

**Co-operative** flexible benefits

Delivered by The Midcounties Co-operative



# childcare vouchers

helping working parents meet the costs of registered childcare

## A guide for employers



# Childcare vouchers explained

## What are childcare vouchers?

Childcare vouchers are simply a different way to pay for childcare which still allows parents to choose what kind of care they think best suits their child. The most popular way of providing childcare vouchers is through a salary sacrifice arrangement, whereby an employee agrees to a reduction in their salary in return for an equivalent value of childcare vouchers which will be exempt from tax and National Insurance (up to the maximum of £55 per week or £243 per month\*).

## How can parents make savings?

Essentially, the money that is sacrificed is not subject to tax or NI deductions and therefore employees get more vouchers for their money than they would if they paid cash for childcare.

The Government allows parents to receive up to £243\* per month (£55 per week) in childcare vouchers, which are exempt from tax and National Insurance contributions. The value of exempt income an employee is entitled to is determined by a Basic Earnings Assessment which must be completed when a new scheme member joins, and at the beginning of each tax year thereafter. Please visit our website for more information on completing a Basic Earnings Assessment.

This means parents could save over £900 per year (for standard rate tax payers) or over £600 a year (for higher rate tax payers) depending on individual circumstances.

By using our online savings estimator, employees can work out the approximate savings they will make per year based on their circumstances and childcare costs.

\*The following table illustrates the maximum amount of childcare vouchers employees can receive as exempt income, following completion of a Basic Earnings Assessment:

	Basic Rate Tax Payer	Higher Rate Tax Payer	Additional Rate Tax Payer
Weekly	£55	£28	£25
Monthly	£243	£124	£110
Annually	£2,915	£1,488	£1,320

You may allow your employees to opt for more than this amount but these are the maximum voucher amounts which they can receive as exempt income



# The benefits of using our childcare voucher scheme

## It will save you money

Our childcare voucher scheme is designed to financially benefit the employer as well as the employee. Childcare vouchers are National Insurance exempt for the employer, so the NI savings will more than cover the costs of the administration charge for the scheme, providing a net saving to you. Typical NI savings for an employer are 13.8%, or £402 for every employee taking the maximum of £243 of vouchers.

## It's easy to operate

An important concern for any employer wishing to embark on a childcare voucher scheme is the amount of time and administration involved. There are elements of offering a salary sacrifice scheme which are the obligation of the employer, such as National Minimum Wage checks and Basic Earnings Assessments, however we offer a fully managed solution to ensure your HR and Payroll Departments are fully supported throughout the process, and administration is kept to a minimum.

## We'll make sure you and your employees have all the facts

As a co-operative organisation, integrity and honesty are high on our priority list. The childcare voucher scheme may not be right for all of your employees and we'll give you the honest facts to ensure you're doing the best thing by your staff. It is important that employees consider the impact on Tax Credits awards and state benefits; we will make sure they get the correct information, to allow them to make informed decisions

## We'll provide you with ongoing account management support

We are committed to offering all our clients a dedicated local Account Manager to guide you through every step of the childcare voucher scheme. Our Account Managers are extensively trained to ensure that they have a thorough and accurate understanding of relevant HMRC legislation and guidelines and they will advise you on all elements of the scheme. Plus we offer freephone Helpdesk support (8:30am - 5:30pm Monday - Friday) and 24 hour online access to your account.

## We'll provide you with all the marketing material and support you need

Ensuring employees have a great level of awareness and understanding is crucial to the success of any childcare voucher scheme. We provide a comprehensive and user-friendly marketing package which is bespoke for each employer, taking into account employee numbers, geographical locations and other variables. Our marketing materials include workplace posters, tent cards, employee leaflets, e-shots, intranet and staff magazine content. We'll also run informative presentations and surgery appointments if required to assist your employees with their decision. All marketing can be branded to carry your logo if required.

## Be seen as an employer of choice

Childcare vouchers have been shown to positively enhance recruitment and retention within both the public and private sector. Introducing a childcare voucher scheme actively demonstrates a commitment to family friendly working – a great boost for the image of any organisation.



## Why choose Co-operative Flexible Benefits as your childcare voucher provider?

### Security

Co-operative Flexible Benefits is operated by The Midcounties Co-operative, the second largest consumer co-operative society in the UK. We employ over 10,000 colleagues across our various trading groups and are a billion pound company, generating in excess of £700 million in profits annually.

### Data Protection

We fully comply with the Data Protection Act and colleagues have extensive training on the importance of handling personal data. Every member of the team is Disclosure Scotland checked.

### Experience

We began operating a childcare voucher business in 2005 as Imagine Co-operative Childcare and have a great knowledge of the industry and an accurate understanding of HMRC legislation and guidance. We have been independently audited to confirm that our schemes are both HMRC and employment law compliant. We are also ISO9001 accredited.

### Values

As a co-operative, we don't have external investor shareholders. This means that a large percentage of our profits are ploughed back into our Flexible Benefits business – meaning a constant commitment to improvement and innovation. We have a nominated charity partner which is The Teenage Cancer Trust and as a Society we also donate to various additional charities and provide grants to various causes and local communities to help them.

## How to set up your Childcare Voucher Scheme. 3 Easy steps...

### Step 1

Pick up the phone and call our freephone Helpdesk on **0800 458 7929** to arrange a meeting with your local Account Manager to discuss your specific requirements



### Step 2

Once a bespoke Service Level Agreement is agreed and the standard contract signed, an online account will be set up for you.



### Step 3

Your local Account Manager will then work with you to plan the launch and ongoing marketing strategy of childcare vouchers in your workplace to ensure employees understand the benefits of the scheme.

## How to switch providers

### Your Account Manager will guide you through the process to change your childcare voucher provider:

- Your local Account Manager will discuss your requirements, negotiate a bespoke Service Level Agreement and agree a preferred go-live date as part of your new contract with us.
- We will seamlessly fulfill your next childcare voucher order with minimal disruption to your employees.





# Co-operative Flexible Benefits

It is our vision to provide employers with a compelling and trusted range of products and services for employees that is truly 'good for everyone'.

"Our mission is for every employee at a client business to be able to take advantage of at least one of our benefits for themselves and/or their family." Co-operative Flexible Benefits is taking an innovative approach to the benefits market in delivering a unique solution and a true alternative to the traditional commercial package available from other providers. Our commitment is to deliver excellence in everything we do, from the Customer Service Advisors on our Helpdesk, to the support from your dedicated Regional Account Manager, or the production of bespoke marketing material to ensure maximum employee engagement.

All of our services and procedures are independently audited by KPMG to ensure HMRC and employment law compliance, so you can be reassured that the faith and confidence you put in one of the UK's most trusted brands is truly validated.

We believe in working together to achieve benefits for all to make our communities better places to live and work.

## Our customers say...

**Many charities, councils, private and public sector employers are already enjoying the ethical benefits of working with Co-operative Flexible Benefits.**

### Why not join us?

#### City Hospital Sunderland NHS Trust

"The Trust introduced childcare vouchers as an employee benefit in November 2005. Having successfully launched the scheme to our employees across numerous sites, we have been delighted at the uptake and positive feedback we have received from employees on the simplicity of the scheme. We have seen steady growth year on year, primarily due to pro-active activity from the Co-operative Flexible Benefits team in running road shows, attending events and providing promotional material to circulate to employees. I would not hesitate in recommending Co-operative Flexible Benefits to provide a childcare voucher scheme for another business."

#### Oxfam UK

"We launched the childcare voucher scheme at Oxfam in April 2005. The Co-operative staff are always very supportive, provide a top-class service and the combination of office-based support and a dedicated account manager works really well."

#### Unipart Group

"Unipart selected Co-operative Flexible Benefits as their Childcare Vouchers provider because as well as confidence in Co-operative Flexible Benefits' ability to achieve their objectives in transferring the scheme, they also offered a personal service, ethical stance and childcare dividend fund."



### For more information



Call us on 0800 458 7929



Visit us at [www.flexiblebenefits.coop](http://www.flexiblebenefits.coop)



Email us at: [info@flexiblebenefits.coop](mailto:info@flexiblebenefits.coop)