with queries resolved quickly. Some childcare providers were clear that while they may be able to help with checking parent's eligibility for Tax-Free Childcare, it would be an unfair onus on them.

The majority of employers felt they could have a role to play in Tax-Free Childcare, either by pointing employers to the published guidance, or by providing specific guidance through their human resources departments.

## Background on response data

An estimated 1.9 million families will be eligible for Tax-Free Childcare. It is not possible to know how many parents responded to this survey; there were 35,643 responses from self-declared parents, but each parent could have responded more than once. This is also true for childcare providers and employers.

Respondents self-selected to complete the survey. The survey was conducted online which may have prohibited the participation of those without internet access. 90% of responses to the parent survey came from those who declared themselves to be existing ESC users. ESC users will have experience of operating a childcare account. The employer survey received 211 responses resulting in a small base size for this group.

For these reasons, the findings in this survey are not representative of prospective service users (i.e. parents, childcare providers and employers) and provide an indication only of the views of prospective service users.

# Online survey for parents

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The Government received 35,643 responses to the online survey for parents.

90% of respondents currently receive support for their childcare costs through Employer-Supported Childcare. Below is a summary of parents' responses to questions on the existing Employer-Supported Childcare scheme, and their expectations for the new Tax-Free Childcare scheme.

Of those parents currently receiving Employer-Supported Childcare, most valued the convenience of having an account to pay for childcare and the flexibility to vary the size and regularity of payments.

Parents were asked what organisations they would like to help register for, and make payments into, for a childcare account. Parents were generally interested in their employer having a role to play in Tax-Free Childcare. The proportion of parents favouring an employer role was smaller though amongst non-Employer-Supported Childcare claimants, than those who do currently claim Employer-Supported Childcare. There was greater support from non-Employer-Supported Childcare claimants for registering via a Government portal (42%) than current Employer-Supported Childcare claimants (28%).

Parents were asked how they would prefer to provide eligibility information. Employer-Supported Childcare claimants were more likely to prefer providing information to a voucher provider (52%) whilst non-Employer-Supported Childcare claimants were more likely to prefer a Government portal (50%).

In terms of making payments in childcare accounts, most parents expected to make regular payments into their childcare account under Tax-Free Childcare. 79% of parents said they would expect to make regular payments of the same amount into the scheme, others would expect to vary those payments, depending on circumstances.

When asked specifically how frequently parents would expect to pay into their childcare accounts, 95% said they expected to make monthly payments.

On spending any credit parents may build-up in childcare accounts over time, 84% of parents suggested that they would expect to use credit they have built up in their childcare account within a year of making the payment.

The survey asked parents whether the Government's proposed definitions of 'parent' and 'household' for the purposes of Tax-Free Childcare were fair and appropriate. The majority of respondents felt these definitions were fair and appropriate. However, there was some uncertainty around how separated parents would be treated under these definitions, a question also raised by stakeholders in their responses. We asked the same question of wider stakeholders in the consultation document; a summary of responses can be found in Annex A questions 6 and 7.

We asked parents what they would find helpful in order to understand which scheme they should apply for, Tax Credits/Universal Credit or Tax-Free Childcare. 85% said they would like an online 'Better-Off Calculator'.

# Online survey for childcare providers

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We received 684 responses to the online survey for childcare providers. Of these

- 34% were childminders
- 29% were nursery employees or owners
- 21% worked in some other capacity within the childcare industry
- 13% were nannies
- 3% were school based play scheme employees
- 1% worked with agencies which place childcare workers

96% of respondents were aware of Employer-Supported Childcare vouchers before reading the survey. 88% said that they or their workplace accepted childcare vouchers, with 84% saying they received vouchers from more than one voucher provider. Below is an overview of their views of the current scheme and their expectations for Tax-Free Childcare.

On the question of overall experience of childcare vouchers, the majority were positive. The aim of the new scheme will be to maintain features that were identified as working well, such as the use of personal online accounts. The new scheme will allow eligible parents to set up a childcare account online and receive an automatic Government top-up. Parents will then be able to allocate this money to the qualifying childcare provider(s) of their choice.

We asked whether childcare providers would be able to check and confirm a child's identity and age, for example by checking birth certificates. While the majority of childcare providers said that they could check and confirm a child's identity, some providers felt this would be a burden on them.

Childcare providers were asked whether they foresaw any difficulties with the requirement that they be registered with Ofsted or the equivalent regulator in devolved administrations for the purposes of Tax-Free Childcare. The majority said they did not see this as a difficulty.

We asked childcare providers whether they would be interested in becoming childcare account providers. Approximately 75% said no, or don't know.

There were a range of views amongst childcare providers on how the new childcare account market under Tax-Free Childcare should be structured. Responses were mixed, with 40% of childcare providers indicating they were happy for any number of firms to operate in a market, as long as they were accredited. The second most popular answer, at nearly 30%, was for a single voucher provider appointed by the Government.

We asked childcare providers whether they would be interested in helping parents get set up for Tax-Free Childcare. Approximately 45% of childcare providers said they would be interested in helping, approximately 27% said that they would not.

Most childcare providers would want to be able to easily contact a childcare account provider or access online information to resolve any queries or problems under Tax-Free Childcare. The majority suggested a helpline, followed by the provision of online information as the next most popular option.

# Online survey for employers

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We received 211 responses to the online survey for employers. Of these:

- 31% have fewer than 50 employees
- 32% have 50 to 249 employees
- 36% have 250 or more employees

In addition:

- 96% of those responding offer Employer-Supported Childcare vouchers to their employees through a contracted voucher provider
- 95% offer these vouchers through a salary sacrifice scheme
- 56% pay between 2.5-4.9% on the value of the vouchers in fees to the voucher provider

Employers were asked their reasons for using voucher providers, with the majority stating that it was the ease to administration. Simplicity of any new scheme was a key theme in responses.

The responses show that most employers offering Employer-Supported Childcare will tend to stay with the same voucher provider.

For those employers who do change voucher providers, the main reason for doing so was that they were offered a better deal (just under half gave this reason).

Employers were asked what role they envisioned for themselves under Tax-Free Childcare. The most frequent answer was 'haven't considered yet', followed second by pointing employees to published guidance.

Most employers expected an increased take-up of the Employer-Supported Childcare offer with the advent of Tax-Free Childcare – the survey stated that the former would be closed to new entrants from autumn 2015. ESC will also remain available to parents who are members of an ESC scheme, after autumn 2015, where their employers continue to offer it.

Employers were asked what factors would determine how long they would keep their Employer-Supported Childcare schemes running. The majority (51%) said costs of providing ESC would be a factor, followed by the number of employees claiming the scheme (38%).