

HOME AND ELECTRONICS SCHEME

Introduction

Perth & Kinross Council in partnership with Vivup has introduced a Home and Electronics Scheme.

The Scheme is a voluntary arrangement which gives Council employees and elected members the opportunity to purchase home and electronic products whilst spreading the cost over a 12 or 24 month period.

Scope and Eligibility

The Scheme is open to all employees of Perth & Kinross Council and elected members who satisfy the following eligibility criteria.

Eligibility Criteria

- Employees who have a permanent contract or have a contract which covers the length of the repayment period.
- Employees must be a UK taxpayer and receive salary via the PAYE system.
- The salary deduction arrangements do not reduce an employee's salary below the National Minimum Wage.
- Employees who are over 18 years of age
- Employees who do not have any existing debt arrestments

In the event that you do have a debt arrestment there may be other help available to you.

You may qualify for a Community Care Grant for essential household items. More information and an application form can be found here:

www.pkc.gov.uk/scottishwelfarefund.

You can also contact the Council's Welfare Rights Team for free, confidential and impartial advice around priority debts and welfare benefits advice 01738 476900 or [refer online](#). The Council also has a Financial Insecurity Fund where you can apply for help with priority debts and other funding: www.pkc.gov.uk/financialinsecurityfund.

The Scheme is supported by [Terms and Conditions](#) and [Frequently Asked Questions](#). Please familiarise yourself with these documents before applying for an order through the platform as participating in a salary sacrifice scheme may not be beneficial for you.

Benefits of the Scheme

There are many benefits to employees participating in the Home and Electronics Scheme:

- Tax, National Insurance and Pension Contribution savings through your salary but a benefit in kind tax charge is applicable.

- No credit check.
- No deposit or requirement to pay goods upfront with the opportunity to spread repayments over 12 or 24 months.
- Delivery straight to your door.
- Price and stock secured at point of order.
- Fast delivery, with many items shipped within 48 hours of Employer approval.

Conditions of the Scheme

Provision and Ownership

We are supplying you with equipment per the conditions set out in the order form and detailed in the terms and conditions. The equipment will transfer to your ownership one week after you have received it.

Order Limits – Gross Repayment from Salary

The minimum order value is set at £100 and the maximum value is capped at £2,000 for total orders. You can only have two active orders running at any given time.

Any orders below £300 can only be taken over a 12 month repayment option.

A 3% admin charge is included in the order.

Delivery

The equipment will be delivered to your home address as detailed by you on your order form and as verified by the Payroll and Reward Team during the authorisation process. Deliveries will take place Monday to Friday only between the hours of 8am to 6pm.

Delays

We will not be liable for any delay in supplying the equipment to you or for failing to supply said equipment.

Goods Not Received

If goods do not arrive, are incomplete or the wrong item is delivered you must contact Vivup within 14 days of receipt of expected delivery by calling 01252 784540.

Damage, Loss and Repair

You shall be responsible for all theft and loss of, or damage to the equipment from the moment you receive it unless this is through the provider's negligence or due to any defect.

Faulty goods must be reported to Vivup within 21 days of receiving the goods. The contact telephone number is 01252 785450. Outwith the 21 days the item will be subject to the manufacturers' limited warranty.

Insurance

There is no insurance through the scheme, therefore it is your responsibility to insure the equipment against fire, theft and accidental damage under your home insurance so it can be replaced. If the equipment was damaged or lost, salary sacrifice deductions will continue to be taken for the full repayment period agreed.

Additional Conditions of the Scheme

Salary Sacrifice

If you choose to participate in the Home and Electronics Scheme, you will be entering into a "salary sacrifice" arrangement. This means that you agree to a contractual change to reduce your salary by the value shown on your order form. Fixed deductions will be taken from your gross pay every month.

Savings are made due to salary sacrifice being deducted from gross pay prior to any income tax, national insurance or pension being deducted.

Benefit in Kind (BIK)

Although the home and electronics salary sacrifice scheme reduces your income tax, national insurance and pension contributions, the provision of these products are deemed as taxable benefits by HMRC. You will therefore be liable to a tax charge on the value of your purchase(s) based on your pay as you earn tax rate.

Any future changes in tax, pension and National Insurance Contribution rules may result in a change in the savings you receive. Such changes are outwith the control of Vivup and/or the Council.

Example of approximate purchase costs via Salary Sacrifice Savings and Benefit in Kind

Annual salary TAS4 SCP 30: £23,631.93

Salary Sacrifice requested: £1,500 over 12 months (£125 deduction per month)

Description	Before Salary Sacrifice	After Salary Sacrifice	Adjustments in your payslip
Gross Pay	£1,969.33	£1,844.33	-£125.00
Tax	£160.59	£136.99	+£23.60
Pension	£108.31	£101.44	+£6.87
National Insurance	£110.56	£95.56	+£15.00
Net Pay	£1,589.87	£1,510.34	-£79.53

Due to the reduction in tax, national insurance and pension contributions the net cost of the salary sacrifice on your payslip is £79.53 per month/£954.36 per annum **before** the benefit in kind tax charge.

Annual summary:

Net savings from salary (tax, NI and pension)	£545.64
Benefit in kind charge (adjusted through tax code)	£315.00*
Overall Annual Net Saving	£230.64

*Purchase cost of £1,500 *21% PAYE Intermediate Tax Rate. This is a guide only as tax rates can fluctuate due to cumulative earnings in the financial year.

The platform provides estimated savings on NI and Pension only as the tax saved through your salary and the benefit in kind charge generally cancel each other out.

It is important to note that the benefit in kind charge is recovered by a reduction in your tax code therefore until such times as HMRC advise you and PKC of a tax code change, the additional tax cannot be recovered from your salary.

Benefit in Kind information is reported to HMRC annually in line with P11d statutory deadlines (6 July).

You can however report any employee benefits you have to HMRC via [your personal tax account](#) which may result in your tax code being amended sooner. It is advisable to report any employee benefits to HMRC as soon as you receive your purchase(s).

Salary Related Benefits

Joining a salary sacrifice scheme reduces your contractual pay and the level of income tax, national insurance and pension contributions. The agreement may affect entitlement to State Pension, Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, the level of Statutory Redundancy Pay and any other means-tested benefits or tax credits.

Please ensure you are fully aware of your individual circumstances prior to entering into the agreement.

For more information about salary sacrifice and how it may affect your benefits, visit [HMRC's website](#).

Pension Implications

It is essential that employees are aware of the pension implications when considering whether to enter into a salary sacrifice arrangement and should take this into account when assessing whether this is the right arrangement for them.

Local Government Pension Scheme (LGPS)

Up to and including 31 March 2015, pension benefits were based on 'final pensionable pay'. This was normally based on your final year of service or, if your pay had reduced in the three years leading up to leaving, you could pick one of the two preceding years to be your final pay period for pension calculations. These were the only two options for calculating 'final pensionable pay' where pay is reduced because of a salary sacrifice scheme.

The benefits in the LGPS which have been built up in the Scheme up to and including 31 March 2015 under the current final salary arrangements will be banked until eventual retirement but not be 'preserved' i.e. worked out on pay in the year up to 31 March 2015. Instead these benefits will continue to be linked to the final pay in the year up to leaving or retiring whether this is 2015, 2025 or later. This is likely to be of significant benefit to current LGPS members. If a member has a 'clear year' of unreduced pay without salary sacrifice immediately before leaving at whatever later date, pension benefits will be based on the higher pay figure (before salary sacrifice). This will relate to all pension benefits accrued up to April 2015.

Under the new LGPS Regulations 2015 which came into effect in April 2015, pension benefits are based on 'Career Average Revalued Earnings' rather than final salary; that is, instead of waiting for the final year of employment to work out what your pension benefits will be in retirement, members earn a 'pension pot' for each year of membership based on pay for that year.

If pay is reduced because of salary sacrifice for one or more years, the amount of pension earned for that year is based on that lesser amount. At retirement, all the individual annual 'pension pots' are revalued based on CPI, totalled to reflect the number of years of membership and retirement benefits based on the cumulative figure. There will not be an opportunity to 'make up' the reduction in pensionable pay due to salary sacrifice by referring to a 'clear year' immediately before leaving.

To ease the reduction in pension contributions, employees can choose to pay extra into their pension pot by way of a [Shared Cost AVC \(Additional Voluntary Contribution\)](#).

Scottish Teachers Pension Scheme (STPS)

The Scottish Teachers Pension Scheme 2015 is a Career Average Revalued Earnings Scheme (CARE), which provides benefits based on your earnings each year which are revalued annually to keep pace with inflation. A non-pensionable salary sacrifice scheme will affect a member's pension.

The CARE Scheme uses a member's pensionable pay at the end of each financial year to calculate pension benefits for that year. The sacrificed amount will not be counted in this calculation. For the duration of a car salary sacrifice contract, your pension benefits will be less.

There is provision within this scheme to purchase additional pension to address this shortfall ([Faster Pension Accrual](#)).

External Secondments

If an employee enters into an external secondment agreement with another organisation, and throughout their secondment period they remain an employee of Perth & Kinross Council, they will still be eligible to take part in the Home and Electronics Scheme. However, if for the duration of the secondment agreement, the employee becomes an employee of the host organisation then they will no longer be eligible to participate in the Home and Electronics Scheme.

Insufficient Salary to Cover Payments

If at any time during participation in the Home and Electronics Scheme your monthly salary fails to meet the agreed contribution amount, the Payroll & Reward Team will contact you to discuss this further.

Termination of Employment

If you terminate employment for any reason the balance due will be deducted from your final salary. This amount will be deducted from your net salary as you will no longer benefit from any savings.

If there is insufficient net pay to recover the balance due, the Council reserves the right to recover the outstanding balance from more than one pay period.

Where it has not been possible to recover the outstanding balance from your final salary, you will be required to pay the outstanding amount by credit transfer, debit or credit card.

Application Process

- 1 Ensure that you have read the Home and Electronics Scheme, accompanying FAQs and terms and conditions.
- 2 Login or register to the [Employee Benefit Platform](#)
- 3 Use the category panel or search bar to find your desired items.
- 4 Once you've selected an item you would like to order, click the "Add to Order" link located underneath the product description.
- 5 Providing you are happy with the monthly deduction value (noting that you will be subject to a benefit in kind tax charge), click on "Continue to Order".
- 6 You will then be required to populate your personal details to finalise the order. Please note, your home address details must match what is held on our payroll system. If this information does not match, your order will be rejected.
- 7 Once you have read, understood and accepted the terms and conditions, click "Submit Order". **This constitutes your formal agreement to a reduction in your salary.**

- 8 You will then receive an order confirmation email. The Payroll and Reward Team will carry out the relevant eligibility checks before either approving or rejecting your order.
- 9 If your order is approved, you will receive a series of emails keeping you up to date with the status of your order.

Scheme Contacts

Vivup Direct on customersupport@vivup.co.uk or 01252 784540

Payroll & Reward Team at payrollandreward@pkc.gov.uk or 01738 475555 Option 3