



# Cabinet (Resources) Panel

## 9 December 2014

<b>Report title</b>	Employee Benefits Package	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Paul Sweet Performance and Governance	
<b>Key decision</b>	No	
<b>In forward plan</b>	No	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keith Ireland, Managing Director	
<b>Originating service</b>	Human Resources	
<b>Accountable employee(s)</b>	Sarah Bidwell	HR Policy Strategy Manager
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<b>Report to be/has been considered by</b>	Strategic Executive Board 20 November 2014	

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### Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

approve the implementation of an employee benefits offer for Council employees which will go live in January 2015.

approve that the Council's Efficiency Reserve be utilised (up to a maximum of £13,000) to support the scheme in its infancy, subject to the reserve being fully replenished once the scheme is established.

## **1.0 Purpose**

- 1.1 The purpose of the report is to seek approval of the introduction of a new employee benefits package for Council employees.

## **2.0 Background**

- 2.1 Employee benefits are recognised as an effective means to enhance the value of employee pay, increase engagement and provide tangible benefits to working for an organisation.
- 2.2 Strategic Executive Board approved that the Council utilise the North Yorkshire framework agreement for the procurement of a larger and more comprehensive benefits scheme than it had previously offered. This would save time and money for Wolverhampton City Council on procurement, and offers a cost effective package.
- 2.3 The launch of a new employee benefits package is part of the 100:100 project, which is “about taking 100 steps closer to becoming a Confident, Capable Council in 100 working days”.
- 2.4 Many elements of the employee benefits package work through payroll, as salary sacrifices or other voluntary deductions, therefore, it was agreed that the new employee benefits package would be available from January 2015, following embedding of payroll running in Agresso.

## **3.0 Employee benefits proposals**

### **Survey**

- 3.1 An outline survey of employees in October 2014 looked at employee benefits across three dimensions:
- awareness of existing benefits
  - interest in salary sacrifice provisions
  - interest in other benefits.

This provides a good foundation on which to build a communications plan and to develop the total benefits offer. In particular, the results from around 300 respondents demonstrate strong interest in taking up some of the new provisions that will be available e.g. personal IT purchase, leisure centre membership, additional leave purchase. The results of the survey and how they will shape the council’s benefits offer will be communicated via City People.

### **Framework agreement – Everybody Benefits Scheme**

- 3.2 Wolverhampton Council has signed up to the North Yorkshire framework which delivers employee benefits through the Everybody Benefits scheme; this is accessed online through a portal. The portal provides a single point of entry, bespoke to Wolverhampton City Council, to a benefits ‘hub’; employees can sign up to the portal in the office or from their homes.

- 3.3 A project team comprising representatives of procurement, finance, HR, payroll, IT and communications is working with Xexec, the contract provider, to set the scheme up and promote it.
- 3.4 The benefits package is split into five 'lots' covering employee discounts, benefits and salary sacrifice provisions.

- **Lot 1** – covers voluntary 'benefits' in the form of a wide range of retail and purchase discounts across a variety of categories from well-known national and local suppliers. This will be live from January 2015.
- **Lots 2 - 5** – cover benefits operated via salary sacrifice and enable employees to make savings through their tax and national insurance contributions. These provisions consist of childcare vouchers, cycle to work, green lease car and IT equipment purchase. While childcare vouchers and cycle to work arrangements are already in place, car leasing and personal IT equipment purchase will provide new opportunities from which employees can benefit.

Access to the lots will be rolled out from January 2015 onwards, although information will be on the benefits hub with the opportunity to 'browse' the individual offers from the go live in January.

### **Local benefits**

- 3.5 In addition to the framework platform for discounts and benefits, the council is seeking to maximise the value of employee pay by providing further benefits tailored to local priorities. The three priorities which are being recommended are:
- Corporate leisure centre/gym membership
  - Car parking at WCC car parks
  - Additional leave purchase

All three have the potential to operate as salary sacrifice arrangements, based on research carried out with HMRC and other employers. The project team is working with managers to integrate access to these into the overall offer from January onwards.

- 3.6 Employees already have access to discounts through ICTS procurement for corporate mobile technology. This will continue to be promoted.
- 3.7 From November 2014 a local family law firm will be providing free in-house family advice surgeries for employees. This will enable employees to receive accessible advice and guidance on a no-condition basis on any family matter (e.g. family breakdown, welfare, domestic violence) from the workplace.

## **4.0 Key Next Steps**

- 4.1 November and December 2014 – communications, hosted portal development, and WCC intranet development.
- 4.2 January 2015 – Go live of portal and benefits hub, voluntary discounts scheme and access to detail of the individual lots.
- 4.3 January – March 2015 – sign-up “windows” to individual lots open and salary sacrifices start.

## **5.0 Financial Implications**

- 5.1 It is anticipated that savings to both employees, through reduced taxation and National Insurance (NI) contributions and the council, through reduced Employer’s NI contributions, will accrue from the salary sacrifice schemes (referred to at 3.2 above). It should be noted that Her Majesty’s Revenues and Customs (HMRC) will only confirm that a salary sacrifice scheme is viable retrospectively, but no issues are envisaged with the schemes proposed.
- 5.2 It is anticipated that the annual cost associated with the proposal, estimated at £13,000, would be recovered from the Employer NI contribution savings accruing to the Council. It is anticipated that once the scheme is established it will generate savings over and above this annual cost.
- 5.3 Until such time as the scheme is developed there may be a short term net cost to the council of up to £13,000. It is therefore proposed that approval is given to draw funds from the Efficiency Reserve to meet the net cost in the short term subject to the reserve being replenished once the scheme is established.
- 5.4 As the scheme is developed financial modelling will be undertaken to determine the actual level of net savings generated and service revenue budgets will be adjusted accordingly.

[CN/28112014/H]

## **6.0 Legal Implications**

- 6.1 By utilising a framework agreement, the Council is compliant with its Contract Procedure Rules contained in the Constitution without embarking on a bespoke procurement process.
- 6.2 Legal Services have reviewed the necessary contract documentation.

[RB/26112014]

## **7.0 HR implications**

7.1 Salary sacrifice schemes are a matter of employment law with contractual implications. Operation of the scheme will include the appropriate variation to contract to facilitate the 'sacrifice' arrangement.

## **8.0 Equalities implications**

8.1 An equality screen has been carried out. Detailed equality analysis is not required.