

Research Report DFE-RR101

Qualitative research into families' experiences and behaviours in the Childcare Affordability Pilots (CAP09): 100% Costs Pilot

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Glossary

BACS	Bankers' Automated Clearing Services (a system for the electronic processing of financial transactions)
CA	Carer's Allowance
CAP09	Childcare Affordability Pilots 2009
CCE	Childcare Element of Working Tax Credit
CTB	Council Tax Benefit
CTC	Child Tax Credit
DfE	Department for Education (formerly known as the Department for Children, Schools and Families)
DLA	Disability Living Allowance
DWP	Department for Work and Pensions
Formal care	Childcare provided by an Ofsted registered nursery, childminder, breakfast or after-school club or other approved provider. Support for this kind of care can be claimed for through the CCE.
HMRC	Her Majesty's Revenue and Customs
Informal care	Childcare which is not eligible for support through the CCE.
IS	Income Support
JCP	Jobcentre Plus
LDA	London Development Agency
Ofsted	Office for Standards in Education, Children's Services and Skills
TCO	Tax Credits Office
WTC	Working Tax Credit

Summary of findings

BACKGROUND

- (i) The primary aim of this research was **to ascertain the extent to which childcare costs act as a barrier to parents taking up and sustaining paid work and formal childcare**. This evidence will help the government understand how it can support families with children into sustainable employment.
- (ii) The 100% Costs Pilot, launched by HMRC and DfE in 2009 and funded by CPU, offered payment of 100% rather than the standard offer of 80% of childcare costs¹ on entering work for at least 16 hours per week. This was offered to parents in five areas of London with household incomes of under £16,000. Childcare costs were also paid up to a higher level than was normal within tax credits.
- (iii) To assess the impact of the 100% offer, a Control group of parents in the same areas of London were also informed of the standard offer of help available to them through the tax credits system.
- (iv) Between January 2010 and January 2011 **Ipsos MORI conducted 109 face-to-face interviews** with parents.
 - Parents were split into three research groups of customers as defined by their behaviour in response to the offer: *Not Interested* participants who did not register an interest in the offer; *Interested* participants, who registered an interest in the offer but subsequently did not take it up; and *Take-up* participants.
 - In order to explore the longitudinal effects of taking up the offer, fieldwork took place in two waves for the *Take-up* group. Ipsos MORI conducted 37 interviews while parents were on the Pilot in January - April 2010, and then followed-up with 20 of those participants in October 2010 - January 2011, once the Pilot had ended.
 - Ipsos MORI also conducted 31 interviews with *Interested* participants and 21 interviews with *Not Interested* participants in October 2010 – January 2011.
- (v) In addition to the primary aim of the research, these interviews also sought to understand the barriers and enablers that existed for parents when considering taking up work and childcare, parents' experiences of work and childcare and their perceptions of dealing with the DfE contractor helpline and

¹ The government announced in the 2010 Spending Review that families can claim up to 70% of their childcare costs from April 2011.

the Tax Credits Office when making their claim for the Childcare Element (CCE).

Participant characteristics across the research

- (vi) A number of key participant characteristics formed an important overall context for the research. Understanding the circumstances of participants upfront was important as, in most cases, circumstances underpinned participants' behaviours in relation to the offer.
- (vii) **Participants across all groups typically lacked either skills or substantial work experience** with many having had long periods away from the labour market.
- (viii) **A lack of social networks was highly prevalent across all groups** and feelings of social isolation and **experiences of depression** were widespread, especially among lone parents.
- (ix) **Few participants across all groups had *paid for formal childcare before***, and across all groups recent migrants were typically least likely to have used it at all. **Use of informal care was widespread across all groups** where participants *did* have access to a network of friends and family in the local area. This was typically provided by **grandparents and older siblings** of the child.
- (x) While the research included participants from a variety of backgrounds, most of those interviewed in the *Take-up* group were **female lone parents**. This was consistent with the majority of tax credit recipients who are in work, on low incomes and who use childcare.

FINDINGS

Taking up work and childcare

- (i) **A positive attitude to work was the most important driver of being interested in moving into work for over 16 hours per week and using formal childcare. Financial considerations, including the cost of childcare, were less important *initially* to those participants who were interested in taking up the offer.**
 - The *Interested* and *Take-up* group believed strongly in the personal and social benefits of work, which were more important to them than the potential financial benefits.
 - These participants also typically believed they would be better off financially in work, a perception typically based on making a rough mental calculation.
 - Only a very few *Interested* participants had made an *actual* calculation that they would be better off not working after childcare costs were taken into account and decided not to take up the offer.
 - The *Not Interested* group typically felt that their primary role at the time of receiving the letter was that of caring for their children, and they tended to prioritise unpaid care for their children over paid work. For many of this

- group this was likely to change over time as their children became more independent of them.
- Very few who did not *already* have positive attitudes to work became interested in the offer on receipt of the letter.
- (ii) **The offer letter made participants aware of in-work financial support for childcare. This gave *Interested* and *Take-up* participants a greater impetus to search for work, meaning they typically pursued their ongoing search with greater determination.**
- Many of these participants did not know that if they worked, they would receive support for childcare costs at all, and so the offer letter acted as a 'nudge' to widen and intensify their search for work.
 - The letter encouraged a few *Take-up* participants who were already in work to increase their working hours to at least 16 hours per week to become eligible, where it was possible for them to do so.
- (iii) **Pilot *Take-up* participants reported that they were *better off financially during the pilot*, finding themselves able to improve their family circumstances, save money and pay off debts.**
- They tended to be more socially isolated and often had very young children, so the 100% offer helped them overcome two important barriers to managing with 80% costs: the high cost of formal care and the lack of informal support.
 - The 100% offer was therefore a strong incentive for parents in isolated social circumstances with young children to widen and intensify their search for work.
 - However, they *struggled financially once returned to the normal system*, and typically doubted whether they were better off in work.
 - As a result they considered decreasing working hours or using more informal care than they preferred to do in order to fulfil their aim of remaining in paid work and formal childcare.
 - The very few *Interested* Pilot participants who made an *actual* better-off calculation before responding to the offer tended to feel that they *would* be financially better off working with the 100% offer.
- (iv) **Control *Take-up* participants struggled financially throughout the study and typically did not feel they were better off *financially* at the end of the pilot.**
- They tended to use more informal care than they preferred in order to keep costs within their budget.
 - Those interviewed in the Control group tended to have older children than those in the Pilot group, hence their childcare costs were also lower.
 - They did, however, feel they were better off for the social benefits of work and the fulfilment of personal ambitions, and so aimed to remain in work and childcare.
 - The very few *Not Interested* Control participants who made an *actual* better-off calculation before responding to the offer tended to feel that they *would not* be financially better off working with the 80% offer.
- (v) **For those interested in the offer, the most difficult barrier to overcome was finding suitable work.**

- This was due to participants' low skill levels, lack of work experience, lack of experience in looking for work and the competitive job market at the time of the pilot and research.
- (vi) **Barriers relating to work, childcare and finance were *interlinked* and had to be overcome *at the same time*, which presented major challenges for participants.**
- *Take-up* participants managed to overcome these multiple barriers - although typically with considerable difficulty.
 - Finding work was the most challenging barrier faced by participants, therefore those who took up the Pilot were also those *most amenable to making compromises* over the conditions of their work.
 - *Take-up* participants felt more comfortable than *Interested* participants in taking up unskilled work, forgoing studying, working hours that did not fit with childcare, and working in locations that were tricky to get to.
 - They also tended to arrange childcare *as soon as they started to look for work*, sometimes paying fees upfront before a job was secured.
- (vii) **Among *Interested* and *Take-up* participants, raising the deposit to secure a childcare place was an important barrier to take-up among parents *with children of pre-school age*. This was typically only overcome through hardship or borrowing from family members by *Take-up* participants.**
- Finding finance to secure day nursery payments through advance payments and deposits was the biggest difficulty related to cost experienced by parents hoping to take up formal childcare.
 - Once in childcare, Pilot *Take-up* participants were grateful of the opportunity to secure it free of charge. This group, usually lone parents with children under three, previously had seen the cost of childcare as a potential barrier.

Sustaining work and childcare

- (viii) **Skills and work experience levels at the start of the Pilot were the most important predictor of whether parents were better off financially once paying for childcare after the Pilot had ended.**
- Most *Take-up* participants had secured unskilled work, and often did not feel they were financially better off working after paying for childcare costs once the pilot ended.
 - Participants with higher skills levels or greater levels of work experience at the start of the Pilot were more likely to secure work that was well paid enough to ensure they were better off working after childcare costs had been deducted.
- (ix) **Flexible relationships with childcare providers, employers and informal providers were crucial to being able to take up and sustain work.**
- Parents most valued childcare providers and employers which were flexible to the changing needs of their family.
 - Parents needed employers to be understanding about changes they might have to make to working hours when children started school or were ill at short notice, but were rarely optimistic that they would be.

- (x) **The transition time when *children started school* was a point at which parents depended on flexibility from *employers and childcare providers* in order to sustain paid work.**
- Parents with young children depended on morning and evening provision of formal childcare to continue in paid employment. Services which would drop off and pick up children from school were especially invaluable.
 - The flexibility of informal care was crucial for most parents to sustaining work when the hours of children's formal care/ schooling changed – usually on transition from pre-school or nursery to primary school.
 - However, changes in supply of informal care were problematic, as grandparents aged and older siblings pursued their own personal ambitions over taking on unpaid care.
- (xi) **Cuts to early years childcare provision and public sector employment were widely viewed by *Take-up* participants as key threats to the sustainability of remaining in work and childcare.**
- Some *Take-up* participants had already experienced the impact of this, having already had their working hours cut by the second wave of interviews. Others were having their contracts terminated at the end of April.

Using childcare

- (xii) **Formal childcare was widely seen as highly attractive for the educational and social opportunities it afforded children.**
- For parents who took up the offer or were using formal childcare, their strong beliefs in the advantages of childcare were typically reinforced by their experiences.
 - Parents rarely perceived quality in terms of provider's levels of qualifications, rather in terms of the range of activities and facilities on offer, staff ratios, and over time, their child's happiness, progress and how settled they felt.
- (xiii) **Quality of childcare – in terms of the *perceived kindness of staff* and the *educational and social benefits* available – was the most important criteria in choosing providers initially.**
- Practical factors, notably location and opening hours, were also crucial.
 - Control *Take-up* participants were more likely to include cost as a factor when choosing providers, although this was still less important to them than other factors, notably quality of childcare.
 - Finding day nursery places for younger children and childcare in the early mornings, evenings, and out of term time were the most common difficulties regarding supply of childcare.
- (xiv) **Access to informal care was vital to sustaining work and childcare, despite the sense of guilt and imposition typically felt by parents who**

made use of it. Its absence made entering paid work and formal childcare extremely challenging for parents.

- Informal care was typically used for covering pick-ups from school and nursery and was widely provided by grandparents and older siblings.
- It was highly valued as it not only helped reduce costs but was also more flexible and likely to be available at times when formal care was not.
- That said, it was generally considered less reliable than formal care.

(xv) Parents in the *Not Interested* and *Interested* groups widely believed that three years old was a suitable age to begin formal childcare.

- Children were considered to be both suitably independent and able to express themselves at this age.
- The 15 hours a week free early education place for three and four-year-olds was widely accessed by participants in the research as it suited parents' preferences for starting formal childcare at the age of three.

Operational experiences of the Pilot

(xvi) Experiences of communicating with HMRC using both the helpline and the dedicated team at the TCO were largely positive, and staff were found to be helpful, pleasant and informative. Participants appreciated the advice and clear information they were given about their entitlements.

(xvii) Pilot participants were sent a separate cheque for the CCE. This helped some to budget more effectively and increased transparency about what they were receiving. However, we can infer from this research that a letter outlining these details did not have the same effect given that Pilot participants did not spontaneously mention correspondence of this nature that they were sent by TCO on a monthly basis.

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INTRODUCTION AND BACKGROUND

CHAPTER SUMMARY

(i) The Childcare Element (CCE) of Working Tax Credits (WTC) is designed to offer working parents financial support for the payment of childcare costs. Subject to a range of eligibility criteria, working families were able to claim 80% of their total childcare costs via this system at the time of the Pilot. Since April 2011, families can claim up to 70% of their childcare costs.

(ii) The aim of the 100% Costs Pilot was **to ascertain the importance of childcare costs as a barrier to parents taking up and sustaining paid work and formal childcare**. It is hoped this evidence may help the government understand how it can support families with children into sustainable employment.

(iii) In addition to the primary aim of the research, these interviews also sought to understand the barriers and enablers that existed for parents when considering taking up work and childcare, parents' experiences of work and childcare and their perceptions of dealing with the DfE contractor helpline and the Tax Credits Office (TCO) when making their claim for the Childcare Element (CCE).

(iv) The higher levels of support tested in the study were an offer of 100% rather than 80% of childcare costs to low income families. In addition, childcare costs were paid up to higher limits than under the standard system. Parents were offered upper limits of £215 per week for one child and £350 per week for two or more children, in comparison to a maximum costs allowed of £175 per week for one child and £300 per week for two or more children under the 80% costs system.

(v) **Ipsos MORI conducted 109 face-to-face depth interviews** with parents with household incomes of under £16,000 at the start of the study. These interviews were sampled and recruited on the basis of participants receiving one of two offers from HMRC:

- *Pilot group*: customers who were offered support of 100% of costs (up to increased childcare costs limits) via the CCE; and
- *Control group*: customers who were offered the existing level of 80% of childcare costs in financial support via the CCE.

Families were on the Pilot for up to twelve months, and the Pilot ended on 30th September 2010.

(vi) **Quotas for interviews were set on participants' behaviour** in response to the offer. They were categorised into three groups: **Not Interested** participants did not register an interest in the offer; **Interested** participants registered an interest in the offer but subsequently did not take it up; and **Take-up** participants took paid work and childcare through the CAP09 process. Based on these categories, quotas were set to ensure a good cross-section of participants were recruited.

(vii) In order to explore the longitudinal effects of taking up the offer, fieldwork took place in two waves for the *Take-up* group. Ipsos MORI conducted 37 interviews while parents were on the Pilot in January - April 2010, and then followed-up with 20 of those participants in October 2010 - January 2011, once the Pilot had ended. Ipsos MORI also conducted 31 interviews with *Interested* participants and 21 interviews with *Not Interested* participants in October 2010 – January 2011.

(viii) A number of key participant characteristics formed an important overall context for the research. Understanding the circumstances of participants upfront was important as, in most cases, circumstances underpinned participants' behaviours in relation to the offer.

(ix) **Predominantly female**, participants in the study **were from a very wide range of household compositions**, encompassing both lone parents and couples, and a range of numbers and ages of children.

(x) **Participants typically lacked substantial or continuous work experience**, and many had had long periods away from the labour market.

(xi) **A lack of social networks was highly prevalent** and feelings of social isolation and **experiences of depression** were widespread, especially among lone parents.

(xii) **Few participants had paid for formal childcare before**, and across all groups recent migrants were typically least likely to have used it at all. Experience of, as opposed to payment for, formal childcare was more widespread as many participants had accessed formal care through the government's provision of an early education placement for three-year-olds, or through using subsidised childcare while they studied.

(xiii) **Use of informal care was widespread across all groups** where participants did have access to a network of friends and family in the local area. This was typically provided by **grandparents and older siblings**.

(xiv) While the research included participants from a variety of backgrounds, most of those interviewed in the *Take-up* group were **female lone parents**. This was consistent with the majority of tax credit recipients who are in work, on low incomes and who use childcare.

(xv) **All participants at the start of the study had household incomes of less than £16,000 a year**, which was a deliberate precondition of the research. Participants in the *Take-up* group tended to have very low household incomes, earning under £12,000 a year. State benefits contributed an important element of household income, particularly for lone parents.

1 Introduction

Working Tax Credit (WTC) is part of the tax credits system delivered by HM Revenue and Customs (HMRC). It provides in-work support for low income people, with or without children. Dependent on income, a childcare element (CCE) of WTC is available for families in recognition of extra costs faced by working parents with childcare needs.

To be entitled to the CCE lone parents, or both members of a two-parent household², must be in qualifying work for 16 hours or more a week and be using an eligible form of childcare.³ At the time of this research, the proportion of eligible childcare costs covered by the childcare element was 80%.⁴

The Childcare Affordability Pilots 2009 (CAP09) were devised to assess the impact of providing alternative forms of childcare support to families moving into work. This report contains findings from the qualitative research strand of the 100% Costs Pilot evaluation. This research was conducted among families who were either offered extra support with childcare costs or were informed of the standard offer of help with childcare costs through the payment of the CCE of WTC. The offers were conditional on families taking up work or increasing their hours to at least 16 hours per week. The principal aim of this Pilot was to determine whether increased childcare support acts as an incentive for parents to take up work or increase their hours, and move into formal childcare.⁵

The research was undertaken by Ipsos MORI Social Research Institute on behalf of HMRC. In this introductory section we set out:

- The context of the research;
- The research objectives;
- The methodology used to conduct the research;
- Information on sampling and recruitment of participants;
- How the interviews were conducted and how research materials were used; and
- How the findings are presented.

1.1 RESEARCH CONTEXT AND BACKGROUND

According to research conducted by the DfE, the median weekly cost of nurseries stood at £72 and £55 for childminders in 2009. Furthermore, just under a quarter (24%) of those that regularly used formal childcare reported that they found it difficult or very difficult to meet their payments for childcare⁶.

In recognition of this, the government sought to help working parents with their childcare costs. One form of help is administered via the CCE. In order to be eligible for this, all adults in a family must be in paid work for at least 16 hours per week, unless one partner is incapacitated, in hospital or in prison. They must also use childcare which has been

² Unless one member of the couple is incapacitated, is an inpatient in hospital, or is in prison (whether serving a custodial sentence or remanded in custody awaiting trial or sentence).

³ An eligible form of childcare is a provider that is registered or approved. In England, the provider must be registered with Ofsted. The childcare element can be paid for any child up to the last day of the week in which falls the 1st September following that child's 15th birthday.

⁴ The government announced in the 2010 Spending Review that families can claim up to 70% of their childcare costs from April 2011.

⁵ 'Formal childcare' throughout this report refers to childcare which has been approved or registered by Ofsted and is paid for by the parent.

⁶ DfE, *Childcare and early years survey of parents, 2009*.

approved or registered by Ofsted (in England). Subject to tapering, these families could claim 80% of their total childcare costs, up to cost limits of £175 per week for one child, and £300 for two or more children⁷. In order to claim this help, families have to calculate their average weekly childcare cost for the tax year and are then paid equal payments throughout the year. As a result, they need to hold money back in periods when costs are low to fund childcare in times when costs are higher.

CAP09, part of a suite of child poverty Pilots announced in the Budget 2008, **aimed to test the importance of the affordability of childcare in parents' decisions to move into work and take up childcare**. There were five pilots in the CAP09 programme, three were managed by HMRC and two were managed by the London Development Agency (LDA). The three Pilots administered by HMRC each involved changes being made to the current tax credits system. These Pilots (100% Costs Pilot, Disabled Children's Pilot and Actual Costs Pilot) were **designed to test whether changes to both the amount and way in which tax credits were paid encouraged take-up of childcare and employment opportunities among parents**, and more broadly to determine if affordability was the key barrier to using childcare. A research study of the three Pilots was commissioned by HMRC to complement its in-house data analysis. This report is concerned solely with the research findings of the 100% Costs Pilot. The research was undertaken by Ipsos MORI Social Research Institute on behalf of HM Revenue & Customs (HMRC) and funded by the Child Poverty Unit.

1.2 RESEARCH OBJECTIVES

The aim of the 100% Costs Pilot ('the Pilot') was **to ascertain the importance of the cost of childcare in parents taking up paid work and formal childcare, and in sustaining these both**. The higher levels of support tested in the study were an offer of 100% rather than 80% of childcare costs to low income families. In addition, childcare costs were paid up to higher limits than under the previous system. Parents were offered upper limits of £215 per week for one child and £350 per week for two or more children, in comparison to a maximum upper limit of £175 per week for one child and £300 per week for two or more children under the 80% costs system, see Table 1.

The objective of the research was to understand the reasons why some claimants chose not to, or were unable to, take up the offer, as well as why some claimants chose to take up the offer and their experiences of doing so.

Specific objectives were as follows:

For families who did not take up the offer we sought to explore:

- Why, after receiving notification of assistance with their childcare costs, some families chose not to or were unable to move into work and childcare;
- Awareness of CCE, and other forms of help and support parents were eligible for;
- Why they were unable to find work and the extent to which, if at all, the offer caused them to increase their job search intensity;
- Their views on using formal and informal childcare; and,

⁷ This meant that parents could claim a maximum of £140 per week for one child and £240 per week for two or more children under the 80% costs offer.

- The reasons why some claimants did not contact the DfE Contractor helpline⁸.

Among this group and also with those whom the helpline was unable to contact, we sought to understand whether this was a conscious decision not to express an interest in the offer, or whether they did not hear about or understand the offer.

For families who contacted the helpline, but did not move into work and/or childcare we aimed to:

- Explore the reasons why they were interested in the offer;
- Examine the barriers which prevented them from moving into work and/or formal childcare;
- Understand if there were any issues surrounding perceived eligibility for the offer; and
- Ascertain the reasons why some families ultimately told the DfE Contractor helpline that they were not interested in the offer.

For families who did take up the offer we sought to:

- Explore claimants' reasons for taking up WTC and how they felt about it having experienced the system;
- Ascertain their awareness of the CCE and knowledge of the eligibility criteria for the CCE;
- Identify other triggers to moving into employment and taking up childcare which are not associated with affordability;
- Determine attitudes to formal childcare regarding quality, location, availability and cost;
- What kind of mix of childcare (including formal and informal care) parents used, and their perceptions of the benefits and drawbacks of each;
- Ascertain their experiences of communicating with HMRC and the DfE Contractor helpline;
- Understand their experiences and behaviour during the Pilot in terms of changes to their working status and hours, changes in their use of childcare, and the role of the 100% offer in their decisions; and
- Explore their experiences and behaviour having left the Pilot and returned to the main tax credits system, where they only received support of up to 80% of their childcare.

1.3 RESEARCH METHODOLOGY

Ipsos MORI conducted 109 face-to-face depth interviews with parents who were eligible for help with their childcare costs through the CCE. These interviews were conducted with claimants who had been offered either the 100% costs offer (the Pilot

⁸ Recipients of the offer letter were offered support from or contacted by a dedicated telephone helpline for the Childcare Affordability Pilots. This was run by a DfE Contractor. This helpline was entirely separate from the main Tax Credits helpline.

group) or the standard offer of up to 80% assistance with childcare costs (the Control group) by HMRC. Although some participants interviewed had **English as a second language**, and some were unable to read English, all **participants had at least a basic level of spoken English** and were fully able to respond to questions in the interview. Those who were unable to understand English at the point of recruitment were excluded from this research.

A qualitative approach was adopted for the study to generate rich detail, and enable interviewers to obtain a full picture of the participants' circumstances, experiences, attitudes and feelings and how these influenced their behaviours with regard to the offer. A face-to-face approach was chosen as it was important that interviewers established a rapport with the participants. This helped to create an atmosphere of trust so that sensitive issues, such as those pertaining to their financial circumstances, could be addressed. In addition, face-to-face interviews enabled the interviewer to use stimulus materials, such as examples of letters which helped participants to recall certain experiences more clearly.

Interviews were conducted in participants' homes which allowed interviews to generate additional observational data about participants and their family. The interviews were conducted between January 2010 and January 2011 and all interviews lasted between one hour and ninety minutes.

The project included a longitudinal element: a number of the participants who took up the offer were interviewed again after the Pilot ended to investigate how their experiences had changed over time. Further details on this are included in section 1.5 on sampling.

Analysis of the findings from the fieldwork was conducted throughout the fieldwork period through the collation of fieldnotes in Microsoft Excel spreadsheets and in regular analysis sessions with the interview team. In these sessions initial hypotheses were developed and discussed. Ongoing analysis of findings meant that research materials were adjusted throughout the field period to reflect emerging findings.

The research design included Pilot and Control groups so that comparisons and inferences could be made about which outcomes were a result of the increased childcare offer, and which outcomes would have occurred with the ordinary level of support offered under WTC. Fieldwork was conducted entirely in London with Pilot and Control letters sent to the same areas as outlined in section 1.5.

1.4 PROCESSES IN THE PILOT

Participants in the Pilot group were sent a letter⁹ which offered support with 100% of their formal childcare costs, up to higher weekly limits of £215 for one child or £350 for two or more children.

Participants in the Control group were informed by letter of the standard system of help with childcare which is up to 80% of the cost of eligible formal childcare¹⁰, with weekly limits of £175 for one child or £300 for two or more children¹¹.

⁹ This offer letter was sent to families by DfE.

For clarity, the following table compares the upper cost limits and the maximum payment possible for participants of the two offers.

Table 1: Differences in financial support offered in the Pilot and Control

	Upper childcare cost limit		Maximum payment possible	
	<i>1 child</i>	<i>2 children</i>	<i>1 child</i>	<i>2 children</i>
100% Costs (Pilot) offer	£215	£350	£215	£350
80% Costs (Control) offer	£175	£300	£140	£240

To qualify for the offer, lone parents needed to take up paid work (for at least 16 hours per week), or increase their working hours to 16 or more per week. In couples, both partners needed to do this in order to qualify¹². The qualification guidelines for both Pilot and Control offers were the same. The differences in financial support described in the table above were the *only differences* between the Pilot and Control offers.

Families were on the Pilot for up to twelve months. The Pilot was initially offered to participants for a year, but following the 2010 Election, the evaluation was scaled back and the length of the offer reduced for those who took it up after September 1st 2009. A number of the take-up group were therefore only able to take up the offer for between six and eleven months. The Pilot officially ended on September 30th 2010.

All participants taking up the offer (whether Pilot or Control) had to use formal childcare which complied with the eligibility criteria for the CCE. Formal providers had to be registered by Ofsted; parents using unregistered providers would not qualify for the support available to them via the CCE.

1.5 SAMPLING AND RECRUITMENT

The sample for all groups was provided by HMRC from families' tax credit records. Participants were then **recruited by telephone** from this sample after being mailed and allowed a period in which they could opt out of the research. The opt-out letter used is included in Appendix A of this report. All those mailed had been offered either the Pilot or Control offer of help with their childcare costs. Participants who did not take up the offer were sampled on the basis that they **had at least one child living in their household aged under 16 and that at least one parent was not working or working fewer than 16 hours a week**. Participants who took up the offer were sampled on the basis of whether they had taken up the Pilot or Control offer. In addition, quotas were

¹⁰ 'Formal childcare' throughout this report refers to childcare which has been approved or registered by Ofsted and is paid for by the parent.

¹¹ This meant that parents could claim a maximum of £140 per week for one child and £240 per week for two or more children under the 80% costs offer.

¹² This is the case unless one partner is incapacitated, in hospital or in prison, in which case the couple would still qualify for the CCE if only one partner was working.

set on a range of characteristics to ensure a good cross-section of participants. These characteristics included household status, number of children and area.

The Pilot was only offered in five London boroughs and, consequently, fieldwork was restricted to these locations also. These boroughs were selected for the similarity of their population profiles, and because these areas were not involved in other childcare Pilot activity. These boroughs were Greenwich, Camden, Hillingdon, Haringey and Croydon.

The Pilot and Control group research participants were then subdivided further into three groups according to their response to their offer:

- **Not Interested group:** Those who either called or were called by the DfE Contractor helpline and said they did not want to register an interest;
- **Interested group:** Those who either called or were called by the DfE Contractor helpline and registered their interest in the offer but were subsequently unable to find work and/or childcare; and
- **Take-up group:** Those who registered an interest in the offer with the DfE Contractor helpline and subsequently found work and childcare. This group were then transferred to a dedicated team within the Tax Credits Office in order to make their claim for the WTC and CCE.

The following diagram outlines the overall structure of the sample frame:

Table 2: Sample frame

Group	Available sample	Number of Interviews		Total number of interviews completed
		Wave 1 (Jan – Apr 2010)	Wave 2 (Oct 2010 – Jan 2011)	
Not Interested Pilot	498	n/a	11	21
Not Interested Control	270	n/a	10	
Interested Pilot	250	n/a	21	31
Interested Control	100	n/a	10	
Take-up Pilot	133	26	13	39
Take-up Control	54	11	7	18
Total	2505	37	72	109

In order to meet targets for the *Not Interested* and *Interested* groups, quotas around numbers of Pilot and Control interviews in some geographical areas were relaxed. This was due to the lower take-up of the Pilot offer in some of the areas under study.

For participants who did take up the offer, quotas on two-parent households were relaxed during the first wave of fieldwork. This was due to the high take-up of the offer by lone parents, which meant that the sample did not contain sufficient numbers of two-parent households to meet original quotas.

1.6 INTERVIEWS AND RESEARCH MATERIALS

When conducting the interviews, moderators used semi-structured discussion guides to ensure all relevant topics were covered consistently across all interviews and that all key issues were explored. A cash incentive of £30 (£50 for a paired depth) was provided by Ipsos MORI as a thank you for the participants' time.

Three main discussion guides were used: two for the take-up groups at the different stages of progress through the Pilot, including one when they had recently made the transition into employment and were claiming the Pilot or Control offer of assistance via the CCE and one for when the Pilot had ended and they either had or were about to transfer onto the standard system of help and support. The final guide was for those who did not take up the offer, which was adapted according to whether they fell into the *interested* or *not interested* groups. Example discussion guides are included in Appendix A of this report.

1.7 PRESENTATION OF FINDINGS

This report is structured in five sections, reflecting five distinct aspects of the findings:

Chapter 1: Introduction and background – provides background and details of how the study was conducted and context for the findings by exploring the personal circumstances of the participants. Understanding this in depth is important, as it shapes and helps explain how participants responded to the offer in the way that they did.

Chapters 2-5: Take-up of work and childcare – examines the drivers and enablers which led some people to taking up the offer as well as their experiences of finding and sustaining employment. It also looks at the barriers which meant some were not able to take up the offer. In addition, this chapter details findings on the experiences of participants who took up the offer in sustaining work and childcare.

Chapter 6-8: Using childcare and the CCE – explores knowledge and awareness of the CCE as well as how childcare is used and experiences of using formal childcare.

Chapters 9-10: Operational experiences of the Pilot scheme – examines the reactions of different groups to the Pilot letter, their understanding of the offer and their experiences of contact with both the helpline and the Tax Credit Office (TCO). It also presents findings on customer experiences of the Tax Credits system.

Chapter 11: Overall conclusions – brings together the findings from the study to provide overall conclusions.

It is important to note that findings of this report are not statistically representative of the views of parents of children in general. Qualitative research is designed to be illustrative, detailed and exploratory and provides insight into the perceptions, feelings and behaviours of people rather than conclusions from a robust, quantifiable valid sample. As far as possible we tried to state the strength of feeling about a particular point, although in some cases it has not always been possible to provide a precise or useful indication of the prevalence of a view due to the small numbers of participants in the group under discussion.

Where verbatim quotes are used in the report, they have been anonymised and attributed with relevant characteristics of household status, location and details of participant group, as in the following example:

Couple, Haringey, Not Interested, Control

The perceptions of participants make up a considerable proportion of the evidence in this study, and it is important to remember that although such perceptions may not always be factually accurate, they represent the truth to those who relate them.

Participant profiles

1.8 INTRODUCTION

In this section we will describe the range of personal and financial circumstances of the participants in the qualitative research, drawing on the data gathered on claimants' lifestyles, experiences of financial management, debt, and family life. Understanding this information upfront is important as, in many cases, participants' circumstances underpinned their behaviours in relation to the offer.

These comments on the characteristics of the groups interviewed are representative of the participants spoken to in this *qualitative* element of the 100% Costs research rather than the entire population who received the offer letter.

1.9 HOUSEHOLD COMPOSITION

Participants in this study were predominantly female and included both lone parents and couples, with a range of numbers and ages of children. The kind of household participants lived in was important as this, in turn, influenced their response to the offer.

Of those interviewed, female lone parents under the age of 25 with only one child were more likely to take up the offer of work and childcare than participants from other household types. The reasons for this were a combination of the strong beliefs held by these parents of the benefits of taking up paid work, the potential benefits to their child of taking up formal childcare, the restrictions placed on them by a lack of informal care support and a willingness to compromise over the nature of the work they undertook. These conditions made the offer to take up work and childcare seem more attractive, typically meaning they were more likely to do so. These trends are discussed in detail in Chapter 3.

Those who were interested in the offer but were unable to take it up tended to be older women in two-parent households who had wanted to return to work after a period of caring for a young child or children. These participants had very positive attitudes about taking up paid work, which acted as a powerful driver. They tended to experience difficulties in finding appropriate work which prevented them from taking up the offer. In some cases this was because of a lack of available jobs, but in others due to lack of appropriate work experience or because they were unwilling to compromise on the type of work they took up. The challenges these participants faced finding work are described in Chapter 2.3.

Both couples and lone parents who were interested in the offer but did not take it up tended to have more than one child. Having two or more children meant that their care responsibilities were greater than those of participants in the study with only one child, which, in turn, typically contributed further to their difficulties in taking up the offer.

Participants who were not interested in the offer were typically couples where one parent – usually the father – was the main income earner. They had strong practical or cultural reasons for choosing to divide the household burden of work and care along gender lines, which are described in detail in Chapter 2.2. However, it was also easier logistically for couples to make this arrangement as one partner was able to earn while the other was responsible for unpaid childcare.

1.10 SOCIAL CIRCUMSTANCES

The strength of participants' social networks and their experiences of poor mental health were important social contexts in this research.

Participants in the *Take-up group* tended to report having poor social networks and that they had experienced episodes of depression in the past. Given this, they were keen to take up the offer from HMRC; they wanted to find work and formal childcare to overcome their own and their child's isolation, and to provide them with a

routine to act as an antidote to depression. This attitudinal driver to taking up work is described in detail in Chapter 3.2.1

As discussed, most participants in *Take-up* group were lone parents, who also often had **poor relations with ex-partners** which exacerbated their social isolation. Additionally, there were a number of recent migrants in the *Take-up group*, notably from West Africa and Eastern Europe. For these participants, family and friends were not close at hand, and, unless they had access to local community groups – often through the church – informal support was very difficult to find. Consequently, the offer of taking up financial help with formal childcare was appealing to them.

Those in the *Interested* group were the most varied of all the groups where social circumstances were concerned comprising both of couples and lone parents of varying ages, although older women in two-parent households tended to predominate. Limited access to supportive social networks, such as friends and family, were more prevalent in this group than in the *Not Interested group*, with many participants reporting that they had no friends or family to help them look after their children. Although many participants were motivated by overcoming isolation, such circumstances also made it more difficult for participants to take up the offer from HMRC, as the availability of informal care was typically a crucial factor in managing to find and sustain work and childcare. The ability to overcome the problems associated with having poor social networks typically distinguished the *Take-up group* from the *Interested* group, who were unable to do so.

Participants in the *Not Interested* group were typically more likely to be able to draw on support from friends and family and therefore experienced less challenging social circumstances than those in other groups. Most of those interviewed in the *Not Interested* group were in couples. Consequently, participants' partners, and in some cases their extended families as well, offered the wider informal support that made caring for children and juggling other responsibilities possible. Because of this, these participants were less likely to need formal care and so the offer from HMRC was not as appealing to them.

1.11 EMPLOYMENT AND SKILLS STATUS

All participants in the *Take-up* group held strong beliefs in the advantages of paid work, though the kind of work they went into varied according to their age. **Younger parents in the *Take-up* group who had found work and childcare in the study tended to be new to work, and to searching for work.** They were more willing than their counterparts in the *Interested* group to take on entry-level work, and so **entered unskilled employment**, for example working in entry-level roles in retail, unskilled work in catering, and entry-levels roles in social care and childcare.

Older participants in the *Take-up* group tended to have a career path behind them which helped them find work. They tended to be returning to labour market after a break in which they had been caring for pre-school age children, and typically worked for between 16 and 20 hours per week in roles such as public sector administration or nursing.

Likewise, **the *Interested* group had very strong beliefs in the advantages of paid work and were seeking similar positions to those in the *Take-up* group.** They tended to seek work which required few or no skills, or a role which suited their previous

work experience. Importantly, they typically lacked consistent work experience or a good level of skills which would help them find work. For these main reasons, they often struggled to find even low-skilled work. Other factors also contributed though, including a lack of suitable work available locally and a lack of experience in seeking work. These barriers ultimately prevented them from taking up the offer despite their interest in it and are discussed in more detail in Chapter 2.3.

Most participants in the *Not Interested* group had worked at some point in the past, although the work they had typically of a short-term nature and often unskilled. This meant that they felt they did not have the skills to secure a job and, in many cases, did not know how to effectively search for work in the first place.

Additionally, **studying and volunteering were important commitments which prevented participants in the *Not Interested* group from taking up the offer**, all of which are discussed in more detail in Chapter 2.3. Those who had had volunteering responsibilities were typically committed to unpaid work for organisations such as local community groups and schools for between seven and fourteen hours per week which meant they felt that adding in the responsibilities of paid work as well would be too demanding on their time. Furthermore, several participants in the *Not Interested* group were studying – often for childcare qualifications or university degrees – and typically attempting to improve their chances in the employment market in the long term. Thus, the timing of the offer was not deemed to be right for them.

1.12 CHILDCARE USAGE STATUS

To clarify, “formal care” in this study refers to childcare provided by an Ofsted registered nursery, childminder, breakfast or after-school club or other provider. Support for this kind of care can be claimed for through the CCE. “Informal care” refers to care which is not eligible for support through the CCE, for example, childcare provided by family members, friends or childcare providers who are not registered by Ofsted.

There was a wide range of knowledge, awareness and previous use of formal childcare among participants in the study. **In the *Take-up* group, younger participants tended to have used formal childcare previously while studying**. However, their knowledge of local childcare provision tended to be superficial and they relied on word-of-mouth recommendations from friends and family, or local centres such as supermarket notice boards for information and advice. **Older participants in the *Take-up* group had also typically used formal childcare before**, usually nursery care for a now older child. Further detail on how participants in the *Take-up* group accessed formal childcare are discussed in Chapter 7.3.

Very few participants in the *Not Interested* and *Interested* groups had used paid, formal childcare before. This was because they tended to have cared for their children at home since they were born – in some cases due to the fact that this was the most suitable and practical arrangement for the household, and in others because of a strong cultural preference for caring for children at home.

However, **the free early education place available from the government for three-year-olds was widely accessed by participants in these groups.**¹³ They tended to perceive the offer of an early education place as a pre-school step for their child, rather than the provision of childcare which would create an opportunity for them to take up paid work. These issues are discussed in more detail in section 2.3.

Use of informal care was widespread across all groups where participants did have access to a network of friends and family in the local area. This was typically provided by **grandparents and older siblings.**

1.13 FINANCIAL CIRCUMSTANCES

All the families in this research had household incomes of under £16,000 per year at the start of the research. This was a precondition of the selection for the Pilot. Indeed, **participants in the *Take-up* group tended to be the least well off at the start of the research, often with household incomes of under £12,000 per annum.** Prior to taking up work, their income came from state financial support including Housing Benefit (HB), Council Tax Benefit (CTB), Child Tax Credit (CTC), Income Support and Child Benefit. In addition to having low incomes, a significant number of these participants also had some household debts, often accrued while studying. Their poor financial circumstances therefore acted as a spur to them taking up the offer and moving into employment.

Of note is that, among a few of those in the *Take-up* group who had moved into skilled employment, some had increased their income to such an extent that they were to be ineligible for WTC in the forthcoming tax year showing the transformative effect that employment had on these individuals.

Parents in the *Interested* group were similar to those in the *Not Interested* group where household finances were concerned. Participants who were in couples were typically not working or working very little, and they were financially dependent on their partner. These households were universally recipients of HB and CTB. Lone parents in this group were dependent on state benefits as well, although they were more likely to be working short part-time hours than lone parents in the *Not Interested* group.

More generally, **participants who were not interested in the offer had low incomes and were often in receipt of state benefits to support their households.** To illustrate, they typically claimed HB and CTB, but also tended to benefit from the income of their partner which lessened the financial imperative on them to take up the offer and find paid employment.

¹³ All three and four year olds are entitled to 15 hours of free early education for 38 weeks of the year.

2 Barriers to take-up of work and childcare

CHAPTER SUMMARY

(i) **Interest in the offer was primarily dependent on attitudes to work and childcare.** Participants who were interested in the offer typically held positive attitudes about entering work and the benefits of formal childcare. However, they were unable to take the offer up because of the challenges presented by the practical barriers they faced. Furthermore, attitudinal barriers to work and childcare primarily underpinned the motives of the *Not Interested* group in rejecting the offer.

(ii) **Those who were *Not Interested* in the offer typically felt that their primary role at the time of receiving the letter was that of caring for their children at home.** This drove their decision not to pursue the offer, although this view of their role was likely to change over time as their children became more independent of them. Participants in this group were predominantly in couples who had chosen to adopt the 'male breadwinner' division of labour in the household.

(iii) **A feeling that their child was not yet ready to leave parental care and enter formal childcare** was widespread among the *Not Interested* group. There was a strong sense that **children would have to be sufficiently independent to enter formal childcare at the age of three.**

(iv) A minority of *Not Interested* participants expressed a distrust of formal care providers and a lack of understanding of the type of provision that qualified. These views were typically based on negative media portrayals of nursery care and childminders.

(v) **The *Interested* group were typically *already* looking for work and tended to be strong advocates of the benefits of formal care for children.**

(vi) For those interested in the offer, the **practical barriers they experienced were both challenging and interdependent.** These barriers needed to be overcome at the same time.

(vii) **Participants were largely lacking in skills and work experience and many had been out of paid work for several years.** They also tended to have little experience of looking for work, and faced a challenging job market with fierce competition for vacancies. Furthermore, most typically felt constrained in their jobsearch regarding working hours and location due to the needs of their children. As such, **finding suitable paid work was the biggest barrier they faced.**

(viii) **Financial considerations, including the weekly cost of childcare, were less important *initially* to those participants who were interested in taking up the offer.** *Interested* participants typically considered securing childcare as a secondary consideration to securing work, and few had experience of paying for care. As such, cost was a consideration to only a few participants, although the difficulty of paying for 20% of costs was reported as a concern by a minority of *Control Interested* participants.

(ix) Among those *Interested* participants who had investigated childcare costs, **parents with children of pre-school age typically experienced up front childcare cost as a challenging practical barrier to taking up the offer.**

(x) ***Interested* participants typically believed they would be better off financially in work, which they determined through a rough mental calculation of their likely income.** Only a very few participants had made an *actual* calculation that they would be better off not working after paying childcare costs and so decided not to take up the offer.

(xi) The very few *Not Interested* Control participants who made an *actual* better-off calculation before responding to the offer tended to feel that they would *not* be financially better off working with the 80% offer. This was in contrast to the few *Interested* Pilot participants who did this and who thought that they *would* be financially better off working with the 100% offer.

(xii) Many of those who were *Not Interested* in the offer **preferred to take up free formal childcare which was offered by the government without being conditional on work** – notably the fifteen hours free early education place for three-year-olds. This was because they felt that the free fifteen hours suited their preferences for starting formal care at three years old, and because they preferred to work less than fifteen hours per week.

(xiii) **The offer letter widely made participants aware of in-work financial support for childcare.** Many of these participants did not know that if they worked 16 hours or more, they would receive support for childcare costs at all. This meant that *Interested* participants pursued looking for work with greater determination on receipt of the offer letter.

2.1 INTRODUCTION

This chapter explores the attitudinal and practical barriers that parents faced when taking up work and childcare. As such, the content is largely guided by the experiences of those who did not take up the offer from HMRC including the *Interested* and *Not Interested* groups.

Findings will be presented first on the **attitudinal barriers** which primarily underpinned the motives of the *Not Interested* group in rejecting the offer, and then the **practical barriers**, which presented the greatest challenges for those who were *Interested* in the offer but were unable to take it up. These practical barriers related to difficulties finding suitable employment, retraining and building skills, difficulties finding suitable childcare and financial barriers. When presenting these barriers throughout this chapter we have, as far as possible, listed these in order of significance with the most important and prevalent barriers being mentioned first.

2.2 ATTITUDINAL BARRIERS TO TAKING UP THE OFFER

The *Not Interested* group were characterised by a range of attitudinal barriers which meant that they did not register interest in the offer, or declined it when contacted by the

DfE Contractor helpline. These participants felt that the offer was not relevant to them, and were not interested in taking up work and childcare for reasons which, although not intractable, were generally deep-seated, and in some cases, were rooted socially and culturally.

A preference for an earner/ carer division of labour in the household was the most important of the attitudinal barriers to taking up work and childcare. Participants in the *Not Interested group* were predominantly couples who had chosen to arrange their households around a division of labour which reflected the male breadwinner model. In addition to this, a significant number of these parents **were keen to wait for a later stage in their child's development before looking for work.**

While these two reasons were the most prevalent attitudinal barriers identified to taking up work or childcare, a number of other issues were mentioned by participants. For instance, **a few parents also expressed a distrust of formal childcare**, which was typically based on attitudes derived from media commentary. Participants who held these views did not take up the offer of the free early education place for three and four-year olds when it became relevant to them. Some participants were reluctant to look for work and childcare because they felt that it would be too difficult to manage to do both – often a result of negative experiences in the past. These attitudinal barriers are all discussed throughout the remainder of this section and presented in order of importance to participants.

2.2.1 Preference for earner/ carer division of labour in household

Preferences around the division of paid and unpaid work between partners in households were typically the crucial factor for many participants in deciding not to take up the offer from HMRC, or in feeling that the offer letter was not relevant to them. Most participants who were not interested in the offer were the non-working partner in a couple and expressed a preference that they stay at home and look after their children personally, while their partner worked. They felt this would be the most beneficial arrangement for their child's development. As a result, although these families were not well off, because there was one dependable income coming into the household there was less financial pressure on the non-working parent to seek employment. There were only a few two-parent households who were not interested in the offer where one partner was not the sole earner. In these households, men were typically unable to find enough working hours to suit their household requirements – working, for example, in catering as waiters, or in retail. Women in these families tended to supplement the household income by working short part-time hours. In these cases, a preference for women in the household to take responsibility for caring for the children in the family meant that couples were unwilling to increase the woman's working hours, despite the offer of financial support for formal childcare from HMRC.

Views on household divisions of labour were usually rooted in participants' personal and cultural values. They were often accompanied by the strongly-held view that it was important for a child's mother to be at home rather than working, especially during the early stages of a child's development. Furthermore, **caring for children was considered to be inherent in parenthood and a matter of personal responsibility, which should only be extended as far as immediate family and grandparents.** This view was widespread among *Not Interested* participants in couples.

We always said we would only really want to leave the kids with our mums. We chose to have them and it's our responsibility to bring them up and look after them

Couple, Croydon, Not Interested, Control

This view was prevalent among most couples in the *Not Interested group*, but held particularly strongly by first generation Asian and South American migrants. In such cultures there was a strong *expectation* for women to remain in the home to care for children. Among white British participants who preferred an earner/ carer division of labour in the household, the preference was suggested to be one which arose from a pragmatic rather than culturally-based decision.

Because I have a partner we decided that one should work and one should take care of the children and do the school runs, that's how it works

Couple, Haringey, Not interested, Control

These views were also strong in households where there were older children of school age present. In these cases, **parents in both the *Not Interested* and *Interested* groups felt it was a full-time job in itself to pick up and drop off their children at school, support them with homework and take care of the home.** In such situations, meeting the needs of the household became a full-time occupation for one partner, and one which impacted on that partner's capacity to take on paid work.

2.2.2 Waiting for a later stage in child development before looking for work

Most parents in the *Not Interested group* were not yet confident that their child was ready to leave parental care, and were keen to wait for a later stage in their child's development before considering taking up work and childcare. For these parents, the timing of their receipt of the letter was crucial, and they generally rejected the offer because they did not feel ready to let go of their parental care responsibilities.

I really wanted to have another year at home looking after my son

Lone Parent, Croydon, Pilot, Not Interested

The age at which parents felt their child would be independent enough for them to take on other responsibilities did vary, but there were a few important trends. The strongest of these were the **desires for their child to be able to communicate with them so they could articulate if they were unhappy in formal care and for them to be toilet trained.** These two requirements meant **it was important for many participants in the *Not Interested group* to ensure that their child had reached three years old before considering formal care** as they thought that, by this age, their child would have met these developmental criteria.

I wouldn't feel comfortable leaving her if she couldn't tell me if there was a problem ... otherwise how would I know if everything was ok?

Couple, Haringey, Not Interested, Control

Although less prevalent, **some parents in the *Not Interested* group preferred to wait longer before considering taking up work or formal childcare.** Parents who held these views tended to be concerned that even when at nursery, children needed a great deal of support and care, and that providing this would preclude them taking up paid work. The desire to wait longer before considering looking for work was most commonly held by participants who were in couples.

My little boy now is going to go to the school nursery, which will mean he'll need settling in. So if I was working, how do I settle him in? Mothers are really expected to be everywhere, do everything, and just make it work

Couple, Camden, Interested, Control

Parents in the *Not Interested* group felt that it was their primary role to ensure that young children were well cared-for, well-fed and had clean and comfortable homes. Parents felt that they would not be able to meet their children's needs if they were working, and typically preferred to wait until their children were older than at least three years of age before seeking work. For these reasons, the offer letter did not influence their decisions.

Going back to work as a mother is a big lifestyle change. Childcare and affordability are not the biggest barriers to not looking for work. I wasn't considering going back to work at the time, the letter was hardly going to be the thing that made me start

Couple, Croydon, Not Interested, Control

This preference for waiting until a later stage in their child's development before returning to work was most strongly held by participants from South American or South Asian cultures. Because of the cultural values these participants held, they tended to feel that only when their child was *completely* independent – and had reached teenage years – would it be possible to consider work and childcare.

2.2.3 Lack of trust in formal childcare

A minority of parents in the *Not Interested* and *Interested* groups expressed **a lack of trust in formal childcare, particularly where childminders were concerned.** Such parents were typically very unfamiliar with formal childcare, having never used it before. Typically, they associated formal childcare with nurseries and childminders, and were not aware of other types of formal childcare, such as breakfast and after school clubs. They often did not understand why formal childcare might be used, typically associating it strongly with leaving children in the care of strangers, which they felt to be parental negligence. **Their main source of information on formal childcare was (often negative) media coverage.**

My mother was always there for us ... [And] after that court case on T.V about that woman abusing the children in the nursery ... I don't know that I quite trust it anymore ... childcare is now a business ... taken away from the loving, caring connection ... now you can't even cuddle them in nursery

Couple, Haringey, Not Interested, Control

In the cases where parents had strong moral objections to the concept of formal childcare, they tended to state that this service should be provided by friends and family. Nurseries were also sometimes viewed negatively and, for those who knew a little about the cost of childcare, were considered to be run with priorities of profit-making rather than caring for children. As a result, **these parents did not agree that childcare should be a business**, and distrusted the motives of providers on this basis. Furthermore, they typically were not aware of any potential benefits from formal childcare providers. They were also **typically unaware of government regulation of formal providers and the requirement for Ofsted registration**. Consequently, they were unable to make a distinction between those childminders who were registered and those who were not and tended to extrapolate negative media coverage of unregistered childminders to apply to formal care more widely as far as they were aware of the services available.

I wouldn't leave my child in someone else's home ... those stories are always at the back of your mind

Lone Parent, Haringey, Not Interested, Control

Finally, **a minority of parents in the *Not Interested* group feared that they or their children might not fit in socially at a nursery, and that it might be difficult for their children to mix**. These participants were generally lone parents and typically held the view that formal providers may not be willing to tolerate the behaviour of their children, or may treat them harshly if they misbehaved. They were not aware of the training and regulation of childcare staff and, therefore, felt that using formal childcare was akin to leaving their child with an untrained stranger who might not be able to manage their child or be understanding about any difficulties.

2.2.4 Discouraged from working due to lack of confidence

Low confidence contributed to diminished work aspirations for some parents in the *Not Interested* group, meaning that they were less likely to feel that it was possible for them to take up the Pilot offer from HMRC. Such views were not widely prevalent, but were strongly held by those who felt this way. This lack of confidence stemmed from the fact that many participants in the *Not Interested group* had typically been out of paid work for several years, initially because they had taken time away from the labour market to care for their children, and later because they were unable to find work despite persistent efforts. This, in turn, dented their confidence and made them less likely to think that they would be able to take up the offer.

I might want to go into work again, but it's not so easy. I easily could end up looking [for work] for two years

Lone Parent, Interested, Croydon, Control

A few participants in the *Interested* group had been looking for work for several years, and over time both their confidence in finding work and the intensity of the jobsearch had waned. These participants reported that receiving little feedback on applications also diminished their confidence where looking for work was concerned and demotivated them considerably.

You know, I just want to get back to work, but sometimes I just can't be bothered to tell you the truth. Sometimes I just think, I can't. I can't be bothered because I'm not getting anywhere

Couple, Greenwich, Interested, Pilot

Persistent rejections for job applications were typically underpinned by a lack of experience in looking for work and a perceived lack of support in undertaking job searches. This made looking for work highly challenging and the struggle to do so seemed, for a few participants, to be not worthy of the effort, despite their desire to work. We examine the difficulties in finding work in more detail Chapter 2.3.1 on practical barriers to taking up the offer, including an exploration of participants' experiences of the support offered to them through Jobcentre Plus and other agencies.

2.2.5 Timing and nature of the offer

A small number of participants in the *Not Interested group* had personal issues and concerns, typically relating to care, which meant the timing of the offer was not suitable for them. For example, some were pregnant with another child, others were dealing with seriously ill children, and some were suffering from poor health or depression themselves. For these participants, the offer had simply arrived at the wrong time.

I was pregnant with my baby, and just finishing up with my previous job, so re-entering work wasn't really an option for me

Couple, Woolwich, Not Interested, Pilot

These participants who were *Not Interested* in the offer felt they had clear reasons for feeling this way and, in some cases, reported that under other circumstances, it would have been something that they would have liked to have pursued.

Finally, very few participants did not fully understand the offer, believing that it only applied to childcare for very young children or was not relevant to them at all. This was because they either associated the term 'childcare' with nursery care only, or had no notion of what formal care was. Under such circumstances, parents noted that explanations of example types of formal childcare would have been helpful to include in the letter. This perception applied to the CAP09 offer only rather than the CCE more widely, as it was typically held by those who had never claimed the CCE. We discuss understanding of the offer in more depth in Chapter 9.2.

2.3 PRACTICAL BARRIERS TO TAKE-UP OF WORK AND CHILDCARE

The attitudinal and timing-related barriers described in Chapter 2.2 typically guided the behaviour of the *Not Interested group*. However, **those who were *Interested* in the offer but unable to take it up faced *practical barriers* as well as simply attitudinal ones**. In this and the subsequent sections, the experiences of the *Interested group* are described, illustrating the *actual barriers* to finding work and childcare experienced by participants in the research.

The many practical barriers to taking up work and childcare experienced by participants broadly fell into four main areas: work, skills, childcare and finance. Crucially, these factors were profoundly inter-related. It was not possible for participants who were considering taking up work and childcare to treat these issues separately: the challenges they faced finding work and childcare were linked, especially where juggling hours and financial considerations was concerned. And in attempting the logistics and practicalities of finding work and childcare, the interlinking of work, skills, childcare and finance was striking to participants time and again.

It's a puzzle. You have to put the pieces together

Couple, Camden, Interested, Control

The most difficult challenge for participants interested in taking up the offer was that of finding suitable paid work, and the need for relevant skills and work experience to secure it. This barrier is explored in detail in the following section, Chapter 2.3.1. However, the interdependent relationship between work, skills, childcare and finance meant that **finding both suitable work and childcare at the same time was a major practical barrier for many of the *Interested* group participants.**

You think, right if I get a job, what if I can't get someone to have [my daughter]? Even though I've got things in my head, you're in 'Catch 22'. It's really difficult

Lone Parent, Greenwich, Interested, Pilot

Participants in the *Interested* group who found themselves unable to take up the offer typically *prioritised finding suitable work first*, over looking for childcare. However, as they began their search for work they became aware of further barriers related to childcare and finance, most notably, **arranging the finances to facilitate their initial childcare arrangements.** This was a crucial difficulty for those in the *Interested* group with young children, although one which was typically overcome (by *Take-up* participants also) by borrowing from family, and thereby surmountable – although through hardship.

It all got complicated. I need a nursery, I need the deposit, I need the money to register, I'd need money for uniforms, I'd need money for the course, and I'd also need a job! It seemed like too much to put together

Lone Parent, Camden, Interested, Control

Those in the *Not Interested* group did not typically anticipate finding a nursery deposit as a barrier as they were generally unaware of practical issues relating to finding and using formal care. Practical barriers were typically issues faced by the *Interested* group, and the following case illustration gives an example of how the barriers to taking up work and childcare could interact, leading to participants being unable to take up the offer.

CASE ILLUSTRATION: BARRIERS TO TAKE-UP

Maya was a trained pharmacist with two children aged 2 and 4. She had been looking for work for six months. After a difficult separation from her husband she wanted to return to work to improve the finances of her household and her personal wellbeing. She was looking for qualified pharmacy work, and was loathe to take on work as a shop pharmacist as she doesn't feel that that would pay enough for her to be able to support her family.

She had tried to take up work and childcare on two previous occasions, and was aware of support for childcare costs from the government – receiving the Control offer letter was a “reminder” of what she was entitled to.

Though interested in the offer, she did not take it up because she could not find an employer who would allow her to defer her start date until she was able to find childcare. Potential childcare providers had told her that she would only be guaranteed a childcare place once she had secured a job and could show a letter from a government agency to prove that her costs would be paid for. However, whereas Jobcentre Plus told her they would need four weeks to issue a cheque or approval letter, employers needed answers on start dates within days.

A lone parent, her divorce meant that Maya lost the informal care support of her husband's family. With **no-one to help her care for her children** when offered a job, and **no local childcare provider willing to offer her a place without a guarantee of payment**, Maya was unable to take up employment offered to her.

Lone Parent, Control, Interested, Hillingdon

We explore the importance of barriers around childcare in taking up work in Chapter 2.3.4. below, and the challenges of organising formal and informal childcare having secured paid work are addressed in detail in Chapter 7 of this report. In the following sections of this chapter, each piece of the ‘puzzle’ – and how they individually formed barriers to taking up the offer – is addressed separately. The sections examine the practical barriers participants experienced in the areas of work, skills and childcare, with the final section illustrating how finance links these challenges together.

2.3.1 Difficulty in finding suitable employment

The interviews for this research were conducted during an economic downturn, which translated to increased unemployment and challenging labour market conditions for participants¹⁴. Most of the *Interested* participants reported that **difficulties finding suitable work formed the biggest barrier to taking up the offer**. As described in Chapter 1, participants in this study typically had **low levels of skills and work experience**, and many also had very low levels of experience in looking for work. These factors made looking for work extremely difficult. Furthermore, participants in the study faced a **genuinely challenging job market with fierce competition for vacancies**.

I'm actively looking for work, have been for a while, but I'm not getting anywhere. I've applied for about eight jobs, but I've not even had any feedback from them ... it does dishearten you

¹⁴ According to the ONS, “the number of unemployed people [in January 2011] was 2.53 million. This is the highest figure since the three months to November 1994 and it is up 27,000 over the quarter and up 87,000 over the year [2010]”. The research for this study was conducted in 2010. Source: ONS website, http://www.statistics.gov.uk/downloads/theme_labour/LMS_Q&A.pdf, accessed on 27 March 2011.

Lone Parent, Greenwich, Interested, Pilot

More generally, **skilled participants in the *Interested* group were initially typically reluctant to widen their employment search to less skilled or less senior positions**, meaning that their jobsearches were as challenging and frustrating for them as their unskilled counterparts.

I used to be a retail manager, but there are just no jobs in retail at the moment, I have applied for so many, but there are so few positions, I just don't have a chance

Couple, Haringey, Control, Interested

A very few *Interested* participants were already working, although under 16 hours per week. These participants wanted to take up the offer, but were unable to secure more paid work from their existing employers. This was typically a consequence of the economic downturn, with participants reporting that employers in sectors such as retail and catering felt unable to offer participants more paid work. In this way, conditionality of the offer upon working more than 16 hours made it difficult for a few *Interested* participants to access support for formal childcare and help through WTC.

The main challenges in finding employment experienced by those that were *Interested* in the offer are described in more detail throughout the remainder of this section. Again, points are listed in order of importance.

2.3.1.1 Lack of relevant work experience and skills

Low skills levels and lack of work experience formed the greatest barrier to participants being able to find suitable work and, therefore, take up the offer.

Participants in the *Interested* group had typically spent their twenties caring for their children and, as a result, had only worked sporadically. As a result **many lacked consistent work experience or a good level of skills which would help them find work**. Furthermore, given the competition for vacancies at the time of the research, this was even thought to affect their ability to secure unskilled work.

Whenever I apply for jobs, even as a dinner lady, they say I don't have enough experience

Lone Parent, Haringey, Not interested, Control

Of those that were *Interested* in the offer and had work experience, this tended to be in a wide variety of positions which meant they were not considered skilled in one field of work. Others, having spent considerable time out of the labour market caring for their children, were disheartened to find that their skills were no longer relevant.

I used to be a dental nurse... for over 10 years. So I attended two classes only to find that my qualifications were obsolete ... [and] I realised I had to start back at square one

Lone Parent, Camden, Interested, Control

2.3.1.2 Lack of job-seeking skills

Participants in the *Interested* group not only lacked relevant skills to help them secure work, but also lacked the skills needed to effectively search for employment in the first place. The key issues here were that they did not know where to look for work, where to look for support in job-seeking, and how to communicate with potential employers. This, in turn, led to ineffective job searches which then further dented participants' confidence. For a few, these issues were further compounded by a reluctance to access support due to lack of confidence and prior experience of such services. There was low awareness of the services offered by recruitment agencies, and, in addition, Jobcentre Plus (JCP) was distrusted by a few participants who felt that it was more concerned with finding out about their activities than offering help.

I go there when I have to sign on and ... they just want to know your business

Lone Parent, Croydon, Interested, Pilot

This lack of confidence in and poor knowledge of the role of JCP, as well as of recruitment agencies, meant that many *Interested* participants with low skill levels typically searched for work through informal channels. Strategies included asking friends for work, using contacts from previous part-time work, and offering CVs speculatively in shops and local schools. There were also practical barriers to effective job searches: many *Interested* participants reported that they were unable to access the internet regularly for job searching, often relying on friends and family who were able to offer occasional access to the internet. Poor access to the internet led to problems in making timely responses to enquiries arising from job applications and to missing opportunities to apply for posts with short deadlines. Furthermore, participants were also not always adept at using the web for their search, typically restricting their search to a few familiar websites, such as local council sites, Reed, totaljobs and Jobcentre Plus.

I always look on the council website. Actually I only ever look on the council website

Couple, Haringey, Not interested, Control

Those *Interested* participants who *did* have the confidence to find support in seeking work were typically impressed with the help they had received. For example, Sure Start link workers were cited by participants as a source of important support in looking for work, as were Reed employment, and careers advisors at local colleges. In spite of this assistance though, the practical barriers to finding work remained insurmountable for this group.

They have a team from the job centre. I see this woman every Friday and she's really good... I actually go round there and sit with her and we look at all the [job] websites. I'm all set, it's just finding a job

Lone Parent, Greenwich, Interested, Pilot

2.3.1.3 Preferences for particular working hours

Participants in the *Interested group* tended to be exacting job seekers where working hours were concerned in order that they could take up formal childcare which was only available at certain times. To illustrate, **participants in the *Interested group* expressed strong preferences for finding work between the hours of 9 a.m. and 3 p.m.** Work between these hours meant that participants would be able to drop off and pick up their children from school or nursery themselves, which they often felt was necessary if they did not have the support of informal care to help manage pick-ups.

It was a handful because I had to go and collect two or three children from school. To even find a job to cover that period is very hard, you know, the employers they look for people to work full time on the hours

Lone Parent, Haringey, Interested, Control

As a result of this participants were highly restricted in the type of employment they felt was suitable for their needs. For this reason, **many were searching for work in childcare, or education, or roles with flexible shift patterns such as in retail,** specifically because these were seen to have favourable working hours.

2.3.1.4 Preferences for work with prospects

Participants in the *Interested group* with established skills or work experience were generally **reluctant (at least initially) to take on work which was less senior or less well paid** as that they had previously undertaken. Those who were looking for work but had considerable previous work skilled experience were reluctant to take on unskilled work for fear that this would be to the detriment of their CV and how attractive they might be to future employers. A strong desire to build on existing experience also typically applied to those participants who were already in work but working less than 16 hours per week. Very few were prepared to discard the experience they had acquired and take the first job they were offered as job satisfaction and sustainability of employment were important to them. This preference, however, did restrict their job searching activities.

They won't extend my hours and I've tried to find other things ... but I don't want to take a pay cut. And I want to stay in retail. It's hard to find something that works...

Lone Parent, Pilot, Interested, Haringey

This led some to state that they would rather undergo training than take a job they did not want and they felt did not suit their skills. Thus, they did not take up the offer in spite of their interest in it and, instead, took up places on courses that would lead to

qualifications that they hoped would enable them to secure positions in fields that offered child friendly hours, such as care work.

I was a senior retail manager in London for ten years, I left because I was being bullied and then I had the baby, but with the economy the way it is it's impossible to get back in ... rather than waste my time, I'm training to be a childminder and I'm starting up my own business

Lone Parent, Haringey, Interested, Pilot

2.3.3 Retraining and building skills

Participants engaged in further education typically rejected the offer as they felt it was more important to complete their course than take up paid work. Most of the participants who were training were pursuing careers in social care, childcare or education. These careers were chosen primarily because the working hours would fit around hours when participants believed they could secure childcare. Those with no previous qualifications or work experience were especially interested in these options as the training suited their existing knowledge as informal carers within the family.

I'm looking into being a classroom assistant and then move on to being a teacher. I'm doing it because I like working with kids and I know what I'm doing

Lone Parent, Croydon, Interested, Control

While these participants turned down the offer, they were highly interested in taking up work and childcare once their studies were finished. Indeed, a few such participants reported keeping the offer letter for reference so that they could find out more about it once they had finished studying so, in this sense, the offer letter was successful in raising awareness of government assistance with childcare costs.

2.3.4 Difficulties in finding childcare

For the *Interested group*, finding suitable formal childcare was perceived to be far less of a barrier to taking up the offer than the challenge of finding work. However, it is important to note that many of the *Interested group* had not even investigated providers in their area as they had simply been unable to find work, and felt that this was the first priority. Those who were looking for work reported that they would investigate childcare provision once they had found a job and knew when exactly they would need childcare.

So having that [the offer] is great, but first you've got to have the job and know what days you need [for childcare] before you can book them in

Lone Parent, Camden, Interested, Control

Among the *Interested group*, of those who had been considering formal childcare, only a few participants reported that they felt the cost and availability of childcare might be a barrier to taking up the offer. This is, to some extent, explained by the fact that most participants in the *Interested group* had made finding work rather than childcare their first priority. Most were unable to find work and take up the offer though, hence there was far less experience of the difficulties in finding childcare among this

group in comparison to the challenges related to finding work. *Interested* participants using formal childcare and working short part-time hours tended to face difficulties in increasing their hours of paid work to take up the offer, rather than in increasing their hours of formal childcare.

Among the *Interested* and *Not Interested* groups, only a minority of those participants who were working did not use formal childcare at all. These participants were typically working very short part-time hours – generally between eight and 12 hours per week. They tended to have older, school-age children, and relied on informal care rather than using breakfast or after-school clubs. This was often because they had a reliable supply of informal care – either from a partner, older siblings in the family or from grandparents – and they were reluctant to enter formal childcare when free and trustworthy sources of childcare were available to them. *Not Interested participants* who were working part-time tended to be reluctant to work more hours so as to ensure there was enough parental care in the household. Furthermore, they also reported that the offer was very attractive, and if they did not already have alternative childcare support available to them, they would have taken it up.

Well, my older children look after the youngest one. But if there'd been help like this when the kids were younger, I'd have jumped at the chance of going back to work

Couple, Not Interested, Croydon, Pilot

Moreover, these parents tended to be working short part-time hours because they wanted to spend more time at home with their children: as discussed in Chapter 2.2.2., they preferred to wait until a later stage in their child development before taking on any more paid work.

Interested and *Not Interested* group participants who did use formal childcare experienced a range of levels of ease in finding formal childcare in their local area. *Not Interested* participants typically accessed formal care through the offer of a free early education place for three and four-year-olds, as explored later in this chapter in section 2.3.5.2. **Finding childcare quickly and easily, and experiencing difficulties finding a suitable place were equally prevalent among the *Interested* and *Not Interested* groups.** Participants in Greenwich, Croydon and Camden in particular reported that they had to make enquiries with a number of providers in order to secure a childcare place, typically finding that they were turned down by childminders who tended to have only a small number of spaces available. These difficulties were particularly noted by participants with more than one child who wished to place their children with the same provider.

Opening times proved to be a barrier for a few *Interested* participants. A minority of participants who were interested in the offer reported that **finding childcare in the evenings** had been a particular problem for them. These participants worked in the evenings, and the lack of availability of either nursery care or childminders after 6pm meant that it was difficult for them to increase their working hours.

Where location was concerned, the density of providers in London meant that **most *Interested* participants typically did not have difficulties identifying a range of suitable local providers.** However, the challenge of travelling to childcare providers did

present a barrier for a few participants. As an example, a very few participants in the Hillingdon area reported that they had been unable to locate appropriate formal childcare in their area which they could access without a using car. This was a challenge for them because they did not have their own transport, yet local nurseries were inaccessible without it.

2.3.5 Financial barriers to taking up work and childcare

Financial considerations were the barrier which drew together the difficulties experienced in finding work and childcare at the same time. Parents in the *Interested group* were drawn to formal childcare by the attractions of the social and educational benefits to their children. However, managing to find to work and childcare together was difficult and potentially costly. Offers of formal childcare which were not conditional on work, such as free formal care through pursuing further education, were therefore more attractive and accessible to these parents, who were facing considerable difficulties finding work.

In this section we examine the financial barriers to taking up work and childcare in turn: the cost of childcare; the attraction of alternative childcare incentives; and better-off calculations.

2.3.5.1 Cost of childcare

For the *Interested group*, the most important issue was the **difficulty entailed in raising a deposit to secure a nursery place**. For the few participants in the *Interested group* who managed to secure work or had done so in the recent past, the upfront costs of childcare presented obstacles to take-up of the offer. This barrier was particularly difficult to overcome if providers were unwilling to be flexible about how much of the deposit could be paid and when. This issue is described in more depth in Chapter 8 of this report.

We looked at nurseries but there's always waiting lists and one of them you had to pay so much to go on the waiting list ... you have to pay to hold the place basically

Couple, Croydon, Not Interested, Pilot

Finance was also a problem for the few who were told by providers that they needed to pay a full week or month's full-time nursery costs in order to hold a nursery place before their employment started or before support for childcare was confirmed from HMRC. This situation is described in the case study in Chapter 2.3. These issues were not widely prevalent among the *Interested group* as only a very few participants had reached the point where they were actively looking for childcare, as discussed earlier.

The weekly cost of childcare was a concern only to the few participants in the *Interested group* who had previous experience of paying for childcare with or without the support of the CCE. Typically, for the few participants in the *Interested group* who were paying for formal care or had paid for formal care in the past, **the weekly childcare payments had not been a barrier where costs had been initially**

felt to be affordable on a low income. Parents had typically set these costs against the educational and social benefits of formal childcare and felt they were worthwhile.

I thought it was a lot, but I was persuaded by a friend. She said: "what's £40 a week for your child to get the chance to socialise? And I agreed

Lone Parent, Haringey, Interested, Pilot

However, these participants tended to report that it had been difficult for them to sustain the payment of childcare costs over time, which had led them to feel that paying for childcare was either a struggle or impossible for them to manage. For this minority among *Interested* participants, the cost of childcare was a tangible practical barrier, and they felt reluctant to take up the offer unless they were able to find work that would pay well enough for them to afford childcare costs. As such, the 100% offer was highly attractive to this small group as it made taking up childcare more feasible.

Even with the help from tax credits ... we still had to find £150 a week for the childminder. In the end we decided it just wasn't worth it

Lone Parent, Haringey, Interested, Pilot

Additionally, awareness of the CCE was generally low in the *Not Interested* and *Interested* groups prior to receiving the offer letter. Because of this, the majority had always assumed that formal childcare would be prohibitively expensive – even though they had often not actively investigated this. Responses to the offer letter and awareness of the CCE are explored in more depth in Chapter 6.2.

Those in the *Interested* group who had used formal childcare in the past, or on receipt of the offer letter, tended to have taken advantage of other schemes providing them with help with their childcare costs, such as the 15 hours of free early education place available to three year olds. Because of this, the cost of formal childcare had never previously been a concern to these participants and they had not been aware of its market value.

2.3.5.2 Attractions of non-conditional childcare offers

Parents across all groups who were not distrustful of childcare (see Chapter 2.2) typically felt strongly that children would benefit from the educational and social activities provided within formal childcare. Parents were very keen for their children to access these benefits, and a full exploration of the perceived advantages of formal childcare is presented in detail in Chapter 7 of this report. In order to access the benefits of formal childcare, **grants, loans and childcare initiatives which subsidised or offered formal childcare without the conditionality of work were highly attractive to participants in the *Not Interested* group.** This was because such initiatives tended to fit their needs better at the time: some participants were keener to study and build skills (see Chapter 2.3.3), and others felt more comfortable caring for their child until they were three years old at least (see Chapter 2.2.2). For a small minority, free childcare was also an incentive to taking up the offers; as described in the previous section, a few participants who had paid for childcare in the past believed they would be unable to afford sustained payments. Such initiatives offered the benefits of formal childcare without the perceived (or actual) difficulties of looking for paid work.

In addition to improving skills, some participants in further education reported that access to cheap formal childcare was an incentive to continue studying as opposed to taking up work. Many universities and colleges provided heavily subsidised crèche facilities and, given these circumstances, lone parents were able to cover childcare costs through their student loan. Some local authorities, such as Camden Council, also offered grants to cover the cost of childcare if the parent was in full-time education. This was important because many non take-up participants found it easier to enter further education than to find paid work.

The availability of 15 hours free early education for children at the age of three was a widely-known government policy. Some parents saw the entitlement as a way to delay taking up paid work for over 16 hours per week, although allowing them to access the benefits of formal childcare. Participants who were not interested in the offer but interested in formal childcare reported that they preferred to wait until their child was older and take advantage of 15 hours free early education, even if sent the Pilot letter and offered 100% of childcare costs. This was largely because **the policy suited participants' preferences for beginning formal care at the age of three and for working under sixteen hours per week**, as well as to a lesser extent because the policy seemed to **legitimise the perception that an appropriate starting age in formal care was three years old**. Take-up of this offer is discussed in more detail in Chapter 6 on awareness and knowledge of childcare. However, it was also because **the offer from HMRC was conditional on finding paid work for at least 16 hours per week**. As discussed in Chapter 2.3, finding work was a challenge which participants in the *Interested group* typically found difficult to overcome. Providing parents the option of free early education which was not conditional on work was therefore appealing and had perceived benefits to their children.

2.3.5.3 Better-off calculations

Participants in the *Interested group* typically felt they would be better off financially in work – although often not by much. In spite of this though, there was a strong sense that even if work did not pay immediately, it was preferable to being on benefits as it offered opportunities for progression and the chance to earn a better wage in the future. This view was prevalent among both Pilot and Control *Interested* participants suggesting that, for those who had not previously paid for formal childcare, the level of the offer made to participants was not related to their perception of being better off in work.

One important reason for this was that **calculations about precisely how much better off participants would be in work were typically made mentally**. Indeed, very few had taken the time to work out exactly what their income from employment would be. This meant that, often, their calculations were inaccurate, especially as even though participants were aware that the government would provide them with in-work financial assistance, few were able to suggest what this might comprise and the extent to which it would make a low income viable.

There's some help from the government ... benefits when you start working and I'd expect some help with childcare ... I think I would have more money

Lone Parent, Camden, Interested, Pilot

In spite of uncertainty about the financial benefits of work though, those that were interested in the offer typically still wished to pursue a position of employment due to the other benefits that work was felt to bring. These parents tended to feel that entering paid work would help them, improve their personal wellbeing, overcome social isolation and improve the standard of living for their family. Their attitudes to work were typically different to those of the *Not Interested* group, and closer to those of the *Take-up* group, as discussed in detail Chapter 3. Very few *Interested* participants had made a detailed better-off calculation and also determined that they would, in fact, be better off in work. They tended to be those who had claimed the CCE in the past, and had been sent the 100% letter. They had paid for childcare and struggled with doing so in the past, and following careful calculations, they had **concluded that taking up the 100% offer would be worthwhile financially.**

I worked it out with the Directgov calculator and it seemed to make sense this time ... I was surprised because I had been quite sceptical

Couple, Croydon, Interested, Pilot

These participants tended to remain in the *Interested* rather than *Take-up* group only because they were ultimately unable to find work in time to qualify for the offer.

Only very small number of participants in the research had actually made detailed better-off calculations and concluded that, despite an interest in taking up paid work, they would prefer not to do so because of the lack of financial incentive. These participants tended to have taken up paid work and childcare in the past. Those who were sent the Control letter typically concluded that it was not worth taking up the offer: they had had difficulty managing financially in the past, and the offer did not provide an alternative incentive to work. These participants tended to be couples who, on the basis of their detailed better-off calculation, decided that an earner/ carer division of labour in the household was more financially viable than paying for formal childcare with both parents working. For this reason, and because there were two parents in the household, a more pragmatic decision was typically taken for one parent (usually the woman) to defer ambitions to work until the children were older, despite interest to do so. As a result, this small number of parents reported that they were not interested in the offer.

2.4 CONCLUSION

As this chapter has shown, **for those *Not Interested* in the offer, the belief that a parent should be caring for their child in the home was the most important factor in deciding not to take up work and childcare.**

Conversely, parents in the *Interested group* were keen to work and take up childcare. However, they **not only perceived difficult barriers to achieving this but had, in most cases, experienced them as well.** These participants were typically far from the labour market, with little work experience and low levels of skills. This, coupled with the economic climate at the time of the research meant **finding suitable paid work was the most important and difficult challenge for these participants who were interested in taking up the offer but ultimately did not.**

Other practical barriers also played a part for a smaller number of *Interested* participants, meaning they were unable to take up the offer. These difficulties were less prevalent as looking for childcare was considered to be secondary to looking for work, and participants typically felt their difficulties in finding work were the stronger reason for being unable to take up the offer.

Where childcare was concerned, the **cost was a barrier mainly for those who had paid for childcare in the past, with or without the support of the CCE.** Most *Interested* participants believed they would be better off working, typically making this estimation mentally rather than calculating it exactly. A minority of participants included childcare costs in their reckoning of whether they would be better off working, although for those that did, their conclusion was that they would not be better off financially if offered 80% of costs. Though not widely prevalent, difficulties finding suitable formal childcare meant that taking up the offer was not possible for a small number of participants in the *Interested* group. **Paying a deposit to secure a childcare place was considered to be a very challenging and off-putting (though not insurmountable) barrier.**

In the following chapter we will explore the attitudes and factors that tipped participants who were interested in the offer into both choosing and *being able* to take up paid work and formal childcare.

3 Enablers to take-up of work and childcare

CHAPTER SUMMARY

(i) **A positive attitude to work and formal care was the most important driver of being interested in taking up work for over 16 hours per week** and using formal childcare. Financial considerations were less important initially. Very few participants who did not have positive attitudes to work became interested in the offer on receipt of the letter.

(ii) **High levels of aspiration were characteristic of the *Take-up* group.** These participants **felt strongly that work was beneficial for their personal well-being and the well-being of their family.** Taking up the offer was seen as crucial in overcoming depression, and in overcoming the isolation of both parents and children. Participants **believed working would mean they were better off financially,** improving the quality of life of the whole family. **Participants were additionally highly motivated by beliefs in the benefits of formal childcare.**

(iii) **The offer letter was an important source of information about government support** available and typically raised awareness of support among those who had not claimed tax credits previously. **Both Pilot and Control letters were useful stimulus to participants who were already looking for work and eager to access formal care, prompting them to widen and intensify the search for work or increase their working hours.** The 100% offer was reported to be an especially powerful incentive to do so.

(iv) **Very few who did not *already* have positive attitudes to work became interested in the offer on receipt of the letter.**

(v) **Barriers relating to work, childcare and finance were interlinked** and had to be overcome *at the same time*, which presented major practical challenges for participants.

(vi) ***Take-up* participants who lacked skills typically overcame these barriers with considerable difficulty, but through persistence and determination.** They tended to be younger and more lacking in work experience than *Interested* participants. They were hence **more amenable to compromising over the conditions of their work.**

(vii) *Take-up* participants felt more comfortable than *Interested* participants in taking up unskilled work and forgoing studying. They were also more willing to work hours that did not fit with childcare, and in locations that were difficult to get to.

(viii) The letter encouraged a few *Take-up* participants who were already in work to increase their working hours to over 16 hours per week in order to become eligible, where it was possible for them to do so.

(ix) *Take-up* participants also **tended to arrange formal childcare provision as soon as they started to look for work, meaning that they were more likely to find both at the same time.** Recipients of the 100% offer were particularly keen to meet the timeframes of the offer letter so as to take advantage of the free childcare offered.

(x) Parents with children of pre-school age who experienced **up front childcare cost** as a practical barrier to taking up the offer **typically only overcame this barrier through enduring personal hardship or by borrowing from family members.**

(xi) **Flexibility was important to parents regarding working hours and provision of both formal and informal childcare.** Understanding relationships with employers, formal childcare providers and with informal care providers were therefore crucial in enabling participants to take up work and childcare.

3.1 INTRODUCTION

This chapter is largely concerned with the attitudes and experiences of the *Take-up* group. Consequently, the factors which meant participants were not only interested in taking up the offer but were *able to do so* are presented. The chapter will show the links and relationships between these factors, illustrating the attitudinal differences between the *Take-up group* and the *Not Interested* group, and the practical factors that meant that the *Take-up* group were able to overcome the barriers faced by the *Interested* group described in the previous chapter.

This chapter describes in turn the attitudinal drivers to taking up the offer; and the practical factors and decisions which enabled participants to find work and childcare. These related to the offer letter, work and skills requirements, childcare requirements, and financial requirements.

3.2 ATTITUDINAL DRIVERS AND THOSE RELATING TO THE OFFER

Parents in the *Interested* and *Take-up* groups were eager to find work and positive about the benefits of formal childcare. While many were already looking for work on receipt of the offer letter, its contents served to renew their determination to find employment.

Their keenness to find work and childcare was driven by the fact they believed there were a number of benefits from doing so. These included: improving personal well-being; financial and professional benefit; overcoming the stigma of claiming benefits; positive impacts on the whole family and the educational benefits of formal care. Each of these is discussed in detail in turn below.

3.2.1 Improving personal well-being

Improving well-being was the most powerful attitudinal driver to take-up of work and childcare across the participants interviewed, and often considered more important than the financial incentives of employment. Participants taking up the offer tended to be young lone parents, as described in Chapter 1.9. They particularly

described feelings of social isolation and so, to them, the offer was seen as an effective way to widen their social networks and meet new people. Similarly, work was a welcome opportunity for adult company for lone parents, and a chance for them to spread their wings beyond the scope of being a mother.

It was good to get a break, to meet new people, a bit of variety ... I feel like I've got a bit of a social life because I can go to work and I don't have to talk about babies and potty training ... I can talk about me

Lone Parent, Croydon, Take-up, Pilot

Many young lone parents in the *Take-up group*, as well as some older parents, described suffering from depression, particularly post-natal depression, before they decided to look for work. Work was considered to have positive effects on their mental health, and be a good way to ensure a daily routine and activity and hence overcome their depression. Participants in the *Interested group* also expressed similar views on this subject, with many expressing a sense of boredom and frustration at being unable to work due to the restrictions of caring for their child.

I don't want to wait until [when my daughter starts going to school]. I'll be pulling my hair out. You know, sitting at home, it's just so boring

Lone Parent, Hillingdon, Interested, Croydon

Participants who held such views were **not only more likely to move into work, but to find that their views were reinforced in practice by the take-up of work**. The positive effects of taking up work are explored in greater depth in the following section, 3.2.2.

3.2.2 Professional and financial benefits of working

There was also a strong sense of the professional and financial benefits of working among participants who had taken up the offer. ***Take-up group* participants were frequently keen not only to either establish or progress in a career, but to achieve personal ambitions through work**, despite the difficulties they faced juggling employment and childcare.

It's not easy but I'm happy because I have something to do...I'm very proud to be a nurse ... I'm proud because I know that I've got a permanent and secure job and nurses, even though we don't get much pay, people value us

Lone Parent, Haringey, Interested, Control

***Take-up* participants were also drawn to working by the potential financial benefits**. Both Pilot and Control groups thought that the additional household income they would **receive would have a positive impact on their children**. They stated that the extra money they would gain by being in work would enable them to do more with their children such as outings and sports which, in turn, would help to broaden their children's horizons. Attitudes towards finance are discussed in more details in Chapter 8.2.

3.2.3 Contributing independently towards household finances

Participants felt strongly about overcoming not only the perceived stigma of being a lone parent, but of being solely dependent on state benefits. They were positive about work because it allowed them to feel independent from the state and more of a sense of entitlement to the money entering the household because they had earned it.

I just feel better at the end of the month I get my money that I've earned. I'm not waiting for a giro to come through the door

Lone Parent, Camden, Take-up, Pilot

In addition, some participants also spoke of being glad to contribute taxes and that they were paying toward state benefits, such as their own state pension, rather than receiving them. Tax credits, although seen as a form of state benefit, were perceived as support participants *deserved* because they worked, rather than benefits which were received passively.

Finally, parents talked about their belief that work was important to building their confidence, making them feel like participants in wider society, and, as a result, making them feel less marginalised. This was especially the case among lone parents, who discussed how working helped them overcome the perceived stigma of their social situation.

Working is good, you feel like you're not a parasite ... it gives me confidence and I feel I am useful

Lone Parent, Camden, Take-up, Pilot

3.2.4 Positive impacts on the whole family

A further aspect of overcoming the stigma of lone parenthood was the desire to set a good example to children in the household. **Parents in the *Take-up group* were eager to be strong role models for their children and demonstrate to them the personal benefits of doing paid work.** This was important because participants in the *Take-up group* were typically predominantly lone parents, who felt they were the only role model for their child in their household.

I don't want to be sitting at home and for the kids as well, they need to see that ... it's about hard work and good ... ethics really

Lone Parent, Haringey, Take-up, Control

3.2.5 Attracted by benefits of formal childcare

Finally, a further aspect of widening the horizons of children in the household was related to the educational and social benefits of childcare. Indeed, for **a few participants in the study, these benefits were the most powerful driver for taking up the offer.** They were attracted by the fact that formal childcare offered their children access to educational opportunities which they felt unable to provide for their children

personally, and by the benefits of wider socialisation for their children. These benefits are explored in more detail in Chapter 7.2.

Participants who were attracted by the benefits of formal childcare had previously believed they were unable to afford it and were typically unaware of the availability of government support to help pay for it. The offer letter therefore triggered a determination to access formal childcare for their children, especially for those participants who received the Pilot offer of 100% costs. For these participants, the Pilot offer was seen as an opportunity to find the most suitable childcare for their children which, in turn, would provide them with an educational head start.

I thought: I'm going to try and give my daughter the best. If I can start off with the best, even if it's for a year, that's good

Lone Parent, Croydon, Take-up, Pilot

These participants were **not only more likely to take up formal childcare, but to find that their views on the benefits of childcare were reinforced by their experiences in using it over time.** Such views were highly prevalent among *Take-up* participants and are explored in more detail in Chapter 7.2.

3.3 PRACTICAL FACTORS IN TAKING UP WORK AND CHILDCARE

We have discussed the inter-relationship of *practical barriers* to taking up work and childcare in Chapter 2.3, illustrating how, in combination, these barriers made the take-up of work and childcare extremely difficult for a number of those participants who were interested in doing so.

Enabling factors in taking up work and childcare were linked – as were the practical barriers – because of the relationships that governed them. Participants needed to plan childcare carefully to ensure that their children were looked after; they had to negotiate their working hours with their employers; and they had to organise suitable pick-up and drop-off times with their formal and informal providers. Payment and finance was another dimension to these relationships: salaries had to be enough to cover childcare costs and paid in time to cover upfront nursery deposits if hardship was to be avoided. Finally, practicalities played their part, notably locations of work and care providers, and what transport was available to participants.

In practice, **those who took up the offer typically made compromises over the type of work they took on and, in order to pay for upfront childcare costs, borrowed money from friends and family or accrued unwanted debt.** The following participant profiles illustrate how factors combined to make taking up work and childcare possible for participants in order to take advantage of the window of opportunity provided by the offer.

CASE ILLUSTRATION: ENABLERS TO TAKING UP WORK AND CHILDCARE (Pilot offer)

Erica was a lone parent with a three-year-old son. A recent migrant from Bulgaria with no qualifications in the UK, she had been studying part-time for a degree in tourism while working until the birth of her first child. She decided to take on paid work because she had been suffering from post-natal depression after the birth of her first child and wanted to be out of the house more often doing purposeful work. She also needed to work to remain in the UK due to her migration status.

When she **received the Pilot letter she was thrilled as she did not know about government support available to her**. She was the first person to call the DfE contractor to register interest, such was her eagerness to work and take advantage of the 100% offer. She had **already been looking for work** for the previous three months, using support from Jobcentre Plus.

Erica **had hoped to find administrative work** to complement her ambition to work in tourism. She turned down an offer of a job in catering which was both temporary and difficult to travel to, but finally **accepted a job as a supply dinner lady**, which meant travelling all over the borough, working in different schools from week to week.

Erica chose to use the nursery at the bottom of her estate due to its convenient location. She needed the nursery place in order to take up work, so to secure the place, she **paid the nursery a deposit of £500** before she began work, which she managed to raise by **selling the laptop computer she had been using for her degree**. She continued to **pay weekly nursery fees until she found a job by borrowing money from her parents**.

(Lone Parent, Camden, Take-up, Pilot)

CASE ILLUSTRATION: ENABLERS TO TAKING UP WORK AND CHILDCARE (Control offer)

Sarah was a lone parent with three children, aged 17, 5 and 3. She separated from her husband two years ago and lives with her children in North London. She had worked since she was a teenager, and had been looking for work since she felt her youngest child was ready to go into formal childcare as she was keen to improve her household finances.

Sarah had worked in local government for nine years, and, until the birth of her five-year-old son, had a senior role in human resources. Having looked for work for six months, she was **certain that there were no roles available at her previous level**, and **downgraded her search**. When she received the Control offer letter, she was still looking for work and **the letter reminded her that support was available**. Shortly afterwards she accepted a job working in local council call centre, answering and redirecting queries from the public. She does not enjoy her job too much, finding her employer inflexible where her children's needs are concerned: she does not get paid when she is absent from work if one of them is ill.

Sarah uses a **mix of formal and informal childcare**: she uses a childminder for her younger child, and her mother looks takes her 5-year-old to school and brings him back at the end of the day. She prefers this mix of care as **her childminder has an emphasis on the educational development of children**, and her mum is a trusted, flexible and free source of childcare.

Having taken up the Control offer, **she manages to pay 20% of the cost of her childminder's weekly fees**, which she feels is worthwhile for as it **puts less pressure on her mum and is educationally beneficial for her child**. However, she is unwilling to pay for formal care for her five-year-old, believing she would not be able to afford it.

(Lone Parent, Haringey, Take-up, Control)

Overall, the least negotiable factor in this web of relationships was the one which dictated the decisions about the others. For example, parents who had no informal care support were forced to find work that fitted around their formal childcare hours, and those with inflexible employers had to find a combination of care providers that allowed them to work the hours they were set. In the following sections each piece of the 'puzzle' will be addressed separately, with reference to how relationships with employers and providers guided parents' choices in taking up work and childcare.

3.3.1 The attraction of the offer letter

The right timing of the arrival of the offer letter was a key enabler for participants in the *Take-up* group. Most had *already* been looking for work or were close to the completion of work-relevant training when they received the letter, Therefore, in most cases, **the offer acted as an important nudge in renewing their determination to enter into employment that fitted the CCE eligibility criteria**.

I was looking for work anyway but when I saw the letter about the Pilot I thought, now's my opportunity to ... get something out of it before they take my name off the list

As discussed previously in Chapter 1.8 many of those in the *Take-up* group were young lone parents, with limited work experience. Because of this, their knowledge of in-work benefits and credits was low. Thus, the offer letter played the vital function of **raising their awareness of the support available** to them. Indeed, many participants in the *Take-up group* reported their excitement at the generosity of the offer. This even included those who formed the Control group and were offered the then standard 80% of costs.

Parents who were offered the Pilot and took up the offer were typically explicit that the **financial incentive of having 100% of their childcare costs covered was hugely attractive, and compelled them strongly to widen and intensify their search for work**. Most of these parents had not made careful better-off calculations, but felt that free childcare was highly desirable, especially given they were already looking for work.

100% of the childcare costs, that is brilliant ... I think I would be stupid not to take up an offer like that

A minority of these parents included those who had previously believed that childcare costs were too expensive for them to have afforded, even with support from the CCE. These parents were good at budgeting and had made careful calculations as to what would have been possible for them, given the restrictions of local childcare and employment availability. For them, the offer removed an important barrier, and made it possible for them to take up work. Furthermore, the terms of the offer were such that it provided an extra incentive to keep searching for employment and renewed their already considerable determination in this.

Very few participants in the *Take-up* group were incentivised to take up the offer on the basis of having 100% of their costs paid alone. Those who were, tended to be already working for more than 12 hours per week. Given this, they were able to take up the offer by increasing their working hours with their existing employer, rather than looking for work from scratch. In doing so, they were able to overcome one of the most challenging barriers to taking up the offer: that of finding suitable paid work (as described in detail in section 2.3.1). It was easier for this group to take up the offer than many of the *Interested* group who also received the Pilot letter but struggled to find work. *Take-up* participants were typically keen to take up the offer primarily to access the advantages of formal childcare for their children, as discussed briefly in Section 3.1, and explored in more depth in Chapter 7.

The offer letter was, therefore, most important as a factor in raising awareness of support and stimulating wider and more intense job searches among those already looking for work. It only prompted behaviour change substantially among those already working who were able to increase their working hours. Detailed participant responses to the offer letter are covered in more detail in Chapter 9.1 of this report.

3.3.2 Employment and skills requirements

Participants who took up the offer of work and childcare were no more equipped with work experience and skills than those in the *Interested group*, who were typically unable to find work (as described in Chapter 2.3.1). However, the *Take-up group* did overcome the barriers the *Interested group* experienced.

In order to take up the offer, parents typically needed to find work that suited their requirements for local short part-time working hours at appropriate times. Although a few participants in the *Take-up group* were lucky enough to find understanding, local employers, **most *Take-up* participants found themselves compromising over the timing, location or type of work they undertook** as explored throughout this section.

3.3.2.1 Suitable working hours

Take-up group participants typically **managed to find work with hours that suited the childcare arrangements they had made, and reported that the flexibility provided by their employers was highly important**. As will be demonstrated in the following section 3.3.3.1, participants in the *Take-up group* were more likely to consider looking for and securing childcare while also looking for work, and to go to considerable lengths in order to cover any upfront childcare costs. They typically managed to secure work and childcare at the same time, but nonetheless required flexibility from both. The following comment illustrates how helpful suitable working hours were, and is from a participant who worked as an administrative assistant in her local church.

They were really understanding ... when I started I told [the vicar] what hours I wanted to work, and he was fine with that

Lone Parent, Haringey, Take-up, Control

However, **only a few employers were sympathetic to the requirements of participants at the outset**. As an example, several participants reported that they were required to work very early shifts even though they were unable to find suitable formal childcare at those times. In order to overcome the difficulties of ensuring they were able to work when required by employers, participants relied on informal care to cover these gaps. These challenges are discussed in greater detail in section 3.3.3.5 and in Chapter 7.2.

3.3.2.2 Local work

Finding local work was essential to *Take-up* participants, and those who did not manage to do so struggled to juggle their working and childcare responsibilities. The interviews were conducted in London and participants were largely reliant on public transport. Consequently, participants **preferred to find work that was close to them, not only because public transport was expensive, but also because it meant that the practicalities of meeting school and nursery pick-ups became possible**. Participants did not want to travel long distances to work and potentially find themselves delayed and, for example, incurring late fees on their nursery care (discussed in more

detail in Chapter 7.3). These issues were exacerbated for parents with more than one child whose children were cared for by different providers.

The office is just a couple of miles away ... I don't finish until 5, but my mum picks them up and she's just around the corner. So it works OK, really...

Lone Parent, Haringey, Take-up, Control

In spite of this preference for local work, a minority of participants were so determined to take up employment that they had taken jobs which were far from where they lived and which involved considerable travelling. This was, to some extent, unsustainable, as participants found their travel costs mounted up and, if working shifts in changing locations, felt it was difficult to establish daily a routine which would help make juggling work and childcare more manageable.

I was doing supply work, but the travel was exhausting ... so I changed ... I had to ask for a favour but now I am just at the one school

Lone Parent, Camden, Take-up, Pilot

3.3.2.3 Making compromises over skills and development

Many *Take-up* participants also made compromises with regard to the type of work they took on and, ultimately, **found themselves in roles which they felt over-qualified for or which did not hold many opportunities for long term progression.**

Among those who felt they had made this kind of compromise, there was a strong sense that the economic climate was such that work of any kind was welcome. Some had many years of experience in a particular field, but on beginning to look for work found it impossible to find employment at the level they were used to. Others who were younger and new to paid work had aspirations beyond unskilled work but their experience was such that this was all that was open to them at the time of the research. However, for both groups, their desire to be working again was such that they were willing to compromise over the kind of work they did.

This meant not only that *Take-up* participants **typically took on work at lower skill levels, but work which was fixed-term or temporary, rather than being permanent.** Such willingness to compromise was especially prevalent among older lone parents who had worked for some time before having children and wanted to return to paid employment.

I couldn't be too picky, especially in this climate with the jobs the way they are. I had to go with what the employer wanted really ... but they're not flexible with me so it's quite difficult as a parent

Lone Parent, Haringey, Take-up, Control

For those younger parents who aspired to a career but lacked the skills to pursue one at the time they received the offer letter, a few attempted to combine study with work. They

did this to improve their prospects in the employment market though, over time, this proved very demanding. At the time of the second interview, participants who were studying as well as working were typically continuing to manage, but did not feel optimistic about their ability to keep doing so.

A few participants in the *Take-up group* did not have to make compromises: the letter had arrived at just the right time, when they had completed training and were searching for work. They were not only ready to work, but also prepared with the requisite skills for a career.

I just finished training [as a nurse] and I was worried about childcare ... I was looking for a job, looking and looking ... so the letter came at the right time

Lone Parent, Haringey, Take-up, Control

3.3.3 Childcare requirements

Typically, whilst securing paid employment, *Take-up group* participants also needed to make childcare arrangements, which included a combination of formal and informal provision. In this section we outline the key enablers which meant that parents were able to take up work and childcare. These are all explored in detail in Chapter 7.

3.3 3.1 Making arrangements as early as possible

Participants in the *Take-up group* were highly determined to take up the offer, especially 100% of costs. Having been searching for work for some time, they were typically aware of the potential challenges around both the availability of day nursery places in particular, and of starting work if they could not guarantee that their child could be cared for. As such, they **tended to look for childcare with as much determination as they looked for work, starting their search for both at the same time**. If offered work before childcare was secured, they typically relied on informal care if possible. Most *Take-up* participants were positive about the advantages of formal care and conducted considerable research to find a suitable provider. A minority of participants in the *Take-up group* had also secured childcare places before they found work. They were finding ways to pay for it through selling personal items and borrowing from family, such was their commitment to taking up paid work.

I lost my [last] job because I couldn't find childcare and my boss would not give me any unpaid leave at all ... if I don't have a nursery place secured then I can't go to work

Lone Parent, Camden, Take-up, Pilot

3.3.3.2 Trust in quality of provision

Formal childcare parents could *trust* with the care of their children was the most important issue for participants in the *Take-up group* when searching for providers. This view was strongly felt and highly prevalent. Quality of provision had a range of meanings to parents: as well as encompassing issues around the safety and wellbeing of their child, good quality childcare was also denoted by the provider's ability to deliver on educational benefits for children.

Parents in the *Take-up group* tended to rate providers differently where quality was concerned, with **nurseries being most popular and well-regarded and childminders typically considered as more informal and less qualified to deliver care**. Opinions on quality of childcare were driven by parents' sense of the 'feel' of a provider: whether parents felt staff were committed to the care and education of the children, and whether the nursery felt like a pleasant and safe place for their children. These issues are all explored in detail in Chapter 7.3.1.

3.3.3.3 Availability

As with the *Interested* group, on whom we reported in Chapter 2.3.4, **participants in the *Take-up group* were equally likely to find it straightforward to find a nursery place as to find it difficult**. Those who experienced difficulties in the *Take-up group* were highly persistent in pursuing suitable available childcare to ensure they could take up the Pilot offer. Typically, they found ways to secure these in advance with deposits and payments, sometimes even before they found work. These participants were, therefore, better positioned to take up the offer than the *Interested* group. As will be discussed in Chapter 7.3.3.1 participants tended to manage this by borrowing from family or selling personal items.

In the beginning... I got a place for him [at Nursery] but hadn't got a job so it was a choice of I just pay myself or I lose the place

Lone Parent, Haringey, Interested, Control

As well as securing suitable finance, **a location close to work and home and opening hours that suited working hours and informal care arrangements** were very important to participants in the *Take-up group* as these needed to fit with the working hours and available informal care. These key enabling attributes of formal childcare are described in detail in Chapter 7.3.2.

3.3.3.4 Affordability

Affordability of childcare was less important to parents in the *Take-up group* initially than the quality and availability of childcare. Indeed, **all parents who took up the offer chose childcare which they believed to be *initially* affordable**: those in the Pilot group who were offered 100% of costs were all able to pay their childcare costs while taking part in the Pilot, while those in the Control group typically chose to use cheaper providers than some Pilot participants from the outset, or used more informal care to support their working lives, thus making their choices affordable.

Control participants who took up the offer typically reported a combination of using more informal care than they would prefer to use (and conversely less formal care than they would consider ideal) along with regret at being unable to pay friends and family for providing informal care. Control parents who were keen to use more childcare tended to want to use it to cover activities other than working, such as studying, or, if they had two children, for breakfast or after-school clubs for their older children if of school age, or for nursery care if their younger child was as yet ineligible for the free early years education place. We discuss the factors that contributed to parents' decisions around childcare cost in detail in Chapter 7.3.3.

3.3.3.5 Informal care support

Informal care support was a key enabler for *Take-up* participants. **Nearly all the *Take-up* group relied on informal care to some extent.** This was typically used to cover the times when they were unable to manage pick-ups from formal childcare, or for when formal care was not available. Informal care was therefore widely used to cover childcare in the early mornings, evenings and for pick-ups and drop-offs, especially school pick-ups as these tended to be in the early afternoon.

Due to the weak social networks prevalent in the *Take-up* group, **finding reliable informal care was very difficult for several lone parents in *Take-up* group.** These parents were typically recent migrants with very little family and few friends in the UK. Due to their lack of informal support, these participants were more likely to incur late fees on nursery pick-ups, pay for informal care or find themselves taking time off work and losing pay if their children could not attend school or nursery. Hence a lack of informal care not only meant that participants without informal care spent more on nursery care, but that they were more likely to pay a financial penalty if they required more flexibility from their childcare than those participants who could rely on family for informal care.

3.3.4 Financial requirements

As discussed in Chapter 2.3.5, household finances were the area where participants' experiences of employment, skills and childcare were linked. **Control participants typically found that paying for their childcare costs was a struggle from the outset.** They tended to manage through careful budgeting or because they felt that it was so important for them to work that they were willing to endure financial struggles to do so. Control participants tended to feel that more support would be welcome, or that support to pay for informal or non-registered childcare would be helpful.

80% helps a lot ... I'm not complaining ... but we need 100% of costs. It's a struggle without it

Lone Parent, Haringey, Take-up, Control

However, **for almost all of those who took up the Pilot offer, long-term financial considerations were not examined in detail.** This was particularly the case for those who were new to work and childcare and had been offered 100% of costs. This was because these participants were unused to budgeting for childcare and were therefore unable to conceptualise the practical difficulties they might have paying for childcare when the Pilot ended.

Due to the lack of budgeting experience, financial issues typically only concerned Pilot *Take-up* participants as they occurred. Consequently, the most pressing of these short-term issues was **finding finance for a deposit to secure their childcare place and paying weekly costs if paid work had not already been secured**. Participants faced great difficulties finding this money, and typically borrowed money from family members or endured hardship in order to do so.

At the beginning the biggest problem was that I got the place in June and I wasn't working, I applied for funding, I got nothing, there was no money available, so I had to scrape every penny through and I had to sell a lot of things

Lone Parent, Camden, Take-up, Pilot

The challenges around finding nursery deposits are addressed in detail in Chapter 7.3.3.1.

There were, however, a few Pilot group participants who were concerned about whether they would be better off working. The reduction of key tapered benefits was a concern to them and they were anxious not to lose the support they had through Housing Benefit and Council Tax Benefit, upon which they depended.

At the start I said [to the DfE contractor helpline], are you sure it won't affect my benefits?

Lone Parent, Croydon, Take-up, Pilot

Although better-off calculations were typically not an issue at the start of the study, they did become a very important issue for participants over time. These issues are addressed in more detail in section 8.5 on sustaining work and childcare.

3.4 CONCLUSION

Participants who took up work and childcare and those who were interested in doing so universally held highly positive attitudes towards working. However, **determination to work had to be coupled with addressing all the practicalities in finding work and childcare**.

The *Take-up* group were able to find and sometimes negotiate successful professional relationships with employers and childcare providers (both formal and informal) which made it possible for them to work – at least initially. Participants needed to find not only working hours and timings that were suitable, but also appropriate financial conditions so that nursery places and childcare could be secured. They were, therefore, also **more likely to make compromises over working hours, location and the kind of work they did, such was their determination to find suitable employment**. These successes 'tipped' them into taking up paid work and formal childcare and so differentiated them from the *Interested* group.

Once they had found work, *Take-up* group participants then had to adopt strategies to address their childcare needs. For most participants **sufficient finance was important** here: although a few participants were able to find formal childcare which did not require initial financial outlay, for most, the need for nursery deposits or to pay fees before they

had secured work meant that they either borrowed money from family members or sold personal items. **Financing upfront childcare costs was therefore a difficult barrier to overcome, but one that was surmountable, although only typically through enduring hardship.** This challenge is explored in more detail in section 7.3.3.1.

However, as demonstrated in Chapter 3.3 – and as with the barriers to taking up work and childcare – these enabling factors were only fully effective in combination. Parents needed not only to possess positive attitudes toward work and childcare, but also had to find solutions to the challenges of ensuring there was enough money in the household, and enough care for the children, of which finding suitable work and childcare, as well as accessing government support, were a part. Furthermore, as finance was crucial to organising childcare, **Control participants were more likely to be realistic about the prospects for the sustainability of their situation:** they were used to budgeting for childcare from the outset, and tended to make arrangements they would be able to maintain.

The implication of these findings is of the importance of external relationships in enabling take-up of work and childcare: relationships with employers, with formal childcare providers, and with informal care providers. However, as we will explore in Chapter 5 of this report, these relationships were prone to change over time, with further repercussions for how sustainable the working lives of participants were likely to be.

4 Transition to employment

CHAPTER SUMMARY

(i) Due to low levels of skills and lack of consistent work experience, **most *Take-up* group participants took-up low-skilled, and consequently low-paid roles.** Such jobs were typically secured after an intense job search, lasting several months. A minority of participants were able to take up the offer by increasing their working hours with an existing employer, typically seeing this as worthwhile if in receipt of the Pilot offer.

(ii) Participants were typically unused to looking for work and **used both formal and informal approaches to job searching.** Both approaches yielded success, and participants spoke positively of support and training offered by Jobcentre Plus and resources such as government and commercial careers websites. The use of informal contacts to find work was particularly prevalent among those who were new to work.

(iii) **Very few *Take-up* participants found work in skilled occupations.** Those who did tended to be those who had accrued some years of continuous work experience prior to having children, or those who had just completed training. These participants were determined to re-establish old careers or establish new ones.

(iv) Participants in skilled roles were more comfortable job-seeking and tended to use formal approaches, such as employment agencies and Jobcentre Plus and networks established from their previous employment. These participants were prepared to take on demanding working hours or challenging locations in order to work.

4.1 INTRODUCTION

This chapter is concerned with the experiences of the *Take-up group* in looking for and successfully finding work and childcare, exploring in particular the importance in the different skills levels of participants, and the practical challenges faced in arranging work and childcare. The evidence is derived from the first wave of interviews with the *Take-up group*, conducted when the Pilot began. In this chapter the following issues will be discussed: how participants found employment and the type of employment they found.

4.2 FINDING EMPLOYMENT

Participants in the *Take-up group* were, overall, no more equipped with skills and work experience than those in the *Interested group*. However, while skills levels and work experience were low, attitudes were important here: **nearly all were highly determined to find work**, and many were already undertaking job searches as described in Chapter 3.3.

I'm a worker ... and I was so desperate ... I went for anything

The skill level of the participants was extremely important to their experiences of taking up work and childcare – both initially and over time. Skills levels impacted on the type of work participants found and the sector they entered – with implications for pay, progression and crucially, job security.

Following this reasoning, participants' experiences of looking for work are discussed by skills levels in this section, reflecting the very different experiences that skilled and unskilled workers had in searching for work.

4.2.1 Unskilled work

Most *Take-up group* participants found work in low-skilled, and consequently low-paid roles typically in retail, sales, childcare and social care occupations. Their work was often part-time, with hours that fitted around their childcare needs.

Those looking for unskilled work were typically new to the labour market and so lacked experience in how to look for work. Because of this, they needed a great deal of help and support in finding suitable positions and used a number of channels to secure this. **The most important of these were Jobcentre Plus and informal methods.**

Jobcentre Plus was widely used by those participants who had worked before, and also by those who had previously used informal sources and were motivated to widen their existing search in order to take up the Pilot offer of 100% costs. These participants were keen to take advantage of the offer within the timeframe specified on the offer letter, but typically lacked knowledge of how to conduct a systematic job search or how to find work that suited their skills. Their determination to take up the offer meant they looked to other sources of support which they had previously not accessed, including JCP.

Experiences of Jobcentre Plus were varied, with some participants reporting success from this source due to the tailored advice and support they were provided with. Participants reported finding employment successfully after being directed to training or work trials through Jobcentre Plus. They were typically close to completing such training when they received the CAP09 offer letter.

Jobcentre Plus helped me with everything ... I had a good caseworker, but it is still hard to find a permanent job

Lone Parent, Greenwich, Take-up, Pilot

Others, however, spoke of frustrations with being directed to unsuitable vacancies or training by advisors, and with the fact that, even with the help and support offered, it proved very difficult to find sustainable employment due to the proliferation of temporary vacancies and the lack of permanent work on offer.

Using informal contacts to find employment was highly prevalent among those who were new to work and childcare, and was also used to supplement more systematic job searches by those who were more confident looking for work. Consequently, word-of-mouth recommendations of suitable vacancies via friends, family and community members were important to *Take-up* participants. In addition, timing was important for these participants and they typically responded quickly to any vacancies

they heard about. As examples, one participant found a job selling electric cigarettes when she happened to be in the shop buying them; another heard of a vacancy for a carer in a home close to her own through previous employers and others relied on recommendations of vacancies from friends.

It's a waitressing job ... but I have a friend who knows the manager which is how I heard of it

Lone Parent, Haringey, Take-up, Control

4.2.2 Skilled work

There were **very few participants in the *Take-up group* who found work in skilled occupations**, but where this was the case the sectors they were mainly employed in included health, public sector administration and professional services. These participants tended to have accrued many years of work experience prior to having children, and were determined to re-establish old careers. Alternatively, a few participants had just finished studying, and the offer letter arrived at the right time, allowing them to take advantage of the offer and begin their careers. These participants especially valued establishing careers rather than merely finding a job: developmental opportunities and job satisfaction were important to them. Moreover, these participants were working to fulfil personal ambitions as well as for the benefits working would provide in their household financially.

This group's longer history of employment meant they were **more comfortable with job-seeking and knowing where to look for and apply for jobs**. As with unskilled workers they also used Jobcentre Plus and other employment agencies but were also more likely to have other contacts they could call upon, such as previous employers. In fact, a couple of participants had often returned to a previous employer in order to take up the offer of assistance with childcare. These participants typically were successful in finding work within a couple of months of beginning their search.

It was quite hard work, but I just went for everything. I got offered a couple of things and went for the [job at the] hospital because it's closer to home

Lone Parent, Camden, Take-up, Pilot

4.3 TYPES OF EMPLOYMENT FOUND

Skills levels also had implications for the type of work found by participants. **The few participants in the *Take-up group* with higher levels of skills and a history of work experience typically found better quality, more secure and better paid work** than those with low skills levels, and were more likely to be able to sustain employment. However, **most participants in the *Take-up group* found employment in low-skilled work with relatively low prospects**. This work was often temporary and typically linked to the public sector, meaning participants felt they were likely to lose their jobs in imminent local authority funding cuts.

4.3.1 Unskilled work

Securing unskilled work was highly prevalent among the *Take-up group*. Although most who took up unskilled work had few qualifications and lacked any kind of work experience, this group also included a number of participants who took on this kind of work despite being over-qualified for it simply because they were determined to find paid work and get back into employment. A few such participants were recent migrants who had skills they were unable to use in the UK, although they were eager to work.

I was a maths teacher [before I needed to leave my country] ... I am a graduate. But they have nothing and I want to work ... so I will take anything in education ... and I can help people because I speak Farsi

Lone Parent, Camden, Take-up, Control

As indicated in section 4.2.1, retail, childcare, social care or catering were key sectors for women in the *Take-up group*, and **there was a high dependence on public sector jobs, which until recently, were not only seen as a secure jobs, but also accessible and attainable work.** Given the context of local authority cuts, however, many were concerned that the funding that sustained their jobs would not be renewed. Indeed some *Take-up* participants had already experienced a cut in their hours by the second wave of interviews in October 2010, or were aware that their contracts would end in April 2011. We explore the difficulties of sustaining employment in this context in detail in Chapter 5.3.

Participants who took up unskilled work usually had little opportunity to negotiate flexibility or the terms of their employment. Many worked in temporary or short term contracts, which meant that they typically did not have the same rights or benefits as permanent staff. For example, a couple of participants did not get paid for any time they took off work, such as if their child was ill, or if they were late getting to work due to transport problems. With young children this often posed considerable problems.

4.3.2 Skilled work

There were far fewer participants in the *Take-up group* who took on skilled work. As indicated in section 4.2.2, the few participants in skilled work tended to have been in employment before, but had taken a period away from the labour market to have children or to study. They were keen to build a career for themselves, rather than just a take on any job, and the offer letter typically renewed their determination to do so. These participants were less concerned than those in unskilled work about the security of their employment.

Participants secured skilled work in the health, public sector administration or professional service sectors. **These participants were keen on undertaking training and further qualifications, and were prepared to work shifts and do demanding jobs in order to progress.** Participants were most willing to compromise over working hours – although sometimes over location as well – in order to fulfil their aspirations. For instance, in health and education, shift work typically offered the best opportunities for progression and development, and in public sector administrative work better opportunities sometimes lay further afield.

In a nine to five pm nursing job the money is not good ... because when you work nights you get some enhancement ... and it's better for your career

Lone Parent, Haringey, Take-up, Control

As with those in unskilled work, participants typically reported that their employers were inflexible where hours were concerned, and so **it was very important for this group to have flexible childcare in place** that could adapt to their more challenging working lives. A few participants addressed this challenge by being self-employed, meaning that they could dictate their own working hours around childcare needs. Others managed by using more informal care or by paying for informal care, for which they did not receive government support.

4.4 CONCLUSION

Where levels of work experience and skills were concerned, *Take-up group* participants were no different in composition to those who were interested in the offer but were unable to find work, as described in Chapter 3.2. However, their particular determination to find work meant that, typically through making compromises over the type of work they did, they did manage to find work, often using strategies which were no more sophisticated than used by the *Interested group*, described in Chapter 3.3.

Take-up participants **typically found unskilled, low-paid and insecure work** due to their willingness to be more flexible in the opportunities they took up than the *Interested* group. **For the few who secured better paid work, their previous consistent experiences of working paid off.** These participants had generally worked before, or had qualifications. This set them in good stead for finding work as they were not only confident in looking for work, but were able to make offer a stronger set of skills and experience to employers. Crucially, as will be discussed in more detail in the following chapter, they were used to managing the practicalities of work and childcare together as they had typically done so before – either in previous paid employment or as students which affected the sustainability of their working arrangements.

5 Sustaining employment and childcare

CHAPTER SUMMARY

(i) **Maintaining work and childcare at the end of the Pilot was typically challenging both financially and logistically for participants in Pilot and Control groups. This was especially the case for those who were new to work and childcare**, who consequently had less experience of budgeting for childcare and in balancing work and childcare than those who had worked previously.

(ii) **Control *Take-up* participants generally struggled financially throughout the study and typically did not feel they were better off financially at the end of the Pilot.** Those interviewed tended to have older children, hence childcare costs were lower. They used informal care more than they preferred in order to keep costs affordable and within their budget. They felt they were better off for the social benefits of work and the fulfilment of personal ambitions, and so aimed to remain in work and childcare.

(iii) **Pilot *Take-up* participants reported that they were better off financially during the Pilot**, finding themselves able to improve their family circumstances, save money and pay off debts. They tended to have little informal support available and very young children, so the 100% offer helped them overcome two important barriers to managing with 80% costs: the high cost of day nursery care and the lack of informal care. Given these circumstances, the 100% offer was a strong incentive to widen and intensify existing searches for paid work and formal childcare.

(iv) However, **Pilot participants struggled financially once they returned to the normal system, and typically doubted whether they were better off financially in work.** They typically considered reducing their working hours or using more informal care than they preferred to do in order to fulfil their aim of remaining in paid work and formal childcare. In addition, a few participants considered increasing working hours to increase earnings

(v) **Skills and work experience levels at the start of the Pilot were the most important predictor of whether parents were better off financially once paying for childcare after the Pilot had ended.** Most *Take-up* participants had secured unskilled work, and often did not feel they were financially better off working after paying for childcare costs once the Pilot ended. Participants with higher skills levels or greater levels of work experience at the start of the Pilot were more likely to secure work that was well paid enough to ensure they were better off working after childcare costs had been deducted.

(vi) **The reduction of tapered benefits, such as HB and CTB, upon taking up work and childcare was typically difficult for participants who had taken on unskilled work to understand and accommodate.** Most had not made an *actual* better-off calculation before taking up the offer, but rather had made an estimation mentally. Many felt they may not, *in fact*, be better off financially once childcare costs were considered.

(vii) **The transition of children to school typically raised challenges for participants in both Pilot and Control groups in sustaining work.** The transition time when children started school was a point at which parents depended on flexibility from employers and childcare providers in order to sustain paid work. Parents with young children depended on morning and evening provision of formal childcare to continue in paid employment. Services which would drop off and pick up children from school were especially invaluable.

(viii) **The flexibility of informal care was crucial for most parents to sustaining work when the hours of children's formal care/ schooling changed** – usually on transition from pre-school or nursery to primary school. However, changes in supply of informal care were problematic, as grandparents aged and older siblings pursued their own personal ambitions over taking on unpaid care.

(ix) The main constraints on responding to changes when children started school were: a lack of understanding and flexibility from employers; difficulty finding suitable wraparound care for children; and, changes in the supply of informal care as grandparents and older siblings aged. Of these, the most widespread concern for participants was **employers' lack of willingness to be flexible and be understanding about the need for different working hours.**

(x) There was **widespread concern about job security as a threat to the sustainability of employment** on take-up of the offer, and these concerns continued over time. Some participants had already experienced reductions in their working hours for this reason.

(xi) Cuts to childcare provision and public sector employment were widely viewed by *Take-up* participants as important threats to the sustainability of maintaining work and childcare.

(xii) There was a widespread feeling from both Pilot and Control participants groups at the end of the Pilot that, despite the considerable personal and social benefits of being in work, **it was also important to them to be better off financially after childcare costs** if they were to be able to continue working over 16 hours per week.

(xiii) Participants who were new to work reported that support in budgeting for childcare would have been useful to them (in the case of Pilot participants, on leaving the Pilot).

5.1 INTRODUCTION

This chapter is concerned with the experiences of the *Take-up group* in sustaining work and childcare. The evidence is derived from the second wave of interviews conducted with the *Take-up group*, who were initially interviewed at the start of the Pilot (see Chapter 1.4 for more details) and then interviewed again at the end of the Pilot.

In this chapter we examine how the enabling factors faced by participants (and discussed in Chapter 3) changed over time. These include: sustaining work at key transition times, risks related to time and working hours, and risks related to household finances.

5.2 SUSTAINING WORK AT KEY TRANSITION TIMES

Two points in the age and development of children meant changes for parents in the balance of paid and unpaid work they needed to undertake. The **offer of fifteen free hours per week of early education at the age of three meant that, at this point, the costs of childcare for parents fell.** At the age of four, the **transition from pre-school to primary school however brought new challenges in managing pick-up and drop-off times,** and fitting these in with paid employment. In this section we discuss both of these changes in turn.

5.2.1 Fifteen free hours of early education at age three

For participants in the *Take-up group* with children under three, the government offer of free early education at the age of three was a useful fillip to their household finances. **For those in relatively skilled work, it allowed them to increase their working hours** and therefore improve household finances and their prospects more generally at work, whilst maintaining continuity of care for their children.

I've been enjoying it and I want to get on ... so I've started working a bit more now. The free childcare helps

Lone Parent, Camden, Take-up, Pilot

For a few Pilot participants **in less skilled or more poorly-paid work, the free 15 hours of early education was used to maintain nursery provision for their children for a little while longer,** proving a useful intervention before childcare costs became unviable to pay for once the Pilot had ended. For example, one Pilot participant found herself able to maintain nursery care for her older three-year-old child due to the free hours, but not for her younger child, who returned to being cared for by her grandmother after the Pilot ended.

The free fifteen hours policy initiative was, therefore, very useful to those who had been able to take-up work and childcare and also for those participants who earned low wages. Once the free hours were accessible, they bought one extra year at nursery for three-year-olds in the family and a chance for participants to maintain paid employment. In this way the *Take-up group's* use of the free hours was different to that of the *Interested* and *Not Interested* group, as described in Chapter 2.3.5. Whereas those groups had used the hours to continue voluntary work or to remain in paid work for under 15 hours per week, the *Take-up group* used the free hours as a financial supplement to their continuing use of formal childcare for over 16 hours per week.

5.2.2 Changes on transition of children to school

The transition to school raised different problems. **Take-up participants with children aged three or under reported concerns that they would need to either change their job or find an additional source of childcare** (formal or informal) to facilitate the pick-up and drop-off times of school hours and school holidays. For those participants with low skill levels and poorly-paid jobs, this was a considerable source of concern – most were unsure how they would manage, with some reporting that it was very likely they would drop out of work once their eldest child started school.

I love my younger child to go to nursery ... But I don't know. I can only see myself working less, or not at all when the older one starts school

Lone Parent, Croydon, Take-up, Pilot

The reason for this was that **participants felt strongly that their employers were unlikely to accommodate the new requirements they would have for working hours** once their children started school, and the difficulties they faced in finding formal or informal childcare which would cover taking children to school and dropping them home. These fears were principally expressed by lone parents who lacked informal care support networks. Participants therefore expected considerable difficulties remaining in their jobs as they did not feel convinced that the work they had would allow them to continue meeting the needs of their children as circumstances changed. They typically felt their only possible response was to find work in sectors that would allow them to do so: education and childcare.

I'm thinking well maybe I should do a job in education ... I've got some courses lined up in January ... once I get myself a bit more confident then maybe try and look into education because then at least I would get the holidays

Lone Parent, Camden, Take-up, Pilot

Concerns over employer flexibility were a greater concern than issues around childcare supply and cost, but were nonetheless important. Parents with children approaching school age saw a new set of challenges in both finding and juggling suitable childcare with work on the horizon. A few participants felt that these challenges might be too great for them to continue working as maintaining work and finding childcare that fitted both work and children's needs were too difficult both to manage and to pay for. Participants foresaw difficulties finding early and afternoon wraparound¹⁵ care for their children, and in paying for care during the summer holidays. We explore these concerns in more detail in section 8.3.

5.3 RISKS RELATED TO TIME AND WORKING HOURS

As discussed in Chapter 3.2 relationships with employers, formal childcare providers, and informal care providers were crucial to enabling the take-up of work and childcare. Over time, in order to ensure that sustaining take-up of work and childcare was possible, these relationships needed to be flexible to respond to changes in parents' lives as children and families grew. In this section findings related to the importance of flexible employers and flexible childcare over time are presented.

5.3.1 Need for understanding employers

Those participants who reported that their employers were flexible and understanding of their needs related to childcare were the most likely to be

¹⁵ Wraparound care refers to childcare provided by schools or nurseries in the early mornings or evenings which also serves to pick up and drop off children at school.

confident that they would be able to sustain work and childcare, regardless of whether they had accepted the Pilot or the Control offer. Employers and immediate line managers who were able to accommodate the demands of nursery pick-ups, the transition to school and requirements to leave at short notice were not only highly valued but made working possible on a sustained basis for participants. Empathy for the participant's situation was a key aspect of being flexible.

My new line manager is quite understanding because her...daughter's got three children so she knows what it's like to juggle the work and the childcare ... now I do some [early shifts] as well ... which makes it a lot easier because my sons' nursery closes at six pm

Lone Parent, Croydon, Take-up, Pilot

Participants reported a range of ways in which employers made their working lives easier: **allowing them to change shifts, enabling them to work compressed hours and offering them the ability to choose working hours according to nursery opening and closing times.** These and other examples of flexibility from employers helped make work feasible over the long term.

However, this was not the case for all and **a significant number of participants reported that their employers lacked sympathy to their situation.** For instance, several participants mentioned that their contracts stipulated that they would not be paid if they missed work due a child's illness or some other emergency. More broadly, it was highly prevalent that participants suggested that their employers would not be sympathetic to them making necessary changes to their working arrangements, for example, when children started school. Indeed, this was even the case for those working in the childcare and education sector which, initially, participants had anticipated being more reasonable and empathetic.

I don't think work really cares ... they'll just replace you ... I'm going to try my hardest to find childcare even if it just to take her to school, but if I can't find it, I don't know what I'll do...

Lone Parent, Croydon, Take-up, Pilot

5.3.2 Changing balance of formal and informal care

Changes to a participant's supply of formal and informal care could have an important impact on the sustainability of their working lives. As will be discussed in more detail in Chapter 7, parents were dependent on both formal and informal care in order to make their working lives function. **Informal care was especially important for covering pick-ups and drop-offs to nursery and school, but could also be unreliable, especially over time.** Grandparents were the main source of informal care support, but not only did participants worry that their own parents were too old to be carers for young children, there was also the risk of them becoming ill and being unable to offer support.

They're very lively ... and together they're a bit much for mum now to be honest. I do worry about it because she's getting on

Equally, older siblings who helped their parents by minding younger children in the family sometimes resented this responsibility as they were keen to continue studying or take up paid work themselves. Parents were therefore uneasy asking for their support over the long term.

[My oldest child] gets cross with me because he doesn't want to be at home, you know, helping ... he wants to be earning some money for himself ... I do feel bad about it...

Lone Parent, Croydon, Take-up, Control

Constancy in formal care was also not guaranteed, and at the time of the second wave of fieldwork for this study the effect of local authority cuts was beginning to be felt. Many participants, especially those in the Control group, had not chosen private nurseries, and had instead selected state-funded nurseries and providers. **Awareness of the threats to state-funded formal care was widespread among the *Take-up group***, and the potential closure of these services was a major concern for participants.

Camden wants to cut the wraparound care for working parents so that is another issue ... you are going to have to think about what you are going to do

Lone Parent, Camden, Take-up, Pilot

5.4 RISKS RELATED TO HOUSEHOLD FINANCES

Finance was a crucial factor in sustaining work and childcare for participants in the *Take-up group*, and one which was intimately related to the kind of paid work participants undertook. As reported in Chapter 3, expectations for a better life were an important reason for taking up work and childcare for most participants in the take-up group. Participants hoped to be able to improve their standard of living; one element of this was being better-off financially. However, **for those participants in unskilled work (which tended to be more poorly paid) or in insecure jobs, there were real risks to the sustainability of their positions**. Furthermore, parents who were new to tax credits or to childcare also needed support in budgeting for childcare costs (discussed in detail in Chapter 8.3)

In this section findings on financial risks to sustaining work and childcare are explored.

5.4.1 Better-off calculations

For almost all of the participants who took up the offer **better-off calculations had become very important once the Pilot ended**. This was because *Take-up participants had typically only made mental calculations as to whether they would be better off working before taking up the offer*. Once the Pilot ended they had experienced managing work and childcare costs for long enough to consider **whether they were *in fact* better off financially when in employment and using formal childcare**. This was equally the case for participants who had taken up the Pilot

and Control offers, but was of particular and immediate concern to Pilot participants whose childcare support was reduced on entering the normal system of support. This concern was a contrast to their views on better-off calculations when they joined the Pilot, where such calculations had hardly influenced their decision to take up work (see Chapter 3.3.5).

By the end of the Pilot, however, most of those who had taken up unskilled work were unconvinced that they were better off financially in work. In spite of this, however, **they also wanted to remain in employment as far as possible because of the personal and social benefits they experienced from working, and the educational benefits of formal care for their children**, which we will discuss in detail in Chapter 7.2.1.

I'm probably better off not working ... but I need to get out to stimulate my brain"

Lone Parent, Croydon, Take-up, Pilot

This attitude was very prevalent among the *Take-up* group, although it must be noted that interviews were typically conducted with participants only around eight months to one year after they had taken up work and childcare (for details, see Chapter 1.4), and thus did not reflect their *actual* ability to remain in employment over time – rather a preference for doing so. Furthermore, participants typically expressed doubts about how sustainable their position in employment and childcare was, as described earlier in sections 5.3 and consequently in section 5.4.

The loss of a range of benefits (both fixed and tapered) on starting to work interacted with low salaries to result in many Pilot and Control participants concluding that they were financially better off not working after all. Reductions in Housing Benefit and Council Tax Benefit on beginning work were not generally considered a problem as they were offset by salaries but, over time, the possibility of accruing arrears on Council Tax and housing costs was a great worry to new claimants, who felt they might be better off without this risk.

I can't pay my Council Tax at the moment, so I'm in arrears. But if I go back to signing on then my Council Tax gets paid for

Lone Parent, Croydon, Take-up, Pilot

New claimants in both Pilot and Control groups also reported difficulties paying for things which they had previously been offered support for, notably school meals, school uniforms and prescriptions. A few participants were concerned about whether it would be worth their while working when they lost their WTC on increasing their hours, and one participant also reported problems arising from the fact that she was no longer eligible for emergency loans due to the fact she had ceased to claim Income Support.

Furthermore, there were complications related to eligibility for a very few participants. One such participant found that her Local Authority had misinterpreted the offer as taxable income, and as a result her Housing Benefit was stopped. This was an unusual circumstance, but nonetheless made life very difficult for the participant. The situation is also illustrative of the difficulties participants had in projecting how much money they would actually have once they took up the Pilot: it was challenging to understand the impact of taking up the offer on tapered benefits and therefore to know what their financial circumstances would look like under the Pilot offer. Control participants who had not claimed the CCE before also experienced such difficulties understanding whether they would be better off in work.

Half way through the Council said it was taxable money ... and because of that they stopped my benefits

Lone Parent, Croydon, Take-up, Pilot

These difficulties were important given the audiences who were drawn into taking-up the CCE for the first time by the Pilot letter. As described in Chapter 1.8, these **participants tended to be young lone parents with low skills and levels of work experience. The type of work they were able to find meant that, overall, they felt they were not better off working**, and evidence to support this perception was accumulated as they remained in work, especially once the Pilot ended for those who had received the 100% offer. The decisions that participants initially made about choosing childcare also had ramifications for how well they were able to manage once the Pilot ended.

Pilot participants who had chosen cheaper childcare and used it for fewer hours were better able to manage costs once the Pilot ended. These tended to be participants who had claimed the CCE before and were aware of issues around affordability, and those with older children who did not require day care. **However, most Pilot participants faced difficulties on leaving the Pilot, regardless of choosing cheap childcare, due to low salaries or reductions in their benefits.** The following case studies illustrate these concerns, contrasting the experiences of a participant in relatively well-paid employment and one earning close to the minimum wage. Their situations are comparable as they both have one child aged three years old, and are using government-subsidised childcare provision

CASE ILLUSTRATION 1: BETTER OFF WORKING? (Pilot offer)

Yvonne was a lone parent with a three-year-old child. She worked for ten years before taking two years off to have her first child. On returning to work, she was able to secure a job at the same level as she had previously held, as a senior administrator in a local hospital.

Also in receipt of the 100% offer, she chose to use the nearby nursery, which charged £94 per week. Her child used the nursery three days a week. She had used a private nursery in the past and felt that the new nursery she had chosen was not only good value but also better quality.

Yvonne had no trouble paying for her childcare following the end of the Pilot. She had also increased her hours and was been informed that she would no longer be eligible for Working Tax Credit in the following tax year.

She was unsure as to whether without support from WTC she would be better off working or taking time off to retrain. She commented: "I love working but I'm not working for nothing. At the moment...it is worth me working but in April I don't know how that will stand because I lose ... my Working Tax Credits but I don't know if I'm going to gain on the Housing Benefit. I'm not going to get out of bed for nothing. Why would I do that?"

(Female, Camden, Take-up, Pilot)

CASE ILLUSTRATION 2: BETTER OFF WORKING? (Pilot offer)

Joanna was a lone parent with a two-year old child. She works as a supply dinner lady in Camden, earning the minimum wage of just under £6 per hour.

Having taken up the 100% offer, she chose to use the closest nursery to her, which cost £153 per week. Her child uses the nursery five days a week. She felt this was cheap compared to a previous state nursery she had used, but was not especially impressed by the quality of the provision or by the staff. Nonetheless, the location was highly convenient and offered long opening hours which suited her working day.

Once the Pilot ended, she increased her working hours from 16 to 20 per week, raising her weekly wages from £360.00 to £420.00. However, her support through Housing Benefit and Council Tax Benefit fell considerably once her wages increased. She commented: "before [I started claiming] more or less my rent would be paid apart from the water charges ...I [only] had to pay £40 a month and now they expect me to pay £316."

Joanna was confused as to how the cut in her benefits had been calculated. The change in her benefit entitlement, coupled with the requirement to contribute to childcare costs once the Pilot had ended, meant that she was facing great difficulties making ends meet: "I don't know how they calculate these thresholds ... but now I am just struggling day to day".

(Female, Camden, Take-up, Pilot)

Control participants had typically been more cautious about the affordability of childcare from the outset and **although Control participants also struggled to manage their finances they did not have to deal with a reduction in assistance that those on the Pilots did.** They typically spent less on childcare than participants in the Pilot as those who took up the offer in this research typically had older children. They also chose to use more informal care. **Furthermore, they had become used to budgeting for 20% of their childcare costs from the outset.** However, they too were as afflicted as the Pilot group by concerns about low salaries and job insecurity, discussed in the following section.

Finally, there were, however, a few participants who found themselves to be financially better off in work after the end of the Pilot. These were typically those who had taken up better paid skilled work, were looking to establish themselves in careers, and had accepted the Control offer of 80% of childcare costs, and hence were able to budget effectively from the outset.

5.4.2 Job insecurity

On commencing work, many participants reported concerns about the security of their jobs. Given the economic conditions during the research period and the persistence these participants had required to overcome a challenging job market, **there was a widespread view among Take-up participants that their working lives were insecure and contingent.**

It's a bit precarious ... they've made a few redundancies and I'm not sure how long ... I'll be able to keep [my job]

Lone Parent, Hillingdon, Take-up, Control

For participants who worked in retail or in the public sector, those concerns proved to be well-founded by the end of the Pilot. Although in the main still in work, many *Take-up* participants reported that their contracts would be ending soon, and that they were looking for new jobs so that they could maintain the personal and household benefits of work. Participants in these situations were typically highly determined to find work, but very worried about how difficult it might prove to achieve this in the existing economic climate.

My contract will end in April and I don't know if the schools here will have more work for me. I am looking for another job ... but I have to say, I am very worried

Lone Parent, Camden, Take-up, Control

5.4.3. Studying and improving skills

A notable trend among participants in the Take-up group was the aspiration to find better paid, more secure work with prospects for development. This was not universal among *Take-up* participants, but those who had such aspirations were typically young lone parents, and tended to take on study as well as work to help them achieve these goals. However, combining work and education was a challenge, and participants responded to this by attempting to find childcare to cover the time they needed to study.

Finding suitable childcare was difficult, though, due to poor availability of registered formal childcare in the evenings, lack of informal support networks, and the lack of financial support available to cover informal childcare costs.

It's impossible to find a [registered] childminder in the evening, so I have no time to study. I want to finish [my degree] so I can get a better job ... but I don't know. Hopefully it will be this year

Lone Parent, Camden, Take-up, Pilot

These challenges in managing to balance both work and study for participants in the *Take-up group* meant that those who were studying as well as working were less likely to continue to do so. This made it less likely that they would be able to improve their skills levels and be able to find better paid and more sustainable work.

A few participants in the *Take-up group* had postponed study in order to take up the offer. These participants had been offered the 100% costs offer, which they were determined to take up, to the extent that they were willing to sacrifice their education. This was in contrast to those in the *Not Interested* group who felt that finishing their studies was more important than taking up the offer (see Section 2.3.3. for details). Such participants had typically been discouraged by the challenges of studying and caring for their child and were seeking a more manageable alternative – although they eschewed remaining on state benefits.

Studying [for] a degree is more or less a full time job in itself so when you've got a part-time job and a child on top of that it's really hard ... even though I know that education is probably a bit more important than my job, it just feels nice not to be having to stress about it for a while...

Lone Parent, Croydon, Take-up, Pilot

However, just as with participants who were attempting to study while working, their prospects of improving their skills levels in the near future were precarious and there was a strong sense from participants that progress would be difficult to achieve.

5.5 CONCLUSION

Sustaining work and childcare was a challenging balancing act logistically, financially and emotionally as circumstances changed. Although participants were driven by a strong sense that work and formal care were both good for them and for their families, they nonetheless often felt the strain of managing the household resources of money and care over time where both were scarce. This meant that choosing to remain in paid work and formal childcare was widely considered to be a tough decision among *Take-up* participants who faced changes of circumstances.

Sustaining work and childcare was particularly difficult as young children grew older and circumstances changed. Changes when children began school were very important – at this time, parents often needed to alter their working hours, or find childcare (formal or informal) that would allow them to continue working and meet the

new demands of their children. Other parents in this situation were considering their roles and contemplating moves into education and childcare to support their need for working hours that matched school hours.

Finally, participants who had taken up the offer were generally drawn into low-skilled and insecure work. Because of this though, a significant proportion of participants lacked confidence in the long-term sustainability of their work and **a number of *Take-up* participants, by their own admission, suggested they would imminently drop out of paid work and formal childcare.** This was especially the case for those in the Pilot group, who were unused to paying for childcare themselves and were less confident budgeting for the 20% of costs they found themselves having to pay at the end of the Pilot.

6 Knowledge and awareness of childcare and the Childcare Element

CHAPTER SUMMARY

(i) **Parents who had not been employed and had not claimed WTC in the past tended to have very low awareness of what childcare support was available to them should they find employment.** Although those who were not working felt that some support with childcare costs would be available, they did not typically know the details.

(ii) **The Pilot letter was important in raising awareness of the support available for childcare costs across all groups.** Among the *Interested* and *Take-up* groups, the letter raised awareness of childcare support as well as reminding participants who had previously claimed the CCE of their entitlement, **leading participants to widen and intensify their job searches.**

(iii) **The Pilot offer was a very strong incentive for those looking for work to find employment and childcare quickly.** This was particularly the case if participants were aware that the standard government offer was lower than that offered to them.

(iv) Across all groups, **participants typically only knew about childcare in their area if they had previously used formal care in the past or were using it presently.** Of these, **very few had paid for childcare themselves**, with most accessing formal care while studying, or through the government offer of fifteen free hours of early education for three-year-olds.

(v) There was generally **low awareness of the requirement for Ofsted registration as a condition of claiming support through the CCE**, and of the regulation of childcare by Ofsted more broadly.

(vi) **Participants with older children who had previously claimed tax credits were typically the most knowledgeable about securing and paying for formal childcare.**

6.1 INTRODUCTION

Overall, knowledge of the CCE and childcare provision among participants in the research depended on previous experiences of paid work, using formal childcare and claiming tax credits. Furthermore, levels of knowledge did not vary widely between the *Not Interested*, *Interested* and *Take-up* groups. These issues are discussed in more detail throughout this chapter.

6.2 KNOWLEDGE AND AWARENESS OF CHILDCARE SUPPORT

Typically, **participants who had not been employed and had not claimed WTC in the past tended to have very little awareness of the childcare support available to them should they find work.** This was especially the case for those who had never

considered formal childcare as they felt that childcare should be delivered by parents (see Chapter 2.2 for details) and also for those with children under the age of three who were typically waiting for a later stage in their child's development before considering work. As these participants had not considered formal childcare, they had generally not investigated their potential entitlements where childcare was concerned, hence awareness was low. This was particularly true of those in the *Not Interested* group.

I'm probably entitled to something...but I don't know what

Couple, Greenwich, Not Interested, Pilot

Among those who were not working or working under 15 hours per week, **there was a widespread perception that some support with childcare costs would be available should they find employment or increase their hours, but further details were typically unknown.** Participants who had used formal childcare but not claimed the CCE also held a perception that some kind of support would be available. These participants tended to have used free formal care whilst studying, or were using the 15 hours per week of free early education as their child was three, and this drove their perceptions that the government offered some forms of help with childcare costs. Nonetheless, details of the level of entitlement beyond what they themselves had experienced, and the nature of the conditionality on working were typically unknown. Participants in the *Interested* and *Take-up* groups who had not claimed tax credits previously also typically had low levels of knowledge that eligible childcare had to be Ofsted registered.

For this reason, and as described in Chapter 3.3.1, **the Pilot letter was hugely important in raising awareness of support available for childcare costs across all groups.** Although participants in the *Not Interested* group did not want to take up the offer, those who had read the letter reported that they had not been aware that support for childcare costs was available from the government.

In the *Interested* and *Take-up* groups, the letter was widely responsible for raising awareness of the support as well as reminding participants who had previously claimed the CCE of their entitlement. Both Pilot and Control letters were valuable stimulus to participants who were already looking for work and eager to access formal care, prompting them to widen and intensify the search for work or increase their working hours. The 100% offer was reported to be an especially powerful incentive to do so. Those who had not been aware of the support and received the Pilot offer of 100% costs were especially impressed at the generosity of the offer, as described in more detail in Chapter 3.3.1.

A few participants in each of the groups knew that childcare costs would be subsidised on take-up of work. They had typically worked continuously before having a child and previously claimed WTC, and were aware of the support available through the CCE, either because they knew of people who had received it, or because they had tried themselves to claim this in the past. A few participants also recalled advertisements about government help with childcare costs available through the tax credits system. They did not, however, know the specific details of eligibility or conditionality. **The few participants in the *Interested* and *Take-up* group who had this level of awareness were particularly surprised to receive the Pilot letter**

offering 100% costs. The awareness that the offer was over and above the usual levels made them even more determined to keep up their job search and take up the offer. These participants had typically made detailed better-off calculations (see section 2.3.5.3 for more details) and believed that they would be better off financially if working and supported with 100% of childcare costs. The comment below illustrates how the offer incentivised such participants and renewed their determination to find work.

I thought it was really good, because I heard that the Government ... only pay 75% of childcare costs. When that came though I thought that's really good ... it made me more determined to find a job, because I thought that if I have to pay the other 25% it's not worth me going back to work

Couple, Greenwich, Interested, Pilot

6.3 KNOWLEDGE AND AWARENESS OF CHILDCARE PROVISION

Participants across all groups typically only knew about childcare provision in their area **if they had previously worked and used formal childcare in the past, or if they had accessed formal childcare through the 15 hours per week of free hours early education** offered universally to three year olds.

For those who were *Not Interested* in the offer, low knowledge and awareness of childcare provision was typically because participants were predisposed to feel that formal childcare was not suitable for them (as discussed in Chapter 2.2.3). For those who were *Interested* in the offer, however, knowledge was still typically low as finding work was considered to be a more important and difficult challenge, as discussed in Chapter 2.3.1. Suitable childcare was to be identified by these participants once work had been found.

Knowledge about childcare for those in the *Interested* and the *Take-up groups* in the area was generally acquired through local and word-of-mouth sources. **Most participants who had not previously used formal childcare believed that should they need formal childcare, they would have no problem in trying to access it;** even those with more traditional views where formal childcare was concerned knew of friends, relatives or other mothers in the playground who used childminders, local nurseries or other childcare providers. In fact, local childminders were often visible in the community as they were usually present at the school gates, and mothers who had no trust issues with childminders thought they could easily access the care of a childminder if they needed it.

I know a lot of them are full ... but I'm not worried ... I can ask my friend who is a childminder, and she's got a friend who does it too

Lone Parent, Greenwich, Interested, Pilot

However, **participants who had not previously accessed formal childcare had very little knowledge about the potential barriers to taking up childcare,** such as a scarcity of nursery places at certain times of year, or the challenges of holding a nursery

place without a deposit. This lack of awareness was highly prevalent in the *Take-up group* as the offer was typically their first experience of accessing local formal childcare.

This was also true though of those participants who had used formal childcare while students, where childcare had been organised through their college or work placement. As their college had arranged everything, and often subsidised or paid for this childcare in full, parents had little awareness of the challenges they might face in finding and paying for childcare. Furthermore, these participants **typically had low awareness of the eligibility criteria for the CCE, and the requirement for Ofsted registered childcare therefore came as a surprise.** This made their search for childcare more challenging than they had anticipated, especially for those who were keen on securing a childminder.

It's would be difficult to find someone that is Ofsted registered because they don't have to be registered. It costs them £160 to register and they are only doing [childminding] just to get some extra money

Lone Parent, Camden, Take-up, Pilot

These participants generally found providers by approaching nurseries which were familiar to them locally. These included both Ofsted registered private nurseries and Sure Start Children's Centres, both of which were widely used. A few participants also conducted research into local providers online, or had received a list of childcare providers in the area through their local authority from Jobcentre Plus. As will be discussed in Chapter 7.3, the quality of childcare was a key consideration for parents, so word-of-mouth and personal recommendations on quality from friends and family were typically an important source of information for participants when it came to choosing a childcare provider.

I'd use a childminder, but it would have to be someone I trust. So I'd ask around, you know. It's the best way

Lone Parent, Greenwich, Interested, Pilot

Fewer participants across the research had also used breakfast or after school clubs than used nurseries and childminders. These participants tended to have fewer personal networks to support them with school pick-ups, and largely found out about relevant childcare provision through websites, school or local authority lists. Locality was important to them, and so care was often located in close proximity to their home or work-place.

6.4 CONCLUSION

Across all groups, very few participants had paid for formal childcare prior to receiving the offer letter. Those **participants who had older children and previously claimed tax credits in the *Take-up group* were typically the most knowledgeable about securing and paying for formal childcare.** This was important because these participants within the *Take-up group* were also the most adept at budgeting for childcare when working, and were therefore least likely to struggle financially in the Pilot, as we will explore in Chapter 8.2. Poor knowledge of support for childcare was also

linked to a lack of awareness of the range of childcare provision, with those that were least aware tending not to have used formal childcare in the past. Given this, informal sources of information were highly important to those participants who had not paid for formal childcare in the past.

7 Using Childcare

CHAPTER SUMMARY

(i) **Parents in the *Take-up* and *Interested* groups were typically strong advocates of formal care.** They were attracted to it because of their belief in the **educational and social development benefits** of childcare for their children, and **their beliefs were typically reinforced by their experiences.**

(ii) **Formal care was essential for parents in the *Take-up* group in not only making employment possible, but in allowing them to rely less on informal care.** Most parents in the *Take-up* group preferred to use less informal care as it was associated with guilt and was considered to be an imposition on friends and family. It was also typically considered to be less reliable than formal care.

(iii) **Access to informal care was vital to sustaining work and childcare, despite the sense of guilt and imposition typically felt by parents who made use of it.** Its absence made entering paid work and formal childcare extremely challenging for parents. Informal care was typically used for covering pick-ups from school and nursery and was widely provided by grandparents and older siblings. It was highly valued as it not only helped reduce costs but was also more flexible and likely to be available at times when formal care was not. That said, it was generally considered less reliable than formal care.

(iv) **Nurseries and childminders were the predominant formal providers used by participants in the research.** After school and breakfast clubs, and 'wraparound' services from nurseries were widely used by parents with children of school age.

(v) **Nurseries were popular among participants with children under the age of three and with almost all participants who were new to using formal childcare.** They were perceived as the best providers of educational and social development activities for children. The larger class size meant that participants typically found it slightly easier to find nursery places than with childminders, who took fewer children per session.

(vi) Childminders were most popular with parents with children of different ages of children, as they were more likely to accommodate siblings. The use of breakfast and after school and summer clubs was most common among participants with older children, and those with fewer informal networks.

(vii) **The quality of formal care was the most important factor in making choices about which provider to use** for parents at the outset. Quality was perceived on the basis of a range of factors, the most important of which were the sense of how kind the staff were, the safety and cleanliness of the environment; and the perceived educational/ social benefits for the child, which were typically manifest in the activities offered and staff ratios. **Parents did not typically perceive quality in relation to levels of qualifications displayed by providers, rather by the range of facilities and activities on offer.**

(viii) **Practical factors, notably location and opening times were also highly important** to parents in selecting providers. Parents prioritised finding providers which were close to home and work, and were open at times that suited their working and informal care arrangements.

(ix) **Finding day nursery places for younger children and childcare in the early mornings, evenings, and out of term time were the most common difficulties** regarding supply of childcare.

(x) The **weekly/monthly cost of the childcare was not an important initial consideration** for most parents in the *Take-up* group, who were typically new to work and childcare. **Participants who had previously paid for formal childcare had a better perception of the affordability of childcare than those who had not**, and were more likely to select providers they could afford under the 80% costs system. For most Pilot participants, the cost of childcare only became a concern once the Pilot had ended.

(xi) Meeting other childcare costs (besides fees) proved challenging for participants. **Upfront deposits for day nurseries were typically paid through enduring personal hardship or by borrowing from family.** Late pick-up fees were typically high, and participants had not often factored these into their budgets.

7.1 INTRODUCTION

This chapter presents findings on how participants in the study found, used and paid for formal childcare, and the role informal childcare played in meeting their care needs. In this chapter, findings are presented on the following areas: balancing informal and formal childcare and initial priorities in choosing formal childcare.

7.2 BALANCING INFORMAL AND FORMAL CHILDCARE

In earlier chapters, the barriers and enablers to finding work and childcare at the same time were discussed. As explored in detail in Chapter 2.3, and in Chapter 3.3, these barriers and enablers are interlinked. Without paid work it was difficult to address childcare needs, and without childcare being arranged, it was impossible to work.

Those chapters did not, however, address the differences in types of childcare used by participants in detail. Those differences are addressed here, beginning with the difference in function and use of formal and informal care. This was typically provided by family members and friends, who were often paid a nominal fee for their time and, usually, expenses. In this chapter we present findings on how parents perceived formal and informal care, and what types of care were predominantly used in the following sections: the function of formal care; using formal care; the function of informal care; and using informal care.

7.2.1 Function of formal care

Formal care was important to participants for a range of reasons, and these benefits were distinct for parent and child. Parents who were keen to work – those in the *Interested* and *Take-up groups* – were typically positive about formal care. **Most importantly, parents in the *Take-up group* were drawn to formal care by the perceived advantages of a good early start to their children’s education and social**

development. For younger children, nurseries in particular were considered extremely good resources for educational activities, social activities and play. After school clubs were believed to be important and useful for older children's wider educational development for areas outside the core curriculum such as sport, and also seen as crucial in focusing children on developmental activities as opposed to being at home, unsupervised. These advantages are discussed in more detail in Chapter 7.3.1.3.

In addition, parents appreciated other ways in which formal care contributed to children's wellbeing, including the provision of meals at breakfast and after school clubs, which were typically deemed to be of high quality. Formal care was also considered especially important by lone parents as it **allowed their children access to the support and nurture of other adults**. It was also a chance for their children to socialise and play with other children: this was vital to lone parents, who feared that their personal social isolation would affect their children also.

I want her to have what I don't ... and we get tired of each other too ...she needs other children around

Lone Parent, Croydon, Interested, Pilot

There were advantages for parents too. Parents in the *Take-up* and *Interested* groups typically saw formal childcare as an **enabler to working for themselves**, and did not see it as detrimental to their child's development.

If I had a job that I wanted, I don't think there'd be anything wrong with it [leaving children in childcare for a full day]

Couple, Camden, Interested, Pilot

Parents often felt that availing of informal care was an imposition on friends and family, and formal care allowed them to rely on this less. This not only meant that they felt more independent, but also that they were able to access a source of childcare which was more reliable than informal sources. We discuss views on informal care in more detail in section 7.2.3.

My mum's an adult, she's entitled to change her mind and he is my son. He's supposed to be my responsibility so I can't take advantage, really

Lone Parent, Croydon, Take-up, Pilot

7.2.2 Finding and using formal care

Two key principles guided participants when considering which providers to choose initially: finding good quality childcare and addressing the practicalities. We discuss these findings in more depth in Chapter 7.3, but here outline the main patterns in formal childcare usage observed in the study.

Across all groups, nurseries were used by most parents with children under the age of three, and almost all participants who were new to using formal childcare. This was because participants had a strong sense of their educational value, and, given

that many parents in the study were lone parents, they were seen to provide an opportunity for their children to socialise more widely. They were typically widely used by parents with only one child, for the same reasons, although some parents with more than one child used them if their older child was cared for informally. However, the narrow age range of provision at nurseries raised logistical problems for parents with more than one child who did not have informal care support, as most preferred to find a provider which would be able to accommodate both or all their children.

I have [looked into childcare], we have a Montessori down the road, I had a look there for my younger child, but then it didn't cover the eight-year-old ... it's [hard] trying to find childcare that is suitable for a range of ages

Couple, Croydon, Not Interested, Pilot

Nursery places were selected initially on the grounds of quality, location and suitable opening hours (as will be discussed in detail in the Chapter 7.3) and take-up participants pursued the most suitable places with the same determination with which they had undertaken job searches. Many such places required upfront deposits, and payments to be made before the participant had been able to find work. To secure places, participants used a range of strategies, most typically borrowing money. This aspect of financing nursery care is explored in detail in Chapter 7.3.3.1.

Childcare with 'wraparound' services, such as breakfast clubs which delivered children to primary schools were well-liked as they allowed continuity for both parent and child: parents did not have to adjust their working hours to accommodate school hours, and children were able to remain in a familiar environment.

Registered childminders were more flexible where age ranges were concerned and were therefore more widely used by parents with children of different ages. Siblings could be accommodated together by childminders, which meant familiarity for the children, but also fewer logistical difficulties for parents. Childminders were also useful to parents if they were able to drop off and pick up children at school, which meant that parents did not have to adjust their working hours.

Take-up participants did, however, report difficulties finding registered childminders. Participants reported that many local childminders were not registered by Ofsted, and parents found searching for places with childminders who *were* registered to be onerous and sometimes frustrating. This was because available spaces with local childminders who were perceived to be high quality were often as quickly filled as nursery places.

Registered childminders typically suffered from problems of perception by participants, especially from those in the *Not Interested* group. Whereas nurseries were considered to be educational institutions providing an important pre-school educational step, childminders were considered by many to be more informal sources of provision, and akin to leaving a child with a stranger. Participants across all groups expressed a feeling of discomfort at leaving their child with a childminder they did not know, regardless of whether they were registered or not.

There was considerably low awareness and understanding of the qualifications required by registered providers across all those participants who had not used such provision. Finally, they were also seen to be less reliable than nurseries, as they typically depended on one member of staff.

If a childminder's sick, which obviously they can be, you've always got [to deal with] that, whereas you know the nursery's there

Lone Parent, Camden, Take-up, Pilot

School clubs (both at breakfast and after-school) were invaluable to parents with inflexible early and late working hours, or long journeys to make to work. Breakfast clubs were particularly liked for young children and were considered good value as meals were included. After school clubs were liked for the range of development they offered the opportunity for drama and sports for older children, and also the assurance that they were involved in something educational and constructive rather than being unsupervised at home.

At the club he learns drama, Shakespeare ... they did a play. His English is much improved ... I feel proud

Lone Parent, Camden, Take-up, Control

Play schemes and summer clubs were predominantly used by parents of older children during school holidays. These were also highly rated for similar reasons to after-school clubs.

7.2.3 Function of informal care

For parents who had taken up the offer, **informal care was vital to parents in 'patching' the care gaps between the times they used formal care and the times they were not working and able to cover the care of their children themselves.** It was also, for some parents in the *Not Interested* and *Interested* groups, the only childcare resource they used.

It was, above all, a trusted resource for parents across all groups: **parents felt confident leaving their children with family and close friends.** Among those parents who were not interested in the offer, there were participants for whom family were the only care provider – informal or otherwise – whom they would trust. This was especially the case among parents from ethnic minorities, particularly among those who were recent migrants, but was also prevalent among couples who did not take the offer.

How can you trust a stranger to look after your children? They are much safer with my family

Couple, Hillingdon, Not Interested, Pilot

Participants also sometimes felt that it was good for children to have contact with family caring for them in an informal role, and this was positive for both carers and children. This view was predominant among those who did not take up the offer.

Informal care was typically considered to be very flexible and hence very useful to parents who worked unpredictable hours. For those working in shift-working roles such as nursing and catering, or in jobs where hours might change from evening to evening,

such as hairdressing, an informal care arrangement mitigated the unpredictability of working hours.

My friend's mum and dad help out ... I know she is safe there and I don't have to come running so it's perfect

Lone Parent, Croydon, Take-up, Pilot

However, for those in the *Take-up group*, a sense of guilt and imposition typically attended the use of informal care, which did not exist in the other groups who did not depend on it in the same way, since they were not in work. This was linked to a sense of wanting to be independent from reliance on parents, and a strong sense of wanting to take responsibility for the care of their children themselves. Participants in the *Take-up group* reported that they resented or regretted having to use as much informal care as they did – especially when imposing on older children in the family who wanted to be independent of childcare responsibilities, or on their own parents who had already been extremely supportive to them in other ways.

I do feel guilty ... I didn't have them to dump them on my parents. But without my mum I wouldn't be able to do the early shifts

Lone Parent, Croydon, Take-up, Pilot

7.2.4 Finding and using informal care

Although highly trusted by participants, informal care was also a scarce resource for many. This was especially the case for lone parents, who were predominant in the take-up group, and among recent migrants whose informal networks were abroad. For parents with few such social networks, the absence of help with childcare during the hours when formal childcare is not available presented considerable challenges, and they typically faced the most difficulty in sustaining work.

When you try to balance [things], you really can't. If you're self-employed and a single parent, you can't ... If someone has a good companion and maybe family around you can find it a little bit easier ... you have someone that can back you up

Lone Parent, Haringey, Not Interested, Control

Grandparents were the most important source of informal care, and many of those who took up the offer, and were lone parents, reported that they asked their parents – usually their mothers – to help them particularly with school or nursery pick-ups or minding older children. Grandparents were not necessarily a reliable source of informal care over the long term. Their circumstances were liable to change – due to aging, commonly, illness, occasionally, but also due to looking for paid employment themselves.

One participant, for example, reported that her mother was currently free to offer her informal care support because she had recently lost her job, but was looking for employment at the moment. Under these circumstances, participants felt it would be

helpful if they could claim support to pay informal carers, as this might incentivise them to remain in these roles.

She'd keep doing it if I could pay her, but of course, I can't. She needs the money too

Lone Parent, Haringey, Take-up, Control

Parents also felt guilty about imposing on friends and older siblings for informal care without offering them reimbursement. Friends with children of similar ages were regularly cited as a source of informal support, but there was a strong sense that there were strings attached to these arrangements. Parents had to pay friends for any outings or treats given to children while they were being minded, and also pay for any relevant transport.

In families where there were teenage or adult children, these older siblings often played a key role in providing informal care, but, as with grandparents, the arrangement was not necessarily sustainable. Older siblings wanted to be financially independent and were often unhappy being obliged to provide unpaid care. Parents, in turn, felt guilty about this, but, for many participants in this situation, they did not see an alternative, and instead typically paid a token amount of money to their older children for supplying care.

Finally, **in a very few cases, participants found they were obliged to pay for informal care** – essentially paying for a non-registered care provider. Parents in this situation were typically lone parents from ethnic minorities with few social networks. They had few friends they trusted with their children and worked hours for which it was a challenge to find formal care or had children with special needs. One parent, whose elder daughter had epilepsy, explained that she had found a (non-registered) childminder at her local church. This childminder was of the same ethnic origin, and therefore able to provide appropriate food to both children when they returned from school. Furthermore, she had learned how to administer the relevant drugs to control the child's epilepsy, and was therefore highly trusted.

We all understand her [daughter with epilepsy] and ... this [childminder] understands her which I ... appreciate

Lone Parent, Haringey, Take-up, Control

7.3 PRIORITIES IN CHOOSING FORMAL CHILDCARE

Most participants taking-up work and childcare in this study were new to formal care. Participants considered a range of factors when choosing care, but of all of them quality of care was the most important, closely followed by whether the provider met the practical considerations which meant they would be able to work: availability in the right location, and at the right opening hours. Cost was less of an issue at the initial stages, but became important later on as many participants struggled to afford the 20% they had to pay. Issues around difficulties paying for childcare are addressed in more depth later in this chapter in section 7.3.3.

In this section, we will discuss the nature of quality requirements, availability requirements and financial requirements participants had from providers when they first made the choice to take up formal childcare.

7.3.1 Quality requirements

The perceived quality of care was the most important factor for parents at the outset. Quality was not something which was tangible, such as certificated qualifications, but comprised a number of elements, both emotional – such as the feel of a nursery and the sense of whether staff were kind – and practical, such as activities and educational provision. In the following sections these attributes are listed in a broad order of importance to parents who took up formal childcare.

7.3.1.1 Wider sense of kindness of staff

“Kindness” and “being caring” were highly valued qualities by parents who were looking for formal care for young children. Participants choosing providers were keen to identify whether staff were genuinely interested in the well-being of the children rather than making money. These issues were of particular concern for parents of children under three years old, who felt that their children might be unable to express problems or if they were badly treated. While many appreciated being able to work, and were assured of the benefits that formal care would offer their child, they still felt some level of guilt at taking this course of action and being able to spend less time with their child as a result. Therefore, for these reasons, the happiness of their child was of paramount importance.

It was also important to parents that their child formed a good relationship with staff. Parents wanted to feel that the carer understood their child and their unique needs and, indeed, believed this was linked to how happy their child would be there. For example, one mother who sent her son to a childminding service that had three childminders was very keen that they got to know him well and developed a rapport with him:

[The most important thing] is that my child is happy ... and the feel I get from the teachers (childminders) obviously ... He really loves them ... and for me that's important because he's only little

Lone Parent, Haringey, Take-up, Control

In addition, **parents often chose formal childcare that they were familiar with** – usually recommended to them through word of mouth or a provider which they had seen locally. These recommendations reassured parents not only of the kindness of staff, but of a good level of safety and cleanliness there.

7.3.1.2 Safety and cleanliness

Parents were very mindful of risks to their children, and along with their happiness, their safety was of crucial importance. Parents judged levels of safety and cleanliness informally: by instinct, and by consulting with friends and family who might be familiar with the nursery. Safety was an issue because although parents saw

many advantages to formal care, they were also aware of negative media coverage around formal childcare which had drawn attention to neglect by childminders in particular. Along with cleanliness, therefore, safety was considered a basic requirement from formal care, and parents who had experience in using formal care providers were typically most scrupulous about these issues.

[The new nursery] is far better than the old one I had, even though it's not private. Much cleaner and they take proper care of them

Lone Parent, Camden, Take-up, Pilot

7.3.1.3 Educational and social value

Participants in the *Take-up group* were strong advocates of the value of formal childcare for providing both educational and social benefits, and for these parents, these qualities were a strong incentive to use formal childcare. **Nurseries in particular were perceived as early learning institutions, and were thought to offer the best facilities for education and social development of children.**

Parents who were using formal childcare did not request or report awareness of particular staff qualifications where the educational benefits of childcare were concerned. However, parents in the *Take-up group* were highly aware of and interested in facilities available for play in nurseries, and noted the amount of interaction staff members had with children. They were keen to see a range of facilities and activities provided for children and high levels of interaction. There was also some awareness among a minority of participants that nursery staff held qualifications related to childcare and were skilled in this area, but knowledge of these qualifications in detail was not widespread.

For those parents who choose nurseries, many felt positive about the educational benefits their child received over time. Lone parents particularly felt that their children lacked support and resources at home, so appreciated the benefits offered by formal care. Furthermore, such parents were especially keen to take any opportunity to improve their children's life chances, feeling that their children may form bad attitudes towards education later on if deprived of this early chance.

I hated school and things were difficult for me ... but they're giving her that love of learning ... that's important

Lone Parent, Croydon, Take-up, Pilot

Other parents, who were more familiar with formal care, identified particular qualities in educational support for their children that they required from formal care. They felt that **individual attention, social play and numerical and literacy games were important**, along with activities which they were not able to provide themselves, such as sensory games, art and music. Participants wanted to see their children progress and learn, and these advantages were valued highly.

It was more of a nursery-type of setting, because there were three childminders involved and they teach the children a lot. That, for me, is quite important ... my son has progressed so much it's unbelievable

Lone Parent, Haringey, Take-up, Control

The social benefits of formal childcare were also valued, especially by lone parents who were eager to see their children socialise with other children and become less isolated. Interaction with staff and other children through games and play were widely cited as being useful to child development, and **participants noted that their children were beginning to share, forming friendships, and become more independent and, for children from families where English was not a first language, improve their communication skills.** The social benefits of nursery were also considered highly important to parents with only one child, where the lack of siblings meant there were otherwise few such opportunities.

She...has really come on and is interacting with other children ... she really shines on her own now ... is less clingy

Lone Parent, Croydon, Take-up, Pilot

Nurseries were broadly considered better for the educational and social development of young children in comparison to childminders, but views on whether private or state nurseries were better varied widely according to area. Some private nurseries were considered to be especially good for education, and Montessori nurseries in particular were highly-regarded as a brand for a few parents who had such nurseries close by. However, a number of parents had used both types of provider and expressed a preference for state providers.

7.3.1.4 Ratio of children to carers

Parents who were new to formal childcare typically did not mention staff ratios as being important, but for those with experience of formal care it tended to be more important, and seemed to have increased in importance by the second interview, which was conducted six months later. Where parents were not content with the staff ratios in the local area, childminders were a useful alternative, especially for young children. One participant wanted her daughter to have one-to-one attention when she was very young and so made the decision to send her to a childminder who was not looking after any other children. It was only when she was a bit older that the participant was happy to send her to a nursery.

7.3.2 Availability requirements

As discussed in Chapter 3.3.3.3, participants in this study were likely to be taking on work at times where it was often difficult to find suitable childcare. Flexibility was therefore important, and participants often needed early and late opening hours. Furthermore, participants needed local provision to ensure they could manage the logistics of their day. In this section we will address both issues.

7.3.2.1 Opening hours

Participants reported that, where young children were concerned, nurseries provided more cover for evenings and early mornings than childminders were typically able to. This was useful for parents working in professions such as nursing, where shift work was essential, or in auxiliary educational roles, such as working at after school clubs.

To illustrate, parents typically struggled to find childcare for young children before 7.30am and after 5pm. Where it was possible to find availability early in the morning or in the evening, it was typically – although not exclusively – offered by private nurseries or unregistered childminders.

Most of them are cash in hand in the evenings, and then it is not Ofsted registered so I can't get the money back for it

Lone Parent, Hillingdon, Take-up, Pilot

7.3.2.2 Suitable location

Parents needed childcare which was not only close to their home, but also to their workplace and any informal childcare provider they were also using, so that it was feasible to drop-off and collect their child or children each day. Proximity to work or informal care was also important if children were ill or experienced problems, so that they could return there quickly.

Parents were also conscious that during any time they spent travelling to collect their children, they were paying for childcare. The importance of location was greatest for parents with more than one child who needed to make multiple drop-offs and collections, which meant taking extra travel times into account. This was a concern for participants who were aware of late fees and had used formal childcare before, regardless of whether they were in the Pilot or Control group.

You don't get paid when you're travelling back from work, but you're still paying out for childcare ... So it's got to be local

Lone Parent, Camden, Take-up, Pilot

7.3.3 Financial requirements

When choosing childcare parents did not initially consider cost. This was especially the case for those in the Pilot group, who were largely new to work and childcare, and were less likely to be aware of the choices available to them or the sustainability of their choices. Parents did, however, often need to find the money to secure their childcare place with a deposit, and they were also subject to paying the weekly payments and any late fees they incurred. We explore each of these issues in turn in this section.

7.3.3.1 Deposit payments to secure childcare places

As identified earlier in section 2.3.5.1 and section 3.3.4, **nursery deposits were a key issue for parents attempting to arrange the practicalities of taking up work and childcare.** Participants needed to find work to secure childcare through the deposit

payment, but were unable to take up a job without a confirmed childcare place. These deposits were sometimes relatively small – around £150 – but could also be as much as £1200 (in the case of one private nursery), so parents often found it very difficult to secure the nursery place they wanted. Typically, nurseries asked for a month's fees as a deposit in advance, which tended to be around £600.

It was a mad rush to find something I didn't have to pay for upfront and at such short notice. The nursery wanted £1255 for a month's deposit and fees ... And most childminders aren't registered around here, so that was no good

Lone Parent, Croydon, Take-up Pilot

For those who could not manage to pay them, deposits were an insurmountable barrier to returning to work. **Finding finance for nursery deposits was typically only managed by participants in the *Take-up* group with strategies that made these participants yet more vulnerable: borrowing money and depleting personal assets, such as possessions and savings.** Participants needed to rely on informal networks – usually family – not just for care, but also for finance. As a result, those participants who did manage to overcome this barrier typically felt worried about having a much reduced savings 'buffer', or guilty about borrowing from family who did not have many resources either.

A very few participants in the *Take-up* group reported that they had accessed government support in order to pay their nursery deposit. These participants had typically been offered emergency loans from Jobcentre Plus to pay for the deposit, which they tended to find very helpful, if not always timely enough in delivery. Only one Pilot participant in the research said they had claimed back the cost of the deposit as part of their CCE claim, although *Take-up* participants did not typically appeal to HMRC for support.

Regardless of whether support was derived from personal sources or from the government, **participants typically also negotiated with providers to request late payments of the full deposits, or payment in instalments. It was, therefore, important that providers understood the difficulties that participants faced.** A couple of participants mentioned that the childminder or breakfast club had waived their deposit for them, since they were unable to pay it. This was of significant help to them, and they were highly grateful to the provider for doing this. Participants with older children also needed to pay deposits to secure places for their children on summer clubs, but were typically able to plan these costs more effectively as they tended to be aware in advance that they would need to find this additional money.

7.3.3.2 Weekly or monthly fees

Typically, participants paid for their childcare weekly and were highly averse to missing payments for fear of losing their nursery place. Those who were new to work and childcare, in particular, found this difficult, as they were unused to budgeting. Participants also occasionally resented paying for set hours from a provider when they did not need the complete slot. For this reason, participants who had found providers who were more flexible around this issue valued them a great deal.

You can dictate to them when you take your child in and you don't have to pay extra. That's important

Lone Parent, Camden, Take-up, Pilot

Control group participants had to think more carefully about the cost of care than those in the Pilot group, and indeed they did so. This group were more likely to have paid for formal childcare in the past and, as such, were more likely to budget carefully from the outset for the proportion of the weekly fees they had to pay for. They were also more aware of whether they would or would not be better off working and more aware of what they could afford where childcare fees were concerned.

There would be no point in me working if [my child] was in childcare and I didn't get any help for him ... because that in itself is really expensive; after school clubs and morning drop offs, it's really expensive

Lone Parent, Haringey, Take-up, Control

Pilot participants typically considered affordability less than Control participants initially, and as a result their choices tended to be less sustainable once they came off the Pilot. Finding the best quality educational provision was typically the most important priority for these participants initially, especially if considering nursery care. This was because the Pilot was, to some extent, viewed by these participants as an opportunity to give their children an education and opportunities they would not be able to ordinarily afford.

Those Pilot participants who were new to childcare typically had not made calculations about what weekly costs would be sustainable, and when the Pilot ended it was often difficult for them to pay their fees, regardless of whether they had chosen a private or government subsidised childcare provider. **Several fell into arrears with childcare payments very quickly,** and had appealed to their providers for flexible payment plans so that they would not lose their place and the educational advantages their child was benefitting from.

7.3.3.3. Penalties for lateness

Late pick-up penalties were an unexpected cost for participants in this study who were unused to formal care, and were typically surprising and unwelcome additional costs for parents with tight budgets. They were often administered by nurseries, and could be as much as £10 for each 10 minutes that the parent was late. This raised problems for parents whose employers were inflexible about when they could leave work, and also for those whose place of employment or sources of informal care were far away from their childcare provider.

7.4. CONCLUSION

For those who took up the offer, the supply of informal childcare was crucial to enabling them to work. If they had access to informal care they used it as it was convenient and trustworthy, but they often felt to do so was an imposition, and one which

they sometimes had to pay for which imposed a financial constraint on them. Participants who did not take up the offer tended to use only informal care.

Participants were attracted to formal care most of all by the educational advantages it offered. This was particularly the case for lone parents, especially those who were recent migrants, as these participants tended not to have access to informal support. For this reason, it was the sole source of childcare available and made it possible for such parents to work. Beyond this though, formal care was important as it allowed participants to be more independent and lessened the burden they imposed on family and friends.

Participants who were working and using childcare across all groups tended to use a mix of formal and informal care. Participants with children aged three or four were most likely to use formal childcare. This was not only was this an age at which participants felt comfortable renegeing complete parental care as their child was more independent, but they were also able to access the government entitlement of fifteen hours per week of free early education.

Participants who were lone parents in the *Take-up group* were more likely to use only formal care, and those in the *Not Interested* and *Interested* groups were more likely to rely on informal care alone. For those who had support at their disposal, informal care was an important enabler to participants taking up the offer. However, a sense of guilt at the amount of informal care used was typical among participants in the *Interested* and *Take-up groups*.

Where providers were concerned, **participants with young children favoured nurseries over childminders as a source of formal care.** This was because they believed them to be not only more beneficial for the socialisation and education of their children, but also safer and more reliable than using childminders. Furthermore, they tended to believe that nursery staff were highly-trained in comparison to childminders, which they valued.

Childminders were most useful to parents with more than one child and parents of school age due to their flexibility around accommodating families and pick-ups/ drop-offs from school. They were also a useful replacement for informal care for those participants who wanted to rely less on family or who did not have access to informal support networks.

Quality of care was the most important criteria in selecting a childcare provider for parents across all groups. Quality was a personal perception on the part of the parents and was unrelated to Ofsted numbers or the presence of formal qualifications. To participants, *quality* meant not only a strong sense that the safety and wellbeing of the child was being considered by their provider, but there was good provision for the educational and social development of their child. Parents in the study, especially in the *Take-up group*, were typically gratified to see their children develop and progress well in formal childcare over time. This reinforced their positive views of formal care.

Practical considerations were also crucial on initial selection of a provider. Location and opening times of were hugely important in choosing a provider, and, especially for those who had taken up the Pilot offer, value for money was less of a consideration. Finance was a factor in initial choices where participants needed to

pay a deposit to secure a childcare place; this was a barrier that only the most determined overcame, typically by borrowing from family members. Weekly costs became more of a concern over time as their circumstances changed and as participants in both Control and Pilot groups questioned the sustainability of their childcare choices.

8 Using the Childcare Element

CHAPTER SUMMARY

(i) **Among the *Take-up* group, the CCE was widely felt to be hugely important in making it viable to take up paid work and formal childcare.** Participants in the *Take-up* group widely reported that they would be unable to work without the support for childcare they received through the CCE.

(ii) **Pilot participants in the *Take-up* group not only benefitted from improved confidence due to being in work, but also from wider financial benefits.** The 100% offer enabled Pilot participants to improve the standard of living in their household – participants were able to save, clear debt, and widen the horizons of their children.

(iii) **Pilot participants typically felt the loss of the 20% extra support tangibly once the Pilot ended,** and several participants fell into arrears on childcare payments as a result. This was because most participants in this group were using day nurseries for childcare, meaning the additional cost they needed to find personally was relatively high.

(iv) **Participants who were new to WTC reported that they would have liked extra support in managing their finances and budgeting for childcare.** This was especially the case for participants who were undertaking unskilled and low-paid work.

(v) Pilot participants were being sent a separate cheque for the CCE. This helped some to budget more effectively and increased transparency about what they were receiving. However, we can infer from this research that a letter outlining these details did not have the same effect given that Pilot participants did not spontaneously mention correspondence of this nature that they were sent by TCO on a monthly basis.

(vi) **Pilot *Take-up* participants typically had not considered the affordability of their childcare under the normal system.** This did not mean that they had typically chosen expensive providers; rather that they had not made an actual better-off calculation before taking up the offer.

(vii) **Control *Take-up* participants were more likely to include cost as a factor when choosing providers,** although this was still less important to them than other issues, notably quality of childcare.

(viii) **Continuity of childcare was a key priority** for parents, regardless of the cost involved. Once children were used to a certain childcare provider, and were happy there, parents were keen to keep them there. This was not only to avoid disruption to routines, but to maintain continuity with familiar childcare environments and staff. Parents were also keen to maintain work for the personal benefits to themselves.

8.1 INTRODUCTION

The CCE was considered to be essential to participants being able to take up work and childcare: all of those interviewed in the *Take-up group* reported that they would be unable to take up work and childcare without it. This was the experience of their participation in the Pilot, rather than a perception: all participants in the *Take-up group* struggled to manage their household expenses and valued the CCE.

Without it, it would all be finished ... I wouldn't be able to manage at all

Lone Parent, Haringey, Take-up, Control

In this section aspects of the use and delivery methods for the CCE are discussed in detail. This section will cover: the impact of the 100% offer on households; budgeting for childcare payments and seasonal variations in costs; and the delivery models of the CCE.

8.2 IMPACT OF THE 100% OFFER ON HOUSEHOLDS

On first being interviewed, **participants in the *Take-up group* who took up the Pilot offer typically reported improved confidence due to being in work and that they were enjoying the benefits of having more money in the household.** These benefits included having more time with their child, and more time to spend on activities and treats for their child. In addition, a minority of participants were using the increased household income to replenish savings.

On returning to interview participants from the *Take-up group*, between eight and ten months after first speaking to them, almost all of those interviewed were still in paid work and using formal childcare. Taking up the offer had positive impacts for most of these participants. The positive financial impacts on the household were more pronounced for those who had taken up the Pilot offer of 100% of childcare costs; the extra money had afforded them opportunities to improve the standard of living in their household in a range of ways. As such, participants who had taken up the Pilot offer felt the loss of these advantages acutely when they were removed at the end of the Pilot.

It was a chance to see what life would be like ... if I had a little bit more money

Lone Parent, Croydon, Take-up, Pilot

Participants who were in receipt of the Pilot offer were able to improve their household standard of living and change their circumstances in a way that those who were in receipt of the Control offer were unable to do. Most importantly, *Take-up* participants who received the Pilot offer reported that removing the need to pay for childcare meant that life was not only less pressured financially, but that it was less stressful and that household budgeting was less of a challenge.

It's one less bill to think about ... in fact it is literally a day's work

Lone Parent, Croydon, Take-up, Pilot

Participants in the Control group faced more stressful circumstances financially throughout the Pilot, often finding it difficult to pay for their childcare if they were undertaking unskilled work or had more than one child. Some such participants expressed the explicit view that extra support for childcare costs would be welcome and would relieve considerable financial pressure in the household. They felt that additional support would make their working lives more viable and that they would be less reliant on informal care, which they would prefer. They were also typically keen to save money so they could have more money to spend on their children. Participants in the Control group were just about managing their household finances and, although additional support was considered welcome, they were typically managing without such support due to personal determination to succeed in their working lives, and with support from family in the form of informal care and finance.

Parents in the Pilot group noticed that they were able to improve their family's quality of life, for example by spending more time and money on extra 'treats' and interesting, often educational outings, with their children. These included such examples as taking children to see a film for their birthday, to the zoo and out for meals together. Parents considered this preferable to being confined at home with fewer options, as they had been before taking up the Pilot. Children also benefitted educationally, as parents used the extra money to buy music and swimming lessons.

These lessons and 'treats' were generally sacrificed once the Pilot ended, although parents reported that they would take great pains to try and avoid retracting the benefits they had gained for their children during the Pilot. This was particularly the case where paying for formal childcare was concerned: where parents were unable to continue to pay for childcare once the 100% offer ended, they expressed a determination to maintain the continuity of care if at all possible by borrowing money from parents or making other savings in the household so that childcare costs could be met.

He's only 3½ years old and he recognised letters and words and he can write his name and I don't want to take that away from him ... He's more or less got the best kind of education right now and I can't take that away from him...

Lone Parent, Croydon, Take-up, Pilot

A few Pilot participants, particularly lone parents, also used the extra 20% of costs to achieve important personal transitions and milestones. They typically perceived the 20% payment as an addition to their usual income from tax credits as it was initially delivered by HMRC as a cheque. These parents reported saving this extra money – particularly when delivered cheque – to clear debts and to buy important items for the household. For example, one participant reported using the money to help buy a second-hand car which meant she was able to save time and money on travelling to work. Moreover, participants were able to use the money to avoid debt over the period of the Pilot, which was very important to many in the study.

You don't feel like you haven't got anything at the end of the month ... we have nicer food and I'm saving for a holiday. I hate being in debt and this takes the pressure off

Lone Parent, Camden, Take-up, Pilot

Finally, **participants who had taken up the Pilot offer reported feeling under less pressured for time during the period of the Pilot than those who took up the control offer.** For some participants, the Pilot offer meant they were able to make the choice to work less, and spend more time with their children. For parents with younger children, this was especially important. Furthermore, parents reported feeling less anxious and stressed because not only did they have more time than they anticipated possible with their children, but they were also able to have more time for their own interests and to ensure their household was run well.

If they had offered me 80% of costs, I would have worked full time ... which is not what I wanted to do. Now I get an hour to myself, and we get a bit of time together

Lone Parent, Camden, Take-up, Pilot

Once the Pilot had ended, these parents reported that they would like to increase their hours to ensure childcare was paid for, and spending less time with their children. Although there were only a couple of participants who stated this, it was really difficult for them to think about what they would do when the Pilot ended and they had to pay the additional 20% themselves. As mentioned earlier, most participants thought they would keep working for as long as they could once the Pilot ended. As the follow-up interviews were conducted only around a month after the end of the Pilot, many were just starting to take stock of their current situation, and although determined to stay in work, were not sure how sustainable it would be for them to do this. In addition, as has been discussed in Chapter 5.2, external factors, not least the transition for children from nursery to school, meant that this was not always possible.

8.3 BUDGETING FOR CHILDCARE PAYMENTS AND SEASONAL VARIATIONS IN COSTS

Participants who were new to WTC needed support in managing their finances and budgeting for childcare, especially if they were doing unskilled and low-paid work. **A number of participants who had taken up the Pilot offer of 100% costs found themselves quite quickly in arrears on their childcare costs once the offer ended,** as they had a new household expense to manage. To make up these costs, participants in these situations typically borrowed money from family, and required considerable flexibility from providers regarding payment.

Finding the money is hard now ... I have to borrow £50 here and there from my parents to get through

Lone Parent, Greenwich, Take-up, Pilot

In contrast, participants who had taken up the Control offer struggled less with budgeting when the Pilot ended as they had become used to budgeting for childcare from the outset. Pilot participants tended to report that they would have appreciated advice in budgeting for childcare once the Pilot ended.

I wish someone had come round or called and talked about the pilot with me. They could have helped me prepare for when it was over, helped me take advantage of it while it was there, budgeting and saving sensibly so I could cope better when it was gone

Lone Parent, Croydon, Take-up, Pilot

Parents on both the Pilot and the Control did not, generally, understand the estimating and averaging process of the standard tax credits system, but those with older children were used to certain types of seasonal costs, even if they were new to work and childcare. Whereas parents with primary school age children had typically not saved or budgeted for seasonal variations in their childcare costs, those with slightly older children were accustomed to the costs of play schemes over the summer months. This was difficult for those with unpredictable incomes, but was nonetheless a consideration.

I never know how much money I'll have month to month ... but when I know the summer's coming I try and put some money away

Lone Parent, Greenwich, Take-up, Pilot

Other parents reported that they would probably try and manage when costs rose, and were not making plans to save for more expensive times.

8.4 DELIVERY MODELS OF CCE

At the start of the Pilot, participants who were in receipt of the Pilot offer initially received the additional 20% of their childcare costs as a separate cheque. This was for operational reasons and was changed to a BACS payment in April 2010. Participants who were new to work were sometimes unclear that tax credits were the source of their childcare support, and the separate cheque that those in the Pilot received did not help make this clear as far as they were concerned. There were also mixed responses from Pilot parents regarding whether they preferred to be paid the extra 20% by cheque or by BACS payment.

Most participants preferred the BACS bank transfer scheme. This was because there was no need to wait for the cheque to clear, which took time and it was simpler to manage as they did not need to visit the bank or post office to pay the cheque in. This was appreciated by many participants given the busy context of their lives.

Those who preferred to be paid by cheque typically preferred to keep this income separate, so that they could spend it on their children. The cheque provided the opportunity for them to make the payment to a preferred bank account, such as a savings account, so that they could consider the money as a separate pot. Secondly, it represented a clear source of additional household income which was easy to keep track

of. Many take-up participants – especially those who were new to work – admitted they did not plan ahead and budget carefully, which meant they were often not completely aware of what was going in and out of their account. Those who were new to work needed support with budgeting and managing their money, especially if they were coming off benefits for the first time.

Although **participants said that they would like to have the childcare payment indicated separately on their correspondence with HMRC**, and a few liked receiving the cheque as an 'extra' they could use to put aside (as mentioned in section 8.2). Having this payment indicated separately in correspondence made it easier for participants to know what they were receiving and isolate this payment from their other benefits. However, participants did not specifically mention a desire to receive a separate payment for CCE.

Finally, although being sent a separate cheque for the CCE helped some to budget more effectively and increased transparency about what they were receiving, we can infer from this research that a letter outlining these details did not have the same effect. This was because Pilot participants did not spontaneously mention correspondence of this nature that they were sent by TCO on a monthly basis.

8.5 SUSTAINING USE OF FORMAL CHILDCARE

Where remaining in formal childcare was concerned, three issues were key: continuity, flexibility and financial support. **For nearly all Take-up participants interviewed, continuity and consistency of care were important factors. Parents measured the ongoing quality of a provider by how happy their children were, how they progressed educationally and socially, and how settled they were with staff.** They were therefore keen to keep their children with the same provider once children were settled there, not only to avoid disruption to them, but also because they were keen that their child should continue to benefit from the educational and social advantages of formal care. Children became accustomed to routines in particular nurseries: to locations, activities, staff members and food. Parents were very reluctant to change these established routines and were keen for the benefits of their children's progression and development to continue.

If the costs were double that I wouldn't have changed [the nursery]. It would be too unsettling

Lone Parent, Camden, Take-up, Pilot

Continuity for children was considered crucial, regardless of the costs involved, and once again Pilot participants reported borrowing from grandparents to ensure that they could continue to make payments, or making economies in other areas. Continuing to pay for the same childcare provider was typically considered a household priority.

I will keep struggling ... and I'll look for other ways to make those payments

Female, Camden, Take-up, Pilot

Flexibility regarding opening times and keeping children later than planned was also reported to be a hugely important quality from providers. Parents' requirements could change quickly if there were changes to their supply of informal care (as discussed in Chapter 5.3.2) or if their working hours changed. Providers needed to be able to accommodate changes, and parents valued flexibility in providers immensely.

Finally, as discussed in section 7.3.3.2, a number of Pilot participants found themselves in arrears on their childcare payments very quickly after the end of the Pilot. They not only required additional financial support to sustain work and childcare, but also understanding from their childcare providers, who were often called upon to offer flexible payment.

8.6 CONCLUSION

The Childcare Element was vital to the maintaining work and formal childcare for all the participants who took up the offer. They felt it to be an invaluable element of their household finances.

Participants who had taken up the 100% offer benefitted primarily from the fulfilment of their ambition to improve the standard of living and financial security of their household, and, in addition, in widening the horizons of their children. However, as many of these parents who took up the offer of work and childcare were new to both, budgeting for childcare costs proved challenging once they came off the Pilot. This was the case for those who had *not* chosen childcare providers with costs above the standard weekly limits for CCE as well as those who had.

Parents who had claimed the CCE previous to the offer, as well as those who took up the Control offer were more adept at managing their costs by the end of the Pilot, even though most reported that they still struggled to ensure all their household costs were covered. The small number of participants whose household income had risen significantly since being included in the Pilot and who were no longer eligible for WTC in the forthcoming year struggled less, usually because they had a partner who was in full-time employment.

Participants were keen to pay providers on time and took their responsibilities in meeting payments for childcare costs very seriously. For this reason, those who took up the offer preferred a BACs payment of the CCE directly into their bank accounts as it made their finances easier to manage. However, they also wanted to be clear how much money they would be receiving for support with childcare as this helped them budget, and felt strongly that disaggregating the CCE in their tax credits payment would be helpful.

The separate cheque Pilot participants received for their CCE award helped some to do this. However, we can infer from this research that a letter outlining these details did not have the same effect given that Pilot participants did not spontaneously mention receipt of correspondence of this nature that they were sent by TCO on a monthly basis.

9 Operational experiences of the Pilot scheme

CHAPTER SUMMARY

(i) **Reactions to the Pilot letter were typically positive across all groups**, with those who were interested in the offer calling to register this straight away, and those who were not tending to find the letter informative, although not relevant to their circumstances.

(ii) **Those who were *Not Interested* declined to join the Pilot due to attitudes to childcare, unsuitable timing of the receipt of the letter or simply because they could not find employment**; none of which related to the nature of the offer.

(iii) **The offer typically provided an extra push to participants in the *Interested* and *Take-up* groups, rather than being an incentive to take up work in itself**. If participants were keen to work and content to use formal childcare then they were more likely to seek employment and take advantage of the offer.

(iv) **Those offered the 100% offer felt particularly incentivised and motivated to find work and childcare, understanding the offer to be extremely generous**. They also tended to feel that were more likely to be financially better off in work if all their childcare costs were paid.

(v) **The content of the letter was largely well understood across all groups**. However, those who had not previously claimed CCE were less likely to understand the eligibility criteria regarding formal childcare.

(vi) **A minority of participants were sceptical about the offer, or were confused about some of the aspects of the offer**. Among these, most common were difficulties understanding the meaning of 'formal childcare', with preferences for more commonly-used terms, such as "nursery".

(vii) Operators on the DfE contractor helpline were considered to be very helpful in explaining the offer and addressing misunderstandings about the terms.

9.1 INITIAL RESPONSES TO THE INVITATION LETTER

The initial letter detailing the offer was very well received. **Participants across all groups typically remembered the letter clearly, and usually made a decision as to whether or not they were interested in the offer straight away**. Those who were interested usually called to register interest very quickly after receiving the letter, particularly if they were already looking for employment, or were thinking about moving into employment in the immediate future.

Almost all participants in the study were pleased to receive the letter, generally finding it informative even if they were not keen to move into employment, for whatever reason, and so did not register interest. The offer was just not appropriate for them at that given time (as discussed further in Chapter 2.2.5). However, those already looking for work felt that the offer was too good an opportunity to miss, and so it provided

an extra impetus for them to continue their job search. In addition, many participants had not worked previously, and so had not given a great deal of thought to how they would pay for childcare costs if they found employment. Consequently, the offer took this barrier away from them, and made finding work seem much more possible.

I know that now, I can have a good place for my baby and then someone can help me to pay for the costs and I'm just ... very happy and I'm very grateful actually

Female, Greenwich, Take-up, Pilot

However, the 80% offer was still very much an incentive, as most participants were not aware of what childcare support was available, and so this level of financial assistance was seen as a great source of help. However, perhaps unsurprisingly, a few Control participants in the *Take-up group* did spontaneously mention that the offer would have been even better if the extra 20% had been covered.

A few older participants who had claimed tax credits in the past had heard of the standard offer, and knew this entitled them to 80% of their childcare costs, and so were not surprised to receive this letter. However, it did act as a reminder and an encouragement to start thinking about finding employment and securing childcare.

9.2 THE CONTENT OF THE LETTER

The content of the letter was, for the most part, well understood by participants across all groups. **The majority of participants felt that the content was clear and unambiguous, and on the whole they had no concerns about its legitimacy.** A lack of interest in the offer was not due to a lack of understanding, but dependant on participants' attitudes towards work and childcare.

However, **many participants who had not previously claimed the CCE did not understand the eligibility criteria of the letter where childcare was concerned.** For instance, there was some misunderstanding about the types of childcare that the Pilot covered, i.e. whether it covered nurseries, whether before and after-school clubs were included, or whether evening childcare would be acceptable. A few participants were also confused about whether or not informal care would be supported through the Pilot. The term 'childcare costs' was particularly confusing for recent migrants, as it was not a term they were familiar with, and so it was felt that the letter should have been more prescriptive about what this included (e.g. costs towards nurseries or childminders).

In addition, **a small number of participants in the *Not Interested* group rejected the offer initially as they assumed it was only relevant for those already in work.** Others were unclear about whether age restrictions applied, and so assumed the offer was only relevant to those with younger children. Participants who held these views had typically never claimed the CCE before and were new to work and childcare.

A final issue which was unclear to a very few participants applied to couples: **a few couples in the *Take-up* group did not fully understand that both partners needed to be in work for over 16 hours per week in order to be eligible for support for childcare costs.** This raised problems when the male partner became redundant during the period of the Pilot, meaning that the household's ability to pay for childcare and sustain the work of the working (female) partner was threatened. Participants in this

situation reported that had not been fully aware of the nature of the work conditionality for both partners when they took up the offer, and prior knowledge of this may have affected their decision to take it up.

A few participants were initially sceptical about the offer, especially if sent the 100% letter. They were surprised about the amounts quoted on the letter, as it seemed to them to be too generous to be genuine. They felt they needed some reassurance that it was legitimate scheme, and many took the letter into Jobcentre Plus, a post office, or local government department to validate, as they were initially distrustful about calling the helpline number.

Some were also confused about the fact that it was a Pilot scheme, and the reasons behind why they, in particular, were chosen to receive it. Although they assumed it was because they were claiming CTC, the link was not made explicit in the letter, which may have alleviated any concerns about its authenticity. Such participants were also often concerned about any effect take-up would have on their benefits.

However, **the DCSF logo on the letter helped to prove its legitimacy**¹⁶. Although those who registered an interest usually did not know what DCSF was, they understood that the letter was from 'the government', and so they had no reason not to trust it. Although they did not seem to remember much about who the letter was from, **the recall of the DCSF 'rainbow' logo was high. The logo was felt to make the letter very distinctive, which made it very easy to find amongst other paperwork.**

Overall the letter was well understood and well received – in fact, a number of participants who had received the 100% offer felt that the letter understated how good the offer was, and should have made more of how fortunate participants were to have received it.

9.3 CONTACT WITH THE DfE CONTRACTOR HELPLINE

Participants were typically very positive about the DfE Contractor helpline, and generally any confusion about any of the content in the initial letter was clarified after speaking with the helpline adviser.

Most participants remembered speaking to the helpline, and felt that the information they received was clear and unambiguous. They also found the staff to be helpful, courteous and polite. However, due to the time period which had elapsed between participants' talking to the helpline and the interview, their memories about some of the content of this conversation or any subsequent conversations with the helpline staff was limited. For instance, many could not remember whether it had been the helpline who had called them first, or vice versa.

Generally speaking, however, participants in the *Take-up* group, along with those in the *Interested group*, were more likely to have called the helpline promptly after receiving the letter in order to find out more information and ensure they did not miss out on the opportunity. As indicated above, the helpline was also a source of reassurance that the offer was genuine.

¹⁶ The original letter to participants was sent by DCSF, now the Department for Education.

9.4 REASONS FOR JOINING THE PILOT RELATED TO NATURE OF OFFER

***Take-up* and *Interested* participants were primarily motivated to join the Pilot for attitudinal reasons, rather than those related to the nature of the offer. The letter was important because it *raised awareness* that support was available, making those interested in taking up paid work approach job searches with more determination.** Participants who were keen to find work and use formal childcare tended to renew and widen their search for work or increase their working hours. These attitudes and responses have been discussed these attitudes in more detail in Chapter 3.3.1.

As further evidence of this, most *Take-up* participants indicated that they had already been undertaking job searches when they received the letter. This was also often the case for *Interested* participants, who were more likely to face difficulties related to practical barriers in taking up the offer. These issues have been discussed earlier in Chapter 2.3.

For some of these parents it can be said that the offer came at the right time as it gave them a ‘nudge’ to sustain their existing job search or arrange childcare. A few of those on the Pilot, particularly those who had heard, or had experience of the standard process, did, however, mention that the additional support they were now entitled to was an incentive for them to work, as discussed in detail in section 3.3.1.

Where attitudes toward working were positive and awareness of government support was low, the Pilot letter was a crucial trigger for participants which renewed their determination to find work. The next steps for participants were the most challenging, however – those of ensuring that all the practical criteria for taking up the offer could be met. These challenges have been discussed in Chapter 2.3, which covers the practical barriers to taking up the offer,

9.5 REASONS FOR NOT JOINING THE PILOT RELATED TO NATURE OF OFFER

As discussed in detail in Chapter 2.2, *Not Interested* participants typically did not join the Pilot due to a strong preference for caring for children themselves, the unsuitable timing of the letter, or because they simply could not find employment. None of these factors were related to the nature of the offer itself, and as discussed in Chapter 2.3.5, very few *Not Interested* participants had made detailed better-off calculations meaning that they believed they would not be better off financially if they took up the offer.

However, some participants in the *Not Interested* group were already working under 16 hours a week when they received the offer letter, and were doing so because they preferred working hours that would fit around their preference for caring for their children at home. Consequently, they did not feel the offer was relevant to them as they did not want to increase their working hours. A small number of participants who were interested in the offer and already working tried to increase their hours to take advantage of it but were unable to do so, or find alternative employment. This meant that the offer’s conditionality on working over 16 hours was, to some extent, a barrier to take-up for

them as they were unable to find paid work for over this number of hours. This is discussed in detail in section 2.3.1.

10 Managing Tax Credits claims

CHAPTER SUMMARY

(i) Most participants felt they managed their claim well and **knew what their responsibilities were around updating HMRC on any changes of circumstances**. However, there was confusion among some participants, particularly around whether or not they could claim for any additional childcare requirements or whether they should inform HMRC if their wages increased or if they changed jobs.

(ii) Most were unclear **about whether or not they were getting the right amount from HMRC**, because they received WTC, CTC and the CCE in a lump sum. However, as with providing information at the time of renewals, participants trusted HMRC to get this right.

(iii) Experiences of communicating with HMRC using the TCO helpline were largely positive, and they were found to be helpful, pleasant and informative. Participants appreciated advice and clear information about their entitlements.

The following sections explore participants' experiences of managing their claim for CCE, along with their understanding of their responsibilities when claiming CCE, and their experiences of contacting HMRC.

10.1 UNDERSTANDING OF RESPONSIBILITIES IN CLAIMING CCE

Most participants in the *Take-up* group felt that they managed their claim well, and were clear about their responsibilities around updating HMRC on any change of circumstances, especially if they had been claiming WTC and CTC for a while.

However, this was not always the case, and there was some confusion. For example, a minority of participants were not aware that they could claim for increased weekly childcare costs, due to perhaps having to work overtime at short notice¹⁷. They were happy to pay any additional amounts themselves, and did not want to complicate their claim by contacting HMRC about this. A few participants also seemed to be unclear about whether they should inform HMRC if their wages increased, if they changed jobs or if they changed childcare provider. Participants were typically aware of the requirement to inform HMRC if their household status changed.

Very few participants in the *Take-up* group who were new to work and childcare were able to identify which part of their tax credit payment the CCE payment was an element of. Most correctly believed it formed part of their tax credits payment, although the incorrect belief that it was part of CTC rather than WTC was prevalent. Participants were typically not concerned which part of their tax credit payment the CCE formed part of, however, as long as they were receiving support. Nonetheless, a minority of Pilot and

¹⁷ Claimants are eligible to claim for additional costs which are at least £10 per week (if the change occurs for four weeks in a row), or if their annual average weekly cost increases by at least £10 per week.

Control participants suggested that they would like to have the CCE details included separately on any letters from HMRC so they were clearer about what they were receiving. Given that Pilot participants did not spontaneously recall receipt of such letters from TCO, we can infer that participants may also have required support and explanation of entitlements in addition to regular letters.

I'd like to know exactly what I'm getting

Lone Parent, Croydon, Take-up, Pilot

Most were unclear, however, about whether or not they were getting the 'right' amount from HMRC, especially if they received childcare help (CCE) with their WTC and CTC payment. This was particularly prevalent among Control participants, and Pilot participants once they stopped receiving the cheque for 20%. Participants tended to presume that they were receiving the correct amount, but felt they had no idea how to check this, and as with renewal information, participants tended to 'trust' HMRC to get it right.

Some participants admitted to finding the renewals form confusing and so preferred to call than try to complete the form themselves in case they made a mistake. Participants also did not understand the CCE averaging system, or have strategies in place for predicting costs over the year. Those whose childcare was fixed generally had no problems, but for others whose childcare requirements varied, particularly in the school holidays, the averaging system made reporting their annual childcare costs complicated¹⁸.

10.2 COMMUNICATING WITH THE TAX CREDITS HELPLINE

Take-up participants' experiences of communicating with HMRC were largely positive. Many had contacted HMRC over the phone and had found them to be helpful, pleasant and informative. Participants also reported that the response of the dedicated pilot Tax Credits helpline was speedy and accurate.

They're usually quite helpful really, usually deal with things straight away...so no problem

Lone Parent, Haringey, Take-up, Control

In addition, participants were pleased to receive clear advice about how much they would be entitled to, when they would need to report changes, and explanations of how their entitlements worked.

Less widespread were reports of less positive experiences. A few participants encountered staff whom they felt could not provide them with the information they

¹⁸ For more details see HMRC research report 85: *Cognitive Testing to Investigate Customers' Understanding of Processes Relating to the Childcare Element of Working Tax Credit (WTC)*, accessible at <http://www.hmrc.gov.uk/research/report85-full.pdf>

needed. They were unclear about their payments, and felt unable to get any assurances from HMRC that what they were receiving was accurate.

Speaking to them on the phone, they didn't give a lot of information. They didn't seem to know how much I would be entitled to...there's no sort of breakdown so I don't know...if the Pilot even made a difference to what they gave me

Lone Parent, Camden, Take-up, Control

A small number of participants also mentioned that they had to wait for a long period of time on the phone, and were sometimes passed between different departments, although this may be because they had initially called the normal Tax Credits helpline rather than the dedicated TCO number for Pilot and Control participants. These participants felt that the service could be improved by quicker response times. Similarly, in terms of general dealings with HMRC, many participants spoke of having difficulty getting through on the telephone when informing HMRC about changes of circumstances once the Pilot ended, although they were pleased that online alternatives for finding information were offered.

I called HMRC a hundred times before I ... managed to talk to someone...they just make you wait and you run out of time and are cut off ... In the end I went online

Lone Parent, Greenwich, Take-up, Pilot

11 Overall conclusions

Positive attitudes towards both work and formal childcare were the most important drivers for taking up the offer of subsidised childcare. Those who did not take up the offer were most likely to think that caring for their child at home was a priority for them over and above finding paid work while parents who were interested in the offer typically faced a number of barriers in finding suitable employment.

To illustrate, **availability of suitable work, childcare and sufficient finance were key barriers to taking up paid work and childcare and, crucially, were interlinked:** in order to take up the offer, participants had to secure work and childcare *at the same time*. Those who managed this usually had to make significant compromises on the kind of work they took on in order to do so.

For those new to work and childcare though, affordability of childcare was not an issue initially. However, **over time, low wages, insecure employment and an uncertain supply of informal care support meant that paying for childcare typically became difficult to manage** and even unsustainable for most participants. This outcome was true regardless of whether they had taken up the Pilot or Control offer.

The quality of childcare provision was the most important criteria when making a choice between providers – regardless of cost. Quality of childcare was understood by participants in many senses, the most important of which were the **perceived kindness of staff, the educational facilities and social benefits available from the provider, and parents' sense of their child's happiness at a nursery** once they had started there. As quality was so important, this meant that some, but not all, participants who were offered 100% of costs did choose childcare which was more expensive than they could afford under the current system of support because they felt that the providers they chose offered the best quality available and an educational head start for their children.

Not Interested Group

Those that were *Not Interested* in the offer were largely typified by a preference for caring for children at home. The reasons for this were rooted both in cultural preferences for caring at home, and in pragmatic decisions between couples for an earner/ carer division of household labour. Among these participants, many planned to return to work at some point in the future, including both lone parents and those in couples. They did, however, typically feel that their child (or children) were still too young to be placed in formal childcare and so had no immediate plans to return to work.

They often had little awareness of what childcare support was available to them should they find employment. Although those who were not working felt that some support with childcare costs would be available, they did not typically know the details. This was because, at this stage in their lives, such considerations were not important to them.

Interested Group

For *Interested* participants to be able to take up the offer, a number of enabling factors including suitable paid work, arranging formal and informal care and a deposit to secure formal care needed to be in place.

Of these, **finding work was by far the main difficulty for those who were interested in but did not take up the offer.** Participants typically had low skills and work experience levels, and were unused to looking for work. This led to unproductive and unsuccessful job searches which, in turn, dented their confidence further. Because of this, few got to the stage whereby they searched for formal childcare provision as this was not relevant to them.

Take-up Group

Overall, in the *Take-up group*, **young lone parents with children under the age of four reported greatest enthusiasm about the Pilot offer. The 100% offer helped them overcome two important barriers to managing with only 80% costs: the high cost of day nursery care and the lack of informal childcare support available to them.** Lone parents typically experienced greater social and emotional isolation than those in couples, and had no-one to share not only the responsibility of bringing money into the household, but the burden of the social and educational development of their children. Consequently, they were drawn to formal care by the perception that it would provide a good start to their children's education but, also, because the networks that could offer informal care were not open to them. They were also keen to take up paid work to overcome personal isolation and fulfil ambitions.

Of the childcare providers available to them, nurseries were popular among those with children under the age of three and almost all participants who were new to using formal childcare. They were selected on the grounds of quality, most importantly, along with a close location and opening hours that fitted with working hours and availability of informal care.

Due to low levels of skills and distance from the labour market, **most *Take-up group* participants pursued low-skilled, and consequently low-paid roles.** They typically made compromises over the kind of work they took up, sometimes forgoing taking time to train and build skills, or finding more suitable work with prospects so that they could access the benefits of the offer. Sustaining this kind of work was challenging though – particularly as their families grew. To illustrate, managing the transition to school was crucial: parents needed flexible employers and childcare in order to be able to do this. Alongside this, it was also important for parents to be able to cope with other exogenous factors. Changes such as those to formal and informal care, in levels of financial support for childcare, and, particularly, in the supply of paid work – made the possibility of staying in paid work and childcare precarious.

Therefore, **although the initial letters raised awareness of government support for the *Take-up groups*, the provision of only 80% support for childcare costs looked likely to be inadequate in ensuring that participants remained working in the long-term.** This was equally true of both Pilot and Control groups once the Pilot had ended. Over time, better-off calculations became more tangible and important to participants, although they had not been carefully calculated on take-up of the offer. Access to dependable informal care support to participants was also crucial in sustaining work and formal childcare.

Only those participants who had secured better-skilled work and also had dependable informal care available were relatively confident in the security of remaining in paid work and childcare. Ultimately, for most of the *Take-up* group who were able to overcome the relevant practical barriers, the **necessity of choosing low-skilled, low-paid, insecure employment coupled with the cost of pre-school childcare meant that, after several months of maintaining paid work and formal childcare, participants typically reported that paying for childcare was one of many elements which made it hard for them to sustain remaining in both over the medium term.** This was despite the determination and desire of most *Take-up* participants to remain in work and formal care.

12 Appendices

Please see separate appendices document.

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