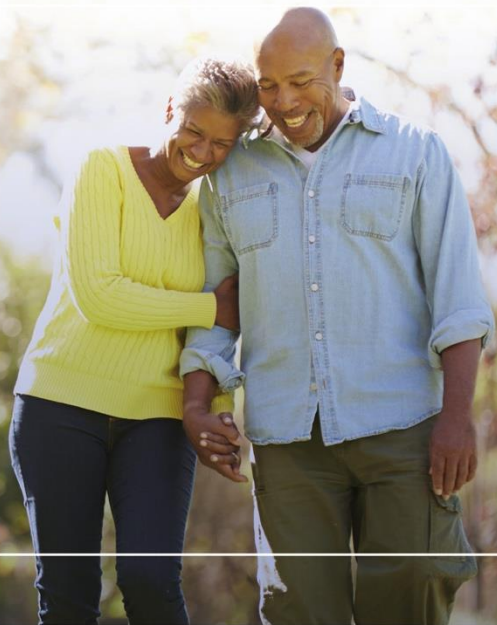




Brighton and Hove City Council AVC Wise Proposal

Thank you for inviting AVC Wise to submit a proposal to assist the Council in implementing a salary sacrifice scheme in respect of Additional Voluntary Contributions ('AVCs') within the Local Government Pension Scheme ('LGPS').

This proposal outlines the benefits and savings that are made possible by AVC Wise for both you as the employer, and your employees.



Additional Voluntary Contributions – Salary Sacrifice

Thank you for inviting PSTAX to submit a proposal to assist the Council in implementing a salary sacrifice scheme in respect of Additional Voluntary Contributions ('AVCs') within the Local Government Pension Scheme ('LGPS').

As you are aware, PSTAX has an established and branded scheme, 'AVC Wise', which we have implemented for a number of public sector organisations and which has HMRC clearance. AVC Wise Ltd has been set up following a joint venture between PSTAX and Benefit Platforms Ltd, allowing us to greatly enhance our client offering.

The product, AVC Wise, is provided as a fully-managed solution which entails the provision of a dedicated AVC Wise website, incorporating an administration facility to fully-manage employee applications and salary sacrifice data, removing the need for manual application processing. The AVC Wise platform also integrates the AVC provider application processes and creates the monthly salary sacrifice reports for payroll and payment schedule for the AVC provider, in your case Prudential. The platform has been designed to communicate the scheme to the workforce in an effective manner, is simple and easy to use for both the employee and employer and includes a functionality to assist with the required compliance processes including NLW/NMW calculations. Employees will simply access the secure AVC Wise website www.avcwise.co.uk for full and up-to-date information and guidance about the scheme and the application process. In addition, employees will be provided with a Customer Service Centre for any queries about the salary sacrifice or issues around the application process. This service is provided via a dedicated telephone helpline and email.

We would be happy to support the Council with the implementation of AVC Wise on the basis of the scope and fee quotation below.

Scope of additional services

In addition to the provision of the fully-managed solution as described above, AVC Wise Ltd will provide 'Partner support' for the Council to include the following scope of work:

1. Discussions to ascertain essential information such as the basis on which Prudential provides access to shared cost AVCs, existing and potential contributor numbers, discretions policy, preferred timelines, ability to vary contribution levels and preference for 'opt in' or 'opt out' salary sacrifice methodology. Some of these discussions have already taken place but decisions on 'opt out' may need re-visiting.
2. Design, draft and management of a project plan and delivery timescales.
3. Drafting of bespoke scheme guidance and terms applicable to existing AVC contributors and new contributors. This will include the formal agreement to reduce salary and Frequently Asked Questions; all guidance and terms to take

account of the position regarding tax, NICs and impact on benefits such as statutory payments and tax credits. These documents, once agreed with the Council, will form the basis of the salary sacrifice arrangements and will sit on the AVC Wise platform.

4. Discussions with Prudential and your Pension Fund to enable a full understanding of current processes, so that these can be transitioned into the IT platform.
5. On-going advice and support to cover technical issues related to tax, NIC and pension as well as employee communications.
6. Application for HMRC clearance on the Council's behalf.
7. Provision of support for the Council in terms of staff communications, including the design and delivery of a comprehensive and detailed communication plan which includes potentially unlimited access to pension/AVC Wise workshops to promote the scheme. We will agree with you the necessary pensions input so as fully inform LGPS members of the opportunity and to maximise scheme take up.
8. Provision of an annual review and benchmarking service to ensure that the scheme is working effectively and attracting maximum participation.

The Council will be provided with both an Account Manager and a dedicated Implementation Manager. The latter will be Amanda Venables, who will take the lead for the implementation and delivery of the AVC Wise scheme and fully-managed solution. Amanda will work alongside the Account Manager and also dedicated marketing specialists who will support the Council in implementing the Communications plan.

We are pleased to advise that already work with several pensions' specialists. We will include within the Communication plan a series of pension workshops where staff can learn about main scheme benefits and the tax efficiencies around AVCs, and ask any pension or salary sacrifice related questions.

Fully-managed Solution Fees

In common with other employee benefits offered via a specialist platform through salary sacrifice, our charges are based on a percentage of the amount of salary sacrificed in the respective invoicing period. The percentage applicable to this fee proposal is 4.5% (plus VAT). Given our investment in creating the specialist platform, we require your agreement to a minimum 36-month contract period. Thereafter, the professional fee costs will continue to apply whilst you have use of the AVC Wise fully-managed solution, with a minimum three month notice period applying. We would be happy to let you see a draft version of our AVC Wise contract terms, if this would be helpful.

The cost outlined covers all the support offered by AVC Wise Ltd (including PSTAX) as shown above, including the IT platform. We will effectively partner with the Council to ensure that the scheme is as successful as possible, and that employer savings are maximised.

We would invoice the agreed fee on a monthly basis starting from the end of the first month after scheme launch. As the total employer NIC and apprenticeship levy saving is currently 14.3% of the salary sacrificed, the cost of introducing, implementing and administering AVC Wise can be met comfortably from these savings, leaving the Council with a net saving. To demonstrate this, I have set out the estimated savings below – based on the information you have provided. As the current average AVC contributions are high (£307 per month) I have assumed that the average for new AVC members will £200 per month based on our experience.

- 6078 LGPS members
- 197 current AVC members (3.24% take-up)
- Current annual value of standard AVCs: £726,768 (£60,564 per month)
- £3,684 annual average AVC value per employee (£307 per month) current AVC members
- £2,400 annual average AVC value per employee (£200 per month) new AVC members



If we assume 90% of the current AVC members (177) transfer to the salary sacrifice shared cost AVC arrangement (AVC Wise), the Council can expect to achieve annual savings of around £93,246, based on 14.3% employer saving. However, through a combination of the AVC Wise fully-managed platform and our concerted marketing/communication plans, we confidently expect the take-up to increase to a minimum 7.5% (456 members). If we apply the same average AVC values as above and use 7.5% of take up, the Council could achieve annual savings of around £188,999.

In addition, the AVC Wise platform advises employees of the amount that they could salary sacrifice in order to remain on the same net pay, when compared to paying AVCs in the standard way. This will encourage employees to effectively 're-invest' their net pay saving into their AVC 'pot', adding further to their tax and NIC savings as well as to the Council's employer NIC and apprenticeship levy savings. Taking a best-case scenario of 7.5% take up from your LGPS members and all contributors re-investing, your employer saving could increase to around £211,679 per year. This Council savings figure would be our ultimate three-year target to achieve working together with the Council.

Timing

We would be available to start the project as soon as the Council is ready to do so. We will require written confirmation of your intention to go ahead before progressing further. Our suggested implementation timeline is 10 weeks so a launch date of May 2019 (with implementation of salary sacrifice in July 2019) is achievable if we have agreement to proceed in the next three weeks.

If you have any queries, please do not hesitate to contact me.

We hope that this proposal is of interest and look forward to working with you in due course.

Other councils who have introduced a SSAVC Scheme via PS Tax:

| Account Name |
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| Arun District Council |
| Blackburn with Darwen Borough Council |
| Broadland District Council |
| Cardinal Newman College |
| Chelmsford City Council |
| Cidari Education Ltd |
| City Of Bradford Metropolitan District Council |
| Dorset Council |
| East Sussex County Council |
| Flintshire County Council |
| Hartlepool Borough Council |
| Hertfordshire County Council |
| Horsham District Council |
| Lancashire County Council |
| Lincolnshire County Council |
| London Borough of Enfield |
| London Metropolitan University |
| Manchester City Council |
| Neath Port Talbot County Borough Council |
| Newcastle City Council |
| Norfolk Constabulary |

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| North East Lincolnshire Council |
| Reading Borough Council |
| Redcar & Cleveland Borough Council |
| Rushmoor Borough Council |
| Scottish Borders Cares LLP |
| Scottish Borders Council |
| Southampton City Council |
| Thames Valley Police |
| Together Housing Association Ltd (Pennine) |
| University of Central Lancashire |
| Wiltshire Council |
| Winchester City Council |
| Wyre Council |
| Yorkshire Dales National Park Authority |

