

# Policy and Sustainability Committee

10.00am, Thursday, 9<sup>th</sup> July 2020

## Waiver extension - Salary Sacrifice Car Benefit Scheme

Executive/routine Wards Council Commitments	Executive
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### 1. Recommendations

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- 1.1 It is recommended that the Policy and Sustainability Committee:
- 1.1.1 Approves an increase in the value of a previously approved waiver of the Contract Standing Orders by £450,000, to a revised maximum value £650,000, to enable payments to continue to Northumbria Healthcare NHS Foundation Trust for the provision of the Council's Salary Sacrifice Car Benefit Scheme; and,
  - 1.1.2 Notes that this is a salary sacrifice scheme and that therefore the costs are recovered from employees' salaries.

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Executive Director of Resources

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## Waiver extension - Salary Sacrifice Car Benefit Scheme

### 2. Executive Summary

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- 2.1 It is recommended that the Policy and Sustainability Committee approves an increase in the value of a previously approved waiver to the Contract Standing Orders by the value of £450,000, to a revised maximum value of £650,000, to allow payments to continue to Northumbria Healthcare NHS Foundation Trust for the Salary Sacrifice Car Benefit Scheme.
- 2.2 A waiver, in accordance with the Scheme of Delegation, to the Contract Standing Orders was previously approved in respect of the Council's Salary Sacrifice Car Benefit Scheme until December 2020. However, as the £200,000 value has already been reached no further invoices can be paid until the waiver value is increased. This increase is required to enable the continuation of the scheme and ensure payments are made in line with the Council's contractual obligations to the supplier.
- 2.3 The total revised value of this waiver would, if approved, be £650,000, which would expire in December 2020. A procurement process is currently underway to award a new scheme which will commence in December 2020.

### 3. Background

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- 3.1 The Council has had a contract with Northumbria Healthcare NHS Foundation Trust to operate a Salary Sacrifice Car Scheme as a benefit to employees. This contract was put in place in 2015 and ended 10 March 2020. The contract is currently extended using a waiver until 30 November 2020 while a procurement process for a new scheme is concluded.
- 3.2 The waiver value of £200,000 has already been reached. In order to meet obligations under the contract arising from the waiver, the Council requires the financial limit of the waiver to be increased to enable continued payment of vehicle rental and associated invoices.

## 4. Main report

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- 4.1 Through the Salary Sacrifice Car Benefit Scheme, Council employees have the opportunity to enter into a lease agreement where the car is hired directly from Northumbria Healthcare NHS Foundation Trust for an agreed period and for rental costs. During the lease hire period the vehicle remains the property of Northumbria Healthcare NHS Foundation Trust. The Council is responsible for paying the annual car lease charge and deducts this from the individual employee's salary in 12 equal instalments. Any additional invoices at the end of the contract, such as in respect to excess mileage, are also recharged directly to the employee.
- 4.2 Individual lease contracts are generally three years in duration. As employees have the opportunity to enter contracts under this agreement until November 2020, some contracts will continue until November 2023.
- 4.3 Currently a procurement process is underway to move to a new scheme starting in December 2020.

## 5. Next Steps

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- 5.1 Subject to the approval of the Committee the value of the current extension waiver will be increased in value by £450,000, to a maximum of £650,000, until a new contract is in place in December 2020.

## 6. Financial impact

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- 6.1 On average, the Council pays around £61,000 per month in rental invoices to the scheme provider. On that basis, Human Resources proposes that the waiver limit increased by a further £450,000, to a maximum value of £650,000, to cover the period between now and December 2020.
- 6.2 It is likely that the actual invoicing cost will be below the £650,000 total as current lease contracts come to an end and new lease contracts will commence with the new provider from December 2020 onwards.
- 6.3 It should be noted that this is a salary sacrifice scheme, the costs are fully recovered from employees' salaries. Through the scheme, the Council also saves on Employer's National Insurance Contributions.
- 6.4 As such, there is no direct financial implication for the Council arising from this scheme.

## **7. Stakeholder/Community Impact**

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- 7.1 The Scheme will continue to operate under the terms and conditions of the original contract.

## **8. Background reading/external references**

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- 8.1 N/A

## **9. Appendices**

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- 9.1 N/A