

WILTSHIRE COUNCIL

STAFFING POLICY COMMITTEE

4 JULY 2012

Green Car Salary Sacrifice Scheme

Purpose of Report

1. To present up to date information on the take up of employees joining the green car salary sacrifice scheme.
2. To present revised arrangements for the shortfall in the Wiltshire Pension Fund as a result of reduced contributions paid by green car scheme participants.

Background

3. The green car salary sacrifice scheme enables employees to have a new low emission car with an upper CO2 limit of 120g/km, which is fully maintained and insured by the scheme provider. Employees enter into a salary sacrifice arrangement for a period of 36 months, paying a monthly amount out of their gross salary therefore making savings in income tax, NI and pension contributions.
4. Wiltshire Council also makes savings in tax, NI and pension employer contributions which currently pays for the scheme so that it is cost neutral.
5. The scheme was first launched as a pilot in April 2011 to employees who were coming to the end of their subsidised lease car arrangement and launched to all employees (subject to eligibility criteria) in June 2011.
6. Take up rates were estimated at 2-5% of employees in years 1 to 2 and 8% of employees in year 3.
7. Staffing Policy Committee in December 2010 approved the launch of the green car scheme and agreed the use of employer national insurance savings to offset the loss of pension contributions to the Wiltshire Pension Fund.

Main Considerations for the Council

8. Take up for the scheme has been steady since the launch however this has reduced in recent months. To date there are 85 participants equating to 1.7% of the (non-schools) workforce (see appendix A).

9. Tusker provides management information to Wiltshire Council on a monthly basis detailing the cars requested, mileage allowance selected and salary sacrifice amount (see appendix B). This includes:
 - the average gross monthly salary sacrifice per employee of £326.47
 - the average CO2 emissions per car requested of 108g/km
 - the average annual mileage selected of 11,958miles
 - the three most popular vehicles (the Ford Fiesta, Peugeot 107 and Chevrolet Spark)
10. To date, one employee due to personal circumstances has chosen to terminate their green car scheme agreement earlier than the 3 year period. This has resulted in the employee incurring an early termination charge.
11. Discussions with the pensions team have concluded that the shortfall in contributions equates to a very small percentage of the total Wiltshire Pension Fund.
12. Therefore it has been agreed that in 2012 the NI savings from the green car scheme are not required to make up the shortfall in pension contributions at this time.
13. The pensions team will review this arrangement in 2013 and, if take up has increased, look at whether there is any requirement to recover the shortfall in contributions at this time.

Consultation

14. None

Environmental Impact of the Proposal

15. None

Equalities Impact of the Proposal

16. No negative impacts have been identified.

Risk Assessment

17. None

Financial Implications

18. The Wiltshire Pension Fund will remain with a very small shortfall in employer and employee pension contributions until these arrangements are reviewed.

Options considered

19. None

Recommendation

20. To ask Staffing Policy Committee to note that:

- a re-launch of the scheme will take place in the autumn to all employees (subject to eligibility criteria) with the aim of increasing take-up rates
- the pensions team will review the Wiltshire Pension fund in 2013 to determine whether a top-up in the shortfall in contributions due to the impact of the green car scheme is required.

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The following unpublished documents have been relied on in the preparation of this report: None