



Somerset County Council

BUSINESS USER CAR LEASE SCHEME

INTRODUCTION

1.1 The scheme sets out the eligibility criteria and procedures to provide transport to employees who are required to be mobile in the course of their work.

2. PURPOSE AND RATIONALE

2.1 The purpose of the business lease car scheme is to ensure that all eligible staff have access to a lease car. It will ensure that staff who need to travel on official Council business can do so efficiently and economically.

2.2 In February 2019, Somerset County Council declared a 'Climate Emergency' and committed to identify ways in which Somerset can become 'Carbon Neutral' by 2030. Somerset County Council have also committed to becoming carbon neutral in its estate and operations in the same timescale. To help achieve this, you are encouraged to consider a low emission fully electric or hybrid vehicle. This will support the Council's climate change commitments and in doing so, you will benefit from the reduction in car benefit tax rates that will be introduced from April 2020. See also point 6.2.1 relating to higher emission cars and this link for consideration if choosing between petrol and diesel - <https://somersetairquality.info/travel-choices-3/buying-a-car/>

2.3 The Council has a responsibility to ensure that the impact of the lease cars on the environment is managed. If choosing an electric or hybrid vehicle is not a viable option, any vehicles with CO2 emissions of over 119 grams per kilometre will incur a financial levy of £60 (one off charge). This levy will be used to contribute to offsetting the vehicles' carbon footprint by making a donation to the Woodland Trust for planting trees in Somerset, however individuals would be encouraged to choose a low emitting alternative wherever possible

3. DUTIES AND RESPONSIBILITIES

3.1 The **HR Admin and Payroll Strategic Manager** is responsible for: ensuring that the lease car scheme is kept up to date with the latest HM Revenue and Customs guidance; ensuring the mileage for staff with business lease cars is reviewed regularly to ensure they are still entitled to a lease car as defined in this scheme; reviewing actual mileage against estimate and adjusting contributions where necessary liaising with HMRC to ensure all tax implications are correct, ensuring that the correct deductions are made from staff's pay for lease car costs. calculating the employees benefit from having the lease car, as per HMRC legislation, providing a statement of benefits to the employee and submitting a P11D to HMRC.

3.2 **All Council staff** considering a lease car should read and understand all the documentation available on the SCC HR Staff Benefit pages and in the information tab on the Scheme providers website.

3.3 **All Council staff** with a lease car are responsible for ensuring:

- a) That they comply with the terms and conditions of the scheme
- b) That their business mileage is accurately recorded and submitted on SAP on a monthly basis That they hold a valid driving licence.
- c) That they notify the Scheme Manager of any changes including any driving offences or penalties awarded against the nominated driver.
- d) The hirer will also notify the Scheme Manager of any illness or disability suffered by any approved driver, which may affect the vehicle insurance.

4. DEFINITIONS

4.1 **Business Lease Car:** a provision of a lease car for front line staff travelling at least 3,000 business miles a year for the period of the lease (normally 3 years).

4.2 **Salary Deduction:** an arrangement whereby an employee is charged for private use of a business lease car provided for business use through deduction from post-tax salary and other payments.

4.3 **VAT: Value Added Tax** – an indirect tax which is payable to HMRC

4.4 **Scheme Manager:** The Council

4.5 **Scheme Provider:** The outsourced fleet management service provider.

4.6 **Leasing Company:** The company that provides the vehicle to the Scheme Provider (outsourced fleet management company)

4.7 **Scheme Controller:** the nominated employee within The Council responsible for the final sign-off of lease car applications

4.8 **Net Pay:** the amount of money due after the calculation of all payments and deductions (statutory and voluntary) due to the employee in respect of their employment

4.9 **Gross Pay:** the payments due to an employee in relation to their employment, prior to the deduction of any statutory and voluntary payments

4.10 **HMRC:** HM Revenue and Customs

4.11 **Regular car user:** A member of staff who is required by the Council to travel, on Council business, at least 3,000 miles per year.

4.12 **Business mileage:** use of a vehicle for business purposes.

4.13 **Standard rate:** reimbursement for use of an employee's own vehicle for business purposes as defined in the Travel and Subsistence Policy.

5. ELIGIBILITY – FOR BUSINESS LEASE CAR SCHEME

5.1 Any eligible regular car user may, with the approval of their Strategic / Budget Manager, and HR Admin and Payroll, be allocated a Business Lease Car.

5.2 Where the Council reassesses the requirements of the post and withdraws the allocation of a lease vehicle at the end of the term, the employee shall be reimbursed for their future business mileage at Standard Rate as per the Travel and Subsistence Policy.

5.3 No lease vehicle will be allocated for use of an employee who is under 21 years of age or has not held a full driving licence for at least 12 months in accordance with DVLA regulations.

5.4 For staff that are either on long term sick or maternity leave (or shortly due to go on maternity leave), conversations are required between staff member and line manager prior to commencing the application process below to assess the suitability of the Scheme. If the Manager believes there are risks involved, they must consult with the HR Admin and Payroll team immediately as once the individual has entered into the contract, they are contracted to pay the salary deduction for the duration.

5.5 For staff that have a disability and are required to drive as part of their role, conversations are necessary between the staff member and the Scheme Provider prior to commencing the application process to ensure all their requirements can be satisfied.

6 HOW TO APPLY FOR A BUSINESS LEASE CAR

If you expect to travel at least 3,000 business miles per year for the next 3 years, please follow the steps below:

- a) Read the Scheme details, Terms and conditions and speak to your line manager.
- b) Access the [MYStaffShop](#) website and search for New Car Lease scheme, create a user account (Lease Car Login) and complete basic information.
- c) Request quotes by keying in details regarding your business and private mileage.
- d) You will see the quotes to review. Once you have made your decision and submitted it, this will be sent to your Line Manager/Strategic Manager for approval.
- e) HR Admin and Payroll has final approval. A check is made to confirm your eligibility.
- f) Upon successful approval from all of the above, Knowles will commence the provision of your lease car (you will be made aware of the likely delivery period) and HR Admin and Payroll will be notified to enable them to make salary deductions.
- g) If your application is declined, you will continue to be entitled to claim the standard Council mileage rate.

6.1. Business Lease car scheme administration

6.1.1 Business lease contracts will be entered into on behalf of the Council by the Scheme Manager.

6.2. Business lease car selection and costs

6.2.1 An eligible member of staff, who has their Strategic Manager approval and had their mileage checked by HR Admin and Payroll, may choose any vehicle available from the Scheme Provider. If a vehicle with CO2 emissions above 119 grams per kilometre is selected, a levy of £60 per year will be charged as a carbon offsetting measure. This will be donated to the Woodland Trust to plant trees in Somerset. Cars will normally be provided on a three-year lease, but in exceptional circumstance (such as impending retirement) the Council may consider that a shorter or longer lease is appropriate, these are considered on a case by case basis.

6.2.2 The employee is required, as a condition of the car being made available for their private use, to pay the full cost for the private use of the car.

6.2.3 The Scheme Provider will calculate the cost of the car that the employee chooses based on the business and private mileage information provided in the application. The Council will pay for the cost of the business mileage based on Council mileage rates. The difference between this cost and the lease cost is payable by the employee.

6.2.4 Assistance may be sought from the HR Admin and Payroll Team in calculating the economic viability of a business lease car against travel claims in respect of using an employee's own private vehicle.

6.2.5 The employee's cost is paid by way of a salary deduction from the employee's net pay. VAT is charged on the full amount deducted from the employee's salary, at the rate prevailing at the time.

6.2.6 The charge may be revised during the term of the contract if the original mileage estimates were incorrect or if circumstances change. These are reviewed on a regular basis. Retrospective changes will be applied.

6.2.7 Car benefit tax is payable when a lease car is made available for private use as this is deemed by HM Revenue and Customs (HMRC) to be a benefit in kind. HMRC use a formula to calculate the benefit for the private use of a lease car which is based on the list price of the car, the CO2 emissions and the private contribution the employee makes towards the car. The list price is set by the motor manufacturer, the CO2 value is based on the carbon emissions of the car (in grams per kilometre) and the employee's private use contribution is the amount that the employee pays for the car.

6.3 Mileage and expenses reimbursement

6.3.1 The Council will reimburse drivers' fuel for their business use in line with SCC's published fuel rates for lease cars (NB these rates are subject to change) Any payment above the HMRC

rates, which are regularly changed in line with fuel prices, are taxed at source. The HMRC rates can be found [here](#)

Engine size	Pence per mile
SCC Lease up to 999cc	9.406
SCC Lease 1000-1199cc	10.366
SCC Lease 1200+cc	11.288

6.3.2 The employee must, upon request provide mileage odometer readings to the Council's HR Admin and Payroll department/Scheme manager and/or to the Scheme Provider.

6.3.3 Necessary charges incurred for parking, road tolls and congestion charges whilst on business use will be met by the Council. These expenses must be claimed on SAP and authorised by your line manager.

6.4 Insurance

6.4.1 All vehicles provided by the Council under this scheme will be covered at all times by a comprehensive insurance policy.

6.4.2 Initially the driver and their partner (residing at the same address) will be included in the insurance. Additional drivers may be added at the Scheme Manager's discretion. Any additional charge will be at the employee's expense.

6.4.3 The insurance schedule incorporates policy excesses in the event of any claim. In all cases the employee will be liable to pay the excess via salary deduction. If subsequently any third party claim is successful, refunds will be made accordingly.

6.4.4 The insurance does not cover the employee to drive any other vehicles.

6.5 Other Costs

6.5.1 Any costs incurred by misuse, including the incorrect use of fuel appropriate to the vehicle, will be charged in full to the employee. Such costs are not covered by the insurance policy.

6.5.2 The driver remains fully responsible for any fines or penalties incurred during the use of the vehicle. Any payment which becomes payable must be met in full by the employee in all cases via salary deduction.

6.6 Termination of Lease

6.6.1 The contract between the Council and the employee will be terminated at the Council's expense, although Scheme Manager discretion may be applied, in the following circumstances:

- a) On the death of the employee;
- b) On termination of employment by the Council by reason of compulsory redundancy;
- c) On ill health retirement.

- d) In the event of prolonged absence of the employee, where the period is in excess of 6 months.
- e) If a Council initiated change of employment affects the user's entitlement to a lease vehicle;
- f) If the contract between the Council and the lease company is terminated due to any conditions of the lease.

6.6.2 The contract between the Council and the employee will be terminated at the expense of the employee, although discretion may be applied, in the following circumstances:

- a) On termination of the employment by the employee;
- b) On breach of any of the lease contract conditions by the employee;
- c) Where the employee's contributions cannot be recovered from his/ her salary and the employee does not wish to continue to make the payments through other means;
- d) If the user becomes disqualified from holding or for any reason cease to hold a valid licence entitling him/her to drive a car.

6.6.3 In the event of early termination the costs payable will include:

- a) The early termination charge imposed by the Scheme Provider
- b) Any outstanding insurance premium
- c) Any costs arising from the condition of the car
- d) Any excess mileage

If another individual within the Council wishes to take on the remainder of the contract from the current occupant, the early termination fee may be waived but this is subject to meeting the eligibility criteria in section 5 and satisfying the 3,000 business mile threshold per year.

6.6.4 Upon expiry of the business lease the following steps need to be taken by all members of staff:-

- a) The Scheme Provider will make contact 6 months before the end of your lease to decide whether you wish to extend, quote for a new car, price to purchase. Any request or quote for a new car will be subject to continued eligibility and approval. They will also provide advice on potential end of contract damage/excess mileage costs.
- b) The Scheme Provider will arrange a suitable time with yourselves to collect the car.
- c) Please ensure both parties look over the car and the vehicle condition report is signed indicating any damage.
- d) The condition report is assessed by guidelines set out by the British Vehicle Rental & Leasing Association <http://www.bvrla.co.uk/> and any damage not covered by the maintenance agreement or deemed to be normal wear and tear will be chargeable and the charge will be payable by the employee.

7 MISCELLANEOUS

7.1 Servicing and Maintenance

7.1.1 An approved dealer, who is acceptable to the Contractor, the employer and the employee, will carry out all servicing, maintenance and repair. A franchised dealer must undertake all warranty work. Unauthorised maintenance/repair work could result in the withdrawal of a hired vehicle from the employee.

7.2 Breakdown/Accident Procedure

7.2.1 Details of the procedure to follow in respect of a breakdown are given in a pack provided with each new car by the Scheme Provider.

7.2.2 All accidents and/or minor incidents are to be reported to the Scheme Provider immediately. A claim form will be provided and advice on the procedures will be given. Details of the procedure to follow in the event of a serious accident out of normal working hours are provided in the pack included with each new lease car together with the current insurance certificate. All information should be kept in the car.

7.2.3 There is an insurance excess payable, which will be advised at the time of the lease commencement. In such cases, the Council will initially pay the excess and then arrange for the deduction of this amount from the driver's salary following formal notification to the driver to this effect.

7.3 Mobile Phones

7.3.1 It is an offence to use hand held mobile phones whilst driving. The Council does not expect drivers to use mobile phones whilst driving even if a 'hands free kit' is installed. All hand-held mobile phones should be switched off before commencing a journey. Any prosecution resulting from the use of any type of mobile phone will be the full responsibility of the driver and may result in disciplinary action.

7.4 Alcohol and Drug Awareness

7.4.1 All drivers should be aware that alcohol and some drugs including 'over the counter' and prescription drugs, remain in the bloodstream for a considerable period. There is a requirement for all drivers who are stopped by the Police to co-operate and comply with any request by the Police to be breathalysed. All staff should check with their General Practitioner regarding any medication they are taking which may have an effect on driving.

7.5 Overseas Travel

7.5.1 Staff who wish to take the vehicle out of the UK will require:

- a) a letter of authority from the Leasing Company
- b) a hired vehicle certificate (VE103A)
- c) fully comprehensive insurance cover
- d) appropriate documents to drive within the specific country

7.5.2 In most cases these can be arranged through the scheme provider. There may be a charge made for this service.

7.5.3 Maintenance costs are not covered when the car is abroad and it is the employee's responsibility to make special arrangements to cover this period. The minimum acceptable cover is that provided under AA 5 star cover or equivalent. Employees will be advised on the maintenance requirements when written permission is given.

7.6 Smoking

7.6.1 Smoking is forbidden in all Council vehicles.

7.7 Fitting of Accessories

7.7.1 The fitting of any accessories after the vehicle has been provided to the employee requires approval from the scheme provider. The employee will meet the additional cost in full.

7.7.2 Such work must only be carried out after permission has been granted by the Scheme Provider, by an approved dealership. All accessories are regarded as forming an integral part of the vehicle and should be left on the vehicle at the expiry of the lease, unless otherwise agreed in writing with the Scheme Provider.

7.7.3 The fitting of accessories may impact your Benefit in Kind tax position. The Scheme Provider will offer advice concerning this.