

Lease Car Policy

Introduction

The Trust has agreed to offer a contract hire vehicle to all eligible staff whom are expected to travel as part of their everyday duties. Eligibility will be based upon the employees current contract of employment being for a minimum period of three years and meeting one of the following criteria and travelling a minimum of 5000 business miles (excluding any mileage associated with training) demonstrated over a 24 month period.

Who owns the Car?

The scheme is based upon a leasing agreement between The Trust and a Leasing Company who will own the car throughout the period of the lease. You must enter into a formal hire agreement with The Trust and a copy of that agreement is available for inspection.

The Disposal of contract expired vehicles will remain a matter for the Leasing Company.

Choice

The normal range of UK specified cars is available and the choice will be yours so long as it is suitable for official business use. The intention is to promote and encourage the use of cars that are less polluting to the environment.

Costs

Staff will meet all personal petrol and vehicle fluid costs. Petrol costs for all business mileage will be reimbursed at a pre-determined rate per mile (currently 15p per mile) which will be reviewed annually.

Staff will be required to sign an undertaking agreeing to participate in the scheme for a period of three years foregoing entitlement to the mileage provisions.

Applications

Applications for a lease vehicle must be made on the Trust's application form and must be signed by the CEO.

Applications for a lease vehicle will only be supported where evidence to support the entry criteria has been submitted. This evidence will be sourced through twenty four months previously submitted mileage forms or for new workers, evidence from the previous post holder's mileage submissions or those submitted for a similar post. In the event that no evidence is available to support new posts, the decision will be at the discretion of the CEO.

Renewal

The Trust is under no obligation to agree a renewal at the end of the lease agreement. Renewal of leases will only be considered where the following criteria are met:

-  Monthly payments have been made regularly and no arrears are outstanding
-  Mileage returns have been submitted monthly
-  The lease car criteria continue to be met
-  Any penalty charges have been made
-  The current contract of employment is for a period of at least 3 years at the start date of the lease agreement
-  The previous lease car has been returned without damage and there is evidence to support regular maintenance checks in line with the lease agreement terms

At the end of the three year lease period extensions will only be permitted where the lease company is prepared to do so. Such requests for extension will be treated in the same way as applications for new vehicles against the criteria and rules as they apply to the scheme at that time.

What extras may be fitted to the car?

You may specify such extras as are normally available whether fitted at the factory or by the dealer. All items should be specified on the application and will be fitted before delivery to you.

All additional extras, fittings or modifications will be at the discretion of the Leasing Company and may only be fitted subsequently with the approval of the Leasing Company. No extra or additional fittings/modifications may in anyway prejudice their eventual disposal value of the vehicle.

How is the car to be used?

The car must be used for normal social and domestic purposes by yourself and your immediate family who are properly qualified drivers and have been accepted by the Trust insurers. This includes provisional licence holders suitable accompanied. The care must be available for Trust business at all times, except when the car is being repaired or serviced.

The care must not be used for hire, reward, competition trials, pace making or any other sporting competition.

You must not transfer the benefit for the hire agreement to any other person or represent yourself in any way as being the owner of the car. You must not part with possession of the care except in accordance with these conditions.

The car may be taken abroad. In this case you must take the current certificate of insurance with you and adequate recovery and breakdown assistance cover.

Maintenance and repair costs abroad are not covered by the scheme and will be your responsibility.

All Trust business mileage must be undertaken in the care unless specific approval has been given to use an alternative vehicle. You will be expected to travel by leased car rather than with another employee receiving essential or casual user payments.

You must keep the car in good condition. You must observe in relation to the car the standard of care of a careful owner and, for example, must:

-  Inspect the car carefully at the time of delivery; notify the supplier of any faults or damage and report to the Leasing Company in writing any serious faults or damage which are not satisfactorily dealt with
-  Ensure that the vehicle is roadworthy at all times. A daily check should be carried out to include: lights, tyre, horn wipers/washers, and operation of brakes including handbrake obvious mechanical defects or accident damage
-  Keep the car clean at your own costs
-  Ensure that servicing and maintenance are carried out in accordance with the manufacturer's instructions. You must also at regular intervals check and top up the oil, water, battery, brake and any other fluid levels and check tyre pressures and condition of tyres
-  Throughout the period of the hire agreement report promptly to the servicing contractor, e.g. main dealer, any defect in the car

- 👉 Take all reasonable precautions against frost damage and ensure that sufficient anti-freeze is used. You must pay for all anti-freezes and for any frost damage caused by your negligence. You must also pay for any damage to tyres caused by negligent driving. In addition, you must pay for all damage to the windscreen and other window glass (except when covered by insurance), light lenses, bulbs and mirrors
- 👉 Whenever possible, keep the car in a garage during the night. You take all responsible precautions to minimise the risk of damage to, or loss of, the car
- 👉 Not alter, modify or remove any parts from the car or change any of the identification marks or numbers
- 👉 Comply with the recommendations and instructions contained in the Manufacturer's Handbook as to running-in speeds and the use of the car, and comply with all written instructions and recommendations about its care, maintenance and use issued by The Trust or leasing company. You must not overload the car or use it to carry goods for which it is not designed
- 👉 Provide full details of any accident and comply with any instructions issued by the insurance company arising from any accident, claim or proceedings involving the car
- 👉 Inform The Trust, in writing, of any change of home address
- 👉 Complete a termination report at the end of the lease agreement

Periodically, the vehicle may be appraised for condition during the hire period. The employee must arrange for any repairs considered necessary at the time of the appraisal to bring the vehicle into good condition taking fair wear and tear into account, to be carried out promptly.

There may be an appraisal of the vehicle's condition by the Trust approximately one month before the Agreement expires. This should be carried out at the Finance department.

What do I Pay?

Where the total lease cost is greater than your subsidy you will be required to make a financial contribution towards the leasing. The Trust will deduct from your net salary the hire payments which have to be paid by you in accordance with these conditions. The amount of the hire payments will depend upon the type of car chosen and your job grade. See Appendix 1 for the Car Lease Annual Subsidy Levels applicable to 2014/15.

In addition, you will be expected to meet the following costs:

-  Fuel, oil and other fluids required between normal service
-  Repairs or damage caused by deliberate abuse or user's neglect
-  Any necessary repairs to restore car to reasonable condition before return to the Lease Company, and minor repairs, e.g. broken mirrors and lamp covers
-  Insurance excesses
-  Excess mileage charge may be payable if the car covers a mileage over that included in the lease cost. Precise details will be contained in the individual agreement schedule
-  Tyres, in excess of one replacement set that are worn out
-  Tyre puncture repairs (if not included in contract)
-  Tyre replacement if due to unrepairable punctures, damaged side walls or wheels, etc
-  Parking, congestion or speeding fines and any referral administration costs incurred by the leasing company
-  Premature termination charges

The hire payment may be varied by the Trust if there is a change in the rate of VAT.

What insurance cover is provided?

Comprehensive cover is provided. In addition to yourself, insurance cover will be provided for your spouse and children to drive the car if they hold a driving licence (which includes a provisional licence) bearing in mind that the car, must be available for Trust business at all times, except when it is being repaired or services. In the event of a claim for theft or accidental damage the excess will be £250.

If an accident occurs, an accident report form must be submitted immediately to the Trust Principal Finance Officer. You should ensure that you are familiar with the procedure for dealing with repairs to the car, whether arising because of an accident or otherwise, and must comply with those procedures. Superficial repairs may be carried out at your expense. The amount of excess will be collected by the garage repairing the car. Should you consider you were not at fault you should discuss the question of recovering the excess with the Principal Finance Officer.

In the event of glass damage the employee should contact the Finance Office for advice on the process.

You must observe all the requirements of the insurance policy and do nothing that would invalidate it. Further details of the insurance cover are available

from the Finance Office. Please ensure you are familiar with the full details of the policy before signing the car leasing agreement.

If there are no claims on the insurance policy by you a certificate may be issued to that effect and this should be accepted by many insurance companies to enable a full bonus to be obtained for any subsequent insurance policy.

Should you or any other driver of the car be convicted of any offence, other than a parking offence, during the period of the hire agreement and you or others are not subsequently disqualified from holding a licence, the Trust reserves the right to give written notice to you restricting the use of the car and you must comply with this notice. All convictions must be notified to the Finance Office.

It is your responsibility to arrange maintenance and servicing, although servicing should be through a franchise holder for the particular make of car. Any warranty work which is required on the vehicle must be undertaken by a dealership garage. You will be responsible for ensuring that the car is serviced according to the manufacturer's recommended schedules and that any necessary repairs and maintenance are promptly dealt with.

Bills will subsequently be passed by the dealer directly to the leasing company.

How may the Hire Agreement be Terminated?

At the end of the hire agreement period, the car will be returned to the Leasing Company. Any outstanding dispute as to the condition of the vehicle shall be a matter between you and the Leasing Company.

You will deliver the car for disposal to a place notified by the Leasing Company.

Your right to the car will terminate:

-  On death, retirement or termination of service with the Trust
-  By breach of any of the conditions of the scheme
-  On becoming disqualified, or for any reason ceasing to hold a valid driving licence for the vehicle in question

In circumstances where there is a surviving spouse upon the death of the user, the agreement may be extended for up to three months, if required.

In the event of prolonged absence from normal duties, the Trust will exercise its discretion on the continued use of the vehicle. Normally in circumstances of a transfer or promotions to a post for which you would no longer be eligible for a lease car, any existing contract will continue for the remainder of the lease period, but no new contract will be offered.

Eligibility under the scheme will always be considered and agreed at the beginning of each new contract period. This includes meeting the 5000 business miles criterion. In the event the Trust terminating use, for any reason other than a breach of the scheme, not less than three months' notice will be given.

Your right to terminate the agreement early will be dependent upon circumstances (individual cases of hardship will be considered on their merit). At the expiry of the three-year agreement, both the Trust and the employee will have the right to refuse to enter into a further agreement.

The Trust Homes reserves the right to wind up the scheme in the event of any significant changes which would make its continuance detrimental to the organisation's interest. The period of such notice will be six months.

What happens at the end of the agreement?

When a hire agreement has run its course, you have the choice of either reverting back to car allowance payments or entering into a further hire agreement for another car. You are responsible for initiating a further agreement and arrangements should be made for a replacement car three months before the end of an expiring agreement.

At the end of the hire agreement you must reimburse The Trust for the cost of any repairs that are considered necessary to bring the car into good condition, taking fair wear and tear into account unless, at the organisation's sole discretion, there are good reasons for waiving this right (see guidelines on acceptable wear and tear).

In the event you fail to return the car to The Trust at the end of the hire agreement Stockport Homes may repossess the car without being liable to any action or other proceedings at the suit of yourself or any person claiming under or through you.

What are the guidelines on acceptable Wear and Tear?

At the end of the agreement the vehicle will be inspected in the presence of the employee and any damage or repairs not classed as "fair wear and

tear" will be noted on the report form. The form will be signed by the agent of the leasing company and you. A copy of the report will be given to you.

Definition of fair wear and tear

Fair wear and tear is clearly determined by reference to mileage covered by an individual vehicle. Normal use will provoke no charges. Ordinary wear and tear is taken as superficial scratches and scuffs to bumpers, stone chippings on front and lower side of vehicle, minor scratches to paintwork if surface of paint is not broken and no undercoat or metal is visible.

Excess wear and tear includes

Scrapes and scratches where the paintwork is broken i.e. where 'cutting ' will not restore the finish and repainting is necessary, and dents or other impact damage to bodywork or bumpers, broken or cracked lenses, roof and gutter damage owing to the fitting of a roof rack. Any tears, rips, cuts, etc., to seats, interior trim, carpets and headlining will be judged in excess as will stains from oil, glue, chemicals or other matter which cannot be removed using proprietary cleaners. Boot carpet and trim should also be free from rips etc., commensurate with normal business usage and mileage covered. (Any disputes may be referred to an independent body). Tyres should be free from splits and damaged side walls and have at least the minimum legal tread depth.

What is the Income Tax Position?

When a company car (such as a lease car from the Trust) is made available for the private use of an employee a "benefit in kind" value is calculated in relation to the car. Income tax is then liable based on this "benefit in kind" value. The "benefit in kind" value for a full year is obtained by multiplying the price of the car for tax purposes (in most cases, its list price plus accessories) by the "appropriate percentage", where the "appropriate percentage" is based on the car's approved CO2 emissions figure. There are some supplements and reductions to take account of different fuels.

The CO2 emissions figure can be found at the website www.vcacarfueldata.org.uk and further information on the "benefit in kind" value and income tax implications (including a calculator model) can be found at the Inland Revenue website www.hmrc.gov.uk. The Trust is unable to give advice on personal taxation – such advice should be sought from the local tax office. Confirmation of tax liability from HM Inspector of Taxes is recommended before acceptance of a quotation for a lease car.

Are there any other matters?

You must permit representative of the Trust or anybody authorised by the organisation to inspect the state and condition of the car at any reasonable time, or when the car is in a garage for servicing etc. Although the car remains the property of the leasing company you are liable for its roadworthiness and must indemnify the Trust against parking fines or other liabilities arising from the way the car is used, particularly breaches of the Road Traffic Acts.

You must not during the period of the hire agreement use or permit the car to be used in contravention of any statute, statutory instrument or regulation for the time being in force and must indemnify Trust against any costs, claims or any other liability arising out of such contravention.

Car Lease Annual Subsidy Levels for 2014/15

C02 g/km	£ / annual subsidy level for CEO	£ /annual subsidy level for Directors	£ / annual subsidy level Other Employees

CAR LEASING SCHEME – REQUEST FOR GUIDELINES QUOTATION

Personal details:

Name:

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Job Title:

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Address for Internal correspondence:

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Work telephone number:

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Estimated total annual mileage (to nearest 1000):.....

Estimated business mileage (included in above):.....

Proposed Vehicle – please be specific with details

	Make	Model	CC	CO2	Specification	Number of doors
First Choice						
Second Choice						
Third Choice						

Date When request submitted:

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Please send completed request to:

The Education Fellowship Principal Finance Office