



## Childcare Voucher Scheme Guidelines (for existing scheme members)

The government introduced the Tax Free Childcare scheme in April 2017 and made a ruling that employer-run childcare voucher schemes would be closed to new entrants from 5<sup>th</sup> October 2018. These guidelines are therefore in place to provide information for existing scheme members to pay for care of children up to the age of 16 years<sup>1</sup>. If you are not an existing member and wish to look into your childcare funding choices, please visit the HMRC website as follows:

- <https://www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know>

The University on-line childcare voucher scheme, for existing members of the scheme, is run on the University's behalf by the Sodexo Group. It is a scheme that gives University of Sussex employees<sup>2</sup> the option of taking part of their salary (up to the limits set out in the table below) in the form of electronic childcare vouchers. By being a member of the scheme you are sacrificing part of your salary for vouchers, this alters the terms & conditions of your employment, allowing the University to pay part of your salary in vouchers before Tax and NI is deducted, saving you money.

### **'Tax Free Childcare' scheme:**

As you will be aware, from April 2017 the government initiated the Tax Free Childcare (TFC) scheme. You have a choice to either remain a member, **or** join the Government's new TFC scheme. You *cannot* be a member of an employer provided scheme *and* the Government Scheme at the same time. If you decide to end your membership of the employer scheme and join TFC the onus is on you to advise the university that you are doing this. You must log into your Sodexo account within 3 months of joining TFC and request to end your membership of the employer led scheme.

HMRC have confirmed to the University (on 02/04/19) that it is not possible for parents to use both TFC and a childcare voucher scheme at the same time. Therefore, if your partner/the other parent of your child decides to join Tax Free Childcare, you are not permitted to stay in an employer provided scheme such as Sodexo. You would both need to join TFC (similarly, your partner/the other parent of your child would need to leave their employer run scheme (if applicable) if you decide to leave Sodexo to join TFC). It is therefore important to be clear on which scheme will provide the best benefit

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<sup>1</sup> Vouchers can be used until 1 September following the child's 15<sup>th</sup> birthday, or 1 September following their 16<sup>th</sup> birthday if they are registered as disabled.

<sup>2</sup> Employees must receive a regular salary throughout a 12 month period, this is required by HMRC. Staff on zero hours contracts are therefore not eligible to join the Scheme.

for your child should you and your child's other parent no longer be in an amicable partnership.

Should you need to contact Sodexo direct to assist you in doing this, their customer care number is 0800 328 7411.

### **HMRC rules regarding employer provided childcare voucher schemes:**

Government guidelines state that employees **currently** in the childcare voucher scheme can temporarily cease their deduction. They have a 12-month window to re-join the scheme provided they did not join TFC in the meantime and did not leave the employment of their current employer.

Employees who have been in the scheme within the last 12 months, but are currently not receiving vouchers, will have until 11 months after their deductions stopped to re-join, provided they did not join TFC in the meantime and did not leave their current employer during that period. In addition, if, following a request to leave the scheme, employees have asked Payroll for a refund of some or all of the vouchers remaining in their Sodexo account, the value requested will impact on the amount of time the employee has to re-join the scheme.

To clarify: if an employee had received vouchers in their December pay but requested zero vouchers in their January pay (by requesting it by the 31<sup>st</sup> December deadline) and this continued for 6 months until June payday but they also asked for a refund of 3 months' worth of vouchers, then this takes the employee to 30<sup>th</sup> September/9 months in terms of their number of months at zero when adding up the 12 months in which they can have to re-join the scheme under HMRC rules.

Please note, since the scheme run by Sodexo for the University of Sussex has a £5 minimum monthly voucher amount since February 2018, we expect such cases to be unusual.

Further information:

- Sodexo FAQ's including Tax Free Childcare queries:  
<https://childcare.mysodexo.co.uk/faqs>

**To make changes to the University Sodexo voucher scheme, please access your account via the following link:**

- <https://uk.childcare-vouchers.sodexo.com>

### **To make changes:**

To change the amount of vouchers you receive or to change your childcare provider, log into your individual Sodexo account and edit the details. Any changed amount will take effect at the end of the following month<sup>1</sup>.

### **Minimum/Maximum amount of vouchers:**

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<sup>1</sup> If your application is made by the last day of the month you will be able to access your vouchers at the end of the following month.

Since 1 February 2018 the minimum voucher order has been £5 per month. This was implemented due to the Government's introduction of Tax Free Childcare, which explicitly stated that in order to be considered an active member of an employer scheme your monthly salary sacrifice deduction could not be at zero.

- **Table 1: University Scheme (Sodexo)**

<b>Salary Status</b>	<b>Minimum and Maximum<sup>1</sup> Monthly Voucher Order</b>
Basic Rate Tax Payers	From £5 to £243 (£55 per week)
Higher Rate Tax Payers	From £5 to £124 (£28 per week)
Additional Rate Tax Payers	From £5 to £110 (£25 per week)

Your net pay after vouchers should also remain above the Lower Earnings Level. This is to ensure you always pay the minimum amount of National Insurance on which a number of state benefits, including Statutory Sick Pay, are dependent (except during maternity leave when you are in receipt of Statutory Maternity Pay only or nil pay).

When you amend your account online the amount that you enter is the monthly figure. The frequency is monthly.

**To leave the University (Sodexo) voucher scheme:**

Log into your individual Sodexo account and request to leave the scheme and give a reason (to join TFC, for example). Please note that to qualify for the tax and NI savings you must stay in the scheme at least one year from the date you joined the scheme, except under exceptional circumstances.

**A reminder of how the scheme works:**

- Having elected to take part of your existing salary as childcare vouchers, the University orders your vouchers and these are credited to your Sodexo internet account on your normal University payday. You can then pay your childcare provider with the vouchers and they redeem them through Sodexo.
- Please note that the University's scheme does not issue paper vouchers, they are all received electronically into your Sodexo account.
- To qualify for the tax and NI savings you must stay in the scheme at least one year from the date you joined the scheme, except under exceptional circumstances. Exceptional circumstances can include: separation, divorce, marriage, birth, death, pregnancy or working under a fixed term contract of less than twelve months duration.
- All carers must be registered with Ofsted in order to be able to accept childcare vouchers. If your carer is regulated by a national body such as Ofsted they should have a registration certificate. If this isn't the case, they should contact the national body and ask for one.

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<sup>1</sup> The maximum monthly childcare voucher order is set by HMRC and depends on the amount of tax you pay.

- Childcare vouchers are free from tax and National Insurance contributions for the value of vouchers you order. The amount you save depends on the rate of tax and NI you pay.
- If your childcare costs vary each month, you can keep the vouchers for when you have a more expensive month e.g. during the school holidays.
- You can pay for as many children and carers as you wish with your vouchers, but the amount of vouchers that can be taken must be within the current HMRC limits. If both parents claim vouchers, the benefit is doubled.
- To change your childcare provider, log into your individual Sodexo account and make the changes on line. This will also fulfil your responsibility to inform the University of any change of carer which is required under the guidelines for childcare.
- Vouchers last for up to 30 months, so you can save them up for times when you may need extra childcare throughout the year. All vouchers expire on their expiry date. Once they have expired they will still display on your account but you will need to validate who you are, your child's details and who you are paying and they will then be simply re-issued.
- Taking childcare vouchers will affect your maternity pay because maternity pay is calculated on salary on which National Insurance is payable so your maternity pay will be based on your sacrificed salary if you are in the childcare voucher scheme when you go on maternity leave.
- If you are already a member of the childcare voucher scheme when you start your maternity leave you may choose to remain in the scheme for the duration of your maternity leave. The University will pay half the cost (you pay the other half) while on half pay (if option 2 of the maternity scheme is chosen). The University will pay the full cost when you are receiving SMP only and will continue to do so even if you are no longer receiving occupational maternity pay or SMP.
- USS and USPAS are happy to accept vouchers as notional pay. NHS pension rules stipulate that childcare vouchers are deducted before pension is deducted. NHS pension scheme members will therefore have a lower pensionable salary. USPSS contributions are deducted before vouchers. If you are contributing to a personal pension scheme you are unlikely to be affected. The impact on S2P (formerly SERPS) of a single year's reduction in National Insurance contributions is likely to be negligible.
- The University will continue to calculate work benefits on gross salary, so overtime/other benefits will not be affected.
- If you are eligible for Working Tax Credit (WTC), the fact that you receive childcare vouchers may affect the childcare tax credit element of the WTC. It is advisable to contact the WTC helpline on 0845 300 3900 prior to applying for childcare vouchers.

- Co-operative Mid Counties who operate the Childcare facilities on campus is a registered childcare provider.

For detailed information, visit <https://uk.childcare-vouchers.sodexo.com/>. For the helpline call Freephone 0800 328 7411.

Human Resources

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