

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

Scheme Reference
S987817V

Call us free on 0800 612 9015
www.kiddivouchers.com

 **Norfolk** County Council

Welcome to KiddiVouchers

Introducing 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 could save over £900* a year on the cost of childcare.

KiddiVouchers is an independent company which Norfolk County 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.



How can 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 can 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.

Childcare voucher legislation changed in April 2011, so your savings will also depend on whether you joined the Norfolk County Council childcare voucher scheme before or after this date. If you'd like to know exactly how much you will save, please ask us to do a calculation for you.

Maximum annual savings from childcare vouchers

Tax band	Joined before 6 April 2011	Joined after 6 April 2011
Basic rate - 20%	£933	£933
Higher rate - 40%	£1,224	£624
Additional rate - 50%	£1,516	£605

*Savings depend on individual circumstances

What can childcare vouchers be used for?

Childcare vouchers can be used for a wide range of childcare, including nurseries, playgroups, pre-schools, after-school care, play schemes, holiday clubs, nannies and au-pairs. Your childcare provider can accept childcare vouchers if they meet any of the following criteria:

England

- Ofsted-registered childcare providers, including residential children's holidays and activities such as sport, music and drama (www.ofsted.gov.uk)
- Out-of-hours care provided by a school on premises which are covered by the school's Ofsted inspection or equivalent
- Registered domiciliary or nursing care in the child's home

Northern Ireland

- Childcare registered with a Health and Social Services Trust (www.dhsspsni.gov.uk), including nannies and home carers
- Out-of-hours care provided by a school on school premises or provided by an Education and Library Board
- Care provided by a foster parent, except for their own foster child

Scotland

- Care registered with The Scottish Care Commission (www.carecommission.com), including out-of-school care, nanny agencies and babysitting agencies
- Care provided by a foster parent, except for their own foster child

Wales

- Care registered with the Care Standards Inspectorate for Wales (www.wales.gov.uk/csiw) or the Childcare Approval Scheme for Wales (www.childcareapprovalschemewales.co.uk)
- Out-of-hours care provided by a school on school premises or provided by a local authority
- Registered domiciliary or nursing care in the child's home
- Care provided by a foster parent, except for their own foster child

Can childcare vouchers be used for private education fees?

Childcare vouchers must not be used to pay for private education, except for terms which start before the child reaches age 5. Payments to pre-school childcare providers which are attached to private schools are permitted.

Can I use childcare vouchers to pay a relative?

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 and the care is not taking place in the child's home.



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 September after the child's 15th birthday (or 1 September after their 16 birthday if they are disabled).

How can I join the scheme?

You can register online at www.kiddivouchers.com or by phone on 0800 612 9015.

You will need:

- Your scheme reference number which is S987817V
- Your payroll reference, which can be found on your payslip
- The full names and dates 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.

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 will be required to pay any tax or National Insurance liabilities which arise. You may also be subject to disciplinary action which could result in dismissal from your job.



How much can I receive in childcare vouchers?

Pre April 2011 joiners

If you signed up to the Norfolk County Council childcare voucher scheme before 6 April 2011 and you have not had a break of 12 months or more without vouchers, you can order up to £55 a week (£243 a month) of childcare vouchers. It doesn't matter whether your pre-April 2011 membership was through KiddiVouchers or through a different voucher provider.

Post April 2011 joiners

If you sign up for childcare vouchers after 5 April 2011, or if you have a period of more than 12 months without receiving childcare vouchers, your tax-free voucher allowance will depend on your earnings.

This also applies if you move to a new employer after 5 April 2011, even if you have used childcare vouchers continuously.

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 and contractual benefits, as follows:

Your tax-free childcare voucher allowance

Your contractual pay and benefits	Maximum weekly voucher order	Maximum monthly voucher order
Less than £42,475	£55	£243
£42,475 to £150,000	£28	£124
£150,000 or more	£22	£97
Pre-6 April 2011 scheme member	£55	£243

The earnings assessment does not take account of non-guaranteed overtime, discretionary bonuses, income from investments or income from other employments. This means that some higher-rate taxpayers may be eligible for the basic-rate voucher allowance.

Can my partner also sign up for childcare vouchers?

If your partner's employer also offers a childcare voucher scheme, then you can both use childcare vouchers. If your partner's employer doesn't yet offer childcare vouchers, we can provide an employer information pack for them.

Using childcare vouchers

When will I receive my childcare vouchers?

When you sign up for KiddiVouchers, you will be allocated a secure online voucher account. Unless you ask us to provide your vouchers by post or email, your vouchers will be credited to your voucher account around your normal payday.

As soon as your vouchers have been credited to your online account, you can ask us to pay your childcare provider. If we receive your payment instruction by noon, we will process the payment on the same working day. Don't worry if you haven't got internet access – you can easily take part by phone.

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

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. Paper vouchers are also available, but your childcare provider will receive their payment more quickly and have less paperwork if you choose an electronic payment option.

You can use childcare vouchers in the following ways:

Regular payments

You can ask us to pay your carer a specific amount automatically at regular intervals, for example every week or month.

Automatic transfer

You can ask us to transfer all your childcare vouchers to your childcare provider automatically as soon as they are credited to your voucher account.

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 us to send you paper vouchers by email or post.



When should I set up my payment instruction?

We are very aware of the needs of childcare providers and we encourage parents to settle invoices promptly.

If you usually pay your childcare provider at the start of each month, please ensure you request a payment from KiddiVouchers in time to reach your childcare provider at the start of each month.

How will my childcare provider receive my voucher 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. We will also notify you by email or text message each time we process your payment instruction.

Can I change the way I pay my childcare provider?

You can switch between electronic and paper voucher options by visiting your online KiddiVouchers account or by phoning us on 0800 612 9015.

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.

Will my childcare provider charge me for using vouchers?

KiddiVouchers will not charge your childcare provider for accepting the vouchers and we ask childcare providers not to charge parents for using vouchers. We pay carers quickly and reliably so it is very unusual for them to impose any charges.

How many childcare providers can I use?

You can use childcare vouchers for as many childcare providers as you need. Our payment facilities also allow you to use a mixture of electronic payments and paper vouchers, to fit in with your childcare providers' preferences.



Managing your vouchers

How should I choose my voucher amount?

When you order your childcare vouchers, you will commit to receiving your chosen amount of childcare vouchers for a fixed period. If you have variable childcare costs, please choose your voucher amount carefully.

It may help to base your voucher order on your average childcare costs. However, if your expensive childcare months arise before your cheaper months, this could lead to a shortfall.

Please remember that your childcare provider will want to be paid on time, so you may need to order a higher amount initially to avoid shortfalls arising.

Do I need to spend my vouchers straight away?

Unused childcare vouchers will be carried forward in your KiddiVouchers account for future use, so you can save them up for times when you need more childcare. Your vouchers will only expire when your child is beyond the eligibility age.

As refunds are not normally permitted, we recommend that your account balance should not exceed your expected childcare costs.

What if my voucher order doesn't cover my childcare costs?

If your childcare costs are more than your voucher order, you can top up your KiddiVouchers account by credit card, debit card or bank transfer in order to pay your total childcare bill with childcare vouchers. Alternatively, you can pay the balance straight to your childcare provider.

Will my voucher order be restricted if I have low earnings?

Meeting National Minimum Wage requirements

When you choose to exchange part of your salary for childcare vouchers, your remaining salary must not be lower than the National Minimum Wage. Norfolk County Council may restrict or cancel your ongoing voucher order in order to meet National Minimum Wage requirements.

Keeping your pay above the Lower Earnings Limit

If your gross pay falls below the Lower Earnings Limit, you may lose entitlement to some state benefits. Norfolk County Council may choose to restrict the amount of childcare vouchers you receive in order to prevent your pay falling below this limit.

Protecting statutory payments

It is not possible to sacrifice statutory payments, so Norfolk County Council may override your voucher order if you have insufficient non-statutory pay.



Can I change or cancel my childcare vouchers?

Norfolk County Council will ask you to commit to receiving childcare vouchers for the duration of your salary sacrifice agreement. You can change or cancel your voucher order with effect from the renewal date of your salary sacrifice agreement.

You should request any changes to your voucher amount (including cancellation) by the cut-off date shown in your online KiddiVouchers account. This will normally be at least 23 days before the relevant payday.

What if my circumstances change?

If you have a significant lifestyle change, as listed below, you will be allowed to change or cancel your voucher order before the end of your salary sacrifice agreement. You may be asked to provide reasonable evidence of your change in circumstances.

You can increase your voucher order if:

- You return to work from a long-term absence, such as maternity leave
- Your average childcare costs increase by a significant amount (routine price rises and short-term increases in childcare use are excluded)

You can reduce or cancel your voucher order if:

- You have a long-term absence, including long-term sick leave, maternity leave, adoption leave, paternity leave or sabbatical
- A dependent dies or has a prolonged illness
- You have a significant reduction in your average childcare costs, for example when your child starts school (short-term reductions in childcare use are excluded)

You can also change your voucher order to reflect:

- A significant change to your contractual hours
- A significant change in the amount of childcare which is paid for by a third party, including child maintenance, Government funding and tax credits

Can I receive a refund for unused childcare vouchers?

Under HMRC rules, refunds are only allowed if you are unable to use your vouchers as a result of exceptional and unforeseeable circumstances. Any refunds will require the agreement of Norfolk County Council. Refunds must be processed through PAYE, so tax and National Insurance will be deducted. Please note that large refunds may take your pay into the next tax band. You must not accept any cash or change from your childcare provider in respect of your childcare vouchers.

Understanding salary sacrifice

How does salary sacrifice affect my employment contract?

You will enter into a salary sacrifice agreement each time you order childcare vouchers. The salary sacrifice agreement acts as a formal variation to your employment contract.

Your salary sacrifice agreements will be available for you to view and download from your online account. You can also request a paper copy of the agreement from KiddiVouchers.

How will my childcare vouchers affect my payslips?

At the discretion of Norfolk County Council, your payslips will either display your full notional pay, with the childcare vouchers shown as a deduction, or they will display your reduced pay. We recommend that you check your payslips to ensure your salary reduction is in line with your expectations.

How will my tax credits be affected?

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.

You must be careful not to claim tax credits in respect of any childcare which is paid for with childcare vouchers. You should notify HMRC of your childcare voucher order each time you fill in a tax credit claim form.

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.



Will my non-statutory employee benefits be affected?

Norfolk County Council will keep a record of your full notional salary (defined as the salary you would be receiving if you had not chosen to exchange part of it for childcare vouchers). All non-statutory employee benefits will be based on your full notional salary, including:

- any pension scheme contributions and benefits
- any life assurance or critical illness benefits
- any salary-related pay rises or bonuses
- non-statutory redundancy benefits

This means that these benefits will not be affected by your childcare vouchers.

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.

Will my entitlement to state benefits be affected?

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 Basic State Pension, 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 statutory 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. However, if your employee benefits are higher than the statutory minimum, you may not be affected by this.

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.

What happens if childcare voucher rules change?

Your tax and National Insurance savings may be affected by changes in childcare voucher legislation. Your savings may also be affected if Norfolk County Council makes changes to their childcare voucher scheme rules. We will provide you with as much notice as possible of any changes.

Saying farewell

What happens if I leave this 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, your voucher order will not be pro-rated if you only work for part of the pay period. However, if your pay is insufficient to cover the full voucher order then Norfolk County Council may override your voucher order.

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. Depending on your earnings, your childcare voucher order may then be restricted.

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

Can my employer choose to close their childcare voucher scheme?

Norfolk County Council may decide to close their childcare voucher scheme in the event of its agreement with KiddiVouchers being terminated. Norfolk County Council may, at their discretion, make alternative arrangements to enable you to continue to receive childcare vouchers.

Keeping in touch

Any questions?

To find out more, call KiddiVouchers free on 0800 612 9015, email info@kiddivouchers.com or visit www.kiddivouchers.com.

Any feedback?

We welcome your comments and suggestions, so please don't hesitate to contact us.

