

ARK HOUSING ASSOCIATION LTD (ARK)
PROCEDURE REF: HR26

Version 1.0 – June 2018

CHILDCARE VOUCHERS

PROCEDURE FOR DEALING WITH CHILDCARE VOUCHERS

1. INTRODUCTION

- 1.1 Childcare vouchers (CCV) are a salary sacrifice scheme for established employees aimed at offering support to working parents. The scheme allows parents who are also ARK employees to sacrifice up to a maximum of £55 per week / £243 a month of their salary for vouchers. CCV are exempt from both National Insurance contributions and Tax.
- 1.2 ARK shares working parents' concerns about balancing their working life and home life. By entering the Childcare Vouchers Scheme, you can sacrifice part of your salary for CCV and take advantage of important Tax and NI savings.

2. THE VOUCHERS

- 2.1 Childcare Vouchers can be used to pay for the care of children up to 1st September following their 15th birthday, or 1st September following their 16th Birthday if they are disabled. The vouchers can be used with a wide range of childcare providers including:
 - home based care such as childminders, nannies and au pairs;
 - pre-school care such as nursery schools, play schools and crèches; and
 - care for older children such as out of school clubs (breakfast clubs, afterschool clubs including activities, homework clubs and boarding, and holiday clubs).
- 2.2 Employees who join the scheme can use their Childcare Vouchers to pay more than one carer if they wish. The only condition is that relevant carer(s) will need to be registered with the Care Inspectorate.

3. ELIGIBILITY

- 3.1 To receive Childcare Vouchers, relevant employees must have an eligible child. The child for whom the Childcare Voucher is provided must be:
 - Under 15, or under 16 if they are disabled; and
 - The child or stepchild of the relevant employee, or a child who lives with them, or for whom they have parental responsibility.
- 3.2 Employees can only start receiving Childcare Vouchers after their child has been born.

4. FUNCTIONALITY

- 4.1 Childcare Vouchers are provided by Edenred. The scheme is a salary sacrifice scheme and therefore relevant employees’ monthly pay will be adjusted accordingly. The sacrificed pay is converted to equivalent electronic vouchers which will be credited to the employee’s personal account with Edenred on the last working day of the month. Payment is then made direct to the childcare provider as authorised by the employee.
- 4.2 Any employee who joins the scheme will be subject to an annual basic earnings assessment. The assessment establishes the estimated level of the employees earnings for the tax year. It is required in order to set the monetary value of childcare vouchers provided to the employee which are subject to tax relief. The assessment will include factors such as basic salary, taxable benefits, weighting allowance and car allowance.
- 4.3 The maximum amount of childcare vouchers that an employee can apply for will depend on the tax rate that they pay. The table below details the maximum rates that an employee can apply for depending on the tax rates that they pay.

	Basic rate	Higher rate	Additional Rate
Weekly	£55	£28	£25
Monthly	£243	£124	£110

- 4.4 An employee can request any amount of childcare vouchers up to the maximum amount quoted above, depending on the rate of tax that they pay.
- 4.5 For employees who have children in part time care where for example they need to pay for Easter, Christmas and summer holidays, it is advisable to budget over the course of the year in order that you have saved enough vouchers to pay for holiday care by the time holidays arrive.
- 4.6 It is a requirement that you are still earning National Minimum Wage after taking into account participation in all salary sacrifice schemes. All support workers and some part time members of staff may be affected. The following calculator [Calculate your Childcare Voucher Savings/ KiddiVouchers Childcare Voucher Schemes](http://www.kiddivouchers.com/calculator.php) (www.kiddivouchers.com/calculator.php) will indicate the savings an employee can make. Please note that Statutory Sick Pay (SSP) or Statutory Maternity Pay (SMP) will not be affected by any deduction relating to childcare vouchers.

5. JOINING THE SCHEME

- 5.1 Employees will be required to complete Edenred Salary Sacrifice Agreement form and forward this to the Payroll department. This information will be processed electronically. Edenred will then send a parent information pack containing membership details and further information.
- 5.2 The relevant carer will need to be registered with the Care Inspectorate and be affiliated to the Edenred network in order to accept Childcare Vouchers as payment. Employees should contact their carer to find out whether they are already affiliated with Edenred. If they are, employees should ask them for their Edenred Account Number which the employee will need in order to

transfer electronic vouchers to them online (this account number begins with a 'P' and is issued to carers when they affiliate with Edenred). If the carer is not already affiliated with Edenred, they should complete a carer application form online by visiting www.childcarevouchers.co.uk and clicking on 'Start Accepting Vouchers' in the Childcare Providers area. They can also download a printable carer application form from the same website.

- 5.3 The scheme year runs from 1st April – 31st March but it can be joined at any time during the year. The employee's start date with the Scheme would commence from 1st of the month following completion of the necessary documentation and run until 31st March the following year.

6. LEAVING THE SCHEME

6.1 Leaving Whilst Still Employed by ARK

- 6.1.1 The scheme operates for a 12 month period from 1 April until 31 March. If an employee wishes to cease their contributions to the scheme part way through the year due to a change in their personal circumstances, they must inform ARK's Payroll Team. Changes will only be actioned on complete months. Employees must therefore ensure that they cancel their vouchers with effect from the end of a month. Voucher cancellation charges are payable by the employee and will be deducted from their next salary payment. Cancellation charges are as follows:

- Voucher cancellation charge: £10 + VAT; and
- Cheque refund charge: £20 + VAT.

6.2 Leaving ARK

- 6.2.1 Employees can continue to sacrifice salary to CCV up to and including their final salary payment. Should an employee wish to not have their normal amount within their final month's salary they must indicate this on their leaver's form which is submitted to HR in order that Edenred can be informed.

6.3 Statutory Sick Pay (SSP)

- 6.3.1 When any member of staff is off work due to long term sick and they receive SSP only their entitlement to Child Care Vouchers will cease until they return to work.

6.4 Statutory Redundancy Pay

- 6.4.1 Any statutory redundancy pay is calculated on your salary before the deduction of childcare vouchers.

6.5 Statutory Maternity Pay (SMP)

- 6.5.1 Maternity pay will continue to be calculated on the employee's gross salary. On commencement of maternity leave entitlement to Child Care Vouchers will cease until the employee returns from maternity leave.

6.6 Changes in Lifestyle

- 6.6.1 The scheme does not permit monthly or annual changes of voucher allowance outside of the yearly renewal date. However, in exceptional circumstances you may be able to change this amount should you have significant change to your personal circumstances e.g. if your partner was to be made redundant. In these situations, relevant employees should contact the Payroll Department for the Edenred Amendment and Cancellation to Contract form. Please note the form will need to be sent prior to the payroll cut off deadline to apply the change to the following month's amount. It will not be possible for employees to make the change direct with Edenred themselves.

6.7 Maintenance Charge

- 6.7.1 Where an employee's account has been inactive for a period of 36 months a charge of £3 per month will be applied to the employee's account and is payable by the employee. The charge will be deducted from the employee's salary.

7. PENSION

- 7.1 The adjustment to pay will not have any effect on the calculations of employees' pension contribution.

8. TAX AND NATIONAL INSURANCE SAVINGS

- 8.1 Employees can find further information at www.childcarevouchers.co.uk. Employees can calculate how much they could save by using the HMRC's online Tax and NI Savings Calculator which can be found at <https://www.gov.uk/childcare-calculator>.

9. CHILDCARE/ WORKING TAX CREDITS

- 9.1 If employees receive the childcare element of working tax credits, which provides specific support related to childcare costs, this will in most cases be affected, as the value of Childcare Vouchers received will reduce the value of the qualifying childcare costs that can be claimed in tax credits. The HMRC calculator referred to at section 8 can be used to find out the impact of Childcare Vouchers on tax credits.

10. MONITORING AND REVIEW

- 10.1 The Director of People and Organisational Development is responsible for ensuring that this procedure is implemented when required.
- 10.2 The Head of People and Organisational Development will ensure that this policy and procedure is reviewed at least every three years, and that any proposed changes are made following consultation and agreement with representatives of Unite the Union.

Approvals:

Approved by SLT June 2018
Next Review June 2021