

**The childcare tax credit element of Working Families'
Tax Credit: a qualitative study**

By Jonathan Nicholls and Claire Simm

MORI

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Introduction

This report presents the findings of a qualitative evaluation of the childcare tax credit component of Working Families' Tax Credit (WFTC), conducted by MORI Social Research Institute for the Inland Revenue in September and October 2002. The research team at MORI would like to thank Mike Bielby and his colleagues at the Inland Revenue for their support and advice throughout the project. The report is structured as follows:

Executive Summary

Chapter 1: Background and Objectives. An outline of the policy background and aims of the research.

Chapter 2: Combining work and childcare. This Chapter explores the key drivers influencing parents' ability to combine work and childcare, and assesses how decisions about work and childcare are interlinked. How far do parents have a choice of childcare and how far are they driven by constraints? Where they do have a choice, what drives this?

Chapter 3: Understanding of WFTC and the childcare tax credit. In this Chapter we assess recipients' knowledge and understanding of WFTC and the childcare tax credit, looking in particular at their perceptions of WFTC and how much of what they receive is composed of childcare costs. The Chapter then discusses understanding of the specific rules underpinning the childcare tax credit component, and how far these specifically encouraged or discouraged parents to apply.

Chapter 4: The impact of WFTC and childcare tax credit. This Chapter begins with an assessment of the impact of the childcare tax credit component on parents' ability to combine work and childcare. How far has it facilitated parents to achieve their ideal work and childcare balance? What do parents perceive to be the impact of the childcare tax credit on their overall household budget? We then examine particular aspects of how the WFTC and childcare tax credit are administered, looking in particular at the 6-month assessment period, and reasons behind divergences between childcare support received and actual childcare use.

Chapter 5: Ex-recipients and non-recipients of childcare tax credit. Knowledge of the childcare tax credit component rules among non-recipients is assessed, followed by an exploration of the reasons why some parents do not apply – or re-apply. In particular, are there any misconceptions about the eligibility criteria, or is there anything about them or the way that WFTC is administered that deters (re)application?

Conclusions

Executive Summary

This report is based on 46 depth interviews conducted with WFTC recipients in September and October 2002.

Aims of the research

The aims of the research were:

- To explore how parents organise their work and childcare arrangements: in particular looking how parents balance work and childcare, and the extent of any ‘juggling act’ they may need to contend with
- To look at *why* people organise their work and childcare in this way
- To assess how satisfied they are with current arrangements, in particular – what are the areas of dissatisfaction and frustration?
- To explore understanding of the specific rules underpinning the childcare tax credit component, and parents’ experiences of how it is administered, including looking at divergences between childcare support received and actual childcare use
- To examine whether and how WFTC and the childcare tax credit component of this have made a difference to parents’ ability to combine work and childcare more effectively
- To look at the wider impact of what parents perceive to be the monetary value of the childcare tax credit on their general household income and their ability to afford their childcare of choice

Combining work and childcare

- Most parents prioritised finding working hours that suited them and then found childcare to match. The exceptions were among those who felt they had more choice in the labour market or those who felt they had no choice in terms of their childcare options.
- Key drivers of working hours were personal preferences to work full or part time. Part time working was generally preferred among those with younger children, because they wanted to combine working with spending some time at home.

- Childcare choices were driven by internal factors relating to awareness of available childcare and perceptions of quality, and external factors relating to what childcare was available, the flexibility of employers, transport issues, and cost. There was evidence of a trade-off between quality and cost among some parents – although they still felt they were using quality childcare, it was not their first choice. These tended to be working the lowest part time hours with a low hourly rate of pay.
- The main challenges that had to be faced ranged from dealing with predictable and regular occurrences such as school holidays to dealing with unpredictable and very short-term needs such as a child being ill. Generally, informal care was used to absorb these demands, if available. Otherwise parents were forced to take holidays or to call in sick themselves.

Understanding of WFTC and the childcare tax credit

- Most respondents perceived WFTC to be a general supplement to their income –and as a corollary of this – to enable them to more easily afford using childcare. Only a minority of respondents specifically put their WFTC money aside for childcare however – it tended to be absorbed into the overall household budget.
- Recipients tended to believe that 70% of their childcare costs were covered via the childcare tax credit and this informed their understanding about what proportion of the WFTC they received was for childcare. A few of the recipients we interviewed were aware of the taper and their estimates ranged between 20% and 50% of childcare costs.
- Word of mouth from other parents, television adverts, and leaflets or one-to-one advice through Personal Advisors in Jobcentres were the most common sources of initial information among newer recipients.
- Understanding of the ‘headline’ eligibility criteria such as minimum working hours, the types of childcare that were eligible, and the earnings taper was strong. However, parents knew less about the 30 hour premium and there were some misconceptions around *when* childcare could be claimed for – namely that only childcare used during the hours of work was eligible for support, and that parents could not claim in advance for predicted additional childcare used during the school holidays. There was also an assumption that 70% of eligible childcare costs were covered.
- Encouraging factors when deciding whether to apply for the childcare tax credit element included the range of childcare eligible

for support, and, for WFTC as a whole, the amount of support available, and the low minimum working hours threshold.

- Discouraging factors in applying for childcare tax credit related to the need to pay for at least 30% of childcare costs, and preferences to use informal (and therefore ineligible) forms of childcare.
- Having to pay for upfront childcare costs could be problematic but was not insurmountable and generally parents felt this had not been sufficient to deter them from applying.

The impact of WFTC and the childcare tax credit

- The fact that WFTC awards were fixed for six months created difficulties for some recipients. The key issue was where needs changed over the course of the award. This could lead to disparities between the award and actual childcare use, for a variety of reasons – including breakdown of eligible childcare, changes in childcare use, changes in childcare costs, and income fluctuations. On occasion the gap between what was being claimed and what was being paid out in childcare costs had caused severe if short term financial hardship.
- Payment of tax credits via the employer had caused few concerns, although parents generally preferred to receive payment by Order Book or Automated Credit Transfer (payment direct into bank accounts) because they felt this was easier to budget with. One issue linked to the six-month assessment period was that costs were averaged out across the period and any additional money needed for extra childcare used in the school holidays could ‘get lost’ as part of the monthly income, resulting in a financial shortfall at the actual point of need.
- There appeared to be little impact on working hours for the majority of parents in our sample, unless they perceived they were at the margins of being better off by claiming WFTC. Among this small number of cases awareness of the taper was high and working hours were maintained at a level below the maximum earnings threshold as a result, to avoid being what they saw as ‘penalised’ for working more hours. However, it was difficult to isolate whether this would have been as a result solely of the taper, or of the interaction between earnings, WFTC and other in-work benefits.
- Support had widened the scope of affordable childcare for many parents. This meant they were more likely to be using their first choice type of provider. They could also use childcare for longer hours, creating more flexibility both for them (being able to attend

college, for example) and in the hours they could offer to an employer.

- The availability of support for childcare had encouraged some parents to move into work. Better-off calculations undertaken by Jobcentre Plus, the Citizens Advice Bureau and other organisations had been a key factor in demonstrating to these parents that they could benefit financially from working.
- WFTC and the childcare tax credit component of this had developed into a key aspect of the household budget for recipients. Many felt they would not be working without this additional support.
- In terms of wider impacts, the key factor was enabling lone parents in particular to sustain their independence from ex-partners, family and the state, by allowing them the scope to be more self-reliant and ‘in control’ of work and childcare decisions.
- Sustaining work and childcare more effectively via support from WFTC had also helped some women to build up their career progression during a period when otherwise they would have waited until their children went back to school to restart work. This had improved their standing in the labour market in terms of salary and seniority and meant they did not have to ‘make up for lost time’ on re-entering work.

Ex-recipients and non-recipients

- Non-recipients of childcare tax credit only had a patchy understanding of the specific childcare tax credit rules, and were unclear about what types of childcare were eligible for support, and how much of their childcare costs were eligible to be covered.
- The main reason for not applying for the childcare tax credit element was not using childcare, due to the ages of the children or working times which fitted into school hours. Most of the non-recipients who were using childcare were using ineligible provision, preferring to use family for reasons of trust, safety and convenience. However, cost was an additional issue for some.
- External drivers such as the breakdown of existing eligible childcare arrangements played the biggest role in why the ex-recipients in our sample did not re-apply for the childcare tax credit element. The other factor was lack of knowledge about specific childcare tax credit rules, related to changes in circumstances, such as one partner in a couple leaving employment, or confusion about the eligibility of a different childcare provider.

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&Approved:*

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1 Background and Objectives

This report is based on qualitative research among parents receiving Working Families' Tax Credit in September 2002. The research consisted of 46 depth interviews conducted with parents in seven areas of England, between September and October 2002.

1.1 Background

1.1.1 Working Families' Tax Credit and childcare tax credit

Working Families' Tax Credit (WFTC) was introduced in October 1999 to help meet the Government's objectives to make work pay, offer employment opportunities for all and reduce child poverty. The value of tax credits, combined with the National Minimum Wage, provides a Minimum Income Guarantee which means that families should be financially better off in, than out of, work. The childcare tax credit component of WFTC is applied for on a separate form within the WFTC application pack, and is distributed as a part of the overall WFTC payment that recipients get.

WFTC and the childcare tax credit component within it replaced Family Credit (FC) and the childcare disregard within this (both of which were administered by the then Department of Social Security, now the Department for Work and Pensions). The structures of WFTC and Family Credit are similar, however, WFTC is more financially generous: there is a higher earnings threshold before the credit starts to be withdrawn and a smaller proportion of the credit is actually taken away when earnings exceed this threshold. The maximum levels of support for both the basic adult credit and the child components in WFTC are higher than under Family Credit. The other key difference between the childcare tax credit component of WFTC and the childcare disregard within Family Credit is that people on very low incomes receiving the maximum level of WFTC can also receive help towards childcare costs. Under the old system, families in receipt of the maximum level of Family Credit were unable to benefit from the childcare disregard as their awards could not increase any further.

WFTC and the childcare tax credit are administered by the Inland Revenue (rather than the DWP) - the reason being to demonstrate more clearly the rewards from work compared with welfare and, at the same time, remove any stigma associated with receiving in-work support. In general, the method of payment will depend on the employment status of the applicant – payment is usually made to employees who apply for WFTC through their pay packet, though if non-working partners in a couple are the applicant, they will receive it directly.

Low or middle income lone parents and couples who are resident in the UK are eligible to receive WFTC if they, or their partner:

- are working at least 16 hours per week
- have one or more dependent children under 16 (or under 19 if in full-time education up to A Level or equivalent) living with them
- have savings of £8,000 or less.

The actual value of WFTC is dependent on: families' income; the number of hours they work; the number of children in the family; the age of those children (pre or post-16); whether there is a disabled dependent child in the household; as well as use of eligible childcare. The childcare tax credit is also a component of the Disabled Persons' Tax Credit (although such recipients do not form part of this research).

Inland Revenue Quarterly statistics (August 2002) showed that 1,355,000 families in the UK were receiving WFTC, of which 47% are couples and 53% are lone parent families.

For clarity, it is important to note that the childcare tax credit is not a stand-alone tax credit in its own right. Rather, it is a *component* of WFTC, and can only be claimed by people in receipt of WFTC. Eligibility criteria for the childcare tax credit element, in addition to those for WFTC, are that in couples, *both* parents must be working 16 hours or more (unless their partner is disabled) and all recipients must use 'eligible' childcare. These include:

- registered childminders, nurseries, play schemes, out-of-school clubs
- out-of-school clubs run by a school, a local authority, or on school premises (for children aged 8 and over)
- services provided on Crown property
- 'approved' childcare providers (who generally provide out-of-school care for children aged 8 and over)

Families apply for the childcare tax credit on a separate form which is issued with their WFTC application forms. They are requested to supply details of the childcare provider and children cared for. The childcare provider then also must complete a form stating the type, cost and number of hours' childcare the applicant is receiving. The value of childcare support to recipients is up to 70% of eligible childcare costs up to a maximum of £135 per week for one child and £200 per week for two or more children.

WFTC is calculated by adding together individual credits (for adults, children, childcare, working 30 hours or more, etc) and then, if the families' income exceeds a certain threshold, it is reduced by 55p in every £1 above this

threshold. So, although some families may apply for help with 70% of their childcare costs, this may not be reflected in the total of their WFTC award because their income means they receive less than the full amount. This in itself makes it difficult for parents to assess how much of their award is actually for childcare costs.

In total, just over one in ten (13%) WFTC recipients also receive the childcare tax credit; of these, the majority (90%) are lone parent families. The most common types of childcare used by recipients are sole use of registered childminders, or nurseries (each used by around one third of recipients). Other approved childcare, or multiple types of childcare, are used by the remaining recipients.

The Inland Revenue Quarterly statistics show that as at August 2002 there had been 6,800 claims for the childcare tax credit disallowed among existing WFTC recipients. The main reason for ineligibility is that both parents in a couple were not working the required number of hours (63% of disallowed claims). Around one in five claims were disallowed because families were not using eligible childcare, and one in six because there were no children living in the household within the required age range.

1.2 Aims of the research

The key aims of this research are to:

1. Explore how parents organise their work and childcare arrangements: in particular looking at how they combine the two, and the extent of any ‘juggling act’ they may have to contend with
2. To look at *why* people organise their work and childcare in this way
3. To assess how satisfied they are with current arrangements, in particular – what are the areas of dissatisfaction and frustration?
4. To explore understanding of the specific rules underpinning the childcare tax credit, and parents’ experiences of how it is administered, including looking at reasons for divergences between childcare support claimed and actual childcare use
5. To examine whether and how WFTC and the childcare tax credit have made a difference to parents’ ability to combine work and childcare more effectively
6. To look at the wider impact of what parents perceive to be the monetary value of the childcare tax credit on their general household income and their ability to afford their childcare of choice

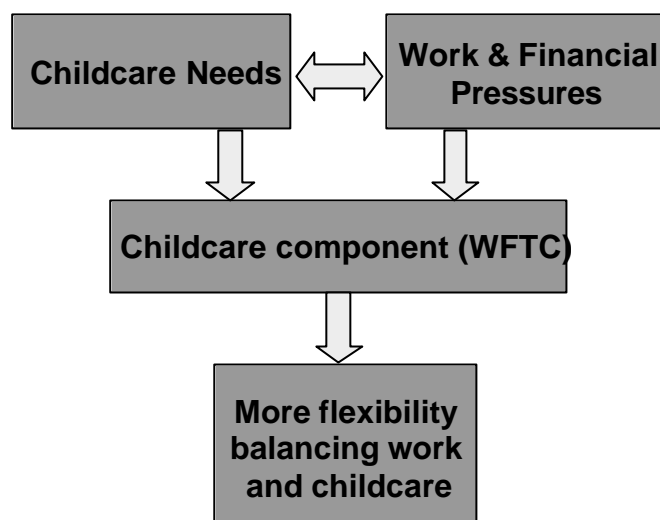
1.3 Approach to the research

By its nature, qualitative research generates a large volume of relatively unstructured data. An important part of the qualitative research process is therefore to try to organise the material in a way that allows the reader to draw out *meaning* from the study.

In a study such as this, each parent's situation is likely to be characterised by a complex interplay of different factors, including their childcare needs, the childcare available, the income they have, the various demands on that income, the time pressures faced by the parent, the parent's preferred working pattern and the working hours available in the local economy in relation to the parent's skills. These factors will play a large part in determining what working and childcare patterns each parent adopts.

The Working Families' Tax Credit (WFTC) and the childcare tax credit component of this operate in this context. As noted earlier, the aims of WFTC were to help make work pay and enable parents to take work they might otherwise not have done. In relation to childcare needs, this aspiration can be achieved in a number of ways, particularly by giving parents more options in the childcare available and making those options more affordable. Hence, if WFTC and the childcare tax credit are working as intended, parents should feel that they have greater flexibility in how they meet their childcare needs – which in turn should give them greater flexibility in what employment opportunities they feel able to take up.

This thinking formed the working hypothesis that underpinned the fieldwork carried out for this study, and this in turn has been used to structure the present report. The hypothesis can be summarised, as in the following diagram.



In other words, to understand how WFTC and the childcare tax credit component are working, it is important to understand:

- the interplay between two sets of demands that parents face – their childcare needs, and their work demands (and associated financial and time pressures)
- their awareness and understanding of WFTC and the childcare tax credit, as this will influence whether people apply
- what impact the tax credits are having on parents' ability to balance their work and childcare needs.

These three stages, together with the research aims outlined above, have determined the structure of this report. Specifically:

- In Chapter 2, we attempt to understand what is taking place in the interplay between childcare, working hours and other time pressures parents have to deal with. In particular, we draw out the range of factors that are most salient in this relationship – from childcare needs, to the perceived quality of different childcare options to questions such as availability, cost and travel times. We have also examined which factor was most important in shaping the relationship between work and childcare decisions: does childcare availability determine hours worked or do parents start from their working hours and choose their childcare provision to match? We also examine some of the other occasional or unpredictable factors such as school holidays, children being ill, etc, that can disrupt the

usual balancing act between work and childcare. This chapter therefore provides an overview of what most parents have to face when considering the demands of work and childcare, and in doing so, addresses the first three research aims.

- Chapter 3 then looks specifically at the issue of WFTC, focussing particularly on the childcare tax credit. The underlying hypothesis of this chapter is that for WFTC and the childcare tax credit component to work, parents need to be aware of the tax credits, understand what they are for, and be able to apply for them successfully. The chapter therefore looks at people's understanding of the rules, their experience of applying for the tax credit, and in particular, what factors encouraged them or discouraged them from applying. Furthermore, for parents to make decisions about how they balance work and childcare, they will need to have a realistic impression of how much the credit is worth to them; parents understanding of the value of the childcare tax credit component is therefore also examined in Chapter 3. This discussion addresses the fourth aim of the project.
- The final stage of our model posits that if tax credit is working as it should, then parents should have more choices open to them in terms of how they balance their work and childcare needs – which in turn should make it easier for them to work. Chapter 4 therefore addresses the final two aims, by looking at what parents saw as the impact of WFTC and particularly of the childcare tax credit within this. In particular, we asked parents to outline whether and how the tax credit had affected their work or childcare arrangements; in addition we also looked at wider impacts, such as on the household budget as a whole. A related issue also examined in this chapter is the impact of how WFTC and the childcare tax credit are *administered*. One issue looked at, for example, is how factors such as the six month cycle for reassessments affects how people view the childcare tax credit.

Taken together, these chapters therefore allow us to test out the three stages of our proposed model: how do parents balance work and childcare, do they understand how WFTC and the childcare tax credit can help, and is there any evidence of the childcare tax credit making a difference, in terms of meeting parents' needs and thus facilitating them to work?

The report also contains two further chapters. Chapter 5 examines the experience of non-recipients and ex-recipients of the childcare tax credit element of WFTC. We have analysed the experiences of this group in a separate chapter to examine issues specific to them, such as lack of awareness of the childcare tax credit, attitudes towards and access to eligible childcare, and reasons for not re-applying for the childcare tax credit. Finally, Chapter 6 recaps the key conclusions from throughout the report.

1.4 Methodology

The research is based on 46 face-to-face depth interviews with current WFTC recipients, conducted between September and October 2002.

1.4.1 Sample selection

Seven areas were selected for conducting the research, chosen to obtain a regional cross-section reflecting inner city, urban, and rural areas. The areas selected were: Blackburn, Cambridgeshire, Corby, Coventry, Doncaster, Hastings, and Southwark.

Initially, a scan of all WFTC recipients within the relevant postcodes was provided to MORI by the Inland Revenue. This consisted of administrative data for recipients of WFTC, as of May 2002. The sample was then stratified by area and, within area, by status as a recipient or non-recipient of the childcare tax credit of WFTC. Individuals were then randomly selected using a simple one in 'N' approach.

1.4.2 Fieldwork

Letters were sent to those sampled on 9th August 2002, explaining the purposes of the research and what it entailed, and inviting them to opt out if they did not wish to be contacted in relation to the study. Recruitment commenced after this two-week opt-out period. At the end of this period, telephone numbers of the remaining sample were traced with a success rate of approximately 20%.

A detailed sample specification was drawn up in consultation with the Inland Revenue, in order to ensure that sub-groups of particular interest were being covered by the research. A copy of this specification and the achieved sample profile is included as an Appendix to this report. Recruitment took place using the traced leads, by telephone.

Pilots for the research were conducted in December 2001 and April 2002, consisting of five interviews each. Between each pilot, revisions were made to the topic guide to incorporate additional issues for the research to explore. The topic guide was again honed between the second pilot and the mainstage, when it was versioned to account for the differing experiences of recipients and non-recipients of the childcare tax credit. Both versions of the topic guide are included as an Appendix to this report.

Interviews were conducted face-to-face in respondents' homes in September and October 2002. The average interview length was approximately 50 minutes. An incentive of £25 was offered for each interview. Interviews were tape-recorded and transcribed.

2. Combining work and childcare

WFTC, together with the childcare tax credit, acts by giving eligible parents additional financial support. Particularly in relation to the childcare tax credit element, the intention of this is to make childcare more affordable, which in turn should make it more attractive for a parent to get a job or to extend their working hours.

This is predicated on an assumption that the *financial cost* is limiting how much and what type of childcare parents are willing to use. If this assumption is correct, then the WFTC and childcare tax credit payments should indeed act as expected: by subsidising some of the childcare costs, the tax credits should make it possible for parents to extend their childcare hours, or use other types of childcare provision – and this in turn should make it more possible for parents either to take a job or to extend their job hours.

However, the financial cost may not be the only factor, or even the primary factor, that determines how parents balance their working hours and childcare needs. Consequently, if there are *other, more important* barriers to parents extending the childcare they use, then WFTC and the childcare tax credit are likely to have comparatively less impact on the childcare used, and therefore the hours worked.

In reality, of course, there are a number of factors that will influence what childcare parents choose and therefore the hours they are able to work. The question therefore is how important are the financial barriers, *relative to the other factors* in determining parents' choice of childcare and working hours? This question is central to the research:

- if the financial barriers are particularly important to most parents, this would predict that take up of the tax credits would be associated with parents extending their working hours
- conversely, if parents perceive that *other* factors are more important than the financial barriers, this would tend to predict that even where parents take up the tax credits, this would be less likely to lead to them extending their working hours

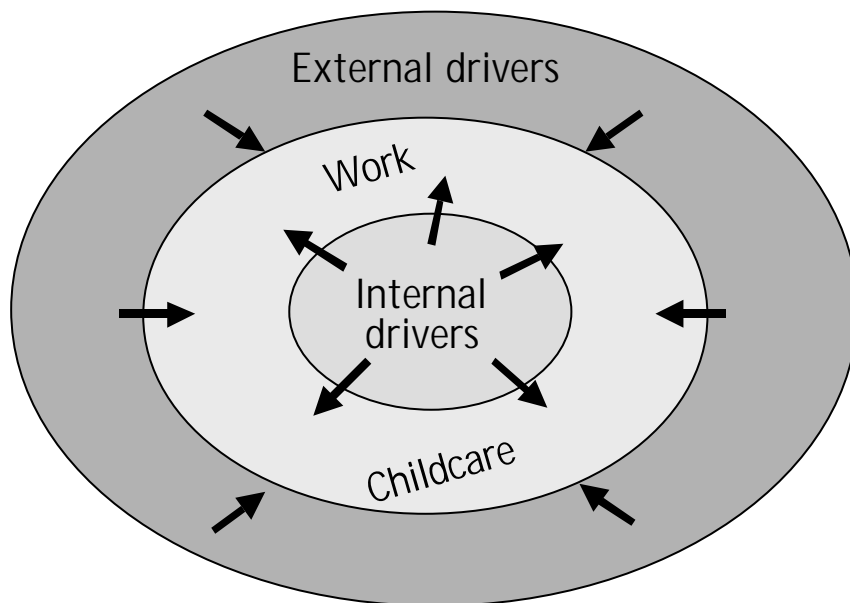
Hence, in this chapter, we examine what factors parents are considering when they are making their choices about childcare and working hours. At the crux of this is how work and childcare decisions are linked, an issue which raises a number of questions. For instance, to what extent is there a 'balancing act' between work and childcare considerations? Do working hours have to fit around the childcare that is available, or do they dictate what, and how much, childcare is used? And what is the rationale behind parents' choices? By examining these questions, we attempt to draw out how important financial

issues are – relative to the other factors parents are considering – as this will provide insights into parents motivations to take up WFTC and the childcare tax credit, and the likely impact this will have on their working hours.

Related to this, the chapter also explores how easy or difficult parents find it to combine working and family commitments, and what challenges and problems have to be faced. In the last part of the chapter, we then focus in specifically on what drives parents' choice of childcare. A particular question here is why some parents choose to use ineligible forms of childcare, and to what extent is this by choice or necessity. Throughout the discussion, we try to draw out the implications of the findings relating to how parents are likely to engage with WFTC and the childcare tax credit.

2.1 Understanding the interface between work and childcare

The research found that a complex network of factors determines decisions about balancing work and childcare, and influences the extent to which parents feel this 'balance' has been satisfactorily achieved. These can be categorised as external and internal drivers as summarised in Chart 2.1:



2.1.1 Internal drivers

Internal drivers largely relate to **perceptions about quality childcare** and **personal preferences** for certain working hours. We will explore the former of these two issues in more detail later in the Chapter.

As regards working hours, the majority of respondents' preferred to work part-time (including some of those currently working full-time). Reasons centred around being able to spend more 'quality' time with the children, in particular

with very young children or children who were in a particularly important stage of education, such as the transition between primary and secondary school:

I can't do full-time... part time is great because it means I can fit it around the boys

- Recipient, 2 children aged 13 and 3, Coventry

There were no cases among our sample where parents felt 'obliged' to sacrifice working time for the sake of spending more time with their children, although in one case, a single parent had given up her career in the media – which necessitated very long hours doing freelance work – in order to work in a more stable full-time job.

Another important reason for preferring to work part time was that parents voiced the need to preserve their own personal independence and identity. Having some time to oneself – for outside interests or for further study, for example – allowed them to do this:

In the longer run I want to do something more intelligent. When you are surrounded by children who are highly intelligent, I am not dumb, so let me do something with myself as well.

- Non-recipient, one school-age child aged 10, Coventry

Where parents were working longer hours than they preferred, this was generally because of financial constraints (such as debt) that meant a part-time income – even one supplemented by WFTC and support for childcare - was currently untenable:

I'm full-time now. I took on full-time work in July 2000 because I couldn't basically make ends meet.

- Recipient, 3 children aged 15,14, and 11, Cambridge.

Of course, a large number of those in our sample who were working full time did so out of choice themselves. These tended to be single parents with older (secondary school-age) children, most of whom had formerly worked part-time but increased their hours as their children grew older. In these cases, childcare was now perceived as unnecessary.

Particular childcare needs also played a prominent role for some families. For example, parents with children of mixed age groups (particularly those with younger school age and pre-school children) often required different forms of care, increasing the 'juggling act' they had to undertake between different providers. This could result in a (sometimes precarious) 'patchwork' of different childcare arrangements.

Among the couples in our sample, we generally found that the male partner worked full-time and the female partner worked part-time. Where the woman also worked or was planning to work full time in the immediate future, this was because their children had reached school-age and/or the woman was more highly qualified than most of the others in our sample, with higher career aspirations. We found that in couples where the man worked full time and the woman part time, working hours and times overlapped, which meant that childcare was still needed in most cases.

2.1.2 External drivers

External drivers impinged heavily on how work and childcare arrangements interact. These could exert a positive or negative influence depending on the personal *preferences* of the respondent and what was *available* to them within local childcare and job markets. In this way, the interaction of external and internal factors could either open up parents' choices or constrain them, depending on the degree of 'fit' between the two.

The following external drivers exerted a key influence on the extent of the juggling act between work and childcare, and ultimately how successfully this was managed:

Working times - degree of flexibility. Respondents received varying degrees of workplace support. Some employers adopted a flexible approach- either formally through offering flexi-time or jobshares, or informally by allowing staff to make up time in lieu if they needed to be absent from work due to family commitments.

in my work they are good if I am needing to be at home if one of the kids has got chicken pox or something and if I need to sit in the house all day with them they will allow me to do a different shift or part-time hours for that week or the boss is all right. There is no part-time work going but she knows my circumstances and she will allow me to do whatever I like.

- Non-recipient, 2 children aged 6 and 4, Corby

A minority of employers appeared less understanding. For example, some respondents reported feeling under pressure to work extra time at the end of a shift, or to make themselves available to cover for absent colleagues, when this would entail difficulties either arranging extra childcare or paying for it.

There are odd weeks when someone is on holiday or whatever, I know they are short staffed and I would love to help them out, it is good to be loyal, but I can't... It is not worth it. It does annoy me.

- Recipient, one child aged 2, Cambridge

The type of work/employer also played a role in the flexibility or otherwise of working times. Among our sample we generally found that those working in the public sector were afforded greater workplace flexibility in terms of more family friendly working options (job-sharing for example) and a more flexible policy towards parental leave. Most of the parents in our sample worked in administration, customer services, or low-skilled factory work. In some cases shift work was a benefit to parents because they could choose the shifts that best suited their childcare commitments (for example, working a 10am-2pm shift that fitted around school hours). However, in a few cases pressure to work overtime or to work weekends (in retail/catering jobs) meant that childcare needs were more difficult to meet and frequently absorbed by relying on a partner or ex-partner or other family members.

What childcare is available. Lack of available childcare places had been a determining factor in some respondent's decisions about work and the types of childcare that they were using. Lack of nursery places and registered childminders appeared to be a major issue in some parts of Coventry and Blackburn.

The list for our area is quite short, you know ... for some of the areas it is about that long, pages, but for this area is it just a short little list. So I would be phoning around and they would be saying, oh no we have stopped doing it now, we are full, we can't take any more over 5, all this sort of thing, you know

- Non-recipient, 2 children aged 8 and 6, Coventry

The availability of childcare was less of a constraint in households that could fall back on informal care from family or friends if they needed it. However, in couples where both partners worked during the week, availability of suitable childcare often had to be 'worked around' - largely in terms of the mother's working hours.

The cost of childcare. Cost was a constraint for *some* parents, although this generally affected the type of childcare used, rather than how much. This generally applied to parents with pre-school or primary school-age children, working in lower-paid jobs, who would have ideally preferred to use a nursery, but who were instead using a registered childminder or informal care.

Ideally I would love to be able to have the money to have them in breakfast club and after-school club.. so that I am not dependent on anyone and I am not putting on my mum, my dad, my sister or anyone and I am doing it all on my own. But financially I can't... to pay out that sort of money when I have got someone there to do it, no it is not worth it.

Non-recipient, 2 children aged 6 and 4,
Doncaster

Transport/distance to travel. This was a major issue for respondents who did not have access to a car. Relying on public transport meant that extra journey time to and from work, and to and from the childcare provider, had to be 'factored in' to decisions.

I was having to get the bus, two buses, number 12 and number 10, and then the 21 from there, and so it took me about an hour to get home. I was having to work until 5.00pm so quite often there wouldn't be anybody here until 6.00pm.

- Non-recipient, two children aged 6 and 8, Coventry

2.1.3 Understanding decision processes: what comes first?

So, how are decisions about balancing work and childcare determined? In fact, to what extent is there a *choice* about these decisions at all? The research found that, in the majority of cases in our sample, decisions about working hours came first, based largely on a preference for working full or part time, followed by a search for available and affordable childcare that fitted the parent's preferences in terms of quality and locality.

The real problem was do you find the childcare first or do you find the job first? And in the end I decided I had to find a job first. And then try and find the childcare. And I did find a job and then after ringing every nursery in the book I finally found one that could take him.

Recipient, one child aged 3,
Cambridge

Thus, for most parents the key driver of achieving a balance was to find working hours that suited them, *followed by* what they perceive as quality childcare that matched these working hours. Often, this could be a mix of formal and informal childcare, or a mix of different types of formal childcare, depending on what was available.

So I applied for this nursery place in the mornings, because I work 3 mornings out of 5.... I couldn't get a childminder because they are all pretty busy around here. But because he had these nursery places in the mornings, I was able to get him a couple of hours in the playgroup as well, because it was attached to the same school. But they don't do a Friday afternoon so I have to have a Friday afternoon with a childminder who did have a space on Friday afternoons.

Recipient, 2 children aged 13 and 3, Coventry

In a few cases in our sample, this process of having to 'piece together' childcare arrangements had been a fraught one and the associated 'hassle factor' that parents experienced had discouraged them, although not sufficiently to give up the idea of working altogether.

Hell, it was hell. When the new lady said she couldn't have him, she had already agreed that she would be able to have him. So I thought that is good, it is all sorted just in time for the school holidays. If you don't get it sorted before that you have this six week period where you can't sort anything out with schools because there is nobody there.

- Recipient, 2 children aged 13 and 3, Coventry

For a minority of respondents, decisions about childcare held priority, and working hours were arranged to fit in around what childcare was available. These respondents tended to fall under two extremes. Some felt they had a greater degree of choice about what work they could do, either through greater confidence in their 'bargaining power' with employers (the more highly qualified, for example), or through more direct control over their working hours (such as those who were self-employed).

A minority had experienced so many problems arranging childcare to 'fit' that they had been forced into changing jobs – or even temporarily giving up work altogether while they looked for a job that would match the childcare they had available to them. This was also a dilemma for people moving into work, who had not yet started to investigate the childcare market.

ideally I am looking for hours that fit in with schools, so that I don't have to worry about childcare... when I went for one interview for a job of 22 hours they said it would be three full days a week, so I thought I am going to have to sort out childcare then. And that really put me on the spot, because they said they would phone me up at 5.00pm to let me know whether I had the job, and I didn't know what to say because I didn't know whether or not I would be able to get childcare in place.

- Non-recipient, two children aged 6 and 8, Coventry

2.1.4 Implications for WFTC and the childcare tax credit

Elsewhere in this report, we note that for parents considering returning to employment, childcare costs are seen as a major obstacle – and to that extent, the additional money available through WFTC and the childcare tax credit is useful, as it makes returning to work more affordable.

At the same time, the preceding discussion demonstrates that the situation is more complex than this. What constitutes an acceptable balance between work and childcare does not depend only on financial matters, but also on issues such as:

- parents' desire to spend quality time with their children;
- the number of children in the family, which affects the complexity of the childcare arrangement, and the associated 'hassle factor';
- what childcare is actually available within easy travelling distance; and
- the nature and flexibility of their employer.

Consequently, it would appear that for parents considering getting jobs, the tax credits *can* do what they were designed to do, 'tipping the balance' to make work pay. At the same time, however, there also appear to be limits to how far the tax credits can achieve this, as other influential factors are also shaping parents' decisions about their work and childcare. Consequently, even where the tax credits would leave parents better off, if one of the parents' key aims is to spend time with their young children, the tax credits by themselves appear unlikely to lead to those parents working more hours.

2.2 Key problems and challenges

As described above, parents can face difficulties achieving or even maintaining their ideal balance of work and childcare. In this section, we examine what difficulties and challenges arise, and how parents cope with or overcome such problems. Understanding these challenges is useful as they are likely to influence parents decisions about how they balance work and childcare. This will therefore be another factor operating alongside WFTC and the childcare tax credit to influence parents decisions about extending their work hours.

The main challenges in combining work and childcare arose from changes in childcare demand, changes in childcare supply, or simple time pressures. Changes in childcare demand and supply range from regular occurrences, such as school holidays, and predictable (but less regular) events, such as a childminder taking some time off, to more short-notice demands, such as a child being ill. Time pressures (unrelated to any changes in childcare demand or supply) were frequently endemic where arrangements were by necessity fragile and pieced-together, generally involving more than one child, because parents were unable to access or afford their first choice provision.

2.2.1 Changes in demand for childcare

As mentioned, changes in the demand for childcare can be due to predictable and regular occurrences, such as school holidays, or to unpredictable and very short-term needs, such as a child being ill.

Dealing with school holidays

With longer-term and more regular fluctuations in childcare need, such as school holidays, there is clearly more scope for parents to plan ahead and make alternative arrangements.

Many of the parents we spoke to used different childcare provision in the school holidays than in term time, generally because their regular provider also closed during the holidays (after-school and breakfast clubs, for example). Others used the same *type* of provision – a registered childminder, for example, but changed their *supplier* because of constraints on when that provision was available, or whether they had any additional places. This was a particular issue for parents who worked full time hours (30+ hours or more), with primary school-age and lower secondary school-age children. Many of these used part-time provision during school terms but required full-time provision in the holidays, and if their regular provider had no additional full time places, they needed to seek alternatives. Holiday provision was generally more expensive than term times because of the additional hours of childcare used.

Holiday playschemes and activity clubs were a boon to parents in this position, as they are specially tailored to school holiday periods, and generally allow parents to pay from week to week, providing scope to take children on

holiday without having to pay for unused childcare at the same time. However, parents generally expressed that more such schemes were needed (especially for younger secondary school-age children). There was also demand for such schemes to run longer during the holiday period – there were instances of holiday playschemes that had been extremely helpful to parents while they operated, but this had only been for two weeks out of the six week summer break.

During the summer holidays last year we took them to a play scheme at ... but again, that is just for a couple of weeks... well I mean that is not very good when the summer holidays are 6 weeks long

-Non-recipient, 2 children aged 6 and 8, Coventry

Parents also tended to match their own holidays with school breaks, enabling them to spend more time with their children. However, this did not always equate to saving money on childcare. We found that it was standard practice for nurseries and registered childminders to charge for time that the child was not with them, during family holidays.

The other major coping strategy to deal with school holidays was to fall-back on informal childcare, based around friends, family and ex-partners, particularly in combination with parents taking holiday from work for some of the period.

Dealing with more unexpected demands

Changes in demand arising from school holidays are of course predictable and regular, thus, parents found them relatively easy to provide for. The major problems parents face are when their childcare demands increase unexpectedly – generally because the child is ill and unable to go to school or to the regular childcare provider, or because parents need to provide cover for absent colleagues at work.

When children are unable to attend school due to illness they are also invariably unable to attend their regular childcare provider (if they have one). The majority of parents relied on informal care to meet this need at short notice, such as friends, family, or ex-partners. Those with a more limited support network around them had to take time off work – either as unpaid leave, or phoning in sick themselves.

So far as sickness is concerned, if the little one's poorly then I would let an older one stay out of school to look after him. Rightly or wrongly, I've got to work.

- Recipient, 3 children aged 15,14 and 11, Cambridge

Some parents, in particular those working in customer service roles or shift-based factory jobs, spoke of pressure from employers to work extra shifts or to cover for absent colleagues, at short notice. Whilst knowing this could cause childcare problems, some of these parents felt obliged to work extra hours because of commitment to colleagues (not wanting to see them go short-staffed) and also because they felt that if they continually refused extra hours, their jobs would be under threat.

In such cases, among formal childcare users, those with registered childminders were usually the better off. They often had a fairly close relationship to the childminder – s/he was a friend or neighbour, for example, and could cater for this type of short-notice demand by looking after the children for an extra couple of hours, or even for an extra day in the week. Parents who used more formal care for their regular childcare needs had to rely on family or friends to ‘fill in’, as nurseries and other types of institutionalised provision had less flexibility to accept this type of ad-hoc demand. Indeed, one of the advantages that parents who used childminders often cited was the extra responsiveness and flexibility that this could provide.

The only problem you do have is if the child is sick and then the nursery won't take him. Then I have to rely on the childminder. If the childminder has a problem then it is me as a last resort.

Recipient, 4 children aged 9, 6, 4, and 2,
Blackburn

2.2.2 Changes in childcare supply

Some changes in childcare supply were fairly predictable and short-term, and usually centred on registered childminders taking some time off. Generally speaking, sufficient notice was given to parents to enable them to arrange for an alternative – usually friends or family – although in a minority of cases, they had used a different childminder or taken time off work themselves.

I had enough time for my mum to try and book some holiday but she works shifts so for the other three days I rang around my sister in-laws and I think one day I had to phone in and my mum did as well for a couple of days.

Recipient, one child aged 18 months,
Doncaster

The key problems occur when childcare breaks down unexpectedly for any reason. This was limited to parents using registered childminders or informal provision, and was generally related to circumstances such as illness or death in the family, or (among informal carers) – competing demands on time, such as the same type of pressures to work extra hours or cover for absent

colleagues described above. There were also some cases where the childminder had decided to leave the job at fairly short notice¹. Although there were only a few cases where this had happened, parents reliant on this type of provision sometimes could not find an alternative, and subsequently had to ‘work around’ this by altering their working hours (if they could) or again by taking time off themselves.

We might have expected this type of breakdown to be more problematic among families with a ‘patchwork’ of arrangements – for example using different providers for different ages of child. However, this can sometimes act as a fall-back for parents, and there were several cases of childcare providers being flexible and accommodating additional needs because of the (temporary) breakdown in another arrangement.

2.2.3 Dealing with general time pressures

The third key challenge faced by parents was general time pressures. This was usually affected by factors such as distance between home, work and childcare, access to and reliability of transport, having more than one job, or using more than one childcare provider.

It is hard. It is time consuming. On the college days I have to take him to nursery, go to work, do my shift, go straight from work to college, straight from college to pick him up. I can do it, I can fit it in, but I want to study so I can get a better job and get a job that is going to pay for everything. And then you have your homework at night. It is just hard, it is not impossible, but it is hard.

-Recipient, one child, Doncaster

The common factor in cases such as this was that external drivers described in Section 2.1.2 had superseded personal preferences in terms of working hours and/or childcare used, so arrangements were far from ideal. Parents in this situation often spoke of constantly feeling stressed, having little time for themselves, and not being ‘in control’.

I think the ongoing difficulty is that I am perpetually racing.. constantly trying to meet deadlines, the margins of getting X to school and then getting to work on time, then leaving and collecting her from the after-school club on time.

Recipient, one child aged 7, Southwark.

¹ The DfES research report A Survey of Former Childminders indicates that turnover within the profession is fairly high.

2.2.4 Implications for WFTC and the childcare tax credit

Hence, even where childcare is available, there are a number of factors that will still constrain whether parents feel able to get a job or extend their work hours. Some of these are predictable – such as school holidays – and where this is the case, WFTC and the childcare tax credit can ameliorate the costs. At the same time, other unexpected demands for childcare, and also time pressures in general, remain a challenge for some parents, and will not be addressed by the tax credits.

That said, even for the predictable fluctuations in childcare need, as noted later in this report, parents are not always aware that they can claim for these extra costs; and even where they are, the fact that tax credit payments are “evened out” through the year means that some parents found it hard to budget for the extra cost of childcare in the school holidays.

2.3 What drives choice of childcare?

Another key factor that will determine whether WFTC and the childcare tax credit will influence parents’ working hours is whether the parents choose to use eligible or non-eligible childcare. Obviously, if they prefer the latter, then the childcare tax credit will not come into play, so will not influence work decisions.

In this section we therefore look at the key factors influencing choice of childcare. What do parents look for in ‘quality’ childcare, and does this match with the tax credit definitions of eligible childcare. In addition, how do find out about what childcare is available to them?

2.3.1 Awareness of local childcare provision

Our findings on access to and use of childcare information are very much in line with the findings of the Parents’ Demand for Childcare Survey 2001. This found that parents were more likely to use informal sources of information, and almost half (45%) wanted *more* information particularly on the quality accreditation of different provision.

The majority of parents who were using childcare had looked for information from the Social Services department at their Local Authority. Generally, this was limited to obtaining a list of local registered provision, and did not involve accessing more tailored advice or information. It was perceived to be very much down to the parents themselves to assess and select the childcare they wanted.

Childcare lists appeared to vary in quality from area to area, with some parents complaining of out-of-date telephone numbers or even lists containing childcare providers who had ceased operating. Some parents – even those who had used Local Authority lists themselves – saw these lists as being very

much ‘pot luck’ in terms of both quality and whether or not places would be available.

It is difficult to find childminders because the Children’s Information Service will give you a list as long as your arm, but they are just a list of names.

- Recipient, 2 children aged 13 and 3, Coventry

By far the most successful method of finding out about childcare, in parents’ eyes, was word of mouth, or as regards registered childminders, having some personal knowledge of the childcare provider. Recommendation from other parents was a key driver in selecting childcare.

2.3.2 What informs perceptions of quality childcare?

Unsurprisingly, parents hold differing ideas about what constitutes ‘quality’, and what they want from a childcare provider:

Those using a **nursery or crèche** felt the advantages to be centred on the quality and training of staff, the range of activities offered, and the structured environment. They also perceived nursery provision to be more educationally stimulating for their children than a childminder would be. In a nursery, they felt children benefited from greater interaction with others of their own age. One of the key issues was safety: they preferred to have their child looked after by a team of staff, rather than just one individual.

I wanted her to be in the company of other children. And to learn social skills and all the rest of it, and I wanted a wide range of experiences, and there is an outdoor play area and wet messy play and all the rest of it. And the nursery could provide that. I didn’t feel a childminder would have such a range of activities, and certainly the children. If there was a problem with the child, or she took a dislike to the childminder or vice versa I would be looking for another one. What happens if the childminder is ill? I wanted a reliable day-care.

- Recipient, one child aged 3, Blackburn

The main perceived disadvantages of nursery-style provision were inflexibility and cost. For example, parents using nursery provision tended to be working in jobs with stable hours – either fixed part time or full time, because it was frequently impossible to change sessions once they were booked. The structured nature of nursery provision, with sessions often split into morning, lunchtime, and afternoon, also meant that some respondents found it difficult to find a nursery place or had to pay for more than one session at a time, because their working hours did not fit what the nursery offered.

It was difficult- it came down at the end of the day to who has the places and who will take the child for just one day. A lot won't do it. Then for my other daughter, the one nursery that did have a place wouldn't accept me having just 2 morning sessions.

- Recipient, 4 children aged 9, 6, 4, and 2, Blackburn

Those using a **registered childminder** liked this arrangement because they preferred their child to be looked after in a home environment. They also felt that children receive more individual attention with a registered childminder, and have a chance to mix with other children of different ages (including staying with older or younger siblings), which they would not have in a nursery or crèche. Trust was again an issue – but this time, parents preferred a childminder because they tended to either know the person involved, or feel that one person was a safer option than a whole team of people working in a nursery.

I have used childminders all through with my two and I think it is just nice that they go into someone's home and they have that home environment and they mix with children but they mix with a few children of different ages, so I think that is nice. It is a bit more personal as well.

-Recipient, 2 children aged 13 and 3, Coventry

Registered childminders were also seen to be more flexible and responsive to changes in parents' needs than more formalised provision. The key drawback of registered childminders – perceived by those using them as well as those using other forms of provision – was the perception that children may not be so well stimulated educationally as in a nursery. The other main drawback was less reliability (as the onus was on one person alone to provide care).

After-school and breakfast-clubs were the third main formal childcare type used. These were focused on school age children, including some at the younger end of secondary school. The key advantages of such clubs for parents were they felt sure their children were safe and 'off the streets' after school, and children could do their homework in a supervised environment. The timing was also very convenient for those working full time hours, who could conveniently drop off and collect children on their way to and from work.

Family and friends, such as grandparents, older siblings, or in-laws, were seen as providing high quality care because it was perceived as being as close as possible to how the parents themselves would be bringing up their child. Trust was also a major consideration here: parents were reluctant to leave their children with people they did not know, even registered provision.

I know that my kids aren't with strangers. I know that the people looking after them love them... I know that my mum and dad are going to do what I would do.

- Non-recipient, 2 children aged 6 and 4, Doncaster

The other main advantage of using family and friends was that it was free. None of the parents we spoke to who were using family or friends to provide their childcare paid for it directly, although many did offer gifts or help out by offering childcare in return.

The drawbacks to using informal care were feeling less independent, and feeling ' beholden ' to family or friends, and also a perception that children were missing out on the activities and interaction with other children that they would get in a more formal setting.

I don't want to put on my parents, because they are just too old really to have to take that responsibility.

Non-recipient, two children aged 6 and 8, Coventry

2.3.3 Combining different types of provision

As mentioned previously, some parents use a ' patchwork ' of different types of provision, sometimes for one child, and sometimes for children of different age-groups. Where children receive more than one type of childcare, the logistics of arranging this ' patchwork ' have often been driven by external constraints, and can be initially stressful for the parent in terms of piecing together the arrangements.

However the end-result was frequently satisfaction overall because parents felt they had (generally through circumstances rather than design) reached an optimum mix combining the advantages outlined above.

He is getting a different variety of things every day. He is getting the curriculum input from the nursery, he is getting a bit more of a relaxed input from the playgroup, then obviously he has the childminder there at the end of the week. It is nice he has lots of different input in lots of different situations really.

- Recipient, 2 children aged 13 and 3, Coventry

What factors are common among these different types of provision? Clearly parents have differing needs and priorities when it comes to childcare, based on their individual circumstances. However, as a rule, lone parents with younger pre-school children, working fewer part-time hours, and with a close

network of family around them, were the most likely to regard family as their primary source of childcare. The majority of these also saw this as the best *quality* provision. Families where both couples were working, or lone parents working longer part-time or full time hours, were most likely to be using eligible types of childcare. Among all parents, the common factors permeating ideas about what constitutes ‘quality’ are a safe and stimulating environment for the child, combined with reliability for the parent.

2.3.4 To what extent is there a trade-off between quality and cost influencing childcare decisions?

Among parents with a high enough income, whose perceptions of quality childcare focused on more expensive types of provision such as a nursery or crèche, there was no trade-off between quality and cost. However, among some parents working on very low incomes, generally single parents working at or just above the 16-hour threshold, there is a trade-off between what they perceive to be the best quality of childcare, and the best quality of childcare they can afford. This generally relates to parents who perceive nursery provision to be the premium quality, but who can, as they see it, *only* afford to pay for a registered childminder, or have to rely on family.

For parents in this position, the gap between their earnings and the cost of nursery provision is seen to be too great to contemplate, even with additional support via WFTC and the childcare tax credit.

I know they pay 70%, but there is still 30% for 2 kids which would be like £30 per week and that is not even in the school holidays. There is no point in me working and I just feel that I couldn't claim to have 2 children looked after all day in the school holidays for 6 weeks. You are talking about £80 per week each and that is what I earn.

- Non-recipient, 2 children aged 6 and 4,
Doncaster

Interestingly, there were few cases of parents using informal family-based provision only because they felt they were unable to *afford* formal care. The major influences on using family-based provision tended to be perceptions that this offered the best *quality* of care – clearly that this also met their needs in terms of working hours – and also a desire to keep childcare responsibilities within the family. Cost was an issue for some, but this was largely secondary to the perception that if help with childcare was available within the family it should be the first choice.

I don't ever get a childminder or anything like that. We are not like that as a family if you know what I mean.

-Non-recipient, one child aged 6, Doncaster

Of course, some parents we spoke to were using, or considering using, ineligible provision because of constraints rather than through choice. This principally related to **lack of available places in formal childcare**, or **lack of formal provision that met their requirements**, such as being available to cover working hours into the early evening, for example.

Thus, among the non-recipient parents we spoke to, the major barrier to take-up of eligible childcare, where this was the preferred option, was lack of availability as opposed to cost.

2.4 Key points

The findings in this chapter have indicated that there are a wide range of factors, some financial and some not, that influence parents' decisions about how they balance work and childcare. One of the questions for the research was how satisfied parents are with the way they have to meet that 'balancing act'?

The vast majority of the parents interviewed *were* satisfied, the reasons usually falling in to one of two camps:

- *either* they felt they had achieved an ideal balance that met their current work and childcare *preferences*
- *or* they were satisfied with 'making do' for the moment, because, while they may not be working their ideal hours or using their ideal childcare, they had achieved a balance that at least met their immediate *needs*.

Within this context, as will be explored more fully later in this report, parents on the whole definitely felt that the tax credit money they were receiving was helpful in how this balance worked out in practice. At the same time, however, it did not appear to be the case that the tax credits necessarily *determined* how many hours parents chose to work. Indeed, if *more* support was available, many parents said they would *not* want more hours of childcare, or to increase their working hours, because working part time allowed them to spend more time with their children. This was particularly the case for parents of younger, pre-school children.

Returning, then, to the first part of our model – how childcare, work and income decision are linked – we have found that parents' decisions about

balancing working hours and childcare are highly complex and often very much swayed by individual circumstances.

The factors influencing these decisions relate to internal drivers such as personal preferences – particularly about working hours and about what constitutes quality childcare – but are also strongly influenced by external factors over which parents have little control.

Once arrangements are in place, problems can arise from unexpected events and time pressures. How well parents are able to overcome these obstacles relates to their particular circumstances – whether they have a close support network around them to fall-back on if needed, the flexibility of their employer, and the flexibility of their childcare.

We will explore how WFTC and the childcare tax credit influences these factors in later Chapters. Nevertheless, an important point to note from this part of the research is that much of what guides parents' decisions is *not* financial, and that consequently, this means there are limits on how far the tax credits will be able to influence those decisions.

3. Understanding of WFTC and the childcare tax credit

In this Chapter we explore general understanding of WFTC and how the childcare tax credit component fits into this, among recipients.

Firstly we ascertain parents' understanding of the relationship between WFTC and the childcare tax credit. In particular we look at what they perceive WFTC to be intended for, how much of it they perceive to be support for childcare costs, and how much of it they actually use to pay towards childcare.

Secondly, we discuss how parents first became aware of WFTC and their experiences of using different sources of advice and information about it. How is it communicated to them – as a general income top-up, or specifically as support for childcare? We then explore parents' understanding of the specific rules underpinning the childcare tax credit, and whether the eligibility criteria have influenced parents' decisions about working hours or childcare. For example, have parents changed either their working hours or their childcare to be eligible for support?

Finally we examine experiences of applying for the childcare tax credit, in particular the ease or difficulty of arranging childcare prior to making the application, and how far this encouraged or deterred parents from applying.

It should also be noted that one aim of the research was to identify whether there were differences between different categories of parents. In relation to awareness and understanding of WFTC and the childcare tax credit, few clear differences were observed, and consequently, this is not a major feature of the present chapter (more contrasts were, however, noted in relation to the impact of the tax credits as discussed in the next chapter).

3.1 Understanding the relationship between WFTC and support for childcare

Childcare tax credit is a sub-component of WFTC, and as such, recipients are not provided with a separate breakdown of how much of their WFTC consists of support towards childcare costs. What do recipients actually perceive WFTC is for, and how much of it do they think is specifically intended for childcare? In relation to this, how much do they actually spend on childcare?

3.1.1 What is WFTC for and how is it used?

The majority of recipients we spoke to perceive WFTC as a general supplement to the household budget, in order to boost low and medium-

earning parents' income, and – as a *corollary* to this - enable them to more easily afford using childcare.

*It is to bring your salary up to a certain amount,
bring it up to a certain level where you can
afford to go to work and pay for childcare.*

- Recipient, 2 children aged 12 and 5,
Southwark

A minority of parents in our sample believed that WFTC was intended primarily for childcare support. These tended to be couples and higher earning lone parents, who were more likely to see WFTC as being intended for childcare because they did not necessarily perceive themselves as qualifying for an earnings top-up *per se*. Indeed, some parents initially felt they would be earning too much to qualify for any support. This finding is borne out by a recent study² which found that parents in general underestimate the income level at which WFTC 'runs out'. In fact, childcare tax credit – by adding another building block to the maximum WFTC award – means that the taper extends higher up the income distribution for those using eligible childcare. Thus some families further up the income distribution may be brought into the scope of WFTC purely by using eligible childcare.

WFTC was almost universally not viewed as a benefit, and was mentioned several times as a 'step up' from being on Income Support, and a means of achieving independence from the state and (among some lone parents) reliance on ex-partners for financial help. There appeared to be little stigma attached to receiving it among the parents we spoke to. In part, this may have been due to the fact that a number of parents in our sample had previously received Family Credit and so were accustomed to receiving in-work support as a 'top-up' to their income.

*It is just like supplement to your wage isn't it.
This way I can be allowed to work part time and
my husband can work full time and I can still get
a bit of extra money.*

- Recipient, 4 children aged 9, 6, 4, and 2,
Blackburn

However, some recipients did continue to see WFTC and the childcare tax credit as being over-reliant on state support, and regretted that this was necessary.

*To be off the system, that would be ideal.
Housing Benefit or Income Support or anything*

² Working Families' Tax Credit in 2001, S. McKay (Department for Work and Pensions 2003)

like that, you are made to feel that you are not trying, that you are lazy.

- Recipient, one child, Doncaster

Overall the general perception was that it was a way of topping up the incomes of working parents, allowing them to stay in or move into work more easily, by providing extra financial support to cover lost benefits and contribute towards childcare costs.

I think it is to enable people to go back to work when they have had children. I want to better myself, and I think WFTC lets you do that to a certain extent.

-Recipient, one child aged 4, Cambridge

As most recipients perceive WFTC as a whole to be intended as an earnings top-up, the majority also regard it as part of the general household income, and use it as such. Only in a small minority *specifically* put it aside to pay for childcare.

3.1.2 How much of WFTC do recipients think is for childcare?

While recipients are aware that WFTC consists of various components – including a proportion based on childcare costs, they are not necessarily aware of how these are linked. The majority of recipients in our sample assumed that 70% of their childcare costs were covered by the amount they received in WFTC. Thus, most were not specifically aware that their level of income might reduce how much of the overall WFTC award they received for childcare costs – we look at this in more detail in Section 3.2.2.

In effect, however, many recipients were using a large proportion if not all of the amount they received in WFTC to pay for their childcare. Of course, while the common conception was that 70% of childcare costs were covered by WFTC, this amount varied as a *proportion* of the WFTC that parents receive:

One lone parent in Blackburn was working for 24 hours/week and earning approximately £16,000. She used full-time childcare – a nursery – for her three year old daughter. Because of her relatively high (pro-rata) earnings, combined with high childcare costs, she felt that over three-quarters of her WFTC award was composed of childcare support.

Another lone parent in Coventry, with 2 sons aged 12 and 10, was working 18 hours per week and using an after school-club for one of her sons. Her estimate was that less than a tenth of the WFTC she received was comprised of support for childcare.

Both these assessments were based on the conception that 70% of childcare costs were covered within WFTC. In fact, the Inland Revenue does not formally define to recipients how much of a WFTC award is accounted for by the childcare tax credit element. This means that a family on a maximum WFTC award may be receiving 70% of their childcare costs in full as part of this, but they may not be aware of the fact. Things are more complicated for those who are not on a full WFTC award. A recipient family which has a WFTC award but whose income has exceeded the threshold – which at the time of fieldwork was £94.50 per week – sees their award reduced by 55p in every £1 of income above this threshold. It is not specified which part of the award this reduction applies to (ie. the childcare tax credit component or the rest of the WFTC award). In addition, after receiving their award, recipients are able to spend their money as they choose over the six months that the award lasts for – ie. there is no formal requirement that they have to spend the amount stated on their application form on childcare. To a large extent, it is therefore unsurprising that recipients may not be clear about exactly how much support they receive for childcare, because the system does not define it to them in such strict terms.

3.2 Awareness of WFTC and the childcare tax credit

In this section we examine how recipients first became aware of WFTC and the availability of support for childcare costs, and their experiences of using different sources of advice and information. What are the initial impressions of WFTC? Do parents receive sufficient advice about what support they are eligible for, and how might this interact with other benefits they may be receiving?

3.2.1 Advice on applying

Some recipients had formerly received Family Credit, and saw the shift to WFTC as almost ‘automatic’. Indeed, a minority of these still occasionally referred to WFTC as ‘Family Credit’ during the interviews. Others were new

recipients of in-work support, and as such had been made freshly aware of what was available, and made decisions about whether to apply on the basis of this information.

Among new recipients, the most common information sources about how people first became aware of WFTC were:

- **word of mouth** – through friends, or through other parents spoken to on the school run or at parent and toddler groups, for example
- **television** – many recipients had seen advertisements about WFTC, which had spurred them to seek more information. In particular, this had attracted recipients who had previously believed their earnings were too high to qualify for any in-work support
- **leaflets in JobCentres** – or **one-to-one advice from Employment Advisors** in JobCentres. This channel was of course particularly important among parents moving from unemployment or economic inactivity into work.

Many parents had then sought further information by calling the Inland Revenue helpline, where they had found out more information about the eligibility criteria, and requested application forms. Others had used the helpline for advice on completing forms, or to raise queries. Most found helpline staff to be polite and informative.

One of the key attractions of WFTC among new recipients was that some of it was specifically aimed at support for childcare costs. Parents saw this is a major ‘selling point’ because childcare costs were either already a heavy drain on family resources or they were perceived as the main financial obstacle to getting back into the labour market.

Many new recipients had initially done their own better-off calculations before deciding to apply for WFTC, or had been advised on this by Citizens’ Advice Bureau or Jobcentre staff. This had helped to overcome some parents’ preconceptions that they would not be any better off in work.

I didn’t want to be on Income Support anyway, but I didn’t think that there was any point working. It was lack of information on my part, and lack of knowledge.

Recipient, one child aged 3, Cambridge

One or two parents with access to the Internet had used the Inland Revenue’s own eligibility calculator to assess how much support they might receive, which had strongly influenced their decisions about the work and childcare balance they could sustain.

Overall, parents appeared to be very conscious of the competing demands on their household income, and the inter-relation between WFTC and in-work benefits. However, better-off calculations had helped to sway some parents in our sample who admitted that, without these, they would still have believed they were financially better off by not working. In these cases, parents tended to estimate their potential earnings based on the going rate for the type of job they wanted and then ‘factor in’ childcare costs by ringing round a few different providers to get a rough estimate, or used figures based on what their friends paid, for example. Parents thus had a rough idea of childcare costs before they started looking for work.

3.2.2 Understanding of the eligibility criteria for the childcare tax credit

Parents had varying levels of awareness and understanding of the specific rules underpinning the childcare tax credit of WFTC.

The **minimum working hours** and **eligible childcare rules** had almost universal awareness among our sample. Recipients knew and understood what was meant by ‘eligible childcare’ and could list the key types of provision covered.

The majority of parents in our sample were aware that up to **70% of childcare costs** could be covered (although as we discuss earlier in the Chapter, the emphasis was on the 70% rather than the ‘up to’). Most of them were also aware of the **earnings taper** on WFTC as a whole and either knew or could estimate the earnings **threshold** at which WFTC begins to be reduced fairly accurately. However, while they were aware that WFTC is composed of various elements, the parents we interviewed tended to be unclear about how the award in its entirety was calculated, and how the different components interacted.

Amongst couples, most, but not all, knew that **both partners** had to be working more than 16 hours to be eligible for childcare support. Not meeting this criteria was a factor in over 60% of disallowed childcare tax credit claims as of August 2002. One woman had recently (voluntarily) given up her job in order to spend more time with her youngest child, but was planning to re-apply for the childcare tax credit in her next six-month application, as she preferred him to continue attending the nursery he was going to on a part-time basis. She was living with her partner as a couple but was unaware of the criterion that both partners need to be working in order to qualify for additional childcare support. She had not sought any advice or information about how this might affect their claim.

Only a minority of the recipients we spoke to knew about the **premium for working 30 hours or more** (although half of them were working this number of hours).

The most common misconceptions about the rules underpinning the childcare tax credit of WFTC were that **only childcare used during the hours of work was eligible** for support and that **parents could not claim in advance for predicted additional childcare used during the school holidays**. In fact, parents can claim for childcare used outside of their working hours and they can plan ahead to ‘build in’ additional childcare requirements during school holidays.

I am quite prepared that in the holiday time, you know, the Working Families’ Tax Credit is not changed for six months. I am quite prepared to pay that money out of my own pocket, just because I need the person to look after my child in the school holidays. Whatever happens in those six months doesn’t affect your claim, so I won’t be claiming the childcare back for when he goes to the childminder in the summer because my claim will have gone in before that.

Recipient, 2 children aged 13 and 3,
Coventry

Although a minority of recipients in our sample held these views, they are important misconceptions to address because they sometimes led to disparities between awards and actual childcare needs. We will explore this issue in more detail in the next Chapter.

3.2.3 Does anything about the rules encourage or deter applications?

Asking recipients whether anything particularly encouraged or discouraged them to apply, we found that several factors had a strong influence. Of course, among this group, more factors are likely to have encouraged people to make an application than to have discouraged them: when we examine the views of non-recipients and ex-recipients in Chapter 5, we will be able to explore discouraging factors in more detail.

Making an application: encouraging factors

The key factors that encouraged parents to apply for the childcare tax credit specifically related to

- the *types* of childcare eligible for support, which frequently matched existing or preferred arrangements
- the *amount* of support available – up to 70% of childcare costs
- the low minimum working hours threshold of 16 hours

In relation to this last point, it should be noted that many lone parents in particular preferred to work low part-time hours. Prior to the introduction of WFTC and the childcare tax credit, they had felt their choices were constrained between either working full time hours or not working at all (because they perceived that the need to pay for childcare would mean they would be no better off working unless they were doing so full time). The ability to receive childcare support with tax credits whilst working part time was therefore welcomed.

Making an application: discouraging factors

Among recipients, as discussed above, perceptions of *discouraging* factors that particularly related to the childcare tax credit component were very limited. The main one mentioned – by a few respondents only – was the worry that not *all* of childcare costs were covered, and they would still need to pay for around a third of the costs themselves. Parents on a very low income (including those working full and part-time), who had calculated they were only marginally better off by working and paying for childcare, tended to raise this as an initial concern.

The reason why these parents were ultimately *not* deterred from applying by this concern was that, in the longer term, they felt they would be significantly better off by continuing in employment. Here again, parents felt that having to pay at least some childcare costs was ultimately worthwhile, even if they were only marginally better off by working, because it meant that they could maintain their independence and continue their career development by remaining economically active.

3.3 Experience of applying for the childcare tax credit

Finally in this section, we assess the ease or difficulty with which recipients could make their application. This relates only to the childcare tax credit element, not to the overall WFTC application.

Generally, parents found the application form for the childcare tax credit to be fairly straightforward and easy to complete: a simple matter of filling in the required details, or asking the childcare provider to complete and sign it. There was little if any evidence of stigma attached to asking the childcare provider to complete their section of the form. The parents in our sample tended to feel that it was straightforward for their childcare provider to complete the form and that they were accustomed to being asked to do so.

The key issue for recipients was having to arrange their childcare place in advance of making an application. Frequently this meant having to pay a deposit upfront to secure their place, before any of their WFTC money came through. Such deposits tended to vary between monthly and weekly amounts in advance (monthly amounts tended to be payable at nurseries and childminders; weekly amounts at breakfast and after-school clubs). This could be difficult for some parents: however, it was generally not enough of an

obstacle to deter them from applying. Deposits were usually paid by borrowing money from family or an ex-partner, or by simply ‘coping’ with a temporarily depleted household income.

The nursery wants money in advance, it doesn't matter when you get paid. The childminder is more understanding. That is really tough, because if your WFTC has just finished and you have to wait they are not understanding.

- Recipient, 4 children aged 9, 6, 4, and 2,
Blackburn

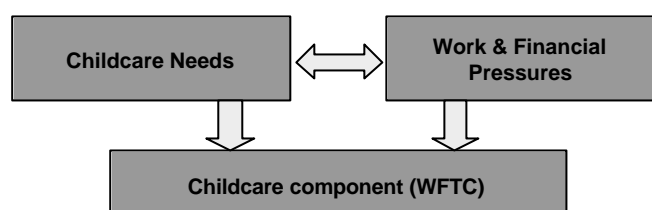
There was also some limited evidence of childcare providers being fairly flexible about the need to pay a deposit. Some childminders did not ask for any money in advance, allowing parents to pay in arrears once their WFTC money came through. After-schools clubs would often ask for fees on a weekly basis, which meant those parents could budget more easily until their WFTC arrived. Also, some providers had kept places open for parents without asking for a deposit.

I told her I am on tax credit so if I am a bit late or there is a bit of a break or if I have sent the form in a bit late or waited for that extra payslip... and there has been a bit of a break in between where I have actually owed her money but she has been really good about that.

- Recipient, one child aged 18 months,
Doncaster

3.4 Key points

Here we arrive at the core of our model: the availability of support for childcare, and the operation of the childcare tax credit in terms of eligibility criteria, the application process, and levels of payment. How much do parents know and understand about the award, and to what extent have any specific rules or aspects of the application process encouraged them or deterred them from applying?



In this Chapter we have found that parents have a mixed understanding of the childcare tax credit component of WFTC. While they are clear about the ‘headline’ criteria – the minimum working hours threshold and the types of childcare that are eligible, they tend to be less clear about the ‘smallprint’ of WFTC itself – the premium for working 30 hours or more, for example. Furthermore while they are aware of the taper they are not aware that this is applicable to the proportion of childcare costs that can be covered, and tend to assume that they receive support for 70% of their costs. In fact, as discussed earlier in the Chapter, recipients are not explicitly informed *how* their total award is split into childcare tax credit and other elements of WFTC, so to a large extent the proportion of WFTC they devote to meeting childcare costs is a matter for them to decide. In general, the parents we interviewed were more *aware* of the childcare tax credit element of WFTC than they were of some of its other components (as it is applied for separately, we might expect this to be the case) – but they do not necessarily know how it is calculated.

We found that the key factors about the childcare tax credit which encouraged parents to apply related to the types of childcare that were eligible and the conception that 70% of childcare costs were covered. There was a financial ‘sticking point’ for many parents when it came to arranging and paying for childcare in advance of receiving WFTC, but this was not a major deterrent because it could be overcome by short-term borrowing, juggling finances for a month or two, or finding an understanding childcare provider prepared to accept payment in arrears.

We did not find a great deal of evidence to suggest that receiving WFTC and the childcare tax credit of it is stigmatising to recipients. This is linked to the general perception that WFTC is intended to help parents get back into work, or to sustain work, by allowing them to better afford childcare and to keep more of their earnings.

4. The impact of WFTC and childcare tax credit

What is the impact of the childcare tax credit component of WFTC on parents' ability to combine work and childcare? At the start-up of the project it was decided that this is difficult to address based on the childcare tax credit *in isolation*, because it is an inextricable sub-component of WFTC, and thus parents will not necessarily know how much their childcare tax credit comprises. We therefore agreed with Inland Revenue that the research would identify how much parents perceived they were awarded for childcare and explore what impact this had on their ability to manage work and childcare.

Initially in this Chapter we examine how far support for childcare costs has facilitated parents to work the hours they want and use the childcare of their choice. Given that the rules for the childcare tax credit, and for WFTC more generally, encompass working hours and particular types of childcare, have parents changed anything about these to become eligible? What is the impact of childcare support on the overall household budget and how do considerations about WFTC interact with benefits?

We then assess the impact of how WFTC and the childcare tax credit is administered on recipients' ability to combine work and childcare effectively. Particular aspects are parents' views on the 6-month re-assessment period, in particular where circumstances have changed, creating a divergence between the immediate needs of the recipient and the level of their WFTC, which is fixed for six months. Finally we look into parents' views about how WFTC is paid, and whether this matches their needs in terms of paying for childcare.

As noted in the previous chapter, we hoped to identify differences between different categories of parents in relation to how WFTC and childcare tax credit had affected them. Examples of these differences are included in the following discussion.

4.1 Impact on parents' ability to combine work and childcare

In earlier Chapters we examined parents' preferences for working hours and particular types of childcare, and how easy or difficult it was to combine the two. We will now look at the extent to which parents' perception of how much they receive from the childcare tax credit component of WFTC allows them to achieve this balance.

4.1.1 Have the eligibility criteria influenced childcare or working arrangements?

There was limited evidence that eligibility rules had influenced some parents' decisions about working hours and/or childcare arrangements.

As regards working hours, the key influence was that parents were encouraged to maintain their hours above the 16 hour minimum. The extra premium for working 30 hours or more did not appear to influence parents' decisions – most were unaware of this premium, and worked full time because they preferred it or because, financially, they felt they had to. Support via WFTC was instrumental in some parents' decisions to be able to work part-time (which they preferred) rather than full time.

It makes a huge difference just meeting daily expenditure. Basically I would be £300 per month short and I would have to working longer, and I don't want that at the moment.

Recipient, one child aged 3, Blackburn

The earnings threshold for the taper, together with interaction on in-work benefits such as Housing Benefit, did have an influence for some people who were working at what they perceived to be the margins of being better off.

What affects the hours I work is not going over X amount really. Not so much the cost of childcare.

Recipient, one child aged 3, Cambridge

There is evidence from quantitative research that WFTC has had an impact on working hours to an extent. The Department for Work and Pensions report 'Working Families Tax Credit in 2001'³ found a 'bunching' of working hours around the 16 and 30 hour marks (both of which are thresholds for WFTC or additional support within WFTC), as well as around 20 hours (a more easily-divisible number of hours across the five-day working week than 16). The report 'Work, Working Families' Tax Credit, and childcare in 2000'⁴ also finds that the change from Family Credit to WFTC has led nine per cent of lone parents in receipt of in-work support to increase their hours and five per cent to decrease their hours; the corresponding figures for couples were five per cent and two per cent respectively. Looking specifically at the effect of the childcare tax credit element on working hours, the 'Repeat Survey of Parents' Demand for Childcare'⁵ found that around one in four parents surveyed had changed the number of hours they worked since receiving the childcare tax credit – and of these, four-fifths had increased their hours.

³ McKay, 2003 (ibid.)

⁴ McKay (Department for Work and Pensions, 2002)

⁵ S. Woodland, S. Miller and S. Tipping (Department for Education and Skills, 2002)

As regards childcare, parents were certainly aware of the eligibility criteria and this had informed some decisions about what childcare they could afford to use. Of course there was a group of parents whose personal preference was for family to look after their children, for whom no amount of support would encourage them to use otherwise. However, there were a handful of parents who had been using ineligible childcare for reasons of cost rather than preference, and for these parents there was a definite shift towards eligible types of provision. Thus, support via WFTC and the childcare tax credit had widened the scope of affordable childcare for these parents.

Again, this finding echoes the results of the Repeat Survey of Parents' Demand for Childcare which found that more parents reported that the childcare tax credit had affected the type of childcare they used (53%) than said it had changed the number of hours they used childcare for (27%).

If I did work then I wouldn't be able to pay for childcare. It would have to be a relative and I would have to pay them less amount of money per week.

- Recipient, 2 children aged 12 and 5,
Southwark

We did also find one or two cases in our sample where parents reported that ineligible childcare providers – such as a friend or family member - had registered in order for them to qualify for childcare tax credit support.

4.1.2 How far has support for childcare facilitated parents to achieve their ideal balance?

Support for childcare costs via WFTC has helped some parents to achieve a more ideal balance between work and childcare. In a few cases in our sample, parents perceived that it had allowed them to *reduce* their hours in order to spend more time with their children, without losing out on overall household income. In fact, parents who reduce their working hours (and therefore their weekly earnings) and who report this in their WFTC application, will receive more WFTC, but their overall income will still be lower. Nevertheless, for these parents in our sample, the way they perceived the tax credit applying in their circumstances meant they felt able to reduce their working hours.

In a number of cases, where parents had moved into the labour market off Income Support, it had allowed them to combine the part-time hours they *preferred* with what they perceived as quality childcare that would not have been affordable to them otherwise.

I would actually be unemployed without it as I definitely could not work and afford the childcare and it makes me a bit better off and makes me think I can work rather than not

*which gives me a bit of something myself to say that I **can** work.*

- Recipient, one child aged 18 months, Doncaster

Having support for financial costs of childcare has also helped parents to achieve more flexibility in terms of working hours and what they can offer to an employer.

It means I can confidently apply for other jobs without wondering what the hours are going to be which is quite important to me.

- Recipient, one child aged 7, Southwark

However, of course this has to be set in the context of the external constraints outlined in Chapter 2. Barriers to using eligible childcare such as lack of available places could be a greater obstacle than affordability – and without sufficient growth in the childcare market to meet escalating demands encouraged by the availability of childcare support through WFTC, some parents were unable to benefit from it. This could leave them frustrated and reliant on makeshift childcare arrangements, or force them out of the labour market altogether, as we will explore in more detail when we look at ex-recipients and non-recipients in Chapter 5.

4.2 Impact on the overall household budget

WFTC and the childcare tax credit of this did exert a powerful influence on parents' overall household budget. This enabled them to afford childcare – and the childcare they preferred – more easily.

It has made me a very different person. I was fighting for every penny. I just could not find a way of spreading my money and it is like you go and do the shopping, and had to add everything up. So it is the difference between being an active nightmare to thinking, if I budget sensibly, I am fine for the month, I can live.

Recipient, one child aged 3, Cambridge

It also meant they could more easily afford items previously seen as luxuries or treats, such as the occasional trip to McDonalds, or a new coat or shoes for the children.

Among parents who had moved from Income Support into work, as we have discussed, better-off calculations were crucial in overcoming preconceptions that they would financially be worse off by working. Interaction with in-work benefits such as Housing Benefit and Council Tax Benefit were important considerations for all recipients at the lower end of the income scale. In

particular, the interaction of the earnings taper on WFTC, combined with reductions on Housing Benefit, could prove to be problematic for some parents who preferred to remain below the threshold of the earnings taper as a result, because they believed they would be no better off.

It is very restrictive... because I am on maximum benefit, I can push that up to 18 hours and I am still on maximum benefit. Anything over that and they start to take money off me. So I am not better off. If I was to work 20 hours, I am not better off than if I worked 16.

- Recipient, one child aged 3, Cambridge

Despite this misconception, some recipients in this situation still preferred to adopt a long term view, with the conviction that they would eventually be better off by continuing in their job because, ultimately, they would be paying full rent and their income would continue to increase at a faster rate.

4.3 Wider impacts

There were wider impacts than the financial. These were focused on lone parents in particular and centred around enabling them to sustain their independence from the state or from ex-partners or family, by allowing them the scope to be more self-reliant and 'in control' of work and childcare decisions.

Women also spoke of the greater independence that being able to combine work and childcare more effectively had brought them, in terms of confidence, and being able to build up career progression while also bringing up young children. These tended to be women with NVQ Level 2 or above qualifications (ie. five GCSEs at Grade A-C or equivalent). While they perceived themselves to be only *marginally* better off working and paying for childcare at the moment, they felt that, in the longer term, once children had started school or were old enough to look after themselves, they would be able to extend their hours or look for full time work. And because they had no 'gaps' in their work history due to taking time out for family reasons, they felt they would be able to command better paid and more senior positions at this time than would have otherwise been the case.

Next year when she goes to school I will be better off, I will be saving all her childcare plus I will be in a new post with more money. So for that £100 it will be worth it. If I had waited to start a job after my youngest one grew up I would have been getting so much less money. So I have been able to progress my life at the same time.

Recipient, 4 children aged 9, 6, 4, and 2,
Blackburn

4.4 The impact of WFTC administration

In this section we shift our attention to the impact of how WFTC and the childcare tax credit is administered, and whether this has any impact on parents' ability to combine work and childcare satisfactorily. In particular, we look at the impact of the six month reassessment period and how this links to the incidence of divergences between claimed and actual childcare costs. To what extent and why have recipients claimed for periods when their child is not in receipt of eligible childcare, and vice versa, and why does the amount of childcare used sometimes not reflect the amount that has been claimed for?

4.4.1 Experience of the six-month reassessment

Recipients almost universally dislike the six-month reassessment *process*, for two main reasons. The first relates to 'hassle factor'. Among those whose circumstances have not changed, they cannot understand the need to complete the WFTC and childcare tax credit forms again. The comment below is typical of this group:

Having to repeat the form very six months when all the information is the same, that is frustrating.

- Recipient, 2 children aged 13 and 3, Coventry

Planning for additional childcare costs during the school holidays was not difficult for the majority of recipients. However, as we mentioned in the previous Chapter, a minority of parents were *unaware* that they could incorporate additional costs for holiday childcare into their claim, if these were to fall within the coming six months.

Conversely, some recipients' circumstances had changed within or between application periods, and for many of these, six months was too long a gap to wait, because it led to a situation where they were paying out more in childcare costs than what they had claimed for. We will explore this in greater detail in the section below.

The other major drawback of the six-month reassessment, from parents' points of view, was that they had to re-apply within a specified period, otherwise their application would go through late and they would 'miss' a month of WFTC, which could not be back-dated. Many parents were highly organised about doing this, and indeed, praised the Inland Revenue for timely reminders that their re-application was due.

However, sometimes due to circumstances such as illness, or simply forgetting to get the form in on time, a few parents had missed a month of WFTC

income. This had left them having to pay out for childcare using their own money, or borrow from family or friends, to cover the period until their claim was processed.

There were a lot of bills that didn't get paid basically, we had to do a lot of juggling and rearranging, it was a very frustrating time.

- Ex-recipient, 2 children aged 6 and 8,
Coventry

The six-month award period in itself was not problematic for parents – indeed many of those in our sample would have liked it to have been extended to a year, to reduce the need for form-filling. It was the automatic reassessment process itself, rather than the frequency of it, which they disliked.

4.4.2 Divergence between claimed for and actual childcare costs

Divergence between claimed for and actual childcare costs occurred for a variety of reasons. These generally related to **changes in childcare circumstances**, rather than changes in working hours. Indeed, many parents avoided working extra hours if asked because they felt they had to stick to the hours they had specified on their application: in effect, limiting scope for maximising their income because they were unsure of the assessment rules.

The main reasons for differences between claimed for and actual childcare costs were:

Breakdown of eligible childcare. In one case, a recipient had been assessed on the basis of using a registered childminder who then left the area. She had been unable to find a convenient replacement who was registered, and there were no after-school clubs open in her local area. In these circumstances, she was forced to advertise in the local paper for a (non-registered) childminder, and had to use a portion of the WFTC money she was still receiving to pay for this.

Changes in childcare use. This occurred in several instances. One common situation was having to use extra childcare due to unforeseen changes in working hours, because other (informal) care was unreliable and had to be replaced by more expensive formal provision. Another situation was using childcare during school holidays, which a few parents did not realise they could claim for during the course of their usual six-month application.

Eventually he was at the creche all week but it was a complete farce because I was paying out more in childminding fees than I was earning with the tax credit. When he started I could only apply for what days he was going and then as he got to three days and four days it was £100 a week and I was only getting the first 2 days.... We were skint for about 3 months. In the end I actually took an extra job but that affected my hours and I ended up with no housing, no council tax benefit... but I was coming to the end of my claim anyway so I could be reassessed.

- Recipient, one child aged 18 months, Doncaster

Changes in childcare costs. Another factor related to changes in the cost of childcare, between different providers, and independent of any associated change in working hours. For example, one parent needed to change her registered childminder at short notice and the replacement (another registered childminder) charged £1 per hour more – leaving a shortfall between what was claimed for on the childcare form and what was actually being paid out of around £20 per week, for the same number of childcare hours used.

When the costs have gone up, £3 or £4 a week, I have just paid the difference out of my pocket until the form comes through again. At one point I had not long applied, and it is set and I had to pay the extra every month for five months.

Recipient, one child, Doncaster

Deliberately reducing working hours in the period preceding assessment. We only came across one case of a recipient who deliberately reduced their normal working hours in the immediate four weeks before sending in the form, to minimise their income prior to being assessed. This was seen as a way of ‘playing the system’. The recipient was contracted for a certain number of hours but in practice almost always worked more than this due to opportunities for overtime or covering for absent colleagues. They could do this without needing additional childcare because they had an informal support network to fall-back on.

Fluctuations in income. This in particular affected those working in jobs that occasionally entailed sustained periods of overtime, or jobs where different shifts paid different rates, or jobs that attracted an annual bonus. There were two examples of periods when earnings in the preceding weeks of the claim

had been ‘artificially’ high due to this, and WFTC and the childcare tax credit had been assessed on this basis, rather than on the basis of the more regular income.

Not applying for support for eligible childcare. We found two cases of this in our sample, one a recipient and the other an ex-recipient of the childcare tax credit component. The former case was due to confusion about what type of childcare was eligible, and is discussed in more detail in Chapter 5. The latter case is described below:

This parent, part of a couple, had four children aged from 2 to 10. She was working 20 hours/week and using different types of childcare for her two pre-school age children – a registered childminder and a nursery for one, and a different nursery for the other. She also used the same childminder for her two older (school-age) children during the school holidays. She had not claimed for the childcare she obtained from the registered childminder, in return for a discounted childcare rate – what she termed a ‘private agreement’ between herself and the childminder. It was suggested during the interview that this was so the childminder did not have to declare these childcare fees as income. This respondent was also unaware that extra childcare needed to cover school holidays could be claimed for.

4.4.3 Payment of WFTC

Recipients raised some issues around the payment of WFTC, and the impact of this on their ability to manage childcare costs. These were not related to concerns about Payment Via the Employer (PVE) itself. Although some respondents preferred to be paid via Order Book or by Automated Credit Transfer, this was due to convenience and ease of budgeting from week to week, rather than any notion of stigma.

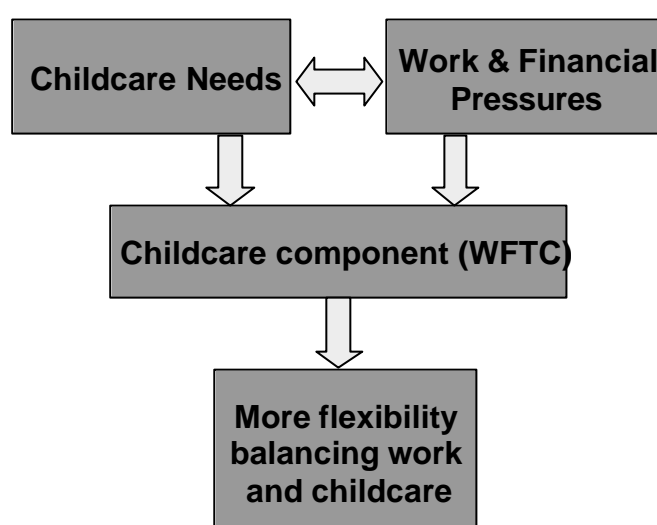
Concerns were focused instead on changes in the *frequency* of WFTC payment. For most recipients, at the six month renewal point, money was paid fortnightly direct into their bank account – then changed to monthly payments via their wage packet. This could cause them short-term financial difficulties if they were paying for childcare monthly, and the changeover from monthly to fortnightly WFTC payments came at the point when they needed to pay for a whole month of childcare.

However, some registered childminders were flexible about the frequency of payment and allowed parents to pay them as and when they themselves received WFTC, smoothing the (temporary) transition between monthly and fortnightly payments.

This change also compounded the perceived ‘hassle factor’ of the reassessment, as rent payments, direct debits, and other outgoings were generally arranged to coincide with combined payment of wages and WFTC.

4.5 Key points

At this stage of our model we are focusing on impacts of the tax credit: to what extent has WFTC and the childcare tax credit of this impacted on parents’ ability to combine work and childcare in the way they want? And more generally, how far has the support available via the childcare tax credit enabled parents to move into work or to sustain work more comfortably?



It is clear that WFTC and the additional childcare tax credit of this has facilitated parents formerly outside the labour market to get back into work or to maintain their working hours more easily. Parents themselves have told us that without this additional income they would be unable to sustain the work:childcare mix they are using, either having to use informal care instead (if available to them) or to stop working altogether. None of the parents in our study wanted this.

The key impacts of receiving support for childcare have been:

- Widening the scope of affordable childcare
- Providing parents with greater flexibility to balance work and childcare in a way that suits them

- Encouraging parents formerly outside the labour market to start work, by helping to overcome perceptions that they are no better off by working
- Enabling parents who want to build career progression, instead of taking time out of the labour market and subsequently playing ‘catch-up’ in terms of seniority and earnings.

5. Ex-recipients and non-recipients of childcare tax credit

This Chapter takes on a slightly different perspective, focusing on the experiences of non-recipients and ex-recipients of the childcare tax credit element of WFTC. All the interviewees were in receipt of WFTC itself.

Particular issues to investigate among these groups are:

- Levels of awareness and understanding. Among non-recipients, how much do they know about the eligibility criteria for childcare tax credit?
- Reasons for not applying for the childcare tax credit, in particular among those who are eligible. Do they have any misconceptions or has anything about the criteria or the way that the childcare tax credit is administered deterred them from applying?
- Reasons for not re-applying for the childcare tax credit. What circumstances, if any, have changed, and how far was this through choice or necessity?

We specifically decided to include these groups in the research in order to explore these issues in greater depth, to help understand whether there were any misconceptions about the childcare tax credit, and if these were deterring eligible parents from applying. We also sought to find out whether anything about the eligibility rules or the way in which the tax credit is administered had deterred former childcare tax credit recipients from renewing their claim.

5.1 Awareness and understanding of the childcare tax credit

As might be expected, non-recipients had only a patchy understanding of the childcare tax credit element of WFTC. While they knew about rules on working hours and earnings – as recipients of WFTC – the majority were unclear about what childcare was eligible for support.

For example, one parent who was currently not using childcare and was about to start working in a full time job, was considering using a nanny as she was having problems finding a place at her first choice of provider – a nursery – and she preferred not to use a registered childminder. She did not realise that this would not be eligible for childcare support and was frustrated that she could not find available eligible childcare of the type she wanted in her local area.

Most of the non-recipients of childcare tax credit that we interviewed did not know how much of their childcare costs could be covered. Only one of those in our sample knew that up to 70% of childcare costs could be covered and she perceived that she would not be able to afford the additional 30% out of her own pocket, thus continued to use informal childcare.

5.2 Reasons for not applying among non-recipients

The majority of the non-recipients we spoke to had not applied for the childcare tax credit because they did not use childcare, due to the ages of their children, or their working times, which fitted into school hours. Those that did work around school hours were happy to do so – this was their ideal working arrangement.

All but one of the non-recipients who did use childcare were using ineligible provision. In the majority of cases, this was out of choice, and consisted of family members (generally grandparents). As we discuss in Chapter 2, the reasons for preferring family were very much centred on trust, safety, and convenience. Cost was an additional issue for a few of the non-recipients, who felt that even with extra financial support towards childcare, they could not have afforded to pay for it.

I don't want to be thinking they are paying £7 in every £10 but over £100 that is costing me £30.... That would buy me two coats.

- Non-recipient, 2 children aged 6 and 4, Corby

There was also some confusion about what childcare was eligible for support, and when, as this example illustrates:

One of the non-recipients was using a college nursery where she received free childcare during her college lecture hours. However, she also had a part time job in a supermarket, for around 24 hours per week, and needed childcare cover during her shifts there. She could not afford to place her son in the college nursery, as she would have to pay for him during this time, but she did not feel she would be eligible for childcare support via WFTC because she was using provision offered by the college. She was deterred from finding out at the time of making her WFTC application, because she felt under pressure both to accept the place in the college nursery, and to send her WFTC claim forms in on time. Because she did not want to jeopardise either the nursery place or prompt payment of WFTC, she did not seek any more information, and is currently using family to provide childcare when she is working.

5.3 Reasons for not re-applying among ex-recipients

Among ex-recipients, the key reasons for not making a re-application for the childcare tax credit were change of circumstances, rather than any problems with the administration of the credit, or being deterred by the application process.

The main changes of circumstances related to couples where one partner was no longer working, and to changing from eligible to ineligible childcare.

In the first instance, families could generally accommodate the loss of support for childcare, because one partner was no longer working and could stay at home to look after the children instead of paying childcare costs. This was not an ideal arrangement however: in one case, the parent concerned was keen to find another job, and they planned to re-apply for childcare support once the next assessment period arose, if she had found work by then. In the meantime, grandparents were on 'stand-by' to fill in if she found work before the next assessment, as the couple felt unable to afford formal care without the additional support from the childcare tax credit.

In the second case, parents had been forced to use non-eligible childcare because of major problems finding a registered childminder in their area, after their previous (registered) childminder left the profession. They could not find local alternatives with available places, and they had been reduced to advertising for a (non-registered) childminder instead. While this had initially resulted in a period when they were receiving the childcare tax credit for ineligible provision- as their initial claim had been for the registered childminder they had been using at first- in their next reassessment they were unable to apply for childcare support. Thus, they were still paying £90 per week for childcare, and having to find the money out of their own pockets – an arrangement that they found unsustainable for longer than a few months.

I mean the WFTC, yes that is great, that is fantastic, but finding somebody who actually fits the bill in terms of childcare, very difficult

- Non-recipient, 2 children aged 6 and 8,
Coventry

5.4 Key points

Unsurprisingly, awareness of the eligibility criteria for the childcare tax credit is lower among non-recipients than among ex- and current recipients, particularly on which types of childcare are eligible for support. This may be expected given that the majority of non-recipients we spoke to were using family to provide childcare.

This was also the main reason for not applying for the childcare tax credit, as generally parents did not pay other family members for childcare. The childcare tax credit was not intended to encourage parents using informal provision out of choice to change to formal provision that did not necessarily meet their own criteria for quality, and we found no evidence that it did so.

External drivers such as breakdown of eligible childcare arrangements played the biggest factor in why the parents we spoke to did not re-apply for the childcare tax credit. The other factor we encountered was lack of knowledge about specific childcare tax credit rules, related to changes in circumstances – one parent within a couple leaving employment, or confusion about the eligibility of a different childcare provider. There is clearly a need for the Inland Revenue to address any misconceptions in such cases.

6. Conclusions

The degree of difficulty that parents face in balancing work and childcare considerations is clearly dependent on their individual circumstances, but in this report we have attempted to illustrate some of the pressures that parents have to face, the decision processes that they go through, and the role of WFTC and the childcare tax credit in this process. In this report we have organised our presentation of the findings under three main sections:

- Explored how parents organise their work and childcare arrangements: in particular looking at the ‘juggling act’ they have to contend with, and examining *why* people organise their work and childcare in this way.
- Tested out parents’ awareness and understanding of WFTC and the childcare tax credit, and their experiences of actually applying for it.
- Assessed whether and how WFTC and the childcare tax credit have made a difference to parents’ ability to combine work and childcare more effectively – or even at all.

Below we draw out what we regard as some of the key findings of the research.

6.1 Balancing work and childcare

The first issue parents face here is whether to arrange childcare to fit working hours, or vice versa. This is largely governed by preferences to work full or part time, and what hours are available, as opposed to what childcare can be arranged. The difference is among parents who feel they have more ‘weight’ in the labour market – and thus can be more selective about what hours they work to suit the they prefer – or, conversely, among those who are limited in their choice of childcare by external factors such as lack of available places.

Some parents experienced difficulty in pre-arranging childcare before they had started receiving WFTC. However this had not deterred any of them from applying – it could generally be overcome by short-term borrowing, or by flexibility from the childcare provider as regards payment terms.

Once arrangements are in place, problems can arise from unexpected events and time pressures. How well parents are able to overcome these obstacles relates to their particular circumstances – whether they have a close support network around them to fall-back on if needed, the flexibility of their employer, and the flexibility of their childcare. We found that receiving support from the childcare tax credit of WFTC can help parents to achieve this flexibility, for example, by paying for additional childcare to cover times that

parents are not regularly working, so they can be more responsive to short term demands at work.

6.2 Childcare choices: the key drivers

The key drivers of childcare choices revolve around parents' perceptions of what is quality childcare, with the common factors being trust, safety, stimulation for the child, and convenience. A substantial body of other childcare research has found that trust is the single most important factor in childcare choice (see, for example, the Repeat Survey of Parents' Demand for Childcare, which found that two-thirds (67%) of parents stated this to be their primary reason for using any particular childcare provider).

There was a trade-off between quality and cost for some parents, generally among those who preferred to use a nursery, but were instead using a childminder or family because they felt they could not afford to pay the required 30% minimum of costs. For these parents, generally those working part time hours on a low hourly rate, the marginal difference in cost was too great for them to contemplate. For most, however, support via the childcare tax credit had widened the scope of what they considered to be affordable childcare.

Eligibility criteria for the childcare tax credit had influenced what childcare was used to an extent – with the trend being towards more use of formal care. In some cases, informal care provided via relatives had been registered in order to qualify for support, but these were in the minority.

6.3 The impact of WFTC and the childcare tax credit administration

The main criticism about how WFTC and childcare tax credit is administered relates to the six-month reassessment period. Changes in the cost of childcare, fluctuations in income and/or working hours, or changes in the type of childcare used all contributed to divergences between childcare tax credit support and actual childcare use.

There was little evidence of recipients attempting to increase awards by minimising working hours in the period just prior to reapplication. However, there was evidence that in some cases awards over the six month period were too low relative to actual childcare use because of a lack of understanding about the rules, in particular whether childcare used during the holidays could be incorporated into a claim.

6.4 The financial impact of WFTC and the childcare tax credit

The overall financial impact of receiving WFTC and the childcare tax credit had played a marked role in parents' general household budgets and as such

their decisions on whether to go back to work – or the ease with which they can sustain work.

Access to better-off calculations was particularly important here as some parents who had formerly been claiming Income Support had felt they would not be any better off working and paying for childcare, until they received more advice about the in-work support that was available.

6.5 Ex-recipients and non-recipients of childcare tax credit

Among non-recipients of childcare tax credit, there was a lack of knowledge and some confusion over which types of childcare were eligible for support. However, the majority of non-recipients were using informal childcare out of choice rather than necessity. Cost *was* an additional issue for a few of the non-recipients, who felt that even with extra financial support towards childcare, they could not have afforded to pay for it, because not all of their childcare costs would be covered.

Among ex-recipients of the childcare tax credit, the main reason for not re-applying for it was change of circumstances rather than any problems with the administration of the credit, or being deterred by the application process. These related mainly to a breakdown of eligible childcare provision. The other factor we encountered was lack of knowledge about specific childcare tax credit rules, again related to changes in circumstances – one parent within a couple leaving employment, or confusion about the eligibility of a different childcare provider, for example.

6.6 Conclusion

In relation to the model posed at the outset of this report, the findings are therefore broadly positive. By and large, most parents do have a wide ranging and complex set of factors to juggle, and against this context, a central message appears to be that WFTC and the childcare tax credit are well regarded. Furthermore, it does appear to be making a difference to how parents resolve the tensions between balancing work and childcare.

For some parents, WFTC and the childcare tax credit have made a difference between not being able and being able to work – so for these families the tax credits are working as intended. Furthermore, parents see the benefits not only in terms of being more able to work per se, but also in terms of the associated benefits of continuity of employment, and of being able to maintain independence and self esteem.

At the same time, for other parents, particularly those who were somewhat better off, the difference made by the tax credit relates more to making the household expenses more comfortable. For these families, the tax credits made the difference between being able to treat their children to the odd trip to

McDonalds and not being able to. It was also interesting to find that, as noted earlier, a few parents reported that WFTC and childcare tax credit had actually made it possible for them to *reduce* their working hours.

Where parents *did* voice concerns about the tax credit, these, if anything, related more to its administration. While broadly the view was that the application process was fairly straightforward, concerns were voiced particularly relating to the six month reassessment period; the fact that people have to provide the same information each time they reapply; and the changes in payment method at the start of each claim period. Nevertheless, these concerns were seen as comparatively minor, when compared to the benefits parents felt the tax credit provided.

It is hoped then that this report presents a useful picture of the current situation relating to WFTC and particularly to the childcare tax credit, and that it will inform thinking as the system of tax credits evolves.

Appendices

References

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Topic Guides

TOPIC GUIDE: BALANCING WORK AND CHILDCARE

Recipient Version – Final (05/07/02)

Emphasise these questions are for analysis purposes. Not all questions will be asked at the beginning of the interview.

Some of these issues will be already known (in basic terms) due to recruitment/screening, but it will be important to cover them again as a lead in to the rest of the interview.

We will also distribute a very short (2 sides A4) self completion questionnaire at the end of the interview to record certain types of information e.g. ethnicity/ housing tenure?

Thank you for agreeing to help us with this research.

Can I just check the following details:

- name, address, no of children, ages
- and do you receive WFTC?⁷
(note: the childcare tax credit element should be checked later in the interview)

EXPLAIN: confidentiality, tape recording, length of interview, etc

EXPLAIN: This research is about how people manage their work and childcare arrangements – and particularly how they fit the two together. The research also goes on to look at how WFTC is helping with this.

1. Work patterns

First can I get a picture of what work you're doing at the moment?

Mark on the one week schedule

(NOTE reassure about confidentiality; and also that even if there have been changes since the WFTC award started, this will not affect the award.)

- Explore
- number of jobs
 - regular jobs (ie same time each week)
 - occasional jobs
- Probe for
- hours worked – esp morning/late evening
 - days worked – weekdays, evenings
 - shifts – days, nights etc
 - regularity of hours – ie same every week, or vary
 - if vary, how - different hours each week

- more/less hours each week

- Explore
- would you like to work more hours
 - if so, what stops you (just need to identify range of factors, not detail; if affordability is an issue, explore in Section 5)

2. Childcare patterns

OK – now can we talk about what childcare you use?

First how many children/names/ages?

OK, can you talk me through the different types of childcare you use?

Again, mark on a one-week schedule

(NOTE, again if necessary, reassure about confidentiality; and also that even if there have been changes since the WFTC award started, this will not affect the award.)

- Explore:
- probe for all types of childcare - both formal and informal
 - nursery/ creche (public/ private sector? In the workplace?)
 - after-school club
 - registered childminder
 - holiday play scheme
 - babysitter (relative or friend/ other?)
 - any other types of childcare?
 - probe for what times of day/week they use childcare
 - is it same each week or does it vary?
 - do you have regular arrangements, or is it “as needed”
 - are childcare arrangements the same for each child?
 - if not, what are the different arrangements for each child

Keep probing until you are confident all aspects of childcare have been covered

- in particular, probe for “gaps” in the childcare – ie times when parent has said they’re working (in Section 1), but haven’t mentioned childcare arrangements covering that period

3. Understanding the “juggling act”

Thanks. Now can we talk about how easy it is to fit all these things together?

3.1 *Setting up the childcare arrangements*

First, can you tell me how do you manage to fit all these different aspects of work and childcare together?

- Probe
- what are the things that work well about it?
 - how easy was it to arrange childcare? In particular, PROBE for: arranging childcare of the preferred type/ arranging childcare for the times when needed/ arranging childcare that is conveniently located/ arranging multiple childcare for different children (if used)
 - what were the difficulties in arranging this childcare?

Thinking in general, how easy or difficult has it been to access suitable childcare/get your child a place somewhere you feel suitable/get someone appropriate to look after your child? (PROBE IF NECESSARY to identify whether or not they have experienced any shortages, been turned away for any reason etc).

[Where did you find out about local childcare? Have you ever had to look for information and advice about this? What did you find? How useful was it?]

[Have you heard of Early Years Development and Childcare Partnerships/ Children's Information Services? Have you contacted any of these services for help or advice in relation to childcare?]

3.2 *Understanding the challenges people face*

Since you've set up your childcare arrangements, have there been any difficulties in this juggling act between work and childcare? What have been the main difficulties?

Interviewer Note: We're looking for things like:

- **changing work demands** – eg fitting childcare around changing shifts or changing hours, stress at work, managerial demands, etc
- **demands coming from the home environment** – eg fitting childcare around child being sick, partner being away, a relative needing care, transport problems, etc
- **predictable circumstances** – eg dealing with school holidays
- **one off situations** – eg dealing with child being ill, school closed, etc

But note: we're also looking for **respondent** to identify what **they** see as difficulties – which may go beyond what's outlined here. Therefore:

- first give respondent opportunity to **spontaneously** identify difficulties
- then go through each of the types of difficulty noted above

Keep probing until you are confident you have covered all the main challenges that people have to deal with when juggling work demands and childcare

Where difficulties/challenges are identified, explore:

- how do you deal with these situations when they come up?
- how do the different types of childcare help or hinder in dealing with these challenges? (eg are some types of childcare more flexible than others?)

We'll come back to these a little later in the discussion.

4. Understanding respondents' childcare decisions

OK, we've talked about the work you do and the childcare you use, and you've talked about some of the challenges in balancing all those different demands. I'd now like to talk a bit more about the how you decided what sort of childcare you would use.

Interviewer instruction: where helpful, throughout section 4, use the one week schedule filled in above

4.1 Understanding what people want from their childcare

First, thinking in general, what sort of things are you looking for in the childcare you use? (prompt for availability, flexibility, convenience, affordability, quality, trust provider; reliability, value for money).

You've mentioned that you use XYZ types of childcare. Thinking about each one in turn, what are the main advantages for you? –

Also, thinking about each type of childcare in turn, what are the main disadvantages for you? Have you experienced any of these disadvantages at first hand? (PROBE for any problems that have occurred and whether/ how they were dealt with).

4.2 Understanding how people's work and childcare decisions interact

Thinking about your work or childcare arrangements, how do these factors interact? In other words:

- do you decide how many hours to work to fit in with the childcare you can get? *or*
 - do you decide what hours you want to work and then get the childcare to match? *or*
 - do they relate to each other in some other way or not at all?
- (Interviewer Note: explore this to see which factor is most impt in shaping decisions about childcare and work hours)***

Why did you prioritise in this way?

Have you ever wanted to work more hours / been offered more hours but had to turn it down because of childcare reasons?

MORI

- did you explore extending your childcare? If so what did you do?
- how easy would it have been to do this?

4.3 Satisfaction with those arrangements

Overall, how do you feel about the arrangements you have in place?

- how happy / satisfied / content are you with the arrangements?

How close is it to the ideal?

And given the choice, are there things you would change about these arrangements?

- what other sorts of childcare would you use?
- are there ways you would like to change your work hours?

What sort of help/assistance would you need to be able to change your arrangements in this way?

NOTE: if the respondent says “more money” (eg more money to help get access to more/different types of childcare), test this out with the respondent. Is it really just more money that would make a difference, or are there other factors too? ie don’t just accept “more money” at face value

Earlier, we talked about some of the challenges in balancing work and childcare (transport problems, child being ill, etc). Would these be easier to deal with if your childcare arrangements were different?

- how would your childcare need to be different to make these challenges easier?

5. Affordability of Childcare

OK, I’d like to move on now to look at how easy it is to afford all this childcare.

5.1 Competing demands on the household budget

Roughly, how much do you spend on childcare every week/month?

***Interviewer note: this is parent’s estimates of current childcare costs
This is one of the three key measures we are trying to get about childcare costs – see also 6.1 and 7.4***

- How does this divide across the different types of childcare you have mentioned?
- Do you pay for this childcare (PROBE for whether in money or gifts, or offer childcare in return)? (NB May need to cover in third person e.g. some people do this....)

===

What other outgoings do you have to consider when you are working out how much you can afford to spend on childcare?

How does this compare with the money coming in each week?

- explore with the respondent
- if they mention WFTC at this point, ask how much (but explore this in more detail in section 6)
- include other benefits (and whether these have been affected by WFTC – eg has housing benefit come down?)

===

Some parents have to make decisions between the childcare they would ideally like to use, and the childcare they can afford.

Would you want more hours of childcare if you could afford it? Would you use a different type of childcare (or a different childcare provider) if you could afford it?

(IF YES) What are the other main outgoings which stop you from using childcare for those hours/ of that type?

Do you get any help to pay for your current childcare?

PROBE FOR SOURCES if needed, including WFTC, partners, relatives etc

Does affordability of childcare affect/limit the hours you work?

- has the cost of childcare ever stopped you from working or changing the hours you work?

5.2 *Paying for childcare*

How/when do you make your payments. PROBE: do you pay in advance, or arrears?

- Does this method of payment best suit your needs?

Did you have to pay a deposit/retainer?

IF APPROPRIATE HERE PROBE: How did you manage to pay a retainer?

Does the payment structure for the type of childcare you use influence your decision about the type of childcare you use.

6. Understanding and impact of WFTC

Interviewer instruction: throughout this section, if the respondent mentions any changes to childcare or work arrangements, try to clarify whether the respondent believes these changes are specifically because of WFTC (or the childcare tax credit element within it)

6.1 Understanding of what WFTC is for

INTERVIEWER NOTE: this section asks about WFTC – but one of the things we are particularly looking for here is whether they are spontaneously aware whether there is a childcare tax credit component within their WFTC. If so do they spontaneously refer to it as childcare tax credit. For this reason, CCTC is not mentioned at the start of this section.

One of the things which may be helping with your childcare costs is the working families tax credit – and I'd like to talk a bit more about this now.

What do you understand WFTC is for? – ie do you see it as being *intended* for some particular item of expenditure, or is it just meant to add into your general household income?

As far as you are aware, is any part of WFTC *intended* for childcare?

- if so, how much? – and what makes you think it's that amount?
- how does that amount compare with your actual childcare costs?

Interviewer note: this is parent's understanding of how much of their WFTC is specifically for childcare – ie their perception of what constitutes the childcare element of WFTC

This is the second of the three key measures we are trying to get about childcare costs – and compares with their estimate of actual childcare costs (section 6.1) and how much they originally applied for (sec 7.4)

6.2 Impact of WFTC

Interviewer note: background info

Some people might say that their receipt of childcare help in WFTC has coincided with a rise in childcare charges – or that cctc has “caused” inflation relating to childcare costs. If they say this, they may also believe that the net result is no change in type/quantity of childcare used.

INTERVIEWER NOTE: The real focus of interest here is how the childcare element of WFTC is making a difference. So while the questions below refer to WFTC, adapt the wording to reflect how respondents talk about the childcare tax credit element in section 6.1. If the respondent doesn't think they get a childcare element, focus the questions on how WFTC is helping with childcare costs.

How do you use your WFTC money? (Mention confidentiality again.)

- do you set it aside for specific things? – if so how much?
- do you set any of it aside specifically to help with childcare? – how much? – how does this compare with your actual childcare costs?

You mentioned you get about £XXX in WFTC. How has getting this extra money helped you with your childcare costs?

- has it made any difference to the childcare you use?
- what difference? – more hours, different types of childcare, etc?

You mentioned before some of the challenges/the juggling act between work and childcare. (Refer to specific examples) Has WFTC helped with any of these things at all? – How?

Has being able to apply for help towards your childcare costs had any impact on your decisions about *whether* to work? ... or about *how many hours* to work?

- how/why?
- for those with partners - what about any impact on your partner and their working hours? (The partners work patterns are important, explore fully.)

Has help with your childcare costs benefited you in any other ways – eg helping meet family commitments?

7. Specific knowledge and experience of WFTC and the childcare tax credit element

The last area I want to discuss is to look at what information is available about WFTC and the childcare tax credit element of it, and what it was like applying for the tax credit.

Interviewer note: throughout Section 7, we are interested in knowledge and experience of the childcare aspects of WFTC. Don't get side-tracked into discussing WFTC in general. Rather, keep bringing the discussion back to the childcare elements of WFTC

7.1 Information and advice about WFTC and the childcare element

How did you find out about WFTC and CCTC?

- PROBE: Did you find out about WFTC in general and then find out there was childcare help available through it, or did you find out about the childcare help first?

Have you seen any publicity/ advertisements about WFTC and the possibility of help towards childcare costs? Where? What impact if any did this have on your decision to apply?

Has anyone advised you about WFTC/CCTC? Who? What advice did they give you? PROBE:

- To what extent did this advice affect your decision to apply? (e.g. advice, better-off calculations, publicity about other initiative such as the minimum wage)
- What were the most important factors in encouraging you to make an application?

(Interviewer note: respondents who have previously receiving Family Credit may not have experienced a great deal of change, therefore they might have little to say in response to these questions.)

7.2 *Understanding of the rules/the decision to apply*

Interviewer note: this is not a test of understanding of the rules; rather it is to see whether people regard any rules as off-putting or as encouraging them to apply

What do you know about the rules for applying for WFTC?

In what circumstances do you think you/someone is eligible for help towards childcare costs?

PROBE IF NECESSARY:

- How many hours must you be working?
- How much can you be earning?
- What types of childcare do you need to be using? (ie eligible childcare)
- How much of your childcare costs can be covered?
- [Do you know about reapplying every 6 months?]
- [What do you understand about how it is paid?] Probe for: method of payment/ regularity of payment.

Is there anything about the rules that specifically encouraged you to apply? (eg the childcare used does not necessarily need to cover the hours worked)

Did you change anything in order to be able to apply? (eg hours worked, type of childcare used, etc)

Are there anything about the rules that put you off applying?

Is there anything else that put you off applying for WFTC and for the childcare element? (eg perceptions of stigma/ difficulty of finding eligible childcare/ not wanting to use eligible childcare)

What other factors did you think about when you are working out whether you are better off working the hours you do? PROBE:

- objective factors like Housing Benefit, Free school meals, Council Tax Benefit, Prescriptions etc
- subjective factors like stress of balancing work and childcare etc

7.3 *The application process*

Interviewer note: again, the main purpose of this is to see if there was anything about the application process that put them off applying – particularly in relation to the childcare element. If recipients wander into talking generally about problems with WFTC application forms (we already know people think they are long and complex) this is missing the point. We are really interested in how any of this impacts on the part of their application dealing with childcare e.g. having to plan six months ahead

How easy or difficult was the application process?

How easy or difficult is the application form to complete? PROBE FOR EACH TYPE OF FORM (WFTC, Childcare Charges, Employers Declaration, Income from Self-employment, where applicable).

- Did you get any help to get hold of the form or to fill it in? Who from (e.g. nursery manager, helpline, IR staff, ES staff, CAB?) Did you need more help? Why (not)?
- Did you use the guidance notes? How helpful were they when you were completing the form?
- Did you fill in the childcare section of the form, or did the provider? (if their provider filled in the form) – what was their reaction to being asked to fill in the form

Timing: did you already have your childcare arranged before applying? How easy or difficult was that PROBE:

- If you were already using that childcare, how were you paying for it? How easy or difficult would you say it was for you to afford, before you made your application for WFTC?

IF HAD ARRANGED CHILDCARE AT THE SAME TIME AS MAKING APPLICATION:

- Did you have to pay any money for the childcare before you made your application? If so, how do you plan for this expense?
- Did you ask the childcare provider to allow you to delay payment, while you were waiting for your application to be assessed? If so, how did they react?

Was there anything about the application process that put you off applying? PROBE:

- Timing issue (need for pre-arranged childcare)
- Upfront payment of childcare costs/ delay in payment of WFTC
- Need to plan childcare needs 6 months' ahead

PROBE FOR PEOPLE WHO HAVE MADE REAPPLICATIONS FOR WFTC:

Did you apply for the childcare tax credit element of WFTC this time around?

- (IF NOT)
- Why did you not apply for help towards your childcare costs this time? Was there anything about the eligibility criteria that put you off?
- Was there anything about the application process that put you off (for example, asking the childcare provider to complete the form)?
- Have any changes in your working hours/ childcare/ personal circumstances put you off applying this time?
- Do you think you will re-apply at the end of the current six months? Why/ why not?

7.4 6 month assessment period and re-applications

Interviewer note: a particular focus here is to identify reasons for under- and over-claims

As you know, you have to reapply for WFTC costs every six months. How easy has this been – particularly in relation to the childcare element? Has the childcare element caused any particular or additional problems?

Can you recall how much was included for childcare costs in your initial claim? (If necessary: how long ago was that?) To what extent have your childcare arrangements/ costs changed since your initial claim? (Note: Stress confidentiality, and that it is not a problem if costs have changed since the claim; we are simply trying to understand how childcare costs vary over time, not to “catch people out”)

Interviewer note: this is the third key measure we are interested in (see also 5.1 and 6.1)

How often has this occurred? Why?

How far did these affect your eligible childcare costs (e.g. through changes in partnership status or employment, different childcare needs in term time or school holidays, breakdown of existing childcare)?

Did any of these changes mean that costs were different from what you originally applied for? By how much? Did this cause any problems?

8. Conclusion

Finally, are there any last comments you'd like to make about what would help you to balance childcare and work more easily than at the moment?

And any last comments about WFTC or the childcare element of it?

THANK RESPONDENT
HAND OUT TWO-PAGE DEMOGRAPHIC QUESTIONNAIRE
PAY INCENTIVE

TOPIC GUIDE: BALANCING WORK AND CHILDCARE

Non-Recipient Version – Final (05/07/02)

Emphasise these questions are for analysis purposes. Not all questions will be asked at the beginning of the interview.

Some of these issues will be already known (in basic terms) due to recruitment/screening, but it will be important to cover them again as a lead in to the rest of the interview.

We will also distribute a very short (2 sides A4) self completion questionnaire at the end of the interview to record certain types of information e.g. ethnicity/ housing tenure

Thank you for agreeing to help us with this research.

Can I just check the following details:

- name, address, no of children, ages
- and do you receive WFTC?
(note: the childcare tax credit element should be checked later in the interview)

EXPLAIN: confidentiality, tape recording, length of interview, etc

EXPLAIN: This research is about how people manage their work and childcare arrangements – and particularly how they fit the two together. The research also goes on to look at how WFTC is helping with this.

1. Work patterns

First can I get a picture of what work you're doing at the moment?

Mark on the one week schedule

(NOTE reassure about confidentiality; and also that even if there have been changes since the WFTC award started, this will not affect the award.)

- Explore
- number of jobs
 - regular jobs (ie same time each week)
 - occasional jobs
- Probe for
- hours worked – esp morning/late evening
 - days worked – weekdays, evenings
 - shifts – days, nights etc
 - regularity of hours – ie same every week, or vary
 - if vary, how
 - different hours each week
 - more/less hours each week
- Explore
- would you like to work more hours
 - if so, what stops you (just need to identify range of factors, not detail; if affordability is an issue, explore in Section 5)

MORI

2. Childcare patterns

OK – now can we talk about what childcare you use?

First how many children/names/ages?

OK, can you talk me through the different types of childcare you use?

Again, mark on a one-week schedule

(NOTE, again if necessary, reassure about confidentiality; and also that even if there have been changes since the WFTC award started, this will not affect the award.)

- Explore:
- probe for all types of childcare - both formal and informal
 - nursery/ creche (public/ private sector? In the workplace?)
 - after-school club
 - registered childminder
 - holiday play scheme
 - babysitter (relative or friend/ other?)
 - any other types of childcare?

 - probe for what times of day/week they use childcare
 - is it same each week or does it vary?
 - do you have regular arrangements, or is it “as needed”

 - are childcare arrangements the same for each child?
 - if not, what are the different arrangements for each child

Keep probing until you are confident all aspects of childcare have been covered

- in particular, probe for “gaps” in the childcare – ie times when parent has said they’re working (in Section 1), but haven’t mentioned childcare arrangements covering that period

3. Understanding the “juggling act”

Thanks. Now can we talk about how easy it is to fit all these things together?

3.1 *Setting up the childcare arrangements*

First, can you tell me how do you manage to fit all these different aspects of work and childcare together?

- Probe
- what are the things that work well about it?
 - how easy was it to arrange childcare? In particular, PROBE for: arranging childcare of the preferred type/ arranging childcare for the times when needed/ arranging childcare that is conveniently located/ arranging multiple childcare for different children (if used)
 - what were the difficulties in arranging this childcare?

Thinking in general, how easy or difficult has it been to access suitable childcare/get your child a place somewhere you feel suitable/get someone appropriate to look after your child? (PROBE IF NECESSARY to identify whether or not they have experienced any shortages, been turned away for any reason etc).

[Where did you find out about local childcare? Have you ever had to look for information and advice about this? What did you find? How useful was it?]

[Have you heard of Early Years Development and Childcare Partnerships/ Children's Information Services? Have you contacted any of these services for help or advice in relation to childcare?]

3.2 *Understanding the challenges people face*

Since you've set up your childcare arrangements, have there been any difficulties in this juggling act between work and childcare? What have been the main difficulties?

Interviewer Note: We're looking for things like:

- **changing work demands** – eg fitting childcare around changing shifts or changing hours, stress at work, managerial demands, etc
- **demands coming from the home environment** – eg fitting childcare around child being sick, partner being away, a relative needing care, transport problems, etc
- **predictable circumstances** – eg dealing with school holidays
- **one off situations** – eg dealing with child being ill, school closed, etc

But note: we're also looking for **respondent** to identify what **they** see as difficulties – which may go beyond what's outlined here. Therefore:

- first give respondent opportunity to **spontaneously** identify difficulties
- then go through each of the types of difficulty noted above

Keep probing until you are confident you have covered all the main challenges that people have to deal with when juggling work demands and childcare

Where difficulties/challenges are identified, explore:

- how do you deal with these situations when they come up?
- how do the different types of childcare help or hinder in dealing with these challenges? (eg are some types of childcare more flexible than others?)

We'll come back to these a little later in the discussion.

4. Understanding respondents' childcare decisions

OK, we've talked about the work you do and the childcare you use, and you've talked about some of the challenges in balancing all those different demands. I'd now like to talk a bit more about the how you decided what sort of childcare you would use.

4.1 Understanding what people want from their child care

First, thinking in general, what sort of things are you looking for in the childcare you use? (prompt for availability, flexibility, convenience, affordability, quality, trust provider; reliability, value for money. *Use second handout – if other factors mentioned, write them on the sheet*)

You've mentioned that you use XYZ types of childcare. Thinking about each one in turn, what are the main advantages for you? – *ask them to point to items on the handout – and write on the handout if appropriate*

NOTE: We will trial the second handout in the first 2 pilot interviews to see what effect it has. We were hoping that it would help to engage the respondent more actively in the interview and act as a prompt to help them to identify their key priorities in arranging childcare. We will also do at least two of the pilot interviews without the prompt to see how it affects people's responses.

Also, thinking about each type of childcare in turn, what are the main disadvantages for you? Have you experienced any of these disadvantages at first hand? (PROBE for any problems that have occurred and whether/ how they were dealt with).

4.2 Understanding how people's work and childcare decisions interact

Thinking about your work or childcare arrangements, how do these factors interact? In other words:

- do you decide how many hours to work to fit in with the childcare you can get? *or*
 - do you decide what hours you want to work and then get the childcare to match? *or*
 - do they relate to each other in some other way or not at all?
- (Interviewer Note: explore this to see which factor is most impnt in shaping decisions about childcare and work hours)*

Why did you prioritise in this way?

Have you ever wanted to work more hours / been offered more hours but had to turn it down because of childcare reasons?

- did you explore extending your childcare? If so what did you do?
- how easy would it have been to do this?

4.3 Satisfaction with those arrangements

Overall, how do you feel about the arrangements you have in place?

- how happy / satisfied / content are you with the arrangements?

How close is it to the ideal?

And given the choice, are there things you would change about these arrangements?

- what other sorts of childcare would you use?
- are there ways you would like to change your work hours?

What sort of help/assistance would you need to be able to change your arrangements in this way?

NOTE: if the respondent says “more money” (eg more money to help get access to more/different types of childcare), test this out with the respondent. Is it really just more money that would make a difference, or are there other factors too? ie don't just accept “more money” at face value

Earlier, we talked about some of the challenges in balancing work and childcare (transport problems, child being ill, etc). Would these be easier to deal with if your childcare arrangements were different?

- how would your childcare need to be different to make these challenges easier?

5. Affordability of Childcare

OK, I'd like to move on now to look at how easy it is to afford all this childcare.

5.1 Competing demands on the household budget

Roughly, how much do you spend on childcare every week/month?

***Interviewer note: this is parent's estimates of current childcare costs
This is one of the three key measures we are trying to get about childcare costs***

- How does this divide across the different types of childcare you have mentioned?
- Do you pay for this childcare (PROBE for whether in money or gifts, or offer childcare in return)? (NB May need to cover in third person e.g. some people do this....)

===

MORI

What other outgoings do you have to consider when you are working out how much you can afford to spend on childcare?

How does this compare with the money coming in each week?

- explore with the respondent
- if they mention WFTC at this point, ask how much (but explore this in more detail in section 6)
- include other benefits (and whether these have been affected by WFTC – eg has housing benefit come down?)

==

Some parents have to make decisions between the childcare they would ideally like to use, and the childcare they can afford.

Would you want more hours of childcare if you could afford it? Would you use a different type of childcare (or a different childcare provider) if you could afford it?

(IF YES) What are the other main outgoings which stop you from using childcare for those hours/ of that type?

Do you get any help to pay for your current childcare?

PROBE FOR SOURCES if needed, including WFTC, partners, relatives etc

Does affordability of childcare affect/limit the hours you work?

- has the cost of childcare ever stopped you from working or changing the hours you work?

5.2 *Paying for childcare*

How/when do you make your payments. PROBE: do you pay in advance, or arrears?

- Does this method of payment best suit your needs?

Did you have to pay a deposit/retainer?

IF APPROPRIATE HERE PROBE: How did you manage to pay a retainer?

Does the payment structure for the type of childcare you use influence your decision about the type of childcare you use.

THE FOLLOWING SECTIONS ARE VERSIONED FOR NON-RECIPIENTS

6. Awareness of CCTC and barriers to uptake

6.1 *Context - understanding of WFTC*

This section briefly covers perceptions of WFTC, and the extent to which they think it is for childcare, and use it for childcare currently.

I understand you currently receive WFTC. What do you think the purpose of it is?

What do you use it for? How much of it do you spend on childcare?

How useful is it to your childcare costs?
Is it enough?

Refer back to the extent to which financial issues, including childcare, are a barrier to their preferred ways of balancing work and childcare.

6.2 General awareness and views of CCTC/Reasons for not applying/not reapplying

This explores reasons for non-take up in an unprompted way – first among lapsed recipients, and then among non-recipients.

Before this interview, had you heard of the Childcare Tax Credit? PROBE SPONTANEOUSLY: What do you know about it?

Have you ever received CCTC?

IF YES: What did you think of it?
Was it helpful? In what way?
What didn't you like about it, if anything?

Why are you not receiving it now? Have you reapplied?
Why haven't you reapplied?

- Arrangements/circumstances have changed?
- No need any more?
- the rules for apply and the eligibility criteria?
- issues with the application procedure?

IF NO

Have you ever applied? (If so, ask why rejected?)
IF NOT, why not?

USE PROBES AS APPLICABLE

- applied and rejected,
- not eligible
- not know much about it, not thought about it,
- put off by the rules for applying and the eligibility criteria
- didn't like the application procedure

6.3 Awareness and views of eligibility criteria

This section explores awareness and views of the rules and eligibility criteria.

COVER AWARENESS ONLY BRIEFLY FOR LAPSED RECIPIENTS, BUT COVER IN FULL FOR THE OTHERS

What do you know about the rules for applying for CCTC?

MORI

What factors determine eligibility?

- One/two parent households?
- Hours worked?
- Income threshold?
- Type of care used?

In what circumstances do you think you/someone is eligible for help towards childcare costs?

PROBE IF NECESSARY:

- How many hours must you be working?
- How much can you be earning?
- What types of childcare do you need to be using? (ie eligible childcare)
- How much of your childcare costs can be covered?

Are *you* eligible for it? Probe reasons for answer.

IF NOT AWARE OF CRITERIA, PROMPT THEM (USE SHOWCARD).

1. In single parent households, the parents must work 16+ hours
2. In two parent households, both parents must work 16+ hours
3. Household income must be under a certain threshold. For example, a couple with two children must have an income of £38,000 or less, and a single parent with one child under 11 years must earn under £30,000. However, the lower the income, the greater the amount entitled to.
4. Registered or approved childcare must be used. This includes: registered childminders, day nurseries, pre-school classes, playgroups, after-school clubs, holiday clubs and breakfast clubs
5. The childcare used does not necessarily have to be used to cover working hours.

PROBE FULLY FOR ALL RESPONDENTS: What do you think about these criteria? How much do you think they apply to you? Are they appropriate? Is there anything you would change about them?

Is there anything about the rules that are helpful/might encourage you to apply? (eg the childcare used does not necessarily need to cover the hours worked).

Is there anything about the rules that did/would put you off applying/reapplying?

PROBE FOR EACH ASPECT OF THE RULES

ASK THOSE WHO HAVE NEVER APPLIED:

Now that you know more about who is eligible, in what ways do they seem relevant/not relevant to you?

6.4 *The application process*

Interviewer note: again, the main purpose of this is to see if there was anything about the application process that has put them off, or might have them off applying – particularly in relation to the childcare element. If recipients wander into talking generally about problems with WFTC application forms (we already know people think they are long and complex) this is missing the point. We are really interested in how any of this impacts on the part of their application dealing with childcare e.g. having to plan six months ahead

ASK NON-USERS

Do you know how to apply for Childcare Tax Credit?

What do you think it would involve?

Do you apply for it as a separate credit, or do you have to apply at the same time as another credit – if so what?

IF NECESSARY PROMPT WITH INFORMATION ON THE APPLICATION PROCESS

- Form completed by you, but childcare provider must sign and complete sections on care used and costs
- Apply for the credit to cover six month blocks
- Need to plan six months ahead (ie specify on the form the next six months of childcare).
- Reapply every 6 months
- If circumstances change within the six months, the level of payment still remains the same
- Payment through the paypacket (unless self-employed)
- Upfront payment of childcare costs/ delay in payment of WFTC

ASK ALL (IE LAPSED AND NON-RECIPIENTS)

What do think of the application process/ How did you find it when you applied?

What was/seems good about it? What was/seems bad?

(ASK LAPSED RECIPIENTS ONLY) How easy or difficult was it?

Was/is there anything about the application process that put you off applying?

PROBE:

- Timing issue (need for pre-arranged childcare)
- Upfront payment of childcare costs/ delay in payment of WFTC
- Need to plan childcare needs 6 months' ahead

6.5 *Future Plans*

This section briefly explores future intentions regarding CCTC

Do you expect to apply/reapply in the future?

Are your circumstances likely to change which might lead you to apply?

If not, why not?

MORI

What would need to change for them to apply/reapply?

6.6 Sources of information

This section explores views of information on CCTC, and preferred sources

Thinking back to when you first found out about CCTC, can you remember where you first heard of CCTC – from what sources?

- Adverts? – if so where?
- Leaflets? – if so which? Those with WFTC?
- From and advice centre/adviser – who?
- What did you learn about CCTC from these sources?

Did you ever actively seek information about it? If so where from? In what ways was that easy/difficult?

Where would you go for further information on CCTC? What other sources of information do you normally use for that kind of information – friends, employer, council, benefits office/advisor, Employment Service?

What would your preferred source of information be?

Which sources were most helpful/least helpful? Was information you received easy to understand – were the eligibility criteria, and application procedures clear, for example?

7. Conclusion

Finally, are there any last comments you'd like to make about what would help you to balance childcare and work more easily than at the moment?

And any last comments about WFTC, or the childcare element of it (CCTC)?

THANK RESPONDENT
HAND OUT TWO-PAGE DEMOGRAPHIC QUESTIONNAIRE
PAY INCENTIVE