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# 3HR Legal Weekly

## Employee Benefits

### Delayed Launch of Childcare Voucher Replacement

The Government has recently announced that the launch of its new Tax-free Childcare initiative is to be delayed. Designed to replace Employer-supported Childcare, commonly referred to as Childcare Vouchers (CCV), the initiative was originally intended to be launched in autumn 2015. However, due to a legal challenge by several CCV service providers, the implementation of Tax-Free Childcare has been delayed until early 2017. The impact of this action is that existing arrangements will not now be closed to new entrants as of this year, but will continue to accept new entrants up to the revised inception date in 2017.

The purpose of both the existing Employer-supported Childcare system and the Government's planned Tax-free Childcare initiative is to provide working parents with a tax-efficient way of contributing towards childcare costs. The current scheme achieves this by allowing up to a maximum of £243 per month to be exchanged directly from an employee's gross salary before either tax or national insurance is deducted. This in turn has a benefit for the employer, as the national insurance contributions they make are reduced for each active member of the scheme. The government's initiative, however, allows employees to claim 20% of their childcare costs up to a maximum of £2,000 per year for each eligible child. The employer does not achieve a saving under Tax-free Childcare, as it will be arranged directly between the employee and the Government.

Though each system provides tax-efficiencies around saving for childcare costs, the eligibility criteria qualifying an employee for access to a scheme has significant differences. Under the existing system any employee can access a CCV scheme if their employer has one in place, the only limit being the amount of saving they could achieve being dependent on the rate of tax they pay. In contrast to this, Tax-free Childcare has a stringent list of criteria to determine whether an employee can access the new system. Examples of those that can benefit from the existing CCV system, but who will be excluded from the Government's scheme when it is released in 2017 are as follows:

- Any couples where one parent is not working
- Any parent who will need to claim for a child over 12 years of age (the age cap for a disabled child will be set at 17)
- Where a parent is an additional rate tax payer
- Where a parent receives tax credits

When Tax-free Childcare is finally implemented in 2017 existing CCV schemes will not be allowed to permit any new members to join, but existing members will still be able to contribute using the existing system.

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## Employment

### New Trade Union Bill Published

On the 15<sup>th</sup> July 2015, the Government introduced a new Trade Union Bill (The Bill) 2015-2016 to reform various aspects of trade union law, obligations and activities. The Bill proposing amendments to the Trade Union and Labour Relations (Consolidation) Act 1992 TULRCA 1992 has been described as one of the most fundamental reforms to modernise trade union law. If passed, the Bill would become the Trade Union Act 2015.

Reforms introduced by the Trade Union Bill will:

#### Ensure that strike action only ever takes place on the basis of clear and representative mandates through new thresholds that strike ballots must meet

Currently, a strike or other industrial action will be unlawful unless at least 50% of trade union members who responded to the relevant ballot voted in favour of the action. The Bill introduces the additional requirement that at least 50% of all eligible members must have voted.

The Bill also introduces the requirement that all votes be clearly defined when being recorded to ensure that the number of people voting includes those who return spoiled or otherwise invalid ballot papers.

An additional threshold of 40% of support to take industrial action from all members eligible to vote in the key health, education, fire, transport, border security and nuclear decommissioning sectors – including the Border Force has also been included.

#### Improve transparency and oversight of trade unions

Voting papers must be reasonably detailed about the matters in issue in the trade dispute to which the proposed industrial action relates, indicate when the industrial action is expected to take place and finish and if a strike is not proposed, information must be provided on what other type of industrial action is proposed.

There are also tougher provisions on Unions which impose obligations to include information about what industrial action has been taken, and its financial support towards any political activity, in their annual returns.

The Bill will also improve union practices and increase transparency by setting a 4 month time limit for industrial action so that mandates are always recent.

#### Require reasonable notice of strike action, and give employers greater chance to prepare for industrial action and put in place contingency plans

Under the Bill, the notice given to employers of industrial action would be increased from 7 days to 14.

The new Bill has come as a result of the Conservative Party's attempt to introduce measures to "restore confidence" in Trade Unions, particularly measures which would prevent what it saw as "disruptive and undemocratic" strike action. The government says it felt forced to act due to the number of strikes called on the London underground, railways or in schools based on small turnouts or two-year-old ballot mandates.

The consultations will close on 9 September 2015.

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