

employeebenefitsolutions



**Frequently
Asked Questions**

**UNIVERSITY OF
BIRMINGHAM**

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Taking all the hassle out of
acquiring a new car...

1. Who are **sgfleet**?

sgfleet are a professional fleet management company who obtain excellent discounts on buying, maintaining and all elements of running new cars. We pass these discounts on to you to ensure you have a trouble free, and cost effective motoring experience.

The monthly lease payments can be made either by direct debit from your bank account (Personal Contract Hire) or through payroll deduction from your gross pay (Novalease).

2. What is Novalease?

The monthly payment is made through a payroll deduction which will provide additional Tax and/or NI savings. This is also known as salary sacrifice. This is available for cars with emissions of 75g/km and below. These cars are also better for the environment and have lower fuel consumption making them excellent choices.

3. What is Personal Contract Hire?

Personal Contract Hire allows you to lease any car from **sgfleet**. This is particularly useful if the car of choice does not benefit from any Tax or NI savings or you simply do not want to or cannot do salary sacrifice. It will also allow family/friends to make savings on new cars. The great news is, you still benefit from the 'Fuel & Go' package and corporate discounts that Novalease provides. You can also pay a larger initial payment to reduce your monthly payments, making the cost more affordable each month.

4. What's included?

The cost shown on your quote includes all of the following:

-  Servicing and full maintenance
-  Tyres
-  Consumables (i.e. brake pads/discs, wiper blades, oil, bulbs)
-  Roadside Assistance
-  Accident management

With Novalease the following can also be included:

-  Debt Waiver (cover for unforeseen circumstances such as redundancy, permanent disability, death or if your car is written off)
-  Fully comprehensive insurance (fixed for the duration of your term, up to 3 years)

Choosing your new car...

1. Who is eligible to take part in the scheme?

The scheme is open to all employees, their family and friends. Applicants ideally should have passed their probation and been in their role for 6 months or more. To find out what your probation period is if you are a new employee (or in a new role), please speak to your Line Manager or HR Department. Applicants must also be between 18 and 75 years old.

2. How do I choose my car?

All of our cars are available to view online with prices for both Novalease and Personal Contract Hire. You are able to search for cars by make, model, CO2, engine size, body style etc. and the system will provide indicative costs based on example terms and mileages. Should you need a quote for an alternative term or mileage, please contact the Employee Benefit Solutions Team on **0344 85 45 161** or email **ebs@sgfleet.com** with your requirements and they can tailor the quote for you.

3. What is the process for ordering a car?

Once you have accepted the quotation for a vehicle, you will complete a short online credit application. On acceptance, we will send your lease agreements out to you and once we received the signed copy back, your car will then be ordered. At this point, you will be advised of the expected delivery date and you will be kept up to date with progress right up to the delivery of the car. Should the delivery of a car take more than 90 days then **sgfleet** will seek re-approval for the credit application.

You will also have a 12 day cooling off period, should you change your mind.

4. Can I lease more than one car?

Yes, subject to affordability and acceptance for the credit application.

5. How long can I lease a car for?

You can choose any lease term from 24 through to 48 months and a mileage budget to suit your needs. After the first 12 months, you can also restructure your lease should your mileage requirements change. This can be done at any time during your lease as long as you have more than 7 months remaining on your contract. To discuss requirements, please contact the Employee Benefit Solutions Team on **0344 85 45 161** or email **ebs@sgfleet.com**

6. Do I have to make any upfront payments?

If your lease is through Novalease then no initial payment is required. This maximises your tax savings and ensures you do not have a large deduction from your pay. Your salary deductions will start the month following delivery of your car.

If your lease is a Personal Contract Hire, You have the option to make an initial payment of 1,3,6,9 or 12 months payments and this will reduce the monthly payments through the rest of your lease term. The initial payment is required before delivery of the car, and the monthly direct debit payments will start the month following delivery of the car.

Servicing & Maintenance...

1. Will my lease include service, maintenance, repairs and tyres?

Yes, every lease through **sgfleet** will include full maintenance. This doesn't just cover regular servicing but also;

- Other scheduled items such as brake pads/discs and engine oil
- Unscheduled maintenance such as replacing a faulty exhaust
- Replacement tyres on a fair wear and tear basis

2. Can insurance be included?

As part of Novalease, yes. The cost of the insurance is fixed up to 3 years on a pay monthly basis (included in your lease cost). As the premium is included in your salary deduction, you will also make further tax and NI savings.

You can add up to 2 additional drivers, plus the insurance includes business use, travel in the RU and also legal cover. A copy of the Key Features are available from the Employee Benefits Team on request.

It is not compulsory to insure the car through **sgfleet**. If you so wish, you can arrange your own fully comprehensive insurance.

With Personal Contract Hire, we are not able to include our insurance, therefore you will need to arrange your own.

3. What costs are not included in my lease?

Some items won't be included in your lease such as fuel, fines, road & bridge tolls. Also things like maintenance due to driver behaviour, excess mileage, vehicle/tyre damages and driving induced faults will be recharged directly to you by **sgfleet** and not through your employer.

4. What is fair wear and tear tyre replacement?

If your tyres need replacing due to being worn out, a puncture or pothole damage, **sgfleet** will pay for your replacement tyres. However if you need to replace a tyre because they have been damaged due to driver error, we will still arrange for your tyres to be replaced but may invoice those costs to you.

5. Where can I get my tyres replaced?

You can book your car into any ATS Euromaster or Kwik Fit. For assistance call our Driver Assistance number on **0344 880 1888** or email **uk.customerservice@sgfleet.com**

6. What if I have an accident or breakdown?

If you have an accident or breakdown simply call our 24/7 Driver Assistance number on **0344 880 1888** and select the breakdown option. We will do everything we can to get you back on the road promptly.

7. Where can I get my car serviced?

Your car should always be serviced at a Manufacturer Franchise Dealership. You can book your car into your local dealer or call our Driver Assistance number on **0344 880 1888** for assistance.

8. Will I be provided with a courtesy car when my car is being serviced or repaired?

A courtesy car is only provided if the dealership or garage are able to provide one whilst your car is being serviced or repaired, or if you have replacement car cover as part of your insurance policy. If you require a courtesy car whilst your car is being serviced, please allow adequate time when booking in your vehicle and request at the point of booking.

9. Can I take my car abroad?

Yes, if you intend to travel abroad using your lease car, please call the Driver Assistance Line on **0344 880 1888**. You will require a 'Vehicle On Hire (VE103)' certificate which entitles you to drive the vehicle in any EU member state. You must apply for your VE103 at least 7 working days before you travel and it is valid for 12 months from the date of issue. This will cover you for all foreign travel within that 12 month period. There will be a small charge for the VE103.

You will also need to have Eurocover (European Breakdown Assistance) which we can also arrange for you when calling the Driver Assistance Line.

If your insurance is provided by **sgfleet** as part of your Novalease package then this includes use of your car in the EU, up to a period of 60 days.

The legal stuff...

1. Is my lease regulated by the Consumer Credit Act?

Yes, Contract Hire Agreements are regulated by the Consumer Credit Act. **sgfleet** will contract all the required consumer credit contracts with you.

2. What if the agreement is terminated early?

If you decide to end your agreement early, the following charges will apply. For the exact terms and conditions please refer to your lease agreement.

Minimum Period of Hire Remaining	% of remaining rentals
37 to 48 months	35%
31 to 36 months	40%
25 to 30 months	45%
19 to 24 months	50%
13 to 18 months	55%
7 to 12 months	60%
1 to 6 months	65%

3. What happens at the end of the agreement?

We will contact you well before the end of the agreement to explain your options. You can hand your current car back, extend the lease of your current car (up to a total of 48 months including your current term length), or of course you can take another lease to replace your existing car.

4. Will my car be inspected?

On the day of collection we will inspect your car with you and take note of the actual mileage. We understand that cars will not come back in showroom condition and expect a level of Fair Wear and Tear. We adopt the British Vehicle Rental and Leasing Association's guide to Fair Wear and Tear. Any damage levels will be agreed with you at the time of collection. It is important to take good care of your car and repair any damage that may occur following a conversation with our Driver Assistance Team.

If your actual mileage has exceeded your budgeted mileage, an excess mileage charge may be payable. These are shown on your car quotation and lease agreement.

Novalease (Salary Sacrifice) information...

1. What mileage reimbursement rate will I receive if I use my Novalease car for business?

The current HMRC advisory rates can be found on the HMRC website

http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm

Please refer to your company policy for further information.

2. How does a salary sacrifice/exchange agreement work?

Your contractual entitlement to gross pay is reduced by the amount you have given up (the gross lease cost shown on your quote as 'without Novalease'), and you will pay income Tax and NI on the reduced salary amount. The vehicle you receive in return is then taxable as a Benefit in Kind (BIK), depending on the list price and emission levels. The tax and NI savings will be greater than the Benefit in Kind tax, resulting in savings for you on your lease payments.

3. Are there any drawbacks to a salary exchange arrangement?

Such an arrangement is strictly a change in the terms and conditions of your employment. However you should be aware of the following:

- As NI payable is reduced this may have an impact on some earnings related State benefit
- Some lenders will look at the lower salary when deciding how much to lend and on what terms; although most will refer to notional pay (which is generally taken to be the pre-salary exchange amount). If you are about to buy a house or re-mortgage, you should check with the provider whether this will make any difference

Further details visit the HM Revenue & Customs website at:

www.hmrc.gov.uk/specialist/salary_exchange.pdf

4. How does my tax change as a result of salary exchange?

Your tax changes in two specific ways:

1: Reduced cash pay and reduced tax/NI

Your monthly gross pay will be reduced by the cost of the lease. As this reduction takes place before tax and NI is deducted from pay, your net pay will be reduced by the contract cost net of this tax and NI saving. For example, if you are paid £2000 per month and the car contract cost is £400, a simple illustration of the impact on your pay (leaving aside personal allowances and any other adjustments for pension, childcare vouchers etc.) would be:

Basic Pay	£2000	Basic Pay	£2000
		Novalease	£400
		Revised Cash Pay	£1600
PAYE @ 20%	£400	PAYE @ 20%	£320
NI @ 12%	£240	NI @ 12%	£192
Net Pay	£1360	Net Pay	£1088

The net pay reduction is £272 not £400 because the contract cost is deducted before tax @ 20% on this amount of £80 and NI @ 12% on this amount of £48.

2: Car benefit and tax on car benefit

For cars with a CO₂ of 75g/km and below the car you choose under the contract will create a taxable benefit. The value of the benefit is calculated as a percentage of the list price of the car based on a scale of CO₂ emissions. This will be reported to HM Revenue and Customs after each tax year (ending 5th April) on a form P11d.

Cars with CO₂ emissions of 76g/km or above the value of the benefit is the greater of the above calculation or the finance element of the monthly rental of the car.

Normally the car benefit value will be included in your PAYE code to collect the tax on this car benefit from pay month by month.

When you first have a car the benefit will be reported by your employer to revise your PAYE code. We suggest that you also contact HM Revenue & Customs to ensure you PAYE code has been amended and to make sure you do not fall behind in paying the tax on the car benefit. This can be done online by going to <https://www.gov.uk/update-company-car-details> or contact HMRC on **0300 200 3300**. If you have any queries, please call our helpline on **0334 854 5161**.

5. What about my pension arrangements?

Generally, any other benefits linked to salary, such as pensions contributions will still be linked to the salary before reduction however if you are a member of the Local Government Pension Scheme, there may be an impact of a car salary sacrifice. An employee's pension and the potential impact of a salary sacrifice scheme will depend upon an individual's personal circumstances and employees should check out any impact with their pension scheme, or their own advisors.

For details on your pension scheme and contact details, please contact your HR or Payroll Dept.

6. What is a Modifying/Novation Agreement?

This allows your employer to provide the car as a benefit to you under a salary sacrifice agreement. The Novation Agreement changes the lease agreement from your name to your employer's. Your employer then pays **sgfleet** the rentals, deducts them from your pre-tax salary and provides the car to you as a benefit. By choosing a lower CO2 vehicle this increases your income tax and National Insurance savings.

If for any reason you no longer work for your employer, the Novation Agreement automatically stops and the lease agreement reverts to your name. The great news is that you then get to continue enjoying the benefits of a lease through Novalease and will make the payments directly to **sgfleet** via Direct Debit.

There is also the option to sign a new Novation Agreement with your new employer allowing you to continue to save income tax and National Insurance, subject to their approval.

At the end of your lease, the Novation Agreement would also terminate and any end of contract items and payments due are managed directly between you and **sgfleet**.

7. What happens if I take maternity, paternity or adoption leave?

If for any reason your salary dropped too low to cover your salary exchange, your Novation Agreement would cease. You can then retain the vehicle by making payments directly to **sgfleet** during your leave, although these payments would not attract Tax and NI Savings and there would be no BiK on the car. If you wish to benefit from these savings, it may be possible for you to increase your payments in the lead up to your leave. For example, arrange to make double payments for 6 months which would cover your 6 months of leave (this is subject to National Minimum and Living Wage checks)

If you are planning to take leave, we recommend that you consult your employer to check their Parental Leave Policy and also contact **sgfleet** directly to discuss options as soon as you can.

8. What if I am made redundant or suffer permanent disability?

If you include debt waiver in your contract and your employment ended due to involuntary redundancy, permanent disability or accidental death, the car can be handed back to **sgfleet** and we will waive the early termination costs (up to a maximum of £12,000).

If your contract does include debt waiver, the exact terms and conditions can be found in your lease agreement.

Whilst there would be a reduction in the cost of the lease payments without debt waiver included, in the event that your employment ended as outlined above, or your car was written off or stolen, you or your estate would be liable for the early termination costs as shown in the table on page 6.



sgfleet takes care of everything
so you can just...

Fuel & Go!

We've got the rest covered



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