

## RECORD OF OFFICER DECISION

### APPROVAL TO IMPLEMENT SALARY FINANCE EMPLOYEE BENEFIT

#### Decision made

To approve the implementation of a new employee benefit, an online financial wellbeing platform delivered by an FSA registered third party provider Salary Finance.

**Made by:** Joanne Pitt, Director of HR and Organisational Development

#### Background

1. As the Director for HR&OD, I am responsible for any matters relating to the HR&OD service in the County of Wiltshire on behalf of Wiltshire Council. The power to make a decision in respect of this matter is delegated to me pursuant to Wiltshire Council's Constitution.

#### Reason for decision

2. Due to the COVID-19 pandemic, it has been agreed that the implementation of this scheme should be prioritised to ensure it is in place as quickly as possible to benefit employees impacted financially by the current situation.
3. This decision was taken following a full report to CLT (attached) and will be reported to the next meeting of the Staffing Policy Committee.
4. I confirm that in making this decision I have considered the following in line with Wiltshire Council's Constitution:

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|--|---|
| Key decision requirements  | YES   |
| Views of relevant cabinet member(s), committee chairman, area board(s)   | YES – Cllr Wheeler (SPC) and Cllr Clewer (Cabinet Member) |
| Consultation with cabinet member(s), the Leader and Scrutiny (for Executive decisions taken under Emergency Powers)  | N/A   |
| Consultation with local members (as appropriate)   | N/A   |
| Consideration of the area boards and delegated decision checklist for officers on the issue of when and how to involve local councillors and area boards in decisions about local services | N/A   |


|   |                |
|---|----------------|
| Implication of any council policy, initiative, strategy or procedure                          | YES            |
| Consultation in accordance with requirements and expectations of consultation with the public | NOT APPLICABLE |
| Range of options available  | YES            |
| Staffing, financial and legal implications  | YES            |
| Evidence of due regard having been given to the Public Sector Equality Duty.                  | YES            |
| Risk assessment   | YES            |
| Involvement of statutory officers and/or directors  | YES            |
| Regional or national guidance from other bodies   | NOT APPLICABLE |
| The council's constitution  | YES            |
| Contract is suitable for execution under the e-signature process                              | YES            |

**Conflict of Interest**

5. Not Applicable

**Other options considered**

6. There are no other similar providers and Salary Finance can be procured using the ESPO framework using a direct appointment



Made by:

Joanne Pitt, Director HR&OD

Date:

2 May 2020

### **Financial support for employees**

#### **Purpose of report:**

To update CLT about the proposed implementation of a new employee benefit, an online financial wellbeing platform delivered by an FSA registered third party provider Salary Finance.

#### **Reason for Proposals:**

To fast track the implementation of the Salary Finance scheme, which was already being investigated for launch later in 2020, to ensure it is in place to support employees suffering financial hardship as a result of the current COVID-19 pandemic.

#### **Background**

1. Salary Finance offer financial education, salary-deducted savings, personal loans and salary advances, focused on helping middle and lower income earners to become debt-free and to save for their future. Their focus is on employee financial wellbeing.
2. They have received widespread independent recognition for innovation and social impact including "Responsible Business of the Year 2018 from Prince Charles' Business in the Community (BITC), for work in financial wellbeing.
3. A large number of private and public sector organisations have already launched Salary Finance to around 1 million employees. Clients include Tesco and Sainsburys as well as a large number of Local Authorities including Hampshire County Council, North Somerset Council; West Sussex County Council; Newport City Council; Portsmouth City Council; Hackney Council; Haringey Council; Barnet Council; Somerset County Council; Horsham District Council; Milton Keynes Council; Croydon Council and most recently Essex County Council.
4. The Local Government Association has used two of Salary Finance's clients to highlight best practice in their Workforce Wellbeing data bank.

#### **Main considerations**

5. In a similar way to Wiltshire Rewards, employees can access the Salary Finance online platform via the council intranet or directly on their personal devices.
6. Through the platform, employees can:
  - Access a broad range of financial education resources.
  - Make regular savings directly from their salary into a bank account provided by partner Yorkshire Building Society.

- Set up a Help to Save account. By saving just £50 a month, employees can earn up to £1,200 in tax-free bonuses from HMRC over four years (this product is provided in partnership with HMRC).
  - Apply for a salary-deducted loan. This can replace/consolidate any existing high cost debt employees have (like payday loans or credit cards) into a single low cost loan, with repayments collected via salary deduction each month. It can also be used for emergencies.
  - Set-up a pay advance for early access to earnings already accrued, if an employee has an unexpected expense mid pay period and no savings to cover it.
7. The loan feature of the scheme is eligible to employees with 6 months continuous local government service. An affordability check is completed prior to approving a loan.
  8. Loans can be repaid in full at any time without any charge for doing so. Overpayments can be made over the course of the loan at no extra cost and interest is accrued on a daily basis, so employees save if they make 'over-payments', or pay off the loan early.
  9. Once a loan has been made to an employee, the provider notifies payroll each month of the repayment deduction to be made. If the employee leaves the council, they continue to repay the loan via direct debit.
  10. If an employees' circumstances change and they cannot afford the loan, options include a repayment holiday, spreading monthly repayments over a longer period, and in extreme circumstances, a provision fund is in place to be able to write off debt.
  11. There is no cost or liability for the employer. Joining the platform is free and there are no fees of any kind. The council is not party to the loan contract and has no liability.
  12. Employees are charged a fixed representative interest rate of between 3.9% and 19.9% APR, with a representative APR of 9.9%. This is much cheaper than payday loans which can charge up to 1000% + APR and also cheaper than credit card rates which tend to be around 20% APR.
  13. If an employee requests a salary advance there is a transaction fee of £1.49 per advance taken. However currently Salary Finance have waived this fee for NHS staff during the COVID-19 pandemic and have indicated they will also do this for local authority staff during this period.
  14. HR have involved Information Governance at an early stage who have raised some concerns about data sharing. HR have sought information from Salary Finance and from other Local Authorities who have recently implemented to address these concerns.
  15. Advice from procurement is that we can contract Salary Finance using the ESPO framework using a direct appointment.
  16. There is no IT development required as there are no system integrations and information is uploaded through a payroll report to Salary Finance on a monthly basis.

## **Risks**

17. There is a potential impact in terms of payroll resource, both for initial set up of the scheme and then to support with monthly returns to Salary Finance, using a template

report. The ongoing resource requirement will depend on the number of staff accessing the scheme.

18. Indications from other Local Authorities is that whilst around 40% of employees access the financial education aspects of the scheme, only around 4-5% of employees access the loans and savings option.
19. This would be approximately 225 staff per annum, or around 19 per month, although it is likely there would be some peaks early on and this would then stabilise over time. This level of uptake is likely to be manageable as part of the normal payroll processing cycle in the same way as we currently administer other employee benefit schemes such as learning loans, cycle scheme and PAL.
20. There will be a requirement to promote the scheme to employees, however Salary Finance provide ready made communication materials and website content which could be hosted on HR Direct or Flourish. Salary Finance are responding to the current COVID-19 situation by providing information about the potential financial impacts and support available (example available).
21. Working with Occupational Health we will also ensure that any employees accessing the employee wellbeing helpline who raise concerns about financial wellbeing are signposted to the scheme and offered support to access any elements of the scheme which would be of benefit to them.
22. There is a potential reputational risk associated with the council being seen to be offering employees the means to take loans, however the reputation of Salary Finance as a social responsible company which is being used successfully by many other local authorities, together with the strong financial education and wellbeing focus on the offering mitigates this risk.
23. We have taken advice and feedback from other local authorities who have implemented Salary Finance and the feedback has all been positive both about the impact for employees and the ease of implementation.

### **Implementation timescales**

24. Salary Finance provide a bespoke implementation and have adapted this in light of the COVID-19 pandemic to support organisations to implement within 4-6 weeks, providing appropriate resources and agreements are in place.

### **Recommendations**

25. That CLT confirm agreement to proceed with a fast track implementation of the Salary Finance scheme and roll out to employees.
26. That CLT request IG and procurement to prioritise support to enable the roll out to be progressed.

**Joanne Pitt**  
**Director - HR&OD**

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