



Hertfordshire Constabulary and Office of the Police Crime Commissioner for Hertfordshire Lease Company Car Scheme Policy

November 2024

Agreed at People and Workforce Planning Board 8-11-2024

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1. Policy Aim

- 1.1. The Lease Company Car Scheme Policy enables all officers and police staff of Hertfordshire Constabulary or the Office of the Police Crime Commissioner for Hertfordshire (OPCC) who are permanently employed, and who meet the necessary criteria, to apply to lease a company car through Salary sacrifice – (agreeing to a deduction in their gross salary in return for the provision of a company car.)
- 1.2. The choice of company car will be restricted to one that has emissions equal to or below 140g per km. The employer may review this limit on an annual basis as the 2030 net nil deadline approaches. Any reduction to this limit and resulting restriction to the range of cars available for officers and police staff to choose from will be applied to new leases only.

2. Applicability

2.1 Inclusions

The Lease Company Car Policy is applicable to all Hertfordshire Constabulary police officers, Hertfordshire Constabulary police staff (including PCSOs) and Hertfordshire OPCC staff, (including full time, part time) who satisfy the eligibility criteria (see section 3.1). Hereafter these groups will be referred to as the employee unless a distinction needs to be made between police officers and police staff.

2.2 Exclusions

The policy does not apply to the Special Constabulary, police service volunteers, Cadets, temporary staff, agency workers, contractors, self-employed consultants and associates etc.

2.3 Definitions

- **EV** – Fully Electric Vehicle
- **The organisation** shall mean Hertfordshire Constabulary or the OPCC
- **The employer** shall mean the organisation offering the scheme
- **The employee** shall mean an officer or police staff of the organisation entering into this agreement.
- **Scheme** shall mean the Hertfordshire Constabulary and Officer of the Police and Crime Commissioner for Hertfordshire Lease Company Car Scheme.
- **Scheme Manager** shall mean Knowles Associates Total Fleet Management Ltd.
- **Salary Sacrifice** - Under this option the employee 'sacrifices' part of their salary in return for a non-cash benefit. As this sacrifice reduces the gross salary, the employee will pay lower tax, national insurance. Police Staff may also see a reduction to their pension contributions (see section 3.4 below).
- **HMRC** – His Majesty's Revenue and Customs.
- **Family Friendly leave** – e.g. Maternity Leave, Paternity Leave, Adoption Leave.

3 The Policy

3.1 Eligibility criteria

The key eligibility criteria is that HMRC rules on the National Minimum Wage (NMW) must not be broken. This will include the cumulative effectives of any other existing Salary Sacrifice. Applications will be considered against this and rejected if pay would be reduced such that the NMW is not met. It should be noted that applications made whilst on reduced pay, due to for example Maternity Leave, Adoption Leave, Long Term Sick Leave etc will be calculated on the reduced rate of pay at the time and so be more likely to fail the NMW test. There is no restriction on employees reapplying when they have returned to full pay.

Employees will not be considered for a company car under the scheme if:

- They are on Career Break
- They are suspended
- They are in the process of exiting the organisation.
- They have outstanding debt with the employer that is not in the processes of being repaid, including any unpaid charges associated with a previous lease car under this scheme.
- They already have a car through the scheme (i.e. limited to one car per employee)

3.2 Features of a salary sacrifice.

- An employee enters into an agreement with their employer to change their terms and conditions of employment, allowing them to receive a reduced salary.
- By receiving this reduced salary, the employee also pays less income tax and National Insurance (NI).
- In return for this reduction in salary, the employee receives a company car, on which, under current tax rules, they will be required to pay:
 - Benefit in Kind (BIK) tax for cars with emissions up to 75g/km, or, for cars with emissions above 75 g/km, the higher of BIK or their marginal tax rate.
 - HMRC guidance on BIK can be found at Tax on company benefits: [Tax on company cars - GOV.UK \(www.gov.uk\)](https://www.gov.uk/tax-on-company-benefits).

- The estimated cost of BIK is included in all quotes provided to employees
- There is not an automatic right to change back to receiving a full salary before the 3 year term of the lease arrangement ends however this is allowed under certain circumstances – see 3.6 Change in Circumstances (lifestyle change) for further details.

3.3 Pension benefits.

In implementing the scheme, the employer has sought to minimise the potential impact on the pension benefits earned by employees. Due to differences in pension regulations and remuneration models this achieving this aim has differing impacts on employee groups as follows:

- For police officers the constabulary has exercised local discretion to calculate pensionable pay on the notional gross salary before salary sacrifice. Whilst this means officers will not make savings on pension contributions, there will be no reduction in their pension benefits upon retirement.
- For police staff the LGPS regulations set out that pensionable pay is reduced by salary sacrifice and so police staff will also save the cost of pension contributions on the salary sacrifice. This means police staff will see greater savings on the cost of a car but will also see a reduction in their pension benefits upon retirement.
- Senior police staff, grades A7 to Chief Officer, receive a car allowance which is non pensionable. This element of their pay may be sacrificed first if they so choose at the start of the lease arrangement. Whilst this will reduce the saving on pension contributions it will help to mitigate reductions in their pension benefits upon retirement. Otherwise, they may choose to sacrifice entirely from their basic pay with this latter position being the default if no preference is expressed.

It is important that employees thinking of joining the scheme who are concerned about the potential impact of salary sacrifice on their pension benefits should seek their own independent financial advice.

3.4 Summary table of differences between Salary Sacrifice for officers and staff.

	Salary Sacrifice	
	Officer	Staff *
Change to contract of employment	Yes	Yes
Reduces Gross Pay	Yes	Yes
Reduced Tax and NI Payments	Yes	Yes
Reduced Pension Contributions	No	Yes
Impacts on Pension Benefits at retirement	No	Yes
Potential impact on earnings related benefits, contribution-based benefits and statutory payments.	Yes	Yes
Subject to benefit in kind (BIK) tax and NI payments	Yes	Yes
Potential reduction on gross earnings used by financial institutions to assess Mortgage and Loans etc.	Yes	Yes
Reduction in the level of business mileage allowance paid to align with HMRC Company Car Advisory Rates.	Yes	Yes

* Whilst senior police staff (A7 and A8) can use the quote portal for an indicative price, due to differences in the pensionable treatment of their remuneration set out in 3.4 Pension Benefits, they will need to contact Knowles Fleet directly for an accurate quote.

The arrangement will be governed by the Terms and Conditions of the contract hire Lease Company Car Scheme (a separate document).

3.5 Change in Circumstances (lifestyle change)

In order to satisfy HMRC requirements that a salary sacrifice scheme is effective there is no automatic right for the employee to switch remuneration back to salary before the completion of the lease term. However HMRC state that it may be necessary to change the terms of a salary sacrifice arrangement where a lifestyle change significantly alters an employee's financial circumstances and gives the examples of marriage, divorce and a partner becoming redundant or pregnant.

The following table sets out a range of scenarios that may result in the early termination of the arrangement and who bears the cost in each.

Scenario: A significant reduction in gross basic salary plus shift allowance (greater than 25%, excluding variable payments such as overtime). After which the minimum working wage requirements **are still met**.

Cause	Action / Option	Cost borne by
Any	The employee may choose to continue the use of the car under salary sacrifice, or return the car. If the employee chooses to return the vehicle they will be liable for a financial penalty, on account of early termination of the contract.	Employee

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Scenario: Reduced gross salary plus shift allowance. After which the minimum working wage requirements **are no longer met**. (This includes reduction to nil salary).

Cause	Action / Option	Cost borne by
Voluntary reduction in working hours.	The employee will need to return the car.	Employee
Voluntary change to a lower paid role.	The employee will need to return the car.	Employee
Family Friendly Leave / Sick Leave.	The employee may choose to continue the use of the car under salary sacrifice and defer payments. If the employee chooses to return the car, they will be liable for a financial penalty, on account of early termination of the contract.	Employee
Career Break / other prolonged absence.	The employee may choose to continue the use of the car but will need to change to an alternative payment method (the employee will need to arrange this directly with the fleet company and alternatives cannot include salary sacrifice). Alternatively, the employee will be required to return the car and meet any early termination charges.	Employee
Accepting a lower graded role as a result of a change programme.	The employee will need to return the car.	Employer

Scenario: Exit the Organisation

Cause	Action / Option	Cost borne by
Resignation / Retirement / Dismissal / Vetting Failure	Lease Terminated / car returned. Alternatively, the former employee may be able to arrange to continue use of the car privately directly with the fleet company.	Employee
Redundancy / Death in Service	Lease Terminated / car returned. Alternatively, the former employee / surviving spouse or surviving civil partner, maybe able to arrange to continue use of the car privately directly with the fleet company.	Employer

In additional to the above, at the end of the contract hire period, or on early termination of the contract, the employee will be given the opportunity to purchase the car at a rate agreed with the leasing company and subject to an administration charge by the scheme manager.

3.6 Pay Implications

By accepting a company car, employees agree for the employer to reduce their pay either through salary sacrifice (gross pay), until the full cost agreed under the terms of the lease, including any agreed deferred amount, ad-hoc charges and early termination charges are paid. On-going salary reductions for the above will be made so that the full recovery is made over the remaining term of the lease (although the term may be reviewed in line of hardship of breaching the minimum wage rules). The Scheme Terms and Conditions gives examples of ad-hoc charges.

3.7 Exiting the organisation

When an employee is exiting the organisation and has outstanding charges due under the scheme the employer will look to deduct these in total against any remaining salary due or other payments such as redundancy.

Where an employee exits the organisation and has not fully repaid all charges due under the scheme an invoice will be issued for the full amount due and be payable by the employee immediately. If this debt is not paid within the agreed term the employer reserves the right to use all available means to recover the outstanding amount including the use of debt recovery agencies and action through the courts.

3.8 Business Mileage

Regulations set out that mileage allowance follows the prevailing HMRC rates. For company cars these are the HMRC Advisory Rates which are currently lower than the rate paid to employees for casual business use of their own car. The lower rate reflects that HMRC allows for an element of wear and tear when an employee uses their own car but only the cost of fuel for a company car. The current rates can be found at: Advisory fuel rates - GOV.UK (www.gov.uk).

The employee must use their lease car for all business journeys other than if their lease car is an EV and it could not make the round trip on a **full charge**. This exception is in recognition of the current limitations on the range of EVs and the time taken to recharge them. In such circumstances, an alternative non-EV (provide by the employee with suitable insurance for business use) may be used and the mileage claimed at the public transport rate. Claims should be made in the usual way but must be accompanied by a supporting email to Hertspayroll@herts.police.uk, from the employee's line manager- stating the trip is eligible for payment at the Public Transport rate. **The public transport rate must not be claimed for journeys where the lease car was used.**

3.9 Insurance

Insurance will be provided as part of the lease hire agreement, there is not an option to opt out of this mandatory requirement.

Employees will not allow other drivers to use their vehicle without express consent from the scheme manager, charges for additional drivers may apply.

The employer will allow the employee and up to three further close family members living at the same address to use the car provided they are over the age of 21 years and pass the license test also applied to employees by the scheme manager.

At the end of the contract hire period, or on early termination of the contract, the employee will be given the opportunity to purchase the vehicle at a rate agreed with the leasing company and subject to administration charge by the scheme manager.

4 Associated Documentation

4.1 Legislation/ National Guidance.

- Data Protection Act 2018.
- General Data Protection Regulation 2018.

4.2 Associated Documents.

- Employee Terms and Conditions

5 Who to Contact About This Policy

Hertfordshire Constabulary Finance Department

6 Equality Impact Assessment (EIA)

Name of Sponsor:	James Cook Director of Resources
Name of Author:	Mike Jarvis Head of Finance
Description of proposal being analysed:	Hertfordshire Constabulary and Office of the Police Crime Commissioner Company Car Scheme Policy
Date EIA started:	13/01/2023
Date EIA finished:	25/01/2023

This Equality Impact Assessment is being undertaken as a result of the following proposal:

Note – For ease of use of this document, we will refer to all of the below as “proposal”

A new or updated policy or procedure

Add any further text here

Step 1 – Relevance

The general duty is set out in section 149 of the Equality Act 2010. In summary, those subject to the Equality Duty must have DUE REGARD to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between different groups; and
- foster good relations between different groups.

Authors have a statutory requirement to have DUE REGARD to the relevant protected characteristics shown below, whilst taking a common-sense approach

- age
- disability
- gender reassignment
- marriage & civil partnership*

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- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

*marriage and civil partnership – the analysis applies only to the elimination of unlawful discrimination, harassment and victimisation.

Additional guidance can be found by [accessing the EHRC website](#)

Please ensure as part of the EIA review, that you are compliant with The Public Sector Bodies (Websites and Mobile Applications) (No.2) Accessibility Regulations 2018. The Accessibility Regulations build on BCH existing obligations to people who have a disability under the Equality Act 2010 and consideration for 'reasonable adjustments' for disabled people.

The regulations require BCH internal and external websites and external facing mobile apps to be accessible by making them perceivable, operable, understandable and robust.

For further guidance please review:

[The Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018.](#)

[BCH Guidance on Public Sector Website and Mobile Apps Accessibility Regs 2018](#) [BCH Accessibility Regulations 2018 compliance checklist](#)

Does this proposal have a direct impact on people who?	Please State Yes or No	If NO to both questions, please explain why and give rational:
Are part of the Police workforce (including volunteers)	Yes	Add text here
Reside in any part of England and Wales?	Yes	Add text here

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If YES to either question: continue through to Step 2.

If NO Further Action, please Return to Sponsor for Authorisation once completing rational above.

Step 2 – Consultation / Engagement

You should engage with those people who have an interest in how you carry out your work generally, or in a particular proposal. This may include former, current and potential service users, staff, staff equality groups, trade unions, equality organisations and the wider community. In deciding who to engage, you should consider the nature of the proposal and the groups who are most likely to be affected by it.

The proposal owner (Sponsor/Author) must be satisfied that consultation / engagement will take place with the relevant business lead and stakeholders.

This MUST include engagement with the following relevant groups:

- Equality and Diversity Specialist
- Staff Associations
- Staff Support Groups
- Relevant community groups and members of the public

In addition, consider who else should you consult with internally and externally?

Who might be affected?

Does what you are considering further the aims of the general duty, to

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between different groups; and
- foster good relations between different groups.

Identify the risks and benefits where applicable, according to the different characteristics.

List of Protected Characteristics	Positive Impact or Benefits	Negative Impact or Risks
Age (Consider elderly or young people)	Younger / lower paid staff can have access to new company car.	No negative impact specific to this group.

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List of Protected Characteristics	Positive Impact or Benefits	Negative Impact or Risks
Disability Groups (Consider physical, sensory, cognitive, mental health issues or learning difficulties)	Access to new company car. Mobility adjustments can be requested and included in the arrangement.	Potential impact on earnings related benefits, contribution-based benefits and statutory payments.
Gender Reassignment (Consider transgender, Transsexual, Intersex)	Access to new company car.	No negative impact specific to this group.
Marriage & Civil Partnership	Access to new company car	No negative impact specific to this group.
Pregnancy and Maternity	Access to new company car.	Potential impact on earnings related benefits, contribution-based benefits and statutory payments.
Race and Ethnic origin – include gypsies and travellers (consider language and cultural factors)	Access to new company car	No negative impact specific to this group.
Religious / Faith groups or Philosophical belief (Consider practices of worship, religious or cultural observance including non-belief)	Access to new company car	No negative impact specific to this group.
Sex (Male, Female)	Access to new company car	No negative impact specific to this group.

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Sexual orientation (Consider known or perceived orientation, lesbian, gay or bisexual)	Access to new company car	No negative impact specific to this group.
List of Protected Characteristics	Positive Impact or Benefits	Negative Impact or Risks

Have you considered how this decision might affect work life balance? (Consider caring issues re: childcare & disability, safeguarding issues, environmental issues, socio economic disadvantage, and low-income families.)

Positive Impact or Benefits	No Impact
Negative Impact or Risks	No Impact

Step 3 – Assessment

Complete the EIA by analysing the effect of your proposal and detail the outcomes.

What were the main findings from any consultation carried out?

What feedback has been received?

Using the information, you have gathered and consultation that you have undertaken answer the following questions. This will help you to understand the effect on equality your proposal might have.

Has the feedback indicated any problems that need to be addressed?	No
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Describe and evidence any part of the proposal which could discriminate	Pregnancy and Maternity and Disability Groups. Potential impact on earnings related benefits, contribution-based benefits and statutory payments.
Can the adverse impact identified be justified as being appropriate and necessary? If so, state what the business case is:	Potential adverse impacts arise due to legislation which the employer must follow.
Where impact and feedback identified, what, if anything can be done?	Policy allows for charges to be deferred during period of reduced pay whilst on family friendly leave.
What outcome will be achieved that demonstrates a positive impact on people?	Uptake of scheme by employees exceeding 2%

Step 4 - Monitoring and Review

Equality analysis is an ongoing process that does not end once a document has been produced.

What monitoring mechanisms do you have in place to assess the actual impact of your proposal?	Level of uptake will be reviewed. Low uptake will be reviewed to assess reasons.
Review Date: (First review must be no later than one year)	31/1/2024

Step 5 - Sign Off

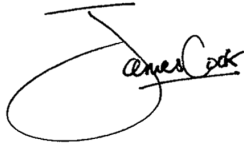
Once the Equality Impact Assessment is complete it should be signed off by the Proposal Sponsor.

This sign off is confirmation that the analysis is accurate, proportionate and relevant and actions will be delivered as required.

Having considered the potential or actual effect of this proposal on equality, our assessment demonstrates that the proposal is robust, and the evidence of our screening shows no potential for unlawful discrimination. We have taken all appropriate opportunities to advance equality and foster good relations between groups.

Official

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Signature of approval by Senior Officers / Proposal Lead	
Name	James Cook
Date	25/01/2023

Official