

# KiddiVouchers

## Information for Employees

### Your Childcare Voucher Scheme Rules

The **easy** way for parents to save over **£900\*** a year.



\*Savings depend on individual circumstances



**The Highland Council**  
Comhairle na Gaidhealtachd

*SERVING The Highland Community*



**Scheme Reference**  
**S612612H**

Call us free on  
**0800 612 9015**  
[www.kiddivouchers.com](http://www.kiddivouchers.com)

# Introducing Childcare Vouchers

## What are childcare vouchers?

Childcare vouchers are a Government scheme aimed at helping working parents to afford quality childcare. Each parent who takes part in the scheme can save over £900\* a year on the cost of childcare.

KiddiVouchers is an independent company which The Highland Council has appointed to run its childcare voucher scheme. If you have any questions about the scheme, please contact us on 0800 612 9015 or look online at [www.KiddiVouchers.com](http://www.KiddiVouchers.com).

## How do childcare vouchers save me money?

Childcare vouchers work through a system known as 'Salary Sacrifice'. This means that you receive the childcare vouchers instead of part of your salary. Unlike your salary, you don't pay any tax or national insurance on childcare vouchers. The saving in tax and national insurance could be worth over £900\* a year per parent.



## How much will I save?

Your savings will depend on the amount of childcare vouchers you order and the amount of tax and national insurance you normally pay.

Tax band	Maximum possible savings per year	
	Joined before April 2011	Joined after April 2011
20%	£933	£933
40%	£1,224	£624
50%	£1,516	£605

If you'd like to know exactly how much you will save, we can do a calculation for you.

\*Savings depend on individual circumstances

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## What can childcare vouchers be used for?

Childcare vouchers can be used for a wide range of childcare, including nurseries, playgroups, pre-school, after-school care, play schemes, holiday clubs, nannies and au-pairs. Childcare providers which are registered with one of the following authorities are eligible to accept childcare vouchers:

England	Ofsted ( <a href="http://www.ofsted.gov.uk">www.ofsted.gov.uk</a> )
Wales	Care Standards Inspectorate for Wales ( <a href="http://www.wales.gov.uk/csiw">www.wales.gov.uk/csiw</a> ) or the Childcare Approval Scheme for Wales ( <a href="http://www.childcareapprovalschemewales.co.uk">www.childcareapprovalschemewales.co.uk</a> )
Scotland	The Care Commission ( <a href="http://www.carecommission.com">www.carecommission.com</a> )
Northern Ireland	Health and Social Services Trust ( <a href="http://www.dhsspsni.gov.uk">www.dhsspsni.gov.uk</a> )



## Variations and exceptions

In England, Wales and Northern Ireland care provided by a school on school premises does not need to be independently registered with the relevant authority but is still eligible for payment with childcare vouchers. In England, the care need not take place on school premises, as long as the site of care can be covered by the school's Ofsted inspection or equivalent. In addition to out-of-hours care and activities provided by schools, childcare vouchers can be used in England to pay for residential children's holidays and activities such as sport, music and drama, as long as the carer is listed on the Voluntary Ofsted Register. In Wales, care provided by a local authority is also eligible for payment with childcare vouchers and in Northern Ireland care provided by an Education or Library Board is also eligible. In Scotland all care providers must be registered with the Care Commission.

## Are there any restrictions?

Childcare vouchers must not be used to pay for private education, although payments to pre-school childcare providers which are attached to private schools are permitted. You can't normally use childcare vouchers to pay a relative for looking after your child, unless your relative happens to run a childcare business.

## Will my child's free nursery place be affected?

Children aged three or four may be eligible to receive a free part-time nursery place through the Government's early education policy. Using childcare vouchers won't affect your child's entitlement to a free place. If your child does receive some of their care free of charge, you can still use vouchers to pay for the balance of your child's care.

# Joining the scheme

## Who can join the scheme?

The childcare voucher scheme is open to all employees, including part-time and temporary employees.

To take part, the child for whom you intend to use the vouchers must be:

- your child or stepchild, who is maintained either fully or partly at your expense, or
- a child who lives with you and for whom you have parental responsibility

You can spend childcare vouchers up to 1<sup>st</sup> September after the child's 15th birthday (or 1<sup>st</sup> September after their 16th birthday if they are disabled).



## How your pay may affect your eligibility to use childcare vouchers

All employees are eligible to join the scheme. However, when you swap part of your salary for childcare vouchers, your remaining salary mustn't fall below the national minimum wage. If necessary, The Highland Council will restrict the amount of childcare vouchers you receive in order to meet national minimum wage requirements. The

Highland Council may also override your voucher order during periods of maternity leave, paternity leave, adoption leave or sick leave if your earnings are not sufficient to cover your requested voucher amount.



If your gross pay falls below the lower earnings limit then you may lose entitlement to some state benefits. The Highland Council may, at their discretion, restrict the amount of childcare vouchers you receive in order to prevent your pay falling below this limit.

If you sign up for childcare vouchers after 5<sup>th</sup> April 2011, or if you rejoin the scheme after a break of more than 12 months, your entitlement to childcare vouchers will depend on your earnings. Your earnings will be assessed when you join the scheme and at the start of each tax year. Each year, your tax-free childcare voucher allowance will be based on the amount of your expected earnings, as follows:

Tax rate	Maximum childcare voucher order	
	Weekly	Monthly
Basic	£55	£243
Higher	£28	£124
Additional	£22	£97

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## How to join the scheme

You can register online at [www.KiddiVouchers.com](http://www.KiddiVouchers.com) or by phone on 0800 612 9015.

You will need:

- Your scheme reference number S612612H
- Your payroll reference and NI number, which can be found on your payslip
- The full name and date of birth of the children whose care you will be paying for
- The name and address of your childcare provider

When you join the scheme, you will be advised of the first pay day on which you are eligible to start receiving vouchers. This will usually be at least 23 days after your registration date. Due to tax rules, there is no facility for childcare vouchers to be back-dated to previous pay periods.

If you cancel your childcare vouchers, you may rejoin the scheme at any time.

## Can my partner also sign up for vouchers?

If your partner's employer also offers a childcare voucher scheme, then you can both use childcare vouchers. If both parents sign up, families can save over £1,800 a year.

If your partner's employer doesn't yet offer childcare vouchers, we can provide an employer information pack for them.



## Conditions of membership

Any information which you provide to KiddiVouchers when registering for the scheme and on an ongoing basis must be honest and accurate. If you are found to be acting fraudulently in any aspect of your childcare voucher scheme membership, your membership will be revoked and you may be subject to disciplinary action which could result in dismissal from your job. You will also be liable for any tax or national insurance arising.

# Using childcare vouchers

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## How can I use vouchers to pay my childcare provider?

When you sign up for KiddiVouchers, you'll be allocated a secure online voucher account. Your vouchers will be credited to this account around your normal payday. Don't worry if you haven't got internet access – you can easily take part by phone.

Most parents ask us to pay their vouchers straight into their childcare provider's bank account, either by setting up a regular instruction or by making ad-hoc payments from their voucher account. Others choose to receive paper vouchers either by post or email, or via our print-your-own facility.

## Will my childcare provider accept KiddiVouchers childcare vouchers?

Most carers are happy to accept childcare vouchers. We have arrangements in place with all the leading childcare chains as well as thousands of independent childcare providers. If your childcare provider isn't yet registered with KiddiVouchers, we'll send them a simple registration pack when you sign up for the scheme.



If required a list of registered childcare providers is available through the Highland Childcare Information Service ([www.scottishchildcare.gov.uk](http://www.scottishchildcare.gov.uk)) or 0845 6011345 (local rate)

## How many childcare providers can I use?

Multiple childcare providers can be linked to your account and once they are registered with KiddiVouchers you can choose how and when you would like to make payments to them.

## **Paying your childcare provider**

You can use childcare vouchers to pay your carer in the following ways:

**Regular payments:** You can ask KiddiVouchers to pay your carer a specific amount automatically at regular intervals (for example every week or month).

**Automatic transfer:** You can ask KiddiVouchers to transfer all your childcare vouchers to your childcare provider automatically around your normal payday.

**One-off payments:** You can use your online KiddiVouchers account to request an ad-hoc payment to your childcare provider at any time, up to your account balance.

**Paper vouchers:** Vouchers can be printed from your online KiddiVouchers account. You should then take the voucher to your carer and your carer can redeem it online or by phone. You can also ask KiddiVouchers to send you paper vouchers by email or post.



## **How your childcare provider will receive your payment**

Payments to childcare providers are usually processed by BACS, but cheques can be provided on request. Childcare providers are usually notified of payments by email.

## **Changing the way you pay your childcare provider**

You can change the way you pay your childcare provider by visiting your online KiddiVouchers account or by phoning 0800 612 9015.

# More about using childcare vouchers

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## Paying your childcare provider on time

Whichever way you choose to pay your childcare provider, you should ensure that your payment will reach your childcare provider on time. For example, if you usually pay your childcare provider at the start of each month, then you should ensure you request a payment from KiddiVouchers in time to reach your childcare provider at the start of each month.

If your childcare costs are more than your voucher amount, you can top up your KiddiVouchers account and pay your total childcare bill with childcare vouchers or you can pay the balance to your childcare provider in your usual way.



## Payment rules

You must not accept any cash or change from your childcare provider in respect of the vouchers.

Your childcare provider should not charge you for using childcare vouchers, and KiddiVouchers will not charge your childcare provider for accepting the vouchers. It is your childcare provider's responsibility to ensure that they inform KiddiVouchers of any changes to their bank account details.



## Changing your voucher amount or cancelling your childcare vouchers

When you order your childcare vouchers, you will commit to receiving your chosen amount of childcare vouchers for a fixed period. You will be allowed to change your voucher amount at the end of this period. You should request any changes to your voucher amount (including cancellation) at least 23 days before the relevant payday.



### Lifestyle changes

You will also be allowed to change your voucher amount or to leave the scheme if you experience any of the significant lifestyle changes listed below:

- marriage
- divorce or separation
- death of a dependent
- pregnancy or birth or adoption of a child
- prolonged illness of a child
- moving house
- sabbatical
- long-term sick leave or maternity leave
- returning from a long-term absence
- change in place of work
- significant change to contractual hours
- significant change in partner's circumstances
- change to custody arrangements
- child starting school
- change in child's entitlement to Government funding
- change in entitlement to tax credits
- significant change to childcare arrangements

# Understanding salary sacrifice

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## Your salary sacrifice agreement

A change to your employment contract

You will enter into a salary sacrifice agreement each time you order childcare vouchers. If you order the vouchers online, you will be required to indicate your acceptance of the agreement in your secure online account. If you order the vouchers by phone, a KiddiVouchers representative will read your agreement to you. In both cases, the agreement will act as a variation of your employment contract. Your salary sacrifice agreements will be available for you to view and download from your online account. You can request a paper copy of the agreement from KiddiVouchers.



## Your pay-slips

Your payslips will display your full notional pay, with the childcare vouchers shown as a deduction.

## Tax credits

Using childcare vouchers can affect tax credits. If you receive more than £545 of tax credits each year, you should contact KiddiVouchers to check whether childcare vouchers will save you money.

If your childcare costs exceed £175 per week (or £300 per week if you have more than one child in childcare), then you can always use childcare vouchers to pay for any care above these limits without affecting your tax credits.

## Impact on non-statutory employee benefits

In line with the other salary sacrifice schemes operated by the Council, pensions benefits will be calculated on the pensionable remuneration prior to the deduction of the salary sacrifice.

Any non-statutory maternity pay and non-statutory sick pay will be based on your full salary. If you receive childcare vouchers while you are on maternity or sick leave, your salary sacrifice agreement will reduce any non-statutory maternity or sick pay by the amount of vouchers you receive.



## Impact on state benefits

If your salary sacrifice agreement leads to your gross pay falling below the lower earnings limit, your entitlement to some state benefits, such as the state pension scheme, may be affected.

If your earnings are low and you anticipate claiming jobseekers allowance, incapacity benefit or maternity allowance in the foreseeable future, you should seek advice from KiddiVouchers before joining the scheme.

Any earnings-related benefits, such as statutory maternity pay, will be based on your reduced salary (ie your original salary less the value of your childcare vouchers). This means that the amount of benefits you receive could be reduced. You are advised to contact us early in pregnancy so that we can provide you with individual guidance.

Benefits provided by the State Second Pension are linked to earnings, so a reduction in your earnings may lead to a lower pension. If you are using a stakeholder pension or a personal pension to contract-out of the State Second Pension, then the contributions which the Government pays into your pension plan will be based on your reduced salary.

# Leaving the scheme

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## Unused childcare vouchers

Unused childcare vouchers will be carried forward in your KiddiVouchers account for future use. There is no expiry date on the vouchers.

Due to HMRC regulations, refunds will not be permitted unless (a) your childcare provider declines the vouchers or (b) you are unable to use your vouchers as a result of exceptional and unforeseeable circumstances.

Any refunds will require the agreement of The Highland Council. Refunds will be processed through PAYE and tax and national insurance will be deducted.

## Leaving or changing your employment

If you leave your job, you will continue to have access to your KiddiVouchers account until your account balance is zero. In the final pay period of your employment, you will receive your full voucher amount and it will not be pro-rated if you only work for part of the pay period. If your pay is insufficient to cover the full voucher amount then The Highland Council may override your voucher amount.

If you move to a new employer and sign up for your new employer's childcare voucher scheme, you will be treated as a post-April 2011 joiner even if you started using childcare vouchers before April 2011. Depending on your tax rate, your childcare voucher order may then be restricted.

If you transfer to a new employer under TUPE or if The Highland Council experiences a change of ownership, you will be treated as a continuous member of the scheme rather than a new joiner.



## General

The Highland Council may decide to close the childcare voucher scheme in the event of its agreement with KiddiVouchers being terminated. In this case, you will continue to receive childcare vouchers until the expiry of your salary sacrifice agreement and the salary sacrifice agreement will not then be renewed.

If, on terminating its agreement with KiddiVouchers, The Highland Council continues the scheme with a different administrator, you will receive childcare vouchers until the expiry of your salary sacrifice agreement. You will then be allowed to stop receiving vouchers or to continue under the changed scheme.

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