

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 25 AUGUST 2014

REPORT ON: REVIEW OF CONTRACT CAR HIRE SCHEME

REPORT BY: ASSESSOR

REPORT NO: TVJB 20-2014

1 PURPOSE OF REPORT

1.1 This report reviews the current arrangements of the Contract Car Hire Scheme.

2 RECOMMENDATIONS

2.1 It is recommended that effective from 25 August 2014:

- i The maximum subsidy is reduced from £120 to £80 per month.
- ii Mileage rates are paid at minimum HMRC rates per fuel type irrespective of engine size.
- iii Any extensions to existing contracts are made in line with the revised subsidy arrangements rather than existing arrangements.

3 FINANCIAL IMPLICATIONS

3.1 Savings will be spread over three years as they will be aligned to ending of existing contracts and will amount to £7200 per annum in Year 3 when all contracts have been renewed.

4 POLICY IMPLICATIONS

4.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environment Assessment, Anti-Poverty and Equality Impact Assessment. There are no major issues.

5 BACKGROUND

5.1 A Contract Car Hire scheme was introduced in 1990 as a means of encouraging employees to maintain a car available for business use, and for reasons of staff recruitment and retention. At the present time 17 members of staff participate in the scheme.

5.2 The maximum subsidy by the Board towards the cost of a car leased under the present contract hire scheme is £120/month.

5.3 At present there are no restrictions upon the level of CO2 emissions of vehicles leased under the contract car hire scheme.

5.4 Leased car mileage allowances are currently paid to employees based upon the following rates:

| Engine Size | Petrol |
|--------------------|---------------|
| 1400cc or less | 14p per mile |
| 1401cc – 2000cc | 16p per mile |
| Over 2000cc | 24p per mile |

| Engine Size | Diesel |
|--------------------|---------------|
| 1400cc or less | 12p per mile |
| 1401cc – 2000cc | 14p per mile |
| Over 2000cc | 17p per mile |

5.4 At the end of a lease an employee may ask to extend the lease with the current vehicle. This extension is currently granted on the basis of the rules of the scheme when the original lease was signed.

5.5 The annual cost of car leasing under the current Contract Hire Scheme is £23,760.

6.0 PROPOSED AMENDMENTS

6.1 It is proposed to reduce the maximum subsidy from £120 to £80 per month.

6.2 In order to promote use of vehicles with lower emissions it is proposed to reduce the mileage allowance paid to minimum leased car mileage rates for each fuel type based upon the minimum HMRC rates. The current minimum HMRC rates are:

| | |
|--------|--------------|
| Petrol | 14p per mile |
| Diesel | 12p per mile |

6.3 In order to promote use of vehicles with lower emissions it is also proposed to restrict vehicles which may be leased under the contract car hire scheme to those with CO2 emissions of 129g/km or below. However, an exception to this provision may be made, at the discretion of the Assessor, in circumstances where the type of work undertaken will require the use of a type of vehicle which cannot be obtained within the emissions threshold, e.g. a 4 x 4 vehicle.

6.4 It is proposed that the above provisions will apply to all new contract hire agreements. The previous arrangements will continue to apply to existing contract agreements until the termination date of the present agreement.

6.5 It is proposed that any extensions to existing car lease agreements beyond the termination date of the contract will be on the basis of the revised subsidy arrangements.

6.6 The anticipated cost of operating the revised leasing arrangements (assuming an equivalent number of members of staff participate in the scheme) is £16,560 representing an overall saving of £7,200 per annum.

7 CONSULTATION

7.1 The Clerk and Treasurer to the Board have been consulted on this report, as have the trade unions.

8 BACKGROUND PAPERS

8.1 None.

Alastair Kirkwood
Assessor

August 2014