

EXECUTIVE BOARD - 16 DECEMBER 2014

Subject:	Introduction of new salary sacrifice scheme for car leasing		
Corporate Director(s)/ Director(s):	Angela Probert, Strategic Director of Organisational Transformation		
Portfolio Holder(s):	Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Lynn Griffin-Pearce, Rewards and Retention Consultant 0115 8763621 lynn.griffin-pearce@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input checked="" type="checkbox"/> Expenditure	<input checked="" type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: Up to a notional contract value of £2.5m but there is no cost to the authority as all charges will be passed onto employees through the salary sacrifice agreement			
Wards affected: N/A	Date of consultation with Portfolio Holder(s): 23 October 2014		
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
To support the Council's green agenda in reducing the environmental impact and addressing the challenge of climate change			<input checked="" type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users): This report seeks approval to implement a new salary sacrifice scheme building on the current offering and increasing savings to the Council. The scheme will allow colleagues to lease a new CO ₂ efficient car that is insured and maintained for a fixed monthly amount over 36 months.			
Exempt information: None			
Recommendation(s):			
1. To approve a Salary Sacrifice Car Scheme with a proposed implementation and launch in early 2015.			
2. To approve the appointment of Tusker Direct Limited as the Council's car lease supplier under the salary sacrifice scheme for a 4 year period, noting that they have been selected from a compliant framework.			
3. To note the continued take up required in each of the years in order to generate the savings estimated as set out in paragraph 4.3.			
4. To agree that £45,000 of the employer savings achieved following the introduction of the car lease scheme will be ring-fenced to fund the creation of additional resources to ensure delivery of the scheme.			

1 REASONS FOR RECOMMENDATIONS

- 1.1 In order to increase the savings generated through salary sacrifice schemes and enhance the current Works Perks employee benefit offer, the addition of new salary sacrifice schemes are regularly considered. Car leasing can significantly contribute to the savings required by the Council and is becoming popular across a range of employment sectors, including an increasing number of local authorities.
- 1.2 Based on a reduction in National Insurance (NI) and pension contributions and an estimated take up of 3% of employees, the scheme could potentially benefit the Council by achieving savings of up to £0.137m in the first year. Savings may increase to around £0.821m (cumulative) over a three year period, if new take up is also estimated at 3% in each of the following two years. Other organisations similar to the Council have reported take up to be between 3-9% of the workforce. The estimation is based on 3% in order to take a prudent view of potential savings, however, the savings set out above will vary according to take up.
- 1.3 The appointment of Tusker Direct Limited ('Tusker') as the Council's car lease supplier is considered to meet Best Value requirements due to them having been selected from a compliant framework (North of England) and their significant knowledge and experience in this field. The proposed contract would be in compliance with the framework terms and for a period of 4 years. There are no minimum requirements in respect of the number of vehicles to be hired through the contract period.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The intention is that colleagues will be able to acquire a new car through sacrificing their salary and pension contributions for a 3 year period in return for this benefit. Salary is sacrificed on gross income before Income tax and NI are deducted. Average savings are £0.001m pa in tax, NI and pension contributions and £500 pa on fuel if they switch to a more efficient model. Beneficial leasing rates through public sector fleet discounts can also be passed onto the employee generating a further saving to employees.
- 2.2 An emissions cap will be applied of 130g of CO₂ per km on the range of cars available within the scheme to ensure an uptake of the most fuel efficient and environmentally friendly vehicles. This will contribute to the Council's green/sustainability agenda, and maximise savings/financial objectives as well as offering a broader choice of cars. There is currently in excess of 3,000 low-CO₂ cars available in the UK for employees to choose from. By switching to more environmentally friendly vehicles colleagues taking part in the scheme will support the Council's carbon reduction agenda. Following a review of take-up and savings generated for 2014-2015, future options can be considered such as reducing the cap to 120g per km in the second year of the scheme.
- 2.3 A copy of the draft Frequently Asked Questions for the scheme is set out in Appendix 1 and provides an overview of the scheme.
- 2.4 Consultation with the Trade Unions will take place prior to the scheme being implemented.
- 2.5 Extensive communication strategies are key to a successful scheme and in maximising take-up, including full and thorough preparation for the launch as well as targeted and varied promotion in the build-up stage. All marketing, implementation and running costs will be covered by Tusker, as will maintenance of the online quoting system which allows employees to obtain their own quotes. The scheme will operate in line with all other salary sacrifice schemes operated by the Council in respect of administration and reporting.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Extending the current car loan scheme to all colleagues was considered (currently being restricted to former Essential Car Users only) to allow for the purchase of new or second hand cars. This was rejected as it would not generate any savings for either the employer or the employee.
- 3.2 Setting up and running a car lease scheme 'in house' was rejected because it would cost in excess of any potential employer savings generated.
- 3.3 A loan scheme to employees to purchase cars was also rejected as it would not achieve any employer/employee savings, so was deemed to be unattractive to either party. The only way that the Council would be able to generate any income would be by charging interest but the massive financial outlay needed would present a major risk to the authority.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 In a car lease scheme where an employee sacrifices their salary, they will acquire a brand new car (on a lease basis) with servicing and maintenance, fully comprehensive business to business motor insurance (meaning that there are no non-insured drivers), gap insurance (which covers any 'gap' between the 'termination cost' and the insurance value in the event of the vehicle being 'written off'), breakdown cover, including replacement vehicle for 48 hours and European breakdown cover, replacement tyres, annual road fund licence, accident management, and an annual Driving Licence check. The scheme also requires no deposit to be paid and there is no credit checking process.
- 4.2 The value of the contract between the City Council and Tusker will be up to £2.5m over the four year period, however the Council will recoup the costs of the contract directly from employees who enter into a Salary Sacrifice agreement. Although the Council will bear the risks under the contract with Tusker, the agreements contains mechanisms which allow for early termination and lifestyle changes, these mechanisms are specifically designed to mitigate and greatly reduce the risk to the Council.
- 4.3 Colleagues will make savings on NI and Income tax, through the salary sacrifice arrangement, as well as securing fleet discounts due to economies of scale, and corporate finance rates as detailed in 2.1 above. The savings generated by an employee will be dependent upon the emission level of the car they choose, lower emission cars will generate greater NI savings.
- 4.4 Based on a reduction in NI and pension contributions and an estimated take up of 3% of employees the scheme could potentially benefit the Council by up to £0.137m in the first year. Savings may increase to around £0.821m (cumulative) over a three year period but only if new take up is also estimated at 3% in each of the following two years. If new take up exceeds 3% in any of the years the savings generated will increase, and likewise if continued take up is less than 3% the savings will be lower than estimated.
- 4.5 The Council's savings will be based on employer's NI which is currently between 10.4% and 13.8% (savings will be based on the lower amount on the employee is in the pension scheme). The employers Class 1a NI contribution is calculated based on the car's list price, CO₂ emissions, fuel type and the employee's 13.8% contribution rate. As the scheme follows company car regulations, it gives rise to a tax disadvantage in the form of a taxable benefit. Both employee and employer will be subject to a benefit in-kind calculation which would be reported to HM Revenue and Customs via the year end P11d process, and the monthly P46 process. The employee's tax code will be amended to ensure any tax due is spread over the year. Although there is a tax disadvantage the overall scheme remains tax efficient, as NI savings for both the employee and the employer outweigh the tax disadvantage (this varies in

relation to the type of car chosen and the emission levels). Tusker will provide all the relevant figures for reporting purposes, and will liaise with HM Revenue and Customs regarding approval of the scheme.

- 4.6 It should be noted that an employee will also make a saving on the reduced amount of pension contributions they make, however, this could potentially make the scheme unattractive to certain employees, especially those who are close to retirement. The information provided on the online site by Tusker provides guidance on the effect to pension in these circumstances. In addition an employee may be able to top up their pension.
- 4.7 The implementation and ongoing management of this and other emerging benefit schemes has resulted in additional resource required in the Employee Benefits team, it has been recommended that £0.045m pa of savings generated as a direct result of this scheme is ring-fenced to fund these additional resources. The savings estimated are sufficient to fund this resource, however, savings are dependent upon the estimated take up being achieved and maintained in the future.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 The Council will enter into a Master Contract Hire Agreement with Tusker which will govern the overarching arrangement between the parties. Individual orders will then be placed as per employee requirements and these orders will be governed by the master agreement. The contract terms have been considered by Legal Services and are appropriate for this proposal.
- 5.2 The Council will be liable under the agreement with Tusker so all obligations, including the obligation to make payments, are with the Council. However, behind this agreement will be the salary sacrifice agreement with the employee which will set out the obligations of the employee, and which will comply with the Council's obligations under the master contract. The salary being sacrificed under the agreement will cover the Council's financial obligations under the master hire agreement. As such, the scheme is considered to pose a minimal risk to the Council.
- 5.3 The hire agreement and the employee's salary sacrifice agreement for each car will be for 3 years. However, both the Council and the employees are protected by having clear mechanisms in place for any early termination of the vehicle scheme and will typically include risks associated with dismissal, long term sickness and disciplinary issues. Lifestyle events such as resignation redundancy and maternity/paternity are covered by the scheme protection plan that is included for all participating employees. These mechanisms are outlined in the Frequently Asked Questions document.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 The car lease scheme has the potential to contribute to the local economy through use of local dealerships wherever possible. Consideration is also being given as to the potential to utilise the Council's in-house team in respect of vehicle maintenance.

7 REGARD TO THE NHS CONSTITUTION

- 7.1 The proposed decisions do not have any public health related implications.

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 Has the equality impact been assessed?

not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)

No



Yes – Equality Impact Assessment attached



9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

10.1 None

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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FREQUENTLY ASKED QUESTIONS

[ABOUT THE SCHEME AND SALARY SACRIFICE ARRANGEMENTS](#)

What is Salary Sacrifice?

A salary sacrifice arrangement means you agree to give up the right to receive part of your gross salary due under your contract of employment in exchange for a non cash benefit – in this case a brand new car. The salary is sacrificed before Income Tax and National Insurance resulting in tax savings on the benefit.

Why should I consider salary sacrifice as a means of driving a new car?

Because you are sacrificing gross salary you can save between 32% and 42% in Income Tax and National Insurance (dependent on your tax rate and whether you are contracted out of the State Earnings Related Pension Scheme [SERPS]).

What is HMRC's view on salary sacrifice car schemes?

HMRC view this arrangement as an employment law rather than a tax law matter, as you are free to agree a change in your remuneration with your employer. Entering into this arrangement is in essence the same as agreeing to a reduction in your salary. To fall within the tax break HMRC will want to establish that a change in salary is "permanent" meaning that any change must be for a minimum 12 month period. In addition you must also agree to sacrifice your salary before you take delivery of your car. You will be liable for Benefit In Kind tax (BIK) as the scheme operates as a company car scheme, however choosing lower CO2 vehicles will outweigh this tax and make the tax savings under the scheme particularly beneficial.

When reviewing the vehicles available to you through our online system you will easily be able to identify the vehicles with the most effective tax savings and lowest BIK.

What is Benefit in Kind (BIK) tax and how is it paid?

Benefit in Kind tax is payable on a company car if it is available for private use by an employee. The tax charge is lower for cars with lower CO2 emissions. The Benefit in Kind tax is deducted by a change in your tax code. For further information simply login to the online site, click on the 'About the Scheme' tab and select 'What is company car tax'.

Do I have to be in full time employment to be eligible for the salary sacrifice car scheme?

No, you can be a part time employee and be eligible as long as you are permanently employed by Nottingham City Council.

Can I take part in the scheme if I am on a fixed term contract?

Yes, but the period remaining on your contract needs to be more than 36 months.

Is there a maximum term in place for the scheme?

The maximum term for the scheme is 36 months. It may be possible to purchase your vehicle at the end of the scheme and our Customer Services Team will be happy to organise details.

Is there a maximum level of my salary I can sacrifice?

Yes, you cannot sacrifice an amount which would result in your salary being lower than the National Minimum Wage or is outside of your Employers Scheme Policy. The following state benefits also need to be considered:

- any pension scheme being contributed to (in particular this may be important if nearing retirement and a final salary pension scheme)
- entitlement to contribution based benefits like a State Pension
- entitlement to earnings related benefits like Maternity Allowance
- entitlement to work related payments like Statutory Sick Pay

I'm in the Local Government Pension Scheme (LGPS). What effect does this salary sacrifice have on my future pension?

As you will be aware the current LGPS final salary pension scheme ceased from the 1st April 2014, to be replaced by a career average pension scheme. What does this mean for the scheme and in particular for you?

Updated February 2014

Under current LGPS rules, pension benefits are based on 'final pensionable pay'. This is normally based on your final year of service or, if your pay has reduced shortly before leaving, you can pick one of the two preceding years to be your final pay period for pension calculations. These are the only two options for calculating 'final pensionable pay' where pay is reduced because of a salary sacrifice scheme.

The benefits in the LGPS which have been built up in the Scheme up to 31 March 2014 under the current final salary arrangements will be banked until eventual retirement but not be 'preserved' i.e. worked out on pay in the year up to 31 March 2013. Instead these benefits will continue to be linked to the final pay in the year up to leaving or retiring whether this is 2015, 2025 or later. This is likely to be of significant benefit to current LGPS members. If a member has a 'clear year' of unreduced pay without a salary sacrifice car immediately before leaving at whatever later date, pension benefits will be based on the higher pay figure (before salary sacrifice). This will relate to all pension benefits accrued up to April 2014.

Under the new LGPS 2014 regulations that come into effect in April 2014, pension benefits will be based on 'Career Average Revalued Earnings' rather than final salary; that is, instead of waiting for the final year of employment to work out what your pension benefits will be in retirement, members will earn a 'pension pot' for each year of membership based on pay for that year. If pay is reduced because of salary sacrifice for one or more years, the amount of pension earned for that year will be based on that lesser amount. At retirement, all the individual annual 'pension pots' are revalued based on CPI, totalled to reflect the number of years of membership and retirement benefits based on the cumulative figure. There won't therefore be the opportunity to 'make up' the reduction in pensionable pay due to salary sacrifice by referring to a 'clear year' immediately before leaving.

Example:

- George is a member of the LGPS and enters into a 3 year Salary Sacrifice Agreement in March 2012. His salary before reduction is £20k per annum, and after his salary has been 'reduced', his pay is £17k for pension purposes. His Agreement ends in March 2015.
- For the final year of his Salary Sacrifice Agreement i.e. 2014/15, his pension benefits for that year will be based on the actual 'reduced' pensionable pay for that year under the new CARE scheme - £17k.
- For the years 12/13 and 13/14, his final salary for pension benefits is £17k per annum BUT because of the protections for existing members, his pension benefits on his eventual retirement will be based on the final 12 month's pensionable pay at retirement and not March 2013. So, if George retires in 2020, on a salary of £25k and has at least one clear year of unreduced pay immediately before retirement, all his 'banked' LGPS benefits up to March 2014 will not be based on £17k but £25k. All his benefits accrued since April 2014 will be based on his annual pensionable pay under the new CARE rules.

What can I do to ease this reduction?

You can choose to pay extra into the pension scheme.

In respect of any pension arrangements with your employer, please contact Andy Cross, Pension Consultant on 0115 915622655 for guidance and further information.

How could a salary sacrifice arrangement affect my future entitlement to the State Pension?

A salary sacrifice arrangement may affect your state pension entitlement. Please visit the following website for more information:

<https://www.gov.uk/additional-state-pension/overview>

How could a salary sacrifice arrangement affect my future entitlement to state benefits and tax credits?

A salary sacrifice arrangement may affect your entitlement to state benefits and tax credits and you should carefully consider the possible effects before you decide to go ahead. Please seek advice from HMRC's Tax Credit Helpline on 0845 300 3900.

Does salary sacrifice affect my student loan payments?

Yes, student loan repayments are calculated on your earnings. As your gross salary is reduced, so are your student loan payments. This may increase your repayment period. For more information please visit HMRC's website:

http://www.hmrc.gov.uk/students/reps_how_when_howmuch_6_1.htm

and the Student Loans Company website:

<http://www.slc.co.uk/>

What is the impact of salary sacrifice to any court orders that I have?

If there is a court order against your pay your Employer is obliged to collect this from your net salary as instructed from the courts. If you are in this situation you are advised to seek independent legal advice.

If I am able to access the driver quotation system, does this mean that I'm automatically eligible to join the scheme?

No, your eligibility will still need to be checked and approved by your Line Manager before you're able to order a car on the scheme.

Who is the Agreement between?

The Salary Sacrifice Agreement is between Nottingham City Council and the Employee and the vehicle contract is between the Nottingham City Council and Tusker, the leasing company.

What paperwork needs to be completed?

The system generates an Employee Salary Sacrifice Agreement when you are ready to order your selected vehicle. You will be required to sign this document to say you agree to the terms and conditions of the scheme, which will then be countersigned by your Line Manager. Please also refer to the Scheme Policy detailed on the system.

Do different vehicles attract different savings?

Due to the current Benefit in Kind legislation, vehicles with a lower CO2 rating (i.e. "greener" vehicles), will be more tax efficient than those with a higher CO2 rating. The applicable Benefit in Kind payable will be detailed on each quote. Please note that this figure is an average of the Benefit in Kind payable over the term of the Agreement. There may be the opportunity to take advantage of certain manufacturer incentives or promotions on other vehicles. Please see the "Offers" section of the website for all current promotions.

What is included in the SalarySacrifice4Cars scheme?

- The vehicle you choose
- Maintenance of the vehicle including all servicing, batteries, exhausts and tyres under normal wear and tear conditions. This excludes any damage to the vehicle and updates to satellite navigation systems
- Fully comprehensive motor insurance including all business travel for the policy holder and their domestic partner. Any additional drivers are insured for social, domestic and pleasure purposes only
- Protections against penalty charges incurred as a result of exiting the scheme early due to you leaving Nottingham City Council and returning a vehicle as a result of resignation, redundancy, loss of life, loss of licence on medical grounds
- Annual vehicle tax
- Roadside assistance (homestart & recovery, UK & European cover)

[ORDERING A VEHICLE](#)

Can I cancel an order once it has been placed?

Should you wish to cancel an existing order then you will be liable for any cancellation charges the dealership may impose on that particular vehicle. To request a cancellation cost, please contact the Customer Services Team.

How do I amend an order once it has been placed?

Once an order has been placed, there is no guarantee that it can be amended. We will do everything we can to accommodate any changes you require but you will be liable for any costs associated with your requested changes. It is vital that you contact the Customer Services Team at the earliest opportunity should you wish to amend an order.

The vehicle I'd like to order doesn't appear on the system, what should I do?

Firstly check the vehicles CO2 emissions on the manufacturer's website. If the CO2 emissions are within the limit on the scheme please email the Customer Services Team with the full vehicle description. If the vehicle doesn't appear on the site, it's usually just because we're waiting on some further information from the manufacturer so we should be able to provide you with a manual quotation.

I want to order a car on the scheme but I have an existing vehicle I want to sell, when should I arrange to sell it?

Although we will contact you with approximate lead times for an ordered vehicle, these dates can sometimes be changed by the manufacturer (outside of our control). If you have no other means of transport you should not sell your existing vehicle until you have taken delivery of your new salary sacrifice car.

What happens when I've requested my vehicle?

Once you have requested your vehicle choice, we will contact Nottingham City Council for final approval of your vehicle order. Once they have approved your request, we will then contact you and place your order with the relevant dealership.

When can I expect delivery of my vehicle?

On average vehicles are taking approximately 12 weeks from approval to be delivered, but this is dependent on the specific manufacturer and the model of vehicle you have chosen. At point of order you will be given an estimated delivery time line however this can be subject to change at any time.

I have ordered my car, when will the reductions start?

Tusker will inform Nottingham City Council of the relevant salary reduction information, which should coincide with the delivery of the vehicle. The reduction will then be from your next pay date. Depending on the exact date of delivery and Nottingham City Council's payroll cut-off date, you may find that salary reductions are a month behind but in this case you will still have 36 reductions, they just won't coincide exactly with the period you have the car available to you.

Could I get a similar deal by visiting my local franchised motor dealer?

No, the Income Tax and National Insurance savings are only available via a salary sacrifice scheme. Because this scheme is administered via a corporate agreement with Nottingham City Council, we are also able to pass on corporate finance rates, public sector discounts and volume related bonuses which are not available on any retail type car purchase schemes.

Could I get my car more quickly if I went to my local dealership?

If you went direct to a dealer to order the vehicle on a personal lease, the dealer may be able to deliver the vehicle more quickly but this would be at a much lower level of discount and you would not benefit from corporate finance rates, fleet volume related bonuses or Income Tax and National Insurance savings. In addition some personal lease arrangements require a deposit.

Ordering a diesel car - important facts about Diesel Particulate Filters (DPF)

Please note that diesel cars are now fitted with a Diesel Particulate Filter (DPF) and are usually suitable for drivers whose routine driving will allow them regular opportunity to drive between 40 - 50 mph or more, for at least 10 – 15 minutes, but only where legally allowed to do so. We would recommend that you check with a dealer or manufacturer to confirm that your driving profile is suitable **before** ordering a diesel vehicle, to make sure that you can meet the manufacturer's requirements with regards to the DPF.

MAINTENANCE

What happens when my car needs a service?

The cost of maintenance is included in the scheme. You simply call the Driverline on 0333 400 2020 or log on to our website and we will try to arrange to have the vehicle collected from your place of work or your home. A courtesy car is not included as part of the agreement but if required, we will liaise with the garage to see if it's possible to provide one, although this may sometimes incur a small charge.

Who is responsible for arranging servicing of the vehicle?

You are responsible for ensuring that the manufacturer's recommended servicing schedule is adhered to and it is imperative that you do so to ensure that the warranty is not invalidated and avoid incurring any additional charges. For insurance services to remain valid the first and subsequent service of the vehicle must not be exceeded by more than 1000 miles or 14 days.

What happens if my car needs new tyres?

The cost of tyres is included. Simply call the Driverline and we will either direct you to the nearest nominated tyre centre or arrange for a nominated mobile unit to visit you to replace your tyres.

Will I receive instructions on how to book a service, tyres etc. once my car has been delivered?

When your vehicle is delivered, a Tusker tax disc holder will be posted to your home address. This will have the Tusker Driverline number printed on the back and will

need to be placed in your windscreen. Simply call this number to arrange a service, report a breakdown or speak to a member of our Customer Services Team.

What do I do if I breakdown?

All vehicles include UK and European roadside assistance so whether you breakdown at home, at the office or anywhere in Europe you are covered, simply call the Driverline and select the relevant option.

What happens if my vehicle is off the road due to mechanical failure or accident damage?

Roadside assistance is included to ensure you are never stranded. In the event of your car being off the road due to an 'at fault' accident and the insurance company not providing a relief vehicle, we are able to assist with a hire vehicle at preferential rates. Should your vehicle be off the road due to mechanical failure we will endeavour to provide a replacement vehicle but this cannot be guaranteed. 'At fault' accidents must be reported within 48 hours to ensure full cover applies.

LEAVING THE SCHEME EARLY

What happens if I decide I don't want the vehicle any longer?

You are committing to 3 years. If you decide you no longer want the vehicle you can obtain an early termination quotation at any time during the term of the scheme, but you will be responsible for an early termination charge.

What happens if I resign?

If you notify Nottingham City Council that you wish to resign during the first 6 months commencing from the delivery date of your vehicle, or if you resign and leave Nottingham City Council without giving prior notice during the first 6 months following delivery, you will be liable for an early termination charge to exit the scheme.

Please note, if you have prior knowledge before ordering a car on the scheme that you will be leaving your employment during the term of the agreement, the early termination protection will not apply and you'll be liable for an early termination charge to exit the scheme. If you know that you'll be leaving your employment before the end of the agreement you should not take a car through the scheme.

NB: It is not your leaving date that is used to work out if there will be an early termination charge, it is the date you notify Nottingham City Council that you wish to resign from your employment that is used.

If you resign and leave Nottingham City Council after this 6 month exclusion period, an arrangement is in place to cover the early termination charge.

What is the definition of resignation?

Resignation is a written statement stating ones intention to leave a job voluntarily. This is provided prior to notice being served.

What happens if I am made redundant?

If you are made redundant from Nottingham City Council you will be required to return your vehicle and terminate the Agreement early. The early termination protection will apply and you will not be liable for an early termination charge to exit the scheme.

If you employed in more than one job within Nottingham City Council and are made redundant from one of your jobs but remain employed by Nottingham City Council, if your new reduced working hours means that your salary sacrifice reduction takes you below National Minimum wage you will be required to return your vehicle and terminate the Agreement early. The early termination protection will not apply but you will not be liable for an early termination charge to exit the scheme.

What happens if I reduce my working hours?

If you decide to lower your weekly working hours, please be aware that if your monthly salary sacrifice reduction takes you below National Minimum Wage you will be required to terminate the Agreement early and return the vehicle. The early termination protection will not apply and you will be liable for an early termination charge to exit the scheme as you are still employed by Nottingham City Council.

How is the early termination charge calculated?

The early termination charge (including VAT) is calculated in the following way:

1. the sum of monthly rentals left to pay on the scheme
2. less discount applied for early termination
3. added to the original estimated value of the vehicle at the end of the scheme
4. less the value of the vehicle at the actual time of termination

What happens if I lose my driving licence on medical grounds?

If you lose your licence on medical grounds, an arrangement is in place to cover the early termination charge.

What happens if I become pregnant during my employment or have a long term absence from work?

If the reduction to your pay takes you below the statutory minimum level of pay applicable during periods of maternity/paternity/adoption leave, the reduction to your salary will cease. In these circumstances you will continue to have use of the vehicle.

If you are on long term sick and reductions during absence cannot be made due to a drop in earnings levels, the scheme term may extend after you return to work. All missed reductions may be taken from your salary and this may result in your salary being reduced after the car has been returned.

What happens if I die during the scheme?

The scheme covers such circumstances and the salary sacrifice agreement would cease and the vehicle can be returned without penalty. Exclusions to this include suicide, death due to alcohol or drug abuse, self-inflicted injury or prior knowledge of a terminal illness.

INSURANCE

If my vehicle is involved in an accident and the insurance company declares the vehicle as beyond economic repair, does the insurance cover any shortfall between the insurance settlement figure and the leasing company's valuation of the vehicle?

Yes, in the event of a total insurance loss to a vehicle (accident, fire or theft) you are protected for the difference between the motor insurer's settlement figure and the salary sacrifice car agreement termination charge.

What if I wish to cancel the insurance before the end of the agreed term?

If your car is disposed of or is an insurance write off during the term we will be happy to cancel your policy without charge.

Do I have to provide proof of no claims bonus for the motor insurance policy?

No, the motor insurance is a fleet policy. If you already have maximum bonus then you can keep it to use on another car. When you come to the end of your selected term, we will be happy to confirm you have had no claims for the period you have been with us. You are free to add that to your existing bonus or keep it separate to use on another car.

What if I have more than two fault claims on the policy?

You are allowed to have two fault claims within the first 12 month period and three fault claims within the first 24 month period without it affecting your insurance premium for year three. If you have more fault claims than this, your insurance premium for the preceding years will increase.*

In the event of more than two fault claims in the first 12 months or three fault claims in the first 24 months you will be billed directly for any subsequent increase in premium.

** Please note that in all instances your premium will not be affected until the next renewal date. The policy is issued on a 12 month insurance basis (for more information please call 01924 241920 or email ss4c@howdengroup.com)*

Are there any insurance restrictions for young drivers?

Drivers under the age of 25 will be able to select vehicles with an insurance group of 21 or below and drivers under the age of 27 will be able to select vehicles with an

insurance group of 29 and below. Drivers under the age of 21 will be restricted to cars in insurance group 1 to 11.

Can learner drivers be added to the insurance?

Yes, learner drivers can be added to the insurance, however the employee must hold a full UK licence. Please contact our Customer Services team and they will be happy to obtain an insurance premium.

[AT THE END OF THE AGREEMENT](#)

What are my options at the end of the agreement?

Tusker will contact you 6 months before your vehicle is due to be returned and will discuss the available options with you. You can choose to return the vehicle to us and you could then take another car on the scheme, or you can choose to purchase the vehicle.

Can I buy the car at the end of the agreement?

Yes, it may be possible to purchase the car at the end of the agreed term and our Customer Services Team will be happy to provide you with an indicative purchase price, which is available on request. Please note that the indicative purchase price is based on current market values and is not an agreed price for your vehicle as market values fluctuate frequently. We'll only be able to give you an accurate purchase price at the end of the agreement.

What happens at the end of the agreement if my vehicle is damaged?

Under the 'About the Scheme' tab on your Fleetdesk, you will find a link to the BVRLA Fair Wear and Tear guide in the 'Returning the vehicle - acceptable wear and tear damage' section, which will give you an understanding of what is considered acceptable and unacceptable fair wear and tear damage on a vehicle when it is returned. Any damage that is considered unacceptable as fair, wear and tear will incur a cost which will be invoiced to your Employer and they will re-charge this cost to you.

What happens at the end of the agreement if my vehicle is over its agreed mileage?

If when your vehicle is returned it is found to be over the agreed mileage, Tusker will charge an excess mileage cost. This cost will be calculated by multiplying the number of miles in excess of your scheme mileage by the rate per mile set out in your quote. This cost will be invoiced to your Employer and they will then re-charge this cost to you.

[GENERAL ADMINISTRATION QUERIES](#)

I have recently changed address – what do I need to do?

You should contact the Customer Services Team as soon as possible to amend any personal details to ensure our records remain up to date, in case during the agreement we need to send you anything. If you fail to notify us of a change of address you may incur additional administration fees.

When will the first reduction be taken from my salary?

This will depend on Nottingham City Council's payroll cut-off date and the date your vehicle is delivered. You may find the first reduction is taken the month after your vehicle is delivered, therefore your last reduction will be taken after the vehicle has been returned.

What salary should I enter into the system?

You should always enter your basic salary (before tax) you anticipate earning over the next year. If you have more than one job within Nottingham City Council, you should only enter the salary

What happens if I do more or less than the mileage I selected when choosing my vehicle?

When you choose your vehicle you have the opportunity to select the annual mileage. If during the agreement you wish to change the mileage to more accurately reflect your actual mileage, then we can accommodate this after the first 12 months of the agreement. If you return your vehicle with more than the selected mileage, you will be liable for an excess mileage charge. This is to cover the expense of the additional depreciation and servicing costs that will have been incurred because of the additional mileage.

Who is responsible for the payment of any fines incurred on the vehicle or any vehicle provided whilst the primary vehicle is off the road?

Any parking, congestion charges or fines incurred by you whilst using the vehicle will be your responsibility. In the event that an issuing authority contacts Tusker, we will pay the fine and invoice the charges to Nottingham City Council who will re-charge these costs to you along with an administration fee.

Can I take my car abroad?

Your car insurance includes full cover throughout the European Community including Croatia, Iceland, Liechtenstein, Norway & Switzerland (limited to 28 days for any one trip).

If you wish to take your car to Europe, you will need to contact us to arrange a VE103b certificate, which gives you authorisation to take the vehicle abroad. There is a small administration charge involved to issue this certificate however the document is valid for 12 months and is a legal requirement. Without this document you may find yourself in trouble with the authorities.

What fuel reimbursement rate will I receive if I do any business miles in the salary sacrifice car?

The fuel reimbursement rate you will receive is in accordance with Nottingham City Council's Business Travel Scheme. If the rate is higher than HMRC's advisory fuel rate, you will pay Income Tax and National Insurance on the difference between the two. This is because the car is classed as a company car and not a private vehicle. In order to view the current advisory fuel rates, please visit HMRC's website:

http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm

Can I smoke in my car?

All cars on the salary sacrifice car scheme are classed as company cars and therefore it is against the law to smoke in them.

What documents do I need to read to ensure I have a full understanding of how the scheme works and my commitments?

It is important you have a thorough knowledge of the scheme and how it works so please read through these FAQ's carefully and also the Scheme Policy found on your Homepage. If you order a vehicle, you must also read through the Salary Sacrifice Agreement which is generated once you have requested your vehicle choice. You will be asked to sign this Agreement to show you have read the document and that you understand the scheme. Should you have any questions about the scheme, please call our Customer Services Team who will be happy to help.

I'm unsure how the scheme works and would like to speak to someone, who should I call?

For more information about the scheme, simply call our Customer Services Team on 0333 400 2020 who will be happy to answer any of your questions.