



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Lease Car Salary Sacrifice

Early Termination Payments

When an employee enters into a Lease Car Salary Sacrifice arrangement, the agreement is normally for a period of 3 years during which time the employee's salary is reduced to make the required monthly payments.

As part of the arrangement if the agreement is terminated early, there is an early termination payment based on the year in which the arrangement ceases:

- If the agreement is terminated in Year 1, the early termination payment is 5 months' payment
- If the agreement is terminated in Year 2, the early termination payment is 3 months' payment
- If the agreement is terminated in Year 3, the early termination payment is 1 months' payment

It is important to note that the employee pays the early termination payment. As part of the Salary Sacrifice contractual arrangements, the early termination payment will be deducted from their final or penultimate monthly salary. If there are insufficient monies in their final or penultimate salary to cover the payment, a bill will be issued to the member of staff.

This means, for example that if an employee is paying £200 per month as part of arrangement, if the agreement is terminated in Year 1, £1,000 will be deducted from their final or penultimate salary.

Implications for Voluntary Resignations

Employee takes up another post within NHS Wales

If an employee resigns their employment to leave the UHB to take up another post within NHS Wales, where the Health Board is running the Fleet Solutions NHS Salary Sacrifice Scheme, there *may* be the possibility that the employee could transfer their arrangement to their new employer. In these circumstances, the employee would not be required to pay the early termination payment.

If the new NHS Wales employer does not use the Fleet Solutions NHS Salary Sacrifice Scheme, the employee will be required to pay the early termination payment.

Employee does not take up another post within NHS Wales

If an employee resigns and does not take up another post within NHS Wales, they will be required to pay the early termination payment. This provision will apply even if the employee wishes to remain as a Bank Worker.

Voluntary Early Release

If an employee successfully applies for Voluntary Early Release, as above the employee will be required to pay the early termination payment.

Retirement

If an employee retires, as above the employee will be required to pay the early termination payment.

Ill Health Retirement

If the employee retires on the grounds of ill health, they will not be required to pay the early termination payment.

Sickness Terminations/Disciplinary Terminations/Capability Terminations

If an employee's employment is terminated due to sickness reasons, disciplinary reasons or capability reasons, the employee will be required to pay the early termination payment.

In this respect, if an employee is at the formal stages of either the Sickness Policy or the Disciplinary Policy at the time of their Lease Car Salary Sacrifice application, there is a possibility that their application will **not** be supported.