



General Purposes Committee On 3rd December 2007

Report title: Childcare voucher scheme update

Report of Interim Head of Human Resources

Wards(s) affected: **All**

Report for:

1. Purpose

To update the committee on the re-tender of the existing childcare voucher scheme contract.

2. Introduction by Cabinet Member

2.1 This report is provided in accordance with the Committee's wishes for a report back and provides update on the steps being taken to award a 5 year contract through competitive process in accordance with Contract Procedure rules.

3. Recommendations

That this committee

- a. Note that existing provider Leapfrog's contract expires April 2008 and that the re-tender has been approved by Stuart Young.
- b. Note that an update on the tender process was requested by February GP Committee and that this report has been prepared for this purpose.

Report Authorised by: **Stuart Young Assistant Chief Executive, People and Organisational Development**

Contact officer: **Steve Davies, Interim Head of Human Resources**
Telephone: **3172**

4. Chief Financial Officer Comments

4.1 The Chief Financial Officer notes the contents of this report and has no additional comments to make.

5. Head of Legal Services Comments

5.1 The Head of Legal Services has been consulted on the content of this report and has no specific comment to make.

6. Local Government (Access to Information) Act 1985

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

7. Background

Following a report to this committee on the 8 March 2007 regarding the introduction of a childcare voucher scheme in the Council it was agreed that the scheme be implemented for a period of one year with a provider, with a view to tendering a five year contract later in the year. Committee also requested that a report be provided regarding the tender process to be undertaken and to outline the performance of the 'One Year' service provider. This report is being submitted to provide this information.

8. Current Provider Performance

The statistics of current usage of the scheme are as follows:

Current Employees in the Scheme	50
Total that have used the Scheme	61
Total EER NI Saving	£1,589 (April to November)
Total Charge	£3,712 (April to November)
Total VAT	£649
Net Saving	£7,227 (April to November)

9. Proposals going forward

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. As the contract is to be tendered for 5 years duration a full tendering process needs to be followed. The process has been signed off at the requisite level by Stuart Young.

In order for the scheme to be implemented by the expiry of the existing contract, April 2008, Corporate Procurement have advised that the tendering process would need to start in December 2007.

10. Selecting a provider

The tender process will entail:

1. Advert
2. Expressions of interest

3. Pre qualification questionnaire
4. Tender invite sent out
5. Tenders evaluated
6. Preferred supplier selected
7. Contract awarded by Director

The pre-qualification questionnaire will be used to shortlist the initial responses and invite 3 - 5 organisations to tender.

The following criteria will be used to review the tender responses and select a preferred supplier.

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

11. Implementation

Continuation with the existing provider or change to a new provider will have low impact on the Council and employees. The scheme specification will be the same and details of the scheme will continue to be included with recruitment literature and will act as an incentive for potential applicants with childcare responsibilities.

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

The following activities were used to promote the existing scheme. The new contract will ensure that if a new provider is introduced that they are committed to ensure similar communications:

- 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

12. Legal Implications

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.

13. Financial Implications

The table below shows the potential savings to the Council based on a typical service providers administrative fee of 5%. These figures were calculated using an estimated take up by 78 staff in a year. They were used in the previous committee report dated 8 March 2007.

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

Based on the take up in the first 7 months of the year (see paragraph 8) this estimated take up and employer saving is reasonable.

14. 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.