

CHILDCARE VOUCHER SCHEME

POLICY

Please note that from 05 October 2018 the Childcare Voucher Scheme is no longer open to new entrants. Therefore, the information below is only applicable to employees who joined the scheme prior to this date and are still currently members.

1. Introduction

- 1.1 The University of Strathclyde believes in supporting employees to balance work and family commitments successfully and, recognising the need to support working parents, adopted a voluntary Childcare Voucher Scheme which enables parents to make tax and national insurance savings on their childcare costs through salary sacrifice.

2. Overview of the Scheme

- 2.1 The University of Strathclyde works with an external company, Sodexo Pass Ltd, who administer the Scheme on our behalf.
- 2.2 The main benefit of the Childcare Voucher Scheme is that it enables you to agree to 'sacrifice' a regular amount from your monthly gross salary and choose to receive the equivalent amount in Childcare Vouchers.
- 2.3 On each Pay Day you will receive your monthly salary, less the amount you have opted to take in childcare vouchers, and on the first working day of the month your Saycare Pass account will be credited with Childcare Vouchers for use towards childcare costs. The vouchers have an expiry date of between 12-18 months from the date of issue.
- 2.4 An additional benefit for you is that the Government does not levy tax or national insurance on childcare vouchers. Therefore, you agree to sacrifice an amount of your pre-tax salary and receive the gross amount in childcare vouchers, thereby saving on tax and national insurance contributions.
- 2.5 The amount you save is dependent on how (a) much you decide to sacrifice from your salary and (b) the rates of tax and national insurance you pay on your salary. You can save tax and national insurance contributions on **up to £55 per week or £243.00 per month**, although it should be noted that limitations apply for higher and additional rate tax

payers¹. You can choose to 'sacrifice' less than this amount, but no more than this amount.

3. Eligibility for the Scheme

- 3.1 Childcare Vouchers can only be used with registered or approved childcare. Any carer or childcare facility that is not registered with the appropriate authority e.g. Care Commission, Ofsted, cannot be paid with vouchers so you must confirm that your childcare provider is registered or approved and will accept payment by vouchers.
- 3.2 If, at any time, you do not receive sufficient salary to cover the amount agreed as a "salary sacrifice" **no deduction will be made** and therefore no Childcare Vouchers will be purchased. Membership of the Scheme will be suspended until the salary level is greater than the level of the "salary sacrifice" deduction.
- 3.3 If you are on a period of maternity/adoption leave and in receipt of childcare vouchers at the commencement of the maternity/adoption leave period and also in receipt of University maternity/adoption pay, you can continue with the salary sacrifice (at the same level) until you revert to SMP/SAP when your vouchers will be provided by the University of Strathclyde until the end of additional maternity/adoption leave (AML/AAL).
- 3.4 If, at any time, you are in a nil pay situation apart from 3.3 above (e.g. term time employees paid over less than 52 weeks, unpaid leave of absence, if Sick Pay has been exhausted etc), **no deduction will be made** and therefore no Childcare Vouchers will be purchased. Membership of the scheme will be suspended until you begin to receive pay again.
- 3.5 The University will ensure that it is compliant with current legislation in the operation of this Scheme.

4. Changes to membership of the Scheme

- 4.1 The amount 'sacrificed' from your salary can be amended easily by logging into the Saycare Pass account and requesting the necessary change. Again, this should be amended by the **5th of the month** to effect the change in that particular month's salary.

¹ From 6 April 2011 the Government is reducing the tax savings on childcare vouchers for higher and additional rate tax-payers. Staff joining the scheme from 6 April 2011, and who fall into this tax bracket, will be eligible to save up to a maximum £28 per week.

5. Effect on Pension

- 6.1 If you join the Childcare Voucher Scheme and reduce your monthly salary, pension contributions will continue to be calculated on the gross salary before the value of the Childcare Vouchers is deducted.

7. Effect on other benefits

- 7.1 If you reduce your monthly salary, any **salary/wage-related** payments e.g. overtime, will be calculated using the gross salary before the value of the Childcare Vouchers is deducted.
- 7.2 Statutory Maternity Pay (SMP) and Statutory Adoption Pay (SAP) can be reduced by participation in a salary sacrifice scheme. You may wish to seek independent financial advice on this matter.
- 7.3 Statutory Paternity Pay (SPP) should not be affected by entering into a salary sacrifice scheme. However, you should check your own individual situation before joining the Scheme.

8. Leaving the Scheme

- 8.1 You can leave the scheme at any time, but a 30 day notice period should be given. If you leave the scheme you will not be able to re-join unless you have only temporarily opted out for example due to maternity leave or a career break and:
- joined the scheme prior to 4 October 2018
 - make at least one salary sacrifice (more than £0) within each 52 week period
 - do not leave the scheme in order to use Tax-Free Childcare, and
 - do not change employer

If you do decide to re-join the scheme you need to be mindful that you will not receive your vouchers until the following month.

- 8.2 You should carefully review the amount of vouchers you wish to purchase on a regular basis, ensuring that when leaving the Scheme no surplus savings remain in your Saycare Pass Account. It should be noted that no refund of vouchers will be made for any savings which remain in your Saycare Pass Account.

Further information:

Further information on the Childcare Voucher Scheme can be obtained by contacting Joanne McRae, Human Resources, extension 2353.

Further information on Saycare Vouchers can be found at the Sodexo website: <https://uk.childcare-vouchers.sodexo.com/> or by telephoning the dedicated helpline on 0800 328 7411.
