



Salary Sacrifice Lease Car Scheme Terms & Conditions'

Contents

1. Introduction & Terms
2. Eligibility
3. General Terms
4. Mileage
5. Vehicle Choice
6. Payments
7. Responsibilities
8. Vehicle Maintenance & Roadside Assistance
9. Insurance & Licences
10. Termination & Vehicle Return
11. Other Information

1. Introduction & Terms

This document details the requirements and conditions for providing a leased vehicle to employees via the Zemo Partnership Salary Sacrifice Lease Car Scheme. Employees will be required to sign an agreement accepting these conditions and confirming their understanding of the requirements in addition to signing an amendment to their contract of employment prior to being able to participate in the scheme.

Terms

| | |
|---------------------------|---|
| “Business Miles” | Mileage undertaken on behalf of the Zemo Partnership as detailed in the travel expenses policy. |
| “FMC” | Fleet Management Company |
| “Employer” | Low Carbon Vehicle Partnership trading as Zemo Partnership |
| “Owner” | Approved Leasing Company |
| “User” | Employee and comprehensively insured additional drivers |
| “Chosen Vehicle” | The vehicle detailed on the employee order form |
| “BVRLA” | British Vehicle Rental & Leasing Association |
| “Notional salary” | The salary the employee would have received if the sacrifice had not been applied. |
| Contractual Relationship: | The provision of a lease car under the scheme means that you are entering into an agreement with the Employer. The Employer will enter into a separate agreement directly with both the Owner and the FMC via the Crown Commercial Services Framework RM6096 (or subsequent replacements), for both the rental, maintenance and fleet management of the vehicle, however, you will not have a contractual relationship directly with these suppliers. |

2. Eligibility

- 2.1 The scheme is offered to employees on a permanent contract of employment after the probation period or employees on a fixed term contract for a minimum of either 2 or 3 years who earn a basic gross salary of £30,000 p.a. (or if part-time the pro-rata equivalent).
- 2.2 2-year contract may be considered for those approaching retirements and/or are unable to commit to a 3-year contract.
- 2.3 Additionally the scheme is not offered to employees who fall within the following criteria:
 - a) A holder of a UK probationary driving licence only.
 - b) A holder of a non-UK driving license which has expired for the purposes of driving within the UK.
 - c) It is considered at the absolute discretion of the Employer as a high-risk driver due to accident and/or driving history.
 - d) An employee who has any outstanding monies owed (for which repayment arrangement has not been made) in respect to an existing or previous lease car agreement with the Employer.
- 2.4 Previous participation within the scheme presents no guarantee of future eligibility.

3. General Terms

- 3.1 The provision of a salary sacrifice lease vehicle will commit the employee to a 3-year agreement with the Employer, commencing from the date of vehicle delivery or a 2-year agreement where 2.2 applies.
- 3.2 An employee cannot withdraw from the scheme during the contract period without incurring penalty charges (see 10, Termination & Vehicle Return).
- 3.3 During the contract agreement the employee will be expected to have the vehicle at their disposal for official business use whenever required or practicable.
- 3.4 The vehicle maybe used for business and normal domestic and pleasure purposes by the employee and any comprehensively insured additional drivers (see 9, Insurance).
- 3.6 The legal owner of the vehicle will be the Lease Car Company. The User will be expected to take all reasonable steps to keep it free from involvement in any legal disputes e.g., in response to recovery of monies owed.
- 3.7 The employee must not transfer the benefit of the agreement or sub-hire or sub-lease the vehicle to any person or represent themselves as being the Owner of the car.
- 3.8 During the period of the agreement the vehicle will remain the property of the Owner and the employee has no authority to dispose of the vehicle or part of it.

- 3.9 It is a condition of joining the scheme that the employee will provide copies of current driving licences (and relevant DVLA licence summaries) for themselves and any named additional drivers. Additionally, the employee gives the Employer (or any 3rd party appointed by the Employer) authorisation to validate any such driving licence information with the DVLA.
- 3.10 Failure to adhere to the terms and conditions of the scheme may result in an employee being withdrawn from the scheme.
- 3.10.1 In the event any such withdrawal from the scheme incurs early termination charges any such charges will be the responsibility of the employee.

4. Mileage

- 4.1 The employee will be required to estimate their expected annual total mileage to the nearest 1,000 miles and the total mileage may not be less than 6,000 per annum.
- 4.2 Any business mileage is claimed back in normal way through expenses
- 4.4 Any mileage over the total contracted mileage (or pro-rata calculation for extended or early terminated vehicles) will be payable by the driver to the Employer from net pay at the rate detailed on your quote and your order agreement when the vehicle is returned.
- 4.3 Any rebate for unused mileage will not be credited to the employee.

5. Vehicle Choice

- 5.1 The employee may choose any vehicle subject to the following provisions:
- a) The chosen vehicle does not exceed CO₂ emissions of 50g/km.
 - b) The cost of the chosen vehicle does not take the employee's sacrificed basic salary below an Employer agreed minimum basic salary.
 - c) The employee will meet any additional cost of any retro fitted options, dealer fitted accessories, tow bars etc. Additionally, the employee will bear the cost of removing any such accessories in order to return the vehicle to its original condition.
- 5.2 The choice of the vehicle is the responsibility of the employee subject to the provisions of 5.1. Once the vehicle has been ordered it may not be possible for the employee to change or amend their choice without incurring penalty charges.
- 5.3 It is the driver's responsibility to ensure the chosen vehicle is fit for purpose and suitable for the individual taking account of any personal requirements. Drivers are advised to test drive vehicles before ordering and assess suitability. The leasing company will not be able to return vehicles as a result of 'unsuitability' and therefore will be subject to early termination fee (see 10, Termination & Vehicle Return.)

6. Payments

- 6.1 In return for the provision of the chosen lease vehicle, the employee is agreeing to an amendment to their contract of employment resulting in the reduction of their gross monthly salary equivalent to the costs associated with the provision of the benefit for 36 or 24 (where relevant) months.
- 6.2 The reduction in gross salary will be determined by the following factors:
- a) Cost of the chosen lease vehicle.
 - b) Any unrecoverable VAT.
 - d) Cost of Road Fund Licence at current published rates.
 - e) Number of total contracted miles conducted in the chosen vehicle.
 - f) Any additional charges levied by the Employer deemed necessary to run the scheme.
- 6.3 Additional payments to those referenced at 6.1, 6.2 apply in the following instances and will be not form part of the sacrifice agreement:
- 6.3.1 Early Termination Penalties (see 10, Termination & Vehicle Return).
 - 6.3.2 End of lease mileage reconciliation (see 4, Mileage).
 - 6.3.3 Any fines, fees or penalties (and any related administration fees relating to the same) resulting from motor offences or violation of traffic or parking regulations. Where notified, any fees incurred will automatically be deducted from net salary. Should the driver wish to challenge the fee incurred they must do so directly with the relevant authority. In instances where fines and/or penalties are successfully disputed administration charges may still be payable to the owner.
 - 6.3.5 Any costs incurred as a result of the employee's failure to meet their responsibilities as detailed in the Scheme (see 7, Responsibilities).
 - 6.4.6 Any insurance excess relating to insurance claims (see 9, Insurance).
 - 6.4.7 Fuel Costs.
 - 6.4.8 Any costs relating to damage identified outside of the BVRLA fair wear and tear guidelines (see 10, Termination & Vehicle Return).
 - 6.4.9 Any costs associated with the chosen vehicle not being available for collection or road worthy for collection at the end of the agreement (see 10, Termination & Vehicle Return).
 - 6.4.10 Any costs associated with the removal of accessories as per 5.1 c).
 - 6.4.11 Any costs incurred for the fitting, removal and re-registration of private number plates.

- 6.4.12 Any costs detailed as not included in section 8 (see 8, Vehicle Maintenance and Roadside assistance).
- 6.4.13 Any future increases to road fund licence rates not published at the time of quotation.
- 6.4.14 Any insurance related costs for the vehicle

- 6.5 The Employer shall have the authority to deduct any amounts due arising from this agreement from an employee's salary.
 - 6.5.1 In the event the employee is leaving employment with the Employer, the Employer is empowered to deduct from any wages, salary or other payment due to the employee, any sums which remain outstanding from the agreement.

6.6 Income Tax

- 6.6.1 An employee participating in the scheme may be liable for benefit in kind taxation on the chosen vehicle at the prevailing income tax rate applicable to their earnings at that time. Where applicable, HMRC will amend your tax code to ensure you are paying tax on what is calculated to be the benefit in kind of your chosen vehicle.
- 6.6.2 The taxable benefit is currently calculated by HMRC using the following factors:
 - a) Cost of chosen vehicle (p11d price).
 - b) CO₂ emissions of chosen vehicle.
 - c) Fuel type.
 - d) Electric range (for dual engine vehicles).
- 6.6.3 Employees will be quoted the potential cost of benefit in kind taxation by the FMC at the current income tax rates at that time. These potential costs may however change in accordance with government policy.
- 6.6.4 Income tax obligations arising from participation in the scheme is a personal matter between the employee and HMRC. The FMC will not be able to engage in negotiations with HMRC and the Employer will not be responsible for any personal taxation matters in respect of a lease vehicle or any personal financial issues associated with the lease. For further details please use the following link:
<https://www.gov.uk/tax-company-benefits/tax-on-company-cars>
- 6.6.5 A vehicle leased under the scheme is considered a 'company car' by HMRC therefore any mileage expenses you receive over and above the HMRC company car pence per mile advisory fuel rate for your chosen vehicle type will be subject to income tax and may change. See the following link to advisory fuel rates:
<https://www.gov.uk/government/publications/advisory-fuel-rates>.

7. Responsibilities

The employee has a responsibility to:

- 7.1 Inspect the vehicle at the point of delivery and promptly notify the FMC of any faults and/or deviations to the vehicle order.
- 7.2 Keep the vehicle in a reasonable condition relative to age and mileage
- 7.3 Ensure the vehicle is serviced and maintained in accordance with the manufacturer's instructions at a garage approved by the FMC or Owner responsible for the provision of maintenance services.
 - 7.3.1 Costs incurred due to failure to comply with 7.3 resulting in invalid warranty claims or the requirement to purchase additional warranty at vehicle return will be the responsibility of the employee.
- 7.4 Contact the FMC in a timely manner to ensure such arrangements are made for such works to be carried out to the vehicle.
 - 7.4.1 Follow the FMC or Owner procedure to obtain approval for any works to be carried out to the vehicle (see 8, vehicle maintenance and roadside assistance).
- 7.5 Conform to all instructions and recommendations in the manufacturer's handbook.
- 7.6 Regularly check oil, water, battery, ad blue and any other fluid levels and top up oil, ad-blu, water and screen fluid.
 - 7.6.1 Pay for any "topping up" fluids required as a result of 7.6.
- 7.7 Regularly check tyre pressure and the condition of tyres.
- 7.8 Take all reasonable precautions against frost damage and ensure sufficient antifreeze is used in accordance with the manufacturer's recommendations.
- 7.9 Notify the FMC as soon as possible of any concerns regarding the road worthiness of the vehicle.
- 7.10 Not use the vehicle or permit it to be used when it is un-roadworthy or defective.
- 7.11 Report promptly to the FMC any known defects to the vehicle.
- 7.12 Not disconnect or in any way tamper with the vehicle's odometer.
- 7.13 Ensure the reasonable security of the vehicle at all times.
- 7.14 Permit persons authorised by the Employer and the Owner to inspect the vehicle at any reasonable time.
- 7.15 Promptly provide full details to the FMC of any prosecution notice towards any user of the vehicle because of an alleged motor offense.

- 7.16 Promptly provide full details to the FMC of any medical condition and / or medication which affects any users driving ability and ensure that this has been reported to the DVLA and/or insurer as is relevant.
- 7.17 Promptly report to the FMC any prosecution or medical condition which renders the employee unable to legally drive the vehicle.
- 7.18 Promptly update the FMC with any changes to home address, contact phone number and/or email address.
- 7.19 Promptly pay or dispute any fines (parking, bus lane, toll) in instances where the liability for any such fines have been transferred to the driver.
- 7.20 Ensure users do not act in a manner which may invalidate the insurance policy in place for the vehicle.

8. Vehicle Maintenance & Roadside Assistance

- 8.1 The Scheme provides for the maintenance of the vehicle including the cost of all servicing in accordance with the manufacturer's recommendations, replacement of tyres, batteries, and any other parts which require replacement for the mechanical function of the vehicle, subject to clause 8.5.
- 8.2 The employee must follow the instructions provided in the driver welcome email to arrange any vehicle maintenance.
- 8.3 The employee must ensure that the service record book is completed and stamped after each service.
- 8.4 The employee must not authorise any works to be undertaken which have not been approved by the FMC. Any arrangements made without such approval will render the employee liable for any payment directly to the repairer/garage
- 8.5 The Scheme does not cover the cost of vehicle maintenance required as a result of:
 - a) an employee's failure to meet their responsibilities detailed in the scheme
 - b) misuse or neglect of the vehicle or unreasonable driving style.
 - c) a driver's inability to provide the relevant locking wheel nut key supplied with the vehicle at delivery
 - d) damage to number plates
 - e) damage to trims and seals
 - f) an accident (which will be addressed as an insurance claim)
- 8.6 UK breakdown recovery is included as part of the lease arrangement. Information regarding accessing this service is provided in the driver welcome email. The driver welcome email will be emailed to you upon delivery of your vehicle.
- 8.7 Employees will be expected to arrange their own transport when the vehicle is undergoing routine servicing.

- 8.8 A replacement vehicle may be supplied, at the discretion of the repairer, if repairs are anticipated to take longer than 24 hours.

9. Insurance & Licences

- 9.1 The employee is responsible for arranging, maintaining and evidencing fully comprehensive insurance for the leased vehicle including any named additional driver and including any requirements for business use.
- 9.2 Only named drivers on the evidenced insurance policy and are covered on a comprehensively insured basis are permitted to drive the vehicle.
- 9.3 The employee is required to promptly evidence to the FMC the required insurance policy as detailed in 9.1 at inception, renewal and in the event of any amendment to the policy.
- 9.4 The employee is responsible for providing adequate insurance cover for any personal property fitted to or left within the vehicle.
- 9.7 Employees must notify the FMC immediately of any convictions or licence endorsements (including fixed penalty endorsements) for themselves or any additional drivers and evidence that these have been advised where appropriate to the insurer.
- 9.8 Employees must not drive or permit an additional named driver to drive the vehicle under any circumstances if their licence has been suspended.
- 9.9 The employee must notify the FMC immediately of any changes to their or additional named drivers health which may affect their ability to drive.
- 9.10 Where any licence endorsements incurred by the employee or named additional driver during the lifetime of the lease deem the driver to be considered high risk as detailed in 2.3 c) the employee may be required to remove driving access of the vehicle from the additional driver and/or withdraw from the scheme.
- 9.10.1 In the event any such withdrawal from the scheme incurs early termination charges any such charges will be the responsibility of the employee.

10. Termination & Vehicle Return

10.1 End of Lease period.

- 10.1.1 At the end of the lease period the chosen vehicle will be arranged for collection by contacting the FMC and appraised by the Owner to ensure the condition of the vehicle meets the BVRLA fair wear and tear guidelines. The collection and inspection process are detailed in the de-hire process document issued to the driver prior to expiry of the lease.
- 10.1.2 In the event the vehicle condition does not meet this standard the Owner will advise the applicable costs of repairs required to bring the vehicle up to this standard.

10.1.3 Any such costs will be the sole responsibility of the employee and will be deducted from net salary.

10.1.4 In the event the employee considers any end of lease repair work required to be deemed unfair the FMC will review the identified damage and where appropriate liaise with the Owner on the employee's behalf to dispute the charge. In instances where the employee wishes the supporting evidence for such charges to be reviewed by another independent 3rd party any charges for such a review will be borne by the employee.

10.1.5 In the event the FMC considers any disputed charges to be reasonable the Employer will support this decision as final and pass the final invoice to the driver for payment and deduction from salary.

10.2 Prior to the end of the lease period.

The employee will be liable for any costs incurred by the Employer as a result of an early termination of the lease agreement with the Owner other than where the agreement is terminated as a result of death in service or termination of employment by reason of redundancy or ill health or by way of TUPE transfer (where the transfer of the vehicle to the new employer is not possible).

Termination charges applicable are as follows noting the number of months maintained rental cost:

| YEAR OF TERMINATION | SCHEDULED LEASE PERIOD | |
|---------------------|------------------------|----------|
| | 2 YEARS | 3 YEARS |
| YEAR 1 | 2 months | 5 months |
| YEAR 2 | 1 month | 3 months |
| YEAR 3 | | 1 month |

10.3 Change in circumstances.

10.3.1 In the event an employee enters a period of unpaid leave for any reason, the employee will no longer be able to participate in the Salary Sacrifice lease Car Scheme and early termination penalties detailed in section 10.2 will apply. It may be possible for the employee to retain the use of the vehicle by making direct payments to the Employer however the costs associated with the retention of the vehicle will differ from the salary sacrifice arrangement.

10.3.2 In the event an employee transfers to another public sector employer it may be possible for the vehicle to transfer to the new employer. This will be subject to agreement between the new employer and the Owner. If any such transfer is possible early termination penalties detailed in section 10.2 will not apply.

11. Other Information

11.1 Company benefits linked to salary will be calculated using a notional salary.

11.2 Participation in a Salary Sacrifice Lease Car Scheme may affect any state benefits which are linked to salary.

11.3 Please see below for other useful links and advice

<https://www.moneyadviceservice.org.uk/en/articles/salary-sacrifice-schemes>

<https://www.gov.uk/salary-sacrifice-and-the-effects-on-pay>