

Standard lease car policy

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1. Introduction

Avon and Wiltshire Mental Health Partnership NHS Trust (The Trust) recognises that in order to provide high quality mental health services some staff are required to be mobile in the course of their work. The Trust has therefore agreed to offer a lease car scheme to all eligible staff who are expected to travel as part of their everyday duties.

This policy reflects the other principles that the Trust is required to meet, such as ensuring that:-

- the Trust's environmental agenda is supported
- the health, safety and wellbeing of staff and members of the public is promoted
- those who use a car in their role are appropriately allocated a lease car in relation to the national requirements
- lease cars are allocated in an unbiased way on proof of eligibility
- a comparison between the use of the member of staff's own car, lease car, pool car, hire car and public transport is considered as well as the effective use of work time
- the Trust can maximise its finances for frontline care
- the national terms and conditions of employment for Consultants (2003) are applied

2. Purpose or aim

This policy sets out the eligibility criteria for lease cars and offers an alternative to those staff that do not have access to a car for business use, or who do not meet the national and local requirements for a lease car.

3. Scope

This policy applies to all permanent staff employed by the Trust. It does not apply to Executive Directors (whose terms and conditions are established by the Remuneration Committee). Consultant medical staff have specific national terms and conditions associated with lease cars, and should read this policy in conjunction with the Consultant Lease Car Scheme information which is contained in Appendices F and G.

4. Definitions

Lease car - the term lease car will apply to Crown Cars unless specified otherwise in this policy.

Contracted Total Mileage – Vehicles are contracted to travel an estimated amount of business mileage and a fixed total mileage over the lease period. The minimum total mileage is 8000 miles per annum and the maximum total mileage is 40,000 miles per annum

Excess Business Mileage - calculated as total business mileage recorded on travel claims for the period of the lease less Contracted Business Mileage.

Excess Private Mileage - The excess private mileage will be calculated as the difference between the total excess mileage and the excess business mileage (calculated as total business mileage recorded on travel claims for the period of the lease less Contracted Business Mileage).

Base Car - The base lease car is a model that emits a maximum of 120 mg/km of carbon dioxide and has a EuroNCAP (safety) rating of at least 4 stars. The Trust's aim is to reduce the carbon dioxide emissions of a base car to a maximum of 110 mg/km over the three year period for which this policy is valid and to reduce the car emission rates and improve the EuroNCAP rating of cars as vehicle green technology and safety improves. This specification is the Trust's "base car" and all calculations are based on the costs associated with this base car.

Fuel Allowance - All Staff with a lease car can claim an allowance for business use, for fuel. The fuel allowance is calculated on a rate per business mile and is claimed by filling out the Trust's usual monthly travel claim form. The current rate paid for business mileage is contained in Appendix A and will be updated in line with Agenda for Change terms and conditions. Business rates for consultant medical staff are not updated in line with Agenda For Change rate and will be detailed nationally. There can be no costs claimed for personal mileage.

Benefit in Kind (BIK) Tax - Since April 2002 this tax is based on the list price of the car along with its carbon dioxide (CO₂) emissions. Every car has a CO₂ emission measure. The higher the list price and the higher the CO₂ emissions, the higher the value of the car for tax purposes. Staff are advised to speak to the Inland Revenue to find out what the full effect of this would be for them in relation to their choice of car and this policy.

Essential Car User – An individual whose role requires them to travel regularly on Trust business and who averages 3500 business miles or more per year.

5. Roles and responsibilities

5.1 The member of staff must:

- ensure that they have read both this policy and the lease car contract before applying for a lease car. Both documents are available on [OurSpace](#).
- ensure they have fully completed all documentation and provided an accurate assessment of their personal and business miles.
- provide required documentation including driving licence, insurance certificate and other documentation as requested.
- ensure that they claim every month on the expenses from the actual business miles undertaken to fulfil their duties, and record their total vehicle mileage on the monthly claim form.
- notify the Transport Department if any personal details should change during the contract period which may affect eligibility.
- contact the Transport Department two months prior to the end of the lease car contract so that arrangements can be made for the car's return and calculations can be prepared in relation to any termination costs.

5.2 The Line Manager must:

- certify by signing the Lease Car Application Form that the applicant is an essential car user in line with the essential car user parameters, is eligible for the General Contract Hire Scheme and that the car requested is suitable for the member of staff's duties.
- ensure compliance with the policy and inform the Transport Department immediately should any changes occur during the contract period which may affect the lease.
- ascertain the amount of usage that the member of staff would be required to undertake in their role and ensure a lease car is the most appropriate form of transport; other options would be use of a pool car, public transport or for frequent longer journeys of 100 miles or above including the return journey the use of a hire car.
- ensure the member of staff has evidence of previous annual business mileage claims if the member of staff currently has a lease car and ensure that the criteria for approval of a lease car within this policy are adhered to.
- if the member of staff is a new applicant, the line manager must ensure that the business usage requirements will be met. This may be able to be achieved by looking at others in the same team or in a similar role across the Trust to ascertain the average business miles claimed by those staff.

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- ensure that there is consistency of approach regarding lease cars and other travel options across the team.

5.3 The Locality Director or the relevant Director of all professional support functions must:

- confirm by signing the Lease Car Application Form that the applicant is eligible for the General Contract Hire Scheme within the parameters set within this policy and should receive a lease car subsidy.
- ensure compliance with the policy.
- if the member of staff is a new applicant, ensure the line manager has checked that the business usage requirements will be met.
- ensure that there is consistency of approach across the team.

5.4 The Transport Department must:

- ensure compliance with this policy in relation to the procurement of the vehicle and completion of documentation.
- provide the line manager and relevant Director with information relating to previous business and personal mileage claims or average claims of other team members or appropriate comparators in partnership with payroll as required.
- ensure that staff who have a lease car supply copies their driving documents to them for checking at least on an annual basis.
- provide advice and guidance regarding other options that are available and relevant to the individual applying for a lease car.
- ensure that staff who meet the requirements of this policy and are approved for a lease car produce relevant documentation for verification checks at the commencement of the lease car contract.

6. Process

6.1 Eligibility

In order to be eligible for a lease car, a member of staff must be expected to travel at least 3,500 business miles per year for the duration of the lease and have a full, current and valid UK driving licence, which has been held for a minimum of twelve months.

Any member of staff wishing to consider applying for a lease car should discuss their eligibility with their line manager. If it is agreed that the member of staff is eligible for a lease car, the member of staff should contact the Trust's Transport Department stating that they wish to consider a lease car under the relevant Trust scheme (standard, Consultant or Senior Director).

The Transport Department will advise on costs of lease cars, but will not give tax advice. Having selected a lease car, the member of staff is advised to seek guidance on the tax implications of the chosen car from the Inland Revenue.

Applicants should ensure that they have read both this policy and the [lease car contract](#) that they will be required to sign before applying for a lease car. If the member of staff wishes to [proceed](#), an application should be made on a lease car application form available on the Transport site.

Full details of the lease car application procedure is detailed in Appendix B.

For staff using their own car and claiming in excess of 5000 annual business miles or more per year and who have declined to take a lease car or consider other options, should be advised

that their mileage above 5000 annual business miles will be reimbursed at the NHS reserve rate.

6.2 Requirements

Once it has been approved that the member of staff is eligible for a lease car they will be required to:

- Take out fully comprehensive motor insurance cover against all risks for business and private use; a Certificate of Insurance must be provided to the Transport Department prior to a lease car being handed over to the driver. The driver must also ensure the Transport Department receives a copy of the insurance certificate annually thereafter in order to confirm that the vehicle is fully insured. It is the individual member of staff's responsibility to ensure that the Insurance Company is aware that the lease company is the registered owner and keeper of the vehicle and not the member of staff. A copy the driving licence information from www.gov.uk/view-driving-licence must be supplied with the insurance document on an annual basis. Failure to do so will result in the Trust stopping business expenses claims being made. This does not apply to Consultant medical staff as insurance is provided under their scheme.
- The lease holder for the vehicle is wholly responsible for ensuring that all drivers of the vehicle have a full driving licence which they have held for a minimum of 12 months and full comprehensive motor insurance cover against all risks for private use for the lease car. The Trust has no liability in relation to vehicle when being used by drivers other than the named lease holder, regardless of their employment status with the Trust.
- Select a car that is fit for the purpose of the job (staff are asked to take public opinion into account concerning the provision of lease cars when selecting a car).

Based on an individual's previous driving and accident record, the Trust reserves the right to refuse an application for a lease car. The Trust does not require any member of staff to take a lease car if they would prefer to use their own car but, depending upon the annual business mileage claims, may find that their mileage allowance is reduced.

6.3 Allowances

Eligible staff will receive an annual allowance towards the cost of a lease car based on their estimated annual business mileage. If the estimated business and / or personal mileage is greater than or lesser than the estimated mileage, the allowance may be adjusted. As a minimum any allowance would be reviewed annually but mileage claims for both business and personal mileage will most likely be reviewed on a six monthly basis. The allowance rates are shown in Appendix A and may be reviewed from time to time.

The lease contract cost is based on provision of the car, maintenance, service, tax, breakdown cover and administration of the scheme. The allowances are based on user allowances for different levels of business mileage. The allowances cover the proportion of the lease contract cost that relates to business mileage and the member of staff is required to contribute to the cost of using the car for non-business mileage.

For the purposes of calculating the allowance due from the Trust it has been assumed that the lease car is an average manual 5 door hatchback with 1.4 litre petrol engine (such as Ford Fiesta, Renault Clio, Volkswagen Polo etc.) with a carbon emission of less than 120g/km and a EuroNCAP rating of at least 4 Stars. This specification is the Trust's "base car" and all calculations are based on the costs associated with this base car. Any member of staff may select any make and model of lease car (subject to some minor exceptions detailed later on in the policy/appendices) but if the car chosen has a larger engine or higher specification than the base car, the member of staff must bear the total associated increased cost themselves.

The carbon emission of eligible lease cars will reduce over a three year period and new cars bought within these years will be expected to adhere to these:-

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Up to 30 June 2016	less than 120g/km
1 July 2016 to 30 June 2017	less than 110g/km
1 March 2018 and thereafter	less than 110g/km

The EuroNCAP rating of at least 4 stars will still apply in each year.

All staff with a lease car can claim an allowance for business use for fuel. The fuel allowance is calculated on a rate per business mile and is claimed by completing the Trust's usual monthly travel claim form. The current rates can be found in Appendix A. The rates are reviewed annually (based on the base car) or when there is a significant change in fuel costs. The fuel rates, under Agenda for Change, reflect the AA calculated mileage costs. Business rate for consultant medical staff are not updated in line with Agenda For Change rate and will be detailed nationally.

The Trust reserves the right to alter these allowances if there are changes to car related legislation.

6.4 Length of lease contract and early termination

The member of staff and the Trust will sign a three year lease contract. Terminating a lease contract during the three year lease period incurs penalty payments. These are calculated as follows:

- In year one of the lease – 5 months of the total annual lease cost
- In year two of the lease – 3 months of the total annual lease cost
- In year three of the lease – 1 month of the total annual lease cost

If the member of staff becomes ineligible to have a lease car during the contract period they and their line manager must notify the Transport Department immediately. Each case will be considered individually, and in some circumstances (for example if the ineligibility is only of a short term nature) it may be considered appropriate to allow the lease contract to continue until the end of the lease period on the same terms and conditions. In a number of circumstances, however, it will be appropriate for the lease contract to end, and for the vehicle to be returned to the Transport Department.

The lease contract may be ended at the Trust's cost in the following circumstances:

- Long term sickness absence
- Death in service
- Involuntary redundancy
- Ill health retirement
- Member of staff no longer eligible for a lease car due to change of position through Trust instigated redeployment or relocation (in this instance the member of staff will be given the option to terminate the lease car contract at no cost to them if their business mileage falls due to organisation change. Any decision in relation to this option should be taken within 12 weeks from the change of base taking place)
- Member of staff no longer eligible for lease car due to changes in the travel requirements of the position, where those changes are outside the member of staff's control

The lease contract may be ended at the member of staff's cost via a salary deduction in the following circumstances:

- resignation or dismissal
- voluntary redundancy (including through a Mutually Agreed Resignation scheme (MARS))
- planned retirement

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- loss of driving licence
- member of staff no longer eligible for lease car due to voluntary appointment to a new post
- member of staff no longer eligible for lease car due to voluntary attendance at an extended period of approved training
- loss of use of car through theft or accident (member of staff's insurer will normally settle with lease company direct to cover penalties but the driver will need to arrange to pay own excess).

Before ending a contract at either the Trust's or the member of staff's expense the Trust will seek to minimise any costs. At the end of the contract if the member of staff remains ineligible for a lease car they will not be able to enter into a further lease car contract.

Two months before the end of the lease period, the member of staff must contact the Transport Department to commence arrangements to hand back the car. Advice and guidance will be given to the member of staff in relation to end-of-contract arrangements.

The lease contract may only be extended if the employee is waiting for a new car to be delivered.

7. Insurance

In the event of an accident occurring during official use of the vehicle then drivers must complete an [Adverse Incident Report](#) as soon as is practicable and within 3 working days of the accident or damage to a vehicle being sustained. In exceptional circumstances this timescale will be extended to 5 working days

Standard lease car drivers (not consultants) must provide fully comprehensive insurance for their lease car. This insurance must cover all named drivers. Business usage should also be detailed on the insurance. A copy of the insurance certificate must be sent to Transport Department annually. Staff are advised to take a courtesy car option when arranging insurance. A courtesy vehicle will not be supplied by AWP or the lease company in the event of a claim.

Please note that the insurance company chosen must be notified and agreeable that the named driver is not the registered owner and keeper of the vehicle. The owner and keeper is the lease company and some insurers will not provide cover on this basis.

For Consultants insurance details, please refer to Appendix F.

8. Tax implications

When a company car (such as a lease car from the Trust) is made available for the private use of a member of staff a "benefit in kind" (BIK) value is calculated in relation to the car. Income tax is then liable based on this BIK value. The BIK value for a full year is obtained by multiplying the price of the car for tax purposes (in most cases, its list price plus accessories) by the "appropriate percentage", where the "appropriate percentage" is based on the car's approved CO2 emissions figure. There are some supplements and reductions to take account of different fuels.

The CO2 emissions figure can be found at <http://www.vcacarfueldata.org.uk> and further information on the "benefit in kind" value and income tax implications (including a calculator model) can be found at the [Inland Revenue website](#). The Trust is unable to give advice on personal taxation – such advice should be sought from the local tax office. Confirmation of tax liability from HM Inspector of Taxes is recommended before acceptance of a quotation for a lease car.

Staff with a lease car on Agenda for Change terms and conditions will risk a significant tax bill if they claim change of base excess mileage. Changes of base of the type that generally take place within AWP (less than 20 mile increase round trip) pose a significant tax risk due to tax regulations.

9. Terms of Lease Contract

A full copy of the current terms and conditions of the lease car contract agree is available on [OurSpace](#); a summary can be found in Appendix H although all staff with a lease car must read the full current terms and conditions.

10. Lease car renewal

Drivers approaching the end of their lease car contracts MUST liaise with the Transport Department two months prior to the end date of their current lease. If the renewal process has not commenced by the end date then arrangements will be made for the vehicle to be collected.

If an employee currently has a lease car and wants to apply for a new one then the following outcomes may apply –

- Application Authorised – new car is ordered and member of staff can retain existing lease car until the new one is delivered (subject to lease company approval)
- Application Declined – no new lease car authorised. Driver is given 3 months to return the car from the original contract end date

The Trust is under no obligation to agree a renewal at the end of the lease agreement, and the same rules apply to renewals as to new lease car applications.

11. Official mileage review

Drivers' official mileage will be reviewed on application to ensure that any mileage stated on the form is accurate. This stated mileage will then be authenticated using the most recent 6 months of data from the AWP expenses system.

Every 12 months (from delivery) a driver's annual total official mileage will be checked against previously agreed levels by the Transport Department. If the business mileage has changed, meaning the driver is now eligible for a different allowance, then amendments will be made to the allowance offered by AWP. This allowance change could cause the driver's contributions to increase or decrease.

12. Alternative arrangements

Alternative arrangements for those staff who do not have access to a car for business use, or who do not meet the national and local requirements for a lease car are available for staff via SG Fleet. SG Fleet are a company who specialise in salary sacrifice motor vehicles. Further details can be obtained the Trust Transport department.

13. Training

Further information and advice is available via [OurSpace](#)

14. Monitoring or audit

The application of this policy will be monitored by the Transport Department.

15. Associated and related procedural documents

[NHS terms and conditions of service handbook \(Agenda for Change\)](#)

[Disciplinary Policy](#)

[Terms and Conditions – Consultants \(England\) 2003](#)

16. References

This policy has been drawn up with reference to current UK and European employment legislation, UK Driver and Vehicle Licensing legislation and relevant national terms and conditions of employment for eligible staff.

17. Appendices

- Appendix A [Allowance Rates as at June 2015](#)
- Appendix B [Lease car application procedure](#)
- Appendix C [Initial enquiry form for a leased vehicle](#)
- Appendix D [Lease car application form](#)
- Appendix E [Lease car scheme contract agreement](#)
- Appendix F [Consultants' lease car scheme information](#)
- Appendix G Consultant lease contract costing example
- Appendix H [Key points from lease car contract](#)

Version History				
Version	Date	Revision description	Editor	Status
1.0	26 Sept 2007	Version approved by the Board on 2007-09-26		Approved
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2.0	10 May 2011	Approved at Quality & Healthcare Governance Committee meeting	TW	Approved
2.1	08 August 2014	Administrative updates to correct standard mileage rate.	TN	Approved
3.0	31 October 2016	Updated policy to new template amended and republished policy and related procedures	JB HR Business partne	Approved
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