

News

Government extends childcare voucher scheme for a further six months

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By Annie Makoff-Clark

MPs 'should realise scrapping system will lead to increased costs', making return to work unaffordable for many



The government's decision to extend the childcare voucher scheme for another six months offers parents a lifeline – but its replacement system could cause added confusion among employers and HR, experts have warned.

Education Secretary Damian Hinds **agreed to extend the existing scheme** until October after the opposition forced a vote on key childcare-related issues in the House of Commons on Tuesday (13 March).

"We will be able to keep the voucher scheme open to new entrants for a further six months," Hinds told the

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Under the new system, working parents – including those with self-employed status – who are earning more than £120 per week but less than £100,000 a year will receive government top-up contributions to help meet up to £10,000 a year of childcare costs for every child under 12 years.

For every 80p contributed by parents, the government will add 20p, amounting to an extra £2,000 per child or £4,000 if the child is disabled.

Kate Palmer, head of advisory at HR, employment law and health and safety consultancy firm Peninsula, told *People Management* that the extension of childcare vouchers might lead to “increasing numbers” of the workforce being on different schemes, resulting in “internal confusion” for HR to handle on an administrative, payroll and individual basis.

In October last year, *People Management* reported that a **third of HR professionals were not aware of childcare voucher changes**, despite the significance of the reforms.

Meanwhile, Jeff Fox, principal at Aon Employee Benefits, said employers needed clarity on the government’s decision as it was uncertain whether the extension was temporary or likely to become permanent. “Employers will be plunged into the unknown,” he warned. “They will have to decide whether to open the scheme again and many have spent time, resources and money on closing it.”

Large employers would need to consider the “cost and uncertainty” around the government’s intentions while small employers, Fox said, would experience less disruption with reopening the scheme.

“If that is the case, the situation can and should be exploited. Childcare vouchers are popular and a great employee benefit.”

Lindsey Fish, CEO and founder of Mum’s Enterprise Roadshow, an event platform that helps mothers return to work, welcomed the move to extend the existing scheme. “The expense of childcare far outweighs wages, with some mothers barely earning enough part time to cover their monthly bill. The last thing families need is a struggle to claim tax-free benefits from the government,” she told *People Management*.

Debra Corey, group reward director at Reward Gateway, said employers needed to communicate “the hell out of” the key messages surrounding childcare vouchers to make sure they made the most of the six-month extension.

“Employers need to make sure that no employee misses the boat on the all-important deadline and that everyone understands the financial implications of the changes,” she added.

Chloé Chambraud, gender equality director at Business in the Community, said: “The childcare voucher extension will be a huge help to working parents, especially those on middle and lower incomes, supporting them to remain in their jobs and enabling employers to continue to benefit from their skills, talents and experience.”

She urged businesses to “prepare now” for supporting parents who want to stay in work but will struggle to balance their career with caring responsibilities, before the six-month extension ends.

In particular, employers should look at how they support male employees who want to take on more caring responsibilities. “We know that fathers are twice as likely to be turned down for flexible-working requests as mothers,” she said. “Meanwhile, many women continue to shoulder the bulk of domestic duties, which sometimes prevents employers from fully engaging the talent available to them.”

Earlier this week, industry experts **called on HR to do more to stop unfair recruitment practices** that negatively affect women, who were statistically more likely to need flexible working opportunities because of caring responsibilities.

Speaking at an event held by Omni Resource Management Solutions, Sophie Wingfield, senior policy consultant at the Recruitment & Employment Confederation, urged HR professionals to discuss with managers if jobs could be advertised as flexible.

Liz Walker, commercial director at search marketing agency Distinctly, said the government should realise that scrapping the existing system would lead to increased childcare costs. "We want our staff to have the comfort of knowing that it is affordable for them to return to work after having children," she said.



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