



Ribble Valley  
Borough Council

[www.ribblevalley.gov.uk](http://www.ribblevalley.gov.uk)

## Car Leasing Scheme



## 1 INTRODUCTION

All employees at head of service level and above can join the scheme providing they hold a full driving licence. Employees who have an outstanding car loan from the Council will be required to repay the loan in full. Arrangements for repayment must be agreed with the Director of Resources. Whilst participating in the scheme employees will be expected to have the cars at their disposal whenever required for official business.

## 2 EMPLOYEES CONTRIBUTION TO THE COST OF THE VEHICLE

The Council will make a contribution towards the lease vehicle of currently up to the equivalent of 7.5% of base salary at the time the vehicle is delivered. Any shortfall between the cost of the vehicle, including insurance and the Council's contribution, will be met by the employee. The employee's contribution, payable monthly, will generally remain unchanged throughout the lease term. The Council, however, reserve the right to amend the employee's contribution where there is a change in either value added tax, charges made by the lease company or, in exceptional circumstances, insurance premiums. An example of how the employee's contribution is calculated is shown in Appendix A.

## 3 ALLOWANCES

When an officer enters the lease scheme the existing casual or essential user allowances no longer apply when the vehicle is used for official business. Instead the officer will receive only the fuel element allowance as determined by the NJC applicable to the vehicle. Since 1 April 1993 the maximum paid is Band 2.

## 4 COSTS TO BE MET BY THE EMPLOYEE

Users will reimburse the Council the monthly contribution detailed in Section 2. This will be deducted from salary. In addition employees will be expected to meet the following costs:

- ❖ Fuel, oil and other fluids required between normal services
- ❖ Repairs to damage caused by deliberate abuse or user's neglect
- ❖ Any necessary repairs to restore the car to reasonable condition before return to the lease company and minor repairs, eg broken mirrors and lamp covers
- ❖ Any other costs charged by the lease company not covered under the leasing agreement
- ❖ Insurance excesses
- ❖ Green card insurance premiums
- ❖ Excess mileage charges
- ❖ Premature termination charges

**5 NEWLY APPOINTED STAFF**

Newly appointed staff who are entitled to join the scheme can do so at their own discretion.

**6 DURATION OF LEASING AGREEMENT**

The Council will normally hire cars for a period of 3 years. Agreements with employees will also be for this period. It must be stressed early termination does carry heavy penalties imposed by the leasing companies. In the event of voluntary early termination these penalties will be borne by the officer.

Only in exceptional circumstances will any variation on the normal 3 year term be considered by the Director of Resources.

**7 OFFICERS APPROACHING RETIREMENT OR WITH FIXED TERM CONTRACTS**

Employees within 3 years of retirement will not normally be admitted to the scheme. All applications from officers on fixed term contracts or approaching retirement would be considered by the Director of Resources.

**8 OWNERSHIP OF CARS**

Ownership of cars remains with the leasing company. On completion of the lease term the car will be returned to the lease company.

**9 ARRANGEMENTS FOR MAINTENANCE**

Maintenance, servicing and any warranty work will be arranged by the user through a franchise holder for the particular make of car. Users will be responsible for ensuring that the car is serviced according to the recommended schedules and that any necessary repairs and maintenance are dealt with promptly. The user will be responsible for cleaning, garaging and for checks between services (oil, water, tyres etc).

**10 RELIEF VEHICLES**

Relief vehicles can be arranged at an additional cost if the employee wishes. There are various options for relief vehicles to be provided in the event of mechanical failure, accident, theft or all three. The costs vary, depending on which level of cover is required and whether or not the relief car would be required immediately or after an interval of 24 or 48 hours.

If a relief vehicle is specified in the lease agreement the vehicle provided would be of a similar nature to the original lease car but not necessarily the same make or model.

Quotes can be obtained for the various options on request.

**11 SPECIFICATION OF CAR**

Any additional requirements beyond the normal range of equipment should be specified when the car is ordered. The cost of any such extras can then be included in the lease charge. Once the vehicle is delivered any subsequent extras, fittings or modifications will be subject to approval by the leasing company.

**12 USE OF CAR**

The car may be driven by the official user and other employees of the Council, by his/her spouse and by children normally resident at home provided they hold a full British licence. In the event of any accident involving the vehicle the Director of Resources must be notified as soon as practicable and an accident report form completed. Users are responsible for payment of any fines resulting from Road Traffic Acts or other motoring offences.

**13 RESTRICTION ON PRIVATE USE**

The car can only be used for normal social, domestic and pleasure purposes and for Council business.

**14 MOBILE PHONES**

Drivers **must not** use **hand held** mobile phones whilst driving, this includes when the car is stopped and the engine is on. The use of handheld mobile phones whilst driving has been against the law since 1 December 2003. The law also applies to any similar device that sends or receives data such as a handheld satnav. Legislation came into effect on 1 March 2017, which increased the fine for using a mobile whilst driving to £200.00 **plus** 6 penalty points on your driving licence. You can also be taken to court where you can be banned from driving and/or get a maximum fine of £1,000.

**15 INSURANCE**

Insurance cover will be arranged by the Council for all vehicles in the scheme. Details of the cover, excess and exclusions are shown in Appendix B.

**16 MILEAGE**

In the event of exceeding the contract mileage any excess charges must be borne by the user. A vehicle contract can be recalculated to take into account any under or over use of mileage. This must be done no later than the last 6 months of the contract. Similarly, if, when the vehicle is returned the mileage is less than the contract mileage the lease company will refund the under used mileage.

**17 TERMINATION OF AGREEMENT**

At the end of the 3 year period the car will be returned to the lease company. Any outstanding dispute as to the condition of the vehicle shall be a matter between the user and the lease company. The user's right to the car will terminate -

- ❖ on death
- ❖ by breach of any of the conditions of the scheme

If an officer dies part way through the lease scheme the charges associated with terminating the lease agreement will be borne by the Council. In the event of prolonged absence from normal duties or transfer to a post not eligible for the scheme the Council will exercise its discretion on the continued use of the lease car. The Council reserve the right to withdraw or amend the lease scheme in the event of any significant changes that would make its continuance detrimental to the Council's interest. On termination of the agreement any outstanding sums due to the Council under Section 4 of this agreement may be deducted from the employee's salary at the discretion of the Director of Resources, and the officer, in signing the lease vehicle requisition form, hereby agrees to deduction from salary in those circumstances.

#### **18 ADMINISTRATION**

All matters relating to the approval of employees for inclusion in the scheme, termination of agreements and disputes will be dealt with by the Director of Resources.

#### **19 INCOME TAX LIABILITY**

This is dependent upon carbon dioxide emissions from the vehicle and contributions made to the lease scheme. Appendix C shows in detail the present income tax position.

#### **20 PURCHASE OF VEHICLE AT END OF LEASE PERIOD**

Most leasing companies are prepared to allow the purchase of lease vehicles by officers at the end of the lease term.

#### **21 OTHER QUESTIONS**

If you have any queries or questions relating to the Car Lease Scheme please contact Janice Tattersall in the accountancy section.

22 January 2020

## CALCULATION OF EMPLOYEES CONTRIBUTION

### Example

Employee Earnings    £40,000 per annum  
Car                      Audi A4 2.0 TDI 150 S line 4dr  
Annual Mileage        12,000 per annum

	£
Lease Company Charges	4,000.00
Council Contribution (7.5% of Salary)	<u>3,000.00</u>
	1,000.00
Plus Insurance	<u>680.00</u>
	<u>1,680.00</u>
Therefore Monthly Contribution	<b>£140.00</b>

## INSURANCES

Cover is for the policyholder and any other person driving on the policyholder's order or permission. Use for social, domestic and pleasure purposes and for the policyholder's business. **The policyholder is Ribble Valley Borough Council.**

Certificates of insurance are available from the Director of Resources on request. There is a limit of £100 on claims for theft of personal effects from the car.

### Excess

£100	Accidental damage, Fire, Theft
£NIL	Windscreen
£400	Limit each event
£250	Additional excess for drivers under 21
£150	Additional excess for drivers under 25
£100	Additional excess for inexperienced drivers over 25

On leaving the leasing scheme the Director of Resources will issue a statement of claims experience on request.

Individuals wishing to take cars abroad do not need an international green card or to take out any additional travel insurance for the following countries:

- ❖ European Union
- ❖ Iceland
- ❖ Norway
- ❖ Switzerland

A green card is required for travel to countries not shown on the reverse of the Certificate of Motor Insurance. Contact the Director of Resources to arrange. Any charge which may be made by the insurers is payable by the applicant.

Insurance premiums payable by an officer will not normally vary during the duration of a particular lease but, in exceptional circumstances where the number of claims is considered excessive, the Director of Resources reserves the right to review such premiums and the decision on any amendment shall be final and binding.



## SCHEME FOR CONTRACT HIRE OF MOTOR CARS

### INCOME TAX LIABILITY

From 6 April 2002 company cars are taxed on a percentage of their price, which varies according to the level of their carbon dioxide (CO<sub>2</sub>) emissions, measured in grams per kilometre (g/km).

To work out the income tax liability: -

- ❖ **Step 1**  
Find the list price of the vehicle plus accessories.
  
- ❖ **Step 2**  
Find the CO<sub>2</sub> emissions figure for the car.
  
- ❖ **Step 3**  
If the car was first registered before 6 April 2020 refer to the chart on page 8, if it was first registered from 6 April 2020 refer to the chart on page 9. Find the CO<sub>2</sub> emissions of the car and look across for the percentage of the car's price to be taxed.
  
- ❖ **Step 4**  
Add the 4% diesel supplement if applicable (unless RDE2 compliant)
  
- ❖ **Step 5**  
Multiply the car's price by the percentage charge.
  
- ❖ **Step 6**  
Deduct any payment you make towards the car.

The resulting figure is the amount of the value of the benefit of having a company car (Car Benefit) and is the amount you will be taxed on at the relevant rate depending on the level of your income.

For more detailed information on the taxation of company cars refer to the GOV.UK website.

## Cars first registered before 6 April 2020

CO2 emissions	Electric Range(miles)	2019/2020 Car's Price to be Taxed %	2020/2021 Car's Price to be Taxed %	2021/23 Car's Price to be Taxed %
0	N/A	16	0	1/2
1-50	>130	16	2	2
1-50	70-129	16	5	5
1-50	40-69	16	8	8
1-50	30-39	16	12	12
1-50	<30	16	14	14
51-54		19	15	15
55-59		19	16	16
60-64		19	17	17
65-69		19	18	18
70-74		19	19	19
75		19	20	20
76-79		22	20	20
80-84		22	21	21
85-89		22	22	22
90-94		22	23	23
95-99		23	24	24
100-104		24	25	25
105-109		25	26	26
110-114		26	27	27
115-119		27	28	28
120-124		28	29	29
125-129		29	30	30
130-134		30	31	31
135-139		31	32	32
140-144		32	33	33
145-149		33	34	34
150-154		34	35	35
155-159		35	36	36
160-164		36	37	37
165+		37	37	37

If car runs solely on diesel add - 4% up to a maximum of 37% (unless RDE2 compliant). Diesel plug in hybrids are classed as alternative fuel vehicles, so the 4% diesel supplement does not apply to these vehicles irrespective of RDE2 compliance.

## Cars first registered from 6 April 2020

CO2 emissions	Electric Range(miles)	2020/2021 Car's Price to be Taxed %	2021/2022 Car's Price to be Taxed %	2022/23 Car's Price to be Taxed %
0	N/A	0	1	2
1-50	>130	0	1	2
1-50	70-129	3	4	5
1-50	40-69	6	7	8
1-50	30-39	10	11	12
1-50	<30	12	13	14
51-54		13	14	15
55-59		14	15	16
60-64		15	16	17
65-69		16	17	18
70-74		17	18	19
76-79		18	19	20
80-84		19	20	21
85-89		20	21	22
90-94		21	22	23
95-99		22	23	24
100-104		23	24	25
105-109		24	25	26
110-114		25	26	27
115-119		26	27	28
120-124		27	28	29
125-129		28	29	30
130-134		29	30	31
135-139		30	31	32
140-144		31	32	33
145-149		32	33	34
150-154		33	34	35
155-159		34	35	36
160-164		35	36	37
165-169		36	37	37
170+		37	37	37

If car runs solely on diesel add - 4% up to a maximum of 37% (unless RDE2 compliant). Diesel plug in hybrids are classed as alternative fuel vehicles, so the 4% diesel supplement does not apply to these vehicles irrespective of RDE2 compliance.

**Examples**

Volkswagen Golf 1.6 TDi 105 SE 5dr List price: £20,655  
 Employee pays £1,020.00 per year for private use

CO2 Emissions: 99 Fuel: Diesel  
 First Registered: January 2020

Looking at the chart on page 8, the percentage is 23% plus the 4% diesel supplement for the tax year 2019/20.

£20,655 x 27% Equals	£5,576.85
Less Employee's Contribution	<u>£1,020.00</u>
Car Benefit	<b><u>£4,556.85</u></b>

BMW X5 Estate xLine 5dr List Price: £60,500  
 Employee pays £2,100 per year for private use

CO2 Emissions: 39 Fuel: Petrol/PlugIn Hybrid  
 First Registered 30 April 2020 Electric Range Miles: 50

Looking at the chart on page 9, the percentage is 6% for the tax year 2020/21

£60,500 x 6% Equals	£3,630
Less Employee's Contribution	<u>£2,100</u>
Car Benefit	<b><u>£ 1,530</u></b>

**LEASE VEHICLE REQUISITION**

Officer Name

Address

Designation

Vehicle Required				
Make		Model		
Engine Size		Annual Mileage		
Optional Extras		Relief Vehicle	YES	NO

Colour Choice				
Exterior 1 <sup>st</sup>		Exterior 2 <sup>nd</sup>		Exterior 3 <sup>rd</sup>
Interior 1 <sup>st</sup>		Interior 2 <sup>nd</sup>		Interior 3 <sup>rd</sup>

I have read, understand and agree to abide by the conditions of the Car Leasing Scheme.

\_\_\_\_\_ Signed \_\_\_\_\_ Date

\_\_\_\_\_ Signed \_\_\_\_\_ Date

Director of Resources

OFFICE USE			
	£		£
Gross Monthly Lease Rate		Salary	
Council Contribution	_____	Employee's Monthly Contribution	0.00
	0.00	Excess Mileage Charge per Mile (First 2,500)	
Insurance per Month	_____	Excess Mileage Charge per Mile (After 2,500)	
Employee's Monthly Contribution	0.00	Details Checked to First Invoice?	

**NB:** The actual contribution charged will be dependent upon the car price when ordered and both the employee's salary and car insurance rates at the time of delivery.