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The **hassle-free** way to
lease your **dream car!**



Employee Benefit Car Lease Scheme

www.nhsfleetsolutions.co.uk

The car lease scheme

Overview

The Scheme is designed to provide you with competitively priced and trouble-free motoring. Under the Scheme, you lease a car using the Council's current lease car suppliers, normally for a period of two or three years.

There is no deposit required and the cost of providing the car is fixed for the duration of the lease. The car will be insured for yourself and up to four additional named drivers (assuming they are legally entitled to drive and meet the age and occupation requirements).

At the end of the Scheme, you can return the car with no additional charge subject to the vehicle meeting the required return standards and having covered no more than the agreed contracted mileage.

Using a salary sacrifice scheme enables you to make savings subject to your salary not falling below National Minimum/Living Wage levels. The provision of the car will make you liable to a company car Benefit in Kind tax charge based on the car chosen.

The Benefit in Kind charge is calculated on the manufacturer's list price of the car and a percentage charge determined by the exhaust emissions of the car. The percentages are set each year by the Government as part of the Budget. The Benefit in Kind is outlined on your order form.

Note that with effect from 6 April 2017, HMRC introduced new legislation which applies where benefits are provided via salary sacrifice or other optional remuneration arrangements. Under the new rules the car benefit will be based on the higher of your gross salary sacrifice or the usual calculated benefit based on the vehicle's list price and emissions. The car tax liability illustrated on your vehicle order form will reflect the applicable benefit.

- **Competitive prices**
Competitive lease costs are obtained by working in partnership with the NHS and our combined buying power to secure car leases at the most competitive price. The savings through the use of a salary sacrifice means that the Scheme provides an attractive option to most employees.
- **No deposit**
When comparing the Scheme with other types of vehicle finance or personal lease, it is important to remember that no deposit is required. Some commercial schemes show very attractive monthly payments but tend to require sizeable deposits.
- **Full maintenance included**
All routine servicing and repair costs arising from normal usage of the vehicle are included in the charge. This includes normal wear of exhausts, replacement batteries, even puncture repair and the replacement of tyres as a result of fair wear and tear. Breakdown cover is also included.
- **Insurance cover**
Motor insurance for private use and business purposes linked to that of the employer is included. Further information regarding the Fleet Solutions insurance policy can be found within the My Account section on the Fleet Solutions website.
- **Trouble-free budgeting**
Under the Scheme you will agree to a new reduced salary ("Revised Basic Salary") at the beginning of the Scheme following receipt of your signed variation of contract ("Variation of Contract"). This Variation of Contract will usually continue for the full term of the Scheme. This means that even if interest rates rise substantially or expensive maintenance is required on the car (excluding any repairs not covered by insurance or needed due to misuse or negligence), your Revised Basic Salary is not affected.
- **Easy ordering and high service levels**
A dedicated lease car team is employed by the Council, and they will work hard to ensure the process of ordering and receiving your new car is as smooth as possible. The team will also advise and help you through the process of choosing, to receiving and on to using your new car.

Eligibility

Eligibility is subject to the following conditions:

- A permanent employee of West Lothian Council (and staff in fixed term contracts where a lease can be secured in line with the contracts period).
- Payment to be via Salary Sacrifice.
- Employees can have up to one vehicle via the scheme at any time.
- Only cars with CO2 emissions of 75g/km or less are available under the Scheme.

The Council reserves the right to decline any application.



How do the arrangements work?

The proposal is as follows:

- a. The Council will allow an employee the use of the car of their choice and the employee will agree to enter into salary sacrifice arrangement ("Salary Sacrifice"). In turn the employee will be liable for the company car Benefit in Kind income tax charge that arises out of the arrangement on the provision of a company car.
- b. A Salary Sacrifice is an arrangement where an employee agrees to receive a Revised Basic Salary and the Council provides the use of the car (including all servicing, maintenance, road fund licence, and insurance premium). The Salary Sacrifice arrangement will last for an agreed period, specified in your Variation of Contract. At the end of the Salary Sacrifice, the Variation of Contract will come to an end and the employee will return to their original terms and conditions of employment and their original gross salary ("Higher Notional Pay").
- c. This arrangement will only be available to employees who have a permanent contract of employment (and staff in fixed term contracts where a lease can be secured in line with the contracts period).
- d. The Scheme, and the right to participate in it, is entirely at the discretion of the Council who may withdraw the facility at any time. If the scheme is withdrawn it will be to new participants, ensuring everyone currently within the scheme remains in until their agreement ends. If the scheme were to come to an end the employee will return to their original terms and conditions of employment and their original gross salary ("Higher Notional Pay").

Universal Credit (“UC”)

Employees should be aware that the quotations provided do not take account of any potential impact on means-tested benefits, including Universal Credit (UC).

As entitlement to UC and other means-tested benefits is determined by an individual's or household's financial circumstances, participation in the salary sacrifice scheme may affect both eligibility for, and the amount of, such benefits.

In some cases, any reduction in benefits could outweigh the Income Tax and National Insurance savings arising from participation in the scheme. Employees who currently receive means-tested benefits should therefore carefully consider the potential implications before joining the scheme.

How much can I save?

The exact savings will depend on individual circumstances and the car that is selected. The company car Benefit in Kind charge is calculated on the manufacturer's list price of the car and a % charge determined by the exhaust emissions of the car. This Benefit in Kind is then subject to income tax. The relevant % charges based on CO2 emissions as prescribed by HM Revenue & Customs can be found at [Select a search : Directgov - Car fuel data, CO2 and vehicle tax tools \(vehicle-certification-agency.gov.uk\)](https://www.direct.gov.uk/en/Car-fuel-data/CO2-and-vehicle-tax-tools/vehicle-certification-agency.gov.uk)

Note that with effect from 6 April 2017, HMRC introduced new legislation which applies where benefits are provided via salary sacrifice or other optional remuneration arrangements. Under the new rules the car benefit will be based on the higher of your gross salary sacrifice or the usual calculated benefit based on the vehicle's list price and emissions. The car tax liability illustrated on your vehicle order form will reflect the applicable benefit.

How long does the Salary Sacrifice last?

The Variation of Contract will terminate, and employees will revert back to their Higher Notional Pay, at the end of the Salary Sacrifice - which usually lasts for three years to coincide with the car lease period. However, should you retain the car for a period beyond the Variation Period, for example should you retain the car pending delivery of your next vehicle, the Variation Period will be extended, and further Salary Sacrifice reductions will be made. It is envisaged that for the majority of employees Salary Sacrifice will run continually throughout the life of the lease.

What is the general effect of reducing taxable salary?

Employees who accept this proposal will have a reduced Revised Basic Salary. As a result, the amount of Income Tax and National Insurance Contributions (NICs) they pay may be reduced. However, employees should consider the overall effect of the salary sacrifice arrangement, as they are giving up part of their salary in exchange for the car leasing benefit. A reduction in Income Tax and NICs does not necessarily mean that an employee will receive more money in their bank account each month. In addition, a reduction in salary may affect entitlement to, or the amount of, certain benefits and statutory payments.

Employees should therefore consider whether participation in the salary sacrifice arrangement could affect entitlement to, or the amount of, benefits and statutory payments such as Statutory Maternity Pay (SMP), Statutory Sick Pay (SSP), Universal Credit (UC), and benefits payable in the event of death. Although SSP is available to eligible employees regardless of their level of earnings and is payable from the first full day of sickness absence, participation in the arrangement may still affect other payments or benefits that are based on earnings.

National Minimum/Living Wage

The Salary Sacrifice cannot reduce an employee's Revised Basic Salary to a rate below the prescribed National Minimum/Living Wage rates (i.e. so that their new rate of hourly pay would equate to less than the hourly legal minimum rate). The Council is obliged to pay you the legal minimum wage you are entitled to and may opt you out of the salary sacrifice scheme. This will result in you returning to your higher notional pay and original terms and conditions of employment. You may be required to return the Vehicle and could be liable to pay an early termination charge as a result of leaving the scheme before the end of the Variation Period. The Council will contact you if you fall below the National Minimum/Living wage to discuss what happens next.



What about my pension arrangements?

The Local Government Pension Scheme (LGPS) in Scotland changed from a final salary scheme to a Career Average Revalued Earnings (CARE) scheme on 1st April 2015. Members with pensionable service before and after that date may therefore have benefits built up under two arrangements:

- Benefits built up before 1st April 2015 under the final salary arrangements.
- Benefits built up from 1st April 2015 under the CARE arrangements.

If you participate in the car lease salary sacrifice scheme, your contractual salary will be reduced in exchange for the car leasing benefit. As the arrangement is non-pensionable for LGPS purposes, it will reduce your pensionable pay. This may affect the value of the pension benefits built up during the period of the arrangement. Members with pre-1st April 2015 final salary service should also consider whether the arrangement affects the pay figure used to calculate their final salary benefits.

Pensionable Pay and Salary Sacrifice

Pensionable pay is the pay on which LGPS pension contributions are calculated and from which pension benefits are built up.

When an employee enters a salary sacrifice arrangement for a lease car, their contractual salary is reduced in exchange for a taxable Benefit in Kind (BIK). The amount of salary sacrificed for the vehicle is not pensionable under the LGPS and is therefore excluded when calculating pensionable pay and pension contributions.

Further Advice and Guidance

Participation in a salary sacrifice arrangement may affect pension benefits. Employees considering joining the scheme who would like further information about the potential impact on their LGPS benefits should contact [Lothian Pension Fund](#) directly or for Teachers, [SPPA](#).

Long Term Sickness, Maternity Leave, Redundancy & Resignation

The Council recognises that employees who are unable to work because of illness or incapacity, or who take maternity leave during the period of the Salary Sacrifice, may have concerns. In these circumstances any employee who is unable to attend work due to sickness or incapacity, for a period exceeding 6 months, or who takes maternity leave will remain on their varied terms and conditions of employment and will retain the use of the car.

If you are expecting a baby and are considering joining our Car Lease Scheme, you must be aware that your Statutory Maternity Pay ("SMP") and Occupational Maternity Pay ("OMP") (where payable) could be affected.

SMP and OMP are calculated on the amount of average weekly earnings during the eight-week period preceding the 15th week prior to the expected date of childbirth. A "salary sacrifice" arrangement (such as the Scheme) will result in you having lower average weekly earnings.

Therefore any "salary sacrifice" arrangement entered into during this eight-week period may reduce your entitlement to SMP and OMP (where payable). If you are pregnant and expect to have a period of maternity leave you should think very carefully as to whether you should join the Scheme during this period (please contact your Payroll Officer for further details including advice on Adoption and Paternity Leave).

If you are receiving either SMP and Maternity, Adoption Pay, or Paternity Pay you should contact Payroll to find out whether you are eligible to enter into Salary Sacrifice arrangement and take part in the Scheme after taking into account your other financial commitments which are deducted at source whilst on maternity leave, adoption or paternity leave.

Early Termination Fee

Where the salary sacrifice agreements are terminated early as a result of resignation the termination fee, detailed in your Official Order Form, will be charged. Early termination of the agreements requires the employee to demonstrate a major lifestyle change. Please note that the termination fee will be invoiced to you.

If you were to retire on ill health grounds, die in service or have been made redundant the Council will pay any associated early termination costs.

If you leave the salary sacrifice scheme early as a result of falling below the National Minimum/Living wage the termination fee will be charged. Depending on the circumstances of the early termination the Council, at their discretion, may decide not to charge the termination fee. You are liable to pay the early termination costs in all other circumstances.



Servicing, Repairs and Breakdowns

All routine servicing and repairs arising from normal usage are included within the Scheme.

You have a duty to ensure the car is properly and regularly maintained in accordance with the manufacturers and the lease company's instructions. Only approved agents must be used. You must co-operate with all reasonable requests by the Lease Company (notified to you in your Drivers Handbook) or NHS Fleet Solutions to ensure maintenance and servicing is properly and swiftly carried out.

For repairs, contact NHS Fleet Solutions for advice. Damage caused by misuse, negligence or excessive wear and tear will be charged to the employee. All cars will have breakdown cover.

The following are exclusions from the Lease Company (notified to you in your Drivers Handbook) breakdown cover and will result in a charge to the employee:

- Non – mechanical breakdowns that could have been avoided by the driver.
- Contaminated fuel
- Running out of fuel
- Lockouts
- Wheel change – when the spare is not available.
- Second call out for a battery that has been previously condemned by a patrol

(This list is not exhaustive)

Please note that due to data protection and control of in-life events, in car features such as 'connected services', 'apps', 'subscriptions' or multicity connect may have limited or withheld capabilities. These reduced or time limited services are outside the control of NHS fleet solutions. Connected services are not considered to be a fundamental part of the vehicle that affects its operation.

Contract Mileage

At the end of Salary Sacrifice if the average annual mileage (pro rata) exceeds the agreed mileage (pro rata) over the course of the lease, the employee will be liable to an additional charge based on a cost per additional mile - see below. It is important that employees consider this, when estimating their annual mileage rate (pro rata) on the application/quotation form. At the end of the leasing period if the average annual mileage (pro rata) is less than the agreed annual mileage (pro rata) the employee will not be eligible for a rebate.

Excess Mileage Charges:

- Petrol - 6p per mile
- Diesel - 6p per mile
- Full electric - 12p per mile
- Hybrid (Petrol/Diesel) - 12p per mile
- Plug-in Hybrid Electric Vehicle (PHEV) - 18p per mile

Payments

Any charges levied against the Council in respect of the car will be recovered from your net salary, for example:

- Excess mileage costs
- Termination fees
- Lease Company admin charges associated with speeding or parking fines or any other admin duty carried out
- Uninsured damage charges
- Costs incurred through neglect, abuse or poor maintenance of the car Insurance Policy excess
- Parking and congestion charge fines
(This list is not exhaustive)

Mileage Amends

You will have one opportunity during the term of your salary sacrifice agreement to amend your contract mileage. Please refer to the terms and conditions of this option, which can be found in the Amend Mileage section of your online Fleet Solutions account.

Business Use

Employees should be aware that due to HM Revenue & Customs guidelines, staff using a Lease Car for the business of the Council will only be able to claim business mileage at the prevailing HM Revenue & Customs mileage rates. For any business mileage reimbursements, you will be liable to pay tax on the difference between the rate you receive and HMRC's prevailing Advisory Fuel Rate. Further details of the AFR rate can be found on HMRC's website. Vehicles leased through the Car Lease Scheme will not be eligible for standard or regular user allowance.

Fuel Scale Charge

Travel from home to your permanent workplace (including excess mileage as a result in change of base) is defined under HMRC rules as private use of the car and the car fuel benefit would apply. This in effect means that anyone claiming home to work mileage for any reason would be subject to additional tax charges arising from the fuel benefit charge.

Some examples of home to work mileage include excess travel, on-call travel, overtime travel, recalled to work travel, emergency return to work.

(This list is not exhaustive)



The End of the Agreement

At the end of the Salary Sacrifice the car should be returned to NHS Fleet Solutions. Assuming there is no damage (over and above fair wear and tear) and the contract mileage hasn't been exceeded there will be no further charge. Employees will be free to arrange a new Salary Sacrifice prior to the termination date in order to ensure that delivery of the new car coincides with the date for returning the existing car. At the end of the Salary Sacrifice arrangement, you will return to your original terms and conditions of employment and your Higher Notional Pay.

Conclusion

It is the Council's aim to pass onto employees the commercial advantages offered to it by the motor trade, which will allow employees the use of company cars in a cost-effective fashion. For most employees the arrangement under a salary sacrifice will further reduce the effective cost of funding the use of car in what could be considered, "Hassle-free motoring".

Next Steps

If you wish to take up this option, wish to discuss this further, or find the extensive range of cars available under these arrangements please contact NHS Fleet Solutions by email at enquiry@nhsfleetsolutions.co.uk

or by telephone on: 0344 811 82 28

or visit our website at: www.nhsfleetsolutions.co.uk

You will be required to register on our website using VPD TX2.



0344 811 8228

www.nhsfleetsolutions.co.uk

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