

COMPANY CAR & CASH ALLOWANCE POLICY & PROCEDURE	Doc No. HR-PRO	Revision No. April 2023
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1. PURPOSE

1.1 The purpose of this policy and procedure is to set out the collectively agreed eligibility criteria for Company Cars or Cash Allowance for eligible employees and to provide guidance and information on the Company's related procedures.

2. SCOPE

2.1 This is a group level policy that applies to all eligible employees of Anglian Water Group Limited, with the exception of Anglian Water (Ireland) Limited and Wave Limited (and their respective subsidiaries).

2.2 The procedure applies to all eligible employees above and any employee who is responsible for approving requests for company cars or cash allowance under this policy.

3. STATUS

3.1 The policy/guidelines/procedures are for information and guidance purposes only and are subject to regular review by the Company and is updated as appropriate.

3.2 The policy eligibility rules (see Section 5) forms part of a Company Collective Agreement.

4. POLICY OWNER

4.1 Head of Reward.

5. ELIGIBILITY

5.1 An employee who is eligible for a Company Car or Cash for Cars Allowance will have this confirmed in their employment contract.

5.2 The choice of car options is dependent on an employee's Job Stream and the details of which can be obtained from the Fleet Services team.

5.3 A Company Car or Cash for Cars Allowance may be provided if one of the following criteria is met:

Market Need Eligibility – When an employee is in a role that has been evaluated formally that it is market practice to provide a company car for the role in question. Business Unit Director and HR Business Partner approval will be required for any roles to be added to this entitlement. No mileage or journey restrictions apply to a market need car.

Business Need Eligibility – Where an employee is in a role that is evaluated formally as either:

- expected to travel in excess of 9,000 business miles per annum; or
- an employee's role demands a high level of unplanned business travel where either remote/virtual meetings are not possible, and the use of a pool or hire vehicle is not a workable solution. Unplanned journeys are defined as less than 24 hours' notice of the requirement to travel. Unplanned journeys will be validated annually to ensure eligibility criteria is met.

Please note: Anyone currently not eligible for a company car, who claims more than 9,000 business miles over a sustained period, will be reviewed and may be included in this policy.

5.4 An employee must ensure they have their declared vehicle available for their commute to work and any required business travel between Anglian Water sites during a normal working week. No additional costs for other forms of travel will be funded by the company (i.e. public transport, pool cars or hire cars). The vehicle should be insured as based at your home address.

5.5 An employee's eligibility can be reviewed at any time to ensure that they still meet the eligibility criteria or when an employee applies for and successfully moves to a different role in Anglian Water.

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- 5.6. In the event that it is found that an employee no longer meets the eligibility criteria, the vehicle or cash allowance may be withdrawn with a minimum of 3 months' notice.
- 5.7. In some circumstances a company van may be more appropriate than a car and if it meets the needs of the role this will be provided instead. However, outside of a commute to place of work a van must not be used for any private travel at any time.
- 5.8. At times, when vehicles available exceed current demand, an appropriate car may be reallocated to an eligible employee prior to any new orders being placed. When this is the case the Fleet Team will inform the relevant employee of the choices available to them.

6. BENEFIT ALLOCATION

- 6.1 The eligibility of a company car or cash allowance should only be advertised or offered to a prospective candidate once all the relevant authorisations have been obtained.
- 6.2 It is the line manager's responsibility to ensure any company car / cash allowance entitlement has been approved as part of the employment package at the recruitment initiation stage. This includes verifying that budget is in place for this benefit for new positions.
- 6.3 Where there is a new eligibility for an existing role or a market need eligibility for a new role, this will require approval. The manager will action this in Workday.
- 6.4 The procedure below should be followed during the recruitment process where the employee selects to receive a company car:

New Employee to the Company – Once the successful candidate has been appointed the Fleet Team will receive a notification from Workday and will liaise with the new employee and line manager to arrange for a suitable vehicle to be provided from the pool or if appropriate place an order for a new vehicle. If the employee selects a cash allowance (and their car meets the requirements of the policy) Fleet will inform Payroll.

Internal Transfer – An employee's current car / cash allowance arrangements will continue. If the cash allowance level is different (higher or lower) the new level will be effective from the start date in the new role. If the car lease value is different this will change at the point of vehicle replacement, at the end of contracted lease date or as soon as is reasonably practicable to reallocate a vehicle. There will be no financial compensation for differences in lease values. Where an existing employee moves into a new role with car/allowance for the first time, the same process as an external new starter will be applied. Where an employee who has a company car / cash for cars allowance and subsequently moves voluntarily to a job that does not meet the criteria, the benefit will be withdrawn effective from the date of job change. Those with a company car will return the car to the Fleet Team for reallocation.

Allocation of company car during secondment - If an employee receiving a company car moves to a role without a vehicle entitlement, the company will protect their benefit for the duration of the secondment. Should the secondment be made permanent the employee will be provided with 3 months' notice of removal of the vehicle.

If an employee does not receive a company car in their substantive post and moves into a secondment with a company car, they will be allocated a car from the pool for the duration of the secondment. The value of the car may be less than the stream entitlement, the vehicle type will be determined by availability in the pool.

During a secondment an employee can order a vehicle up to their secondment level lease value if their car lease comes up for renewal. However, should the employee return to substantive post they will be liable for the difference in lease values as a trade up value until the end of the vehicle lease.

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6.5 Entitlement eligibility during periods of absence

6.5.1 During periods of absence from work an employee’s existing entitlement to a company car /cash allowance may vary. Further details maybe found in the relevant policy. Where a car is withdrawn, when the employee returns to work, they may be reallocated a car from the pool, which is neither their previous car nor a selection of a new vehicle.

Policy	Eligibility - Cash for Cars	Eligibility – Business Need Car	Eligibility – Market Need Car
Long term sickness	Retain	May be withdrawn	Retain
Income Replacement Scheme	Withdrawn	Withdrawn	Withdrawn
Maternity /Adoption /Shared Parental or Paternity Leave	Employee choice to retain or give up	Employee choice to retain or give up	Employee choice to retain or give up
Sabbatical	May be withdrawn	May be withdrawn	May be withdrawn
Career Break	Withdrawn	Withdrawn	Withdrawn
Capability/Qualification – loss of driving licence	May be withdrawn	May be withdrawn	May be withdrawn

7. CASH ALLOWANCE ENTITLEMENT

7.1 An employee may opt for a cash allowance rather than a company car, if their personal car meets the eligibility criteria.

7.2 The Cash Allowance monthly amounts are for eligible employees from 1 April 2023:

- Subject Matter Expert / Team Leader = £450
- Specialist / Leader = £525
- Strategic Leader / Principal Specialist = £650
- Director = Available from Head of Fleet Services

Team contributors are not eligible for the cash allowance.

7.3 A company car driver can move to the cash allowance option when their company car is due for renewal. Should an employee wish to do this earlier they can do so, if the car they are driving can be reallocated with approval from the Head of Fleet Services.

7.4 An employee receiving a cash allowance can request to swap into a company car at any time. Once they have a company car, they are in the car for the contract life of the vehicle. At times, when vehicles available exceed current demand, an appropriate car may be reallocated to an eligible employee prior to any new orders being placed and/or there may be a delay in receiving a suitable car. When this is the case the Fleet Team will inform the relevant employee of the choices available to them.

7.5 Business Need Cash Allowance Eligibility

7.5.1 An eligible employee can only receive a cash for cars allowance if their personal car meets the following requirements:

- car that is less than 10 years old and is suitable for regular business travel including passengers when required
- car with seats for a minimum of 4 people
- car that has a CO2 level of:
 - 139 g/km or below for cars registered from 6 April 2020
 - 119 g/km or below for cars registered on or before 5 April 2020.

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7.6 Market Need Cash Allowance Eligibility

7.6.1 An eligible employee can only receive a cash for cars allowance if their personal car is registered at their address as held in Workday, AND meets the following requirements:

- car that is less than 10 years old and is suitable for regular business travel, including passengers when required;
- car with seats for a minimum of 4 people;
- car that has a CO2 level of:
 - 139 g/km or below for cars registered from 6 April 2020
 - 119 g/km or below for cars registered on or before 5 April 2020
- Any employee who has received the market need car cash allowance historically has until 1 April 2023 to ensure that their personal car complies with the criteria above and that the updated vehicle information is approved by the Fleet team or (1) they have an order in place to move to a company car (2) there is a delay in delivery of a personal owned car ordered prior to 1 April 2023.

7.7 An employee in receipt of cash allowance must:

- have business travel car insurance cover;
- have the facility for recovery to home in event of breakdown or accident at own cost;
- sign up to, and keep up to date with, company license checking and insurance processes;
- not claim for car related sundries in expense claims (e.g. oil, washer fluid, Adblue and wiper blades); and
- not rely on charging at AW sites as their only method for business travel/commute. Employees would be expected to start their working day with enough charge to complete their business travel. Any costs for charging are the responsibility of the employee and business mileage can be reclaimed in the normal way via Workday expenses.

7.8 An employee receiving a cash allowance must ensure their vehicle information is updated by:

- Advising through Workday when changing their personal vehicle. Any new vehicle that falls outside the eligibility criteria will not qualify for the cash allowance and payment will be stopped from the date of the vehicle change
- Completing the cash allowance declaration in Workday as requested as part of annual audit (including uploading current insurance certificate)

7.9 No company hire, or pool cars will be available to cash for cars employees; if an employee has a breakdown/accident they will need to cover the cost of any hire cars themselves as required. No expense claims will be approved for this.

8. COMPANY CAR GENERAL INFORMATION

8.1 Whilst lease vehicle choice is personal preference, an employee should consider the feasibility of a zero (fully electric) or lower emissions (hybrid) vehicle in the first instance, rather than defaulting to a more traditional fuel choice. Whilst a lower emissions vehicle will support our organisational strategy regarding carbon neutrality, there is also a potential saving for the employee with lower personal tax liabilities.

8.2 Trade up for Electric and Hybrid Vehicles

8.2.1 Following significant increase in the cost of many electric cars, to make electric and hybrid vehicles a more achievable option the policy has some enhancements to remove barriers:

- Increased lease allowances to increase the number of vehicle options in scope.
- An employee is able to select a vehicle (this may be a new order or reallocation) that has a lease value equivalent to the next Role Framework. This will mean individuals will be able to choose from a wider selection of vehicles if they wish, by contributing a monthly amount from their net salary.
- Fully Electric vehicle drivers will be able to swap into an alternative vehicle for extended trips up to 28 days a year (i.e. holiday to Scotland). This would be managed by the fleet team and may be a pool car or hire vehicle depending on availability at the time.

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- Fast charge cables will be provided with the vehicle.

For employees who opt to trade up and pay an additional allowance, if they then change role and are still entitled to a car/cash allowance their contribution will be adjusted in line with their new entitlement.

8.3 Home charging for Company Car

8.3.1 Where an employee opts for an electric or plug in hybrid vehicle, it is their responsibility to have a pod point style charger fitted, in a suitable location, at the home address at their own cost. Where it is not possible to fit a home charger, the employee must be able to demonstrate they have access to reliable public car charging facilities, outside of the AW charging network. In no circumstances should employees rely on charging at AW sites as their only method for business travel/commute. Employees would be expected to start their working day with enough charge to complete their business travel. Any cost for charging is the responsibility of the employee and business mileage can be reclaimed in the normal way via Workday expenses.

8.3.2 An employee with a plug-in hybrid vehicle is expected to be doing the right thing and charging the vehicle daily (at their home location or public charger) to maximise the efficiency of the vehicle. Charging compliance will be monitored by the fleet team when vehicle telematics are installed.

8.4 Accident Management & Maintenance of Company Car

8.4.1 The Company will arrange the provision of the company car, maintenance and breakdown cover, and the car remains the property of the Company and should be treated accordingly.

8.4.2 An employee is responsible for the maintenance of the company car, ensuring that it is kept clean (internal and external) and running expenses such as oil, Adblue, screen wash and mats at their own cost. These costs are not re-claimable.

8.4.3 If an employee's company car is involved in an accident, they (or the driver if not the employee) should report any damage through the accident management procedure.

8.4.4 Where any damage to a company car is the result of an employee's negligence, i.e. their dog rips the car seat, it will be the responsibility of the employee to arrange the repairs with the lease company (or Fleet Services for Company owned vehicles) and for the cost of the repairs.

8.4.5 If an employee purposely delays repairs to a company car, which results in more damage happening or the cost to repairing it increasing, the employee will be responsible for the difference in the cost of the repair.

8.4.6 If it is found that an accident is due to the employee's or a family member's negligent driving, drink driving or dangerous driving, the employee will be responsible for the costs of the damage/repair to the company car. In addition, the employee may be subject to disciplinary action.

8.4.7 No repairs to company cars should be completed outside of this process.

8.4.8 If an employee's company car has a breakdown or windscreen damage, they must contact the lease company directly (or Fleet Services for company owned vehicles) and arrange with them for the car to be repaired.

8.4.9 If there are multiple claims made on the same vehicle (irrespective of whether it was the employee or a family member driving), the employee may be responsible for the cost of repair.

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8.5 Insurance of Company Car

- 8.5.1 An employee's company car will be insured for full business, commuting and domestic use for any employee of Anglian Water for travel within mainland UK. The company may install telematics within the vehicle which will be fully explained to the employee at time of installation.
- 8.5.2 Fully comprehensive insurance for domestic and commuting only is provided for **partner, spouse and child** of the employee. To be insured to drive the vehicle the eligible family member must:
- be a minimum of 21 years old;
 - have held a full UK driving licence for a minimum of 2 years; and
 - be permanently registered as living at the same address as the employee.
- 8.5.3 Should an employee require any drivers insured in addition to the above they must seek prior approval from the Head of Fleet Services. In an emergency, retrospective approval should be sought at the earliest possible opportunity from the Head of Fleet services
- 8.5.4 It is the employee's responsibility to ensure that others driving their company car meet these criteria and are competent to drive the vehicle. If they do not meet the criteria the car insurance will be void and the employee will be responsible for any costs should they have an accident.
- 8.5.5 The employee is responsible for ensuring that the car is secure at all times. Theft due to the employee's or a family member's negligence will result in the employee making a contribution towards a replacement.

8.6 Driving Company Car abroad

- 8.6.1 Company cars can be taken abroad by an employee. However, the employee must advise the lease company (or Fleet Services for Anglian Water owned vehicles) at least four weeks prior to travelling abroad with the car, in order to obtain the required documentation and authority to take the vehicle abroad. The employee will be liable for any additional insurance cost for foreign travel cover. Prior to travel, employees must make sure the car is fully maintained with no outstanding service or recalls.

8.7 Company Car replacement programme

- 8.7.1 The replacement programme of company vehicles is based on a contracted lease of 4 years. The replacement of Company Cars may be extended from time to time at the company's discretion.

8.8 Purchasing of lease Company Cars

- 8.8.1 As part of our lease agreement, an employee has the ability to obtain a price to purchase their car at the market rate at the end of its lease. The price the lease company quotes is non-negotiable and is a private arrangement between the employee and the lease company. Should an employee wish to purchase their vehicle before the end of contracted lease, the employee will be liable for any termination costs in addition to the purchase price.

8.9 Smoking and/or Vaping

- 8.9.1 Smoking and/or Vaping is not permitted at any time in company cars by an employee or by other users of the vehicle. If a car is returned smelling of tobacco the company will arrange for the vehicle to be cleaned professionally and the employee will be responsible for all costs to remove the smell. In addition, the employee may be subject to disciplinary action.

8.10 Returning a Company Car

- 8.10.1 The company car is returned to the Lease Company or Fleet team. It must be returned in good condition and clean (inside and out), no later than the employee's last day of employment or any other reason

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for return of the vehicle. The Fleet team reserves the right to reclaim the cost of any unreported repairs or cleaning required from the employee returning the vehicle including admin charges from a 3rd party provider. Where the employee is responsible for such costs, they will be notified of the amount due, and these will be deducted from their salary.

8.11 Private Registration Number

8.11.1 An employee is permitted to transfer a private registration number to their company lease car through the lease provider. The employee is liable for all the administration and transfer costs.

8.12 Personal Tax Liability

8.12.1 Employees should make themselves aware of the relevant personal tax liability for the choice they make over the whole vehicle lease period. HMRC rates do change year on year so employees should familiarise themselves with the relevant costs. Changes which came in from April 2018 state “where an employee is offered cash as an alternative for a company car and they select a company car with a Co2 Level of more than 75 g/km, they are taxed on the higher of the cash allowance or P11d value”. Payroll will be responsible for calculating the higher amount and ensuring the correct tax is paid. Employees are encouraged to review their personal account on HMRC site to track the correct vehicles have been allocated. Where issues are identified employees can change these directly on HMRC website and should also inform fleet services. AW payroll cannot amend your tax code until formal notification is received from HMRC.

8.13 Payment of Vehicle Fines

8.13.1 Employees are responsible for payment of any fines including but not limited to parking fines or motoring prosecutions. In some cases, if the vehicle is leased through a 3rd party the employee will be liable for additional administrative charges in addition to the fine.

9. DRIVING LICENCE AND LICENCE CHECKS

9.1 Any employee driving a company, hire or private car on company business must hold a valid driving licence for the class of vehicle that they drive.

9.2 Employees must cooperate with regular licence checks, which are carried out to ensure compliance with this requirement. If an employee fails to cooperate or ceases to hold a driving licence, they will no longer be entitled to any company car or cash allowance benefit.

9.3 The employee should notify immediately any change to a driving licence (i.e. receipt of penalty points or driving convictions) to their Line Manager and HR Business Partner in line with the Driving at Work Policy.

10. VEHICLE TELEMATICS

10.1 In line with the telematics policy, all company cars including those receiving the car cash allowance may be fitted with a company mobile telematics device. This will need to be active for any journeys where an employee wishes to claim expenses for business miles travelled.

11. FURTHER ASSISTANCE

For further information please contact your HR Business Partner, Fleet Services Team or the Fleet pages on Lighthouse.

LAST REVIEWED

Policy last reviewed April 2023

Procedure last reviewed April 2023