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| <b>This report is public</b>                  |  |
| <b>Electric Vehicle Scheme Implementation</b> |  |
| <b>Committee</b>                              | Delegated Authority Report to Corporate Director resources |
| <b>Date of Committee</b>                      | 1 July 2024  |
| <b>Portfolio Holder presenting the report</b> | N/A  |
| <b>Date Portfolio Holder agreed report</b>    | N/A  |
| <b>Report of</b>                              | Assistant Director Human Resources, Claire Cox             |

## Purpose of report

To award the Electric Vehicle (EV) car leasing contract as part of an employee benefit salary sacrifice scheme.

## 1. Recommendations

The Corporate Director Resources resolves:

- 1.1 To award the Electric Vehicle car leasing contract to Octopus Electric Vehicles Limited.

## 2. Executive Summary

- 2.1 This report sets out the process undertaken to identify a supplier of electric vehicles through a salary sacrifice scheme, and work undertaken to review risk and mitigations ahead of its implementation.

## Implications & Impact Assessments

| Implications   | Commentary  |
|----------------|---|
| <b>Finance</b> | The Driver agreement is designed to pass any cost to the Council from the lease on to the employee hiring the car. As such we would not expect any revenue impact arising directly from the leases. However, as there may be a gap between when we are required to pay amounts to the supplier and when we are able to recover these costs from the employee there may be a small impact on interest costs to ensure cash is available. In addition there is a risk that amounts owed to us by employees in relation to lease related costs have to be written off as uncollectable. However, this is mitigated by comprehensive insurance cover (including GAP insurance) and the ability for the council to recover |

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|  | costs from employees' salary. As such we are satisfied that the risk of default is sufficiently low, and that any impact on interest costs is likely to be negligible<br>Alex Rycroft, Strategic Finance Business Partner – Technical and Transformation, 21 May 2024 |         |          |  |
| <b>Legal</b>   | The call-off contract has been procured under a framework.<br>Barry Newson, Solicitor, 25 June 2024   |         |          |  |
| <b>Risk Management</b>   | The call-off contract has been procured under a framework.<br>Barry Newson, Solicitor, 25 June 2024   |         |          |  |
| <b>Impact Assessments</b>  | Positive  | Neutral | Negative | Commentary   |
| <b>Equality Impact</b>   |   |         |          | There are no equalities nor inclusion implications as a direct consequence of this report.<br>Celia Prado-Teeling, Performance Team Leader, 21 May 2024  |
| <b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?               |   | X       |          |  |
| <b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users? |   | X       |          |  |
| <b>Climate &amp; Environmental Impact</b>  | X   |         |          | Whilst this scheme will not impact CDCs direct emissions, it has the potential to help reduce it's indirect emissions, known as Scope 3, which in this case relate to how staff travel to and from work. It is therefore a useful scheme for CDC to adopt in order to help support how we address our indirect emissions |
| <b>ICT &amp; Digital Impact</b>  |   | X       |          | Not applicable   |
| <b>Data Impact</b>   |   | X       |          | Not applicable   |
| <b>Procurement &amp; subsidy</b>   |   |         |          | The procurement of this service was carried out through a compliant Crown Commercial Services Framework (RM6268). There are no procurement and/or subsidy issues.<br>Michael Sullivan, Procurement & Contracts Manager   |

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|--------------------------------------|--|--|--|-------------|
|                                      |  |  |  | 22 May 2024 |
| <b>Council Priorities</b>            | Supporting Environmental sustainability<br>Work towards our commitment to be carbon net zero by 2030.  |  |  |             |
| <b>Human Resources</b>               | This introduction of this scheme to CDC employees will enhance the benefit offer for existing staff and help to attract future employees.<br>Claire Cox, Assistant Director of Human Resources, 8 May 2024 |  |  |             |
| <b>Property</b>                      | Not Applicable   |  |  |             |
| <b>Consultation &amp; Engagement</b> | Not applicable   |  |  |             |

## Supporting Information

### 3. Background

- 3.1 A paper was provided to the Corporate Leadership Team (CLT) in December 2022, requesting decisions to be made on whether or not to consult on procuring a salary sacrifice electrical vehicle (EV) scheme. Following discussion; it was agreed by CLT that an electric vehicle salary sacrifice scheme should be procured, as this is not only a staff benefit but it supports the council's target of being carbon net zero by 2030.
- 3.2 Following CLT approval, the Corporate Director of Resources, identified 3 suppliers, of which Octopus was the preferred due to the fact that it solely offers electric vehicles so supports the Council target of being carbon net-zero by 2030. The Assistant Director of Human Resources has been working with both Procurement colleagues and the supplier, towards the implementation of this scheme.

### 4. Details

- 4.1 The Electric Vehicle salary sacrifice scheme is an employee benefit. By purchasing a vehicle through the scheme, employees have opportunity to make a saving on their statutory payments. The Driver Salary Sacrifice Draft Agreement, outlines information provided to employees who choose to participate and confirms the following for those wanting to participate in the scheme:

*"Whilst you won't pay Income Tax or National Insurance on the salary you sacrifice, you will have to pay Benefit in Kind ("BiK") tax on the car as a company car, but because it is a zero-emission car the BiK tax you pay will be much less than the income tax and NIC savings on the sacrifice. This should give you a substantial saving compared to the cost of leasing an EV yourself."*

- 4.2 Participating in the scheme could also cause a slight detriment to the state pension and will mean that employees pay pension contributions on their LGPS pension

after the salary sacrifice payment has been made. Employees would need to ensure their full understanding of the scheme prior to signing up to it. CDC is not the first Council to implement a scheme such as this.

- 4.3 Octopus Electrical Vehicles Limited, the chosen supplier, joined a Crown Commercial Services framework in May 2023 under reference number RM6268 Lot 4: Vehicle Lease, Fleet Management and Salary Sacrifice. This is the only supplier that solely provides an electric vehicle salary sacrifice scheme under this framework and this was important to the council due to the carbon net zero target.
- 4.4 Tender documents were obtained by Procurement and meetings were held with the supplier to gain understanding of the workings of the scheme.
- 4.5 A contract strategy form requesting to procure the EV scheme was completed and considered at the Procurements and Contracts Group on 14 June 2023. Procurement of the scheme was approved with a caveat of confirming the contract is net nil.
- 4.5 The supplier administration is funded by money saved on green tax that organisations are required to pay, but colleagues in the legal department were vigilant in reviewing arrangements to identify liabilities that could result in costs.
- 4.6 A full due diligence process has been completed with colleagues in Legal and Finance and they are satisfied that the contract can be awarded to Octopus Electric Vehicles Limited.

## **5. Alternative Options and Reasons for Rejection**

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to implement an electric vehicle salary sacrifice scheme. This is not the favoured option as this is a benefit that CDC can offer employees, and the scheme supports the Council's carbon neutral target by 2030.

Option 2: Following robust due diligence, to explore risks and mitigations of the electric vehicle salary sacrifice scheme, move to implementation so it is available for CDC employees to access.

## **6 Conclusion and Reasons for Recommendations**

- 6.1 Robust due diligence has been completed to ensure that the electric vehicle scheme can be implemented with minimal risk to the council, so approval for implementation is recommended.
- 6.2 The electric vehicle salary sacrifice scheme is not only a benefit to CDC employees, but it also supports the Council's target of being carbon net zero by 2030.

## Decision Information

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|---|-----|
| <b>Key Decision</b>                       | N/A |
| <b>Subject to Call in</b>                 | N/A |
| <b>If not, why not subject to call in</b> | N/A |
| <b>Ward(s) Affected</b>                   | N/A |

## Document Information

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|--------------------------------------|--|
| <b>Appendices</b>                    | Not included with this report  |
| <b>Appendix 1</b>                    | Driver Salary Sacrifice Agreement 2024   |
| <b>Appendix 2</b>                    | OEV Master Hire Agreement  |
| <b>Appendix 3</b>                    | Contract Strategy Report Form – EV Salary Sacrifice Scheme                       |
| <b>Appendix 4</b>                    | Electric Dreams Insurance Document   |
| <b>Appendix 5</b>                    | Octopus Salary Sacrifice EV Scheme Report 18.04.24                               |
| <b>Background Papers</b>             | None   |
| <b>Reference Papers</b>              | None   |
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