



AGENDA

NOTE: In the case of non-members, this agenda is for information only

- Committee** - **GENERAL PURPOSES
COMMITTEE (SPECIAL MEETING)**
- Date & Time** - WEDNESDAY 20TH MARCH 2013 AT 10.00AM
- Venue** - NORFOLK ROOM, THE CONFERENCE SUITE,
ELIZABETH HOUSE, DEREHAM

Members of the Committee requiring further information, or with specific questions, are asked to raise these with the appropriate officer at least two working days before the meeting. If the information requested is available, this will be provided, and reported to Committee.

Persons attending the meeting are requested to turn off mobile phones

Members:

Mr P.J. Duigan (Chairman)
Mr T R Carter (Vice-Chairman)
Mr S.G. Bambridge
Mr W.P. Borrett
Mrs B Canham
Councillor M. Chapman-Allen

Mr C. S. Clark
Mr S R Green
Mrs S.M. Matthews
Mr B J Skull
Mrs A.L. Steward
Mr D.R. Williams JP

Member Services
Elizabeth House, Walpole Loke,
Dereham Norfolk, NR19 1EE

Date: Tuesday, 12 March 2013

PART A - ITEMS OPEN TO THE PUBLIC

	<u>Page(s)</u> <u>herewith</u>
1. <u>MINUTES</u> To confirm the minutes of the meeting held on 27 February 2013.	1 - 5
2. <u>APOLOGIES</u> To receive apologies for absence.	
3. <u>DECLARATION OF INTERESTS</u> Members are no longer required to declare personal or prejudicial interests but are to declare any new Disclosable Pecuniary Interests that are not currently included in the Register of Interests. Members are reminded that under the Code of Conduct they are not to participate and must leave the room, for the whole of an agenda item to which they have a Disclosable Pecuniary Interest. In the interests of transparency, Members may also wish to declare any other interests they have in relation to an agenda item, that support the Nolan principles detailed within the Code of Conduct.	
4. <u>URGENT BUSINESS</u> To note whether the Chairman proposes to accept any item as urgent business, pursuant to Section 100(B)(4)(b) of the Local Government Act 1972.	
5. <u>NON-MEMBERS WISHING TO ADDRESS THE MEETING</u> To note the names of any non-Members who wish to address the meeting.	
6. <u>ASSISTED CAR PURCHASE SCHEME</u> Report of the Assistant Director of Commissioning.	6 - 28
7. <u>NEXT MEETING</u> To note that the next meeting will be held on Wednesday 17 April 2013 at 10.00am in the Norfolk Room, Conference Suite, Elizabeth House, Dereham.	

BRECKLAND COUNCIL

At a Meeting of the

GENERAL PURPOSES COMMITTEE

**Held on Wednesday, 27 February 2013 at 10.00 am in
Norfolk Room, The Conference Suite, Elizabeth House, Dereham**

PRESENT

Mr P.J. Duigan (Chairman)	Mrs B Canham
Mr T R Carter (Vice-Chairman)	Mr C. S. Clark
Mr S.G. Bambridge	Mrs S.M. Matthews
Mr W.P. Borrett	Mr B J Skull

In Attendance

Neil Fordham	- Payroll and Reward Manager
Helen McAleer	- Senior Committee Officer
Alison Peart	- Interim Senior HR Advisor
Cal Spearman	- HR Business Partner
Rod Urquhart	- Operations Manager (Support and Fraud)

Action By

10/13 MINUTES (AGENDA ITEM 1)

The Minutes of the meeting held on 9 January 2013 were confirmed as a correct record and signed by the Chairman.

11/13 APOLOGIES (AGENDA ITEM 2)

Apologies for absence were received from Mrs Steward and Mrs Chapman-Allen.

12/13 LOCAL JOINT CONSULTATIVE COMMITTEE (AGENDA ITEM 6)

The Chairman noted that the LJCC had a Legislation Update as a Standing Item and suggested that it would be useful to have something similar on the General Purposes Agenda to ensure Members were aware of changes.

The recommendations in the Minutes would be taken into consideration when those items on the agenda were discussed.

RESOLVED that the Minutes of the Local Joint Consultative Committee meeting held on 14 February 2013 be adopted.

13/13 ARP HOMEWORKING POLICY (AGENDA ITEM 7)

The Operations Manager (ARP) presented the report and explained that currently the Partnership had three different Homeworking Policies which caused confusion, inefficiency and difficulties for Managers.

A new Policy had been developed following consultations with the HR Teams, Unison and staff. It had been presented to the LJCC and their suggested amendments had been incorporated. It was an ARP specific Policy and provided parity for all Partnership homeworking staff.

The scheme would be cost-neutral at worst and would possibly produce further efficiencies in productivity.

The Policy made clear who could work from home and the criteria required. Suitability for homeworking was carefully assessed and included psychometric testing. Homeworking staff were also regularly reviewed. In every instance a business case was required to support an application for homeworking to ensure a return on the investment, as kit provision cost about £800.

The two amendments suggested by LJCC had concerned the allowance paid and the system downtime options.

The allowance would be paid at the approved Inland Revenue rate. As some staff were currently on different rates to that there would be a consultation period before any change was introduced.

With regard to unplanned system downtime, the Policy had been clarified (on pages 19 and 20 of the agenda) to set out the actions required by staff and the options available to Managers in such instances.

Mr Carter asked about the psychometric testing as he knew there were a number of systems available. It was confirmed that the test used was specifically designed to address homeworking criteria.

Mr Clark asked if there were any legal implications for staff working from home and was advised that there were not. As the work involved access to the DWP database the system had to be extremely secure and nothing was stored locally.

Mr Borrett supported the idea of a single Policy across the four authorities and Mr Bambridge agreed and asked whether there were any comments from the ARP Joint Committee Members.

The Operations Manager (ARP) advised that the Joint Committee had considered the new Policy in December 2012 and had approved

it. The Assistant Director of Commissioning had requested that the Policy be referred to the LJCC and General Purposes Committee.

In response to a question from Mr Clark it was confirmed that there were currently about 130 homeworkers across the four authorities. Many of those were part time staff.

The LJCC had requested an update on how the Policy was working in October and any changes in the uptake for homeworking would be reported then.

Mrs Canham thought that homeworking was a good idea but noted that it did not suit some people. She asked how people working from home were monitored.

The Operations Manager (ARP) advised that there had been homeworkers for the past three or four years and there were a range of measures in place to ensure their welfare and performance, including keeping-in-touch days, when they were required to be in the office for team meetings and one-to-one's with their Team Leaders. At those meetings any issues could be raised. If there was a change in personal circumstances it might mean that homeworking could cease. That would not preclude the officer from applying for homeworking in future. With regard to performance, both output and accuracy were measured and assessed against an average. There was a rigorous performance management framework and statutory service targets from the DWP were strictly measured.

The Chairman noted that on page 19 the Policy required office space 'free from background noise'. He suggested that that was an unrealistic requirement and the Operations Manager (ARP) agreed and said that he would amend the wording to say 'without distractions'.

RESOLVED to approve the new ARP Homeworking & Home Enabled Policy.

14/13 ASSISTED CAR PURCHASE SCHEME (AGENDA ITEM 8)

The Payroll & Reward Manager introduced Alison Peart and Cal Spearman, two new HR Business Partners who were in attendance to learn about the General Purposes Committee. He then went on to give a brief overview of the report.

The Lease Car Scheme was being phased out following an earlier recommendation from the General Purposes Committee. When that decision had been made it had been agreed that the dormant Assisted Car Purchase Scheme would be reintroduced.

The Assisted Car Purchase Scheme offered car loans at attractive

Action By

interest rates. In reintroducing the scheme the Payroll & Reward Manager had looked at similar schemes at other local authorities. The South Holland scheme had been in place for some time and the new scheme would mirror that one.

The number of applicants was not known but there had been five or six firm expressions of interest so far.

Mr Borrett noted that the scheme was for essential car users only but would also be available to casual users for the purposes of recruitment and/or retention.

Mr Carter asked whether there would be a list of the casual user posts which would be eligible for the scheme and the Payroll & Reward Manager advised that CMT were keen to have discretion to look at each case on its merits.

Mr Borrett asked if that was the same at South Holland and was advised that the key features were identical but at South Holland the scheme was also open to casual users who travelled over 500 business miles a year. Some parts of the South Holland scheme were considered to be out of date, the key features had been adopted and modernised.

Mr Borrett then asked what the scheme would cost.

The main cost would be the loss in bank credit revenue and it had been estimated that the potential loss of interest would amount to a few hundreds of pounds only. From information gleaned from other authorities it seemed likely that there would only be about 16 loans a year with an average amount of £4,000. The financial risk had been modelled on that estimated take-up.

Members debated the matter further and did not feel able to make a decision without having further information about the potential costs. They also raised concerns about the lack of equality with some casual users being eligible for the scheme and others not.

Mr Borrett clarified that he was not against the scheme but said that Members needed to know what it would cost and what it would achieve for corporate objective reasons. There also needed to be parity with South Holland.

Mr Bambridge had concerns and felt that the scheme should only be available for essential users with high mileage. He also wanted clarity on costs.

The Payroll & Reward Manager explained that the scheme would cost a lot less than the Lease Car Scheme with a potential six figure saving.

Action By

The Chairman made various suggestions to Members to try to reach a compromise but acknowledged that more information was needed.

RESOLVED not to make a decision until further financial information was made available.

15/13 PAY POLICY STATEMENT (AGENDA ITEM 9)

The Payroll & Rewards Manager presented the report which was for information only. The Statement would be presented for Council approval on 28 February 2013.

It was a legal requirement for the Council to produce the Statement annually to improve transparency on Senior Officer remuneration. It had to be published by 1 April each year.

The Statement was identical to the one issued in 2012 apart from a 're-jig' of the wording regarding the Interim Chief Executive, which had been based on the Council having a permanent Chief Executive.

Mr Borrett asked about the reference to the Council's Lease Car Scheme and was advised that it had to be declared as it was a benefit in kind.

The report was noted.

16/13 NEXT MEETING (AGENDA ITEM 10)

The arrangements for the next meeting, to be held on 17 April 2013 at 10.00am in the Norfolk Room, were noted.

The meeting closed at 11.14 am

CHAIRMAN

BRECKLAND DISTRICT COUNCIL

Report of the Assistant Director of Commissioning

To: General Purposes 20 March 2013

(Author: Neil Fordham, Payroll & Reward Manager)

Subject: Assisted Car Purchase Scheme

Purpose: To seek approval for re-introduction of a revised Assisted Car Purchase Scheme.

Recommendation(s):

To approve the re-introduction & launch of a revised Assisted Car Purchase Scheme as attached at Appendix A.

1. INTRODUCTION

1.1 Background

- 1.1.1 A report was taken to General Purposes on 27 February 2012 seeking approval for the above mentioned scheme. This report contains the same detail with additional background and information as requested from the original committee meeting. Additional information has been written in Italics.
- 1.1.2 *The Council's lease car scheme was agreed to be phased out by General Purposes committee on 19th September 2012. As a part of this agreement there was a commitment for Human Resources to investigate re-introducing an Assisted Car Purchase (ACP) Scheme as an alternative benefit to assist staff in the purchase of a private vehicle, primarily to allow them to undertake their official duties.*
- 1.1.3 Breckland Council previously had an ACP scheme in operation (pre-2006) but over time became less attractive due to in part to uncompetitive interest rates charged to employees. The scheme was effectively phased out. *At the point of the agreement to phase out the lease car scheme a 'fit for purpose' ACP scheme was not available to be simply rolled out and take the place of the lease scheme.*
- 1.1.4 With the phasing out of the Council's car leasing scheme and a drive to improve/expand the wider staff non-cash benefits options, HR have investigated options to re-introduce a modern and attractive Assisted Car Purchase (Car Loan) Scheme. The draft policy is shown at Appendix A to this report.

1.2 Issues

1.2.1 Having compared the policies of several Local Authorities, including that of South Holland, there are some key features which form the basis of any successful scheme. These include:

- Eligibility of staff
- Interest Rate payable
- Maximum/minimum amount to be loaned
- Repayment period

1.2.2 Eligibility of staff

The primary purpose of the re-introduction of a car loan scheme was to provide an alternative to the lease car scheme i.e. provided to those staff deemed to be Essential Car Users. *Under the Lease Car Scheme staff were granted access to the scheme if they were either a 'Work Based' Essential User (qualifying on the basis on carrying out duties 'in the field', covering in excess of 2,500 business miles per year), or a 'Job Based' Essential User (including Chief Officers, Service Managers and certain specialist posts). Essential User status is contractual and is contained within Job Descriptions. There are currently 87 Essential Users (including 33 lease car holders). The ACP scheme is therefore aimed at these staff.*

Staff not classed as an Essential Car User are classed as Casual Users; with current staff headcount numbering approximately 244 there are approximately 157 casual car users.

In exceptional circumstances where CMT deem a particular post to be a 'Key Post' for recruitment and/or retention purposes the facility can be accessed by Casual Car users. *Such scenarios will be the exception rather than the norm and would be assessed on a case-by-case basis. Each application should be subject to a criteria based assessment following a 'justification referral' from the Officer's line manager. The referral must spell out the compelling business case for allowing the Officer access to the ACP scheme; such a case may be on the grounds of historical problems with recruitment and/or retention to/of that particular post, or as another example where it could be proved that the loss of key skills held by the Officer would have a negative impact on project completion or the day-to-day activities in a specialist area. Such applications will be assessed by the relevant CMT member and approved/rejected as appropriate.*

Applications for loans will also be checked to ensure the contractual status of the officer is appropriate to the loan being applied for. Staff on Fixed-Term contracts will not be treated any differently to staff on permanent contracts however the principal loan repayment period must not exceed the currently anticipated contract length e.g. an Officer on a 12 month fixed-term contract cannot be approved for a loan to be repaid over a 2 year period. In any case the Officer must have completed their prescribed probationary period before being eligible under the scheme.

Finally, staff whose service area is under review (as part of restructuring) are ineligible to apply until the review is complete which covers those staff who may be under notice of redundancy. For the purpose of this policy 'under official review' is defined as General Purposes committee having agreed to a review of the service area.

1.2.3 Interest Rate Payable

To be able to promote a beneficial scheme to staff the interest rate chargeable must be attractive. *This of course needs to be balanced with affordability to the Council.*

Having compared other local authorities' policies, including that of South Holland DC, the following formula will be used to calculate the interest rate to be used and fixed for the duration of the loan repayment period:

- $(\text{Base rate} + 1.0\%) / 2$.

The interest rate to be used, at the report date, would therefore be 0.75% using the 'simple interest rate' methodology. An example of such a calculation can be seen at Appendix G.

Comparative chargeable interest rates at other LA's can be seen below:

Local Authority	Interest Rate	Notes
South Holland DC	0.75%	$(\text{Base rate} + 1.0\%) / 2$
South Norfolk	0.75%	$(\text{Base rate} + 1.0\%) / 2$
Norfolk CC	1.5%	<i>Base rate + 1.0%</i>
Broadland DC	1.5%	Base rate + 1.0%
Baburgh DC	3.75%	
Broxbourne BC	0.25%	Base rate less 0.25%

Under HMRC rules any loan which has a balance of over £5,000 at any point in that tax year, where the interest rate chargeable is less than the 'official rate' (currently 4.00%), a taxable benefit in kind will exist; the value of the benefit being the difference in annual interest charge between the scheme/policy rate and the Official rate of interest. Such a benefit will need reporting on form P11D, in a similar fashion to taxable mileage/car allowances and company (lease) cars. Any taxable benefit figure will be subject to Class 1A National Insurance payable by the employer.

1.2.4 Maximum/Minimum Loan Amounts

Maximum loan values need to realistically high enough to allow staff to buy a good quality vehicle, whilst ensuring that the Council does not 'over-lend' to individuals who could find themselves borrowing too much; loans therefore should be set as either a monetary maximum or as a percentage of annual salary, whichever the lower.

The policy recommends a maximum loan amount of £10,000.

Additionally it is recommended to impose a minimum loan value set at £1,500 to take into account the administrative burden involved in processing each loan.

1.2.5 Repayment Period

A maximum repayment period must be specified to ensure any loan is cleared in a reasonable timeframe. Comparative policies generally impose a maximum of 4 years; for vehicles less than 3 years at date of purchase a maximum repayment period of 5 years is sometimes permitted.

The Policy recommends maximum repayment periods of:

- 48 months for cars less than 3 years old at date of purchase;
- 36 months for cars '3 years old +' at date of purchase

Consideration will be given to shorter repayment periods on a case by case basis. The HR Manager will, where appropriate recommend, a minimum repayment period if it is felt that a shorter period could result in the officer falling into financial difficulty (on account of affordability by the individual).

1.2.6 Internal Resource

Increased internal workload in administering the scheme is seen to be acceptable and can be absorbed in light of the phasing out of the Lease Car scheme and the burden its administration diminishes.

1.2.7 Council Bank cash flow

As stated in the Proforma B (Appendix B) cash flow is not considered a risk based on anticipated take-up when compared to other local authorities who run similar schemes. With the scheme limited to Essential Car Users (plus Key Posts) this also reduces the exposure to potential cash flow issues.

1.3 Options

Upon consideration of the aforementioned aims & objectives and issues, the following options are put forward:

- 1.3.1 a) Introduce Assisted Car Purchase Scheme as per Appendix A
- b) Do nothing i.e. do not re-introduce a revised Assisted Car Purchase Scheme

1.4 Reasons for recommendations

1.4.1 With the phasing out of the council lease car scheme there are staff who for the purpose of them carrying out their official duties (as an Essential user) could find themselves without a car from March 2013 onwards. As part of the Council's decision there was a commitment to investigate the reintroduction of a car loan facility (*as per minutes of General Purposes, 19th September 2012*).

1.4.2 With an objective to improve the Council's benefit package whilst keeping costs low, the introduction of such a facility would undoubtedly provide an

attractive benefit to eligible staff. The facility could also aid with recruitment and retention difficulties where staff in key posts may not qualify under the initial 'Essential user' criteria.

- 1.4.3 With one of the key features of such a scheme the interest rate chargeable needs to be low enough to be an attractive proposal for staff and for the scheme to be seen as a valuable benefit. To use the same rate and calculation formula as SHDC, amongst others, will demonstrate and reinforce the sense of sharing and harmonisation of key policies across the two authorities. Additionally applying the same interest rate across all eligible staff will avoid any potential 'grade bias' accusations treating all eligible staff the same.

2 IMPLICATIONS

2.1 Risk

- 2.1.1 Formal 'Loan Agreements' will be completed for each loan taken out ensuring a legal right to collect all monies owed to the Council.
- 2.1.2 Consideration must be given to how to deal with scenarios such as employees leaving the council before repayment, redundancy and other non-voluntary termination of employment, as well as death in service; this is covered in section 2 of the formal loan agreement. A degree of Director discretion will be present for scenarios unforeseen not covered by this policy.

2.2 Financial

- 2.2.1 *There will be employer related costs associated with introducing a scheme as proposed. The potential costs however have the backdrop of the significant efficiency savings to be realised as a result of the phasing out of the lease car scheme.*

- 2.2.2 *The lease car scheme efficiency target factored into the budgets is as follows:*

<i>2012/13</i>	<i>2013/14</i>	<i>2014/15</i>	<i>2015/16</i>
<i>£16,000</i>	<i>£38,000</i>	<i>£45,000</i>	<i>£59,000</i>

- 2.2.3 *The main cost to the Council of the ACP scheme would be as a result of the lower interest rate being charged as part of the scheme compared to the forecasted receivable interest rate. The Council forecasts to receive an average credit bank interest rate of 2.04% for 2013/14. If the scheme charges an interest rate less than this then there is a cost in lost revenue; this is covered in the Proforma B. Additionally the Class 1A NIC liability is an employer cost; currently this would be 13.8% of any taxable benefit value.*
- 2.2.4 To enable accurate year-end HMRC reporting some development of SAP will be required. Any cost will be met from existing budget along with other planned development.

- 2.2.5 Proforma B attached.

2.3 Legal

Employee undertaking to repay any loan must be legally enforceable. A Loan Agreement document has been created and reviewed by NP Law on behalf of the Council. Before any loan funds are released this agreement must be signed by the applicant, and witnessed, and countersigned by S151 Officer and witnessed.

2.4 Equality and Diversity

Ensure fairness of accessibility to any such scheme based on eligibility criteria.

3. Alignment to Council Priorities

3.1 Yes

4. Wards/Communities Affected

4.1 n/a

Background papers:-

Lead Contact Officer

Name/Post: Neil Fordham, Payroll & Reward Manager

Telephone Number: 01362 656828

Email: neil.fordham@breckland.gov.uk

Key Decision

no

Appendices attached to this report:

Appendix A: Assisted Car Purchase Scheme - Policy & Procedure

Appendix B: Pro forma B

Appendix C: Car Loan Application form (ACP1)

Appendix D: Car Loan Application form (pre-approval) (ACP2)

Appendix E: Loan Agreement form (ACP4)

Appendix F: Proof of sale pro forma (ACP3)

Appendix G: Loan repayment schedule template



Assisted Car Purchase Scheme: Policy & Procedure

Eligibility for the Assisted Car Purchase Scheme (Car Loans)

1. The Assisted Car Purchase Scheme is open to Breckland Council Officers who:
 - are designated as Essential Car users;
 - are Casual Car users but designated by CMT to be in 'Key Posts' for recruitment and retention purposes;
 - have successfully completed their probationary periods;
 - work within a service area which is not under *official review at the date of intended application. Staff under notice of redundancy are not eligible to apply for a loan.
 2. Where applicants are employed on fixed term contracts, the principal loan repayment period must not exceed the currently anticipated contract length.
 3. Officers currently with a Council issued lease car can only take part in the scheme once they have discharged their lease car agreement; if the officer decides to purchase their lease car from the leasing company the loan can be agreed in the final month of the lease agreement with repayment commencing the following month i.e. once their final lease car payment has been made from salary.
 4. The vehicle to be purchased with the loan must be suitable for the performance of the employee's duties.
 5. The Officer to whom the loan is issued must be the primary user and registered owner of the vehicle.
- * For the purpose of this policy 'under official review' is defined as General Purposes committee having agreed to a review of the service area.

Procedure and Conditions

6. An application for a loan must be approved by the appropriate portfolio Director and section 151 Officer. The loan must be approved using the Assisted Car Purchase application form (ACP1/ACP2) and Loan Agreement form (ACP4).
7. The loan must not exceed the lesser of:-
 - (a) The purchase price of the new or second-hand car, less any trade-in allowance
 - (b) 75% of the officer's current basic salary.
 - (c) £10,000. This figure will be reviewed when appropriate to reflect price increases.
8. Minimum loan amount of £1,500.
9. The rate of interest charged will be based on the Bank of England base rate (on the date the loan is approved), plus 1%, divided by two ((Base rate + 1%) / 2). The interest rate applied on the granting of the loan will apply throughout the whole

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repayment period. The monthly interest charge will be calculated using the 'simple interest' method as follows:

- $\text{Principal Loan amount} \times \text{interest rate} \div 12$
10. For the purpose of clarity a loan will be deemed to be 'approved' when both the Assisted Car Purchase application form and Loan Agreement have been signed by all parties.
 11. The maximum loan period will depend on the age of the car. For vehicles which are less than three years old at the date of purchase, the maximum loan period is 4 years. For older vehicles the maximum period will normally be 3 years. However, a lesser period may be agreed where considered appropriate by the HR Manager.
 12. Repayment will be made over full-year interval periods i.e. 24, 36 or 48 months.
 13. If a loan is already in existence, a further application for a fresh loan on a change of vehicle will not normally be considered during the first year of the existing loan. Any balance outstanding on the loan will be taken into account when calculating a new loan. The total loan value should not exceed the limits stated in section 7.
 14. If a loan is already in existence, a further application for a fresh loan will be treated as an additional loan for the purpose of calculating interest payments. i.e. interest will continue to be paid on the existing loan at the amount 'rate' originally agreed; the additional loan amount requested will have the interest charge calculated at the outset of the loan agreement as if it was the first loan. In such cases the monthly interest payment processed through payroll will total the charge for both loans.
 15. A maximum of one loan application will be allowed in a 12 month period starting from the issue date of the current or most recent loan.
 16. In all cases funds unrelated to the cost of the vehicle itself, i.e. Road Fund Tax and insurance, will be excluded from the sum loaned.
 17. The Council reserves the right to request an independent engineer's report as to the condition and value of the vehicle, where this is considered to be appropriate. Applicants are advised that it is in their interests to ensure that the loan period does not exceed the estimated future life of the vehicle having regard to the estimated mileage to be covered.
 18. The Council will require proof of the sale price and, if applicable, deposit amount, and/or the value of any trade in allowance offset against the price of the vehicle. Where the car is to be purchased through a trade sale (e.g. dealership or garage) the invoice will be required as proof. Where the car is purchased privately the seller must complete a Pro Forma (ACP3), confirming details of the proposed sale (including car details and price, and declaration of ownership and no outstanding finance).
 19. The Council will endeavour, once approved, to make funds available for the completion of sale of the vehicle within 5 working days. The preferred option is to make a direct bank transfer to the seller/vendor for the purchase of the vehicle. Achieving the 5 day turnaround is dependent on finance receiving the necessary information from the vendor. Where it is not possible for whatever reason to transfer funds directly to the seller/vendor, arrangements will be made to pay the employee directly in order to complete the purchase. In such circumstances there would be a strict requirement for the Officer to provide original proof of sale, to HR, within 5 working days of purchase. Failure to provide such proof within this period

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may be deemed as gross misconduct and disciplinary action taken accordingly. The Council reserves the right to charge an administration fee of £10 if the Council itself incurs charges as a result of the bank transfer.

20. Repayment of principal loan and interest charge shall be made by monthly deduction from salary. Interest payments will be processed as equal monthly amounts; the amount will be calculated by taking the total amount of interest due over the loan period and dividing by the number of months over which the loan is in operation to ensure a consistent monthly deduction throughout the loan repayment period.
21. The applicant may be in receipt of a taxable benefit if the balance of any loan exceeds £5,000 at any time in the tax year and the actual interest paid on all of the loans in the tax year is less than it would be if calculated using the official rate of interest. Any such benefit will be included on the form P11D.
22. It is the officer's responsibility to notify the Council immediately if the vehicle is sold. On disposal of the vehicle all outstanding payments must be cleared immediately.
23. The vehicle must be available for official duties as and when required. A comprehensive insurance policy covering business and private use, as well as a valid MOT certificate (if required) must be maintained by the officer and produced to HR on request. If for any reason the vehicle is unavailable, it is the employees' responsibility to ensure suitable alternative provisions are in place.
24. An official agreement must be signed by the officer before the loan is released. A copy of the official agreement and the conditions attached is available on request.
25. The scheme is provided as a benefit to staff. Any attempt by either an applicant or recipient of a loan considered by a Chief Officer to be an abuse of the spirit of the scheme, may jeopardise future participation in the scheme and the scheme itself. Where necessary disciplinary action may be appropriate.
26. Where the Officer's employment ends voluntarily before the end of the repayment period, any remaining balance must be repaid to the Council within one calendar month of the official last day of service. In cases of redundancy, repayment would be expected to continue on a monthly basis by instalments, or be offset against any redundancy payment due by mutual agreement.
27. Where any unforeseen circumstances arise outside of the provisions of this policy, Chief Officers may exercise their discretion to vary the terms and conditions of the scheme in order to establish a mutually acceptable resolution.

BRECKLAND COUNCILPROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES
(CAPITAL AND REVENUE BUDGETS)

FROM: Mandy Ashton (Senior Accountant)

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHEDREPORT: Assisted Car Purchase Scheme
REPORT DATE: 04th March 2013

£ Year 1	£ Year 2	£ Year 3	£ Year 4	£ Year 5
2013/14	2014/15	2015/16	2016/17	2017/18

**Revenue See separate
tables below**

Total Revenue	Unknown	Unknown	Unknown	Unknown	Unknown
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Funding required:	Considered by:	Date:
Revenue Cost	Unknown	
	CMT	28/01/13
	LJCC	14/02/13
	GP	27/02/13
	GP	13/03/13

Financial Services Comments

This report proposes to introduce a revised assisted car purchase scheme as a staff benefit and this Proforma b will be updated once the final policy is approved.

As the take up of the scheme is unknown it is not possible to detail the exact costs associated with this scheme. At a similar sized authority the take up has been 16 loans taken out over 4 years at an average loan cost of £4,000, totalling £64,000.

Cash flow is not considered a risk as take up is not expected to be high based on the experience of other local authorities who run a similar scheme. However, if take up was high this could become a cash-flow issue. Similarly, if interest rates rise, the margin of subsidy would increase. The extent of subsidy depends on the difference between the market rate and the fixed loan rate (linked to base rate) at the start of the loan. If interest rates rise throughout the term of the loan the level of subsidy will grow. Interest rates are currently at the lowest rate and can only increase.

Financial Risk

As detailed in the policy document, there is no risk whilst the employee is paid by the council as the loan repayments are collected through the payroll which will minimise the risk of bad debts. However, should redundancies/staff turnover occur debt repayment may become a risk and recovery arrangements will need to be put in place.

Should members approve a below market rates interest rate (currently around 6% APR) compared with the rate suggested in the report of base +1% divided by 2 (currently 0.75%) the loans will be deemed "soft loans", to be transparent soft loans and the employee benefit will be declared in the Financial Statement. In effect the Council will be subsidising the loans by the difference in the market rate* interest rate and the fixed rate

This PB is valid for 3 months from PB date	If this PB is not longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.
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for the period of the loan. The interest receivable forecast for 13/14 is based on an average interest rate of 2.04%.

* Decision required for which bank to use to determine market rate

Introduction of this scheme would create additional processes in Payroll to administer loans and deal with any employee tax implications at year end, and in Finance to implement the change in accounting treatment if the level of soft loans is deemed to be material.

Lost Interest Calculation based on:

- *Lost interest rate used 2.04% is the budgeted rate of return on average cash balances 2013/14*
- *Interest earned rate used is loan rate of base rate +1 divided by 2 (currently 0.75%)*
- *Maximum take up based on budgeted essential users plus budgeted lease car holders*

Estimated take up	16	Maximum take up	100
Average loan value	£4,000	Average loan value	£4,000
Value of loans issued	£64,000	Value of loan issued	£400,000
Lost interest on value of loan	£1,306	Lost interest on value of loan	£8,160.
Interest earned	(£480)	Interest earned	(£3,000)
Lost interest	£826	Lost interest	£5,160

Estimated take up	16	Maximum take up	100
Maximum loan value	£10,000	Maximum loan value	£10,000
Value of loans issued	£160,000	Value of loan issued	£1,000,000
Lost interest on value of loan	£3,264	Lost interest on value of loan	£20,400
Interest earned	(£1,200)	Interest earned	(£7,500)
Lost interest	£2,064	Lost interest	£12,900

Sensitivity Analysis

The sensitivity analysis tables below assume all loans are taken out on day one, however at any one time the number of loans will vary. The difference in budgeted interest rate and loan rate offered will change each year. The range of sensitivity will increase over time as interest rates rise.

- *Base Case = 16 people taking up a £4,000 loan with an interest rate of base rate +1 divided by 2 (currently 0.75%)*
- *Assumed all loans taken out on day one*
- *Budgeted interest rate 2.04%*
- *Difference in interest rates is 2.04% minus 0.75% = 1.29%*

	1.29%	1.79%	2.29%	2.79%	3.29%
16	£826	£1,146	£1,466	£1,786	£2,106
25	£1,290	£1,790	£2,290	£2,790	£3,290
50	£2,580	£3,580	£4,580	£5,580	£6,580
75	£3,870	£5,370	£6,870	£8,370	£9,870
100	£5,160	£7,160	£9,160	£11,160	£13,160

This PB is valid for 3 months from PB date	If this PB is not longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.
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PROFORMA B

- Base Case = 16 people taking up a £10,000 loan with an interest rate of base rate +1 divided by 2 (currently 0.75%)
- Assumed all loans taken out on day one
- Budgeted interest rate 2.04%
- Difference in interest rates is 2.04% minus 0.75% = 1.29%

	1.29%	1.79%	2.29%	2.79%	3.29%
16	£2,064	£2,864	£3,664	£4,464	£5,264
25	£3,225	£4,475	£5,725	£6,975	£8,225
50	£6,450	£8,950	£11,450	£13,950	£16,450
75	£9,675	£13,425	£17,175	£20,925	£24,675
100	£12,900	£17,900	£22,900	£27,900	£32,900

This PB is valid for 3 months from PB date	If this PB is not longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.
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Assisted Car Purchase Scheme Application for Loan



Name (in full)	
Job Title.....	Portfolio.....
Address.....	
Details of car to be purchased	
Registration No.	
Make	Model.....Colour
Emissions	Date of Manufacture
Mileometer Reading	
Vendor Name	
Address	
.....	
Price of car to be purchased (less Road Fund Licence)	£ :
Employees contribution / deposit (if any)	- £ :
Selling price or trade-in allowance on old car (if applicable)	- £ : £
Outstanding balance of present loan (if applicable)	+ £ :
REPAYMENT PERIOD YEARS (for new loan) <u>LOAN REQUESTED</u>	<u>£ : </u>
Outstanding balance of present loan	- £ : £
(NB maximum length of loan is 3 or 4 years, as per policy)	
Net Advance	£ :
(the BACS payment will be made payable to the vendor except in exceptional circumstances)	

Eligibility checklist

	Yes	No
Are you an 'Essential' car user?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

If not an Essential car user CMT / Director must be satisfied that Officer is in a 'key post' for recruitment & retention purposes. Further evidence may be requested before application is approved.

Documents to be attached

- ▶ Confirmation that the vehicle is free of loans and the seller is the legal owner (where a private sale) – form ACP3
- ▶ Invoice or other proof of sale and purchase price, giving name, address and phone no. of legal owner and Bank Details (if applicable)
- ▶ Assessor's report (where applicable)

I confirm that all details supplied are correct and the loan is to be used for the purchase of the vehicle mentioned. I have read and understood the associated Council policy and understand that if I leave the Council's employment during the term of this agreement I will be expected to repay the loan in full within the term stipulated.

Signed Date

Eligibility checklist (to be completed by HR)

Essential User Status
 Service Area not under review
 Loan amount checked (against max. permitted)

I certify that this application has been checked and that the necessary documents are attached and in order. I approve this application.

On Behalf of HR.....Date.....

DirectorDate.....

TO BE COMPLETED BY HR:

Amount £	Period	Years	Interest rate	%	Annual Interest £	:		
Repayments	1 month	x Principal	£	:	Interest £	:	Total £	:
	months	x Principal	£	:	Interest £	:	Total £	:

Assisted Car Purchase Scheme Application for Loan – Pre-Approval



This form is to be used where there is the intention to purchase a private car but where the vehicle may not necessarily yet have been sourced. This form does not approve the release of funds but when complete does contain CMT level approval, valid for up to 28 days prior to purchase.

Section 1	
Name (in full) Job Title..... Portfolio..... Address.....	
Expected maximum loan amount: £..... Expected repayment period: years I confirm that I intend to purchase a private vehicle within the next 28 calendar days. I confirm that upon sourcing a suitable vehicle I will be required to complete the remaining stages of the loan application, including providing proof of purchase price and associated documents (as listed in Section 2), <u>before</u> funds are released to complete any purchase.	
Signed	Date
<u>Eligibility Checklist (completed by HR)</u> Essential User Status ✘ Service Area not under review ✘ Loan amount checked (against max. permitted) ✘	
I confirm the above Officer is eligible for a car loan under the Assisted Car Purchase scheme terms and conditions. On Behalf of HR.....Date..... Director/Assistant DirectorDate.....	

Section 2 (to be completed once car is sourced)

Price of car to be purchased (less Road Fund Licence)	£	:
Employees contribution / deposit (if any)	-	£ :
Selling price or trade-in allowance on old car (if applicable)	-	£ _____ :
		£
Outstanding balance of present loan (if applicable)	+	£ :
REPAYMENT PERIOD YEARS (for new loan) <u>LOAN REQUESTED</u>	£	_____ :
Outstanding balance of present loan	-	£ _____ :
(NB maximum length of loan is 3 or 4 years, as per policy)		
Net Advance	£	:
(the BACS payment/cheque will be made payable to the vendor except in exceptional circumstances)		

Documents to be attached

- ▶ **Confirmation that the vehicle is free of loans and the seller is the legal owner (where a private sale) – form ACP3** ☒
- ▶ **Invoice or other proof of sale and purchase price, giving name, address and phone no. of legal owner and Bank Details (if applicable)** ☒
- ▶ **Assessor’s report (where applicable)** ☒

I confirm that all details supplied are correct and the loan is to be used for the purchase of the vehicle mentioned. I have read and understood the associated Council policy and understand that if I leave the Council’s employment during the term of this agreement I will be expected to repay the loan in full within the term stipulated.

Signed Date

I certify that this application has been checked and that the necessary documents are attached and in order.

On Behalf of HR.....Date.....

TO BE COMPLETED BY HR:

Amount	£	Period	Years	Interest rate	%	Annual Interest	£	:
Repayments		1 month	x Principal	£	:	Interest	£	:
		months	x Principal	£	:	Interest	£	:

APPENDIX E
BRECKLAND DISTRICT COUNCIL

AGREEMENT FOR ASSISTED CAR PURCHASE

THIS AGREEMENT is made the day of **2013.**

BETWEEN **A** (hereinafter called "the Officer") of the one part and the **Breckland District Council** (hereinafter called "the Council") of the other part.

WHEREAS:

- (1) The Officer is employed by the Council as **B**
- (2) The Council require that the Officer shall provide keep and maintain a motor car for the proper performance of **her/his** duties and/ or **C** reach **her/his** normal place of employment.
- (3) The Council has been requested by the Officer to make an advance to the Officer to enable **her/him** to complete the purchase of the motor car described in Schedule 1 hereto (hereinafter called "the Motor Car").
- (4) The Council have agreed to advance to the Officer the sum of £ **(figures, D) (in words)(E)** (hereinafter called "the Principal Sum") for the said purchase upon the terms and conditions hereinafter contained.

NOW IT IS HEREBY AGREED as follows:-

1. Repayments

That in consideration of the Principal Sum of £**(F)** provided to the Officer by the Council (the receipt whereof the Officer hereby acknowledges) the Officer shall (subject to clauses 2, 9, 10 and 11) repay to the Council the said Principal Sum with the addition of interest calculated at the rate of **(G)** per centum per annum on the Principal Sum by monthly instalments of principal and interest as set out in Schedule 2 hereto, such sums to be repaid by way of retention by the Council from salary due to the Officer by the Council until the whole of the Principal Sum together with interest thereon to date of repayment has been repaid.

2. Determination

That if before the whole of the said Principal Sum has been repaid to the Council by the Officer as aforesaid the Officer shall:-

- (i) die; or
- (ii) cease to serve the Council for any reason whatsoever; or
- (iii) fail to observe any term or terms of this deed; or
- (iv) sell assign pledge or charge the Motor Car; or part with its possession;
or

- (v) fail to insure the Motor Car or keep the same insured as hereinafter provided; or
- (vi) become bankrupt; or
- (vii) make any composition or arrangement with his creditors; or
- (viii) commit any act resulting in the seizure of the Motor Car whether by way of execution distress or otherwise

the whole of the said Principal Sum with accrued interest shall immediately become repayable to the Council by the Officer. The decision of the Council as to whether the Officer is required to provide a Motor Car for the proper performance of his duties shall be final and conclusive.

3. **Deductions**

The Officer hereby authorises the Council and the Payroll Manager of the Council to deduct from any money (whether in respect of salary, travelling and subsistence allowances or refund of superannuation contributions) which is now or hereafter may become payable by the Council to the Officer or **her/his** personal representatives such sum or sums of money as may become payable by the Officer or by **her/his** personal representatives to the Council by virtue of this Agreement.

4. **Taxes**

The Officer shall pay all fines and all sums due for licences, taxes and insurance in respect of the Motor Car and in default of such payment it shall be lawful for the Council to deduct any sum due to them in respect thereof from the salary payable to the Officer.

5. **Repairs**

The Officer shall keep the Motor Car and all parts thereof in good repair condition and working order (reasonable wear and tear only accepted).

6. **User**

Except when the Motor Car is receiving necessary repairs or overhauls the Officer shall during the continuance of this Agreement utilise the Motor Car in the performance of **her/his** official duties, as required by the Council. In the case of Officers granted a loan as a result of excess travelling arising out of reorganisation the Motor Car shall be utilised for this purpose.

7. **Insurance**

The Officer shall during the continuance of this Agreement maintain a comprehensive policy of insurance covering the Motor Car with an approved Insurance Company; such policy to include cover for 'Business Use' where

the Officer may use the vehicle for business related travel in the performance of her/his official duties, and shall whenever requested so to do by the Human Resources Manager for the time being of the Council, produce to her/him such policy of Insurance and current renewal receipt for inspection.

8. Accidents

The Officer shall be solely responsible for the Motor Car and for any accidents or injuries arising to **herself/himself**, passengers or other third parties by reason of the user thereof and hereby indemnifies the Council against all proceedings costs claims demands or liability whatsoever in respect of any claims howsoever arising or through any default in repayment of the loan or through the breach or non-performance of any of the terms of this Agreement.

9. Option to Repay

The Officer may at any time during the subsistence of this Agreement repay to the Council any balance of the said Principal Sum together with accrued interest thereon to the date of repayment.

10. Disposal

The Officer shall not dispose of the Motor Car during the period of repayment of the loan without the previous consent of the Council which consent will also require the balance of the Principal Sum then owing together with accrued interest thereon to become immediately repayable to the Council.

11. Early Repayment

In the event of the early repayment by the Officer to the Council of the Principal Sum under clauses 2, 9 or 10 of this Agreement the Officer will be required to pay the Principal Sum outstanding only.

12. Consumer Credit Act

Pursuant to Article 4(1)(b) of the Consumer Credit (Exempt Agreements) Order 1989/869 ("the Order") as amended from time to time, this Agreement for Assisted Car Purchase is not subject to the Consumer Credit Act 1974 on the ground that it is a debtor-creditor agreement which is of a type offered to a particular class of individuals and not offered to the public generally, is offered incident to the Officer's employment with the Council and the interest rate does not exceed the highest base rate of certain banks specified in the Order plus one per cent.

SIGNED
by the said

Date

in the presence of:

Witness Signature

Print Name

Signed by:
on behalf of Breckland
District Council

In the presence of:

Witness Signature

Print Name

DRAFT

EMPLOYEE

THE SCHEDULES HEREINBEFORE REFERRED TO

Schedule 1 - The Motor Car

Registration Mark:

Make:

Type:

Colour:

Engine Emissions:

Vin Number:

Schedule 2 - The Repayment

The Principal sum £

Period for repayment of loan years

Gross amount of interest per annum £

First repayment:

due on 25th day of
Principal £
Interest £

and thereafter by equal monthly payments on the 25th day of each succeeding calendar month (or date of payroll if earlier) in the amount of

Principal £
Interest £

Assisted Car Purchase Scheme Proof of Sale



Car Owner Details

Name (in full)

Address.....

Bank Details (if necessary): Sort Code..... Account No.....

Details of car to be sold

Registration No.

Make Model.....Colour

EmissionsDate of Manufacture

Mileometer Reading

Car sale price	£	:
Trade-in allowance on old car (if applicable)	- £	:_____
	£	:

I confirm that the vehicle (stated above) is free of loans and that I am the legal owner.

Signed **Date**

Assisted Car Purchase Scheme: Repayment Schedule

Name:

Interest Rate	0.75%
Principal loan amount	£10,000.00
Repayment period (months)	36
Month/year of loan start	Mar-13

Completed by (HR): _____
 Signed: _____
 Date: _____

Month	Payment Date	Principal Starting Balance	Principal Monthly Payment	Principal Closing balance	Monthly Interest	Total Monthly payment
1	Mar-13	10,000.00	278.05	9,721.95	6.25	284.30
2	Apr-13	9,721.95	277.77	9,444.18	6.25	284.02
3	May-13	9,444.18	277.77	9,166.41	6.25	284.02
4	Jun-13	9,166.41	277.77	8,888.64	6.25	284.02
5	Jul-13	8,888.64	277.77	8,610.87	6.25	284.02
6	Aug-13	8,610.87	277.77	8,333.10	6.25	284.02
7	Sep-13	8,333.10	277.77	8,055.33	6.25	284.02
8	Oct-13	8,055.33	277.77	7,777.56	6.25	284.02
9	Nov-13	7,777.56	277.77	7,499.79	6.25	284.02
10	Dec-13	7,499.79	277.77	7,222.02	6.25	284.02
11	Jan-14	7,222.02	277.77	6,944.25	6.25	284.02
12	Feb-14	6,944.25	277.77	6,666.48	6.25	284.02
13	Mar-14	6,666.48	277.77	6,388.71	6.25	284.02
14	Apr-14	6,388.71	277.77	6,110.94	6.25	284.02
15	May-14	6,110.94	277.77	5,833.17	6.25	284.02
16	Jun-14	5,833.17	277.77	5,555.40	6.25	284.02
17	Jul-14	5,555.40	277.77	5,277.63	6.25	284.02
18	Aug-14	5,277.63	277.77	4,999.86	6.25	284.02
19	Sep-14	4,999.86	277.77	4,722.09	6.25	284.02
20	Oct-14	4,722.09	277.77	4,444.32	6.25	284.02
21	Nov-14	4,444.32	277.77	4,166.55	6.25	284.02
22	Dec-14	4,166.55	277.77	3,888.78	6.25	284.02
23	Jan-15	3,888.78	277.77	3,611.01	6.25	284.02
24	Feb-15	3,611.01	277.77	3,333.24	6.25	284.02
25	Mar-15	3,333.24	277.77	3,055.47	6.25	284.02
26	Apr-15	3,055.47	277.77	2,777.70	6.25	284.02
27	May-15	2,777.70	277.77	2,499.93	6.25	284.02
28	Jun-15	2,499.93	277.77	2,222.16	6.25	284.02
29	Jul-15	2,222.16	277.77	1,944.39	6.25	284.02
30	Aug-15	1,944.39	277.77	1,666.62	6.25	284.02
31	Sep-15	1,666.62	277.77	1,388.85	6.25	284.02
32	Oct-15	1,388.85	277.77	1,111.08	6.25	284.02
33	Nov-15	1,111.08	277.77	833.31	6.25	284.02
34	Dec-15	833.31	277.77	555.54	6.25	284.02
35	Jan-16	555.54	277.77	277.77	6.25	284.02
36	Feb-16	277.77	277.77	0.00	6.25	284.02
			10,000.00		225.00	10,225.00

I agree to the above repayment schedule as per the terms and conditions of the Assisted Car Purchase Scheme

Signed..... Date.....