

Introduction

1. HEFCW has a provider in place for its Childcare Voucher Scheme for employees which allows employees to make savings on the cost of their childcare, however, it does not assist in identifying childcare provision.
2. The [provider's details are available on the intranet](#) and this is the most up to date information on the scheme.

Overview of the Scheme

3. The scheme allows employees to exchange, or 'sacrifice', some of their gross salary for childcare credit (vouchers) with the nominated provider. As this sacrifice is from taxable income, employees pay less Income Tax and National Insurance contributions which provide savings for the employee.
4. Salary sacrifice means that an employee formally agrees to a reduction in their 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.
5. The changes to an employee's salary is reflected on their monthly payslip.

Eligibility for the Scheme

6. 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 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.
7. The Childcare Voucher Scheme is ongoing and there is no time limit for opting in. Full details of joining the scheme are held on the intranet.
8. The purchase of vouchers reduces an employee's monthly salary which constitutes a change to terms and conditions of employment. By signing up to the scheme, employees are agreeing to vary their terms and conditions. There will be no documentation from HR to support this change as it is managed via the provider.

Pay implications

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

Childcare Voucher Scheme policy

10. Further information can also be obtained from the nominated provider.
11. Before committing to the scheme the employee should consider the possible impact on their salary and individual circumstances and seek additional information and independent financial advice as necessary.
12. Members of the Civil Service pension scheme will continue to pay contributions based on their salaries before salary sacrifice. The level of employer contributions will not be affected.
13. Statutory Sick Pay, Statutory Maternity Pay, Statutory Redundancy Pay or Student Loan repayments, may be affected as they are based on gross pay, less the monthly voucher payment.

When no pay is received

14. 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.

Leaving the Scheme

15. An employee can leave the scheme at any time and the employee will revert to their original terms and conditions contained within their contract of employment.

Refunds

16. Under HMRC rules, refunds are only allowed if an employee is unable to use their vouchers as a result of exceptional and unforeseeable circumstances. Any refunds must be agreed by the Head of Corporate Services.
17. Refunds will be processed through payroll and will be subject to tax and National Insurance deductions. Large refunds may result in an employee moving to a higher tax bracket.

Further information

18. Any queries on the above scheme should be directed to the provider in the first instance, which can be found on the intranet. Any further issues that cannot be resolved by the provider should be passed to HR and Payroll as managers of the contract.

Version	Date	Description
0.1	Nov 07	First Draft
1.0	Dec 07	Approved
1.1	17/11/09	Amendments following Equality Impact Assessment
2.0	Jan 2010	Amendment to providers name from Busy Bees to Computershare

Childcare Voucher Scheme policy

		Voucher Service
3.0	July 2015	Amended in line with Policy Review Project
4.0	Jan 2016	Confirmation of variation to T&Cs and Management Board approval of minor amendments.