

ITEM No ...5.....

REPORT TO: CITY GOVERNANCE- 23 SEPTEMBER 2024

REPORT ON: VEHICLE SALARY SACRIFICE EMPLOYEE BENEFIT SCHEME

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 234-2024

1. PURPOSE OF REPORT

1.1 This report recommends the award of a contract for the delivery of a vehicle salary sacrifice employee benefit scheme.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- (a) approves awarding a contract for a vehicle salary sacrifice employee benefit scheme as set out in this Report;
- (b) remits the Head of People to award the contract to Tusker under the North of England Procurement Collaborative frame for an initial period of two years with options to extend twice each for an additional year; and
- (c) delegates to the Head of People to determine whether to extend the contract for these additional years.

3. FINANCIAL IMPLICATIONS

3.1 From previous experience and market testing carried out, the total value of the contract awarded is estimated at £2.4m over the four-year period. The costs associated with these agreements are recharged accordingly to staff participating in the scheme.

3.2 The benefits for the employer are that savings are realised as there are no national insurance contributions payable on the portion of salary deductions. It is noted that when the scheme was introduced these savings were estimated as £140k per annum and are expected to continue following the agreement of this new contract.

4. DETAILS OF THE PROJECT BEING COMMISSIONED

4.1 The Council currently has a contract with Tusker Ltd, via the North of England Commercial Procurement Collaborative (NOECPC). The contract has been in place for 4 years and will expire on 4 October 2024. The Council previously managed all applications and associated services but moved to a Managed Service Provider model from 1 July 2024.

4.2 It is considered that it is in the Council's best interests to continue with this arrangement. The cost of change would be prohibitive, and it would not be beneficial to the Council to have two salary sacrifice vehicle leasing schemes running at the same time as would be the case for any existing agreements with the current supplier. Tusker Ltd is the sole provider on the NOECPC framework agreement, and a direct award would be made via this framework agreement. The new contract would run for a period of 2 years, plus 1, plus 1, with an estimated value of £2.4m over the 4 years.

4.3 The different elements of Community Wealth Building have been considered within this assessment and the outcomes are as follows:

Local Contractors: This is a single supplier framework so opportunities for local subcontract and supply would be limited. However, the contractor will be asked if it would be possible to request the use of local garages for servicing which would both support the local economy and reduce carbon impact.

Community Benefits: This contract will be procured through the NOECPC Framework which is an English based framework so therefore does not include specific community benefit requirements. It does however include a commitment to Social Value. It is our intention to ask this contractor to contribute to our Community Wishes programme at a suggested rate of 1 outcome per £100k of spend. It should be noted that we cannot mandate community benefits within this contract.

Fair Work Practice: As Tusker is an English based contractor and is unlikely to employ staff in relation to this contract in Scotland, we are unable to ask and implement the Fair Work Practice questions. However, to demonstrate our existing commitment to the promotion of Fair Work we will ask contractors to confirm if they are paying the current Living Wage to staff involved in the delivery of this contract and if they are Living Wage Accredited.

Environmental: Tusker website only highlights cars which have low emission standards (within their class) and promotes electric or hybrid options.

5. SOURCING STRATEGY SUMMARY

- 5.1 The proposed route is to award via the same Framework as was previously used.
- 5.2 The main benefit of utilising the same Framework agreement is that a managed service is provided, at no extra cost, savings will continue to be achieved, both for the employee and for the Council. Savings to the Council are expected to continue to be in the region of £140k per annum.

6. RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge

Description of Risk	Actions to be taken to manage Risk
Commercial Risk – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Salary sacrifice price is agreed and fixed for the duration of the lease. End of lease costs may arise for the employee, for example excess miles charges. However, Tusker would communicate with the employee in advance and the ability to change the plan (up the mileage allowance) may be offered. Vehicle damages may also be charged, but these would be unknown until the car is assessed after its return. DCC recover all costs either through Payroll or by invoice.
Technical Risk – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	The specification is contained within the framework agreement.
Performance Risk – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	We already have experience of Tusker delivering the contract services, and any issues have been worked through and resolved in a timely manner.
Contractual Risk – Being able to remedy the 's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	The supplier is experienced in providing the services and cannot afford to fail. There are regular meetings with the Account Manager.

Legal Risk – where a procurement is found unsound in law, through the public procurement rules	Procurement is through an existing framework.
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7. CONCLUSION

- 7.1 Tusker continues to deliver good service to the Council through a long-term relationship. Tusker meets the Council's requirements and allows the delivery of an employee benefit whilst generating savings for the Council
- 7.2 The Framework sourcing route provides a managed service, which relieves the Council of some of the administrative burden, and which could provide more options to the employee in the coming years – for example, Tusker is launching a program for used cars and for offering a 60-month lease, which may be considered by the Council.

8. POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9. CONSULTATION

- 9.1 The Council Leadership Team were consulted in the preparation of this report.

10. BACKGROUND PAPERS

- 10.1 None

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

2 SEPTEMBER 2024

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