



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

Appendix A

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

Appendix A

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.