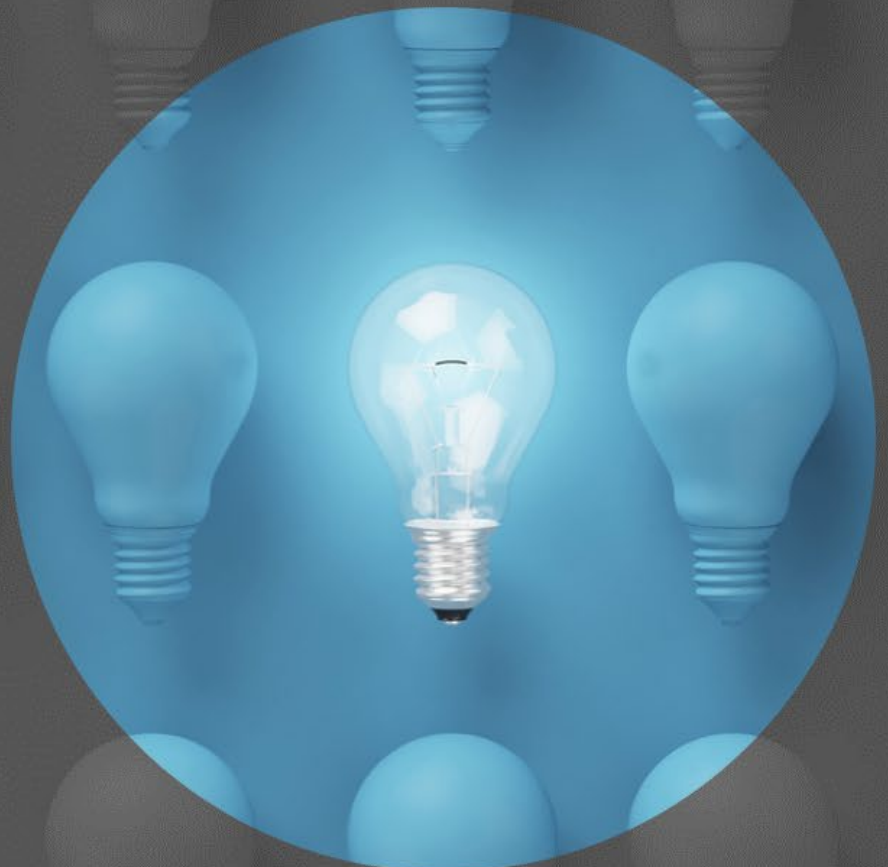




CHILD BENEFIT: EXPLORING FACTORS INFLUENCING REPORTING CHANGES TO A CHILD'S FULL-TIME NON-ADVANCED EDUCATIONAL STATUS

HMRC Research Report 627

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Contents

1. Background and objectives	5
1.1 Background.....	5
1.2 Objectives.....	6
2. Overview of research approach.....	6
3. Research Findings.....	8
3.1 Claimants' understanding of and reasons for reporting FTNAE changes to HMRC.....	8
3.1.1 Understanding of the eligibility for Child Benefit.....	8
3.1.2 Limited engagement with HMRC for Child Benefit claims.....	10
3.1.3 The role of Child Benefit in household finances.....	11
3.1.4 Levels of engagement with HMRC communications on FTNAE	11
3.1.5 Timings of the HMRC communications on FTNAE.....	15
3.1.6 Understanding of the need to report changes across different departments	16
3.2 What incentives or process changes could be introduced to help improve claimants' reporting of a change to their child's educational circumstances?.....	17
3.2.1 Reactions to Version 1 of the revised CH297B FTNAE letter	19
3.2.2 Reactions to Version 2 of the revised FTNAE letter	19
3.2.3 Reactions to the revised versions of the Guidance Notes	20
3.3 At what points in the year would nudges to remind claimants of their responsibilities to inform HMRC be most effectively deployed?	22
3.3.1 Reactions to the reminder ideas	23
4. Conclusions.....	24
5. Annexes	26
Annex 1; Research Methodology.....	26
Opt-out exercise	26
Stage 1; exploration of the existing situation	26
Stage 2; debrief and solutions development	27
Stage 3; evaluating and optimising the potential solutions.....	27
Annex 2: Original CH297B FTNAE letter	29
Annex 3: FTNAE Guidance Notes.....	30

Annex 4; Revised FTNAE letter version 1.....	31
Annex 5; Revised FTNAE letter version 2.....	32
Annex 6; Revised FTNAE Guidance Notes.....	33

1. Background and objectives

1.1 Background

Child Benefit, Child Tax Credit and the child-related elements of Working Tax Credit are paid in respect of a child until 31 August following his or her 16th birthday. After this payments will continue until the child's 20th birthday **only if** he or she remains in a qualifying course of Full-Time Non-Advanced Education (FTNAE) or Approved Training.

Claimants must let HM Revenue and Customs (HMRC) know that a child will be starting FTNAE or Approved Training, and they must report this before the 31 August following his or her 16th birthday or their Child Benefit payments may be interrupted. They do not need to let HMRC know if the child will not be starting FTNAE or Approved Training, and their Child Benefit entitlement and payments for that child will end from the Monday following the 31st August after their 16th birthday. After this they should inform HMRC of any changes. Some of the changes that affect their entitlement are:

- When the young person leaves FTNAE
- When the young person turns 18 and continues in FTNAE, and
- When the young person's circumstances change in certain ways – e.g. he or she starts paid work for 24 hours per week or more or starts to claim benefits in his or her own right

More information of the reportable changes can be found online at [Child Benefit information about young people aged 16 or over - GOV.UK \(www.gov.uk\)](http://www.gov.uk/government/urls/child-benefit-information-about-young-people-aged-16-or-over)

If claimants do not report FTNAE-related changes in these circumstances this can lead to overpayments of either or both tax credits, Child Benefit and Guardian's Allowance.

Part of HMRC's strategy is to tackle error and fraud before it happens – through education, targeted communications and nudge campaigns. All Child Benefit claimants are sent a letter and form to complete regarding their child's FTNAE status. These are sent once in their child's education year in which they reach age 16 asking them to confirm the child's plans regarding whether they will start FTNAE or Approved Training.

HMRC's objective in respect of error and fraud is to prevent losses in the system and to help claimants to claim their correct entitlement.

This research was undertaken to provide HMRC with a better understanding of its claimants' assumptions, knowledge and behaviours around Child Benefit and FTNAE reporting to enable HMRC to tailor communications to relevant claimants in terms of timing, communication channels and the message content.

1.2 Objectives

The main aim of the research is to develop a clearer understanding of the reasons some parents do not inform HMRC of changes in their children's FTNAE circumstances.

At a more granular level HMRC needs answers to the following questions:

1. Do claimants understand their responsibilities to inform HMRC of changes in their child's educational circumstances after the age of 16? (see section 3.1)
2. Do claimants assume that they don't need to tell Child Benefit/tax credits that their child has left FTNAE, if they have informed another part of HMRC? (see section 3.1.6)
3. What reasons do claimants have for not informing HMRC of changes to their child's educational circumstances? (see section 3.1)
4. At what points in the year would nudges to remind claimants of their responsibilities to inform HMRC be most effectively deployed? (see section 3.2)
5. What incentives or process changes could be introduced to help improve claimants' reporting of a change to their child's educational circumstances? (see section 3.3)

2. Overview of research approach

A two-stage programme of qualitative research was undertaken with Child Benefit claimants.

Stage 1 comprised 30 online interviews with a mix of Child Benefit only and Child Benefit & tax credits claimants

This stage set out to explore claimants understanding of their responsibility to report changes in educational status to HMRC, identify reasons for claimants not fulfilling these responsibilities and to evaluate existing HMRC communications around FTNAE.

During the interviews claimants were shown the following communications to establish how these impacted on awareness and behaviours towards FTNAE reporting:

- The existing CH297B FTNAE letter and accompanying form that is sent out to Child Benefit claimants when their child turns 16 years of age (see Annex 2)
- CH1715 'About your Child Benefit' Guidance Notes

Stage 2 comprised 20 online interviews with a mix of Child Benefit only and Child Benefit & tax credits claimants

This stage firstly set out to explore reactions to a set of revised HMRC communications that had been developed based on the findings from the stage 1 research.

During the interviews claimants were shown:

- Two revised versions of the CH297B FTNAE letter
 - One that listed the changes claimants are required to report to HMRC (Version 1)
 - One that listed the full time non-advanced education and Approved Training courses (Version 2)
- A revised version of the CH1715 Child Benefit Guidance Notes

The research also explored the potential of two possible reminder communications to increase reporting of changes in their child's educational status. These were:

- An annual letter (at age 17, 18, 19 years) similar to the original CH297B FTNAE letter - not requiring a response from claimants but setting out their responsibilities/reportable changes again.
- An SMS at points in the academic year when people are more likely to change or leave courses, such as ends of terms.

A full description of the research methodology can be found at Annex 1. The materials shown to claimants during the research can also be found in the Annexes.

3. Research Findings

3.1 Claimants' understanding of and reasons for reporting FTNAE changes to HMRC

Amongst participants the Child Benefit claimants expressed low levels of awareness of any need to report changes in FTNAE circumstances to HMRC. This results from five interrelated reasons that impact the awareness of the need to report changes:

1. Understanding of the eligibility for Child Benefit
2. Limited engagement with HMRC for Child Benefit claims
3. The role of Child Benefit in household finances
4. Levels of engagement with HMRC communications on FTNAE
5. Timings of the HMRC FTNAE communications

Each of these is described in more detail below.

3.1.1 Understanding of the eligibility for Child Benefit

Participants who claimed Child Benefit described Child Benefit as a universal benefit that anyone with child could receive; it is understood as being received regardless of your circumstances and as such not means-tested. The majority of claimants believe that everyone receives the same amount.

Child Benefit was seen as a simple, straightforward benefit; if you have a child you receive the benefit. This meant that it didn't occur to most participants that there may be rules around being eligible for the benefit or that they could be in breach of those rules.

All participants were aware that Child Benefit was a universal benefit that everyone with a child could receive. It was known to be paid in relation to each individual child from the moment that that child is born.

It was understood that it was designed to cover expenses related to having a child. For some claimants this meant it was allocated to essential expenses such as the child's travel expenses or mobile phone bill, while for others it was used for 'treats'.

Some participants incorrectly believed that there may be a limit on the number of children you could claim the benefit for but this tended to be vague. And some correctly thought that the rate of Child Benefit was higher for the first or eldest child and lower for subsequent children.

A small minority had an understanding of the High Income Child Benefit Charge i.e. that there was a point at which Child Benefit was impacted by earnings of the Child Benefit claimant or their partner, if they have one. These claimants had generally been made aware that their entitlement to Child Benefit was impacted when either the claimant or their partner had net earnings in excess of £50,000, by that parent's employer.

Few participants had felt the need to know more. There was a general understanding amongst claimants that the benefit would end at some point and when asked most felt that their child turning 18 would mark the end. However, unprompted the timescales and processes for Child Benefit coming to an end were unclear.

Thus participants lacked understanding of:

- The rules around continuing eligibility for Child Benefit
- The ongoing process for Child Benefit relating to FTNAE
- What will happen when their child's course ends

Continuing eligibility for Child Benefit

Most were not clear on the upper age limit for receiving Child Benefit; when prompted most tended to conclude it was probably 18 and not 19.

Many were not clear that their child needed to be in supervised education for an average 12 hours plus each week (not counting breaks for meals or homework) and in fact the existing FTNAE letter does not actually state this as a requirement.

Many were not clear on the need to inform HMRC if their child left FTNAE part way through the year.

Ongoing process for Child Benefit relating to FTNAE

Many had not considered what the ongoing process for Child Benefit relating to FTNAE would be and when asked were unsure and wondered whether:

- They would receive a letter from HMRC each year asking them to update HMRC as to the educational status of the child?
- The payments would continue for the length of the course, given they had provided an end date on the form?
- The payments would stop at the end of each academic year unless they inform HMRC that the child will still be studying in the next academic year?

What would happen when their child's course ended

Many had not considered what would happen at the end of the course and when asked were unsure and wondered whether:

- HMRC would automatically stop Child Benefit based on the date given on the form?
- They needed to contact HMRC to tell them their child had left FTNAE?
- They would receive another Child Benefit letter and form like the one received when the child turned 16?

In conclusion amongst the Child Benefits claimants participating in the research there was little understanding of their responsibility to report changes in their child's educational status beyond the age of 16, despite all of them having been sent the CH297B FTNAE letter at some point in the previous 2 years.

3.1.2 Limited engagement with HMRC for Child Benefit claims

The majority of claimants felt that Child Benefit is not something they have ever had to actively engage with, although all Child Benefit recipients do have to make an initial claim with HMRC. Claimants erroneously remembered beginning to receive it automatically when their first child was born and as receiving it ever since without any action being required of them.

The CH297B FTNAE letter they received when their child turned 16 was, for the majority, the first communication they could remember receiving from HMRC about Child Benefit, and the first time they had been required to act to continue receiving it. This reduced engagement was thought to reduce the perceived requirement to engage with HMRC regarding Child Benefit.

3.1.3 The role of Child Benefit in household finances

Those for whom Child Benefit was the only benefit they received were generally unengaged with the benefits system. It was not something they had ever had to involve themselves in and although they were aware that they received Child Benefit, it was generally not something they gave much or any thought to on a day-to-day, month-to-month basis.

Often these claimants were living with a partner, usually the father of their children and frequently both they and their partner were working. Thus for these claimants Child Benefit was certainly nice to receive but it was not something they were in any way reliant on; commonly they did not actually know how much they received.

Even for those who were highly reliant on and engaged with the benefits system, Child Benefit tended to be much less top of mind than tax credits and often was not mentioned as something they received until they were prompted.

Often claimants that were most highly reliant on and engaged with the benefits system were single parents who commonly were working part-time. They tended to be highly reliant on tax credits which formed a key part of their overall income and as a result they are highly engaged with tax credits and the tax credits system; they are aware of exactly how much they receive in tax credits and when they receive it. They are also highly attuned to the principle that changes in circumstances will affect their tax credits and very aware of the need to report changes in circumstances to avoid receiving too much or too little.

3.1.4 Levels of engagement with HMRC communications on FTNAE

The CH297B FTNAE letter and accompanying form appear to be largely effective in prompting claimants to take the action required to continue to receive Child Benefit. However, claimants do not understand from the letter that they need to inform HMRC of any changes in their child's circumstances and nor does the letter prompt them to engage more broadly with the rules around continuing eligibility for Child Benefit.

The FTNAE letter prompts action to continue receiving Child Benefit

The majority of Child Benefit claimants remembered receiving the CH297B FTNAE letter and form to complete regarding their child's educational status from HMRC when their child turned 16 years of age.

A few did not remember receiving it:

- One concluded that she must have received it and actioned it as her payments were continuing
- Two had noticed their Child Benefit payments had stopped and so they had phoned HMRC, reported their child's educational status and had their payments re-instated.

Most reported that the letter and the form had made it clear that their Child Benefit would stop unless they completed the form confirming their child was starting in FTNAE or Approved Training. Largely as a result of receiving the letter and form all were now aware that they were only receiving Child Benefit because their child was still in FTNAE or training.

Most had completed the attached form although a small minority had chosen to complete the process by telephone or online. Most had found the form straightforward to complete. The element that had caused most problems was determining whether the course their child was starting was eligible, even when using the Guidance Notes provided with the letter.

The majority do not understand the need to report future changes in circumstances

Further exploration of the CH297B FTNAE letter with claimants revealed that almost none had picked up from the letter that they should let HMRC know straight away if their child stopped being in FTNAE. Many appeared to 'gloss over' that part of the letter and even those who did engage with the relevant paragraph found it hard to understand. The paragraph in question is detailed below in italics.

Please read all of the enclosed notes that we have sent with this form. They tell you when we pay Child Benefit for a young person aged 16 and over, and the changes you must tell us about. For example, if _____ was going to stay on for A levels for 2 years but they leave after 1 year, you should tell us as soon as they decide to leave school or college. Remember you can tell us about changes online at www.hmrc.gov.uk/childbenefit, by phone or in writing.

However it was also clear that most hadn't gone beyond what was immediately required to continue to receive the benefit; the letter had not prompted any further engagement with or action around Child Benefit and so no one reported that they had read through the Notes in a general way or visited GOV.UK to find out more about Child Benefit eligibility.

It can be concluded that upon receiving the letter, claimants engage only to the degree that it is essential to do so; they want to know what they need to do to retain the benefit but are not motivated to understand the rules around eligibility more broadly.

As a result most were unsure exactly what the rules were around continued receipt of Child Benefit or what the future next steps were.

The majority are not reading the CH1715 'About your Child Benefit' Guidance Notes that accompany the CH297B FTNAE letter

The most common reason for having looked at the Guidance Notes provided with the FTNAE letter was to try to establish what counts as FTNAE. None of the claimants participating in the research had attempted to read the Guidance Notes through in a general manner.

Most participants understood from the Guidance Notes that FTNAE does not include university level education.

Most felt the term 'non-advanced' to be unhelpful; it was not intuitively understood at all. Even once they had understood what is meant claimants felt there needed to be a way of describing what is meant in a more accessible way. Some participants actively took exception to the term, as they interpreted that any continuation in education beyond school is of an advanced level.

“This can be quite confusing, as non-advanced what is that, is it school or what? I looked in the notes they sent and thought I had got it right but even then, I got it wrong and England is different to Scotland which makes it even more difficult. It's also not necessarily clear to you what level of course your child is on as they get all the letters. It's easy when it's saying at school as you just put the school name on – I don't know what all the different courses are.” Child Benefit and tax credits claimant

“What do they mean 'non-advanced' – surely all education beyond school is advanced” Child Benefit and tax credits claimant

Some courses were easier to establish as FTNAE than others. Parents with children going on to 'A' level get the answer they need quite quickly as 'A' level is at the top of the list of eligible courses in the Guidance Notes.

For others the task of establishing the eligibility of the course for FTNAE was more complicated. Some claimants were still not sure from the FTNAE list whether their child's course was included.

The majority said they simply would not read the Guidance Notes through; there was too much information to retain and as such there was no point in reading the Notes at all.

When asked to read through sections of the Guidance Notes for the research most experienced the Notes as overly detailed and confusing.

Claimants felt that the bulleted lists contained a lot of detailed information which they would need to read through several times to fully absorb. It also appeared to them that most of information was unlikely ever to be relevant to them. An example of this, from page 6 of the Guidance Notes, is detailed in italics below.

You must tell us straightaway if a child:

- ***Is expected to live away from you for more than 56 days in a 16 week period***
- ***Has lived away from you for at least one day each week in the last 8 weeks and they are:***
 - ***Being looked after by a local authority (in Northern Ireland, a Health and Social Care Board or Trust) or a voluntary organisation***
 - ***Expected to be detained insecure or non-secure accommodation***
- ***Leaves the UK for between 12 and 52 weeks***
- ***Leaves the UK for more than 52 weeks – we treat this as permanent***
- ***Leaves either***
 - ***Great Britain to go to Northern Ireland permanently***
 - ***Northern Ireland to go to Great Britain permanently***
- ***Is in hospital for 12 weeks or more***
- ***Is in residential accommodation which is provided because of their disability or health***

Claimants reported that while some of the information seems quite straightforward or intuitive, some seems less so or even quite confusing. For example, from page 5 of the Guidance Notes, claimants found the top three bullets to be more straightforward than the rest which they reported as not at all intuitive and quite confusing to absorb.

You must tell us straightaway if you:

- ***Change your name***
- ***Change your address – we'll stop your benefit if we cannot contact you at the address you've given us***
- ***Want to change the account your Child Benefit is paid into***
- ***Get married or enter a civil partnership***
- ***Start living with someone as if you've married or in a civil partnership and both of you get Child Benefit***
- ***Stop living with your partner and both of you are getting Child Benefit – we can then pay the higher rate of Child Benefit for the eldest child in both families***
- ***Stop living with your partner, where their individual income was more than £50,000 a year and you'd asked us to stop your Child Benefit payments as they were paying a tax charge***

In addition, the Notes were felt by some participants to be quite repetitive with the same information seemingly provided on more than one page, only expressed in a different way and with some additional clauses.

Finally, claimants noted that there are no summary tables or quick reference guides to help them absorb the key information.

Although some had filed the Notes away, none reported that they had referred back to them at any point and some had concerns that the information would go out of date. The majority reported that they would do an internet search or would call HMRC if they had a query about FTNAE and Child Benefit.

It can be concluded that claimants are not engaging with the Guidance Notes in anything more than a very superficial manner and so are not learning from these that they need to report changes in their child's circumstances to HMRC.

3.1.5 Timings of the HMRC communications on FTNAE

The section of the original CH297B FTNAE letter that described the requirement to report changes in circumstances to HMRC was largely glossed over by claimants during the research; when asked to describe what the letter was communicating, almost none mentioned that it was telling them about the changes they needed to tell HMRC about.

On further exploration it became clear that there were two factors impacting on this.

Firstly, claimants found the paragraph (excerpt below) difficult to follow as it doesn't list the changes they need to inform HMRC about but rather gives one example of a change that needs to be reported. This was experienced as confusing by claimants.

Please read all of the enclosed notes that we have sent with this form. They tell you when we pay Child Benefit for a young person aged 16 and over, and the changes you must tell us about. For example, if _____ was going to stay on for A levels for 2 years but they leave after 1 year, you should tell us as soon as they decide to leave school or college. Remember you can tell us about changes online at www.hmrc.gov.uk/childbenefit, by phone or in writing.

Secondly, it became clear that claimants are not thinking in terms of their child dropping out at this stage: the focus is on retaining the benefit and on their child starting a new chapter, not dropping out.

3.1.6 Understanding of the need to report changes across different departments

The lack of engagement with HMRC regarding Child Benefit amongst claimants meant that the majority of claimants had given little thought to how they might report changes in circumstances to HMRC.

Child Benefit claimants who were also in receipt of tax credits were asked whether they might assume that if they told one part of HMRC about a change of circumstance the other part would be informed automatically;

- Some reported contacting the tax credits part of HMRC to inform them of a change and being told by the member of staff they spoke to that they would inform the Child Benefit team on their behalf.
- However, the majority tended not to have made an assumption that one department in HMRC would inform another if they reported FTNAE changes. Respondents had not given this circumstance much thought.

3.2 What incentives or process changes could be introduced to help improve claimants' reporting of a change to their child's educational circumstances?

Based on the results from Stage 1 of the research it was decided that revised versions of the CH297B FTNAE letter would be developed and also a revised version of the Guidance Notes.

These would be developed to address the issues with the existing CH297B FTNAE letter and Guidance Notes highlighted in Stage 1 of the research. The aim would be to see whether changes to the communications received by claimants when their child turned 16 would be effective in raising awareness of the need to report changes in their child's circumstances to HMRC.

Two different versions of the FTNAE letter were produced. Both revised versions replicated the elements from the original FTNAE letter that worked well i.e. the introductory paragraphs that had been shown to clearly communicate the need to complete and return the form to continue receiving Child Benefit. Each of the new versions addressed a key issue emerging from Stage 1.

Version 1 of the revised FTNAE letter included a list of the changes in their child's circumstances that claimants need to report to HMRC, as follows:

If you continue to receive Child Benefit payments for _____ from September 2021, you must inform us if _____

- ***Leaves non-advanced education or an approved training course before it is due to end***
- ***Changes to a different education or training course***
- ***Reduces the time they are in education to below 12 hours per week***
- ***Is unable to attend their education or training course***

Version 2 of the revised FTNAE letter included a list of the non-advanced education and Approved Training courses, as follows:

Full-time non-advanced education

Full-time education is more than 12 hours of supervised study time per week in term time.

Some examples of non-advanced education are:

- ***GCSEs, A levels and other general academic qualifications of a similar standard, for example, iGCSEs, Pre-U and the International Baccalaureate***
- ***NVQ level 1, 2 or 3***
- ***BTEC National Diploma, National Certificate and 1st Diploma***
- ***Study programme (England)***
- ***National 4 and 5 (Scotland)***
- ***SVQ level 1, 2 or 3 (Scotland)***
- ***Scottish Group Awards***

Approved Training

Training is approved if it's provided under one of the following programmes.

- ***The Employability Fund (in Scotland)***
- ***Foundation Apprenticeships or Traineeships (in Wales)***
- ***PEACE IV or Training for Success (in Northern Ireland)***

There is no legal definition of Approved Training in England.

A shortened version of the Guidance Notes was developed, only 2 A4 pages in length and containing only what was deemed essential FTNAE-related information. The aim was to determine whether a shorter version was more likely to be engaged with and whether providing less information overall meant that the information that was provided was more likely to be absorbed.

Both versions of the revised FTNAE letter and the shortened version of the Guidance Notes are appended to this report (Annexes 4, 5 and 6).

3.2.1 Reactions to Version 1 of the revised CH297B FTNAE letter

As was the case with the existing CH297B FTNAE letter this version of the letter performed well in communicating to claimants the action needed to continue to receive Child Benefit. Claimants reported that the letter makes it clear that payments will stop, when they will stop and for which child. All claimants understood that the letter was saying that Child Benefit could continue if their child stayed in FTNAE or training. As with the existing CH297B FTNAE letter the accompanying form prompts a strong call to action; claimants understood the form needed to be completed and returned for Child Benefit to continue.

In this version of the revised FTNAE letter (Version 1), as with the existing CH297B FTNAE letter, the term non-advanced is not understood and causes confusion.

The paragraph detailing the changes that need to be reported to HMRC tends to be overlooked when claimants read the letter. When asked what the letter is communicating few mention that it is telling them about changes they need to report to HMRC.

Upon probing claimants report that the first sentence ***“if you continue to receive Child Benefit for _____ from September 2021 you must inform us if ...”*** immediately indicates the future and so implies that the information is not immediately relevant; this results in claimants not engaging fully with it.

Even when pushed to read the paragraph in the interviews, claimants tended to engage quite superficially with the content. They tended to realise it was about their child leaving/changing their course, but claimants are not thinking in terms of their child dropping out at this stage. The focus is on retaining the benefit and on their child starting a new chapter of education, not dropping out.

3.2.2 Reactions to Version 2 of the revised FTNAE letter

As was the case with the existing CH297B FTNAE letter this version of the letter performed well in communicating to claimants the action needed to continue to receive Child Benefit. Claimants reported the letter makes it clear that payments will stop, when they will stop and for which child. All claimants understood the letter was saying that Child Benefit could continue if their child stayed in FTNAE or training. As with the existing CH297B FTNAE letter

the accompanying form prompts a strong call to action; claimants understood the form needed to be completed and returned for Child Benefit to continue.

This revised version of the FTNAE letter which included a list of the eligible courses was welcomed by most. Including a list of eligible courses was seen as being directly relevant to the task in hand and making it easier to complete the action necessary to retain Child Benefit.

The term non-advanced was still not understood, however including a list of courses reduces the need to understand the term as the courses are defined.

Many claimants felt seeing the list would be enough for them to be confident their child's course counted; some were still unsure and said they would refer to the Guidance Notes and/or call HMRC for confirmation.

The inclusion of the sentence “***There is no legal definition of approved training in England***” can cause confusion for claimants in England as they have no idea what this means; claimants wondered if it means that there are no approved training courses in England – especially as there are none listed.

The majority of claimants noted from both versions of the revised FTNAE letters that FTNAE education is defined as 12 hours or more supervised study; this information was not included in the original letter.

3.2.3 Reactions to the revised versions of the Guidance Notes

Claimants were generally very positive about the revised Notes; they described them as short, easy to read, telling them everything they needed to know about Child Benefit.

That said, the majority report that they would not in reality read the Notes. They felt they would refer to them only if they really needed to i.e. if they didn't understand something in the letter. It appeared that this approach was not particular to Child Benefit but reflected their general behaviour with 'official' letters; the main communication was read and any accompanying leaflet only engaged with if necessary.

A few claimants did report that they would read the Notes, setting time aside to read it through carefully from front to back. This does indicate that a shortened version of the Guidance Notes would likely engage a higher number of claimants than the existing version tested at Stage 1, as no one believed they would read that version.

Even if they would not read the Notes through the front page does highlight to claimants that changes need to be reported to HMRC. The majority notice the box with the 'Tell us about changes ...' instruction (see below) which may result in some remembering the need to report changes if these happen at a later date.

About your Child Benefit

You must tell us about changes that affect the Child Benefit you're entitled to. These notes explain when to contact us.

It's quick and easy to report changes to your Child Benefit online.

www.gov.uk/personal-tax-account

We'll confirm receipt of your change instantly.

Tell us about any changes straightaway

When asked to read through the FTNAE Guidance Notes for the research, claimants gave the following feedback:

- The Notes make it clear that Child Benefit can continue until their child is 19; the majority didn't know for sure but had made an assumption that 18 was the upper age limit.
- Claimants welcomed the 'changes they need to inform HMRC about' and the 'how they can inform HMRC' being next to each other in the Notes; making things easy, should the need arise (see page 2 of the revised Guidance Notes in the Appendix)
- Claimants felt that some of the changes they are required to report made more sense than others.
 - It makes sense that if their child left FTNAE or training they would need to inform HMRC. However there was also a strong feeling that if their child dropped out, the last thing they would be thinking about was Child Benefit and contacting HMRC to report the change.
 - However, many feel it wouldn't occur to them to tell HMRC if their child changed course or was unable to attend their course; indeed some reported that their child had changed course and they hadn't contacted HMRC as they thought it unnecessary.

- Many were unaware (prior to reading the revised versions of the FTNAE letter) that FTNAE education needed to be an average of 12 hours or more of supervised study per week (not including meal breaks and homework).
- The Notes made it clear when their entitlement to Child Benefit would end and required no action on their behalf.

It can be concluded where claimants choose to read through the Guidance Notes they are effective in communicating the changes claimants are required to report to HMRC. However the majority of claimants report that they would not read the Guidance Notes, even a version as short as this one.

When considering this and the finding that claimants do not fully engage with the information provided in version 1 of the revised FTNAE letter, it appears that it will be necessary to inform/remind claimants about their responsibilities to report changes in their child's circumstances using another method.

3.3 At what points in the year would nudges to remind claimants of their responsibilities to inform HMRC be most effectively deployed?

The Stage 1 research indicated that claimants engaged sufficiently with the FTNAE letter to ensure that their Child Benefit continued but also receiving the letter didn't prompt them to engage more broadly with Child Benefit. The research showed claimants tended to take the necessary action i.e. complete the form and then returned to their previous state of low engagement with Child Benefit.

This indicated that in order to increase compliance in respect of reporting changes to their child's circumstances claimants may need to be informed/reminded of those responsibilities at another time.

Two possible reminder ideas were explored in the Stage 2 research. These were:

- An annual letter (at age 17, 18, 19 years) similar to the original FTNAE letter - not requiring a response from claimants, but setting out responsibilities/reportable changes again
- An SMS at points in the academic year when people are more likely to change or leave courses, such as ends of terms.

3.3.1 Reactions to the reminder ideas

The idea of a receiving a reminder about the need to report changes in educational status to HMRC was well received; no one objected and all thought it was a good idea.

Letter reminder

There were mixed reactions to the idea of a letter although overall it was viewed as a familiar and non-controversial option.

Some claimants generally those who only receive Child Benefit felt that a letter may be overlooked. They described post as being something they tended not to pay much attention to; bills were paid by direct debit and so post was generally regarded as non-urgent. That said brown envelopes were often the exception and were described as being more likely to be opened.

For tax credits claimants the idea of an annual letter chimed with the annual renewal letter they received for their tax credits; the process of reviewing and confirming circumstances was familiar and extending it to Child Benefit made sense.

Claimants felt the best time to receive such a letter would be between the end of one academic year and the beginning of the next as this is when their child would be deciding what to do 'next year'.

Text reminder

Claimants were generally very positive about the idea of a text reminder; indeed the majority preferred the idea of a text, saying that it felt simpler and more convenient than a letter. The majority reported they were very likely to see a message and deal with it.

The expectation was that there would be some means of responding directly to the text, either by following a link (not to a personal tax account) or by calling a number provided in the text.

Claimants felt the end of the first term and the end of the academic year were the key points at which a young person might decide not to continue in FTNAE. Therefore these felt like the right moments to prompt claimants to report any change.

It can be concluded that introducing a process for reminding claimants of their responsibilities to report changes in their child's circumstances to HMRC would likely be welcomed by claimants and that furthermore a text would be the most popular option. Finally, sending such a reminder at a time when young people are likely to be making decisions on whether to continue with their course is most likely to be effective in increasing FTNAE-related changes in circumstances.

4. Conclusions

The research has shown that, among those who participated:

- Claimants tend not to be strongly engaged with Child Benefit and as a result are largely unaware of the rules around continued eligibility after their child turns 16; thus awareness of the requirement to report changes in the child's circumstances to HMRC is very low.
- The existing CH297B FTNAE letter and accompanying Guidance Notes are the first communication claimants can remember receiving from HMRC about Child Benefit. These are largely effective in prompting claimants to take the action necessary to continue receiving Child Benefit but do not prompt wider engagement with continued eligibility. Thus even after receiving these, claimants remain unaware of the requirement to report changes in the child's circumstances to HMRC.
- A revised version of the FTNAE letter which lists examples of FTNAE and Approved Training courses is popular with claimants, insofar as it is helpful to them in completing the task in hand and ensuring they continue to receive Child Benefit. In addition it does help to reduce confusion over the term 'non-advanced' which claimants do not understand and find confusing in the existing CH297B FTNAE letter.
- A revised version of the FTNAE letter which lists the changes in their child's circumstances that claimants are required to report to HMRC did not prompt claimants to engage with or absorb that information. It seems that information which is not immediately relevant and indeed may not be relevant in the future is unlikely to prompt engagement at a time when claimants are focussed on their child starting a new chapter, and when the possibility of their child dropping out seems remote.
- A revised much shorter version of the Notes while positively received was still unlikely to be read by the majority in reality. That said a small number did say they would read it, indicating that it may be more effective than the existing Guidance Notes in prompting a few claimants to engage with the FTNAE rules.

- It seems from the research that informing/reminding claimants of the requirement to report changes in the child's circumstances to HMRC at a time when it might be more immediately relevant may be more effective in prompting compliance.
- Of the two reminder ideas tested claimants responded more positively to the thought of a text than a letter. They felt that the end of the first term and the end of the academic year were the key points at which a young person might decide not to continue and so these felt like the right moments to prompt claimants to report any change.

5. Annexes

Annex 1; Research Methodology

A programme of qualitative research was undertaken.

Opt-out exercise

The research began with an opt-out exercise to a random sample of claimants drawn from HMRC's Child Benefit and tax credits databases. The opt-out exercise was undertaken by Jigsaw Research and comprised of a letter sent to 2,200 HMRC claimants. The letter outlined the research that was to take place and gave claimants the option of opting out of being contacted for the research by phoning or emailing Jigsaw Research by a given date.

Stage 1; exploration of the existing situation

30 online interviews with Child Benefit claimants to explore understanding of their responsibility to report changes in educational status to HMRC, identify reasons for not fulfilling these responsibilities and to evaluate existing HMRC communications.

These took place between 16th November and 4th December 2020.

The sample structure for Stage 1 was as follows:

Sample Type	Sample Detail	Number of interviews
Benefit received*	Child Benefit only	15
	Both Child Benefit and tax credits	15
Age of relevant child	16 in year 2018/19	10
	17 in year 2018/19	10

	18 in year 2018/19	10
Special circumstances	English is second language/poor English language skills	4
	Literacy/numeracy/learning disability/mental health	4
	Challenging household circumstances	4

During the interviews claimants were shown:

- The existing FTNAE letter that is sent out to claimants when their child turns 16 years of age.
- CH1715 'About you Child Benefit' Guidance Notes.

Stage 2; debrief and solutions development

The results from Stage 1 were presented to HMRC and the findings used to develop revised versions of the HMRC communications to be evaluated in Stage 3.

Stage 3; evaluating and optimising the potential solutions

20 x online interviews with Child Benefit claimants to explore reactions to the revised HMRC communications.

These took place between 1st and 12th February 2021.

The sample structure for Stage 2 was as follows:

Sample Type	Sample Detail	Number of interviews
Benefit received	Child Benefit only	10
	Both Child Benefit and tax credits	10
Age of relevant child	16 in year 2018/19	6
	17 in year 2018/19	7
	18 in year 2018/19	7
Special circumstances	English is second language/poor English language skills	6
	Literacy/numeracy/learning disability/mental health	7
	Challenging household circumstances	7

During the interviews claimants were shown:

- Two revised versions of the FTNAE letter
 - One that listed the FTNAE and Approved Training courses
 - One that listed the changes claimants are required to report to HMRC
- A revised version of the Child Benefit Guidance Notes.

Annex 2: Original CH297B FTNAE letter



Child Benefit for young people age 16 or over

Child Benefit Office

PO Box 1
Newcastle Upon Tyne
NE88 1AA

CHB number

NI number

Phone 0845 302 1444

Text phone 0845 302 1474

Open from 8.00am to 8.00pm seven days a week

Date of issue

www.hmrc.gov.uk/childbenefit

Dear

Child Benefit payments for young people aged 16 and over

We need to make sure that you continue to receive the right amount of Child Benefit.

Our records show that is 16 this school year, and can leave school at, or before, the end of the summer term . Child Benefit payments for will stop from the first Monday in September .

However, you can still get Child Benefit if

- stays in full-time non-advanced education (unless provided by an employer as part of a job) – see page 5 of the enclosed notes, **or**
- does an approved training course, which isn't provided by a contract of employment – see page 5 of the enclosed notes, **or**
- registers with the Careers or Connexions Service or Ministry of Defence – see page 8 of the enclosed notes.

Do not fill in this form or contact us if is not going to do any of the above. If is going to do any of the above then fill in this form or contact us by phone or online and tell us what they will be doing from September .

Please read **all** of the enclosed notes that we have sent with this form. They tell you when we pay Child Benefit for a young person aged 16 and over, and the changes you must tell us about. For example, if was going to stay on for A levels for 2 years but they leave after 1 year, you should tell us as soon as they decide to leave school or college. Remember you can tell us about changes online at www.hmrc.gov.uk/childbenefit, by phone or in writing.

Yours Sincerely

Paul Gerrard
Director, Child Benefit Office

Child Tax Credit

When your child leaves full-time further education or approved training, the amount of tax credits you get may also change. Please phone the Tax Credit Office as soon as possible on **0845 300 3900** or textphone **0845 300 3909** (if you have speech or hearing difficulties).

Annex 3: FTNAE Guidance Notes

These can be accessed through the following link:

<https://www.gov.uk/government/publications/about-your-child-benefit-factsheet-ch1715>

Annex 4; Revised FTNAE letter version 1



Child Benefit for young people age 16 or over

Child Benefit Office

PO Box 1
Newcastle Upon Tyne
NE88 1AA

CHB number

NI number

Phone 0845 302 1444

Text phone 0845 302 1474

Open from 8.00am to 8.00pm seven days a week

Date of issue

www.hmrc.gov.uk/childbenefit

Dear

Child Benefit payments for young people aged 16 and over

We need to make sure you continue to receive the right amount of Child Benefit.

Our records show that _____ is 16 this school year. This means that Child Benefit entitlement for _____ will stop from the first Monday in September 2021. If you are receiving Child Benefit payments they will stop from that date.

However, you can still claim Child Benefit if _____

- Stays in non-advanced **full-time non-advanced education on an approved course**. Full-time is 12 hours or more supervised study time per week
- Does an **approved training course**
- Your child registers with Careers Service, Connexions, a local authority support service or similar organisation, the Ministry of Defence.

Please refer to the enclosed information to find out whether your child's education or training course is approved.

Please complete and return the form if _____ is going to do any of the above.

If you continue to receive Child Benefit payments for _____ from September 2021, you **must** **inform us** if _____

- Leaves non-advanced education or an approved training course before it is due to end
- Changes to a different education or training course
- Reduces the time they are in education to below 12 hours per week
- Is unable to attend their education or training course

You can tell us about changes in the following ways:

- Online at www.gov.uk/personal-tax-account
- Child Benefit Office 0845 302 1444
- Child Benefit Office Textphone 0845 302 1474

Yours Sincerely

Paul Gerrard
Director, Child Benefit Office

Annex 5; Revised FTNAE letter version 2



Child Benefit for young people age 16 or over

Child Benefit Office

PO Box 1
Newcastle Upon Tyne
NE88 1AA

CHB number

NI number

Phone 0845 302 1444

Text phone 0845 302 1474

Open from 8.00am to 8.00pm seven days a week

Date of issue

www.hmrc.gov.uk/childbenefit

Dear

Child Benefit payments for young people aged 16 and over

We need to make sure you continue to receive the right amount of Child Benefit.

Our records show that _____ is 16 this school year. This means that Child Benefit entitlement for _____ will stop from the first Monday in September 2021. If you are receiving Child Benefit payments they will stop from that date.

However, you can still get Child Benefit if _____

- Stays in **full-time non-advanced education**
- Does an **approved training course**
- Registers with the Careers Service, Connexions, the Ministry of Defence, a local authority support service or similar organisation.

Please complete and return the form if _____ is going to do any of the above.

Full-time non-advanced education

Full-time education is more than 12 hours of supervised study time per week in term time.

Some examples of non-advanced education are:

- GCSEs, A levels and other general academic qualifications of a similar standard, for example, iGCSEs, Pre-U and the International Baccalaureate
- NVQ level 1, 2 or 3
- BTEC National Diploma, National Certificate and 1st Diploma
- Study programme (England)
- National 4 and 5 (Scotland)
- SVQ level 1, 2 or 3 (Scotland)
- Scottish Group Awards

Approved training

Training is approved if it's provided under one of the following programmes.

- The Employability Fund (in Scotland)
- Foundation Apprenticeships or Traineeships (in Wales)
- PEACE IV or Training for Success (in Northern Ireland)

There is no legal definition of approved training in England.

The enclosed information sheet gives more details about approved education and training courses.

Yours Sincerely

Paul Gerrard
Director, Child Benefit Office

Annex 6; Revised FTNAE Guidance Notes



HM Revenue
& Customs

About your Child Benefit

You must tell us about changes that affect the Child Benefit you're entitled to. These notes explain when to contact us.

It's quick and easy to report changes to your Child Benefit online.

www.gov.uk/personal-tax-account

We'll confirm receipt of your change instantly.

Tell us about any changes straightaway

Child Benefit payments for young people aged 16 and over

You may still be able to get Child Benefit for a child aged 16, 17, 18 or 19 years if they:

- Stay in full-time **non-advanced education**.
- Do an **Approved training course**

You can also receive Child Benefit if your child registers with Careers Service, Connexions, a local authority support service or similar organisation, the Ministry of Defence.

Approved education

Full-time education is more than 12 hours of supervised study time per week in term time.

Some examples of non-advanced education are:

- GCSEs, A levels and other general academic qualifications of a similar standard, for example, iGCSEs, Pre-U and the International Baccalaureate
- NVQ level 1, 2 or 3
- BTEC National Diploma, National Certificate and 1st Diploma
- Study programme (England)
- National 4 and 5 (Scotland)
- SVQ level 1, 2 or 3 (Scotland)
- Scottish Group Awards

Approved training

Training is approved if it's provided under one of the following programmes.

- The Employability Fund (in Scotland)
- Foundation Apprenticeships or Traineeships (in Wales)
- PEACE IV or Training for Success (in Northern Ireland)

There is no legal definition of Approved Training in England.

If you are unsure, you can check whether the education or training course your child is doing is approved online at:

England and Northern Ireland:

<https://register.ofqual.gov.uk/>

Scotland:

<https://www.sqa.org.uk/sqa/70972.html>

Wales:

<https://www.qiw.wales/>

Courses provided as part of employment do not qualify

Courses or education provided by an employer or as part of a job contract, or as part of an apprenticeship, or where a young person has an apprenticeship agreement do not qualify.

Changes you must inform HMRC about

Once you have signed up to continue to receive Child Benefit for your child, you must inform us of any changes in your child's education or training circumstances and so if they:

- Leave non-advanced education or a training course before it is due to end
- Change to a different education or training course
- Reduce the number of hours they are in education to below 12 per week
- Are unable to attend their education or training course

You can inform us of any changes:

- Online at www.gov.uk/personal-tax-account
- Child Benefit Office 0845 302 1444
- Child Benefit Office Textphone 0845 302 1474

When will I stop receiving Child Benefit?

Your entitlement to Child Benefit will generally end automatically within a few weeks after the official end date of your child's course. You do not need to contact us.

When a young person reaches the age of 20 your entitlement to Child Benefit stops immediately (even if their course has not ended).

For further information about Child Benefit

- Go to GOV.UK and search for Child Benefit
- Go to GOV.UK and search for CH1715 'About your Child Benefit'; this leaflet is for everyone claiming Child Benefit
- Go to GOV.UK and search for CHFTE Notes; this leaflet is specifically about Child Benefit for young people aged 16, 17, 18 and 19 years
- Child Benefit Helpline 0300 200 3100
- Child Benefit Textphone 0300 200 3103