A Guide for Employees

1. Purpose

The purpose of this guide is to describe the main features of the Childcare Voucher Scheme and how it works. We have tried to give a detailed explanation of how the scheme works, but if you have any questions you can ask your HR Contact Officer for help.

2. Background

As part of the Government’s approach to improving work/life balance and enabling those with childcare responsibilities to have a wider range of options in gaining access to the labour market, there is a facility for employees to sacrifice part of their salary in favour of Childcare Vouchers, which can only be redeemed against the cost of childcare. The benefit of accepting vouchers instead of pay is that the vouchers do not attract National Insurance and are also free of tax up to £55 per week (£2,916 per annum).

The College scheme is managed by Edenred Services, who are the largest provider of childcare vouchers in the UK.

3. The Scheme in Brief

- The scheme is open to an employee with childcare responsibilities whose income is at least the NI Primary Earnings Threshold, is not paid by timesheets and has a contract term of 12 months or more when joining the scheme.
- You can use childcare vouchers as part or full payment of the cost of caring for a child or children. The child must be yours, or must be a child living with you and for whom you have parental responsibility.
- A registered childcare provider must provide the childcare.
- You can join the scheme at any time, and would normally be expected to sign up for a minimum of 1 year.
- You inform your Contact Officer how much of your salary you wish to sacrifice and receive in its place childcare vouchers. The maximum amount is £2,916 per annum (£243 per month).
- If you have a ‘life change’ event you can leave the scheme at any time from a future date by giving 28 days' notice of this intention. The effective date in this case is the first day of the calendar month following expiry of the 28-day period. Alternatively, you can leave the scheme at the end of each year (31st March) provided notice has been given to the HR department by the 28th February in the same year.
- You will receive access to your electronic vouchers before the end of each month in which the deduction was made.
- Your pay will be reduced every month by the same amount.
- You can get an application form from your Contact Officer in the HR department or it can be downloaded from the HR website. Once completed this should be forwarded to the HR Department.
- When you sign up, Edenred Services will send you a Parent Pack, with a registration document for your carer to complete.
4. The Scheme in Detail

You can join the scheme if you have a contract with Queen Mary University of London and you have childcare responsibilities and you are not paid by timesheets. You must also have a contract term of 12 months or more when joining the scheme. Your gross pay must be above the National Insurance Earnings Threshold set by the Government. For 2005/06 this is £4,895 per annum.

You can use childcare vouchers to pay some or all of your childcare costs for children up to the 1st of September following their 15th birthday, or following their 16th birthday if the child is disabled.

The carer you pay can be anybody who legally provides childcare provided they are a registered childcare provider. The carer will have to provide a copy of a Local Authority or OFSTED certificate when they convert their vouchers to cash.

The scheme runs from 1st April to 31st March, but you can join it for the first time at any time during the year. Once in the scheme you will remain a member until you complete an opt-out form or leave the college’s employment.

The College reserves the right to review the provision of this benefit and remove it or replace it at any time. If the benefit is removed, the College will agree new employment contract terms and conditions with the employee.

Employees who use childcare vouchers for anything other than the purchase of registered or approved childcare will be acting fraudulently and as such may be subject to the College’s Disciplinary Policy, Procedure and Rules.

The maximum amount you can take in childcare vouchers is £217 per month (£2,604 per year). However, you will not be able to opt for a level of vouchers that would reduce your remaining pay below the hourly rate of the National Minimum Wage, currently £4.85 per hour (£5.05 in October 2005).

For the purposes of salary increases and the payment of any other benefits related to salary (e.g. Overtime payments) all calculations will be based on the newly agreed salary plus the value of the childcare vouchers.

Apart from a lifestyle change event, you can only change the value of the vouchers you receive at the beginning of the scheme year (1st April) and you do this by completing an amendment/cancellation form. If you want to continue with the same value, then you do not need to do anything.

If you experience a ‘life change’ event and you no longer wish to take childcare vouchers, you can stop at any time by completing an amendment/cancellation form. Upon receipt of the form in the HR department you will stop receiving vouchers at the start of the next month.

If you wish to re-join the scheme and start receiving vouchers again, you will have to wait until the start of the next scheme year, which will be the following 1st April and then fulfil the eligibility conditions when you rejoin.

An example of a life change event would be, pregnancy, redundancy, death of a child/partner, redundancy of a partner, leaving the College or change in working hours.
You will receive your vouchers at the monthly rate you have chosen, and your pay will be reduced by this amount each month. The vouchers will be operated by the Edenred Services electronic voucher scheme, full details of which will be sent to you when you enrol on the scheme.

You will not pay National Insurance contributions or Income Tax on the pay you receive in the form of vouchers.

If you are a member of a College’s pension scheme your pension contributions will reduce, as they will be based on your new basic salary. The benefits are based on the best final salary you have received in the past three years. In the unlikely event of benefits becoming payable whilst you are in the scheme (e.g. you are retired or die) the benefits may be reduced.

If you are part of another pension scheme (e.g. Prudential AVC scheme) then benefits are normally based on the value of your contributions and the performance of the fund(s) in which they are invested, so there could be some effect on the benefits paid out. You should discuss the possible effects with an independent financial adviser.

Should you wish to consider investing some of the net gains from the scheme in term assurance; it would be advisable to discuss the available options with an independent financial advisor. The College would not be involved with any transaction of this type.

Edenred Services provide two telephone help lines. The Customer Services Helpline (0843 4534433) is for you and people who provide childcare. It is there to help if you have concerns or questions about using your vouchers, including lost or expired vouchers and payments.

The second helpline, called Familylife Solutions, is exclusively for people who have signed up to the scheme. It offers useful help and guidance on a variety of childcare issues. The telephone number is provided in the Parent Pack you receive from Edenred Services.

5. Applying for Childcare Vouchers

If you are interested in the scheme, but would like more information, you should contact your HR Contact Officer.

If you wish to enrol on the scheme then you should complete the application form which can be obtained from the HR department or from the HR website.

Once the form as been completed and returned to HR, you will have signed to state you have accepted a change to your contract of employment. You need to do this so that we can reduce your gross pay and replace it with childcare vouchers. You will have no right to exchange this benefit for a cash sum.

The College will then enrol you on the scheme with Edenred Services, who will contact you with a ‘Parent Pack’ which contains information about the scheme and help lines, and a ‘Carer Pack’. You should give the Carer Pack to the person who provides your childcare, because it contains important information for them and the forms they need to complete and return to Edenred Services.

At the same time Edenred Services will give you details explaining how you administer your account with them on-line or via the telephone and make payments to your childcare provider.
6. Forms

Childcare Vouchers Application Form

Childcare Vouchers Amendment/ Cancellation Form

7. Where to go for help

Your HR Contact Officer – Tel. HR reception 020 7882 3697 or internal (13) 3697.

Edenred Services – Tel. 0843 453 4433 or

www.childcarevouchers.co.uk

Inland Revenue – Child Tax and Working Tax credit helpline – 0845 300 3900

www.hmrc.gov.uk/taxcredits