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South Tyneside 
NHS Foundation Trust

POLICY & PROCEDURE FOR TRUST LEASE CARS

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1.0 Introduction and Scope

- 1.1 South Tyneside NHS Foundation Trust operates a lease car scheme to all employees who are eligible to join the scheme. The purpose of the scheme is to provide transport to employees as a benefit of employment with the Trust. The following policy sets out the conditions of the lease car scheme.
- 1.2 Under the scheme cars are provided on a contract hire agreement for a period of three years. Cars are covered by fully comprehensive insurance, breakdown and recovery services and accident management. Routine servicing, maintenance and repairs are also included within the scheme.
- 1.3 The scheme terms and conditions apply to all employees who use a Trust lease car, for both private and work use.
- 1.4 The policy is effective for all lease car applications approved on or after 1 November 2012. All other lease car schemes existing in the Trust prior to 1 November 2012 are now closed and all new applications and/or renewals will be based upon the scheme outlined in this policy.
- 1.5 The scheme is operated on behalf of South Tyneside NHS Foundation Trust by Knowles Associates.

2.0 Approval and Duties

- 2.1 Only staff named in Appendix 1 of the Trust's Scheme of Delegation are eligible to approve an employee's application for a lease car. This is subject to the application being checked by the Finance Department. Lease car orders must be approved by the Executive Director of Finance and Corporate Governance or a nominated deputy.
- 2.2 The Head of Financial Services will retain the power to prevent lease cars being allocated where a member of staff does not meet eligibility criteria, or for any other reason, where this decision best meets the needs of the Trust. The Head of Financial Services is required to sign off all lease car orders on behalf of the Trust, and will forward all approved orders to the Lease Cars and Expenses Officer for processing.
- 2.3 Budget Managers are responsible for informing Knowles Associates if a staff member who participates in the Trust's Lease Car Scheme is leaving the Trust or transferring to another department or NHS organisation. Upon receiving contact Knowles Associates will provide the budget manager with a form to complete and return.

3.0 Eligibility

- 3.1 The South Tyneside NHS Foundation Trust Lease Car Scheme is available to all permanent employees of South Tyneside NHS Foundation Trust.
- 3.2 All eligible existing employees are able to apply for a lease car of their own choice. All new employees will be offered the opportunity to apply for a lease car upon appointment.
- 3.3 The lease car scheme is entirely voluntary.

- 3.4 All lease cars will be available for the private use of the employee, as well as for use in the course of their work duties. This private use element is chargeable to the employee, and will be recovered direct from the employee's salary. The Trust will under the scheme reimburse the driver for business mileage; with allowance rates set to both cover the direct costs of business miles, and to make an appropriate contribution to the fixed costs of the vehicle.
- 3.5 Employees have a choice as to the form of deduction from pay that they wish to adopt:
- 1) They can join the Lease Car Salary Sacrifice scheme; under this arrangement, deductions are made from the employee's gross pay. This can have advantages in terms of reduced tax and other costs, but there are other factors that should also be taken into account in making this decision such as the potential impact upon an employee's pension. This is explored further in section 25.
 - 2) Alternatively, they can opt to pay as a salary deduction from net pay, after tax and other payroll deductions
- 3.6 Where the Trust makes an offer of a Lease car, this may be refused by the member of staff concerned. In these cases, the employee can use their privately owned car for work, subject to ensuring that appropriate insurance and other regulatory requirements are met. Payments will be made at the rates set out in Section 17 (Mileage Allowances) of the NHS Terms and Conditions of Service Handbook (Agenda for Change).
- 3.7 The following are other examples of where an application for a lease car may be declined:
- Where the applicant is not a permanent employee of South Tyneside NHS Foundation Trust (for example the employee has a zero hours bank contract)
 - Where the employee has applied for a lease car and opted to pay via salary sacrifice but approval would result in the employee being paid below the National Minimum Wage (in this instance the employee could opt to pay via salary deduction)
 - Where the employee works into a service for a contract upon which the Trust has been served notice and the employee is being considered for either transfer to another organisation or redundancy
- 3.8 The list in 3.7 (above) is not exhaustive and the Trust reserves the right to decline any application.

4.0 Contract Terms

- 4.1 Upon receipt of a lease car the employee will be required to sign an acceptance note to confirm that the vehicle is as ordered and has been received in a satisfactory condition. Delivery of the car will be to a location of the employee's choice.
- 4.2 All routine servicing and repair costs arising from normal usage of the vehicle are included in the payment for use of the car. Breakdown cover is also included.

- 4.3 Fully comprehensive insurance cover is included within the monthly charge for both NHS business and personal use. The car should not be used any business purposes not relating to the employer.
- 4.4 The employee will be required to have the car available whenever they require it for Trust business.
- 4.5 Employees will purchase all the fuel for business and private use.
- 4.6 Upon application the employee must produce a valid driving licence covering the type of vehicle to be driven. The Trust reserves the right to confirm the driving licence details with the DVLA.
- 4.7 Employees must inform the Knowles Associates of all penalty points or other motoring offences that may affect their ability to drive the car. The loss of a driving licence may result in the car being withdrawn and an early termination penalty charged. It is the drivers responsibility to inform Knowles Associates of any penalty points incurred during the course of the lease.

5.0 Conditions

- 5.1 The employee is required, as a condition of the car being made available for their private use, to pay for that private use of the car. The amount of money payable will be provided via quotation when the employee applies for the car.
- 5.2 The employee will pay for the use of the car by way of salary sacrifice or salary deduction. The method of payment can be chosen by the employee and quotations will be provided for both options. Further details regarding salary sacrifice a provided in Appendix B.
- 5.3 If paying via salary sacrifice would result in the employee's hourly rate being less than the National Living Wage then in this instance salary deduction is the only option available to the employee. Given that the lease of the car is for three years the Trust will test against the National Minimum Wage when changes are announced as opposed to when they come into effect.
- 5.4 There is no deposit required and the costs are fixed for the duration of the lease.
- 5.5 The reimbursement rate for business travel is based on the rates set out in Section 17 (Mileage Allowances) of the NHS Terms and Conditions of Service Handbook (Agenda for Change). Details of current rates are provided in Appendix C.
- 5.6 The Lease Car scheme reimbursement rates are applicable to all drivers travelling business mileage (whether in a lease car or private vehicle).
- 5.7 Mileage returns will be completed and submitted at the end of each month. Mileage claims in excess of three months old when submitted will only be processed in exceptional circumstances and with prior agreement from the Executive Director of Finance and Corporate Governance.
- 5.8 In some cases the Trust will provide a car for business use only, for use by a single driver, or 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 will be issued to all cars exclusively used for business journeys.

6.0 Vehicle Selection

- 6.1 Employees are allowed a free choice of car subject to the following restrictions.
- 6.2 The choice of vehicle must be suitable for the performance of the driver's duties in a safe and appropriate manner. Special emphasis will be placed on Health and Safety issues concerning the carriage of goods and people and the length of the journey and the types of road regularly travelled.
- 6.3 The Trust is committed to sustainable development and to reduce the environmental impact of the fleet. Employees are therefore encouraged to select vehicles with low carbon dioxide (CO₂) emissions. The Trust reserves the right to refuse applications for vehicles with high CO₂ emissions.
- 6.4 The following vehicles are excluded from the scheme:
- Soft top, convertible or cabriolet vehicles with a retractable roof
 - Non-standard production models
 - Two seat high performance vehicles

7.0 Mileage Variations

- 7.1 When submitting a quotation employees will be required to consider the number of miles they expect to do per annum over the next three years. This is known as contracted mileage. It is important particular care is given to this estimate as it impacts on the amount payable for use of the lease car.
- 7.2 Any mileage over and above the contracted mileage when the car is returned will be charged to the employee at the rate per mile stipulated in the quotation provided upon application. Any mileage under the contracted mileage will be reimbursed to the employee at the same rate. There is no de-minimus level to this.
- 7.3 Employees are required to submit odometer readings on a quarterly basis from when the car is received. The odometer readings are checked against the contracted mileage to establish the likelihood of an employee exceeding their contracted mileage. Where it is estimated an employee will exceed the contracted mileage by in excess of 3,000 miles the employee will be contacted and asked to make an additional monthly contribution to cover the cost of the additional mileage.

8.0 Payments

- 8.1 As stated in section 5.2 employees have the option of paying for the lease car by either salary sacrifice or a deduction from net salary. This payment covers:
- Rental up to the contracted mileage
 - Maintenance and servicing
 - Insurance
- 8.2 All other charges levied by the lease car provider against the Trust in respect of the employee's lease care will be recovered directly from the employee. Knowles Associates will contact the employee directly to arrange payment of the charge/s. These charges include but are not limited to.

- Excess mileage costs
- Lease car termination charges (see sections 19,22 and 23)
- Administration charges associated speeding, parking fines or any other administrative duty carried out
- Costs incurred as a result of neglect, abuse or poor maintenance of the vehicle
- Uninsured damage charges (e.g. where the vehicle is damaged during the course of use for a business not related to the Trust)
- Insurance policy excess
- Parking fines
- Towing charges
- The fitting of accessories

8.3 In the event that Knowles Associates are unable to recover these charges directly from the employee they will inform the Trust who will recover payment from the employee's net salary.

9.0 Insurance Excess

9.1 All vehicles provided by the Trust will be covered at all times by a comprehensive business and private insurance policy arranged on a fleet wide basis. As stated in section 4.3 the car should only be used for private and Trust business use and not for any business purpose unrelated to the Trust.

9.2 The insurance schedule incorporates policy excesses in the event of any claim. Additional excesses apply in the event that the vehicle is being driven by any younger or less experienced driver. Details of these excesses will be provided at the time of application.

9.3 The standard policy provides limited cover for any loss or damage to personal effects in or on the insured vehicle if they are lost or damaged. The Trust will not accept any liability for loss or damage to personal effects (these must be claimed for via the insurance policy if covered). Personal effects are normally covered under domestic household contents policies; employees should ensure that they have adequate cover for their needs.

9.4 When a vehicle is parked in a hospital or any other NHS location that is the employee's permanent workplace, the use of the vehicle will be classed as normal commuting and will be treated as being on private use.

9.5 When a vehicle is parked in a hospital or any other NHS location, where the employee normally carries out their duties, it will be part of normal commuting and will be classed as being on private use.

9.6 When the vehicle is parked at a temporary workplace the activity will be classed as normal business use. Where an employee is regularly required to be mobile to carry out their duties, the Clinical Business Manager or equivalent will have the discretion to determine whether the vehicle is classed as on private or business use.

9.7 In the event of an insurance claim, the driver will pay the full excess.

- 9.8 In all cases payment of the excess will be made by the driver to the garage that has completed the repairs, upon collection of the vehicle. Vehicles cannot be released without payment of the excess being made. If the driver refuses to pay the excess the vehicle will be retained by the garage and any courtesy car on loan to the driver will be charged at a rate of approximately £20 per day (prices may vary).
- 9.9 All repairs should be undertaken by an approved repairer. Approved repairers can be located at <http://quote.knowlesfleet.com/accident/MapSearch.aspx>.
- 9.10 In relation to windscreen replacement, the driver is liable to pay the full excess.
- 9.11 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 and drivers should take care to ensure that the correct fuel is used at all times
- 9.12 The Trust will review insurance excess payments relating to business use over the period of the lease. Where an employee has three or more such claims arising from the fault of the employee during that period the Trust reserves the right to decline future applications for a lease car.
- 9.13 This policy outlines the terms of insurance held by the Trust at the time the policy was approved. Insurance is negotiated by the lease car provider on an annual basis, however the amount agreed at the outset of the lease is the amount the driver will pay for the initial three year term of the lease.

10.0 Parking Fines and Penalties

- 10.1 The driver remains fully responsible for any fines or penalties incurred during use of the vehicle. Any payment which becomes due will be met by the employee in all cases. There may be potential admin fees associated with Knowles Associates processing fines and penalties. These fees will also be met by the employee.
- 10.2 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 through the Travel & Expenses claims system, and authorised by the line manager in the normal way.
- 10.3 The Trust reserves the right to remove an employee's car for the failure to pay any fines or penalties. Any fees associated with the removal of the vehicle will be met by the employee.

11.0 Lease Car Scheme Administration

The Trust has appointed Knowles Associates to administer leased vehicles on its behalf. All aspects of vehicle administration, from initial quotation to procurement, monitoring and accident management, will be dealt with by Knowles Associates. Knowles Associates will carry out their duties based on the contents of this policy.

12.0 Use of the Lease Car Abroad

- 12.1 Use of the lease vehicle abroad is permitted, subject to prior approval from the Executive Director of Finance and Corporate Governance in the first instance and then the leasing company through Knowles Associates. Applications should be made to the Lease Car and Expenses Officer who will request the necessary permissions.
- 12.2 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 requirement when permission is given.

13.0 Towing

- 13.1 The employee is permitted to tow a caravan, boat or trailer with a leased vehicle provided approval is obtained from the Executive Director of Finance and Corporate Governance in the first instance and then the lease company through Knowles Associates. Application should be made to the Lease Car and Expenses Officer who will request the necessary permissions.
- 13.2 Approval will not be forthcoming if the employee's choice of vehicle is not considered suitable for the proposed towing. Any caravan, boat or trailer shall be towed only in conformity with all legal requirements and the manufacturer's specification.
- 13.3 Should the lease company choose to charge an increased rental to the Trust to cover the lower residual value and higher maintenance costs which result from towing this charge will be paid in full by the employee.

14.0 Fitting of Accessories, Including Tow Bars

- 14.1 The employee may request, either at the time the vehicle is ordered or at any subsequent time, the addition of any accessories approved by the lease company (e.g. satellite navigation, a mobile phone holder, a tow bar or a roof rack.). Approval must be given in writing by the lease company. An approved dealer will then add these to the vehicle at the employee's expense.
- 14.2 If a driver pays for accessories such as a tow bar or roof rack it can be removed at the end of the lease contract, however the driver must ensure the vehicle is made good and any damage repaired. If the driver has paid for the accessory outright (as opposed to it being included in the lease) it is their property and they will retain ownership of it at the end of the lease.
- 14.3 Fitting of accessories subsequent to delivery will affect the list price of the vehicle on which the car tax benefit is calculated. Therefore, it is the responsibility of the employee to notify Knowles Associates of the item and the full list price excluding VAT of the item and the price paid so that the list price can be updated accordingly.

15.0 Courtesy and Relief Vehicles

- 15.1 A courtesy vehicle will be provided free of charge under the following circumstances:

- Whilst the vehicle is undergoing accident repairs at an approved repairer
 - When the car breaks down and requires recovery
 - When the vehicle has been booked in for repairs and servicing using the appropriate booking service
- 15.2 Courtesy vehicles are not provided under a contract, but are provided free of charge by a garage or accident repair shop whilst they are repairing a vehicle. The vehicles are provided as part of the garage or repair shop's service, but are not guaranteed, and are provided on a "first come, first served" basis. Courtesy cars must be booked and it may be necessary to wait until a vehicle becomes available.
- 15.3 If the leased vehicle is damaged after an accident and is no longer driveable, a hire car will be provided for the first 48 hours, free of charge, to enable the driver to make arrangements for a replacement vehicle. At the end of the 48 hours the hire car will be collected from the driver, or they can continue with the vehicle but will be responsible for the hire charges.
- 15.4 If the leased vehicle is stolen, a courtesy vehicle will not be provided. A hire car will be provided, if required, until it is possible to replace the stolen vehicle with an appropriate lease vehicle at the end of its contract or one subject to early termination. The employee will be responsible for hire charges.
- 15.5 When in custody of a hire car, courtesy car, or loan car, it is the driver's responsibility to retain for their own records any documentation supplied by the hire company which will record any vehicle damage, mileage or levels of fuel supplied with the vehicle. The driver must replenish the fuel level on return of the vehicle to the level at which it was supplied. It is in the interests of the driver to maintain documented evidence of fuel levels on return e.g. fuel receipts in case of dispute with the hirer. As this is not the usual vehicle, care should be taken to note that the correct fuel is put in the vehicle.

16.0 Long Term Sickness, Maternity and Paternity Leave and Other Authorised Absences

- 16.1 In a situation where an employee is unable to attend work due to sickness or incapacity, for a period exceeding six months, or where an employee takes maternity leave the following options detailed in 16.3 and 16.4 will be available.
- 16.2 In the event of sickness or incapacity the employee will be written to by the Trust advising them that they are approaching an absence of six months. The options in 16.3 and 16.4 will be offered to them and they will be asked to advise which of these they would like to proceed with.

Option 1 – Return the car

- 16.3 In this instance the employee would be responsible for paying the early termination fee as a result of ending the lease early. The employee would also be responsible for all other associated end of contract charges e.g. damage and excess mileage.

Option 2 – Pay for the car on a net basis

- 16.4 If the employee was paying for the car on a salary deduction basis the charges would remain the same. The only difference being that if the employee was in a no pay situation or a situation where the amount of pay available was not sufficient to cover the charge then the employee would be invoiced for the amount/difference. It would be expected that the employee setup a standing order in order to make these payments.
- 16.5 If an employee was paying for the car on a salary sacrifice basis then the employee would be required to switch to paying for the car on a net basis. In this case payment would be made as prescribed in section 16.4. It should be noted that paying for the car on a net basis is likely to be at a higher cost to the employee than the salary sacrifice rate.

Maternity and Adoption Leave

- 16.6 Prior to an employee commencing maternity or adoption leave and considering joining the lease car scheme and paying by salary sacrifice they must be aware that their Statutory Maternity Pay (SMP) and Occupational Maternity Pay (OMP) will be affected if they opt to have their deductions made by salary sacrifice during the period that the average weekly earnings are calculated.
- 16.7 SMP and OMP are calculated on the amount of average weekly earnings during the eight week period, 15 weeks prior to the expected date of birth (weeks 17 to 25 of pregnancy). A salary sacrifice arrangement (including the lease car scheme) will reduce the amount of salary that is liable to National Insurance contributions. Therefore any salary sacrifice scheme entered into during this eight week period will reduce any entitlement to OMP and could reduce entitlement to SMP.
- 16.8 Any employee who is expecting to have a period of maternity or adoption leave should take paragraphs 16.5 and 16.6 into account and give careful consideration as to whether they should join the lease car scheme during this period.
- 16.9 For Paternity Leave if an employee has chosen to pay for their car via salary sacrifice the arrangement will continue unless the employee's salary falls below the statutory rate for the period. In such cases the cost of the lease will be deducted from the employee's net salary or the employee will be invoiced if not enough net salary is available.

17.0 Career Breaks

- 17.1 If an employee takes a career break in excess of three months, the car will be returned and subject to early termination. This will apply even if the employee remains in the employment of the organisation.
- 17.2 If the career break is less than three months, and the employee remains in the employ of the organisation, they can retain the use of the car. In these circumstances the employee will be invoiced for the costs of the lease car for the period of the career break.

18.0 Student Loans

- 18.1 If an employee has a student loan it is recovered at the current prevailing rate on gross earnings above the earnings threshold (refer to HMRC for current rates). Under a salary sacrifice agreement the employee is agreeing to reduce their gross salary. This will result in a reduction in the amount of their student loan recovery where gross earnings before the salary sacrifice are above the earnings threshold. If salary sacrifice results in the gross earnings falling below the recovery threshold no deductions for student loans will be made.

19.0 End of Contract

- 19.1 At the end of the contract hire period the driver must return the car to the leasing company in good repair and condition (as per the BVLRA Guidelines on fair wear and tear) and free from any defects. The return of the car must be arranged via Knowles Associates.
- 19.2 The car will be appraised for its condition in the presence of the employee who may be required to reimburse to the equivalent cost of any devaluation that the leasing company considers, has reduced its resale value (as per the BVLRA Guidelines on fair wear and tear) or any costs incurred rectifying damage that is not considered fair wear and tear. If a driver is unable to be present at the initial appraisal, it is their responsibility to ensure that another person is present. The driver will be required to sign a form confirming their agreement with any assessed damage.
- 19.3 The driver will also be liable for any excess mileage. Where the actual miles travelled during the contract exceed the contracted mileage the variance (excess miles) will be multiplied by the excess mileage rate specified in the contract and the sum plus VAT will be the driver's responsibility.
- 19.4 Extensions to contracts beyond the initial 36 month period must be approved by the Trust and will be considered on a case by case basis. Any extension will also be at the discretion of the leasing company.
- 19.5 Any extensions approved will be paid for by the same method that the original lease was paid (i.e. by either salary sacrifice or salary deduction).

20.0 Transfers to another Public Sector Organisation

- 20.1 Where an employee voluntarily transfers to another public sector organisation, they will be encouraged to transfer the car to the new employer. If the new employer does not accept the transfer, the employee will be liable for any cost associated with terminating the contract.
- 20.2 In the event that the employee identifies another employee who is willing to take over the vehicle for the remainder of the lease (and they are eligible to do so) then there will be no termination charge imposed.

21.0 Transfer to another position within the Trust

- 21.1 If the employee changes jobs or voluntarily takes on a new role within the Trust, and as a result there is a significant change in the amount mileage the employee expects to do, the employee should contact Knowles Associates who will calculate any increase or decrease in cost associated with the change in mileage.
- 21.2 If the Trust requires an employee change base (for example if a department changes site) then employees are eligible for to be compensated for any excess mileage incurred for travelling between their home and base. However, employees must note that this would almost certainly be classified by HMRC as payment for private miles and would result in taxation being charged based on a standard amount (currently £22,100) multiplied by the emissions percentage of the car. In most cases this would result in charges in excess of £1,000. Employees are asked to take this into account when considering joining the scheme and when considering claiming excess travel miles for a change of base.
- 21.3 If as a result of changing role voluntarily an employee chooses to return the vehicle, they will be liable for a financial penalty, on account of early termination of the contract.

22.0 Early Termination of the Contract Hire Agreement

- 22.1 Employees are advised to seek advice before terminating the contract early.
- 22.2 If any of the following events occur the employee's right to a car within the scheme will discontinue forthwith and any costs resulting from the early termination of the contract will be borne by the Trust
- The cessation of the employer's entitlement to possession of the vehicle under its agreement with the leasing company
 - The vehicle becomes, in the opinion of the leasing company, uneconomic to repair and/or maintain
 - The total loss, whether by theft or otherwise of the vehicle for three consecutive months
 - The termination of the employee's contract of service with employer whether by virtue of death, redundancy, ill health or otherwise outside the employee's control
- 22.3 If any of the following events occur the employee's right to a car within the scheme will discontinue forthwith and any costs resulting from early termination of the contract will be borne by the employee
- The employee commits any breach of the terms of the hire agreement, expressed or implied
 - Any meeting of the employee's creditors is called or the employee commits any act of bankruptcy or any attempt is made to levy distress against the vehicle by reason of the employee's indebtedness (e.g. the employee attempts to use the vehicle as security against a loan/debt)
 - The termination of the employee's contract of service following voluntary resignation
 - Prolonged absence by the employee from their official duties
 - A career break exceeding three months

- Failure to pay money due to the employer from the employee under this agreement within 30 days of the same becoming due
 - The employee becoming disqualified from holding or for any reason ceasing to hold a valid licence entitling them to drive a car
 - When an employee applies to terminate their position in the scheme
- 22.4 In the event of early termination of the contract, the employee will be liable to pay:
- the early termination charge imposed by the leasing company
 - any outstanding insurance premium
 - any costs arising from the condition of the car
 - any excess private mileage
- 22.5 It is the employee's responsibility to inform Knowles Associates that the lease is to be terminated. At least one month's notice must be given of early termination of the contract. The employee must cooperate in the reallocation of the car to mitigate costs to the Trust.
- 22.6 Failure to provide adequate notice could result in a delay in the payment of an employee's salary in order to resolve any problems arising from the termination of the lease.

Payment of Additional Charges

Early Termination Costs

- 22.7 Once a driver gives formal notification to terminate their lease car, Knowles Associates will inform the employee of any termination penalties. The employee will be required to send a cheque for any termination fees incurred to Knowles Associates (made payable to the leasing company) before a collection date can be arranged.

Insurance Excesses

- 22.8 In all cases payment of the excess will be made by the driver to the garage that has completed the repairs, upon collection of the vehicle. Vehicles cannot be released without payment of the excess being made.

End of Contract Damage

- 22.9 Employee's will be notified of any end of contract damage charges within 90 working days of the lease car being returned.
- 22.10 Employees are required to send a cheque to Knowles Associates for any end of contract damage payable within 21 days of the letter requesting payment being sent. If no correspondence is received within the 21 days the payment will be automatically deducted from the employee's next salary.

Excess Mileage

- 22.11 Excess mileage charges will be recovered at the end of contract or termination of the lease car contract.
- 22.12 A letter will be sent to the driver detailing any amounts owed for excess miles. Payment by cheque must be received within 21 days of the letter being sent, if no

correspondence is received within the 21 days the payment will be automatically deducted from the employee's next salary.

23.0 Inland Revenue Returns

- 23.1 Employees will be liable for a taxable benefit charge calculated in accordance with HM Revenue and Customs (HMRC) guidance. This charge is collected through an alteration to the tax code of the employee and is based on the list price value of the leased vehicle, the level of CO₂ emissions and the contributions for private use. All employees will be provided with an estimate of the likely charge at the quotation stage.
- 23.2 A form P46 (car) will be produced and sent directly to the local Inland Revenue office when the car is first delivered. When the car is returned and no longer available for private use a further P46 (car) will be sent to the local Inland Revenue office.
- 23.3 At the end of each tax year a P11d will be produced listing the car and driver details, the list price, CO₂ value and the period the car was available. The P11d will be sent to HMRC and a copy issued to the employee for information.
- 23.4 The P11d list price will include all extras fitted to the vehicle and will be provided by the supplying dealer and taken from the latest manufacturer's list prices relevant on the day the car is delivered. The CO₂ emission value will also be provided by the supplying dealer and taken from the vehicle registration certificate as reported to the DVLA.
- 23.5 This taxable benefit should only apply to those employees opting to pay for the lease through salary sacrifice as these employees are agreeing to give up salary in exchange for the lease car. Employees opting to pay for the lease via salary deduction are not sacrificing salary and are therefore not receiving a taxable benefit.
- 23.6 Further details regarding salary sacrifice are provided in Appendix C.

24.0 Potential Effect on Pension

- 24.1 Any employee considering applying for a car via the Salary Sacrifice Lease Car Scheme must be aware of any potential impact on their future pension. Paying for a car via salary deduction will have no impact on an employee's pension as payments are made from net pay.
- 24.2 There are currently three NHS Pension schemes in operation. Employees should identify which scheme they are in so that they can make an informed decision about whether to join the Lease Car Scheme and pay via salary sacrifice.
- 24.3 Appendix C provides some worked examples on the potential impact on employees pension as a result of paying for a lease car via salary sacrifice. Paragraphs 25.4 to 25.9 describe briefly how pension is calculated on each of the three schemes.

1995 Scheme

- 24.4 An employee's pension under the 1995 scheme is calculated based on the best year of the last three pensionable years.

- 24.5 If an employee wants to avoid a reduction in their pension it is recommended that they avoid entering into the Lease Car Scheme and paying via salary sacrifice during their last three pensionable years.

2008 Scheme

- 24.6 An employee's pension under the 2008 scheme is calculated based on the average of the best three consecutive years in the last 10 pensionable years.
- 24.7 Employees are required to take the above into consideration when considering entering into the Lease Car Scheme and paying via salary sacrifice.

2015 Scheme

- 24.8 An employee's pension under the 2015 scheme is calculated based on their average earnings per year over their career.
- 24.9 Paying for a lease car via salary sacrifice **will** result in the amount of pension being reduced. Appendix C provides worked examples of the potential impact.

25.0 Monitoring Compliance and Effectiveness

- 25.1 The Lease Car and Expenses Officer will be responsible for monitoring compliance of this policy.
- 25.2 This policy will be reviewed regularly.

26.0 Fraud and Probity

- 26.1 In accordance with the details set out in this policy, the Trust expects all employees to act with honesty and probity. Any abuse or failure to comply with this policy and associated procedures (for example, submitting falsely inflated mileage claims to reduce private contributions or providing false details in relation to any aspect of the lease car scheme) could be considered as a breach of duty which could result in disciplinary action in accordance with the Trust's disciplinary policy and may also lead to criminal prosecution.
- 26.2 Where the allegation is serious the matter should be referred to either the Trust's Local Counter Fraud Specialist or the Director of Finance and Corporate Governance.

Mileage Allowances

Trust Lease Car Scheme - Salary Deduction & Salary Sacrifice

The Trust contribution towards the car is:

Annual Business Miles	Allowance
0 – 3,500	47p per mile
> 3,500	16p per mile,

The above allowance is paid on submission of an authorised mileage claim form.

Agenda for Change Rate

If the offer of a lease car is refused by the employee the Trust will pay the Agenda for Change reserve rate for business mileage undertaken in the employee's own car.

Eligibility Criteria

- The scheme is open to all permanent employees of South Tyneside NHS Foundation Trust
- The scheme is open to all permanent employees i.e. there is no requirement for business use
- The scheme will be open to substantive full time staff and substantive part time staff
- The scheme will not be open to temporary staff
- The scheme will not be open to an employee in a situation where taking the car puts the Trust at risk of topping up the pension when the car is returned
- The scheme will not be open to an employee in a situation where approval of the lease would result in the employee being paid less than the National Living Wage