

# CHILDCARE VOUCHERS:

an answer to stress prevention and a tool for work-life balance

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## Purpose: Childcare's challenges and potentials

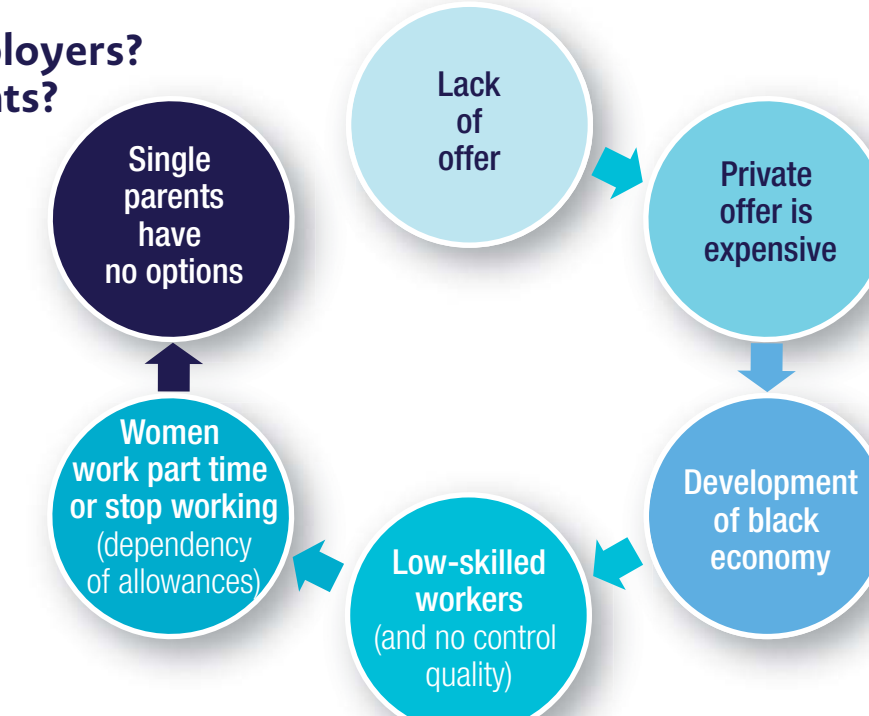
In the current context of high unemployment rates and stretched budget, job insecurity is rising as well as pressure on employees. This particular situation is combined to structural ones, such as the ageing population or the increasing number of women in the workforce. More and more employees are facing stressful situations while they are shouldering the responsibility of one or more dependents.

Access to quality, affordable childcare is therefore an important determinant of parents' employment opportunities, health and workplace productivity. Unfortunately, the lack of offer leads to a vicious circle that affects all stakeholders.

The Council of the European Union emphasizes in June 2011 that better support for reconciliation measures will enable women and men to exercise greater choice in balancing work and family life, and will also contribute to achieving major policy objectives of the EU, notably regarding growth and jobs, reducing skills shortage, the well-being of families and the social inclusion of vulnerable groups and equality between women and men.

### Work-life balance and childcare: the vicious circle

Role of employers?  
Governments?



In the European Union, childcare is recognized as a critical factor in meeting its goal of:

- full employment
- and a concrete way of eliminating barriers to women's participation in the labour market.

## Instrument method: Childcare vouchers, a tool for stress prevention

Based on the 2010's ILO research, *Workplace Solutions for Childcare*, there are basically **two types of measures at the level of the workplace which can help employed parents cope with their childcare responsibilities:**

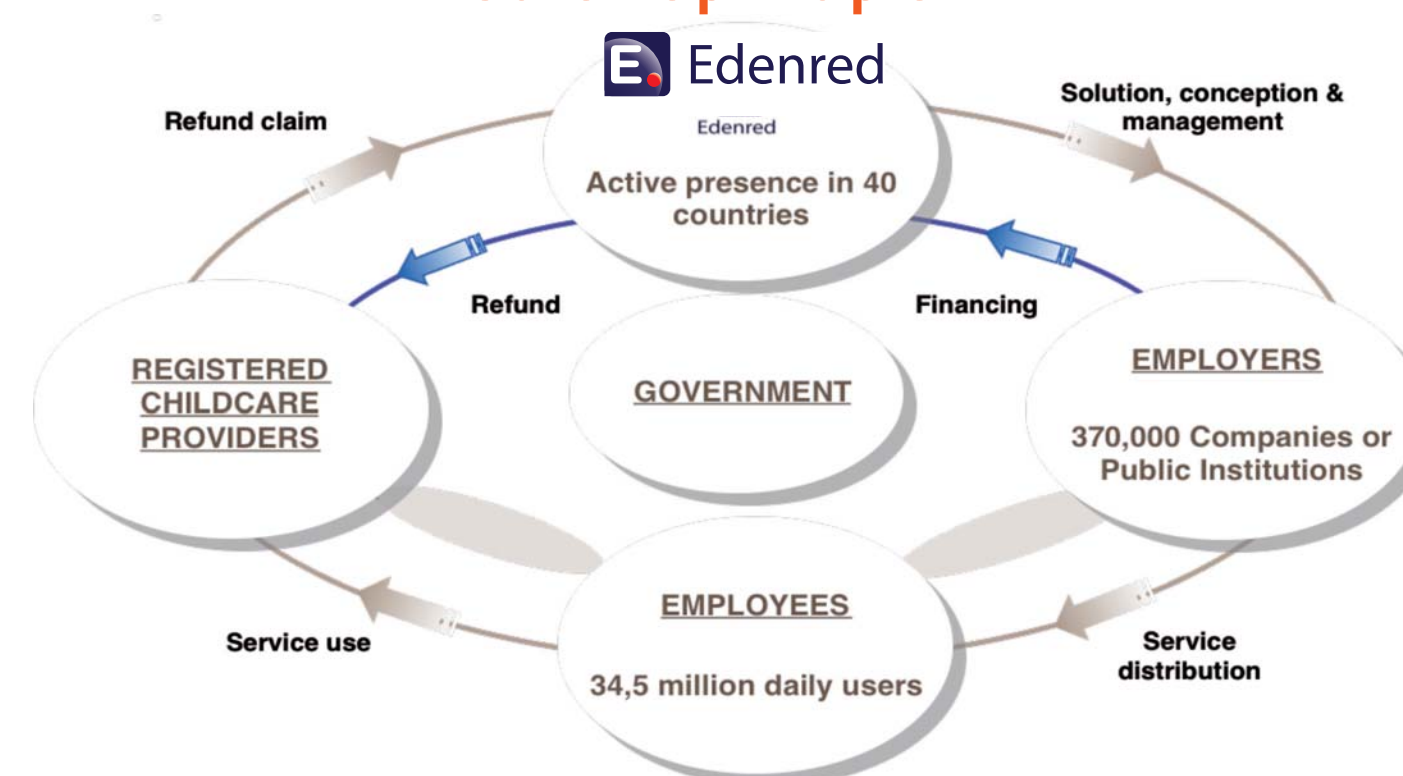
- Measures which concern the working time of parents so that they can themselves look after their children when they need attention
- Measures which help parents access care by others

In some cases, companies, either private or public, can provide employees with childcare facilities such as nurseries. These places must

be registered by public authorities. Companies can also finance part of the cost of childcare if there is no on-site facilities.

**Vouchers in the form of tickets, cards or e-payment system enable employers to contribute to childcare costs.** The system operates on the basis of very simple principles: the companies buy the vouchers to an issuer. Then they distribute them to their staff. The user spends the vouchers at their face value in affiliated networks such as nurseries or "personal nannies", which then are redeemed to the issuer.

### Scheme principle



## Findings: Childcare vouchers drive key benefits for all parties involved

Once it has been introduced by a legal framework, this system has already proved to be very effective and successful: organizations gain in productivity and well-being. It is also very easy to manage whatever the size of the company. Public institutions grant social subsidies with better fund control, it guarantees the destination of the allocation, and creates jobs. It turns informal economy into a formal activity providing tax revenue for the State. It improves employees' quality of life with a greater purchasing power.

Companies	Employees & Citizens	Service providers	State	Societal impact
<b>Better productivity</b> <ul style="list-style-type: none"><li>• Organisations gain in productivity and well-being</li><li>• Benefiting from tax and social welfare exemptions</li><li>• Face absenteeism and support return to work after maternity leave</li><li>• Encourage investment on human capital</li><li>• Enhance CSR</li><li>• Budget control and no administration</li><li>• Easy to manage and to distribute</li><li>• A dedicated tool (guarantee of the destination of the allocated funds)</li></ul>	<b>Enhancing quality of life</b> <ul style="list-style-type: none"><li>• Greater purchasing power for specific needs</li><li>• Simple and rapid use</li><li>• Access to a qualified, affordable and professional network</li><li>• Freedom of choice in the affiliated network</li><li>• Convenience in terms of opening hours and locations</li></ul>	<b>Sharing benefits</b> <ul style="list-style-type: none"><li>• Regular income</li><li>• Development of client loyalty</li><li>• Simple registration process</li><li>• Formalizing sector and economy</li></ul>	<b>Macroeconomic impact</b> <ul style="list-style-type: none"><li>• Job creation (Increasing demand ► Increasing supply)</li><li>• Turn informal economy into a formal activity providing tax revenue for the State</li><li>• Increased revenue through tax (The loss incurred by the tax exemptions given to the allowances is offset by the increased tax revenue generated by the additional activity, the job creation and the identification of new tax payers)</li></ul>	<ul style="list-style-type: none"><li>• Face fertility rates</li><li>• Foster welfare policies</li><li>• Prevent health problems</li><li>• Provide freedom of choice</li><li>• Promote equal opportunities, especially between men and women</li><li>• Foster social inclusion</li></ul>

The widest coverage of expenses is probably in France, where the vouchers (CESU) can be used for childcare in and outside the home, as well as for elder care, care for the disabled, and domestic services.

## Discussion: Impacts of the implementation of childcare vouchers' system

### Impacts on job creation and grey economy

- Creation of 62,000 jobs in Belgium and 390,000 in France between 2005 and 2010 (15% increase in the services to individuals sector)
- 50% of the services providers in Belgium were previously unemployed
- 98% of the employees are women; and 1/3 are single mothers
- In the UK, the childcare workforce increased 21% to 275,000 between 1997 and 2001
- In the Netherlands, the childcare sector has evolved since 1990 from a small sector with 8,000 employees into a mature sector employing over 60,000 employees in 2003
- ▶ **One estimate of the job creation effects of women's employment is that 10 jobs are created for every 100 additional women in work**

### Impacts on wellbeing

- 5,5% of the active population in Belgium used services vouchers after 5 years of launch; 275,000 beneficiaries in France
- 50% of the users in Belgium are between 30 and 50 years old; 30% are more than 60
- For services providers, it means a job close to home
- In the UK, more parents are receiving some financial help from employers. Among parents paying for childcare, the percentage receiving help from their employer more than tripled between 2004 and 2007 from 1% to 3.4%

### Impacts on fertility rates

- In Europe, countries with government measures that support the costs of childcare tend to have higher rates of women's labor force participation and fertility, and lower gender inequality, as is particularly the case in Nordic countries

## How does it work in the United Kingdom?

### Contribution:

- Childcare vouchers are Tax and national Insurance exempted
- A subsidy of £55 per week can be allowed for Childcare (for healthcare workers)
- Taxes will be due if the employee receives cash allowances

### Use of Childcare vouchers:

- The employee's child must be under 16 years
- Childcare vouchers providers are required to be registered
- Parents in receipt of a Childcare voucher are free to choose and select their own form of childcare

## Conclusion: A successful partnership

Childcare vouchers scheme, based on shared responsibility between companies, employees, services providers and public authorities, can be considered as a good practice. Moreover, it's worth noting that «Successful partnerships often bring together actors that offer complementary financial, human, and technical contributions, but the sustainability of the entire initiative can be threatened when one partner must withdraw», as the ILO concludes its research.

References: *Workplace solutions for childcare*, International Labour Office, 2010