

Transport Policy – Practice Guidance Note		
Lease Car Scheme – V03		
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1 Introduction

- 1.1 The scheme is designed to provide staff with the option of having access to a new car of their choice at a very competitive rate. Staff joining the scheme will have the satisfaction of knowing that as well as getting an extremely cost effective “hassle free” car, Northumberland, Tyne and Wear NHS Foundation Trust (the Trust/CNTW) will be making savings that will be reinvested into patient care. The Trust scheme uses a salary sacrifice option which helps to keep the costs down; however, a salary deduction option is also available.
- 1.2 CO² emissions will be reduced due to the technology new cars enjoy. It also assists in ensuring staff are driving in cars with more safety features and more reliable than older cars.

2 Responsibility

- 2.1 Overall responsibility for the management of this Practice Guidance Note (PGN) rests with the Head of Estates and Facilities, with day-to-day responsibility delegated to the Facilities Service Manager (General Services), telephone 0191 246 7285 (Ext. 57285) at St Nicholas Hospital.
- 2.2 Line Managers are responsible for ensuring employees comply with this document.
- 2.3 Employees must ensure that they act in accordance with this document, in particular ensuring vehicles are kept clean and tidy, routine servicing and checks are adhered to, and any relevant mileage claims are submitted on a timely basis.
- 2.4 Employees must ensure that the terms and conditions of the lease agreement are adhered to.
- 2.5 An appointed contractor will be responsible for managing this scheme on behalf of the Trust. Details are posted on the Trust's Intranet site.

3 Scope

- 3.1 This practice guidance note (PGN) introduces a Car Lease Scheme that is available to all permanent and fixed term contracted staff (length of the lease and hence costs will relate to the length of the fixed term contract).

4 Details of the Lease Contract

- 4.1 A booklet detailing the Scheme is available on the Trust's Intranet, from the Trust's appointed contractor or from the Trust's Facilities Department, St Nicholas Hospital.
- 4.2 This booklet includes information such as:
 - Details of salary sacrifice and salary deduction - staff are strongly advised to study the potential implications of the salary sacrifice method
 - Terms and conditions of a lease
 - Insurance excess charges
 - Excess mileage charges
 - Early termination costs
- 4.3 The vehicle is the property of the Lease Company from which it has been obtained and the monthly payments will cover the cost of:

- Type of vehicle selected by the employee
- The amount of private mileage to be undertaken
- Any optional extras
- Insurance/Breakdown cover/Servicing/Tyres

4.4 Reimbursement for business miles for cars taken out using the salary sacrifice option will be on the submission of a travel expense claim form. The rates of reimbursement may alter due to changes in motoring costs. These are available on the Trust's Intranet. Leases taken under the salary deduction option will have the reimbursement rate reflected in a revised monthly deduction.

4.5 **Income Tax Liability – waiting on confirmation from HM Revenue and Customs**

4.5.1 All lease cars are regarded as a benefit in kind and the Trust (via Payroll or the appointed contractor) has a responsibility to inform the tax authorities of those employees allocated a lease car and the relevant costs etc.

- HM Revenue and Customs Rules – Fuel for Private Journeys in Lease Cars
- Home to Normal Workplace Mileage Claims
- HM Revenue and Customs has issued advice in line with their regulations that “employees with a lease car incur a tax liability when claiming any home to normal workplace mileage”

4.5.2 This includes journeys where an employee's terms of employment specifically permit such claims. For example, journeys made by staff subject to emergency or other call-out at night or at weekend, or for overtime purposes, Excess Travel where an employee has moved base as a result of organisational change and Senior Medical Staff who are required to make subsequent travel from their normal base, are also included in this rule.

4.5.3 Lease car users making such claims will incur a Car Fuel Benefit Liability. This liability is a fixed annual amount payable by the employee and is calculated based upon the following:

1. A fixed sum set annually by HM Revenue and Customs, multiplied by
2. A notional CO² emissions percentage related to the make and model of the lease car
 e.g. fixed sum £18,800 (2011/12 actual) x CO² percentage, say, 20% = car fuel benefit = £3,760

4.5.4 Car Fuel Benefit is applicable irrespective of the number of home to workplace miles claimed by a lease car user and your employer is required

to include such benefits in the annual return of expenses made to HM Revenue and Customs.

4.5.5 We recommend that claims for home to work base mileage incurred by lease car users should **not** be claimed due to the tax liability that will be incurred. This is not a change in your terms and conditions, but arises from a tightening of the application of tax law by HM Revenue and Customs. You need to be aware that if you make a claim for home to normal workplace mileage, or do so in subsequent years, the liability to pay Car Fuel Benefit will arise.

4.5.6 We strongly advise that you consider this before making any claims for reimbursement of such mileage.

4.5.7 The Trust have an agreement with HM Revenue and Customs that staff whom the Trust have moved their base can claim a disturbance allowance which is an alternative to claiming the above excess miles. Further advice is available from Workforce.

4.6 Application Process

4.6.1 The member of staff should contact the Trust's contractor via their website with their relevant details (details can be found on the Trust's intranet site).

4.6.2 After receiving quotations and deciding to enter the scheme, the Trust's contractor will require the Trust's authorised officer to authorise the application.

4.7 Duty of Care

4.7.1 The Trust have a responsibility to ensure that all staff who they ask to carry out driving in the performance of their duties have the appropriate driving licence, insurance and MOT (if applicable). These checks will be carried out regularly by the Facilities Department.