

**QUEEN'S UNIVERSITY BELFAST**

**Childcare+**

## 1. Introduction

The University currently provides childcare facilities on the University premises for staff and students. The current provision is summarised in Table 1 below:

**Table 1 – Current Childcare Provision**

Location	Facility
11 / 12 College Gardens	Full-time Creche After School Club Summer Holiday Care
Queen's Sport (PEC)	Summer Scheme

## 2. Childcare+

2.1 In September 2005, the University introduced an alternative method of providing childcare places, involving the implementation of a Salary Sacrifice Scheme. The Scheme has been designed to

- Reduce the effective cost to employees (as outlined in paragraph 2.3)
- Increase the amount of money available to the University to support its commitment to the ongoing provision of childcare facilities
- Take advantage of the favourable tax and national insurance treatment of on-site nursery places.

The Scheme has been incorporated within the University's Benefits+ initiative and has been renamed as Childcare+. Further details of Benefits+ are available on:

<https://www.qub.ac.uk/directorates/FinanceDirectorate/Staff/employee-services/salaries/guidance/>

### 2.2 The Scheme in Outline

The UK Government is committed to assisting employees with childcare costs through the Tax-Free Childcare scheme. Further details are available on:

<https://www.gov.uk/tax-free-childcare>

In addition to this scheme, where an employer has an on-site childcare facility, the legislation allows for favourable tax treatment involving the provision of a "tax and NIC free" benefit to employees in the form of a workplace nursery. With workplace nursery places an employee can sacrifice the entire value of the nursery place, as long as doing so does not cause the employee's wage to fall below the National Living Wage or National Minimum Wage.

The University administers such a scheme, whereby employees can avail of a "tax free benefit". Employees can choose to take a reduced salary (salary sacrifice) and receive a nursery place. The employee's gross salary is reduced by the cost of the nursery place and by doing this, the amount of pay that is subject to tax and national insurance is reduced and the employee will receive a monthly financial benefit.

We have agreed with our tax advisers that our Scheme satisfies HMRC conditions. The effect of the Scheme is that we can replace taxable salary with a tax free benefit. As the Scheme depends on tax savings, however, it is only suitable if an employee pays tax on his/her University salary.

### 2.3 The amount of pay reduction

These charges will be subject to annual review.

The Scheme has been structured to provide savings for you on the effective cost of obtaining a nursery place. The full-time crèche fee for 2023-24 is £60 per day. For basic rate taxpayers, however, the net fee payable in 2023-24, after the Scheme has been applied, will amount to approximately £42 per day (updated December 2023 to take account of the reduction in employee NIC rate to 10% from 6<sup>th</sup> January). This net fee compares favourably with that charged by other childcare providers.

#### 2.4 Example of savings

As an example, if you are currently earning £35,000 per annum paying £300 (£60 x 5 days) for 52 weeks (£15,600 per year), you would agree to take, instead, a reduced salary of £19,400 and receive an allocated nursery place. Although your gross salary would be reduced by £15,600, your net salary would reduce by £10,920 per annum. This is due to the decrease in the amount of tax and national insurance you would pay. This equates to a saving of £390 per month / £4,680 per annum. If you join the scheme, a salary reduction will be agreed with you on an individual basis, based on the amount of your gross fees payable.

*(note: all figures approximate)*

#### 2.5 Joining the Scheme

You will be able to join the Scheme at the beginning of the academic year, ie from 1 September. New joiners may be accepted later, when a nursery place becomes available. In order to join the Scheme you will need to sign an application form, under which you agree to the arrangement for salary deduction, as outlined in the Childcare+ Scheme. In return, you will be provided with allocated nursery facilities. This application form is attached, and in order to join the Scheme, this must be signed and returned by 11 August 2023. In addition, this application form will need to be updated and signed on an annual basis.

You will be given the opportunity to renegotiate the salary deductions as they relate to the provision of nursery accommodation each year, at the time that you are asked to select the number of places you will require for the forthcoming year. This will also take into account, inter alia, your latest salary details.

#### 2.6 Withdrawal

Once you have agreed to take a reduced salary and allocated nursery accommodation for a year, in normal circumstances, it will not be possible to change the arrangement during the year. The only exceptions to this would be in the event where a child cannot, on serious medical grounds, continue to take up the place. However, we will consider exceptional circumstances (ie lifestyle changes) and each case will be decided on an individual basis by a panel to include representatives from Finance, Student and Campus Life and People and Culture.

If you decide not to continue as a member of the Scheme, and the panel has agreed to your withdrawal, your salary will automatically revert back to its original level. The Salaries Office will continue to deduct the full monthly amount until notified by the Panel of any change required.

If, at the end of the year, you decide to withdraw from the Scheme you may still continue to use the nursery facilities. In this instance you will be required to pay your fees using normal payment methods. In addition, your salary will revert to its original level.

#### 2.7 University and School Term Places

If, having guaranteed attendance for a full twelve months (or 44 weeks in the case of out of school places), parents find it necessary to withdraw their child at an earlier date, they must notify Mrs Karen McCormick, Head of Childcare Services, in writing at least four weeks before the intended date of withdrawal. This date should normally coincide with the end of a University semester. Generally the only reasons for waiving the guaranteed attendance clause are medical, in which case a doctor's note must be provided. Sympathetic consideration will be given in cases, where, for instance, a child is unsettled and needs to be withdrawn, but as much notice as possible must be given so that the place may be re-allocated.

In the event that your contract of employment is terminated, you will be entitled to the allocated place(s) at the University day nursery/out of school up to and including the date your final salary payment is paid to you or, in the event that you receive a payment in lieu of notice, the date of receipt of that payment, if later.

## 2.8 Out of School Club

The Scheme also includes users of the Out of School Club. To satisfy the requirements of the Scheme, users of the Out of School Club will need to commit to the use of a set number of sessions/days per week. This will also facilitate the administration of the Scheme, particularly with regard to the appropriate salary deductions.

## 2.9 Further Information

If you would like further information about the Scheme you can contact childcare-invoices@qub.ac.uk, for general enquiries, or [Salaries.office@qub.ac.uk](mailto:Salaries.office@qub.ac.uk), for salary estimates.

## 3. Frequently Asked Questions

### 3.1 What will be the effect on my net pay?

As both Income Tax and National Insurance Contributions (NIC) are calculated on the amount of your gross pay that remains after Salary Sacrifice, you will pay less Tax and NIC. The actual net cost of childcare to you will be significantly less than the reduction in your gross pay. A schedule of typical savings can be provided to you, on request, from the Salaries Office. This will be calculated, based on both your current salary and your childcare costs. It may not, however, take account of other individual circumstances such as tax coding, tax credits etc and should therefore be regarded as indicative savings only.

### 3.2 Do I have to pay tax on this benefit?

No. Under current UK government legislation you are entitled to receive the provision of an on-site nursery place from your employer with no tax or national insurance implications.

### 3.3 Will my pension rights be affected by the reduction in my gross pay?

No, our pension schemes allow the “notional” pre salary sacrifice figure to be used and therefore your pension rights will not be affected. We have obtained written assurances from both USS and RBP confirming this to be the case.

### 3.4 Will the reduction in pay affect my entitlement to death in service?

No, as above this will be based on your “notional “ pay.

### 3.5 What happens if I have a period of unpaid leave or maternity leave?

If your gross salary payment is not sufficient in any month to cover the deductions for salary sacrifice, you will need to contact the Head of Childcare Services to discuss alternative means of paying for the childcare costs. If you choose not to return to work at the end of the period of unpaid leave or maternity leave, then any excess of net pay paid over that due will be repayable by you to Queen's.

### 3.6 Will the deductions affect my other employer benefits?

No.

### 3.7 Will my entitlement to statutory sick pay and statutory maternity pay be affected by my salary sacrifice?

As long as the amount you sacrifice does not bring your salary below the Lower Earnings Level (*which is currently £533 per month for 2023/24 tax year*), your entitlement to statutory sick pay, maternity pay or basic state pension will not be affected by entering into the salary sacrifice agreement.

3.8 Will the reduction in pay affect my entitlement to Universal Credit / Working Tax Credit (WTC)?

WTC has been replaced by Universal Credit for most people. If you already receive WTC and your circumstances change you may move to Universal Credit at that time and your existing benefits will stop. It is understood that those in receipt of WTC, with no changes in circumstances, will move to Universal Credit between 2020 and 2023. The Department for Communities will contact recipients when they are required to move to Universal Credit.

An entitlement to WTC/ Universal Credit depends on a number of factors including the hours you work, how many children you have and the amount spent on childcare.

Please note that the overall calculation is dependent on much more information than would normally be held by an Employer and we therefore advise that you check your position using the Inland Revenue calculator on-line, or contact Employers For Childcare helpline 0800 028 3008.

Further details on Universal credit are available on:

<https://www.nidirect.gov.uk/articles/claim-universal-credit-online>

3.9 Will the reduction in pay affect my claim for Child Tax Credit (CTC)?

As noted in respect of WTC in 3.8 above, CTC is being also replaced by Universal Credit and, except in exceptional circumstances, no new claims for CTC can be made.

Further details on Universal Credit are available on:

<https://www.nidirect.gov.uk/articles/claim-universal-credit-online>

We recommend that you check your own position before agreeing to salary sacrifice. Further advice can be obtained from the Employers For Childcare helpline 0800 028 3008

3.10 What happens if the Chancellor raises income tax or national insurance?

If the Chancellor raises Income Tax or National Insurance it may mean that you save more.

3.11 Will joining the scheme have any impact on student loan repayments?

Yes - it may reduce the amount of student loan repayment (SLR) you make. Queen's calculates the amount of SLR by reference to your pay each month on a non-cumulative basis. The revised pay figure would be used to calculate the amount of SLR to be deducted, and as this is lower than your previous gross pay figure, your SLR may reduce.

3.12 Will salary sacrifice affect my mortgage application?

No, we will provide you with a letter detailing your pre salary sacrifice figure for the purpose of any mortgage application.

3.13 Can I continue to use Childcare Vouchers as well?

In line with government policy, access to Childcare Voucher Schemes closed to new entrants on 4 October 2018 a new government scheme "Tax Free Childcare" was introduced. Staff can access the new scheme by sign-up directly with HMRC. Further details are available on:

<https://www.gov.uk/tax-free-childcare>

You can use the new Tax Free Childcare scheme or continue to use Childcare Vouchers in conjunction with Childcare +, if you have childcare costs for another child, which are not paid to Queen's University. In general, your salary must be greater than the cost of any proposed childcare costs, and the amount you sacrifice from your salary for childcare must not reduce your salary to below the [National Minimum Wage](#).

Family Benefits Advisors from Employers for Childcare can give you further advice about Childcare Vouchers, Tax Free Childcare and general family benefits advice - helpline 0800 028 3008.

- 3.14 If my partner and I are both employed by the University, can we both use the Childcare+ and Childcare Vouchers schemes?

Yes. Each parent is entitled to the concession.

- 3.15 What if I need evidence of my salary to support my visa application?

We will provide you with a letter confirming your pre salary sacrifice figure. However, where evidence of NI able pay is requested by the UK Borders Agency, or other government agency, we must confirm the after sacrifice figures.

- 3.16 What if my net salary falls below the National Minimum Wage?

As with all salary sacrifice deductions, you may not sacrifice an amount of salary which will reduce your National Insurance Pay to less than the value of the National Minimum Wage.

- 3.17 What if I have a question not included above?

The Salaries Office will provide assistance on any specific query you may have in relation to salary sacrifice. The office can be contacted on extension 3040 or [salaries.office@qub.ac.uk](mailto:salaries.office@qub.ac.uk). Alternatively, if your query is in relation to the Scheme itself rather than a salaries related issue, you may wish to contact the Childcare Office on extension 5342 or [ChildCareServices@qub.ac.uk](mailto:ChildCareServices@qub.ac.uk).

Family Benefits Advisors from Employers for Childcare can give you further advice about Childcare Vouchers, Tax Free ChildCare and general family benefits advice - helpline 0800 028 3008.