

## Frequently asked questions

These are provided for guidance or quick reference guide only, so always refer to the main scheme

### 1. General Definitions

#### 1.1 What is a salary sacrifice?

A salary sacrifice agreement is a legally binding agreement with your employer to vary your contract of employment to a lower cash salary in exchange for non-cash benefit.

#### 1.2 What benefit is there of paying via salary sacrifice?

As your salary is lower, the amount you pay in income tax, national insurance and pension contributions is less resulting in savings and a lower impact on your take home (net) pay.

HMRC will consider the non-cash benefit as a taxable benefit in kind and charge company car tax to you, the cost of which will be considered in the quote provided by the lease car administrator .

#### 1.3 Am I still eligible for a vehicle if I work part time?

Yes, however, if taking out a salary sacrifice arrangement takes your pay below the legal National Minimum Wage then you will not be able to participate.

#### 1.4 When can my salary sacrifice cost change?

The only time that your salary sacrifice may change is in the event of:

- a scheme administration fee cost change
- other charge changes e.g. Vehicle Excise Duty; VAT; insurance
- You wish to increase your contractual mileage.

Should this occur, we will recalculate your salary sacrifice and notify you accordingly.

You should note that your quotation is based on the current financial year only and that your savings and tax liability may change during the course of the contract in line with the appropriate legislation.

For further information on car benefit tax taxation bands please see [Vehicle Taxation Bands](#)

For further information on income tax related rates please see [HMRC Income Tax](#).

## 1.5 Can I use my vehicle abroad?

Yes, vehicles may be taken abroad for holidays (no more than 4 weeks) or a specific business trip. However, prior to doing so, you must ensure that you:

- Obtain written permission from the lease car administrator
- Obtain insurance details from the lease car administrator
- Obtain AA 5-star car repatriation insurance or equivalent cover from lease car administrator
- Accept responsibility for any other maintenance/repair costs that arise while abroad and which are not normally covered. You will be advised on the maintenance requirements when permission is provided.

## 1.6 What do I need to consider when planning a trip abroad?

Once you have the necessary permission and documents from the lease car administrator, you will need to ensure that you research any specific requirements for the country you are going to be travelling in.

This can vary from speed limits to the type of tyres that should be fitted to your vehicle.

More guidance can be found at [Gov.uk](https://www.gov.uk) and Before you Travel.co.uk. ([Check additional restrictions post UK EU Exit](#)).

## 2. Responsibilities and Terms

### 2.1 What are the Salary Sacrifice Car Scheme's general contract conditions

- You will be responsible for the annual lease cost to NHSBT, the cost of which will be recovered from your gross pay as a separate element.
- You will be responsible for monitoring your own mileage against your individual contract.
- NHSBT will reimburse any business mileage undertaken as a separate allowance upon submission of a mileage return at the NHS Agenda For Change (AFC) rates.
- Full maintenance (repair charges), full breakdown (home start and recovery services) are included in the sacrifice costs.
- Your lease will be set at 3 years, extensions ONLY by exceptional circumstances.
- We will contact you between 6 and 9 months prior to the expiry of your vehicle contract, to start the process of selecting a replacement. You must select and order your replacement car at least 3 months prior to the end of the existing contract.
- Where there is a longer lead time for delivery of a new lease car, you will be expected to retain your existing car while waiting delivery of your new car. While a new car is on order, your salary sacrifice value will remain unchanged.
- In exceptional circumstances, where the NHSBT salary sacrifice contract runs over 3 years, your car will be transferred on to the most recent scheme term and conditions.
- Home to base mileage and return, is classed as private mileage and You must sign an agreement and other documents before a car can be ordered.
- Permission will not be granted to persons under 21 to drive any vehicle, where not directly employed by us.
- You must not sell, assign, transfer, charge for, or dispose of the lease car, or attempt to do so during the contract period.
- Your contribution for the vehicle will be deducted monthly from your gross pay and calculated on a pro-rata basis.
- Any outstanding contributions during or after the period of hire will be deducted from salary on the next payroll period.
- Should you exceed the mileage level indicated in your initial application, you will be subject to excess mileage costs at the end of the lease period.

On delivery of your vehicle an information pack will be provided with full terms and conditions and contact information for the Lease car provider and maintenance arrangements.

## 2.2 As an employee, what are responsibilities when having a salary sacrifice car?

When having a vehicle under our scheme you are responsible for and ensuring the following:

- Vehicles are kept secure and clean
- Routine driver checks of fuel, oil, water & tyre pressures etc. are observed
- Manufacturers warranties and recommended services are carried out by accredited dealers
- Any abnormal wear and tear or other damage incurred is 'made good'
- Vehicles are returned in good condition at the end of the lease, in accordance with the Fair Wear and Tear (FWT) policy of the lease car provider
- Any non-FWT damage costs which are judged, by the lease company, to de-value the potential sale price of the car at the end of the contract
- Costs of replacing fluids (e.g. water or oil) between service intervals are met
- Defects are reported promptly to the appropriate dealer/servicing agent.
- All instructions and recommendations e.g. manufacturer's handbooks are followed.
- Accidental damage involving insurance claims are formally recorded and reported immediately to the Insurance broker.
- Driver to pay all insurance excesses initially.
- No actions are undertaken that reflect badly upon the image of NHSBT

On delivery of your vehicle an information pack will be provided with full terms and conditions and contact information for the lease car provider and maintenance arrangements.

## 2.3 What are the maintenance arrangements for my Salary Sacrifice Car?

The Salary Sacrifice scheme allows full maintenance, which includes the cost of all servicing in line with the manufacturer's recommendations i.e. mechanical or electrical repairs, batteries, exhausts, etc. Tyres will be replaced free of charge when the tread is close to that of the required legal limit. Damage to tyres, other than fair wear & tear will be chargeable. You will also meet any other costs not accepted as a standard maintenance charge, or not deemed to be fair, wear, and tear by the leasing company. Unauthorised maintenance/repair work may result in the withdrawal of your lease car.

You are responsible for contacting approved dealers/agents regarding servicing, other maintenance requirements and any ad hoc repairs as necessary.

You will be held responsible for the cost of repairs and replacements to the car, e.g. due to careless use, deliberate abuse or willful neglect. Lease charges are calculated on the assumption that cars will be kept in good condition and to the same high standard as if you owned the vehicle.

We will deduct in full, from your net pay, all charges due under the terms of the scheme. If invoiced sums are not settled within the due period. Outstanding debts will be pursued including should you leave the organisation.

NHSBT Pay Support will provide details of cars provided and the benefit accrued to HMRC each month and then confirm at the end of each tax year. The value of the benefit in kind that has been "Payrolled" are displayed on your monthly payslip in the message section.

## 2.4 What are the insurance arrangements for my salary sacrifice car?

We will provide comprehensive insurance cover for your business and social use and where applicable, **one other nominated approved driver**. The insurance premium cost will be kept lower by application of an "excess" payment. You will initially be responsible for this where a claim arises during non-business use and will be reimbursed if the excess can be recovered from a third party.

Our insurance will not cover you to drive any cars other than those in the lease car scheme, however, courtesy and loan cars that we organise for you will be covered. Daily hire cars booked through I-procurement must be covered by hiring company insurance arrangements. Where applicable the Lease car administrator will provide on request a 'No Claims' history statement for you when eligibility to a lease car ceases.

We will not accept any liability for the loss or damage to personal effects. These are normally covered under domestic household contents policies. You should ensure that you have adequate cover for your needs.

Any incident, when your vehicle is parked at your normal workplace at a NHSBT site or any other location where you normally carry out your routine duties will be deemed as being on private use. When the lease car is parked at a temporary workplace this will be deemed to be on business use.

Any costs incurred by misuse including the incorrect fuel, will be charged to you in full and are not covered by the insurance policy. You should take care to ensure that the correct fuel is used.

The claims department will initially discuss with you if the incident occurred while on business or private use. If consensus cannot be reached between you and the claims department, Fleet Services, in conjunction with your manager, will make a final judgement.

### **2.5 Can I nominate a second driver for my salary sacrifice car?**

You may nominate one other person to drive the lease car providing that:

- the person is over 21 and has held a full driving licence for over 12 months.
- that prior permission has been granted by the lease car administrator .
- the relevant documentation is submitted to the lease car administrator . e.g. driving licence
- the insurance policy covers the use.
- nominated drivers can be amended annually (1 per year)

We reserve the right to refuse permission to include any nominated driver on the insurance policy.

### **2.6 What do I need to do if I move house?**

Should you move to a new house or change your address, you must:

- advise the lease car administrator without delay
- ensure that you update MyESR with your new address
- Ensure your drivers licence has been updated to reflect changes.

NHSBT will NOT advise the lease car administrator. It is contained within your lease car agreement that you MUST advise the administrator.

Failure to do so could result in any fines incurred mounting up. Should this occur, you will be responsible for all such costs, in line with the agreement.

## **3. Accessories**

### **3.1 Can I request fitting fixed accessories, including tow bars to my vehicles?**

You may request either at the time you order a car or subsequently, to fit any fixed accessories, such as tow bars (subject to written approval by the lease company).

Fixed accessories fitted after delivery must be by an agent approved by the Scheme administrators at your own expense.

Once fitted, you will not be entitled to remove these accessories without the written approval of the lease company, either before or after the expiry of the contract period.

Except as permitted above, non-fixed accessories may be fitted such as roof racks, roof boxes, child seats, etc. at your own expense.

Fixed accessories may increase the taxable car benefit and therefore, it is your responsibility to notify the lease car administrator of the item and the full list price (excluding VAT) of the item and the price paid. The Scheme Administrator will advise HMRC and NHSBT Pay Support of any changes to the list price and/or benefit in kind.

### 3.2 Can I use my vehicle for towing a caravan, boat or trailer?

You will need written prior approval in writing from the scheme administrator. Approval will not be granted if the car is not considered suitable for towing. The towing of any caravan, boat or trailer must conform with all legal requirements and the manufacturer's specification.

Should the lease hire company choose to charge an increased rental to NHSBT to cover the lower residual value and higher maintenance costs which result from towing; this charge will be passed on to you to be paid in full either by way of separate one off charge or an increased monthly contribution.

Once fitted the equipment will become the property of the Lease Company and normally cannot be removed without their approval. Should removal cause any damage to the vehicle, you will be responsible for 'making good' to the lease car's original condition.

## 4. Choosing a vehicle

### 4.1 How do I select a vehicle?

You may make a free choice of vehicle however it must be suitable for the performance of your duties (if applicable) in a safe and appropriate manner.

The following categories are considered **unsuitable** for our organisation to facilitate and **will not** be allowed for selection:

- Vehicles emitting over 140g/km of Co2
- 2 – seater cars
- 2 – door cars (does not include hatchbacks)
- Convertible or retractable roof cars
- Off-road cars (does not include crossovers)
- Pick-ups or vans
- Anything that we believe could cause harm to the image of NHSBT
- Check price upper limit with dan?

### 4.2 What environmental incentives are there when choosing a vehicle?

We are committed to sustainable development and to reduce the environmental impact of our fleet. Therefore, all employer savings generated from the salary sacrifice arrangement are being passed back to our employees to reduce the cost associated with getting an electric car.

## 5. Mileage

### 5.1 Do I need to do business mileage to qualify?

No, you do not need to undertake any business mileage to qualify for the salary sacrifice scheme

### 5.2 If I do business mileage, how do I claim mileage reimbursement?

If you undertake a business journey, you are able to claim reimbursement for the costs incurred by via the NHSBT expenses system.

You are responsible for monitoring the mileage you do and ensuring you remain within your contractual agreement and contact the scheme administrator if you wish to make any changes.

It is financially beneficial to adjust your contracted mileage instead of paying charges at the end of your agreement by net deduction, we therefore strongly recommend accepting changes where offered.

### 5.3 What contribution must I make towards the vehicle cost?

As a condition of the car being made available for your private use, you are required to pay the full cost incurred by NHSBT in arranging the lease including, but not limited to, the financing, maintaining and insuring the vehicle.

#### 5.4 When will a contracted mileage review take place?

A review of variances to the contracted mileage allowance will take place bi-annually but changes can be requested at anytime by contacting the scheme administrator.

#### 5.5 Am I able to opt for an electric or hybrid vehicle?

Yes, Full electric and hybrid vehicles are available for selection and are very favorable under a salary sacrifice arrangement.

If you undertake business mileages, the following rules apply:

- Hybrid vehicles will receive an advisory fuel rate for fuel reimbursement – you will be advised of this information during the quotation process.
- Electricity is **NOT** classed as a fuel and therefore NHSBT will reimburse an advisory electricity rate based on the cost for charging the vehicle

See Alternative Fuel allowance table for further information

#### 5.6 Do I pay income tax or National insurance on mileage reimbursement?

Yes, if you are claiming business mileage for this car, NHSBT will be reimbursing business mileage at the NHS rate any value over and above the HMRC advisory fuel rate will be subject to income tax and national insurance at source.

If you detail business mileage within your application the liability will be taken into account before being presented to you by the scheme administrator.

## 6. Absence and Changes to your Job Role

### 6.1 Can I apply for a salary sacrifice car if I am on a Secondment or Fixed term contract?

Normally, you will not be eligible to apply for a salary sacrifice Car, as typically the contract will be for 3 years. In addition, such posts should not normally last longer than 12 months, in accordance with the Secondment and Fixed Term Policy.

Any applications for temporary appointments of less than 3 years should be directed to the Fleet Services Support Manager who will consider the options available to allocate returned cars on a re-allocated basis.

Should the appropriate directorate approve a car they will need to demonstrate to the National Fleet Manager the longevity of the post or that the costs are justified. In this case the directorate would be responsible for any early termination costs.

### 6.2 Can I keep my vehicle whilst I am on Maternity leave?

Yes, you are able to retain the car whilst on maternity leave.

If your salary reduces to a value whereby you can no longer support the salary sacrifice value either due to cost or national minimum wage regulations you will be required to make alternative payment direct to NHSBT by way of invoice or a charge to your net pay.

Should you not wish to retain the use of the Lease car during your maternity leave, you must contact the scheme administrator to advise them of expected start date of maternity leave to arrange vehicle collection and to discuss early termination charges that you will be liable for.

If you are going on maternity leave and notify us of your intention not to return to work at the end of your maternity leave, you must return the car at the end of that period and will be subject to early termination lease charges.

### **6.3 What happens to my salary sacrifice car arrangements if I am on Long Term Sickness or other Authorised Absences?**

You must make repayments at agreed periods to the lease car administrator, in which deductions from pay are not possible (e.g. during unpaid sick leave). Otherwise, you must return the car and may be subject to early termination lease charges.

Should you choose to return the car you may be liable for a financial penalty due to early termination of the contract, except in exceptional circumstances.

Should you fail to make agreed repayments, your case will be referred to our Credit Control department and you may be subject to investigation in accordance with the Disciplinary Policy.

### **6.4 What happens with the Salary Sacrifice Car if I want to 'Retire and Return' to work?**

Should you have a car and apply to Retire and Return to work, there are different options available to you:

- **Return the car to the lease company:** You may incur charges for early termination costs depending on whether the car is still within the initial contracted period.
- **Retain the car:** It will be possible to retain full use of the vehicle, during the interim period of unemployment from the organisation. To do this and prior to retirement, you can elect to pay the full cost of the lease, based a daily pro-rated basis, during the interim period. The pro-rated cost will be calculated by the Lease car administrator and you will be invoiced this amount. Should you elect for this option, the lease car will remain fully insured for the interim period of unemployment. On your return to work, a new assignment number will be issued and your salary sacrifice will be re-instated.

### **6.5 What happens to my Salary Sacrifice Car arrangements if I have a Career Break or go on an external secondment?**

If contemplating taking a career break or considering an external secondment, you are advised to contact the Scheme Administrator to discuss any impact on your Lease Car arrangements.

Should you take a career break, or go on an external secondment for more than twelve months, the car will be returned, and you will be subject to any early termination costs.

If the career break or external secondment is less than twelve months you can retain the use of the car. In these circumstances, NHSBT will charge you the full cost of the lease agreement by way an invoice. In such circumstances, you must arrange with us to make repayments at agreed periods.

Should you fail to make agreed repayments, your case will be referred to our Credit Control department and you may be subject to investigation in accordance with the Disciplinary Policy.

### **6.6 What happens to my Salary Sacrifice Car arrangements if I transfer to another Public Sector organisation?**

Should you voluntarily transfer to another public-sector organisation you will be encouraged to transfer the car to your new employer. If the new employer does not accept the transfer, you will be liable for the early termination costs which will be paid directly to the lease car administrator or deducted from your final pay.

You will need to highlight this at the earliest opportunity with the Fleet Services Support Manager, so that you are able to fully understand the options available and the costs you will incur including any fuel mileage payments.

## 6.7 What happens to my Salary Sacrifice Car arrangements if I transfer to another position within NHSBT?

If you change jobs or **voluntarily** take on a new role within NHSBT and there is a significant change in business mileage you may choose to keep the salary sacrifice car at a revised charge or switch to the salary deduction scheme should providing you meet the minimum mileage threshold of 3500 business miles per year.

Should you choose to return the car you may be liable for a financial penalty, due to early termination of the contract.

If there is a reduction in business mileage **due to a change in work duties**, or work base, that is not voluntary, you may retain the use of the car and will need to consider that you will receive less/no business mileage reimbursement on a monthly basis.

In exceptional circumstances, if this reduction has caused undue financial hardship you will need to speak to the Fleet Services Manager.

## 6.8 Can I apply for a salary sacrifice car if I am on probation?

No, you will need to pass your probation period before you are eligible for this scheme.

## 7. Early Termination

### 7.1 In what circumstances will my right to a Salary Sacrifice car cease?

Your right to a car within the scheme will discontinue without notice and you will be charged any costs resulting from early termination in any of the following events:

- Any meeting of creditors is called or if you commit any act of bankruptcy or any attempt be made to levy distress against the lease car due to your indebtedness
- The termination of your contract following voluntary resignation/retirement; or dismissal
- Prolonged absence
- Career breaks / external secondment that exceed twelve months
- The lease car covering private mileage, which in the opinion of the Fleet Services Support Manager is abnormal and causes concern for maintenance and value;
- should you fail to pay monies due to us under this agreement within thirty days of becoming due;
- should you become disqualified from holding or for any reason ceasing to hold a valid license entitling you to drive a car;
- In the absence of any of these events, the expiration of the period of hire specified above, or any extensions of the same;
- When, in very exceptional circumstances you apply to terminate your participation in the scheme;
- Any other very exceptional circumstances not provided for above.

In the event of all other sections detailed above, the employee will be liable to pay:

- the early termination charge imposed by the leasing company
- any costs arising from the condition of the car
- any excess mileage charge

### 7.2 What early termination fees are paid by NHSBT in respect of a salary sacrifice Car?

NHSBT will only pay the early termination charge in respect of:

- The cessation of NHSBT entitlement to possession of the salary sacrifice car under its agreement with the leasing company;
- The termination of your contract whether by death, redundancy, TUPE, or ill health retirement
- The salary sacrifice car reduces your salary below the national minimum wage threshold



NHSBT may, at our discretion, pay early termination costs arising from other circumstances or any root cause outside of your control.

Should you fail to return your lease car on termination of the agreement without valid reason, we will repossess the lease car without liability to any action or other proceedings.

## 8. Courtesy and Hire Vehicles

### 8.1 As a salary sacrifice car driver, in what circumstances can I use a Hire Car?

Hire cars will not be provided to temporarily replace lease cars for servicing, breakdowns or accident repairs, **unless you have chosen this as a cost option in your lease car contract**. If a lease car is booked-in for a repair or a service in advance using the appropriate booking/claim lines a courtesy car will be made available on request.

There will be very few circumstances when a courtesy car cannot be provided, however, if the lease car is stolen, a courtesy car will not be provided.

General Car Hire to support business travel is explained in the Travel and Expenses policy.

### 8.2 When am I eligible for a courtesy or relief car?

A courtesy car may be provided free of charge while your salary sacrifice car:

- is receiving accident repairs at an approved repairer
- breaks down and requires recovery
- has been booked in for repairs and servicing using the appropriate booking service

Courtesy cars are not provided under the lease car contract but are provided free of charge by a garage or accident repair shop while they are repairing a lease car. They are provided as part of their service but are **not guaranteed** and are provided on a “first come, first served” basis.

Courtesy cars must be booked, and it may be necessary to wait until a car becomes available.

If the lease car is a total loss after an accident a relief car (hire car) will be provided for the first 48 hours, free of charge, to enable you to plan for a replacement car.

At the end of the 48 hours it will be collected unless you choose to continue with the hire car, in which case you will be directly responsible for the hire charges.

## 9. Licence Checks and Driving Assessments

### 9.1 Who is responsible for checking my driving licence and how often?

Prior to the start of your contract, you will be subject to driving licence checks by the lease car administrator and annually thereafter, during the contract period. The Lease car administrator uses the DVLA ‘Share my Licence’ system for driver licence checks.

### 9.2 Why do I have to do an on-line driving assessment?

We have a responsibility to fulfil our duty of care to drivers by ensuring that appropriate skills training is provided, if required. Drivers are required, on request, to complete an online driving assessment and the scoring outcome may result in further in-car training.

We have a moral and legal duty to protect those who drive as part of their work. Driving on company business is managed in much the same way as other health and safety at work issues and it is important to think about your well-being when behind the wheel.

If you are in possession of a salary sacrifice car we will complete a driving licence check and you are required to:

- take part in a driver risk assessment
- complete any identified eLearning

Completion of the Driving Risk Assessment and any subsequent training (on line or on road training) is a mandatory business requirement and should be treated as high priority. If you do not complete the risk assessment you will receive reminders to do so because we take your safety very seriously.

Failure to complete all elements of the programme may result in a recommendation to your manager that you do not drive on company business until the relevant training has been fully completed.

This is not a test of skill, rather a measure of exposure to risk. The risk assessment will determine your individual needs and any further action required by you.

## 10. Fines and other costs

### 10.1 Who is responsible for fine, congestion charges and administration costs?

You are responsible for all parking and speeding fines and added administration costs. All notices of intended prosecutions, fixed penalty notices and fines received, will be re-directed to your home address.

You are responsible for prompt payment direct to the issuing authority. Any escalation costs due to late payment and any additional NHSBT administration charges or fines, will be deducted from your salary.

Necessary costs incurred for parking, road tolls and congestion charges while on business use will be paid in accordance with the Travel and Expenses Policy. These expenses must be claimed using the Expenses system and authorised in the normal way.

## 11. Tax Implications

### 11.1 What tax liability will I incur on my salary sacrifice car?

You will incur a 'benefit in kind' tax liability on your lease car, calculated in accordance with HMRC regulations. This liability is collected through your PAYE tax code. It is calculated based on the:

- list price value of the lease car
- level of CO2 emissions
- Electric vehicle range (if applicable)
- Salary Foregone (If applicable under OpRA)
- the date of registration of the car

You will be provided with an estimate of the likely tax impact at the quotation stage along with future year estimates.

You should note that your quotation is based on the current financial year only and that your car benefit tax liability will change on an annual basis. For further information see [Vehicle Taxation Bands](#).

The details of your salary sacrifice car will be provided by the Lease car administrator to NHSBT pay Support and the details input to the NHS Payroll system to allow recover of the tax liability in real time, this is referred to as payrolling.

As your benefit in kind is being payrolled you will not need to notify HMRC that you have been provided with a vehicle and you will not receive a change in your personal tax code or be issued with a P11d at the end of the tax year.

Details of your car and the benefit accrued will be submitted to HMRC by NHSBT Pay Support monthly along with other details on your pay.

You should seek advice from HMRC to understand any impact on your personal income tax position before committing to signing the legally binding contract for a salary sacrifice car.

## 12. Additional support

Additional support is available to employees of NHSBT from our lease car administrators and the specific scheme website that has been created and hosted exclusively for NHSBT. Further information on this can be found on [People First](#).

## 14. Policy Approval and Review

Policy version
Title
Approved by SPC
Equality Impact Assessment completed
Counter Fraud check
This document replaces
Effective Release Date
Review Date
Author
Filepath
Distribution

## 15. FAQ's Section Details

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