

Car Leasing Policy



Title:

Car Leasing Policy

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Executive Summary

Where an employee takes up a post for which the average annual business mileage is such that it is economically preferable for NHS Lothian to offer a leased car, the employee will be given the opportunity to participate in the Leased Car Scheme.

This policy aims to ensure that NHS Lothian have an agreed process for staff who undertake a specific number of business miles each year to access personal car leases arrangement that meet financial viability, service needs, national Agenda for Change Terms & Conditions, and relevant Scottish Government circulars.

The NHS Lothian Car Leasing Scheme is open to all employees, subject to the meeting the eligibility criteria outlined in this policy.

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1.0 Purpose

The purpose of this policy is to ensure that NHS Lothian have an agreed process for staff who undertake a specific number of business miles each year to access personal car leases arrangement that meet financial viability, service needs, national Agenda for Change Terms & Conditions, and relevant Scottish Government circulars.

2.0 Policy statement

Where an employee takes up a post for which the average annual business mileage is such that it is economically preferable for NHS Lothian to offer a leased car, the employee will be given the opportunity to participate in the Leased Car Scheme. If the employee declines to participate in the scheme, reserve rate mileage allowance will be payable for business miles undertaken in the employee's own car.

Existing employees who do not wish to participate in the scheme will continue to receive their existing rate of car allowance as determined by the NHS Staff Council as long as they remain in the same post. Currently this is detailed in AfC Terms and Conditions Handbook

This scheme supersedes the 2015 Car Leasing Policy. Existing leases will continue as contracted but any renewals will be under the terms of this revised policy.

3.0 Scope

The NHS Lothian Car Leasing Scheme is open to all employees, subject to the eligibility criteria at section 5.2, who are standard rate car users and expected to travel more than 3500 business miles per annum.

4.0 Definitions

4.1 Car Leasing Scheme

The scheme is based on contract hire arrangements between NHS Lothian and the Contract Hire Company, which enables NHS Lothian to provide a fully maintained base vehicle for use by eligible employees in connection with the business of NHS Lothian. The base vehicle is used to establish what the employer's contribution of providing the leased car is. For Consultant Medical and Dental staff and staff covered by Agenda for Change these are outlined in the Medical and Dental Terms and Conditions of Service and the NHS Staff Council respectively.

5.0 Implementation roles and responsibilities

5.1 Overview of the scheme

NHS Lothian has determined that the base vehicle will normally be adequate for all normal official duties.

The scheme allows for a range of cars to be considered, however the Scottish Government's aspiration of de-carbonising the public sector fleet by 2025 requires all users to consider an Ultra Low Emission vehicle such as fully electric or hybrid. Where neither of these are practical, either based on mileage covered or vehicle charging infrastructure, the NHS Lothian Carbon Management Strategy will apply, where a restriction of 135 grammes per kilometre of Co2 emissions on all vehicles in the scheme. This will only be breached in exceptional circumstances where approval has been received by senior management.

All applications to the scheme must be made in the first instance to the employee's Head of Department, who will need to clarify the estimated business mileage which the employee will travel over the three year period. See [NHS Lothian Leased Car Eligibility Form](#) and [NHS Lothian Car Leasing Scheme: Application for Vehicle](#) .

The contribution of NHS Lothian will be set according to the mileage band determined by NHS Lothian. Similarly, the employee will be required to estimate their private mileage over the same period. The accuracy of the total business and private mileage is important as it determines the rate at which the Contract Hire Company will supply the vehicle. In the main, there will be no alteration to these figures during the contract period other than where there are significant increases in the business and/or private mileage, when a new level of contribution from the employee will need to be determined.

Information on the cost to an employee of hiring a particular vehicle can be obtained from the Car Leasing Department, St John's Hospital.

5.2 Eligibility

All employees of NHS Lothian who are standard rate car users, and whose average annual business mileage is such that NHS Lothian considers it economic to offer a leased car, are eligible.

Eligibility is subject to:

- confirmation of the standard user status applied to the post by NHS Lothian
- the applicant holding a current full driving licence for the class of vehicle applied for and agree to have this checked on a regular basis
- the applicant's ability to comply with any conditions laid down by the Contract Hire Company

NHS Lothian reserves the right to refuse an application and to consider other relevant factors in making a decision.

The users of cars hired under this Scheme are required to notify NHS Lothian immediately of any event which affects or might affect their eligibility to participate in the Scheme.

An employee who has accepted a car from the Car Lease Scheme cannot revert to the previous standard user status at the end of the contract unless this is agreed by NHS Lothian.

5.3 Cost to NHS Lothian

The cost of leasing a base car for business mileage will be borne entirely by NHS Lothian. The employee will only pay the marginal extra cost, which depends on the following:

- model (if not a base car)
- the amount of private mileage requested
- certain fixed costs
- insurance costs in excess of those incurred by NHS Lothian for the approved driver

5.4 Non-Standard Make and Model

If the employee does not want the base car, NHS Lothian can check the cost of the chosen alternative model. The average annual rental charge to NHS Lothian of the base car is deducted from the actual cost of the model chosen and the employee will meet the difference.

5.5 Mileage

The cost of leasing the car over the three years of the lease also depends on the total mileage, i.e. business and private added together. The cost of business mileage in the base car is deducted, and the employee will pay the difference. The employee must estimate annual mileage very carefully, to the nearest 1000 miles. Under/over estimates will be reviewed at the end of the contract. Any changes in private mileage should be notified to the Car Leasing Department as soon as possible in order to allow adjustments for the remainder of the contract.

5.6 Fixed Costs

The employee is required to bear the cost of insurance and road tax for their private mileage. In addition, there is an annual handling charge. These charges are all subject to VAT at the appropriate rate.

On signing the paperwork a formal agreement will be entered into between the employee and NHS Lothian.

NHS Lothian will contribute an agreed amount, based on business mileage, towards the cost of the vehicle and this amount may be reviewed from time to time. Any such review will apply only to new contracts entered into after the review date.

NHS Lothian will support the acquisition of any vehicle chosen by an employee, subject to them being satisfied that the vehicle is in all respects suitable for use on NHS business, and is financially viable to NHS Lothian.

The employee's fuel costs incurred on official business will be reimbursed in accordance with the following formula: 'Price of Fuel divided by mileage (urban cycle of base vehicle)'.

This will be reviewed regularly to ensure that it takes account of fluctuations in fuel prices. This is applied nationally.

5.7 Use of Vehicle

The vehicle must be available at all times, subject to servicing and repairs, for use by the employee in the performance of the employee's official duties as required by NHS Lothian.

The vehicle must not be used for:-

- driving tuition for commercial gain, racing rallies, speed or time trials, hill climbs or any form of competition
- any purpose for which the vehicle is not designed
- any unlawful purpose or in contravention of any statute or regulation

The vehicle must not be used for any commercial activity unless specific approval in writing has been obtained from the Car Leasing Department, as additional insurance is required for such activity.

Although the vehicle remains the property of the Contract Hire Company, the employee is liable for its road worthiness and is required to indemnify NHS Lothian against parking fines or other liabilities arising from the way the vehicle is used, particularly breaches of the Road Traffic Act 1988.

The vehicle should normally be kept at the driver's home address and garaged whenever practicable. In the event of an employee with a lease car moving home, the Car Leasing Department must be informed, in writing, of the change. The employee must not lend, let or hire, sell, assign, transfer, charge, dispose or part with control of the hired vehicle, or attempt to do so.

The Contract Hire Company must be contacted for permission to take the vehicle out of the British Isles. Foreign travel, including travel to Northern Ireland and Eire, will be permitted subject to the arrangement of satisfactory insurance and adequate breakdown and recovery protection. Responsibility for the vehicle will rest with the employee until it is returned to the British Isles. Repairs and maintenance which are carried out abroad are not covered by the maintenance agreement with the Contract Hire Company and are the sole responsibility of the employee, who must take out appropriate cover (e.g. AA, 5-star cover). On each occasion, application for permission to take the vehicle outside the British Isles should be submitted at least four weeks before the proposed commencement of the journey.

Where the employee is absent from duty for a prolonged period (such as sickness, maternity leave, training courses, extended annual leave abroad) they will normally continue to have private use of the vehicle. If the employee moves onto unpaid leave and wishes to retain use of the vehicle, arrangements will be agreed with the Car Leasing Department for the appropriate payments to be made.

The employee is required to keep a log-sheet recording both business and private mileage undertaken in the vehicle on a monthly basis. At the end of each month this sheet must be processed as appropriate through e-expenses in order that mileages may be checked and recorded, and payment processed for business miles. Tampering with the vehicle's odometer will be regarded as a serious disciplinary offence.

All expense claims are required to be submitted on a regular monthly basis in line with the [NHS Lothian Expenses Policy and General Procedures for All Types of Expenses](#).

5.8 Vehicle Maintenance

In accordance with the Agreement with NHS Lothian, the Contract Hire Company will provide or pay for:

- regular and routine maintenance and servicing
- all remedial or repair work arising without negligence or misuse or accident (whether or not caused by the employee) and needed to maintain the vehicle in a roadworthy condition
- all replacement tyres necessary due to fair wear and tear
- all replacement batteries
- all replacement exhaust systems
- routine vehicle checks

On taking possession of the vehicle, the employee will receive a set of instructions from the Contract Hire Company (driver's pack) regarding routine servicing and arrangements for repairs and breakdowns and replacements of tyres, batteries and exhaust systems. The employee should make himself/herself aware of the requirements of the Contract Hire Company contained in the instructions or otherwise notified to him/her and comply with those requirements at all times.

When the vehicle is delivered/collected, the employee will be responsible for ensuring that there are no defects of any kind which are apparent on reasonable inspection and that all standard and optional equipment is present, where this can be ascertained by reasonable inspection. When accepting delivery, employees should bear in mind their responsibility to return the vehicle in good order, repair and condition at the end of the contract as failure to do so may result in an additional charge.

In the event of emergency repairs or towing to a local garage, only the appropriate motoring organisation will be contacted. If settlement has to be made to them for any part, the Contract Hire Company will reimburse by return on production of receipts. Parts must be retained in the event of any claim under warranty. If the part is not available, settlement may be withheld pending investigation. Full details of emergency procedures are contained in the driver's pack.

The employee will be responsible for the car's roadworthiness and for routine checking of oil, water, batteries, tyre pressures and other items which a responsible owner would be expected to check from time to time, together with any associated routine maintenance such as topping up the oil or adjusting the tyre pressures. It is the responsibility of the employee to ensure that the vehicle is serviced in accordance with the manufacturer's guidelines. Any damage to the vehicle or any cost arising from failure to carry out such routine checks and maintenance or from negligent use or deliberate abuse of the vehicle by the employee will be the responsibility of the employee, who will be required to reimburse any resultant cost to NHS Lothian. It is the employee's responsibility to keep the car clean

inside and outside during the period of hire. Failure to comply with these conditions will result in additional cost penalties.

Repairs and replacements arising from wilful neglect or deliberate abuse are not included in the Scheme and costs arising from these will be borne by the employee. Accident damage will be covered by insurance claims subject to the appropriate excess being paid. In line with Agenda for Change – the NHS Terms and Conditions of Service Handbook, the employer will be responsible for any excess insurance charges incurred during the business use of the vehicle and the employee will be responsible for the excess insurance charges incurred during the private use of the vehicle. In view of this a DATIX incident form will need to be submitted for any insurance claims which occur during business hours. Note – For Medical and Dental Staff not covered by Agenda for Change, the insurance excess will be shared 50/50 between the employee and NHS Lothian regardless of whether the car was being used for business or private mileage.

The vehicle will be covered for breakdowns etc and relevant information will be provide in the vehicle on delivery by the leasing company.

In the event of an accident, the employee must comply with the procedures as notified by the Car Leasing Department. These procedures will be reviewed annually, at the time of insurance policy renewal.

5.9 Replacement Vehicles

In the event of a mechanical breakdown, or if a vehicle is off the road on account of major mechanical repairs which require more than 24 hours to complete and are not due to any act of neglect or default by the employee (or their family or other authorised drivers) the Contract Hire Company will arrange for the provision of a replacement vehicle within 24 hours of notice being given to them. A replacement vehicle will be made available for up to a maximum period of twenty eight days.

If the Contract Hire Company is unable to provide a replacement vehicle within 24 hours of notification, there may be a financial adjustment for the period that the employee is without a car.

All mileage run in the replacement vehicle will count towards the total contract mileage.

5.10 Vehicle Insurance

A national standard Comprehensive Motor Fleet Policy is in place for all NHS vehicles on Contract Hire to cover both business and private use. An employee will pay a proportion of the contracted insurance premium for private use, the rate being determined by NHS Lothian, based on statements of actual repair costs provided annually by the Insurance Brokers.

The policy allows private use by employees and private use by certain other persons authorised by the user, provided that the person driving holds a licence to drive the vehicle involved agrees to having their licence checked and is not disqualified from holding or obtaining such a licence. This insurance cover for private use is mandatory. Any additional cost to NHS Lothian for extending the insurance cover to other drivers will be met by the employee. Private use of the vehicle without insurance cover is an offence under the Road

Traffic Act and unauthorised use in these circumstances will be regarded as a serious disciplinary offence which may result in dismissal.

The cover will exclude use for hire, reward, racing, reliability trial, speed testing or commercial travelling.

Should a user leave the scheme, a letter will be available confirming the number of claim free years or participation by the user, for submission to Insurers for No Claims Bonus purposes. It should be noted that not all insurance companies will accept this as evidence of claim status.

5.11 Termination of Car Leasing/Hire contract

As specified in Section 3 above, the car will be hired for a three year period. The Car Leasing Department should be contacted at least two months before the expiry of the contract, in order to make arrangements for renewal.

If any contract is terminated prematurely, the Contract Hire Company may impose certain penalty charges, details of which will be provided on application to the Car Leasing Department.

NHS Lothian will waive all penalties in the event of:

- death in service
- retirement due to ill health
- redundancy
- retirement in the interest of the efficiency of the service
- internal movement to a post without a car user status, when such a move is not made voluntarily

In any circumstances other than those referred to above, NHS Lothian reserves the right to pass on to the employee all penalties incurred as a result of the early termination of the lease.

In cases where the hire of a vehicle is terminated prematurely, the employee may forfeit the right to claim any rebate of any description.

In the event of premature termination of contract the following courses of action may be available to employees following consultation with the Car Leasing Department:

- The employee may wish to purchase the car, in which case he/she should ask the Car Leasing Department for contact details of the Contract Hire company so that the employee can obtain a purchase price quotation from the Contract Hire Company. This is then a matter for the employee and the Contract Hire Company to progress. It should be noted, however, that in this instance, the termination penalty will still apply.
- If the employee is moving to another NHS authority with a contract hire scheme, then the contract may be transferred. The other NHS authority may have different conditions within their lease car policy which would need to be complied with.

- Identify another employee who undertakes the minimum amount of qualifying business miles who is willing to take on the vehicle lease and has the support of their line manager.

Otherwise, the hire vehicle must be returned in a condition satisfactory to the Contract Hire Company, and should any penalty be suffered by NHS Lothian this will be recharged to the employee.

The employee is required to report to the Car Leasing Department any convictions in connection with any motor vehicle (other than parking offences) for insurance purposes. NHS Lothian reserves the right to charge to the employee any additional costs or excess attributable to the employee's driving record. In the event of the employee becoming disqualified from driving, the vehicle will be withdrawn immediately and the employee will be responsible for meeting any excess or penalty charges which result.

The employee will be responsible for meeting the cost of any fixed penalty fines incurred by him/her whether on business or private use.

5.12 Other provisions

5.12.1 Vehicle Excise Duty

The employee will be required to reimburse NHS Lothian for any increase in the costs of the Road Fund Licence plus VAT over the cost of the licence as at the date on which the employee's agreement is signed and thereafter during the period of the hire. Any corresponding reductions in Road Fund Licence would also be passed back to the employee.

5.12.2 Excess Charge/Rebate on Mileage

If at the end of the contract period the actual private and authorised business mileage completed exceeds the estimated mileage, there may be an excess charge to that employee at the rate specified by the Contract Hire Company.

If at the end of the contract period the actual private miles completed are less than the estimated mileage, there may be a rebate to that employee at the same rate.

5.12.3 Accessories/Factory Options

At the request of the employee, certain equipment can be fitted by the Contract Hire Company. The full cost of these additional extras will be added to the annual leasing charge.

The equipment will remain the property of the Contract Hire Company at the end of the contract.

No accessories may be fitted privately by the employee without the prior written consent of the Contract Hire Company through the Car Leasing Department. If any accessory cannot be removed from the vehicle without substantial or irreparable damage being caused, then such accessories must be surrendered with the vehicle at the end of the hire period.

The employee shall be entirely responsible for restoring the car to a condition satisfactory to the Contract Hire Company at the end of the contract.

5.13 'Wear and Tear'

The Majority of the leasing companies will use the BVRLA guide to fair wear and tear. This can be viewed using the following link: www.bvrla.co.uk/service/fair-wear-and-tear-guides/

5.13.1 Ordinary Wear and Tear

Ordinary wear and tear is generally taken as:

- superficial scratches and scuffs to bumpers
- stone chippings on front and lower sides of vehicle
- minor scratches to paintwork if surface of paint is not broken and undercoat is visible

5.13.2 Excess Wear and Tear

Excess to fair wear and tear includes:

- scrapes and scratches where the paint is broken, i.e. where cutting will not restore the finish and repainting is necessary
- dents or other impact damage to bodywork or bumpers
- broken or cracked lenses
- roofs and gutter damage due to the fitting of a roof rack
- tears, rips etc to seats, interior trim carpets and headlining
- stains from oil, glue, chemicals or other matter which cannot be removed using proprietary upholstery cleaners

Both during the period of the contract and at the date of expiry, any disputes regarding the condition of the vehicle will be referred by NHS Lothian to an independent engineer nominated by the Automobile Association whose decision will be final and binding to all parties.

5.14 Staff responsibilities

The employee makes a monthly payment to NHS Lothian in respect of their private use of the vehicle, and this payment includes maintenance, insurance, Road Fund Licence and breakdown cover.

The employee is responsible for certain additional payments which may arise in certain circumstances. Details of additional payments which can arise are provided in the lease contract and include charges made in the event of premature termination of the hire and excess mileage charges.

In exceptional circumstances the employee may be offered a used vehicle previously allocated to another employee. In these circumstances the rate payable will be recalculated on the new employee's mileage using the extant hire costs, and the car will be hired for the remainder of the initial hire three-year period. Any business mileage undertaken in the hired vehicle will be reimbursed at the appropriate rate.

6.0 Associated materials

[NHS Lothian Leased Car Eligibility Form](#), approved by the Facilities Policy Group

[NHS Lothian Car Leasing Scheme: Application for Vehicle](#), approved by the Facilities Policy Group

[Sustainable Development Strategic Framework](#)

[NHS Lothian Expenses Policy and General Procedures for All Types of Expenses](#), approved by the Partnership Forum

[Staff Business Travel Plan](#), approved by Head of Financial Control

7.0 Evidence base

- AfC Terms and Conditions Handbook
- [Road Traffic Act 1988](#)

8.0 Stakeholder consultation

This policy was discussed at the Facilities Policy Group and with key stakeholders, including Finance, Pay and Policy team were consulted, and their comments have been considered and included, where appropriate, in this policy. This policy was placed on the NHS Lothian Consultation Zone for all NHS Lothian staff to comment on.

9.0 Monitoring and review

This policy will be reviewed, as a minimum, every three years, but may be subject to earlier review in the event of changes to guidance or legislation, or any other factors that may render the policy in need of review.