

Lease vehicle policies

1. **This annex is effective from 1 July 2013.** In the NHS the default position is that employees use their own vehicles for travel in the performance of their duties, except where the employer has made specific alternative provision. This Annex refers to vehicles provided to employees under a lease agreement, allowing them to use the vehicle for both NHS business and private purposes. Also, it refers to vehicles leased or owned by the employer and made available to employees for NHS business use only.
2. The details of written lease vehicle policies, will be for local partnerships to design and agree.
3. The possibility of using a lease vehicle should be considered whenever it is expected that the business miles travelled in a year will exceed 3,500 miles 1.
4. These schemes should take into account the following principles:
 - lease vehicle schemes are voluntary;
 - are offered to eligible employees;
 - employees bear the full cost of their private use of the vehicle;
 - schemes should provide for lease cars to be accepted on the basis of business only use or a combination of business and private use. Where cars are accepted for business use only these cars should be classed as “pool” cars;
 - the employer will be responsible for any excess insurance charges incurred during business use of the vehicle;
 - the tax implications of using a lease vehicle must be explained to the employee before the arrangements start; “eligible miles” as set out in paragraph 17.15 and Table 8;
 - reasonable recognition of the individual circumstances of the employee.
5. Whenever lease vehicle schemes are operated the vehicles chosen will be consistent with the:
 - proper use of public money;
 - needs of NHS business;
 - recommended safety standards, and
 - policies in each of the UK countries relating to the prudent use of scarce natural resources, including carbon reduction strategies and safeguarding the environment. All of these policies are often described as coming within the “green agenda”.
6. If an employee chooses a vehicle which is not on the employer’s list of vehicles approved for this purpose any extra costs, over and above those incurred by employees using approved vehicles, will be paid for by the employee.
7. The arrangements for reimbursing the employee the costs of using the vehicle on NHS business must be made clear to the employee. When the employee is reimbursed fuel costs at a rate per mile travelled on official business the rate per mile must be reviewed regularly to ensure that it takes account of fluctuations in fuel prices.
8. HMRC publishes “advisory fuel rates” for “company cars” which it reviews regularly. Employers which set rates of reimbursement of fuel costs for employees using vehicles under “lease vehicle” arrangements, by reference to the HMRC “advisory rates,” should ensure that they refer regularly to HMRC “advisory fuel rates.” Full details of “advisory fuel rates” and the taxation of travelling expenses are on the HMRC web site at www.hmrc.gov.uk.
9. Local policies should set out details of early termination costs and the circumstances in which these would apply. Whenever it is possible, the employer and employee should explore opportunities for the employer to keep the vehicle and avoid the costs associated with the premature termination of the lease agreement. An example of circumstances when this may be appropriate is when an employee with a lease vehicle transfers to a job with another NHS employer in which there is a continuing need for significant official travel.

Hire vehicles

11. Local partnerships should agree the circumstances in which hire facilities are to be used and the arrangements for reimbursing employees the costs they incur.

12. The use of pooled, hire and lease vehicles and the reimbursement of associated costs, will be in line with rigorous principles of effective and prudent use of public money, the NHS Carbon Reduction Strategy in England and its equivalents in the other UK countries.

NHS Carbon reduction strategies

13. The NHS carbon reduction strategies set out how and why the NHS can and should make an important contribution to the ambition of making us its “carbon footprint” by 10%, by 2015.

14. The strategies place important responsibilities on NHS organisations. Two of these are that: all organisations should have a board approved travel plan as part of their sustainable development board management plan, and that mechanisms to routinely and systematically review the need for employees, patients and visitors to travel, need to be established in all NHS organisations.

15. The Sustainable Development Unit (SDU) is keen that organisations should make use, whenever it is possible and practicable, of low carbon lease vehicles in line with relevant legislation.

1 See the question and answer guidance in Annex 28 (England and Wales) or Annex 28 (Scotland and Northern Ireland).

Pay circular (AfC) 2/2014: amendment number 31