

## Advice Paper

### The Care Question?

By Helen Craik, Director of HR Policy, Asperity

#### Could the Childcare Voucher model be extended to work for employees with different caring responsibilities?

There are at least two parts to this question;  
1) is it likely that the government will be willing to provide the tax breaks that extending a salary sacrifice scheme would entail and  
2) if so, how would a voucher scheme for carers of adult relatives or dependents work?

It's hard to predict the answer to the first part. Politicians across the spectrum are likely to consider that tax breaks for carers is, in principle, a good idea. It could ultimately – in the long term - save the taxpayer money by enabling adults who need care to stay at home longer. It could be politically very popular because a large number of voters are directly or indirectly affected – 15.2% of the population of England and Wales provide some level of care to others<sup>1</sup> and probably at least double that number are affected indirectly by caring responsibilities. It could improve the quality of life for carers and the cared-for. An economic analysis in July 2007<sup>2</sup> looked at the cost to the public purse of vouchers for care for older people (rather than all adults) under a salary sacrifice arrangement. The report cites a number of limitations and does not factor back potential savings in enabling cared-for adults to remain at home longer, but even without this, the cost to the taxpayer are not prohibitive. 3 scenarios are considered and the costs range from £22-120 million a year, depending on take-up. In the scheme of public expenditure, this is a bullet that the government could bite. Take-up nationally of salary sacrifice arrangements for Childcare Vouchers is not high, perhaps running at around 1-2% of employees in participating organisations - lots of employers haven't got a scheme in place and lots of potentially eligible employees don't register for CCV for a number of reasons. But those that do can save over £1000 a year per parent and this makes a significant difference to disposable income. If tax breaks for carers of older dependents make it through the political hurdles, it's interesting to consider what can be learnt from CCV schemes and how the current model could be adapted. It's tempting to start with the

difficulties because there are many, but perhaps more helpful to look at the plus factors, although these are not clear cut. Assistance with care provision would be likely to lead to a reduction in carers' stress and ill-health and there is evidence to suggest that this would extend to relatives of the carer<sup>3</sup>. It is to be hoped that the recipient of the services would benefit overall, although it is inevitable that some may prefer not to have their current arrangements upset or diluted.

The economy should benefit by less absenteeism by carers and by more people becoming economically active. The overall social, economic and emotional balance should be positive. The drawbacks and hurdles will be largely administrative. The key difference between Child Care vouchers and vouchers for the care of adults is precisely that the end recipient of the care is an adult. Parents may make such arrangements for childcare as they see fit without consulting the child, but an adult relative and an adult care recipient may not be agreed as to the necessity or type of care. While a parent is responsible for the cost and provision of care to a child, the same is not true for adult care. Further, because employees must use a registered childcare provider to be eligible for the salary sacrifice, there is little scope for misuse. But if an older person needs care which takes the form of help with ironing or gardening, there is clear scope for this to be misappropriated. A registration scheme might capture some of the individuals or agencies who would be eligible to receive vouchers, but it would certainly disenfranchise many. Data protection issues would abound – what details would need to be collected by who and given to who to ensure the integrity of the benefit? There's a lot to do to make vouchers for adult care workable in practice but the childcare voucher model is as good a place as any to start.

<sup>1</sup> Figure taken from 2000 GHS

<sup>2</sup> Tax exemption on care vouchers for working carers. An economic analysis: July 2007  
Snell, Fernandez and Bennetts at the London School of Economics

<sup>3</sup> Yeandle, Crompton, Wigfield, Dennett Employed carers and family-friendly policies 2002

## Advice Paper

### The Care Question?

By Helen Craik, Director of HR Policy, Asperity

*“The introduction of carers leave into KCC was a step in the right direction for us as an employer with employees’ interests at heart. Matching this with a tax efficient scheme, such as that already available for Childcare Vouchers, would make a significant difference to the working lives of many carers. The introduction of a voucher system would also go a long way to publicly endorsing the importance of caring and would recognise the efforts of employees who are carers, many of whom feel it necessary to carry out care duties in ‘secret’. Childcare is now well established as a reason for flexibility, tax breaks and empathy from employers and colleagues. A carer voucher scheme would hopefully do that same for those people that care for adults. It is hard to know exactly how far “Care Vouchers” would go in addressing the changing demographics of today’s society, but employers do need to look at retaining older workers with aging dependents and Care Vouchers must be a front runner as a mechanism to assist this. It’s not only employers that need to think about the issue - society risks an increasing burden on the public purse if measures are not taken to enable carers to stay in or rejoin the workforce”*

*Jane Vivier, Rewards Advisor,  
Kent County Council*

### About the Jelf Group

The Jelf Group was founded by Chris Jelf in 1989. Today the Group operates from over 20 locations in the South of England and South Wales and offers an extensive range of corporate services; general insurance, healthcare, employee benefits, commercial finance and wealth management services to businesses and individuals. The Jelf Group advises over 25,000 corporate clients and 20,000 individual clients across a range of disciplines.

Currently, the Jelf Group is working closely with Asperity to bring a high quality range of Employee benefits to our clients. To find out more about the services we offer or more on the work Asperity do for us please visit

[www.jelfgroup.com](http://www.jelfgroup.com)

or contact Chris Dodge on 0845 602 1858

### About Asperity Employee Benefits

Asperity is the UK market leader in voluntary employee benefits with its Reward Gateway product - the UK’s first fully integrated voluntary benefits scheme and the largest employee discount scheme in the UK. Reward Gateway is an exclusive discounted shopping service with discounts and savings for employees at over 1700 retailers and service providers. The scheme has been described as a “who’s who of the high street” and includes discounts at retailer such as M&S, Boots, Debenhams and John Lewis.

Asperity is the only voluntary benefits provider to use a pioneering mix of Cashback on top of traditionally negotiated employee discounts meaning that the levels of savings on Reward Gateway are higher than any other scheme in the market.

Since launch, Asperity’s Reward Gateway product has taken the market by storm and Asperity provides its scheme to employees at nearly 100 leading companies including Next Retail Ltd and British Airways plc. Reward Gateway now services over 750,000 UK employees with discounts and savings of up to 45% at over 1700 retailers. Offers are accessed online, locally, on the phone and in the high street.

[www.asperity.co.uk](http://www.asperity.co.uk)

Most recently, Asperity has worked in partnership with the Jelf Group to launch an exciting new employee discount scheme myshopping, along with a version tailored for SMEs called myshopping:2go. For further information please visit [www.jelfgroup.com/myreward](http://www.jelfgroup.com/myreward)

Advice Paper

The Care Question?

By Helen Craik, Director of HR Policy, Asperity