

EMPLOYERS GUIDE TO CHILD CARE



Bright Horizons®

A Family of Solutions at Work™



working families

changing the way we live and work

Foreword

Childcare is an issue that in one way or another affects everyone. It doesn't just concern women, and it isn't just about parents of children under five. Our society and economy are interdependent – we all recognise the importance of taking a shared responsibility and carving a path that helps us achieve our goals. Our economy needs thriving businesses, which need productive, engaged employees – who need to know that their family commitments are understood and supported by their employers.

Across the political landscape all parties claim that childcare is one of the central pillars of their family-friendly agendas. However, the practical applications of this consensus – and the potential to turn good intentions into reality – are in the hands of company leaders like you. This Guide has been created by Working Families and Bright Horizons to provide you with the information and guidance you need to find the best solution for your business and your employees.

Bright Horizons chose to sponsor the Guide not purely from an altruistic view – as family workplace solutions are what we're all about! – but also because we believe many of the approaches detailed within it can be adopted quickly and easily by organisations of any size and will make a real difference to business health and to our wider society.

Research is clear as to the value employees place on their workplace nurseries, their positive impact on recruitment and retention, and the financial savings that can be achieved with HM Revenue & Customs Workplace Nursery Status. However, for smaller organisations a better fit might be a fixed-place contract with a local nursery, or a shared-responsibility nursery with other local companies.

As you will see in this Guide, there are many other ways in which you can support your workforce, including back-up care for those inevitable occasions when families' arrangements break down; wrap-around care and holiday playschemes; and flexibility around hours and location. There is no one 'best answer' – needs change over time for each family, just as each family's challenges and preferred ways of managing these are different.

Knowledge is power – once you have clarity of information and good sources of advice you will be able to put together the appropriate pieces of the jigsaw to tailor your childcare support to your workforce. I would encourage you to use this Guide as your toolkit, to actively research all the options outlined here – speak to the experts, to your employees and to each other, and become an active participant in creating family-friendly, thriving workplaces for the benefit of everyone.



Denise Priest
Director of Employer Partnerships
Bright Horizons UK



Introduction

Despite a series of welcome political initiatives and considerable public investment, too many working parents find their decision about whether or how many hours to work constrained or even dictated by the local availability of affordable childcare. And that decision is even more challenging for single parents, those working atypical hours, parents of disabled children, and those living in rural areas.

We need to work towards a system that delivers good quality, affordable childcare to all working parents when they need it, whilst at the same time protecting and enhancing the well-being of our children.

Working parents and the Government cannot tackle this challenge alone, there is a clear role for employers when discussing the issues and the solutions.

Employers offering some form of childcare support as part of a benefits package can widen the pool of talented individuals they recruit from and find that it acts as a competitive differentiator when it comes to attracting staff.

In terms of retaining talented staff, parents, and increasingly grandparents, who are helped with the challenge of balancing their work and care responsibilities have been shown to value their employer more and consequently are less likely to move on to a role with competitors.

There is no doubt that the time is right to revisit the business case for childcare and to demonstrate to employers the many ways in which they can support their employees to access affordable childcare that benefits children, parents and business.

We are delighted to have had the support of Bright Horizons in developing this practical guide, which I hope will enable you not only to build the case for your organisation but also provide you with practical solutions which will suit your budget and benefit your staff and your business.




Sarah Jackson OBE
Chief Executive
Working Families



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**It's time we
stopped treating
childcare as a
side issue... or as
a women's issue
and treat it like the
national economic
priority that it is
for all of us.**

Barack Obama

State of the Union Address 2015

**EMPLOYERS
GUIDE TO
CHILD
CARE**

The business case for employer-supported childcare

Any employers in doubt about the importance of nurturing a family-friendly workforce should take a look at the 2015 State of the Union address made by US president Barack Obama.

In his address, he covered a number of serious global topics including economic recovery and trade outside America. But chief among the points he made was the need to make US workplaces family friendly: “It’s time we stopped treating childcare as a side issue...or as a women’s issue,” he told Congress, “...and treat it like the national economic priority that it is for all of us.”

Here in the UK, these words could not ring truer. In 2013, there were 13.3 million dependent children living in families, according to the Office for National Statistics.¹ Almost nine in ten of these families are classified as working.

Supporting working parents with childcare can offer real benefits for employers in terms of both productivity and engagement, which we will explore in this guide.

Childcare and your workforce

The 'traditional' male breadwinner role is becoming less and less common, and the cross-section of your employees with childcare responsibilities will be increasingly diverse, as these statistics demonstrate:

- **Most families have one full-time earner and a part-time working parent, while the 'traditional' male breadwinner now exists in only 22% of households.²**
- **In 29% of households there are two full-time earners, meaning working parents may be juggling with two sets of full-time working and caring responsibilities.³ According to the Modern Families Index 2015, this trend is on the increase.⁴**
- **The type of working family that has seen the largest percentage increase since 1996 are lone parent families with dependent children, which grew to 16.5% in 2015.⁵**
- **Two in five parents anticipate they will become a carer in the next ten years.⁶**
- **1.9 million grandparents have either given up work or reduced their hours to help out with childcare.⁷**
- **Under half of employed parents with disabled children work more than 30 hours a week, while a third work fewer than 20 hours. Two-thirds have refrained from seeking promotion so they can balance work and care responsibilities.⁸**

At the same time, affordability of childcare has become a challenge for many families. The Family and Childcare Trust reported in 2015 that the cost of pre-school childcare had gone up by a third since 2010,⁹ while the charity 4Children found¹⁰ that a fifth of working parents may consider giving up work this year because of concerns around the cost of childcare.

How childcare issues impact your workforce

Recruitment

Being an employer who is prepared to support employees either with the cost or practicalities of childcare can prove a competitive differentiator when it comes to attracting staff.

In Modern Families Index 2015, 59% of parents said they would consider their childcare options before applying for a promotion or a new job, while 40% said they would to give up a week of paid leave for dependable childcare.

Offering childcare support can also widen your pool of available talent. Despite some progress, women still tend to manage the bulk of childcare issues, and value childcare support highly as a benefit. At a senior level especially, this could help to broaden opportunities for more women in top jobs. A report by consulting company Mercer found that female leaders suffer what it calls a 'maternity penalty' for prioritising childcare duties over work, which has led to poor representation of women in senior roles.¹¹

Increasingly, fathers looking at new roles, too, will assess whether a position can support them to have a better work-life balance and enable them to take an active part in caring for their child. More than two-thirds (68%)¹² of younger working fathers drop their children off at school, for example.

Retention

Employees who feel comfortable balancing work and childcare – and who are supported to do so – tend to value their employer more, and consequently are less likely to leave for a competitor. A global survey by Hay Group found that, in organisations that did not support a work-life balance, 27% of employees plan to leave the company within the next two years.¹³

Supportive employers also tend to retain greater numbers of mothers after they return from maternity leave. Eighty-six per cent of mothers who had access to five or more family-friendly options in their workplace returned to work after having a baby, compared with 42% who were offered no such arrangements.¹⁴

Offering practical support can reap even greater rewards. A study by childcare provider Bright Horizons¹⁵ found that employees were 78% less likely to leave an employer because of childcare issues if they had access to a workplace nursery.

For families with disabled children, meanwhile, finding appropriate childcare is a major concern. In a survey¹⁶ for Working Families, seven out of ten parents of disabled children reported finding suitable and affordable childcare either 'very difficult' or 'impossible'. Offering flexible hours to enable the employee to manage often complex childcare arrangements can help them to stay in work.

Flexible working

Two-thirds of working parents have reported some breakdown in their childcare arrangements in the last year, and 47% had to take annual leave as a result.¹⁷ A minority of employers offer emergency back-up care so that an employee can still come to work, but most bear the brunt of the cost to productivity – whether that's targets missed or having to pay to arrange suitable cover. Where back-up care is not in place, ad hoc flexible working can help manage the impact of childcare breakdown.

Flexible working options can also be an integral part of your support for working parents, enabling them to require fewer hours of childcare. The Government's Fourth Work-Life Balance Employers Survey showed that employers found that flexible working had a positive impact on motivation and commitment (cited by 68% of employers), and on employee relations (67%).¹⁸

Simple adjustments employers can make for employees who need to work around school drop-offs and pick-ups or other childcare arrangements include adapting shift patterns or permitting flexibility to enable them to integrate their work and family time. A report by Cranfield School of Management in conjunction with Working Families found that workers were more likely to make up hours at other times when they felt able to leave early for pick-ups or other caring responsibilities.¹⁹

Better relationships, greater engagement

Better support in the workplace can also contribute to healthier relationships at home, which in turn boosts employees' ability to engage with work. Supporting employees' childcare needs can reduce the conflict between work and family – research by charity One Plus One and Working Families showed that those who reported higher personal relationship quality also reported higher engagement with work, while on the flipside, heightened work stress can have a negative impact on family life.²⁰

Employees who have greater engagement with work have been shown to be more focused, less distracted and to display greater initiative, which in turn can have a positive impact on the bottom line. It has been found that an engaged employee delivers 43% more than one who is merely present.²¹

Research by Bright Horizons revealed that 44% of employees who felt supported by their employer experienced zero drop in productivity due to stress, compared to 30% of those who weren't supported²². Supportive employers offered a number of interventions to help with childcare and family life, including on-site childcare, emergency back-up care, eldercare, as well as flexible working.

Supporting working fathers in particular could help address any resentment they feel about their work-life balance. Many fathers feel their working life impinges on their time with children (45% of fathers aged 16–25 are resentful towards their employer about their work-life balance, according to the Modern Families Index 2015).

Something as simple as making working fathers feel comfortable to start their commute home in time to put a child to bed or help with homework could have a major impact on engagement and retention. Ensuring that they are aware of any support available with childcare will also help engage male employees.



Employer-supported childcare and diversity

A further business benefit of childcare support for working parents is that it facilitates the advancement of women at work. Many employers still report difficulties with attracting, retaining and promoting women because they struggle to fit their roles around childcare. A broader set of policies and benefits around childcare could enable employers to retain women at crucial points in their career, ensuring they continue to move up the career ladder.

Access to childcare or flexible working arrangements could encourage more women to consider promotion or the challenge of a more senior role: more than two-thirds of women (compared to just over half of men) would consider what it would mean for their childcare responsibilities before applying for a promotion²³ – so it is possible that many are avoiding more senior roles or feel they are shut out by long hours or an unspoken requirement to work full-time.

In addition, if employers can help women to manage the cost of childcare through subsidy, salary sacrifice or an on-site facility, more will be encouraged to return to work because the barriers to doing so will not be as high.

Making childcare work makes business sense

Some initial investment may be required to support employees with their childcare needs, but there is a long-term pay-off in terms of engagement, retention and productivity – and it's hard to put a price on that.

CASE STUDY

Chelsea and Westminster Hospitals NHS Foundation Trust

Based in an expensive part of London, employees of the Chelsea and Westminster Hospital NHS Foundation Trust are faced with high local childcare costs as well as a long commute because nearby housing is so expensive. In addition, the Trust is unable to offer on-site childcare because space is so constrained.

To address this, the Trust has had to innovate in the way it supports its staff. It offers a combination of flexible working, childcare vouchers and discounts at local nurseries. It also provides a childcare subsidy scheme, which covers all forms of registered childcare including after-school and breakfast clubs through a subsidy of up to £200 per month.

Another valued benefit is the Trust's Play Scheme Partnership, through which it has negotiated subsidised holiday playscheme places at a cost of just £14 per day, per child. Both of these initiatives are funded by the Trust and are supported by comprehensive information and signposting.

In terms of business benefits, there are clear financial incentives for employees to get involved with the schemes, but they have also fostered a culture of inclusivity, where staff feel supported and valued by their employer.

Feeling the pressure: employees' childcare needs and how you can help

When it comes to employees' childcare requirements, there is no one-size-fits-all solution. Consider how many permutations of roles and responsibilities there are in your organisation: there are probably as many different configurations of work and care arrangements.

What works for a parent whose child is at pre-school stage, for example, will be very different from what works for a parent with a child at secondary school or a parent with a number of children at different stages of their education.

Figures on childcare use from the Department for Education²⁴ show a highly fragmented picture when it comes to the type of provision parents use. While it found that 78% of families with dependent children use childcare, this is broken up into many different variations including day nurseries, childminders, breakfast and after school clubs and school holiday playschemes.

Furthermore, parents can rarely manage with just these facilities; many have to rely on a combination of formal childcare with support from friends and family. Increasingly, grandparents take on a great deal of the responsibility – almost three in five provide regular childcare, with almost two million of them having given up work, reduced their hours, or taken time off to do so.²⁵

So in considering the type of support that you can offer employees, it is worth bearing this complexity in mind. Some larger employers choose to set up a subsidised workplace nursery, making childcare both affordable and (for those who live locally) more convenient. Others offer flexibility of choice by providing vouchers to support parents with the cost of childcare, or so they can save money towards holiday schemes. The opportunity to work a 'non-traditional' week, for example through compressed hours, is a further option to consider.

There are many different pressure points when it comes to juggling work and childcare, and this should be reflected in what your workplace can offer in terms of assistance. Many organisations target their support for working families at those with children from birth to age five, yet frequently children's needs become even more complex once they enter the education system and consequently the pressure on parents increases.

Among the many issues employees might face are half-days when a primary school child starts their first term; settling a child into a new childcare setting; or a childcare breakdown due to illness (could be the child or their carer). Starting secondary school, a child may need support with transport arrangements or simply want someone at home when they return, and this may require a more flexible approach on the part of line managers regarding how (and where) work is completed.

These arrangements can be temporary or long term. One employee might require a few weeks working different hours because there has been a change in childminder, for example. Another may seek a long-term arrangement where they work school hours over a number of years – in this case a longer period of negotiation and reorganisation may be required.

But while flexible working has undoubtedly become more mainstream – supported by the introduction of legislation allowing all employees (not just those with caring responsibilities) to request to work flexibly – there is still an assumption that it will be mothers who ask for it. Increasingly, however, working fathers are involved with responsibility for childcare, and are appreciative of employers who are supportive and inclusive of male employees seeking to adjust their arrangements. The Modern Families Index 2015 bears this out. It found that around a third were anxious about asking an employer for time off work for a family event, and 44% had lied to their employer about their reason for taking time off.

However families share the responsibility, childcare arrangements can sometimes go awry; children can suddenly become sick or need to change their childcare setting due to unforeseen circumstances. When a situation like this arises, an employer who can step in and offer access to emergency childcare will be hugely valued.

Likewise, fostering a culture where childcare emergencies are not viewed in a negative light, and managers are more flexible at these times, will help to support employees through what can be a stressful time. According to the Modern Families Index 2015, almost half of respondents said they had to use annual leave to cover such emergencies, while only 12% of employers provided back-up care.

Affordability and accessibility of childcare are critical to employees and can heavily influence how they choose to work – often swaying their decisions on whether to join or stay with an employer. But it's important not to let the huge array of potential childcare options put you off helping your employees. In this Guide, we look at the types of childcare interventions available to employers – their benefits, cost models and potential challenges.

What you can provide as an employer

- On-site nursery
- Access to back-up childcare
- Offer childcare vouchers via salary sacrifice or a childcare subsidy/allowance through payroll
- Offer local childcare deals, through partnerships with local providers
- Offer flexible working options and consider all requests fairly
- Information on available employer-provided childcare
- Access to information on local childcare provision
- Information on paying for childcare and, if appropriate, how you support this as an employer

PRESSURE POINTS TIMELINE



Pregnancy, having a baby, commencing adoption

ISSUE Although employees may not need childcare at this point, this is a good time to provide information or signposting.

SOLUTION Signpost any family-friendly policies, as well as internal networks such as jobshares and parents' forums.

The Family & Childcare Trust has a Childcare & Family Services Finder that's free to use on at www.familyandchildcaretrust.org

Consider also that parents may request flexible working patterns when they return, so you could initiate this conversation before leave begins. The advent of Shared Parental Leave could mean fathers approach you to discuss leave options, too.

Maternity, paternity and shared parental leave

ISSUE At this point, parents may be starting to source childcare and work out how they will pay for it.

SOLUTION Good practice is to agree KIT or SPLIT days and offer to pay for childcare.

This is also a good opportunity to provide information about local childcare or any childcare services you offer, your childcare voucher scheme, and/or the government's Tax-Free Childcare scheme.

Returning to work

ISSUE New childcare arrangements can be a challenge, both on a practical and an emotional level.

SOLUTION Offering a phased return can help manage this transition.

Starting pre-school or primary school

ISSUE Combining a nursery or childminder with pre-school or school drop-offs is another pressure point; pre-schools frequently finish in the middle of the day and primary school starters often attend for half days for several weeks.

SOLUTION Allow staff to work half-days or from home and get these dates in the diary. Some employers grant staff their child's first day of school as paid leave.



Breakdown of usual childcare

ISSUE Schools may close due to extreme weather, a childminder or nanny may become ill, or a nursery needs to close at short notice.

SOLUTION Back-up care or working from home can be a great help in these situations.

Coping with teenagers



ISSUE They may no longer need formal childcare, but often need time and parental support.

SOLUTION Flexible working or allowing parents to work from home can help them be present for their children.

School holidays

ISSUE The long, six-week holiday looms large for many parents, with many relying on a mixture of holiday clubs and support from friends and family.

SOLUTION Prepare to accommodate adjustments to working practices over this period. Offering childcare vouchers that can be accepted at holiday clubs is useful, as is agreeing to different start and finish times that fit in with these arrangements. You can also offer reserved places at local holiday clubs, or run your own. Point employees to relevant information about local holiday scheme providers via your intranet or other communications.

Time off for school events

ISSUE Requiring staff to take annual leave for events such as sports days or music recitals can be counter-productive and disengaging.

SOLUTION Encourage teams to diarise and plan around these fixed commitments, so that parents feel permitted to go to them and work is planned in order to accommodate them. This makes it clear that you value employees who are actively engaged parents.

Starting secondary school

ISSUE This can be an emotionally difficult time for parents, who want to ensure their child is independent enough to get to school on time, manage a tougher homework regime, and settle into new friendship groups.

SOLUTION Here it helps to be open to short-term flexibility, such as days working from home so parents can be available if there are any issues. Be aware that the child may not want formal childcare, or there may not be any suitable local care available for this age group.



Sickness

ISSUE A child can be struck down with an illness at any point, and if both parents work, deciding who is most able to look after them can cause considerable stress.

SOLUTION Giving the parent some time off or being flexible about how the parent works will make this period easier to deal with.

Communicating your support

Whatever the level of childcare support you're able to offer, making information on it easy to access will be of value to employees. One way to do this is by making communication on childcare part of your wider internal communications strategy – for example, if you're sharing information on parental leave policies or benefits, it makes sense to signpost any childcare support available at the same time.

At the very basic level, this could involve putting together a handbook for employees detailing what is available to them, such as childcare vouchers or local nurseries. A list of information sources such as the local authority's childcare roster, or links to relevant gov.uk pages indicating the support available, can be really valuable. The Family and Childcare Trust offers a Childcare and Family Services Finder so employees can search for local services.²⁶



Making sure your employees know where to find information is key. Contact lists for local childminders, nurseries and breakfast and after-school clubs should be up to date and also visible, for example via the company intranet. Corporate social networks such as Yammer can boost the profile of the support you offer, so it might be worth considering starting a thread or group where employees can share knowledge. Any application forms or downloads should be easily accessible and linked to these discussion forums.

This can be simple or sophisticated: BT Group PLC, for example, has built a dedicated 'Family and You' portal to provide advice for employees and to guide them through the various childcare and flexible working options open to them, but simply offering a single information point online would also be useful.

Be open, too, to employees using these communications mechanisms to help each other find childcare solutions – for example somewhere they can advertise for a nanny-share or ask about sharing school pick-ups. Supporting employees' childcare needs so visibly is all part of building an inclusive culture for working parents.

Communicating your support KEY POINTS

- Communication can be low-cost or no-cost.
- Signpost to local sources of information and provision: visit the Family and Childcare Trust website and your local authority site for more details.
- Link to the vast array of information on childcare available online, such as sites which offer background checks and parent testimonials including Find a Baby Sitter www.findababysitter.com, the Good Care Guide www.goodcareguide.co.uk or nanny-share sites such as www.nannyshare.co.uk.



Internal networks

Employer experience consistently shows that having a policy around flexible working or access to child-friendly benefits will have little impact unless you also create a culture where employees feel comfortable talking about their home and family lives, and sharing each other's challenges.

Internal networks – which can be online or face to face – enable working parents to come together to do this. Existing networks in the organisation can be expanded to encompass childcare and its associated issues: flexible working, job sharing, looking for the right care solution. Increasingly we see employers taking a holistic approach, offering family or parent and carer networks, while others support networks specifically for mothers, fathers or carers, often because they have identified a business need to focus on these groups, and see this as part of an ongoing commitment to diversity and inclusion.

These networks offer a forum for discussion, as well as a space to hold seminars or invite guest speakers in to discuss how they coped with juggling childcare with a career.

Barclays, for example, uses blogs, magazines and its intranet to engage employees in flexible working policies, while its Working Families and Carers Network is a place where staff can access further information or discuss challenges with colleagues. Attached to this network is a job share register, which is popular with women returning to work after maternity leave.

These networks are increasingly focused on fathers, too, challenging the assumption that the main responsibility for childcare lies with the mother. A host of employers, including Citi and Centrica, now operate fathers' networks, where male employees can discuss anything from the emotional transition into fatherhood to practical arrangements for school pick-ups and how to cope during holiday periods.

At National Grid, where three-quarters of the workforce is male, there is a fathers-only web portal, where employees can find information on webinars and workshops. As a result, the company expects to see a rise in requests for flexible working and a decrease in absenteeism in its next annual employee survey.

There is plenty of support available from external companies and agencies, too. Organisations such as PACEY, the Professional Association for Childcare and Early Years, offer a range of support such as auditing the childcare needs of your workforce or becoming part of an approved childcare network. Workplace nursery providers and childcare voucher suppliers can also offer a wide range of consultancy and even coaching on top of their basic services, so decide whether this may be worth the investment in the long term.

Making the most of these internal networks aligns well with both diversity and wellbeing strategies because it is inclusive and can help to alleviate stress as parents deal with multiple responsibilities. Building and maintaining networks of like-minded people is also an effective retention tool – employees feel valued and able to support each other, which fosters greater engagement with their employer.

Finally, the practical benefits speak for themselves. Helping staff put the right arrangements in place for them means they are more productive and satisfied at work.

Internal Networks KEY POINTS

- Internal networks are a way to support employees' childcare needs through peer support and communication.
- They can be an extension of existing staff support networks for working parents, and incorporate job share boards and information about local childcare provision.
- Communication is key to the success of internal networks; make sure they are clearly signposted and all information is up to date.
- Organisations such as PACEY, the Family and Childcare Trust, Parenting for Professionals, My Family Care and Executive Coaching can help with additional information, coaching and consultancy.
- Working Families offers guidance on setting up a network, you'll find the details here www.workingfamilies.org.uk/employers



CASE STUDY

Centrica

Centrica was one of the UK's first employers to set up a network for carers in 2005. It now has 800 members, who are carers of both adults and children, across the business.

The network provides information as well as an online discussion board, where employees can share their experiences and provide mutual support and advice.

Centrica also uses the network to seek the views of carers, and this information helps the company to shape its policies.

The network forms part of the company's wider corporate social responsibility commitment, which has included programmes to help fathers balance their caring responsibilities with their work obligations.

In addition, Centrica offers a 24-hour employee assistance programme (EAP) where carers can seek professional and independent advice from counsellors.



Childcare hubs

One of the key challenges employees can face when arranging suitable childcare is finding access to local services that suit their individual needs.

As well as advertising internal networks and the support you offer, you could signpost to local childcare 'hubs', such as those run by the charity 4Children.

4Children currently runs 17 of these hubs across the country, expanding on the services already provided by local Children's or Sure Start centres in these areas. The aim is to offer flexible but also 'blended' childcare, through different settings working in partnership, moving away from what has traditionally been a fragmented system.

For younger children, for example, this might involve childminders and nurseries working together to open up new affordable childcare places in the area. Later on, schools might liaise with local childminding networks or other settings to provide wrap-around care from breakfast to early evening.

One of 4Children's hubs, in Strensall, York, has created a website to bring together all the information about early years settings in that area so families can see where there is availability at a glance.

Another option would be to direct employees to a childminder agency. These agencies have responsibility for registering and inspecting childminders, something which until recently had only been carried out by Ofsted (in England) and the Care Inspectorate (in Scotland). They are also responsible for their childminders' continuous professional development.

The regulations allowing these agencies to set up only came into force last year, so the model is still new, but it may be worth flagging up details of local agencies so employees can investigate them as an option.

For more information on childcare hubs see www.4children.org.uk and for childcare agencies www.gov.uk/government/publications/childminder-agencies-a-step-by-step-guide

Employee benefits

There are numerous benefits that you can offer working parents in order to help them with childcare. In this section, we look at childcare vouchers and directly contracted childcare via salary sacrifice, as well as support you can provide with searching for childcare and through employee assistance programmes.

Childcare vouchers

Of all the financial benefits offered to working families by employers, childcare vouchers are undoubtedly the most popular. According to the Childcare Vouchers Providers Association, childcare vouchers have helped around 700,000 families to afford childcare since 2005 and they estimate that the average family can save approximately £1,800 per year with them.²⁷

Employers operate salary sacrifice schemes, through which employees give up or 'sacrifice' part of their gross salary in return for vouchers that can be used to pay for childminders, nurseries, out-of-school and holiday care. Employers and employees both consequently make savings on tax and National Insurance (NI). In some organisations, employees can buy vouchers or enjoy a childcare allowance top-up to their salary, as part of their employer's wider benefits package.

However, employees should take advice about how salary sacrifice might affect other elements of their pay, such as maternity or sickness pay, or their pension. The Government's Money Advice Service offers some useful advice on this at www.moneyadvice.org.uk/en/articles/salary-sacrifice-schemes

Running a childcare voucher scheme

You can ask a voucher company to run your scheme and look after the payroll administration for you. This comes with a cost, but there should be a return on that investment in terms of staff engagement and the savings made on tax and NI (see our section on tax and National Insurance savings for more detail). Many childcare providers accept childcare vouchers as part or full payment for a child's place, and the voucher company typically pays this electronically on behalf of the employee at a given date each month.

You can also choose to administer the scheme in-house, in order to save on administration fees. To do this you will need to carry out your own due diligence on whether childcare providers meet any qualifying conditions, as well as managing the payment directly to the childcare provider from your payroll.

There may be other administrative hurdles and exceptions to handling vouchers in-house – for example if an employee is on maternity leave, childcare vouchers must be paid throughout the leave period, but an employer cannot deduct the value of the childcare vouchers from statutory maternity pay, only from whatever it pays on top of the minimum.



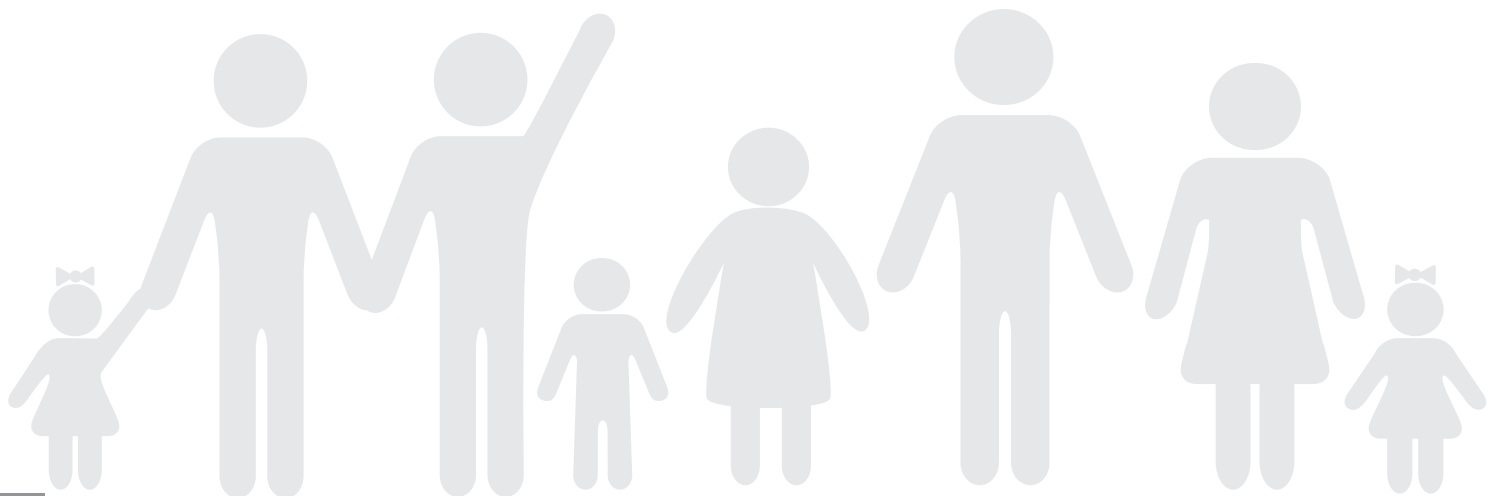
Tax-Free Childcare

In autumn 2015, the Government plans to introduce a new scheme called Tax-Free Childcare, which will replace childcare vouchers. You will be able to keep any existing childcare voucher schemes going, but will not be able to offer new membership to employees after the new scheme has been introduced.

The Government expects that many families will be better off if they enrol in the Tax-Free Childcare scheme, estimating that a working couple with one child will be £134 a year better off if they spend the maximum £10,000 on childcare, while a working couple with three children would be more than £4,000 better off.²⁸ (The figures for disabled children are different – see section on childcare for disabled children.) However, for lower paid workers, and those with periodic childcare needs such as for school holidays, it will not be clear-cut and it may be appropriate to suggest they seek advice before opting out of employer childcare vouchers and into the new scheme. Furthermore, not all employees will be eligible for the new scheme, for example households where only one parent works.

A survey by Jelf Employee Benefits found that more than 80% of companies plan to continue to provide their existing childcare voucher scheme after the Tax-Free Childcare scheme is introduced, and only 3% have decided against.²⁹

It's also worth noting that operating a childcare voucher scheme can help employers have greater awareness of who is using them, and this can be particularly useful when it comes to supporting working fathers. The Modern Families Index 2015 noted that 31% of fathers felt resentful towards their employer about work impinging on time with their children, so knowing who is using your scheme could help you to target communications towards this group and help them feel more supported.



Other employee benefits

There are many other ways in which employers can tailor their benefits packages to attract and retain working parents, and some of these are discussed below.

Childcare search

Many benefits providers offer value-added services such as childcare search, whereby a consultant will help to source a suitable, affordable place for an employee's children, saving them time and stress in the process.

Directly contracted childcare

Another option is to offer directly contracted childcare through salary sacrifice. This involves establishing a contract between the employer, a nursery and the parent, and works well where employees have regular childcare requirements, or if you wish to offer places at a nursery that employees can use if their usual childcare arrangements fail. (See our section on workplace provision, page 26 and further resources section, page 29.)

Back-up care

You could also consider offering an allowance of a certain number of days' back-up childcare per year if parents' usual arrangements fail, for example if a childminder is sick or a regular nursery has had to close unexpectedly. This can be arranged and paid for via salary sacrifice, meaning there will also be potential tax and NI savings attached.

Additional financial support

Financial support can take many other guises, too. Some employers provide a one-off payment to celebrate the birth of a child, which can go towards the cost of childcare when the employee decides to return to work. Others offer childcare vouchers or an additional payment on top of an employee's normal salary – this is known as 'salary plus'. This option is more expensive because you pay employees more overall, but no NI is payable on this amount.



Supporting working parents' wellbeing

It's worth bearing in mind that working parents may need support with issues other than childcare, and not necessarily of the financial variety. A partnership with a childcare provider could extend to offering a service such as an employee assistance programme, or EAP. These services enable employees to access guidance over the phone or via email about a wide range of issues, not only childcare related, such as legal advice and even help with managing debt.

There are ways to add value to workplace childcare provision, too. Your workplace nursery provider might be able to offer a child health clinic or regular developmental checks, for example, allowing parents of very young children and babies to attend weigh-ins or receive inoculations without having to take time off work. Jaguar Land Rover currently runs a scheme like this at their workplace nursery.

Through the benefits you offer, you can help parents overcome the barriers to coming to work in the first place. Consulting company EY found that there was a reduction in female managers leaving due to childcare commitments after it introduced coaching sessions for returning mothers. Three-quarters of these women also said they felt more valued by their employer. Remember that fathers may benefit from coaching too, and a number of employers now offer help with the transition to parenthood for both men and women.

However you choose to build up your benefits package for working parents, how it's communicated will make all the difference to its success. Consider opening up an area of the company intranet where working parents can access tools such as benefits calculators to work out the value of their vouchers, or information on emergency childcare providers – your providers may have something you can use. Communicating regularly and positively about the support you offer will help employees feel valued, which can only aid retention in the long term.

CASE STUDY

Northern Trust

As part of a wider effort to make its working practices more flexible, financial services company Northern Trust revamped its benefits package in 2013 so that employees would be able to choose benefits to suit them and their families.

As well as vouchers to help them cover the cost of childcare, employees have the option to buy days' leave so they can spend more time with their children.

In addition, employees can access an EAP which provides telephone or face-to-face counselling if they are dealing with personal or professional challenges.

Over the past two or three years the company has been introducing a work-from-home scheme called WorkSmart, which allows employees to choose their preferred place of work (depending on their role). This means working parents are better able to cope with drop-offs and pick-ups and potentially save money on childcare.

Adapting benefits and working practices has not only helped parents with childcare responsibilities but also enhanced employee engagement across the board. In its last employee engagement survey, 83% of staff felt engaged with Northern Trust as an employer, and 75% felt they had sufficient flexibility to meet personal and family needs.

Employee Benefits

KEY POINTS

- Childcare vouchers are a popular way for employees to reduce their childcare costs.
- The government will introduce a new scheme called Tax-Free Childcare in October 2015, which will replace childcare vouchers for all new entrants.
- Small financial benefits such as money-off vouchers can be highly valued.
- Offering non-financial support through employee assistance programmes or coaching/mentoring can improve employees' emotional wellbeing.
- Communication around benefits is important: make sure they are well signposted and information is easy to access from work and home.

Back-up provision

Back-up childcare is a solution employers can offer if employees' usual arrangements break down. This can take the form of the provision of places at a local or on-site nursery, or support with finding a short-term nanny or babysitter.

Whatever an employee's childcare arrangements, it's rare for them to run completely smoothly. According to the Modern Families Index 2015, two-thirds of parents reported some form of breakdown in their childcare arrangements within the last year. Almost half (47%) had to take time off as a result.

Grandparents who offer informal childcare assistance can have days when they are unable to help out, or schools can close due to extreme weather conditions. A childminder may be sick and unable to work, or their own child may be ill with an infection so other children cannot attend that day.

The cost to employers of any unplanned leave can be significant – securing short-term cover can be both expensive and disruptive, and if work is postponed this could mean the business fails to meet important targets.

Even if childcare is sorted, employees can still be disrupted – arranging anything from alternative pick-ups to having to do a longer drop-off because the emergency childcare option is further away – which may mean a late start or time away from their desk to ensure that everything is in place.

Single parents face even greater challenges. A report by the charity Gingerbread revealed that most use a 'patchwork' of care, with over a third using more than three different providers during term time, meaning an increased possibility of a childcare breakdown and no partner to share the fallout with.³⁰

Being understanding and flexible as an employer can help, but it is possible to offer a more practical solution in the form of back-up care. A number of employers do this through partnerships with childcare providers or temporary minding services – parents can call an advisor at any time of the day (even outside of office hours), who will find a suitable solution and arrange an appropriate childcare place somewhere convenient. Alternatively, parents may be able to pre-specify a selection of care providers where they are happy for their child to go, and care can be arranged from there. Some employers who offer this sort of benefit sponsor it entirely, particularly in industries where the working parent may need to be available for client meetings or important deadlines, such as in financial services or law.

Employers offering this service include JP Morgan, which offers 20 days' back-up childcare at a childcare centre, and Nomura, which provides 10 days' per dependant, including eldercare as well as childcare. A survey by nursery and back-up care provider Bright Horizons found that the impact of offering this benefit to employees was highly positive: 90% of respondents were able to work on a day when it would not otherwise have been possible.

The care itself can be arranged very swiftly if the employer has an on-site nursery with dedicated emergency places, but this is not a prerequisite for offering back-up care. Most employer childcare providers will have agreements with a wide network of nurseries, holiday and after-school clubs, and will be able to discuss availability and suitability with parents. Providers make a point of checking out the credentials of these settings before they enter into partnerships with them, so employees can feel confident about the quality of care.

Increasingly, too, employees may find themselves having to arrange reliable care for parents or elderly relatives. Indeed, many find themselves 'sandwiched' between caring for children and elderly relations. Consequently, it's worth considering whether it's possible to add support for eldercare to your benefits offering. According to Employers for Carers, one in nine of a typical workforce cares for someone who is frail, ill, or has a disability³¹. Retaining these staff through flexible working options and care support can really make a difference, and will only become a more pressing issue as our population ages.

If it's not a benefit you've offered before, back-up care may initially appear to be a 'nice to have' rather than a fundamental element of your package for working parents. Yet it's possible to see very tangible returns on investment in terms of reduced absenteeism, increased productivity and, crucially, staff engagement. Back-up needs can occur at any stage during a person's working life, and being open to this means they will value you as an employer, and be an advocate for that flexible attitude to family, friends, and even your future recruits.

Back-up provision

KEY POINTS

- Two-thirds of parents have had some sort of childcare breakdown in the past year.
- Almost half of these parents needed to take unplanned leave as a result.
- Back-up care can cover nursery places, support with sourcing nannies or childminders, holiday playschemes, and also eldercare.
- Where employers offer this benefit, it has enabled parents to come into work on days when it might not otherwise have been possible.

CASE STUDY

Thomson Reuters

After a successful pilot of back-up care in its US division, it made sense for business intelligence company Thomson Reuters to bring this type of support to its employees in the UK.

Employees can access back-up care for both children and adults for whom they have responsibility. Thomson Reuters subsidises the service so employees pay a nominal fee, making it both convenient and affordable.

Should employees' regular care arrangements break down, they can contact a team of consultants who work for their care provider, who will make arrangements either at a local nursery or, if preferred, for a nanny or childminder to come to the employee's house.

"Flexible or home working is great if someone is able to do that, but sometimes their child is sick, or a nanny hasn't turned up, and they need to be in the office," explains Regina McEvoy, UK benefits and welfare manager at Thomson Reuters.

The company communicated the launch through a number of different channels, including posters and the company intranet. When new employees join the company, they're made aware of the back-up provision, as well as the other child-friendly benefits Thomson Reuters offers, such as childcare vouchers and the company's childcare allowance.

One single parent who used the service said she wouldn't have known what to do without back-up care – her parents live some distance away and she needed to be at work. "The benefit is really valued by those who use it and Thomson Reuters is viewed as an employer that wants employees to feel relaxed and productive because the service is there," McEvoy adds.

Offering childcare in your place of work

Having a childcare solution at their place of work can make a significant difference to employees, as finding childcare that is both affordable and accessible can be time consuming for many working parents. Offering childcare solutions at work can also provide a significant benefit to employers looking to recruit and retain staff.

Research undertaken by childcare provider Bright Horizons found that, for those parents that had access to a workplace nursery, 96% stated it was a key factor in their decision to join the company.³²

The tax benefits are also significant. Under the workplace nurseries exemption, the cost of a place in an employer's nursery is completely exempt from tax and NI contributions. An employee pays for the place before tax and NI contributions are taken from their salary, so someone paying £1,200 per month could save more than £6,000 annually. Employers save too, on their NI contributions.

As well as being financially beneficial, a workplace nursery is often easier from a practical perspective for staff, enabling them to feel confident that their child is safe and looked after allowing them to be more productive and engaged. Supporting the family is seen as a valued and progressive benefit by employees. Providing a workplace nursery can bring many practical benefits including; nursery hours matched to shift patterns in order to support working hours, the ability to add extra ad hoc sessions to a week and on-site back-up care places.

Many different organisations benefit from workplace nurseries including hospitals, manufacturers, call centres and universities as well as those more traditionally associated with progressive employee benefits, such as the legal and financial services sectors.

Workplace nursery providers can, and often will, assist in creating a business case based on an employer's individual circumstances. There are multiple financial models to choose from and a good provider will be able to discuss these options and assist in selecting one that meets an organisation's objectives.

Employers must also factor in securing approval from appropriate organisations such as Ofsted, the Care Inspectorate in Scotland or the Care and Social Services Inspectorate Wales. Partnering with an experienced provider is the best way to help smooth the processes around these requirements and reduce any financial risks.

Making a sound business case for a workplace nursery is crucial, as part of this employers will need to be sure that the setting will have a consistent level of attendance. As a rough guide providers suggest a critical mass of at least 750 employees at one site before considering an on-site childcare facility.

A lower number doesn't rule out a workplace nursery as there are other options available, including sharing facilities with other employers or offering places to the local community, which can align well with employers' corporate social responsibility efforts and ensures that the nursery is as full to capacity as possible.

With the business case in place, an employer can look for a provider (if one has not already been selected) that will be able to offer a setting to suit their needs. If a decision is made not to offer something on site, most workplace nursery providers can also arrange guaranteed places at other, conveniently located settings. At Microsoft, for example, demand for places at its Thames Valley Park campus was so high that its provider Bright Horizons was asked to source more places at another nearby nursery they operated. The company felt that the benefits of offering on-site places were so positive – for example more women were returning after their second child, a common point at which female talent is lost – that expanding into another setting was worthwhile.

Entering a fixed-place arrangement such as this offers a number of benefits, even if the tax and NI savings are not quite as attractive. HMRC approval is not needed as they are not full ‘workplace nurseries’, so this can be a simpler solution to initiate and less ongoing involvement is required by the employer.

Once built, like all childcare settings, workplace nurseries need to go through a pre-registration inspection by the appropriate body (Ofsted in England, the Care Inspectorate in Scotland and the Care and Social Services Inspectorate Wales) before they are approved. You, as the employer, also need to be satisfied that the setting fulfils the criteria to qualify for all the benefits of a workplace nursery.

Advice should always be sought from the HMRC before making any decisions based on tax and NI considerations.

From a benefits perspective, offering a workplace nursery can really make you stand out as an employer – in some cases making employment affordable for families who might otherwise need one parent to give up work. And with changes in 2015 to the way employer childcare voucher schemes are administered (see page 33), workplace nurseries could become an even more straightforward and attractive benefit for working parents.



CASE STUDY

University of Oxford

The University of Oxford was ahead of the curve in terms of workplace childcare provision, having opened its first nursery's doors in the 1990s.

These days the University runs four nurseries, offering the equivalent of 246 full-time places to both staff and students. In addition, it operates 139 guaranteed places at other local nurseries. This makes for an impressive ratio of nursery places to staff – of one space per 29 staff, compared to a Russell Group average of one per 71.

Competition for places at the University nurseries is huge, partly because the potential savings are so attractive. The fees are set at around 72% of the local market rate for Oxford, and since staff can pay for them via salary sacrifice, someone with a child in a full-time place could save around £3,000 a year.

To ensure the nursery operation is cost-efficient, staff must commit to either full-time places or specific part-time attendance patterns. This has meant capacity is consistently above 90%, so the University is getting a great return on investment.

The University partnered with Bright Horizons to run the nurseries, and also works with other providers to offer childcare in other facilities such as holiday playschemes and a Montessori nursery, as well as discounts on recruiting au pairs.

One of the most visible benefits of offering a workplace nursery is that it becomes an extension of working life at the University, says Jane Maharry, head of childcare services. "People like to know they can drop off their children in a safe environment where they'll be mixing with children from like-minded families," she says.

Offering childcare in your place of work KEY POINTS

- Offering a workplace nursery can be an effective tool for recruiting and retaining staff.
- Employees save on tax and NI contributions, often making this more affordable than other childcare options.
- Employers save through the workplace nursery exemption: they don't have to report or pay anything to HMRC on the benefit.
- It is also possible to run directly contracted places through a nursery not on the premises if an on-site facility is not feasible.
- Workplace nurseries need to be pre-approved by Ofsted in England, the Care Inspectorate in Scotland and the Care and Social Services Inspectorate Wales.

How flexible working can support childcare

Flexible working is one of the key ways in which you can support employees to manage childcare. In its many guises – from being able to adjust or set their own hours or change shifts to working from home on an occasional or regular basis – it can help parents reduce the cost of childcare and their reliance on external support.

The business case for flexible working is supported by legislation. The right to request flexible working was extended to all employees in 2014, including those without caring responsibilities.

At the same time, employers realise that they need to organise work in a more agile way to meet operational demands and customer expectations, as well as to improve employee engagement, productivity and retention.

But beyond agreeing to straightforward requests for part-time hours or remote working, how can you ensure that your employees get the best mix of flexible working to support their childcare requirements?

Many parents already use a mix of formal and informal support (for example from grandparents), in a bid to reduce the amount of paid-for care that they rely on. Parents may prefer to adjust their work practices to save money or rely less on formal childcare or informal support, and this in turn can boost their engagement with their employer. The Modern Families Index 2015 found that 29% of parents wish they could rely less on formal childcare.

Parents who are unsatisfied with their current childcare arrangements are unlikely to be able to work at their optimum level, and this is where support to work flexibly (to enable school pick-up or reducing nursery days by one day a week, for example), could positively impact on retention and productivity.

Yet in many cases the way work is organised is still family unfriendly, relying on employees' presence in the workplace and rigid time arrangements. As an employer, considering the following questions could foster a more flexible environment where parents feel better able to juggle childcare and work:

- Do meetings have to take place in the office, or can they be done over Skype or a teleconference?
- Are deadlines set around a 'traditional' working week or could they be moved to another time or day?
- Are employees able to split their working day so they can manage school pick-ups or extra-curricular activities, and then resume work for a couple of hours in the evening?
- Do managers assume that working mothers, rather than fathers, will deal with issues such as illness or childcare breakdown? Are they equally flexible with fathers?
- Do employees feel comfortable arriving late or leaving early to cope with drop-offs and are colleagues supportive?

Types of flexible working

Different forms of flexible working can help parents manage different kinds of childcare demands.

Flexible hours or flexi time

An employee either chooses set hours outside of the typical contracted hours or comes in/leaves at different times but ensures they work their contracted hours over the week. Parents who need to do school drop-offs and pick-ups, or have alternative arrangements during school holidays, can really benefit from this.

Compressed weeks/nine-day fortnight

An employee works a certain number of hours compressed into fewer days per week, or takes one day off every other week to reduce the need for childcare, depending on how they pay for it.

Part-time arrangements

An employee requests to work fewer hours than would be attached to a full-time equivalent post. This might also encompass job sharing: each employee works part-time, covering the full-time hours between them.

Annualised hours or term-time hours

The former can suit employers where work is seasonal; an employee works more during a busy period. The latter is where an employee works during term-time and is able to be at home for the children during the school holidays.

Homeworking or mobile working

More and more employers now offer 'hot desks' to save money on capital investments in property, encouraging employees to work from home from time to time, or be flexible about location when they do need to be in the office. This may allow those with family responsibilities to manage school or childcare pick-ups and drop-offs.

In addition to the above options, employers could support parents to do school drop-offs on certain days of the week; discuss an increase in homeworking in the school holidays (with the caveat that working from home is not a form of childcare in itself); or offer a phased period of part-time hours after maternity or paternity leave.

Atypical hours

Organisations that require staff to work weekends, early mornings, evenings or nights might also consider how they build their rotas. Evening and weekend childcare is difficult to source, often more expensive than typical daytime childcare, and informal care from family or friends might not always be available. If people are made to feel awkward or stressed about asking for alternative arrangements, for fear they'll be turned down, problems in terms of employee retention and satisfaction may arise.

Short-term flexibility

As family responsibilities and childcare circumstances change (for example when a child starts school), some flexible working arrangements may become redundant and new ones required, so an understanding employer should be open to supporting employees with these adjustments. Considering a period of short-term flexibility while a parent trials a new childcare setting or until a place becomes free at a breakfast or after-school scheme can be very helpful, rather than requiring a formal and permanent change to their contract.

Such short-term flexibility can be very valuable when a parent is returning from leave after having a baby. The period when a small child is getting used to formal childcare can be emotionally draining for parents and it can take time to get used to new routines, so offering some flexibility at this time can really help.

Grandparents

You may have other child-carers in your workforce, too. A survey by the TUC found that nearly seven million grandparents provide regular childcare so that their adult children can work.³³

Although there is little legislative support or policy available around supporting grandparents who have caring responsibilities, an employer with a positive flexible working culture will be open to discussing arrangements with older staff who wish to adjust their work to look after their grandchildren. Likewise, employees whose own parents help out with childcare will, from time to time, need support to work flexibly if this informal care falls through for any reason.

Remember also that from a practical perspective, any new flexible working arrangement can (with the employee's agreement) be subject to a period of trial and review. This can help both the employer and the employee work out whether the working pattern will be successful in the long term – for example the individual may not know exactly what the demands of combining work and childcare might be.

There is a business benefit to more flexible working practices, too. Research from Cranfield School of Management and Working Families found that any impact working flexibly had on the quality or quantity of an employee's work was positive.³⁴ Good corporate citizenship is building a culture where employees do not have to be present to be effective, and can better cope with their childcare responsibilities at the same time.



happy to
talk flexible
working

CASE STUDY

Pink Spaghetti

Pink Spaghetti is a small business based in Cheshire, offering personal assistant and 'lifestyle management' services such as accounts management and setting up businesses on social media. It operates as a franchise.

Employees at the company's head office can pick their own working hours, and are able to change them at short notice, where feasible. One worker is based entirely at home so she can manage school runs and does not have to pay for after-school clubs. Others have agreed set hours in advance, but these are based around school times and can be flexible during the holidays.

Co-founder Vicky Matthews believes her staff value Pink Spaghetti as an employer thanks to its openness to working around childcare. "It keeps everyone's costs down. My employees spend less on childcare and have a better work-life balance," she says. "They know certain things are due on certain days and stick to this – I give them flexibility and they ensure the job is done in return."

Tax and NI savings for employers

Support with childcare is one of the highest-valued benefits among employees, and a real competitive differentiator when it comes to recruiting working parents, or those planning families in the future. But above and beyond the positive things it can do for your brand, it brings with it a number of financial incentives in the form of savings on tax and NI.

There are three main types of childcare support an employer can offer that will qualify for exemptions on tax and NI, provided that certain conditions are met:

- Childcare vouchers
- Directly contracted childcare
- Workplace nurseries

Childcare vouchers

At present, employers can offer their staff the option to purchase childcare vouchers, usually via salary sacrifice, which can be used towards the cost of qualifying childcare (registered and approved by Ofsted in England, the Care Inspectorate in Scotland and the Care and Social Services Inspectorate Wales).

Employees who joined their employer's scheme before April 2011 can claim up to £55 per week, or £243 a month, free of tax and NI contributions. Those who joined after this date can still claim this amount, providing their earnings are below the higher rate tax threshold. Those who earn more can claim up to £97 per month.

For an employer, this typically amounts to an annual saving of around £400 per employee as they are exempt from paying NI contributions on the vouchers purchased. Most childcare voucher scheme providers will charge a relatively modest administration fee, which will affect these savings, however.

Changes from October 2015

From October 2015, the Government plans to introduce a new scheme called Tax-Free Childcare to support working parents (see box below). The idea is that the Government will top up every 80p an employee pays into the scheme by 20p, up to a maximum childcare spend of £10,000 per year.

Employees can open tax-free childcare accounts, run by HMRC, and then use the money in them for childcare registered and approved by Ofsted in England, the Care Inspectorate in Scotland and the Care and Social Services Inspectorate Wales.

The scheme will support parents with children under 12. It will also be available to employees on paid sick leave, paid or unpaid statutory maternity leave, and paternity or adoption leave. Parents earning up to £150,000 per year can qualify for the benefit.

Employers can continue to run their existing childcare voucher schemes, but cannot admit new members to them. Employees can continue to benefit from them provided they don't sign up to a Tax-Free Childcare account. Employers can still choose to change their voucher providers. Some employees who don't qualify for Tax-Free Childcare (for example if children are older than the qualifying age) may find themselves better off staying in their employer's scheme.

Maintaining a voucher scheme may have other benefits, too. Knowing who is signed up to receive childcare vouchers is a useful way of seeing who in the workforce has childcare needs. This means you can approach them with other family-friendly communication, fostering a culture where parents feel happy discussing their childcare responsibilities. This was the case at West Dunbartonshire Council, where they identified more fathers by actively promoting their existing voucher scheme.

Directly contracted childcare

This is where an employer arranges care through a commercial provider on behalf of an employee. It could be emergency childcare cover, for example, or a directly paid-for place in a nursery or with a childminder.

The exemption from tax and NI works in the same way as it does for vouchers – an employer can currently pay up to £243 per month for childcare without having to pay tax or NI, but will be liable for tax and NI on any additional amount paid.

If both childcare vouchers and directly contracted childcare are offered, the maximum exemption amount is the same; there is no additional relief.

Workplace nurseries

Employers that choose to set up their own nurseries in the workplace or at another location benefit from the workplace nursery exemption, which means they do not have to pay tax on the value of the place.

There are some qualifying conditions, including that the employer must offer the scheme to all of its employees, or at least all of those who work in the location in which the nursery operates.

Furthermore, if places in a nursery on the employer's own premises are provided to another employer's staff working at that location, that employer will also be exempt from tax on the value of the provision. Workplace nurseries are not affected by the introduction of Tax-Free Childcare – the exemption will still be in place.

Who qualifies?

In order to qualify for tax and NI exemptions, your employees must have what HMRC terms a 'qualifying child', for whom they have parental responsibility, and the childcare they use must be registered and approved. Currently, parents are entitled to tax relief via benefits such as childcare vouchers until the 1 September following their child's 15th birthday (or 16th if he or she is disabled).

Employees who also get tax credits

If an employee uses employer-supported childcare, their childcare costs for the purposes of working out Working Tax Credit will be reduced, even if they pay for it via salary sacrifice. This means that some employees may be better off continuing to receive Working Tax Credits than joining a voucher scheme, and should be made aware of this. A calculator is available at www.hmrc.gov.uk/calcs/ccin.htm. Working Families also has more information on tax credits and childcare, at www.workingfamilies.org.uk/article-categories/tax-credits/.

Employees receiving maternity pay or sick pay

If an employee who is on statutory maternity or sick pay has agreed to sacrifice part of their salary for childcare, their average earnings (for working out their pay entitlement) will not include the value of the childcare support they receive. This means that they could be entitled to less maternity or sick pay, so you should make this clear in your benefits policy.

It is also important to note that employees on statutory maternity or sickness pay cannot sacrifice their cash pay below National Minimum Wage rates to pay for childcare vouchers. However, you must continue to provide childcare vouchers while an employee is on maternity leave or absent from work on sick pay.

For more information on tax relief on employer benefits related to childcare, visit www.gov.uk/expenses-and-benefits-childcare/overview

Tax and NI savings for employers

KEY POINTS

- From autumn 2015, working parents will be able to open an online account with National Savings & Investments through the Government's website.
- To qualify, parents must be in work, earning just over an average of £50 per week, up to £150,000 per year.
- Households with only one working parent will not qualify, although lone parents will be eligible.
- Parents who are self-employed will also be eligible, as will those on paid sick leave and paid and unpaid maternity, paternity or adoption leave.
- Workplace nurseries will not be affected by the introduction of Tax-Free Childcare, although there will be no additional relief on tax and NI, so employers may find their existing voucher scheme better value.
- Parents can treat Tax-Free Childcare as a savings account they pay into – more or less depending on their circumstances – and they can withdraw monies paid in (but not the top-up amount) should those circumstances change.
- If an employee decides to stop receiving childcare vouchers, they will have to provide their employer with a childcare account notice, a written notification that they wish to permanently stop receiving the tax and NI exemption.
- Remember that not all parents will gain from Tax-Free Childcare, so signpost all employees to information on it so they can decide for themselves. Low earners in particular should be encouraged to seek expert advice before opting out of existing voucher schemes.

Supporting the parents of children with disabilities

When an employee's child is born or diagnosed with a disability, there is a real risk that they will leave work, especially if they are the mother, or find that their career progression stalls. Two-thirds of parents of disabled children who are in employment have reduced their working hours, downshifted, or refused promotion; nine out of ten of those who are unemployed would like to be in paid work.³⁵

Combining work and caring is very challenging. There is never any flexibility around my son's appointments. I just need to drop everything and be there.

Parent of child living with disability

Why is this so?

- The adjustment when a child is born or diagnosed with a disability (or indeed, during the transition to adulthood, often involving a return home from residential school) can be very challenging. It can at that point seem simpler to give up work entirely.
- Many parents report unhelpful assumptions made by professionals supporting the family that the parent of a disabled child should no longer work. This may underlie the fact that 84% of mothers of disabled children do not work, compared with 39% of mothers of non-disabled children.³⁶
- For many parents, the lack of flexibility around timing for hospital and other appointments and meetings is a challenge to manage, and also causes them anxiety as they feel they are letting down their employer and colleagues because of the care demands on their time.
- The cost and availability of appropriate childcare pose a barrier: seven out of ten parents describe finding suitable childcare as 'very difficult' or 'impossible'. As many as one in two relies heavily or exclusively on 'free' childcare provided by family or friends. One in three of those paying for childcare is paying more than £10 an hour. Analysis by the Department for Work and Pensions indicates that it costs up to three times as much to raise a disabled child.³⁷

What can you do?

There is much you can do to retain and support your staff, and avoid the loss of talent and skills from your workforce. Any of the childcare interventions outlined in this report can help, and if you can offer additional financial support to meet the higher costs of caring for a disabled child, so much the better.

Ensuring any existing childcare provision such as back-up care is inclusive of disabled children could help someone return to or remain in work. Parents of disabled children tend to have limited access to holiday or wrap-around care in mainstream settings, so consider how you could support them with this, either through a financial subsidy or by expanding what you already offer. Support with travel costs to appointments or specialised childcare settings could also help, as this is a challenge frequently cited by parents of disabled children.

Support around the time of a child's diagnosis can be especially valuable. Some employers offer various forms of emergency or compassionate leave, or short-term temporary working. Working Families suggests that you offer a period of 'adjustment' leave, paid if you can afford it. For some parents, being able to take a period of weeks or months off work after the initial diagnosis of their child's disability or special needs, with the security of a job to return to, may well be sufficient to enable them to put care arrangements in place and determine a realistic, longer-term pattern of paid work for themselves.

Support from other parents via your workplace parent, family or carer network can be invaluable. You might also signpost to external sources of support, such as Contact A Family www.cafamily.org.uk or the Waving not drowning parent network at Working Families. Contact A Family and Working Families can provide information about meeting the additional costs of raising a disabled child, too.

And of course, flexible working comes into its own in enabling you to support parents of disabled children, so that they can remain in work and continue contributing their skills and experience to your business.

Supporting the parents of children with disabilities

KEY POINTS

- Almost three-quarters of parents of disabled children have either had to reduce their hours or give up work; this is a particular risk for mothers.
- A period of adjustment leave, particularly around the time of a child's diagnosis, can enable parents to adjust to new family circumstances and, in the longer term, remain in work.
- Childcare costs much more for a disabled child, so childcare support or a subsidy is particularly valuable.
- Flexible working can enable a parent to manage medical and other appointments and meetings for their child.

EMPLOYERS GUIDE TO CHILD CARE

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EMPLOYERS GUIDE TO CHILD CARE Links and further information

Working Families is the UK's leading work-life balance organisation. The charity helps working parents and carers and their employers find a better balance between responsibilities at home and work. www.workingfamilies.org.uk

Bright Horizons can provide information and guidance on all aspects of employer-supported dependant care, including workplace nurseries, nursery place contracts, holiday playschemes, back-up care for children and adults, consulting services. www.brighthorizons.co.uk

Childcare vouchers

Setting up a scheme – see Family & Childcare Trust factsheet http://www.fct.bigmallet.co.uk/sites/default/files/files/D21_Setting_up_a_salary_sacrifice_scheme.pdf

Childcare Voucher Providers Association Buyers Guide <http://www.cvpa.org.uk/Documents/CVPA%20Buyers%20Guide.pdf?hkey=64d486e6-2cd6-40ba-88c0-ac6b4d9d74ef>

Setting up directly contracted childcare: see Family & Childcare Trust factsheet http://www.fct.bigmallet.co.uk/sites/default/files/files/D22_Setting_up_directly-contacted_childcare.pdf

Workplace nurseries and back-up care

Bright Horizons www.brighthorizons.co.uk

My Family Care helping employers find the right child and eldercare solutions for their employees www.myfamilycare.co.uk

Kidsunlimited part of Bright Horizons Family Solutions www.kidsunlimited.co.uk

Flexible working resources

Working Families flexible working factsheets

<http://www.workingfamilies.org.uk/employers/employer-guides-toolkits-and-policies/flexible-working-factsheet-for-employers/>

ACAS guide to the right to request flexible working <http://www.acas.org.uk/index.aspx?articleid=1616>

Government guide to flexible working legislation <https://www.gov.uk/flexible-working/overview>

Resources for employees

Cityfathers/Citymothers are networks for parents in City professions managing careers and children. www.citymothers.co.uk

Family and Childcare Trust aims to make the UK a better place for families, through research, campaigning and information provision, and working with government, employers and parents to reduce pressures on family life. www.familyandchildcaretrust.org

Find your Family Information Service <http://findyourfis.familyandchildcaretrust.org/kb5/findyourfis/home.page>

Gingerbread. A UK charity providing expert advice, practical support and campaigns for single parents. www.gingerbread.org.uk

Good Care Guide has been developed to allow people to find, rate and review local childcare and eldercare. www.goodcareguide.co.uk

Money advice service. Free and impartial money advice, set up by the Government www.moneyadvice.service.org.uk

Salary sacrifice calculator <https://www.moneyadvice.service.org.uk/en/articles/salary-sacrifice-schemes>

Help from your employer on childcare costs <https://www.moneyadvice.service.org.uk/en/articles/help-from-your-employer-with-childcare-costs>

Tax-Free Childcare <https://www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know>

Parents with disabled children

Waving not drowning network <http://www.workingfamilies.org.uk/articles/the-waving-not-drowning-project/>

Family and Childcare Trust <http://www.familyandchildcaretrust.org/parents-disabled-children>

Every Disabled Child Matters is a campaign to get rights and justice for every disabled child. www.edcm.org.uk

CarersUK - making life better for carers www.carersuk

Tax and National Insurance contributions

HMRC www.hmrc.gov.uk

Better off calculator (to see whether salary sacrifice or Working Tax Credits are more appropriate) www.hmrc.gov.uk/calcs/ccin.htm

Information on Tax-Free Childcare <http://www.tax-free-childcare.info/category/employers/>

Ofsted www.ofsted.gov.uk

For employers in Scotland

The Care Inspectorate (approves care settings) www.scswis.com

Scottish Family Information Service www.scottishfamilies.gov.uk

Education Scotland <http://www.educationscotland.gov.uk/inspectionandreview/index.asp>

For employers in Wales

Care and Social Services Inspectorate Wales www.cssiw.org

Welsh Family Information Services <http://www.childreninwales.org.uk/in-your-area/family-information-services/>

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Jo Faragher



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www.workingfamilies.org.uk

Working Families, Cambridge House, 1 Addington Square, London SE5 0HF

Tel: 020 7253 7243 / Email: office@workingfamilies.org.uk

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