

NurseryPlus – Frequently Asked Questions (FAQs)

1. What is NurseryPlus?

1.1 How will I save money by joining NurseryPlus?

At the present time you pay for your childcare costs at Westwood Nursery from your net pay. However, the income tax legislation allows employees to be provided with the benefit of free childcare – for example in a workplace nursery or creche facility – without any tax or national insurance contributions (NICS) liability arising. You can, therefore, enter into what is known as a “salary sacrifice” (referred to as salary exchange) arrangement under which you agree to receive a lower amount of gross pay in return for which you will be provided with free workplace nursery place(s).

As a consequence you save money since you do not have to pay PAYE or NICs on the amount of salary that you have exchanged.

See Appendix A for some illustrative examples of possible savings through NurseryPlus. Please note that these are for illustrative purposes only, and the actual impact may vary depending upon an individual’s circumstances.

2. Eligibility to join NurseryPlus

2.1 Are there any circumstances in which I could not join, or could not continue to participate in NurseryPlus?

Your salary must be greater than the equivalent cost of your nursery fees/proposed salary exchange. Furthermore, the amount of money exchanged must not reduce your salary to below the **National Minimum Wage**. In addition, you must be able to commit to a minimum of one year's membership. For employees on Statutory Maternity Pay, see section 5 below.

2.2 I work part-time – can I still join NurseryPlus?

Yes – part-time employees are eligible to take part in the scheme. However, if entering the scheme means that your gross pay is less than the annual Lower Earnings Limit for NIC purposes, your entitlement to the Basic State Retirement Pension may be affected. The University has determined a ‘pay protection limit’ of £7,500 and any employee earning below this sum will not participate in this scheme.

3. Joining NurseryPlus

3.1 How do I apply, and for how long do I have to stay in the scheme?

You will need to complete the NurseryPlus Application Form and return it to Nabeeha Dodson, Childcare Services Administrator based at Westwood Nursery. The completion and signing of this form confirms your agreement to the contractual change to the terms and conditions of your employment arising from your participation in the scheme. In order to meet the HMRC conditions, once an employee has opted into the scheme they cannot leave the scheme except at the Annual Renewal Date, or when their child leaves the nursery, or if there is lifestyle change

As each child is noted separately on the application form, if one child leaves at this point the amount of salary exchanged will then need to be reduced to an amount equivalent to the

annual cost for the remaining child/ren. The amount of salary exchanged can be amended on an annual basis from August each year, which is the Annual Renewal Date for the scheme.

If you do not request a revision to your salary exchange agreement by the Annual Renewal Date, your existing salary exchange agreement will be extended for a further 12 months.

Any nursery fees outstanding beyond the amount settled through NurseryPlus – for example any unanticipated ad hoc sessions - will need to be settled directly with Westwood Nursery.

4. Making changes

4.1 What happens if I need to change my childcare arrangements?

Requests for altered membership of the scheme exceptionally may be considered in the event of a significant change in personal circumstances (sometimes also termed a 'lifestyle' change). You will need to complete the 'Request for Change' form.

You are asked to note that, in order to comply with HMRC rules, the scheme depends on a commitment by the employee and the employer for the period of one year. If your arrangements are likely to change frequently then this scheme may not be appropriate by HMRC as it would be deemed as a deduction from salary and not a genuine salary sacrifice.

Employees are advised to note that, because any changes, amendments or variations in membership of the scheme entail a change to the terms and conditions of employment, the applicant must actively initiate the process of formally applying for a change in membership. No changes will be automatically made, nor can the nursery management or other agency effect changes on your behalf. It is the employee's responsibility to take the initiative in reviewing their membership of the scheme, and in formally and explicitly requesting any necessary changes in membership.

Increasing and/or decreasing nursery bookings for reasons not covered by the 'lifestyle' changes are not permitted by HMRC.

4.2 How much notice do I need to give to join the scheme, or alter my membership due to a significant change in my personal circumstances?

HMRC regulations require that in order for a salary exchange to be successful an employee must give up the right to receive the salary before they start to earn it. In order to meet this condition, you must inform Nabeeha Dodson, Childcare Services Administrator at the latest before the 20th of the month preceding the month in which you wish to start using the scheme, or make the alteration. This allows time for the payroll deduction to be set; the employee's salary will then be reduced from the agreed date and the nursery fees will be invoiced direct to the University.

4.3 My child is four years old. Will NurseryPlus affect my child's entitlement to a Nursery Education Grant?

No. Under the Government's Nursery Education Grant funding scheme your child becomes eligible for free nursery sessions from the start of the school term **after** their third birthday. This means that most three year olds will be able to start their free nursery sessions in the September, January or April following their third birthday. Westwood Nursery will notify you when your child becomes eligible for this funding and the resulting reduction in your fee liability.

5. Maternity leave & pay

5.1 What about my entitlement to Statutory Maternity Pay?

Your entitlement to SMP is calculated by reference to your earnings in the 8 weeks period up to the 15th week before your baby is due to be born. As a consequence, any reduction in your pay in this period – for example, participating in NurseryPlus for childcare, or participation in any salary exchange scheme – may result in a reduction in your entitlement. If you have any doubts as to your position in this regard please contact the Payroll Office.

Due to changes in legislation relating to the provision of non-pay benefits during maternity leave, if you are eligible, the University will provide you with the benefit of University nursery fees at no cost to yourself, depending on which of the following options you take.

Maternity leave is considered to be a life changing event, and is therefore one of the accepted lifestyle changes should you wish to withdraw from NurseryPlus at this point.

6. NurseryPlus and childcare vouchers

6.1 Why would I want to use these two schemes?

There are two separate tax concessions which help employees to meet the childcare costs. Under both schemes some or all childcare costs can be replaced by exchanging salary before tax and National Insurance contributions are deducted, thus saving the tax and NICs which would have been paid on the amount exchanged.

6.2 Which scheme do I use?

If you have children in Westwood Nursery subject to certain rules you can exchange your University salary up to the full amount of the fees using NurseryPlus. If you use childcare providers outside of the University i.e. not at Westwood Nursery, you can use the Fideliti salary exchange scheme to get childcare vouchers up to a maximum of £243 per month.

6.3 Can I take advantage of both schemes?

Yes. You can have children in the University's nursery – Westwood Nursery – for whom you claim under the NurseryPlus salary exchange scheme. You may have other childcare costs for the same or another child, which are not paid to a workplace nursery, which you can claim under the Fideliti childcare vouchers salary exchange scheme. You cannot claim the same costs under both schemes.

6.4 If my partner and I are both employed by the University, can we both use NurseryPlus and the Fideliti childcare voucher scheme?

Yes. Each parent is entitled to the concession. You are entitled to childcare vouchers for the care of any child for whom you are responsible even if you are not the biological or adoptive parent.

6.5 Do these schemes have any effect on any state benefits, including tax credits?

When you sacrifice cash pay in return for a benefit that is exempt from NI contributions you will not pay NI on the sacrificed portion, only the actual earnings. As your entitlement to some benefits is based on the amount of NI contributions that you pay, and others are based on the amount of your earnings, entering into a salary sacrifice may affect your current or future entitlement to a range of benefits including: Incapacity Benefit, state pension, Statutory Maternity Pay, Statutory Sick Pay, Working Tax Credit and Child Tax Credit

With regard to tax credits, entering into a salary sacrifice in relation to childcare costs may affect your entitlement to tax credits depending on your own particular circumstances, including your childcare costs and the amount of hours that you work. Generally your income for tax credits purposes will reduce by the amount of the sacrifice which may result in a higher award of tax credits on the reduced salary. However, the portion of your childcare that is met via workplace nursery via a salary sacrifice arrangement is not considered an eligible childcare

cost for tax credit purposes, therefore your entitlement will reduce on this portion of your tax credits.

Before entering into the salary sacrifice arrangement we advise you to compare your current tax credit award with the award you would receive with the tax and NI savings gained by participating in the scheme. Use the HMRC calculator to help determine whether you will be detrimentally affected by participating in the scheme: <https://www.gov.uk/childcare-vouchers-better-off-calculator>

For more information about how these benefits would be affected by a salary sacrifice arrangement you should contact the benefit provider. Please note also that salary sacrifice is not permitted if it would reduce your salary to below the National Minimum Wage.

Occupational Pension Contributions (USS & LGPS)

USS and LGPS pension scheme rules are based on your “notional” salary. This is your salary before salary sacrifice. Therefore your (and the University) contributions to these schemes will be based on your salary prior to the salary sacrifice scheme, as will the benefits accruing.

If you require further information about the impact of your pension deductions and entitlement please contact the Pensions Office. If you are on any other pension scheme you will need to check the implications of entering into a salary sacrifice scheme with your provider.

7. Leaving NurseryPlus

7.1 Can I opt out of NurseryPlus once I have signed up?

Because of Inland Revenue rules, you cannot leave the scheme at any time. Your commitment must be for a minimum of 12 months from the date you enter the scheme. You will not be permitted to leave the scheme during this time unless:

- Your child(ren) leave (s) Westwood Nursery
- You cease employment with the University.
- Your salary changes, such that your post-exchange income will be less than the University’s ‘pay protection limit’ of £7,500 per annum.
- You have another significant life changing event.

8. Independent advice

The University cannot offer independent advice and can only provide information about the scheme. You may want to consider seeking independent advice before making a decision - you can get advice from a variety of sources, such as your union, the Citizens' Advice Bureau, an independent financial adviser, your accountant, or your solicitor/legal adviser.

9. Further information

- Nabeeha Dodson (ext 6518): for queries about fees and invoices, eligibility to join NurseryPlus, general scheme queries
- Simon Paul (ext 4410): for queries about NurseryPlus and maternity pay