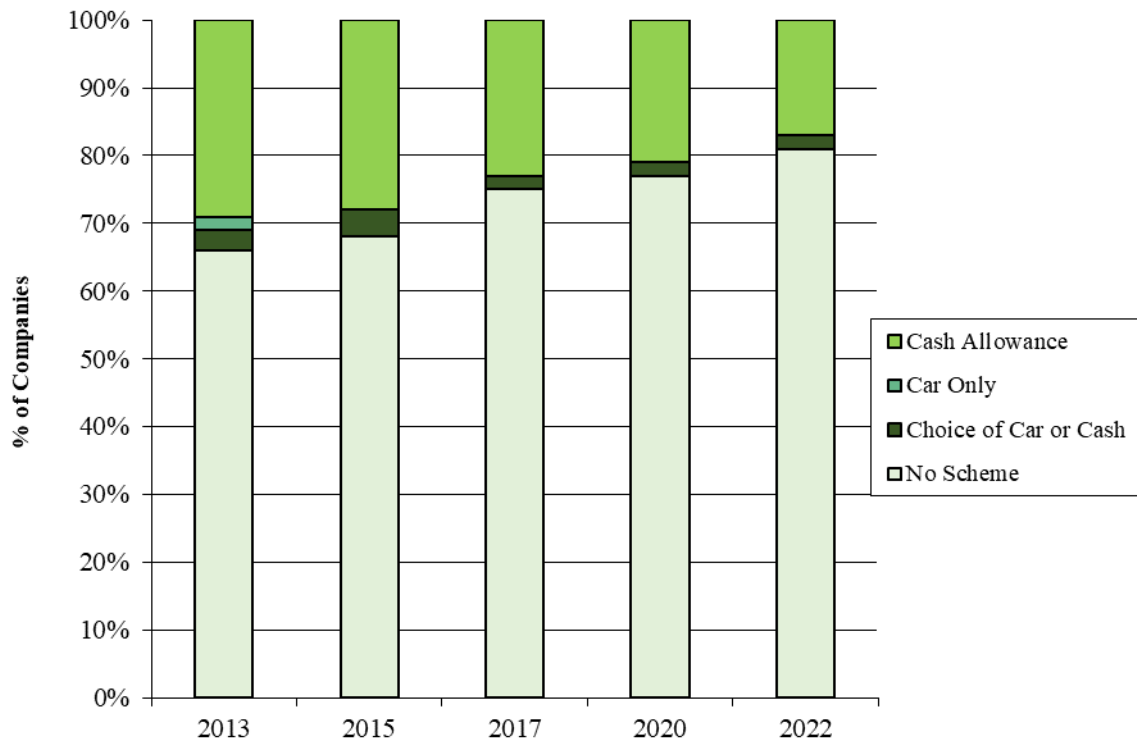
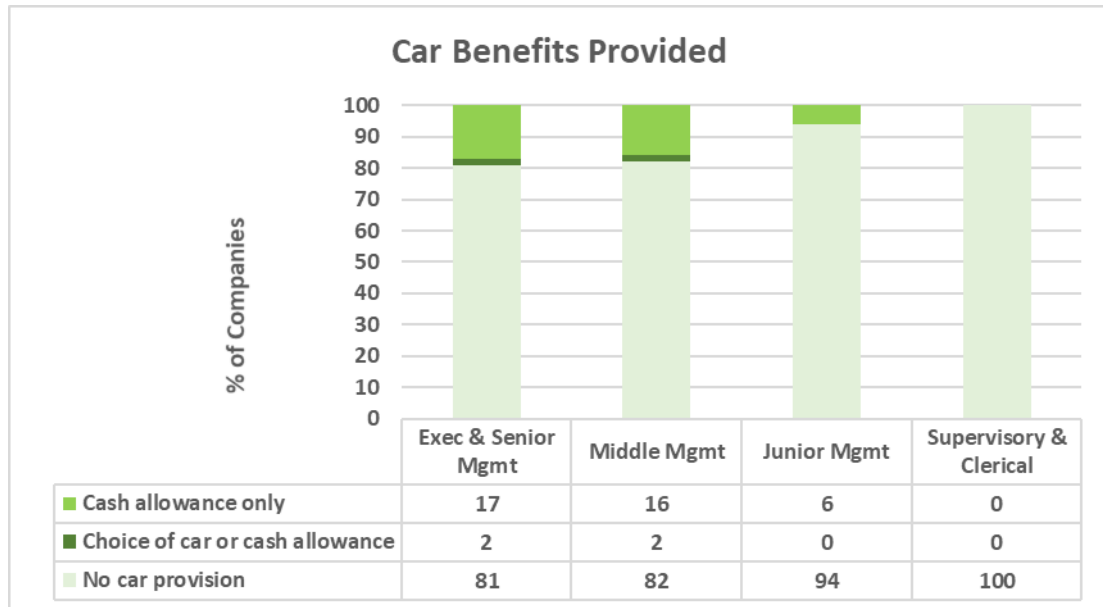


Company Cars and Car Allowances

As the following two charts show, the percentage of companies providing car-related benefits continues to fall, so that this no longer remains a significant employee benefit. The chart below indicates the change in the provision of car-related benefits since 2013, to employees at senior management level. This data applies to schemes open to new hires and excludes any grand-fathered schemes, whereby longer-standing employees continue to retain a car-related benefit.



As reported by participants in our survey for 2022, the percentage of participating companies offering any car-related benefits to eligible employees (excluding those with retained/grandfathered benefits) has fallen by a further 6% compared to that reported in 2020. Typically, such benefits are limited to middle management grades and above, as shown in the following chart, overleaf.



Company Cars

Providing a company car as an employee benefit is now extremely rare in London-based financial organisations. Only 2% of participating companies will provide a car at executive and senior management levels, usually leased by the organisation, (this percentage is unchanged since 2020, and down from 3% in 2019). In all cases where a car is available, eligible employees may choose to receive a cash allowance as an alternative.

We are not able to give data on the value of a company car provided by the employer due to the small sample size.

Annual Car Allowances

The majority of car schemes still in operation, and available to new hires, provide a cash allowance in lieu of a car for business use. Such allowances are limited to managerial staff at grades that would historically have been in receipt of a car and are now used primarily as a recruitment and retention tool and a non-pensionable component of the remuneration package.

Nineteen percent of participating companies (25% in 2020) provide cash allowances in lieu of a car, to executive and senior management grades including those giving a choice of car or cash. Eighteen percent offer cash car allowances to middle management (19% in 2020). Only 6% of companies provide a car allowance to junior management staff, down from 10% in 2020, and none at supervisory or clerical grades.

It is unlikely that the reduction in provision of car benefits is due to the Covid pandemic, this has been an ongoing trend over many years.

It is rare for those companies paying a cash car allowance to review the value of the allowance on an annual basis, and the link between the provision of such an allowance and the cost of purchasing and running a car is, now, rarely taken into consideration. The car allowance is typically seen as a mechanism for providing an additional, non-pensionable, element of pay to senior staff and not directly to enable them to purchase a car.

The provision of car allowances to new hires continues to reduce and is now a benefit used by less than 20% of organisations at senior or executive management level, having been at more than 30% in 2016. The change in value of median and interquartile data for annual allowances is due mainly to a change (reduction) in the sample providing such allowances.

The table below indicates current annual rates of car allowance by level of seniority. At the bottom of the table, we show the median car allowance reported in 2020, as a comparison.

VALUE OF ANNUAL CASH ALLOWANCES

£'000

	Executive Management	Senior Management	Middle Management	Junior Management
Lower Quartile	8.0	7.0	5.3	-
Median	9.6	7.2	6.0	4.1
Upper Quartile	10.0	7.8	6.2	-
Median value 2020	8.6	7.2	5.5	4.3

