

8.31 Salary Sacrifice Childcare Voucher Scheme

The Salary Sacrifice Childcare Voucher Scheme enables you to give up or ‘sacrifice’ part of your weekly or monthly salary and receive vouchers which can be used to pay for registered childcare. This section gives information on the scheme.

The following terms within this policy are defined in the glossary:

There are currently no terms within this policy defined in the glossary.

You may also be interested in the following policies:

8.03 Statutory Deductions, 8.05 Voluntary Deductions, 8.26 Give as you Earn

This policy is version 1.0

For a printable version please click the icon. Please make sure that your printed version is current with the one on this portal.

This homepage is only a guide to the policy, not the policy itself. In the event of any discrepancy between the content of this homepage and the associated policy, the wording of the policy shall apply.

8.31 SALARY SACRIFICE CHILDCARE VOUCHER SCHEME

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8.31 SALARY SACRIFICE CHILDCARE VOUCHER SCHEME

1 Introduction

1.1 The NICS Salary Sacrifice Childcare Voucher Scheme enables you to give up or “sacrifice” part of your salary in exchange for vouchers that are used to pay for registered childcare. The salary that is given up in this way is not liable for Income Tax or National Insurance contributions (NICs). The NICS is able to offer this scheme because of HM Revenue and Customs rules. The operation of the scheme is therefore subject to changes that may be introduced by HM Revenue and Customs.

1.2 The NICS has appointed a specialist voucher provider company, to administer the scheme, which operates like an electronic bank account. Contact details for voucher provider company are set out in Annex 1. The money that is taken out of your salary every month/week will be forwarded to the voucher provider company. They will create an on-line account for you on their website and give you instructions on how to access it. As this site is not part of the NICS network you can access your account at home as well as at work. If you don't have access to a PC you will be able to access your on-line account via an automated telephone service.

1.3 When you are ready to do so you instruct the voucher provider company to make payments to your childcare provider. You can do this as frequently as you wish, depending on your circumstances. This means that if you only require childcare at certain times of the year you can purchase vouchers each month and only use them when you need to so do, eg if you only require childcare during the summer holidays you can purchase vouchers each month and use them to pay for childcare during July and August

1.4 The accounts set up by the voucher provider company will remain valid for up to 12 months from the date of the last deposit transaction.

1.5 The maximum amount of salary you can sacrifice and therefore the amount of vouchers you can purchase is linked to the tax and NICs exemption and the current limit is set out in Annex 2. The limit is per employee not per child therefore, if you and your partner are both civil servants, you can both purchase vouchers. There is no minimum value.

1.6 The voucher provider company will provide information on the operation of the scheme and will receive and process all forms. They can also provide advice on the likely effects on tax credits and the details of childcare providers in your area who already accept the vouchers. HRConnect can provide you with information relating to your pay and your liability for Income tax and National Insurance contributions. The voucher provider company, the NICS or HRConnect are not responsible for selecting your childcare provider(s).

1.7 You must inform HRConnect and the voucher provider company of any changes in your circumstances, especially if you are no longer eligible to participate in the scheme.

2 Eligibility

2.1 In order to join the scheme you must:-

- be the parent or legal guardian of the child(ren); and
- use registered childcare for your child(ren).

2.2 Parental responsibility is defined as:

- your child maintained at your expense or resident with you; or
- a child in respect of whom you have all the rights, duties, powers, responsibility and authority, which by law a parent of a child has in relation to the child and the child's property.

A child qualifies up to 1 September following their 15th birthday or 1 September following their 16th birthday if he/she has a disability.

2.3 Registered childcare includes childminders, day nurseries, crèches, play-groups, after-school and breakfast clubs, holiday playschemes. In all cases the childcare provider must be registered with local social services. In NI they should be registered with a Health and Social Care Trust Registration Trust. In the rest of the UK they should be registered with OFSTED.

2.4 It is your responsibility to ensure that your childcare provider is registered with local social services and that they will accept the vouchers before you sign up for the scheme.

2.5 The scheme is open to all staff and you can participate in the scheme for as long as you wish, provided you remain qualified to do so. If you take a career break, your participation in the scheme will end although, if you wish, you can re-join the scheme again on your return.

3 Operation of the Scheme

3.1 In order to join the scheme you will need to complete an Agreement to Vary Terms and Conditions – Opting In Form. This gives details of the amount of vouchers you wish to receive and authorises HRConnect to alter your weekly or monthly salary. It constitutes a change to your terms and conditions and therefore must be counter-signed by your line manager before you send it to the voucher provider company.

3.2 You must register with the voucher provider company by completing the Parent Registration Form and return it to the voucher provider company. If your childcare provider is not already registered with the voucher provider company you must ask them to complete the Childcare Provider Agreement Form as this provides

the voucher provider company with the details they will need to make payments on your behalf.

3.3 The value of your salary that is left after the sacrifice has taken place must not fall below the National Minimum Wage or the Lower Earning Level for National Insurance Contributions. HRConnect will inform you where this will occur and if you wish you can opt to sacrifice a lower amount by completing a new Agreement to Vary Terms and Conditions – Opting In Form, which your line manager must counter-sign.

3.4 If at any time you wish to change the amount of vouchers you receive, you will have to complete another Agreement to Vary Terms and Conditions – Opting In Form, which your line manager must counter-sign. In order to allow HRConnect sufficient time to alter your salary, you must give at least 1 months notice.

3.5 You will be able to continue in the scheme as long as you wish to do so unless you take a career break. In this case your participation in the scheme will end when you cease to be in paid service. You may rejoin the scheme when you return after your career break. When you want to leave the scheme you will have to complete an Agreement to Vary Terms and Conditions – Opting Out Form. This also constitutes a change to your terms and conditions and therefore must be counter-signed by your line manager before you send it to the voucher provider company. In order to allow HRConnect sufficient time to alter your salary, you must give at least 1 months notice.

3.6 In accordance with HM Revenue & Customs rules, it is only possible to obtain a refund of unused vouchers in certain exceptional circumstances. These are:-

- redundancy or loss of a job (either you or your spouse/partner);
- death of a child;
- refusal of your childcare provider (who previously accepted vouchers) to accept them in the future and you choose to continue using that provider.
- You change your childcare provider and your new provider is not prepared to accept the vouchers.

3.7 If you wish to have unused vouchers refunded you must complete a Reimbursement Request Form and return it to the voucher provider company. They will forward the form to HRConnect who will endeavour to process the reimbursement as quickly as possible. The unused vouchers will be refunded to you through payroll and Tax and National Insurance will be payable.

3.8 You must inform the voucher provider company if you change your name, home address or childcare provider by completing and returning the Change of Details Parent Form.

4 Effect on Entitlement to Tax Credits

4.1 Joining the scheme may affect your entitlement to tax credits. It is your responsibility to ensure that you understand the implications which joining the scheme will have on your personal circumstances. The HM Revenue and Customs website (www.hmrc.gov.uk/childcare) contains more information. The voucher provider company can also provide advice on tax credits.

5 Effect on Social Security Benefits

5.1 Entitlement to social security benefits is dependant on the amount of National Insurance contributions you have paid or the level of earnings you have received. As the effect of the salary sacrifice scheme is to reduce your cash salary and the amount of National Insurance contributions you pay this may mean that the amount of social security payments you are entitled to receive is reduced. For more information on entitlement to social security benefits you should contact the Social Security Agency.

6 Maternity Leave

6.1 If you are entitled to contractual maternity pay you will continue to receive the reduced rate of pay and vouchers. If you are only entitled to Statutory Maternity Pay or Maternity Allowance you will receive these payments at the full rate (your Statutory Maternity Pay or Maternity Allowance cannot be reduced by the salary sacrifice agreement) and vouchers.

6.2 After your entitlement to contractual maternity pay, Statutory Maternity Pay or Maternity Allowance has ceased you will not receive any pay but will continue to receive vouchers.

7 Adoption Leave

7.1 If you are entitled to contractual adoption pay you will continue to receive the reduced rate of pay and vouchers. If you are only entitled to Statutory Adoption Pay you will receive this payment at the full rate (your Statutory Adoption Pay cannot be reduced by the salary sacrifice agreement) and vouchers.

7.2 After your entitlement to contractual adoption pay or Statutory Adoption Pay has ceased you will not receive any pay but will continue to receive vouchers.

8 Paternity Leave

8.1 During Paternity Leave you will continue to receive vouchers.

9 Effect on Terms and Conditions

9.1 The scheme will result in you receiving a lower amount of cash pay however the pre-sacrifice level of pay will be used to calculate pay related allowances such as overtime and on-call allowance.

9.2 The NICS Occupational Pension Scheme, the Principal Civil Service Pensions Scheme (Northern Ireland) [PCSPS(NI)] bases the calculation of benefits on the pensionable pay before the reduction for salary sacrifice and therefore there will be no negative impact on your pension arising out of the decision to join the salary sacrifice childcare voucher scheme.

9.3 Where a Building Society or Bank requests information on your pay for mortgage approval purposes, HRConnect will provide details of your net pay and the amount you have opted to receive in vouchers.

Contact details for the NICS voucher provider company

Employers for Childcare
137a Hillsborough Old Road
Lisburn
BT27 5QE

Freephone: 0800 028 3008
E-mail: info@employersforchildcare.org
Web: www.employersforchildcare.org

The current maximum value of salary that can be sacrificed/vouchers that can be purchased each week/month is:

£55 per week

£243 per month