

An affordable way of hiring a nanny

There are two main arguments against hiring a nanny; the first is the often prohibitive cost and the second is the concern that children will miss out on valuable interaction with others. Sharing a nanny's wages and placing children from two families under her care can solve both these problems while ensuring you get the high quality childcare you need.

How do nanny shares work?

Your family's lifestyle is unique and that will affect the way you decide to share your nanny. Some families employ a nanny to look after both sets of children at the same time, either at one home or alternating between both. Others prefer to have the nanny working for each family separately on designated days of the week.

You don't need to know the family you are sharing your nanny with, but we recommend you maintain regular communication. This will help simplify setting up the share and ensure that it runs smoothly once in place.

How do you set up a nanny share?

Once you have found a nanny and a family to share with, you will need to agree on the salary split and then draw up employment contracts. Even though you're sharing, both families are employing the nanny on a stand-alone basis. So you will need separate contracts.

How is the payroll managed?

After you are happy with the practical and financial arrangements your payroll bureau will implement the tax allowance split with HMRC for both families. If there are any changes in your or your nanny's tax code, your payroll company will immediately recalculate your tax payments on the new amounts.

Do you have to register with HMRC?

Both families need to register with HMRC. We recommend that you keep your financial affairs separate as registered small employers.

How do you manage holidays?

It's a good idea to discuss when and how you would like to take your holidays – for example, would you need your nanny to accompany you when you go away? These details need to go into the employment contract, including pro rata statutory holiday entitlements.

How do you pay Tax and National Insurance Contributions?

Your payroll company can manage this all on your behalf, ensuring each family only pays their share of Tax & NIC.

What happens when disciplinary issues arise?

It's important that both families set their own rules of conduct in each employment contract. It makes sense for your payroll firm to maintain separate PAYE schemes, so should you need to dismiss your nanny this will not be a problem for the other family. If you do need to dismiss your nanny, your payroll firm will also handle all severance documentation on your behalf as part of the payroll service.