

Human Resources

CHILDCARE VOUCHER SCHEME

Author	
Date Written	January 2008
Date Reviewed	September 2008
Date for Review	
Version	1



South Yorkshire
Fire & Rescue
WORKING FOR A SAFER
SOUTH YORKSHIRE

CHILDCARE VOUCHER SCHEME

INTRODUCTION

1. South Yorkshire Fire and Rescue appreciate the financial commitment that employees have when paying for childcare costs. In April 2007, the Government introduced a salary sacrifice childcare voucher scheme, available to all eligible employees to help reduce these costs.
2. Salary sacrifice happens when an employee gives up the right to receive part of the cash pay due under his / her contract of employment. This sacrifice is made in return for the employer's agreement to provide the employee with childcare vouchers. The 'sacrifice' is achieved by the employee signing an agreement to vary their terms and conditions of employment relating to pay.
3. Employees choose to sacrifice any amount up to a maximum of £243 per month or £55 per week in exchange for the same amount in childcare vouchers. This amount is set by the Government and is subject to change.
4. As a member of the Dignity at Work Partnership, SYFR is committed to promoting a positive working environment where the dignity and respect, to which all employees are entitled, is not undermined. No employee should be treated less favourably on the grounds of race, gender or gender reassignment, disability, sexual orientation, religion or spiritual belief, colour, nationality, national or ethnic origin, marital/parental status, family ties, trade union or political belief, hours worked, or any other reason, either directly or indirectly.

BENEFITS

5. Childcare vouchers can be used to pay for registered and approved childcare, including holiday clubs and after school clubs and cover children up to the age of 16.
6. Childcare vouchers are Tax and National Insurance exempt for up to £55 per week or £243 per month. This equates to a maximum saving of £1196 per annum as a higher rate tax payer and £962 per annum as a standard rate tax payer.
7. Both parents can participate which represents a potential saving of up to £2393 / £1924 per annum.

ELIGIBILITY

8. Employees must have responsibility for children under 15 years, or under 16 years if the child has a disability.
9. The childcare provider must be a registered organisation, for example, a day nursery, nursery school, pre-school or after school club, holiday play scheme, crèche, Nanny or Au pair. They must be OFSTED approved. Busy Bees (the childcare voucher provider for SYFR) will ensure that employees' childcare providers meet the necessary registration requirements and can also assist in the registration process. Most registered organisations will accept childcare vouchers.
10. Employees' earnings after the salary sacrifice must not fall below the National Insurance earnings threshold (currently £4,368 per annum). Should this happen the employees' rights to state benefits would be affected and their earnings would fall

CHILDCARE VOUCHER SCHEME

below the minimum wage. The HR Management Information Department will ensure that employees applying to join the scheme do not have deductions taking their earnings below the National Insurance earnings threshold. Earnings include basic annual salary or retainer and excludes overtime, allowances and other non-guaranteed payments.

11. The childcare voucher scheme is available to all eligible employees, therefore if both parents are working for SYFR they may both apply to join the scheme to assist with the childcare costs and benefit from the National Insurance and Tax savings.
12. Employees can join the scheme at any time but must be able to join the scheme for a minimum period of one year or, if working on a fixed term contract, the duration of their contract. Employees can only leave the scheme during this period if they have a "lifestyle change", for example:
 - They leave the company
 - They become pregnant (see point 29 below)
 - There is a change in family circumstances

BUSY BEES

13. The Busy Bees Group will be the childcare voucher provider for SYFR employees. The Busy Bees Group was founded in 1983 and Busy Bees childcare vouchers were launched in 1998. They currently claim over 55% market share.
14. Busy Bees administer the process and records are held and maintained by them.

PAYMENT METHODS

15. The amount of salary that the employee sacrifices every month / 4 weeks is set at the beginning of the process and the employee will receive this amount of vouchers each month / every 4 weeks. If the amounts payable to the childcare provider vary every month / 4 weeks, employees should calculate their annual childcare costs and divide this amount by 12 or 13 to get the monthly / 4 weekly rate. Vouchers can then be 'saved' to use at a later date. Vouchers are valid for one year from the date of issue.
16. If employees incur childcare costs during school holidays only, vouchers can be issued to the employee every month / 4 weeks and then saved until required.
17. Employees are able to contact Busy Bees and request an amendment to the salary sacrifice amount, however this may result in a delay in receipt of vouchers and employees are therefore required to limit amendments to once per annum.
18. Employees can choose to pay their childcare providers via either paper, electronic or auto-pay vouchers.
19. Paper vouchers are posted by Busy Bees to the employee's home address so that they arrive on or around pay day. These vouchers are then handed to the childcare provider as payment of their fees. The childcare provider would then claim the value of the voucher from Busy Bees. The amount received in paper vouchers is set and this method is more appropriate for employees who pay the same amount to their childcare provider every time.

CHILDCARE VOUCHER SCHEME

20. Redeem Direct enables the employee to specify a set amount to be paid directly to the childcare provider by Busy Bees every month / 4 weeks (similar to a standing order). This is more appropriate for employees who pay the same amount to their childcare provider every month / 4 weeks and requires no input by the employee.
21. Electronic vouchers (e-vouchers) offer employees an online account to manage their vouchers. Employees can log on at any time to view their account and can specify how much they wish to pay to the childcare provider every month / 4 weeks out of the set amount sacrificed. The childcare provider is paid directly from the account via BACS at a date specified by the employee. This option is useful for employees who pay different amounts every month / 4 weeks. Account log-on details are issued by Busy Bees.
22. Auto-payment vouchers are managed by the employee via the electronic account, and enable employees to specify a set payment amount to make automatic payments direct to their childcare provider at a specified frequency (similar to a standing order). This is similar to Redeem Direct but enables the employee to change the amount sent to the childcare provider themselves via their on-line account.

APPLICATION PROCESS

23. Employees wishing to join the scheme should contact Busy Bees directly, in any of the following ways:
 - Free phone - 08000 430 860
 - E-mail - enquires@busybeesvouchers.com
 - Website- www.busybeesvouchers.com
24. On receipt of an enquiry, Busy Bees will send out an application form. This application form outlines the salary sacrifice arrangements for employees wishing to join the scheme.
25. The application form should be returned to Busy Bees who will then contact SYFR to ensure that each applicant meets the scheme's eligibility requirements.
26. Busy Bees will contact the childcare provider to ensure that they are eligible to receive childcare vouchers.
27. Busy Bees will issue the HR Management Information Department with a spreadsheet which lists all employees who wish to receive childcare vouchers. This will then be checked and issued to Payroll who will reduce the individual's salary by the amount of childcare vouchers requested (subject to the maximums).
28. Busy Bees will despatch the vouchers to the employee or to the childcare provider by payday. The childcare voucher deduction amount will be clearly shown on the employee's payslip. Should, for any reason, the vouchers are not received, the employee should contact Busy Bees direct.

OTHER CONSIDERATIONS

29. It is recommended that employees who become pregnant and are in the childcare voucher scheme should consider whether to leave the scheme, as the salary sacrifice

CHILDCARE VOUCHER SCHEME

element of the scheme will have an impact on their Statutory Maternity Pay (SMP) and Contractual Maternity Pay (CMP). The employee's average earnings calculation, which is used to determine the above payments, will be based on the employee's salary after the sacrifice amount has been deducted and not on the employee's basic salary (amount before deduction). Both SMP and CMP are calculated on earnings during the 8 weeks prior to the 15th week before the expected week of childbirth. This means that an employee considering leaving the childcare voucher scheme must do so by the 17th week of her pregnancy.

30. The childcare voucher scheme may be detrimental to some employees in receipt of working tax credit and/or child tax credit. Employees who are in receipt of tax credits should contact the Inland Revenue to discuss their own personal circumstances before joining the childcare voucher scheme.
31. Receipt of childcare vouchers does not affect an employee's pension contributions or overtime payments as these are calculated on the employee's basic salary before the salary sacrifice has taken place.
32. Temporary duty / acting up amounts are calculated using the basic salary before the salary sacrifice has taken place.

***If you require any further information on this scheme, please contact the
Human Resources Directorate***