York Campus Nursery
Nursery and pre-school established 1989

Nursery Extra and Nursery Plus

york.ac.uk/nursery
Welcome

Nursery Extra and Nursery Plus

The University of York and its subsidiary companies, including YCL, are committed to promoting back to work, flexible working arrangements and affordable childcare for employees. They want to provide nursery facilities in the most cost-effective manner for all. To this end the University provides Nursery Extra to be used through York Campus Nursery (york.ac.uk/nursery), which is a salary exchange opportunity within the Rewards Extra integrated benefit scheme. The University’s subsidiary companies provide Nursery Plus, (bit.ly/NurseryPlusScheme) an identical scheme which is part of the Employee Plus benefits package. For the purposes of this document, the University of York and its subsidiary companies shall hereby be collectively referred to as “The Company.” The Nursery Extra and Nursery Plus schemes work in exactly the same way and shall hereby be referred to as “Nursery Extra/Plus.”

Nursery Extra/Plus has been designed to give a real benefit through tax efficiencies for all Company employees. Under Nursery Extra/Plus the Company is providing you with the choice to make childcare more affordable through salary exchange when using York Campus Nursery. A basic rate tax payer can save up to 29% of their childcare costs and a higher rate taxpayer can save up to 41%. That means the annual cost of a full-time nursery place could be reduced by over £3,000 for a basic rate taxpayer and by over £4,000 for a higher-rate taxpayer. These savings are achievable through tax and National Insurance (NIC) efficiencies. Please see the Nursery website for fees (york.ac.uk/nursery).

This booklet aims to explain these efficiencies in more detail, answering the questions you may have, with an explanation of the proposals and points which you will need to take into consideration when deciding whether to participate.

Who is eligible to participate?

This arrangement will only be available to you if you are an employee of the Company and have parental responsibility for any children placed in York Campus Nursery. This is one of the conditions required to ensure that a nursery place is not taxable as a benefit in kind (for the purpose of these arrangements, parental responsibility means having all rights, duties, powers, responsibilities and authority which by law a parent of a child has in relation to the child and the property of the child).

Nursery Extra/Plus is also subject to the other standard eligibility rules for salary exchange schemes which include: actual earnings in excess of the Company’s Pay Protection Limit and above the National Minimum Wage. There is no obligation on employees to participate in these arrangements in which case you will continue to pay for sessions from your net pay as at present. However, many similar public sector organisations have implemented such salary exchange or sacrifice arrangements which have been well received by their employees as there are the obvious benefits to them.
**What is involved?**

- **a.** The Company will provide you with an agreed number of childcare sessions at the Nursery and you will agree to enter into a salary exchange agreement. However, you will continue to be charged in the normal way for any additional ad hoc Nursery sessions you might request, which are not covered by the salary exchange agreement.

- **b.** Under Nursery Extra/Plus, you agree to a reduction in your gross basic pay. The amount of the reduction will depend upon the level of childcare you select.

- **c.** The proposed arrangements can have an impact on certain entitlements to benefits such as the childcare element of working tax credits and as a consequence the Company recommends that you consider this matter before opting to participate in the arrangement. Further information on this is provided in this booklet.

**What are the general effects of reducing salary?**

Nursery Extra/Plus is no different in principle to other salary exchange benefits offered under Rewards Extra and Employee Plus. If you participate in Nursery Extra/Plus, you will pay a reduced amount of tax and NIC and you will therefore be better off each month. As with other salary exchange benefits:

- You cannot reduce your salary to a level below the National Minimum Wage. You may therefore have to restrict the level of exchange under Nursery Extra/Plus to ensure that your earnings still remain above this level.

- You cannot reduce your salary to a level below the Company’s Pay Protection Limit. This is to ensure that your earnings do not fall below the NIC Lower Earnings Threshold in order to protect certain state benefits.

- Your pension and other similar benefits will continue to be based on your pay before taking account of any salary exchange adjustments (known as Notional Salary).

- In order for the salary exchange to be effective, the Company will need to make amendments to your Terms and Conditions in accordance with the provisions of Section 4 of the Employment Rights Act 1996. It is important that you understand and agree these changes.

Nursery Extra and Nursery Plus are both parts of integrated benefits schemes, so further information is available on the impact of salary exchange at the Frequently Asked Questions section on your Employee benefits webpages. This includes information in relation to maternity, adoption, lifestyle changes etc. There are however some specific matters relating to childcare which need to be carefully considered and are included overleaf.
What if I am claiming Tax Credits?

Tax credit entitlement is based upon the level of earnings you are receiving.

In order to make a decision, and to see how this affects your circumstances, please contact the HM Revenue & Customs helpline on 0345 3003 900 or website; gov.uk/tax-credits-calculator so they can advise you on the impact of salary sacrifice on the childcare element of the WTC.

Will any other benefits be affected?

All other benefits e.g. pay rises, overtime, shift pay, etc. will be based on your Notional Pay (ie your pay prior to any Salary Exchange reduction), and therefore your benefits will not be affected.

Will my State Pension be affected?

As the University Pension Schemes are contracted out of the State Second Pension, there will be no negative impact on these benefits unless you are not a member of either University pension scheme. By setting a Pay Protection Limit we are therefore able to safeguard your State Pension.

What if I want extra ad hoc childcare sessions?

In the event that you require childcare sessions outside those you have already agreed to under the salary exchange arrangement, then as at present, the cost of these additional sessions will need to be made from your net salary and will be outside the salary exchange scheme.
What if my child qualifies for the ‘Free Early Years Entitlement’?

To see if your child qualifies for Early Years Funding and to see what other childcare schemes are available, please visit: childcarechoices.gov.uk

If you currently receive funding for your child then you will currently not pay this element of your nursery costs. York Campus Nursery will continue to receive this funding so it is only any costs that you currently pay which need to be considered for inclusion in Nursery Extra/Plus.

Your Nursery Manager will advise you when and if your child is eligible to qualify for the grant. This will constitute a Lifestyle Change and you can reduce the level of salary exchange to reflect your specific needs. This will be in line with the amount of grant you will receive. Staff will be asked to log into your Rewards Extra account to make the change and agree the lower salary amount you will need to exchange to maintain the same level of childcare provision. Any additional childcare costs will need to be met from your net salary.

What happens if I go on holiday?

Please advise York Campus Nursery if your child will be absent. Salary exchange amounts will remain unchanged.

Nursery closures such as Christmas and other bank holidays, currently amounting to three weeks, will remain at no charge to parents.

I have two children at the nursery – can I salary exchange enough funds to cover the fees?

You can exchange the full costs of the fees for both your children as long as the reduction does not take your salary below the NMW and/or Pay Protection Limit.

What if I want to change the number of childcare sessions I take?

If you choose not to participate in the salary exchange arrangement, please continue as you currently do and give four week’s notice of the changes you would like to make. If you participate in Nursery Extra/Plus, you can log into your Rewards Extra account to make the change (there is no need to complete a lifestyle change form) if there is a significant change in your childcare circumstances. This will enable you to enter into a revised salary exchange agreement which reflects the new level of childcare required.
I currently pay Nursery fees with childcare vouchers taken under a Salary Exchange scheme – do I need to stop these?

If you currently use childcare vouchers under Salary Exchange with the Nursery (either through Rewards Extra, Employee Plus or through a scheme in which your spouse/partner participates) you will gain no further tax and NIC relief on this proportion of your childcare costs.

Am I able to exchange both my salary for this scheme and vouchers for my other child?

In the event that you may require this you can also take additional vouchers provided again your salary does not fall below the NMW and/or Pay Protection Limit.

How long does the arrangement last for?

Nursery Extra arrangements will run from 1 October to 30 September each year. Nursery Plus arrangements will run from 1 December to 30 November and will roll over each year unless you stop or amend your voucher amount. If you qualify for a lifestyle change within the period of the arrangement, then you may be able to amend or stop your payments. If you do choose to opt out, you will not enjoy any of the efficiencies under the proposed arrangements and, as a result, your salary will revert to the salary before exchange and your net disposable income will change.

How do I know if the Nursery fees have been reduced by my chosen amount?

You will know if the reduction is correct by checking your payslip. On the payment side of your payslip you will see an entry called ‘Nursery Salary Exch’ and this should match the monthly cost of your childcare.
Will my terms and conditions of employment need to change?

As you are giving up your right to an element of your salary, there will be a need to amend your terms and conditions of employment.

For University Employees: This will be done via the Rewards Extra Benefit selection website by your confirming your wish to apply for the arrangements and authorising us to reduce your salary. Please read the Rewards Extra General Terms and Conditions for full details. bit.ly/UoYStaffBenefitRules

For Employees of a UoY Subsidiary Company: This will be done via the Employee Plus Benefit selection website by your confirming your wish to apply for the arrangements and authorising us to reduce your salary. Please read The Employee Plus General Terms and Conditions for full details: bit.ly/UoYStaffBenefits

How do I proceed?

For University Employees: If you wish to participate in the arrangements, you can elect to do so via the Rewards Extra Benefit Selection website: york.ac.uk/rewardsextra which will have full information on Nursery Extra. You will be required to select the level of salary exchange you require for Nursery Extra until 30 September, when you will again have the opportunity to change your Rewards Extra choices for the year ahead. Your payments will roll over each year unless you amend or stop them. If you have any questions, please contact rewards-extra@york.ac.uk or by telephone on extension 4835.

For Employees of a UoY Subsidiary Company: If you wish to participate in the arrangements, you can elect to do so via the Employee Plus Benefit Selection website: bit.ly/UoYStaffBenefits. You will be required to select the level of salary exchange you require for Nursery Plus until 30 November, when you will again have the opportunity to change your Rewards Extra choices for the year ahead. If you have any questions, please contact ycl-employeeplus@york.ac.uk.
Disclaimer

No information in this brochure should be taken as a personal recommendation or advice on the part of the University of York or any of its suppliers or partners.

Whilst every effort is made to maintain the accuracy of this brochure, it is only intended to act as a guide to the scheme. In the event that there is inconsistency between the brochure and the provider’s terms and conditions, the provider’s terms and conditions will prevail.

To set up and administer your benefit selections, information about you and your partner, spouse and family members may be provided to the Company’s benefit advisors, providers and administrators. Please see General Terms and Conditions of either the Rewards Extra Benefits Scheme or the Employee Plus Benefits Scheme for full details of all terms and conditions.

york.ac.uk/admin/hr/browse/employee-benefits
bit.ly/UoyStaffBenefits