

Helping Employees Save on Childcare: What Employers Need to Know

With many families finding out where their child will be starting school this September, now is a good time for working parents to start planning childcare. The government's Tax-Free Childcare scheme can save them up to £2,000 a year per child – and this could be good news for employers as well as employees.

Why this matters for employers

Childcare is one of the biggest financial pressures for working families. By signposting Tax-Free Childcare, employers can support staff wellbeing, reduce financial stress, and make it easier for parents to return to or stay in work.

For every £8 a parent pays into a Tax-Free Childcare account, the government adds £2 – up to £500 every three months per child (or £1,000 if the child is disabled). The scheme can be used for a wide range of approved childcare, including:

- Childminders
- After-school clubs
- Holiday and other wraparound care

This support applies to children aged 11 or under (or up to 16 if the child is disabled).

What employees need to know

To be eligible, the parent and their partner (if they have one) must:

- Be earning at least the National Minimum Wage or Living Wage for 16 hours per week on average
- Each earn less than £100,000 per year
- Not be receiving Universal Credit or childcare vouchers

Each eligible child needs their own account, and parents must reconfirm their details every three months to continue receiving the top-up.

A useful tool for returning parents

This scheme can be particularly helpful for parents returning to work after parental leave, or those increasing their hours. As many employees will be finalising childcare for September, now is a good time to raise awareness.

What employers can do

- Share the GOV.UK link with staff: <https://www.gov.uk/tax-free-childcare>

- Include information about Tax-Free Childcare in any parental leave packs or policies you provide employees with.
- Encourage managers and HR teams to raise awareness, especially among new parents

By promoting Tax-Free Childcare, you can show support for working families and may be able to reduce a barrier that helps you keep a valued employee.

See: <https://www.gov.uk/government/news/save-up-to-2000-a-year-on-childcare-for-your-new-school-starter>