

Staff car leasing scheme

1. General

- 1.1 This document details the arrangements and conditions for providing cars to employees under the Council's Car Leasing Scheme ("the Scheme"). Eligible employees are:-
- (1) all employees in posts which the Council has designated as Frequent or Low Car Users; and
 - (2) all Chief Officers and all employees whose posts are Band 11 or above (together referred to in this Scheme as "Senior & Chief Officers").
 - (3) In posts that are part of the establishment i.e. successfully completed your probation period.
- 1.2 Most of the provisions of this Scheme apply to all participating employees. Certain provisions refer to "Senior & Chief Officers" and apply only to such employees (whether or not they would also qualify to participate under paragraph 1.1 (1)).
- 1.3 In general terms, under a leasing scheme the Borough Council would provide cars to eligible employees that could be used for business and private travel. The employees would be liable to tax in line with the Inland Revenue Car Benefit Scheme in respect of private use and would reclaim from the Council petrol costs in respect of business use.
- 1.4 Employees wishing to apply for a car should study all the conditions before entering into a commitment.
- 1.5 Employees shall be deemed to have accepted the conditions set out below upon taking possession of the car.
- 1.6 The scheme is based on a car leasing contract between Dacorum Borough Council ("the Council") and the leasing company ("the Company") under which the Company, who retains ownership, issues a car to the Council for a period of three years. The employee to whom the car is allocated ("the User") has no contractual relationship with the Company. Servicing, repairs, maintenance, and disposal of vehicles will be administered by the Company. The Council will administer insurance.
- 1.7 The administration of the Scheme is the responsibility of the Group Manager (Commissioning, Procurement & Compliance)
- 1.8 The Scheme is optional for all eligible employees. Chief or Senior Officers may as an option to taking a car lease, be paid a lump sum equivalent to the Council's contribution to lease costs. This sum will be fixed for 36 months payable monthly and taxed at the User's highest rate of tax. Employees deciding on this option are also eligible for a Council Car Loan. Employees may also take a car of lesser value

than the Council's contribution and receive the balance as an addition to monthly salary.

- 1.9 Chief or Senior Officers taking the option of the cash lump sum may, during the 3 year period decide to opt back into the lease scheme. In this case the Council's contribution, until the termination of the lease, will be based upon the lump sum fixed at the commencement of the 3 year period or the current rate in operation at receipt of the car, whichever is the lower.
- 1.10 Users will have no liability for routine maintenance, road fund tax and insurance. Users will be responsible for day-to-day maintenance, such as ensuring that the car is clean, has oil and that tyre pressures are correct. Additional costs due to deliberate abuse, or wilful neglect may be charged to the User as detailed in this document.
- 1.11 Instructions from the Company will be supplied with the car, together with other appropriate documentation. These instructions must be followed in conjunction with all other instructions and advice given by the Company.
- 1.12 The conditions of the Scheme may be varied from time to time at the discretion of the Council based on experience and changing circumstances. Fundamental changes will not take place until consultations have taken place with staff representatives.
- 1.13 Applicants will be charged for the lease car on their predicted combined annual business and private mileage. This should be reviewed by the individual annually and the charge may be adjusted if the predicted mileage varies. The charge will be amended when the predicated mileage is 10% higher or 10% lower than the predicated mileage.

2. Application

- 2.1 The employee should select the car required, including colours of body, upholstery and extras. Advice on the charges for different types of models of car may be obtained from the Group Manager (Commissioning, Procurement & Compliance) before the final choice is made.
- 2.2 Applications on the form supplied by the Group Manager (Commissioning, Procurement & Compliance) shall be submitted to the relevant Corporate Director for approval. The form should then be submitted to the Group Manager (Commissioning, Procurement & Compliance) who will approve the ordering of the car subject to the application being in accordance with the requirements of this Scheme.
- 2.3 The Group Manager (Commissioning, Procurement & Compliance) will notify the User when the application is approved and will notify the User of the contribution payable by him (the "User's contribution"). A date of delivery will be given as soon as it is available. The contribution payable will be based on the cost of the car to the Council at the date of delivery and is therefore subject to change after submission of

an application. Every effort will however be made to avoid such variations. The leasing period will commence from the date of delivery of the car to the User.

- 2.4 The car will be ordered from the Company and subsequent communication will be between the User and the Company.
- 2.5 Lease car applications will only be accepted if the CO2 emissions are 125g/km or lower. This figure will be reduced to 120g/km by 2015. These figures are based on the recommendations from HMRC.

3. Terms of lease

- 3.1 When an employee takes possession of a car under this Scheme, any outstanding car loan from the Council will be repaid in full. Where difficulties are experienced in the sale of the existing car, subject to the agreement of the Assistant Director (Finance and Resources), the monthly car loan instalments will be deferred for a maximum period of three months, at which time the loan will be repaid.
- 3.2 Repayment of the car loan will be based on the principal outstanding at the time of repayment together with any accrued interest from the date of the last monthly repayment.
- 3.3 The Council reserves the right to supply a car that is not new, if it has been released following the termination of use by another employee of the Council. In such cases, the period of use will be the unexpired portion of the three year period and the User's contribution that was payable when the car was first supplied.
- 3.4 The User must not sell, assign, transfer, change or dispose of the vehicle or attempt to do so.

4. Specification of car

- 4.1 Cars will be to the manufacturer's standard specification. Factory fitted options and dealer-fitted accessories can be fitted before delivery of the car. The cost of these extras will be reflected in the User's contribution. Accessories can also be fitted after delivery at the User's expense. Any costs of returning the car to original condition after removing accessories will also be borne by the User, as will any costs of removing accessories and making good afterwards. An official car dealer must carry out any additions to the car to a high standard. If this is not complied with, the Council may remove the same and reinstate the vehicle as closely as possible to its previous condition at the User's expense. When accessories remain fitted the additional cost of supplying these extras, or their value, will not be reimbursed to the User by the Council at the end of the leasing period.
- 4.2 Front floor mats will be fitted in all cars.

5. Use of car

- 5.1 The car may be used for normal social, domestic and pleasure purposes by the User and his/her immediate family who are properly qualified drivers. In this context immediate family is considered to be people who live in the same dwelling as the lease car user. The car shall be available at all reasonable times (non-availability for repairs and servicing excepted) by the User for Council business. The Council may place restrictions on certain types of car.
- 5.2 Use by the immediate family is restricted to normal social, domestic and, pleasure purposes and does not include business use.
- 5.3 'Immediate family' includes spouses, children and common law spouses who permanently reside with the User. Use by any other persons requires the express permission of the Insurance & Risk Manager. A Drivers Information form should be obtained from the Group Manager (Commissioning, Procurement & Compliance). This should be completed and returned together with a photocopy of the person's entire driving licence.
- 5.4 All Council Business mileage shall be undertaken in the leased car unless specific approval has been given to use an alternative means of travel.
- 5.5 With the exception of Greater London, Officers will be expected to travel by leased car whilst on official Council business. An Officer will not receive frequent or low user payments or be reimbursed for travel on public transport without prior approval from his/her manager.

6. Insurance

- 6.1 Comprehensive insurance cover will be provided for the User, and for any person driving with the express permission of the Assistant Director (Finance and Resources), provided that the person driving holds a licence to drive such a vehicle or has held and is not disqualified from or obtaining such a licence.
- 6.2 The policy provides cover in respect of a Personal Accident Death benefit of £5,000, should the driver of the vehicle suffer accidental injury while travelling in or getting into or out of the vehicle, if the injury, within 3 months of the accident, directly results in death, total and permanent loss of sight in one or both eyes or loss of one or more limbs. This benefit will not apply in the event of suicide or attempted suicide or for any person who is less than 17 or more than 70 years of age.
- 6.3 In the absence of any other more specific insurance being in place, the policy provides cover to the value of £250 in respect of loss of, or damage to rugs, clothing and personal effects whilst in or on the insured vehicle. This cover is subject to policy terms, and conditions.
- 6.4 The policy automatically provides cover in respect of trips to member countries of the European Community.

Drivers should remember to take their certificate of insurance with them.

However permission is required from the Leasing Company prior to taking the vehicle abroad.

Drivers should contact the Leasing Company and request a Letter of Authority and a VE103 Certificate. Details of telephone numbers can be found in the Drivers Handbook.

Drivers should also check with the Leasing Company that their breakdown and recovery insurance covers the vehicle whilst abroad. If not, it is strongly recommended that the driver extend the UK cover.

- 6.5 On leaving the scheme and providing there have been no claims on the insurance by the User, a declaration can be issued by the Insurance and Risk Manager to that effect. This may be accepted by other insurance companies to enable a 'no claims bonus' to be obtained on any subsequent car insurance.
- 6.6 In the event of the User, or a person allowed by him/her to drive the leased car, being convicted of any offence, other than a parking offence, but not being disqualified from driving, in connection with any motor vehicle, during the period of participating in the Scheme, the Council reserves the right to give written notice to the User restricting the use of the leased car. The User shall comply with such notice. All such convictions must be notified to the Insurance & Risk Manager immediately.
- 6.7 The User shall not make use of the vehicle in contravention of the terms and conditions of the insurance policy nor do any act which may invalidate such insurance.
- 6.8 All accidents and damage (however slight) must be reported to the Insurance and Risk Manager when they occur. If necessary a claim form will then be issued for completion and returned together with an estimate for the repairs. The User will then be advised when repairs may proceed.
- 6.9 The Council requires the user to be responsible for an excess in the event of a claim. The amount of the excess to be charged to the User to be advised by the Insurance and Risk Manager.
- 6.10 The Council reserves the right to change the policy cover from time to time on the advice of the Insurers and will subsequently inform the User.

7. Income tax

- 7.1 Income tax will be payable by the employee on a leased car. The rules and regulations with regard to tax often change and employees are advised to enquire to their tax office with regard to the current position.

8. Pensions

- 8.1 For those staff who joined the Dacorum Lease Scheme prior to 1/12/92 the income tax scale counts as a pensionable emolument and therefore pension contributions will be deductible from pay based on this amount. Your final pension entitlement will therefore be based upon pay plus car emolument. The position is the same whether you have a lease car or take the option of a lump sum.

For those staff joining the scheme after 1/12/92 the value of the car lease or lump sum does not count as a pensionable emolument.

Important

Low or frequent users who were in the scheme before 1/12/1992 should be aware that if they revert to low or frequent status they will lose the pensionable emolument value of the car.

Pension regulations for car leases are complicated and should you be uncertain as to your position you should consult Payroll or LPFA.

9. Maintenance and repairs

- 9.1 Servicing, maintenance and repairs will be carried out at garages of your choice, subject to approval of "the Company". A vehicle pack will be available in each car on delivery and will outline the respective responsibilities of the User and the Company.
- 9.2 The costs of repairs and replacements to the car made necessary as result of deliberate abuse or wilful neglect, are payable by the User. Any such costs that are caused by such deliberate abuse or wilful neglect must be reimbursed to the Council and may be deducted from the User's salary.
- 9.3 The rentals charged to the Users are low on the assumption that the cars will be kept in good condition and to the same high standard as if they were owned by the Users. It is therefore in the interest of all parties that this standard is maintained, particularly in ensuring that cars have a high value when returned at the end of the lease period.
- 9.4 The User has specific responsibility for the following: -
- (1) Keeping the car in clean condition, at User's cost;
 - (2) At weekly intervals checking the oil, water, battery, brake and any other fluid levels, tyre pressures and condition of the tyres;
 - (3) To pay for all fuel, antifreeze, topping up oil between services, any frost damage and for all repairs and replacements required as a result of damage (except covered by insurance);

- (4) To pay for damage to bodywork, trim or glass forming part of the vehicle (if not covered by insurance), fair wear and tear accepted;
- (5) Observing any recommended 'running-in' speeds and complying with any other recommendations concerning the running of the car during any 'running-in' period;
- (6) Reporting defects promptly to the Company;
- (7) Ensure that servicing and maintenance are carried out at the intervals recommended by the Company;
- (8) Ensuring that the road fund licences are received from the Company and displayed by the due date;
- (9) Ensuring the reasonable security of the car at all times, any costs of garaging to be borne by the User, and any change of address to be given in writing to the Group Manager (Commissioning, Procurement & Compliance).
- (10) Conforming to all instructions and recommendations in the manufacturer's handbook and all other instructions and advice given by the Council or Company.

9.5 In the event that the lease car user fails to comply with clause 9.2, they may not be eligible to join the scheme in the future.

10. Costs that are the responsibility of the user, payment of mileage and records required

- 10.1 The User will pay the monthly contributions and will also pay for all petrol, together with oil and other fluids required between servicing or repairs.
- 10.2 In the event of the rate of value added tax, vehicle excise duty, or insurance premium being varied, then the User's contribution may be increased or decreased accordingly.
- 10.3 The contribution will be deducted from the User's salary every month.
- 10.4 The User will be reimbursed at a rate per mile for business use. The amount is based on the present cost of a gallon of unleaded petrol and an average of 30 miles per gallon. The rate paid for business mileage will be determined from time to time by agreement between the Chief Executive, Corporate Director (Finance & Operations) and UNISON (Dacorum Branch). Changes will only be made where there are increases or decreases of 15p or over on the "base average" cost of a gallon of unleaded petrol.
- 10.5 The User should record accurately, on the Mileage Claim Form available on Sharepoint, if you are claiming mileage travelled for official Council business

11. Costs that are the responsibility of Dacorum Borough Council

- 11.1 For each participating employee the Council will make a contribution to the leasing costs. The amount of the contribution will be fixed in the manner set out below before the start of the lease, and shall remain unchanged during the term of the lease.
- 11.2 For participating employees who are Chief or Senior Officers the amount of the Council's contribution shall be in accordance with the scale fixed by the Council on 1 October 1997 as varied from time to time by the Council.
- 11.3 For other participating employees the Council's contribution shall be calculated by reference to the schedule to this Scheme, varied as mentioned in paragraph 11.4 below and subject to the limit mentioned in paragraph 11.6 below.
- 11.4 The Schedule is based upon the NJC rates for frequent and low car users, excluding the cost of petrol as determined in paragraph 10.4. The rates are determined in bands of 1000 miles with the contribution being calculated on the mid-point of the band. The Schedule shall be varied from time to time in accordance with changes in the NJC rates and the cost of petrol determined under paragraph 10.4.
- 11.5 The mileage to be used in applying the Schedule shall be: -
- (1) the average of the business mileage over three years preceding the date of application accepted by the Group Manager (Commissioning, Procurement & Compliance) for payment of car allowance to the applicant; or
 - (2) if there have been any material changes in the applicant's responsibilities in that period, such other mileage as may be agreed between the Group Manager (Commissioning, Procurement & Compliance) and the applicant's Assistant Director; or
 - (3) if the applicant has not been employed in the relevant post for three years an estimate agreed between the applicant, the applicant's Assistant Director and the Group Manager (Commissioning, Procurement & Compliance) , of what such mileage would have been if he or she had been so employed.
- 11.6 The limit of the Council's contribution referred to in paragraph 11.3 above is restricted to the Band 1 contribution rate for Senior Officers but may be varied from time to time by agreement between the Chief Executive, the Group Manager (Commissioning, Procurement & Compliance) and UNISON (Dacorum Branch).

12. Termination of hire

12.1 The lease will terminate: -

- (1) three years after commencement of the lease;
- (2) upon the User's death, retirement, or termination of his/her service with the Council;
- (4) upon the User's breach of any of the Conditions of this Scheme;
- (5) in the event of the vehicle being declared unrepairable or untraceable by the Insurance Company;
- (6) at the discretion of the Council in other very exceptional circumstances not provided for in the foregoing conditions 1-4 on the application of the User;
- (7) in the event of the Company terminating its agreement with the Council for any reason whatsoever.

12.2 In the event of the User failing to return the vehicle to the Council on termination of the lease agreement the Council may repossess the same without being liable to any action or other proceedings at the suit of the User or any person claiming under or through him.

12.3 The User shall permit representatives of the Councillor the Company to inspect the state and condition of the car at any reasonable time.

12.4 The User may buy the car at the end of the three year period (e.g. for use as a second car for spouse etc.) based on the Company's valuation.

12.5 Although the vehicle remains the property of the Company the User is liable for its road-worthiness and is required to indemnify the Council against parking fines or other liabilities arising from the way the vehicle is used, particularly breaches of the Road Traffic Acts.

12.6 Any unpaid parking fines or other liabilities will be charged to the user together with an administration fee and may be deducted from salary.

12.7 The User shall not during the leasing period use or allow the vehicle to be used in contravention of any Statute, Statutory Instrument or Regulation for the time being in force and shall indemnify the Council against any costs, claims or other liability arising out of such contravention.

13. Termination of employment

13.1 If a participating employee leaves or retires from the Council's employment the Group Manager (Commissioning, Procurement & Compliance) may allow the Employee one of the following:

- (a) if a new employer agrees to accept responsibility for the leasing charge to have the vehicle and lease assigned to the new employer; or
- (b) to purchase the leased car using his/her own resources or the new employer's Car Loan Facilities; or
- (c) to return the vehicle to the Council who may then offer it to another eligible employee for the remainder of the lease period; or
- (d) to return the vehicle to the owner.

In all of the above cases a penalty **will** be imposed by the Council, which will be recovered from the Employee. The penalty will be:

- (a) the termination charge imposed by the Company; plus
- (b) the amount of any outstanding lease payments that have been made in advance by the Council.

In all cases the Employee will need to take out immediate car insurance cover.

13.2 Penalty charges will **not** be invoked in the case of death in service, ill-health retirement, TUPE or redundancy.

Chief officer and senior officer scheme

Employees on Band 11 and above

For employees who agreed the change to Single Status terms and conditions by 16 February 2004 the scheme will apply from 1 March 2004.

For employees who agreed after the 16 February 2004 or have yet to agree the scheme will apply from 1 May 2004 or when the employee agrees the change.

For employees who have been downgraded as a result of Single Status and are no longer eligible for the lease car scheme on their new band then the change will not apply until the protection arrangements end.

Conditions

As a result of Single Status, you will be in a pay band and on a band point that will make you eligible for the car leasing scheme.

Band point	Miles.	Car Band	Amount p.a.
34 to 46	N/A	1	£2,550
34 to 46	Over 2000 per year	2	£3,200
34 to 46	Over 4000 per year	3	£3,750
47 to 63	N/A	3	£3,750
Strategic Directors	N/A	4	£4,600
Chief Executive	N/A	5	£4,800

You will need to decide whether you wish to receive the lump sum, or a leased car.

Leased car agreement

A leased car agreement is for a period of 3 years and penalties will be imposed for early termination of the lease. All conditions are contained in the document.

Part-time Employees

All new entrants to the leased car scheme will receive a pro-rata entitlement according to their hours of work.

Changing job and/or hours of work

With effect from 1 March 2004 this revised scheme will apply to employees who change jobs and /or change hours of work.

Mileage

You will receive the appropriate rate per mile for fuel allowance in respect of any business miles you do for the council. Please see Appendix 2 below for mileage rates.

Mileage Rates:**Lease Car Mileage Rates (As at 01/07/2012)**

The Council mileage rate is based at 21p per mile.

Car allowance rates**NJC car allowances 2010/2011****Car Allowance rates agreed with effect from 1 April 2010:**

	451 – 999cc	1000 – 1199cc	1200 – 1450cc
Frequent (Essential) Users			
Lump sum per annum	£846	£963	£1,239
Per mile first 8,500	36.9p	40.9p	50.5p
Per mile after 8,500	13.7p	14.4p	16.4p
Low (Casual) Users			
Per mile first 8,500	46.9p	52.2p	65.0p
Per mile after 8,500	13.7p	14.4p	16.4p
Lease car mileage rate			
As per training rate	21.0p	21.0p	21.0p

Reviewed April 2014