

**Decision Maker:** GENERAL PURPOSES AND LICENSING COMMITTEE

**Date:** Thursday 19 September 2019

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** ADDITIONAL EMPLOYEE BENEFITS

**Contact Officer:** Emma Downie, Head of HR Business, Systems & Reward  
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**Chief Officer:** Charles Obazuaye, Director of HR & Customer Services

**Ward:** N/A

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1. Reason for report

- 1.1 Employee Benefits play a vital role in the recruitment and retention of staff to the Council because it helps staff to stretch their pay. In a competitive labour market especially for hard to fill posts it is a significant pull factor.
- 1.2 Following the report that went to Executive, Resources and Contracts Policy Development and Scrutiny Committee in September 2018, seeking approval to enter into a new Employee Benefits contract, HR were asked to look into the option of annual leave purchasing. The report also covers the option of a general lease car scheme for all staff at no cost to the Council. This is different from the Council's own leased scheme which is only available to a few staff mainly qualified staff/social workers both in adult and children's services. The report is also asking Members to increase the current relocation package mainly available to successful candidates for hard to fill posts from the £6k to £8k consistent with the average by competitors including neighbouring authorities.
- 1.3 The report sets out:
- A summary of the additional employee benefits being considered
  - The additional benefits mentioned in the report would be an optional extra to employees and would be part of the overall package of benefits available to recruit and retain staff, especially those in shortage, hard to fill, occupations.

## **2. RECOMMENDATIONS**

**2.1 Members of the General Purposes & Licencing Committee are asked to approve the introduction of the following additional and optional employee benefits:**

- **Salary Sacrifice Lease Cars**
- **Annual Leave Purchasing**
- **Increase to the Council's Existing Relocation Package**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: The provision of employee benefits services is vital for the Council in attracting and retaining employees to LB Bromley, especially in hard to fill posts such as Social Work positions
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### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Children and Young People Excellent Council
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### Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Non-Recurring Cost
  3. Budget head/performance centre:
  4. Total current budget for this head: £
  5. Source of funding:
- 

### Personnel

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: None
  2. Call-in: Not Applicable
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### Procurement

1. Summary of Procurement Implications: EU compliant framework
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 1500 employees
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

### **3. COMMENTARY**

- 3.1 The Council's current Employee Benefits provider is Edenred. The Council entered into this contract in December 2018 for a period of 4 years via the Crown Commercial Services Framework (Approved following Executive, Resources and Contracts Policy Development and Scrutiny Committee on 5<sup>th</sup> September 2018)
- 3.2 The following services are currently included within the Employee Benefits Contract:
- Childcare Vouchers (for existing scheme members only)
  - Cycle to Work Scheme
  - Technology Scheme
  - Gym Flex Scheme
  - Leisure & Retail Discount Portal (including access to discounted vouchers)
  - Online Merited Voucher Portal
- 3.4 As part of the existing contract, the Council has the option to introduce other elements such as the Salary Sacrifice Lease Car Scheme. Through feedback from employees and via the departmental representatives group, HR had been asked to investigate this option.
- 3.5 Following the report that went to Executive, Resources and Contracts Policy Development and Scrutiny Committee in September 2018, seeking approval to enter into a new Employee Benefits contract, HR were also asked by Members to look into the option of annual leave purchasing.
- 3.6 HR have also identified a need to review and update the existing Relocation Package available to certain groups of newly appointed staff, as this falls below the figures offered by other boroughs. Of the 13 boroughs we received benchmarking information from, £8,000 was the average amount offered.
- 3.7 In April 2013, the Council withdrew from national terms and condition and introduced Localised Pay, a key part of which was to acknowledge and invest in staff, and improve the Council's ability to recruit and retain a skilled and flexible workforce in challenging times
- 3.8 Both employee benefits and reward pay are a huge part in the Council's ability to recruit and retain staff, especially those in shortage, hard to fill, occupations. For example, given the national and regional shortage of qualified experienced social workers, Building surveyors and planners just to mention a few occupations, every local authority, regionally and nationally, is always looking to seek a competitive advantage in the labour i.e. a unique policy or practice either the form of pay or benefit, or both to stand out in the labour market.

#### **Summary of Salary Sacrifice Lease Cars**

- 3.9 The salary sacrifice lease car scheme would be separate from the current contractual lease car scheme which is only offered to a small number of roles within the Council for recruitment and retention purposes.
- 3.10 The salary sacrifice lease car scheme would be open to all members of staff, subject to the normal salary assessment for salary sacrifice not bringing earnings below minimum wage
- 3.11 The scheme would be part of the existing Employee Benefits contract with Edenred and forms part of the CCS framework that the Council has already entered into until December 2022. The scheme is administered by Tusker, a company that deals solely with lease car schemes.

- 3.12 There is no cost to the Council for the administration of the scheme.
- 3.13 Employees are able to choose from a wide range of vehicles and forgo a portion of their gross salary in exchange for this. Although the employee will save tax and NI on the sum that has been sacrificed and the value of the car benefit is subject only to benefit-in-kind (BIK) tax, the employee will also have their pensionable pay reduced.
- 3.14 In the other salary sacrifice schemes, Childcare Vouchers and Cycle to Work, the gross salary deductions do not effect pension contributions. However, the employee taking out the salary sacrifice lease car will have a reduced pension as a result of the reduction in their pensionable pay during the term of the lease.
- 3.15 The scheme would also produce savings for the Council by way of reduced NI and pension contributions on ULEV (Ultra Low Emission Vehicles) during the term of the scheme. For Non-ULEV Vehicles, the Council will only receive savings from a reduction in employers' pension contributions, during the term of the individual lease car scheme.
- 3.16 From April 2020, changes in BIK will be introduced to help and support with the uptake of greener vehicles. This will mean bigger savings for employees as well as the Council running an HMRC approved salary sacrifice scheme
- 3.17 Employees monthly deductions would include motor insurance, servicing and maintenance, roadside assistance, tyres and glass plus protection against redundancy, resignation and maternity leave all of which would be operated by Tusker. The only additional cost to the employee, aside from the monthly deduction from salary, would be fuel.
- 3.18 Employees can choose to lease a car over a 2, 3 or 4 year period and at the end of this period either return the car, choose a new vehicle and enter into a new agreement or purchase the vehicle.
- 3.19 Employees also have the benefit of not needing to place any deposits or undertake any credit checks to join the scheme and the monthly deductions cover the lease car, insurance and maintenance costs – the only additional direct cost for the employee is fuel.
- 3.20 Protection is in place for the Council and employees via Tuskers 'Lifestyle Protection' insurance (paid by the employee). The employee is responsible for all early termination costs and there are no early termination charges after 3 months. There is also protection in place for maternity, paternity and long term absences.
- 3.21 It is not possible to quantify the levels of savings to the Council as this will be dependent on take up levels and type of car chosen e.g. ULEV or Non-ULEV. However, take up levels and resultant savings will be monitored and can be reported, after the initial 12 months. Typical uptake on the scheme is 2% in year 1, 3-4% in year 2 and 5-6% in year 3.

### **Summary of Annual Leave Purchasing**

- 3.23 The annual leave purchasing scheme would allow employees to purchase up to 5 additional days leave (pro rata if appropriate) to be used within the leave year in which they have been purchased.
- 3.24 The scheme would be administered via HR Self Service and therefore no additional costs would be required to run the scheme.

- 3.25 Employees' deductions to pay would be spread over 12 months or the remainder of the annual leave year.
- 3.27 Approval of any additional annual leave purchase is not guaranteed and would be subject to the operational requirements of the service.
- 3.28 Employees who purchase additional annual leave must continue to pay pension contributions based upon the gross amount of pensionable pay they receive i.e. contributions must be maintained at the original level throughout the year. There will be no impact on the pensionable pay and contributions for either employee or employer.
- 3.29 If having purchased additional annual leave, the employee fails to take it before the end of the relevant leave year the leave will be lost, with no reimbursement. Managers and employees must ensure the additional leave can be accommodated prior to the manager's approval.
- 3.30 As the reduction in pay is only for the leave year the additional leave is purchased in, there is no ongoing saving to the Council and it is not possible, at this stage, to quantify the level of take up. However, take up levels will be monitored and reported. From boroughs who have shared their information, they have reported savings of on average £56,000 in salary and employer NI savings.

#### **Summary of Relocation Package Changes**

- 3.31 The current relocation package offers up to £6,000 to applicants recruited to posts on BR8 and above and other key workers who are relocating to help with the removal and relocation expenses incurred on moving to a home within reasonable travelling distance of Bromley.
- 3.32 Following benchmarking with other authorities, and the fact that we have not increased this amount for a number of years, the proposal is to increase the maximum amount to £8,000.
- 3.33 Any relocation packages approved for new employees needs to be met by the own departments budgets, as is the case now.
- 3.34 On average, there is 1 relocation package agreed per year. This may increase due to increased work by HR to recruit qualified staff/social workers to replace agency staff. As stated above the cost will be met from the existing departmental budget.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 The provision of employee benefits is vital for the Council in attracting and retaining employees to LB Bromley, especially in hard to fill posts such as qualified Social Worker roles.

#### **5. POLICY IMPLICATIONS**

- 5.1 If agreed, these new arrangements are consistent with the Councils REAL values and commitments to staff – our greatest assets.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 It should be noted that it is not possible to quantify what the potential savings may be from the introduction of the Salary Sacrifice Leased Car Scheme and the Annual Leave Purchasing Scheme, as it depends on the level of take up of two schemes. The actual savings may also be one-off or temporary savings, as individual members of staff may only purchase annual leave once or may only take up a leased car for a single term.

- 6.2 It should be noted that there will be a reduction in pension for any individual staff who decides to take up a Salary Sacrifice Leased Car.
- 6.3 There will be no additional cost to the overall contract, although there will be an increase in spend being processed through it.
- 6.4 The increase in the relocation package would potentially result in extra costs of approximately £2k per annum, based on the average annual numbers agreed. The extra cost will be met from the individual department as and when required.

**7. PERSONNEL IMPLICATIONS**

- 7.1 These are already covered in the main body of the report. Suffice to say the additional employee benefits are a vital recruitment and retention pull factor.
- 7.2 The additional benefits would be an extension of the current Employee Benefits Scheme and therefore managed in the same way.

**8. LEGAL IMPLICATIONS**

- 8.1 Under section 13 of the Employment Rights Act 1996 the employer can make deductions from staff pay to repay the loan provided the employee has consented.

**9. PROCUREMENT IMPLICATIONS**

- 9.1 The report seeks one variation to the current Employee Benefits contract with Edenred for the introduction of salary sacrifice lease cars. The annual leave purchase scheme and amendment to the existing relocation allowance will be managed internally as local arrangements
- 9.2 There will be no additional costs with the proposed variation for the Salary Sacrifice Leased Car Scheme.
- 9.4 Following Approval, the variation must be applied via a suitable Change Control Notice, or similar, agreed with the Provider.
- 9.5 The actions identified in this report are provided for within the Council’s Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	