

# Joint Online Childcare Service Customer Experience Study

HMRC Research Report 588

16 April 2020



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Published by HM Revenue and Customs, September 2020.

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# Executive Summary

## Background

- 1.1.1 Following on from the publication of More Great Childcare 2013<sup>1</sup> and the Childcare Bill 2015<sup>2</sup> the government developed the joint application process for the Tax-Free Childcare (TFC) and 30 hours free childcare services.
- 1.2 This report presents the findings from research to track the experiences of both parents and childcare providers through the early stages of the national rollout of the Tax Free Childcare (TFC) and 30 hours free childcare services. The first wave of the research took place in winter 2017 and the final wave in winter 2019.
- 1.3 The findings in this report are based on five waves of online survey data, with parents surveyed at each wave and childcare providers surveyed at waves 1, 3 and 5.

## Key findings

### Overall experience

- 1.4 The proportion of parents who described their experience as 'very good' or 'fairly good' increased from 65% in wave 1 to 86% in wave 5. High scores were also achieved for advocacy with 81% of parents in wave 1 saying they would recommend TFC increasing to 90% at waves 4 and 5. The 30 hours scheme consistently had likelihood to recommend scores of over 90% reaching a high of 93% at wave 4.
- 1.5 At wave 1, fewer than half of providers described their experience of the childcare services as 'good' to some extent (46%). This rose to 53% in wave 3 and 68% in wave 5.

### Hearing about the childcare services and knowledge of how they operate

- 1.6 By wave 5, parents were more likely to hear about TFC from other parents compared with earlier on when childcare providers were most likely to bring the service to the attention of parents (43% heard of the scheme by word of mouth compared with 34% from a provider). This compared with 35% and 46% respectively at wave 3.
- 1.7 In the early days of the rollout, providers were most likely to hear about the service from government/ HMRC (70% of newly registered providers at wave 1) although by wave 5 they were as likely to hear about it from parents as from the government/ HMRC (41% cf 43%).
- 1.8 When asked about their detailed knowledge of the schemes, the aspect of TFC that parents show the lowest level of understanding of is that you have to cancel vouchers when applying for TFC (35% were aware of this at wave 5 with a high of 40% at wave 2 and a low of 32% at wave 3) although this is perhaps only vital knowledge for those who are using childcare vouchers (and the scheme is now closed to new entrants). At wave 5, levels of knowledge that both parents have to be working in order to claim TFC had gone down (45% compared with 54% at

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/219660/More\\_20Great\\_20Childcare\\_20v2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/219660/More_20Great_20Childcare_20v2.pdf)

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/318953/PU1607\\_Tax\\_free\\_Childcare\\_response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318953/PU1607_Tax_free_Childcare_response.pdf)

wave 4). For 30 hours free childcare, around half of parents knew that it was possible to claim 30 hours and TFC at the same time (49% at wave 5 consistent with wave 4 when it was 47%, the difference is not statistically significant) and knowledge that there are income thresholds for claiming had gone down at wave 5 with two out of three answering correctly (65%, a decrease from 72% at wave 4).

- 1.9 While parents' knowledge fluctuated over time, knowledge among providers generally increased. At wave 5, the proportion of providers who felt they had a good understanding of each of the schemes had increased considerably (up from 57% in wave 3 to 77% for 30 hours and up from 57% in wave 3 to 65% for TFC) and more felt they could answer parents' queries compared to earlier waves (76% for 30 hours compared with 46% at wave 3 and 55% for TFC compared with 46% in wave 3).

### **Applying for the childcare services**

- 1.10 Experiences of the application process have generally been good since the childcare schemes were introduced. No fewer than two in three parents were satisfied with their experience of applying for either scheme at any wave with satisfaction levels reaching 85% in wave 5 for 30 hours and 77% for TFC.
- 1.11 Providers were asked about the ease of signing up to TFC; three in four providers at wave 5 described it as 'easy' (76%) and 83% said they had not experienced any problems.

### **Ongoing use of childcare services**

- 1.12 The proportion of parents experiencing technical problems the last time they logged on to the childcare service has declined steadily over time from 28% at wave 2 (when the question was first asked) to just 7% at wave 5. At wave 5, no single technical issue was cited by more than 3% of parents.
- 1.13 By wave 5, parents had become familiar with the process of reconfirming their eligibility. Nearly all relevant parents (98%)<sup>3</sup> who were required to do so had used their online account to reconfirm their eligibility. By wave 4 around eight in ten parents described the process as 'very easy' or 'fairly easy' (79%) with less than one in ten saying 'difficult' to some degree (9%) and these levels were maintained at wave 5.
- 1.14 TFC requires more engagement from parents with the online account than 30 hours free childcare, which required parents to generate eligibility codes, as it involves paying money in and making payments to providers. By wave 5, more than half of all parents using TFC had used their account in each of the ways asked about, including paying money to a provider via the account (63%) checking their account balance (60%) and paying money into their account (56%).
- 1.15 Although engagement with TFC accounts increased over time, one in three parents at wave 5 (34%) had not used their account to make a payment to a provider. An open-ended question asking parents why they had not made a payment elicited a wide range of explanations. Sometimes this was a timing issue (with parents having signed up in advance of needing to pay

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<sup>3</sup> 'Relevant parents' refers to those who had logged back into their account and applied for the childcare service over three months prior to completing the survey, who were therefore required to reconfirm their eligibility for the childcare service.

childcare providers). However, the most common, at each wave, mentioned by around one in five parents who had not made a payment was that they had decided not to use their TFC account after all (19% at wave 5).

- 1.16 The process of making online payments became easier for parents over time. At wave 5, eight in ten parents described the process as 'easy' to some degree (81%, up from 69% at wave 1), with less than one in ten saying 'difficult' to some extent (8%, down from 18% at wave 1). Those who said that they had experienced problems mentioned late payments (31%), issues with the website (24%) and a lack of clear information or guidance about the payment process (20%).
- 1.17 A minority of providers experienced difficulties receiving payments - one in six at wave 5 (14%), a similar level to wave 1 (19%). Specific issues related to late payments (56% of these providers had difficulties with this), reconciling payments (28%) and parents unable to select them in the account (21%).
- 1.18 Parents appeared to experience few difficulties with accessing the 30 hours service. At wave 5, more than nine in ten who applied received an eligibility code (91%). Of those, most parents had taken their code to a childcare provider (88%) and had started to receive free childcare provision (78%).
- 1.19 A minority of providers experienced difficulties in verifying eligibility codes (9%). This has declined since research began falling from 19% at wave 3 and 22% at wave 1. The top three reasons given were the process being time consuming, eligibility codes not being accepted and information on the website being confusing.

### **Contact with HMRC**

- 1.20 Over time fewer parents made use of the childcare service helpline in their first three months with the service. At wave 5, 20% of newer customers had used the helpline, down from one in three at wave 1 (34%). In addition, parents were more likely to have described their experience with the helpline as 'good' to some extent (79% at wave 5 compared with 59% at wave 1).
- 1.21 Although the proportion of parents who reported that all their queries to the helpline had been fully resolved increased between waves 1 and 5 (40% at wave 1 to 54% at wave 5), the proportion whose queries were not fully resolved remained relatively high.
- 1.22 Compared with parents fewer providers made use of the helpline (16% of all providers had used the helpline in the last 3 months at wave 5), but the majority agreed that all their queries were fully resolved (62% at wave 5, up from 49% at waves 1 and 3). Overall rating of their experience with the helpline increased from 61% saying 'good' to some extent at wave 1 compared with 81% at wave 5.

### **Impact of Policy on Parents**

- 1.23 The majority of parents felt that TFC had had some impact on their family's employment with only a quarter (27% at wave 5) reporting that it had no impact. At wave 5 one in four parents reported that they/their partner were working more hours per week (25%); this was an increase from 16% in wave 4. A third reported that at least one parent was able to keep working the same number of hours (32%) or stay in work (32%) and a quarter reported that at least one parent was able to work more hours per week (25%) because of TFC.

- 1.24 When those who reported a change in employment as a result of TFC were asked directly about the degree to which TFC had contributed to this change, around six in ten parents said that TFC had contributed to 'a great' or 'fair' extent (59% for the parent interviewed and 62% for their partner).
- 1.25 Similarly, most parents using 30 hours reported that accessing it had an impact on their family's employment with only 21% saying it had no impact at wave 5. Around one in three parents reported that 30 hours meant that they or their partner had been able to stay in work (33%), work more hours per week (32%) and keep working the same number of hours (31%).

## 2 Introduction

### Background to the study

- 2.1 On the 29 January 2013, the coalition government published More Great Childcare<sup>4</sup> which set out a plan to achieve its vision of a dynamic childcare market, delivering high quality early education and childcare. This was followed in the Budget 2013 by the announcement of the new Tax-Free Childcare (TFC) scheme administered by HMRC.
- 2.2 The TFC scheme provides eligible working parents with financial support towards qualifying childcare costs, of up to £2,000 for each child under 12 (or up to £4,000 if a child under 17 is disabled) per year. To be eligible, parents need to be earning at least £115 per week but no more than £100,000 per year.
- 2.3 The 30 hours free childcare policy, which was launched in September 2017, built on Department of Education's (DfE) universal entitlement for 3 and 4-year olds, and offered working parents of 3 and 4-year olds an additional 15 hours of free early education and childcare a week, over 38 weeks of the year.
- 2.4 All 3- and 4-year-olds, and eligible 2-year-olds, are entitled to 570 hours of funded early education or childcare per year. This is usually taken as 15 hours a week for 38 weeks of the year. Since September 2017, the funded childcare entitlement for 3- and 4-year-olds increased to 30 hours a week for working parents that meet the eligibility criteria. Parents can usually get 30 hours of funded childcare if they (and their partner, if they have one) are in work (or getting parental leave, sick leave or annual leave), and are earning at least the National Minimum Wage or Living Wage for 16 hours a week
- 2.5 Prior to the launch of TFC<sup>5</sup>, the Government held a consultation with stakeholders, who stressed that the scheme must be simple for parents to operate and flexible to the changing demands of childcare. The consultation highlighted that parents expected to be able to easily register for the scheme and open a childcare account; pay in money when they wanted to and receive Government 'top-ups' in a timely fashion; know that their money is being held securely; and spend the money on qualifying childcare at a time of their choosing.
- 2.6 In keeping with the wider Government Strategy for service delivery, the delivery of all elements of the new childcare offer were designed to be 'digital by default' (although telephone helplines are available to support those unable or unwilling to use digital services).
- 2.7 Parents are able to apply for both TFC and 30 hours, through a single, digital application. This was intended to save parents time and ensure they are provided with real time decisions on their eligibility for the scheme(s). This is known as the joint childcare application process.
- 2.8 A great deal of development, research and wider consultation took place to ensure both the TFC and 30 hours schemes were ready for national roll out in 2017. This included an early

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<sup>4</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/219660/More\\_20Great\\_20Childcare\\_20v2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/219660/More_20Great_20Childcare_20v2.pdf)

<sup>5</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/318953/PU1607\\_Tax\\_free\\_Childcare\\_response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318953/PU1607_Tax_free_Childcare_response.pdf)

rollout of 30 hours free childcare to all eligible children living in four Local Authority (LA) areas.<sup>6</sup> A further study was commissioned by DfE from the first year of the rollout focusing on 12 LAs.<sup>7</sup>

2.9 HMRC commissioned a programme of tactical research to track the experiences of parents and providers through the early stages of national rollout of TFC and 30 hours. The research programme consisted of five waves of quantitative research and a small qualitative study which are covered in this report. The research was designed to provide feedback both on the initial set up of the online account / process of registering for TFC/30 hours and also the ongoing process of using the schemes.

2.10 The more specific objectives of the research programme were to:

- **Gather early insights into customers' experiences to understand their ease of interacting with guidance, systems and processes.** *Did parents perceive the process to be simple, flexible and secure?*
- **Identify the range of customer journeys.** *Providing insight into what was working well / not very well and identifying areas for improvement.*
- **Identify unexpected or unintended customer interactions or behaviours** *(including compliance issues).*
- **Explore parents' perceptions around the impact of the schemes on their employment.**

### Methodology, Sampling and weighting

2.11 The core quantitative component of the research involved five waves of online data collection for parents, with data captured for providers at waves 1, 3 and 5.

2.12 The sample was provided by HMRC. In order to be eligible for inclusion in the sample, parents had to have a 'live flag' on their account denoting that they had an account within their eligibility date. This meant that they had either only applied within the last three months or had successfully reconfirmed their eligibility within the last three months. Anyone previously selected for any childcare service research were excluded from the study for a period of eighteen months.

2.13 At each wave, 'new' customers i.e. parents who had applied for the joint childcare service in the last 3 months were over-sampled relative to the proportion of the overall customer base that they represented in order to enable separate reporting on this group. At Wave 1 all parents sampled were 'new customers'. In addition, wave 4 included a boost of parents who only had children over the age of five. For more detailed information see the accompanying technical report.

2.14 At each wave, the provider sample was a simple random sample of providers registered with the joint childcare service. As with the sampling approach for parents, more detailed information is contained in the technical report.

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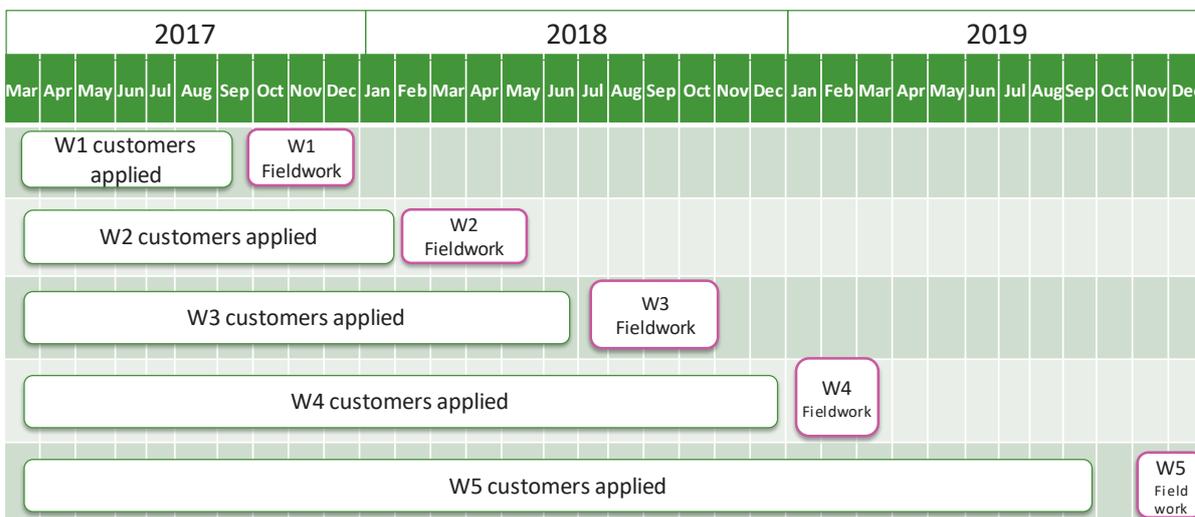
<sup>6</sup> <https://www.gov.uk/government/publications/early-rollout-of-30-hours-free-childcare-evaluation>

<sup>7</sup> <https://www.gov.uk/government/publications/30-hours-free-childcare-final-evaluation-of-the-national-rollout>

2.15 At each wave, the achieved interviews with parents were weighted to account for non-response bias and for the over-sampling of particular groups so that the findings could be interpreted as representative of the whole customer base at that point in time. Similarly the provider interviews were weighted for non-response.

2.16 Figure 2.1 below shows the parents covered by each wave of fieldwork.

Figure 2.1 Parent application periods covered by each wave of fieldwork



2.17 Table 2.1 shows the exact fieldwork dates and number of interviews achieved for each wave for both parents and providers.

Table 2.1 Fieldwork dates and number of interviews achieved

	Parents		Providers	
	Fieldwork dates	Number of interviews	Fieldwork dates	Number of interviews
Wave 1	10 Oct. – 5 Nov. 2017	4,752	20 Oct. – 12 Nov. 2017	985
Wave 2	23 Feb. – 3 April 2018	1,886	NA	NA
Wave 3	12 July – 6 Aug. 2018	1,464	12 July – 6 Aug. 2018	742
Wave 4	8 Feb. – 15 March 2019	1,236	NA	NA
Wave 5	22 Nov. – 24 Dec. 2019	1,020	22 Nov. 2019 – 15 Jan. 2020	737

### Approach to analysis

- 2.18 The data presented in this report are from a sample of parents and providers. All the samples have been weighted to be representative of the parent and provider populations.
- 2.19 The findings have been reported by scheme (TFC and 30 hours). Some parents will have applied for both schemes so there is an overlap in the two samples.
- 2.20 Differences between sub-groups and previous waves are only commented on in the text if they are statistically significant at the 95% confidence level, unless otherwise stated. This means there is no more than a 5% chance that any reported differences are a consequence of sampling error.
- 2.21 Arrows have been included in charts to denote where a wave-on-wave change is statistically significant.
- 2.22 Due to rounding to the nearest whole number, percentages may not total to exactly 100%.

### Structure of the report

- 2.23 This report is structured as follows:
- **Chapter 3** focuses on the overall experience of the childcare services from the perspective of both parents and providers. It also looks at parents' likelihood to recommend each scheme.
  - **Chapter 4** considers how parents first became aware of TFC and their use of online resources. It also looks at knowledge that both parents and providers had of the details of the schemes.
  - **Chapter 5** explores experiences when signing-up for the service and any problems encountered in the application process. It also covers the reasons parents and providers gave for signing up.
  - **Chapter 6** looks at the ongoing use of childcare services, including use of the online account and specifically, in relation to TFC, the experience of making and reconciling payments.
  - **Chapter 7** focuses specifically on what contact parents and providers have had with the childcare services helpline and how they found the experience.
  - **Chapter 8** considers the impact that the childcare services have had on family employment.
  - **Chapter 9 summarises the key conclusions**

### 3 Overall experience

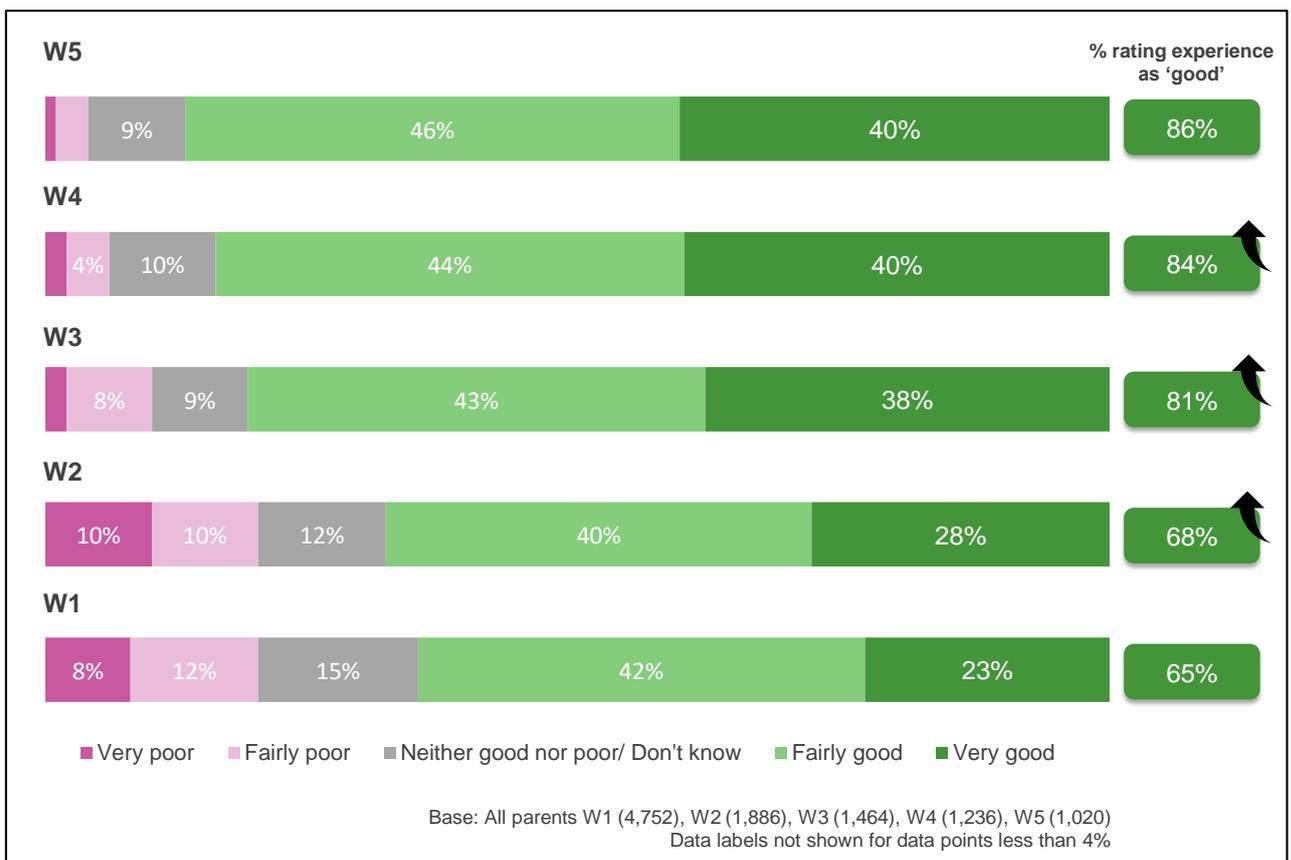
3.1 This chapter focuses on the overall experience of using childcare services from the perspective of parents and providing the childcare services from the perspective of providers. It looks at the degree to which parents and providers described their experience as 'good' or 'poor' and how this has changed over time. It also considers the reasons parents gave for describing their experience as poor. The chapter concludes by looking at whether parents would recommend the two childcare schemes.

#### Experience of parents

3.2 The majority of parents at wave 5 described their overall experience with the childcare service as 'good' to some extent: 86% described the experience as 'very good' or 'fairly good'. Two in five (40%) described their experience as 'very good'. The full range of responses together with the responses over time are illustrated in Figure 3.1

3.3 Across the five waves of research, there was a clear improvement in parents' overall experience with the childcare services. The proportion of parents considering their experience to be good to some extent increased significantly at each wave until wave 4. Between wave 4 and wave 5, overall experiences were maintained at a high level.

**Figure 3.1 Overall parent experience of using childcare services**

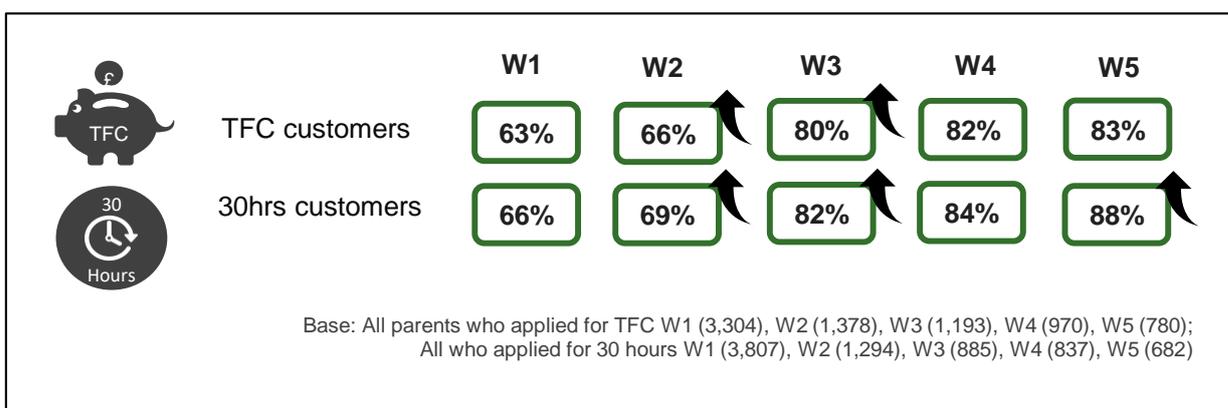


- 3.4 There were some variations in reported experience by demographic groups. Women were consistently more likely to report that their experience was 'good'. At wave 5, 88% of women described a 'good' experience compared with 80% of men; the difference was statistically significant, and this level of difference was apparent at all five waves of research.
- 3.5 There were also significant differences in reported experience by household income. In wave 5 parents living in households with an income up to £19,999 were more likely to say their experience was to some extent 'good' (94%) compared with households with an income of £20,000-£49,999 (88%) or those where the income was £50,000 or more (83%).
- 3.6 The proportion of parents giving a 'very good' or 'fairly good' rating was also higher among those whose main language was not English. At wave 5, more than 9 in 10 parents whose main language was not English described their experience as 'good' to some extent (93%); this compares with 85% for parents whose main language was English or who described themselves as bilingual. This difference was evident at most other waves.

**By scheme**

- 3.7 The same positive trend is observed when looking at overall experience separately for parents who applied for each of the TFC and the 30 hours schemes. This is shown in Figure 3.2
- 3.8 Among parents who applied for TFC, 83% described their experience as 'very good' or 'fairly good' at wave 5. This figure was considerably lower at 63% when tracking first started and increased significantly at both wave 2 and wave 3.
- 3.9 The findings for parents who applied for the 30 hours scheme is very similar to that observed for TFC customers. Overall positive experience has risen significantly from 66% in wave 1 to 88% in wave 5.

**Figure 3.2 Overall positive experience by parents**

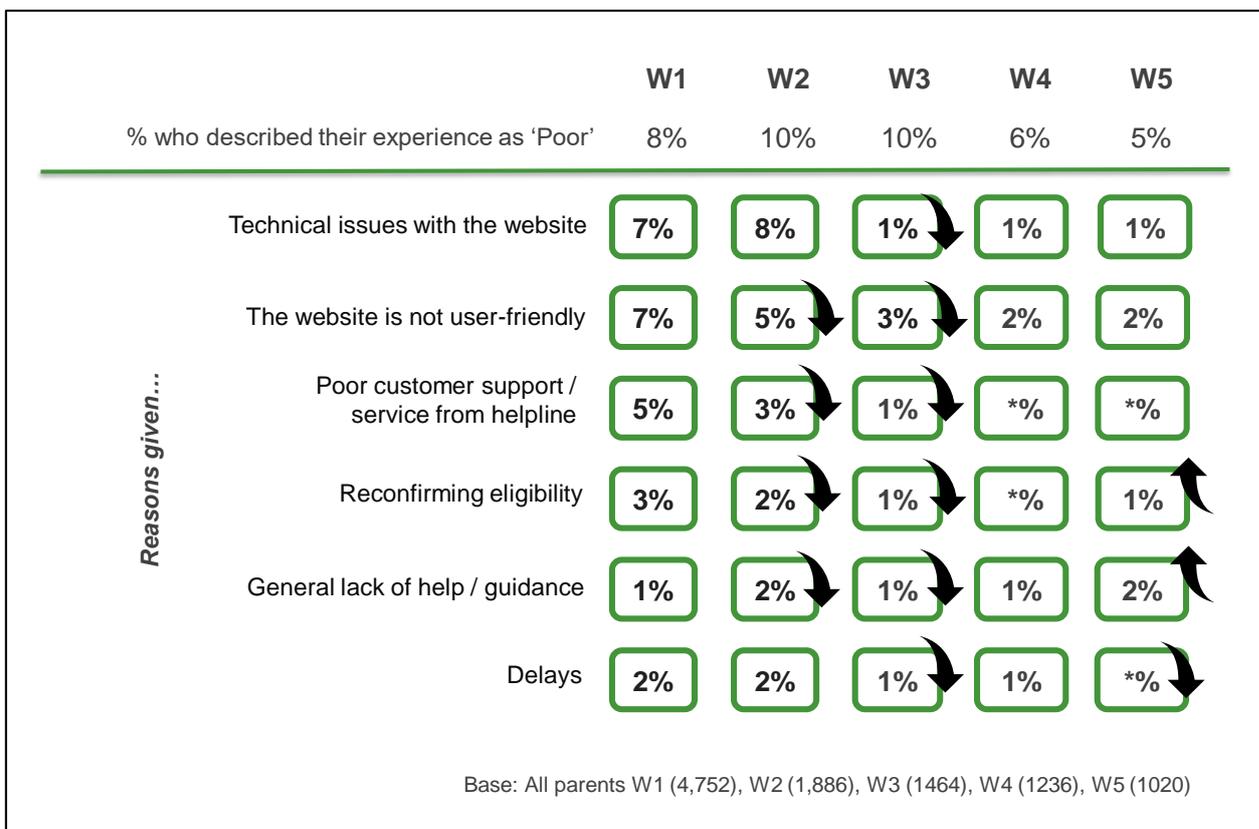


**Reasons for a poor experience**

- 3.10 Parents who described their experience as 'very poor' or 'fairly poor' were asked an open-ended question which asked them to explain, in their own words, i.e. without prompting, why they felt the experience had been 'poor'. The responses were coded at the analysis stage.

3.11 As shown in Figure 3.3, at wave 1, the most common responses were technical issues with the website and the challenge of navigating the website (both mentioned by 7% of all parents accessing childcare services); this was followed by poor support/ service from the helpline (5%). Over time, service improvements led to fewer parents citing technical issues or challenges of navigating the website. The same was true of citing poor customer support/ helpline service experiences. At wave 5 no issue stood out for particular concern with no specific type of problem mentioned by more than 2% of parents.

**Figure 3.3 Reasons why parents rated their experience as poor**



### Experience of providers

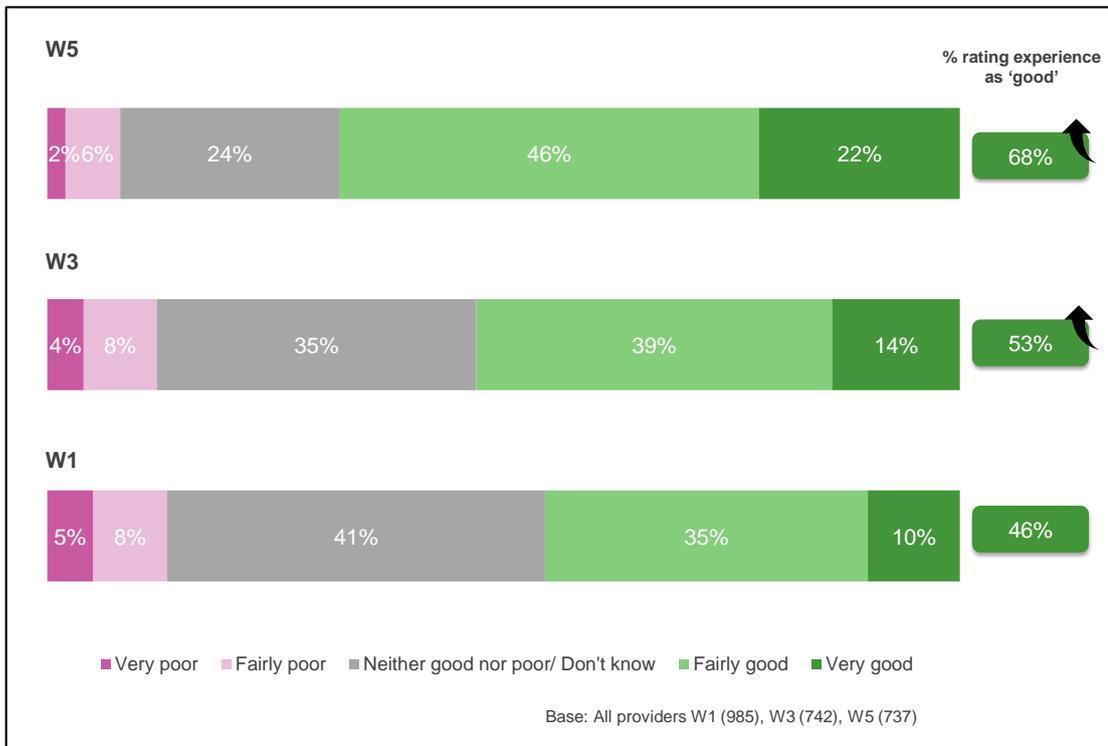
3.12 Providers were asked to rate their overall experience of the childcare service and again the proportion giving a 'very good' or 'fairly good' rating increased steadily over time although their ratings remained lower than those of parents.

3.13 At wave 1, fewer than half of providers described their experience of the childcare services as 'good' to some extent (46%). This rose to 53% in wave 3 and 68% in wave 5. Figure 3.4 shows the full responses given at each wave.

3.14 Providers who had received a TFC payment(s) were more likely to report some degree of 'good' experience compared with providers who had not or were unsure (72% and 51% respectively for wave 5). This difference was apparent across all 3 waves although was less marked at earlier waves (a twelve percentage point difference at wave 3 and fourteen percentage point difference at wave 1).

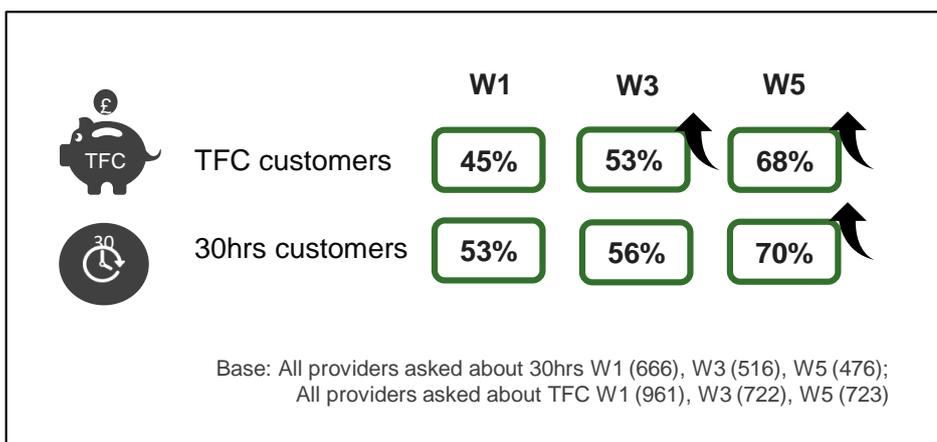
3.15 Accessing any form of help also led to more providers reporting a 'good' experience to some extent compared with those providers who had not accessed any help or were unsure. At wave 5, 76% of providers who had accessed help reported a 'very good' or 'fairly good' overall experience compared with 65% of those who had not. This difference was apparent at previous waves.

Figure 3.4 Overall provider experience of using childcare services



3.16 Positive trends in overall provider experiences were evident when looking at the two schemes separately. Figure 3.5, shows that at wave 1, 45% of providers involved with TFC reported a 'good' experience to some extent compared with 53% for providers involved with 30 hours. By wave 5 these figures had increased to 68% and 70% respectively.

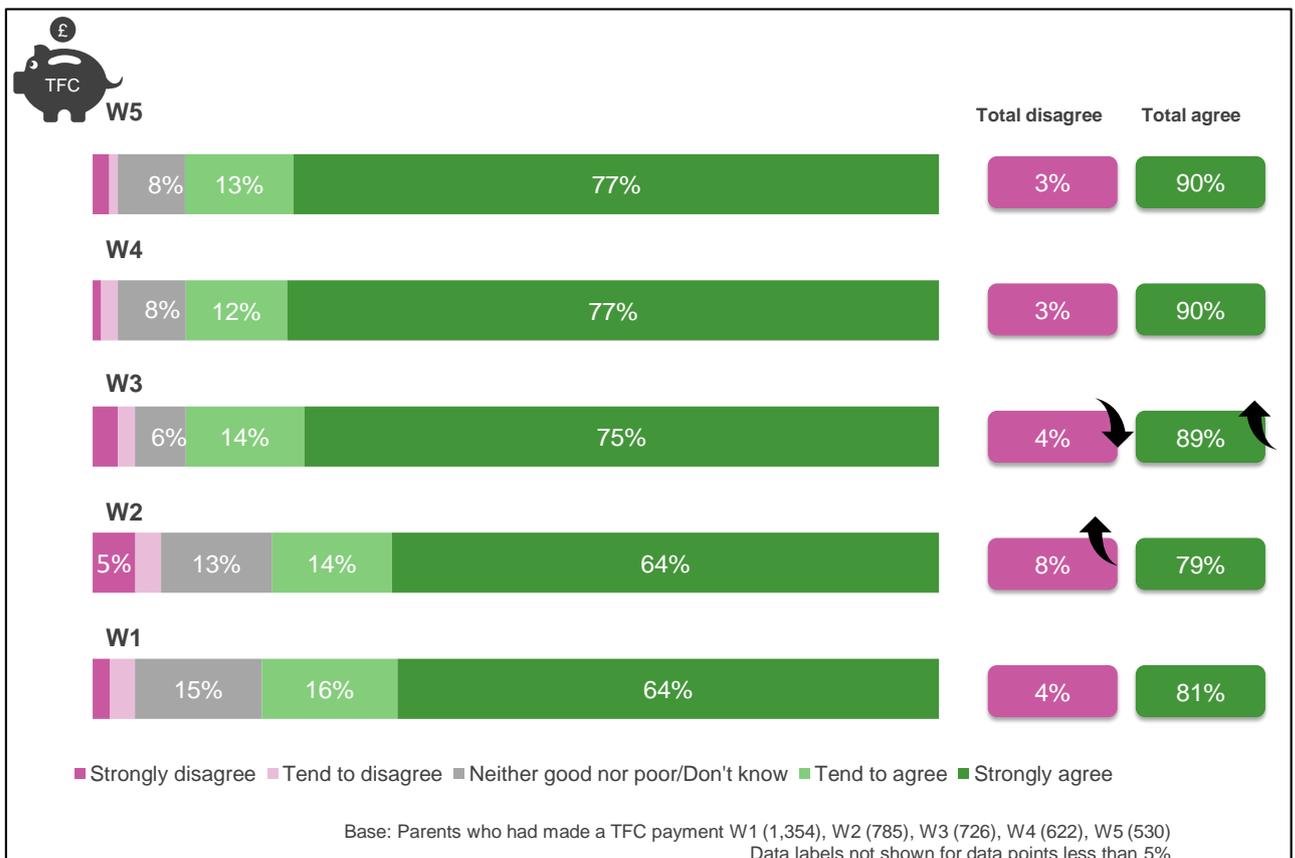
Figure 3.5 Overall positive provider experience by TFC and 30 hours



### Recommending the schemes to others

- 3.17 Parents' likelihood to recommend TFC was relatively high at all waves. At wave 1, eight in ten parents said that they agreed, to some degree, that they would recommend the scheme to other parents (81%). Overall likelihood to recommend reached 90% in wave 4 and was maintained at this high level at wave 5. At wave 5, 77% of parents 'strongly agreed' that they would recommend TFC. More detailed responses are shown in Figure 3.6.
- 3.18 At Wave 5, parents who had made a payment to a provider (and hence could be considered to be active users of the scheme) were particularly likely to recommend TFC (90%) compared with those who had not or had said 'don't know'. Significant differences were also observed at wave 4 (90% vs 57%), wave 3 (89% vs 57%), wave 2 (79% vs 54%) and wave 1 (81% vs 56%).
- 3.19 In addition, those who described their overall experience with TFC as 'very good' or 'good' were more likely to say they would recommend the scheme. At wave 5, 82% who described their experience as 'very good' or 'good' were likely to recommend TFC compared with 58% of those parents who did not describe their experience as 'good'. However it is notable that the proportion of parents who were willing to recommend TFC was high even at wave 1 when overall experience ratings were considerably lower. This perhaps indicates that the benefits of the scheme were often seen to outweigh any difficulties with using the service.

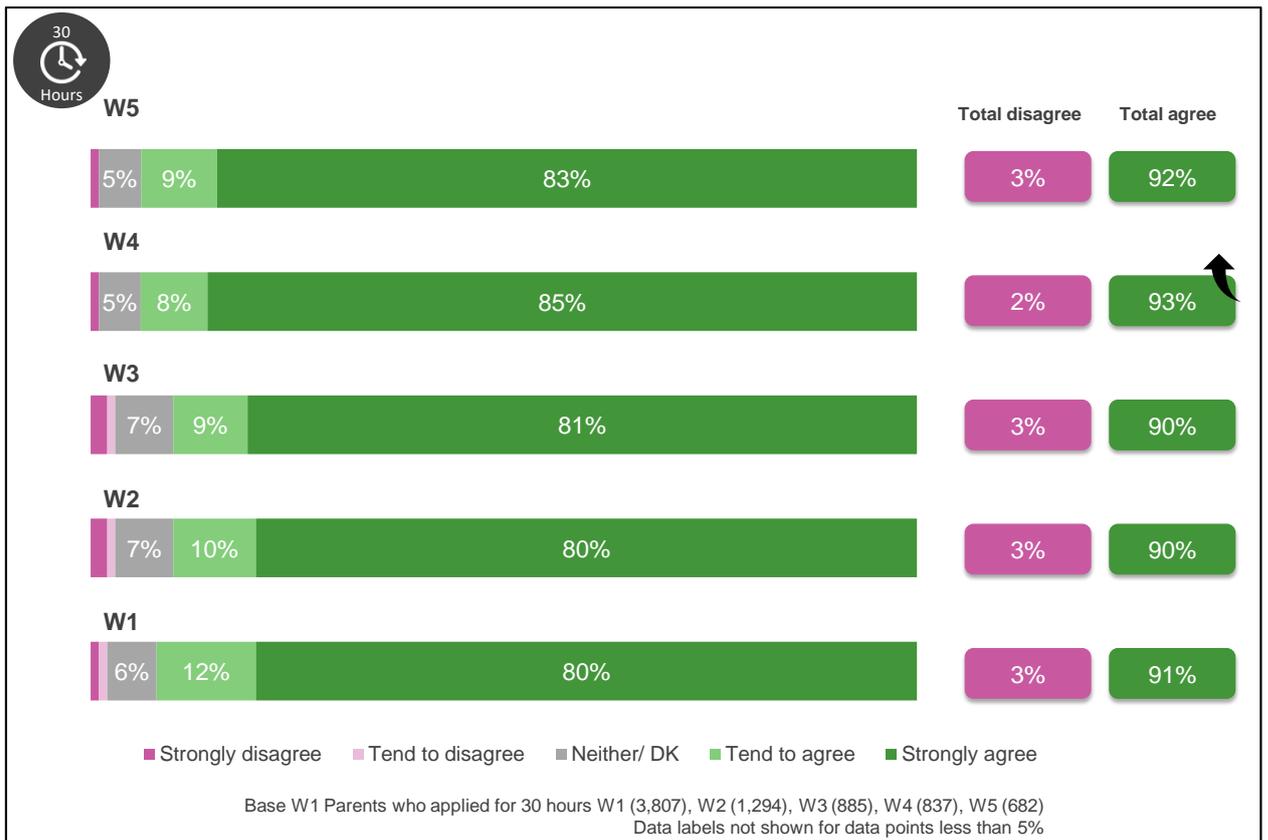
Figure 3.6 Parents Recommendation of TFC



3.20 Parents' likelihood to recommend 30 hours was higher than for TFC. At wave 1, 91% of parents who applied for 30 hours stated that they 'agreed' or 'strongly agreed' that they would recommend the scheme with 80% saying they 'strongly agreed'. Likelihood to recommend has remained high at each wave reaching 93% at wave 4 and 92% at wave 5. The full figures are shown in Figure 3.7.

3.21 Again, where parents felt their overall experience of the scheme was 'good' to some extent, likelihood to recommend was higher. At wave 5, 95% of parents who described their experience as 'good' to some extent said they agreed they would recommend the scheme, this compared with 59% of parents who did not described their experience as 'good'.

**Figure 3.7 Parents Recommendation for 30 hours**



## 4 Knowledge of childcare services

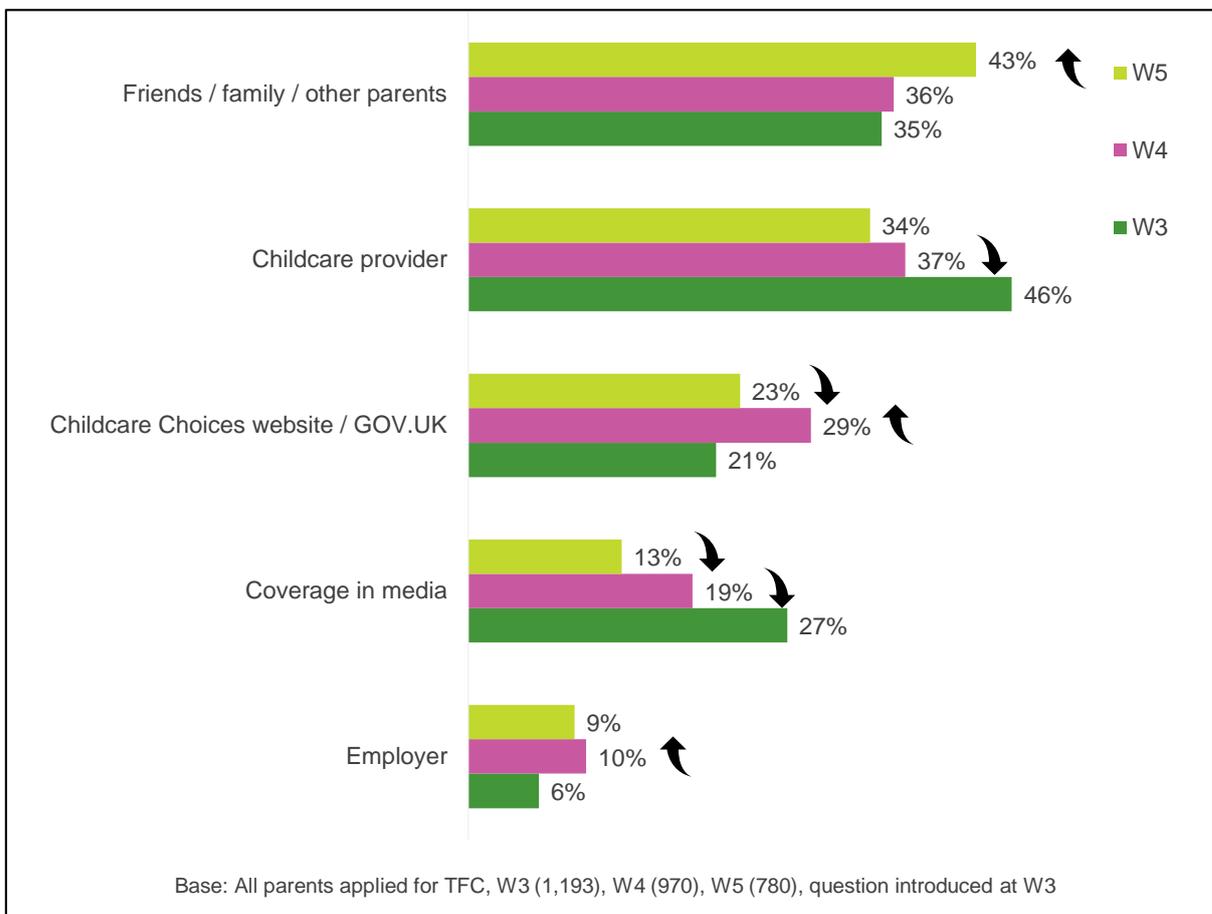
4.1 This chapter explores parents and providers' knowledge and understanding of the childcare service schemes. It considers how parents and providers became aware of tax-free childcare (TFC) and their use and awareness of the online resources. It also looks at parents' knowledge of the schemes, as well as providers' attitudes towards the childcare services.

### Awareness of Tax-Free Childcare

4.2 From Wave 3 onwards, parents were asked where they first heard about TFC. As shown in Figure 4.1 at wave 5 it was most common for parents to say they first heard about TFC from 'friends/family/other parents', a source of awareness for over two-fifths of parents (43%). This was a significantly higher proportion than at the previous two waves when 'childcare providers' were the most common source of awareness. On average, around a quarter of parents stated that they heard about TFC through the childcare choices website/GOV.UK (23% at wave 5).

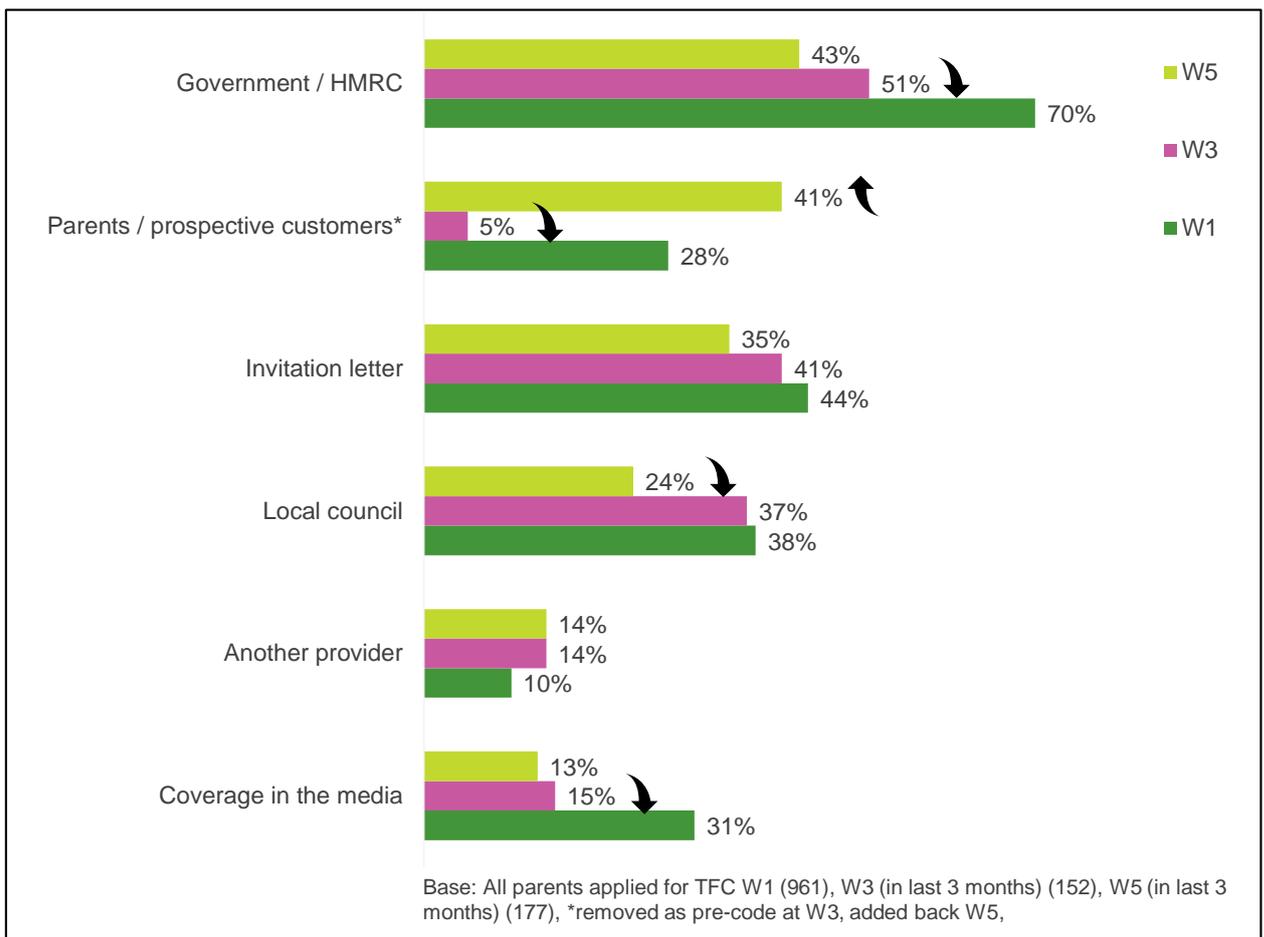
4.3 In wave 5 those parents that had applied for both TFC and 30 hours were significantly more likely to first hear about TFC from their 'childcare provider' than those parents that had only applied for TFC (41% cf 18%). This difference is also apparent in waves 3 and 4.

Figure 4.1 Sources of awareness of TFC among parents



- 4.4 Providers were also asked where they had heard about TFC; findings are shown in Figure 4.2. Only providers who had signed up in the 3 months prior to the survey were asked this question (which was all providers at wave 1).
- 4.5 The most common source of awareness across all three waves was the 'Government/HMRC'. However, the proportion of providers stating that this was the way they first heard about TFC fell from 70% at wave 1 to 43% at wave 5. At wave 5, there was a more equal spread of providers citing a range of sources including 'parents/prospective customers' (41%)<sup>8</sup>, and the 'invitation letter' (35%).
- 4.6 Coverage in the media as a source of provider awareness for TFC has waned since wave 1. At wave 5 providers were also significantly less likely to have heard of TFC from their 'local council' (24% cf 37% and 38% in waves 3 and 1, respectively).

**Figure 4.2 Sources of awareness of TFC among providers**

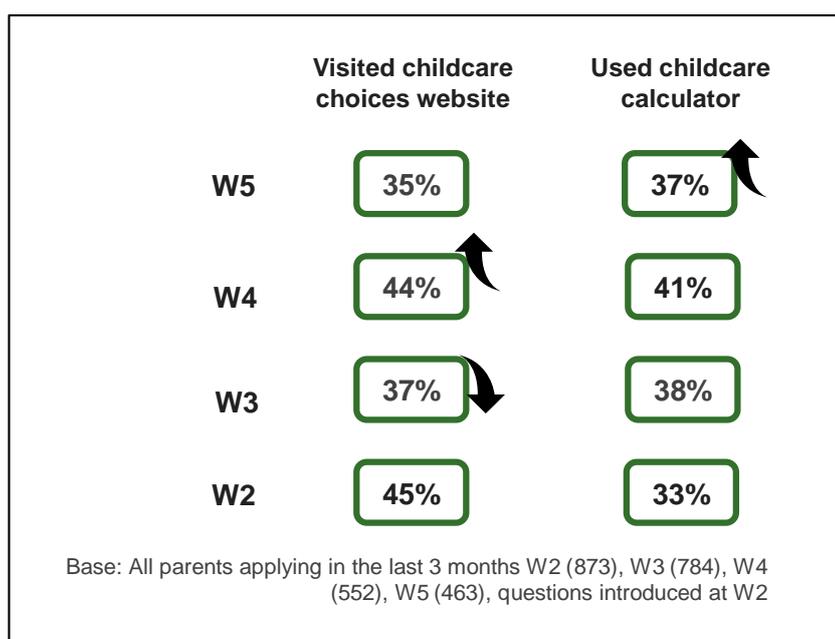


<sup>8</sup> Parents and prospective customers was removed as a pre-code in wave 3 but reinstated in wave 5, hence the drop in wave 3.

### Parents' use of online resources

- 4.7 New parent applicants' use of the online resources provided by the Government to help with decisions around using the childcare schemes has remained at a similar level over time (since it was first asked about at wave 2) as shown in Figure 4.3.
- 4.8 Parents were slightly more likely to have used the childcare choices website at waves 2 and 4.
- 4.9 On average one in three parents used the childcare calculator prior to their application (33% wave 2; 38% wave 3; 41% wave 4; 37% wave 5). Across each wave those newer applicants that applied only for 30 hours were significantly less likely to use the calculator than those that applied for TFC only.

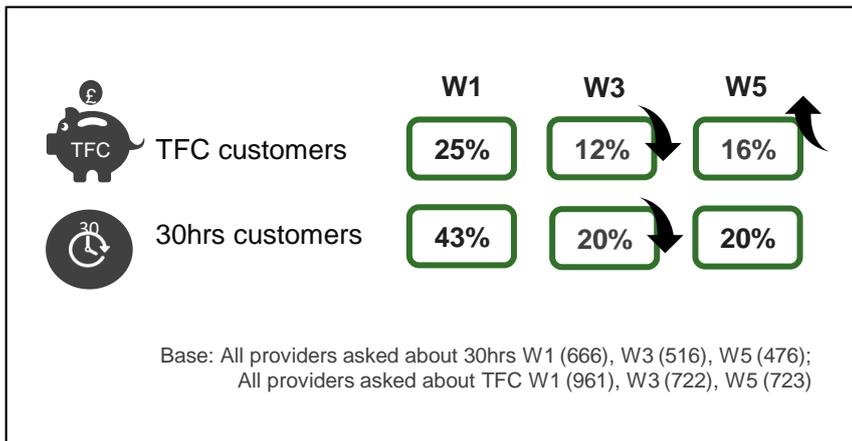
**Figure 4.3 Parent's use of online resources**



### Providers' use of online resources

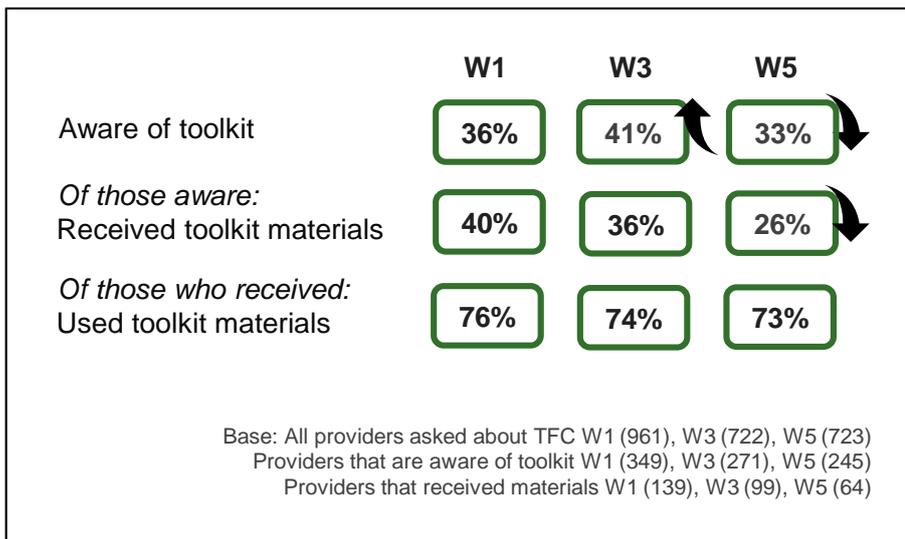
- 4.10 Providers tended to be less likely to use the online guidance provided on GOV.UK after wave 1. This was particularly the case for the guidance for 30 hours free childcare which over two-fifths (43%) of 30 hours providers had used at wave 1 but only 20% had used at waves 3 and 5. Despite the proportion of providers using the online guidance in relation to TFC dropping after wave 1 (from 25%), there was a statistically significant rise from 12% using it in wave 3 to 16% in wave 5.

Figure 4.4 Providers' use of online guidance



4.11 Awareness among providers of the TFC toolkit fluctuated across waves with a third (33%) of providers using TFC aware in wave 5, significantly lower than in wave 3 (41%) (Figure 4.5). This was also the case for the proportion that received TFC toolkit materials, with around a quarter (26%) of those that were aware of the toolkit receiving materials to help communication with parents, significantly lower than the 36% and 40% of providers that received the materials in wave 3 and 5 respectively. However, of those that did receive toolkit materials in wave 5, around three-quarters (73%) used them, which was in line with the previous two waves.

Figure 4.5 Providers' awareness and use of TFC toolkit

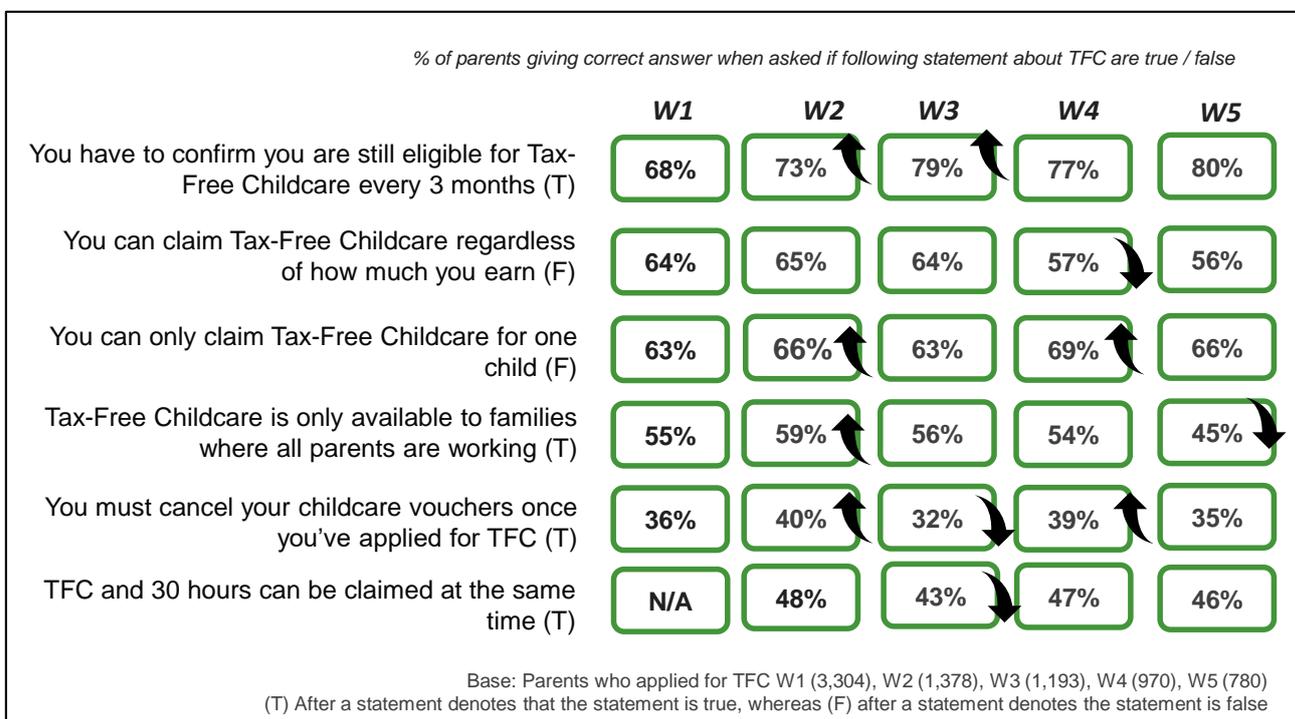


### Parents' knowledge of TFC and 30 hours

4.12 To help measure their understanding of the operation of the schemes, parents were asked a series of true or false statements for each scheme. Figure 4.6 and Figure 4.7, present the proportion of parents that answered each statement correctly.

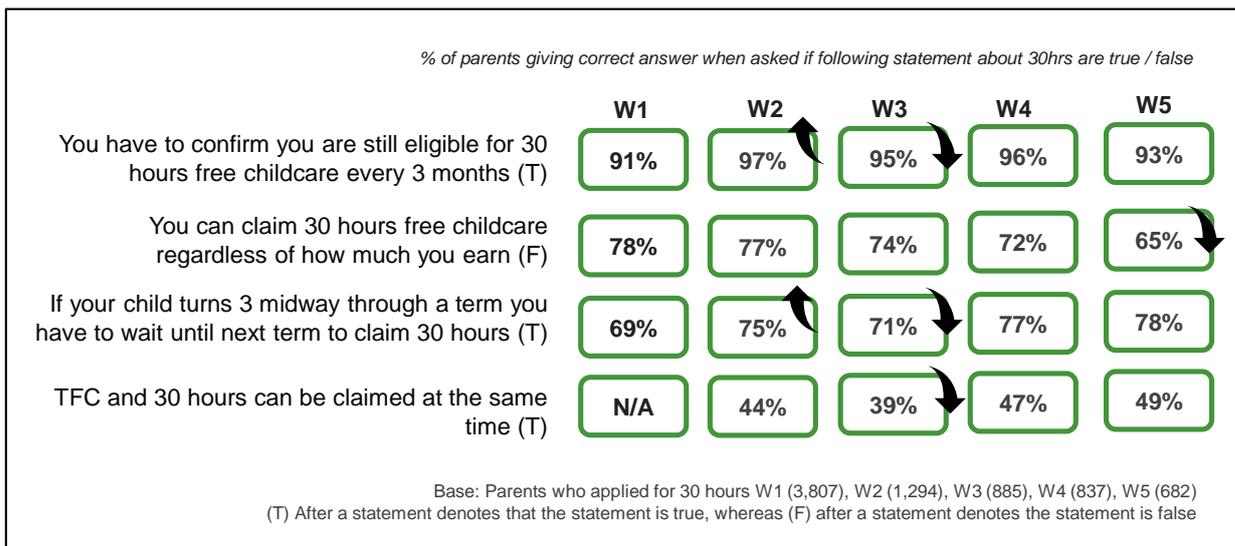
- 4.13 Figure 4.6, shows parents’ understanding of different aspects of TFC. Over time, parents’ knowledge about the employment and earnings eligibility criteria has fallen. Over two-fifths (45%) of TFC parents at wave 5 were aware that TFC is only available to families where all parents are working, compared to 55% at wave 1. Similarly, waves 4 and 5 saw a lower proportion of parents aware that there are income thresholds for claiming TFC (57% and 56% respectively compared with 64% at wave 1).
- 4.14 The aspect of the scheme that consistently saw the lowest levels of awareness was around the need to cancel childcare vouchers on applying for TFC (35% of TFC parents at wave 5). However, this knowledge is only really vital for those in receipt of childcare vouchers (and this scheme is now closed to new entrants).
- 4.15 Awareness that TFC and 30 hours can be claimed together remained low with fewer than half of parents that had applied for TFC aware of this at each wave where it was asked.
- 4.16 The aspect that the highest proportion of TFC applicants were aware of was the need to reconfirm eligibility every 3 months (80%). This has increased considerably over time from only two-thirds of TFC parents (68%) at wave 1.

**Figure 4.6 Parents’ knowledge of TFC**



- 4.17 In line with the findings for TFC, knowledge among 30 hours parents of the existence of the earnings thresholds fell at wave 5 compared to previous waves (65%, 78% at wave 1). In addition, the statement that the lowest proportion of applicants answered correctly was that both TFC and 30 hours can be claimed at the same time (49%), again similar to TFC customers.
- 4.18 Knowledge of the need to reconfirm eligibility for 30 hours every 3 months remained high across all waves (93% at wave 5) as did knowledge that it is necessary to wait until the next term to claim 30 hours if a child turns three halfway through the current term (78% at wave 5).

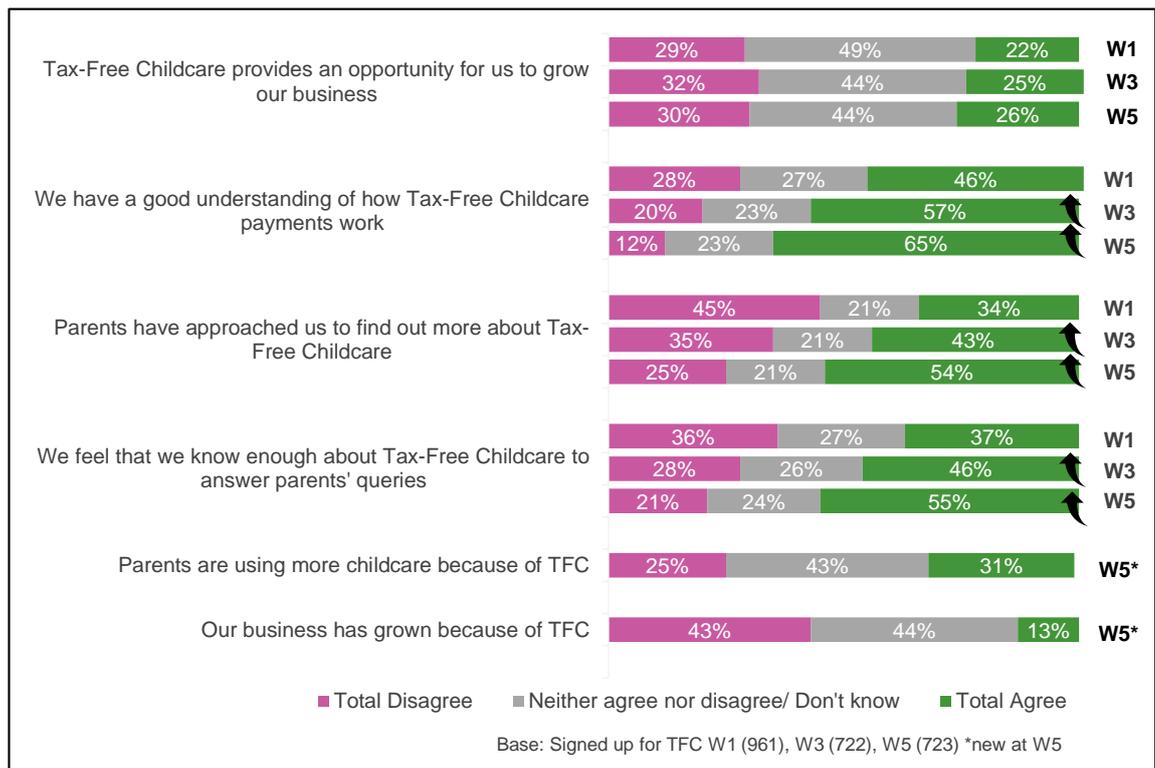
**Figure 4.7 Parents' knowledge of 30 hours free childcare**



### Providers' attitudes towards TFC and 30 hours

- 4.19 Providers were asked a series of questions about the impact of TFC and 30 hours on their business.
- 4.20 Generally, responses show an increasing level of engagement with TFC over time (Figure 4.8). Over the three waves of provider research, the proportion of providers considering that they had a good understanding of how TFC payments work and that they knew enough about TFC to answer parents' queries steadily increased (55% agreed at wave 5 compared with 37% at wave 1). Providers were also increasingly likely to report that parents were approaching them to find out more about TFC (54% at wave 5 compared with 34% wave 1).
- 4.21 However, it was only a minority of providers that reported that TFC was having a positive impact on their business. At wave 5, around a quarter of TFC providers (26%) agreed that TFC provided an opportunity for business growth, while fewer (13%) agreed that their business had grown because of TFC, despite around a third (31%) feeling that parents were using more childcare because of the scheme.

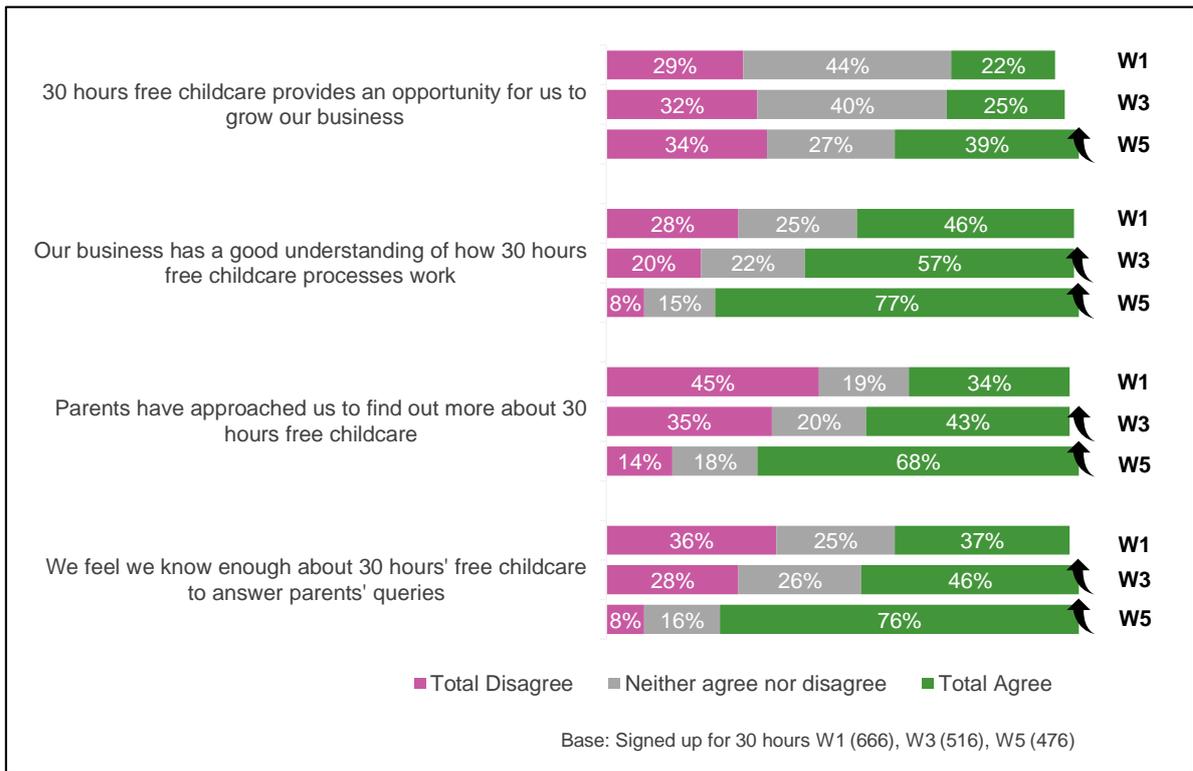
**Figure 4.8 Providers' attitudes towards TFC**



4.22 Figure 4.9, shows provider attitudes towards 30 hours. In line with findings for TFC, providers of 30 hours free childcare felt their understanding of the scheme had improved over time so that at wave 5 around three-quarters agreed that they had a good understanding of 30 hours' processes (77%) and that they knew enough to answer parents' queries about the scheme (76%) compared to 46% and 37% respectively in wave 1.

4.23 However, in contrast to TFC, wave 5 showed an increase in the proportion of providers of 30 hours that felt the scheme represented an opportunity to grow their business with around two-fifths (39%) believing this to be the case, up from a quarter (25%) in wave 3 and 22% in wave 1.

**Figure 4.9 Providers' attitudes towards 30 hours free childcare**



## 5 Applying for the joint childcare services

5.1 This chapter explores the experience of providers and parents when signing up to the schemes, as well as any problems encountered in the application process. The last part of the chapter looks at reasons given for signing-up to the scheme (parents) or only signing up for TFC (providers).

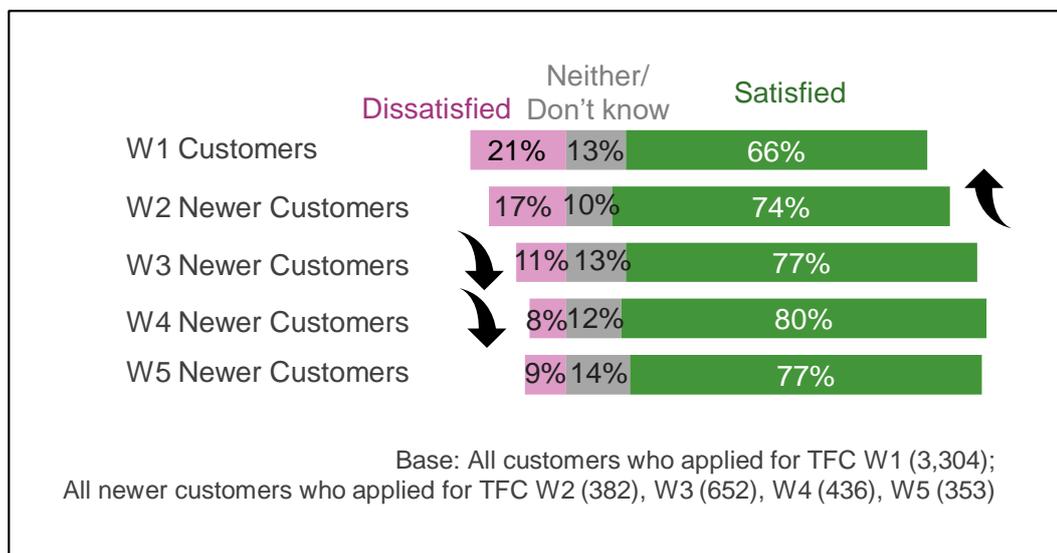
### Parents' experience of the application process

5.2 At each wave, parents who had applied to the joint childcare service in the last 3 months ('newer customers') were asked about their experiences of the application process.

5.3 Parents' satisfaction with the application processes for each scheme has remained stable since wave 2 with the majority of parents stating that they were either 'very' or 'fairly satisfied' with their experience.

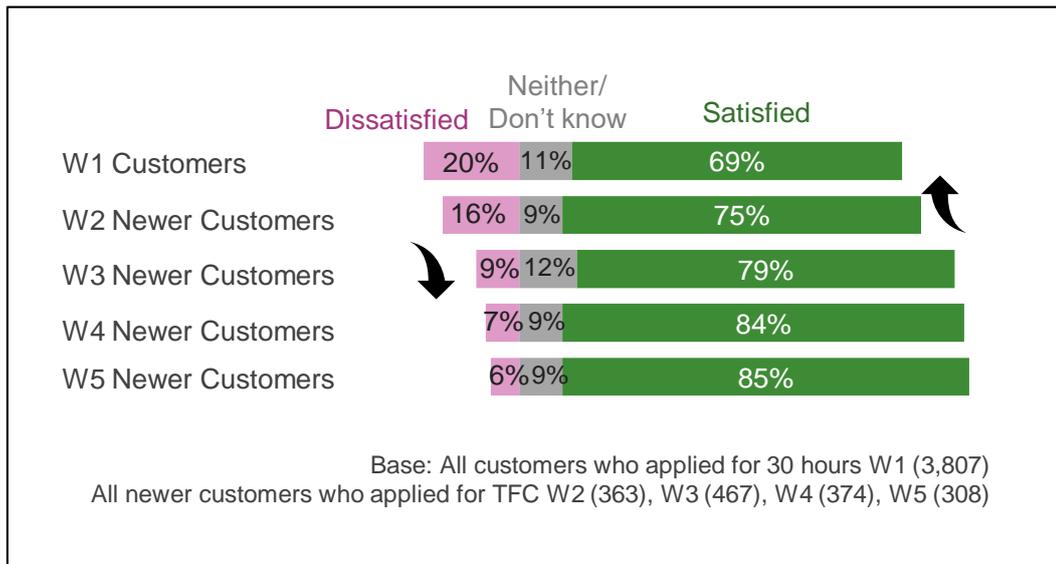
5.4 As shown in Figure 5.1, the proportion of new TFC applicants that were 'satisfied' to some extent with the application process has remained at around three-quarters (77% in wave 5) fairly evenly split between the proportion that were 'very' or 'fairly satisfied' (36% and 42% respectively in wave 5).

**Figure 5.1 Parents' satisfaction with the application process for TFC**



5.5 Newer customers of 30 hours similarly showed higher levels of satisfaction with the application process from wave 2 onwards with 85% of new applicants in wave 5 'satisfied' to some extent with their experience (Figure 5.2). Positively, after wave 2 there was a slightly higher proportion of respondents that were very satisfied with the process than 'fairly satisfied' (45% vs 40% in wave 5).

**Figure 5.2 Parents' satisfaction with the application process for 30 hours**



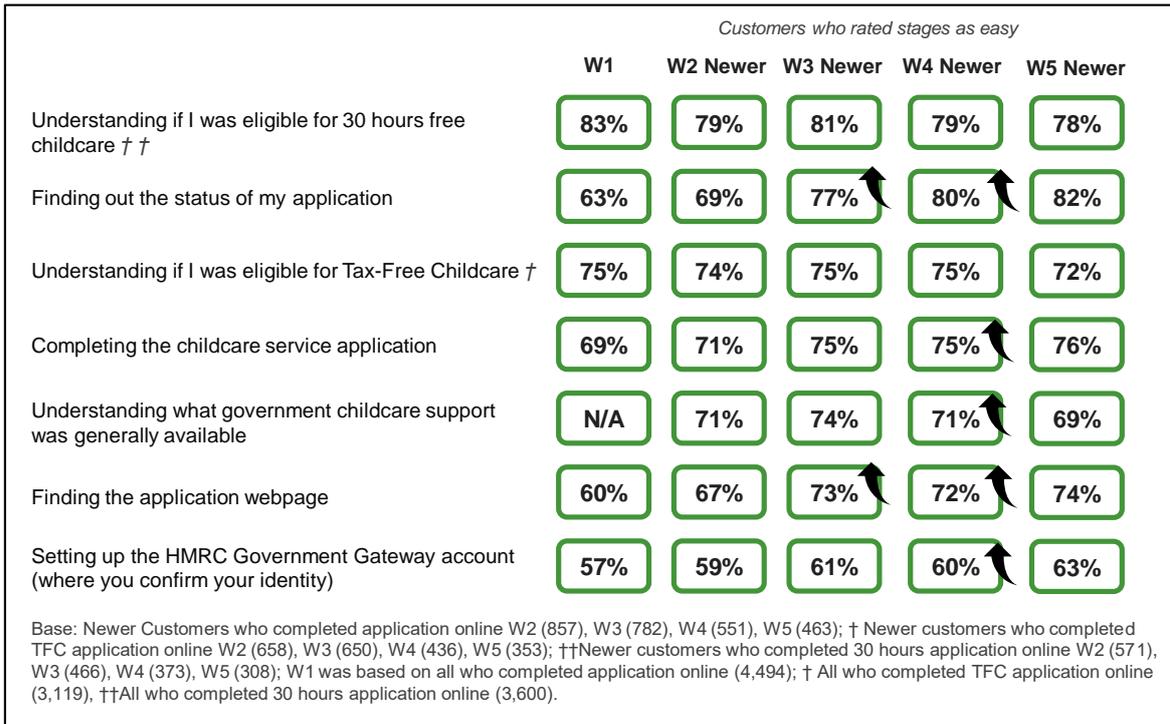
5.6 As shown in Figure 5.3, over three-quarters of newer applicants rated each of the following stages as either fairly or very easy:

- finding out their application's status (82%);
- understanding eligibility for 30 hours (78%); and
- completing the childcare service application (76%).

5.7 Just under three-quarters found that 'locating the application webpage' (74%), 'understanding their eligibility for TFC' (72%), and 'understanding what government support was available generally' (69%) were to some extent 'easy'. Each of the findings for these six aspects remained broadly consistent over the five waves, particularly since wave 2.

5.8 The one area that a lower proportion of applicants rated as easy was setting up an HMRC Government Gateway account which was seen to be 'very' or 'fairly easy' by 63% of wave 5 newer applicants and rated as 'very' or 'fairly difficult' by 20%.

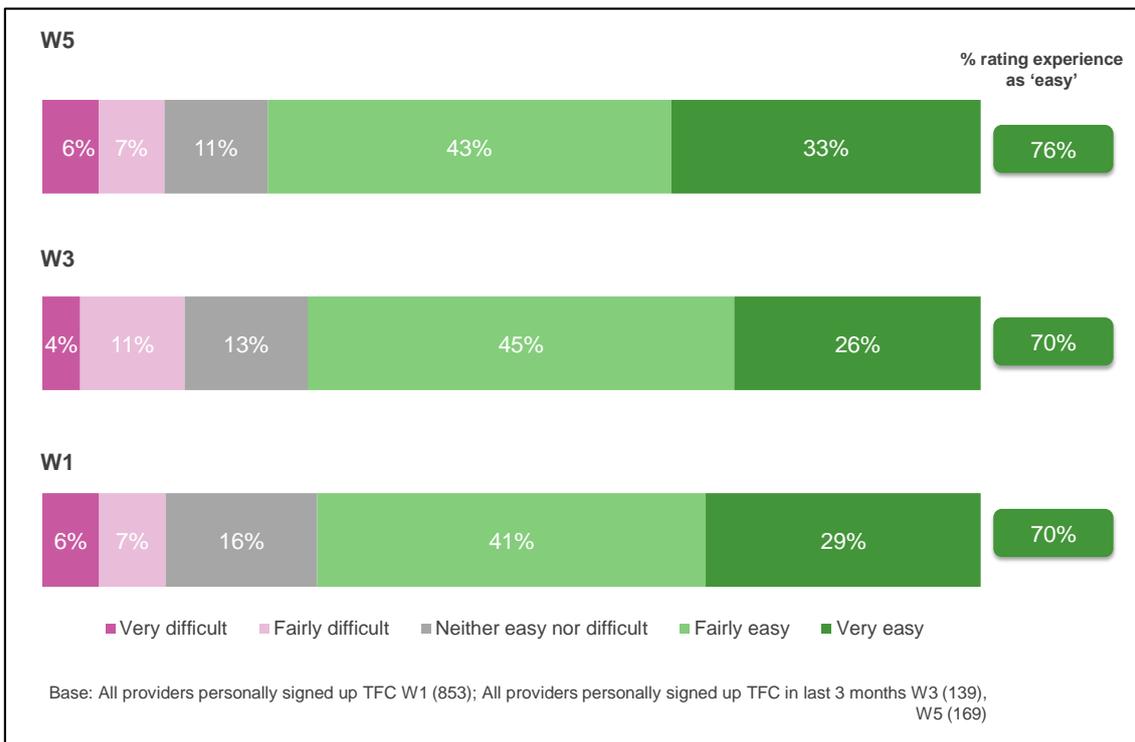
**Figure 5.3 Parents' perceived ease of online application process**



**Providers' experience of the application process**

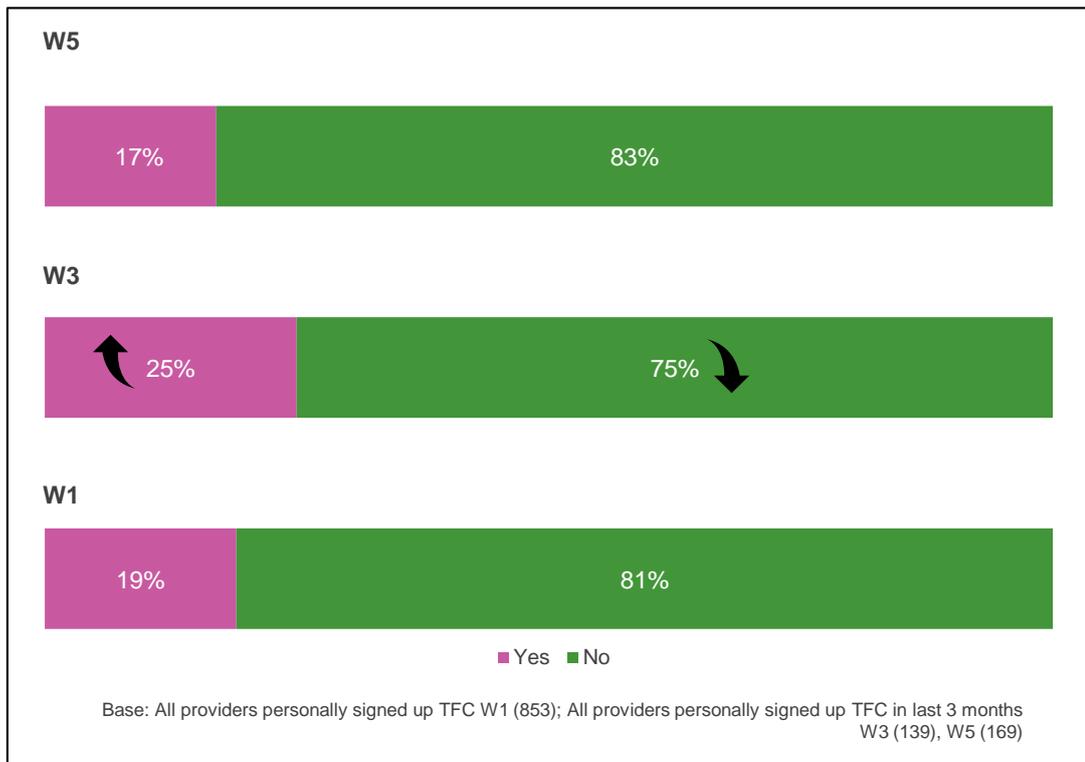
5.9 Providers also largely rated the process of signing up to TFC as to some extent 'easy' with over three-quarters (76%) of new applicants finding it easy at wave 5 (33% 'very easy', 43% 'fairly easy') as shown in Figure 5.4. This was fairly consistent with previous waves.

**Figure 5.4 Providers' perceived ease of signing up to TFC**



- 5.10 The ease with which providers were able to sign up to TFC was reinforced by the fact that few stated that they experienced any problems when signing up across the waves, as indicated in Figure 5.5. The lowest proportion of applicants experienced a problem in wave 5 (17%), while there was an increase of problems in wave 3, with a quarter (25%) experiencing an issue.
- 5.11 The problems experienced by providers were most commonly not having their Unique Tax Payer Reference (UTR), their UTR or user ID not being accepted, and difficulty finding the application form.

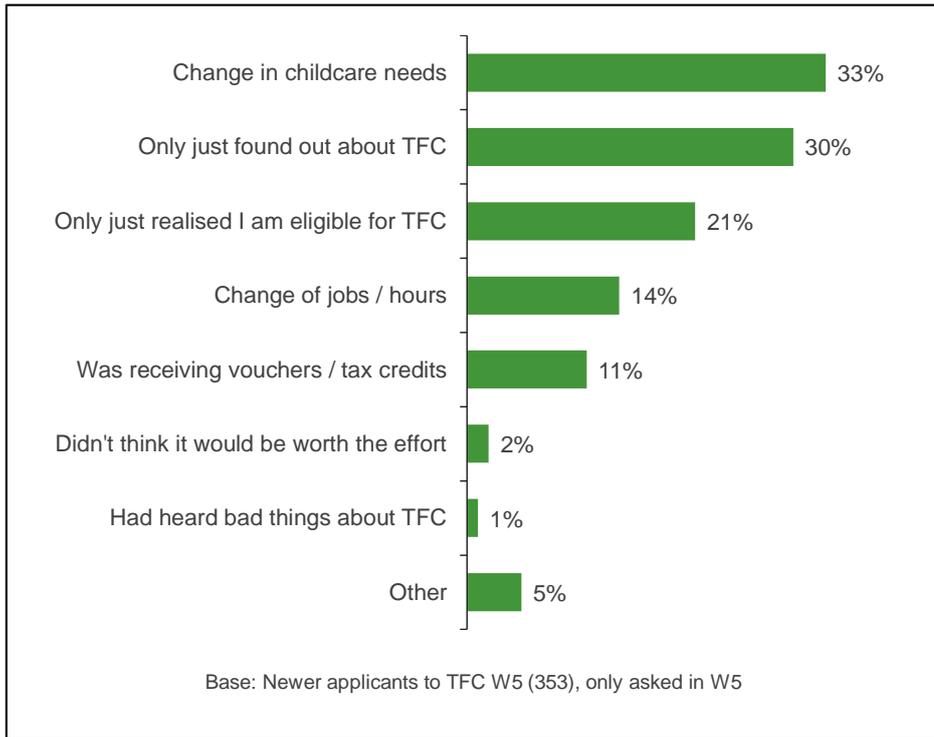
**Figure 5.5 Experienced problems when signing up to TFC**



### Reasons for recent sign-up

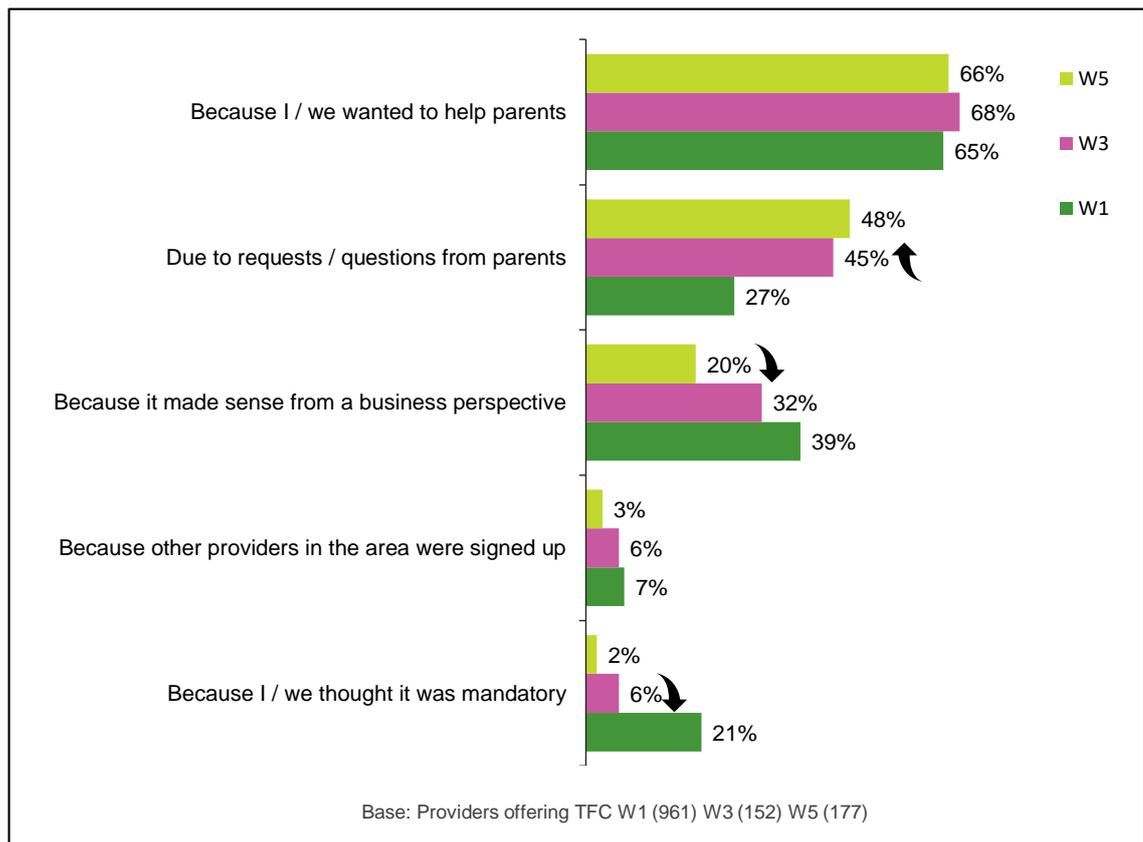
- 5.12 At wave 5, parents who had recently registered for the service were asked why they had only signed up in the last 3 months. Most commonly, as shown Figure 5.6, parents said that their childcare needs had changed, which was mentioned by a third (33%) of parents. Other reasons around changes in circumstances were a change in employment situation (14%), and that they were previously receiving childcare vouchers or tax credits (11%).
- 5.13 Three in ten parents mentioned that they had only 'just found out about TFC' (30%). In a similar vein, some parents mentioned that they had only just realised they were eligible recently (21%).

**Figure 5.6 Parents' reasons for signing up to TFC in last 3 months**



- 5.14 Providers were also asked for their motivations for signing up for TFC (Figure 5.7). The most commonly given reason across all waves was because they 'wanted to help parents', cited by around two-thirds of providers each wave. The next most frequently mentioned reason at wave 5 was 'requests/questions from parents' (48%), a reason which has become more common since wave 1 when parents' awareness may have been lower.
- 5.15 Other reasons mentioned by fewer providers at wave 5 than previous waves were that TFC made sense from a business perspective (down from 39% in wave 1 to 20% in wave 5), and that they thought it was mandatory (down from 21% in wave 1 to 2% in wave 5).

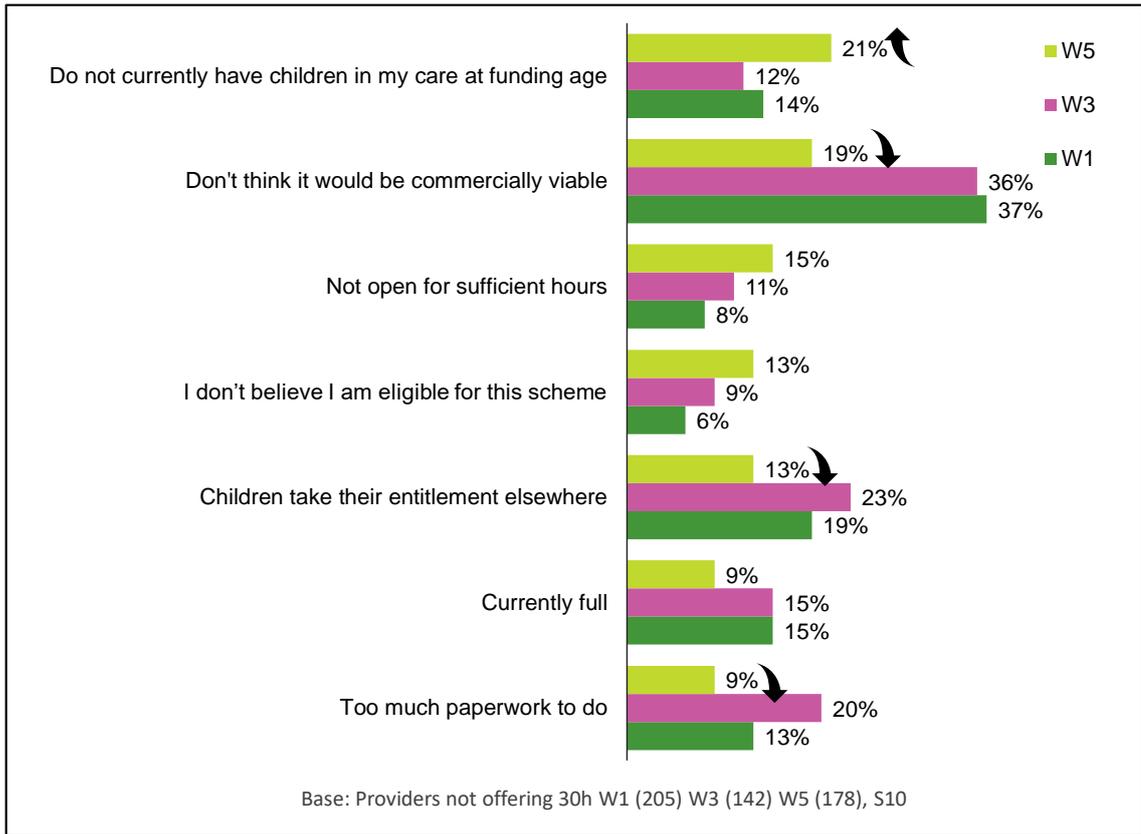
Figure 5.7 Providers' reasons for signing up to TFC



### Providers' reasons for not offering both schemes

- 5.16 Providers who were only offering TFC were asked for their reasons for not offering 30 hours. These providers equated to 37% at wave 5.
- 5.17 Providers gave a range of reasons for not offering 30 hours. At wave 5, around a fifth mentioned not having 'children in my care of funding age' (21%) and a similar proportion stated that 'they didn't think it would be commercially viable' to offer 30 hours (19%). As indicated by the arrows in Figure 5.8 the proportion citing these reasons changed significantly from the previous two waves with more providers without children of funding age (14% wave 1 cf 21% wave 5) and fewer feeling that 30 hours was not commercially viable to offer (37% in wave 1 cf 19% wave 5).
- 5.18 Other reasons given were that the provider was 'not open for sufficient hours' (15%), that they believed they were ineligible (13%), or that children take up their entitlement elsewhere (13%); all figures cited correspond to wave 5. Around one in ten (9%) were too full or felt there was too much paperwork to do.

**Figure 5.8 Providers' reasons for not signing up to 30 hours**



## 6 Ongoing use of childcare services

6.1 This chapter examines parents' and providers' experiences of using the childcare service. It begins by detailing parents' use of their online accounts including their experiences of logging in and reconfirming their eligibility. It looks specifically at the use of Tax-Free Childcare accounts by both parents and providers, in particular at experiences of making and reconciling payments. The final part of the chapter focuses on 30 hours free childcare and experiences of providers verifying eligibility codes.

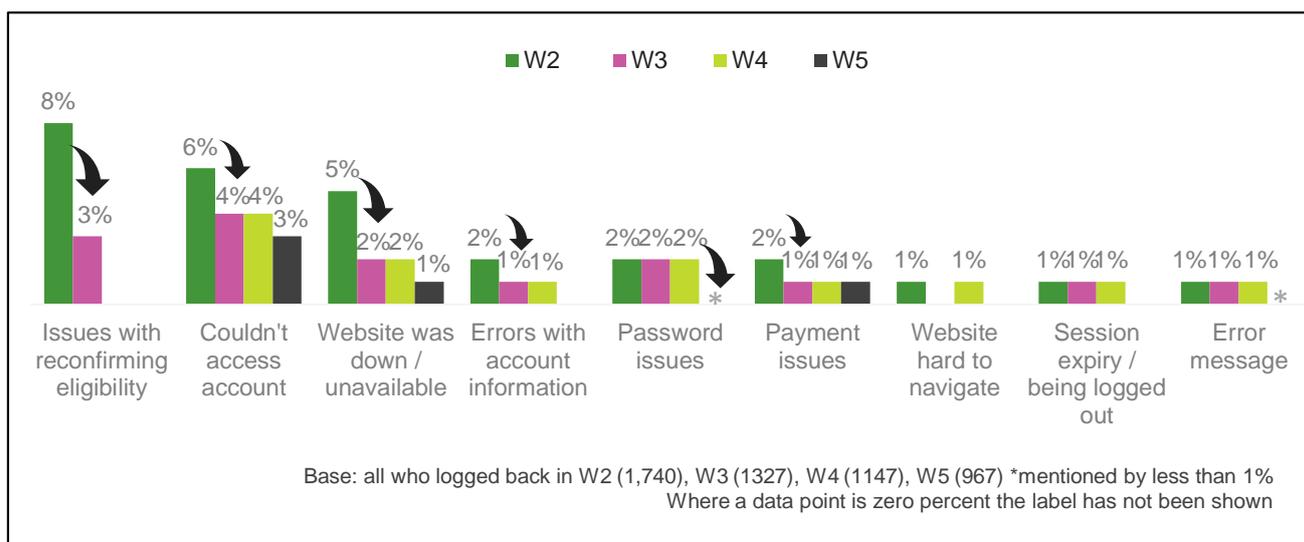
### Using the online accounts

6.2 Nearly all parents (96%) at Wave 5 had logged back into their online account. This proportion had increased from 83% at Wave 1.

6.3 The most common reasons parents gave for not logging back in was that they either did not need to or did not know that they should (these reasons accounted for 69% of those who did not log back in). A fifth (18%) said they did not receive a reminder to log back in and smaller proportions said they had issues with logging in or decided not to use the service after all (7% and 5% respectively).

6.4 At the beginning of the service, various technical issues caused problems for parents when they tried to re-access their account although these were largely resolved by Wave 5. The proportion of parents who experienced any technical issue the last time they logged on gradually decreased from 28% at Wave 2 (when the question was first asked) to just 7% at Wave 5. The different types of technical problems they experienced at each wave are shown in Figure 6.1.

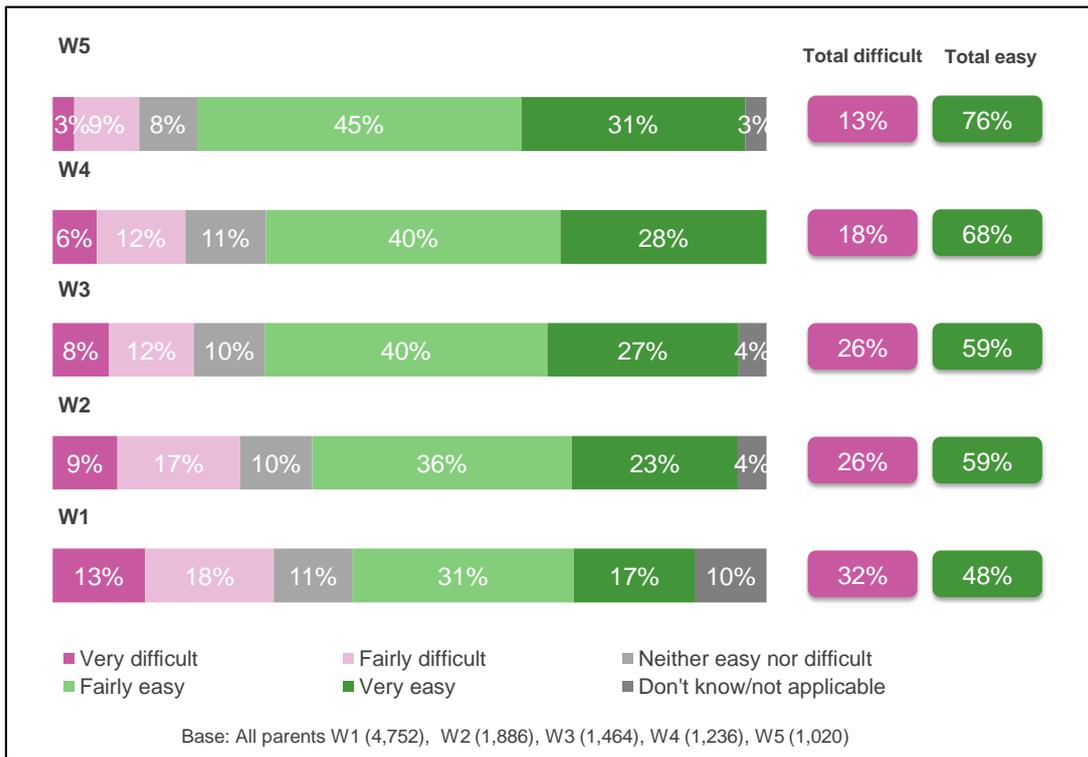
**Figure 6.1 Technical issues experienced by parents**



### Difficulties logging back into the online account

6.5 Parents' perception of the ease of logging back into their account improved over time (Figure 6.2). At the first wave of the survey a third of parents (32%) said they had difficulties and 13% said the process was 'very difficult'. This proportion gradually decreased and at wave 5, 13% in total found it difficult with only 3% saying it was very difficult.

Figure 6.2 Ease of logging back into online account for parents



6.6 The main reasons that parents had difficulty with the log-in process remained fairly consistent throughout the five waves and focused on the log-in information required being overly complicated and trouble finding the log-in page. The four most commonly stated reasons at Wave 5 were as follows:

- Log-in details required are too complicated
- Too many steps or security questions
- Log-in page is hard to find
- Problems with the website

**Reconfirming eligibility**

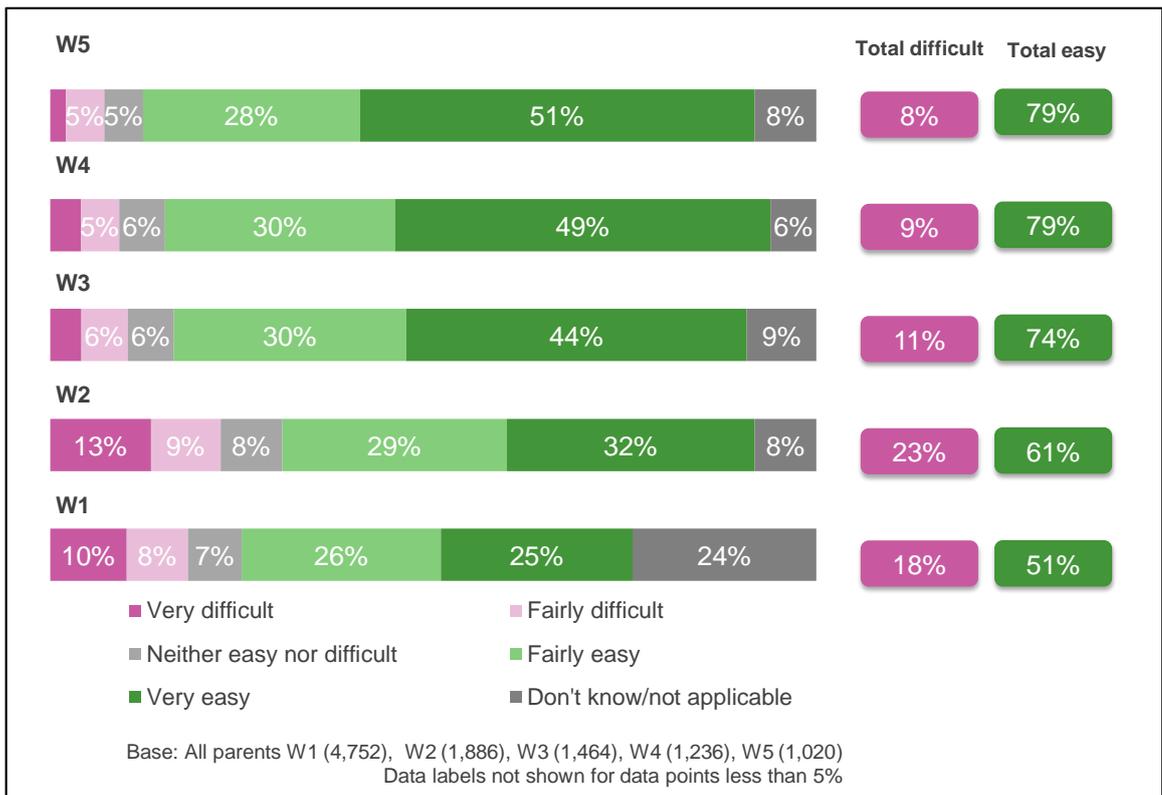
6.7 In order to continue receiving both TFC and 30 hours, parents’ are required to reconfirm that they still meet the eligibility criteria every three months.

6.8 By wave 5 nearly all parents who were required to do so<sup>9</sup> (98%) had used their online account to reconfirm their eligibility. The proportion was lower at wave 1 at 83% but had remained above or equal to 93% since wave 2 (94% at wave 2, 93% at wave 3, 98% at wave 4 had reconfirmed their eligibility).

<sup>9</sup> ‘Relevant parents’ refers to those who had logged back into their account and applied for the childcare service over three months prior to completing the survey, who were therefore required to reconfirm their eligibility for the childcare service.

- 6.9 Parents are sent a reminder by the childcare service prompting them to reconfirm their eligibility as they approach their reconfirmation date. At wave 1, there was some evidence of problems with these reminders reaching parents as only 64% recalled receiving a reminder. This rose to 88% at wave 2, and over 96% in all subsequent waves (96% at wave 3 and 97% at waves 4 and 5).
- 6.10 Early on, around a fifth of parents found it difficult to reconfirm their eligibility however these difficulties were largely resolved by wave 3 and the proportion who reported difficulties continued to decrease at waves 4 and 5. At wave 5, fewer than one in ten parents reported any difficulty with reconfirming their eligibility (8%). This change in perceived ease of reconfirming eligibility over time is illustrated below in Figure 6.3.

**Figure 6.3 Ease of reconfirming eligibility for parents**



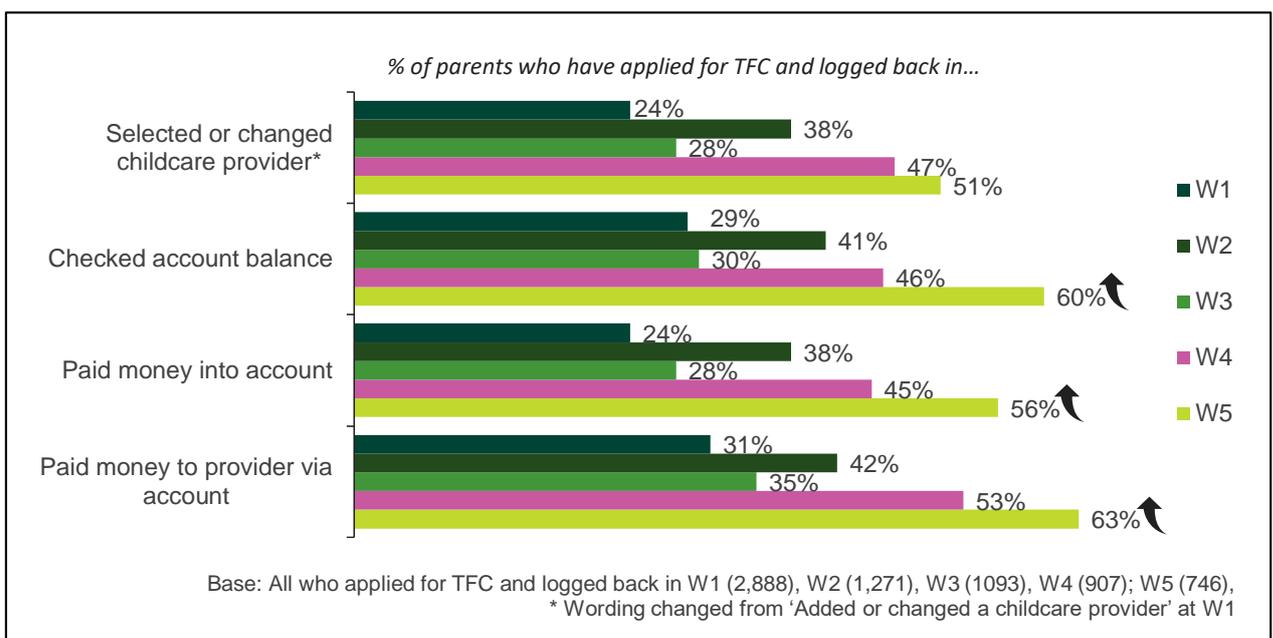
### Increased confidence among established customers

- 6.11 There was evidence to suggest that increased use of the service led to customers becoming more comfortable with using their online account. Across waves 3 to 5, more established customers were significantly more likely to find the process of both logging back in and reconfirming their eligibility easy, compared to newer customers.
- 6.12 For example, at wave 5, customers who had been using the service for over three months were slightly more likely to find the process of logging back into their account easy, compared to newer customers (79% cf 70%). This was also seen at wave 3 (58% cf 69%). Similarly, customers who had used the service for over three months were also more likely to say that they found the process of reconfirming their eligibility easy compared to newer customers (85% cf 64%). This was also the case at waves 4 and 3 (81% cf 66% at wave 4, and 78% cf 57% wave 3). The difference was not apparent at earlier waves, suggesting that it may only be after a relatively long period that these processes become easy.

### Using Tax-Free Childcare

- 6.13 The TFC service demands slightly more engagement from parents with the online account compared to the 30 hours service, as it is the mechanism for paying money in and making payments to providers. At wave 5, between a half and two thirds of customers had 'checked their account balance' (60%), 'paid money into their account' (56%), 'paid money to a provider using their account' (63%) and 'selected or changed their childcare provider' (51%).
- 6.14 As Figure 6.4 shows, the proportion of parents using their account for each of these purposes approximately doubled between wave 3 and wave 5. Only 30% of customers for example had used their online account to check their account balance at wave 3 compared to 60% at wave 5.

**Figure 6.4 Percentage of parents who have applied for TFC and logged back in**



6.15 Although parents' engagement with their TFC accounts had increased significantly, a considerable number of parents who had signed up for an account and logged back in were still not using them for the reasons detailed above. At wave 5 a third (34%) had 'not used their account to make a payment to a provider', 38% had not 'checked their account balance' and 43% had not 'paid money into their account'.

6.16 The survey asked parents in an open text question why they had not made a payment. Figure 6.5 shows the full range of reasons given at Wave 5 and their relative frequency at previous waves.

**Figure 6.5 Reasons that parents had not made a TFC payment**

	W5	W4	W3	W2	W1
Decided not to use TFC after all	19%	20%	25%	22%	29%
Going to use 30 hours free childcare instead	12%	9%	8%	8%	N/A
Payment date hasn't come around yet	7%	4%	6%	6%	8%
Set up my account in advance & not planning to use it for a while	6%	5%	4%	7%	6%
Chosen provider is not set up to receive TFC	5%	5%	9%	5%	4%
Use childcare vouchers	4%	N/A	6%	4%	N/A
Could not work out how to make a payment	4%	3%	5%	7%	5%
Didn't know I had to / didn't know I could	3%	3%	N/A	3%	4%
I haven't selected a provider yet	1%	3%	2%	3%	2%
Tried to make a payment but wasn't able to	0%	1%	1%	1%	1%
Other	12%	20%	17%	13%	12%
Don't know	32%	32%	22%	25%	33%

Base: Parents who applied for TFC and had not made a payment W1 (1,950); W2 (486); W3 (367); W4 (285); W5 (216)

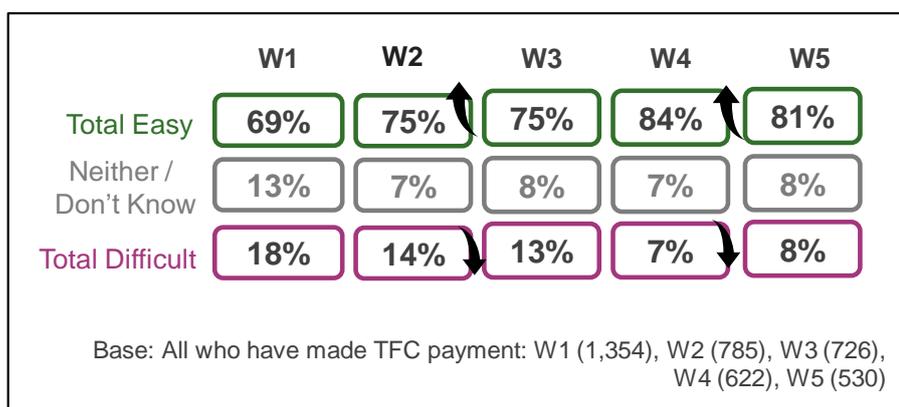
6.17 The most common reason that parents cited for not making a payment throughout all five waves was that they had 'decided not to use the service' (19% of those who had not made a payment at wave 5). One in eight parents (12% at wave 5) had 'decided to use 30hrs free childcare instead' and an additional 4% had 'decided to use childcare vouchers'. Parents who said they had decided not to use TFC were asked a follow up question and again the majority (84% at wave 5) said that they had decided to use 30 hours instead.

6.18 Some parents had not made a payment yet but were still planning on using the service (at wave 5, 7% said their payment date hadn't come round yet and 6% said they had set up their account in advance). Others were not able to make a payment because their 'provider was not set up to receive TFC' and this remained a minor reason throughout the five waves of surveys (the proportion of parents who gave this as a reason ranged from 4% to 9%). A smaller proportion could not work out how to make a payment (4% at wave 5).

### Making payments to providers

6.19 By wave 5, the process of making payments to childcare providers had become easier for both parents and providers compared to the early days of the service although some issues still remained. As shown in Figure 6.6, there was an increase of 12 percentage points in the proportion of parents who found the process of making payments 'easy' to some extent from wave 1 to wave 5 (81% of parents found it easy to make a payment at wave 5 compared with 69% at wave 1).

**Figure 6.6 Parents experience of making TFC payments to providers**



6.20 Of those who experienced difficulties with making payments at wave 5, the main problems mentioned were:

- Payments going through late
- Issues with the website
- A perceived lack of clear information or guidance about the payment process
- Difficulty finding or working out their balance
- Issues with setting up direct debit or standing order

6.21 Perceived problems with payments going through late appeared to be partly driven by misunderstandings around how long it took for payments to be transferred to providers. Typically, payments take around three working days to appear in provider accounts. However, at wave 5, of those who said that had experienced payments going through late, a third (34%) felt that payments would be received immediately or within one working day. This compares to 24% at wave 4 who held the same view and appeared to be driven by misperceptions among newer customers (36% of newer customers at wave 5 expected payments to be made immediately or within one day compared to 22% of older customers). At both waves 5 and 4,

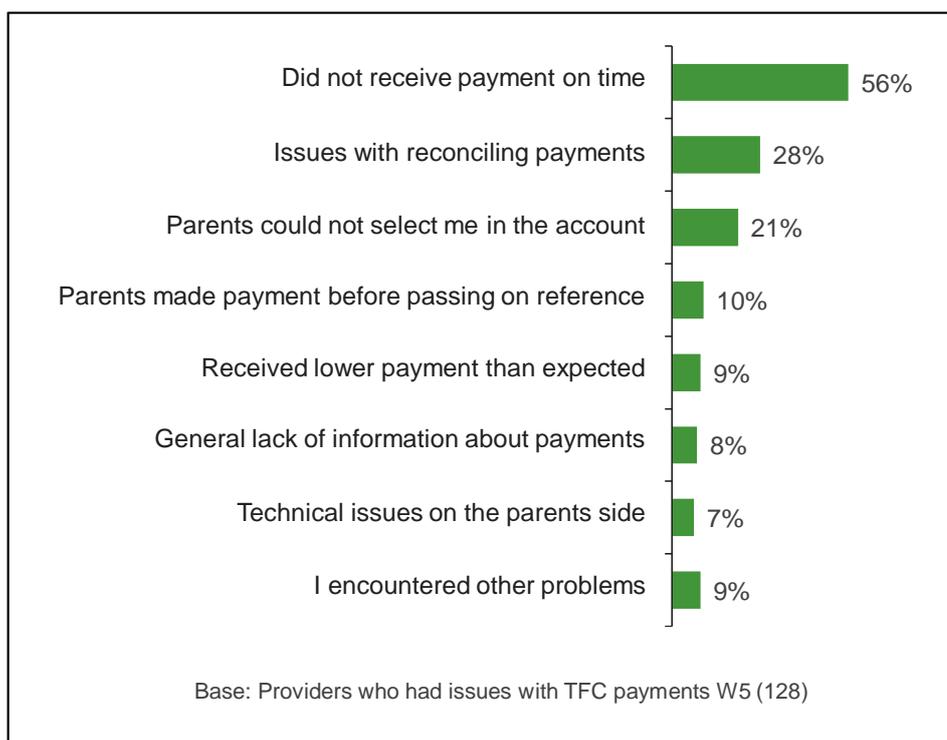
nearly a fifth of all parents felt that the length of time taken for their payment to reach their provider was not acceptable (17% at wave 5 and 19% at wave 4).

6.22 At wave 5, four-fifths (79%) of providers stated they had received a TFC payment. This had increased from 58% at wave 3.

Providers were asked if they had experienced any problems with receiving payments. At each wave around one in five providers said that they had experienced issues (18% at wave 5).

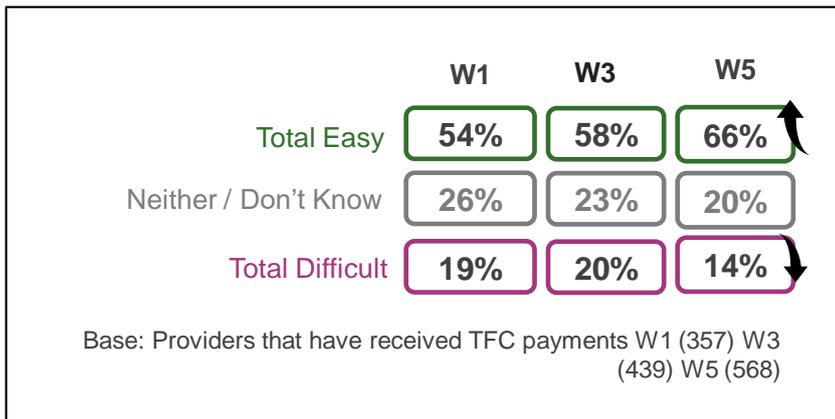
6.23 The problems experienced by providers in receiving payments are shown Figure 6.7. This shows that providers who had difficulties most commonly had trouble 'receiving payments on time' (perhaps in part reflecting parent misunderstandings about how long payments took to arrive in provider accounts) (56% at wave 5). Nearly a third (28%) mentioned 'issues reconciling payments' and a fifth (21%) said that 'parents were not able to select them in their account'.

**Figure 6.7 Problems experienced by providers when reconciling payments**



6.24 All providers were asked specifically how easy or difficult they found the process of reconciling payments for individual children. One in six providers at wave 5 (14%) stated that they found this process difficult to some extent, and this figure decreased only slightly between wave 1 and wave 5 (19% found reconciling payments difficult at wave 1 and 20% at wave 3).

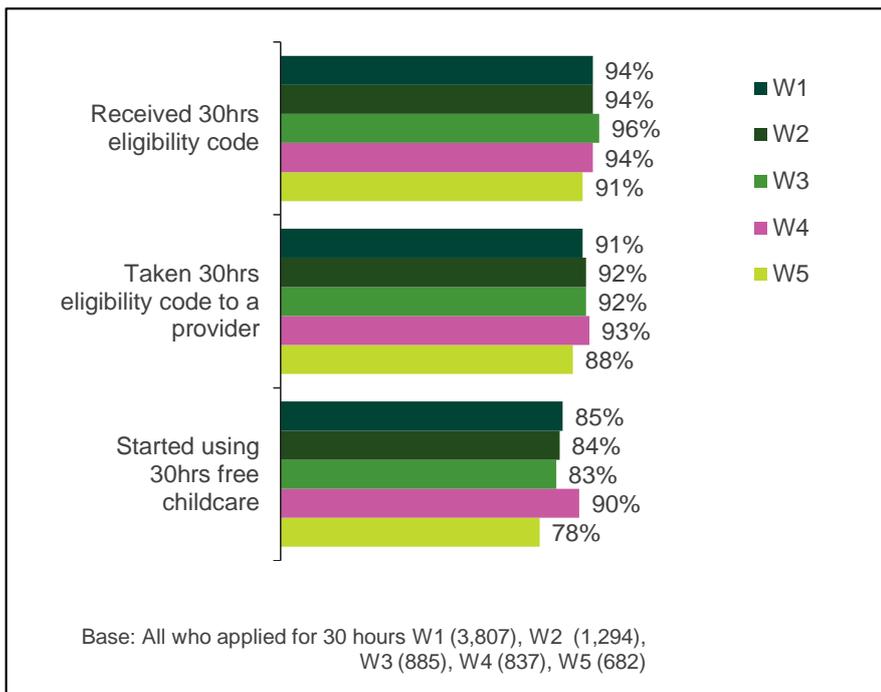
**Figure 6.8 Providers experience of reconciling TFC payments for individual children**



### Using 30 hours free childcare

6.25 Parents generally experienced few problems with accessing 30 hours from the start. As shown in Figure 6.9, at wave 5, nine in ten parents who applied for the service received an eligibility code (91%). Similarly, high proportions took their eligibility code to their childcare provider (88%) and over three quarters had started receiving the free childcare provision (78%). At wave 5 the proportion of parents receiving the 30 hours eligibility code had fallen to 91%; this decrease is statistically significant compared with the 94% at wave 1. The drop in the proportion of parents who were already receiving 30 hours between wave 4 and wave 5 probably reflects the time of year (with wave 5 conducted in November/December just before the start of a new term).

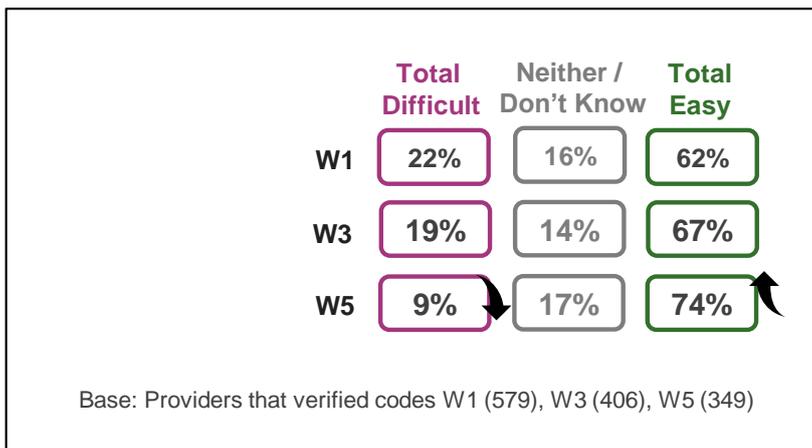
**Figure 6.9 Parents use of 30 hours free childcare**



6.26 Nearly three-quarters of providers at wave 5 (73%) had gone through the process of checking eligibility codes in the last three months and only 8% said that they had turned down any applications from eligible parents over the last three months.

6.27 A minority had found the process of verifying eligibility codes difficult to some extent but this proportion had significantly decreased over time. As shown Figure 6.10, three-quarters of providers (74%) said this process was to some extent easy at wave 5 while one in ten (9%) found it difficult. The proportion who had found it difficult to some degree more than halved between wave 1 and wave 5 (falling from 22% in wave 1 to 9% in wave 5).

**Figure 6.10 Providers experience of checking eligibility codes**



6.28 Providers that found the process difficult had experienced a range of problems but most frequently they were concerned with the length of time the process took and that eligibility codes were not accepted.

## 7 Contact with HMRC

7.1 This chapter focuses on the experience of using the childcare service helpline from the perspective of both parents and providers. It looks at the proportion of parents and providers that contacted the helpline and the proportion of these that had all of their queries fully resolved. The chapter also explores how many calls parents and providers made to the helpline within the last three months.

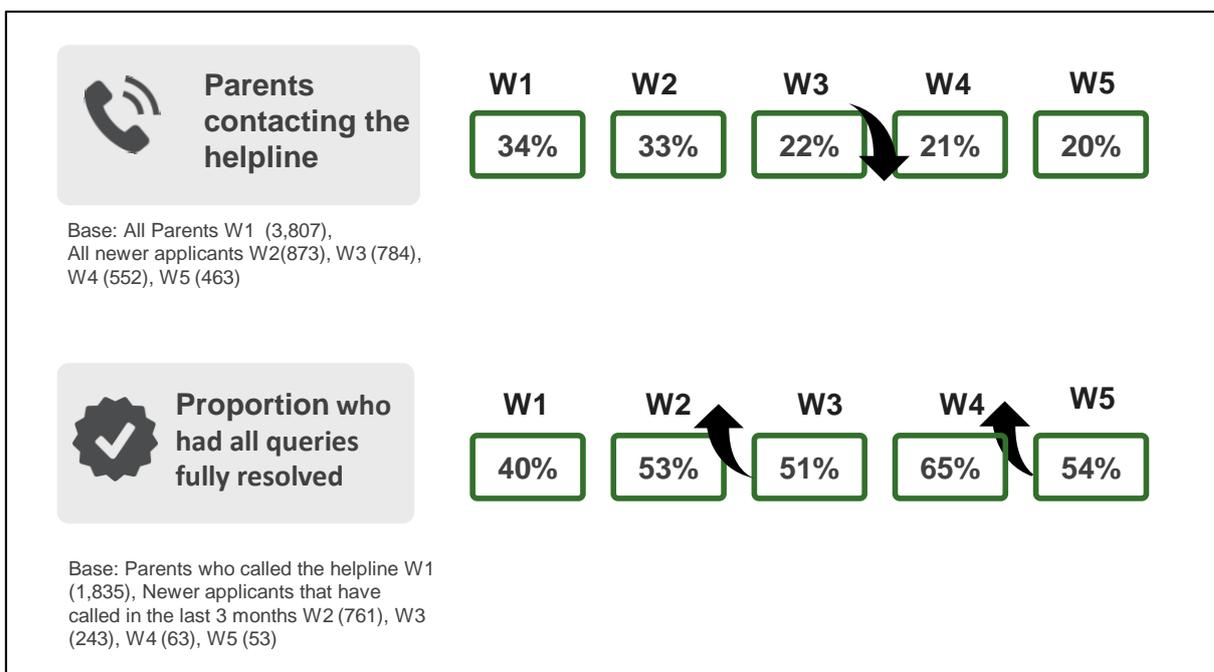
### Experience of parents

7.2 The joint childcare service is intended to be a fully digital service that parents can use without assistance. A helpline is provided but the intention was that this would only be required by a small proportion of customers. Hence, the research looked to track levels of use of the helpline.

7.3 As illustrated in Figure 7.1, one in five parents who had recently joined the service at wave 5 (20%) had contacted the childcare service helpline, a proportion that remained consistent with wave 4. The main change over time was at wave 3 when 22% of new parents had contacted the helpline, compared to 33% in wave 2.

7.4 At wave 5, parents who had a main language other than English were more likely to have accessed the helpline (35% cf. 24%).

**Figure 7.1 New parent applicants' experience of the childcare service helpline**

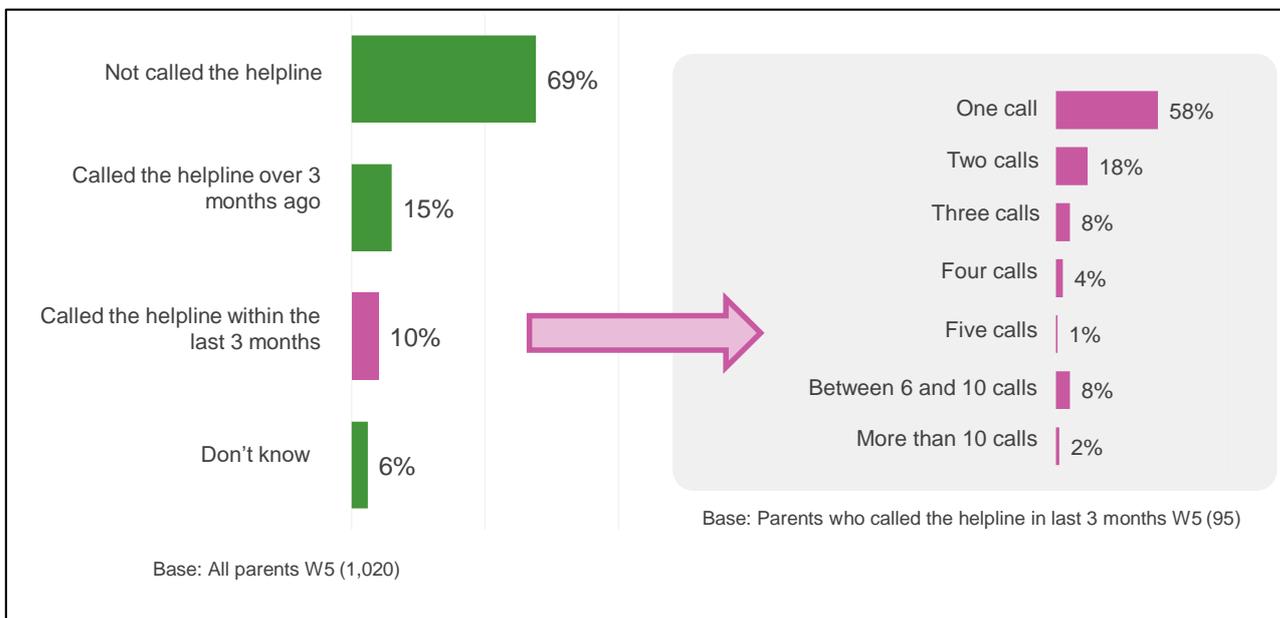


7.5 Parents contacted the childcare helpline for a variety of reasons, including having a problem with a payment to their childcare provider for TFC, having a query or needing further information, or having some sort of technical issue.

7.6 At wave 5, around half of parents (54%) that had accessed the helpline in the last three months reported that they had all of their queries fully resolved, a decrease from 65% in wave 4. However, small base sizes meant that this difference was not statistically significant.

7.7 Of all parents (both newer and longer standing customers) at wave 5, a quarter had ever used the helpline and 10% had used it in the last 3 months (Figure 7.2). Of those who had contacted the helpline in the last 3 months, around two-fifths (41%) called more than once. This relatively high level of re-contact is perhaps related to the fact that many parents felt that the issues they contacted the helpline about were not fully resolved.

**Figure 7.2 Parent usage of the helpline in the last 3 months**

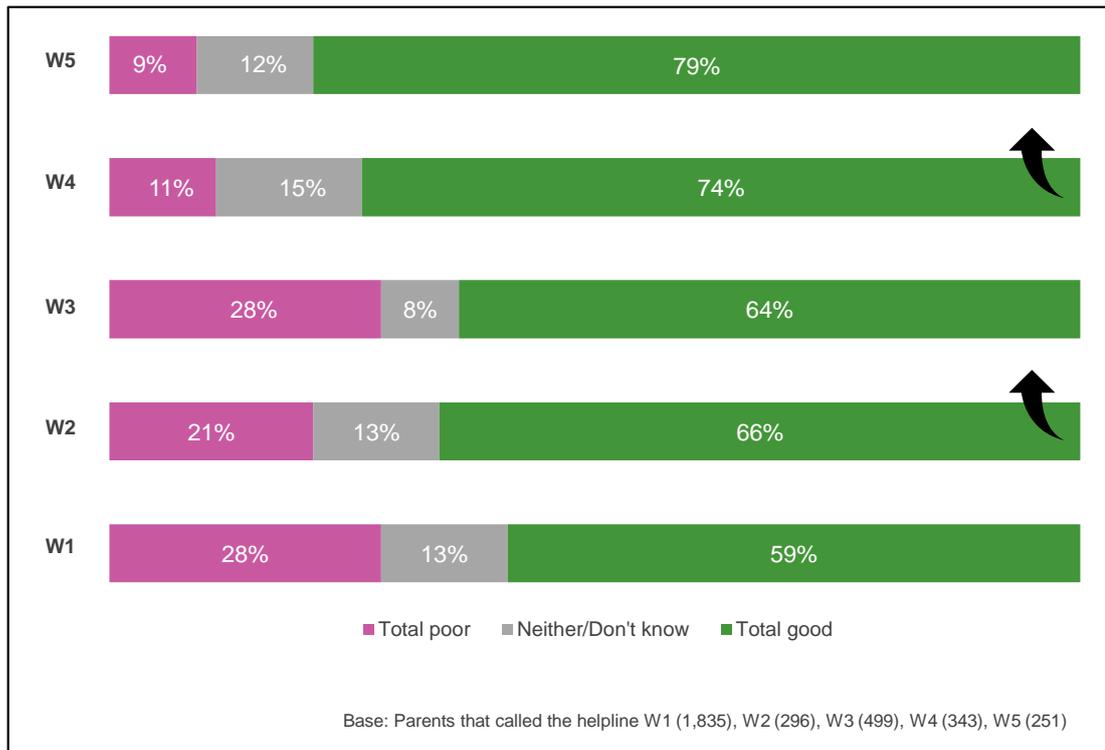


7.8 The majority of parents at wave 5 described their overall experience with the childcare service helpline as ‘good’: 79% described the experience as ‘very good’ or ‘fairly good’. Half of parents (51%) described their experience as ‘very good’.

7.9 As shown in Figure 7.3, with the exception of wave 3, there has been an improvement in overall experience with the childcare services helpline across waves among parents. Significant increases were seen in wave 2 (up from 59% at wave 1 to 66% at wave 2) and wave 4 (up from 64% at wave 3 to 74%).

7.10 At wave 5, parents who were employed full-time were significantly more likely to report a ‘poor’ experience of using the helpline than those employed part-time (13% cf. 3%). Parents with a household income of £50,000 or above were also more likely to report a ‘poor’ experience than those with an income of £20,000 to £49,999 (14% cf. 4%). Across previous waves, parents with a household income of £50,000 or above have consistently been more likely to report a ‘poor’ experience of the childcare service helpline.

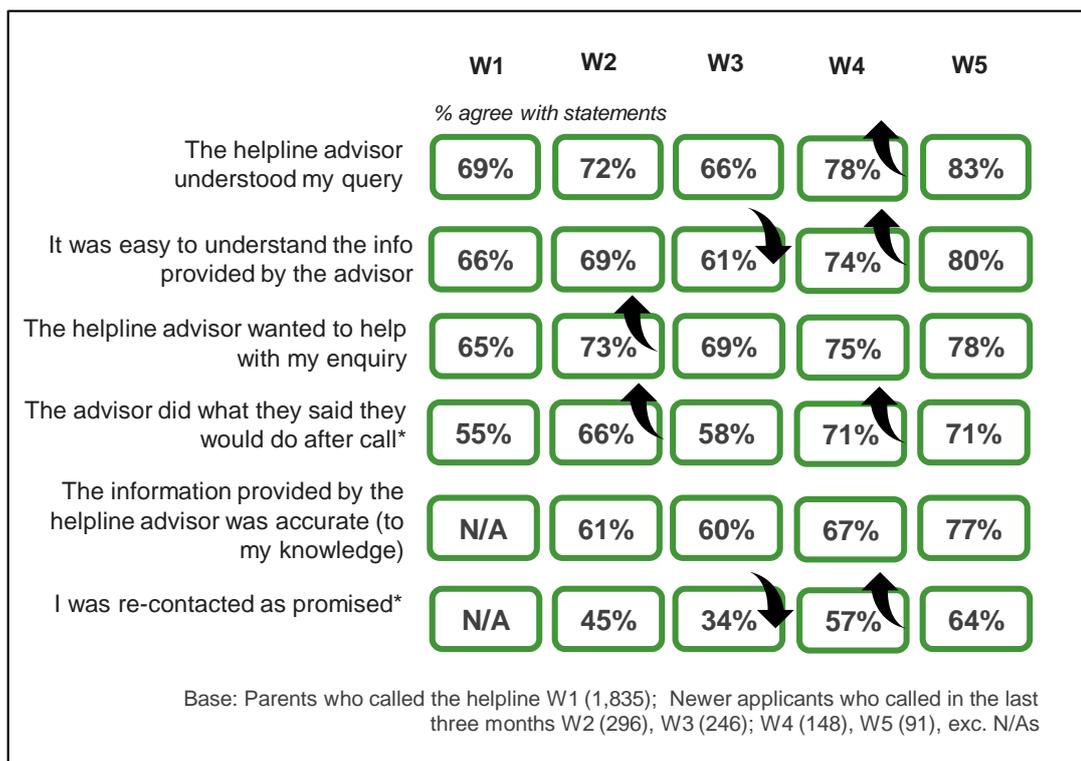
Figure 7.3 Parents' rating of childcare service helpline



7.11 Parents were asked the extent to which they agreed or disagreed with a set of statements about their most recent contact with the childcare service helpline. Figure 7.4, shows the proportion of parents that agreed with each statement. At wave 5, around eight in ten parents agreed that the helpline advisor understood their query (83%), it was easy to understand the information provided (80%), and the helpline advisor wanted to help with their enquiry (78%).

7.12 There were statistically significant improvements in agreement at wave 4 compared to wave 3 in regards to the helpline advisor understanding parents' queries (78% cf. 66%), the ease of understanding the information provided (74% cf. 61%), the advisor doing what they said they would do after the call (71% cf. 58%), and being re-contacted as promised (57% cf. 34%).

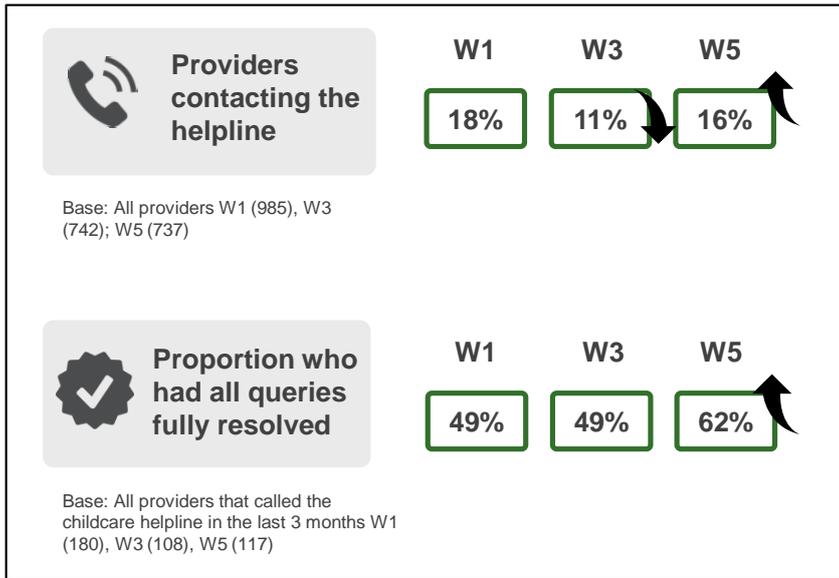
**Figure 7.4 Experience of parents who called the childcare service helpline**



### Experience of providers

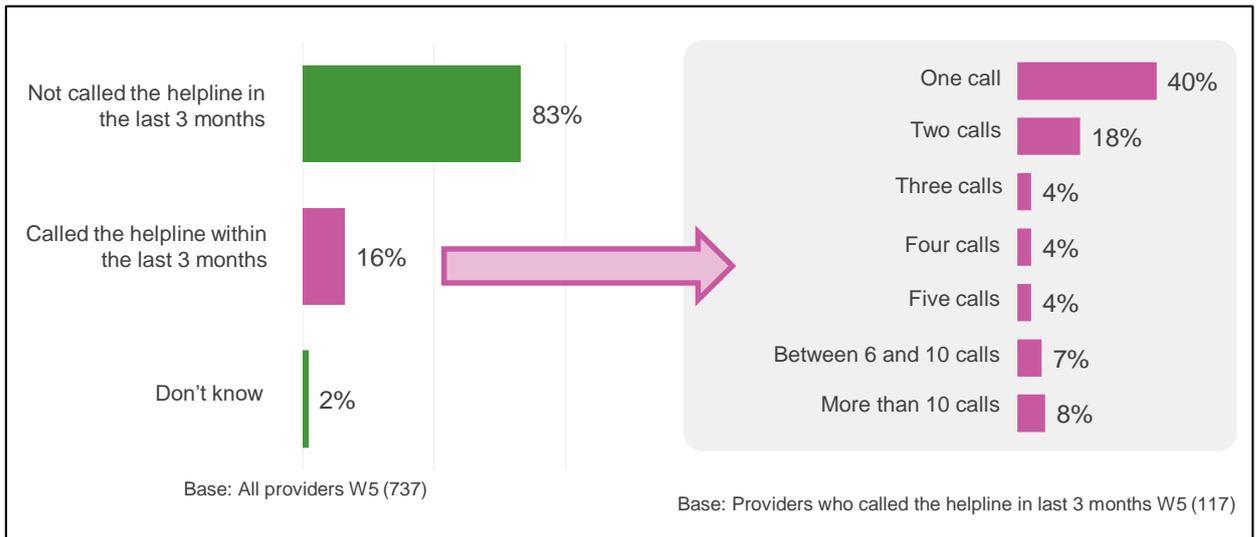
- 7.13 Providers were also asked about their use of the childcare services helpline. At wave 5, one in six (16%) had contacted the helpline in the last 3 months. This was significantly more than at wave 3 (11%).
- 7.14 Providers who had received a payment(s) were more likely to have contacted the helpline compared with providers who had not or were unsure (18% cf. 7% in wave 5). Providers that had accessed the online guidance for TFC and 30 hours were also more likely to have contacted the helpline, 40% compared to 11% and 34% compared to 12% respectively. These significant differences were also apparent in previous waves.
- 7.15 Providers had contacted the childcare helpline for a variety of different reasons, including, to find out more information on behalf of a parent, because of issues encountered during the sign-up process for TFC, to find out more about the TFC sign-up process, and because there were issues with TFC payments.
- 7.16 At wave 5 around three-fifths of providers (62%) who had contacted the helpline had all their queries fully resolved, significantly more than at wave 3 and wave 1 (both recorded 49%).

**Figure 7.5 Providers' experience of the childcare service helpline**



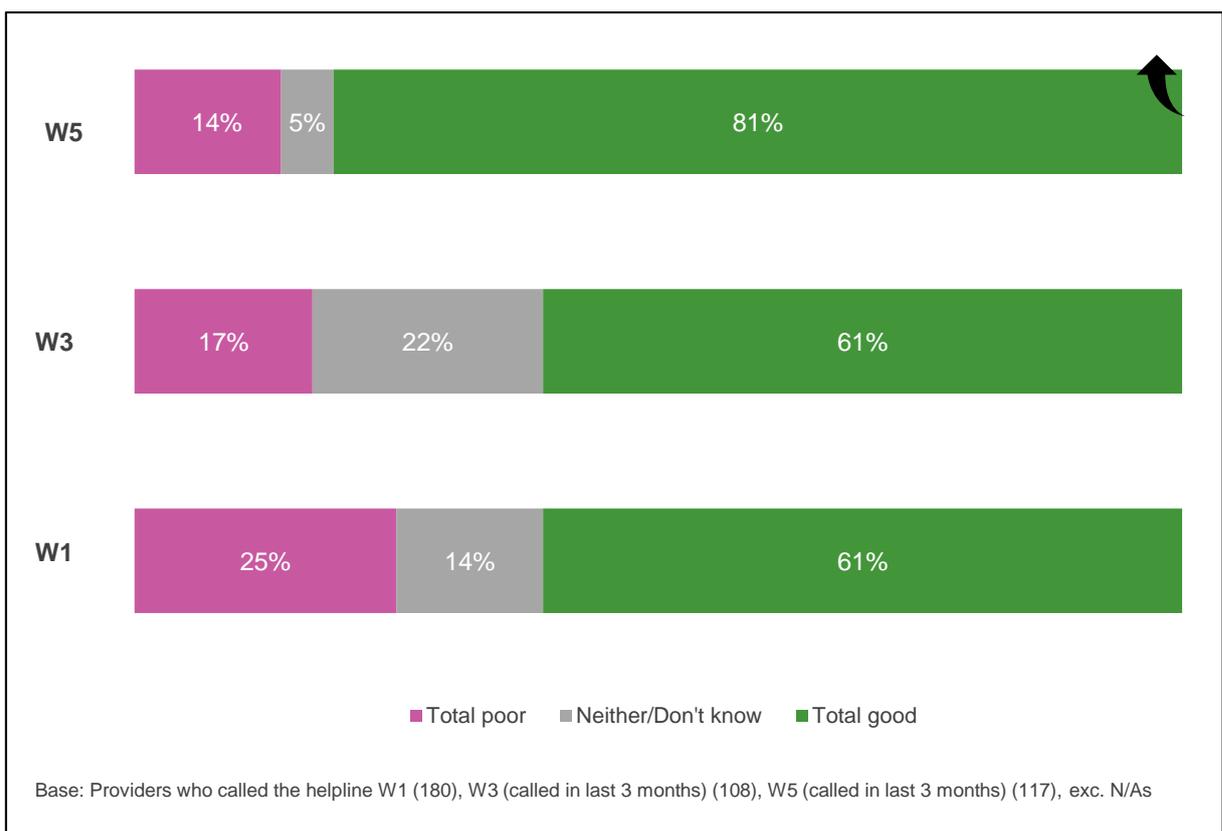
7.17 As shown in Figure 7.6, of the 16% of providers that had contacted the childcare services helpline in the last three months, 45% had called more than once, a similar proportion to parents (41%).

**Figure 7.6 Providers' usage of the childcare service helpline**



- 7.18 The majority of providers at wave 5 described their overall experience with the childcare service helpline as 'good': 81% described the experience as 'very good' or 'fairly good'. Half of providers (51%) described their experience as 'very good'.
- 7.19 As can be seen in Figure 7.7, satisfaction with the childcare service helpline increased significantly at wave 5 from the 61% stating that their experience was good in waves 1 and 3.
- 7.20 Childminders and nannies were significantly more likely to say their experience was 'good' compared with providers in a group setting, 89% and 68% respectively for wave 5. This significant difference was also observed at wave 1 (69% cf. 54%). The same pattern was seen at wave 3, however, due to the low base sizes the difference was not significant.

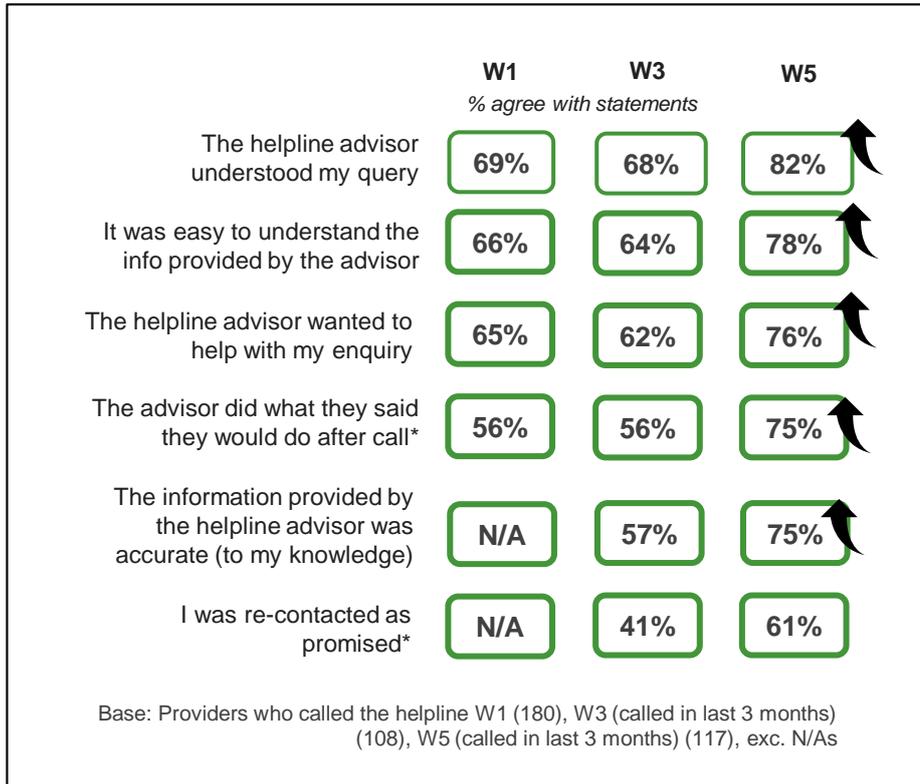
**Figure 7.7 Providers' rating of the childcare service helpline**



- 7.21 Providers were asked the extent to which they agreed or disagreed with the same set of statements asked of parents about their most recent contact with the childcare service helpline. Figure 7.8, shows the proportion of providers that agreed with each statement. Wave 5 saw a significant increase in the proportion of providers that agreed with all statements with the exception of re-contact. While the proportion of those agreeing that they were re-contacted as promised increased from 41% at wave 3 to 61% at wave 5, this was not significant due to the low base sizes.
- 7.22 For all other statements, the proportion of providers agreeing significantly increased by at least 14 percentage points between wave 3 and wave 5. The largest increase was for those agreeing that the advisor did what they said they would do after the call (up by 19 percentage points compared to wave 3). At least three-quarters (75%) agreed with each statement. Providers

were most positive with regards to the helpline advisor understanding their query (82%) and the ease of understanding the information provided (78%).

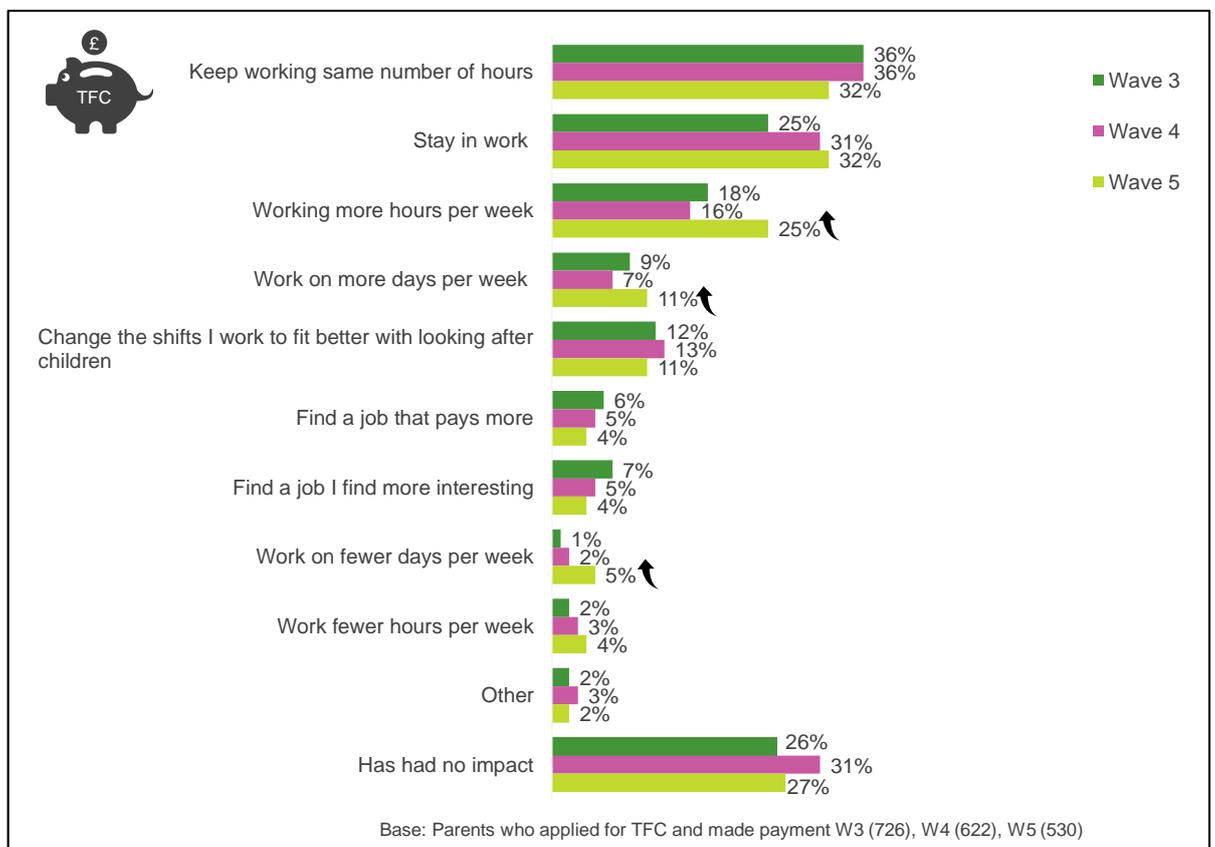
**Figure 7.8 Experience of providers who called the childcare service helpline**



## 8 Impact of childcare services on family employment

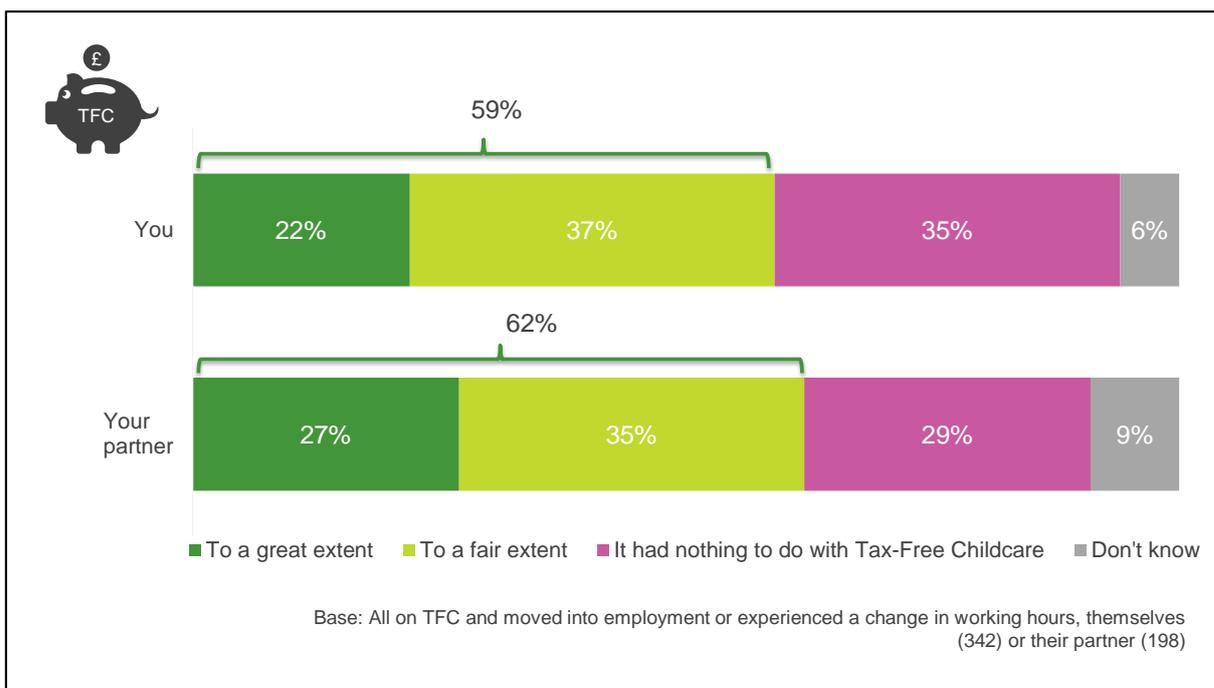
- 8.1 This chapter focuses on the perceived impact of TFC and 30 hours on family employment from the perspective of parents. It explores the impact TFC had on the parent and their partner’s job, and the extent to which their move into work / change in working hours was made possible by the scheme. The chapter then covers the impact of 30 hours free childcare on the participant and their partner’s employment.
- 8.2 As shown in Figure 8.1, the majority of parents that were actively using TFC (i.e. who had made at least one payment to a provider) felt it had had some form of impact on their family’s employment; only a quarter felt that it had no impact and this proportion was similar across waves 3 to 5 (26%, 31% and 27% at wave 3, 4 and 5 respectively).
- 8.3 Around a third of parents (32% at wave 5) stated that the scheme had allowed them or their partner to maintain the number of hours they work, and the same proportion that it had allowed them or their partner to stay in work. A quarter of parents at wave 5 (25%) said they are working more hours per week since receiving TFC, significantly higher than in wave 4. Parents at wave 5 were also significantly more likely compared to wave 4 to state that the scheme had allowed them to work on more days per week (11% cf. 7% at wave 4).

**Figure 8.1 Perceived impact of TFC on family employment**



- 8.4 Parents that reported TFC had impacted their own employment in some way at wave 5 were subsequently asked the extent to which their move into work / change in working hours was made possible by receiving TFC.
- 8.5 As illustrated in Figure 8.2, three-fifths of parents (59%) believed the change in their employment was made possible by receiving TFC, with 22% saying it impacted 'to a great extent'. However, around a third of parents (35%) did not associate their change in employment with the receipt of TFC.
- 8.6 Parents whose main language was not English were significantly more likely to feel the scheme had impacted on their change in employment (76% cf. 58%). Conversely, parents with English as their main language or those who were bilingual were significantly more likely to state that the scheme had not had an impact (37% cf. 15%).
- 8.7 Parents that reported TFC had impacted their partner's employment in some way at wave 5 were asked the extent to which their partner's move into work / change in working hours was made possible by receiving TFC. Participating parents reported similar results to the impact on their own employment; 62% believed the change in their partner's employment was made possible by receiving TFC. A slightly higher proportion said it had impacted their partner's employment 'to a great extent' (27%) compared to the impact on their own employment.
- 8.8 Parents employed full-time were significantly more likely than those employed part-time to feel TFC had impacted on their partner's employment (71% cf. 45%).

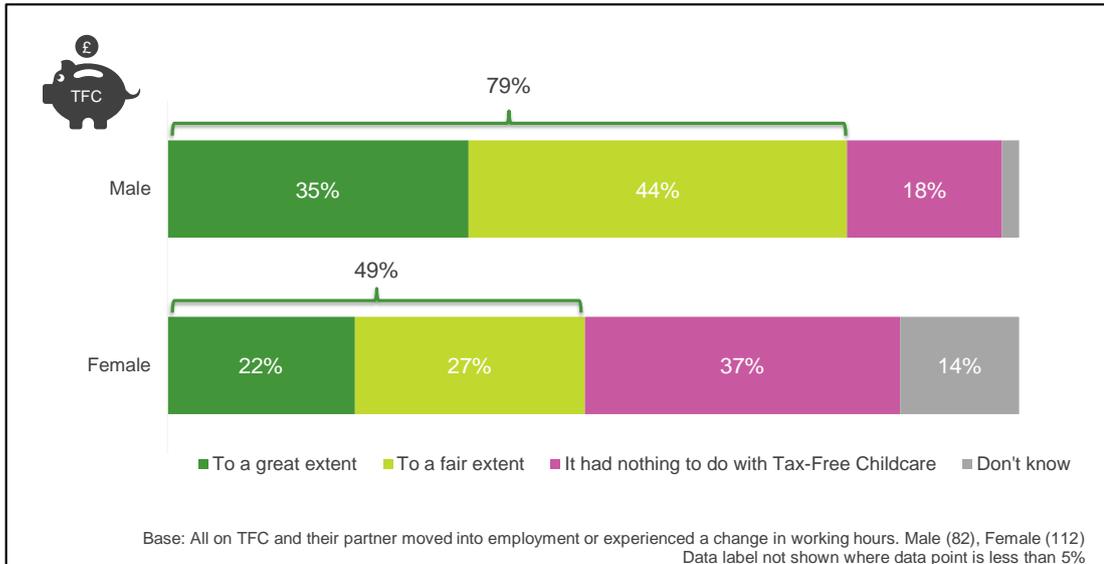
**Figure 8.2 Impact of TFC on change in employment**



- 8.9 A notable significant difference identified was by gender. As shown in Figure 8.3, male parents were significantly more likely than female parents to feel the scheme had impacted on their partner's change in employment at all (79% cf. 49%), and 'to a great extent' (35% cf. 22%). Similarly, female parents were more likely than male parents to feel the scheme had not

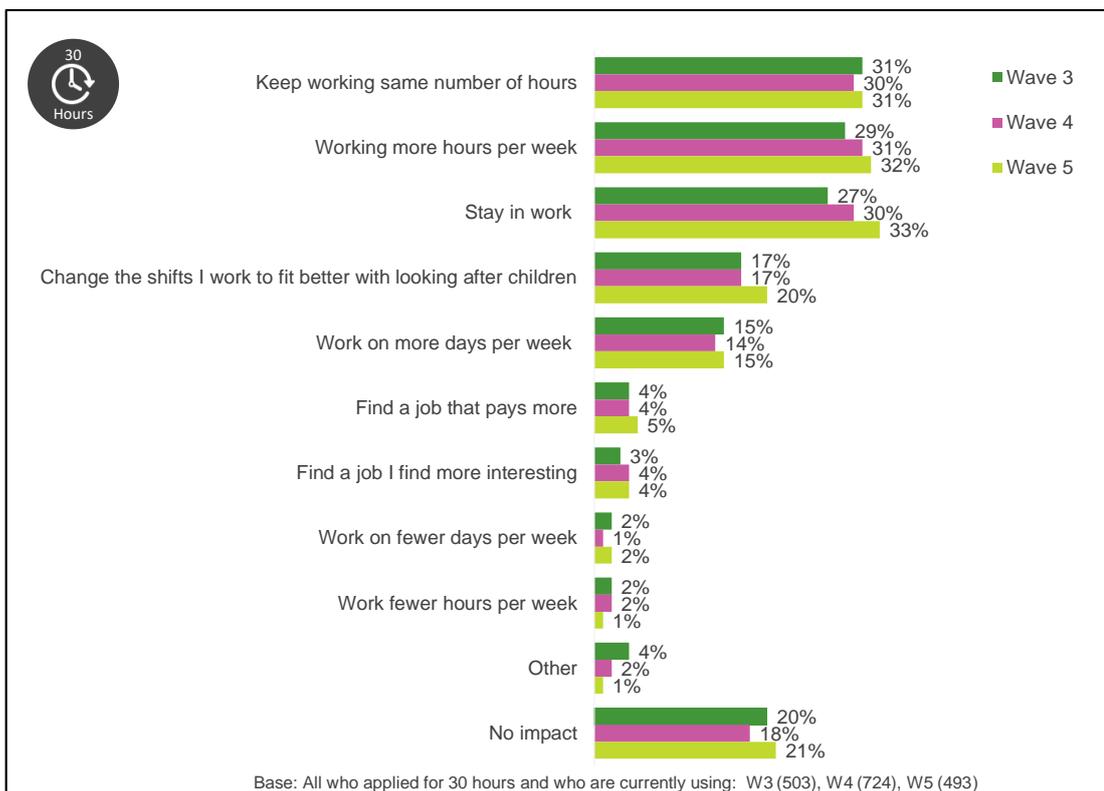
impacted their partner's employment (37% cf. 18%), indicating that the scheme has had a greater impact on the employment of women.

**Figure 8.3 Impact of TFC on change in partner's employment split by gender**



8.10 Parents were also asked about the impact 30 hours free childcare had on their job and their partner's job. Around a third of parents in wave 5 reported that the scheme had resulted in them or their partner being able to stay in work (33%), work more hours per week (32%) and keep working the same number of hours (31%). Only a fifth (21%) stated the 30 hours has had no impact on their family's employment. There were no significant differences between waves.

**Figure 8.4 Perceived impact of 30 hours on family employment**



## 9 Conclusions

- 9.1 This section highlights the main conclusions from the customer experience tracking research conducted since the rollout of the online childcare services TFC and 30 hours free childcare.
- 9.2 The rollout of new services often face teething issues, particularly digital services, which are more susceptible to technical glitches. The childcare services were no exception. However, the work done to resolve early difficulties was rewarded with ratings from both parents and providers improving over time and settling at consistently high levels.

### Parents

- 9.3 **By wave 5 (2 years after the programme of customer experience research began), most parents were having a good experience of the joint childcare service.** Overall satisfaction with the joint childcare services steadily increased over time; from wave 3 onwards more than eight in ten described their experience as 'very good' or 'fairly good' (81% in wave 3 and 86% in wave 5).
- 9.4 **Early difficulties with the joint application process across both schemes had largely been ironed out.** At wave 1, one in five parents were dissatisfied with the application process but this proportion had decreased over time to less than one in ten at wave 5.
- 9.5 **Similarly, difficulties with logging back into accounts had largely been resolved.** Familiarity with the process and system over time has been reflected in significantly higher scores for ease of logging back in and reconfirming eligibility since the study began.
- 9.6 **Although initially a cause for concern, the incidence of technical issues reached a low level by wave 5.** At wave 2 (when this was first asked about explicitly), over a quarter of parents stated that they had experienced a technical issue the last time that they logged in but this proportion fell steadily over time to 7% at wave 5.
- 9.7 **By wave 5, the vast majority of parents found the re-confirmation process easy.** In the early stages of the service, one in five parents were finding this difficult and parents were often reporting that they did not receive re-confirmation reminders. These issues seemed largely to have been resolved by wave 5.
- 9.8 **Parents were finding the process of making TFC payments to providers easier.** While one in five found this difficult at wave 1, this proportion had halved by wave 5. Sometimes where parents continued to experience difficulties this was in part linked to misunderstandings around how quickly payments are made.
- 9.9 **Reliance on the helpline in the early stages of joining the service had decreased by wave 5 so that a greater proportion of new parents were having a fully digital experience.** Initially a third of parents made contact with the helpline but this reduced to 20% by wave 5.
- 9.10 **Although there were difficulties initially, perceptions of the helpline improved steadily over time. However, it was still relatively common for callers not to have their query fully resolved.** Even at wave 5, only just over half of all callers to the helpline stated that their issues were resolved in full.

**9.11 Parents generally felt that both TFC and 30 hours were having a positive impact on the employment of their household.** The majority of parents consistently said that since receiving TFC there had been a change in employment patterns for their household, with parents reporting a positive effect on themselves and/or their partner. Most recently, there was a significant increase in the proportion reporting that they were now working more hours per week. Around six in ten parents attributed the change in employment patterns for both themselves and their partner to TFC. As with TFC, only a minority of parents said that the 30 hours scheme had no impact on employment patterns.

**9.12 There are high levels of advocacy for the scheme.** Likelihood to recommend the schemes to other parents had remained relatively high throughout the period of the research. More than nine in ten parents stated that they would recommend 30 hours at each wave; for TFC there was an increase over time (from 81% in wave 1 to 90% in wave 5). This is also evident in the fact that over time the main source of information for parents about TFC has shifted from being childcare providers to word of mouth from friends/ family/ other parents.

### Providers

**9.13 Although their ratings were not as high as parents, provider experiences of the joint childcare service steadily improved over time.** Less than half reported their experience as being 'very good' or 'fairly good' at wave 1 (46%), by wave 5 this figure had increased to 68%.

**9.14 By wave 5, most found the joint application process easy to some extent.** At wave 5, 76% stated that they found the application easy.

**9.15 Although views on the ease of reconciling payments for individual children steadily improved over time, a minority still experienced issues.** At wave 5, two thirds of providers stated that they found this process 'easy' (an increase from 54% at wave 1) but 14% still stated that they found this process difficult.

**9.16 The perceived ease of checking eligibility for 30 hours has improved over time.** Of those who had been through the process in the last 3 months, 73% stated that it was easy.

**9.17 At wave 5, only a minority of providers had contacted the helpline over the last 3 months meaning that a greater proportion were having a fully digital interaction.** At wave 5, 16% of providers had made contact with the helpline over the last 3 months.

**9.18 Provider experiences of using the helpline improved considerably over time.** By wave 5, 81% described their experience as being 'very or fairly good'.

**9.19 Providers became much more comfortable with understanding how the schemes operate over time.** By wave 5, they were much more likely to report that they had a good understanding of TFC and 30 hours and that they knew enough to answer queries from parents.

**9.20 A minority viewed the childcare schemes as a business opportunity.** At wave 5, around a quarter of providers believed that TFC was an opportunity to grow their business (and this proportion remained consistent across waves). However, the proportion considering 30 hours to be an opportunity to grow was higher at 39% in wave 5 and showed a considerable increase between wave 3 and wave 5.

## 10 Appendix A: qualitative research on TFC with parents eligible for Tax Credits

10.1 Separately to the quantitative tracker presented in the earlier chapters of this report, HMRC commissioned IFF Research to conduct thirty in-depth interviews with parents who had applied for TFC through the online childcare service and, as a result, had their Tax Credits stopped.

10.2 The key questions the research sought to answer were:

- How did these parents arrive at having applied for TFC? (recognising that this may not have been intentional)
- How could the guidance and application process be improved to stop others doing so?

10.3 This chapter presents the key findings from that research.

### Motivations and understanding

10.4 Parents who were motivated to apply for 30 hours were often encouraged to apply for the scheme by their childcare providers. These providers sent them the relevant information via leaflets and/ or emails and provided links to websites for them to sign up. Parents reported that this information contained little/ no reference to TFC.

10.5 Parents' understanding of 30 hours free childcare was high; they were clear on the eligibility criteria and benefits. By contrast, they had little/ no understanding of TFC. Many could recall vague references to it from news campaigns or websites but did not realise it was a standalone option to help with the costs of childcare. Some considered it to be another term for 30 hours free childcare. Some parents recalled references to TFC and tax credits, but thought this was irrelevant to them as they were only applying for 30 hours.

10.6 With little understanding of TFC, the joint application process for both the 30 hours and TFC schemes caught out many parents. Most parents who had intended to apply for 30 hours had no idea how they ended up with a TFC account and many believed they must have made a mistake, with a minority suggesting that the fault was a 'glitch' in the HMRC system.

10.7 Parents who intentionally applied for TFC had a reasonable understanding of the central tenet of the scheme that HMRC would contribute £2 for every £8 that a parent pays into their account (a tax-free equivalent of 20%). Most, however, thought that TFC would be an additional benefit. There was no comprehension that there might be a trade-off with any existing benefits; with some parents, there was the assumption that the government would prevent them from applying for a scheme that would lead to them being worse off.

10.8 A few parents noticed the explanations about tax credits but miscalculated whether they would be better off. This was sometimes due to fluctuating levels of income, for some, as a result of being self-employed.

- 10.9 There was an issue around the non-disclosure of being in receipt of tax credits on application. There is no evidence that these individuals were trying to mislead the application process in any way. Most parents did not understand the eligibility criteria well enough in order to answer in a strategic way such as to mislead.
- 10.10 Parents who had a live tax credit account but were not receiving payments did not consider themselves to be 'receiving tax credits' (despite the explanatory note) and hence did not check the box to say they were receiving tax credits. Reasons for not receiving payments included appeals, a partner moving out, fluctuations in income and simply awaiting the outcome of a claim.
- 10.11 Other parents simply did not recall seeing the screen which asked about their benefits award because they were 'skipping through' either because they felt were they were just testing their eligibility OR because they had been told to apply for 30 hours and were just 'going through the process'.

### The online application

- 10.12 Most parents applied directly from the Childcare Service website.
- 10.13 The block of text parents were presented with (see Figure 10.1) felt overwhelming to read and many parents found themselves skimming through it.

**Figure 10.1 Childcare service website**

## 1. How it works

Tax-Free Childcare and 30 hours free childcare are two separate government schemes, to help parents with the cost of childcare. You can apply for both through one online application – the childcare service.

To qualify for either scheme, parents must be working and each earning at least £120 a week (on average) and not more than £100,000 each a year.

Parents can use Tax-Free Childcare alongside the 15 and 30 hours free childcare schemes in England, or any free childcare hours provided by the Scottish, Welsh or Northern Ireland governments.

Parents can't use Tax-Free Childcare at the same time as they receive childcare vouchers, Universal Credit or tax credits. However, 30 hours free childcare can be received alongside these schemes.

When you apply, you'll be considered for both these services through the same application. You'll only be asked to decide which support you want if you're on tax credits or using a childcare voucher or salary sacrifice scheme. You should check what help you could get with childcare costs, using the childcare calculator. This will help you decide which support is best for you.

**Next** >  
[Tax-Free Childcare](#)

- 10.14 Parents most commonly remembered reading the earning requirement, predominantly as this was the eligibility criteria for 30 hours.
- 10.15 Some parents remembered reading the line that ‘Parents can’t use Tax-Free Childcare at the same time as they receive childcare vouchers...’ but didn’t think that it applied to them as they were not applying for TFC. Others did not read it.
- 10.16 Most did not remember reading about there being one application for both schemes, while some did not find this a clear way of explaining that this would be the case.
- 10.17 When asked to reflect on the language used, parents generally felt that the language was clear. The issue is that at the time they skipped past it.
- 10.18 The majority of parents remembered seeing the page ‘Other childcare support’ (Figure 10.2).
- 10.19 Where parents selected ‘None of these’ this was because they genuinely felt that they were not receiving tax credits at the time. However, some of these people had a pending claim or were appealing a decision. Others had a variable income and were not receiving payments at the time.
- 10.20 A couple of parents found the language confusing, particularly around the idea of getting/ expecting to get or appealing, reflecting an uncertainty about how the tax credits process works.
- 10.21 Where parents were receiving tax credit payments at the time, the majority said that they had selected ‘tax credits’ and felt that this screen was clear.

**Figure 10.2 Other childcare support page**

**GOV.UK** The childcare service

**ALPHA** This is a new service - your [feedback](#) will help us to improve it.

## Other childcare support

**Are you getting, expecting to get in the next 3 months, or appealing a decision on any of these other types of support?**

This includes where you're registered, but aren't getting any money.  
Select all that apply.

- Childcare bursaries or grants
- Tax credits
- Universal Credit
- Childcare vouchers
- None of these

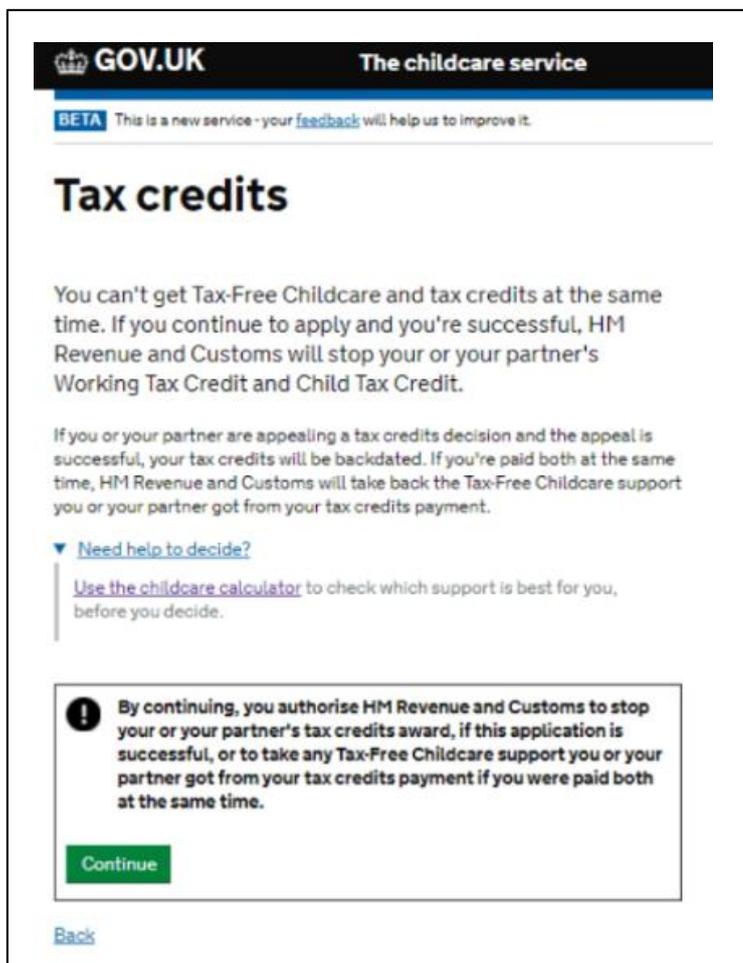
10.22 Very few parents recalled seeing the 'Tax credits' screen in Figure 10.3.

10.23 Several parents were adamant that they had not seen this screen even though they had selected that they received tax credits.

10.24 A small minority suggested that there should be better information (on this screen) about which scheme they would most benefit from; however, very few used the calculator to work this out themselves.

*"It would be useful to have someone warn me because I was on autopilot under a false illusion I was applying for 30 hours. They keep mentioning the word you are looking for so you assume it's right".*

Figure 10.3 Tax credits page



10.25 Some parents described seeing the application questions as a check of their eligibility rather than a final decision. They expected there to be a chance to go back or that they will be contacted by HMRC before any final decision is made regarding tax credits. It was felt that it could be made clear by clicking 'Continue' (Figure 10.4) marked the end of the application.

10.26 Other parents felt that the 'back' button could be clearer, should someone wish to review what they have entered and/or correct a mistake. It was suggested that that the heading of the page 'Thank you' implies finality and should perhaps be reconsidered.

Figure 10.4 The declaration screen



## Reconfirmation

- 10.27 Some parents applied for TFC during the reconfirmation stage for 30 hours. It seems that for the majority of these parents, their information or circumstances had not changed and they had simply selected the wrong option. From the screenshots provided (Figure 10.5), it was not clear where it states which scheme is being applied for.
- 10.28 Generally parents who triggered a stop to their tax credits at reconfirmation had also triggered a stop to their tax credits at the point when they initially applied as well. For some, therefore, this was an error they were alert to. For others, it was an error that HMRC were alert to and parents received a call a few days after reconfirming.

Figure 10.5 Reconfirmation screens

The figure shows two side-by-side screenshots of the GOV.UK childcare service interface. Both screenshots have a header with the GOV.UK logo and the text 'The childcare service'. Below the header, there is a 'BETA' notice: 'This is a new service - your feedback will help us to improve it.'

The left screenshot is titled 'Reconfirm your eligibility'. It contains the following text:
 

- 'To continue to get Tax-Free Childcare or 30 hours free childcare, you must check and reconfirm your details with us every 3 months.'
- 'Before you reconfirm': 'If you live in England and your child is about to start reception class, you won't be eligible for 30 hours free childcare any more. You can still use your Tax-Free Childcare account, if you have one. Or you can reconfirm your details to apply for Tax-Free Childcare, if you haven't already done that. Use the childcare calculator to check whether this is the best support for your child.'
- 'If you don't reconfirm': 'You'll still be able to use your Tax-Free Childcare account, but you won't get government support paid into it. If you're getting 30 hours free childcare, you'll need to contact your local authority to find out whether you can still use your code.'

 At the bottom of this page are 'Continue' and 'Homepage' buttons.

The right screenshot is titled 'Your reconfirmation summary'. It contains the following text:
 

- 'These are the details you gave when you applied or last reconfirmed. Check to make sure you expect them to be correct for the next 3 months'
- 'Your details':
 

First name	Fred
Last name	Boo
Date of birth	28 April 1981
National Insurance number	PB 24 34 56 C
Address	3 Wales Road Cardiff DG8 9PG
- 'Your contact details and residence':
 

Email	fred.boo@email.com
Telephone number	07123 456 782
UK national, EEA national or neither	UK national

 A green arrow points to the right side of this page with the text 'No clear point to see which scheme applied to'.

## Getting tax credits reinstated

- 10.29 A small number of parents realised immediately upon application that they might have made an error and proactively contacted HMRC; others received a letter from HMRC to say that their tax credits had stopped. The letter was thought to give limited explanation about the reasons for the end of their award. Most parents, however, did not realise that anything was wrong until they missed a payment.
- 10.30 The experience of getting tax credits reinstated was very mixed. For some parents, the process was quick and decisive following a call to HMRC where the call handler was immediately aware of the issue. In contrast, other parents faced a long, drawn-out process which often involved contacting HMRC multiple times. In some cases their own failure to understand what had gone wrong may have exacerbated the situation.

10.31 While most parents had their tax credits reinstated by the time of interview, some had experienced quite long breaks in payments resulting in financial hardship and additional borrowing.

10.32 Some parents accepted that they had made a mistake and perhaps should have paid more attention; others felt angry and misled. Parents who had had to wait a relatively long time to receive back payments were the most likely to feel angry.

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IFF Research illuminates the world for organisations businesses and individuals helping them to make better-informed decisions.”

Our Values:

**1. Being human first:**

Whether employer or employee, client or collaborator, we are all humans first and foremost. Recognising this essential humanity is central to how we conduct our business, and how we lead our lives. We respect and accommodate each individual's way of thinking, working and communicating, mindful of the fact that each has their own story and means of telling it.

**2. Impartiality and independence:**

IFF is a research-led organisation which believes in letting the evidence do the talking. We don't undertake projects with a preconception of what "the answer" is, and we don't hide from the truths that research reveals. We are independent, in the research we conduct, of political flavour or dogma. We are open-minded, imaginative and intellectually rigorous.

**3. Making a difference:**

At IFF, we want to make a difference to the clients we work with, and we work with clients who share our ambition for positive change. We expect all IFF staff to take personal responsibility for everything they do at work, which should always be the best they can deliver.



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