

Workplace Nurseries

Workplace nurseries are on site childcare facilities provided by an employer which are usually offered to employees through a tax efficient salary sacrifice scheme.

Some of the benefits of having a workplace nursery are:

- It provides a significant tax incentive to the employee as the full cost of the childcare to the employee is exempt from income tax and NI
- The employer also saves on employers NI contributions
- It is clearly a strong recruitment and retention tool
- It is extremely convenient for staff
- It provides a key differentiator within an organisation's employee benefits package to support your aim of being an employer of choice

What are the financial benefits of a Workplace Nursery?

Childcare provided at workplace nurseries using a salary sacrifice scheme is fully exempt from income tax and national insurance contributions which can save employees up to **32%** of their fees in the case of standard tax rate payers or up to **42%** for higher rate payers and also saves the employer significant amounts in employer NI contributions.

A workplace nursery salary sacrifice scheme will comply with HM Revenue and Customs regulations as long as the premises are provided by the employer, the facilities comply with Ofsted registration requirements and places in the nursery are available to all employees.

How does Salary Sacrifice work?

All of our workplace nurseries operate an HMRC compliant salary sacrifice scheme whereby the employee agrees to reduce their contractual gross salary by the equivalent cost of the nursery fees and the employer pays **kidsunlimited** directly. The employee benefits as the childcare cost is effectively provided tax and NI free. As at April 2011, a sacrifice scheme allows a lower rate tax payer to save up to 32% and a higher rate tax payer to save up to 42%. The employer also benefits as the employer's national insurance will reduce accordingly.

		Cost per annum	Saving per annum
Full cost of Childcare	Assumes no tax savings	£7,800	
Cost using Vouchers	Lower rate tax payer	£6,867	£933 (12%)
	Higher rate tax payer (joining after April '11)	£7,177	£623 (8%)
Cost using Workplace Nursery	Lower rate tax payer	£5,304	£2,496 (32%)
	Higher rate tax payer	£4,524	£3,276 (42%)

The main advantage of salary sacrifice is that the **full extent of nursery fees** can be sacrificed and therefore employees can obtain the tax free benefit on the full cost of the childcare. This in effect can provide for up to four times the saving compared to childcare vouchers dependant on the cost of the childcare.

The table provides a comparison between the costs of childcare using vouchers or a workplace nursery assuming a headline rate of £150 per week (£7,800 per annum).

The employer also can enjoy a far greater benefit using salary sacrifice based on savings to employer NI contributions. For instance, an employer who has employees using vouchers for seventy full time places will save £28,169 per annum, as opposed to a saving of £75,348 based on seventy full time equivalent places using salary sacrifice in a workplace nursery (assuming a cost of £150 per week).



HSBC Sheffield



Broadgreen Hospital Liverpool



National Physical Laboratory Teddington

Why use kidsunlimited?

kidsunlimited have been operating workplace nurseries nationwide since 1987 and currently operate workplace nurseries for a mix of public and private sector organisations including HSBC (4), University of Oxford (4), Addenbrooke's Hospital (2), Body Shop, WH Smith, Toyota, University of Surrey, the National Physical Laboratory and various Primary Care Trusts.

The workplace nurseries that we operate have capacities that range from 50 to 150 registered places and the buildings tend to range from 4,000 square feet to 9,000 square feet. The buildings are a mix of conversions and purpose built facilities and each offers a secure external play area.

kidsunlimited has been involved in the design and development of over 60 day nurseries since 1983 and we offer in house expertise that can work with organisations to advise on design, budgeting, programming, planning, procurement, specification, Ofsted regulatory requirements and on site project management.

For any further information or to discuss a potential workplace nursery partnership or a reserved place contract, please contact Jeremy Clark on **01625 417625** or email jeremy.clark@kidsunlimited.co.uk

Workplace Nursery Partnerships

Workplace Nursery Partnerships are suitable for employers who either do not have the buildings or land to accommodate their own on-site nursery or who do not employ sufficient numbers of staff to be able to justify their own nursery. Subject to satisfying certain HMRC requirements, a Workplace Nursery Partnership can be set up to allow employers individually or jointly to offer the same benefits of salary sacrifice (tax and NI free childcare) as for an on-site nursery, but using an existing nearby kidsunlimited nursery. The HMRC requirements mainly take the form of the employer(s) being "responsible, in whole or in part, for the management and financing of the arrangements under which the childcare is provided."

Reserved Place Contracts

As an alternative to Workplace Nursery Partnerships, kidsunlimited can also offer employers block bookings of nursery places at discounted fees.

For any further information or to discuss either a workplace nursery partnership or a reserved place contract, please contact Tom Chambers on **01625 417688** or email tom.chambers@kidsunlimited.co.uk



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Childcare Vouchers

For further information on the benefits Childcare Vouchers can bring to your organisation, please contact Dave Casson on **07894 606441** or email david.casson@kidsunlimited.co.uk

kidsunlimited also operates a Childcare Voucher business which offers the following benefits:

- Childcare vouchers are a tax efficient government scheme to provide working parents with tax free funds towards paying for childcare.
- Every working mother and father earning above minimum wage is entitled to use up to £243 per month tax free from gross salary towards their childcare costs in the form of Childcare Vouchers (the maximum exempt amount varies according to tax band).
- The employer saves on average £300 per employee per year who joins the scheme in NI contributions.
- The funds are collected by the employer, passed on to the voucher administrator (in return for a small administration fee) and then sent to the parent's nominated childcarer.
- Vouchers can be used for children aged 0 to 15 years (or 16 years if the child has a disability) to pay towards registered nurseries, playgroups and pre-school / childminders / after-school clubs and breakfast clubs / holiday play schemes / nannies.