

LOW CARBON CAR SCHEME

Introduction

Perth & Kinross Council in partnership with Tusker Direct Limited offer employees access to a Low Carbon Car Scheme.

The Scheme is a voluntary arrangement which gives Council employees the opportunity to lease a brand new fully-maintained and insured car. The lease cost is deducted from an employee's gross pay in equal instalments for a period of up to 4 years.

If you choose to participate in the Low Carbon Car Scheme, you will be entering into a "salary sacrifice" arrangement. This means that you agree to a contractual change to reduce your salary every month by a fixed amount. On this basis, the car is specifically for you but there is an opportunity to add additional drivers onto your insurance policy.

Savings are made due to salary sacrifice being deducted from gross pay prior to any income tax or national insurance being deducted.

The Scheme is supported by Terms and Conditions and Frequently Asked Questions which gives examples of manager/employee queries.

What's included in the agreement?

- All servicing, MOT & maintenance
- Fully comprehensive business motor insurance for employee (additional drivers can be added)
- Accident management
- Total loss protection
- Comprehensive breakdown and recovery assistance
- Annual licence check directly with the DVLA

Scope and Eligibility

The Scheme is open to all employees of Perth & Kinross Council who satisfy the following eligibility criteria.

Eligibility Criteria

- Employees who are over 18 years of age.
- Employees who have a permanent contract or have a contract which covers the length of the lease period.
- The salary deduction arrangements do not reduce an employee's salary below the National Minimum Wage.
- Employees do not have any existing debt arrestments.

CO2 Emission Level

To support Perth & Kinross Council's commitment to supporting climate change, we have a cap of 75 grams/km on the Scheme, therefore promoting an environmentally friendly scheme. Tusker also offset the carbon for every Tusker car, making them carbon neutral.

Application Process

- 1 Ensure that you have read the Scheme, accompanying FAQs and terms and conditions.
- 2 You can either sign up online at www.tuskercars.com (company code is PKC1 and you will require your payroll number) or you can discuss your requirements by speaking to the Tusker Employee Engagement Team through their online instant messaging service 'live chat', or by telephone on 0333 400 7431 or by email EETeam@tuskerdirect.com.
- 3 Complete the online Salary Sacrifice Agreement. **This constitutes your formal agreement to a reduction in your salary.**

Tusker will be in regular contact with you regarding delivery of the vehicle. Payments will be deducted from your salary following delivery of the vehicle and receipt of Tusker's notification by the Council's Payroll & Reward Team.

Termination of Employment

If you terminate employment for any reason such as resignation, retirement, dismissal etc after 3 months following delivery of the car, there will not be an early termination charge and arrangements will be put in place to return the car.

If you notify your employer that you wish to resign during the first 3 months of taking delivery of the car, you will be liable for an early termination charge to exit the Scheme.

If you know that you will be leaving the Council before the end of the agreement, you should not take a car through this Scheme.

External Secondments

If an employee enters into an external secondment agreement with another organisation, and throughout their secondment period they remain an employee of Perth & Kinross Council, they will still be eligible to take part in the Low Carbon Car Scheme. However, if for the duration of the secondment agreement, the employee becomes an employee of the host organisation then they will no longer be eligible to participate in the Low Carbon Car Scheme.

Occupational Pension Contributions

It is essential that employees are aware of the pension implications when considering whether to enter into a salary sacrifice arrangement and should take this into account when assessing whether this is the right arrangement for them.

Local Government Pension Scheme (LGPS)

Under previous LGPS rules, pension benefits were based on 'final pensionable pay'. This was normally based on your final year of service or, if your pay had reduced shortly before leaving, you could pick one of the two preceding years to be your final pay period for pension calculations. These were 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 2015 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 2015.

Under the new LGPS Regulations 2015 which came into effect in April 2015, pension benefits are 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 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 is 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.

To ease the reduction in pension contributions, employees can choose to pay extra into their pension pot by way of a Shared Cost AVC (Additional Voluntary Contribution). For more information, visit [our website](#).

It should also be noted that this salary sacrifice arrangement impacts on death benefits and dependants' benefits.

Teachers

The Scottish Teachers Pension Scheme 2015 is a Career Average Revalued Earnings Scheme (CARE), which provides benefits based on your earnings each year which are revalued annually to keep pace with inflation. A non-pensionable salary sacrifice scheme will affect a member's pension, including death grant and dependants' benefits.

The CARE Scheme uses a member's pensionable pay at the end of each financial year to calculate pension benefits for that year. The sacrificed amount will not be counted in this calculation. For the duration of a car salary sacrifice contract, your pension benefits will be less.

There is provision within this scheme to purchase additional pension to address this shortfall (Faster Pension Accrual)

<https://pensions.gov.scot/teachers/your-membership/increasing-your-pension>

Benefit in Kind (BIK) Tax

Benefit in Kind Tax is payable on the provision of a company car by your employer if the car is available for private use by an employee. All cars provided through this scheme are classified as Company Cars and as a result of this there is a tax to pay.

In basic terms, the benefit in kind car tax contributions are calculated based on the P11d value of the car, the amount of carbon dioxide emissions (CO₂) it produces and how much you earn.

You will pay tax on the Benefit in Kind value as determined by its P11D value (list price, including extras and VAT, but without the first-year registration fee and vehicle tax), multiplied by the BIK rate which is based on its CO₂ emissions and fuel type. This figure is then multiplied by your tax rate (e.g. 20%, 21%, 41% or 46%) to calculate the annual amount of tax to be paid. It should be noted that BIK rates are subject to change in line with budget announcements.

Tusker's online quoting system builds in the monthly Benefit in Kind as per the screen shot below to provide an estimate of the net cost of the car. It is important to note that this tax is recovered by a reduction in your tax code therefore until such times as HMRC advise you and PKC of a tax code change, the additional tax cannot be recovered from your salary.

£520*	
Monthly net amount (Effect on take home salary)	
Skoda Octavia Hatch 5Dr 1.4TSl iV PiH 13kWh 245 GPF SS EU6 vRS DSG Auto6	
Hide quote breakdown	
Amount taken from gross salary:	£713
Income Tax saving:	-£140
National Insurance saving:	-£95
Pension contribution saving:	-£49
Benefit in Kind:	+£89
Effect on net salary:	£520

P11d value: **£42310**
 Monthly net amount: **£520***

Please note that the value provided on the quote is an estimate – Tusker does not have access to all your personal information.

Salary Related Benefits

Joining a salary sacrifice scheme reduces your contractual pay and the level of income tax and national insurance contributions. The agreement may affect entitlement to State Pension, Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, the level of Statutory Redundancy Pay and any other means-tested benefits or tax credits.

Please ensure you are fully aware of your individual circumstances prior to entering into the agreement.

For more information about salary sacrifice and how it may affect your benefits, visit http://www.hmrc.gov.uk/specialist/salary_sacrifice.htm

Insufficient Salary to Cover Payments

If at any time during participation in the Low Carbon Car Scheme your monthly salary fails to meet the agreed contribution amount, the Payroll & Reward Team will contact you to discuss this further.

Mileage Allowance

If the car is used for business travel, mileage will be reimbursed. Mileage rates can be found [here](#)

Ownership

The car is owned by and registered to Tusker. Perth & Kinross Council and Tusker have entered into a contract to provide the use of a car to eligible employees. The Salary Sacrifice Agreement for the car is between the employee and PKC.

Scheme Contacts

Tusker Direct on 0333 400 7431

Payroll and Reward Team at payrollandreward@pkc.gov.uk