

Employee Salary Sacrifice Policy (Formerly the benefits package policy)

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**LCHS Employee Benefits Package
Version Control Sheet**

Version	Date	Author	Status	Comment
1	July 2015	S Latham		
1.1	April 2016			Update childcare voucher scheme benefit, due to change to contractor
	April 2016			Amendment to point 2.17
1.2	Dec 2017			Extension
2	May 2018	Laura Herrick		Full review
3	August 2018	Sophie Coutts		Full review and change of title

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Lincolnshire Community Health Services NHS Trust

LCCHS Employee Benefits Package

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Lincolnshire Community Health Services NHS Trust

LCHS Employee Benefits Package

1. INTRODUCTION

Lincolnshire Community Health Services NHS Trust (LCHS) is committed to developing a workforce proud to be part of LCHS and has therefore developed a holistic total rewards package which is available to all employees.

Across the organisation there has been a drive to recruit and retain high quality employees into the organisation. It has been identified, that a holistic employee benefits package offered to all employees could make working in community services a more attractive option to prospective and current employees and support Trust-wide efforts to recruit into Lincolnshire and positively impact the retention of staff.

The rewards package also acts as a valuable income generating opportunity for the organisation and encompasses the 'NHS Fleet Solutions Staff Benefit Car Scheme' and 'NHS Home Electronic Solutions Salary Sacrifice Scheme', the LCHS 'Cycle to Work Scheme' and 'Childcare Vouchers'.

2. SALARY SACRIFICE SCHEMES

2.1 How does Salary Sacrifice work?

- 2.1.1 Salary sacrifice schemes offer employees non-financial benefits in return for an agreed annual salary deduction.
- 2.1.2 Deductions are made from employee's net salary (before income tax, National Insurance and pension are deducted) and are paid monthly over a contractually agreed period.
- 2.1.3 Savings made for the employee are directly attributable to reduced income tax, National Insurance and pension contributions.
- 2.1.4 The organisation will make savings based on reduced pension and National Insurance contributions to the employee.
- 2.1.5 Due to a reduction in contractual pay, the employee's level of pension contribution will also reduce, resulting in an increase in take home pay. It is therefore recommended that, all employees should obtain advice from pensions shared services to understand the effect of a salary deduction scheme on their pension contribution and seek relevant advice before proceeding with the purchase.
- 2.1.6 A reduction in taxable salary through a salary sacrifice scheme will also affect other company and state benefits such as Statutory Maternity Pay (see Family Leave Policy) and sick pay.
- 2.1.7 If you are still uncertain of the impact of a salary sacrifice deduction, contact the Payroll department to discuss your individual circumstances.
- 2.1.8 Any other payments (i.e. over and above basic salary) such as overtime payments and redundancy entitlements will continue to be calculated based on

the higher salary rate (before the salary sacrifice is applied).

- 2.1.9 Any annual salary increments will be stated both in terms of the higher (original) salary and the revised pay rate following salary sacrifice.

2.2 NHS Fleet Solutions Staff Benefit Car Scheme

- 2.2.1 The organisation offers all substantive employees the opportunity to hire or purchase a lease car in partnership with NHS Fleet Solutions via a salary sacrifice arrangement.
- 2.2.2 The NHS Fleet Solutions Staff Benefit Car Scheme will run independently to the organisation's Lease Car Scheme (see LCHS Lease Car Policy) and will result in no additional costs to the organisation.
- 2.2.3 The 'Staff Benefit Car Scheme' does not impose eligibility criteria and will therefore be available to all substantive employees.
- 2.2.4 The organisation recognises the importance of supporting its employees to purchase modern, safe, economical, well maintained and appropriately insured cars in order to maintain business continuity through a reduced likelihood of vehicle-related service delays and fulfil its duty of care as an organisation to both patients and employees.
- 2.2.5 Administration of the scheme will be managed by Fleet Solutions and all administration fees will be built into employee contribution costs.
- 2.2.6 NHS Fleet Solutions will provide employees with a quote for the monthly repayments for a prospective vehicle, as well as a breakdown of the effect on pension contributions as a result of salary sacrifice deductions
- 2.2.7 Following the completion of the quote, employees will be provided with and required to complete the following documentation:
- i) An official order form detailing the price and vehicle specifications to be signed by the employee and their line manager to confirm current employment status which is to be returned to Fleet Solutions.
 - ii) A 'Variation of Contract' form which is to be signed by the employee to agree to a change in the existing contract of employment with LCHS.
 - iii) Insurance Excess policy to be reviewed and signed by the employee.
 - iv) Driver Entitlement Consent form to be completed, providing employee approval for NHS Fleet Solutions to carry out driver entitlement checks with the DVLA.
 - v) Customer checklist to be completed and returned.
- 2.2.8 Employees are permitted a total of five named drivers over the age of 21 on the insurance policy.
- 2.2.9 The lease contract will cover a period of three years. No deposit is required and

costs are fixed for all elements for the duration of the lease.

- 2.2.10 At the end of the 3 year contractual term, employees will have 3 options; to purchase the vehicle, to terminate the contract or to renew a contract with a new car. Employees will not be offered the option to extend the existing lease on the current car.
- 2.2.11 Employees are contractually obligated to pay any early termination charges, additional penalties or fines via salary sacrifice deductions.
- 2.2.12 In the event that the employee leaves the organisation unexpectedly before the 3 year contract term has ended and the option of salary deduction no longer remains, the organisation will send an invoice to ex-employees to cover any outstanding costs, in accordance with the organisation's Overpayments Recovery Policy.
- 2.2.13 Employees who are unable to attend work for a period exceeding 6 months due to sickness, incapacity or maternity leave during their period of a lease contract, will have the following options:
- i) To return the car and pay the early termination fee
 - ii) To continue paying for the car on a net salary deduction basis or via standing order.

3. TAX and NI exempt Childcare Voucher Scheme

3.1 Scheme Details

- 3.1.1 The organisation's Childcare Voucher Scheme is a Salary Sacrifice Scheme and is currently provided through Fideliti (Employer Scheme Reference LIN0013).
- 3.1.2 Childcare vouchers can only be used to pay for qualifying Ofsted Registered childcare for children from birth up to 1st September after the child's 15th birthday or 1st September after the child's 16th birthday if they are disabled.
- 3.1.3 There are monthly voucher limits for new members to the scheme, subject to completion of an employer basic earnings assessment:
- Employee paying 20% tax – maximum value £243 per month
 - Employee paying 40% tax – maximum value £124 per month
 - Employee paying 45% tax – maximum value £110 per month
- 3.1.4 The scheme enables employees to make savings on Tax, NI and NHS Pension contributions relevant to their earnings and value of voucher order per month.
- 3.1.5 Childcare vouchers are non-refundable.
- 3.1.6 Employees are responsible for declaring childcare vouchers when applying for any childcare element of tax credits.
- 3.1.7 *For information* - Childcare voucher schemes are due to close to new members in October 2018 as the Government's new Tax-Free Childcare scheme is to be made available. Current members will have the option to continue to participate in the trusts childcare voucher scheme or move to the new Tax-Free Childcare Scheme further information available from <https://www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know>

3.2 How to access the scheme

- 3.2.1 To register and activate an order, employees should register on line at www.fideliti.co.uk Employer Scheme reference LIN0013 will be required or contact Fideliti direct on 0800 288 8727 for support
- 3.2.2 When registering, employees must provide their payroll assignment number/NI number, contracted hours of work per week, salary, details of Ofsted Registered Childcare provision (if known) and personal contact details.
- 3.2.3 All orders must be completed or amended by the 1st of the month (or, on the Friday before 1st of the month where this falls on a weekend) for processing in pay that month.
- 3.2.4 The monthly order agreement is ongoing until the employee resigns from the scheme. Amendment to the monthly voucher value, suspension of the monthly order or cancellation of the agreement, can be made by contacting Fideliti on 0800 288 8727 and confirming by email.

3.3 Effect of scheme on calculation of Statutory Maternity Pay

- 3.3.1 Statutory Maternity Pay (SMP) is calculated on the amount of average weekly earnings during the 8-week period, fifteen weeks prior to the expected date of confinement (weeks 17 – 25). A Salary Sacrifice arrangement will reduce the amount of salary that is liable to NI Contributions. Therefore any Salary Sacrifice entered into during this 8 week period will reduce entitlement to Statutory Maternity Pay. Employees entitled to take Statutory Maternity Leave are entitled to continue to receive their contracted non-cash benefit (childcare vouchers) throughout Statutory Leave.

3.4 Effect of scheme on Ordinary Maternity/Adoption leave and Additional Maternity/Adoption Leave

- 3.4.1 Employees receiving childcare vouchers and taking Statutory Maternity/Adoption Leave are entitled to continue to receive their contracted value of childcare vouchers if they have a current salary sacrifice agreement in place when starting statutory leave.
- 3.4.2 Payment for Childcare Vouchers will be taken from Occupational Maternity/Adoption Pay whilst available.
- 3.4.3 Payment for Childcare Vouchers will not be taken from Statutory Maternity/Adoption Pay, any shortfall in occupational pay for childcare vouchers will be met by the organisation until the employee returns from their chosen period of statutory leave (up to 52 weeks).
- 3.4.4 Employees who are not contracted to receive Childcare Vouchers when starting Maternity/Adoption Leave are not entitled to receive Childcare Vouchers until returning to work following their chosen period of Maternity/Adoption Leave. Employees can register onto the scheme after the birth/adoption of their child in readiness to receive Childcare Vouchers in line with their return to work date and pay conditions.

4. CYCLE TO WORK SCHEME

4.1 Scheme Details

- 4.1.1 The organisation is committed to promoting healthier living for employees and to reducing road congestion and environmental pollution in line with the government tax free cycling scheme.
- 4.1.2 The organisation offers all employees the opportunity to lease a bike for a 12 month period as part of its 'Cycle to Work' Scheme.
- 4.1.3 The scheme is on-going and is run periodically for a period of 6 weeks for applications to be received and processed.
- 4.1.4 Employees are leased the bike to the value of £1000 and payments are made through salary sacrifice deductions.
- 4.1.5 Cycle Solutions purchases the bike on behalf of the organisation to be leased by the employee for a 12 month "hire period". During this time, the employee repays the provider company via monthly salary sacrifice deduction (see Section 1 for more information).
- 4.1.6 At the end of the 12 month "hire period" the employee has the option to purchase the bike at an agreed value. This cost will be communicated in the initial quote to ensure employees are well informed.
- 4.1.7 Employees save on average, 35% on the cost of a bike through a reduction in income tax, National Insurance and pension contributions.
- 4.1.8 Employees can save up to 42% on the cost of a new bike through the scheme.
- 4.1.9 The organisation will incur no additional cost through the purchase of bikes via the Cycle to Work Scheme.
- 4.1.10 The Workforce Services team will approve the employment status of all employees who have submitted an order prior to contractual confirmation is given.
- 4.1.11 Employees who use their pedal bikes to make journeys to perform the organisation's business duties, will be reimbursed for eligible miles travelled at the rate set out within Agenda for Change Terms and Conditions.

NHSLA Monitoring

Minimum requirement to be monitored	Process for monitoring e.g. audit	Responsible individuals/ group/ committee	Frequency of monitoring/audit	Responsible individuals/ group/ committee (multidisciplinary) for review of results	Responsible individuals/ group/ committee for development of action plan	Responsible individuals/ group/ committee for monitoring of action plan
Employee uptake of salary sacrifice schemes as detailed within this policy	Audit of information supplied from salary sacrifice providers	Workforce Services	Quarterly basis	Workforce and Transformation Board Assurance Group	Workforce Services	Workforce and Transformation Board Assurance Group

Equality Analysis

Name of Policy/Procedure/Function*

LCHS Employee Benefits Package

Equality Analysis Carried out by: Sophie Coutts

Date: August 2018

Equality & Human rights Lead: Rachel Higgins

Date: 2018

Section 1 – to be completed for all policies

A.	Briefly give an outline of the key objectives of the policy; what it's intended outcome is and who the intended beneficiaries are expected to be	All LCHS employees		
B.	Does the policy have an impact on patients, carers or staff, or the wider community that we have links with? Please give details	No		
C.	Is there is any evidence that the policy\service relates to an area with known inequalities? Please give details	No		
D.	Will/Does the implementation of the policy\service result in different impacts for protected characteristics?	No		
		Yes	No	
	Disability		x	
	Sexual Orientation		x	
	Sex		x	
	Gender Reassignment		x	
	Race		x	
	Marriage/Civil Partnership		x	
	Maternity/Pregnancy		x	
	Age		x	
	Religion or Belief		x	
	Carers		x	
	If you have answered 'Yes' to any of the questions then you are required to carry out a full Equality Analysis which should be approved by the Equality and Human Rights Lead – please go to section 2			
The above named policy has been considered and does not require a full equality analysis				
Equality Analysis Carried out by:		Sophie Coutts		
Date:		August 2018		