



Childcare Salary Sacrifice Scheme / Tax Free Childcare

Policy and Guidelines

1. Introduction

The Childcare Salary Sacrifice Scheme is part of the Council's wider work life balance strategy and hopes to support employees with their childcare responsibilities by offering a practical solution.

The current scheme will continue to run for existing participants (see section 2) until approximately October 2018 (subject to Government confirmation) when childcare voucher schemes will be closing to new applicants.

After this time parents not participating in a childcare voucher scheme will be able to participate in the Government's Tax Free Childcare Scheme (see section 3), which was introduced in April 2017. Information about Tax Free Childcare is available via GOV.UK - [Help paying for childcare: Tax-Free Childcare - GOV.UK](#)

2. What is a Childcare Salary Sacrifice Scheme?

Childcare payments can be made to childcare providers covering either the full or part cost of childcare provision in the UK.

It is a convenient money-saving means of supporting employees with the costs of childcare.

The first £55 per week of the cost of providing childcare is exempt from tax and NI contributions.

The payments for the scheme are made via a salary sacrifice.

2.1. What is a Salary Sacrifice?

Salary sacrifice involves the sacrifice of a specified amount per week/month via a change to the contractual terms and conditions of employment, which will be bound by entering into an agreement with the provider.

The employee chooses the amount of the salary sacrifice, bearing in mind the tax/NI exemptions only apply to the first £55 per week.

The salary sacrifice agreement will be entered into for a specified period, normally 12 months. This agreement can only be terminated as a result of a life-changing event i.e. marriage, divorce, separation, pregnancy or death.

The reduction in salary should not bring the employee below minimum wage.

2.2. Eligibility for the Scheme

The scheme is open to all employees.

A child qualifies up to 1st September following their 15th birthday, or 1st September following their 16th birthday if they are disabled.

The £55 exemption applies to each individual employee and is not affected by the number of children in the employee's family. Both parents could receive the benefit resulting in an exemption of £110 per week.

2.3. How do I apply?

Information is available via the Edenred helpline 0800 247 1244. You will need the scheme ID which is SOUT 7918.

The current scheme will continue to run and will remain open to new applicants until approximately October 2018. Employees who have already signed up to the scheme will be eligible to keep receiving vouchers but they will not be able to rejoin the voucher scheme after this time if they leave/stop participating.

3. Tax Free Childcare

The Government's Tax Free Childcare Scheme was introduced in April 2017. It is open to more than twice as many parents as the employer supported voucher schemes. Employers' workplace nurseries aren't affected by the introduction of Tax-Free Childcare.

Employees are able to open an online account, which they can pay into to cover the cost of childcare with a registered provider. This will be done through the government website, GOV.UK

For every 80p the employee puts in the government will top up an extra 20p, this is the equivalent of the tax most people pay - 20%. The government will top up the account with 20% of childcare costs up to a total of £10,000 - the equivalent of up to £2,000 support per child per year (or £4000 for disabled children).

The scheme will be open for children under the age of 12 and under the age of 17 for children with disabilities.

To qualify parents will have to be in work and each earning at least £120 per week and not more than £100,000 each per year. Any working family can use Tax-Free Childcare provided they meet the eligibility requirements. The scheme will be available to parents on paid sick leave and paid and unpaid statutory maternity, paternity and adoption leave. It's also available to self-employed parents.

Money can be paid into their childcare account as and when they like, which provides greater flexibility as to when the money can be used. Other family members can also pay into the account as well as employers. If their circumstances change they are able to withdraw the money they have built up. If they do the government will withdraw its corresponding contribution.

4. **Childcare Advice**

When it comes to choosing childcare there are lots of options to think about. Employees can contact the **Families Information Service** to request a personalised list on 0800 783 4645 or email fis@southtyneside.gov.uk

5. **Equality and Diversity Statement**

The School is committed to promoting equality and valuing diversity. An equality check was carried out in November 2017. No equality implications were identified in this policy.

Policy approved:	Nov 2020
Date of next review:	Nov 2021