

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer – Supply, Distribution and Property****Tendering Committee: 21 September 2022**

Subject: Contract Authorisation Report – Cycle to Work Scheme**1. Purpose**

- 1.1** The purpose of this report is to seek the approval of the Tendering Committee to authorise the Manager – Legal Services to conclude the award of the contract for the Provision of a Cycle to Work Scheme.

2. Recommendations

- 2.1** It is recommended that the Tendering Committee:
- a) Authorise the Manager – Legal Services to conclude on behalf of West Dunbartonshire Council (the Council), to award the contract for the Provision of a Cycle to Work Scheme to Halfords Ltd.;
 - b) Note that the contract shall be for a period of two years with the option of two 12 month extensions and at a value of £92,000 ex VAT over two years and £92,000 ex VAT should the contract be extended for two years. However the actual value of the contract is dependent on participation in the scheme. The estimated commencement date of the contract is 5 October 2022;

3. Background

- 3.1** The Income Tax (Earnings and Pensions) Act 2003, chapter 3, section 244 allows an annual tax exemption, which allows employers to loan cycles to employees as a tax-free benefit. Under the proposed scheme, every eligible employee qualifies for a maximum of £1,000 to spend against a bike of their choice. The Council purchases the bikes on the employees' behalf and leases it to the employee to cycle to work on. The Council recoups the bike cost through a salary sacrifice process. Employees make salary sacrifices for a set period of time to cover the cost of the bike, after which time ownership of the bike is transferred from the Council to the employee.
- 3.2** A benefit of the Cycle to Work Scheme is that it can provide an income to the Council.
- 3.3** The overall budget for Cycle to Work Scheme was approved at the Corporate Services Committee on 22 August 2018.
- 3.4** This procurement exercise has been conducted in accordance with the Council's Standing Orders and Financial Regulations and the Public Procurement Regulations. A Contract Strategy document was also approved on 5 September 2022.

4. Main Issues

- 4.1 The Eastern Shires Purchasing Organisation (ESPO) framework agreement (FA) was identified as providing best value.
- 4.2 Analysis of the suppliers' offerings on the FA lot for Cycle to Work Scheme resulted in the offerings being comparably similar to each other in respect of offering the same National Insurance Contributions (NIC)/Tax savings to employer / employees. The offerings differed in relation to areas such as range of bikes / safety equipment offered and added value services such as safety checks.
- 4.3 Further analysis of the suppliers' offerings on the FA identified two suppliers capable of providing this. Below is a table of the suppliers and rebate amount offered:

Supplier	Rebate %	Comments
Halfords Ltd	12.5%	On bikes purchased at Halfords Ltd's stores (approximately 90% of bikes purchased on the scheme)
Wider Plan Ltd	5%	Wider Plan Ltd are the supplier though the delivery is through Halfords Ltd

- 4.4 Halfords Ltd has a presence in the Council area with a store in Dumbarton. As with the previous contract, the employees would also be able to purchase bikes under the scheme from two local independent stores, Cycleform in Hardgate, Clydebank, and Magic Cycles in Bowling. Purchasing from these three stores will help to support local people in employment at the stores and local businesses.
- 4.5 In addition to the standard NIC savings for employers and tax savings for employees, Halfords Ltd offer the following benefits as part of the Cycle To Work Scheme:
- 12.5% Council cashback or £27,500 over four years;
 - Guaranteed access to sales & promotional prices at Halfords Ltd and official subsidiaries;
 - Lifetime safety check on all cycles obtained through the scheme;
 - Lifetime guarantee on all Halfords brand cycles;
 - 10% discount on all things cycling with Halfords and official subsidiaries for 12 months; and
 - Employees will benefit from 12.5% of their purchase value in free accessories when they redeem their bike at Halfords and official subsidiaries.
- 4.6 It is recommended that a contract is awarded to Halfords Ltd, of Redditch, Worcestershire as the supplier who provides best value for the Council's requirements. The overall estimated value of the contract including the extension periods is estimated to be £184,000 ex VAT, however the actual value of the contract is dependent on participation in the scheme.

4.7 There are no specific social benefits associated with this contract, however further social benefits will be discussed with Halfords Ltd and any actions to take any social benefits forward will be agreed and will be monitored as part of the Contract and Supplier Management Policy.

5. People Implications

5.1 The Cycle to Work scheme is an employee benefit, with personal savings realised through tax and National Insurance benefits. The scheme is part of the Council's Employee Wellbeing Strategy and the promotion of active travel and healthy lifestyles.

5.2 Employees will benefit from the salary sacrifice arrangement allowing them to spread payments over 18 months.

6. Financial and Procurement Implications

6.1 There will be no financial costs in respect of this Framework Agreement.

6.2 This procurement exercise was conducted in accordance with the agreed Contract Strategy produced by the Corporate Procurement Unit in close consultation with People and Technology officers and the provisions of Contract Standing Orders, the Financial Regulations and Public Procurement Regulations.

7. Risk Analysis

7.1 Halfords Ltd have no known links to Serious and Organised Crime which would have significant political and reputational ramifications for the Council.

8. Equalities Impact Assessment (EIA)

8.1 An equalities screening was undertaken for this report to determine if there is an equalities impact and the results where there is no equalities impact.

9. Consultation

9.1 People and Technology, Finance Services and Legal Services have been consulted on the contents of this report.

10. Strategic Assessment

10.1 The Cycle to Work Scheme will contribute to the delivery of the Council's strategic priorities:

- A Strong local economy and improved employment opportunities;

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Designation: Chief Officer – Supply, Distribution and Property

Date: 7 September 2022

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Appendices: N/A

Background Papers: Contract Strategy
EIA Screening

Wards Affected: All Council Wards