

Topic: TechScheme Proposal

For additional information regarding the scheme please contact the WeST HR Team using the above details.

What is Techscheme?

Techscheme is a salary sacrifice scheme administered by Blackhawk Network. Blackhawk Network are the providers of the current Trust Cycle to Work scheme, Cyclescheme.

Techscheme lets a participating employee purchase the latest tech at Currys PC World through their employer. This applies to a huge range of products, from computing to home and fitness to white goods. The employer pays the upfront cost and then the employee spreads the cost with up to 12 payments from their salary across 12 months. The employee may also make a National Insurance saving of up to 12%. Unlike the Cyclescheme, the employee owns the products purchased from the beginning and there's no end of hire fee.

How does Techscheme work?

To begin, you check the cost of the items you want to purchase on the Currys PC World website. Once you have a budget in mind go to the Techscheme website to apply using the Trust employer code which is **5a148ef**.

Once the application has been reviewed and paid for by the Trust you will receive a Redemption Code via email from Techscheme that you can then exchange for tech items online or in-store at Currys PC World. Meanwhile the Trust will set up the salary sacrifice for you to repay the cost in monthly installments.

For a quick summary of the scheme Techscheme have provided a short video which is available at <https://www.techscheme.co.uk/how-it-works>

How would participation in the Techscheme impact on my tax and national insurance contributions?

The Techscheme operates as a salary sacrifice employee benefit. This means that you agree to give up part of your salary in exchange for a benefit – in this case the benefit would be tech items. The salary sacrifice is taken from your gross salary (before tax) which means that you will **initially** pay less Income Tax and National Insurance in the tax year(s) that the salary sacrifice operates. You will keep any NI savings made. However, as this scheme is considered a Benefit in Kind a P11D will be submitted to HMRC at the end of the tax year. This may result in an adjustment to your personal tax code the following year, however, overall you will not pay any more or any less income tax than if you had not participated in the Techscheme.

Are all employees eligible for Techscheme?

You must receive your salary via Pay as you Earn (PAYE).

As this is a salary sacrifice scheme there are certain criteria in relation to National Minimum Wage (NMW)/National Living Wage legislation (NLW). Essentially your earnings should be more than the NLW or NMW after the salary sacrifice is taken from your gross salary.

Once an employee applies to the scheme an eligibility check based on this criteria would be carried out by the Trust prior to agreeing to the application.

How long will the Funding Plan be for?

The maximum length of a Techscheme Funding Plan is 12 months.

Is there an upper limit to the cost of the Techscheme package the Trust would be willing to fund?

Following feedback from our survey an upper limit of £1,000 has been set with only one Techscheme salary sacrifice arrangement being in place at any one time.

If I sign up for the Techscheme will there be a change to my employment contract with the Trust?

There will be a temporary change of contractual emolument during the period of the salary sacrifice to take into account the change in the way part of your salary is paid.

Will the salary sacrifice have an impact on my pension?

- **Teachers Pension** – Under the Teachers Pension scheme (Regulation 2014), the Techscheme is not an approved salary sacrifice scheme. Therefore, if you are a member of the Teachers Pension scheme pensionable salary is calculated after the Techscheme salary sacrifice has been applied. This may result in a reduction in the pension you ultimately receive.
- **Support Staff** – Under the Local Government Pension Scheme the Techscheme is not considered to be pensionable. Therefore, if you are a member of the Local Government Pension Scheme administered by Peninsula Pensions or Cornwall Pensions your pension contribution will be based on your full gross salary after the Techscheme salary sacrifice is applied. This may result in a reduction in the pension you ultimately receive.

Please be aware that the salary sacrifice will result in reduced National Insurance Contributions (NIC) which may have an impact on your state pension entitlements. This is particularly the case where your earnings are very near the threshold for making NICs.

The Trust is not in a position to give personalised advice in regards to pensions. For this, we would suggest seeking help from professional financial advisers or the pension scheme provider. The Financial Services Authority also provides a leaflet (FSA guide to financial advice) explaining how to find an adviser.

Will the salary sacrifice effect any statutory payments I may be entitled to?

Some statutory payments are calculated based on average gross earnings. These include Statutory Maternity Pay, Statutory Sickness Pay, Statutory Paternity Pay, Statutory Shared Parental Pay and Statutory Adoption Pay. Where there is a salary sacrifice being applied during the period the average is calculated then this will be based on the earnings which NIC are applied to after the salary sacrifice has been made but before NIC have been taken.

This may result in your not being entitled to these statutory payments if that lower rate of pay takes you below the NIC threshold.

Will the salary sacrifice effect any contractual payments I may be entitled to?

Some contractual payments are calculated based on gross salary. This includes Contractual Maternity Pay, Contractual Sickness Pay, Contractual Paternity Pay and Contractual Adoption Pay. As the Techscheme operates as a salary sacrifice scheme and is not a straight deduction from your gross salary it will depend on contractual arrangements with your employer whether your gross salary before the salary sacrifice is made is used to calculate these payment or your gross salary after the salary sacrifice is made. The Trust has agreed that gross pay before the salary sacrifice is taken will be used to calculate these contractual payments.

What happens to the salary sacrifice if I need to take extended unpaid leave for some reason?

If you need to take extended unpaid leave for any reason that results in there being no salary to apply the salary sacrifice to but you remain an employee of the Trust then the Funding Plan will be temporarily suspended until you return to work. Once you do this the Funding Plan will be extended for a period of time equivalent to the time it was suspended to allow you to complete the payments.

What happens to the salary sacrifice if the pay I receive is reduced temporarily (i.e. because I am on maternity leave, shared parental leave, extended sickness absence etc.)?

In these cases the salary sacrifice can continue to be made provided it does not take your gross salary after the salary sacrifice has been taken below the NLW or NMW. If this happens then the salary sacrifice amount will be reduced or suspended. The period of the salary sacrifice would then be extended to allow you to complete the payments.

It is also worth bearing in mind that a salary sacrifice in return for goods and services cannot be taken from any statutory element of the pay you may be receiving. It can only be offset against any contractual element of the pay you may be receiving. This may impact on whether the salary sacrifice amount will need to be reduced or suspended.

What happens if I leave employment with the Trust?

If you leave employment or are made redundant during the term of the Funding Plan any outstanding salary sacrifice repayments will be taken from your final salary, from net rather than gross pay i.e. without any further tax exemptions. If your final net pay does not cover the outstanding amount you will be required to pay the outstanding balance due to the Trust separately.

Are there specific retailers I will need to source my package from?

Yes. Techscheme are partnered with Currys PC World so you would need to choose from their range of over 5,000 products.

Where can I find further information regarding this proposed new benefit?

Please contact the HR Team on 01752 891754 ext 1765 or at hr@westst.org.uk Alternatively further information regarding the Techscheme is available on their website at <https://www.techscheme.co.uk>

Original: September 2021; Version Two: June 2022