Derbyshire Healthcare NHS Foundation Trust

Lease Car Scheme

Derwent Fleet Management Services
1. **INTRODUCTION**

Derbyshire Healthcare Foundation Trust has agreed to introduce a Lease Car Scheme which enables employees who meet the necessary criteria to be allocated a lease car. Any employee allocated a lease car will be entitled to private use of it and will be charged for this at the rates as described in paragraph 5.

The employer may, where it is in the interests of the service, offer a lease car to any employee who is required to use a car for work. The minimum business mileage to qualify is 1,000 per annum. For all such staff a fixed rate of contribution will be made by your employer based on business mileage.

2. **USE OF CAR**

2.1 See Section 12 regarding insurance.

2.2 An employee may take the lease car abroad provided that permission is given by the employer, the contractor and the insurance company.

3. **JOURNEYS FROM HOME TO WORK**

3.1 **Employees Working From Home**

The first daily journey from home to work and the daily journey back home will be considered as official travel.

3.2 **Employees Not Based at Home**

The first daily journey from home to work and the daily journey back home will be considered as private travel. However, employees not based at home may be asked by the employer to take their allocated vehicles home for any official purpose, eg. In order to respond to an emergency call on which they have previously given advice. The journeys would be considered as official mileage.
4. **TERMS OF HIRE**

4.1 The allocation of a vehicle will commit the employee to a three year agreement with the employer (see paragraph 9 regarding early termination of hire).

4.2 Whilst participating in the Scheme employees will be required to have the vehicle at their disposal for official business whenever required.

4.3 In exceptional circumstances the employer may offer a car that is not new if it has been released following the termination of use by another employee. In such cases the period of use will be the un-expired portion of the three year period and the contribution will be based on the original charge when the car was first supplied.

4.4 The employee will be required to sign a document accepting the terms and conditions of the lease, and must adhere to the rules and regulations for the use of the car prior to collection of the vehicle.

5. **COSTS BORNE BY THE EMPLOYEE**

5.1 In return for private use of the car employees will be subject to an annual charge on a monthly basis through deduction from salary. The contribution is calculated as follows:-

a) An annual administration charge.

b) The road fund licence where the car is contracted to private as well as business mileage.

c) The balance of the contracted price of the vehicle after deduction of the employer’s contribution.

d) For all staff, a rate of contribution will be made by the Trust based on business mileage.

e) The employer will charge VAT to the employee on the total of costs Calculated in a) to c)

Once a car has been supplied, the gross lump sum contribution, based on agreed estimated mileage, will be fixed for the three year period. Changes in VAT, Road Fund Tax, Management Fee and other legislative provisions are the only factors that can change the contribution paid, except for variations in previously agreed mileage. Should any modification to the vehicle be required by statute, any costs involved will normally be met by the lease car contractor. Any changes in contributions will be notified to the employee before implementation.
5.1 The mileage used to calculate costs will be the estimates for the next 12 month period for official and private mileage. The official mileage will be estimated by the employee and appropriate Head of Department. Private mileage will be estimated by the employee and agreed with the employer.

5.2 At the end of the three year period the total mileage travelled by the vehicle will be compared with contract mileage. If the private mileage completed is above the contracted private mileage, an excess mileage charge will apply.

5.3 The employer will bear the financial implications of the lease to the end of the three year contract for any individual driver whose duties are altered by the employer, resulting in their mileage reducing. Such staff may keep the car allocated to them until the end of the three year period in accordance with their agreement. At the end of this time the employer will consider whether it is in the interests of the service to offer another vehicle.

5.4 The allowance given for lease cars by the Trust will be reviewed regularly and may be adjusted in line with leasing company rates at that time.

5.5 The charge made to the employee for private use of the vehicle will remain constant throughout the contract with the exception of increases in Road Fund Licence, Management Fees and VAT.

5.6 Fixed penalty fines will always be the responsibility of the employee. Any fines passed to the Contractor by the police or other authorities, in accordance with current legislation, will be passed to the employee for immediate clearance and may be subject to a further administration fee.

5.7 Towing by the vehicle is permitted subject to the instructions in the Manufacturers Manual but the cost of the necessary towing equipment and electrical modifications will be required to be borne by the employee. Agreement by the Contractor must be obtained prior to any modifications being undertaken.

5.8 The employee will be expected to meet the cost of any desired optional extras. Employees should be aware that optional extras are added to the list price of the vehicle and incur income tax liability (see paragraph 14).

6. COST OF FUEL FOR BUSINESS MILEAGE

The employee will be reimbursed official mileage fuel costs via payroll services, at the rate agreed by the Trust – this will be reviewed by the Trust at regular intervals.
7. **MAINTENANCE OF REPAIR**

7.1 The scheme provides for full maintenance which includes the cost of all servicing in accordance with the manufacturer’s schedule, maintenance repairs, replacement of tyres due to fair wear and tear, batteries, exhausts etc. A replacement vehicle may be supplied when the repairs, other than for normal routine servicing to the vehicle, are anticipated to take longer than 24 hours at the discretion of the repairer.

7.2 Servicing and repairs will be carried out at service agents of the vehicle manufacturer convenient to employees that have been specifically approved by the contractor. A driver’s pack will be issued with each vehicle which clearly details how the maintenance repairs and servicing of the vehicle will be arranged and all costs will normally be settled direct between the nominated garage and the contractor. In the event of emergency repairs being required for which the driver is required to pay, the contractor will reimburse the driver in full upon receiving a receipt for the value of the work undertaken.

7.3 AA Relay and Home Start (or equivalent) service are included within the Scheme at no additional cost to the employee.

7.4 The cost of repairs and replacements to, for example, tyres and bodywork which are not attributable to fair wear and tear (eg puncture) are not normally included in the contract hire agreement. Any such costs that the contractor considers are appropriate that are charged to the employer may be required to be reimbursed by the employee on receipt of details of the amount due and the circumstances involved.

8. **EMPLOYEE’S RESPONSIBILITIES**

8.1 Rental charges are determined by the Contractor on the assumption that the cars will be kept in good condition and to the same high standard as if the cars were owned by employees. It is, therefore, in the interest of all parties that this standard is maintained particularly in ensuring that the cars retain their book value when returned at the end of the contract.

8.2 The employee has a specific responsibility for the following:-

a) **ENSURE INSURANCE COVER IS TAKEN OUT AS IN 12.1**

b) Keeping the car in a clean condition, at the employee’s cost.

c) At regular intervals checking the oil, water, battery, brake and any other fluid levels, tyre pressures and condition of tyres and “topping-up” as necessary.
d) Ensuring that the anti-freeze level in the cooling system is checked and maintained at the level recommended by the manufacturer.

e) Observing the recommended running-in speeds where appropriate.

f) Reporting defects promptly to the nominated garage or as otherwise instructed by the Contractor or the employer.

g) Ensuring that servicing and maintenance are carried out by the nominated garage at the intervals recommended by the Contractor.

h) Obtaining approval for repairs above any cost specified by the Contractor and ensuring that invoices are submitted if required as instructed by the Contractor.

i) To report to the Trust in advance should the employee foresee that estimated mileages are to be exceeded/under-estimated.

j) Ensuring that road fund licences are received from the contractor and displayed by the due date.

k) Ensuring the reasonable security of the car at all times.

l) Conforming to all instructions and recommendations in the manufacturer’s handbook and all other instructions and advice given by the contractor or the Trust.

8.3 The employee should bear in mind that they will be personally liable for the cars roadworthiness in accordance with the legal requirements as if they were the owner of the vehicle. Employees should not service, repair or adjust the vehicle themselves (other than as mentioned before) and in particular must not interfere with the mileage recorder (odometer).

8.4 The employee is under a duty to report all damage or defects immediately. Where an employee has damaged the vehicle due to failure to maintain or due to neglect of maintenance or non-reporting of defects, the employee is liable to pay for the resulting repairs.

9. EARLY TERMINATION OF HIRE

9.1 The employee’s right to a car within the scheme will automatically terminate on the termination of their employment with the Trust.

9.2 The employee’s right to a car within the scheme may be terminated by the employer at its discretion in the following circumstances, each case being considered individually on its merits:-

a) By the employee’s breach of any of the conditions of the scheme.
b) In the event of the prolonged absence of the employee from normal duties (except circumstances mentioned in paragraph 9.6).

c) When the employee’s contribution cannot be recovered from their salary.

d) When, in very exceptional circumstances, it is agreed by the employer that an employee may terminate participation in the scheme.

e) Any other exceptional circumstance not provided for in a) to d).

9.3 When an employee’s participation or right to participate in the scheme is terminated in the circumstances set out above, the employee may be required to reimburse the employer for any reasonable payment due from the employer to the contractor, due to the premature termination of the agreement between the employer and the employee. The employee may however have the option of buying the vehicle at the current value; including settlement of any contractor penalties for early termination or concluding a new lease contract direct with the contractor for the remainder of the hire period subject to the consent of the leasing company.

9.4 Upon termination of the employee’s participation, or right to participate in the scheme, the employee must return the car as directed and shall pay any penalty plus any outstanding contribution for private use which will be calculated up to the date of termination. Where possible, the maximum level of penalty that would be incurred by the employee as a result of premature termination would be estimated at the commencement of the agreement.

9.5 In the event of the employee’s death in service or on early termination of the employee’s employment contract on the grounds of ill health there shall be no financial penalty to the employee or his estate on account of the early termination of the contract for private use of the lease car.

9.6 In the event that the employee is absent from work for an extended period on maternity leave, sick leave or on approved training, an employee who has contracted for private use of a lease car may choose to continue the private use at the contracted charge with the Trusts agreement.

10. **NORMAL TERMINATION OF HIRE**

At the end of the three year agreement the following procedures will apply:-

10.1 The car will be appraised for condition by the contractor and an officer of the employer in the presence of the employee. The employee may be required to reimburse to the Trust for the cost of any repairs considered to be necessary to bring the car into good condition, taking fair wear and tear into account.

In the event of any dispute, independent assessors may be consulted on costs and repairs involved. The employer’s decision based on this will be final.
10.2 The contract of hire will be terminated for the allocated vehicle and a replacement vehicle will be provided where required. Costs will be calculated on prices ruling at that time. Subject to any mandatory alterations to current Employers contract, the employer reserves the right to return the employee to regular user payments at this stage should it no longer be viable for them to have a lease car.

10.3 The old car will be available for sale to the employee at the end of the three year period based on a valuation agreed direct with the contractor and the Trust shall not be involved in any such sale.

11. **TERMINATION OF HIRE BY CONTRACTOR**

11.1 In the event of the contractor terminating the Agreement for any reason, the employer shall be entitled to terminate this Agreement forthwith and without notice whereupon the employee will without hindrance permit and enable the employer or the contractor to repossess the vehicle.

12. **INSURANCE**

12.1 It is the employee’s responsibility to arrange insurance for their lease car. When arranging insurance please ensure that the following has been stated and requested to the Insurers:

   a) The vehicle is a lease car
   b) The insurance is for NHS business
   c) Comprehensive cover is taken out
   d) Use provided is for Social Domestic and Pleasure including commuting.
   e) Courtesy Car provided (this is optional but advisable as you may be left without a vehicle which could result in further costs to yourself)

   An insurance certificate is required to be provided to Derwent Fleet Management PRIOR to delivery being arranged. (Please page 10 for details of insurer who can provide a quote. You do not have to use this Broker.)

   A certificate will be requested each policy year and should be provided BEFORE the insurance expiry date. Failure to provide Derwent Fleet Management with a full insurance certificate in a timely manner will result in the vehicle being removed immediately.
14. **INCOME TAX IMPLICATIONS OF THE SCHEME**

When a company car is made available for the private use of an employee a 'benefit in kind' value is calculated in relation to the value of the car (P11D Value) and the emissions (CO2) of the vehicle.

The amount of tax payable on a company car is based on a percentage of the new price published by the manufacturer, including VAT and any additional extras; this is officially known as the P11D value.

Any capital contributions that the employee makes towards the vehicle will reduce the vehicle's taxable value.

The employee is then liable to pay tax on a percentage of the P11D value, determined by the vehicles CO2 emissions. The appropriate income tax paid by the driver is also accounted for.

The table below displays how the percentage BIK rates are graduated according to CO2 emissions of the vehicle. The table represents both petrol and diesel BIK rates for the current tax year, and includes changes that will be made up to April 2014.

<table>
<thead>
<tr>
<th>Vehicle CO2 g/km</th>
<th>2011-12 % BIK Rate</th>
<th>2012-13 % BIK Rate</th>
<th>2013-14 % BIK Rate</th>
<th>2014-15 % BIK Rate</th>
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Further information can be found on the HMRC website.
Annual Motor Insurance Scheme

Background

You may be aware that one of our additional services to NHS drivers is to provide them with a claims history letter after they have left the fleet insurance policy.

This letter is used by the driver as evidence of their claims history when they attempt to obtain private motor insurance elsewhere.

Unfortunately most private car insurers will not accept this letter as proof of no claims bonus and therefore the drivers rarely receive the discount they should to reflect their driving history.

Having received feedback from drivers who have struggled to obtain the discounts they deserve, we have developed a solution.

Solution

We have launched an exclusive scheme with Enterprise Insurance Company Ltd to offer individual private car insurance.

The advantage of our scheme is that we are able to convert the claim free years accumulated, whilst driving under our fleet policies, into no claims discount up to 65%.

The standard benefits of the policy are:

- Comprehensive Motor Insurance Cover
- Full accident management service provided by Linkfield Accident Management
- Uninsured loss recovery service provided by Linkfield Legal Services
- Unlimited windscreen cover
- Personal Accident, Medical Expenses & Personal Effects cover
- Full EU cover

Enquiries

In order to obtain a quote simply call us on 01737 232 000 or email no.claims@bjins.co.uk
Dear Sir/Madam,

**Re: Claims History**

In order for us to issue a letter confirming your fleet claims experience we will require the following information:

- **Full Name:**
- **Home Address:**
- **Date of Birth:**
- **Name of NHS Trust(s):**
- **Policy Number(s):**

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<th>Vehicle Registration</th>
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Claims reported (include date and reg):

Details of any frequent drivers:

**Please note that our NHS motor policies are on a 'fleet/any driver' basis. Therefore conventional “No Claims bonus/discount” is not applicable.**

Please return this form to [no.claims@bjins.co.uk](mailto:no.claims@bjins.co.uk) for the quickest response. Alternatively post to the above address marked CLAIMS HISTORY

We will endeavour to process your request within 5 working days.

Yours faithfully,

Brian Johnston & Co (Insurance Brokers) Ltd