

**HMRC Tax-Free Childcare Research:
Findings on parents' account provider preferences**

Research Report 330

**Suzanne Hall & Isabella Pereira
Ipsos MORI Social Research Institute**

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Glossary

ESC	Employer-Supported Childcare – an existing scheme whereby employees can receive discounted childcare, where it is offered by their employer
HMRC	HM Revenue and Customs
Ofsted	Office for Standards in Education, Children’s Services and Skills.

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Key Findings

Paying for childcare

A key issue for participants around paying for childcare was affordability. As such, Tax-Free Childcare was typically welcomed, particularly by those paying basic rate income tax. Participants were very comfortable with the idea of making payments and managing finances online.

Timely payments to providers were important to participants as they were averse to being fined for late payments or underpayments. They therefore valued the dependability of online payments to providers through direct debits, bank transfers and Employer Supported Childcare (ESC) portals.

Finding information

Participants accessed information on childcare providers using many sources: gov.uk and local authority websites were valued for details on Ofsted reports but word-of-mouth, personal recommendations, and online forums were also very important to parents.

Views on five of the account provider criteria

Security was primarily understood to be security of individual contributions from online fraud. This was felt to be a critical element, which participants expected would be incorporated into the accounts given their experiences of online banking security requirements.

Simplicity and efficiency were vitally important to participants. This was because they felt short of time and wanted a service which fitted into their lives. They wanted a website which was quick to access and navigate, had a clear and intuitive interface, and would reassure parents by using transaction and data entry confirmation messages.

Responsiveness was important to participants with regard to ensuring support and advice was easily available, particularly in the early days of the scheme and for those who may find online access more problematic. Participants preferred to be able to access such support and advice online, or alternatively by telephone through speaking to a trained staff member.

Views were polarised on the issue of competitiveness. Participants typically were averse to choice, feeling that it would be confusing and time-consuming to have to decide between providers. Those who advocated choice did so to be able to select the most convenient provider for them, which was typically their bank who they assumed would be competing to provide TFC account services.

Responses to the account provider options

Participants tended to prefer a single government provider – albeit one in which investment was made to ensure that the system met their demands in relation to the level of security, efficiency, simplicity and responsiveness.

This was because trust played an important part in preferences for a government provider. Participants felt strongly that the institution providing the TFC accounts should be well-established and reliable – not only because their data security systems would be more credible, but also because their contributions would be safe. A government institution was felt to be more reliable and favoured over the private sector, with many expressing concerns about the reliability of banks. Further, competitiveness was not considered important – instead, there was a strong feeling that it was important to have a single provider as this was felt more likely to ensure security and simplicity.

Introduction and background

The new Tax-Free Childcare (TFC) scheme was announced by the Government at Budget 2013 and will be implemented from autumn 2015.

The Government is aware that one of the biggest challenges faced by families is the cost of childcare and so the scheme will support working families with these costs - helping those who work, those choosing to return to the workplace, and those who want to work more.

The scheme will offer eligible working families 20 per cent support towards qualifying childcare costs – the equivalent of basic rate tax relief – up to an annual limit of £2,000 contribution per child. The scheme will be operated through online childcare accounts. Parents will open an online childcare account and pay money towards qualifying childcare costs into the online account. The Government will then automatically make ‘top up’ payments into this account at a rate of 20p for every 80p that families pay in up to the annual limit¹.

A ten week consultation was launched in August 2013 to inform the design and operation of the Tax-Free Childcare scheme. Alongside this consultation, HMRC commissioned external research to seek the views of parents and childcare providers. A further consultation, focused on childcare account provision, was launched in May 2014.

HMRC commissioned Ipsos MORI, an independent research organisation, to conduct qualitative research to help them understand the **views and preferences of eligible parents around the account provision for Tax-Free Childcare**. The research was focused on:

- Establishing participants’ preferences for the delivery of the Tax-Free Childcare, exploring four potential options for account provision;
- Understanding which of the five delivery criteria discussed is important to participants and why; and
- Exploring broader issues around participants’ decision-making processes in paying for childcare and choosing financial providers.

¹ Further information on the policy can be found here:
<https://www.gov.uk/government/consultations/tax-free-childcare>

Sampling and methodology

Ipsos MORI conducted eight depth interviews and two discussion groups with parents across two locations, London and Bristol. All participants in the study said they were eligible for Tax-Free Childcare².

Qualitative research is intended to elicit detail and depth, and through sampling aims to reflect diversity rather than aspiring to a representative sample³. Further, it allows researchers to explore issues with groups of particular interest. Participants in the research were therefore selected to include diverse characteristics with regard to household composition, work status (including those working shift patterns/ irregular hours), childcare usage (including a range of types of providers and use of informal childcare) and tax credits claim status. Further, we aimed to include a balance of gender and a quota on Black Minority Ethnic (BME) participants. A full outline of the achieved quotas is included in the appendix to this report.

Fieldwork was conducted between 25th June and 1st July 2014. In the course of depth interviews and group discussions, participants were presented with explanatory materials about TFC and were asked to consider the following in detail.

- Their understanding of five of the account provider criteria for the delivery of Tax-Free Childcare, and why they might be important to them. The criteria were:
 - 'Simple';
 - 'Secure';
 - 'Efficient';
 - 'Responsive'; and
 - 'Competitive'.

- Their views of four different options for account provision for Tax-Free Childcare:
 - Single Government provider;
 - Single private sector provider;
 - Small, fixed number of contracts; and
 - Open market.

In this report we present findings from the research. The research is qualitative and hence intended to explore participants' views in depth, uncover the rationale behind them and the relative importance of issues. The sampling rationale, which included a diverse range of participants, means that the findings may be applicable to some extent to a similar population – although given the small scale of the fieldwork it may be useful to compare findings from this research with other relevant research, such as work with stakeholders, in order to come to conclusions about parents' preferences on these issues in the general population.

² For full details on eligibility, please see: <https://www.gov.uk/government/consultations/tax-free-childcare>

³ Barbour, R (2001) *Checklists for improving rigour in qualitative research*, British Medical Journal 322: 2115, p58

Main findings

1. Paying for childcare

In this section we present findings on participants' views of childcare affordability and initial responses to TFC, payment channels used by parents, and on the importance of timeliness of payments to providers.

a. Affordability and initial responses to the TFC scheme

Affordability of childcare was a major concern for participants, particularly in London where parents felt they were paying a premium and, as a consequence, most welcomed TFC as potential additional support. When first introduced to the scheme, some described it as 'too good to be true' – indicating both receptiveness to the policy and surprise that such support may be available – and certainly an improvement on the help and support that they were currently able to access.

Responses to the proposition varied, most notably by the household income of participants. Those paying basic rate income tax were very positive about the offer, especially if already paying for childcare. This was because they already had experience of facing challenges in paying for childcare, and were receptive to the extra support.

Those who were already using Employer Supported Childcare (ESC) and paying basic rate tax were keen to understand if they would be eligible to put more money aside tax-free for childcare under the new system.

Those who were using only informal care were also positive about TFC – they tended to be unaware of the cost of childcare, and welcomed any government support to help them access formal childcare. They reported that they would choose providers who supported TFC, favouring those because of affordability rather than paying full cost.

Participants who paid higher-rate tax were less positive about TFC. This was because they believed that, from the information available, TFC would not offer any additional tax relief for them – most were already using ESC.

b. Payment channels

Online payment

All participants were users of online banking, with many reporting that they used mobile banking via apps. As such, all were very comfortable with TFC being offered online, but expected the service offered to be at the same level offered by their banks and building societies. Participants were concerned about online security from fraud and also believed that this was a major concern for their childcare providers. They felt that banks and building societies were more likely to be the targets of fraud than government, but also trusted banks and building societies to deliver on this as their reputation rested on it; further they were obliged to reimburse participants if there was a breach of security. Participants also reported that their banks allowed them to manage their finances quickly and efficiently, and that the websites and apps provided were very simple to use. They expected a similar offer from TFC as they were typically pressed for time and aimed to manage finances as quickly as possible.

However, it should be noted that even though participants themselves were comfortable with online banking and making payments over the internet they recognised that this was not necessarily the case for everyone. As such, they were keen that these individuals were not excluded from accessing this scheme.

Employer Supported Childcare (ESC)

Participants' experiences of ESC varied widely, which reflected the diverse range of account providers of this service. Regarding using their ESC portal, some found it challenging to use, citing difficulties such as long passwords which could not be changed and complicated user interfaces, but others were very happy with their ESC portal, finding it convenient to pay a number of separate providers directly from their account. Participants using ESC also typically found it easy to keep track of payments using their salary slips and through checking their account.

Some felt that ESC may not be as responsive as parents require as it may rely on the support of the employer to make changes to payments – for example, one participant reported issues when their employer's ESC provider changed, generating burdensome additional administration, and another reported that they had notified their employer that their nursery's costs had changed, but the employer did not amend the payment and the provider was underpaid.

Other types of payment

Participants were typically happy with the options they had around paying for childcare – many of those who were paying nurseries, childminders and after school clubs did so using direct debit payments from their bank accounts. This was generally reported to be convenient although those who were using a number of providers found this harder to keep track of. Participants who were paying providers by cash or cheque reported that they would prefer to pay by direct debit/bank transfer as it would be easier to keep track of their payments to providers and finances in general by reviewing bank statements. However, some felt that paying by cheque was straightforward and suited both them and the provider.

c. Timeliness of payments

Timely payments to childcare providers were very important to participants, meaning they valued methods of payments which ensured these were not missed. Participants were highly averse to being fined for late payments or to underpaying their providers – ensuring the goodwill of their provider and maintaining their child's childcare place was extremely important to them. For this reason, participants valued the dependability of direct debits and bank transfers, and the speed with which these payments were made. They also wanted the ability to be able to monitor payments in an online account which they felt gave them a paper trail they could refer to if something went wrong. ESC portals were highly-rated by participants for these reasons – participants felt confident that providers would be paid, and felt they were able to track payments.

d. Finding information

Participants accessed information in order to choose childcare providers in a number of ways. For many, official sources including gov.uk and local authority websites were a first port of call, providing access to Ofsted reports so they could view the ratings and make shortlists about which to visit. However, word-of-mouth recommendations were also very important to participants; they trusted the views of those in their peer group and so called on them for advice. Similarly, forums like Netmums were also used as a means of accessing personal recommendations via the comments.

Seeing providers for themselves, however, was decisive and could override any

preconceptions that parents had prior to their visit. Participants stated just how important the ‘gut feeling’ they had about providers was and how this made their mind up about which to use.⁴

Participants typically initially reported that they did not actively seek information or advice on help in paying for childcare, although on probing they tended to state that they had looked at gov.uk to explore their entitlements, particularly with regard to tax credits.

Regarding TFC, participants mentioned that a period of awareness raising prior to the launch would help ensure parents accessed the relevant support. Some suggested that leaflets and radio advertising (like tax credits renewals) would be a sufficient means of doing this and would mean that by the time the accounts launched, parents would know what they were for and how to make best use of them. This, in turn, would minimise their questions when they first came to logon.

2. Views on five of the account provider criteria

Participants in the study were asked about five of the criteria in the delivery of account provision: ‘simple’, ‘secure’, ‘efficient’, ‘responsive’, and ‘competitive’⁵. Here we present findings on what participants understood by these criteria, and why they were felt to be important – or otherwise.

a. “Simple”

This was very important to participants, with many stating the huge value to them of a “user-friendly” system which was “not complicated”. A simple system would save time, both in initial set-up and regular use. Participants felt strongly that balancing work and family meant life was very busy – hence anything which helped them save time was highly valued. A simple system which met their needs was therefore characterised as:

- It would allow them to engage with it very quickly with the least recourse to information and support. On probing, participants made comparisons with online banking stating that they typically spent about five minutes on their bank’s website and thought that each visit to their TFC account should be of a similar duration. This was important not only because participants were busy but also because some stated they were not confident using computers.
- It would be supported by an interface which was clear and intuitive, well designed (with minimal text and plenty of white space) and the language used would be very straightforward – “*understandable by everybody, no jargon*”. HMRC’s own website was not rated well in this regard, though many reported using gov.uk with success, which they reported as being clear and easy to use.

“There would have to be ‘the minimum amount of clicks to get in there – simple login, easy to get into the account, to see the balance of the account, not too many tabs. Something like getting your tax disc on line – that is pretty simple, just three or four stages.”

⁴ For more information, see Qualitative research into families’ experiences and behaviours in the Childcare Affordability Pilots (CAP09): 100% Costs Pilot, Hall et al 2011, HMRC/ DfE https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182446/DFE-RR101.pdf

⁵ Further information on these criteria can be found here: <https://www.gov.uk/government/consultations/tax-free-childcare>

In addition, a simple system would be one in which they were able to choose their own login details and password so that it was permanently easy to access once set up.

Participants felt strongly that a simple system would allow them to see clearly what activity had taken place on their account. They wanted to be able to view historical transactions to see who had paid in and when. This was important as it would ensure clarity about their account balance levels and engendered confidence that providers had been paid.

There was a range of views as to whether the private sector or the government was better placed to deliver a 'simple' system. This typically depended on personal experiences of using public sector websites. Those with good experiences of using government websites were confident that the government would be able to provide an easy-to-use system, citing, for example, the HMRC Self Assessment (SA) website as such an instance, or the DVLA site (as mentioned above). Those who had had more difficult experiences in dealing with government – for example in getting responses from local authorities on issues – were less convinced that government would be able to deliver a simple system.

b. "Efficient"

Efficiency was a very important criterion for participants; they spoke of how they had limited time to spend managing the household finances so they appreciated systems which helped them save time. They did not see, however, how a system could be efficient without it first being simple so, for most, these two criteria were inter-related and impossible to separate. On probing though, they took efficient in isolation to mean that the system would be 'easy to use' and something that would take a minimal amount of time to navigate.

Participants reported that an efficient system would have the following attributes:

- The website would be clearly laid out, with only a small number of questions for them to fill in on each page; they did not want to have to scroll down through the page to answer all the questions required of them.
- The site would remember their details so, on repeat visits, they would not need to fill in information that they had already given. Those who had experience of submitting SA returns stated how hard it can be to get all the necessary information to hand (e.g. bank details, National Insurance number) and so were keen that this wasn't the case here.
- Confirmation would be provided on each screen when the correct information had been entered, with the opportunity to rectify any mistakes as they went along in order to save time.
- Participants would receive email confirmations that payments had been topped up by the government and delivered to providers. This would provide reassurance, limiting time wasted worrying that there were problems with their payments to childcare providers.

To participants, an efficient system also related to the speed with which payments were made, both in terms of to the childcare provider and to the account from HMRC. This was important not only because participants valued timely payments to providers⁶, particularly given the high cost of childcare payments and the difficulties households reported in meeting these, but also because some participants felt that payment delays could erode trust in the system. This was because delays could potentially worry TFC users about missed payments and, in addition, may cause them to suspect that their money was accruing interest on behalf of the account provider meaning the provider would be financially incentivised to deliver an

⁶ The reasons for the importance of timeliness of payments to parents is outlined in section 1d of this report

inefficient service. Participants reported that to ensure efficiency in the respect of speed of payments, they expected the following:

- Payments to childcare providers would be made in a timely manner – and if not, that there would be some form of redress so that they were not liable for any fines incurred.
- Top-up payments would be made with the same regularity with which parents themselves paid into the account; and that these would clear quickly – most wanted them to be in their account the next day, though some did suggest that government's systems might not be as fast as this.

Further, an efficient system also required good support services so parents could access help quickly if they needed to. Freephone helplines, manned in the UK and not those which relied on Interactive Voice Recognition (IVR), online FAQs and live chats conducted on the internet were all mentioned in this regard.

c. “Secure”

Security was primarily understood in the sense of the security of individual contributions from fraud or error. This was felt to be a basic expectation of the system. Participants discussed how security is “a given” on internet sites which involve financial transactions and/or the provision of personal data. They therefore both wanted and expected that the TFC site would be run to the highest security standards.

Participants also saw security as encompassing the overall financial security of the account provider. This was valued as participants felt this was a scheme which would involve them paying in what could be considerable sums of money – particularly given the high cost of childcare. Participants therefore felt that the financial security of the account provider was paramount, so they could be reassured that their money “would not disappear and you would not get stitched up”.

To be convinced as to the security of the TFC scheme, participants stated that they would require the following:

- Transparency i.e. an ability to check back on payments made in and out of the account both by them and by HMRC. Those claiming ESC reported that this is a feature of their current system and one which they appreciate.
- Details of what insurance systems were in place in case something did go wrong. For instance, participants assumed that if for whatever reason money disappeared from their account, it would be repaid quickly by the account provider.

An account designed so that it is not susceptible to fraud. To illustrate, they suggested that there should only be one account per child so as to ensure that parents who do not live together cannot claim twice and perhaps use the money for a purpose other than childcare. This was due to dislike of benefit fraud, but also concerns that the policy may unintentionally incentivise parents to live apart.

To some, security also related to the safe storage of their personal data as well as their financial deposits. However, this was not typically a concern and usually in regard to their bank details rather than information relating to them as individuals (e.g. their name, address, their children's details and so on).

There was a lack of consensus as to whether the government or the private sector would provide greater levels of security. Typically, participants expressed confidence in a government provider delivering on security, citing awareness that government regularly

handles many transactions on behalf of individuals. Some, however, did mention awareness of past high-profile data security lapses by government. Further on probing, others suggested that the private sector might have better infrastructure in place and may be more used to handling large numbers of financial transactions as they suspected such a scheme would involve.

d. “Responsive”

This was not well understood with participants often struggling to provide a spontaneous answer as to what it might mean, and how it might be relevant to the TFC scheme. On prompting, participants understood this as the system being responsive if they needed information and support, e.g. through the helpline services. This was felt to be important, particularly for more vulnerable groups who may struggle with managing an online account – though some did counter that responsiveness would be less important if the TFC system met their priority criteria of being both simple and efficient.

As discussions progressed, participants were able to add detail as to what a responsive system might look like and felt it important that adequate support was in place to ensure the system was accessible to all and that users were able to deal with issues quickly.

Many suggested that online help facilities would be useful. To them this seemed intuitive as well; given that the account is being delivered online, it made sense to them that the support services were also online. However, there was a lack of consensus as to how online help is best provided. While some suggested a comprehensive list of FAQs might be sufficient, others felt that, in their experience, these are hard to navigate and may not necessarily be tailored to your specific query.

“You can’t get to your problem properly. You might be able to find your overall problem but it is the little bits in between. It would be nice to have a one-to-one conversation rather than going to and fro with emails”.

Many, therefore, suggested that an online live chat facility would be useful. Many had experience of using such systems with private sector companies and stated its many perceived benefits. Live chats were thought to be quick and easy to undertake, cheap (as opposed to calling a helpline) and also provide a record and transcription of the conversation and how and when the query has been resolved which also provides reassurance. More generally, some suggested that there should be an email queries function, and they would expect to see any questions submitted in this way answered within 48 hours at most – but ideally within a day.

Others, however, suggested that a telephone helpline would be more appropriate stating that when people have a query, it provides more reassurance to be able to talk it through with an advisor than that offered by less personal electronic channels. However, experience with other helplines – both those run by government (e.g. the Tax Credits helpline) and the private sector (typically those provided by mobile phone companies or banks) had left participants clear on what a helpline would need to offer in order that it could be described as responsive.

In the first instance, they stated that it would need to be Freephone; this was a particular gripe of tax credits customers who stated that, when using a mobile to call, they could often incur very high charges. Many also advocated the limited use of menu options or IVR facilities; they stated that when they make the decision to call, they want to speak to someone – listening to pre-recorded messages is not appropriate.

“You would still need to be able to talk to someone about it. It is nicer to hear a voice. It’s more personal. I don’t want to be told to click here, or click there, I want to be able to talk about my own problem, the problem I am having right now.”

A responsive helpline would also be one where advisors could answer their query without callers needing to be passed between different people or departments in order to get the answer they needed. However, some countered that it was more important that the answer they received was correct; they would rather be called back by someone else who knew how to help them rather than the person who picked up the phone struggling to give them help. Building on this, it was also important that there was consistency in response; some stated that on previous occasions when calling the tax credits helpline they received differing advice which left them confused about what to do.

If this was not possible, then participants suggested that an alternative approach would be to offer a ‘call-me-back’ facility. However, they cautioned that if this was available then it would be important that they were called back within a set time frame – ideally 24 hours.

While not mentioned often, participants also suggested that a responsive system was one which meant that changes to their account could be made swiftly (e.g. adding another child), and their details updated with the minimum of fuss.

“You do not want to have to fill in forms and go through lots of rigmarole. You want the company to respond to your needs as soon as possible.”

e. “Competitive”

Competitive was understood as a concept which related to parents having a choice of account providers – but it was not seen as relevant to TFC, at least initially. Many participants in the depth interviews questioned why the word had been included in the context of TFC, and this was also the case in the discussion group with lower-income participants. This was because, primarily, they struggled to understand how the offer could vary among account providers and therefore could not see why it would be valuable to have a choice. To illustrate, they assumed that the top up percentage rate was fixed and could not vary and, therefore, without any possibility of a financial advantage did not see what advantage having a range of account providers could bring.

There was also a strong sense among parents that having a choice may be confusing – citing the example of Child Trust Funds and the subsequent ISAs whereby parents had often found it difficult to differentiate between the different offers and, further, found it difficult to find the time to seek information to help them make a choice. Some drew the analogy of the privatisation of energy companies here, which they felt had not provided them with any financial gain but, instead, had only caused them difficulties in working out which company to choose.

Some also suggested that a single account provider would build trust in the system. They valued an account provider which would be completely focused on its customers, believing the service it provided would be better as a result. In contrast, these participants stated that if a number of providers offered TFC accounts then this would likely only be a small part of their business, and therefore not something that they concentrate on which could lead to poor quality customer service.

“I think you would have more confidence in it if there was just one option that everyone uses”.

Related to this, some suggested that a scheme which was competitive was unlikely to be also simple and efficient because it would not be a priority for the providers to offer a high-quality service without a strong financial incentive to do so. Given the importance which was attached to these two criteria, participants typically felt strongly that there should not be a choice here.

“No, I don’t know what way you could do it. It’s so simple – you pay in, HMRC pays in. I don’t know how difficult you could make that. I don’t think you need to have different options.”

Indeed, of the few who advocated choice most did so because they assumed it meant that their TFC account could be provided by their existing bank thus leading to efficiencies for them.

However, if there was not a choice, then participants would want reassurance that, if something went wrong, then they could seek redress given that they would not be in a position to switch providers. Few were concerned about this though, assuming that a government scheme would be subject to a proper risk assessment – and perhaps a more stringent one than would be the case in the private sector – and thoroughly tested before going live so as to reduce the likelihood of any problems.

“As long as something is in place which means that the parent does not get penalised for a mistake which is made such as late payment, then I would not be too concerned about not being able to switch providers [if there were to be a single provider]”.

Some participants though – typically those in the higher income groups – reported that they would be receptive to competition in the provision of the system. This was because they felt that having more than one account provider to choose from may allow them to save time by using their existing bank as an account provider, thus simplifying their finances. However it should be noted that in saying this, participants were not exercising choice in a true sense; they would not ‘shop around’ in order to get the best deal but, instead, would go with the option that gave them most convenience or that they trusted most on the basis of previous experience.

Others did not feel confident that a government provider would be able to deliver the level of customer service they would expect, believing that a range of private sector providers would allow them to choose the most simple and efficient system. They thought the private sector fitted this bill better because “the government has lots of other things to worry about whereas a private sector organisation would focus just on this”. Some did question though what benefits there would be for the private sector in offering these accounts; they were thought to offer minimal financial gain for banks and therefore could not see what would be in it for them.

Regardless of whether they wanted choice or not, few assumed that if there was choice it would lead to a reduction in the cost of childcare; either through account providers offering increases over and above the 20% financial support already offered by TFC as a means of attracting customers, or from childcare providers reducing their rates in recognition of secure and prompt payments.

3. Responses to the account provider options

Here we outline participant responses to the four provider options: a single government provider; a single private sector provider; a small, fixed number of contracts; and the open market.

a. Views of option 1: Government provider

This was the overall preferred option across the research, most strongly among participants with lower incomes. It was preferred typically because it did *not* offer choice and it was felt to be more secure than alternative options.

In general, participants on a lower income were less concerned about having choice and, typically, favoured the government being the sole account provider. Less choice was felt to be simpler to deal with, and less confusing at the outset of setting up an account; participants were also typically unsure as to what benefits additional choice would secure for them as the TFC offer was fixed.

“I wouldn’t want choice – I would just want to be told what to do... You want to know that everyone is getting the same service [so everyone understands it], it is easy to use, easy to understand, and is fairly secure’.

‘If there is not financial benefit, I think that people would just want to sign up for the one thing and have done with it, rather than worry about why we should go there or there’.

These participants tended to trust government to deliver the system, and were also concerned about the introduction of a profit motive into the system as they did not feel customers would benefit significantly from this.

‘Competitiveness sounds good when it is bringing the cost down for the end user, but when it comes to people making profits, people start to get sceptical about it. That’s why I would prefer the government to run it. People pay their taxes and people would appreciate better a good, efficient, government-run scheme’.

There was therefore a strong preference for this option among those on lower incomes, who typically expressed confidence in the government’s ability to deliver this system, but also concern about the potential confusion a range of providers may cause parents and the involvement of the private sector.

‘I personally feel that too many things go private these days. So I would hope that it would be a government site, which could focus on the issue.’

However, it is important to note that those on higher incomes were *not* averse to the idea of the government being the sole provider – rather they tended to be more receptive to the idea of choice in the provision of public services, particularly where they felt it would save them time⁷.

This option was generally felt to be “secure” – which is important given it was a fundamental expectation of the service⁸. There was a greater range of views on whether this option would be simple and efficient – with those who had good experiences of completing Self-Assessment on the HMRC website, for example, reporting confidence in this, but others expressing some concerns about whether the government would design a system as simple and efficient as the websites they used for their personal banking, for example.

Regarding responsiveness, again, there was a range of views about whether government would deliver which were shaped by personal experiences – participants typically recalled experiences using the Tax Credits, and Tax helplines, with some reporting good customer

⁷ For further details see section 2b

⁸ For further details see section 2c

service, and others less positive about their experiences. Some felt that the system might be slower if provided by the Government in comparison to the private sector, but that this could be mitigated if the system was simple and there was clear help and advice available on the site.

b. Views of option 2: Single private sector provider

Trust played an important part in perceptions of security, which was important to participants. Participants typically felt strongly that the institution providing the TFC accounts should be well-established and reliable – not only because their data security systems would be more credible, but also because their contributions would be safe. Here, a government institution was generally favoured over the private sector, with many expressing concerns about the reliability of banks.

'With banks they will always have their own agenda, from their own perspective, whereas with the government it is just a service they are providing.'

'If [a major high street bank] decided to be a childcare account provider, you might think "Oh, I don't fancy that". Various banks have been tainted recently.'

For many, if a private sector provider was to be involved, participants felt strongly that it would need to have a strong reputation and a brand that the public trusted – and further, that the institution would need to be endorsed by the government in providing the service. Even those participants who felt strongly that the private sector should be involved reported that they would choose a provider they trusted if given the choice on the open market.

Few participants therefore saw advantages with this option. Those who preferred a single provider tended to feel that the government would be best placed to provide the service, and were sceptical about the involvement of the private sector. Trust was the key issue here – it was very important that the provider was reliable and their brand was well-known, so some participants reported that they would only really be comfortable with this option if it was provided by their own bank.

'I think then I would prefer the government. They have all my details already.'

For those who were interested in choice and typically more receptive to private sector involvement, there was a sense that appointing a single private sector supplier would be inappropriate in this context as it did not provide sufficient competition.

'I'm dubious about providers getting a contract and having a monopoly knowing they won't have competition ... I'd prefer an open market'

Given that these participants felt that competition would be the driver to an efficient and responsive system, this option was not seen to be likely to deliver on these important criteria.

c. Views of option 3: Small, fixed no. of contracts

For those on higher incomes, competition in the market place was somewhat more important than it was to those on lower incomes – they were less confident that the government would be able to deliver the level of customer service they expected, and some also reported a preference for being able to use their own bank as a provider for convenience⁹.

⁹ For further details see section 2e

Nonetheless, this was the compromise option for the few participants who saw the advantages of the involvement of the private sector, but felt that the open market would provide a level of choice that may be confusing and difficult to manage. Participants tended to choose this option after some reflection on the potential advantages of the involvement of the private sector – it was not chosen initially, rather at the end of discussions. Participants felt that this option would offer competition – and perhaps just enough competition to ensure that the consumer could select a product that suited them without being overwhelmed. There was a strong sense nonetheless, that profit should not be the primary motive should the private sector be involved, as this was a system designed to help and support parents.

‘It should be not for profit, but we do want choice ... we don’t have time to be dealing with an inefficient system ... it’s a lot of money – childcare is our biggest expense’

Participants who supported this option felt that the involvement of the private sector would mean that the offer would be more efficient and responsive. This was because they believed that private companies would be better placed to deliver on customer service in these areas.

However, others who were less enthusiastic about choice were dubious as to the advantages. They welcomed that the choice was restricted so that there would be fewer things to compare – but they worried that it may make the system more complicated.

‘It would be a pro and a con that some people might want choice. But then if there are different account providers perhaps your own nursery might not use that one.’

Others felt that competition among only a small number of providers would not be sufficient to drive up the quality of service, or provide customers with a real choice. Participants reported that in this scenario, they would need advice and information to compare and contrast the different providers.

“HMRC on its website could tell you about the companies [running the childcare accounts] – who they are, where they are from, what they do, how long they have been around. You would want to see that.”

d. Views of option 4: Open market

While participants were generally averse to this option, those who favoured it felt it would drive up the quality of customer service, meaning it would be more likely to be efficient, responsive, and potentially, simple to use. Crucially, they felt it would allow customers to use their own bank accounts if they wanted to – meaning they would save time, making the process more efficient still.

However, participants were typically concerned that an open market would be difficult to negotiate in finding the best product, and that they would need a lot of guidance at a time when they were extremely busy in managing work and childcare. This was an important concern among participants with lower incomes. As an example, one participant in the lower income discussion group compared the open market provision to that of the provision options for the Child Trust Fund, which she reported she had found very confusing, taking the first one that was offered to her.

“There was a choice of providers ... but it was a nightmare ... I couldn’t have cared less after a while”

Participants also reported concerns about how the market would be regulated, and suggested that there would be a strong need for this to ensure that only legitimate suppliers were offered. They felt they would need reassurance about quality and security, and advice and guidelines on these.

Conclusion

A single government provider was the overall preferred account provider option, particularly among participants with lower incomes. This was because this option was thought to deliver simplicity and efficiency, and it was also typically felt to be more secure and trusted than alternative options. Further, it did *not* offer choice, which was less important to participants in comparison to other criteria.

However, if there is only a single government provider then participants urged that sufficient investment be made to ensure the system meets their demands in relation to the level of security, efficiency, simplicity and responsiveness expected. They expected a system that was on a par with that offered by high-street banks and telecoms companies with user-friendly interfaces, simple and accessible advice and support in a range of formats, and swift responses and acknowledgements of queries and transactions.

Thinking about the criteria governing the account in more detail, security was felt to be critical, and participants assumed that an account of this nature would be secure given the amount of money involved and the importance which parents place on the payments.

Further to this, that the TFC account is simple and efficient was vitally important to participants. They lacked time and so wanted a system that fitted into their lives and was quick to navigate. A clear record of transactions both in and out of the account and timely and accurate payments were also cited as being important features of a simple and efficient system.

By designing the system in this way participants felt that the need for extensive support functions (which they associated with responsiveness) would be removed. That said, they still suggested these would need to be in place during the early days of the scheme and for those who may find online access more problematic.

Participants typically felt that it was unnecessary for the system to offer choice (which they took as a byword for competitiveness) thinking that having to choose between different providers would be time-consuming and confusing. Further, even those who advocated choice were not planning on shopping around for the best deal but, instead, anticipated choosing the provider that would offer them greatest convenience (typically their existing bank). This, in turn, drove their preference for a single government provider of the TFC accounts.

Appendices

Appendix A: Achieved Sample Frame

In the table below we outline the sample achieved for the depth interviews in the study.

Overall sample	Household income	Household composition	Location	Work status/ patterns	Childcare usage/ other
8 depth interviews	2 x under 20k	4 x lone parents (2 with more than 1 child)	5 x London	2 x both people in full-time work 3 x one person in full-time work and one person in part-time work	4 using a nursery 2 using a childminder 2 using informal childcare
	3 x 20-50k	4 x couples (3 with more than 1 child)	3 x Bristol	2 x both people in part-time work	
	2 x over 50k				
Additional quotas	5 currently claiming tax credit awards	1 parent of a disabled child 2 BME		3 working shift patterns/ irregular hours	4 using Employer Supported Childcare

In the table below we outline the sample achieved for the group discussions in the study.

Group number	Household income/ benefits	Household composition	Location	Work status/ patterns	Childcare use (primary mode – some used a mix)
1	All over 50k 3 claiming tax credits 3 using Employer Supported Childcare	2 lone parents 7 two-parent households 5 with more than 1 child	London	7 in full-time work 2 in part-time work	4 using a nursery 2 using a childminder 1 using informal care 1 using after-school clubs
2	All under 50k	3 lone parents 6 two-parent households 4 with more than 1 child	London	5 in full-time work 3 in part-time work 1 self-employed	5 using nursery 3 using informal care

Appendix B: Discussion Guide

The depth interviews guide is appended below, along with the stimulus used with participants in interviews. The groups' discussion guide was adapted closely from this guide, and is not included here for reasons of brevity.

Tax-Free Childcare Research – Phase 1 Depth Interviews

1. Introductions and background	5 mins
<ul style="list-style-type: none"> • Welcome and introduce moderator/notetaker/clients • Explain purpose of the interview – we are conducting research on behalf of HMRC to understand more about how people pay for childcare, and what they think of new government policies in this area • No right and wrong answers, confidentiality, seek permission to audio record the sessions. • We will be presenting them with details of a new scheme to help parents to pay for childcare. We will also be asking them to discuss their personal financial circumstances and history and hope they will be willing to share this with us. Reaffirm confidentiality. • Explain scope of project – eight interviews in London and Bristol, and two discussion groups in London and Bristol. <p>I'd like to start by understanding more about you. Can you tell me a little bit about...? MODERATOR TO ASK ALL IN TURN:</p> <ul style="list-style-type: none"> • Who do you live with? • How many children do you have and how old are they? 	<p><i>Orientates participants gets them prepared to take part in the discussion and establishes their area of knowledge/expertise</i></p> <p><i>Outlines the 'rules' of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines)</i></p>
2. Paying for childcare	10 mins

<p>I'd like to start by having a general discussion around using and paying for childcare.</p> <p>Firstly, can you describe any work that you do at the moment? IF APPLICABLE: And what work is your partner currently doing?</p> <p>PROBE: Role, skill level and sector.</p> <ul style="list-style-type: none"> - How long have you been doing that job? - Is this job permanent, temporary or casual? - Are you self-employed? - What are your working hours? Do you have regular working hours, or do your working hours change regularly? <p>Do you receive any benefits or government support for working families? Which ones? REFER TO SHOWCARD A IF REQUIRED</p> <ul style="list-style-type: none"> - How do you receive these? (e.g. cash, bank transfer, other) - How easy/ difficult do you find it to manage the money you receive in these payments? - How happy or otherwise are you with the way you receive these payments? Would you prefer to receive them differently? <p>I'd like to talk about the different childcare providers that you currently use. Which of the different kinds of childcare provider(s) shown on this card do you use now? PRESENT PARTICIPANT WITH SHOWCARD B</p> <ul style="list-style-type: none"> - When do you use them? - Are there others you use at certain times of the year (e.g. summer holidays) <p>WORKING WITH THE PARTICIPANT, MAP CHILDCARE USE AND PAYMENTS ON TO TIMELINE GRID (APPENDIX A)</p> <p>Why did you start to use childcare?</p> <ul style="list-style-type: none"> - IF REQUIRED, PROBE ON: allowing participant to work, educational opportunities for child, other - What factors did you think about when deciding if to use it? What were the important issues? <p>I'd like to know more about the cost of childcare to your household. Which of the different childcare types do you pay for?</p> <ul style="list-style-type: none"> - Who pays for each element? Why? - How is the payment made? Why do you use this type of payment? <ul style="list-style-type: none"> o direct debit or bank transfer from personal bank account? 	<p><i>In this section we explore fully participants' decision-making processes in paying for childcare. This will involve exploring the wider context of their work and finances, including affordability and whether better-off calculations are important.</i></p> <p>TFC will be part of a suite of possible payments to support childcare costs, so HMRC need to understand how they will interact</p>
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<ul style="list-style-type: none"> ○ direct debit or transfer using childcare vouchers from salary to provider? ○ cash to provider? ○ other? ○ How easy do you find it to keep track of these payments? What systems do you have in place to help you do this? <p>WORKING WITH THE PARTICIPANT, MAP CHILDCARE USE AND PAYMENTS ON TO TIMELINE GRID (APPENDIX A)</p> <p>How easy or difficult do you find it to manage paying for formal childcare? Why? PROBE ON THE FOLLOWING</p> <ul style="list-style-type: none"> - How easy or difficult is it to save up to pay for childcare? - How easy or difficult is it to manage and keep track of payments? Why? - Have you ever paid a fine to a childcare provider – e.g. late fees, retention payments during holiday time - How easy or difficult are the systems you use to manage childcare payment? Why? <p>To what extent was affordability or cost a consideration in your choice of childcare?</p> <p>Where would you normally go to find information on childcare provision? And on financial support for childcare ?</p> <ul style="list-style-type: none"> - Can you talk me through the information sources you have used in the past? <p>USING THE TIMELINE, ASK PARTICIPANT TO NAME THE INFORMATION SOURCES THEY USED TO FIND ALL CHILDCARE PROVIDERS, AND INFORMATION SOURCES USED TO SUPPORT THEM IN PAYING FOR CHILDCARE</p> <p>What would you say is good or bad about the current options you have for paying for childcare? Why?</p> <p>Overall, how would you describe your experience of <i>paying</i> for childcare? How easy or difficult is it? Why?</p>	<p>THESE ARE KEY QUESTIONS</p>
<p>3. The Tax-Free Childcare proposition</p>	<p>10 mins</p>
<p>Have you heard of Tax-Free Childcare?</p> <ul style="list-style-type: none"> - Where did you hear about it? PROBE: Friends? Family? Newspapers? Television? Online? Other? 	<p><i>In this section we will present participants with the Tax-Free Childcare concept.</i></p>

- Can you tell me what you know about it?

I'm going to tell you a bit more about it...

READ OUT/ PRESENT PARTICIPANT WITH SHOWCARD C TO READ

- **HMRC is planning to make changes to the financial assistance that is available to working parents for the use of childcare.**
- **If eligible you'll be able to open an online account, which you can pay into to cover the cost of childcare with a registered childcare provider and for every 80p you or someone else pays in, the government will top up an extra 20p.**
- **You will be able to manage your account online.**
- **The government will top up the account with 20% of childcare costs up to a total of £10,000 - the equivalent of up to £2,000 support per child per year.**
- **The scheme will be available for children up to the age of 12 or up to the age of 17 for a child with a disability.**
- **TFC is available to more families than any of the existing schemes to support parents paying for childcare.**

CHECK PARTICIPANT UNDERSTANDS THESE POINTS FULLY

What do you think about the offer of Tax-Free Childcare in general?

- Can you think of any good points about this idea?
PROBE: Manageability, speed, level of support?
- And any bad points?
PROBE: Manageability, speed, level of support?

I'm now going to show you a little more information about how the process would work. SHOW PARTICIPANT SHOWCARD D AND TALK THROUGH THE PROCESS.

How easy or difficult do you think it sounds to manage? Why?

- How do you think you would find using the system? What about other people you know?

How does the offer fit into your life when you think about planning and paying for childcare?

- Do you think it would be helpful/ unhelpful to you? How?
- Do you have any concerns about the offer? What about the process?

IF APPROPRIATE, REFER TO THE TIMELINE CREATED EARLIER IN THE INTERVIEW

We will explore their views of it, and how they feel it would fit into their life, given what we understand about their decision-making processes.

<p>Would the Tax-Free Childcare offer appeal to you? Why? Why not?</p> <p>IF OFFER APPEALS: Would you move providers if they did not accept Tax-free Childcare payments?</p>	
<p>4. Choosing financial providers</p>	<p>10 mins</p>
<p>I'd now like to talk a little about how you choose financial products and manage your finances.</p> <p>How do you manage your incomings and outgoings?</p> <ul style="list-style-type: none"> - Who in the household takes responsibility for making sure things get paid? <p>How easy or difficult do you find it to manage all your incomings and outgoings?</p> <ul style="list-style-type: none"> - Has this always been the case? Have you ever found it difficult? - Would you ever seek financial advice on budgeting and managing money? Why/ Why not? <p>What financial products do you use at the moment?</p> <ul style="list-style-type: none"> - PROMPT FOR current accounts, savings accounts, ISAs, pensions, other investment options, mortgages, credit cards, store cards... <p>Can you talk me through how you decided to choose one of these products? What was important to you when you chose it and why?</p> <p>Do you use online banking at all?</p> <ul style="list-style-type: none"> - Do you have any concerns about it? Why? - Has it had an impact on how you manage your money? Can you explain how? <p>Generally, how comfortable are you using the internet/ technology in relation to finances?</p> <ul style="list-style-type: none"> - Would/ do you use any online budgeting tools? - Would/ do you make purchases online? - Can you describe an example of when you have or would use either? Can you describe how you feel about doing this? 	<p><i>In this section we will explore how participants choose financial providers and what matters to them most in their choices. We will also explore any relevant issues around financial capability and managing finances online so that we can fully understand barriers which may be relevant to preferences around providers.</i></p>
<p>5. Views of the key criteria in provision</p>	<p>20 mins</p>

HMRC are keen to understand how parents would like to manage the tax free childcare accounts – thinking in particular about where your contributions would be saved, how that would work and which provider would hold the accounts.

They are interested in what people think about the following criteria.

PRESENT PARTICIPANT WITH SHOWCARD E

I've got a few questions about each of these words in relation to the new tax-free childcare system.

MODERATOR TO ASK THE FOLLOWING QUESTIONS ABOUT EACH CRITERIA IN TURN, ALTERNATING ORDER IN WHICH CRITERIA ARE PRESENTED IN INTERVIEWS.

- What do you think is intended by creating a/ an (insert criteria) Tax-Free Childcare system?
- How useful or otherwise would this be to you? Why?
- What do you think would make a Tax-Free Childcare system (insert criteria)? What would this mean in practice? Can you give any examples?
- How important or otherwise is it that a Tax-Free Childcare system is (insert criteria)? Why do you say this?
- Who would provide the account in a (insert criteria) system?
Why do you say this?

IF NECESSARY, PROMPT USING SHOWCARD F

PLEASE ASK THE FOLLOWING ADDITIONAL QUESTIONS FOR THE FOLLOWING CRITERIA

Secure

- What would make you feel that your contributions were safe?
- To what extent would you have concerns about data security in this context?

Competitive

- Do you want choice?
- IF SO, how much choice would you like?
- IF NOT, what would you do if you had a bad experience e.g. a payment was missed?
- What information would you need to make decisions about which account provider to choose?
- What do you think will happen to your childcare costs if there is

In this section we will explore participants' perceptions of each of the 5 key criteria: 'simple, secure, efficient, responsive, competitive'. We will ask them what these concepts mean to them and how they could be manifest in tax-free childcare provision.

NOTE TO MODERATOR: THIS SECTION IS OF KEY IMPORTANCE TO THE CLIENT.

THE 5 CRITERIA ARE:

Simple – easy for parents to understand and join

Efficient – low cost to account providers, government, parents and childcare providers

Competitive –

<p>competition among account providers?</p> <ul style="list-style-type: none"> - What about if there is no competition among account providers? <p>Responsive</p> <ul style="list-style-type: none"> - Does this make a difference according to the channel of communications used? PROBE on expectations around speed of responses to queries online vs. telephone <p>WHEN ALL CRITERIA HAVE BEEN EXPLORED, CONTINUE:</p> <p>Thinking about using tax-free childcare yourself, which of the five criteria is most important? And least? Why?</p> <p>ASK PARTICIPANT TO RANK THESE ROUGHLY IN ORDER, PROBING ON RATIONALE</p>	<p>competition in market account provision</p> <p>Secure – parents are protected if childcare account providers fail or make errors, fraud is mitigated and personal information is handled securely</p> <p>Responsive – payments between parents, government and childcare providers are made quickly</p> <p>Note: we will not report on rankings quantitatively; the aim of the question is to understand why criteria are more/ less important</p>
<p>6. Tax-Free Childcare provider preferences</p>	<p>20 mins</p>
<p>HMRC are particularly keen to understand what you think about the different types of organisations who might <i>provide the accounts</i> in which you would receive top-up payments for tax-free childcare and</p>	<p><i>Here, we will present participants with the four</i></p>

<p>pay your childcare provider.</p> <p>I'm going to present you with four scenarios for the provision of these accounts. Please can you tell me what you think of each of them?</p> <p>PRESENT PARTICIPANT WITH SHOWCARD G</p> <p>MODERATOR TO ASK THE FOLLOWING QUESTIONS ABOUT <u>EACH SCENARIO IN TURN</u>, ALTERNATING ORDER IN WHICH CRITERIA ARE PRESENTED IN INTERVIEWS.</p> <ul style="list-style-type: none"> - CHECK PARTICIPANT UNDERSTANDS THE OPTION AND EXPLAIN IN DETAIL IF THEY DO NOT HAVE A CLEAR UNDERSTANDING. USE SHOWCARD H TO EXPLAIN RELEVANT CUSTOMER JOURNEY. - What do you think are the advantages for customers? The disadvantages? Why? - How confident would you be in managing your account in this scenario? Why? - What do you think this option would mean for you? Why? - Do you think you would need any advice and support in this scenario? Can you describe what you might need? - What would be most important to you in this scenario in managing a tax-free childcare account? <p>ONCE ALL SCENARIOS ARE COMPLETED:</p> <p>Can you tell me which of these scenarios you prefer? Why?</p> <p>Do you think having a choice of account provider is important in this situation? Why?</p> <ul style="list-style-type: none"> - Do you think that you would feel confident choosing a provider of tax-free child care? - What sort of information, or criteria, do you think you would look at when choosing a provider? - What could HMRC do or provide to help you chose a provider? <p>To what extent is trust in the account provider important in this situation? Why?</p> <ul style="list-style-type: none"> - What sort of things would make you think that a provider was trustworthy? - Are you more likely to trust a provider which is part of government, or a private sector provider? 	<p><i>potential options, exploring the reasons for their preferences. We will also ask them to consider and evaluate the 5 key criteria with regard to provision.</i></p> <p><i>It is important that participants are giving an informed view on the options, so please ensure they are fully understood.</i></p> <p><i>NOTE TO MODERATOR: THIS SECTION IS OF KEY IMPORTANCE TO THE CLIENT</i></p>
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<ul style="list-style-type: none"> - Are you more likely to trust a provider more if you had chosen them among competitors (as in scenarios 3 and 4)? <p>Is the speed of payment important- of top-ups, or of payment to childcare providers? Why?</p> <p>If you were unhappy with the service, what would you like to be able to do?</p> <ul style="list-style-type: none"> - Which of the four scenarios do you think would be best if you were unhappy with your provider? - In the case of scenarios 1 and 2, you would be unable to change provider if you were unhappy with the service. What is your view on this? - What would give you confidence in a complaints procedure? 	
<p>7. Key messages and conclusions</p>	<p>10 mins</p>
<p>Summing up the key themes from our discussion, what do you think are the most important issues around the way Tax-Free Childcare will be available and managed by the recipient?</p> <p>Bearing in mind everything that we've been talking about today, which account option would you prefer personally for you to access Tax-Free Childcare?</p> <ul style="list-style-type: none"> - Does it matter if the government or a private company are in charge of the account? - Why do you say this? <p>Thanks again for your contributions today. To help with the development of the tax-free childcare scheme HMRC may undertake further work, testing products and the design of the system itself.</p> <p>Would you be happy to be contacted by HMRC to take part in this work?</p> <p>If you agree, we will pass your contact details to HMRC who will store them securely for a period of six months. They may contact you within this timeframe to take part in more work into tax free childcare. Further, please note that if you agree your responses – to either this piece of work or any future ones – will not be linked to your contact details; your contributions will remain completely anonymous. Further, you are not under any obligation to say yes to this request; if you decline, your dealings with HMRC either now or in the future will not be affected in</p>	<p><i>Summing up the discussion, and key messages, including an exploration of what participants' recommendations are to improve Tax-Free Childcare.</i></p> <p>PLEASE ASK THESE RECONTACT QUESTIONS – HMRC MAY WANT PARTICIPANTS TO TAKE PART IN FURTHER RESEARCH</p>

any way.

Yes/No. – NOTE ANSWER

Would you be happy to be contacted by another organisation, contracted by HMRC, to take part in further work testing products and the design of the system itself.

If you agree, we will pass your contact details to HMRC who will store them securely for a period of six months and, in turn, may pass them on to another third party who may contact you within this timeframe to take part in more work into tax free childcare. Further, please note that if you agree your responses – to either this piece of work or any future ones – will not be linked to your contact details; your contributions will remain completely anonymous. Further, you are not under any obligation to say yes to this request; if you decline, your dealings with HMRC either now or in the future will not be affected in any way.

Yes/no – NOTE ANSWER **Finally, is there anything else you think is relevant and wish to discuss?**

Thank participants; explain the next steps (e.g. what HMRC will do with the findings). THANK AND CLOSE. Reassure about confidentiality.

Showcard A

A	Income Support
B	Employment & Support Allowance
C	Jobseeker's Allowance (Unemployment Benefit)
D	Incapacity Benefit
E	Disability Living Allowance
F	Social Fund
G	Council Tax Benefit
H	Attendance Allowance
I	Child Maintenance
J	Tax Credits
K	Child Benefit
L	Carers Allowance/Invalid Care Allowance (ICA)
M	Employer Supported Childcare
N	Universal Credit
O	Other

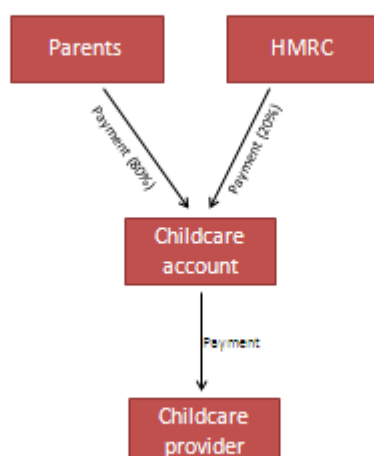
Showcard B

A	Nursery school or nursery class
B	Special day school or nursery/ unit for children with special educational needs
C	Day nursery or crèche
D	Playgroup or pre-school
E	Childminder
F	Nanny / au pair or childcarer in the home / paid babysitter who comes to home
G	Breakfast club / After school club
H	Holiday club/scheme
I	My ex-husband/wife/partner / the child's non-resident parent
J	Another relative
K	A friend or neighbour
L	Other nursery education provider
M	Other childcare provider

Showcard C: About tax-free childcare

- HMRC is planning to make changes to the financial assistance that is available to working parents for the use of childcare.
- If eligible you'll be able to open an online account, which you can pay into to cover the cost of childcare with a registered childcare provider and for every 80p you or someone else pays in, the government will top up an extra 20p.
- You will be able to manage your account online.
- The government will top up the account with 20% of childcare costs up to a total of £10,000 - the equivalent of up to £2,000 support per child per year.
- The scheme will be available for children up to the age of 12 or up to the age of 17 for a child with a disability.
- TFC is available to more families than any of the existing schemes to support parents paying for childcare.

Showcard D: How accounts will work



Showcard E

1. Simple
2. Efficient
3. Competitive
4. Secure
5. Responsive

Showcard F

- 1 **Government department**
- 2 **Private sector financial institution**
- 3 **Other**

Showcard G: Account provider options

- 1. Government provider** – Single Government Provider
- 2. Single private sector provider** – single, private sector provider of childcare accounts.
- 3. Small, fixed number of contracts** – (e.g. 2 to 5)
- 4. Open market** – No limits on number of Account Providers

