



Trust Salary Sacrifice Lease Car
Scheme
Terms & Conditions' 2020



A Great Place to Work



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 & Accident Management
10. Termination & Vehicle Return
11. Other Information

1. Introduction & Terms

This document details the requirements and conditions for providing a vehicle to employees under Nottinghamshire Healthcare NHS Foundation Trust's 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 Trust as detailed in Travel & Expenses policy 10.09. Business travel includes travel between sites and to and from meetings and any journey that is not part of your normal commute to and from work.
"FMC"	Fleet Management Company
"Trust"	Nottinghamshire Healthcare NHS Foundation Trust
"Owner"	Approved Leasing Company
"User"	Employee and approved additional drivers
"Chosen Vehicle"	The vehicle detailed on the employee order form
"BVRLA"	British Vehicle Rental & Leasing Association
Grey fleet	Refers to drivers who use their own vehicles for business purposes

Contractual Relationship:

The provision of a lease car under the scheme means that you are entering into an agreement with Nottinghamshire Healthcare NHS Foundation Trust. The Trust will enter into a separate agreement directly with both the Owner and the FMC, 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 permanent contract of employment or employees on a fixed term contract for a minimum of 3 years at the Trust's discretion who earn a basic salary of £24,907p.a. (or if part-time the pro-rata equivalent of spine point 16 for agenda for change).
- 2.2 Exceptions for 2 years contract may be considered for those approaching retirements that are unable to commit to a 3 year contract. Please note impact on pension and statutory benefits.
- 2.3 Additionally the scheme is not offered to employees or their additional named drivers 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 Trust; a high risk driver/additional driver due to their 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 Trust.
- 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 Trust, 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 Termination).
- 3.3 During the contract agreement the employee will be expected to have the vehicle at their disposal for official business use whenever required.
- 3.4 The vehicle maybe used for business and normal domestic and pleasure purposes by the employee and **any declared additional drivers** (see 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 counterparts) for themselves and any named additional drivers. Additionally the employee gives the Trust (or any 3rd party appointed by the Trust) authorisation to validate any such driving licence information with the DVLA.

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 All business mileage is then claimed back in normal way through e-expenses.
- 4.3 The mileage rate payable for salary sacrifice lease car holders will be reviewed twice yearly usually April/May and again in November in-line with NHS agenda for change terms and conditions.
- 4.4 Any mileage over the total contracted mileage (or pro-rata calculation for extended or early terminated vehicles) will payable by the driver from net pay at the rate detailed on your quote and your order agreement.

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 75g/km.
 - b) The cost of the chosen vehicle does not take the employee's sacrificed salary below a trust agreed minimum base salary.
 - c) The employee will meet any additional cost of factory fitted options, dealer fitted accessories, tow bars. 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 will not be possible for the employee to change or amend their choice.
- 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 particular personal requirements. Drivers are advised to test drive vehicles before ordering and make an assessment of suitability. The lease company will not be able to return vehicles as a result of 'unsuitability' and therefore will be subject to early termination fee (see 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) VAT.
 - c) Insurance costs.
 - d) Cost of Road Fund Licence.
 - e) Number of total contracted miles conducted in the chosen vehicle.
 - f) The option to add a relief vehicle to the quotation. This must be made for the duration of the lease and cannot be opted out of once the vehicle is delivered. If selected a relief vehicle of similar size will be supplied should the leased vehicle become unfit for use due to a mechanical failure for a period of not less than 24 hours up to a maximum period of 2 weeks at any time or until the vehicle is then fit again for use, whichever is the less. Requests for replacement vehicles will be accepted by the FMC between the hours of 9.00 and 17.00, Monday to Friday (excluding bank holidays).
- 6.3 Additional payments to those referenced at 6.1, 6.2 apply in the following instances; any outstanding debts will be deducted from net salary:
- 6.3.1 Early Termination Penalties (see Termination 10).
 - 6.3.2 End of lease mileage reconciliation (see Mileage 4.4).
 - 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.
 - 6.3.4 Any additional premiums levied for the addition of "higher risk" additional drivers (see Insurance, section 9) will be deducted from net salary.
 - 6.4.5 Any costs incurred as a result of the employee's failure to meet their responsibilities as detailed in the Scheme (see Responsibilities).
 - 6.4.6 Any insurance excess relating to accidents occurring whilst not conducting business miles (see 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 Termination).
 - 6.4.9 Any costs associated with the chosen vehicle not being available for collection at the end of the agreement (see Termination).
 - 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 (Vehicle Maintenance and Roadside assistance).

- 6.4.13 The Trust may refer any outstanding debts not recovered from salary to the Trusts Debt Recovery Agent (CCI Credit Management) for collection, and may provide employee personal contact details for this purpose.

6.5 Income Tax

- 6.5.1 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 considered to be the benefit in kind of your chosen vehicle.
- 6.5.2 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).
- 6.5.3. 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.
- 6.5.4 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 Trust 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>
- 6.5.5 A vehicle leased under the scheme is considered a 'company car' by HMRC therefore any 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>.
- 6.6 The Trust shall have the authority to deduct any amounts due under section 6 from an employee's salary.
- 6.6.1 In the event the employee is leaving employment with the Trust, the Trust is empowered to deduct from any wages, salary or other payment due to the employee, any sums which remain outstanding from the agreement.
- 6.6.2 Any sums not covered by payments made as per 6.6.1 will be invoiced to the employee for payment and passed to debtors for recovery.

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.
 - 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 procedure to obtain approval for any works to be carried out to the vehicle (see vehicle maintenance and roadside assistance 8.0).
- 7.5 Conform to all instructions and recommendations in the manufacturer's handbook.
- 7.6 Regularly check oil, water, battery, brake, 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 vehicles odometer.
- 7.13 Ensure the reasonable security of the vehicle at all times.
- 7.14 Permit persons authorised by the Trust 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 as a consequence 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.
- 7.17 Take reasonable rest periods whilst conducting business mileage to ensure that their driving ability is not impaired as a result of fatigue.

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 manufacturers 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 pack 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) costs relating to misuse or neglect of the vehicle or unreasonable driving style
 - c) costs incurred due to a drivers 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) as a result of 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 pack. The driver pack 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. A guaranteed replacement vehicle will only be supplied if the employee has request for a relief vehicle to be included in their quote.

9. Insurance & Accident Management

- 9.1 The Scheme includes comprehensive private and Trust business insurance cover for the employee and a maximum of 2 additional drivers (subject to section 2.2) to drive the chosen vehicle.
- 9.2 The driving of any vehicles other than the vehicles provided by the Trust is not included within the insurance policy.

- 9.3 The employee is responsible for providing adequate insurance cover for any personal property fitted to or left within the vehicle.
- 9.4 An additional premium of £100.00 per annum per driver per category will be payable on the date of cover and anniversary date of cover for drivers who fall into the following categories:
- i) driver with less than 1 years driving experience
 - ii) driver aged under 24
 - iii) driver with any history of a drink driving conviction and/or licence ban
 - iv) driver with more than 6 points on their licence
 - v) driver who has made 3 or more claims in a 12 month period on the Trust insurance policy.
- 9.5 Any excess payments applicable to a claim for an accident which occurred whilst not conducting business miles will be payable by the employee and any such payment must be made directly to the repairer before the vehicle is released to the employee.
- 9.6 Excess payments may differ as policies are renewed and will be advised at the point of change. The current excess payments are as follows:

Standard excess	£250.00
Driver with less than 1 years driving experience	£400.00
Drivers aged under 25	£400.00
Drivers aged under 21	£500.00
Drivers with more than 6 points on their licence	£400.00
Drivers with any history of a drink driving conviction or ban	£500.00
Drivers who have made 3 or more claims within 12 months for themselves or a named additional driver	£400.00

- 9.7 Employees must notify the FMC immediately of any convictions or licence endorsements (including fixed penalty endorsements) for themselves or any additional drivers.
- 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 repeated claims are made by an employee the Trust will consider disciplinary action under the Trust's Conduct Policy including withdrawal from the scheme or referral to a driver training scheme.
- 9.11 In the event of an accident the user must contact the FMC as soon as reasonably practical to report the details of the incident. In addition the employee must report an accident to the Trust via their line manager and complete a Trust incident report.
- 9.12 A failure to report an accident within 24 hours which has occurred during business use may result in the employee becoming liable for any applicable excess charges.

- 9.13 Details of the accident procedure are detailed in the driver pack emailed to you upon delivery.
- 9.14 In the event the vehicle is off the road during the period of repair a courtesy vehicle will be provided however this vehicle may not be of like for like size or specification to the vehicle being repaired.
- 9.15 In the event a vehicle is deemed unrepairable and is written off or is stolen a courtesy vehicle will not be provided and the employee will continue to be liable to make the monthly contribution as detailed in 6.1 until full and final settlement has been received by the owner from the insurer.
- 9.16 Where relevant the employee is responsible for obtaining a crime number from police for insurance purposes.
- 9.17 Where possible the user should record any 3rd party information for parties involved in an accident. This may relate to either another vehicle or property.
- 9.18 Following an accident, drivers should not provide any formal written admission of fault to another 3rd party.
- 9.19 Whilst the Trust understands that the use of mobile phones is an integral part of conducting business employees are advised not to take or make business phone calls whilst driving (irrespective of whether this involves the use of a hands free kit) to reduce the likelihood of any such phone calls impairing the employees ability to drive.

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 and appraised by the Owner to ensure the condition of the vehicle meets the BVRLA fair wear and tear guidelines. The collection process and inspection is detailed in the de-hire process document that will be 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 Trust will support this decision as final and pass the final invoice to the driver for payment and deduction from salary.

10.1.6 Upon return of the vehicle the reduction in gross salary for the chosen vehicle will cease at the next monthly anniversary.

10.2 Prior to the end of the lease period.

The employee will be liable for any costs incurred by the Trust 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:

Within the first year of the agreement	5 months total rental for the chosen vehicle
Within the second year of the agreement	3 months total rental for the chosen vehicle
Within the 3 rd year of the agreement	1 months total rental for the chosen vehicle

10.2.1 Where possible the FMC will seek opportunities to match any vehicle identified for early termination with potential new employees seeking to join the scheme or renew their current vehicle. This is however not guaranteed and in the event no new employee can be identified to take on the residual period of the agreement early termination penalties will apply.

Any transfer of vehicle between employees is subject to the agreement between the existing and receiving driver regarding any excess mileage charges/credits and/or repairs at the point of transfer. In the event an existing driver has not made payment in respect of excess mileage and/or repairs the liability for any such costs will become the responsibility of the new driver.

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. Such employees will be given the option to continue use of the vehicle under the terms of the Trust Lease Car Scheme and make payments due under the alternative scheme directly to the Trust rather than through payroll. Alternatively the employee may wish to return the vehicle and the early termination penalties detailed in section 10.2 will apply.

10.3.2 In the event an employee transfers to another 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.

10.4 Extensions

10.4.1 Subject to lease company approval it may be possible to extend the term of the vehicle lease beyond the contracted term where a replacement vehicle is on order via the trust scheme, however it is your responsibility to ensure you commence the application process at least 3 months prior to the return of your vehicle in order that any such extensions are for a limited period only.

10.4.2 Subject to approvals being obtained as detailed in 10.4.1 extensions will only be permitted when a replacement vehicle is on order via the trust scheme.

10.4.3 Further to 10.4.1 and 10.4.2 the employee will not be permitted to extend their vehicle on a salary sacrifice basis and will be required to continue the use of the vehicle under the terms of the Trust net deduction lease car scheme including revised monthly contributions and benefit in kind taxation charges.

11. Other Information

11.1 It is strongly recommended that in addition to these terms and conditions an employee should also read the available questions and answers document before entering into the Salary Sacrifice Lease Car Scheme.

11.2 Participation in a Salary Sacrifice Lease Car Scheme may affect the pension benefit you receive at retirement.

Salary Sacrifice is not pensionable. Salary Sacrifice is effectively giving up part of your salary to pay for something that is currently being offered by Nottinghamshire Healthcare NHS Trust. This will reduce your Total Pensionable Pay (TPP) as the amount sacrificed or used to pay for the items is taken directly from your gross pay and is therefore NOT pensionable. Pension is only paid on the remaining amount i.e. the TPP after the salary sacrifice amount has been taken off.

For members of the 1995 section, if salary sacrifice is carried out within the last three years of pensionable membership before retirement, this could affect the calculation of your pension.

For members of the 2008 section, if salary sacrifice is carried out within the last 10 years of pensionable membership before retirement, this could affect the calculation of your pension.

For members of the 2015 section, as the scheme uses your earnings throughout your career to calculate your pension, a reduction in gross pensionable pay will have a negative effect on the amount of pension built up in that year. The overall effect from participating in any salary sacrifice scheme would reduce the amount of final benefits earned.

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

11.4 Participation in a Salary Sacrifice Lease Car Scheme may affect any company benefits and any additional company benefits available as salary sacrifice agreements which are linked to salary.

11.5 Employees conducting business mileage in a Salary Sacrifice Lease Car Vehicle will be eligible to make an expense claim in accordance with the Trust Travel & Expenses Policy 10.09 and the pence per mile attributed to such a claim will be equivalent to that of conducting business mileage in the employee's own car.

11.5.1 HMRC classify a salary sacrifice lease vehicle as a company car for the purposes of tax due on expense claims over and above the HMRC tax free limit therefore an employee will incur more income tax on expense claims as detailed in 11.5. than if the same expense claim were made in their own vehicle.

11.6 Please see below for other useful links and advice

<https://www.moneyadvice.service.gov.uk/en/articles/salary-sacrifice-schemes>

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