LEEDS CITY COUNCIL

ASSISTED CAR PURCHASE SCHEME

1 INTRODUCTION

1.1 Officers who have been designated as either essential or casual users and those in receipt of a DSS Mobility Allowance are eligible to apply for a loan to purchase a car.

2 APPLICATIONS

2.1 Applications must be made on the form relevant to the particular category of employee i.e., Essential User, Casual User or those in receipt of a DSS Mobility Allowance.

2.2 Completed forms of application should be submitted to the Departmental Director who, if he/she supports the application should certify the form accordingly and forward it to the Resources Department for consideration and processing. Such consideration will include verification by the Director of Resources of the applicant's financial status within the Authority.

3 GENERAL CONDITIONS

3.1 The applicant who applies for a loan to purchase a car shall satisfy the Authority that the vehicle to be purchased is suitable for the official duties concerned.

3.2 Any officer wishing to apply for a loan under the Assisted Car Purchase Scheme, who is required to transport children must have appropriate restraints fitted in the rear seats, before approval will be given.

3.3 Where loan is granted the officer shall enter into a formal Agreement with the Council.

3.4 An administration charge will be made for all new and replacement loans the amount of which will be subject to periodical review, except where the vehicle is an insurance "write-off" and there is no restructuring of the current car loan.

3.5 Any shortfall in the sum advanced to purchase a vehicle shall not be funded through additional finance secured on the said vehicle but may be funded through an unsecured personal loan.

4 CALCULATION OF AMOUNT OF ADVANCE

4.1 The maximum advance shall not exceed whichever is the lowest of the following amounts:

(a) 90% of the value (as hereafter defined in paragraph 4.2 below) of the car which is being purchased.

(b) The difference between the value of the car being purchased and the part exchange allowance, selling price or insurance value of the officer's previous car (including the value of any car disposed of or written off during the previous twelve months) after deducting the amount of any outstanding loan on that car. A disposal is deemed to include the gifting of the vehicle to any other person including a member of the borrower’s family.

(c) The maximum amount for a loan as prescribed from time to time by the Council (currently is £6,000 or 1/3 of the borrower’s gross salary up to a maximum of £15,000).

4.2 Where a new car is being purchased the value is deemed to be the list price including taxes, delivery charge, factory applied underseal, seat belts, number plates, heated rear window, alarms, immobilisers and ABS brakes but excluding road fund licence duty, insurance, petrol and optional extras such as radios, radio aerials, fog lamps, sunroofs, metallic paint, warranties, etc.

4.3 Where a used car is to be purchased the Council reserves the right to have the said vehicle inspected at premises which will be determined by the Council. In these cases the amount of the loan will be based on the subsequent valuation irrespective of the price to be paid. Neither the Council nor any of its employees will accept any responsibility for any such report or valuation.

5 INTEREST

5.1 Loans granted shall carry interest at the rate as prescribed and varied from time to time by the Authority. Interest shall be calculated on the full amount of the advance for the entire period of the loan.

6 LOAN PERIOD

6.1 Repayment of the loan, plus interest, shall be made within such period as shall be approved but not exceeding five years or the estimated life of the car, whichever is the shorter. Repayment shall be by equal monthly instalments deducted from salary.

6.2 The applicant is able to pay lump sum capital repayments and/or increased monthly deductions, with prior approval of the Director of Resources, at any time during the loan period.

6.3 If an applicant's salary ceases to be paid due to maternity leave or long term sickness, the loan may be suspended and repayments restructured upon return to work but only with prior approval of the Director of Resources. The loan period may not be extended.
7 VEHICLE TO BE AVAILABLE FOR OFFICIAL USE

7.1 Any officer to whom assistance towards the purchase of a car has been granted shall:

(a) undertake to utilise the said vehicle in the performance of his/her official duties as required by the Council; and,

(b) undertake not to dispose of the said vehicle during the currency of the loan period without notifying the Council in advance. On disposal the full amount outstanding on the borrower’s loan including interest shall be redeemed in full. Any surplus remaining after the redemption of the borrower’s car loan shall be taken into account for the purposes of any subsequent car loan application made within 12 months of such redemption.

(c) undertake not to use the said vehicle as security for any other loan.

(d) undertake in the event of the vehicle being written off for insurance purposes, to use any pay-out received from the borrower’s insurance company to redeem any balance outstanding on the car loan at that time. Any surplus remaining after the redemption of the borrower’s car loan shall be taken into account for the purposes of any subsequent car loan application made within 12 months of such redemption.

(e) undertake not to use an alternative vehicle in the performance of the borrower’s official duties for a period in excess of one calendar month without the Council’s prior approval.

(f) undertake to notify the Council in the event that the borrower becomes disqualified from driving for any period whatsoever.

8 RECOVERY OF OUTSTANDING DEBT

8.1 In any of the following circumstances, the balance then outstanding of the principal sum shall immediately become repayable to the Council together with the balance of interest due to the date of such repayment recalculated from the date of advance at 1/12th of the Annual Percentage Rate (APR) on the amount outstanding at the commencement of each month. In the event of any delay in completing the repayment, additional interest will continue to be added at the same rate until such time as the loan is repaid in full.

(a) if the officer leaves the employment of the Council;

(b) if the officer ceases to use the car for official duties;

(c) if the officer has been authorised to dispose of the car;

(d) if the officer commits any breach of the terms and conditions of the Agreement;

(e) if the officer takes a leave of absence without pay, for whatever reason, for any period longer than 3 months.

8.2 In the event that the borrower leaves the employment of the Council and fails to make the necessary arrangements to repay the outstanding debt the amount remaining will be deducted from his/her final salary payment. Any balance outstanding following such a deduction will be immediately repayable on demand and any failure to pay will result in further recovery/legal action being taken to recover the debt.

8.3 If the borrower is unable to repay the outstanding balance the Council shall have the right to take possession of the vehicle for re-sale. The proceeds of the sale shall be credited against the amount outstanding and any surplus shall be paid to the borrower. Likewise, the borrower shall be required to make good any deficiency should the proceeds of the sale not be sufficient to discharge the debt.

8.4 Regular audit checks will be made to ensure that the conditions of the Assisted Car Purchase Scheme are being adhered to by the borrower. Any breach of the conditions by the borrower may be deemed as misconduct. If found to be so under the Council’s Disciplinary Procedure this could result in dismissal. If and when required the borrower will supply such information or documentation as may be requested by the Director of Resources for the purpose of carrying out such audit checks.

9 REGISTRATION AND INSURANCE

9.1 Cars purchased with loans under the Scheme shall be registered in the sole name of the borrower. The vehicle must be comprehensively insured for the borrower to drive for both business and personal use and the borrower will be required to give an undertaking that, within two weeks of receiving the loan, he/she will provide Car Loan Section with documentary proof that the vehicle purchased has been comprehensively insured. Thereafter, the borrower shall, whenever required, produce to the Council the policy or policies of insurance on the said vehicle and the receipt of any payment of premium thereon, and if so required, shall deliver every such policy to the Council. The registration documents relating to the vehicle purchased and the borrower’s current driving licence may also be requested.

9.2 If, during the term of the Loan Agreement, the vehicle suffers loss or damage which is not made good by repair or replacement (in which latter event the conditions of the Loan Agreement shall apply to the replacement vehicle), the borrower shall forthwith be required to notify the Council and on receipt of the insurance monies shall immediately repay the Council the balance of the loan and interest outstanding in accordance with paragraph 7.1(d) whereupon all liability under the Agreement shall cease.
10  GREEN STRATEGY

10.1  As part of its ongoing commitment to environmental protection the Council will no longer advance loans in respect of vehicles registered before 1st January 1993 due to the high level of harmful emissions produced by such vehicles. Further restrictions may be introduced in line with future developments and strategies. (See Note 2 of the attached Notes of Guidance for further details)

11  LOANS ADVANCED TO NEW EMPLOYEES TO REPAY CAR LOANS ADVANCED BY THE PREVIOUS AUTHORITY

11.1  The Council may approve car loans to new employees, whether designated essential or casual users, to assist them in repaying an existing car loan advanced by their previous authority.

11.2  The amount of the loan shall be limited to the balance outstanding on the existing loan or the maximum prescribed under paragraph 4.1(c) above, or the value of the vehicle as determined by the Council whichever is the lowest.

11.3  Paragraphs 4.1(a), 4.1(b), 4.2 and 4.3 shall not apply to advances made under this section.

12  INTERPRETATION

12.1  Any dispute as regards the interpretation of these conditions shall be referred to Alan Gay, Director of Resources.