

United Lincolnshire Hospitals

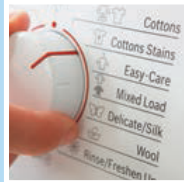


NHS Trust



Home Electronic  
Solutions

NHS HOME  
ELECTRONIC  
SOLUTIONS



*Salary Sacrifice Scheme*

## NHS Electronic Solutions -Salary Sacrifice Scheme

### Message from the Chief Executive

We are very pleased to announce the launch of our home electronic scheme. This scheme allows staff to access a range of home electronic equipment such as tablets, computers, cameras, DVD players, televisions, and a range of white goods including dishwashers, fridge freezers and washing machines.

Staff can select product(s) of their choice on the NHS Home Electronics website and will be issued with a collection card to the value of the good(s) selected to redeem at any Currys PC World store. The Trust will “loan” staff those selected products for a period of 12 months or 24 months in return for an agreed salary sacrifice.

(Please note. This scheme will require a small monthly salary deduction payment to cover end of scheme liabilities and you will be liable to pay tax on any benefit in kind. All these charges will be documented clearly when a product is ordered and are explained fully in the brochure.)

At the end of the loan period the Trust may, at its discretion, transfer ownership of the goods to the employee. Alternatively, the employee may return the goods in good working order (and at their expense) to the Trust.

It is very important that staff read and understand the terms of the scheme prior to committing to taking any products. Salary sacrifice schemes are an excellent way of delivering tax efficient benefits but they do have drawbacks and may not be suitable for all staff.

This scheme brochure can also be downloaded from the scheme website at [www.nhshomeelectronics.co.uk](http://www.nhshomeelectronics.co.uk).

Jane Lewington  
Chief Executive

## The Scheme

### Introduction

The Trust has launched the staff benefit programme in the form of a home electronics scheme. The scheme, in partnership with Currys PC World, is designed to provide all permanent staff with access to a range of leading manufacturers' electronic products for the home. This range includes, but is not limited to, home computers, cameras, TV's DVD players, phones and domestic appliances etc. The scheme will work on the principle of collection cards, having selected the specific product(s) of your choice on the website, you will then be provided with a collection card to the value of the goods selected. Staff will then redeem the collection card at any Currys PC World store in exchange for the goods chosen. These products will be available to staff at a competitive price whilst at the same time providing savings for the Trust that will support the services provided to patients.

### Overview of the Scheme

The NHS Home Electronic Solutions Scheme is designed to provide employees with the use of electronic products with a choice of payment periods. There is no deposit, costs are fixed for the duration of the scheme and no hidden final payment will be charged to employees. However, please note there is a "Residual Value" amount collected each month from Net Salary for the duration of the scheme – details below).

As a salary sacrifice scheme, the Trust will loan you the products for the period of your choice (either 12 or 24 months). You will be required to agree to a salary sacrifice for the period selected, which will reduce your gross salary (*before income tax, National Insurance (NI) and pension deductions*). You will also be required to agree to make a monthly deduction from net salary (After tax, NI and pension deductions) into a Residual Value Fund which will cover any residual tax liability or disposal costs at the end of the scheme.

### Salary Sacrifice

A salary sacrifice arrangement is an arrangement whereby an employee agrees to a change in their Terms & Conditions of employment, including a reduction in their gross pay. The employer may then provide a benefit to the employee; in this case the employing Trust provides the use of brand new home electronic products.

The arrangement is entirely at the discretion of the Trust who may withdraw the facility at any time.

An employee can choose to participate in the arrangements, and in no way are the arrangements compulsory.

### **Taxation**

Although Salary Sacrifice Schemes may reduce income tax and NI charges, the provision of access to electronic products is a taxable benefit. You will therefore be liable to a tax charge on the benefit in kind, the amount of tax liability will be shown in your quotation.

### **Residual Value**

At the end of the agreed period (either 12 or 24 months), there will be two options available to you (at our discretion), both of which will require a payment. To cover this payment (Residual Value), we will make a monthly deduction from your net pay throughout the period of the agreement. This means that at the end of the agreement you will have sufficient money in your Residual Value fund to cover these costs, therefore no further payment will be required whichever option is selected.

#### **Option 1**

The Trust may, at its discretion, offer to allow you to keep the products you have been loaned. If you accept this offer, there will be a further taxation charge to cover the value of the product whose ownership has been transferred from the Trust to you. This taxation charge will be covered by the money held in the Residual Value Fund. There will therefore be no additional payment required.

#### **Option 2**

If the Trust decides not to exercise option 1 or you decide to return the product to the Trust, it must be returned in an appropriate condition for its age. As the Trust is required to dispose of electronic products in a specific and appropriate way under the WEEE (Waste Electrical and Electronic Equipment) regulations, the Trust will levy a one off charge for disposal. That charge will be met by the amount held in the Residual Value Fund. There will therefore be no additional payment required.

## Benefits of the Scheme

### a. Competitive Prices

A competitive price has been obtained using the NHS's buying power. This combined with the potential for further savings through the use of salary sacrifice, means that the scheme provides an attractive option to most employees.

### b. No deposit

When comparing the scheme with other types of financing schemes or personal financing arrangements, it is important to remember that no deposit is required. Some commercial schemes show very attractive monthly payments but tend to require sizeable deposits.

### c. Easy ordering and high service levels.

A dedicated team is commissioned by the Trust and they will work hard to ensure the process of ordering and receiving your collection card is as smooth as possible. You will then be able to redeem the collection card at any Currys PC World store for the goods selected.

### d. Supporting front line health care

Employees taking part in the scheme not only generate benefits for themselves but also help the Trust generate savings to support patient care.

## Eligibility

- A permanent employee of United Lincolnshire Hospitals NHS Trust, or has a contract that is longer than the Home Electronics agreement – Staff with a 'bank ' or 'zero hours' contract only are ineligible.
- Suitable to enter into a salary sacrifice arrangement
- Total value of products or salary sacrifice not to exceed 10% of Gross Salary
- Minimum spend of £100

***The Trust reserves the right to decline any application.***

## How do the arrangements work?

- (a) The Trust will not charge an employee for the use of the product(s), but instead employees will agree to enter into a salary sacrifice arrangement (discussed below).

- (b) A salary sacrifice arrangement is an arrangement whereby an employee agrees to a reduction in their gross pay. In this case the employing Trust, as part of this contractual change, provides the use of brand new home electronic products as part of a change to the employee's Terms & Conditions of employment.
- (c) The arrangement is entirely at the discretion of the Trust who may withdraw the facility at any time.

### **Available products**

The website will contain up to date product information from Currys PC World so that staff can click on the products of their choice and view the price. Once selected, the total cost will be calculated and a collection card issued to the value.

### **Please note**

When you select a product on the website, the system will calculate a price for that product and the value of the collection card – IT DOES NOT ORDER OR RESERVE THE PRODUCT – supply is dependent on stock levels at individual stores.

*In the event the product you have selected is unavailable an alternative product at the same or lower cost can be chosen however, you must inform the Home Electronics Team of the change.)*

### **Hire of the Product**

To select the goods you would like to receive simply register on the website and chose the products. You will need to confirm your acceptance of the pre contract information. If you are happy to enter into the arrangements you will be issued with a contract via email which you must sign electronically. The Trust will then order the collection card to the value of the products selected by you on the website on your behalf. The collection card will be delivered to your home address and your salary will be reduced from the pay date in the month after you take delivery, for example if the collection card is delivered in December the first payment will be taken from January salary. You can redeem the collection card for the goods selected at any Currys PC World store. The collection card will be valid for a period of 6 months and the full value of the collection card must be redeemed within the 6 month period.

Failure to do so will render the collection card void. Once the collection card has been dispatched to you, you cannot cancel the order unless expressly agreed with the Trust.

### **Delivery**

The collection card will be delivered to your home address (unless stated otherwise). If the collection card does not arrive or is for the incorrect value, you should inform Currys PC World using the details which are on our website.

### **How much can I save?**

The exact savings will depend on individual circumstances and the value of the product(s) selected. All prices are based on current Tax, Pension and National Insurance rules.

### **IMPORTANT**

Any future changes in Tax, Pension and NI rules may result in a change in the amount you pay, both upwards or downwards – Such changes are outside the control of NHS Home Electronic Solutions.

### **How long does the arrangement last?**

This depends upon the term selected; we offer 12 or 24 month options. Employees will revert to the higher salary at the end of the agreed period. Whilst it is envisaged that for the majority of employees the arrangements will run their normal course throughout the life of the contract period, an employee will be automatically opted out of these arrangements where their rate of pay falls below the National Minimum Wage. This action ensures that an employee's right to a legal rate of pay is maintained. The Trust will review the individual circumstances to determine whether a termination charge is levied.

### **What is the general effect of reducing taxable salary?**

Employees accepting this proposal should pay a reduced amount of tax and NIC each month. However, a number of state benefits are dependent on paying a minimum level of NIC, for instance Statutory Sick Pay and Job Seekers Allowance.

You should consider the impact on such future benefits if the salary sacrifice means that your new revised rate of gross annual earnings falls below the starting level for paying NIC.

For further information on the current starting level for NIC please contact the Payroll department. Employees should be aware that a reduction in taxable salary may affect other company and state benefits such as Statutory Maternity Pay, sick pay, and their level of entitlement in the event of death. A reduction in taxable salary might also affect more general financial matters such as mortgage applications, however the majority of high street lenders take into account the arrangements outlined when making mortgage decisions especially since many of the banking institutions already have similar salary sacrifice arrangements in place for their own employees.

Any other payments (i.e. over and above basic salary) such as shift allowances, overtime payments, and redundancy entitlements would continue to be calculated based on the higher salary rate (i.e. the rate before the salary sacrifice is applied, often known as “notional pay”). Any annual salary increments will be stated both in terms of the higher notional pay and revised basic pay rate.

It is important to note that percentage salary increases will be made by reference to the higher notional rate of pay.

For the avoidance of doubt (as indicated above), an employee will not be permitted to reduce their taxable salary to a rate below the prescribed National Minimum Wage rate (i.e. so that their new rate of taxable pay would equate to less than the hourly legal minimum rate).

### **What about my pension arrangements?**

The fact that your contractual pay is being reduced means that your level of pension contribution will be reduced thus resulting in an increase in your take home pay (ie they will be based on the revised new lower rate of gross pay). With regard to the NHS Pension scheme, there will be no impact unless the salary sacrifice runs into the period used to calculate your pension entitlement. For the majority of NHS staff it is income earned in the last year of service that determines ongoing pension payments after retirement. If this is the case any salary sacrifice in the last year of service will have the effect of lowering income and will have an adverse effect on the ongoing pension entitlement.



### **Ongoing pension entitlement is determined by the income received in either:**

- One of the last three years (usually the last year) prior to retirement or
- An average of the best 3 consecutive years in the last ten years (usually the last 3 years) prior to retirement.

Anyone who has joined the NHS Pension Scheme prior to the 1st April 2008 will be in the former, anyone joining on the 1st April 2008 or after will be the latter.

In such circumstances a salary sacrifice that is in place during the period that is used to determine ongoing pension entitlement, will again have an impact on the pension received.

Where an employee leaves the NHS pension scheme and freezes their pension entitlement, the value of the frozen pension may be affected if an employee participates in the salary sacrifice arrangement immediately prior to leaving the pension scheme.

A salary sacrifice may impact on the ongoing pension entitlement where a staff member becomes seriously ill and is required to take medical retirement or dies in service. In such circumstances, the pension entitlement is determined by the income level in the preceding 12 months and therefore may be impacted if a salary sacrifice is in place.

The Government has announced that new pension arrangements are to be introduced into all public sector pension schemes including the NHS Pension Scheme from 31 March 2015. Much of the detail is still being worked out but the NHS Pension Scheme will change from a defined salary scheme to a Career Average Revalued Earnings (“CARE”) scheme. While some members of the NHS Pension Scheme will be permitted to remain in their current section of the NHS Pension Scheme beyond 31 March 2015, most members will automatically move to the new CARE scheme from 1 April 2015 for future service only. This means that pension benefits already built up in the 1995 and 2008 sections of the NHS Pension Scheme will be retained and calculated by reference to final pay at retirement.

As mentioned above, the pension you receive under the existing final salary NHS Pension Scheme is for all of your years of membership but it is based on your pensionable pay at or close to retirement. Under the new CARE NHS Pension Scheme, your pension will be based on your pensionable pay right across your NHS career.

The pension you earn each year is based on pensionable pay in that year and is increased by a set revaluation rate, linked to inflation, for each year up to retirement or leaving. The final pension is then calculated by adding together the pension earned in each year of NHS Pension Scheme membership so it will not be limited to the period immediately before you retire or leave as is the case under the existing final salary NHS Pension Scheme.

This new basis of calculation for final pension entitlement means that any salary sacrifice that exists during membership of the new CARE NHS Pension Scheme will have the effect of lowering your pensionable earnings each year and, therefore, affecting your final pension entitlement. It is therefore recommended that you obtain advice to understand the effect that any salary sacrifice arrangement will have on your specific pension entitlement before entering into the Home Electronics Scheme. This advice can be sought from NHS Pensions on 0300 3301 346.

## **IMPORTANT**

**You will need to make your own individual enquiries to identify any risks this may present you personally in the future.**

### **What if I am claiming Tax Credits?**

From April 2003 the Government introduced tax credits, Working Tax Credit (WTC) and Child Tax Credit (CTC). The WTC is means tested and affects the amount of CTC you may receive. These tax credits consider both your earnings and that of your spouse/partner. In principle, a Home Electronic product benefit in kind is considered earnings for the purposes of WTC. Consequently each employee's situation is different and it is necessary to take the spouse/partner's salary into account in order to estimate the most realistic impact of participating in these arrangements. If you qualify for state benefits such as the Disabled Persons Tax Credit (DPTC) you may qualify for a higher level of credit.

If you are currently claiming WTC or CTC you should consider very carefully the likely impact on your net disposable income before committing to any salary sacrifice.

### Long Term Sickness, Maternity Leave, Redundancy or Resignation

The Trust recognises that employees who are unable to work because of illness or incapacity, or who take maternity leave during the period of a lease contract, may have concerns about salary sacrifice agreements. In these circumstances any employee who is unable to attend work due to sickness or incapacity, for a period exceeding 6 months, or who takes maternity leave will have the outstanding balance paid by net deduction.

If you are expecting a baby and are considering purchasing a home electronic product(s) through the the NHS Home Electronics Scheme, you must be aware that your Statutory Maternity Pay and Occupational Maternity Pay (OMP) (where payable) could be affected. SMP and OMP are calculated on the amount of average weekly earnings during an 8-week period, fifteen weeks prior to the expected date of confinement (weeks 17 to 25 of pregnancy). A “salary sacrifice” arrangement (such as the Home Electronic Product Scheme) will reduce the amount of salary that is liable to National Insurance Contributions.

Therefore any “salary sacrifice” entered into during this eight week period will reduce entitlement to SMP and OMP (where payable). If you are pregnant and expect to have a period of maternity leave you should think carefully as to whether you should join the Scheme during this period (please contact your payroll department for further details).

If you are receiving SMP and maternity pay at present you should contact your Personnel Officer to find out whether you are receiving sufficient income to enter into a “salary sacrifice” arrangement and take part in the Home Electronic Scheme after taking into account your other financial commitments which are deducted at source whilst on maternity leave.

**(IMPORTANT - The net salary deduction rate is likely to be at a higher rate than the salary sacrifice rate).**

### **IMPORTANT**

**The Trust will consider paying any early termination costs deemed fit, if you retire on ill health grounds. You are liable to pay the early termination costs as set out below in all other circumstances including redundancy, if you terminate the agreement when you do not have the legal right to do so.**

### **The End of the Agreement**

At the end of the repayment period the electronic product(s) may be offered to the employee subject to the discharge of any tax liability (see examples). The employee will be responsible for any future disposal costs.

Alternatively the employee may return the goods to the Trust (in a fair wear and tear condition) and the disposal costs met from the Residual Value Fund.

### **Early Termination**

#### **IMPORTANT**

**If for any reason the contract is terminated early – i.e. the employee leaves the Trust, the outstanding GROSS Salary Sacrifice amount will be deducted in one payment from the employee's NET salary. As a condition of the contract, the employee gives the Trust permission to make such deductions from their Net salary.**

**Where there are insufficient funds in the final salary, the employee agrees to pay the Trust the outstanding amount by either cheque or card payment.**

**It is important that the employee is aware that the Trust will pursue any outstanding debt through its debt collection agency and ultimately through the courts.**

**Return of the products will not be deemed a discharge of the outstanding debt.**

## Warranty

All product(s) loaned under the scheme have the benefit of the manufacturer's warranty. Extended warranty or repairs beyond the standard manufacturer's period are the responsibility of the employee.

If there are any concerns or issues with the product after redeeming the collection card, then the employee should return the product to the Currys PC World store who will deal with the matter in accordance with its returns policy (see below) and consumer legislation. The Trust has no involvement with such matters. This does not affect your statutory rights.

Any complaints will be dealt with in accordance with the Currys PC World complaints procedure.

## Insurance

It is the employee's responsibility to safeguard the equipment and you may wish to insure your product against fire, theft and accidental damage.

Remember that you will be responsible for paying the replacement costs for any equipment that is lost, stolen or damaged beyond economic repair. You will also have to pay for any costs which we reasonably incur in repairing/restoring the product if it is not returned to us in good condition (excepting fair wear and tear).

## Returns

### If your product is faulty

If your product develops a fault within 21 days Currys PC World will always offer you an exchange provided you have your receipt.

Most products come with at least a 1 year guarantee, so if your product develops a fault during the remaining guarantee period Currys PC World will help you to get a prompt resolution. Please note that this will vary by product type.

If Currys PC World refer you to the product manufacturer or repair agent for service or repair, this is because they are their agents for the products and have been chosen because they are best placed to help customers with product queries.

## Next Steps

If you wish to take up this option, discuss this further or find the extensive range of products available under these arrangements please contact NHS Home Electronics by email at **nhshomeelectronics@nhct.nhs.uk** or by telephone on: **0191 203 1517** or visit our website at: **www.nhshomeelectronics.co.uk** you will be required to register on our website using **VPD 357**.

## FAQ

### ***Is there a limit on which products I select?***

You can select any product within your financial limit (i.e. 10% of Gross Salary)

### ***Will the products be delivered to my home address?***

The collection card will be delivered to your home address (unless stated otherwise). You then redeem the collection card at a Currys PC World store and collect the goods at that point.

### ***Can I pay off the product early?***

Only in very special circumstances can you terminate the salary sacrifice (life changes). Otherwise the contract must remain in place throughout the agreed period. This is a fundamental rule of Salary Sacrifice and not a policy of the Trust

Where there is a case to terminate the contract early the termination clause above will apply.

### ***Can I keep the product at the end of the agreement period?***

Whether you can keep the product(s) at the end of the agreement will be at the discretion of the Trust. The Trust may write to you following your penultimate payment to offer to allow you to keep the product(s). You will only be able to keep the product(s) if all amounts due to the Trust under the agreement have been paid in full by you.

**Example 1 - Product with RRP £399 -  
Employee earning £23,000 pa, in pension scheme**

| <b>EMPLOYEE COSTS</b>                             | <b>12 months</b> | <b>24 months</b> |
|---|------------------|------------------|
| <b>Gross Sal Sac</b>                              | £431.82          | £221.45          |
| Gross Sal Sac per month                           | £35.98           | £18.45           |
| Tax Savings                                       | -£6.71           | -£3.44           |
| Pension Savings                                   | -£2.45           | -£1.25           |
| NI Savings  | -£3.81           | -£1.96           |
| Net Monthly Cost                                  | £23.02           | £11.80           |
| Tax   | £1.33            | £1.33            |
| Residual Value                                    | £5.32            | £1.99            |
| <b>Staff Monthly Cost</b>                         | <b>£29.67</b>    | <b>£15.13</b>    |
| <b>Staff Total cost</b>                           | <b>£355.99</b>   | <b>£363.07</b>   |
|   | <b>10.78%</b>    | <b>9.00%</b>     |
| <b>Credit Comparison with typical High Street</b> |                  |                  |
| <i>Deposit</i>                                    | £39.90           | £39.90           |
| <i>Monthly Payment</i>                            | £32.92           | £17.97           |
| <i>Total Cost after Credit</i>                    | £434.91          | £471.18          |
| <b>Saving over Typical High Street</b>            | <b>£78.92</b>    | <b>£108.11</b>   |
|   | <b>19.78%</b>    | <b>27.09%</b>    |

## Example 2 - Product with RRP £599 - Employee earning £60,000 pa, in pension scheme

| <b>EMPLOYEE COSTS</b>                             | <b>12 months</b> | <b>24 months</b> |
|---|------------------|------------------|
| <b>Gross Sal Sac</b>                              | £648.27          | £332.45          |
| Gross Sal Sac per month                           | £54.02           | £27.70           |
| Tax Savings                                       | -£19.17          | -£9.83           |
| Pension Savings                                   | -£6.10           | -£3.13           |
| NI Savings  | -£1.08           | -£0.55           |
| Net Monthly Cost                                  | £23.02           | £11.80           |
| Tax   | £1.33            | £1.33            |
| Residual Value                                    | £5.32            | £1.99            |
| <b>Staff Monthly Cost</b>                         | <b>£47.64</b>    | <b>£24.17</b>    |
| <b>Staff Total cost</b>                           | <b>£571.64</b>   | <b>£580.16</b>   |
|   | <b>4.57%</b>     | <b>3.15%</b>     |
| <b>Credit Comparison with typical High Street</b> |                  |                  |
| <i>Deposit</i>                                    | £59.90           | £59.90           |
| <i>Monthly Payment</i>                            | £49.42           | £26.98           |
| <i>Total Cost after Credit</i>                    | £652.91          | £707.36          |
| <b>Saving over Typical High Street</b>            | <b>£81.27</b>    | <b>£127.20</b>   |
|   | <b>13.57%</b>    | <b>21.24%</b>    |



### Example 3 - Product with RRP £999 - Employee earning £60,000 pa, in pension scheme

| <b>EMPLOYEE COSTS</b>                             | <b>12 months</b> | <b>24 months</b> |
|---|------------------|------------------|
| <b>Gross Sal Sac</b>                              | £1,081.17        | £554.45          |
| Gross Sal Sac per month                           | £90.10           | £46.20           |
| Tax Savings                                       | -£31.97          | -£16.39          |
| Pension Savings                                   | -£10.18          | -£5.22           |
| NI Savings  | -£1.08           | -£0.92           |
| Net Monthly Cost                                  | £46.15           | £23.67           |
| Tax   | £6.66            | £6.66            |
| Residual Value                                    | £26.64           | £9.99            |
| <b>Staff Monthly Cost</b>                         | <b>£79.45</b>    | <b>£40.32</b>    |
| <b>Staff Total cost</b>                           | <b>£953.37</b>   | <b>£967.57</b>   |
|   | <b>4.57%</b>     | <b>3.15%</b>     |
| <b>Credit Comparison with typical High Street</b> |                  |                  |
| Deposit   | £99.90           | £99.90           |
| Monthly Payment                                   | £82.42           | £44.99           |
| Total Cost after Credit                           | £1,088.91        | £1,179.72        |
| <b>Saving over Typical High Street</b>            | <b>£135.54</b>   | <b>£212.15</b>   |
|   | <b>13.57%</b>    | <b>21.24%</b>    |

**Example 4 - Product with RRP £1,400 - Employee earning £23,000 pa, in pension scheme**

| <b>EMPLOYEE COSTS</b>                             | <b>12 months</b> | <b>24 months</b> |
|---|------------------|------------------|
| <b>Gross Sal Sac</b>                              | £1,515.15        | £777.00          |
| Gross Sal Sac per month                           | £126.26          | £64.75           |
| Tax Savings                                       | -£23.54          | -£12.07          |
| Pension Savings                                   | -£8.59           | -£4.40           |
| NI Savings  | -£13.38          | -£6.86           |
| Net Monthly Cost                                  | £80.76           | £41.41           |
| Tax   | £4.67            | £4.67            |
| Residual Value                                    | £18.67           | £7.00            |
| <b>Staff Monthly Cost</b>                         | <b>£104.09</b>   | <b>£53.08</b>    |
| <b>Staff Total cost</b>                           | <b>£1,249.09</b> | <b>£1,273.94</b> |
|   | <b>10.78%</b>    | <b>9.00%</b>     |
| <b>Credit Comparison with typical High Street</b> |                  |                  |
| <i>Deposit</i>                                    | £140.00          | £140.00          |
| <i>Monthly Payment</i>                            | £115.50          | £63.05           |
| <i>Total Cost after Credit</i>                    | £1,526.00        | £1,653.26        |
| <b>Saving over Typical High Street</b>            | <b>£276.91</b>   | <b>£379.32</b>   |
|   | <b>19.78%</b>    | <b>27.09%</b>    |



