



**IFF Research**

# Research to test Tax-Free Childcare (TFC) Draft Correspondence and Guidance

Prepared for HMRC  
By IFF Research

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## Key findings

### Background and research objectives

Tax-Free Childcare (TFC) will be introduced from 2017 to support working families by contributing towards the costs of childcare. Childcare providers (CCPs) will have to sign up to the scheme to receive payments from parents who are receiving TFC.

This qualitative research focussed on examining responses to the likely customer journeys for parents and providers. As part of this, it tested their initial reactions and likely behavioural response to the materials, navigation of the guidance material, clarity of messages, language, format, usability and how the materials might be improved.

### Overall customer journey

Overall customers were positive about the journeys tested. A predominantly digital process was welcomed by parents and providers and the materials were considered to follow a logical order. This report focuses on the few areas for improvement, where customers were less positive:

- Parents expressed a strong preference to be able re-set their password online/by email (rather than waiting for a hardcopy letter);
- Providers expressed a strong preference for the notification that their sign-up process had been unsuccessful to be received instantly rather than through a hard copy letter;
- Parents would prefer to be able to actively notify HMRC that they were no longer eligible for TFC or that they no longer wished to receive it rather than simply ignoring the re-confirmation notifications;
- The sequencing of communications about a provider no longer being registered with the regulator will need to be handled sensitively. It may be worth considering giving providers a short period to resolve any 'errors' with their regulator before notifications are sent to parents. Parents would ideally like some form of 'grace period' in these circumstances allowing them to continue receiving TFC while they make alternative childcare arrangements. However, it is worth noting that it is fairly uncommon for a provider to be de-registered and that this is unlikely to be part of most customers' journeys as a result.

### Content of materials

Overall customers thought that the main messages of the materials tested were clear and easy to understand. Providers wanted as much information about the scheme as possible, and felt they would read the online guidance for parents as well as the guidance targeted at providers. Most parents read all the way through the main guidance in a linear fashion, clicking through to the further guidance that was of interest to them. Parents paid particular attention to the 'eligibility' section in the further guidance. The only areas where there was considerable misunderstanding were:

- Around the operation of the childcare account. Several parents were not clear that the childcare account was a separate account that they would need to open or thought they would need to choose an account provider. Providers were also not clear about how payments (in particular the HMRC contribution) would reach them and whether they would need to adjust their invoicing arrangements. These misunderstandings could be addressed through greater use of diagrams (showing how the payments arrive in and leave accounts), case studies or a Q&A section. It might also be worth including a section in the main guidance headed 'opening a childcare account with HMRC'.
- There was some confusion about whether parents on Tax Credits or Universal Credit could choose to receive TFC instead. Parents on Tax Credits tended to understand from the eligibility section in the main guidance that they would be ineligible for the scheme and wouldn't explore this further (in the further guidance or through the childcare calculator).

# 1 Introduction

## Background

- 1.1 The Government will be introducing a new Tax-Free Childcare (TFC) scheme from 2017 to support working families by providing financial assistance with the costs of childcare.
- 1.2 The scheme will operate through a process of individual online accounts which working parents can use to pay for childcare. For every £8 parents pay in, the Government will contribute £2 up to an annual limit of £2,000 per child under the age of 12 (£4,000 for a disabled child under the age of 17). This equates to the value of tax relief on these costs for basic-rate tax payers. Payments from accounts will be made to registered childcare providers (covering the full spectrum of providers – from private nurseries to independent childminders) who must also be registered and set up to receive payments from the online accounts.
- 1.3 In line with the drive for efficiencies across all Government departments, the new TFC scheme will be ‘digital by default’ so that all users will go through a journey that largely revolves around online tools and processes.<sup>1</sup> The process of setting up a TFC account will take place online and guidance material will be offered online through content placed on gov.uk.
- 1.4 In October 2014 a consultation on draft TFC guidance was launched by HMRC to gather views on whether the guidance presented easy to understand advice on the scheme.<sup>2</sup> As part of this consultation HMRC commissioned research with parents and childcare providers to understand their views on the draft guidance and registration pages.<sup>3</sup> Research has also been conducted into parents’ and childcare providers’ preferences for information and support, and views on the messaging of the scheme.<sup>4</sup>

## Research Objectives

- 1.5 Building on this existing research, HMRC commissioned IFF Research to conduct further qualitative research with parents and childcare providers in order to understand their initial reactions and likely behavioural responses to the online guidance and key draft correspondence materials. Specifically this research aimed to:
  - Explore customer understanding and usability of key draft correspondence products and online guidance.
  - Explore reactions to the overall customer journey;
  - Identify any changes that can be made to improve understanding and the likelihood of potential customers responding in the desired way.

## Methodology

- 1.6 A qualitative approach was used to test the ‘customer journey’ that parents and childcare providers will go through once TFC is launched. In order to make this as realistic as possible, the products were tested in the format that they will be available in.

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<sup>1</sup> Some provision will be made for those with in need of digital skills support / lack of confidence through ‘assisted digital’ options.

<sup>2</sup> Further information regarding this consultation can be found here: <https://www.gov.uk/government/publications/draft-legislation-tax-free-childcare-draft-guidance>

<sup>3</sup> The research report is available here: <https://www.gov.uk/government/publications/cognitive-testing-of-tax-free-childcare-draft-guidance-and-registration-pages>

<sup>4</sup> The research report is available here: <https://www.gov.uk/government/publications/using-and-communicating-tax-free-childcare>

- 1.7 A total of 60 face-to-face depth interviews were conducted: 24 with childcare providers (in November and December 2015) and 36 with parents (in December 2015 and January 2016). Interviews were conducted in the following locations: London, Leeds, Leicester, Cardiff, Bradford, Manchester, Coventry, Birmingham and Wolverhampton.
- 1.8 A purposive sampling approach was taken in this research to ensure representation of a variety of different providers and parents. Interviews were conducted with a range of types of childcare providers including independent childminders, nannies, independent nurseries, nursery chains, play-schemes and school-based schemes. Interviews were conducted with parents in a range of different circumstances including those who were lone parents, self-employed, in receipt of Tax Credits, parents of disabled children and those who were 'digitally unconfident'.<sup>5</sup>
- 1.9 Parents in receipt of Tax Credits and lone parents were over-represented in the final sample. The analysis and reporting has been adjusted accordingly to account for this and ensure all groups are fairly represented in the overall findings.
- 1.10 Further details about the methodology of this study can be found in the technical report.

### About this report

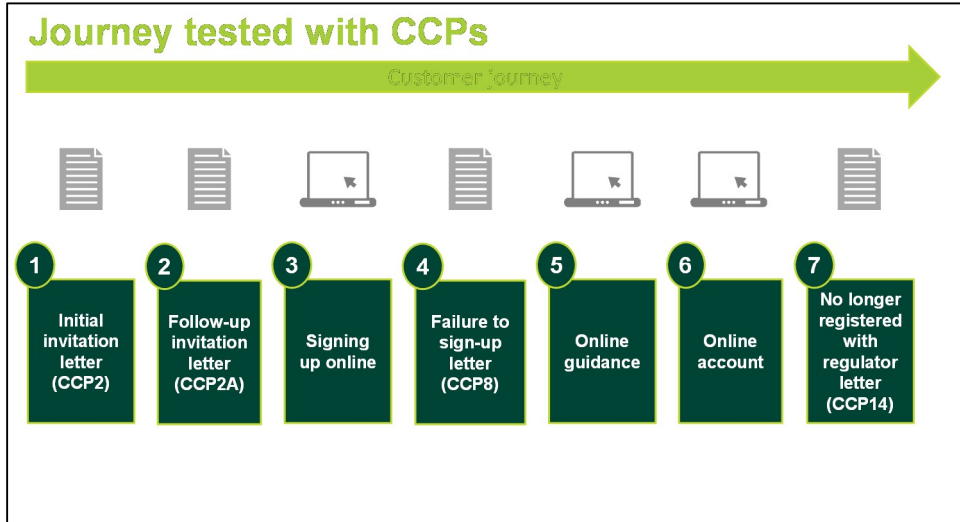
- 1.11 This report summarises views expressed by childcare providers and parents during the interviews conducted. The terms 'providers' and 'parents' are used to show how opinions of these groups differ and the term 'customers' is used to refer to both providers and parents. The qualitative nature of the research means that findings in this report are not statistically representative of the wider parent and provider population. The use of words such as 'most', 'many', 'some' and 'few' are illustrative of the data collected for this study and do not represent the views of the general public.

<sup>5</sup> 'Digitally unconfident' parents were defined as those parents requiring some form of support or assistance when using technology, going online, making an online purchase or payment, or filling out online forms and applications (such as a tax return).

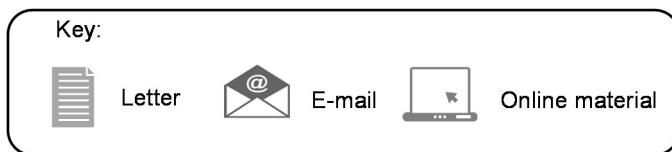
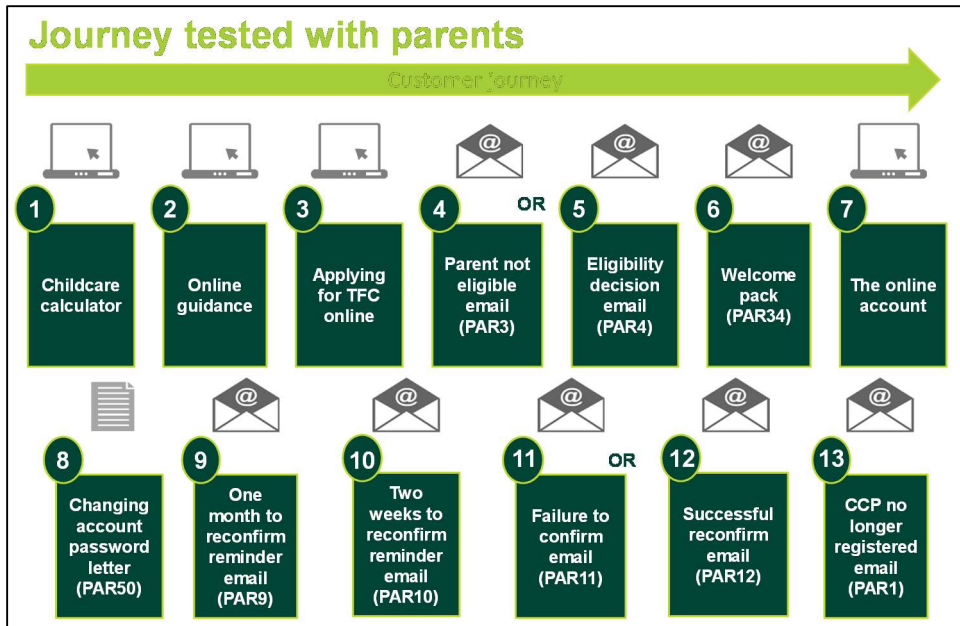
## 2 Reactions to Customer Journeys

2.1 The customer journeys and the format of the online guidance and correspondence materials tested are shown in Figures 2.1 and 2.2.

**Figure 2.1: TFC journey tested with childcare providers**



**Figure 2.2: TFC journey tested with parents**





- 2.2 Overall reactions to the customer journeys tested were positive;
- The journeys were largely digital and this was both what most parents and providers would expect and prefer;
  - For the most part, the sequencing of the journey seemed logical.

### Views on format of communications

- 2.3 The personalised communications tested with childcare providers were mostly in hard copy letter format and those tested with parents were mainly in email format. Both groups of customers considered the format of the materials they received to be appropriate.
- For providers, the early communications would be unexpected and they felt that a hard copy letter with HMRC branding was more likely to attract their attention than an email. The scheme was felt to be of critical importance to their business and hence they were keen that they did not miss any communication about it.
  - For parents, the personalised communications would be triggered by them signing up and on that basis they were comfortable to receive communications largely by email (because they would know to look out for them).
- 2.4 The only communications that customers felt were not in an appropriate format were:
- For parents: in the journey tested, the communication to provide them with a temporary password to access their account was sent as a hard copy letter but they expressed a strong preference for this to be communicated via email. Parents felt that if they were seeking to access their account they would probably have a reasonably urgent need to do so (perhaps to make or check a payment) and if they had to wait to receive a letter in the post then they would be likely to contact HMRC to try to access the account more quickly. Parents drew parallels with online banking systems and other similar processes where temporary passwords are issued by email.

*“I wouldn't expect it [Par50] to arrive by post. I would expect to receive it by email or have a system that resets it there and then – that is what I am used to with other services. This would take days to arrive... if you wanted to use the account that would be disappointing... I understand security but if banking providers can provide an online system that is what I would expect to receive and that is disappointing.”*

**Parent of disabled child, Cardiff**

- For providers, most considered signing-up to TFC as important to their business and felt that the communication to let them know that their attempt to sign up to the TFC scheme had been unsuccessful should be provided by email or as an instant alert on the sign-in pages. Providers that have not passed on their email address to HMRC would receive this notification as a hard copy letter. In this case, some providers indicated that if they only found out that their sign-in attempt had been unsuccessful a few days later in the post then they would be likely to call HMRC to sort out the process rather than simply re-attempting to sign-in (and running the risk of a further delay if this attempt was unsuccessful).

### Views on format of online guidance material

- 2.5 In the journey tested there were three sets of guidance material – guidance for providers, mainstream guidance for parents and further guidance for parents, which explained aspects and considerations of the process in detail. The further guidance was integrated with the main guidance through hyperlinks so parents could ‘click through’ for more information where an issue was of particular interest or relevance to them. The sets of guidance are presented in the technical report.
- 2.6 Most parents read the short mainstream guidance all the way through. Some clicked through to the further guidance for additional information on particular issues. Most commonly parents read the additional sections about eligibility in the further guidance as this was their key area of interest and considered most

important to know in the first instance. Parents generally said they would be unlikely to read through much of the remaining material if they found out they were ineligible for TFC. Similarly most providers read through the provider guidance in full. Larger childcare settings expressed a desire to read through the guidance for parents – particularly the information on eligibility - as well to help them understand how the scheme would work from the perspective of their clients. Providers anticipated their clients approaching them with questions, and thought that they would play a key role in giving parents information about the scheme.

### Potentially problematic sections of the journeys

2.7 The two key areas where the research indicated potential difficulties with the journey were:

- The process for re-confirming eligibility for the scheme (affecting parents);
- The sequencing of communications if a provider is no longer registered with their regulator (affecting both parents and providers).

The process of re-confirming eligibility

2.8 With the TFC scheme, it is envisaged that parents will need to confirm that they still meet the eligibility criteria every three months. The journey tested involved three email communications about this for each re-confirmation cycle – a ‘one month to reconfirm reminder email’, ‘two weeks to reconfirm reminder email’ and ‘failure to reconfirm email’. In these emails, parents were instructed that if they were no longer eligible / did not want to keep receiving TFC then they did not need to do anything.

2.9 However, parents had a strong preference for being able to actively ‘opt-out’ of the scheme so that they did not receive any of the further reminders. Without this option, there is a strong likelihood that parents will feel the need to contact HMRC to confirm that they no longer wish to be part of the scheme (either temporarily or permanently’).

*“It says that if you don't want to reconfirm then you don't have to - but then they are sending these emails through anyway. The reminders would probably prompt you to do something either way... you would probably contact them to say you weren't eligible and to get them to stop contacting you.”*

**Lone parent, London**

2.10 Some parents felt it was possible that they might need to opt in and out of the scheme as they felt their circumstances might change throughout the year. Even these parents would prefer to be able to actively ‘pause’ their TFC membership and then ‘reactivate’ it when they became eligible again.

Communications around provider de-registration

2.11 It is envisaged that situations where providers cease to be registered with their regulator (meaning that the provider becomes ineligible for the scheme and parents cannot use their TFC account to pay for childcare with them) will be quite rare. However the communications around this caused some alarm among parents and providers and hence will need to be handled carefully.

2.12 Most providers assumed that if they received the letter about no longer being registered with the regulator then this would either be the result of an error on their part or the regulator’s part. They would view this as a very serious issue that could have a detrimental impact on their business. Their immediate course of action would be to contact their regulator to rectify this.

2.13 Similarly parents would be very concerned if they received the email informing them that their provider was no longer registered with the regulator. They were often unclear about the circumstances that would lead to this happening and would want to understand more and a number of parents said they were

contractually obliged to give their provider four weeks' notice before moving to their child to a new one. This might result in them contacting the provider directly but it might also result in them contacting HMRC.

- 2.14 On the other hand, parents were also concerned about how much time they would have to find alternative childcare provision (so that they could continue to receive TFC) if their provider was no longer registered. They were worried about the time involved in identifying a suitable provider and about availability of places. Ideally parents would have a transition period in which they would be able to continue receiving TFC while using their existing provider while they make alternative arrangements.

*"This is a tough one because you can't just change your provider straightaway - there is a process. ... they should be giving you some sort of notice before they actually stop the payments to allow us time to make some decisions. I know it sounds easy to change childcare provider but it's not that simple."*

**Self-employed parent, London**

Possible duplication of contact

- 2.15 A more minor issue with the customer journey was a perceived overlap in the messages for parents communicated by email confirming eligibility and the welcome pack. Most parents felt that it was unnecessary to have both communications<sup>6</sup>.

*"The welcome pack [PAR34] is basically the same as the previous email [PAR4]... you could actually just have this in another section at the bottom of [PAR4] saying 'further information' because this is not telling you anything new."*

**Self-employed parent, London**

## The role of providers in promoting TFC

- 2.16 There was an appetite among some providers, particularly nurseries and playschemes, to play a role in promoting the TFC scheme to their current and potential clients. They felt that there would be a business benefit to them in being able to demonstrate a familiarity with new policies. They also felt that it was inevitable that their parents would come to them with questions about the scheme after hearing about it in the media or through word of mouth. (Nannies and childminders felt that they might want to be able to signpost parents to information about the scheme but did not envisage an active role in explaining how it works).

- 2.17 If nurseries and playschemes are to play this role then it could be valuable to amend the provider journey to include:

- **A 'pre-letter'** sent some time before the initial invitation letter. This would give providers advance notice that the scheme is to be rolled out, allowing them to prepare for questions from parents.
- **Hard copy materials (e.g. leaflets or posters)** – In addition to directing parents with queries to the online guidance, some providers thought it would be useful to have hard copy materials available as a means of sharing information with parents. While most providers envisaged this information being provided as a ready made-up 'hard copy pack' of information, a few mentioned that they would be happy for these materials to be made available online to download and print off, which would also help to ensure that up to date information was being shared.

*"Information to share with parents would be very useful because you find that that they are often unsure about these schemes. I would even display it on the wall for parents, maybe I'd have leaflets too for them to take away and read to ensure that they know about the scheme beforehand and that they are not missing out on anything."* **Playscheme, London**

<sup>6</sup> For digitally excluded customers the intention is that these communications will look quite different because the welcome pack will contain hard copies of the guidance material.

### 3 Content of materials

- 3.1 Overall customers were positive about the materials tested. They thought that the main messages of the products tested were clear and easy to understand. The language used was felt to be simple and straightforward. The use of bullet-points and a generally uncluttered layout was welcomed. This section of the report therefore focusses on the few areas where changes would be helpful.

#### Sign-posting of the childcare calculator

- 3.2 Most parents found the childcare calculator useful in helping them to understand eligibility for the scheme when used in conjunction with the guidance material. The linkages between the two tools could be made stronger so that parents are able to find the calculator if they come across the guidance first and vice-versa. This could perhaps be achieved through the use of 'buttons' appearing at the side of the materials, clearly distinguishing them from the rest of the content.

#### Tone of communications

- 3.3 Customers generally felt that the tone of the communications was appropriate.
- 3.4 However, parents felt that the email informing parents that they were ineligible for the scheme could be made more 'human', perhaps going further to acknowledge that the email is conveying bad news. It was also clear that a detailed explanation of why the application had been rejected with clear reference to the conditions for eligibility would be required to avoid parents contacting HMRC for more detail and/or reapplying.

#### Main areas where greater clarity is needed

- 3.5 There were three main areas of the content of the materials where there was confusion or lack of clarity;
- The operation of the childcare account (for both parents and providers);
  - The need to re-confirm eligibility on a quarterly basis (for parents);
  - The fact that parents would be able to choose between receipt of TFC and receipt of Tax Credits / Universal Credit (affecting current Tax Credit recipients only).
- 3.6 These are discussed in more detail below.

#### Understanding the operation of the account

- 3.7 The most common areas of confusion among both parents and providers were the mechanics of making and receiving payments. Providers' key focus was on how the payments would reach them and the amount of administration that would be involved for them. Even after reading the guidance and looking at the provider sign-up screens, providers had a number of unanswered questions or areas of confusion. Some providers thought that the HMRC contribution would come to them separately to the contribution from parents and that they would need to make arrangements to invoice HMRC. They were also concerned about how they would link up payments into their account with individual parents.

*"What do we need to access this account for? Do we get alerts when money goes into that account? But the money goes straight into our bank account ... I'm just confused ... I guess it is just for us to look to make sure we have all the contact details right and the money is going into the place and we are the school we say we are ... it seems okay ... it is this 'account' I am struggling with."*

**School-based scheme, London**

- 3.8 Some parents did not pick up the fact that the childcare account will be a separate account that they need to open specifically for the purpose of receiving TFC and making payments to their provider. Some

thought that the account would be their own current account or that they would have to open a new account with a bank or other provider. Beyond this there were a wide range of questions about how the account would operate including:

- How do you open your account?
- How does the HMRC contribution get into the account?
- What if both parents want to pay into the account?
- How does the payment cycle work – will the money be in the account in time to pay my provider?
- Is the online account linked to my personal bank account? Can I set an account up with any bank? Can I make payments using my credit / debit card?
- How do providers get paid?

3.9 The range of clarifications that customers needed about the operation of the account and the process of making payments perhaps means that more space should be devoted to this within the guidance material. Approaches that might help include:

- Adding a section headed 'opening a TFC account with HMRC' within the guidance to make it clear that there will be a need to open a new account and that this will be a Government sponsored account rather than a bank account;
- Using a diagrammatic approach (for example a stack of coins) to show how the payments are made up and that they are transferred together to the childcare provider;
- Using case studies to give examples of the account in operation (ideally including information on the point in the month when the HMRC contribution would be made so that parents can be reassured that the money would be in their account in time to pay their provider);
- Building a 'question and answer' section relating specifically to the operation of the account given the range of different types of queries customers have about this.

3.10 There was also some confusion about the difference between nominating a 'representative' and 'appointing somebody to manage your account' – parents often had to read these terms multiple times in order understand how the meaning of each term differed. Once they had understood, parents agreed these were useful options to have in place.

The need to (re-)confirm eligibility

- 3.11 For most parents, the fact that they would need to re-confirm eligibility on a quarterly basis is unexpected.
- 3.12 In the journey tested, most parents only became aware of this when they read the welcome pack (which would be after they had signed up for the scheme). Some parents felt that the perceived hassle involved with this reconfirmation process might put them off signing up for the scheme and hence would want to be alerted about this feature of the scheme earlier .

Eligibility and the potential to choose receipt of TFC instead of other benefits

- 3.13 Most parents identified that they would not be eligible for Tax Free Childcare if they were receiving either Tax Credits or Universal Credit. However, parents in receipt of Tax Credits did not always realise that it would be possible for them to opt to end their Tax Credit claim and receive TFC instead. This means that there is a risk that some of those who might be better off under TFC will not explore the scheme any further.
- 3.14 This could be addressed by including a section within the guidance with a heading like 'should I change from Tax Credits to Tax Free Childcare' which would alert parents to realise that this is a possibility. More

linkage between the childcare calculator and the information on eligibility in the mainstream and further guidance would also help to better inform parents at this early stage in their journey.

### Other more specific areas of confusion

- 3.15 The table below outlines some very specific areas of confusion or suggestions for improvements relating to the text on individual materials.

### Issues with materials for providers

Material	Issues / queries
<b>The initial invitation letter (CCP2)</b>	<p>Providers had some difficulty understanding the sentence: <b><i>'For every £8 a parent pays into their Tax-Free Childcare account, we'll add an extra £2'</i></b>. The difficulties in comprehension were largely related to difficulties understanding the concept of a TFC account referred to earlier. Some providers assumed that the 'extra £2' would reach them through a separate payment from HMRC.</p> <p>The letter refers to the TFC pilot by mentioning that <b><i>'a small group of parents will join Tax-free Childcare from November 2016'</i></b>. A few providers wanted to know more information about where the scheme would be piloted and when it would be introduced to their area. Those operating across multiple sites (such as nursery chains) felt that this could potentially cause confusion within their organisation.</p> <p>The letter tells providers that to set up with the scheme <b><i>'You'll need your 10 digit Unique Taxpayer Reference (UTR).'</i></b> Some providers (particularly nannies and independent childminders) were unfamiliar with this term and where unsure whether or not they had a UTR.</p> <p>Most nurseries and playschemes envisaged that they would sign up to TFC soon after receiving the initial invitation letter (childminders and nannies were more likely to say that they would wait and see if there was any demand from their parents).</p>
<b>Variant of the invitation letter (CCP2a)</b>	<p>The variant invitation letter includes a sentence about the number of providers who have already signed up to TFC. Providers generally felt this text would encourage them to sign up as the idea of losing potential clients to competitors was a strong motivator (as long as the number / percentage cited was large enough). A number of providers felt that this reference would be more persuasive still if it was made to stand out from the rest of the letter to make it immediately noticeable.</p> <p><i>"This 'over X amount of childcare providers have already signed-up' bit makes me think I better sign-up because I don't want new parents coming and saying 'you haven't signed-up – we will go somewhere else'."</i></p> <p style="text-align: right;"><b>Playscheme, Cardiff</b></p>

Material	Issues / queries
<b>Provider guidance</b>	<p>The guidance makes reference to the <b>'main contact held by your regulatory body'</b>. Some providers operating across multiple sites were confused about who the 'main contact' would be and a number felt it would be clearer if the text explicitly mentioned the name of their regulatory body i.e. referred to the 'main contact held by OFSTED'.</p> <p>There is a section within the guidance about <b>'Your childcare provider account'</b>. This section of the guidance raised a number of queries. Some providers were unclear that this would be a new account that they would need to set up and some interpreted this to mean the bank account used for their business. As mentioned earlier, the operation of the accounts (for both providers and parents) was an area of quite widespread confusion.</p>
<b>Provider sign-up screens</b>	<p>As part of the online sign-up process, providers were shown a screen asking them to enter their bank details. Some providers questioned the need for this at the sign-up stage and it gave them some concerns about security. These providers would have expected and been more reassured by a process whereby they received a link requesting them to confirm their identity before having to enter bank details.</p>
<b>Provider account</b>	<p>The account asks providers to enter <b>'Your local contact details'</b>. A few providers (particularly childminders) were confused about whose contact details should appear in this section:</p> <p><i>"How is that relevant to me as a childminder? Maybe it should give you the option to click what type of childcare provider you are and that would make it easier."</i></p> <p style="text-align: right;"><b>Independent childminder, Cardiff</b></p>

### Issues with materials for parents

Material	Issues / queries
<b>Online guidance</b>	<p>In addition to general confusion about the operation of the TFC account, parents were particularly confused by the section of the text that explains about taking money back out of the account.</p> <p>The text shown was:</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p><b>Taking money out</b></p> <p>You can withdraw the money you've paid into your childcare account at any time - you can't take out what the government's paid in. For every £8 you take out, £2 will be taken back by government.</p> </div> <p>Some parents did not understand the distinction between withdrawing money and making payments to a childcare provider and hence were unclear about how they could make use of the HMRC contribution. There might be an argument for not including this section within the mainstream guidance.</p> <p><i>"This bit is confusing – they say for every £8 you put in the government will put in £2 but then they say for every £8 you take out, £2 will be taken by the government. If you can only take out what you put in does that mean the government takes £2 of the money you added?"</i></p> <p style="text-align: right;"><b>Lone parent, London</b></p>

Material	Issues / queries
	<p>Other questions that parents felt were unanswered by the online guidance included:</p> <ul style="list-style-type: none"> <li>● How payments are affected if parents are on sick leave or maternity leave;</li> <li>● The impact of TFC on pension entitlements.</li> </ul>
<b>Childcare calculator</b>	<p>In the versions tested, there was limited signposting between the calculator and the online guidance. Parents tended to need to use both in order to fully understand eligibility and hence there is perhaps a need for stronger links between the two tools. This could perhaps be achieved by having boxes at the side of each of the materials linking to the other.</p> <p>When using the childcare calculator, some parents had queries about the income estimates that they should use. Most commonly the queries were around:</p> <ul style="list-style-type: none"> <li>● Whether the income estimates required for checking eligibility should be before or after tax;</li> <li>● Whether income estimates related to the financial year or calendar year (the heading of the income section mentions the tax year but not all parents were familiar with this term and not all noticed the heading as they were focusing primarily on the question text).</li> </ul>
<b>Online account</b>	<p>The text on the account homepage has a section headed '<b>how is my balance calculated?</b>' This section includes a statement that the balance includes money that hasn't cleared. Some parents felt that this would be confusing and that the balance should only include cleared funds (or somehow distinguish between those that were cleared and those that were not). They felt that parents could end up contacting HMRC thinking that there had been an error if they were not able to use their full balance.</p> <p><i>"The balance should only show funds that can be spent otherwise people will be phoning up and kicking off because it is not clear."</i></p> <p style="text-align: right;"><b>Lone parent, Cardiff</b></p> <p>Parents were shown a screen headed '<b>Reconfirmation</b>' which simply explained that they would need to reconfirm eligibility every 3 months. Some parents felt that this screen should also explain that they would receive reminders in the run up to their reconfirmation date. They also felt this screen should make clear the implications of not re-confirming.</p>



## 4 Conclusion

- 4.1 Overall reactions to the online guidance and correspondence materials were positive. Parents and providers generally felt that the main messages of the materials were clear and presented in an appropriate format and that they followed in a logical order. On the whole, customers suggested that they would use the materials as intended without any additional support from HMRC (or anyone else).
- 4.2 Despite this, there are a number in ways in which the customer journey could be adjusted and the online guidance and correspondence materials improved in order to: maximise take up of TFC, reduce the number of customers contacting HMRC unnecessarily and improve the customer experience in general. These include:

### **To maximise take-up;**

- Stronger sign-posting between the childcare calculator and online guidance to ensure that parents are able to use the two in tandem to establish eligibility;
- Providing more information about how childcare accounts would work in practice (e.g. how payments would be made and received) perhaps through case studies, a separate Q&A section about the account or explanatory diagrams.
- Harnessing provider willingness to play a role in introducing and explaining TFC to parents by providing a 'pre-letter' to give them more lead time to prepare for questions parents may have about the scheme and giving them hard copy materials that they can distribute to parents.
- Making it clearer that parents in receipt of Tax Credits or Universal Credit can choose to receive TFC instead.

### **To limit unnecessary contact with HMRC;**

- Allowing parents to be able to change their account password online/through email rather than waiting for a hard copy letter.
- Informing providers of a sign-up failure instantly via email (rather than through a hard copy letter).
- Establishing a mechanism whereby parents who are not eligible for TFC and no longer wish to receive reconfirmation reminders can opt out of the reminder emails;

### **To improve the customer experience;**

- Combining the letter confirming eligibility and the welcome pack into a single communication;
- Allowing parents a 'grace period' if their provider becomes ineligible (through de-registering with their regulator) to allow them make alternative arrangements for childcare.