

THE HIGHLAND COUNCIL
CAR CONTRACT HIRE SCHEME
CONDITIONS

INTRODUCTION

- 1.1 Under The Highland Council's ("the Council") Car Leasing Scheme the Council will hire vehicles to eligible employees of the Council ("the employee" or "employees") for private as well as business use. The Scheme is based on Full Maintenance Contract Hire Agreements between the Council and a supplying organisation ("the Contractor") under which the Contractor will hire to the Council suitable vehicles selected by individual employees for their own use. An employee will have no liability for routine maintenance, reasonable repair costs, road fund tax and motoring association membership but instead will pay the Council an assessed monthly sum in respect of private use. Before delivery of his/her vehicle is actioned, the employee will enter into a formal Hiring Agreement with the Council, on terms consistent with the Full Maintenance Contract Hire Agreement which will incorporate the terms and conditions hereinafter specified. Only essential users will be eligible to take part in the Scheme.
- 1.2 Any employee wishing to take advantage of the Hire Scheme will be required to repay any outstanding balance of car loan under the Council's Assisted Car Purchase Scheme before taking delivery of a new vehicle under the Scheme. Employees may choose any make or model of vehicle which is considered suitable for business use but the Council's contribution towards rental cost will be subject to an upper limit. Employees will be able to revert to the National Joint Council's Scheme of Car Allowances and Assisted Car Purchase on the completion of any Contract.

DURATION AND TERMINATION OF AGREEMENT

- 2.1 Individual Agreements will normally be for a period of three years. Except in the circumstances listed in paragraph 2.2, the Council will recover from the employee the cost of any financial penalty due by them to a Contractor as a result of early termination.
The penalties shall not exceed -

| <u>Period into Contract</u> | <u>Maximum Penalty</u> |
|-----------------------------|--|
| 0-12 months | 3 months gross rental (inc. the Council's share) |
| 13-24 months | 2 months gross rental (inc. the Council's share) |
| 25-36 months | 1 months gross rental (inc. the Council's share) |

Employees are required to give one month's written notice to the Council of their intention to terminate an agreement early.

- 2.2 The excepted circumstances are:-
- (i) Death in service
 - (ii) Redundancy
 - (iii) Retirement on the grounds of ill health
 - (iv) Retirement in the interests of the efficiency of the service
 - (v) Redesignation of the post occupied by the employee as non-essential car user
- 2.3 The Council may offer a car that has been released following termination of an Agreement for use by another employee. In such cases, the period of the lease will be the unexpired portion of the original hire period. An employee is not bound to accept any such offer.
- 2.4 On the expiry or earlier termination of an Agreement, the employee shall return the car in accordance with instructions given to them and shall settle all outstanding sums due to the Council in terms of the Contract. The condition of the vehicle will be appraised based on the BVRLA guidelines on return of the vehicle to the auction site, photographs will be taken of any damage over the value of £300.00.

The BVRLA Fair Wear and Tear Guide for the contract hire and leasing industry has been produced by the British Vehicle rental and Leasing Association with the assistance of a specialist working group drawn from BVRLA Members and market experts. The aim of the BVRLA Fair Wear and Tear Guide is to provide an industry-wide, accepted standard that defines fair wear and tear on passenger cars when they are returned to a BVRLA Member at the end of a contract or finance agreement. Lex Autolease are a member of this organisation. A copy of this guide can be found on the payroll website.

The employee must make arrangements to attend this inspection in person, or be represented.

The employee shall be required to reimburse to the Council the cost of any repairs considered necessary to bring the car into a condition commensurate with its age and mileage.

- 2.5 Paint chips, resulting rust spots, minor abrasions and road tar/dirt commensurate with age/mileage are acceptable. Obvious impact damage, broken/cracked glass and/or lenses, or cigarette burned or torn interior upholstery are not acceptable. Such items should be rectified by the employee prior to the return of the vehicle or the work will be undertaken and the resulting charges required to be recovered from the employee.

ALLOCATION OF COST BETWEEN COUNCIL AND EMPLOYEE

- 3.1 The Council will support the acquisition of any vehicle chosen by an employee subject to their being satisfied that the vehicle is in all respects suitable for use on Council business. The Council will however place a limit on its financial contribution.
- 3.2 The Council will assess the likely overall mileage of an employee and will undertake to hire the requested vehicle for an appropriate annual mileage.

- 3.3 The Council will assess the monthly charge to the employee having regard to the leasing cost charged by the Contractor and the estimated business mileage over the term of the contract.
- 3.4 Once established the employee's assessed charge will remain fixed for the period of the contract apart from any increases under 4.4 below.
- 3.5 In the event of an employee going on unpaid leave a cheque should be sent monthly to the Scheme Administrator to cover the monthly car lease deduction.

EMPLOYEE CONTRIBUTION

- 4.1 Each contract will be individually drawn to take account of anticipated business and private mileage. The employee's contribution will vary according to the Contractor's rental charge and the estimated business mileage, with additions for the insurance premium, employer's National Insurance liability, administration, and any other Statutory or Government inspired charges.
- 4.2 The employee's contribution will be payable in monthly instalments by deduction from salary. Deductions will commence from the first salary payment following delivery of the car. In the event of the employee leaving the Council the Director of Finance will recover any outstanding sums due from any payments to be made to the employee.
- 4.3 Private mileage in excess of that anticipated at the commencement of an agreement will be subject to an excess mileage charge of 4p per mile (plus irrecoverable VAT). Private mileage under that anticipated at the commencement of the agreement will attract a refund of 4p per mile. In the event of premature termination of the contract, the contract mileage will be calculated pro-rata to the period from the commencement of the contract to the date of premature termination. If the contract is extended the contract mileage will be calculated pro-rata up to the date the car is returned.
- 4.4 The charge to employees will be fixed for the period of the agreement apart from variations in insurance premiums, road tax, employer's National Insurance and other statutory and government imposed charges, or costs required to be met as a result of government legislation whether presently existing or introduced during the course of the contract.

However, if during the currency of the agreement the Council establishes that a vehicle mileage decreases substantially from the original contract the Council may increase the agreed monthly charge.

- 4.5 Employees will pay for all petrol and other fluids required between services or repairs but will be paid an allowance in respect of business mileage. The rate of the allowance will be determined by the Council and reviewed by it periodically taking into account the allowances recommended by the National Joint Council for Local Authority Services (Scottish Councils). The rate per mile applicable with effect from 1 April 2011 is 13.0p.
- 4.6 For the purposes of determining the mileage amounts, the total mileage shall be the mileage registered by the original vehicle hired together with that registered during the period of substitution by any substitute vehicle provided under the Scheme. In the event of the speedometer of any vehicle having to be replaced during the period of hire the employee will notify the Council of the replacement and furnish the Council with a written declaration of the speedometer reading at the time of change.
- 4.7 Fines or any other penalties and any relative administration costs arising from the use of the vehicle will be the responsibility of the employee.

INSURANCE

5.1 The Council will operate a fleet insurance policy and make an additional charge on each employee of an appropriate share of the cost of premiums. A standard excess of £100 (£50 in the case of windscreen damage) will apply and will be paid in full by employees in the event of a claim. Specific greater excesses will arise by virtue of the age and experience of drivers and additional premiums may be payable.

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| Excess for driver under 25 - | £200 |
| Excess for driver 25 years or over and (i) holds a provisional licence (ii) has held a full licence for less than 12 months | £200 |

5.2 While it is anticipated that in most cases a no claims bonus attaching to an employee's current insurance will be protected during participation in the Scheme, the Council can give no undertaking in this respect and the onus rests with the employee to ascertain the attitude of his own Insurance Company in this regard. On leaving the Scheme an employee will be given a letter from Insurance Services, Finance to forward to his Insurance Company when re-applying for cover.

5.3 The vehicle will be used for the business of the Council by the named driver only. The vehicle may be used for social, domestic and pleasure purposes by anyone acting with the permission of the named driver and the Council.

5.4 The employee shall not do or omit to do anything which would invalidate or render inapplicable the terms and provisions of the said fleet policy: Without prejudice to the foregoing generality, the vehicle shall not be used for driving tuition for financial gain, taxis, private hire, racing, pacemaking, reliability trials, competitions, rallies, trials or speed testing.

5.5 Any sums payable by the Council to the Contractor arising from damage to the vehicle or from its loss to the extent that they are not reimbursed by the Council's Insurers will be the responsibility of the employee.

5.6 In the event of an accident a claim should be submitted to Insurance Services, Finance Section, as early as practicable, considering the circumstances.

5.7 Details of any driving convictions resulting in the loss of your current driving licence during the period of the leasing agreement must be notified to the Scheme Administrator immediately.

5.8 On leaving the employment of the Council you **must** return your insurance certificate to the Scheme Administrator, prior to date of leaving.

MAINTENANCE AND REPAIR

6.1 All vehicles will be supplied on a full maintenance contract and the rental payments will include:-

- (i) Regular and routine maintenance and servicing (including both labour and materials) as specified in the Manufacturer's Service Voucher book and all remedial or repair work arising without negligence or misuse or accident on the part of the employee and needed to maintain the vehicle in a roadworthy condition. Regular and routine maintenance shall be deemed to include exhausts and batteries subject only to the above mentioned exclusions. All repairs must be referred to the Contractor for authorisation, by the Servicing Agent.

- (ii) Suitable new replacement radial ply tyres as required due to fair wear and tear. Repair of punctures.
- (iii) Membership of the RAC, including Home Start Recovery. Breakdowns attributable to driver error will be chargeable.
- (iv) Road Fund Licence.
- (v) In the event of a mechanical breakdown or accident to the vehicle or major mechanical repairs or theft and not being due to any act of neglect or default by the employee or any authorised driver, the provision of a small relief vehicle will be made. Such vehicle shall be made available until the original vehicle is repaired or replaced, but in no case beyond a maximum period of 28 days. It is the employee's responsibility to de-hire the relief vehicle. Failure to do so will result in a charge to the employee.

6.2 Servicing will be arranged as far as possible to take place at garages conveniently situated for access by the employee provided the garages are bona fide dealers approved and registered by the Scottish Motor Trade Association. All warranty work must be carried out by a franchised dealer.

Note: It is the employee's responsibility to ensure that the vehicle is serviced within the manufacturer's recommended service intervals.

6.3 With the prior consent of the Council, the Contractor may replace the vehicle (original vehicle) at any time during the term of hire applying to the original vehicle or any extension thereof, with a vehicle (replacement vehicle) of similar type, age and condition in which case all the terms and conditions of the agreement including the duration of the term applying to the original vehicle shall equally apply to the replacement vehicle.

6.4 The employee will be responsible for -

- (i) Any sums payable by the Council on termination of the hire to restore the vehicle into good order, repair and condition, excepting ordinary wear and tear resulting from the proper use of the vehicle;
- (ii) Payment of the excess not covered by insurance in any accident damage claim;
- (iii) The cost of any maintenance or repair not covered by insurance for any reason and not otherwise due to ordinary wear and tear resulting from the proper use of the vehicle.

Any dispute as to whether the replacement of or major repairs to the engine, transmission, braking or electrical system are required as a result of wilful misuse by the employee shall be referred to an independent engineer nominated by the Royal Automobile Club whose decision as to the necessity of the repairs and the nature of their cause shall be final and binding on all parties.

6.5 Because rental charges are influenced by residual values, it is in the best interest of the Council and the employee to ensure a high standard of care. Employees are obliged to:-

- (a) At their own expense, keep the car clean.
- (b) Check and top up fluid levels at regular intervals and maintain correct tyre pressures.
- (c) Observe running in speed.

- (d) Promptly report any defect in the vehicle, any accident damage occasioned thereto, and both prosecutions and convictions for motoring offences, other than parking offences, involving either the driver(s) or the vehicle.
- (e) Make the vehicle available at the appropriate time for servicing, maintenance, testing and inspections.
- (f) Obtain clearance from the Contractor for repairs in excess of the limit delegated to the user and ensuring that all invoices are submitted in accordance with the Contractor's instructions.
- (g) Ensure timeous receipt and display of road fund licences and wherever and whenever possible to keep the vehicle at his home address and suitably garaged.
- (h) Ensure the reasonable security of the car and generally conform with any instructions and recommendations issued either by the manufacturer, the Contractor or the Council.

USE OF VEHICLE

- 7.1 In addition to travel on Council business, the employee, his or her spouse, members of their immediate family and any person acting with the permission of the named driver and the Council and holding an appropriate valid and current driving licence are also permitted to use the vehicle for social, domestic and pleasure purposes, subject to any additional excesses and insurance premiums applicable to particular drivers. The Council and the Contractor reserve the right to prohibit any driver from using the vehicle in the event of reckless driving or bad handling on the part of the driver. In this connection the Council and the Contractor shall have the right to examine and demand the driving records of any driver using the vehicle. Evidence of reckless driving or bad handling may inter alia be a bad record of accidents, a bad record of mechanical breakdowns due to driver abuse or a criminal conviction for a serious motoring offence.
- 7.2 Foreign travel (which includes Northern Ireland & Eire) will be allowed subject to prior approval being obtained from the Contractor and to appropriate additional insurance and adequate breakdown protection. All additional costs arising from foreign travel including necessary repair works in excess of United Kingdom repair costs or substitute vehicle costs while abroad will be the employee's responsibility.
- 7.3 Towing will be allowable within recommended towing limits. The employee must ensure that the vehicle is not overloaded at any time.
- 7.4 The vehicle will not be used for driving tuition for commercial gain, taxis, private hire, racing, pacemaking, reliability trials, competitions, rallies, trials or speed testing.
- 7.5 The vehicle will not be used for any purpose for which it is not designed or reasonably suitable nor shall it be used for any unlawful purpose or in contravention of any statute or regulation.
- 7.6 Participants in the Scheme must make their vehicle available for business purposes whenever required and will lose their entitlement to essential car allowances under the National Joint Council Scheme for the period of their participation.
- 7.7 No sign, letters, or marks may be affixed to the vehicle without the prior written consent of the Council.

- 7.8 The speedometer drive cable must not be tampered with, or disconnected. In the event of a defect appearing in the vehicle miles recorded (odometer) the employee must arrange a replacement forthwith and notify the Council of the mileage at the time of the change. The cost of replacement will be met by the Contractor.

MISCELLANEOUS

- 8.1 Delivery and collection of vehicles will be arranged so far as possible to and from the workplace or the home address of the employee. Delivery and collection costs to island locations may require to be borne by the employee. Special orders could take up to three months for delivery and the Council can give no undertaking that any particular car will be delivered timeously. All deliveries will be arranged by the Scheme Administrator and must not be arranged between the employee and the supplying dealer.

On delivery of the vehicle the employee must satisfy himself that the vehicle is the correct make, model and colour before signing and returning the delivery note to the Contractor or the person delivering the vehicle. The delivery note shall only constitute evidence of delivery and not acceptance of the vehicle. The employee must notify the Council's Scheme Administrator immediately of any reason why the vehicle does not conform with the order.

On delivery of the vehicle the employee will be provided with an information pack containing documents necessary to use the vehicle.

On the expiry of the period of the hire contract the employee must note the mileage recorded on the odometer and notify this mileage to the Council's Scheme Administrator.

- 8.2 Vehicles will be supplied to the manufacturer's standard specification. Dealer fitted accessories which do not infringe warranty conditions may be fitted at an employee's sole expense, payment being made in full at the time the work is carried out. Any cost involved in removing accessories and making good a vehicle following such removal will be borne by the employee. The Council will meet any similar costs involved in fitting and removing business accessories, for example, radio telephone, car telephone, tow bar for work use, etc. Any accessories which cannot be removed from the vehicle without substantial or unrepairable damage to the vehicle will be surrendered with the vehicle. Car telephone aerials should be glass/wing mounted. If wing mounted the aerial should be left in situ on return. Roof mounted aerials are not acceptable.
- 8.3 An employee may by agreement with the Contractor purchase the vehicle at the end of the hire period; the Council can give no undertakings in this respect. Any penalty for early termination of the contract payable by the employee will be in addition to the purchase price agreed with the Contractor.
- 8.4 All changes of address and any other relevant personal circumstances must be notified immediately in writing to the Scheme Administrator.

- 8.5 An employee earning £8500 or more per annum will be liable to income tax in respect of the leased car.

The basis of assessment is the list price of the car on the day before date of registration. The list price includes accessories, delivery charge and VAT.

- 8.6 In the event of an employee leaving the Council and wishing to transfer their lease to another Authority, all the relevant paperwork must be completed by both Authorities before the car is removed from the Highland Council.
- 8.7 If an employee is in breach of any of the foregoing conditions, the Council reserve the right to terminate the Lease Agreement and recover any financial penalty and other costs that may thereby arise.
- 8.8 No means for dealing with disputes detailed in the Scheme shall obviate the Council's recognised agreed procedures.
- 8.9 The Council may amend, substitute or delete any of the foregoing conditions at any time, provided that no such alterations shall be made before employees then participating in the Scheme have been given one month's notice in writing of the proposed alterations and given the opportunity to terminate the agreement under the conditions outlined in clause 2.1 of these conditions.