

REPORT TO THE EMPLOYMENT COMMITTEE MEETING OF 8<sup>th</sup> NOVEMBER

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**Meeting:** Employment Committee  
**Date:** 8<sup>th</sup> November 2017  
**Subject:** Update on Previous Actions  
**Report of:** HR Manager  
**Portfolio Holder:** Councillor Hadkiss  
**Status:** For information  
**Relevant Ward(s):** None

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1 Purpose of Report

- 1.1 To inform and update the committee of the progress of the previously approved actions namely:
- 1.2 The introduction of two salary sacrifice schemes – childcare vouchers and purchasing additional annual leave
- 1.3 Revisions to the Travel User Policy to take effect from 1<sup>st</sup> April 2018

2 Recommendations:

2.1 **None**

3 Update following the introduction of two salary sacrifice schemes

- 3.1 Following reforms by the HM Revenue and Customs (HMRC) regarding tax and employer National Insurance Contribution (NIC) rules where benefits are provided as part of a salary sacrifice arrangement, two schemes were introduced at the Council since the last Employment Committee meeting in December 2016.
- 3.2 The option to purchase additional annual leave was introduced to all Council employees from 1<sup>st</sup> April 2017. To date, five employees have had the approval to purchase up to one weeks additional leave.

- 3.3 The Childcare Vouchers scheme has been available for employees to join since June 2017. To date, 14 people have joined. A basic rate tax payers who opts to receive the maximum tax and NI exception can save up to £933 annually. The Council also makes a saving on employers national insurance contributions over a tax year up to £402 a year per scheme member.
- 3.4 The introduction of both schemes has been warmly welcomed by the staff.

#### 4 Impact on Communities

- 4.1 The introduction of both schemes has demonstrated to the staff that they are valued and rewarded in line with other authorities and local employers offering similar benefits.
- 4.2 The Council are able to offer benefits more in line with other authorities and local competitors at a time of austerity and minimal pay awards to public sector workers at no additional cost to the Council.

#### 5. Key Facts

- 5.1 Salary sacrifice is a change to an employee's terms and conditions under the employment contract. Salary-sacrifice schemes are set up with the primary aim of converting cash pay that is subject to tax and Class 1 national insurance contributions to a non-cash benefit that has a different tax or national insurance treatment, thereby making a potential tax (employee only) and national insurance (employee and employer) saving.

#### 5.2 Other Benefits of Salary Sacrifice Schemes

The last staff survey conducted in 2015 highlighted the desire of a number of staff for the Council to consider other benefits in addition to the core salary determined by the Council's pay and grading framework. This is important as a recent East Midlands Council report found that Harborough District Council's pay levels when compared with other public sector/not for profit organisations were typically at the lower quartile to average pay point for the sector. The ability for existing and potential employees to be access a wider range of benefits than just core salary is therefore considered essential as part of a modernisation of our benefits package to support recruitment and retention.

- 5.3 Additional staff benefits will assist candidate attraction and will make Harborough District Council more competitive.

#### 6. Travel User Policy Update

- 6.1 The revised Travel User Policy was recommended to Council for adoption (see appendix A) from the Employment Committee Meeting in December 2016 who subsequently approved it's adoption. It was resolved that:

- i) the revised authorised travel user policy, be adopted.

- ii) the implementation of the revised policy be deferred to 1st April 2018 to allow accurate mileage claims to be used as a basis for payments.
- iii) new mileage rates for motorbikes and bicycles be introduced, in line with the HMRC rates.
- iv) authority be delegated to the Head of Paid Service to make policy changes as necessary, which do not fundamentally change the context of the Travel User Policy.

6.2 A report will be requested from Leicester City as our delegated payroll provider in January 2018 which will detail mileage claimed by all staff at the Council. This will inform the classification of car user, casual or essential and the level of essential car user allowance a staff member should received based on annual mileage rather than a fixed amount.

6.3 The revised policy was agreed as part of a collective agreement with UNISON. Council Officers and Unison representatives, both locally and from the Leicestershire branch, worked collaboratively and constructively to reach a satisfactory revised policy, which will ultimately result in cost savings for the Council and apply a fairer scheme for essential and casual car users. In addition, it will encourage the use of alternative means of transport in line with the Green Travel Policy such as electric vehicles and cycling. A salary sacrifice scheme was introduced over 12 months ago which offers staff the opportunity to purchase a bicycle under a salary sacrifice arrangement.

## 7 Legal Issues

7.1 None

## 8 Resource Issues

8.1 None

## 9 Equality Implications

9.1 None

## 10 Impact on the Organisation

10.1 None

## 11. Risk Management Implications

11.1 None

12 Consultation

12.1 None

13 Options Considered

13.1 Nothing for consideration

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**Previous report(s): Employment Committee Report: 14<sup>th</sup> December 2016  
Salary Sacrifice Schemes and Employment Committee Report: 19 January  
2015 Terms & Conditions Review, and Staff Survey Report on Pay and Benefits  
September 2015**

**Information Issued Under Sensitive Issue Procedure:**

**Ward Members Notified: No**

***Appendices:***

***Appendix A – Travel User Policy***