

<b>CAR ALLOWANCE POLICY &amp; PROCEDURE</b>	Doc No. HR-PRO	Revision No. April 2025
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# **CAR ALLOWANCE POLICY & PROCEDURE April 2025**

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## 1. PURPOSE

- 1.1. The purpose of this policy and procedure is to set out the collectively agreed eligibility criteria of car allowance for eligible employees and to provide guidance and information on the Company's related procedures. Effective 1st April 2025, there will be no new company cars ordered.

## 2. SCOPE

- 2.1. This is a group level policy that applies to all employees of Anglian Water Group Limited and its subsidiaries (including but not limited to AVH Parks Limited, TIDE Services Limited and AWG Group Limited) but excluding Alpheus Environmental Limited, Anglian Water (Ireland) Limited and Wave Limited (and their respective subsidiaries, which include Celtic Anglian Water Limited and Anglian Water Business (National) Limited).
- 2.2. The procedure applies to all eligible employees above and any employee who is responsible for approving requests for car 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 People Shared Services.

## 5. ELIGIBILITY

- 5.1. From 1 June 2025 the company is moving to a car allowance policy only. No employee will be issued with a company car from this date. Those already in receipt of a company car will transition to car allowance at the end of their current lease. See appendix A for more information.
- 5.2. An employee who is eligible for car allowance will have this confirmed in their employment contract.
- 5.3. The level of benefit entitlement will be determined by an employee's Job Stream, market evaluation for their role and will be subject to them meeting the eligibility criteria set out below.
- 5.4. From 1 April 2025, the following eligible Business Need, Market Need and Essential User employees will be entitled to receive a car allowance:

### 5.4.1. Market Need Eligibility

From 1 April 2025, an eligible employee will be entitled to receive the market need car allowance. When an employee is in a role that has been evaluated formally that it is market practice to provide a vehicle benefit for the role in question. HR Business Partner and Reward Team approval will be required for any roles to be added to this entitlement. No mileage or journey restrictions apply to a market need car allowance entitlement.

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#### 5.4.2. Business Need Eligibility

From 1 April 2025, an eligible employee will be entitled to receive the business need car allowance. Employees in post will be eligible to receive the benefit after 3 months, with the business need eligibility having been assessed against their mileage claimed in Workday. This includes new employees and internal transfers:

- Will claim 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 occurring at least 6 times a month. Unplanned journeys will be validated annually to ensure eligibility criteria is met through expense records.
  - Those working part time will have the mileage entitlement pro rated according to the number of working days in the week.

#### 5.4.3. Essential User Eligibility

From 1 April 2025, those employees who meet the following Essential User Eligibility criteria will continue to be entitled to car allowance. The eligibility is assessed against the specific role not the stream in which it and is evaluated formally as either:

- First or Second line manager of a field based operational team. (i.e. a Supply Manager / Supply Support Manager and Regional Supply Manager would fall into this category)
- OR
- An employee in a field-based role that requires a minimum 3 day's travelling to different operational sites per week. This will be demonstrated by mileage claim reviews from the previous 3 months.

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- 5.5. Any employee currently in receipt of a company car will retain their vehicle until the end of its current lease. After this date they will then move to car allowance. Employees in receipt of a company car should refer to appendix A for more information regarding company vehicles.
- 5.6. An employee in receipt of car allowance must ensure that their declared vehicle is available for their commute to work and any required business travel during a normal working week. No additional costs for other forms of travel will be funded by the Company (i.e. pool cars or hire cars).
- 5.7. An employee's eligibility can be reviewed at any time to ensure that they still meet the eligibility criteria. In the event that it is found that an employee no longer meets the eligibility criteria, the car allowance may be withdrawn with 3 months' notice.

## **6. BENEFIT ALLOCATION**

- 6.1. It is the line manager's responsibility to ensure that any car allowance entitlement has been approved as part of the employment package at the recruitment initiation stage. This includes verifying the evaluation for the role and that budget is in place for this benefit for new positions. Any queries should be raised with the relevant HR Business Partner.
- 6.2. It is the line manager's responsibility to ensure that they are aware of which eligibility criteria (set out in section 5) the role they are recruiting meets, before making any offers of employment.
- 6.3. Where there is a new eligibility for an existing role, this will require approval from Head of Department, HR Business Partner and Finance Business Partner
- 6.4. Entitlement eligibility during recruitment periods of absence

### **6.4.1. Entitlement eligibility periods of absence**

During periods of absence from work an employee's existing entitlement to a company car / car allowance may vary. Further details may be 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. If this is not possible due to the removal of company cars, the employee will need to move to car allowance on their return.

<b>Policy</b>	<b>Eligibility - Car Allowance</b>	<b>Eligibility – Business Need Car</b>	<b>Eligibility – Market Need Car</b>
Long term sickness	Retain	May be withdrawn	Retain
Income Replacement Scheme	Withdrawn	Withdrawn	Withdrawn
Maternity /Adoption /Shared Parental or Paternity Leave	Retain	Retain	Retain
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

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#### 6.4.2. Car allowance procedure during recruitment process

The procedure below should be followed during the recruitment process, where the role is identified as being eligible:

External New Starter (Business Need User Only)	An employee that is a Business need user (Clause 5.3.2) will be entitled to receive the business need car allowance. The eligibility for this will be monitored for the following 3 months against business miles claimed. In the event business need eligibility is met, the employee will receive their car allowance from month 4. This will not be back dated to the start date due to the employee having received higher mileage payments for the first 3 months. If eligibility is not met, the employee will not be entitled to receive this benefit until they can evidence that they are meeting the criteria as outlined in 5.3.2
External New Starter (Market Need Users Only)	An employee that is a market need user (Clause 5.3.1) will be entitled to receive the car allowance from day 1 in role, subject to their personal car meeting the requirements set out in 7.4.1 of this policy.
External New Starter (Essential Users Only)	An employee that is an Essential User (clause 5.3.3) will be entitled to car allowance from day 1 in role, subject to their personal car meeting the requirements set out in 7.4.1 of this policy.
Internal Transfer	<p>If already in receipt of a vehicle entitlement and moving into a role with a vehicle entitlement an employee's current car or car allowance arrangements will continue.</p> <p>Car Allowance - If the car allowance level is different (higher or lower) the new level will be effective from the start date in the new role.</p> <p>Company Car – Where an employee is already in receipt of an existing Company Car, if the car lease value is different there will be no financial compensation for differences in lease values. At the end of the contracted lease period, the car will be returned and the employee will receive car allowance, subject to eligibility.</p> <p>Where an existing employee moves into a new role with car allowance entitlement for the first time, the same process as an external new starter will be applied.</p>
Allocation of company car during secondment	<p>If an employee already receiving a vehicle benefit 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 benefit will be withdrawn effective from the date of role being made permanent. It is the employee's responsibility to arrange the return of their company car to the Fleet Team.</p> <p>If an employee does not receive a vehicle benefit in their substantive post and moves into a secondment which is eligible for car allowance, their entitlement will be amended in line with the benefits associated with the secondment role.</p>

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Allocation of car Allowance during secondment	An eligible employee's car allowance will be amended in line with the benefits associated with the secondment role.
Movement to Role with no vehicle benefit entitlement	Where an employee has a company car or car allowance and subsequently moves 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 be responsible for returning the car to the Fleet Team.

## 7. CAR ALLOWANCE ENTITLEMENT

- 7.1. An employee who meets the eligibility criteria set out in section 5 **and** where their car meets the specifications detailed below may claim the car allowance.
- 7.2. The car allowance monthly amounts 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 People Shared Services
- 7.3. Team contributors are not eligible for the car allowance, unless classed as an Essential User.

## 8. CAR ALLOWANCE VEHICLE SPECIFICATION

- 8.1. An eligible employee can only receive car allowance if their personal car is registered at their address as held in Workday, plus meets the following requirements:
- Car that is less than **15 years old** and is suitable for regular business travel including passengers when required
  - Seats for a minimum of 4 people
  - Has a CO2 level of:
    - **125 g/km** or below for cars registered on or before 5 April 2020.
    - **145 g/km** or below for cars registered from 6 April 2020.
- 8.2. An employee in receipt of car 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, MOT/Servicing and insurance processes through the grey fleet portal;
  - not claim for car related sundries in expense claims (e.g. oil, washer fluid, Adblue and wiper blades); and

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- 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.

8.3. An employee receiving a car allowance must ensure their vehicle information is updated by:

- Advising through the Workday request process when changing their personal vehicle. Any new vehicle that falls outside the eligibility criteria will not qualify for the car allowance and payment will be stopped from the date of the vehicle change. Will also complete the car allowance declaration in Workday as requested as part of annual audit.

8.4. No company hire or pool cars will be available to employees in receipt of a car allowance; 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.

## 9. CHARGING OF ELECTRIC CARS

9.1. It is the employee's 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 that they have access to reliable public 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.

9.2. Employees are strictly prohibited from using 13 AMP (3 pin) plugs or van-only charging points for vehicle charging on any AW site. Instead, employees must use designated charging points that require an app for activation, and payment for the service provided is mandatory. If there are any enquiries regarding appropriate charging units, please contact the Fleet Team or the local site manager.

9.3. Employees are 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.

9.4. 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.

9.5. An employee must be aware that the 13-amp (3 pin) plug is not suitable for regular or continuous charging and should only be used in emergencies, **never** overnight or unattended. If you need to use the 13-amp plug, in an emergency situation, please DO NOT leave unattended and never use in conjunction with a 13-amp extension cable.

## 10. DRIVING LICENCE AND LICENCE CHECKS

10.1. 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.

10.2. 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 car allowance benefit.



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- 10.3. The employee **MUST** notify immediately any change to a driving licence as soon as outcome is confirmed (i.e. receipt of penalty points or driving convictions) to their Line Manager **and** complete the Workday Request – Notification of Changes to Driving Licence.

## 11. VEHICLE TELEMATICS

- 11.1. In line with the telematics policy, all company cars and the cars of those receiving the car allowance may be fitted with a company telematics device. Where a device is fitted it will need to be active for any journeys where an employee wishes to claim expenses for business miles travelled.

## 12. FURTHER ASSISTANCE

- 12.1. For further information please contact your HR Business Partner.

## LAST REVIEWED

- Policy last reviewed April 2025
- Procedure last reviewed April 2025

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## 13. Appendix A - COMPANY CAR GENERAL INFORMATION – FOR EMPLOYEES CURRENTLY IN RECEIPT OF A COMPANY CAR

### A. COMPANY CAR ENTITLEMENT

Effective 1<sup>st</sup> April 2025, the business will begin offboarding of company cars. This means that when a vehicle reaches the expiry of its lease period, it will be returned to the lease company. The employee, based on the eligibility set out in 5.3 will switch to car allowance.

The first cars will be returned to their lease companies on 30 September 2025. These will be vehicles that have either expired their lease period already, or that have a lease expiration between 1<sup>st</sup> April 2025 - 30 September 2025. After this date, all other vehicles will be returned on their lease expiration date.

Subject to the eligibility criteria set out above, car allowance can only be claimed if you are in receipt of the vehicle, or you can evidence that you have ordered a vehicle, either of which must comply with the vehicle specification explained in 8.1. Employee must complete the Workday Cash Allowance request and all approvals completed before the Cash Allowance will be paid.

At the discretion of the business, an employee wishing to return their vehicle earlier than the lease expiration date and switch to car allowance may may be able to do so at the discretion of the Head of Fleet Services, providing the Fleet Team is able to reallocate the car to an employee who has an expiring/expired vehicle to return. Any employee who opts to do this will not be eligible to swap back into a company car at a later date.

### B. Accident Management & Maintenance of Company Car

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.

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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.

If an employee's company car is involved in an accident, stolen or vandalised, they (or the driver if not the employee) should report any damage through the accident management procedure, which includes the driver of the vehicle making contact with our Fleet Services team on 0333 2074064 (available 24/7). Ideally, all incidents should be reported from the scene at the time as long as it can be done safely, otherwise it is the driver's legal responsibility to report all accidents within 24 hours of the event.

Where any damage to a company car is the result of an employee's negligence, e.g. 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.

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.

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.

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

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.

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.

In the event of accident or breakdown, the employee will be allocated a temporary replacement vehicle from the pool, the specification of which may differ from your existing car. Where a temporary vehicle is required for more than 28 days this will be reportable through payroll on the employee's P11d and the employee will be required to pay the relevant tax.

### **C. Insurance of Company Car**

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.

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.

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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.

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.

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.

#### **D. Driving Company Cars Abroad**

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.

#### **E. Company Car Replacement Programme**

The replacement programme of company vehicles is based on a contracted lease of 4 years. At the end of the lease period the vehicle will be returned to the lease company and therefore it is the responsibility of the employee to ensure that alternate arrangements have been made (e.g. a new car for which they are eligible to claim car allowance against). If you are unsure of your lease expiration date, please contact Fleet Services who will be happy to provide this to you.

#### **F. Smoking and/or Vaping**

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 smoke 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.

#### **G. Returning a Company Car**

All Vehicles must be returned directly to the Fleet Team. It must be returned in good condition and clean (inside and out). Where the employee is leaving the company this must be no later than the employee's last day of employment.

The company 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 3<sup>rd</sup> 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.

It is the responsibility of the employee returning the company car to contact the Fleet Services team to arrange safe return of the vehicle to an AW Fleet Workshop site.

Where an employee is no longer eligible for a company vehicle, the company will not reimburse the cost of home charger installation.

#### **H. Private Registration Number**

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From 1 April 2024 private registration numbers are not permitted on any company vehicle. Where there are historic private number plates the employee is liable for all the administration and transfer costs of removing the registration. This must be completed before the vehicle is returned to the lease company. The employee will be required to pay any additional administration costs if the above process is not completed in time.-

#### **I. Personal Tax Liability**

Employees should make themselves aware of the relevant personal tax liability for the choice they make over the whole vehicle lease period. HMRC rates change year on year so employees should familiarise themselves with the relevant costs. Changes that 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 that 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 tax codes until formal notification is received from HMRC.

#### **J. Payment of Vehicle Fines**

Employees are responsible for the payment of any fines including, but not limited to, parking fines or motoring prosecutions. If the vehicle is leased through a 3<sup>rd</sup> party the employee will be liable for additional administrative charges in addition to the fine.