



Electrical Car Leasing Policy

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Policy Created	June 2024
Date of Last Review	N/A
Date of Current Review	N/A
Date of Next Review	June 2027
Reviewed By	Management Committee

CORPORATE FIT	
Internal Management Plan	✓
Risk Register	✓
Business Plan	✓
Regulatory Standards	✓
Equalities Strategy	✓
Legislation	✓

1. INTRODUCTION AND OVERVIEW

The Electric Vehicle Salary Sacrifice Scheme is a new benefit, designed to provide eligible Employees with access to sustainable, competitively priced and trouble-free motoring. Under the scheme, in return for a reduction of your Salary you will be provided with a lease car via the Association's lease car suppliers (Octopus) for a period of either 2, 3, 4 years. The car will be insured for yourself and up to one additional named drivers (assuming they hold a full driving licence).

At the end of the lease period, you can return the car with no additional charge subject to the vehicle meeting the required return standards (BVRLA Guidelines) and having covered no more than the agreed contracted mileage.

Using a Salary Sacrifice scheme enables you to make tax and national insurance savings subject to your salary not falling below national minimum/living wage levels.

The provision of the car will make you liable to a company car Benefit in Kind (BIK) tax charge at HMRC rates. Rates for EV's are currently considerably lower than those for petrol, diesel and most mild hybrids. Currently, BIK for an EV is 2% (2023/24) of the manufacturer's list price and is due to remain at that rate up to April 2025. It is expected to increase to 3% in 2025/26, to 4% in 2026/27, and 5% in 2027/28.

The savings using the Salary Sacrifice (savings through tax and national insurance contributions) means that the scheme provides an attractive option to employees. No deposit would be required under the scheme so the cost is funded by a monthly payment over the duration of the agreement. Full maintenance is included, with some exceptions (please refer to the Octopus driver's handbook) and all routine servicing and repair costs arising from normal usage of the vehicle are included in the charge. Breakdown cover is also included.

The monthly Salary Sacrifice is fixed at the beginning of the agreement and is held for the full term of the agreement, unless the contract mileage is adjusted or there is a change in government legislation i.e. Value Added Tax Rate / Insurance Premium Tax Rate. This means that even if interest rates rise substantially or expensive maintenance is required on the car (excluding any repairs not covered by insurance or needed due to misuse or negligence), your Salary Sacrifice deduction is not affected.

2. PURPOSE

The purpose of the scheme is to provide Employees access to a new, sustainable vehicle. Employees may use the vehicle for business and /or private use. The scheme will add

towards the Scottish Government's objective to reduce its carbon footprint by providing employees with an opportunity to lease new, more efficient cars with lower CO2 emissions to the cars they are currently driving.

3. **ELIGIBILITY**

Eligibility is subject to the following conditions:

- You are a permanent employee of Tollcross Housing Association
- You have successfully completed your probationary period, traineeship or apprenticeship
- You have an hourly rate above the national minimum/living wage after all Salary Sacrifice reductions are processed.
- The car chosen must be a fully electric vehicle (EV)
- You have a full valid driving licence for the vehicle (that has not been suspended for any reason)
- Only one car per Employee
- You are not working your notice, at risk of redundancy or under investigation for gross misconduct
- You are opting to take a car in good faith; that there are no circumstances known to you that would require you to terminate the agreement prematurely.
- Tollcross Housing Association has the right to refuse any application.

4. **ACCESS TO THE SCHEME**

The Association will use Octopus Electric vehicles as the Scheme Administrator. More information on this and how you would use the scheme is contained in the Octopus Driver's Handbook (Appendix A).

All information required regarding your application of a vehicle will be checked and verified by a representative of the scheme administrator (Octopus Electric vehicles). The vehicle will not be ordered until these checks have been completed and then authorised by a member of the leadership team. Once these checks have been completed, you will receive confirmation that the order for the vehicle selected has been placed. There may also be amendments required in your employment contract to reflect you participating in the scheme.

5 **DRIVERS**

It is possible to have up to one additional named drivers insured for the car. Any named additional drivers are required to provide a copy of their licence to the Scheme

Administrator. It is the Employee's responsibility to update the Scheme Administrator of any changes to additional driver's circumstances that may impact the outcome of the risk assessment such as driving convictions or any other motoring offences.

Employees must inform the Scheme Administrator of all penalty points or other motoring offences that may affect the driver's or any named additional driver's ability to drive the vehicle within 5 working days of confirmation from DVLA. The loss of a driving licence may result in the car being withdrawn and an early termination penalty charged.

Where the following apply, additional drivers may be required to undergo a full risk assessment by the Scheme Administrator:

6 HOW DOES THE SALARY SACRIFICE CAR SCHEME WORK?

The Salary Sacrifice Car Scheme will work as follows:

- The Association will allow an Employee the use of a car of their choice (subject to meeting eligibility criteria and being available from the Scheme Administrator) and the Employee will agree to enter into a Salary Sacrifice arrangement.
- A Salary Sacrifice is an arrangement where an Employee 'sacrifices' part of their salary in return for a non- cash benefit (the use of a brand-new car including all servicing, routine maintenance, road tax, break down cover and insurance premium). As the sacrifice reduces the Employee will pay lower income tax and national insurance.
- The value of the Salary Sacrifice will be based on all the cost elements for the selected vehicle excluding electric, non-standard maintenance costs and any insurance excesses due.
- The Employee is required to sign an amendment to their contract of employment with their agreement to sacrifice part of their Salary in exchange for the car. This amendment is made through a Salary Sacrifice Car Agreement.
- The Salary Sacrifice arrangement will last for an agreed period (either 2, 3, 4 years), specified in an amendment to the employee's contract. At the end of the period, the amendment to contract will come to an end, the car will be returned, and the Employee will return to their original terms and conditions of employment.
- If in any month, the employee has insufficient pay to recover the whole amount of their electric vehicle salary sacrifice, the Association will deduct part of the salary sacrifice from other areas of income, for example, your Occupational Maternity Pay or Occupational Sick pay and the Salary Sacrifice arrangement will be extended beyond the end of the lease period, where a salary reduction has been missed or where The Association were unable to process the full salary sacrifice due to an employee's reduced pay. Alternatively, if an employee has missed a salary sacrifice reduction they can increase their salary sacrifice amount (subject to

meeting the Minimum wage/National Living Wage) so that any missed salary sacrifice reductions are processed during the original term agreed period.

- At the end of the Salary Sacrifice agreement a payment reconciliation will be undertaken to ensure over the course of the agreement the correct value has been recovered.
- In the event that a balance is owed to Tollcross Housing Association following the reconciliation and the employee has insufficient salary for recovery then The Association will liaise directly with the employee to arrange an alternative payment method.
- The Employee will be responsible for all electric costs for the vehicle. Octopus offer some deals in relation to this if the employee decides to switch their energy supplier to Octopus energy. More details provided in the Driver's handbook.

7. COMPANY CAR – TAXABLE BENEFIT IN KIND

The car will be regarded as a 'company car' by HMRC. The Employee will be liable for the company car Benefit in Kind income tax charge that arises out of the arrangements on the provision of a company car in accordance with HMRC guidance. Details of which will be provided through the quotation and confirmed at the start of the contract but may be subject to change by HMRC.

8. WHAT IS THE GENERAL EFFECT OF REDUCING TAXABLE SALARY?

Employees accepting this proposal may pay a reduced amount of income tax and NIC and therefore in Net Pay terms might be better off each month. However, a number of state benefits are dependent on paying a minimum level of NIC, for instance statutory sick pay and job seekers allowance. You should consider the impact on such future benefits if the Salary Sacrifice means that your revised Salary falls below the starting level for paying NIC. For further information on the current starting level for NIC please refer to HMRC guidelines. Employees should be aware that agreeing a revised Actual Salary may affect other occupational and state benefits such as Statutory Maternity Pay, and SSP. Any other payments (i.e., over and above Reference Salary) such as overtime payments, pension contributions, and redundancy entitlements will continue to be calculated based on the higher reference salary. Any annual salary progressions will be stated in terms of the Reference Salary. It is important to note that percentage salary increases will be made by reference to the Reference Salary. Part-time workers All earnings limit tests should be considered when calculating affordability. You should also consider any changes in your hours before committing to a fixed cost.

Pension contributions for the Association's pension scheme are calculated from your Salary before Salary Sacrifice deductions. Therefore, the value of Salary Sacrifice does not impact pension contributions.

National minimum/living wage - The Salary Sacrifice cannot reduce an Employee's revised taxable salary (Actual salary) to a rate below the prescribed national minimum/living wage rate (i.e., so that their new rate of taxable pay would equate to less than the hourly legal minimum rate). The Association is obliged to pay you the legal minimum/living wage you are entitled to and may opt you out of the Salary Sacrifice scheme if your pay were to fall below this level. You will be contacted by the Association's finance team if you fall below the national minimum/living wage to discuss what happens next. You may be required to return the vehicle and will be liable to pay an early termination charge as a result of leaving the scheme before the end of the lease period.

9. **LONG-TERM SICKNESS, DISCIPLINARY AND MATERNITY LEAVE**

The Association recognises that people who are unable to work because of illness or incapacity, or who go on maternity leave during the period of the Salary Sacrifices, may have concerns about possession of a leased car. Maternity, Paternity and Adoption Leave if you are expecting a baby and are considering joining our Salary Sacrifice Car Scheme, you need to be aware that your Statutory Maternity Pay ("SMP") will be impacted. SMP is calculated on the amount of average weekly earnings, subject to National Insurance, during the eight-week period preceding the 15th week prior to the expected date of childbirth (weeks 17 to 25 of pregnancy). A "Salary Sacrifice" arrangement (such as a car lease) will reduce the amount of salary that is liable to National Insurance Contributions so may reduce the amount of Statutory Maternity Pay payable. However, Occupational Maternity Pay ("OMP"), is calculated using your Salary (before any sacrifices) in place at the start of the maternity leave period. During your period of OMP, you will be paid an amount to 'top up' your SMP to ensure your gross pay is not affected. If you are not entitled to OMP any "Salary Sacrifice" arrangements entered into during this period may reduce your entitlement to SMP and therefore gross pay received. It would be recommended that you consider this very carefully when opting into the scheme.

Whilst in receipt of full sick pay, the Salary Sacrifice amount will continue to be deducted as normal from Occupational Sick Pay ("OSP") except where OSP is less than the employee's salary sacrifice amount. If the employee's OSP is less than the Salary sacrifice amounts, the salary sacrifice payments processed will be equivalent to the OSP amount. The Association will not meet the Salary Sacrifice shortfall during unpaid sickness, the member of staff will be responsible for covering any shortfall in this situation. If you are unable to attend work due to sickness or incapacity for a period exceeding 6 months the Association will review your circumstances sensitively and individually; and you may be required to return your electric vehicle.

In the event that you are under investigation through our disciplinary procedures we may ask you to return the car until the outcome of the investigation is completed at which point

a decision will be reached as to whether or not the car needs to be returned to the Scheme administrator.

10. **EARLY TERMINATION PENALTY**

Where the Salary Sacrifice agreement is terminated early and the car returned following a lifestyle event, you will be charged a termination penalty. Please note that the termination penalty will be deducted from your net pay. In the event that you have insufficient pay to cover the termination penalty a letter will be issued advising you of the amount due to be paid and repayment of the outstanding amount must be agreed within 7 days. There are certain scenario's where a termination penalty might not apply:

- In the event of the Employee's death in service or on early termination due to either a long term or terminal condition which prevents the Employee from working in the future.
- That you are made redundant.
- That you are dismissed from the Association.

If you are subject to an early termination penalty this will be confirmed in the quotation obtained from the Scheme Administrator and confirmed to you at point of terminating the lease.. The fee is based upon the length of the contract hire and the annual leasing cost and displayed on a year 2, 3 and 4-year basis. The Association will recover the amount owed via your salary. You would usually be asked to pay back 50% of whatever is remaining outstanding on your lease.

11. **INSURANCE AND LIABILITY**

The car will have fully comprehensive insurance for social, domestic, pleasure commuting and for business purposes of the Association and will be provided by Octopus Electrical Vehicles. If you require business insurance for any other purpose, please speak to the Scheme Administrator who will advise you of any additional cost. Should you allow anyone to drive the car without being added to the insurance policy, you will be responsible for any losses.

You will be responsible for any costs incurred by the Association or the leasing company as a result of any claim, accident, death, personal injury, damage to or theft or loss of property caused by or to the vehicle which cannot be recovered by insurance. Under the terms of your individual insurance policy, there are certain restrictions which relate to drivers who have received serious driving convictions. These restrictions apply to anyone entering the Electric Vehicle Salary Sacrifice Scheme:

- has been convicted during the past three years, or such longer period as the Insurers may require, of an offence for dangerous driving, drink/drugs;
- has been disqualified from driving. In these circumstances you must not under any circumstance, drive the vehicle supplied under the Salary Sacrifice Car Scheme or allow anyone else to drive it without discussing the situation with the Scheme Administrator.

In addition to the above restrictions, If you lose your driving licence for any reason, you must inform the Scheme Administrator immediately. More information is provided in the driver's handbook.

12. **SERVICING, REPAIRS AND BREAKDOWNS**

All routine servicing and repairs arising from normal usage are included within the scheme, any other amounts will be charged to you separately. You must ensure that weekly checks such as tyre pressures, brake and other fluid levels, windscreen washer level and a visual inspection of lights, bodywork and windscreen are carried out.

You have a duty to ensure the car is properly and regularly maintained in accordance with the manufacturers and the lease company's instructions. Only approved agents must be used. You must co-operate with all reasonable requests by the Scheme Administrator (notified to you in your Driver's Handbook) to ensure maintenance and servicing is properly and swiftly carried out.

Undue wearing of or damage to tyres must be reported to the Scheme Administrator immediately and the car must not be used unless the tyres conform to all relevant legal requirements. You should not change the car's tyres or battery without the consent of the Scheme Administrator. You should contact the Scheme Administrator for advice on repairs and appropriate approved garages within the UK.

Damage caused by misuse, negligence or excessive wear and tear will be charged to you. All cars will have UK breakdown cover, details of which will be supplied with your vehicle.

13. **PARKING FINES AND PENALTIES**

The driver remains responsible for any fixed penalty fines, parking fines, toll fines, penalties or any other motoring offences incurred during use of the vehicle. Any payment which becomes due and any associated administration fees levied by the Scheme Administrator will be met by you in all cases and deducted from Net Pay.

14. CONTRACT MILEAGE

You will decide the appropriate total annual mileage to be undertaken for the duration of the lease period. At the end of Salary Sacrifice if the average annual mileage exceeds the total agreed mileage over the course of the lease, you will be liable to an additional charge based on a cost per additional mile. Ability to inform them of any significant variations to contract mileage.

15. CHARGING POINTS

The Association will consider the benefits of having an electric charge point installed at the Association's office and if thought beneficial will look to install one.

16. THE END OF THE AGREEMENT

At the end of the Salary Sacrifice agreement term the car should be returned to the Leasing Company (with all keys). The condition of the vehicle will be inspected. Any unusual wear and tear will be noted, and details will be agreed with you. You will be responsible for paying any costs incurred in this situation. Fair wear and tear will be assessed by reference to industry standards such as the BVRLA's Fair Wear and Tear Guide. If there is no damage (over and above fair wear and tear) and the contract mileage has not been exceeded there will be no further charge. More detail are contained in the drivers handbook.

17. CONFIDENTIALITY

The Association will treat your personal data in line with our obligations under the current data protection regulations and our own Data Protection policy. Information regarding how your data is used in relation to the aforementioned scheme will be used is provided in Tollcross Housing Association's employee transparency statement.

18. POLICY REVIEW

This policy shall be reviewed every 3 years or earlier as required by the Management Committee.