



Public – To be published on the Trust external website

Title: Non-business use lease car procedure

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1 Introduction

The driver behind this procedure is to attract and retain the highest quality of colleagues which in turn will lead to a great experience for our patients', carers and families. It is commonplace that employers provide benefits such as lease cars to its colleagues.

This procedure supports the delivery of Our Journey To Change and helps us deliver our strategic goal to co-create a great experience for our colleagues by providing staff with clear instructions to ensure that they are well informed when working. It also provides access to a lease car, and ensures colleagues are reimbursed fairly and equitably for expenses incurred whilst working for the trust.

2 Why we need this procedure

2.1 Purpose

Following this procedure will help the Trust to: -

- set out the eligibility criteria for a non-business use (NBU) salary sacrifice lease car.
- inform employees who are not required to be mobile in the course of their work of their potential to lease a competitively priced new car of their choice, subject to other entry requirements.

2.2 Objectives

The objective of this procedure is to ensure the correct use of the lease car benefit scheme for non-business use.

3 Scope

3.1 Who this procedure applies to

The scheme applies to all employees, however there are certain legal restrictions which may prevent a lease being accepted as detailed below. Other external factors, including the requirements of Her Majesty's Customs and Excise (HMRC) may impact on the detailed operation and eligibility for the scheme and should be confirmed at the point of application.

All individuals entering these arrangements must be employees who are on a permanent contract.

Commute mileage is classed as private mileage.

4 Procedure

Under the scheme, a car is leased for the standard term of 36 months and employees can make payments for the use of the car through salary sacrifice. There is no deposit, and all costs are fixed for the duration of the lease (given mileage estimates are accurate). The charges made will include insurance, maintenance, road fund licence and breakdown cover.

The scheme will be open on a continuous basis so applications can be made at any time.

At the end of the period of the lease, the car can be returned at no additional charge (subject to it meeting the minimum standard expected of a vehicle that age and mileage in line with the terms of the lease), although there would be a potential option of purchasing it from the lease company.

The individual will be responsible for any damage resulting from the misuse or neglect of the vehicle. Accidental damage, including scuffs to bumpers, minor dents to doors, and so on, are not considered to be 'wear and tear' by lease companies, so these will need to be rectified before the vehicle is returned to the lease company. Any unusual wear and tear will be noted, and details will be agreed with the employee. The employee will be responsible for paying any costs incurred in this situation.

There may also be an insurance excess, which the individual will be responsible for paying.

All vehicles are covered by fully comprehensive insurance, breakdown and recovery services and accident management. Routine servicing, maintenance and repairs are also covered. **If the vehicle is taken abroad maintenance is not covered.**

The individual and any additional drivers must produce a valid driving licence covering the type of vehicle to be driven. The Trust may confirm the driving licence details with the DVLA. Individuals must inform the Trust of all penalty points or other motoring offences that may affect the driver's ability to drive the vehicle. The loss of a driving licence may result in the car being withdrawn and an early termination penalty charged.

Family members can be added to the insurance subject to prior approval. All drivers will be required to submit a valid driving licence before approval is given. Drivers considered to be 'high risk' may be subject to additional insurance excesses. Drivers with particularly poor driving history may be refused insurance.

All of the information provided by the individual during the application process will be checked and verified by a representative of the Trust.

Individual lease holders will be required to purchase all the fuel for use. Should an employee be required to use their lease car for 'business travel' as defined in Section 17 of the Agenda for Changes terms and conditions they will receive reimbursement for business mileage at the rates outlined in Appendix A of the Travel & Subsistence policy.

Any business mileage expenses will be reimbursed via payroll on submission of an expenses claim through Knowles Associates.

Employees can select their own choice of vehicle. The charge for the car will be dependent on the specification of the vehicle they have selected. The cost of the lease will vary depending on the type of car and forecast mileage.

4.1 Salary sacrifice

Under salary sacrifice the individual swaps or 'sacrifices' part of their salary in return for their non-cash benefit, in this case the provision of a new lease car. As this sacrifice reduces the gross salary, the individual will pay lower tax, national insurance, and pension contributions. Because a salary sacrifice reduces the gross salary in this way, please see section 6 which explains the limitations on salary sacrifice that are determined nationally, by HMRC.

The value of the salary sacrifice will be based on the full cost of the selected vehicle.

The individual is required to sign an amendment to their contract of employment with their agreement to sacrifice part of their gross salary in exchange for the car. The amount sacrificed will be based on the annual cost of the chosen car.

In the event of an individual being made redundant by the Trust whilst paying for a lease car through a salary sacrifice scheme, the redundancy payment will be based on the higher gross salary (so will not be affected).

As a salary sacrifice reduces an employee's pensionable earnings, any sacrifice arrangements entered *may* have an impact on the amount of pension payable to employees upon retirement. This is discussed in more detail in section 10.

4.2 Legal framework

Any reduction to an employees' salary through salary sacrifice must not take them within below national minimum wage*, the national living wage*, or below the National Insurance lower earnings

limit* for national insurance contributions. These limits are determined nationally, by HMRC and cannot be influenced, amended, or waived by the Trust.

Due to variable nationally determined levels of minimum wage, living wage, national insurance and Agenda for Change pay scales and pay awards, the Trust sets a threshold to aim to protect individuals against 'in contract' changes that would have the potential to make an individual ineligible for a salary sacrifice vehicle within the 3 year lease term. This would only affect those colleagues whose pay might fall below relevant limits * as set out above, following salary sacrifice. Currently, this is likeliest to include Agenda for Change pay bands 2 and 3, but is also affected by choice of vehicle and related value of salary deduction.

Individuals will be liable for a taxable benefit (a charge) which is calculated in accordance with HMRC guidance. Individuals will be taxed at source through payroll ensuring that the correct amount is deducted from the start of the contract.

New lease car users will be notified of the value of lease car benefit that will be subject to PAYE tax and how much of the value of the benefit they will be taxed on, and this will be shown on the payslip.

Each subsequent year (before the 1st of June) lease car users will be provided with:

1. the cash equivalent value of each benefit
i.e., This is the value of the benefit received that will be subject to a tax charge
2. details of the benefits payrolled
i.e., tax deducted directly from payroll
3. details of benefits not payrolled
i.e., any tax owed that is not deducted directly from payroll

It is the responsibility of the lease car user to ensure that they are aware of the extent of the tax implications when making their vehicle selection, especially but not exclusively noting 3a above.

The salary sacrifice arrangement that the individual signs will be added to their contract of employment as an amendment to the terms and conditions of that employment.

Individuals should be aware that a reduction in salary may have an effect on statutory payments and other earnings-related benefits such as tax credits and pensions.

The Trust is not regulated to provide financial or tax advice and therefore cannot discuss individual employee's specific circumstances with them. There are independent, free, money advice services and the Citizens Advice Bureau that can help.

4.3 Insurance excess

In the case of an accident the driver will pay the excess in all cases. If it is then proved that the driver is not at fault and recovery of the costs from the third party is made, the excess will be refunded.

The excess will be paid directly to the repairer on collection of the car following repairs. Details will be confirmed by Fleet Management Company at the time of the claim.

Any costs incurred by misuse or wilful neglect, including, but not limited to, 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 individuals should take care at all times. Any costs that are incurred will be deducted directly from the employees' salary.



The Trust has a policy of fitting dashboard cameras (dashcam) to lease cars for safety reasons, for determining liability in the event of an accident and assisting in the recovery of costs, including the policy excess. If individuals choose not to install a camera, or not to submit camera footage when requested, they will be required to pay an increased insurance excess.

4.4 Parking fines and penalties

The employee 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 and will be deducted from their salary. In certain circumstances, a fine may be sent to the registered owner, the lease company. They may charge an administration charge which will also be passed to the driver.

4.5 Use of the vehicle abroad

Use of the lease vehicle abroad is permitted, subject to prior written application to KnowlesFleet. However, maintenance costs are not covered when the vehicle is abroad, and it is the employee's responsibility to make special arrangements to cover this period. Employees will be advised of the maintenance requirement when written permission is given depending on the country of travel.

Motorists will need to carry a physical Green Card while driving in the European Economic Area (EEA) and some other countries. A second green card may be necessary when towing a trailer.

KnowlesFleet will manage the process and issue green cards when required. They will also provide access to proof of ownership (title) of the vehicle, advise on driving licence requirements and safety equipment required.

4.6 Absences from work

If an individual is paying for a lease car through a salary sacrifice agreement and subsequently goes on maternity leave, the occupational maternity pay that they would receive would be based on their salary in the qualifying period (as per the maternity paternity & adoption procedure).

In this case, it would be the lower amount following the sacrifice. To avoid this, the member of staff would need to return the vehicle before the beginning of the qualifying period.

Should an employee incur a temporary reduction in salary due to prolonged absence from work (for sickness or maternity / paternity / adoption leave) the Trust would act according to employment legislation.

4.7 Pension implications

From April 2015 NHS pension entitlement for some employees (who are members of the 2015 scheme) has been based on the career average pensionable pay. Therefore, for periods where an employee is participating in a salary sacrifice arrangement, pensionable pay means the reduced salary i.e., salary minus the sum sacrificed.

As such it is important to consider the tax, National Insurance Contributions and Pension Contribution savings against the likely reduction/impact on pension benefits before deciding to participate in a salary sacrifice scheme.

The 1995 and 2008 NHS Pensions schemes are “Final Salary Schemes”, meaning that the benefit received upon retirement is based on the member’s pensionable earnings at retirement date (1995 scheme = best of last 3 years, 2008 scheme = average of best 3 consecutive years in last 10 years worked). If you have a salary sacrifice during these periods, your pension will be affected.



Due to variable individual circumstances, lease car options and pensions histories it is not possible to provide guidance that accurately describes all possible impacts. It is the driver’s responsibility to find out, understand and accept the impact that a salary sacrifice may have on their pension.

4.8 Early termination

On early termination of a lease car contract, individuals would be required to make a payment to the lease car company. The amount of the payment will vary depending on how far into the contract the employee is when it is terminated. The cost will be met in full by the employee.

The right to a lease car will be lost in the following circumstances:

- a) Death of the employee
- b) Termination of employment by the Trust

- c) Retirement of the employee or voluntary termination of employment

The Trust may terminate the employee's right to a lease car at its discretion in the following circumstances:

- a) The employee breaching the terms of their agreement and / or conditions as set out in this procedure.
- b) The employee having a prolonged absence from their normal duties.
- c) When the employee's contributions cannot be recovered from their salary.
- d) Any other exceptional circumstances not provided for above.

In the event of the employee's death in service, or on early termination of the employee's contract on the grounds of ill health or redundancy, there shall be no financial penalty to the employee or their estate in the case of consequential early termination of their lease car agreement.

In all other cases of early termination, the employee will be required to reimburse the Trust for any payment due to the leasing company.

4.9 Process for monitoring compliance with the procedure and review

The Finance department will be responsible for monitoring compliance and the overall effectiveness of this procedure.

This procedure will be reviewed every 3 years or more frequently if required in line with any legislative changes.

4.10 Mileage variations

Mileage returns must be completed and submitted to KnowlesFleet at the end of each month. Any permanent variation to annual mileage will result in a revised charge to the employee.

4.11 Scheme administration

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

5 Related documents

[Travel and Subsistence Policy](#)
[Lease Car Policy](#)

6 How this procedure will be implemented

6.1 Training needs analysis

Staff/Professional Group	Type of Training	Duration	Frequency of Training
Staff wishing to take out a lease car as part of the trust's lease car scheme	Procedure made available to all staff through the intranet and Trust website to review prior to signing for a lease car	1 hour	As required

7 How the implementation of this procedure will be monitored

Number	Auditable Standard/Key Performance Indicators	Frequency/Method/Person Responsible	Where results and any Associate Action Plan will be reported to, implemented and monitored; (this will usually be via the relevant Governance Group).
1	Finance will ensure salary deductions and reimbursements are completed in line with this procedure	As required	Escalated to FSB as required

8 References

Agenda for Change
 HMRC guidance

9 Document control (external)

To be recorded on the policy register by Policy Coordinator

Date of approval	07 June 2023
Next review date	07 June 2026
This document replaces	FIN-0009-v1.1
This document was approved by	Senior Finance Meeting
This document was approved	07 June 2023
This document was ratified by	N/a
This document was ratified	N/a
An equality analysis was completed on this procedure on	07 June 2023
Document type	Public
FOI Clause (Private documents only)	N/a

Change record

Version	Date	Amendment details	Status
v1.1	07 June 2023	<p>Full review with minor changes acknowledging that further changes will be required once Smarter Working is embedded:</p> <ul style="list-style-type: none"> • Updated to new template, • Update to terminology, • Updated to reflect any required legal changes. • Section 7 Dashboard camera added, and • Section 11 Guidance on pension added. 	Approved

Appendix 1 - Equality Analysis Screening Form

Please note: The Equality Analysis Policy and Equality Analysis Guidance can be found on the policy pages of the intranet

Section 1	Scope
Name of service area/directorate/department	Finance
Title	Non Business Use Salary Sacrifice Scheme FIN-0009-v1.1
Type	Procedure
Geographical area covered	Trust wide
Aims and objectives	Inform employees of non-business use lease car scheme
Start date of Equality Analysis Screening	07 June 2023
End date of Equality Analysis Screening	07 June 2023

Section 2	Impacts
Who does the Policy, Service, Function, Strategy, Code of practice, Guidance, Project or Business plan benefit?	All employees who wish to utilise.
Will the Policy, Service, Function, Strategy, Code of practice, Guidance, Project or Business plan impact negatively on any of the protected characteristic groups?	<ul style="list-style-type: none"> • Race (including Gypsy and Traveller) NO • Disability (includes physical, learning, mental health, sensory and medical disabilities) NO • Sex (Men, women and gender neutral etc.) NO • Gender reassignment (Transgender and gender identity) NO

	<ul style="list-style-type: none"> • Sexual Orientation (Lesbian, Gay, Bisexual and Heterosexual etc.) NO • Age (includes, young people, older people – people of all ages) NO • Religion or Belief (includes faith groups, atheism and philosophical beliefs) NO • Pregnancy and Maternity (includes pregnancy, women who are breastfeeding and women on maternity leave) NO • Marriage and Civil Partnership (includes opposite and same sex couples who are married or civil partners) NO • Armed Forces (includes serving armed forces personnel, reservists, veterans and their families) NO
Describe any negative impacts	N/a
Describe any positive impacts	It supports the Trust to co-create a great experience for our colleagues, by providing staff with the opportunity to access a brand new car at a reduced rate due to the benefits resulting from salary sacrifice payments.

Section 3	Research and involvement
What sources of information have you considered? (e.g. legislation, codes of practice, best practice, nice guidelines, CQC reports or feedback etc.)	Yes – Agenda for Change and HMRC
Have you engaged or consulted with service users, carers, staff and other stakeholders including people from the protected groups?	No
If you answered Yes above, describe the engagement and involvement that has taken place	Previous version with substantive changes had engagement with JCC members

If you answered No above, describe future plans that you may have to engage and involve people from different groups	Future versions will be informed by Smarter Working engagement with the Trust as a whole.
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Section 4	Training needs
As part of this equality analysis have any training needs/service needs been identified?	No
Describe any training needs for Trust staff	n/a
Describe any training needs for patients	n/a
Describe any training needs for contractors or other outside agencies	n/a

Check the information you have provided and ensure additional evidence can be provided if asked

Appendix 2 – Approval checklist

To be completed by lead and attached to any document which guides practice when submitted to the appropriate committee/group for consideration and approval.

	Title of document being reviewed:	Yes / No / Not applicable	Comments
1.	Title		
	Is the title clear and unambiguous?	Y	
	Is it clear whether the document is a guideline, policy, protocol or standard?	Y	
2.	Rationale		
	Are reasons for development of the document stated?	Y	
3.	Development Process		
	Are people involved in the development identified?	Y	
	Has relevant expertise has been sought/used?	Y	
	Is there evidence of consultation with stakeholders and users?	Y	JCC engagement conducted for previous version, future versions are to be informed by Smarter Working engagement currently being undertaken.
	Have any related documents or documents that are impacted by this change been identified and updated?	Y	
4.	Content		
	Is the objective of the document clear?	Y	
	Is the target population clear and unambiguous?	Y	
	Are the intended outcomes described?	Y	
	Are the statements clear and unambiguous?	Y	
5.	Evidence Base		
	Is the type of evidence to support the document identified explicitly?	Y	Agenda for Change and HMRC
	Are key references cited?	Y	As above
	Are supporting documents referenced?	Y	As above
6.	Training		

	Title of document being reviewed:	Yes / No / Not applicable	Comments
	Have training needs been considered?	Y	
	Are training needs included in the document?	Y	
7.	Implementation and monitoring		
	Does the document identify how it will be implemented and monitored?	Y	
8.	Equality analysis		
	Has an equality analysis been completed for the document?	Y	
	Have Equality and Diversity reviewed and approved the equality analysis?	Y	May 2023
9.	Approval		
	Does the document identify which committee/group will approve it?	Y	
10.	Publication		
	Has the policy been reviewed for harm?	Y	
	Does the document identify whether it is private or public?	Y	Public
	If private, does the document identify which clause of the Freedom of Information Act 2000 applies?	n/a	

Appendix 3 – Approval process of a non-business use lease agreement

