



North West Ambulance Service



NHS Trust



Delivering the right care, at the right time, in the right place

LEASE CAR POLICY AND PROCEDURE

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For use by	All Trust employees in scope

This policy is available in alternative formats on request.
 Please contact the Human Resources department on 01204
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1. Introduction

- 1.1. This document outlines the policy with regard to the provision of lease cars for staff within the North West Ambulance Service NHS Trust (the Trust).
- 1.2. The Trust recognises that business mileage is an inevitable part of the roles of many employees. The Trust also recognises the need to develop arrangements which either provide appropriate transport or financial recompense to staff with regard to business mileage.
- 1.3. The policy is based on the following values and aims;
 - 1.3.1. Reducing complexity
 - 1.3.2. Improving transparency
 - 1.3.3. Ensuring Value for money
 - 1.3.4. Improving environmental efficiency
 - 1.3.5. Providing a safe range of vehicles
- 1.4. The partners to the agreement will meet as needed to review initiatives to improve the fuel and environmental efficiencies of this agreement.
- 1.5. The Trust will work in partnership with staff and staff side colleagues with regards to the lease car policy however it reserves the right to make changes following consultation where this becomes necessary for reasons of economy or business efficiency.

2. Purpose

- 2.1. The purpose of this document is to outline the framework within which the scheme will operate and where if a lease car is required/requested a decision to provide one can be made and where agreed to, the employee can select a vehicle appropriate to their needs.
- 2.2. This policy also provides a foundation for the Trust to demonstrate due diligence, by providing a mechanism to ensure that value for money is considered as well as the operational need of the Trust.
- 2.3. The Trust is committed to its responsibilities as a “corporate citizen”. As such the Trust will endeavour to reduce emissions and eliminate unnecessary business mileage. Staff accepting a vehicle under this policy are also signing up to helping the Trust’s future endeavours to reduce emissions and eliminate unnecessary business mileage

3. Scope and definitions

- 3.1. This policy and procedure applies to all employees of the Trust.

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- 3.2. The term 'employee' is used in its widest sense to refer to anyone directly employed by the Trust, including Executive Directors.
- 3.3. The lease car scheme will use a set base Trust contribution.
- 3.4. Vehicles are allocated to posts rather than post holders. (See section 12 for transfer of vehicles).
- 3.5. Vehicles provided (unless designated as pool vehicles) are available for business and private use of the relevant post holders.
- 3.6. 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 Executive Management Team 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 Executive Management Team will consider the appropriate amounts payable by the employee.
- 3.7. 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:
- 3.7.1. Standard 36 month lease period, this period can be flexed to either 24 or 48 months depending on the individual and lease company at the discretion of line Directors and if the proposed variation offers value for money.
- 3.7.2. Full maintenance and service included.
- 3.7.3. Breakdown and Recovery service included with the appropriate provider.
- 3.8. 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. It is imperative that the types of vehicles procured through the scheme are compatible with a public sector organisation.

4. Principles

- 4.1. Choice for post holders will not be restricted to particular makes or models but vehicles acquired through the scheme as a guide, should meet the following criteria:
- 4.1.1. All vehicles must have a minimum of four doors and four full size seats.
- 4.1.2. No sports cars can be acquired through the scheme. Providing a comprehensive definition of a sports car is difficult. However, for the

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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.

- 4.1.3. CO2 emissions must be 130 g/km or below for vehicles acquired post 1st April 2014.
- 4.1.4. The CO2 emissions threshold will be reviewed annually by the Director of Finance.
- 4.1.5. A limit of £35,000 on the P11D cost of the vehicle.
- 4.1.6. All vehicles must have a minimum of 50 mpg fuel economy on published combined cycle rates
- 4.1.7. All additional extras to a base vehicle specification not deemed necessary for the undertaking of a postholders duty must be approved by the relevant Executive Director and paid for by the individual.
- 4.1.8. There is no limit on the engine size or the fuel type (petrol/diesel/ electric/LPG), as long as it meets the criteria above. Notwithstanding the above the Trust will only reimburse business mileage at the appropriate HM Revenue & Customs (HMRC) rate of engine size up to a maximum of 2000cc.
- 4.1.9. Illustration of 4.1.8 using data from HMRC as at 1 March 2014

Engine size	Petrol	LPG
1400cc or less	14p	9p
1401cc to 2000cc	16p	11p

Engine size	Diesel
1600cc or less	12p
1601cc to 2000cc	14p

HMRC rates @ 1 June 2014

- 4.1.10. Departure from the above criteria will only be permitted in exceptional circumstances (see paragraph 3.6) and subject to the approval of the relevant Director.

5. Trust Contribution

- 5.1. Post holders will be provided with a contribution of £2,800 (inclusive of any optional extras). This has been set with regard to the following assumptions.
- 5.2. Total Mileage of 12,000 per annum based on 4,000 Business and 8,000 private.

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- 5.3. Using the NHS Purchasing Framework contract the allowance of £2,800 linked to the emissions cap of 130 g/km caters for the list of vehicles which can be obtained from the Fleet administration office (assuming 12,000 contracted miles). This is an appropriate range of vehicles to allow staff to undertake the duties expected of them.
- 5.4. The lease car allowance will be reviewed annually by the Director of Finance. The review of the allowance will be informed by the impact the national lease car contract has in terms of the types of vehicles provided. Any revisions will be subject to approval by the Executive Management Team 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 be shared 50/50 between the Trust and the employee.
- 6.2. Assuming the lease cost of the vehicle is no more than the Trust allowance 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. > 8,000) then any further lease cost above £2,800 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 4,000 business miles then the Trust will pick up the additional cost of the lease. (See Appendix 1 – ‘How the allowance works’)
- 6.5. If contracted private miles reduce below 8,000 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, assuming the standard base model is used.
- 6.6. In addition if an individual decides not to take up the full Trust allowance the difference can be used to offset the personal contribution towards insurance up to the amount of their contribution.
- 6.7. Examples as to how the allowance scheme works can be found in Appendix 1.
- 6.8. If an employee wishes to lease a vehicle which meets the emissions threshold and other criterion but (based on lease cost at 12,000 miles) exceeds the Trust allowance the Trust will consider leasing the vehicle but the employee will be expected to reimburse the Trust for the cost in excess of the calculated allowance. An example of this is outlined in Appendix 1.

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7. Travelling Expenses

- 7.1. The Trust will reimburse lease car users for business mileage at the rates published by HMRC up to the rates for engine sizes set out in paragraph 4.1.9. The rates vary on engine size and type and are subject to periodic review by HMRC. The rate paid by the Trust will be adjusted in line with any changes announced by the HM Revenue and Customs following such a review. The link for HM Revenue & Customs is http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm
- 7.2. Claim Forms for the reimbursement of business mileage are to be completed within reasonable time i.e. no later than 3 months after the month the costs have been incurred.
- 7.3. The Trust will not issue fuel cards for use by lease car drivers.

8. Repair and Insurance

- 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 however they will remain fixed for the duration of the lease.
- 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 make each post holder aware of the specific details of the insurance policy relevant to them.
- 8.5. 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 they occur.
- 8.6. Lease Car Users should note that Trust owned equipment, such as laptops etc., is not covered by the Lease Car insurance policy and therefore care should be taken to secure and protect all equipment which should be secured out of sight if the vehicle is unattended (e.g. in the boot area of the vehicle).
- 8.7. Similarly, cover for the theft of, or from, an unattended vehicle is excluded when:
- 8.7.1. left unlocked
 - 8.7.2. left with the keys in it
 - 8.7.3. left with the windows, roof panel or the roof of a convertible vehicle open
 - 8.7.4. Reasonable precautions have not been taken to protect it.

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- 8.8. 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, although insurance cover applies in the above areas, Lease Car Users must request and obtain written approval from the appropriate leasing company before taking vehicles abroad.
- 8.9. In the event of being involved in an incident, Lease Car Users are to complete an 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.
- 8.10. 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:
- 8.10.1. Private Use
If a collision/incident occurs whilst the vehicle is in Private use the Lease Car User will be liable for payment of the insurance excess. If the user is not at fault following investigation by the insurance company, the Trust will pay the excess and pursue the excess through the insurance scheme. It should be noted that journeys from home to base and return are classed as Private use.
- 8.10.2. Business Use
If a collision/incident occurs whilst the vehicle is in Business use liability for payment of the insurance excess will be with the Trust.
- 8.11. Following a collision/incident on business use there will be an investigation into the collision/incident. If during the investigation it is found that the lease car user has been negligent then the Trust reserves the right to consider disciplinary proceedings against the lease car user.

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 which should be shown separately.
- 9.2. Historical data, if appropriate, should be used to estimate business mileage. Private mileage should be calculated on the basis of the employees return mileage between home and base together with a reasonable approximation of the social, domestic and pleasure mileage that they might reasonably undertake.

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9.2.1. Allowable business mileage from a lease car application is calculated as total miles travelled less normal private mileage. The following are examples of private mileage:

- 9.2.1.1. Home to base travel
- 9.2.1.2. Travel to work for overtime purposes (but not recall to duty whilst on-call)
- 9.2.1.3. Mileage incurred on your normal home to work travel whilst logged on as available for an emergency call but not actually responding
- 9.2.1.4. Routine personal mileage (when not in work)

9.3. Where no historical data is available, i.e. 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 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.

9.5. Lease car contracts are entered into as a standard 3 year contract (although this would go for any length of contract agreed) using the estimated mileage. Annual reviews and adjustments will take place to bring estimated contributions in line with actual private mileage.

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 licences of all authorised users will be subject to an annual physical check by the functional head. (This will include partners and any other person not employed by the Trust authorised to drive the vehicle)

10.2. Lease Car Users are to notify the Trust immediately, via their functional head, 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 affects an individual's licence entitlement.

10.3. A partner will be automatically insured to drive the leased vehicle for private use providing that they meet the following criteria:

10.3.1. The proposed driver is over 21 years of age.

10.3.2. The proposed driver holds a full driving licence and has a minimum of 12 months experience on a full licence.

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- 10.3.3. The proposed driver adheres to the protocols set out in this policy.
- 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 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. A leased vehicle must not exceed the number of passengers the vehicle was designed for.
- 10.7. The Trust will not, under any circumstances, accept responsibility for parking or other fines incurred by Lease Car Users. Payment of any such fines is the sole responsibility of the relevant Lease Car User.

11. **Eligibility Test**

- 11.1. For all posts an evaluation will be undertaken by the respective Executive Director of the Trust. Employees shall be offered a lease car (or pool car) where the Trust deems it appropriate. In assessing the request the Trust will be guided by the principles outlined in Annex M of the Agenda for Change Terms and Conditions of Service Handbook and taking into account value for money and the interest of the service. The following should be considered: -
- 11.1.1. Frequency and extent of business travel
 - 11.1.2. Number and distribution of direct report staff (i.e. staff who report directly to a post holder without intermediary management)
 - 11.1.3. Total number and distribution of responsible staff (i.e. staff who report directly or indirectly to the post holder)
 - 11.1.4. Number of identified bases of the post holder
- 11.2. The only alternative to the entitlement to the lease car allowance is the application of Section 17 in the Agenda for Change Terms and Conditions of Service Handbook on the reimbursement of costs incurred by employees who, with the agreement of the employer, use their own vehicles to make journeys in the performance of their duties.

12. **Transfer Of Vehicles**

- 12.1. The leasing of vehicles on a long term basis exposes the Trust to an element of financial risk, for example the payment of termination fees should it be necessary to terminate the lease at a date earlier than the contracted termination date. In order

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to minimise this risk, the allocation of vehicles will be aligned to posts rather than post holders. Therefore, vehicles will be subject to automatic transfer between post holders when leaving or joining the Service. Where allocations are made in this manner, individuals will only be required to make the minimum personal contribution towards the cost of having the existing leased vehicle.

13. Tax Liabilities

13.1. Vehicles allocated through the Leased 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).

13.2. Allocation of a lease car will involve a tax liability for all employees who are allocated use of a vehicle. 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 the HM Revenue & Customs (HMRC) with regard to earnings and benefits in kind, liability and payment of tax is a matter between the individual taxpayer and the HMRC.

13.3. A car fuel benefit charge could be incurred on lease or pool vehicles driven by employees, this fuel benefit charge is reduced to nil if in the tax year in question:

13.3.1. the employee is required to make good to the Trust the whole of the expenses incurred by the Trust in connection with the provision of fuel for the employees private motoring **and**

13.3.2. The employee does make good the expense.

(NB. Any private mileage paid by the Trust will attract the full car fuel benefit charge. It must be noted that home to base mileage is classed as private mileage).

14. Protection

14.1. There may be occasions when as a result of a re-organisational change a person who previously qualified for a lease car no longer meets the "Eligibility test" set out in section 11 of this policy and therefore they will no longer be entitled to a lease car. In such a circumstance the individual would be entitled to either: -

14.1.1. Take a new full 3 year lease contract at up to £2,800 (maximum amount). If the old allowance was less than £2,800 it would be based on the old allowance, **or**

14.1.2. A buy out of two years of their old allowance capped at a maximum of £5,600.

14.2. Anyone with an existing lease car freely applying for a new post that does not have a lease car would have no rights to this protection/buy out.

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- 14.3. Anyone who previously qualified for a lease car but who on reapplication no longer meets the eligibility test is not entitled to protection but would be eligible to utilise the mileage allowance in Section 17 of the NHS Agenda for Change Terms and Conditions of Employment.

15. End of Agreement

- 15.1. At the end of the contract agreement the Trust will review any contract penalties for vehicle damage or excess mileage. Additional end of lease charges as a result of vehicle return conditions will be assessed and will be recharged to the individual.
- 15.2. Mileage excess adjustments relating to excess business mileage will be calculated and charged to the individual in line with 9.5 above. The same principle applies in reverse to those contracts where rebates are returned to the Trust with regards to private mileage being under contracted level.
- 15.3. Any rebates or excess charges as a result of variations in business mileage will be borne/retained by the Trust.

16. Using Mobile Phones Whilst Driving

- 16.1. The Trust's is guided by the concern for the wellbeing of its employees and others. Driving whilst talking on a mobile phone has been shown to be distracting and can lead to accidents.
- 16.2. The Road Traffic Act 1988, the Road Vehicles (Construction & Use) Regulations 1986 and the Highway Code which in summary states that 'a person must have proper control of the vehicle at all times'.
- 16.3. **It is illegal to use a hand-held mobile phone while driving.** Employees cannot be in full control of a vehicle if they are using a hand held mobile phone whilst driving. Employees are technically driving a vehicle even if they are parked with the handbrake on and the engine is running.
- 16.4. 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 charges of careless or dangerous driving and should therefore be kept to a minimum.

17. Monitoring

- 17.1. The Director of Organisational Development will be responsible for monitoring compliance of this policy.

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17.2. The Executive Management Team members will be responsible for agreeing the allocation of lease cars to posts within their Directorate and for agreeing any variation of vehicles leased to the policy.

17.3. The Executive Management Team will receive an annual report on the lease car fleet within the Trust incorporating information on emissions and costs to the Trust.

18. Compliance With The NHS Constitution For England

18.1. This Policy complies with the NHS Constitution for England by supporting the principle that the NHS is committed to provide best value for tax payers' money and the most effective fair and sustainable use of finite resources.

19. REFERENCES

19.1. HM Revenue & Customs company car fuel rates

http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm

19.2. Agenda for Change Terms and Conditions Handbook

http://www.nhsemployers.org/~media/Employers/Documents/Pay%20and%20reward/AfC_tc_of_service_handbook_fb.pdf

19.3. NHS Constitution for England, available at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/170656/NHS_Constitution.pdf

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Appendix 1 How the Allowances Work

Sections 4 & 5 outline the criteria and allowance on which a vehicle will be leased. A comprehensive range of vehicles can be obtained via the National contract with these base parameters.

This Appendix recognises that these parameters will need to vary given each manager's 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 the following example.

The range of costs for the example vehicle using the National 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 basic 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 6,000 and not 4,000, 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)

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If the private mileage increases above 8,000 to 11,000 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 8,000 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 6,000 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 vehicle 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.

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