

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

PERSONNEL COMMITTEE

25th June 2018

REPORT OF THE HEAD OF FINANCIAL SERVICES

MATTER FOR INFORMATION

WARDS AFFECTED

All

SHARED COST ADDITIONAL VOLUNTARY CONTRIBUTION SCHEME IMPLEMENTATION

Purpose of Report

1. This report provides an update of the implementation of the salary sacrifice scheme for additional voluntary contributions (SSAVC) as part of the Local Government Pension Scheme (LGPS) arrangements.

Background

2. Staff who join the LGPS have the option to contribute an element of their pay as an additional voluntary contribution (AVC) to build up a capital sum for their retirement. This long term saving plan is offered by an independent insurance company and runs alongside the LGPS.
3. Previously, the arrangements meant that AVC deductions from pay attracted tax relief. This Committee approved the implementation of a new salary sacrifice additional voluntary contribution scheme which allows staff members to choose to benefit from national insurance savings as well as tax relief. This arrangement also benefits the Council as it makes a national insurance saving.

Scheme implementation

4. To ensure the successful SSAVC implementation, we undertook a large communication exercise with the existing 439 LGPS AVC contributors and their trade unions. We started by providing the detailed documentation to each person and then set up a question and answer facility to deal with any concerns. This led to a weekly newsletter being sent to all contributors addressing the questions or issues raised in the

last week, together with face to face presentations at all the main Council sites, to deal with any queries.

5. The Scheme was introduced in accordance with the initial project plan, with one staff member agreeing to an early implementation so that we could seek HMRC approval once we had a live salary sacrifice scheme. HMRC have formally approved the arrangements that we have put in place.
6. Training was provided to ensure that staff opting to join the Scheme are protected from reducing their cash earnings below the National Minimum Wage and to ensure that any benefit implications are considered.
7. Once the arrangements were put in place for the original AVC contributors, we started to roll out the Scheme to other LGPS members. To do this, we worked with the Council's AVC provider to ensure that they could provide the appropriate information when they came to explain the advantages of AVCs to those who had not yet taken up this opportunity. This involved a change in their website, as Neath Port Talbot Council are early adopters of this opportunity to make staff savings. In addition, the Prudential asked that the Council be represented at their annual presentations so that the new Scheme could be explained in detail. The opportunities available were also included in the staff magazine, on all the payslips issued in March and on the HR pages on the Intranet. We continue to update staff on this saving option and we are identifying work places where there is little take-up, then providing direct updates to these areas.

Financial Impact

8. Staff members who have chosen to move to the SSAVC Scheme have seen a reduction in the cost of their contributions to their AVC savings of 12%.
9. Although we are still at an early stage in the introduction of the Scheme, we have already seen an impact on the Council's national insurance costs. If the current uptake is maintained, we should see cost reductions of £80,000 per annum, from 2018/19, which can contribute to the savings required as part of the Council's forward financial plan.

Equality Impact Assessment

10. This proposal does not result in any equality issues, so there is no requirement for an equality impact assessment in respect of this item.

Workforce impacts

11. This scheme will provide a financial benefit to workforce members who are part of the LGPS.

Legal Impacts

12. The legal impacts with HMRC have been fully addressed as part of the scheme implementation.

Risk Management

13. The identified risks in relation to the scheme approval were dealt with as part of the HMRC approval of the implementation of the SSAVC scheme.

Consultation

14. There is no requirement under the Constitution for external consultation on this item.

Recommendation

15. It is recommended that the report be NOTED.

FOR INFORMATION

List of Background Papers

Local Government Pension Tax Regulations
PSTAX updates – AVC Wise

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