

ROTHERHAM BOROUGH COUNCIL
REPORT TO DEPUTY LEADER'S MEETING

1. Meeting:	Deputy Leader
2. Date:	10th June, 2013
3. Title:	Smart Phone/Tablet Salary Sacrifice Scheme
4. Directorate:	Human Resources

5. Summary

This report provides information regarding the introduction of a Mobile Phone salary sacrifice scheme.

6. Recommendations

The Deputy Leader's Meeting is asked to support:

- 1. The introduction of a salary sacrifice scheme for mobile phones and Tablet Devices**
- 2. The identification of an appropriate interim provider whilst a formal procurement exercise is undertaken on a national framework agreement**

7. Proposals and Details

To help employees recognise the Council as a 'good' employer and to help pay stretch further the Council provides employees with the option to take advantage of a number of tax efficient salary sacrifice schemes. For example schemes are currently offered for Childcare Vouchers, car parking and, car leasing. These salary sacrifice schemes not only save the employee money through reduced Tax and National Insurance contributions but also the Council in the region of £120k per year.

Mobile phone salary sacrifice schemes were introduced and accepted by HMRC at the turn of the millennium but became unattractive to employees when smart phones, which did not meet the HMRC definition of a telephone for the purpose of tax free status, came onto the market. In February 2012 HMRC reviewed its definition of a telephone to now include smart phone devices.

These schemes are now making a comeback as employees can save 30 to 50% off the price of a smart phone or Tablet-type device when accompanied with 24 months line rental, dependant on their personal tax rate. For example a line rental of £36 month would reduce the cost for a 20% tax payer to £24 or £18 for a 40% tax payer. There are restrictions placed on tablet type devices that can be purchased under such schemes as HMRC provisions require that they must be more akin to mobile communication equipment rather than computing devices.

Mobile phone salary sacrifice schemes do not affect the level of pensionable pay for employees who are members of the Local Government Pension or Teacher Pension Schemes. This will make the scheme more attractive to employees and unlike some of our salary sacrifice schemes allows 3,000 employees on Teaching terms and conditions of employment to participate.

The Council saves money on employer National Insurance contributions on the amount of salary sacrificed, currently 10.4% or 13.8% depending whether the employee is in the pension scheme or not. If 100 employees, 1% of the workforce, join the scheme National Insurance savings are expected to be around £5,000 per annum.

The introduction of a scheme would also increase the number of employees with devices which could be used under the Council's Bring Your Own Device (BOYD) policy.

HR has been liaising with Procurement and Legal Services whose research has been unable to find an existing contract that would enable the Council to avoid undertaking a full procurement exercise. Advice from Legal Services is that, due to the time it would take for the value of the equipment to reach the procurement trigger point, the Council could appoint an interim provider whilst undertaking the procurement exercise.

The procurement of an interim provider is expected to take 4 to 8 weeks using a request to quote document with cost largely limited to officer time. Procurement is currently reviewing the Council's existing mobile phone contract with Vodafone and as part of the review will explore whether the provision of a salary sacrifice scheme for employees could be linked.

The Deputy Leader's Meeting is asked to approve the introduction of a salary sacrifice scheme for mobile phones and tablet type devices and that procurement is undertaken on a national framework agreement for the provision of staff benefits for use by all local authorities and public sector bodies within the UK.

8. Finance

The salary sacrifice arrangement is projected to deliver employer National Insurance contribution savings of £5,000 per year based on 100 devices being purchases through the scheme.

Procurement costs are largely limited to officer time. If undertaken on a national framework agreement it would open up the opportunity for any local authority or public sector body to introduce.

9. Risks and Uncertainties

A failure to introduce effective pay and rewards will impact upon the Council's ability to recruit, retain and motivate employees.

10. Policy and Performance Agenda Implications

The way we do business: Right people, right skills, right place, right time, reducing bureaucracy and getting better value for money.

11. Background Papers and Consultation

- a) SLT BYOD Report September 2012
- b) LGE Circular 244 – LGPS Implications of Salary Sacrifice Schemes
- c) HMRC briefing 2/12
- d) Section 319 of the Income Tax Act 2003

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