

Draft 2, 1 November 2008

London Ambulance Service NHS Trust

Lease Car Policy

1. Introduction and Aim

- 1.1 London Ambulance Service NHS Trust recognises that the role of many staff inevitably requires that they undertake regular travel in the course of their everyday duties.
- 1.2 The NHS terms and conditions handbook (Section 17) allows that “Employers may offer lease cars to employees whom they require to be mobile and where they deem it in the interest of the service to do so” (paragraph 17.2)
- 1.3 Subject to the eligibility criteria outlined in this policy statement, the Trust has decided to offer the facility of a lease car to support key staff in fulfilling their role and duties.
- 1.4 This document outlines the policy with regard to the provision of lease cars for staff below Director-level within London Ambulance Service NHS Trust (the Trust).
- 1.5 The aim of the lease car policy is to outline the framework within which the scheme will operate and against which decisions will be made regarding the allocation/offer of a lease car, taking into account the principles outlined in the national terms and conditions handbook.
- 1.6 The policy does not cover arrangements for recompense/re-imburement of travel expenses for non-lease car holders, which are governed by the Trust policy and national agreements.
- 1.7 The policy is based on the following values and aims;
 - Reducing complexity
 - Improving transparency
 - Ensuring value for money
 - Improving environmental efficiency

2. National guidance/context

- 2.1 Annex M of the NHS terms and conditions handbook requires that local lease car schemes should take into account the following principles:
 - The scheme is voluntary and is offered to eligible employees
 - Employees shall be charged the full cost for private use.

- Transparent arrangements for meeting the cost of NHS business use.
- Where arrangements are based on reimbursement of fuel paid for by the employee on a mileage basis, mileage rates should be subject to regular review to take account of significant changes in fuel costs.
- Employees shall be made aware as fully as possible of any tax implications of having a lease car.
- Local policies shall set out details of early termination costs and the circumstances in which these would apply, and where these would not apply, such as death in service. Wherever possible, provision should be made for options to be explored to obviate the need for the return of the car and early termination costs following a change in the employees circumstances, for example on transfer to another employer.
- The employer will be responsible for any excess insurance charges incurred during business use of the vehicle.
- The base cars of lease schemes shall be consistent with the proper use of public monies, NHS business needs and wider environmental considerations. Any employee choosing a car larger than the base car shall pay the additional full costs of this.

3. Principles of the Policy

- 3.1 It is the view of NHS Employers and the national partnership working group commissioned to review mileage and travel arrangements in the NHS terms and conditions handbook that lease car policies provide an opportunity to influence employee choice and promote the corporate social responsibility requirements and expectations of the NHS as a major public sector employer.
- 3.2 The lease car scheme will use specified base allowances.
- 3.3 Vehicles provided are available for business and private use of the relevant post holders.
- 3.4 Vehicles are allocated to posts rather than post-holders – in other words it is the nature of the duties required which determines eligibility, not other matters such as seniority.
- 3.5 The Trust reserves the right to make changes to the lease car scheme where these become necessary for reasons of economy or business efficiency.
- 3.6 The Trust is committed to its corporate and social responsibilities, and will endeavour to consider steps to reduce vehicle emissions and eliminate unnecessary business mileage.

- 3.7 The Trust recognises that there may be circumstances where an employee (through personal choice) or the Trust (through need) requires the use of a specialist vehicle or one not covered by the general provisions of this policy. In these instances a written request must be considered by the appropriate Director. Should the request be supported it will be forwarded to the Senior Management Group (SMG) for consideration. Each case will be determined on its own merits and will not set a precedent for any other case. Should an individual request exceed the relevant allowance, or create an unfair tax burden on the employee (e.g. as a result of the Trust imposing a vehicle with high emissions on an employee), the SMG will consider the appropriate amounts payable by the employee whilst at all times being guided by the national principles about cost of private use.
- 3.8 All vehicles acquired under the scheme will be leased by the Trust rather than the post holder and will be subject to the following standard terms:
- Standard 36 month lease period.
 - Full maintenance and service included.
 - Breakdown and recovery service included with the appropriate provider.
- 3.9 The Trust recognises that, as vehicles will be required for private as well as business use, post holders should enjoy a degree of choice in the selection of a vehicle. However, it is imperative that vehicles procured through the scheme are compatible with the ethos, image and requirements of a public sector organisation.
- 3.10 In line with this requirement, choice for post-holders will not be restricted to particular makes or models, but vehicles acquired through the scheme should, as a guide, meet the following criteria:
- All vehicles must have a minimum of four full size seats.
 - The **base** vehicle should have an engine capacity of not more than 1800cc (handbook paragraph 17.3) and meet the requirement (confirmed at section 2 and paragraph 3.8 above) that it shall be consistent with the proper use of public monies, NHS business needs and wider environmental considerations. This does not prevent employees exercising their right to choose a different, larger or better equipped vehicle, in which case the excess cost will be borne in full by the employee.
 - “Sports” and convertible cars cannot be acquired through the scheme. It is accepted that providing a comprehensive definition of a sports car is difficult. However, for the purpose of this policy, a sports car is a high performance vehicle the use of which is not commensurate with either the role of the post holder or the needs of a public sector organisation.
 - In considering applications for lease cars, the authorising Director must consider the request against this definition/requirement and exercise his/her discretion and judgement.
 - CO2 emissions must be 190 or below.

The CO2 emissions threshold will be reviewed annually by the Director of Finance following advice from the Corporate Fleet Manager.

3.10 Departure from the above criteria will only be permitted in exceptional circumstances subject to the approval of the relevant Director.

4. Eligibility criteria

4.1 The key eligibility criteria for consideration for a lease car will be based upon the expectation that the duties of a particular post necessarily involve regular and significant travel on the business of the Trust. This situation may arise for a variety of reasons including:

- The role is corporate in nature and there is an expectation and requirement that the post-holder makes regular visits to sites throughout London or beyond on official Trust business.
- The role includes managerial responsibility for a number of sites covering a significant geographical area, and requires regular travel between the sites.
- The role includes out of hours responsibility which may require short-notice attendance at, or recall to, work.

4.2 Since the NHS terms and conditions handbook provides for regular or standard user mileage rates to be offered where a lease car is withdrawn by the employer, it is logical to be guided by these standards when considering eligibility for consideration of a lease car.

4.3 Regular users are classified as staff who:

- Travel an average of 3500 miles per year OR
- Travel an average of at least 1250 miles per year and necessarily use their car an average of 3 days per week OR
- Spend an average of at least 50 per cent of their time on such travel, including duties performed during the visits OR
- Travel an average of at least 1000 miles a year and spend an average of at least four days a week on such travel including the duties performed.

4.4 For consideration of eligibility for a lease car, the thresh-hold will normally be an expectation or requirement of at least 3500 business miles per year.

4.5 Directors will have discretion for posts which do not meet this requirement but for which a case could be made against the other criteria above. In particular, where total mileage may not be sufficiently high but the staff member is required to transport heavy or bulky equipment the consideration may be favourable.

4.6 Other considerations in determining whether an application is approved will include:

- Are journeys likely to be undertaken only in the London area?
- Would the use of a pool/hire car be more cost effective for the Trust?

- Could journeys reasonably be undertaken by public transport/private car, if this was more cost effective for the Trust?
- Will the post holder be on-call or require a vehicle to respond to emergency calls/incidents outside of normal working hours?

The application of these criteria should result in savings through a reduction in lease vehicles and be environmentally sound by encouraging the use of public transport.

4.7 Applications for a lease car will be considered by and decided upon by the relevant Director, taking account of the criteria and principles of this policy and any national guidance.

5. Allowances

5.1 Approved lease car users in pay bands up to 8a will receive an allowance of £3000, and those in band 8b or above will receive an allowance of £3818 (inclusive of any optional extras specified for the vehicle). These have been set based upon an assumption of total of 12,000 miles per annum of which 3,500 are business and 8,500 private.

5.2 The lease car allowances will be reviewed annually by the Director of Finance in consultation with the Director of Human Resources. Any revisions will be subject to approval by the SMG and applied on the next occasion a vehicle is procured for a post holder.

6. Personal Contributions

6.1 As vehicles are available for both private and business use, employees will be expected to contribute to the insurance of the vehicle. The insurance premium will normally be shared 50/50 between the Trust and the employee. However, where the user chooses to include family members under the age of 21 on any insurance then the full cost of that additional cover will be borne by the user.

6.2 Assuming the lease cost of the vehicle is no more than £3000/£3818 as appropriate then no further contribution to the leasing of the vehicle will be required.

6.3 If the 12,000 annual mileage threshold is breached due to increased private mileage (i.e. > 8,500) then any further lease cost above £3000 will be reimbursed to the Trust by the employee. (See Appendix 1 – 'How the allowance works').

6.4 If the 12,000 threshold is breached due to the requirement of the Trust for the employee to undertake more than 3,500 business miles then the allowance will increase according to the impact of the increased business miles on the cost of leasing the vehicle selected. (See Appendix 1 – 'How the allowance works').

- 6.5 If contracted private miles reduce below 8,500 then the reduction in the lease cost can be used to offset the employee's contribution towards insurance up to the amount of their contribution.

If an employee wishes to lease a vehicle which meets the emissions threshold and other criteria but (based on lease cost at 12,000 miles) exceeds the £3000/£3818 allowance the Trust will consider leasing the vehicle but the employee will be required to reimburse the Trust for the cost in excess of the calculated allowance. *Again, an example of this is outlined in Appendix 1.*

7. Travelling Expenses

- 7.1 The Trust will reimburse lease car users for business mileage at the rates published by HM Revenue & Customs. The rates vary by engine size and type and are subject to periodic review by HM Revenue and Customs.
- 7.2 In line with Her Majesty's Revenue and Customs (HMRC) guidance, it is the responsibility of all staff to bear the cost of travel to their place of work. Reimbursement will be made only for legitimate business travel, and is made net of home to work mileage. It is unlikely that breaking a journey to visit trust premises nearer than the usual place of work, and claiming the balance of the journey as legitimate business mileage, will satisfy the HMRC requirements.
- 7.3 Claim Forms for the reimbursement of business mileage are to be completed and submitted for approval, usually by the next-in-line manager, and payment within reasonable time i.e. no later than 1 month after the costs have been incurred. Depending upon the circumstances, claims submitted outside of this period may not be accepted.
- 7.4 In submitting a claim for reimbursement the lease car user certifies that all mileage claimed has been necessarily incurred as a legitimate business requirement in fulfilling their employment duties. Any false or fraudulent claim could be deemed to constitute gross misconduct and lead to consideration of disciplinary action, including dismissal.
- 7.5 In approving claims for reimbursement of mileage, the authorising manager is confirming that she/he is satisfied that the business mileage was necessary and was legitimately incurred, and that the amounts claimed appear consistent with the journeys reported. If there should be any doubt as to the legitimacy of the claim, consideration must be given to investigation of the claim which could include reference of the matter to the Trust's Counter Fraud Specialist.
- 7.6 The Trust will not issue fuel cards for use by lease car drivers.

8. Insurance (see also paragraph 6.1)

- 8.1 The Trust will arrange insurance cover for all leased cars on a fleet basis. The insurance will be subject to periodic market testing and, as a result, insurance premiums may increase or decrease during the lease period of any given

vehicle. Lease car users should be aware that, in this event, personal contributions are liable to increase or decrease accordingly.

- 8.2 The Trust will review the lease car insurance policy on a regular basis to ensure value for money.
- 8.3 Insurance cover will be provided on a comprehensive basis with each claim subject to an insurance excess.
- 8.4 The Trust will be guided by the national provisions regarding insurance excess incurred on business travel, but will take regard of the circumstances of and responsibility for the incident leading to the excess. Any excess arising from private use will be charged to the lease car user (see 8.11).
- 8.5 The Trust will make each post holder aware of the specific details of the insurance policy relevant to them.
- 8.6 A certificate of insurance will be issued to all lease car users on each occasion of insurance renewal and users will be notified of any changes to the insurance cover as and when these occur.
- 8.7 Lease car users should note that Trust-owned equipment, such as laptops etc, is not covered by the lease car insurance policy. Consequently such equipment should not be transported in a lease car unless absolutely necessary and, if conveyed, should be secured out of sight if the vehicle is unattended (e.g. in the boot area of the vehicle).
- 8.8 Similarly, cover for the theft of, or from, an unattended vehicle is excluded when the vehicle is:
 - left unlocked
 - left with the keys
 - left with the windows or roof panel open
 - reasonable precautions have not been taken to protect it.
- 8.9 The insurance cover applies in Great Britain, Northern Ireland, the Channel Islands, the Isle of Man and all member countries of the European Community. However, users must request and obtain written approval from the appropriate leasing company before taking leased vehicles abroad.
- 8.10 In the event of being involved in an incident, lease car users are to complete the appropriate accident report form (supplied by the insurance company) at the earliest opportunity regardless of whether the incident will result in an insurance claim. Accident report forms are available from Fleet administration and all lease car users should keep a blank form with their vehicle log book. The completed form should be forwarded to the Fleet administration department for registration and subsequent transmission to the insurers. Comprehensive instructions for repair arrangements are detailed in the lease car procedure notes.

8.11 All insurance claims will be subject to an excess fee as detailed at the time of lease. Liability for payment of the excess fee will lie with either the Trust or the Lease Car User depending on the circumstances of the accident. Liability will be determined as follows:

8.11.1 Private Use

If an accident occurs whilst the vehicle is in private use the lease car user will be liable for payment of the insurance excess regardless of the circumstances resulting in the accident. It should be noted that journeys from home to base and return are classed as private use.

8.11.2 Business Use

If an accident occurs whilst the vehicle is in business use liability for payment of the insurance excess will be determined by the circumstances of the accident. Where the lease car user is considered blameworthy, for example by driving into the rear of a third party vehicle, then the lease car user will be liable for payment of the excess. Where the lease car user is considered not blameworthy, for example when damage is sustained whilst the vehicle is legally parked and secured etc whilst on Trust business, then the Trust will be liable for payment of the excess.

8.12 The relevant Director will determine whether an individual is blameworthy or not, based upon the evidence contained in accident report forms or other relevant documentation e.g. police reports. Lease car users will have the right to appeal against decisions through the Trust grievance procedure.

9. Contracted mileage

9.1 The procurement of vehicles will be based on a level of contracted mileage. The estimated annual mileage will be proposed by the lease car user, having taken into account both business and private mileage. These should be shown separately when making the application.

9.2 Historical data should be used, where available, to estimate business mileage and private mileage should be calculated on the basis of the employee's return mileage between home and base together with a reasonable approximation of the social, domestic and recreational mileage that they might reasonably undertake.

9.3 Where no historical data is available, for example on allocation of a vehicle to a new post, an estimation of the business mileage is to be made by the relevant line manager based on the nature of the role. Whatever the circumstances, the proposed level of annual mileage must be agreed by the relevant Director prior to submitting requests for vehicle quotations.

9.4 Lease car users are to monitor actual mileage against the contracted level and report any significant variations to their line manager as they occur.

10. Private Use of Vehicles

- 10.1 All lease car users, including individuals not employed by the Trust (see paragraph 10.3), must be in possession of a current full driving licence. The driving licence of all authorised users will be subject to an inspection not less than annually, or on demand should the Trust deem this necessary.
- 10.2 Lease car users are to notify the Trust immediately of any notice of intended prosecution, any endorsement on their driving licence, or of any conviction for a motoring offence. Similarly, the trust is to be notified of any medical conditions, permanent or temporary, that may affect an individual's licence entitlement, and may also be required to provide evidence of eyesight tests.
- 10.3 A partner of the lease car user will be automatically insured to drive the leased vehicle for private use providing that they meet the following criteria:
- The proposed driver is over 21 years of age (for drivers under the age of 21 see paragraph 6.2).
 - The proposed driver holds a full driving licence and has a minimum of 12 months' driving experience on that full licence.
 - The proposed driver adheres to the protocols and requirements set out in this policy, including those relating to health and to prosecution/endorsement of the licence.
- 10.4 Written approval, using the relevant form produced by the Trust, must be obtained for any person other than a partner to drive a leased vehicle for private use. The provisions of paragraph 8.3 must be met, and the Trust reserves the right to decline use of the vehicle to any person whom it does not see fit to drive the vehicle.
- 10.5 Out of working hours leased vehicles must only be used for social purposes. Leased vehicles may not be used for the carriage of passengers for hire or reward or for any type of motor sport, including racing, rallying or pace making, whether on the public highway or on private land.
- 10.6 The Trust will not, under any circumstances, accept responsibility for parking or other fines (including non-payment of the congestion charge) incurred by lease car users. Payment of any such fine is the sole responsibility of the relevant lease car user.

11. Termination of Lease and Transfer of Vehicles

- 11.1 The standard lease arrangements will be for a fixed period of 36 months. Where the requirements of a post change and the criteria for a lease car are no longer met, or where a lease car user moves to a post which does not carry an entitlement to a lease car, options include:
- Allowing the user to retain the vehicle, on existing terms, for the remainder of the lease arrangement, but with no renewal or new lease vehicle beyond that point.

- Re-allocation of the vehicle to another user.
- Depending upon the reason for the change of post-holder status in terms of these arrangements, the Trust may agree to bear the cost of early termination.

This will be a matter for the consideration and decision of the relevant Director.

In exceptional circumstances, such as where an employee has been eligible for a lease car for many years but that eligibility is to cease, the Trust will give not less than 12 months' notice of the removal of the employee from the scheme. If necessary the existing lease will be extended by the requisite period in order for this requirement to be met. No other transitional arrangements, for example financial assistance with the purchase of a vehicle, will be available.

- 11.2 In the event that a lease car user dies in service, the Trust will bear any costs arising from the surrender of the vehicle.

12. Tax Liabilities

- 12.1 Vehicles allocated through the lease car scheme will attract company car taxation which is based on a percentage of the car's price graduated according to the level of the car's carbon dioxide emissions (CO₂).
- 12.2 Lease car users will incur a tax liability. It is the responsibility of lease car users to ensure that they are aware of the extent of the tax implications when making their vehicle selection. Although the Trust has an obligation to submit returns to HMRC with regard to earnings and benefits in kind, liability and payment of tax is a matter between the individual taxpayer and HMRC.
- 12.3 For approved "blue light" users, the tax liability will be calculated by reference to HMRC approved guidelines. The list of approved and authorised "blue light" users will be regularly reviewed by the Director/Deputy Director of Operations.

13. Smoking, Eating and use of Mobile Phones etc whilst Driving

- 13.1 Staff **must not** use mobile telephones or other hand held electronic (or other) devices that distract them whilst driving any vehicle, including lease cars.
- 13.2 Where a mobile phone cradle and hands-free device is fitted to a Service vehicle, including a lease car, the use of the phone whilst driving is permitted in accordance with current road traffic and road safety legislation.
- 13.3 Using devices that are not within a suitable hands-free cradle places risks the safety of other road users and places them in danger. Staff cannot be in full control of a vehicle if they are using a hand-held mobile phone whilst driving, and may be deemed to be driving even if parked with the handbrake on and the engine running.

- 13.4 Hands-free phones are permitted as long as the phone is kept in a cradle, but drivers are still liable to prosecution if they fail to have proper control of their vehicle because their hands-free phone is distracting them. Use of a phone or similar device might justify prosecution on charges of careless or dangerous driving and the possibility of a fine or driving licence endorsement.
- 13.5 In cases where an accident occurs as a result of the use of a mobile phone, penalties can be far more serious. Such actions could also result in disciplinary action being instigated by the Service.
- 13.6 Similarly, eating or drinking whilst driving is likely to impair the ability of the driver to maintain full control of the vehicle, and could also lead to the considerations of action above.
- 13.7 Smoking in the workplace and any enclosed area is against the law, and consequently is not permitted in any service vehicle, including lease cars. Smoking in a vehicle may result in prosecution and/or consideration of disciplinary action.

14. **Other considerations**

- 14.1 Where an employee is offered a lease car but prefers instead to use their own vehicle rather than accept that offer, in accordance with paragraph 17.4 of the national terms and conditions handbook reimbursement of mileage allowance will be at the national public transport rates as set out in annex "L" to the handbook.
- 14.2 Where a lease car is withdrawn, but the criteria for the regular user allowances are met, then those rates of reimbursement may be claimed by the former lease car user (paragraph 17.5).

15. **Review**

This policy will be reviewed at intervals of not more than three years annually by the Assistant Director, Employee Support Services and the Head of Operational Support, or more frequently should this be required by the Trust or in response to changes to national terms and conditions.

Tony Crabtree
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Appendix 1 How the Allowances Work

Section 3 outlines a base car allowance of £2,800 with an assumed mileage allowance of 8,500 private and 3,500 business and an emissions ceiling of 190mg CO2. A comprehensive range of vehicles can be obtained via the PASA contract with these base parameters.

This Appendix recognises that these parameters will need to vary given each managers' individual circumstances and outlines the process to be used for allowances and personal contributions, given variances from the base assumption.

A working example for a vehicle that complies with the policy given the base parameters can be demonstrated using a Toyota Avensis Estate 2.0 D T2 5dr

The range of costs for this vehicle using the PASA agreement is as follows

Annual Contracted Mileage	Lease Cost
8,000	2,602
9,000	2,640
10,000	2,678
11,000	2,729
12,000	2,780
13,000	2,831
14,000	2,882
15,000	2,933
16,000	2,997
17,000	3,061
18,000	3,125
19,000	3,189
20,000	3,251
21,000	3,286
22,000	3,321
23,000	3,357
24,000	3,391
25,000	3,426

The basis principle in the sliding scale is that if costs rise due to increasing private mileage the employee should pay, if costs rise from base due to increase business mileage then the allowance should rise accordingly.

For example if the business mileage requirement was 5,500 and not 3,500, a mileage increase of 2,000 then the lease cost allowance would increase by 2,000 miles from 12,000 to 14,000 (i.e. a revised allowance of 2,882)

If the private mileage increase above 8,500 to 11,500 then the difference of 3,000 on the base assumption (i.e. the difference in cost between 15,000 and 12,000) of £153 would be payable by the employee.

If the private mileage reduced below 9,000 then the corresponding impact of the reduction will be reduced from the employee's contribution to the vehicle insurance. For example if the private mileage is contracted as 7,000 then the difference of 2,000 on the base assumption (i.e. the difference between 12,000 and 10,000) of £102 would be deducted from the employee's contribution to insurance.

Example of car with base cost > £2,800

A Ford Mondeo 2.0 tdc1 115 Ghia 5 door would qualify under all criteria except cost.

At 12,000 miles the lease cost would be £3,517, an excess of £717 (assuming a 9/3 split on the mileage). The employee would be expected to reimburse the Trust the excess cost.

The same principle of calculating mileage related additional costs or rebates would also apply in these circumstances.