



Home Computing Initiative (HCI)

RECOMMENDATIONS

- 1.1 To approve in principle the introduction of an HCI scheme across the Council to be launched in Summer 2004 and run twice yearly thereafter and to delegate the approval of the detail of the scheme to the Director of Finance.
- 1.2 Approval of above subject to technical issues identified in report being resolved and detailed costings being approved by the Director of Finance.
- 1.3 To approve the waiver of Contract Procedure Rules (CPR) under CPR 6 to allow for the HCI tender to be targeted on four selected HCI providers.

REASON FOR RECOMMENDATIONS

2. Under financial and contract procedure rules Council Cabinet approval is required.

SUPPORTING INFORMATION

- 3.1 The Government has introduced a tax exemption scheme on loaned computers that allows employers to implement a tax exempt loan scheme for computer equipment for their employees to use at home.
- 3.2 This scheme can be used in conjunction with a salary sacrifice scheme – this is where an employee accepts a reduction in their gross annual salary in return for the use of a loaned computer.
- 3.3 Key features of the scheme ...
 - The employer initially owns the equipment.
 - A salary sacrifice agreement is made with employees to cover the purchase/ lease cost of the equipment plus warranty, support and insurance.
 - There is **no** cost to the employer.
 - The agreement with the employee is a formal hire agreement (regulated under the Consumer Credit Act).
 - Payments are deducted from employees gross pay.
 - The HCI provider undertakes the marketing, promotion and administration of the scheme.

- The HCI scheme will be approved by the Inland Revenue and Customs and Excise to apply the tax benefits (up to 58.5% savings).
- The HCI provider provides a comprehensive delivery and supply package, independent of the Council.
- The scheme is available to all permanent employees (subject to minimum wage restrictions).
- Employees will have a range of desktop, laptop and peripheral devices to choose from.
- At the end of the 3 year agreement, employees will have the option to purchase the equipment at 'fair market value', typically £10 - £60.
- Software and training materials will be included within the scheme.

3.4 The DTI supported by the TUC are promoting the HCI scheme. The Government has identified this scheme as a means to improve IT skills, increasingly recognised as a third life skill, both at home and in the work place.

3.5 Key benefits of the scheme ...

- Employer benefits:
 - increased workforce potential in computer literacy creating a more flexible, skilled and productive workforce
 - better employee retention and recruitment incentives
 - generation of operational savings on employer national insurance contributions on the amount of the salary sacrifice – savings of 12.8% on secondary class 1 National Insurance Contributions (NIC's). Equipment worth £1,500 over three years on a salary sacrifice scheme would generate employers NIC savings up to £64 per year
 - expansion of work life balance options.
- Employee benefits:
 - increased ICT skills open up career development/work place opportunities
 - more flexible working with the option to study, learn and work at their convenience
 - financial savings between 41% - 58% dependant upon employees tax bandings
 - option to purchase the computer at the end of the lease at fair market value.

3.6 The HCI scheme will have no cost for the Council in so far as the scheme cost is met through the employee salary sacrifice scheme. However, the contract for the leased provision of the computers is with the Council. This cost will be dependant upon take up of the scheme by employees, which on prudent estimates would be estimated to be at least 10% of the workforce, around 1,100 employees with a three year cost of around £1.6m. There would be a need for a Scheme Co-ordinator but this could be funded out of the employers national insurance savings.

3.7 Financial systems will need to be reviewed to enable any savings to be recorded to match against the cost.

3.8 The Council's contract procedure rules do not explicitly cater for a contract arrangement with compensatory income to fully cover the costs. In light of this, it is recommended that a waiver of contract procedure rules under CPR 6 is sought. The

waiver would allow the four selected tenderers to be chosen from the list of HCI providers on the DTI website.

- One Call PC Who currently provide the HCI scheme for Capita and Toyota.
- Nikator Who are a leading HCI provider within Sweden where the HCI scheme originated.
- Dixons Group (PC World) Who offer a unique retailing dimension to the HCI scheme.
- BT (PLC) Who were one of the early UK HCI providers.

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Background papers: None
List of appendices: Appendix 1 – Implications

IMPLICATIONS

Financial

1. As detailed in report paragraph 3.6. At this stage it is anticipated that the costs will be met from savings in NI and salary sacrifice of employees. Detailed costings are currently being drawn up on a range of take up levels to be approved by the Director of Finance.

Legal

2. As the four proposed tenderers have been chosen from GCAT (Government Catalogue) which was drawn up after a full EC Procurement tendering exercise, there is no need for the Council to go through this exercise again.

Personnel

3. The trade unions will be invited to participate in the establishment of the HCI scheme. The HCI scheme will significantly broaden flexible working opportunities, particularly in the work/life balance. As part of the HCI scheme it is proposed to include an IT skills training package with the computer, based on the European Computer Driving License (ECDL). The grading of the HCI Client Manager to be established in consultation with the Head of Personnel.

Corporate Objectives and Priorities for Change

4. The HCI scheme supports the Council's objectives and priorities as both a value for money initiative as well as promoting the use of new technology and expanding the range and capability of IT skills across the Council.