

DUNDEE CITY COUNCIL

REPORT TO: Personnel Committee - 17 January 2005

REPORT ON: Implementation of a Home Computing Initiative Scheme

REPORT BY: Depute Chief Executive (Finance) and Assistant Chief Executive (Management)

REPORT NO: 29-2005

1 PURPOSE OF REPORT

- 1.1 To advise elected members of the financial and other implications of implementing a Home Computer Initiative Scheme, and to recommend the implementation of such a scheme.

2 RECOMMENDATIONS

It is recommended that the Committee approves:-

- 2.1 the implementation of a Home Computing Initiative Scheme;
- 2.2 the leasing facility of Dell Corporation Limited as the provider as the method by which to offer the Home Computing Initiative;
- 2.3 a 'salary sacrifice' scheme as the method of payment by those who are eligible to participate in the Home Computing Initiative.

3 FINANCIAL IMPLICATIONS

- 3.1 Those who choose to participate in this scheme will benefit financially by Income Tax and National Insurance relief, and from a volume discount.
- 3.2 The Council will benefit financially by a reduction in National Insurance contributions. The amount of the saving is difficult to estimate at this stage as it will depend on the popularity of the scheme.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 None.

6 BACKGROUND AND PROPOSAL

- 6.1 The Government officially re launched its Home Computing Initiative in January 2004. This aims to encourage the use of information technology in the home by providing Income Tax and National Insurance exemption on computer equipment loaned to employees by employers.
- 6.2 The method of payment, which allows relief from Income Tax and National Insurance for employees, is called "Salary Sacrifice." A reduction is made from gross salary or wage and the actual change to employee's net salary is the reduction less the relief.
- 6.3 When an employee sacrifices part of his/her salary, the Council is no longer required to pay employer's National Insurance contributions on the amount sacrificed. This would, therefore, save the Council 9.3% on the contracted out rate or 12.8% on the non-contracted out rates of the salary sacrificed.
- 6.4 The benefits of the scheme are as follows:-

Employee benefits:-

- cost savings of between 31% and 41% on the cost of acquiring a computer;
- no personal credit checks;
- service help line and warranty for the full three years of contract;
- home delivery, installation, system set-up and software installed;
- increased computer literacy and skills.

Council benefits:-

- Revenue savings on National Insurance contributions;
- increased employee satisfaction and loyalty through added benefits;
- enhanced level of computer literacy of employees.

- 6.5 The estimated number of eligible employees of the Council is 6,600 based on April 2004 figures. This figure was derived after consideration of DTI criteria.
- 6.6 A random survey of employees was carried out seeking views on possible participation in a scheme. The survey detailed three standard packages available: an entry level PC system; an advanced level PC system; and a mid range Notebook system. 42% questionnaires were returned with approximately half of respondents interested in participating in a scheme. This percentage uptake rate was comparable with other employers who have already implemented a scheme.
- 6.7 The identification of a suitable provider of the scheme was established by investigating the information supplied from Home Computer Initiative providers which had previously expressed an interest in providing the service to the Council. The providers were assessed on both financial and non-financial information, along with the current IT procurement policy of the Council, including the use of the Government Catalogue (GCAT) approved by the Council's Policy and Resources Committee on 16 December 2002. The appraisal highlighted that Dell Corporation Limited would provide the best service under these criteria.
- 6.8 This scheme will not impact on the Council's IT staffing resources as all logistics, installation and support of the equipment will be undertaken by Dell. The Council's IT Division will not provide any level of support or require additional resources.

- 6.9 It is anticipated that the legal documentation etc will be finalised by the end of February 2005 and that detailed information will be made available to employees shortly thereafter, with the first computers being delivered by the end of April.

7 CONSULTATION

- 7.1 The Chief Executive, Depute Chief Executive (Support Services) and the trade unions have been consulted in the preparation of this report.

8 BACKGROUND PAPERS

- 8.1 None.

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11 January 2005

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11 January 2005