

## **HUMAN RESOURCES**

### **STAFF SUGGESTION SCHEME**

#### **Introduction**

One issue arising out of the Staff Survey 2002 was that of 'Internal Communications' and the Department of Human Resources was asked to consider the introduction of a Staff Suggestion Scheme, whereby members of staff could make a positive contribution to improve the operation of the University.

#### **Purpose of the Scheme**

The Scheme will be as broad ranging as possible, to give staff the opportunity to make positive suggestions that will lead to improvements in the provision of services or methods of working. Ideas for consideration may include one or more of the following:

- Work environment, including health and safety
- Working procedures, including communications
- Customer care and service
- Quality issues
- Income generation or research
- Cost savings in energy or resources
- Improvements to the student experience
- Innovative ideas for marketing/publicity.

The scheme will not consider issues relating to pay or grading, terms and conditions of employment or the job description, corporate/School/departmental objectives, or suggestions that are within the normal scope and scale of an employee's current duties and responsibilities.

Members of Directorate and Management Board will be excluded from participation, as will members of the Internal Audit department, whose role it is to constructively criticise methods of operation within the University.

#### **Organisation/Mechanism of Scheme**

The Scheme will be run on an institution wide basis, but allow for suggestions that are site or department specific. It will have both the facility for proposing suggestions via the Intranet but also traditional 'boxes' - two/three on each campus: at Reception; in the Refectory; in the Library – using a form that will be obtainable from any of these locations or the Department of Human Resources.

#### **Consideration of Suggestions**

Suggestions will be considered four times a year by a sub committee of the Management Board. The sub committee may co-opt other members of staff to serve as deemed necessary or take expert opinion or seek specialist advice. Comments may also be sought from the employee's line manager.

### **Criteria**

Suggestions will be considered against the following criteria:

- Originality
- Degree of impact upon the University or the School/department
- Cost and feasibility of implementation
- Cost savings and/or benefits
- Efficiency/effectiveness
- Improvements in quality

### **Recognition/Reward for successful suggestions**

Each month, the HR department will collect all suggestions received, acknowledge their receipt, and inform the member of staff of the date of the next meeting of the Assessment Panel.

Once the Panel has met and considered the suggestions, they will inform the Vice Chancellor of the outcome of their deliberations. The Vice Chancellor will write to each member of staff giving them individual feedback on their suggestion. A summary of all suggestions received and considered will be published on the Staff Bulletin Board and in the next edition of 'Update'.

If it is possible to demonstrate that a suggestion leads to tangible financial benefits, payments will be made in line with the attached Inland Revenue guidelines.

### **Measurement of Success of the Scheme**

The sub committee will review the operation of the scheme after the first six months and again after 12 months of operation. They will examine the number and scope of the suggestions made, the extent to which positive suggestions have been implemented and consider the cost savings or efficiencies arising from the suggestions. They will report to the Management Board after each review and thereafter on a quarterly basis after each meeting. Membership of the sub committee will rotate amongst members of Management Board every 18 months.

### **Penalties**

It is expected that staff will use this scheme positively and that such situations would not arise. However, proven libel would be subject to standard University Disciplinary Procedures.

## **Staff Suggestion Schemes - Tax Implications**

This is a brief summary of the tax treatment of Staff Suggestion Schemes (SSS). It is for information purposes only and should not be interpreted as a comprehensive guide.

SSS had existed for years on an informal basis until June 1998, at which time the Revenue Commissioners outlined the conditions that must be satisfied by all future schemes.

### **Introduction:**

Employers operate SSS to encourage employees to suggest ways in which the productivity and efficiency of employer's business can be improved. It is normal practice to reward any employee whose suggestion proves to be successful and, technically, such payments are liable to income tax and PAYE should be deducted at source.

In practice, the Revenue Commissioners do not tax such payments provided certain conditions are satisfied. We have set out below the conditions which apply to all SSS with effect from 30 June 1998 onwards.

### **Conditions:**

Any payment made by an employer to an employee under a SSS will not be liable to tax and can be paid without deduction of PAYE provided the following conditions are satisfied:

- 1) There is a formal scheme in place and it is open to all employees on equal terms.
- 2) The suggestion in question must be outside the employee's normal duties. Any payment made in connection with a suggestion where, based on that employee's experience and position within the business, it would be reasonable to expect that putting forward such a suggestion would be part of his/her normal duties, is outside the scope of this relief and would be liable to tax in the normal manner.
- 3) Rewards are only paid if the relevant suggestion is implemented
- 4) The reward must be paid directly by the employer to the employee or employees concerned. In general, the reward must be paid to an individual employee but payments to a small group are acceptable provided the group does not contain more than 10 employees. In such circumstances, the reward must be divided on a reasonable basis.
- 5) The decision to pay the award is based on the actual improvements generated by the suggestion based on:
  - The projected financial benefits and the period of time involved

- The importance of the subject matter in the context of the employer's business
- 6) The awards made under the SSS do not exceed the relevant limits as set out below. Any payments made in excess of these limits will be liable to PAYE in the normal manner.
  - 7) The reward must be paid in the form of a once-off lump sum payment once the decision to implement the suggestion has been taken. Regular payments over a period of time would not be accepted by the Revenue Commissioners as qualifying SSS awards and would be assessable to tax in the normal manner.

### **Limits:**

If the award is made to an individual, the amount paid in respect of each individual suggestion cannot exceed the lower of:

10% of the expected net financial benefit in the first full year of implementation, or 10% of that individual's gross annual salary

Where the suggestion was made by a group of employees, the actual payment made to the group can not exceed the lower of:

10% of the expected net financial benefit in the first full year of implementation, or £10,000.

In addition, the amount of award received by each individual with the group can not exceed 10% of his/her gross annual salary.

Notwithstanding the above, the total awards made in any one year are to any individual employee are further restricted to a maximum limit of £5,000

### **Revenue Commissioners Approval:**

Any employer wishing to operate a SSS must first inform the Revenue Commissioners that such a scheme exists. A letter should be sent to the employers PAYE district confirming the following:

- The relevant conditions as set out above are satisfied
- The rewards paid do not represent remuneration which would have been paid to the employees in other circumstances
- That he/she will maintain the appropriate records to enable the Revenue Commissioners confirm that the scheme is operated correctly
- That an annual Return will be made each year

The employer must submit an annual Return at the end of each tax year confirming details of all awards made that year.

**Intellectual Property:**

Any payments made in respect of intellectual property are not covered by the above scheme, e.g. payments made to employees for know-how or Patent Rights.

As outlined above, the above conditions apply to all Employee Suggestion Schemes with effect from 30 June 1998 and these conditions replace any previous arrangements in place prior to that date. Irrespective of any prior approval received in respect of a SSS, the Revenue Commissioners have the right to take whatever steps they feel are appropriate if the scheme is being exploited for the purposes of tax avoidance.

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