


<b>Childcare Voucher Scheme Work Life Balance (WLB)</b>	Cyngor Cyllido Addysg Uwch Cymru Higher Education Funding Council for Wales 
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## 1. Introduction

HEFCW has made arrangements with Busy Bees Vouchers to provide a Childcare Voucher Scheme to its employees. This scheme allows qualifying employees to make savings on the cost of their childcare. However, it does not assist in identifying childcare provision.

## 2. Definitions

### Childcare Vouchers

Childcare Vouchers are a method of paying for many forms of childcare, please see the intranet or Busy Bees website for further information. Parents or legal guardians can make savings on their Income Tax and National Insurance contributions and choose to exchange some of those for childcare vouchers. Under the scheme operated by HEFCW, employees can receive their vouchers either on paper or via a 'virtual' electronic voucher service, which will be accessible either online or via a telephone service.

### Salary Sacrifice

Salary sacrifice means that an employee formally agrees to a reduction in his or her taxable salary and instead receives an equivalent amount in childcare vouchers. Salary sacrifice should not reduce an employee's cash pay to below the level of the National Minimum Wage.

### Registered/Approved Childcare

In order to be able to receive payment in childcare vouchers, a childcare provider must be officially registered or approved. HEFCW and Busy Bees will only be able to administer Childcare Vouchers if the childcare provider is a registered carer with a Unique Reference Number (URN) or approval number.

### Lifestyle Change

A 'lifestyle change' is defined as something which significantly changes an employee's childcare requirement, e.g. the child starts school, or working hours change significantly, partner's job or hours change, etc.

## **3. Overview of the Scheme**

The scheme works through the employee taking the opportunity to exchange, or "sacrifice," some of his or her gross income for childcare credit (vouchers) with Busy Bees. As this sacrifice is from taxable income, employees pay less Income Tax and National Insurance contributions. This difference is used to meet some of the childcare costs – this is where the savings to the employee are made.

The amount an employee saves is dependent on how much he or she decides to sacrifice from his or her salary and the rates of Income Tax and National Insurance that he or she pays on his or her salary. Members of the scheme can 'sacrifice' up to £55 per week or £243 per month in total. Employees can change the amount of vouchers received once per year on the anniversary of their application. It will not be possible to alter voucher requirements on a monthly basis other than at HEFCW's discretion and/or in the event of a lifestyle change.

### Monthly Paid Employees

On pay day the employee will receive his or her reduced monthly salary and normally within the following three days, Busy Bees will either issue, or the Childcare Voucher account will be credited, with Childcare Vouchers for use against childcare costs.

### When no Pay is Received

If, at any time, an employee does not receive sufficient salary to cover the amount agreed as a "salary sacrifice" no deduction will be made and therefore no Childcare Vouchers will be made available. Membership of the scheme will be suspended until the salary level is greater than the level of the "salary sacrifice" deduction.

If, at any time, an employee is in a nil pay situation (e.g., unpaid leave of absence, during the unpaid Additional Maternity Leave period, if Sick Pay has been exhausted etc), no deduction will be made and therefore no Childcare Vouchers will be made available. Membership of the scheme will be suspended until the employee begins to receive pay again.

## 4. Eligibility for the Scheme

Employees can join the scheme provided that:

- they have a contract of employment with HEFCW (i.e. not a secondee or an agency temp), and;
- they pay UK tax and national insurance
- they are parents of/have parental responsibility for a child/children of age 15 or younger (or age 16 if the child is registered disabled), and;
- their childcare provider is registered and has agreed to receive payment in vouchers.

Employees are responsible for selecting the individual, organisation or institution that will provide childcare facilities. Any carer or childcare facility that is not registered with the appropriate authority, such as Estyn or Ofsted, cannot be paid with vouchers so the employee must confirm whether his or her childcare provider is registered or approved and will accept payment by vouchers.

## 5. Joining the Scheme

The Childcare Voucher Scheme is ongoing and there is no time limit for opting in. Employees should intend to join the scheme for an initial period of 12 months.

As the reduction in salary constitutes a change to terms and conditions of an employee's employment, both the employee and HEFCW must agree to vary the terms and conditions of employment, this is done on our behalf by Busy Bees as they are administering the scheme for HEFCW. These forms are available on the Intranet or via Busy Bees.

If an employee decides to join the Childcare Voucher scheme, he or she must complete the application form/agreement to vary terms and conditions of employment agreement and confirm the amount he or she wants to 'sacrifice' from his or her salary. The form must then be sent directly to Busy Bees who will send a copy to HR for the employee's personnel file. HR will also issue the employee with a copy of the application form/agreement as confirmation of the variation to their terms and conditions of employment.

Applications received by the 1<sup>st</sup> of the month will normally be processed through payroll in that month. Applications received after that date will normally be processed in the following month.

## 6. Changes to Membership of the Scheme

The amount 'sacrificed' from an employee's salary should remain the same each month unless the employee experiences a 'lifestyle change' (please see definition in section 2).

If an employee wants to reduce or increase his or her Childcare Voucher amount, he or she must contact Busy Bees in the first instance. Each case will be treated on an individual basis.

The amended application form/agreement form must be sent directly to Busy Bees who will send a copy to HR for the employee's personnel file. HR will also issue the employee with a copy of the application form/agreement as confirmation of the variation to their terms and conditions of employment.

## **7. Benefits and pensions**

You are responsible for ensuring that you will not be disadvantaged by joining the scheme. Before agreeing to a salary sacrifice and committing to receive vouchers you should consider the possible impact of the following on your individual circumstances and seek additional information and independent financial advice as necessary.

Members of the Civil Service pension scheme will continue to pay contributions based on their salaries before salary sacrifice. This will maintain the level of benefits in the event of death in service or ill health retirement.

The level of employer contributions will not be affected.

### **Occupational Benefits**

Such as overtime, maternity or sick pay, will not be affected as they are based on the pre-sacrifice salary.

### **State Benefits**

Such as Statutory Sick Pay, Statutory Maternity Pay or Statutory Redundancy Pay, will be affected as they are based on the post-sacrifice salary.

### **Child Tax Credits and Working Tax Credits**

Employees are encouraged to satisfy themselves of the benefits to them personally before signing up to the Childcare Voucher Scheme.

### **Student Loan Repayments**

Childcare Voucher Schemes may have an effect on student loan repayments. These are only activated above a set amount of earnings and if the earnings are lowered the repayment may not need to be made.

Please refer to the guidelines produced by HR Revenue and Customs for information on the impacts of salary sacrifice schemes on statutory benefits and tax credits.

Further information can also be obtained from Busy Bees.

## **8. Leaving the Scheme**

An employee can leave the scheme at any time owing to a lifestyle change (please see definition in section 2).

If an employee leaves the scheme or the date expires, the employee will revert to their original terms and conditions contained within their contract of employment.

## 9. Refunds

Subject to a lifestyle change, any unused vouchers an employee holds, or in an employee's account with Busy Bees will have to be refunded through payroll as they will be subject to Income Tax and National Insurance contributions.

Busy Bees cannot refund individuals directly.

If an employee leaves HEFCW and he or she has an outstanding balance in his or her Busy Bees on-line account, the employee can either retain his or her account until all of the funds have been used up paying for childcare or he or she can request a refund through payroll.

Any refund applications must be submitted one month prior to leaving HEFCW. It will not be possible to process any applications received after that date.

## 10. Further Information

Further information is available on the Intranet or Busy Bees website, you may find the following websites useful:

Busy Bees Vouchers - [www.busybeesvouchers.com](http://www.busybeesvouchers.com)

Citizens Advice Bureau – [www.nacab.org.uk](http://www.nacab.org.uk)

HM Revenue and Customs – [www.hmrc.gov.uk/childcare](http://www.hmrc.gov.uk/childcare)

Tax Credits – [www.taxcredits.inlandrevenue.gov.uk/HomeIR.aspx](http://www.taxcredits.inlandrevenue.gov.uk/HomeIR.aspx)

Childcare Approval Scheme – [www.childcareapprovalscheme.co.uk](http://www.childcareapprovalscheme.co.uk)

Student Loan Company – [www.slc.co.uk](http://www.slc.co.uk)