

# novalease

The **Fuel & Go**  
Car Lease Scheme



## Frequently Asked Questions

If you have any further questions or would prefer to talk to someone please speak to one of the Novalease Consultants on **0845 868 7124**

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# Novalease FAQ's

These Frequently Asked Questions are here to help you understand how Novalease works. Of course if you have any other questions or require further clarifications, please feel free to call us on **0845 868 7124**.

## What's included?

Our cars come as a complete package, it is genuine **"Fuel and Go"!**

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
-  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)

## And remember there is no deposit required!

**sgfleet** is a professional fleet management company so we obtain excellent discounts on buying, maintaining and all elements of running new cars. We pass these discounts onto you to have trouble free and cost effective motoring.

Another reason why Novalease works so well is that it allows you to exchange a portion of your gross salary in return for a car of your choice. This creates tax and national insurance savings and means a new car can be driven for significantly less than before.

## **Am I eligible to take part in the scheme?**

Yes, all employees are able to take part in the scheme **subject to their earnings after salary sacrifice/exchange being at or above the National Minimum Wage; and subject to their employment contract running until at least the end of the vehicle leasing agreement,**

## **How do I choose my car?**

You can speak to one of our Novalease Consultants on **0845 868 7124** who will be able to answer any queries you have, help you choose the right make and model, decide on options, let you know about any special offers that are currently available and advise you on delivery times. They will then be able to provide a detailed package to you.

Alternatively, you can use the Novalease Online Car Cost Calculator at [www.sgfleet.com](http://www.sgfleet.com) where you will be able to search for cars by make, model, CO2, engine size, body style etc and the system will provide indicative costs.

## **What is the process for ordering a car?**

Once you have accepted the quotation for a vehicle, you will complete a short credit application online. On acceptance, the car will then be ordered and you will be informed of the expected delivery date. You will be kept up to date with progress right up to 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.

## **Can I lease more than one car?**

Yes, subject to acceptance for the credit application.

## **How long can I lease the car for?**

You can choose any lease term from 24 months through to 48 months and a mileage budget to suit your needs.

## **Do I have to make any upfront payments?**

No!

Unlike many other forms of car finance, Contract Hire does not require any large upfront payments. Our initial rental is the same as the subsequent monthly rentals. With other forms of car finance, your initial payment can be as much as twelve times higher than the subsequent monthly payments! It is important to be aware of this when comparing different finance options.

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

## **What is Contract Hire?**

Contract Hire is a lease agreement where you simply rent a car from sgfleet and at the end of the contract you hand the car back to **sgfleet**. Your lease rental will include servicing, maintenance, tyres, road fund licences, roadside assistance, cover for unforeseen circumstances and can also include comprehensive insurance.

At the start of the contract, we agree a length and mileage budget with you. During the contract, if you find you are tracking over or under the mileage budget, we can adjust it and the rental accordingly. It is important to do this because, at the end of the contract, if you are over your mileage budget, an excess mileage charge is applicable.

## **Why do lower CO2 cars work better on Novalease?**

You will be exchanging some of your gross salary in return for what is effectively a company car. As such, the car will attract Benefit in Kind/P11d tax. The tax is lower for lower CO2 cars, which makes them more tax effective on Novalease. Our Consultants can help you choose cars with lower emissions that suit your requirements.

These cars are also better for the environment and have lower fuel consumption making them excellent choices. Simply, the lower the CO2 the greater the savings to you, however low CO2 cars are no longer only small boring ones! Manufacturers continue to develop exciting technology delivering excellent fuel efficiency together with power and responsiveness. Our consultants can help you with car choices so feel free to contact us to help you.

## **Do I have to choose a low CO2 car?**

In order to continually improve their environmental performance, your employer is committed to reducing CO2 output from cars used on business mileage and in commuting to work. Therefore, your employer has set a limit of 120 CO2, however this does not mean a restricted choice as there will still be 1000's of cars to choose from.

## **Does my lease include service, maintenance, repairs and tyres?**

Yes. All leases through **sgfleet** include Full Maintenance. This doesn't cover just regular servicing but also;

- other scheduled items (such as brake pads, brake discs and engine oil)
- unscheduled maintenance (such as replacing a faulty exhaust)
- replacement tyres (on a fair wear tear basis)

## **Can insurance be included?**

Yes. **sgfleet** can arrange this for you or you can find your own insurance.

If **sgfleet** arranges your insurance the cost of insurance will be fixed for up to 3 years on a pay by the month basis. You will then benefit from a fixed monthly cost and the convenience of not needing to renew your policy each year.

The further good news is that the premium will be included in your salary exchange so that you make further tax and national insurance savings.

You can add up to 2 additional drivers, plus the insurance includes business use, travel in the EU and also legal cover.

For further information, or to receive a copy of the key features, please call a Novalease Consultant on **0845 868 7124**.

## **What about costs 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.

## **Can I lease a car for a member of my family to drive?**

Yes, subject to the family member being insured to drive the car.

## **Is my lease regulated by the Consumer Credit Act?**

Yes. Under a salary sacrifice scheme, Contract Hire agreements are regulated by the Consumer Credit Act. **sgfleet** will contract all the required consumer credit contracts directly with you.



## How does a salary exchange arrangement work?

This is also commonly called 'Salary Sacrifice' as you agree to give up an amount of your salary in return for a non-cash benefit from your employer. As your contractual entitlement to gross pay is reduced by the amount you have given up, you pay income tax or NI on a reduced salary amount. The vehicle you receive in return is then taxable at a lower rate as a benefit-in-kind (BIK), depending on the list price and emission levels, resulting in savings for the employee.

## 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 benefits  
you cannot use salary exchange to take your earnings below the National Minimum Wage
- 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

For further details visit the HM Revenue & Customs website at:

[www.hmrc.gov.uk/specialist/salary\\_exchange.pdf](http://www.hmrc.gov.uk/specialist/salary_exchange.pdf)

## 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 contract. 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, say you are paid £3,000 per month and the car contract cost is £500 a simple illustration of the impact on your pay (leaving aside personal allowances and any other adjustments for pension, etc.) would be:-

Basic pay	£3,000	Basic pay	£3,000
		Car scheme reduction	-£500
		Revised cash pay	£2,500
PAYE @ 20%	-£600	PAYE @ 20%	-£500
NI @ 12%	-£360	NI @ 12%	-£300
Net pay	£2,040	Net pay	£1,700

The net pay reduction is £340 not £500 because the contract cost is deducted before tax @ 20% on this amount of £100 and NI @ 12% on this amount of £60.

## 2) Car benefit and tax on car benefit

The car you choose under the contract will create a taxable benefit. The value of the benefit is calculated as a percentage, based on a scale of CO2 emissions for the car, of the list price of the car. This will be reported to HM Revenue and Customs after each tax year (ending 5 April) on a form P11D. 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 also be reported by the business to revise your PAYE code. You may also want to contact HM Revenue and Customs to ensure your PAYE code has been amended, to make sure you do not fall behind in paying the tax on the car benefit. You will need your NI number (on your payslip) and contact details for HM Revenue and Customs are **0845 300 0627** – quoting University of Birmingham's reference number 068/U50900.

Any other benefits linked to salary, such as pension contributions or a company life assurance benefit, will still be linked to the salary before the reduction, as will pay rises and overtime earnings.

### ***What about my pension arrangements?***

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. If you have a University of Birmingham Pension, please contact: BPAS – 0121 414 6489; Friends Life – 0845 602 9189; USS – 0151 227 4711; NHS 0300 3301 346

### ***Some staff are already in a salary exchange (sacrifice) scheme for their pension, childcare, or a bike. Is there an upper limit on how much salary an employee may exchange?***

The University's limit is that one or more salary sacrifice/exchange arrangements cannot reduce an employee's cash earnings below the National Minimum Wage rates.

[http://www.hmrc.gov.uk/specialist/salary\\_exchange.pdf](http://www.hmrc.gov.uk/specialist/salary_exchange.pdf)

### ***Would leasing a car through this vehicle salary exchange scheme really involve a change of my terms and conditions of employment?***

Yes. A salary exchange/sacrifice arrangement is an agreement between the University as the employer and an employee to change the terms and conditions of employment contract to reduce the employee's entitlement to cash pay. The exchange of cash is usually made in return for some form of non-cash benefit, in this case a car.

Salary exchange/sacrifice can be financially beneficial for the employee when part of the employee's remuneration shifts from cash, on which Tax and National Insurance contributions are due, to a non-cash benefit that is wholly or partially exempt.

<https://www.gov.uk/salary-sacrifice-and-the-effects-on-pay>

## **What is a Modifying/Novation Agreement?**

A Modifying or Novation Agreement allows your employer to provide the car as a benefit to you. It takes a personal lease agreement and makes it a Novalease which you can salary exchange! 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 saves you income tax and national insurance.

If for any reason you no longer work for your employer, the Novation Agreement automatically stops and the lease agreement reverts to your name. You then get to continue enjoying the benefits of a lease through **sgfleet** and will make payments directly to **sgfleet**. At the end of the lease agreement your Novation Agreement would also terminate. That means that if any end of contract items and payments are due, they are managed directly between you and **sgfleet**.

## **Is it possible to lease two or three wheel vehicles?**

Due to safety concerns, no two or three wheeled vehicles are included in the leasing scheme.

In order to encourage more sustainable travel, and contribute to more affordable travel, the University:

- Has arranged for **sgfleet** to include some cars on the scheme that can be leased for less than £150pcm excluding insurance
- Offers 'Cyclescheme', a salary exchange cycle purchase scheme  
<https://intranet.birmingham.ac.uk/hr/benefits/offers/cyclescheme.aspx>
- Arranges discounted public transport travel passes  
<https://intranet.birmingham.ac.uk/has/sustainable-travel/Public-transport.aspx>

For more information on Sustainable Travel, please contact Monica Guise, the University's Sustainable Travel Coordinator. Support Services, Postroom, B15 2TT. Tel: 0121 414 3855  
Email: [sustainabletravel@contacts.bham.ac.uk](mailto:sustainabletravel@contacts.bham.ac.uk)

## **Where can I get my car serviced?**

Your car should always be serviced at a Manufacturer Franchise Dealership. This helps to ensure that your car runs at its optimum. You can either book your car into your local dealer or call our Driver Assistance number on **0844 880 1888** and we will arrange the service for you.

## **Can my personalised number plate be transferred to the leased vehicle?**

Yes, **sgfleet** will have to carry this out for you, and the cost of changing the vehicle for you personalised number plate can be charged as part of your monthly vehicle leasing fee. Please call the Novalease Driver Assistance number on 0844 880 1888 and we'll talk you through the process.

## **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. For example, if you were to lose control on a corner, hit a kerb and damage the sidewall of the tyre we may charge for the tyre. The cost will be pro-rata based on the tyre tread at the time of replacement.

## **Where can I get my tyres replaced?**

You can book your car into any ATS Euromaster or call our Driver Assistance number on **0844 880 1888** and we will arrange it for you. ATS may be able to offer a mobile service with a few days notice.

## **What mileage reimbursement rate will I receive if I use the car for business use?**

Any business mileage will be paid at the normal rates of 45p per mile for the first 10,000 miles p.a. and 25p per mile thereafter. As the car is classified as a company car for tax purposes, you will pay tax and NI on any monies paid above the HMRC advisory rates for company cars. The current rates can be found on the HMRC website ([http://www.hmrc.gov.uk/cars/advisory\\_fuel\\_current.htm](http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm))

## **What if I have an accident or breakdown?**

If you have an accident or breakdown, simply call our 24x7 Driver Assistance number on **0844 880 1888**. We will do everything we can to get you back on the road promptly. The provider is currently the RAC.

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

Please note that 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 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.

## **Can I take my car abroad?**

Yes. If you intend to travel abroad using your lease car please call our Driver Assistance number on **0844 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. It is valid for 12 months from the date of issue and will cover you for all your foreign travel within that 12 month period. There is a small charge for the VE103.

You will need to have Eurocover (European breakdown assistance) which we can also arrange for you. Call the Driver Assistance number for a quote for adding Eurocover, which will also be valid for a 12 month period.

The sgfleet comprehensive insurance provides free extended use of your car in the EU, up to a period of 60 days

## **I have an existing car, what options do I have?**

You could sell the car or you could also keep the car and salary exchange a second vehicle.

## **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 retain the vehicle by making payments directly to *sgfleet* during your leave, although these payments would not attract Tax and NI savings. However, if you wish to benefit from these savings, it would be possible for you to increase your payments in the lead up to your Maternity, Paternity or Adoption Leave. For example, we can arrange to make double payments for 6 months which would cover 6 months of leave.

If you are planning to have maternity or paternity leave we recommend that you consult your employer to check their Parental Leave policy and you should contact *sgfleet* directly to discuss options as soon as you can.

## **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.

<b>Minimum Period of Hire Remaining</b>	<b>% of remaining rentals</b>
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%

## **What if I'm made redundant, suffer a permanent disability or even die?**

If your employment ends 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). For the exact terms and conditions please read your lease agreement.

## **What are the implications of removing the debt waiver from the arrangement?**

There would be a reduction in the cost of the lease payments, but in the event that your employment ends due to involuntary redundancy, permanent total disability or accidental death, 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 above.

## **What if I leave my Job?**

If you do leave your job, your Novation Agreement will cease and the lease will revert back to you. You can then either;

- Keep the car and continue to make the monthly payments to sgfleet at the contractual rate.
- Sign a new Novation Agreement with your new employer allowing you to continue to save income tax and national insurance, subject to their approval.
- Terminate your lease agreement by paying the early termination costs detailed in your lease agreement and handing the car back to sgfleet.

## **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 on your current car or, of course, take another car to replace your existing one.

When you hand your car back we will inspect it 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 collection of the car. It is important to take good care of your car and repair any damage that may occur.

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



Of course, if you have any further questions, please feel free to call us and speak to one of our consultants on **0845 868 7124** who will be more than willing and able to help you. Alternatively email us on **[Novalease@sgfleet.com](mailto:Novalease@sgfleet.com)**

