



# **BOSTON BOROUGH COUNCIL**

## **ASSISTED VEHICLE PURCHASE SCHEME**

Version History	Version	Author	Reason For Issue
	July 2005	People Services	Review of 1997 policy
	March 2011	People Services	Amended following cessation of car user classification 1 April 2011.
	November 2011	People Services	Revised scheme following introduction of pool car system and to ensure the scheme recovers lost investment income and covers the administration costs of the loans Policy updated to include motorbikes, electric bikes, bicycles and accessories.  Revision to the scheme to include authorisation by Head of Service at an initial stage of application, define eligibility of employees and document anticipated turn around times.  Revision of the scheme to reduce maximum value of loan and length of repayment. Scheme now also includes credit checks
	June 2014	People Services	
	November 2015	People Services	
	February 2016	People Services	

### Document Distribution

Name	Role
JCC	For consideration of amendments for policy
CMT	For approval of amendments to policy
SMT	For implementation.
All staff	Revised scheme/ staff benefit.

Document References	Document Identifier	Document Title
Appendix 1		Car/Motorbike/Electric Bike Loan application form
Appendix 2		Bicycle Loan Application Form

## **ELIGIBILITY**

The Assisted Vehicle Purchase Scheme has been extended to include the purchase of motorbikes, electric bikes and bicycles. The Council is prepared to advance vehicle loans to permanent employees as a staff benefit.

The provisions set out in paragraph 6.6, Part 3 of the National Agreement on Pay & Conditions of Service -NJC for Local Government Services (Green Book) which states 'An authorised car user may apply to the authority for financial assistance to purchase a car' do not apply as Boston Borough Council has no authorised car users as a pool car scheme is operated for business mileage. There is no reserved right to the scheme it is open to all permanent employees.

Employees on a fixed term or temporary contract may also be eligible to apply for a loan as long as the period of the loan does not extend beyond their contract end date. Loans for a car, motorbike or electric bike will only be granted where there has been no previous car, motorbike or electric bike loan granted by the Authority in the preceding 3 years, and where there will be no other loan agreement in place on the vehicle once purchased. The scheme does, however, allow for the loan for a bicycle in addition to a loan for a car, motorbike or electric bike.

Employees who are in debt to the Council for, example in arrears with Council Tax or Business Rates, may not be considered eligible to participate in the scheme. The Authority will request permission from employees to check with Credit Control as to whether or not there are any outstanding arrears.

The scheme must provide for covering full loss of investment income and administration required to operate the scheme. To this end once a loan is approved and in place it will not be permitted to be altered in respect of reducing the term of the loan. Repayment of the loan may be done in full at any time during the loan term with interest calculated at the date of repayment. Any early repayment must be done between the 24<sup>th</sup> of the month following the last deduction from salary and the 10<sup>th</sup> of the month preceding the next deduction due.

The provision of a loan should be directed towards economically efficient and recyclable models and sports/performance vehicles should not be encouraged. In line with the Council's objectives on environmental issues, consideration should also be given to restricting the engine size and emissions of vehicles purchased.

Employees will be permitted to borrow a maximum of £10,000 for the purchase of a car or motorbike and a maximum of £1,000 for the purchase of an electric bike or bicycle at any one time.

These are the current criteria of the Scheme and are subject to change without notice.

**ANY OFFICER UNSURE AS TO HIS OR HER ELIGIBILITY FOR A LOAN OR AS TO THE SUITABILITY OF THE PROPOSED PURCHASE IS ADVISED TO CONTACT A PEOPLE SERVICES ADVISOR BEFORE PROCEEDING WITH AN APPLICATION**

**APPLICATIONS (Appendix 1)**

All applications for vehicle loans should be submitted on the approved form. (Available in the Document Library of the All Staff site on Alfresco) Applications should be initially submitted to the relevant Head of Service for consideration of the suitability of the vehicle and loan in line with the conditions as set out in this policy. The application, together with a copy of the invoice, must then be forwarded to People Services who will source valuation and if this is satisfactory, request approval from the Strategic Director (Resources) or Head of Finance in cases where the application meets the criteria set out in the policy.

In determining eligibility People Services will consider the value of the monthly deductions against the remaining salary.

If and when a vehicle loan is approved for the purchase of a car or motorbike People Services will make arrangements for a BACS transfer to the supplier, for the loan amount (net of any existing loan settlement), the employee having signed an agreement prepared by a People Services Advisor.

If and when a vehicle loan is approved for the purchase of either an electric bike or a bicycle the employee should check with People Services for local provider discounts.

The expected turn around times for authorised applications is as follows:

- applications authorised by a Head of Service and received into People Services by the close of business on a Tuesday are expected to be processed in time for payment into the sellers bank the following Tuesday.
- Authorised applications received into People Services on a Wednesday may be processed in time for payment into the sellers bank the following Tuesday
- Authorised applications received into People Services on a Thursday/Friday are not expected to be processed in time for payment into the sellers bank the following Tuesday. The turn around time is more likely to be up to 10 working days.

**EMPLOYEES MUST NOT AGREE TO THE PURCHASE OF ANY VEHICLE PRIOR TO FORMAL APPROVAL BEING GIVEN**

**AMOUNT OF LOAN**

For the purchase of cars and motorbikes the Council will be prepared to grant a loan for the difference between the cost of the new vehicle and the trade-in price of the old vehicle providing this does not exceed £10,000. If the old vehicle is not sold but retained as a second vehicle, its valuation will be deducted from the cost of the vehicle for loan purposes. If the employee has an outstanding car loan with the Council any balance may be added to the new loan provided that the total of the new loan requested does not exceed either the purchase price of the vehicle or £10,000, whichever is the lower. The applicant may obtain details of an existing loan outstanding from a People Services Advisor.

For the purchase of electric bikes and bicycles the Council will be prepared to grant a loan up to a maximum of £1,000 which can also include safety equipment and clothing.

### **PERIOD OF LOAN**

The loan shall be repayable by monthly instalments, deducted at source from the applicant's salary. For cars and motorbikes this will be over a period not exceeding 3 years. For electric bikes and bicycles the period of the loan will be a maximum of 12 months.

### **COST OF LOAN**

The interest rate charged will be 1% below the market average at the point of the loan being granted (i.e. on the day the loan agreement is signed) but will be no less than the HMRC actual official rate. Applicants should be aware that estimates given prior to the loan agreement being signed are subject to change should the interest rates change in the interim.

On the day the loan agreement is to be signed the market average will be determined by using the rates from the following lenders and taking an average of these rates:

- Barclays
- HSBC
- Nationwide
- Santander/Alliance & Leicester

People Services are responsible for providing the rate for the term of the loan to the employee.

### **CHANGING VEHICLE WITHOUT INCREASING LOAN**

Any employee who wishes to change a vehicle, which is the subject of a car loan, without increasing the loan, must obtain prior permission from People Services. In such cases an employee would be asked to sign a new agreement for the loan, changing the details to those of the new vehicle. Should the loan agreements alter in the interim any new agreement will be that valid at the time and therefore may be different to the original agreement.

## **REPAYMENT OF LOAN DURING PERIOD OF LESS THAN NORMAL OR NO PAY**

The Borrower will, in the event of any period of unpaid leave, continue to make regular monthly repayments in accordance with the schedule of repayment by alternative means as agreed with People Services.

## **TERMINATION OF EMPLOYMENT**

Any employee to whom assistance under this Scheme has been granted shall, in the event of their contract of service with the Council being terminated prior to the completion of the repayment of the loan with interest, be liable to repay the balance outstanding with interest to the date of repayment. An invoice for payment will be sent to the employee and should be settled at least 10 working days before their final day of employment.

## **IMPORTANT CONDITIONS**

- Any employee currently repaying a vehicle loan to the Borough Council shall, during the period of repayment of the loan, ensure that where no pool car is available, their vehicle is available for their use, if required, on official business, except where the vehicle is unavoidably off the road for repairs or maintenance.
- The Assisted Vehicle Purchase Scheme has been reviewed to include bicycles to support the health and well being of our employees; therefore they should only be purchased for the employee i.e. not family members or friends.
- The employee will be required to keep the vehicle in good and serviceable repair.
- The employee must not sell, assign, dispose of or otherwise part with the ownership or possession of the vehicle or borrow money on the security of the vehicle without the prior consent in writing of the Council.
- The employee must:
  - Insure the vehicle and, if it is a car or a motorbike, keep it insured on a comprehensive policy for the full value thereof which also includes business use;
  - Inform the insurance company that the vehicle is being financed with a loan from the Borough Council;
  - Produce, on demand to People Services, insurance documentation where required and when requested.
  - Comply with DVLA regulations regarding road fund licence and MOT of vehicles.
- We reserve the right to recover all or part of the loan at any time during the loan period where we have reasonable belief that the terms of the loan have been breached.
- Other steps through civil proceedings may be taken to recover the debt where this proves necessary.

## **TAXATION OF BENEFICIAL LOANS**

Depending on the Inland Revenue average official rate of interest, vehicle loans may be a reportable benefit and your tax code may be adjusted to take this into account.

## **SAFETY**

Employees who have used the Vehicle Purchase Scheme to buy a bicycle are required to take appropriate steps to keep themselves safe, this includes wearing appropriate clothing and ensuring that the bicycle is fitted with appropriate lights. A bicycle or electric bike should not be used if an employee is carrying materials or equipment that cannot be attached safely.