

# EV LEASE SALARY SACRIFICE SCHEME POLICY

Document No: FIN-DOC-002

Department: Finance / HR

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## GLOSSARY

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- **BVRLA** – British Vehicle Rental and Leasing Association
- **Employer** – Offshore Renewable Energy Catapult
- **Employee** – The individual employed by the Employer
- **EV** – Fully electric vehicle
- **Gross Salary** - Your pay before any deductions such as Tax, National Insurance and pension contributions
- **HMRC** – HM Revenue & Customs
- **Insurance Excess** – This is the amount you will need to contribute towards the cost of an insurance claim, the remainder is paid by the insurer
- **Net Salary** - Your pay after any deductions such as Tax, National Insurance and pension contributions.
- **Notional Salary** – Gross Salary before the Salary Sacrifice is applied.
- **PHEV** – Plug in Hybrid vehicle
- **Revised Gross Salary** - Your pay before any deductions such as Tax, National Insurance and pension contributions but after deducting the car Salary Sacrifice amount.
- **Salary Sacrifice** – A payment method taken from your Gross Salary before deductions for Tax and National Insurance have been calculated.
- **Scheme Administrator** - shall mean Knowles Fleet
- **Service** - A set of maintenance tasks conducted at specific time intervals or after the vehicle has travelled a certain number of miles. The intervals are specified by the manufacturer and some modern cars display the due date for the next service electronically on the instrument panel.

## 1 OVERVIEW

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The 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 gross salary you will be provided with a lease car via the Employer's lease car suppliers (via the Scheme Administrators) for a period of either two, three or four years.

There is no deposit required and the salary reduction is fixed for the duration of the lease. The car will be insured for yourself and up to three 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. Please see point 9 for statutory benefit considerations. The provision of the car will make you liable to a company car Benefit in Kind tax charge based on the car chosen at HMRC rates. Rates for EV's and PHEV's are currently considerably lower than those for petrol, diesel and most mild hybrids and the government have committed to keeping them so until at least 2025.

### **Competitive prices**

Competitive lease costs are obtained by using the Scheme Administrator's buying power and obtaining quotes from multiple lessors to secure car leases at the most competitive price. This, combined with the savings through the use of Salary Sacrifice, means that the scheme provides an attractive option to most people.

### **No deposit**

Under the scheme, there is no initial deposit required so the cost is funded by a fixed monthly payment over the duration of the agreement.

### **Full maintenance included**

All routine servicing and repair costs arising from normal usage of the vehicle are included in the charge. UK Breakdown cover is also included. Non-standard costs, such as repairs, would be outside of this if not covered by manufacturer guarantees.

### **Insurance cover**

Fully comprehensive insurance cover is included within the scheme under a company fleet insurance policy. The standard insurance includes cover for the Employee and up to three additional named drivers.

### **Trouble-free budgeting**

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. 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.

### Easy ordering and high service levels

A dedicated team is available through the Scheme Administrator (who will manage the scheme for us) and they will work hard to ensure the process of ordering and receiving your new car is as smooth as possible. The team will also advise and help you through the process of choosing, to receiving and on to using your new car.

Instant quotes can be obtained via: <https://www.knowlesfleet.com/OREC/>

## 2 PURPOSE

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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 ORE Catapult'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

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Eligibility is subject to the following conditions:

- You are employed on a permanent contract
- You have completed your probationary period
- You have an hourly rate above the national minimum/living wage after all Salary Sacrifice and other deductions have been made
- The car selected is within the affordability cap set (see section 5.0)
- Entering a Salary Sacrifice arrangement and committing to a reduction in salary over the lease period
- ORE Catapult's approval (your application will be reviewed by an internal committee)
- The car chosen does not exceed 75g/km CO2 emission (this will be reduced over time in line with the sustainability strategy)
- 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

ORE Catapult reserves the right to decline any application.

## 4 ACCESS TO THE SCHEME

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ORE Catapult has appointed Knowles Fleet as Scheme Administrators to administer leased vehicles on its behalf. All aspects of the vehicle administration, from the initial quotation to procurement, maintenance Knowles Fleet will carry out their duties based on the contents of this policy.

Instant quotes can be obtained via <https://www.knowlesfleet.com/OREC/>

Quotes are generally valid for 21 days: however, they are subject to change due to events outside of our control (e.g., changes in supply cost, interest rates, government grants or legislation).

All information provided by the Employee during the application process will be checked and verified by a representative of HR department, Finance and Knowles Fleet. The vehicle will not be ordered until all these checks have been completed, which will take a couple of weeks on average. Once these checks have been completed, you will receive confirmation that the order for the vehicle selected has been placed by Knowles Fleet.

The Car Salary Sacrifice Scheme will be open on a continuous basis so applications can be made at any time. ORE Catapult reserves the right to amend this scheme or Scheme Administrators at any time.

## 5 VEHICLE SELECTION

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Employees can make a free choice of vehicle subject to the following restrictions.

The choice of vehicle must be suitable for the performance of the driver's duties in a safe and appropriate manner. Special emphasis will be placed on Health & Safety issues concerning the carriage of goods and people and the length of the journey and the type of roads regularly travelled.

There will be no limit on the cost of the car, as long as the reduction in salary is affordable. To ensure the car is affordable, the maximum amount you can reduce your salary by each month in exchange for a car is 25% of your existing gross monthly salary.

National minimum wage/national living wage limits and other Salary Sacrifice agreements in place may mean that the amount you can Salary Sacrifice for a car is less than the maximum affordability cap.

ORE Catapult is committed to sustainable development and to reduce the environmental impact of the fleet. Therefore, several measures have been introduced to encourage drivers to reduce their business and private travel and to select a car with low carbon dioxide emissions. Vehicles exceeding 75g/km CO<sub>2</sub> emission will not be available on the scheme. This threshold will be reduced over time in line with the sustainability strategy.

In line with many insurance policies, the fleet insurance policy may place restrictions on certain vehicles being available to drivers – typically these would relate to the availability of high-performance vehicles to young drivers.

Finally, the image of the Catapult and the way it is perceived is also affected by the choice of car and the Catapult wishes to portray an image appropriate to its role as a provider of quality and value. Therefore, the Catapult retains the right to decline any request.

It is expected that the Catapult will have vehicles available that have been returned from our people part way through the lease and are available to be reallocated with immediate availability. These can be seen on the Knowles website under Offers – reallocations.

## 6 DRIVERS

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It is possible to have up to three additional named drivers insured for the car.

The Employee is responsible for ensuring that any named additional drivers also complete the risk management procedure available on request from our HR Department and shall have their licence checked. It is the Employee's responsibility to update the Catapult 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 HR department and 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:

- Under 21 years old
- Driving less than 3 years
- 9 or more points on their licence
- A driving ban within the last three years

No drivers with a provisional licence can be insured on the car.

No drivers other than those who have been notified to the Catapult and Knowles Fleet and have been accepted as named additional drivers are permitted to drive the leased vehicle.



## 7 HOW DOES THE SALARY SACRIFICE CAR SCHEME WORK?

The Salary Sacrifice Car Scheme will work as follows:

- The Catapult will allow an Employee the use of a car of their choice (subject to meeting eligibility criteria and being available from Knowles Fleet) 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 and insurance premium). As the sacrifice reduces Gross Salary, 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 fuel, 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 Gross 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 or 4 years), specified in your amendment to 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.
- The Employee will be responsible for all fuel and electric costs for the vehicle but also be entitled to reclaim Business Mileage through the expenses system at the appropriate HMRC Advisory rate for their vehicle.

The current mileage rates applicable for qualifying business journeys in a company provided vehicle are published by HMRC quarterly and can be obtained directly from HMRC - <https://www.gov.uk/guidance/advisory-fuel-rates#rates>

Please ensure that you use the appropriate rates when claiming for business mileage in your salary sacrifice leased car.

## 8 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.

HMRC Rates prevailing at the time of writing can be found - <https://www.gov.uk/guidance/company-car-benefit-the-appropriate-percentage-480-appendix-2>

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The taxable benefit charge will be collected by HMRC through changes to your tax code. It may take a few months for the change to be reflected by HMRC and applied to your monthly pay slip. To minimise any underpayment that may arise, we would recommend that the employee contacts HMRC to provide their company car details at or around the time they take delivery of their vehicle.

HMRC will only allow an Employee to opt in, opt out or vary the payments of the car Salary Sacrifice agreement where a lifestyle change “significantly alters” Employee's financial circumstances. The Employee has the burden of proof to provide evidence to validate the claim.

## 9 HOW MUCH SALARY WILL I NEED TO SACRIFICE?

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Competitive lease costs are obtained by using the group's buying power and obtaining quotes from multiple lessors to secure car leases at the most competitive price.

The exact costs and therefore reduction in salary will depend on individual circumstances and the car that is selected. An individual's earnings, tax rate and expected mileage will all influence the overall financial impact to you.

Leasing companies change their prices on a regular basis to reflect their latest estimates of residual values at the end of the lease, estimated maintenance costs during the lease period and if they have offers on certain vehicles.

The Government may also change rules and guidance that affect taxation and national insurance. Quotations in the system are based on the information provided at the time.

## 10 WHAT IS THE GENERAL EFFECT OF REDUCING TAXABLE SALARY?

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Employees accepting this proposal may pay a reduced amount of income tax and NIC and therefore in Net Salary 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 Gross 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 Gross Salary may affect other occupational and state benefits such as Statutory Maternity Pay, and SSP. Agreeing a revised Gross Salary might also affect more general financial matters such as mortgage applications, however the majority of high street lenders take into account the arrangements outlined in this document when making mortgage decisions especially since many of the banking institutions already have similar arrangements in place for their own Employees.

Any other payments (i.e., over and above Gross Salary) such as overtime payments, life assurance, income protection, incentives/profit share and redundancy entitlements will continue to be calculated based on the higher salary rate (i.e., the rate before the Salary Sacrifice is applied, often known as 'Notional Salary').

Any annual salary increments will be stated in terms of the higher Notional Salary. It is important to note that percentage salary increases will be made by reference to the higher Notional Salary.

## 10.1 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.

## 10.2 Pension

Pension contributions for your ORE Catapult personal pension scheme are calculated from Gross Salary before Salary Sacrifice deductions. Therefore, the value of Salary Sacrifice does not impact pension contributions.

## 10.3 National minimum / living wage

The Salary Sacrifice cannot reduce an Employee's revised taxable 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 Catapult 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. This will result in you returning to your higher Notional Salary and original terms and conditions of employment. You may be required to return the vehicle. You will be contacted by finance if you fall below the national minimum/living wage to discuss what happens next.

## 10.4 What if I am claiming tax credits?

From April 2003 the government introduced, Working Tax Credit (WTC) and Child Tax Credit (CTC) and in 2013 Universal Credit (UC).

It should be noted that quotations do not take into account the impact on WTC, CTC or UC which may mean that it may not be appropriate for some Employees to participate in the scheme. WTC and UC are means tested and WTC affects the amount of CTC an Employee may receive.

These credits consider the earnings and savings of both the Employee and their spouse/ partner. If participating in the scheme were to alter the amount of credits an Employee could claim, any loss of credits may be greater than the tax and NIC savings that may be generated. In principle a company car Benefit in Kind is considered earnings for the purposes of these credits.

Consequently, each Employee's situation is different, and it is necessary to take the spouse/partner's salary and savings into account in order to estimate the most realistic impact of participating in the Scheme. If you qualify for state benefits such as the Disabled Persons Tax Credit (DPTC) you may qualify for a higher level of credit.

If you are currently claiming WTC, CTC or UC you should consider very carefully the likely impact on your net disposable income before committing to any Salary Sacrifice.

## 11 LONG-TERM SICKNESS AND MATERNITY LEAVE

The Catapult 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.

### 11.1 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").

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, Company Maternity Pay ("CMP"), is calculated using the Notional Salary (before any sacrifices) in place at the start of the maternity leave period. During your period of CMP, 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 CMP any "Salary Sacrifice" arrangements entered into during this period may reduce your entitlement to SMP and therefore gross pay received. Please refer to the Maternity Pay Policy for full details of the CMP scheme.

Whilst on maternity, your Salary Sacrifice will continue to be deducted whilst your salary is sufficient to cover it. In the event that your salary will not cover the full salary sacrifice deduction, you will be contacted by finance to discuss the available options. This is because SMP is protected and we will not take Salary Sacrifice deductions from it.

Please ensure you read the Family Leave policies carefully, if relevant, before entering a Salary Sacrifice arrangement with the Salary Sacrifice Car Scheme, and after taking into account your other financial commitments which are deducted at source, to ensure you can make a responsible and affordable decision whilst on maternity leave, adoption or paternity leave.

This may also apply to Shared Parental Leave or Statutory Adoption Pay and, in such circumstances, please contact the HR Department for a confidential discussion.

### 11.2 Sickness

Whilst in receipt of full sick pay, the Salary Sacrifice amount will continue to be deducted as normal from Company Sick Pay ("CSP"). As with family leave, Statutory Sick Pay ("SSP") is protected, and we will not make Salary Sacrifice deductions from it so any amounts will be taken from the 'top up'

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between CSP and SSP. Should CSP entitlement expire, deductions will revert to a 'net' deduction as they cannot be taken from SSP as a Salary Sacrifice amount.

There is no obligation for ORE Catapult to meet the Salary Sacrifice deductions during unpaid sickness so any such cases will be dealt with sensitively and individually using management discretion.

Please refer to your Terms and Conditions of Employment and the Absence Policy for details of sickness entitlement and pay.

## 12 EARLY TERMINATION PENALTY

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Where the Salary Sacrifice agreement is terminated early and the car returned following a lifestyle event, a termination penalty will be charged to the Employee. However, the Catapult reserves the right to not charge a termination penalty at their discretion.

Early termination penalties shall not be payable by the Employee 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. In any event, when choosing to terminate the Agreement early, the employee must provide Knowles Fleet and ORE Catapult with at least two months' notice of their intention to terminate.

The early termination penalty will be confirmed at point of quotation obtained from Knowles Fleet portal and confirmed to you at point of application. The fee is based upon the length of the contract hire and the annual leasing cost and displayed on a year one, two and three year basis.

At the end of the contract hire period, or on early termination of the contract, the Employee will also be given the opportunity to purchase the vehicle at a rate agreed with the Leasing Company.

If the Employee leaves their employment at ORE Catapult and moves to another organisation the vehicle may transfer to the new employer, subject to the agreement of ORE Catapult, the new employer and the lease company.

## 13 INSURANCE AND LIABILITY

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The car will have fully comprehensive insurance for social, domestic, pleasure commuting and for business purposes of the Catapult and is underwritten by Zurich Municipal. The policy number and details can be found on ORE Catapult' lease car website.

Up to three additional named drivers can be included on the insurance policy. Should an Employee allow anyone to drive the car without being added to the insurance policy, the Employee will be responsible for any losses the Company sustains. The Insurance Terms and Conditions are subject to change on an annual basis when the policy is renewed; such changes are outside the control of ORE Catapult.

In the event of any incident resulting in a claim against insurance, the Employee will be liable for any insurance policy excess. If the circumstances of the claim allow the insurer to successfully achieve an Uninsured Loss Recovery (ULR) on behalf of the driver, the Employee will be reimbursed. If the car is stolen or damaged beyond economical repair, you will need to continue with your payments until such times that the insurance company settles the claim. The excess rate levied depends upon the individual circumstances of the driver, factors such as age, if you are a new driver, use of a dashcam (fitted as standard) and vehicle selected. The excess rates shown are levied at the point of claim, not upon inception of the policy.

Any costs incurred by misuse including the incorrect use of fuel appropriate to the vehicle, will be charged in full to the Employee. Such costs are not covered by the insurance policy and drivers should take care to ensure that the correct fuel is used at all times.

The Employee will usually be responsible for any costs incurred by the ORE Catapult 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 the ORE Catapult's insurance policy, there are certain restrictions which relate to drivers who have received serious driving convictions. These restrictions apply to anyone entering the Car 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,
- has been fined a sum in excess of £100 in respect of any one offence in connection with any motor vehicle.

In these circumstances the Employee must not under any circumstance, drive the vehicle under Salary Sacrifice Car Scheme or allow anyone else to drive without discussing with the HR Department.

In addition to the above restrictions, no one under the age of 25 is permitted to drive Tesla or any High-Performance vehicle under ORE Catapult's insurance policy.

If you lose your driving licence for any reason you must inform Knowles Fleet and the HR department in writing immediately.

### 13.1 Insurance excess

Our standard excess rate is £250 (for Employees and named drivers); however, additional excess is payable on several factors as outlined below.

- Young driver additional excess:
  - for any driver under 21 years old will pay an additional excess of £300
  - For any driver aged 21 to 24 years old will pay an additional excess of £200
- If you have held your licence for less than 12 months, you will pay an additional excess of £200

- If your dashcam is not in use or you decide not to supply the dashcam footage following an insurance claim an additional £150 excess applies
- High performance vehicle additional excess - for any vehicle that is deemed as a high-performance vehicle or Tesla will pay an additional excess of £250. If you are under 25 you are not permitted to drive these vehicles.

The additional excesses noted above are cumulative.

Employees should not do anything that could invalidate the insurance on the vehicle. Wherever possible, it is preferable that the Employee should not leave the vehicle parked on a public highway overnight. The Employee must inform ORE Catapult and Knowles Fleet of any change of address at which the vehicle will be kept or garaged.

## 14 SERVICING, REPAIRS AND BREAKDOWNS

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All routine servicing and repairs arising from normal usage are included within the scheme, any other amounts will be charged to the Employee separately.

You must ensure that weekly checks such as tyre pressures, oil and coolant levels, brake 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 Knowles Fleet (notified to you in your Drivers Handbook) to ensure maintenance and servicing is properly and swiftly carried out. Undue wearing of or damage to tyres must be reported to Knowles Fleet immediately and the car must not be used unless the tyres conform to all relevant legal requirements. The Employee should not change the car's tyres or battery without the consent of Knowles Fleet.

For repairs, contact Knowles Fleet for advice directly. Damage caused by misuse, negligence or excessive wear and tear will be charged to the Employee.

All cars will have UK breakdown cover, details of which will be supplied with your vehicle.

The following are exclusions from the Lease Company breakdown cover and will result in a charge to the Employee:

- Non – mechanical breakdowns that could have been avoided by the driver
- Contaminated fuel
- Running out of fuel
- Lockouts
- Wheel change – when the spare is not available

- Second call out for a battery that has been previously condemned by a patrol

*(Please note this list is not exhaustive)*

## 15 MODIFICATIONS

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Tow bars may be fitted to lease cars, subject to written consent from Knowles Fleet and the lessor and no damage is incurred to the car either during or after installation. All tow bars must be fitted by an approved installer, and all associated costs of installation and removal must be met by the Employee.

## 16 RELIEF FOR COURTESY VEHICLES

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The Employee does not have an automatic entitlement to a replacement vehicle if the lease car is unavailable due to normal repairs, servicing or following an accident and depends on availability. Any relief or courtesy vehicle is unlikely to be the same specification as the lease car and is normally a smaller car.

If the vehicle is a total loss, the garage will expect for the courtesy car to be returned (usually after 48 hours). This is an opportunity for the Employee to make necessary alternative arrangements for a replacement vehicle at their own cost. The scheme manager may be able to assist with this.

## 17 PARKING FINES AND PENALTIES

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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 the Employee in all cases and deducted from Net Salary.

Necessary charges incurred for parking, road tolls and congestion charges whilst on business may be met by the Employer. These expenses must be claimed through the expenses system and authorised by the relevant approver in the normal way.

## 18 CONTRACT MILEAGE

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The Employee 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, the Employee will be liable to an additional charge based on a cost per additional mile.

The excess mileage charge rate depends on the specific car but on average is likely to be around 15p per mile (plus VAT) for plug in electric and around 10p per mile (plus VAT) for electric cars. It is important that Employees consider this, when estimating their annual mileage rate on the application/quotation form. At the end of the leasing period if the average annual mileage is less than the agreed annual mileage the Employee will not be eligible for a rebate.

Variations between the estimated and actual mileage should be monitored. If the total contracted mileage is different to the actual mileage undertaken, a mileage adjustment can be made to the lessor at the request of the driver or following recommendation by Knowles Fleet. Increases to the overall contracted mileage of the vehicle will result in an increase in the cost to the Employee. Similarly significant reductions in overall mileage may reduce the cost of the vehicle.

Although Knowles Fleet will endeavour to inform the driver of any variation it is the driver's responsibility to inform them of any significant variations to contract mileage.

## 19 CHARGING POINTS

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Knowles Fleet will discuss with employees on an individual basis the benefits of having an electric charge point installed on their property and where possible arrange for this to be included in the cost of the salary sacrifice.

## 20 PAYMENTS

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The Employee authorises ORE Catapult to deduct the agreed amount via Salary Sacrifice. All other charges levied against ORE Catapult in respect of the Employee's car will be recovered from your Net Salary, for example:

- Excess mileage costs during the agreement period and on return of the car
- Any termination penalty that is attributable to the Employee
- Any charges resulting from excess wear and tear during the agreement period and on return of the car
- Uninsured damage charges
- Costs incurred through neglect, abuse, misuse or poor maintenance of the car
- Any Insurance policy excess charges
- Any payment for fixed penalty fines, parking fines or any other costs for motoring offences charged to the employer including administration fees
- Any increase due to government policy changes or legislation (e.g., tax legislation changes – Road Fund Licence, VAT etc.)

*(Please note this list is not exhaustive)*

## 21 MILEAGE REIMBURSEMENTS

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The Employee will be responsible for all fuel and electric costs for the vehicle but also be entitled to reclaim Business Mileage through the expenses system at the appropriate HMRC Advisory rate for their vehicle.

The current mileage rates applicable for qualifying business journeys in a company provided vehicle are published by HMRC quarterly and can be obtained directly from HMRC -

<https://www.gov.uk/guidance/advisory-fuel-rates#rates>

## 22 USE OF VEHICLE ABROAD

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Use of the lease vehicle in the European Economic Area is permitted, subject to prior written application to Knowles Fleet and your line Manager / Director. Maintenance costs and breakdown cover are not covered when the vehicle is abroad, and it is the Employee's responsibility to make special arrangements to cover this period.

The Employee is also responsible for obtaining any necessary documentation via Knowles Fleet where not provided by the manufacturer. Approval will not be given unless the Employee has taken out satisfactory recovery insurance, such as AA5\* or European breakdown cover. All costs must be borne by the Employee. Each country has individual laws and regulations relating to the condition of motor vehicles and the equipment that must be carried aboard or which is prohibited from being carried. You must ensure that you familiarise yourself with the relevant legal requirements and abide by them.

In line with the government guidelines you will need to obtain a green card from our motor insurers to drive overseas. To obtain a green card you will need to notify the insurers at least one month before travelling through the Scheme Administrator.

## 23 THE END OF THE AGREEMENT

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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 the Employee. The Employee 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. Employees will be free to arrange a new Salary Sacrifice prior to the termination date in order to ensure that delivery of the new car coincides with the date for

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returning the existing car. Alternatively, at the end of the Salary Sacrifice arrangements you will return to your original terms and conditions of employment and your higher notional pay.

## 24 TRAINING REQUIREMENTS

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No formal training is required in relation to this policy.

## 25 REFERENCE DOCUMENTS

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**FO-4070** – Family friendly policy & procedure

**PO-4030** – Sickness absence management policy & procedure

Salary Sacrifice Employment contract variation (Please contact HR for a copy)

## 26 DOCUMENT REVISION HISTORY

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Revision	Date Issued	Purpose of Issue and Description of Amendments
1	30/08/2022	First issue.