



Your partner to achieve change and opportunities for children and families

## **BRIEFING JUNE 2022: Look again at Tax-Free Childcare**

HMRC recently asked us to help them take another look at Tax-free Childcare (TFC). They wanted us to work with 10 local areas across the UK to support local reviews and action planning to see if more could be done to support an increase in take-up of this much needed childcare costs support. We also were asked to hold two helpful webinars. One for early years and childcare providers and one for councils and people in roles that bring them into contact with families. These were held in March 2022, and you can watch them here <https://foundationyears.org.uk/2022/03/hempalls-webinar-on-tax-free-childcare/>

It was a challenge we couldn't resist. We knew that parents wanted more help with the cost of childcare, as they take a significantly large proportion of take-home pay from the household budget. We also knew most parents were eligible for some sort of support, even if it wasn't TFC. We were also keenly aware providers wanted and needed to realise more financial revenue into their businesses. Especially during this time when costs to deliver childcare are rising, families are experiencing financial pressures and are changing their childcare needs and demands, and levels of paid-for childcare have been reducing.

The fact is that TFC is worth up to £2,000 per year, per child. Double that if they are disabled. And it is open to childcare costs for children aged 11 and under (17 if they are disabled). It was phased in from April 2017, and an estimated 1.3m families could be eligible. Take-up is steadily growing it was 328,000 families (Dec 2021) and had risen 130,000 further to 512,415 (May 2022). But it means around 800,000 families who may be eligible aren't taking it up, and so there is scope to do more to reach them and support them.

Our approach has been to look at how we can best make the current system work. And we quickly understood that the best way for us to do that was to think about improving information, helping to raise awareness, and knowing who to signpost or refer to, and how. This is because information doesn't always reach eligible families, and sometimes when it does it isn't always understood. Myths and misunderstandings can occur. And because every family is different, we need to ensure the message is different and meets their needs, because it doesn't work alongside vouchers or Universal Credit for example. Information about TFC needs to be on your website and childcare bills. We all need to be talking about it a lot more – word of mouth makes a huge difference. Make sure your staff know about it and are positive about it as well. The application process for parents is quick and straight forward, as it is for provider registration, if you have all the information and IT to hand. That is where referring to sources of support can make a real difference, such as information services and the childcare costs calculator.

Knowing what support is available, families feeling the likelihood they will be eligible, and getting advice and support can make all the difference. How you play your part to make that happen?

**Find out more.** Visit the government's Childcare Choices website

[www.childcarechoices.gov.uk](http://www.childcarechoices.gov.uk) You can find resources for providers to use to help spread the word [www.childcarechoices.gov.uk/providers/communications-toolkit](http://www.childcarechoices.gov.uk/providers/communications-toolkit) Use the childcare costs calculator [www.gov.uk/childcare-calculator](http://www.gov.uk/childcare-calculator) to help families make their choices.

**Even more?**

- Find out more about Hemsall's: [www.hempsalls.com](http://www.hempsalls.com)
- Learn more about this project: <https://hempsalls.com/tax-free-childcare-with-hmrc>
- Follow us on Twitter @hempsalls
- Let's talk 0844 824 3083