



# Business user car Lease scheme

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# The car lease scheme

## Overview

This company car handbook covers the rules and arrangements relating to the provision and use of company cars operated under the Trust's business user car lease scheme and to the use of Western Health & Social Care Trust pool cars. NHS Fleet Solutions – the Trust's fleet management company, will administer the provision of company cars in accordance with this handbook. They will also provide maintenance support for all the Trust's company cars.

Western Health & Social Care Trust reserves the right to change or cancel the provisions of this handbook from time to time and as the needs of the organisation dictate.

Employees are permitted to drive their assigned company cars outside of working hours, but they must always abide by the rules in this handbook. Western Health & Social Care Trust retains the right to revoke or assign company cars at its discretion.

The allocation of a company car is an expensive asset and therefore Western Health & Social Care Trust imposes obligations and responsibilities on the Employee, and this handbook sets out its requirements. Failure to comply may result in disciplinary action.

Employees are solely responsible for the consequences of their failure to observe the law relating to drivers and vehicles and for the consequences of any failure to observe the rules set out in this handbook.

Within the Business scheme there will be 2 options available to new or renewing members from 1st July 2021.

Option 1: Existing option - Business deduction scheme is open to staff who fulfil mileage criteria. Costs are deducted from net pay, nil impact on tax, national insurance contributions and pension.

Option 2: New option - Business sacrifice scheme is open to staff who fulfil mileage criteria, Costs are deducted from gross pay so tax, national insurance and pension contributions are reduced monthly.

Salary sacrifice payments may result in an impact on pension payable to staff on retirement and staff should consider this when assessing scheme options. The Trust cannot give advice on personal pension planning, therefore individual advice should be sought in this regard if required.

## What about my pension arrangements?

The fact that your contractual pay is being varied means that your level of pension contribution will be reduced (i.e. the level of your pension contribution will be based on the Revised Basic Salary) and your take home pay will be different as a result. With regard to the NHS Pension Scheme, whether or not there will be an impact depends on what Scheme you are a member of (i.e. whether you are a member of the 2015 Scheme, or the 1995/2008 Scheme), and also, in respect of any accrued benefits in the 1995/2008 Scheme, whether the Salary Sacrifice runs into the period used to calculate your pension entitlement.

### 1995/2008 Scheme

If you are entitled to Full Protection in relation to the 1995/2008 Scheme (i.e. as at 1 April 2012 you were already over your Normal Pension Age (NPA) or 10 years or less from your NPA and in active membership on both 1 April 2012 and 31 March 2015), then there will be no impact unless the Salary Sacrifice runs into the period used to calculate your pension entitlement.

This is because your entire pension entitlement will be determined by the income received in either:

- One of the last three years (usually the last year) prior to retirement – if you joined the NHS Pension Scheme prior to 1st April 2008; or
  - An average of the best 3 consecutive years in the last ten years (usually the last 3 years) prior to retirement – if you joined on or after 1st April 2008.
- Accordingly, any Salary Sacrifice arrangement in place during the period that is used to determine on-going pension entitlement, will have an impact on the pension received.

If you are entitled to Tapered Protection in relation to the 1995/2008 Scheme (i.e. as at 1 April 2012 you were more than 10 years, but less than 13 years and 5 months from your Normal Pension Age and in active membership on both 1 April 2012 and 31 March 2015), your pension entitlement in the 1995/2008 Scheme will also be determined in the manner indicated above.

When you transition to the 2015 Scheme, you will retain a final pay link for the purpose of your 1995 or 2008 benefits accrued to the point of transition. Benefits you accrue in the 2015 Scheme will be impacted by the Salary Sacrifice arrangement.

If you are not entitled to Full Protection or Tapered Protection, your pension entitlement in the 1995/2008 Scheme as at 31 March 2015 will be determined in the manner indicated above i.e. you retain a final pay link for the purpose of those accrued benefits.

Please note that where an employee leaves the NHS Pension Scheme and freezes their pension entitlement in the 1995/2008 Scheme, the value of the frozen pension may be affected if you participate in the Salary Sacrifice arrangement immediately prior to leaving the NHS Pension Scheme.

The Salary Sacrifice arrangement may also impact on the ongoing pension entitlement in the 1995/2008 Scheme where a staff member becomes seriously ill and is required to take medical retirement or dies in service. In such circumstances, the pension entitlement is determined by the income level in the preceding 12 months and therefore may be impacted if salary sacrifice arrangements are in place.

## **2015 Scheme**

For all employees in the 2015 Scheme, given future service benefits will accrue on a Career Average Revalued Earnings basis, your pension in the 2015 Scheme will be based on your pensionable pay for each year you are in this scheme. Essentially this means that the pension you earn each year is based on pensionable pay in that year and is increased by a set revaluation rate, linked to inflation, for each year up to retirement or leaving. The final pension is then calculated by adding together the pension earned in each year of NHS Pension Scheme membership in the 2015 Scheme so it will not be limited to the period immediately before you leave as is the case under the 1995/2008 Scheme.

This basis of calculation for final pension entitlement in the 2015 Scheme means that any salary sacrifice arrangement that exists during membership of this scheme will have the effect of lowering your pensionable earnings each year and, therefore affecting your final pension entitlement in the 2015 Scheme. It is therefore recommended that you obtain advice to understand the impact that any salary sacrifice arrangement will have on your specific pension entitlement before entering into the Car Lease Scheme. This advice can be sought from HSC Superannuation scheme – tel no 028 7131 9111.

# Scheme Parameters

## Eligibility criteria

- Western Health & Social Care Trust permanent Employees (and staff in fixed term employment contracts where a lease can be secured in line with the contract period) are only allowed to drive a company car if they hold a full, valid driver's license and are medically fit to drive in accordance with DVLA licensing laws. All drivers will be subject to driver's licence checks prior to being issued with a company car  
  
The option to enter into the car leasing scheme is only open to WHSCT employees who are classified as regular/essential users; i.e. employees must either:
  - drive at least 3,500 business miles a year; or
  - use a vehicle 156 days of the year plus travel at least 1,250 miles; or
  - use a vehicle 208 days of the year plus travel at least 1,000 miles; or
  - spend an average of at least 50% of their time on business travel, including the duties performed during the visits.
- The minimum age for this scheme is 21 years old
- Confirmation checks will be carried out from the employee's line manager certifying that the employee fulfils the necessary criteria and is eligible to enter the car leasing scheme.
- Line manager approval will be required for all applications.
- Employees must be resident within the UK. The scheme is not available to staff who reside in Republic of Ireland.

## Employee responsibilities

The Employee shall:

- (a) hold a full and valid driving licence;
- (b) be aware of the guidance contained within this handbook and ensure that the company car is only used in accordance with the limitations of use stated in this handbook;
- (c) ensure that the provisions of any policy of insurance relating to the company car are observed;
- (d) as per their terms and conditions of employment, adhere to the Trust's policies (including, but not limited to the Health and Safety policy and Drugs and Alcohol policy);

- (e) where applicable, pay all expenses directly connected with the Employee's and their spouse's or civil partner's private use of the car;
- (f) ensure that modifications are not made to the company car without approval from NHS Fleet Solutions;
- (g) be responsible for payment of all fines incurred for traffic offences and parking fines – (an Employee allocated a company car is the nominated driver until the vehicle is surrendered and is responsible for the vehicle and for any driving offences and fines incurred. The nominated driver must maintain a record of any authorised persons driving their vehicle. If any motoring offence occurs while the vehicle is being driven by an unidentified third party, then the nominated driver will, as far as Western Health & Social Care Trust is concerned, be liable for that offence);
- (h) immediately notify NHS Fleet Solutions of any accidents involving the company car (whether or not these take place while the Employee is on business), so that NHS Fleet Solutions can get in touch with its insurance provider. Employees should follow legal guidelines for exchanging information with other drivers and call the police if accidents are serious;
- (i) for insurance purposes, immediately inform WHSCT car lease team if they are convicted of a driving offence or disqualified from driving;
- (j) Inform the DVLA and WHSCT car lease team of any medical ailment or infirmity which may impair their ability to drive or in the event that an existing condition deteriorates; and
- (k) return the company car, its keys and all documents relating to it to the Trust's registered office or such other place as Western Health & Social Care Trust may reasonably stipulate immediately on the termination of an Employee's contract of employment, howsoever arising or on the Employee becoming no longer legally entitled to drive.

Western Health & Social Care Trust shall have the right to reclaim the company car if the Employee is convicted of a driving offence or disqualified from driving.

## Employee's obligations

- drive safe
- respect traffic laws, regulations and fellow drivers
- if applicable, wear glasses or contacts when driving
- document any driving-related expenses, such as fuel
- check the company car regularly to ensure fuel, tire pressure and all car fluids are at appropriate levels
- report any damages or problems with the company car to NHS Fleet Solutions as soon as possible.
- avoid double-parking, blocking entrances and engaging in other traffic violations that may result in fines

For the avoidance of doubt, it is the responsibility of the Employee to comply with all legal requirements relating to the use of the company car and Western Health & Social Care Trust shall not be liable for any fines relating to any traffic or other offence.

## Protecting the environment and saving costs

Western Health & Social Care Trust expects its Employees to use their assigned company cars sensibly, considering environmental impacts. Give consideration to whether the journey is essential, or if there is an alternative business method which can be employed more effectively (e.g. conference calling). If more than one Employee is travelling, consider shared driving.

Examples of instances when using company cars isn't necessary:

- when public transport is easily accessible and faster
- when business trips are far enough to warrant use of train or plane
- when Employees can complete a task without driving

## Use of company car

Drivers of company cars are allowed to use the vehicle for social, domestic and pleasure purposes as well as Western Health & Social Care Trust business, subject to the exceptions specified below.

Employees are not allowed to:

- use a company car for any business not connected with Western Health & Social Care Trust
- use a company car for racing, rallies, trials or any other competitions
- smoke inside of a company car
- lease, sell or lend a company car
- violate driving laws by using a phone or texting while driving
- use a company car for learner driver tuition
- leave the company car unlocked, unattended or parked in dangerous areas
- allow unauthorised people to drive a company car

## Authorised drivers

The company car may only be driven by the following authorised drivers:

- the person (Employee) to whom the car is allocated
- his or her 'partner', subject to them holding a full, valid driving licence
- any other authorised company car driver with Western Health & Social Care Trust approval (drivers are required to complete a licence check mandate)

## Health and safety

At Western Health & Social Care Trust, we want to encourage the highest standards of driving to ensure the safety of Employees, passengers and other road users, at all times.

It is the legal responsibility of the driver (Employee) assigned the company car to ensure the vehicle is safe to drive before use, however short the journey, and ensuring that any issues are rectified as soon as possible.

Western Health & Social Care Trust requires all Employees to comply with its Health and Safety policy. Responsible behaviour towards the use of company cars is essential, and disciplinary action may be taken where the condition of a company car is unsatisfactory, and or irresponsible behaviour has taken place. Examples of irresponsible behaviour are detailed below:

- leaving the company car unlocked whilst unattended at any time
- allowing any unauthorised driver to drive the company car
- driving the company car without due care and attention
- wilfully damaging the company car
- leaving items on show in the company car causing theft which damages the company car
- not keeping the company car in a clean and tidy condition at all times
- failing to ensure that the company car is in a roadworthy condition



## Service, maintenance and repairs

NHS Fleet Solutions will deal with the following items in relation to the company car:

- maintenance
  - breakdowns
  - servicing /MOTs
  - Vehicle Excise Duty (road tax)
  - production of vehicle documents (including overseas travel documents)
- The Employee is responsible for ensuring the following:
- servicing and repairs are carried out, including emergency repairs - these should be carried out in accordance with the procedures set out in the manufacturer's handbook and any guidance issued by NHS Fleet Solutions.
  - Carrying out repairs following an incident. Contact NHS Fleet Solutions if you are in any doubt about carrying out repairs to the vehicle.
  - Ensuring that manufacturer's recommendations concerning the care of the battery, oil/water levels and tyre pressures are followed and that the vehicle is serviced at the correct and regular intervals.
  - Dealing with all mechanical defects immediately when they become known. Again, contact NHS Fleet Solutions if you are in any doubt.

The Employee is expected to keep the company car in good repair (which includes keeping the vehicle in a clean condition, both inside and outside) and generally maintained in an efficient road-worthy condition complying with current legal requirements.

## Insurance

The company car will be covered for insurance under the Western HSC Trust fleet policy.

If any Employee's driving history results in its insurance excess being increased, for that particular Employee Western Health & Social Care Trust reserves the right to pass that increase on to the Employee.

Unless special provision is made, use by authorised drivers for any occupation (including part time occupation) other than the Trust's business is not covered.

Any change in material facts, especially major convictions and any health problems must be notified to the insurers.

There will be additional charges applied to add young drivers between the ages of 17-25 years to the insurance policy.

Insurance rates are banded and the amount paid will depend upon the number of accidents you or any drivers of your vehicle have claimed in the last two years and the number of young drivers on the policy.

Banding categories are as follows:

Base No young drivers, No accidents

Band 1 Young drivers, No accidents

Band 2 1 Fault accident in last 2 years, No young drivers

Band 3 1 Fault accident in last 2 years, Young drivers

Band 4 2 Fault accidents in last 2 years, No young drivers

Band 5 2 Fault accidents in last 2 years, Young drivers

Band 6 2+ Fault accidents in last 2 years, Young Drivers

Insurance renewal takes place each year on 31st July.

The Leased Car Team issues the annual insurance certificates to each leased car holder for them to retain.

The Leased Car Team informs each leased car holder of any increase/decrease in their monthly contribution after each annual renewal of insurance.

Employees can make enquiries on the NHS Fleet portal regarding prices of cars under the scheme.

Leased Car Insurance detail, Form LC4 must be completed for drivers to notify us of their driving history and additional drivers. This will impact on the banding applied to each driver and will determine the price they pay for annual insurance cover.

The car will have fully comprehensive insurance for business purposes of the Trust and private use under the terms and conditions of the insurance held by the Trust ("Insurance Terms and Conditions").

Up to four additional named drivers can be included on the insurance policy. We will not provide cover for any drivers who have one of the following occupations professional gambling, sport or entertainment, hawking or general dealing, street or market trading.

The Insurance Terms and Conditions are subject to change on an annual basis when the policy is renewed; such changes are outside the control of the Trust.

You should note – the car is only insured for business purposes of the Trust. If there is a requirement to use the car for any other business use, a formal application must be made to NHS Fleet Solutions and if this application is agreed will result in you needing to arrange alternative insurance.

The insurance cover provided gives cover for up to five named drivers (including the employee). In the event of a claim an excess is payable by the employee. The excess rate levied depends upon the individual circumstances of the driver, factors such as; age, previous convictions and accidents. Outlined below is the system our insurers use to calculate the excess amount. For further advice please contact NHS Fleet Solutions on 0344 811 8228. The excess rates shown within this table are levied at the point of claim, not upon inception of the policy.

Please note: for any driver under the age of 23, the point's matrix will increase by 50%.

# Insurance Excess Policy

Conviction Codes	Points
CU10-50, LC10-56, MS10-30, MS60 - 80, MW10-16, PC10-36, PL10-PL56, SP10-66, TS10-76, Z006	1
CU80-86 , CD10-36, Z009	3
AC10-36, BA10-60, E001-E018, IN10-16, MS50-56, MS90 - 96, NA01-NA03, TT99, XX99	8
DR10-90, DG10-60, UT10-56, CD40-90, DD10-90, MR09-59, Z001-Z005, Z007-Z008	10

Accidents	
No. of fault accidents (within 3 years)	Points
1	1
2	3
3	8
4 or more	10

Excess Rates					
Points	Driver aged 17 - 20	Driver aged 21 to 24	Driver aged 25 and over	Driver aged 25 and over (held licence less than 1 year)	Notes
Standard Rate	£500	£400	£250	£400	
3 - 4	£700	£600	£450	£600	
5 - 6	£900	£800	£650	£800	
7 - 9	£1,100	£1,000	£850	£1,000	
10 - 12	£1,100	£1,000	£850	£1,000	Driver training also required at a cost of approximately £250. Additional named drivers cannot be covered with a points score of 10 - 12
12 +	Requires referral to insurer	Requires referral to insurer	Requires referral to insurer	Requires referral to insurer	Additional named drivers cannot be covered with a points score of 12+

***\*Any additional excess imposed due to the accumulation of points will remain in force of a minimum of 3 years***

## Procedure for reporting accidents

If leased car holders have an accident involving a leased car, they must report the incident to the Finance Department as soon as possible, within normal office hours.

The telephone number for the Leased Car Section, Finance Department is (028) 71 865 277 or Tie line (7424) 21 7156.

The driver will be informed to take the car as soon as possible to the designated garage for an estimate of the damage.

The employee needs to complete an Accident Report form, Form LC5, available on the intranet, and return, as soon as possible, to Car Leasing Section, Finance Department, for forwarding to the insurance company.

Once the insurance company authorises repair of the vehicle, the Leased Car Section informs the driver to proceed with the repair work and the designated garage.

If leased car holders have an accident involving a leased car which takes place during private miles and the Trust driver is responsible, the Finance Department will invoice to the driver for the excess sum as specified in the insurance document.

## Windscreen damage

If a leased car holder experiences windscreen damage, he/she must phone AIG Insurance on 0345 2660575, Option 1 then Option 2, to arrange the necessary windscreen repair/replacement.

If the cost of the repair/replacement exceeds £150, leased car holders must follow the same procedure as that for reporting an accident, detailed in section 3 above, and report the incident to Leased Car Team, Finance Department.

If windscreen damage occurs outside working hours, the leased car holder is required to pay the excess sum as specified in the insurance document.

If windscreen damage occurs within working hours, the Trust pays the excess sum as specified in the insurance document.

## Mileage

The Employee is not allowed to claim mileage for ordinary commuting. Ordinary commuting is travel between home and a place which counts as a permanent workplace.

Business mileage can only be claimed for the following journeys. These are when, as part of its employment, an Employee:

- has to travel from one workplace to another - this includes travelling between a permanent workplace and a temporary workplace; or
- has to travel to or from a certain workplace (other than between home and permanent place of work) because their job requires them to; or
- has to travel to or from home (or from any other place where their attendance is not necessary for the performance of their duties) from or to a temporary workplace where the distance travelled is greater than their ordinary commuting journey in which case business mileage can be claimed for the mileage travelled in excess of their ordinary commuting mileage.

Notwithstanding the above, business journeys do not include:

- ordinary commuting (as defined above); or
- private journeys - which have nothing to do with an Employee's job; or
- travel to a temporary workplace where the distance travelled is the same as or less than an Employee's ordinary commuting journey. A journey that is for practical purposes substantially the same as an Employee's ordinary commuting journey is treated as if it were also ordinary commuting. Therefore, no business mileage can be claimed for that journey.

Business mileage is only permitted for the cost of travel to a temporary workplace where the Employee can demonstrate that their attendance at that place was necessary on that occasion, in a real sense, to perform the duties of their employment. The personal convenience of the Employee is not the factor that determines whether the journey qualifies for business mileage.

Any mileage allowance paid in excess of what is permitted by HMRC will be subject to income tax and national insurance. Employees driving a company car may only claim business mileage in accordance with the advisory fuel rates as issued by HMRC from time to time.

Mileage claims should be made on the Trust's HRPTS system in line with the Trust's Travel and Subsistence Policy. The rate of reimbursement for mileage claims shall be as set out in the Trust's Agenda for Change Terms and Conditions relating to travel expenses.

## **Renewal of company car**

Company cars will be replaced after either a 24 or 36 month period, depending on the duration of the lease agreement. The Employee will be notified of the renewal date approaching the end of the lease term and advised of the choices available (and subject to eligibility assessment by Western Health & Social Care Trust), for a new vehicle.

## **Personal taxation**

Employees in receipt of a company car through the business user car lease scheme will be taxed on this benefit through the PAYE system. The amount of the nominal benefit upon which tax is charged depends upon the Co2 emissions (fuel type) and the P11D value of the company car. HR will update HMRC with details of company cars issued and returned. However, the Employee is also required to contact HMRC direct to make them aware of them joining or leaving the Trust's business user car lease scheme. To do this simply contact the local Tax Office.

## **End of contract damage – fair wear and tear**

When a company car is returned at the end of a contract it should be returned in a condition considered acceptable for its age and mileage allowing for fair wear and tear.

At the end of an Employee's business lease contract, the company car will be collected and returned to the NHS Fleet Solutions centre where it will be assessed for any damage.

It is the Employee's responsibility to ensure they check their assigned company car for any damage, mechanical problems or areas of worsening wear and tear. These should be rectified as soon as possible. The Employee should report damage and book for repairs. There will be a charge as a consequence of neglect in the general care and maintenance of any company car. Western Health & Social Care Trust reserves the right to make deductions from an Employee's salary to cover such expenditure.

## Withdrawal of company cars

The company car allocated to an Employee may be withdrawn or substituted under circumstances which Western Health & Social Care Trust considers justifiable, including but not limited to the following:

- reduction in business mileage, and/or change of role
- where there is a change in the Trust's Lease Car policy
- where an Employee is in breach of the rules, such as misuse or neglect of the vehicle
- where an Employee allocated a company car on a business-need basis is unable to drive the vehicle through disqualification, incapacity or other long-term absence
- where an Employee develops a medical ailment that causes the DVLA to revoke their licence on medical grounds

## Use of company cars outside the UK

If a company car is to be taken out of the United Kingdom for business or holiday purposes, the following procedures must be followed:

- NHS Fleet Solutions should be contacted to obtain foreign travel pack
- the Employee should make themselves aware of the road legislation for the country they are travelling to
- breakdown cover for company cars should be obtained through NHS Fleet Solutions
- an insurance certificate should be obtained from NHS Fleet Solutions

## Disciplinary consequences

Employees may face disciplinary consequences if they don't follow the handbook rules. For minor offences, Western Health & Social Care Trust may issue reprimands and ultimately revoke the company car. Western Health & Social Care Trust may terminate an employee's contract of employment and/or take legal action as needed for more serious offences. Serious offences can include (but are not limited to) leasing out a company car for personal financial gain or driving intoxicated or under the influence of illegal drugs.

## Early Termination

Where the salary sacrifice agreements are terminated early as a result of resignation the termination fee, detailed in your Official Order Form, will be charged. Early termination of the agreements requires the employee to demonstrate a major lifestyle change. Please note that the termination fee will be invoiced to you.

If you were to retire on ill health grounds, die in service or have been made redundant the Trust will pay any associated early termination costs.

If you leave the salary sacrifice scheme early as a result of falling below the National Minimum/Living wage the termination fee will be charged. Depending on the circumstances of the early termination the Trust, at their discretion, may decide not to charge the termination fee. You are liable to pay the early termination costs in all other circumstances.

## Declaration

### Employee form of acceptance

I confirm that I have read and understood the terms and conditions outlined in this handbook. I agree to abide by the rules set out. I understand that failure to comply with this handbook could lead to the initiation of disciplinary procedures.

In accordance with this handbook, where an Employee incurs a penalty for a motoring or parking violation that must be paid by the registered keeper, Western Health & Social Care Trust may deduct the cost of any fine not paid by the Employee and any administrative fee charged by a third party from the Employee's salary. By agreeing to your business contract, you are authorising Western Health & Social Care Trust to deduct any such fine from your salary should the need arise.

### Next Steps

#### Steps

If you wish to take up this option, wish to discuss this further, or find the extensive range of cars available under these arrangements please contact NHS Fleet Solutions by email at [enquiry@nhsfleetsolutions.co.uk](mailto:enquiry@nhsfleetsolutions.co.uk) or by telephone on: 0344 811 82 28 or visit our website at: [www.nhsfleetsolutions.co.uk](http://www.nhsfleetsolutions.co.uk)- you will be required to register on our website using VPD N16.