

BUSINESS LEASE CAR POLICY

Version:	3
Date Issued:	July 2017
Review date:	July 2020
Relevant Staff Group/s:	All Staff

This document is available in other formats, including easy read summary versions and other languages upon request. Should you require this please contact the Equality and Diversity Lead on 01278 432000

DOCUMENT CONTROL

Reference CU/Jul17/BLC	Version 3	Status Final	Author Assistant Director of Finance
Amendments Newly integrated Trustwide Policy.			
Document objectives: The purpose of the policy is to set out the process for obtaining a lease car and the eligibility criteria			
Approving body	Finance and Investment Committee		Date: July 2017
Equality Impact Assessment	Impact Part 1		Date: July 2017
Ratification Body	Senior Management Team		Date: July 2017
Date of issue	July 2017		
Review date	July 2020		
Contact for review	Assistant Director of Finance		
Lead Director	Director of Finance and Business Development		

CONTRIBUTION LIST Key individuals involved in developing this document

Designation or Group
Director of Finance and Business Development
Assistant Director of Finance
Equality and Diversity Lead
Executive Management Team
Senior Management Team

CONTENTS

Section	Title of Section	Page
Doc.	Document Control	2
Con.	Contents	3
1	Introduction	4
2	Purpose and Rationale	4
3	Duties and Responsibilities	4
4	Definitions	4
5	Eligibility	5
6	How to apply for a Business Lease Car	6
	6.1 Business Lease Car Scheme Administration	6
	6.2 Business Lease Car Selection and Costs	6
	6.3 Mileage and Expenses Reimbursement	7
	6.4 Insurance	7
	6.5 Other Costs	8
	6.6 Termination of Lease	8
	6.7 Business Use Only (Pool Cars)	9
7	Miscellaneous	9
	7.1 Breakdown/Accident Procedure	9
	7.2 Mobile Phones	10
	7.3 Alcohol and Drug Awareness	10
	7.4 Overseas Travel	10
	7.5 Smoking	11
	7.6 Fitting of Accessories	11
8	Training and Competency Requirements	11
9	Monitoring Compliance and Effectiveness	11
10	Counter Fraud	11
11	References, Acknowledgements and Associated documents	11
12	Appendices	11
Appendix A	Eligibility Flowchart	12

1. INTRODUCTION

- 1.1 The policy sets out the eligibility criteria and procedures to provide transport to employees who are required to be mobile in the course of their work.

2. PURPOSE AND RATIONALE

- 2.1 The purpose of the business lease car policy is to ensure that all eligible staff have access to a lease car. It will ensure that staff who need to travel on official Trust business can do so efficiently and economically
- 2.2 The lease car policy needs to be read in conjunction with the Agenda for Change Handbook.

3. DUTIES AND RESPONSIBILITIES

- 3.1 The **Director of Finance and Business Development** is responsible for ensuring that all lease cars are allocated in line with this policy.
- 3.2 The **Assistant Director of Finance** is responsible for:
- ensuring that the lease car policy is kept up to date with the latest HM Revenue and Customs guidance;
 - that all staff with high mileage are reviewed to determine the most appropriate lease car scheme for them;
 - that the mileage for staff with business lease cars is reviewed annually to ensure they are still entitled to a lease car as defined in this policy;
 - Liaising with HMRC to ensure all tax implications are correct.
- 3.3 The **Payroll Manager** is responsible for ensuring that the correct deductions are made from staff's pay for lease car costs.
- 3.4 **All Somerset Partnership staff** with a lease car is responsible for ensuring:
- That their business mileage is accurately recorded and made available to the Trust on request
 - That they hold a valid driving licence.

4. DEFINITIONS

- 4.1 **Business Lease Car:** a provision of a lease car for staff eligible travelling 3,500 business miles a year
- 4.2 **Salary Deduction:** an arrangement whereby an employee is charged for private use of a business lease car provided for business use through deduction from post tax salary
- 4.3 **VAT: Value Added Tax** – an indirect tax which is payable to HMRC

- 4.4 **Scheme Manager:** The outsourced fleet management service
- 4.5 **Scheme Provider:** the lease car company appointed by Somerset Partnership to supply lease cars and manage the lease car schemes
- 4.6 **Scheme Controllers:** the nominated employee within Somerset Partnership responsible for the final sign off of lease car applications
- 4.7 **Net Pay:** the amount of pay remaining after the deduction of tax, National Insurance contributions and pension contributions
- 4.8 **Gross Pay:** the amount of pay before the deduction of tax, National Insurance contributions and pension contributions
- 4.9 **HMRC:** HM Revenue and Customs
- 4.10 **Regular car user:** A member of staff who is required by the Trust to travel, on NHS business, an average of more than 3,500 miles per year.
- 4.11 **Business mileage:** use of an employee's own vehicle for business purposes.
- 4.12 **Standard rate:** reimbursement for use of an employee's own vehicle for business purposes as defined in the Agenda for Change handbook section 17 and Table 7.

5. ELIGIBILITY – FOR BUSINESS LEASE CAR SCHEME

- 5.1 Staff should refer to the Eligibility Flow Chart to determine if they are eligible (see Appendix A)
- 5.2 Any eligible regular car user may, with the approval of the Director of Finance and Business Development and the relevant Director, be allocated a Business Lease Car.
- 5.3 Where the Trust reassesses the requirements of the post and withdraws the allocation of a lease vehicle at the end of the term, the employee shall be reimbursed for their business mileage at Standard Rate as per the Agenda for Change Handbook.
- 5.4 No leased vehicle will be allocated for use of an employee who is not over 21 years of age or has not held a full driving licence for at least 12 months in accordance with DVLA regulations.
- 5.5 For staff that either on long term sick or maternity leave (or shortly due to go on maternity leave), conversations are required between staff member and line manager prior to commencing the application process below to assess the validity of the Scheme. If the Manager believes there are risks involved, they must consult with the Finance Department immediately as once the individual has entered into the contract, they are contracted to pay the salary deduction for the duration.

- 5.6 For staff that has a disability and are required to drive as part of their role, conversations are necessary between staff member and Knowles prior to commencing the application process to ensure all their requirements can be satisfied.

6 HOW TO APPLY FOR A BUSINESS LEASE CAR

If you expect to travel at least 3,500 business miles per year, please follow the steps below:

1. Access the Knowles website www.knowlesfleet.com to create a user account (Lease Car Login) and complete basic information.
2. Request quotes by keying in details regarding your business and private mileage.
3. You will receive an email to review the quotes, once happy, submit and this will be sent to Line Manager for approval.
4. Line Manager approves the request
5. Finance has final approval. A check is referenced against your business mileage over the last 12 months
6. Upon successful approval from all the above, Knowles will commence the provision of your lease car (staff are made aware of the likely delivery period) and payroll will be notified of your salary deduction
7. If Finance declines your lease car, you will continue to be entitled to claim the standard Agenda for Change rate.

6.1. Business Lease car scheme administration

6.1.1. The business lease car scheme will be managed by a Scheme Manager or an outsourced Fleet Management Service selected by the Trust, hereafter referred to as scheme manager. Each application for a business lease car should be addressed to the scheme manager on the appropriate form or online portal and should include an estimate of business and private mileage over the next three years. Each application requires the approval of the Director to whom the applicant is responsible, who should certify that the application meets the criteria set out in section 5 above and that the estimate of business mileage appears reasonable.

6.1.2 Business lease contracts will be entered into on behalf of the Trust by the scheme manager. In each case, the scheme manager will obtain three competitive quotations for the contract hire of the vehicle requested, including any extras, on the basis of monthly rental payments. Rentals will include Road Fund Licence, Insurance, breakdown cover and the costs of maintenance (including servicing and the replacement of tyres where the need results from fair wear and tear) during the lease period.

6.2. Business lease car selection and costs

6.2.1 A member of staff allocated a business lease car may choose any vehicle which is suitable for the performance of his or her duties subject to budget manager and Finance approval. Cars will normally be provided on three year leases, but in

exceptional circumstance (such as impending retirement) the Trust may consider that a shorter or longer lease is appropriate, these are considered on a case by case basis.

- 6.2.2 The employee is required, as a condition of the car being made available for their private use, to pay (an amount of money) for the private use of the car.
- 6.2.3 The scheme manager will calculate the cost of the car that the employee chooses based on the business and private mileage information provided in the application. The Trust will pay for the cost of the business mileage based on Agenda For Change mileage rates. The difference between this cost and total lease cost is payable by the employee.
- 6.2.5 Assistance may be sought from the Finance Department in calculating the economic viability of a business lease car against travel claims in respect of using an employee's own private vehicle.
- 6.2.6 The employee's cost is paid by way of a salary deduction from the employee's net pay. VAT is charged on the full amount deducted from the employee's salary, at the rate prevailing at the time.
- 6.2.7 The charge may be revised during the term of the contract if the originally used estimates were incorrect or if circumstances change. These are reviewed on an annual basis. Increases in business mileage will be paid by the Trust and private mileage by the individual.
- 6.2.8 Car benefit tax is payable when a lease car is made available for private use as this is deemed by HM Revenue and Customs (HMRC) to be a benefit in kind. HMRC use a formula to calculate the benefit for the private use of a lease car which is based on the list price of the car, the CO2 emissions and the private contribution the employee makes towards the car. The list price is set by the motor manufacturer, the CO2 value is based on the carbon emissions of the car (in grams per kilometre) and the employee's private use contribution is the amount that the employee pays for the car.

6.3 Mileage and expenses reimbursement

- 6.3.1 The Trust will reimburse drivers' fuel for their business use in line with published HMRC advisory fuel rates for lease cars

Engine Size	Petrol LPG		Engine Size	Diesel
1400cc or less	11p	7p	1600cc or less	9p
1401cc to 2000cc	14p	9p	1601cc to 2000cc	11p
Over 2000cc	21p	14p	Over 2000cc	13p

- 6.3.2 The employee must, upon request provide closing mileage odometer readings to the Trust's Payroll department/Scheme manager.
- 6.3.3 Necessary charges incurred for parking, road tolls and congestion charges whilst on business use will be met by the Trust. These expenses must be claimed on

the e-expenses system and authorised in line with the Agenda For Change policy and Scheme of Delegation.

6.4 Insurance

- 6.4.1 All vehicles provided by the Trust will be covered at all times by a comprehensive business and private insurance policy arranged on a fleet basis.
- 6.4.2 Initially the driver and their partner will be included in the insurance. Additional drivers may be added at the Trust's discretion but any additional charge will be at the employee's expense.
- 6.4.3 The insurance schedule incorporates policy excesses in the event of any claim. In all cases the employee will be liable to pay the excess. If subsequently any third party claim is successful, refunds will be made accordingly.

6.5 Other Costs

- 6.5.1 Any costs incurred by misuse, including the incorrect use of fuel appropriate to the vehicle, will be charged in full to the employee. Such costs are not covered by the insurance policy.
- 6.5.2 The driver remains fully responsible for any fines or penalties incurred during the use of the vehicle. Any payment which becomes payable must be met in full by the employee in all cases.

6.6 Termination of Lease

- 6.6.1 The contract between the Trust and the employee will be terminated at the Trust's expense in the following circumstances:
 - a) On the death of the employee;
 - b) On termination of employment by the Trust (except if the dismissal relates to Gross Misconduct);
 - c) On retirement to pension (including ill health);
 - d) In the event of prolonged absence of the employee, where the period is in excess of 6 months and following discussions with the staff member and their line manager;
 - e) If a Trust initiated change of employment affects the user's entitlement to a lease vehicle;
 - f) If the contract between the Trust and the lease company is terminated due to any conditions of the lease.
- 6.6.2 The contract between the Trust and the employee will be terminated at the expense of the employee in the following circumstances:
 - a) On termination of the employment by the employee;
 - b) On breach of any of the lease contract conditions by the employee;
 - c) Where the employee's contributions cannot be recovered from his/ her salary;

- d) If the user becomes disqualified from holding or for any reason cease to hold a valid licence entitling him / her to drive a car.

6.6.3 In the event of early termination the costs payable will include:

- a) The early termination charge imposed by the leasing company
- b) Any outstanding insurance premium
- c) Any costs arising from the condition of the car
- d) Any excess private mileage

If another individual within the Trust wishes to take on the remainder of the contract from the current occupant, the early termination fee may be waived but this is subject to meeting the eligibility criteria in section 5 and satisfying the 3,500 business mile threshold per year.

6.6.4 Upon expiry of the business lease the following steps need to be taken by all members of staff:-

1. Knowles will make contact 6 months before the end of your lease to decide whether you wish to extend, quote for a new car, price to purchase. They will also offer a free estimate/inspection on any body-repairs that may have occurred during the lease (this will provide an idea on the estimated cost at the end of the term)
2. Knowles will arrange a time suitable time with yourselves to collect the car.
3. Please ensure both parties look over the car and the vehicle condition report is signed indicating any damage.
4. The condition report is assessed by guidelines set out by the British Vehicle Rental & Leasing Association <http://www.bvrla.co.uk/> and any damage not covered by the maintenance agreement or deemed to be normal wear and tear will be chargeable and the charge will be payable by the employee.

6.7 Business use only (pool cars)

6.7.1 In some cases the Trust will provide a car for business use only, for use by a single driver or as a pool car which will be available to a group of drivers. These cars will not be taken home or used for any private purposes whatsoever. Fuel cards may be issued for cars used exclusively for business.

7 MISCELLANEOUS

7.1 Breakdown/Accident Procedure

- 7.1.1 Details of the procedure to follow in respect of a breakdown are given in a pack provided with each new car by the lease car company.
- 7.1.2 All accidents and/or minor incidents are to be reported to the lease car company immediately. A claim form will be provided and advice on the procedures will be given. Details of the procedure to follow in the event of a serious accident out of normal working hours are provided in the pack

included with each new lease car together with the current insurance certificate. All information should be kept in the car.

7.1.3 There is an insurance excess of £100.00 in respect of any claim. For all lease car drivers, the Trust will be responsible for payment of the insurance excess for the first accident occurring during the 3 year lease car contract period. For any further accidents during this period, payment of the excess will be the responsibility of the driver. In such cases, the Trust will initially pay the excess and then arrange for the deduction of this amount from the driver's salary following formal notification to the driver to this effect.

7.2 Mobile Phones

7.2.1 It is an offence to use hand held mobile phones whilst driving. The Trust does not expect drivers to use mobile phones whilst driving even if a 'hands free kit' is installed. All hand-held mobile phones should be switched off before commencing a journey. Any prosecution resulting from the use of any type of mobile phone will be the full responsibility of the driver and may result in disciplinary action.

7.3 Alcohol and Drug Awareness

7.3.1 All drivers should be aware that alcohol and some drugs including 'over the counter' and prescription drugs, remain in the bloodstream for a considerable period – up to 14 hours. There is a requirement for all drivers who are stopped by the Police to co-operate and comply with any request by the Police to be breathalysed. All staff should check with their General Practitioner regarding any medication they are taking which may have an effect on driving.

7.4 Overseas Travel

7.4.1 Staff who wish to take the vehicle out of the UK will require:

- a letter of authority from the leasing company
- a hired vehicle certificate (VE103A)
- fully comprehensive insurance cover

7.4.2 In most cases these can be arranged through the scheme provider. There may be a charge made for this service.

7.4.3 Maintenance costs are not covered when the car is abroad and it is the employee's responsibility to make special arrangements to cover this period. The minimum acceptable cover is that provided under AA 5 star cover or equivalent. Employees will be advised on the maintenance requirements when written permission is given.

7.5 Smoking

7.5.1 Smoking is forbidden in all Trust vehicles.

7.6 Fitting of Accessories

7.6.1 An employee may request the fitting of any accessories. The employee will meet the additional cost in full. If accessories are fitted after the commencement of the lease, prior approval must be obtained from the lease car company.

7.6.2 Such work must only be carried out by an approved dealership. All accessories are regarded as forming an integral part of the vehicle and should be left on the vehicle at the expiry of the lease, unless otherwise agreed, in writing, with the lease car company.

8 TRAINING – CHANGE WORDING TO STATE NO TRAINING REQUIRED

8.1 There is no training requirement for this policy.

9. MONITORING COMPLIANCE AND EFFECTIVENESS

9.1 The Scheme Manager will report to the Assistant Director of Finance on a monthly basis providing details of:

- New cars delivered
- Cars returned
- Other changes resulting from changes in contracted mileage.

9.2 The policy will be evaluated on an annual basis by reviewing the number of cars under each scheme and business miles travelled.

9.3 The payroll manager will notify the Assistant Director of Finance of any staff on sickness absence for a period of more than 6 months.

10. ANTI-FRAUD, BRIBERY AND CORRUPTION

10.1 The Trust is committed to the NHS Protect Anti-Fraud, Bribery and Corruption Policy – to reduce fraud in the NHS to a minimum, keep it at that level and put funds stolen by fraud back into patient care. Therefore, consideration has been given to the inclusion of guidance with regard to the potential for fraud and corruption to occur and what action should be taken in such circumstances during the development of this procedural document.

11. REFERENCES AND ASSOCIATED DOCUMENTS

11.1 **Cross reference to other procedural documents:**

- Equality and Diversity Policy
- Code of Business Conduct Policy
- Record Keeping and Records Management
- Untoward Events Reporting Policy and Guidance;

All current policies and procedures are accessible to all staff on the Trust public website (on the home page, click on 'Policies and Procedures'). Trust Guidance is accessible to staff on the Trust Intranet (within Guidelines).

12 **APPENDICES**

- 12.1 For the avoidance of any doubt the appendices in this policy are to constitute part of the body of this policy and shall be treated as such.

Appendix A Eligibility Flowchart

ELIGIBILITY FLOWCHART

