

General Purposes committee On 8th March 2007**Report title: Implementation of a childcare voucher scheme****Report of Head of Personnel****1. Purpose**

To outline the benefits of having a childcare voucher scheme, employee and employer implications and outline further actions required in order to progress with the scheme.

**2. Recommendations
That this committee**

- a. Note that Leapfrog have been chosen as the provider for 12 months.
- b. A procurement tendering process for choosing a provider for five years will be undertaken later in the year. A report will be issued to committee in six months with details of the tendering process.

Report authorised by:



for Chief Executive

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3. Access to information:

Local Government (Access to Information) Act 1985

No documents that require to be listed were used in the preparation of this report.

4. Background

Following a report to committee regarding the introduction of a childcare voucher scheme in the Council on 18 December 2006 committee agreed that the scheme be implemented. Committee also requested that the scheme be in place for April 2007 and that they be updated on the provider. This report is being submitted to provide this information.

5. Proposals

Based on a take-up rate of 1-2% and at an administrative charge of around 5%, payment to the childcare provider per annum would be less than £25,000. For contracts below this amount the full tendering process does not need to be followed.

In order for the scheme to be implemented by the required to April 2007 date proposed by committee, Corporate Procurement advised that a 12 month contract be awarded with the provider being chosen by obtaining quotes. The contract cannot be extended indefinitely as this would take payment over the £25,000 amount which would trigger the tendering process. They have advised that before the 12 month contract ends the tendering process be started. It is envisaged that the tendering process will take up to six months to complete.

6. Selecting a provider

Personnel held a series of meetings with different childcare voucher providers. A series of questions was then sent out detailing the requirements of the council and asking the provider how they meet these requirements (details given in previous report).

A total of five providers responded.

Responses were individually reviewed against the following:

Ability to meet key requirements of the Council namely:

- Inclusion of casual staff and staff with multiple employments
- Provision of paper and electronic vouchers
- Ability to store data on behalf of the council
- Publicity of the scheme
- Support provided
- Experience of implementing the scheme in other large local authorities
- Administration fee

Four providers were not deemed appropriate due to the following reasons:

- Provided electronic vouchers only.
- Failed to provide relevant information.
- Did not state what support was available to staff.
- Charges an additional storage fee.

The Pay Control Manager, HR Business Partner and Deputy Head of Personnel agreed that Leapfrog who met all the key requirements and was the preferred provider.

In order for the scheme to be implemented by April 2007 Leapfrog will be awarded a 12 month contract and the tendering process be followed to award an indefinite contract after this.

Leapfrog are the largest Childcare Provider in the UK, they have over 3,000 employees, and over 90 nurseries throughout UK. They are a Division of Nord Anglia Education Plc which is a leading provider of education, training and childcare with three distinct operating divisions - Nurseries, International Schools and Learning Services.

7. Implementation

Details of the scheme will be included with recruitment literature and will act as an incentive for potential applicants with childcare responsibilities.

Information on the scheme will also be provided to new staff at induction and will be publicised as part of ongoing work on staff benefits.

In order for the scheme to be paid through the Council's payroll system SAP, Logica have advised that there will be a set-up cost of approximately £5000. Given time the savings the Council will make on NI contributions will pay for this. It also opens up the opportunity to set up other employee self sacrifice scheme such as 'bikes for work'. Currently Homes for Haringey are deciding whether they want to be involved, if they do they will be responsible for a proportion of the £5000 cost.

The following activities have been planned to promote the scheme:

- Payslip inserts will go out in March payslips.
- A series of staff presentations will take place in the main Council buildings in the first and second week of March.
- An article will go in the March edition of Smart talk.
- An e-mail will go out to all staff.
- A page will be placed on Harinet.
- Posters will be sent to Council offices

Depending on the popularity of the scheme it is proposed that promotion activities be repeated throughout the year.

The contract cannot be extended beyond the 12 month period without going through the full tendering process first. It is therefore proposed that the tendering process is started in late summer and involves partners such as Homes For Haringey.

8. Legal Services Comments

The childcare voucher scheme is regulated according to Inland Revenue rules and criteria. The Council is required to keep certain records including records related to the following: -

1. evidence that the scheme has been offered to all staff;
2. details of the children using the childcare;
3. details of the child carers used; and

4. evidence of the requirement for employees to inform of any change in status.

9. Financial Implications

Following agreement to introduce the scheme further discussion was held with corporate procurement who advised that we follow their recommendations as detailed under section 5.

The table below shows the potential savings to the Council based on Leapfrogs administrative fee of 5%.

Description	Lower rate Tax Payer	Higher rate Tax Payer
Gross Salary	£20,000	£40,000
Childcare Vouchers Value per annum	£2,916	£2,916
Taxable salary	£17,084	£37,084
Employer NI saving at 12.8%	£375	£375
Minus Provider management fee at 5%	£146	£146
Net Employer saving (Employer NI saving minus management fee)	£227	£227
Employee Tax saving (33% or 41% dependant on lower or higher tax rate payer)	£962	£1,195
Estimated Total Net employer saving based on take up by 78 staff (72 lower tax, 6 higher tax)	£16,376	£4,094
EMPLOYER	TOTAL SAVING	£20,470

10. Equalities implications

The scheme supports family friendly policies such as flexible working currently being run by the council. The cost of childcare can be prohibitive and may mean that some employees are unable to return to work after having a baby, given that the majority of council employees are women there will be a positive incentive for women to return to work after maternity leave thereby retaining their skills and experience.

This scheme promotes work-life balance and is open to men and women. It is open to both parents and individuals with parental responsibility.