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SPONSOR: DCC Stratford

DECISION NUMBER: 05/2020

(to be completed on approval)

SUBMITTED TO: Martin Surl, Police & Crime Commissioner for Gloucestershire

SUBJECT: Chief Officer Car Scheme amendment – Inclusion of Electric and Hybrid Electric vehicles

EXECUTIVE SUMMARY:

Constabulary Governance Board (17 March 2020) was presented with a paper which proposed an amendment to the current Chief Officer Car Scheme to include options for the provision of both electric and hybrid vehicles (EHV's).

The current Chief Officer Car Scheme makes provision for petrol, diesel and LPG vehicles, but makes no provision for EHV's.

In support of the Police and Crime Plan priority 'A Green and Pleasant County', the Constabulary has already purchased a significant number of EHV's and has invested in a substantial infrastructure of electric charging points. More are planned.

The provision of EHV's under the Chief Officer Car Scheme enables Chief Officers to demonstrate environmental leadership and additional focus on low emission vehicles, in effect leading by example.

CGB supported the recommendations but with an amendment which made it clear that the Chief Constable would always retain the option to be supplied with either a petrol or diesel vehicle.

RECOMMENDATION:

PCC Governance Board is asked to support an amendment to the Chief Officer Car Scheme which:

- provides an option for the supply of EHV's.
- differentiates between the Chief Constable's vehicle and that of other Chief Officers on terms of use type and financial limit. This means that the Chief Constable should always be given the flexibility to choose either a diesel or petrol vehicle.
- creates flexibility in relation to the fitting of emergency equipment on EHV's.

OUTCOME/APPROVAL BY:

Signature: 

Date: 24.03.20

Police and Crime Commissioner for Gloucestershire

Public Access to Information

Information continued within Constabulary papers is subject to the Freedom of Information Act 2000. Reports which are submitted for consideration at PCC Governance Board are likely to be made public. If the paper contains sensitive information then please detail below.

<p>Is this a decision of significant public interest?</p> <p><i>This includes a decision with any impact on the community, expenditure in excess of £50,000, or any decision that would be of obvious interest to the media or the general public</i></p>	<p>No</p>
<p>Does this report contain sensitive information?</p> <p><i>Does this report contain any information which falls into these categories?</i></p> <p>a) <i>would, in the view of the chief officer of the police, be against the interests of national security;</i> b) <i>might, in the view of the chief officer of police, jeopardise the safety of any person;</i> c) <i>might, in the view of the chief officer of police, prejudice the prevention or detection of crime, the apprehension or prosecution of offenders, or the administration of justice; or</i> d) <i>is prohibited by any enactment.</i> e) <i>breaches commercial sensitivity</i></p>	<p>Record which section(s) applies and explain why.</p> <p>No</p>
<p>ORIGINATOR CHECKLIST (MUST BE COMPLETED)</p>	<p>Comments These sections must not be left blank</p>
<p>Has legal advice been sought on this submission if required?</p>	<p>No – considered not applicable at this time.</p>
<p>Has the Chief Finance Officer been consulted, if required?</p>	<p>Yes – consulted regarding tax implications.</p>
<p>Have equality, diversity and human rights implications been considered, as appropriate?</p>	<p>Yes, but not considered an issue for this policy change proposal.</p>
<p>How is the recommendation consistent with the objectives of the Police and Crime Plan (PCP)?</p>	<p>Yes – supports ‘A Green and Pleasant County’ and an environmental approach.</p>
<p>Has consultation been undertaken with people or agencies likely to be affected by the recommendation?</p>	<p>No – no impacted agencies or people.</p>

Has communications advice been sought on areas of likely media, community, staff or partner interest and how they might be managed?	Yes – considered to be a good internal message of Chief Officers leading by example. No concerns regarding external media provided there is clear and transparent explanation for the policy change
Have all relevant implications and risks been considered?	Yes – contained within the paper.
Has this paper / proposal been submitted through any other Constabulary boards? If so, please detail along with the result.	Proposed route is through CGB and onto the PCC's Governance Board.

Purpose / key drivers of report

This paper seeks the approval of an amendment to the Chief Officer Car Scheme to include EHV's as an option for Chief Officers.

There are two significant factors triggering a change to the current position:

1. Gloucestershire Constabulary is considered to be one of the most environmentally friendly police forces in England and Wales, with a significant number of EHV's in its fleet and a comprehensive charging infrastructure. To date EHV's have not been considered as part of the Chief Officer Car Scheme and it is felt that the time is now right to do so.
2. HM Treasury has changed the Benefit in Kind (BIK) rates for the 2020/21 tax year to encourage zero emission vehicles. Organisations that offer vehicles to their employees are therefore adjusting their policies in line with the new HM Treasury BIK rates, in response to the Government's environmental vision.

In addition HMG have recently announced that only EHV's will be available for purchase from new, as of 2035, further demonstrating their intentions to legislate for a low carbon economy.

1. Background information

In 2019 Gloucestershire Constabulary embarked on a procurement of EHV's to its non-emergency fleet. This included a comprehensive infrastructure of electric charging points.

In 2019 HM Treasury announced a significant change to BIK tax rates for EHV's as a means to encourage organisations who offer employee vehicle schemes to move towards zero-emission vehicles. The current Chief Officer Car scheme makes provision for petrol, diesel and LPG vehicles, but not for EHV's.

No mileage rates are stated within the current policy for EHV's that take account of their lower emissions, illustrating that to date EHV's have not been a realistic option.

Treating a vehicle as an asset rather than a vehicle means that an EHV's are not eligible for the heavily reduced BIK which eradicates the financial incentive to have an EHV's as part of the scheme.

A threat assessment to establish the need for permanently fitted emergency equipment for Chief Officers (other than the vehicle of the Chief Constable, which should be considered separately and on its own merits given the types of passengers that, on occasion, are carried in the vehicle) has been conducted and it is no longer felt that this is necessary in Gloucestershire, based on the type of calls Chief Officers receive while on-call or in the discharge of their general duties.

2. Main content

Environmental Considerations:

Making provision for EHV's within the Chief Officer Car Scheme supports the Police and Crime Plan priority of 'A Green and Pleasant County' as well as the wider ethical responsibilities to reduce emissions. The use of low or zero emission vehicles by Chief Officers could support a cultural shift as Chief Officers lead by example with environmentally sustainable vehicles.

Amending the policy to provide options for EHV's is in line with the Government's environmental commitments and the change in BIK rates, which are a key part of the Government's mechanism for incentivising companies and individuals to move to zero emissions.

HMRC Benefit in Kind (BIK) rules:

Traditionally police forces who offer vehicle schemes for Chief Officers have provided vehicles on the basis of them being fitted with emergency equipment, making them role equipped.

Having the vehicles 'role equipped' by fitting emergency equipment (considered to be a permanent modification) takes the vehicle from being treated as a vehicle to being treated as an asset for taxation purposes. This means that the BIK is calculated on the basis of market value at the time that it is first made available to any employee in the

organisation. HMRC have agreed that market value can be determined as 'purchase price paid by reference to an invoice'. This invoice price would be on the basis of our discounted purchase rates including VAT rather than the full list price of the vehicle.

As of 6 April 2020 the BIK rate for low emission vehicles is changing significantly and the rate for zero emission cars will be 0%. This will move to 1% in 2021 and 2% in 2022, after which the Government will reconsider the BIK rates.

This rate applies to vehicles and not assets, which mean that an EHV's with a permanent modification (such as the fitting of emergency equipment) would not be eligible for the reduced BIK rates, resulting in a considerable tax charge for the individual.

Necessity for 'role equipped' vehicles:

To unlock the incentives that HMG are making available to the entire fleet sector and to all company car schemes, it was felt sensible to review the necessity for role equipped vehicles for Chief Officers. Accordingly, an assessment to establish the need for permanently fitted emergency equipment for Chief Officers (other than the vehicle of the Chief Constable) has been conducted.

This found that, based on the type of calls Chief Officers receive while on-call or in the discharge of their general duties, the need for their vehicles to be equipped with emergency equipment was no longer a pre-requisite in Gloucestershire. This is based on the experience of the current Chief Officers over the last few years, taking account of the number of times they have had to use emergency equipment as part of their role.

Instead it was felt that each Chief Officer should take personal responsibility to ensure they were able to discharge their Chief Officer duties. For example, if they were to opt for an EHV's, they should make the necessary revisions to their personal life to ensure they were able to discharge those duties, without emergency equipment being fitted to the car.

Note, there is already precedent for this within the existing scheme which allows a Chief Officer to receive an allowance and not an adapted vehicle with no obligation for their personal car to be fitted with emergency equipment. Chief Officers who receive the allowance rather than the vehicle have always adopted the approach of making the necessary revisions to their personal life to ensure they are able to discharge their duties, including when they are on-call.

It should be noted that not all Chief Officers have the same on-call responsibilities, with some carrying additional national on-call functions, which would necessitate them to consider the type of vehicle or scheme, ensuring they are able to discharge their functions, making the necessary revisions to support such roles.

Vehicle value and review of the low emissions market:

The current price differential between a fully electric vehicle and a diesel/petrol vehicle of a similar class and specification is considerable. This is particularly the case in relation to larger EV's and those with a longer range.

It is anticipated that over the next few years the cost of EHV's will become more competitive, particularly as more EHV's come into the second hand market and as the biggest car makers start to develop their EHV's offer.

A significant number of EV's are being launched in 2020, specifically targeting the company fleet market. This is likely to make the market more competitive and it is predicted will drive down prices over the next few years.

To cater for the existing differential, it is anticipated that the scheme value for an EHV's will lead to an increase to reflect current market conditions. This may reflect different value options for a standard car, a hybrid and a zero emissions fully electric vehicle. These values would be reviewed annually to take account of changing market conditions. It will be a matter for the PCC to set the financial limits for vehicles provided to Chief Officers.

If it is agreed to include EHV's within the policy change, it is anticipated that this would relate to **plug-in hybrid vehicles** only and it is anticipated that the increase in value for a hybrid would be significantly less than a full EHV's based on current market conditions and the overall emission levels.

Adjusting the value for vehicles with lower emissions, would not mean an adjustment of the allowance a Chief Officer would receive if they did not take that option. The allowance would remain commensurate with the standard car scheme subject of course to any changes the PCC would wish to make.

Mileage rates and charging:

The guidance notes for the current scheme make no reference to EHV's in relation to the mileage rates. Rates are set for diesel, petrol and LPG and are categorised based on engine size. If it was agreed to include EHV's within the current scheme, then the guidance notes would need to reflect:

- rates for EHV's already exist within HMRC guidelines
- amendments to the fuel card protocol, to reflect a combination of home and work charging
- the provision of home charging points.

Links to the Corporate Strategy and Police and Crime Plan

There is a direct link to the Police and Crime Plan ambition of A Green and Pleasant County. Providing Chief Officers with an option of EHV's will demonstrate leadership in relation to low emissions options.

It also supports the corporate strategy it is decision making requiring the organisation to be thoughtful, agile and compassionate 'including to the environment'.

3. Options and or Recommendations

For the Constabulary Governance Board to approve an amended Chief Officer Car Scheme which:

- provides an option for EHV's.
- differentiates between the Chief Constable's vehicle and that of other Chief Officers in terms of use type and financial limit.
- creates flexibility in relation to the fitting of emergency equipment on EHV's.

It is also recommended that the paper, subject to approval by CGB, is passed to the PCC Governance Board to ratify the change and consider an appropriate increase to the scheme value (subject to annual reviews) for EHV's and to reflect current prices of low emission vehicles in line with the ambition to modernise the Constabulary fleet, modernise the associated policies and embrace the ambition of 'A Green and Pleasant county'.

4. Financial and resource implications

The cost to service and maintain fully EHV's is significantly lower than for standard diesel or petrol vehicles, so there would be reductions against standard vehicles maintained as part of the current Chief Officer scheme.

This paper proposes an increase to the vehicle value for EHV and hybrid cars, based on market conditions, however, the exact value will be a matter for the PCC to determine and set.

This paper is not seeking approval for a vehicle of equivalent size/ status as the vehicles currently available based on the current allowances, but is seeking approval for an increase sufficient to attain an EHV which is commensurate with the role of a Chief Officer.

5. Risk Assessment

There are no operational risks identified to implementing the proposed recommendations.

There are no reputational risks identified to implementing the proposed recommendations.

There are risks of **not** implementing the recommendations:

- opportunity missed to demonstrate leadership in support of A Green and Pleasant County,

- complementing the current scheme, would improve the competitiveness of Gloucestershire Constabulary in recruiting future Chief Officers as it will encourage those who may be put off due to travelling distance. With a current ACC vacancy which is planned to be advertised when the Strategic Command Course concludes in May 2020, having this option would be a significant consideration for candidates and would improve the competitiveness of the Gloucestershire Constabulary offer.

6. Equality and Diversity impact assessment

No concerns or issues.

7. Environmental impact assessment

There is a significant environmental benefit as articulated in the paper.

8. Consultation

The paper has been subject to the normal CGB consultation – details are contained within the attached CGB paper.

9. Discussed with Communications & Engagement

Head of Communications and Engagement has given feedback on the contents.

10. Conclusion

This paper supports the PCP commitment “A Green and Pleasant County”, by further extending the options available for Chief Officers in relation to the provision of electric and hybrid vehicles.

This change to the scheme is a visible commitment from Chief Officers to using EHV`s in line with the wider fleet provision.

The paper makes the point that the Chief Constable should always be given the option to be supplied with a diesel or petrol vehicle in addition to the EHV option.

This is a positive development which PCC G is asked to support.

SPONSORING BOARD MEMBER APPROVAL

Name: Jon Stratford

Job title: Deputy Chief Constable

Signature:



Date: 18/03/2020

CHIEF EXECUTIVE APPROVAL

I am satisfied that relevant advice has been taken into account in the preparation of the report and that this is an appropriate request to be submitted to the PCC.



Signature:

Date: 20 March 2020

Papers for information:-

1. CGB paper – EHV`s



5. Electric and hybrid vehicles - main paper.