

Re-Tender of the Council's Employee Benefits Contract

To: Assets and Procurement Committee

Meeting Date: 15 October 2024

From: Executive Director of Strategy and Partnerships

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2024/078

Executive Summary: This report requests the Assets and Procurement Committee's approval to re-tender Cambridgeshire County Council's Employee Benefits Contract. The purpose of this procurement exercise is to seek best value contract/s, ideally through a managed service provider, to provide Council staff with a range of employee benefits, including lease cars, a cycle to work scheme, employee loans and savings as well as employee discounts. This will ensure that we have continued provision of employee benefits in line with our People Strategy.

This is a concession contract and whilst the full value of the current contract is still being determined, it is considered over threshold and therefore is a key decision requiring Committee approval.

Recommendation: The Committee is being asked to:

- a) Approve the re-procurement of the Council's Employee Benefits Contract.
- b) Delegate authority for awarding and executing a contract for the provision of employee benefits starting 1 November 2025 for a period of 3 years, with a clause to extend for two further years, to the Executive Director of Strategy and Partnerships in consultation with the Chair and Vice Chair of this Committee.

Officer contact:

Name: Janet Atkin

Post: Service Director: Human Resources

Email: janet.atkin@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The re-procurement of our employee benefits contract is an activity identified within our People Strategy. The People Strategy is an enabling strategy supporting delivery of all 7 ambitions within the Strategic Framework 2023-2028.

2. Background

- 2.1 Our current Employee Benefits Contract was awarded to iCOM (now known as Terryberry) on the 1 November 2019, under the Council's former shared services arrangement (LGSS). A subsequent novation to contract in July 2021 transferred the contract terms over from LGSS to Cambridgeshire County Council.
- 2.2 Terryberry is a managed service provider, offering an online platform through which employees can access a range of employee benefits and discounts. The initial contract was for a 3-year period to November 2022. This was subsequently, within the terms of the contract, extended for a further 2 years to 31 October 2024. On the advice of Procurement, a further 1-year extension has now been agreed with Terryberry to 31 October 2025, to allow time to gain the appropriate approval and to undertake the necessary procurement activity.
- 2.3 The current contract with Terryberry is cost neutral and therefore the Council does not pay directly for their services. Instead, Terryberry provides free access to its employee benefits portal, earning commission directly from the providers which we have signed up to as part of the contract (currently Halfords Cycle to Work Scheme, Tuskers Lease Car Scheme and Salary Finance for loans and savings).
- 2.4 Committee approval is therefore being sought to re-procure a cost neutral employee benefits contract, via the ESPO framework to ensure we continue to have best value provision/s in place, which deliver maximum benefit to our staff. This will not only benefit our existing workforce but support our ability to attract and retain staff in the future.

3. Main Issues

- 3.1 The proposal to re-tender this contract via an ESPO framework, follows consultation with procurement and legal teams, taking account of the result of the soft market testing and the known providers on the ESPO framework.
- 3.2 Whilst the contract is ultimately cost neutral to the Council, as a Concession contract the Council incurs expenditure before recouping that money from employees. Because this initial expenditure is expected to be over £500,000 approval is being sought for the procurement.
- 3.3 The HR service is working with the Procurement and Commercial Team to devise a set of appropriate evaluation criteria focusing on how the successful bidder will work as a managed service provider, thereby reducing the administrative burden on the Council of managing multiple contracts.

4. Alternative Options Considered

- 4.1 In April of this year, we held a soft market engagement event to determine whether there were any providers who could deliver all three of our employee contract provisions (Employee Assistance Programme, Occupational Health and Employee Benefits), as each contract was aligned to end in October/November 2024.
- 4.2 This event determined that there were no providers able to offer the full range of services to the specification required and therefore procurement has already commenced for our Occupational Health Services and Employee Assistance Programme contracts via the ESPO and CCS frameworks respectively (both contracts are valued under the key decision threshold).

5. Conclusion and reasons for recommendations

- 5.1 In order to deliver on the commitments set out within our People Strategy, it is important that we are able to provide an attractive benefits package, offering a range of retail, lifestyle and wellbeing related offers and discounts.
- 5.2 Many of the benefits provided under this contract will support our wider ambitions as a Council, e.g. offering a cycle to work scheme supports our commitment to achieving net zero emissions by 2045 and supporting a healthy and sustainable lifestyle. Likewise, having loans/savings schemes in place, supports the financial wellbeing of our staff and ensures accessibility for all, including those on lower incomes.

6. Significant Implications

6.1 Finance Implications

There is financial risk to the organisation if we are unable to procure this contract by October 2025, as we may be without a benefits offer upon cessation of the current contract which would have an impact on our attractiveness in the recruitment market as well as engagement levels amongst the existing workforce.

There is a further risk that should it not be possible to recoup money from employees for services rendered, that ultimately the Council will be responsible for making those payments, however the risk of this is low.

6.2 Legal Implications

As this is a concession contract, although the cost of the contract to the Council is neutral and therefore below threshold, Pathfinder Legal have advised that this is a key decision, requiring committee approval because of the value of the total contract to the provider. The use of the ESPO Framework provides a route to market compliant with procurement law. Pathfinder Legal will review the terms of any contract with a provider.

6.3 Risk Implications

This procurement is required to ensure that we can continue to offer an attractive benefits package to our workforce, supporting the organisation's ability to recruit and retain staff. In the event we are unable to procure a new contract, we will be unable to provide a comprehensive package of staff benefits which may impact recruitment and retention rates and result in current employees losing access to benefits they are currently taking advantage of.

6.4 Equality and Diversity Implications

It is imperative that our employee benefits offer is accessible to all and therefore this requirement will be set out in any tender specification and responses from providers assessed accordingly. We will be clear in any tender specification the requirement for key benefits to be accessible to those on lower incomes, e.g. that any lease car scheme offers lower value vehicles that are affordable to frontline staff.

6.5 Climate Change and Environment Implications

When procuring an employee benefits contract, we will ensure that environmental considerations are taken into account and that the chosen provider is able to demonstrate a commitment to operating sustainably and to providing sustainable benefits options to our workforce.

7. Source Documents

7.1 None.