

***CHESHIRE AND WIRRAL PARTNERSHIP NHS TRUST***

**2.15 LEASE CAR SCHEME POLICY**

**November 2004**

**Version 1**

**CHESHIRE AND WIRRAL PARTNERSHIP NHS TRUST**  
**LEASE CAR SCHEME**

**INTRODUCTION**

Cheshire and Wirral Partnership Trust, 'the Trust' operates an arrangement under which a member of staff 'the user' may be eligible to participate in the Trust's Lease Car Scheme. This document sets out the Scheme's terms and conditions and provides further information for users. Queries may be addressed to either the Lease Car Administrator (section 4 below) or the Trust HR Department.

**Benefits to users**

[a] A new car of the user's choice changed every three years, subject to a reassessment of eligibility.

[b] All servicing and maintenance costs covered under the lease contract.

[c] Full membership of a nominated breakdown organisation e.g. AA or RAC.

[d] Fully comprehensive insurance cover arranged by the Trust.

[e] A 12 month road fund licence renewed each year on the anniversary of delivery.

[f] A reliable car without having to arrange road tax and insurance.

## **CONTENTS**

### Scheme Terms and Conditions

1.1 Eligibility

1.2 Base vehicle

2.1 Terms of lease

2.2 User costs

2.3 User responsibilities

2.4 Trust costs

2.5 Trust responsibilities

2.6 Termination of lease

2.7 Insurance

3. Applying for a Lease Vehicle

4. Contacts

## **SCHEME TERMS AND CONDITIONS**

The aim of the Scheme is that, where the Trust requires an employee to use a vehicle in order to carry out her/his duties, the provision of a lease car will be considered subject to meeting the eligibility criteria in paragraph 1.1 below.

Employees may accept or decline the offer of a lease car. Should they choose to decline then they will receive mileage reimbursement at the official Trust rate, standard rate, or regular user rate (according to the individual's terms and conditions).

### **1.1 Eligibility**

1.1.1 The Scheme is available to Trust employees with a permanent contract (but excludes executive and non-executive members of the Trust Board). For Hospital Medical and Dental staff, reference should also be made to the separate provisions set out in their Terms and Conditions Handbook.

1.1.2 The Scheme is only applicable in circumstances where the post requires a Trust employee (user) to use a vehicle in order to carry out her/his duties i.e. business travel must be a requirement of the job.

1.1.3 The Scheme is only available where the user is required to drive on business purposes a mileage of at least 2,500 miles per annum. Lower mileages are normally uneconomic. In addition all contracts must include a reasonable element of private mileage.

1.1.4 In exceptional circumstances, other staff may be considered for the Scheme, subject to the proposal being, financially viable, in the best interests of the Trust and receiving the approvals of the Head of HR in conjunction with the Director of Finance.

### **1.2 Base vehicle**

1.2.1 The base vehicle under the Scheme is as follows -

1.25 5 door hatchback Ford Fiesta Finesse or equivalent

1.2.2 It is recognised that from time to time there will be staff that are regularly required to carry clients in their cars. The Trust acknowledges its responsibility for the safety of such clients whilst getting in or out and travelling in such vehicles. In these circumstances and with budget manager approval the following base vehicle will be available under the Scheme -

1.4 LS 5 door hatchback Vauxhall Astra or equivalent

1.2.3 The base vehicle may be changed from time to time by the Trust due to alterations to the manufacturer's specification, discontinuance of models etc. in which case a vehicle of an equivalent purchase price and specification will be identified as the new base vehicle.

1.2.4 Most makes and models of cars are available under the Scheme but additional costs over and above the base vehicle are borne by the user.

1.2.5 The Trust reserves the right to declare any vehicle to be unsuitable for its purposes. Soft top and convertible vehicles and commercial vehicles such as vans are not permitted under the Scheme.

## **2.1 Terms of lease**

2.1.1 The allocation of a vehicle will commit the user to a three-year agreement with the Trust.

2.1.2 Users will be required to have the vehicle at their disposal, for official business, when required.

2.1.3 Exceptionally, the Trust may offer a user a car that has been released following termination of use. In such cases, the period of use will be the unexpired portion of the three-year contract period.

2.1.4 Subject to the agreement of the Trust, an employee may choose a more expensively equipped vehicle, in which case she/he shall be responsible for meeting any additional cost above the base vehicle. Likewise a chosen vehicle that costs less than the base vehicle will result in a reduced contribution for the user.

2.1.5 Users will be required to sign a document regarding the rules and regulations of use of the car prior to collection of the vehicle.

2.1.6 Exceptionally the Trust will assist with the disposal of a vehicle to a user. Its role will be confined to obtaining a price and putting the user and the lease company in touch with each other. The agreement and settlement of a price will be entirely between the lease company and the user. Note the lease company may levy a charge for this service.

2.1.7 A user will be allowed to keep her/his current lease car until the end of its contract following a voluntary movement to another post in this Trust where the criteria for eligibility fail. A further reassessment for eligibility will take place at the end of any such contract.

2.1.8 Users from other NHS bodies joining the Trust into posts eligible for a vehicle will, subject to lease company approval, be permitted to bring their existing lease car with them into the new post. In conjunction with the lease company the Trust will at this point re-calculate, using this Scheme's terms and conditions, the costs to term of the contract building in any changes to contract mileage.

2.1.9 There is no automatic right to the renewal of a lease car contract at the end of its three year term. Each case will be reviewed on its merits at the end of its current contract.

2.1.10 the user will pay for any mileage in excess of the original contract at rates laid down by the lease company.

2.1.11 No modifications may be made to the vehicle without the prior written agreement of the lease company.

2.1.12 Learner drivers, those who have held a full driving licence for less than 12 months, and those under the age of 21 are not permitted to participate in the Scheme either as principal or as 'other named' driver.

2.1.13 The Scheme provides for full maintenance, which includes the cost of all servicing in accordance with the manufacturer's schedule, repairs, replacement of tyres, batteries, exhausts etc. Exceptionally, the repairer may supply a replacement vehicle, when the repairs to the vehicle are anticipated to take longer than 24 hours.

2.1.14 Servicing and repairs will normally be carried out at a service agent of the vehicle manufacturer convenient to the user. In the event of emergency repairs being approved and being required to be paid for up front, the lease company will reimburse the driver in full upon receiving a receipt for the value of the work undertaken.

2.1.15 Full breakdown and home start (or equivalent) services of the lease company's choice are included within the Scheme at no additional cost to the user.

2.1.16 The cost of repairs and replacements, for example, tyres and bodywork, damage due to deliberate abuse or wilful neglect, do not form part of the lease contract and will be required to be reimbursed by the user.

## **2.2 User costs**

2.2.1 In return for the private use of the lease vehicle, users will be subject to a monthly contribution charge which will be deducted from salary. The contribution comprises -

- a) private mileage charge (i.e. a share of the lease and road fund licence charges).
- b) insurance (i.e. a share of the insurance costs based on private mileage).
- c) administration/handling fee (currently £95).
- d) cost of any optional manufacturer/dealer fitted extras or accessories.
- e) unviability charge (see 2.2.4 below).
- f) excess costs of chosen car rental over base car rental or,
- g) less any savings when comparing chosen car rental with base car rental.
- h) VAT and National Insurance.

2.2.2 Employees will pay for all petrol or diesel fuel, together with oil and other fluids required outside normal repairs and servicing, but will be reimbursed through the payroll for business mileage claims.

2.2.3 Fixed penalty fines will always be the responsibility of the employee. Any fines passed to the Trust by police, local authorities or the lease company will in

accordance with current legislation be passed to the user by recorded delivery for immediate settlement.

2.2.4 All calculations for lease car contracts will include a viability test. This compares the cost to the Trust of paying Regular User Allowance to the user with the cost to the Trust at base car rates of the user participating in the Scheme. Where the latter exceeds the former any additional cost will be charged to the user.

2.2.5 The user will have to bear Income Tax at the appropriate rate (22% or 40%) on any taxable benefit arising. The taxable benefit is calculated by looking up in Inland Revenue tables for the current tax year the CO2 emissions value for the chosen lease vehicle. The tables provide a % figure which should then be applied to the list price of the vehicle including all extras after deducting the user's annual contribution. Basically the lower the emissions value, the less tax the user will pay and therefore the cheaper the car.

2.2.6 When a car is supplied the user's contribution, based on agreed estimated mileages, is largely fixed for three years, the duration of the contract. It is the duty of the user to advise the Lease Car Administrator when changes due to variations in contracted business or private mileages arise. Changes in VAT, insurance, road fund licence or other legislative changes may occur from time to time. The user will be advised of the implementation of any changes arising for these reasons.

2.2.7 While it is the duty of the user to advise significant changes to contracted mileages as soon as possible, the Trust will review mileage driven annually. Where estimated contracted mileages are significantly in excess or in arrears, the Trust will, after consultation with the user, amend the monthly contribution charge accordingly.

2.2.8 Costs will be calculated using estimates of both private and business mileage over the three year contract period. Private mileage estimates will be provided by the user and business mileage estimates will be approved by the budget holder / service manager. The Lease Car Administrator will review these for reasonableness. It is in the best interests of both the user and the budget holder to ensure that all mileage estimates are as accurate as possible.

2.2.9 At the end of the three year contract period the total mileage travelled by the vehicle will be compared with the original mileage contracted for. If the mileage is above the contracted limit an excess charge will be levied upon the Trust by the lease company. Where the mileage travelled is less than that contracted for there is normally no rebate from the lease company. The Lease Car Administrator, in conjunction with the lease company, will look at each significant case of under / over mileage and determine whether or not charges / refunds are to be levied / passed on to the user. Variations in private mileage will be for the user's account whilst those for business mileage will be for the Trust's account.

2.2.10 The Trust will bear the financial implications to the end of the three-year contract for any individual who is promoted or whose duties are altered by the Trust as a result of which their mileage reduces. Such staff may keep the car allocated to them until the end of the three year period in accordance with their contract. Thereafter a full reassessment of eligibility will take place.

2.2.11 The user will be liable for the insurance excess where damage is incurred whilst the vehicle is in private use.

2.2.12 Towing by the vehicle is permitted subject to manufacturer's instructions. However the installation of towing equipment and necessary electrical modifications can only take place on or before delivery and with the approval of the lease company. Such changes will be charged to the user as an extra.

## **2.3 User responsibilities**

2.3.1 Rental charges are determined by the lease company on the assumption that vehicles will be kept in good condition and to the same high standard as if the cars were privately owned by the users. It is in the interest of all parties that this standard is maintained so as to ensure that vehicles retain their book value when returned at the end of the contract.

2.3.2 The user should bear in mind that she / he is personally liable for the vehicle's road – worthiness in accordance with legal requirements as if she / he were the owner of the vehicle. Users should not service, repair or adjust the vehicle themselves and in particular must not interfere with the mileage recorder (odometer).

2.3.3 The user is under a duty to report all damage or defects to the Lease Car Administrator as soon as is practically possible. Where the user has damaged the vehicle due to failure to maintain or due to neglect of maintenance or non-reporting of defects, then she / he will be liable to pay for the resulting repairs.

2.3.4 The cost of damage to the vehicle whilst on private use which is subject to an insurance claim will require that the user reimburses the Trust for any excess on the policy that is in force at the time of damage.

2.3.5 It is the user's responsibility to notify the Lease Car Administrator as soon as a decision has been made regarding leaving the Trust's employment. This applies even where the user is moving to another NHS body. Note that insurance of the vehicle automatically terminates on the last day of employment.

2.3.6 The user has specific responsibility for the following -

- (a) Keeping the car in a clean condition inside and out, at the user's cost.
- (b) Maintain the vehicle on a day to day basis, checking fuel, oil, water, screenwash, battery, brake and any other fluid levels, tyre pressures and 'topping up' as necessary.
- (c) Ensure that tyres at all times meet with legal requirements.
- (d) Ensuring that the anti-freeze level in the cooling system is checked and maintained at the level recommended by the manufacturer.



- (e) Observing any manufacturer recommended running – in speeds where appropriate.
- (f) Arrange vehicle servicing in accordance with manufacturer's guidelines through an approved dealer, making the dealer aware who is the lease company/ owner of the vehicle.
- (g) Obtaining approval for repairs above any benchmark cost specified by the lease company and ensuring that invoices are submitted if required by the lease company.
- (h) Advising the Lease Car Administrator in advance where the user foresees that contract mileages are to be exceeded / underachieved.
- (i) Monitoring the legality of the road fund licence and ensuring that replacements received from the lease company are displayed by the due date.
- (j) Paying promptly penalties for road traffic offences e.g. speeding, parking fines etc.
- (j) Ensuring the reasonable security of the car at all times. Users will not be permitted to leave the vehicle at Trust premises other than when on official business or when attending Trust related events.
- (k) Paying any penalties for terminating the contract before its expiry date.
- (l) Ensuring that mileage claims are completed monthly, authorised by service manager or department head and forwarded promptly to payroll for payment.
- (m) Conforming to all instructions and recommendations in the manufacturer's handbook and all other instructions and advice given by the lease company or the Trust.

## **2.4 Trust costs**

The Trust will pay the following costs.

- 2.4.1 The proportion of lease contract costs relating to business mileage.
- 2.4.2 Any insurance excess where damage / loss occurs during business use.
- 2.4.3 The Trust may fund adaptations to vehicles needed by disabled or special needs users but only where such changes are first approved by the lease company.
- 2.4.4 The user will be reimbursed through payroll for business mileage costs at a pence per mile rate (ppm) irrespective of the vehicle chosen in accordance with the following formula:

Cost per gallon of unleaded petrol based on AA Guidelines  
 Base vehicle urban consumption rate (mpg or litres per 100km)  
 as specified by the manufacturer.

N.B. This calculation is always based on the urban cycle of the lowest value base vehicle and will be subject to annual review.

2.4.5 Parking, toll and ferry costs necessarily incurred whilst on Trust business and subject in all cases to the production of receipts or where exceptionally these cannot be provided, a full explanation of the reason for the costs. Such costs will be reimbursed through the payroll.

## **2.5 Trust responsibilities**

2.5.1 Give timely and accurate quotes for vehicles when requested.

2.5.2 Ensure that lease car decisions and contracts are authorised by appropriate managers.

2.5.3 Determine time and place of delivery of a new car and notify user of these details.

2.5.4 Ensure that vehicle is at all times fully insured and liaise and negotiate with insurance company following any accident.

2.5.5 A lease vehicle that is subject to damage which causes it to become unfit to drive e.g. a road traffic accident will not automatically be replaced unless the repairing garage makes a courtesy vehicle available. Given evidence of real need and budget manager approval to the cost, the Trust may assist the user in providing a replacement vehicle whilst repairs are carried out.

2.5.6 Assist as required with arrangements for repairs following an accident or damage to a lease car.

2.5.7 Determine time and place for collection of a lease car on contract termination ensuring that all parties are duly notified.

2.5.8 Maintain up to date mileage records for all lease vehicles (information provided by Payroll department) and liaise with user regarding changes to charges resulting from significant excess or shortfall to contracted mileage.

2.5.9 Arrange for the tax liability to be explained as required to Scheme users.

2.5.10 It is the responsibility of line managers to check once per year in April the validity of driving licences of all lease car users and their partners or family members and to immediately advise the Lease Car Administrator of any changes in validity.

2.5.11 Provide management information for lease car Scheme as required.

## **2.6 Termination of lease**

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

2.6.1 The car will be appraised for condition by an officer of the Trust in the presence of the user and subsequently by the lease company representative before collection. The user may be required to reimburse the Trust the cost of any repairs considered to be needed to bring the car into good condition, taking fair wear and tear into account. Any damage not reported to the Trust will be considered as damage whilst on private use. In the event of any dispute, independent assessors may be consulted on the costs and repairs involved and the Trust's decision based on this will be final.

2.6.2 The lease contract will then be terminated for the vehicle and a replacement vehicle will be provided where required with costs being calculated on prices ruling at that time. Both the Trust and the user reserve the right to move to the appropriate Trust system for mileage reimbursement at this stage.

2.6.3 A vehicle which reaches the end of its three year contract may be available for sale to the user based on a valuation agreed by the user direct with the lease company. The Trust shall not be involved in any such sale.

2.6.4 As an alternative to termination of the lease contract, exceptionally, the user may apply for an extension to the lease. This option may be necessary for example when the replacement vehicle is not available on a timely basis.

### **2.6.5 Early termination of lease**

2.6.5.1 The user's right to a vehicle under the Scheme is automatically terminated on the termination of her / his employment with the Trust.

2.6.5.2 The user's right to a vehicle under the Scheme may be terminated by the Trust at its discretion in the following circumstances, each case being considered individually on its merits –

- By the user's breach of any of the conditions of the scheme.
- In the event of the prolonged absence of the user from normal duties (see also 2.6.5.6 below).
- When the user's contributions cannot be recovered from her / his salary.
- When the user's driving licence is suspended as the result of a driving ban for whatever reason.
- When, exceptionally, it is agreed by the Trust that a user may, some time during their contract, terminate their participation in the Scheme.

2.6.5.3 When a user's participation in the Scheme is terminated in the circumstances set out above the user may be required to reimburse the Trust for any payment due by the Trust to the lease company because of the premature termination of the lease

contract. The user has the options of (a) buying the vehicle at current value, including settlement of any lease company penalties for early termination, or (b) transferring the lease to a new employer subject to the consent both of the new employer and the lease company.

2.6.5.4 The Trust reserves the right to recover any outstanding contributions for private use by making deductions directly from salary.

2.6.5.5 In the event, during the contract term, of the user's death in service or on early termination of the user's employment contract on the grounds of ill health, there will be no financial penalty to the employee or his estate on account of the early termination of the contract.

2.6.5.6 In the event that the user is absent from work for an extended period on maternity leave, sick leave or on approved training the following conditions will apply. The user may choose to continue the private use at the contracted charge or to return the vehicle to the Trust. In the latter case the Trust will consider waiving any financial penalty to the user on account of the early termination of the contract.

## **2.6.6 Termination of lease by lease company**

In the event of the lease company terminating the lease contract for any reason, the Trust shall be entitled to terminate this Agreement forthwith and without notice, where upon the user will permit and enable the Trust or the lease company to repossess the vehicle.

## **2.7 Insurance**

2.7.1 The Scheme provides comprehensive insurance for both private and business use. An insurance certificate will be made available by the Lease Car Administrator on request from the user.

2.7.2 At all times from delivery to the Trust to collection by the lease company the insurance agreements as arranged by the Trust shall be in force.

2.7.3 On leaving the Trust's employment the user and all named drivers will immediately cease to be insured to drive the lease vehicle.

2.7.4 The user is responsible for providing adequate insurance cover for any personal property fitted to or left within the vehicle.

2.7.5 The driving of any vehicles by an employee other than the vehicle provided by the Trust is not covered by the Trust insurance policy.

2.7.6 Excesses for accidental damage will be at rates laid down by the Trust's insurers.

2.7.7 A lease vehicle on official Trust business may not carry an unofficial passenger unless the user has arranged additional insurance to cover this risk.

2.7.8 Any additional insurance cost for a named driver under the age of 25 years will be passed on to the user.

2.7.9 The Trust reserves the right to restrict the inclusion of named drivers at any time when the Trust considers this to adversely affect insurance premiums. Normally named drivers must be at least 21 years old or have held a driving licence for over 12 months.

2.7.10 It should be noted that the user may lose No Claim Discount benefits when arranging insurance for their own vehicle after terminating an agreement with the Trust. Most insurance companies will where appropriate provide a letter confirming that the user has had no accidents whilst under NHS insurance and this may allow automatic continuation of the user's No Claims Discount accordingly. Users should be aware however that not all insurance companies will accept this and may reduce No Claims Discount accordingly.

### **3 Applying for a Lease Vehicle**

3.1 Where eligibility for a lease vehicle is confirmed by the Scheme and approved by the line manager, the user should contact the Lease Car Administrator to obtain a quotations form.

3.2 Quotations may be requested for a maximum of six vehicles.

3.3 Quotations will be provided as soon as administratively possible but prompt formal acceptance and approval is required as lease companies quotes may only be valid for seven days.

3.4 Where the manufacturer imposes a price increase the contracted price and employee charge may also increase. However, once the contract is signed with the lease company, the charge will normally remain fixed for the three-year period of the agreement except for the conditions specified in paragraphs 2.2.6 and 2.2.7 above.

3.5 When a new vehicle is provided after three years, a new contract is required resulting in revised costs and contributions. Changes will arise due to changes in vehicle make or specification and lease company.

3.6 Quotations should be applied for at least 12 weeks prior to the lease renewal date. This lead time is necessary since factory orders (which take longer to deliver) are more often required today.

#### **4 Contacts**

The Lease Car Administrator can be contacted as follows –

Telephone – 0151 604 7306

Email – leasecars@cwpmnt.nhs.uk

Fax – 0151 604 7265

Address –

Finance Department,  
Cheshire and Wirral Partnership NHS Trust,

Victoria Central Hospital,

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