

From: Shellina Prendergast – Cabinet Member for Communications,  
Engagement and People  
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To: Personnel Committee – 10 November 2020

Subject: Introduction of a Shared Cost Salary Sacrifice Additional Voluntary  
Contribution Scheme

Classification: Unrestricted

Past Pathway of report: None

Future Pathway of report: None

Electoral Division: All divisions.

**Summary:**

This paper provides an update on the implementation of the shared cost AVC scheme and how it fits within wider work on improving staff financial wellbeing.

**Recommendation:**

Personnel Committee note the progress of the shared cost salary sacrifice scheme and continued work on financial wellbeing.

**1. Background**

- 1.1 In November 2019 Personnel Committee endorsed the implementation of a Shared Cost Salary Sacrifice Additional Voluntary Contribution Scheme. This was to be developed with a suitable partner provider and enable staff to benefit from making such additional pension provision on a salary sacrifice basis.
- 1.2 The scheme's 'shared' arrangement requires the Council to pay an employee's chosen contribution amount to their AVC fund and, in return, the employee agrees to enter a salary sacrifice arrangement under which he/she accepts a reduction in their gross salary which equals the contribution amount. There was no direct additional cost to the employer. In addition, the employee is required to pay a fixed £1 a month as their individual contribution to the Shared Cost AVC arrangement.

**2. Implementation of the Scheme**

- 2.1 Since November we have worked with AVC Wise to implement the scheme. This has taken a project management approach to ensure the necessary systems, processes and communication is established for successful implementation. As part of this, we have liaised closely with colleagues from Cantium Business Solutions with the first deduction being made in July 2020. This has enabled us to seek and gain formal HMRC approval for the scheme.
- 2.2 Implementation has been planned on a phased basis with employees who currently contribute to AVCs being invited to convert to the new arrangement first. This helped establish the processes, test the communication material and manage the transition arrangements. Bespoke invites have been sent and

webinars run to clearly show the benefits of the scheme as employees can now gain savings through both National Insurance Contributions (NICs) as well as tax.

- 2.3 Promotion of the scheme to the wider employee base has been curtailed due to Covid-19, as the space for messaging more broadly has competing and urgent priorities to accommodate. Given such uncertainty and change for so many people, financially, personally, and professionally this has been judged to not be an appropriate time to promote. However, the intention is to communicate the scheme more widely starting in January and reference to it has already been made using the established financial wellbeing communication approach.
- 2.4 To date over 60 people have decided to transfer and take advantage of the new scheme which is approximately half of the original contributors.
- 2.5 The experience of other public sector organisations would indicate that, over time, there should be in excess of 5% of the workforce making contributions to their pension using this scheme.

### **3. Financial Wellbeing**

- 3.1 This update provides an opportunity to set this scheme in the context of the broader work that has been undertaken to support staff in addressing the recognisable challenge of good financial wellbeing of staff.
- 3.2 The Council's wellbeing page on KNet outlines a range of support currently available, including: guidance from the Money Advice Service and Citizen's Advice; pension planning; use of Kent Rewards to make money go further; signposting to Support Line and information on financial assistance (including the Help Fund). These are signposted throughout the year as part of the Council's communication on Health and Wellbeing but, most notably, it has featured prominently as part of the communication that has occurred during October as part of Wellbeing Month.
- 3.3 In terms of the support on financial assistance that is already signposted the Council is working on implementing a Financial Wellbeing package to include a one stop, easily accessible education, information and advice service across a range of financial issues e.g. financial health check, personal budgeting, attitude to risk, savings, borrowing, debt management, credit score, confidential advice. In addition, ethical payroll deducted lending and savings products will also be available for staff.

### **4. Conclusion**

Good progress has been made on establishing the alternative AVC scheme despite the delays due to the current circumstances and the wider consideration of financial wellbeing. These have a significant role and value as part of the wider 'offer' to staff.

## 5. Recommendation(s)

### Recommendation:

Personnel Committee note the progress of the shared cost salary sacrifice scheme and continued work on financial wellbeing.

## 6. Contact details

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