



Jesus College Oxford

NURSERY FEES SALARY SACRIFICE SCHEME

Details of a scheme for employees of Jesus College using the University's in-house or workplace nursery provision, or college nurseries

1. Introduction

- 1.1 Employees of Jesus College are able to place their pre-school age children in University or college nurseries at a subsidised rate. However, it is recognised that this can be a considerable financial commitment, which may still act as a deterrent to prospective employees. This document gives details of a Nursery Fee Salary Sacrifice Scheme that can be offered to existing or new employees who use University or college nursery provision.

2. Basis of the scheme

- 2.1 The Income and Corporation Taxes Act 1988 allows for an employer to provide childcare for employees, and not attract tax as a benefit in kind, provided that (amongst other provisions) the employer takes part in 'financing and managing the provision of the care', if, before an employment service is performed, the contract of employment is varied such that the salary is reduced and tax and national insurance are payable on the reduced salary. The savings made to the employing college are used by the University to provide additional nursery places. The scheme is known as the 'Nursery Fee Salary Sacrifice Scheme'.

3. How does the scheme work?

- 3.1 Employees who decide to participate will be asked to sign a written amendment to their employment contract with their salary reduced by the equivalent cost of their nursery fees, which will be paid by Jesus College direct to Childcare Services.
- 3.2 Withdrawal from the scheme will happen automatically if a child leaves the nursery. Otherwise, withdrawal from the scheme is not permitted save for life-changing events. When the employee leaves the scheme but continues in employment with Jesus College, their salary will be reviewed.

4. How does the employee benefit?

- 4.1 Under the scheme, the employee's income tax and national insurance are based on the new (lower) salary, thus allowing a saving to be made.
- 4.2 Employees who are on the waiting list for a University or college nursery place may also ultimately benefit as the University will use the savings made by colleges under the scheme and paid to the University to increase its provision of nursery places, to which all college employees are entitled to apply.

5. How does the collegiate University benefit?

- 5.1 The collegiate University benefits through a reduction in employer's national insurance payments (paid on the employee's reduced salary).
- 5.2 In practical terms, the savings that Colleges make will be paid to the University who will use these to increase the number of nursery places it provides and invest in developments to



enhance childcare across the University. This will significantly reduce the University nursery waiting list, and will ensure that more employees have access to cheaper, subsidised university nursery places.

- 5.3 The scheme will help the College recruit and retain staff by enabling staff to make significant savings in their childcare costs.

6. **Inland Revenue approval**

- 6.1 The University has obtained Inland Revenue approval for the scheme, on behalf of all colleges that are participating in the scheme.

7. **Other conditions of the scheme**

- 7.1 The employee must be using the university/college nurseries, or must have been offered a place at the university/college nurseries, **before** applying to participate in the Nursery Fee Salary Sacrifice Scheme. The nursery place or places may be part-time or full-time.
- 7.2 The University will continue to decide who is offered a University nursery place. As required by the scheme, the University has a representative on the management committee of each of the private nurseries in which it owns places, in addition to being involved in running these nurseries.
- 7.3 This scheme is exclusive to employees of Jesus College. All employees using the University or college nurseries are eligible, provided that their salary after deduction of the cost of their nursery fees is not reduced below the Living Wage.