

## Staff message – Salary deductions and National Living Wage – Friday 10 May 2024

### Salary deductions and National Living Wage legislation

Our staff benefit schemes give you the opportunity to buy goods and services (such as the car lease scheme). Payment for any goods and services is made either through salary sacrifice or a net deduction.

However, making these payments should not take you below the government's National Living Wage (NLW) rate.

From April 2024, the government's National Living Wage rate set a minimum threshold of £11.44 per hour. This has affected some people with salary deductions as the salary they received on payday in April fell below the National Living Wage threshold and could continue to do so in subsequent months depending on their future earnings.

We are now seeking guidance from HMRC but if you have any questions, please email: [nuth.benefits.everyone@nhs.net](mailto:nuth.benefits.everyone@nhs.net)

### What does this mean for staff affected – will I lose my staff benefit?

No. Staff will keep the staff benefit their salary deduction is attached to. There will be no change to the cost of the benefit or any of the terms and conditions under their existing arrangement.

### How does that affect my salary?

If your salary deduction on payday in April put you below the government's National Living Wage threshold, we will 'refund' on payday in May the amount in April that took you below the threshold – this is to comply with meeting the government's National Living Wage rate.

The payroll team will carry out a check of your salary deductions after payday in May and if your pay (after the deductions) breached the government's National Living Wage threshold, we will 'refund' you the amount below the threshold on payday in June. These checks and refunds (where appropriate) will occur each month whilst we continue to assess the situation and seek advice from the HMRC.

Please make sure you set aside any 'refunds' as you will need to pay that amount back to the Trust's benefit scheme. We are working through this complex situation and will share further details about paying back 'refunds' to the Trust's benefit scheme as soon as possible.



## **What is the impact on future pay?**

The NHS has not yet agreed a pay award for 2024/25. If one is agreed later this year, it is normally backdated to 1 April 2024.

The Trust is accredited with the Living Wage Foundation as a Real Living Wage employer which means it pays a higher minimum hourly rate than the government's National Living Wage. The Real Living Wage rate is £12 an hour and we are paying this from 1 May 2024 to all our staff (excluding apprentices) who are earning less than £23,464 per annum (pro-rata for part-time). Staff will see this uplift in their pay on payday in May onwards.

## **Can I withdraw from my existing staff benefit arrangement?**

Staff can at any time choose to end their agreement. Please check the terms of your agreement carefully as any penalty charges will apply

