**Car Lease Policy**

**Document Control:**

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| Policy Name | Car Lease Policy |
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| Version | 1.0 |
| Status | Final ICB policy |
| Author / Lead | HR Business Partner |
| Responsible Executive Director | Chief People Officer |
| Responsible Committee | Remuneration Committee |
| Date Approved by Responsible Committee | 7 February 2025 |
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| Next Review Date | February 2027 |
| Target Audience | Refer to Scope in Policy |
| Stakeholders engaged in development of Policy (internal and external) | * Mid and South Essex Staff Engagement Group * Trade Unions |
| Impact Assessments Undertaken  *(State if not applicable)* | * Equality and Health Inequalities Impact Assessment |

**Version History**

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| --- | --- | --- | --- |
| Version | Date | Author (Name and Title) | Summary of amendments made |
| 0.1 | Jan 2025 | Rachel Stinson, HR Business Partner | First draft ICB Policy |
| 1.0 | 07/02/25 | Governance Officer | Final – Approved version |
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## Introduction

* 1. The ICB has a Car Lease Scheme which enables employees to lease a   
      car under a salary sacrifice arrangement. The car lease car scheme is  
      operated by Fleet Solutions, part of Northumbria Healthcare NHS  
      Foundation Trust.

## Purpose / Policy Statement

2.1 The Integrated Care Board (ICB) recognises it has a responsibility to   
 contribute towards tackling climate change. Offering a car lease scheme   
 provides employees with the ability to afford a more environmentally  
 friendly car, as only cars with CO2 emissions of 200g/km or less are  
 available.

## Scope

3.1 This policy applies to all ICB staff on a permanent contract of employment   
 once the probation period has been completed.

3.2 It does not apply to those on fixed term contracts (unless the length of the original fixed term contract runs beyond the end date of the lease agreement), non-executive members, individuals on a contract for service, temporary, bank, agency, work experience staff, students or volunteers.

## Roles and Responsibilities

### Integrated Care Board

* + 1. The ICB Board is accountable and responsible for ensuring that the ICB has effective processes in accordance with relevant legislation and best practice guidance.

### Chief Executive

* + 1. The Chief Executive is accountable for the policy and procedure being in place to ensure fair and equitable approach to all employees.

### Chief People Officer

* + 1. The Chief People Officer oversees the implementation of this policy and is responsible for ensuring that managers take action to meet the organisation’s obligations to ensure equity and consistency.

### Policy Authors

* + 1. Policy authors are responsible for ensuring that this document is updated when any changes are made to the salary sacrifice arrangements or Lease Car Scheme.

### Line Managers

* + 1. Line Managers are responsible for informing HR when a person who has a car lease advises of a resignation.

### All Staff

* + 1. Staff should ensure that their circumstances are appropriate to participate in the scheme. The ICB HR Team has a responsibility to make all staff aware of the availability of the Car Lease Scheme and to ensure requests are processed in a timely manner.

## Policy Detail

### Overall Principles

The Car Lease Scheme enables employees to lease a car, normally for a period of two or three years via a salary sacrifice scheme.

The salary sacrifice scheme enables employees to use their gross salary to pay for the cost of the car lease. As the gross salary is reduced the amount the employee pays in National Insurance contributions and income tax will be reduced.

The provision of the car will result in a benefit in kind income tax charge, based on the car chosen which will be deducted from monthly pay (tax at source).

Only cars with CO2 emissions of 200g/km or less are available under the scheme.

There is no deposit required and the cost of the car is fixed for the duration of the lease.

The car will be insured for the employee and can include up to four additional named drivers.

All routine servicing and repair costs arising from normal usage of the vehicle are covered and breakdown cover is also included.

At the end of the scheme, the car can be returned with no additional charge subject to the vehicle meeting the required return standards and not going over the agreed contracted mileage.

### Eligibility All existing employees on a permanent contract of employment can apply.

New employees can apply once they have passed their probationary period.

Employees on fixed term contracts can only apply if the length of the original fixed term contract runs beyond the end date of the lease agreement.

The salary sacrifice cannot reduce an employees revised basic salary to below the prescribed National Minimum/Living Wage. If there is already a salary sacrifice in place such as childcare vouchers or cycle to work these will also be considered and if the hourly rate of pay would equate to less than the hourly legal minimum rate an application will not be approved. If at any point during the lease the salary falls below the National Minimum/Living Wage the car will need to be returned and an early termination charge may be payable.

In certain circumstances, for example where there are performance concerns the ICB may decline an application.

### Financial Details

* + 1. **Salary Sacrifice**

A salary sacrifice is a system whereby an employee gives up the right to receive part of their pay due to them under their contract of employment in return for the employer’s agreement to provide some form of non-cash benefit, in this case the lease of a car. The payment is taken from the employee’s gross, rather than net salary for the lease period.

As the gross salary is reduced the amount the employee pays in National Insurance contributions and income tax will be reduced. However exact savings will depend on individual circumstances and the car that is selected.

Employees should be aware that entering a salary sacrifice scheme may affect other occupational and state benefits such as Maternity Pay, Sick Pay, and final pension payments.

* + 1. **Pension**

Employees’ pension contributions are payable on gross salary. As a salary sacrifice reduces gross salary, pension contributions will be less, which in turn will affect the final pension pot.  The impact will depend on individual circumstances including which pension scheme and if there is a final salary link to the 1995/ 2008 NHS Pension Scheme. Advice from the relevant pension scheme should be obtained before entering the Car Lease Scheme.

* + 1. **Benefit in Kind charge**

The provision of the car will result in a company benefit in kind income tax charge. It is calculated using the manufacturer’s list price of the car and a percentage charge determined by the exhaust emissions of the car, as prescribed by HM Revenue & Customs. This Benefit in Kind is then subject to income tax which will be deducted from monthly pay (tax at source).

* + 1. **Contract Mileage**

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

* + 1. **Universal Credit**

Some employees’ personal circumstances may mean that it is not appropriate to participate in the car lease scheme. This is most likely to be the case for those claiming Universal Credit, as participating in the scheme may alter the amount of credits an employee could claim which may cancel out the savings made on Income Tax and National Insurance contributions. In principle the car lease scheme is considered earnings for the purposes of these credits. The quotations provided do not consider the impact upon this benefit so advice should be obtained from HMRC before entering the Car Lease Scheme.

* + 1. **Maternity, Paternity, Parental, Adoption and Sickness Leave**

An employee’s reduced income may influence the following:

* + During maternity/paternity/parental/adoption/sickness leave: any calculations for pay during this period will be made based on the gross salary after the salary sacrifice.
  + The employee will continue to have the car during their absence. Deductions will continue to be made from any payments they are receiving and / or will accrue a debt that will be recovered as soon as they return to work and receive a payment from the ICB.
    1. **Staff expense**

Employees using a Lease Car for the business of the ICB will only be able to claim business mileage at the prevailing HM Revenue & Customs mileage rates. For any business mileage reimbursements, tax will be paid on the difference between the rate received and HMRC’s prevailing Advisory Fuel Rate. Vehicles leased through the Car Lease Scheme will not be eligible for standard or regular user allowance.

Once the lease car details have been set up in ESR and transferred over to EASY, mileage claims can be submitted via Easy.

* + 1. **Fuel Scale Charge**

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

* + 1. **Payments**

Any charges levied against the ICB in respect of the car will be recovered from your net salary, for example, this list is not exhaustive:

* + Additional contract mileage costs.
  + Termination fees.
  + Lease Company admin charges associated with speeding or parking fines.
  + Uninsured damage charges.
  + Costs incurred through neglect, abuse, or poor maintenance of the car.
  + Parking and congestion charge fines.

### Early Termination Fees

Early termination of the agreement requires the employee to demonstrate a major lifestyle change. A termination fee as detailed in the Official Order Form will apply and be invoiced to the employee.

Where the salary sacrifice agreement is terminated early because of resignation from the ICB the termination fee as detailed in the Official Order Form will apply and be invoiced to the employee.

Where employment ceases because of dismissal or because the employee no longer has permission to work in the UK the termination fee as detailed in the Official Order Form will apply and be invoiced to the employee.

If at any point during the lease the salary falls below the National Minimum/Living Wage the car will need to be returned and an early termination will be payable. Depending on the circumstances surrounding this situation the ICB may cover the early termination cost.

The ICB will cover any associated early termination costs because of Retirement on ill health grounds, death in service or redundancy.

### Process

The ICB will allow an employee the use of the car of their choice and the employee will agree to enter salary sacrifice arrangement (“Salary Sacrifice”). In turn the employee will be liable for the company car Benefit in Kind income tax charge that arises out of the arrangement on the provision of a company car.

Applications should be made via the Fleet Solutions website [www.nhsfleetsolutions.co.uk](http://www.nhsfleetsolutions.co.uk)

* + Employees will need to register by creating an account.
  + The ICB code – VPD 708 will be required.
  + Once an account has been created an email will be sent from Fleet solutions to the employee which will enable the employee to log in, view what cars are available and obtain a quote.
  + The quotation shows the monthly gross salary sacrifice, how much can be saved in Tax, NI and Pension and how much the monthly take home pay will be reduced by. The quotation will also show the monthly tax liability - Benefit in Kind.
  + Once the employee is content with the quotation, they confirm the order can be placed.
  + Once the order has been submitted by the employee the ICB will receive notification from Fleet Solutions that an order is awaiting approval. The HR Team will check the information is correct and the eligibility criteria is met including that by entering into the agreement the employee’s salary will not fall below the National Minimum/Living Wage.
  + If the HR Team are satisfied with the checks the order will be approved and notification will be sent to Fleet solutions. The car will then be ordered by Fleet solutions.
  + If the HR Team are not satisfied with the checks the order will not be approved. The HR Team will notify Fleet solutions and the employee of the reasons.
  + Once the car has been received Fleet solutions will contact the employee to arrange delivery of the car.
  + Fleet Solutions will contact the ICB and payroll to confirm delivery of the car to the employee. The first payment/deductions will commence the pay day following delivery of the car.
  + The HR Team will contact the employee to enable the car details to be set up in ESR. This information will be transferred to the EASY system to enable the employee to enter mileage claims for authorisation and payment.

At the end of the lease period the car is returned to NHS Fleet Solutions. Should there be no damage (over and above fair wear and tear) and the contract mileage hasn’t been exceeded there will be no further charge. The salary sacrifice arrangement will cease and employees will revert to the Higher Notional Pay.

Employees will be able to apply for another Car Lease and Salary Sacrifice agreement prior to the termination date to ensure that delivery of the new car coincides with the date for returning the existing car.

## Monitoring Compliance

* 1. The HR Team will be responsible for monitoring that this procedure is followed and may be consulted at any stage through the process to offer advice to those involved.
  2. Monitoring information will be published and reported as appropriate.

## Staff Training

* 1. No training requirements.

## Arrangements for Review

* 1. This policy will be reviewed no less frequently than every two years. An earlier review will be carried out in the event of any relevant changes in legislation, national or local policy/guidance, organisational change or other circumstances which mean the policy needs to be reviewed.
  2. If only minor changes are required, the sponsoring Committee has authority to make these changes without referral to the Integrated Care Board. If more significant or substantial changes are required, the policy will need to be ratified by the relevant committee before final approval by the Integrated Care Board.

## Associated Policies, Guidance and Documents

* Reimbursement of Staff Expenses Policy
* Fleet Solutions - [www.nhsfleetsolutions.co.uk](http://www.nhsfleetsolutions.co.uk)
* NHS Pension scheme - [Member hub | NHSBSA](https://www.nhsbsa.nhs.uk/member-hub)
* NEST Pension scheme - [Workplace Pension Scheme | Nest Pensions](https://www.nestpensions.org.uk/schemeweb/nest.html)

## References

* + Fleet Solutions – Employee Benefit Car Lease Scheme booklet.

## Equality Impact Assessment

* 1. The EIA has identified no equality issues.
  2. The EIA has been included as Appendix A.

**Appendix A - Equality Impact Assessment**

**INITIAL INFORMATION**

|  |  |
| --- | --- |
| **Name of policy:** Car Lease  **Version number:** 1.0 | **Directorate/Service**: People |
| **Assessor’s Name and Job Title:**  Rachel Stinson, HR Business Partner | **Date:** 03/01/2025 |

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| **OUTCOMES** |
| *Briefly describe the aim of the policy and state the intended outcomes for staff* |
| The policy provides all directly employed staff who have a permanent contract of employment or fixed term contract for more than 2 years with the opportunity to lease a car, on completion of their probationary period, which may provide a more cost-effective way of having a more environmentally friendly car. |
| **EVIDENCE** |
| *What data / information have you used to assess how this policy might impact on protected groups?* |
| The ICB monitors the composition of its workforce under the nine protected equality characteristics and reports on this annually. This information helps the ICB to assess the potential impact of its policies upon staff. |
| *Who have you consulted with to assess possible impact on protected groups? If you have not consulted other people, please explain why?* |
| Relevant Trade Unions and staff Engagement Group have been consulted on the policy and any comments will be taken into consideration when the policy is published. |

**ANALYSIS OF IMPACT ON EQUALITY**

The Public Sector Equality Duty requires us to **eliminate** discrimination, **advance** equality of opportunity and **foster** good relations with protected groups. Consider how this policy / service will achieve these aims.

N.B. In some cases it is legal to treat people differently (objective justification).

* ***Positive outcome*** *– the policy/service eliminates discrimination, advances equality of opportunity and fosters good relations with protected groups*
* ***Negative outcome*** *–**protected group(s) could be disadvantaged or discriminated against*
* ***Neutral outcome*** *–**there is no effect currently on protected groups*

Please tick to show if outcome is likely to be positive, negative or neutral. Consider direct and indirect discrimination, harassment and victimisation.

| Protected  Group | Positive  outcome | Negative  outcome | Neutral  outcome | Reason(s) for outcome |
| --- | --- | --- | --- | --- |
| Age | √ |  |  | Positive – there is no minimum or maximum age to enter into an agreement. |
| Disability  (Physical and Mental/Learning) | √ |  |  | Can retain the car if off sick and could offer the employee more mobility. |
| Religion or belief |  |  | √ |  |
| Sex (Gender) |  |  | √ |  |
| Sexual  Orientation |  |  | √ |  |
| Transgender / Gender Reassignment |  |  | √ |  |
| Race and ethnicity |  |  | √ |  |
| Pregnancy and maternity (including breastfeeding mothers) | √ |  |  | If pregnant can still enter into an agreement and can retain the car whist on maternity leave. |
| Marriage or Civil Partnership |  |  | √ |  |

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| **MONITORING OUTCOMES** |
| Monitoring is an ongoing process to check outcomes. It is different from a formal review which takes place at pre-agreed intervals. |
| *What methods will you use to monitor outcomes on protected groups?* |
| It is anticipated that any issues in respect of the implementation of the policy will be identified via the ICB’s Grievance Procedure. |

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| **REVIEW** |
| *How often will you review this policy / service?* |
| Every 2 years as a minimum and earlier if there are any significant changes in legislation, policy or good practice. |
| *If a review process is not in place, what plans do you have to establish one?* |
| N/A |