

FAQs

Q – What is it all about?

A - This new scheme enables staff to be provided with a new low emission car of their choice, fully maintained and insured by the provider. Staff will pay for the car under salary sacrifice arrangements through a monthly gross salary deduction (where applicable) which means a saving in tax, NI and pension for any employee using the scheme.

Q – Why are we doing it?

A – It is our intention to improve the staff benefits available on Everybody Benefits and help staff to save money on everyday costs. Additionally all local authorities are required to reduce carbon emissions for their areas. NYCC is working hard at this with lots of initiatives such as the use of innovative technology to reduce energy consumption in Council properties and dedicated school carbon reduction officer works with schools to improve energy efficiency and educate future generations. For more details on reducing emissions contact ppu@northyorks.gov.uk. The 'green' issue is important to us all and as a responsible employer we should do everything possible to reduce emissions. We live in an extremely rural county with limited public transport options for many of us resulting in the car being the preferred option for both commuting and work mileage. If a proportion of the Council's staff switch to low emission cars for personal and work related miles, this would make an impact on the carbon emissions in the County.

Q – What is salary sacrifice?

A – A salary sacrifice happens when an employee gives up the right to receive part of the cash pay due under his or her contract of employment. Usually the sacrifice is made in return for the employer's agreement to provide the employee with some form of non-cash benefit. The 'sacrifice' is achieved by varying the employee's terms and conditions of employment relating to pay. Salary sacrifice is a matter of employment law, not tax law. Where an employee agrees to a salary sacrifice in return for a non-cash benefit, they give up their contractual right to future cash remuneration.

In our other tax efficient schemes, childcare vouchers and bikes to work your gross salary deductions do not effect your pension contributions however in this instance they do. So you save tax, NI and pension contributions on the sacrificed amount. This however, has implications on your future pension and for further information see below. Further you should satisfy the criteria for approval which is limited by salary and length and type of contract (see below for qualifying rules)

Q - Is this scheme only for staff who undertake official mileage on behalf of their job?

A – No. This is a car for you and your family to use. Whether you do any miles or not for your job you can still apply for a salary sacrifice lease car.

Q – Do I qualify?

A – Providing you satisfy the criteria for contract (i.e. be in a substantive post with a regular pattern of work, permanent over the period of the scheme) and salary amount (an employee will not be able to reduce their taxable salary to a rate below the prescribed National Minimum Wage rate i.e. so that their new rate of taxable pay would equate to less than the hourly legal minimum wage)

The qualifying criterion is dependent upon the section or team not being subject to any reorganization or review. Assistant Director level will determine the final approval of the order.

Q – Who would not qualify?

A – Staff who would not qualify to take part in the scheme are detailed below:

- Salary sacrifice cars are not available to staff on teachers pension scheme however we have the Affinity Scheme which will allow this population to acquire a car through net salary deductions.
- Members will not be entitled to enter a salary sacrifice arrangement. Other arrangements will be looked into.

Q - Do employees have to be in full time employment to be eligible for Salary Sacrifice?

A - No, however employees will be unable to participate in the scheme if this will result in their salary falling below the National Minimum Wage.

Q – What do NYCC get out of this?

A – Other than the ‘green’ issues highlighted previously you will all be aware NYCC introduced Everybody Benefits to provide a flexible benefits scheme which continues to develop the offerings to staff to help staff gain savings and discounts on their everyday expenditure. We save employers NI from your sacrificed salary. This will be used to cover the costs of operating the scheme and continue to fund the continued development of the Everybody Benefits scheme.

Q - What is the HMRC's view on Salary Sacrifice for Cars?

A - 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 normally 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.

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

A - No, however your Company Policy and consideration to the following state benefits needs 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

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

A - For the period during which your taxable pay is reduced as a result of the salary sacrifice arrangement your pensionable pay will also be reduced. If this occurs during the years up to your date of leaving or retiring the pensionable pay used in the calculation of benefits will be reduced.

When taking out a salary sacrifice arrangement you will need to consider whether you are likely to leave or retire either during the period while the lease car arrangement is in place or shortly after it ceases. If you will not continue in employment for at least 12 months after the end of the salary sacrifice arrangement your pensionable pay may be reduced.

If the pay we use to work out your pension benefits is reduced it will mean that all of your benefits will be reduced which will include your pension, lump sum retirement grant, spouse's or partner's pension plus any lump sum death grant.

So, if you are planning on retiring or leaving within the next 3 years, and are a member of the LGPS, this scheme is probably not for you. You should also bear

in mind that unexpected events e.g. ill health or forced move can occur during the salary sacrifice period and may have a detrimental effect on pension benefits. More detail and information will be provided personally before the lease is taken up but in the meantime, you might like to discuss with your financial adviser or contact the North Yorkshire Pension Fund on pensions@northyorks.gov.uk for personal fund information or sue.giffin@northyorks.gov.uk for general queries.

Worked examples of how entering the Green Car Salary Sacrifice Scheme can be downloaded under the 'Scheme Policy' section of the Green Car Salary Sacrifice Scheme website and will also be emailed out to you when you order your new vehicle. As part of this process, you will be asked to confirm that you understand any potential impact there may be on your pension by taking a Green Car Salary Sacrifice Vehicle.

Q – What is the impact on my redundancy payment (should this arise)?

A- As in other salary sacrifice arrangements for redundancy purposes, in the event of redundancy, your redundancy payment will be based on your gross salary prior to any salary sacrifice arrangement.

Q – What are the savings I could expect to see when comparing to a garage purchased lease car?

A- The exact savings will be dependant upon individual circumstances and the car that is selected. Savings are made by the manufacturer offering the lease company a discount when they finance the vehicle. These discounts are passed to you. Salary sacrifice saves you 20% tax (40% if salary over £37,400), 11% on NI and pension (between 5.5% and 7.8%). Additionally there are no upfront payments or a credit check required (which will be required in a garage deal). To offset these savings your tax code will change in line with the benefit in kind received (outlined above). It is difficult to put a % saving however taking everything into account it is highly unlikely that you'll be able to better the scheme by doing it yourself.

Q – What am I paying for if I take a Green Car Salary Sacrifice vehicle?

A – The new Green Car Salary Sacrifice Scheme is an all-inclusive motoring offering including:

Finance of the vehicle itself

Maintenance of the vehicle including all servicing, batteries, exhausts and tyres under normal wear and tear conditions. Exclusions include glass (other than light bulbs) and driver damage.

Fully comprehensive insurance including all business travel from a choice of three major High Street Insurers. The excess for the insurance policy is £250

Gap Insurance - In the event of a total insurance loss to a vehicle (accident, fire or theft), this will pay the difference between the motor insurer's settlement figure and the finance agreement termination charge

- Maximum benefit payable is £4,000

Early Termination Insurance (ETI) with a 6 month exclusion period - This protects you against certain penalty charges incurred as a result of closing a Contract Hire agreement early (after the first 6 months) due to you leaving NYCC and returning a vehicle as a result of:

- The Employee voluntarily resigning from their Employer
- The Employee's Employer transferring the Employee's place of work to a location outside the Territorial Limits of the Policy
- The Employee's driving licence being withdrawn for medical reasons by the issuing Authority
- The death of the Employee
- The Employee or their spouse or common-law partner suffering Terminal Illness
- The Employee or their spouse or common-law partner suffering Disablement or Mental Illness
- The Employee losing their sight
- The Employee suffering physical separation of one or more limbs at or above the wrist or ankle

Provided the termination is a direct result of any of the above conditions and the Vehicle is returned to the Leasing Company Maximum benefit payable is £4,000

Termination charges recoverable should the contract be terminated early due to resignation:

- Resignation in the first six months (full early termination charge)
- Resignation charges of the equivalent of 3 months payments if resignation takes place between 7 and 18 months
- Resignation charges of the equivalent of 2 months payments if resignation takes place between 19 and 24 months
- Resignation charges of the equivalent of 1 month payment if resignation takes place between 25 and 36 months
- Maximum sum insured is £4,000

Employers Class 1A NI – this charge is to cover the charge made on NYCC to provide this car to you under this 'company car' scheme.

Annual Road Fund Licence - This will be organised and sent to you at each renewal period.

Roadside Assistance (Homestart & Recovery UK & European Cover)

Q – What benefit do staff receive?

A – Large employers are able to receive excellent discounts from car manufacturers when either purchasing or leasing vehicles. This scheme enables staff to take advantage of these discounts, together with savings on tax, NI and pension to bring you a really fantastic deal. The choice of vehicle is yours (restricted to vehicles sub 120 g/km), maintenance and insurance are included and the price fixed dependant upon the number of miles you wish to do.

Q – Why restrict the choice of vehicle?

A – NYCC is committed to reducing CO2 output from vehicles used on business mileage and in commuting to work. Because this scheme is aimed at improving CO2 emissions we have determined that the upper limit of emissions is 120g/km or below. The Government has used this limit to determine a preferential benefit in kind tax (further information regarding Benefit in Kind can be found within this document) and an annual car tax disc of £35 and as a result more and more manufacturers are introducing low emission cars into their offerings.

Q - What vehicles attract the best savings?

A - Due to the current Benefit-in-Kind legislation the most cost effective vehicles on the scheme are those that have a CO2 rating of less than 120g/km. (BMW 118d, Mini 1.4d, Toyota Aygo, Toyota Yaris, etc). There may also be the opportunity to take advantage of certain Manufacturer incentives on certain vehicles.

Q – What is a benefit in kind?

A - HMRC determine that organisations can make ‘in kind’ payments to employees which are not taxed at source but are considered a payment for tax purposes. Company cars are a prime example for this. This salary sacrifice scheme is considered a company car for tax purposes even though you are paying for it. It therefore attracts a percentage of tax determined on the cost of the vehicle (P11d price). This tax charge (which is based on the low CO2 emission) is either 10% (petrol) or 13% (diesel) and is extremely favourable in comparison to higher emission cars.

Q – What mileage rate will I receive if I do any official miles in the salary sacrifice car?

A – Your mileage rate will match the authority's mileage rates however because the car is classed as a company car for tax purposes you will pay tax and NI on the profit over that which the HMRC consider to be paid to this class of vehicle currently.

Engine Size (cc) Petrol Diesel

1400 or less	11ppm	11ppm
1401 to 2000	14ppm	11ppm
over 2000	20ppm	14ppm

E.g. Mileage rate 47ppm less 11ppm = 37ppm profit x 20% tax = 7.2ppm plus NI @ 11.8% = 4.2ppm, leaving 35.6ppm

Q – I've got an existing car, what options have I got?

A – There are a number of choices:

- Firstly you could keep the car and salary sacrifice a second vehicle
- You can sell the vehicle privately yourself.
- You could see if a garage would buy the car from you.
- Tusker will dispose of the vehicle on your behalf. Please see below for details.

Q – I would like Tusker to dispose of my current vehicle – what do I need to do?

A – Tusker has teamed up with G3 Remarketing to provide a commitment-free vehicle valuation and disposal service, and has negotiated a discounted rate of just £199+VAT to assist you in selling your vehicle should the free of charge valuation match your expectations. This charge covers the collection, valet and sale of your vehicle. For more information, or to receive your free vehicle valuation, please visit www.g3remarketing.co.uk/tuskervaluations or call **0845 190 6363**

Q – What happens if Tusker cannot sell my vehicle?

A – G3 Remarketing will inform you if the vehicle does not sell and suggest the different options available to you. This may include lowering the reserve price being asked. Remember though, this is your decision and the vehicle can be returned to you for you to then sell privately. In this case the only fees you will pay are the initial collection and delivery costs.

Q - Who is responsible for arranging servicing of the vehicle?

A- Whilst you do not pay separately for servicing as it is covered in the scheme, 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. It is likely that 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.

Q - What happens when the car needs a service?

A - The cost of maintenance is included in the monthly rental. You simply call the Driverline on **0871 955 5350** or log onto the Everybody Benefits website (selecting Green Car Salary Sacrifice) and navigate to the online service booking functionality and we will arrange to have the vehicle collected from your place of work or home, serviced and returned.

Q- What happens if my car needs new tyres?

A – The cost of tyres is included in the monthly rental. You simply call the Driverline on **0871 955 5350** and they will either direct you to the nearest nominated tyre centre or arrange for a nominated mobile unit to visit you to replace your tyres.

Q - What happens if the car breaks down?

A – The cost of UK and European roadside assistance is included in the monthly rental so whether you breakdown at home, at the office or anywhere in Europe you are covered.

Q - What happens if I do more than the contracted mileage?

A - When you choose your vehicle you have the opportunity to choose the annual mileage. If during the term you wish to change the mileage to more accurately reflect the actual mileage the supplier should be able to accommodate this. If you return your vehicle with more than the contracted mileage you will be liable for an excess mileage charge to cover the expense of the additional depreciation and servicing costs that will have been incurred because of the additional mileage.

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

A - You are committing to the term of the contract (3 years). If you do decide you no longer want the vehicle you can obtain an early termination quotation at any time during the term of the contract but you will be responsible for the cost.

Q - What happens if I resign?

A - If you resign your employment during the scheme period you will be liable for an early termination charge to exit the scheme. We have included Early Termination Insurance within the scheme however, it is important to note that there is a 6 month exclusion period. I.e. if you resign within the first 6 months of the contract you will be liable for any early termination costs associated with returning your car early (Maximum cover is £4,000 and is in addition to the excess). This will be based upon the term covered and therefore remaining and will be subject to minimum amounts. The Early Termination Excess for termination after 6 months is calculated as follows:

- 7-18 months = 3 months rentals
- 19-24 month = 2 months rentals
- 25-36 months = 1 month rental

Q – What happens if there are redundancies?

A- The amount payable per month includes Redundancy Insurance – an amount (£4,000 maximum) to cover the unexpected issues of Redundancy. This limits the exposure when terminating the contract before the end of the period.

Q - 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?

A - Any parking, congestion charges or fines incurred by you whilst using the vehicle will be your responsibility.

Q - 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?

A - The monthly cost includes GAP insurance which ensures there is no shortfall for you to pay in the event of your vehicle being declared a total loss. (Subject to a maximum sum insured of £4,000).

Q - What effect will the scheme have on my Working Tax Credit or Child Tax Credit?

A – In principle a company car benefit in kind is considered earnings for the purposes of Working Tax Credit therefore if you are claiming tax credits, please refer to your local Working Tax Credit office. If you are not sure whether to take advantage of this scheme because of the impact on your tax credits, call the Tax Credits Helpline.

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

A – No the policy is net rated. That means that everybody who can meet our criteria is given the discount equivalent to maximum bonus. 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 your no claims bonus 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.

Q - Can I take my car abroad?

A - Your car insurance includes full cover for European travel. If you wish to take your car to Europe many insurance providers will require you to inform them of the dates you are travelling. Failure to do so can reduce your cover to Third Party Fire and Theft. You will also need to contact Tusker to arrange a VE103 as authorisation to take the vehicle abroad at a cost of £10.00 and is valid for 12 months.

Q – Can I use the car to teach my children to drive?

A – Yes, but as with any insurance quote, adding 17/18 year olds will dramatically increase the insurance element of the quote.

Q - Can I get an automatic car?

A - Yes, there are a number of automatic vehicles available, for further information please contact us at nycc@ss4c.com or call **0871 995 5300**.