

<h1>Report to Executive</h1>	Agenda Item:  <b>A.15</b>
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Meeting Date: 16 December 2013  
 Portfolio: Finance, Governance and Resources  
 Key Decision: No  
 Within Policy and Budget Framework: YES  
 Public / Private: Public

Title: SALARY SACRIFICE CAR SCHEME  
 Report of: DIRECTOR OF RESOURCES  
 Report Number: RD61/13

**Purpose / Summary:**

At its meeting on 12 November 2013, the Employment Panel were asked to consider, for consultation, the implementation of a Salary Sacrifice Car scheme. Details of the proposal are given in the attached report together with the minutes from the Employment Panel Meeting.

In order to progress the implementation of the scheme, the Executive is required to give approval to incur expenditure which is then fully recharged to the employee taking up the benefit.

**Recommendations:**

The Executive is asked to:

- (i) Give approval for the Salary Sacrifice for Cars Scheme to incur expenditure that will then be fully recovered from the member of staff taking up the benefit.

**Tracking**

Executive:	<b>16 December 2013</b>
Overview and Scrutiny:	<b>n/a</b>
Council:	<b>n/a</b>

## **1. BACKGROUND**

- 1.1 The Employment Panel considered the introduction of a Salary Sacrifice Car Scheme at its meeting on 12 November 2013 and gave in principle decisions to approve the scheme for implementation subject to authority to incur expenditure being granted by the Executive. The report is attached at **Appendix 1**.
- 1.2 The scheme will require the Council to incur expenditure up front that will then be recovered from employees pay via monthly deductions, therefore operating at nil cost to the Council.

## **2. SALARY SACRIFICE CAR SCHEME**

- 2.1 The requirement for the Salary Sacrifice Car scheme will see the Council enter into contract hire agreements with the chosen vehicle supplier, and back-to-back contract hire agreements with the employee. The Council will pay monthly invoices for the vehicles and will recover this cost in the same month from the employee. The Council has the opportunity with this scheme to make savings from both National Insurance contributions and mileage claims. Based on take-up experienced where the scheme has been implemented elsewhere savings could range from £600 per year per vehicle to over £1,000 per year per vehicle.
- 2.2 The risks associated with the scheme, e.g. early termination charges, sickness cover etc are engineered in to the pricing the employee pays so the risk to the Council of potential costs is minimal or non-existent.

## **3. CONSULTATION**

- 3.1 Employment Panel considered the scheme at their meeting of 12 November 2013, and consultation has taken place with staff and Unions.

## **4. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The Executive is asked to:
- (i) Give approval for the Salary Sacrifice for Cars Scheme to incur expenditure that will then be fully recovered from the member of staff taking up the benefit.

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**Appendices attached to report:** Appendix 1 – Employment Panel Report – Salary Sacrifice Car Scheme

**Note:** in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

#### **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's – not applicable**

**Economic Development – not applicable**

**Governance** – The proposed scheme will either be classed as forming part of staffs' terms and conditions of employment or be a discretionary benefit with the right reserved by the Council to withdraw the scheme. If the latter is the chosen option then this should be explicitly stated in documentation. The Salary Sacrifice Car Scheme will need to be underpinned by an agreement between the Council and the employee to cover, for example, repayment of funding should the employee leave the employment of the Council during the relevant period

**Local Environment – not applicable**

**Resources** - The proposed scheme will require the Council to run a mini competition on the Sector Salary Sacrifice Car Scheme framework agreement which will be accessed via a one off payment of £1,500. The Council will then appoint a preferred supplier to work in partnership with to deliver the scheme. The scheme will require the Council to enter into contract hire arrangements for the supply of chosen vehicles, but these will be mirrored by agreements with the member of staff, meaning that the outlay made by the Council is fully recovered from the employee. The scheme is to be designed so as to be of minimal risk to the Council with the cost of covering these risks passed on to the employee. The scheme will generate national insurance savings for the Council for every vehicle provided, and as vehicles will be taxed on BiK rates for HMRC purposes, mileage rates paid will be significantly lower than those payable to employees using a vehicle not procured through this scheme. Therefore, significant savings will accrue to the Council through the introduction of the scheme although how much this will be will be dependent upon participation.

Subject to approval by the Employment Panel, the Executive will need to give approval for the Council to incur the expenditure associated with this scheme although this will be fully recovered from employee salary reductions.

Consultation will provide employee feedback regarding the introduction of the scheme and anticipated support. This is a new initiative and Carlisle City Council will be the first in Cumbria to introduce such a scheme thus demonstrating the proactive approach to enhancing workforce benefits and contribution to attracting new recruits.

# Report to Employment Panel

Agenda Item:

Meeting Date: 12 November 2013  
 Portfolio: Finance, Governance and Resources  
 Key Decision: Not Applicable:  
 Within Policy and Budget Framework NO  
 Public / Private Public

Title: SALARY SACRIFICE CAR SCHEME  
 Report of: ORGANISATIONAL DEVELOPMENT MANAGER / DIRECTOR OF RESOURCES  
 Report Number: RD57/13

**Purpose / Summary:**

This report outlines a proposal to introduce a Salary Sacrifice Car Scheme for employees that will allow the Council to make financial savings from National Insurance contributions and mileage reimbursements, and be nil cost to the Council to operate.

**Recommendations:**

Employment Panel are asked to approve, in principle, the introduction of a Salary Sacrifice Car Scheme for employees subject to a consultation process being undertaken with staff and approval for incurring expenditure being requested of and approved by the Executive.

**Tracking**

Employment Panel:	<b>12 November 2013</b>
Executive:	<b>16 December 2013</b>

## **1.0 Background**

- 1.1 The Council has been increasing the non-salary benefits it offers to staff over the past few years. This has included offering various 'Salary Sacrifice' schemes, such as Childcare Vouchers and Cycle to Work for the provision of bicycles.
- 1.2 Salary sacrifice schemes have become an increasingly popular way of providing enhanced benefits to staff, with schemes able to be implemented at no cost to the employer and offer the opportunity to make savings in times when financial pressures are increasing, they are a way of improving the offer to staff for retention and recruitment purposes. These schemes can be offered by any employer and are not specific to the public sector.
- 1.3 There are a wide range of benefits organisations can offer to their staff which support engagement in the workplace. Effective pay and reward strategies, together with initiatives including flexible working, offers on goods and services, recognition of achievement and learning and development opportunities contribute to successful recruitment and retention.
- 1.4 With this in mind, this report outlines a proposal to introduce a Salary Sacrifice Car Scheme for Carlisle City Council.

## **2.0 The Principles of Salary Sacrifice Car Schemes**

- 2.1 Salary Sacrifice Car Schemes have become more popular with the changes to Benefit in Kind (BiK) tax on cars in 2008, which continues to favour low emission cars with lower levels of Benefit in Kind tax. Low emission vehicles benefit the most from these schemes.
- 2.2 From the Council's perspective, a Salary Sacrifice Car Scheme allows it to provide an additional benefit to the employee at no additional cost or, depending on how the scheme is set up, with the potential to achieve savings. This is made possible by the employee covering all the costs associated with the vehicle which results in the Council paying reduced national insurance contributions on the amount of salary sacrificed by the employees. This would equate to 10.4% of the amount salary sacrificed by the employee. This amount can be taken as savings. **Therefore, these schemes are run at no cost to the Council.** The full cost of the vehicle is recharged to the employee.
- 2.3 The employee gives up a proportion of salary in return for the provision of a "car". With a Salary Sacrifice Car Scheme the vehicles are taxed by HMRC based on the

Benefit in Kind tax liability (BiK) for the employee. However, the advantage for the employee with a Salary Sacrifice Scheme is that the reduction in gross salary (which covers all the costs of the vehicle) results in savings on income tax and national insurance contributions which more than offset the BiK liability.

- 2.4 For example, a low emissions car may attract a BiK rate of 13%. The employee would not pay tax at 20% and national insurance (NI) at 10.8% on the amount 'sacrificed', effectively saving the difference between the BiK rate of 13% and their marginal tax and NI rate of 30.8% on the amount salary sacrificed. The vehicle is then available to the employee at a competitive rate compared with financing a new car in the retail market.
- 2.5 An additional benefit for the Council is a reduction in the cost of fuel reimbursement via mileage claims. Currently the Council pays 52.2pence per mile for an employee using their own car. This would reduce to 10.3pence per mile if they had a car provided in the Salary Sacrifice Car Scheme.
- 2.6 Employees who are in receipt of an essential user allowance due to the fact that they are required to use their vehicle for work purposes receive a lump sum of up to £963 per annum and can claim mileage at 40.9pence per mile. These employees would still receive their essential user allowance, but again, the mileage rate payable would be 10.3pence per mile.
- 2.7 All employees who take a salary sacrifice car would therefore only be able to claim mileage at the lower car rate of 10.3p per mile. **The reduced mileage payable will allow the Council to make financial savings as detailed in paragraph 4.3.**

### **3.0 Scheme Providers**

- 3.1 There are contract hire companies in the market who provide Salary Sacrifice Car Schemes, however, Sector, who are the Council's Treasury Services Advisors have completed a procurement exercise on behalf of Mid and West Wales Fire Authority to establish a Framework Agreement, which will enable eligible organisations to establish their own Salary Sacrifice Car Schemes as part of their employee benefits packages.
- 3.2 This Framework Agreement is available to the wider public/not for profit sector including Local Authorities, in the United Kingdom and all current and future members of The Procurement Partnership Ltd. Accessing this Framework removes

the necessity for a separate OJEU tender procedure hence cutting out management time and cost.

- 3.3 Sector charge £1,500 to access the framework agreement. Under the terms of the Framework, eligible organisations can select a preferred provider to deliver their scheme through a mini-competition process assisted by Sector. As part of this mini-competition the Council would outline the precise details of how its scheme would operate and any particular details it would like to specify. This can include specifying that providers use local car dealerships to provide the vehicles. This cost can be met from existing budgets.

#### **4.0 Benefits of the Scheme**

- 4.1 There are a number of potential benefits from introducing a Salary Sacrifice Car Scheme. These include:

For the Council:

- Savings in Class 1 National Insurance costs on the amount of salary sacrificed. For the Council this would be 10.4% of the salary sacrificed.
- Other savings will accrue from business mileage reimbursement rates
- Reduces some “grey fleet” risks resulting from essential or casual users driving their own cars for business purposes.
- Enables an opportunity to reduce the carbon footprint of business travel. A maximum CO2 emissions level can be specified so as to only allow ‘green’ vehicles.
- A management system which will dovetail with the Employer’s payroll and HR functions.
- Provisions to cover scheme risks such as long-term sickness, maternity leave and early termination.

For the Employee:

- The employee pays for the rental before tax and NI deductions meaning a significant tax saving. BIK tax will have to be paid, but for low emission cars there is still a substantial saving.
- Both the employee and spouse/partner have access to new cars of their choice, which are replaced every 3 years or so.
- Cars are acquired on the Council’s purchase discount terms meaning that an individual gets the benefit (through reduced rentals) of a large fleet purchaser
- Credit rating of the employee is not required.
- Employees do not have to find a deposit or use any savings to purchase a car.



- All normal support services are included, such as breakdown recovery, all servicing and maintenance, replacement tyres and annual road tax renewal
- Comprehensive insurance is covered in the rental (including appropriate business use).
- Opportunity to buy the vehicle upon expiry of the agreement period at the current market price.

4.3 The potential savings to the Council from the implementation of the scheme are summarised below:

<b>Casual User @ 500 Business Miles per year</b>			
	<b>Current Arrangements</b>	<b>Salary Sacrifice Car Scheme</b>	<b>Saving</b>
Mileage	260	52	(208)
Employers National Insurance*	373	0	(373)
Class 1A National Insurance	5	0	(5)
	<b>638</b>	<b>52</b>	<b>(586)</b>

<b>Essential User @ 2,000 Business Miles per year</b>			
	<b>Current Arrangements</b>	<b>Salary Sacrifice Car Scheme</b>	<b>Saving</b>
Mileage	818	206	(612)
Essential User Allowance	963	963	0
Employers National Insurance*	373	0	(373)
Class 1A National Insurance	122	120	(2)
	<b>2,276</b>	<b>1,289</b>	<b>(987)</b>

N.B. Both above examples are based on a Renault Clio 1.5tdi, savings will increase with higher value vehicles.

Savings will be dependent upon the type of vehicle taken by the employee, and the amount of mileage undertaken, however, where salary sacrifice car schemes have been implemented elsewhere, a 4-6% take up has been seen. Based on the above example this could equate to between 20 and 30 vehicles being provided through this scheme, so savings to the Council of over **£12,000** per annum would not be unrealistic given this level of participation. It would be proposed that due to the uncertain nature of potential take-up that any savings accrued is taken to salary turnover savings throughout the year.

## 5.0 Risks Associated with the Scheme

5.1 Running a Salary Sacrifice Scheme is not without risk and issues that need to be managed. However, the scheme can be set up in such a way as to mitigate the impact of most, if not all, of these risks. The main risks/issues include:

For the Employer:

- The salary reduction commensurate with the employee's chosen vehicle may result in a salary below the National Minimum Wage.  
**Mitigated by** – the Scheme Provider will employ a monitoring process within the vehicle quotation system but responsibility for ensuring Employees do not fall below the National Minimum Wage lies with the Council.
- Life-style changes may mean the Council has to cover the costs of leasing the vehicle. For example, the employee may be absent either on maternity leave or through long-term sickness.  
**Mitigated by** – either insurance against these risks provided as part of the rental or by a contingency fund for this purpose (These can be built into the scheme specification). The contingency is funded by adding a small premium to the rentals that is retained by the Council and monitored by both the Council and Scheme Provider.
- Early termination of the vehicle as a result of resignation, redundancy, dismissal or the Employee being removed from the Scheme.  
**Mitigated by** – the insurance provisions or contingency fund outlined above. Alternatively, the agreement with the employee can specify that early termination charges are payable by the employee in all cases except where they are made compulsory redundant or have died in service. It is recommended that this option be applied and insurance is built into the pricing to cover only compulsory redundancy and death in service.
- End of contract charges such as excess mileage or damage recharges.  
**Mitigated by** – Scheme Providers will monitor the running mileage of vehicles provided on the scheme and, where necessary, offer to re-schedule the agreement. This results in a slight increase in the monthly rental where a vehicle shows a trend to run over-mileage, but an excess mileage charge at contract expiry is avoided. It is the responsibility of the employee to settle any recharges for damage to the vehicle but the Framework Providers will waive any such charges up to £150. Damages in excess of this cost will be

recharged to the Council who will need to recover the sums from employees. Increased damage waiver amounts are available in return for additional premiums payable with the vehicle rental.

For the Employee:

- Early termination due to dislike of the vehicle, resignation, change of life-style, total loss etc.
  - Refer to comments above
- End of contract charges such as excess mileage and damage recharges.
  - Refer to comments above

## **6.0 Scheme Design and Implementation**

6.1 The Framework Providers offer a scheme design service for eligible bodies that have no experience of establishing these schemes themselves. However, a number of fundamental policy issues must be decided in order that the selected Provider has clear guidance upon which to base the scheme. These will include:

- Employee grading accommodating National Minimum wage levels.
- Authorisation (sign-off) process and responsibility for each stage of the scheme development.
- Specifying that vehicles are to be sourced from local dealerships who will be able to carry out all onward ancillary services such a servicing.
- Whether to accommodate Scheme risks by insurance or by a managed contingency fund. (e.g. notional fee added on to each employee's payments).
- Policy on charging early termination sums to employees/exemptions
- Whether any policy caps on insurance groups, CO2 levels, P11D values, body styles etc should apply
- Whether to pass on the Class 1A National Insurance costs for the employee associated with a car benefit to the employee (as shown in the examples in Appendix 2). It is recommended that this is applied as this ensures the scheme is no cost to the Council
- Establishing excluded groups from the scheme, e.g. employees on temporary contracts, employees on final written warnings etc.

6.2 Setting the policy and designing this into the scheme are clearly key stages in the establishment of a successful scheme.

6.3 It should be noted that these schemes only work well and only provide significant benefits if employees choose lower valued, lower CO2 emission cars, as that way the BiK they pay is lower.

## **7.0 Existing Benefits**

7.1 Although the officers lease car scheme was ended in 2012, Chief Officers can still take a lease car in lieu of their lump sum car allowance (9.09% of salary). Other designated officers in the Council who are required to use their car for work purposes are paid an essential car user allowance. At present there are two Chief Officers who take a lease car instead of their lump sum allowance.

7.2 The Salary Sacrifice Car Scheme would only be feasible for Chief Officers if the cost of the vehicle was greater than the lump sum car allowance that they would receive. If the cost of the vehicle is lower, then the existing arrangements are more cost effective for the employee and the Council.

7.3 It is therefore recommended that Chief Officers only be able to take a vehicle under Salary Sacrifice terms if the cost of the vehicle is greater than their lump sum allowance.

## **8.0 Next Steps**

8.1 If Employment Panel are supportive of introducing a Salary Sacrifice Car Scheme a consultation period will be held with staff. As part of this consultation, the Executive will be asked to give authority to incur expenditure for the scheme should it be approved. Although the scheme is no cost to the Council, the Council will still have to incur expenditure in paying the costs of the vehicle hire to the scheme provider. These are then recovered from the employee's salary reduction.

8.2 It is recommended that Employment Panel agree in principle the following policy decisions in order to progress a Salary Sacrifice Car scheme:

- That any vehicle taken on as part of this scheme should be used for work purposes for travel within Cumbria and that the mileage rate payable will be the leased car rate;
- That employees classed as Essential Users continue to receive their allowance but mileage will be paid at the lease car rate
- No restrictions as to CO2 levels or vehicle types;
- That scheme risks are covered by additional insurance built into the suppliers pricing for the employee and/or a notional administration fee;

- That the employee is responsible for all early termination charges other than Death in Service and Compulsory Redundancy;
- That Chief Officers can only access the scheme if the cost of the vehicle is greater than their lump sum allowance;
- That the Class 1A National Insurance Contributions payable on Cars is included in the employees costs, thus enabling the scheme to be zero cost to the Council.

## **9.0 CONSULTATION**

9.1 It is proposed to consult with the Consultative Joint Committee and Carlisle City Council staff

## **10.0 CONCLUSION AND REASONS FOR RECOMMENDATIONS**

10.1 Employment Panel are asked to approve, in principle, the introduction of a Salary Sacrifice Car Scheme for employees subject to a consultation process being undertaken with staff and approval for incurring expenditure being requested of and approved by the Executive.

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	<b>Steven Tickner</b>	<b>7280</b>

**Appendices**                      **Appendix 1 – Employee Examples**  
**attached to report:**

**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:**

- **None**

### **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's –**  
**Community Engagement – not applicable**

**Economic Development – not applicable**

**Governance** – The proposed scheme will either be classed as forming part of staffs' terms and conditions of employment or be a discretionary benefit with the right reserved by the Council to withdraw the scheme. If the latter is the chosen option then this should be explicitly stated in documentation. The Salary Sacrifice Car Scheme will need to be underpinned by an agreement between the Council and the employee to cover, for example, repayment of funding should the employee leave the employment of the Council during the relevant period

**Local Environment – not applicable**

**Resources** – The proposed scheme will require the Council to run a mini competition on the Sector Salary Sacrifice Car Scheme framework agreement which will be accessed via a one off payment of £1,500. The Council will then appoint a preferred supplier to work in partnership with to deliver the scheme. The scheme will require the Council to enter into contract hire arrangements for the supply of chosen vehicles, but these will be mirrored by agreements with the member of staff, meaning that the outlay made by the Council is fully recovered from the employee. The scheme is to be designed so as to be of minimal risk to the Council with the cost of covering these risks passed on to the employee. The scheme will generate national insurance savings for the Council for every vehicle provided, and as vehicles will be taxed on BiK rates for HMRC purposes, mileage rates paid will be significantly lower than those payable to employees using a vehicle not procured through this scheme. Therefore, significant savings will accrue to the Council through the introduction of the scheme although how much this will be will be dependent upon participation.

Subject to approval by the Employment Panel, the Executive will need to give approval for the Council to incur the expenditure associated with this scheme although this will be fully recovered from employee salary reductions.

Consultation will provide employee feedback regarding the introduction of the scheme and anticipated support. This is a new initiative and Carlisle City Council will be the first in Cumbria to introduce such a scheme thus demonstrating the proactive approach to enhancing workforce benefits and contribution to attracting new recruits.

## Sector - Salary Sacrifice Framework - Examples

## APPENDIX 1

Employee Position

Car	Renault Clio 1.5Tdi			BMW 116dSE 5dr 116hp			Audi A4 Estate Avant 2.0TDi Sline		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
Contract Term (Months)	36			36			36		
Contract Mileage (miles p.a.)	10000			10000			10000		
CO2 Emissions (gms/km)	94			117			125		
Company Car Tax Rate	13%	14%	14%	18%	19%	19%	20%	21%	21%
<b>Salary Sacrifice Car</b>									
Gross salary sacrificed (£ per annum)	<b>-£3,584</b>	<b>-£3,584</b>	<b>-£3,603</b>	<b>-£5,066</b>	<b>-£5,094</b>	<b>-£5,122</b>	<b>-£7,414</b>	<b>-£7,456</b>	<b>-£7,497</b>
<b>20% Marginal Tax Rate</b>									
Less Tax (£ per annum)	£717	£717	£721	£1,013	£1,019	£1,024	£1,483	£1,491	£1,499
Less NI (£ per annum)	£387	£387	£389	£547	£550	£553	£801	£805	£810
Tax on company car benefit (£ per annum)	<b>-£357</b>	<b>-£357</b>	<b>-£384</b>	<b>-£687</b>	<b>-£727</b>	<b>-£767</b>	<b>-£1,152</b>	<b>-£1,212</b>	<b>-£1,273</b>
Net salary sacrificed (£ per annum)	<b>-£2,837</b>	<b>-£2,837</b>	<b>-£2,877</b>	<b>-£4,193</b>	<b>-£4,252</b>	<b>-£4,312</b>	<b>-£6,282</b>	<b>-£6,372</b>	<b>-£6,461</b>
<b>Annual saving to employee</b>									
<b>20% Marginal Tax Rate</b>									
Total tax savings incl. BIK (per annum)	£747	£747	£725	£874	£842	£810	£1,132	£1,084	£1,036
Savings compared with PCP	£776	£776	£735	£1,173	£1,113	£1,054	£1,358	£1,268	£1,178
<b>For Information:</b>									
<b>Personal Contract Purchase</b>									
Annual vehicle cost (Rental)	<b>-£2,932</b>	<b>-£2,932</b>	<b>-£2,932</b>	<b>-£4,629</b>	<b>-£4,629</b>	<b>-£4,629</b>	<b>-£6,742</b>	<b>-£6,742</b>	<b>-£6,742</b>
Estimated Annual Maintenance Cost	<b>-£260</b>	<b>-£260</b>	<b>-£260</b>	<b>-£317</b>	<b>-£317</b>	<b>-£317</b>	<b>-£478</b>	<b>-£478</b>	<b>-£478</b>
Annual insurance	<b>-£420</b>	<b>-£420</b>	<b>-£420</b>	<b>-£420</b>	<b>-£420</b>	<b>-£420</b>	<b>-£420</b>	<b>-£420</b>	<b>-£420</b>
Employee's annual cost of PCP	<b>-£3,612</b>	<b>-£3,612</b>	<b>-£3,612</b>	<b>-£5,366</b>	<b>-£5,366</b>	<b>-£5,366</b>	<b>-£7,640</b>	<b>-£7,640</b>	<b>-£7,640</b>

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**EXCERPT FROM THE MINUTES OF THE  
EMPLOYMENT PANEL  
HELD ON 12 NOVEMBER 2013**

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**EMP.19/13      SALARY SACRIFICE CAR SCHEME**

The Organisational Development Manager presented report RD.57/13 outlining a proposal to introduce a Salary Sacrifice Car Scheme for employees that would allow the Council to make financial savings from National Insurance contributions and mileage reimbursements, and be nil cost to the Council to operate.

The Organisational Development Manager outlined the principles of Salary Sacrifice Car Schemes explaining that, from the Council's perspective, the Scheme allowed the Council to provide an additional benefit to the employee at no additional cost with the potential to achieve savings (depending on how the Scheme was set up). For taxation purposes the vehicles would invoke Benefit in Kind tax liability (BiK) for the employee. The employee would give up a proportion of salary in return for the provision of the salary sacrifice vehicle. The advantage for the employee with a Salary Sacrifice Scheme was that the reduction in gross salary resulted in savings on income tax and national insurance contributions which more than offset the BiK liability.

A further benefit for the Council was a reduction in the cost of fuel reimbursement via mileage claims. The Council paid 52.2pence per mile for an employee using their own car or 40.9pence per mile for essential users. All employees who took a salary sacrifice car would only be able to claim mileage at the lower company car rate of 10.3pence per mile.

The Scheme would be provided through a framework agreement accessed through Sector, the Council's Treasury Services Advisors. The Organisational Development Manager went on to outline the benefits of the Scheme to the Council and to the employee and the potential savings to the Council from the implementation of the Scheme.

A Salary Sacrifice Scheme was not without risk and issues that needed to be managed, however, the Scheme could be set up in such a way as to mitigate the impact of most, if not all, of the risks which had been outlined in section 5.1 of the report.

The Organisational Development Manager reported that, if the Employment Panel were supportive of the introduction of the Scheme, a consultation period would be held with staff. As part of the consultation the Executive would be asked to give authority to incur expenditure for the Scheme should it be approved. It was also recommended that the Employment Panel agree in principle the policy decisions as set out in section 8.2 of the report to progress a Salary Sacrifice Car Scheme.



Members requested that a report be submitted to the Panel in twelve months time giving an update on all of the Employee Benefits that were available and how successful they had been.

RESOLVED – 1) That the introduction of a Salary Sacrifice Car Scheme for employees be approved, including the policy decisions included at 8.2 of report RD.57/13, in principle subject to a consultation process being undertaken with staff and approval for incurring expenditure being requested of and approved by the Executive.

2) That a report be submitted to the Employment Panel in twelve months time reviewing all of the Employee Benefits available.