

Childcare assistance: A guide for employees

Childcare costs have risen significantly. Research, which was carried out by the Trade Unions Congress ([TUC](#)), [revealed that the average costs in England for parents with a one-year old rose 48% between 2008 and 2016, while average wages increased 12%](#). According to [the Family and Childcare Trust Childcare Survey 2017](#) for part-time day nursery (25 hours for a child under two) the British average cost is £116.25 per week. The average London cost is £148.16. For a full-time day nursery (50 hours for a child under 2) the British average cost is £222.36 per week with an average London cost of £277.84.

Here is a guide on the current financial support available.

Children aged two, three and four

[For all children in England aged three and four parents get 15 hours of free childcare a week. The entitlement is actually 570 free hours per year, which is usually taken as 15 hours a week for 38 weeks of the year.](#)

Parents who are in work can get 30 hours free childcare (1,140 hours per year) for three-and-four-year-olds. Parents have to be working at least 16 hours per week, and there is no eligibility if either parent earns over £100,000.

Parents who are receiving certain benefits get free childcare for two-year olds.



Tax-free childcare

[Under the Government scheme parents may pay up to £2,000 per year for each of their children under the age of 12, or if the child is disabled they may pay up to £4,000 up until the child is 17.](#)

The Government will pay £2 for every £8 a parent pays into their childcare account. The scheme is referred to as tax free, on the basis that most people pay 20% tax.

The parents have to be working at least 16 hours per week, and there is no eligibility if either parent earns over £100,000.



Childcare vouchers

Some employers operate childcare voucher schemes through salary sacrifice, so employees sacrifice part of their salary to purchase vouchers to pay for their childcare. It has been possible to take up to £55 a week of wages as childcare vouchers with no tax or national insurance liability.

[From 4 October 2018 childcare voucher schemes will close to new applicants. If an employee has joined a scheme and received their first voucher \(i.e. they have received their adjusted salary\) by 4 October 2018 they can continue getting vouchers. This is provided that they stay with the same employer and the employer continues to run the scheme and the employee does not take an unpaid career break longer than a year. Childcare vouchers are going to be phased out over time.](#)



Other support

Some parents may be entitled to Child tax credit, Working tax credit and Universal Credit.

This guide is intended for guidance only and should not be relied upon for specific advice.

If you need any advice on **childcare** assistance or have other employment law queries please do not hesitate to contact me on [0203 7971264](tel:02037971264).