

Harborough District Council

Car User Policy and Car Loan Scheme

Agreed by Management Board on:
Coming into force:

24 February 2010
1 January 2011

This Policy supersedes any previous policies including Authorised Car user Designation Policy.

1. POLICY

- 1.1 The N.J.C. (the nationally agreed contractual terms) provide for two types of authorised car user. The definitions involved are:
- **“Essential users are those whose duties are of such nature that it is essential for them to have a motor car at their disposal whenever required.”**
 - **“Casual users are those for whom it is desirable that a car should be available when required.”**
- 1.2 The determination designation of posts as authorised car users will be by the Head of Service with prior consultation with their Line Manager. Due regard should be given to how frequently the member of staff will be required to use their car and whether a designation is the only option.
- 1.3 The following are factors which the officers concerned must have regard to under this policy when considering whether or not a person is to be an authorised car user and, if so, whether that authorised car user is to be classified as a casual or essential user
- (a) An officer who is not an authorised car user is not permitted to use their car for work purposes (beyond travel to attend training courses or events).
 - (b) It is a requirement that authorised car users must have a vehicle or access a vehicle (suitably insured and in good repair as set out below) available for business use.
 - (i) In respect of casual users, the contractual requirement may be interpreted as meaning that a car must be available for use, but only upon a minimum of one day's notice.
 - (ii) In respect of essential car users, the contractual requirement is to be taken in its literal meaning in that, subject to exceptions of repair and green travel set out elsewhere in this policy, a car must be available for use during all working hours.

- (c) Full time officers who regularly travel or are likely to travel over 2,000 business miles per annum (pro-rata for part time officers) in the performance of the duties would therefore normally be an essential user.
- (d) The number of miles in 1.3 (c) will be reviewed to ensure the optimum number of miles is used to evaluate the essential car user status.
- (e) An officer who may be required to attend meetings or other events at short notice, commensurate with their roles and responsibilities, would also normally be an essential user.

On this basis, it is presumed that Management Board (statutory officers, chief officers and deputy chief officers as defined in the Local Government and Housing Act 1989) will normally be essential car users.

- 1.4 The rates paid by the Council will be varied from the NJC rates by local agreement, and the current rates will be published on the Council's intranet.
- 1.5 The essential car user lump sum allowance as published will be for full time equivalent (FTE), and will be pro-rata if applicable to that post.

2. Application of Policy

- 2.1 This policy will apply to all existing post-holders, for those employees for whom the policy would be considered to be a reduction to the current arrangements in accordance with notice period will be made as to the date of the change, and no protection will apply.
- 2.2 A review of posts to check if the status of authorised car user applies will be undertaken on an annual basis to be completed by 31 May each year.
- 2.3 The policy will apply in all other circumstances. This will include, for example:
 - (a) All new entrants to the council to existing and new posts whether temporary, fixed term, part-time or permanent.
 - (b) All existing employees, who are appointed internally to existing and new posts whether occasional relief, temporary, fixed term, part-time or permanent (including appointments under the Council's redeployment policy).

3. Access to Car Loan Scheme and Staff Car Park

Financial assistance

- 3.1 It is an N.J.C. term that:
- **“An authorised car user may apply to the authority for financial assistance to purchase a car.”**
- 3.2 This financial assistance has been provided at this Council through access to the Council’s Car Loan Scheme, to which terms and conditions apply. The Car Loan Scheme has operated under a policy of a nil interest loan.
- 3.3 The Council will no longer offer a car loan scheme to any employee, however applications for car loans will be considered from those employees who are required to use their car on official duties. Interest will be chargeable.
- 3.4 Any car loan agreement currently in force will continue to run to the agreements end date. There will not be an opportunity to renew the loan either during the loan period or at the end of the loan period, subject to 3.3 above.
- 3.5 See Appendix A for applicable conditions

Staff Car Park

- 3.6 Provision is made that all Authorised Car Users will have access to the Staff Car park at Mill Hill at the Council Offices, Adam and Eve Street, Market Harborough. However exceptions apply to this as listed in paragraph 5.5 below.
- 3.7 In the event that there are no spaces available at the Mill Hill Staff car Park, all Essential car users may park in a Pay and Display Car Park for which there will be full reimbursement of the cost of parking processed through the monthly claim.
- 3.8 In the event that there are no spaces available at the Mill Hill Staff Car Park, all designated casual users may reclaim the cost of parking in Pay and Display car parks only in respect of the days when this occurs, and on which they are required to use the car for business use.
- 3.9 The Council reserves the right to introduce charging for this car park, in line with the Town’s other car parks, at a point in the future. Any change would be consulted upon, through the normal process.
- 3.10 The use of the staff car park is subject to monitoring and audit, if abused could lead to disciplinary action.

4. Requirements of the Policy

- 4.1 All decisions on designations must be able to robustly stand up to challenge and scrutiny and therefore must be adequately and properly documented and authorised.
- 4.2 It is the authorised car user's responsibility to ensure that the car is insured properly and comprehensively for business travel. **The employee must provide a copy of the insurance certificate annually denoting such use to the council's designated Insurance Officer in Finance Services.** Additionally, the Officer or Internal Audit may call in for inspection such documents as may be necessary to ensure that the employee is entitled to drive the vehicle for business travel.
- 4.3 It is also the requirement under the Corporate Manslaughter Act that an employer should ensure the vehicle is safe and driver is suitably qualified. Therefore the car user must provide on request the following documents to the designated officer, Driving Licence (Photocard and paper counterpart if two part licence) and MOT certificate if relevant.
- 4.4 The presentation of these documents will be verified by the line manager.
- 4.5 Where an alternative to the motor car normally at the disposal of the authorised car user is made use of for Council business (such as a courtesy car supplied by the garage whilst the employee's car is being serviced, maintained or repaired), then the requirements of the policy as stated above in 4.2 will apply to the alternative car,. The alternative car must be properly roadworthy and insured for business use. It is the employee's responsibility to ensure that they are fully and comprehensively insured to use the alternative car for that business travel.
- 4.4 Where the authorised car user is disqualified from driving the Council will cease all payments appertaining to the car user designation of the post. The council will consider the ability of the employee to undertake and discharge the duties and responsibilities of the designated post. **It is the responsibility of the employee's Line Manager, immediately upon receipt of such information and knowledge by them, to notify Human Resources and Financial Services to cease payments to the employee.** This might also apply to long-term or permanent medical conditions.
- 4.5 Where a person holding an authorised car user post cannot drive for short term medical reasons, then the Council will make reasonable adjustments as may be appropriate such as, for example, the use of taxis by way of reimbursement, contract or allowance.

- 4.6 Where an authorised car user cannot meet the requirements of their designated post beyond a reasonable period of time as determined by and in consultation with their Line Manager, then the Council will cease all payments appertaining to the designation of the post. **It is the responsibility of the employee's Line Manager, immediately upon receipt of such information and knowledge by them, to notify Human Resources and Finance Services to cease payments to the employee.**
- 4.7 Any payments made to the employee to which, they were not entitled in accordance with the circumstances stated here in this policy shall be recovered from the employee. Recovery of such sums shall be in accordance with statutory provisions and have regard to recommended best practice.

5. Exclusions and Exceptions to the Policy.

- 5.1 There is no designation other than 'authorised' and therefore such use will not be recognised for payment of mileage allowances. For reasons of protection of employees and the council, Managers must not ask their staff, who are not designated either Essential User or Casual User, to undertake any business travel using their car.
- 5.2 Whilst on Maternity leave any entitlement to essential user lump sum would continue, however no mileage would be claimed.
- 5.3 Business mileage does not apply to travel undertaken for attendance at training events, which includes seminars or conferences attended primarily for training purposes. All employees can claim travel allowance for attendance at training events, including continuous professional development (CPD) and conferences. Different rates of travel allowance applies for training. **It is the employee's responsibility to ensure that they are adequately insured, have a relevant drivers licence and the vehicle has an MOT if required.**
- 5.4 The requirement to make available and use a car will not apply to an authorised car user when:
- (a) The car is being serviced, maintained and repaired. However, the Requirements of the Policy apply as stated above;
 - (b) The employee is car sharing thus embracing the 'green travel' ethos. However, the Requirements of the Policy apply as stated above; or
 - (c) Where public transport is used because it is a cheaper or more appropriate means of travel

5.5 Authorised car users **must not** use staff car parking areas at any of the Council's premises or attempt to reclaim the cost of parking at a Pay and Display car park when they are away on annual leave or any other authorised leave of absence.

5.6 Any abuse of Policy could lead to disciplinary action.

6. Policy Review

6.1 This policy may be subject to review.

Conditions Applicable to Loans

1. Applications for car loans will be considered from those employees who are required to use their car on official duties.
2. Loans will be granted
 - (a) if the Head of Service (or director) of the employing department considered the vehicle suitable for the performance of the applicant's duties and
 - (b) subject in all respects to the approval of the s.151 officer or deputy s.151 officer.
3. Applications for loans will not normally be considered for the replacement of a car already subject to a Council loan unless
 - (a) the present loan has expired or
 - (b) the car being replaced has run 20,000 miles since the granting of the original loan.
4. All applicants will be required to produce a detailed invoice from the supplier showing the cost of the vehicle to be purchased and, after the vehicle has been purchased, a receipt for the purchase consideration.
5. An application relating to a secondhand vehicle shall be accompanied by a certificate given by a qualified independent automobile engineer eg the AA,, approved by the s.151 officer or deputy s.151 officer which shall specify
 - (a) reasonableness of the purchase price
 - (b) roadworthiness, and
 - (c) estimated future of the vehicle (this must be at least the number of years for which the loan is required)

Amount of Loan

6. The total loan required should be calculated by taking the total cost of the new car after deduction for the value of the old car less ineligible items (road fund licences, luxury items), add amount outstanding on any existing loan, less any contribution by applicant.
7. If the applicant has less than three years continuous Local Government service at the time of application, the applicant will be required to enter into Credit Guarantee Insurance to cover the amount advanced, the premium for such insurance being borne by the applicant. Other

applicants will not normally be required to enter into Credit Guarantee Insurance, but the decision on such cases will be made by the s.151 officer or deputy s.151 officer.

8. The loan shall not exceed 40% of the gross annual earnings of the employee subject to a maximum of £5,000.

Repayment

9. A loan granted in accordance herewith shall be repayable by monthly instalments over such a period, not exceeding two years or the estimated life of the car, whichever is the shorter, as may be approved. Authority for the s.151 officer or deputy s.151 officer to deduct repayment instalments from pay is given by the completion of the application form.
10. An officer will be responsible for prepaying the balance of any outstanding loan, together with accrued interest, before leaving the service of the Council. Should there be any delay in repayment, additional interest will be charged on the outstanding balance. However, if the officer is leaving to go to another Authority, and that Authority agrees, the loan outstanding including any additional interest due, may be transferred.

Consumer Credit Act 1974

11. Loans are regulated by the Consumer Credit Act 1974 and you will be asked to sign a loan agreement form once the application has been approved. The following table illustrates the amounts to be repaid for each £1,000 borrowed:-

Repayment Period	APR	<i>Loan Period (Years)</i>	
		<i>1</i>	<i>2</i>
Monthly	8.2%	£87.10	£45.34

Other Conditions

12. The vehicle shall be available at all reasonable times for utilisation by the applicant in the performance of his official duties as required by the Council.
13. If the borrower shall die, assign, pledge or charge the motor car or part with its possessions, fail to insure the motor car and keep it insured, become bankrupt, make a composition or arrangement with his creditors, commit any act resulting in the seizure of the motor car, whether by way of execution, distress or otherwise, then the whole of the loan of any balance thereof with interest shall immediately become payable to the Council. The Council shall be entitled to deduct such balance from any sum that may be or become due to the officer from the Council whether by way of salary or refund of Superannuation contributions or otherwise.
14. The borrower will be required to:

- (a) Insure the vehicle under a comprehensive policy and produce that policy any renewal receipt when requested to do so to the designated officer
 - (b) Report to the designated officer any accident involving a claim on the policy.
 - (c) Not dispose of the vehicle without previous consent of the s.151 officer or deputy s.151 officer prior to the repayment of the loan outstanding with accrued interest.
 - (d) Produce the vehicle registration document when required to do so by the s.151 officer or deputy s.151 officer.
15. The Borrower must be the holder of a current driving licence, and must utilise the car in the performance of his/her official duties as required by the Council.
16. The Borrower hereby authorises the Council to deduct from each payment of salary/wages emoluments or allowances due to the Borrower from the Council the instalments set out on the face of this agreement until the total amount payable has been repaid. This authority is irrevocable so long as the total amount payable or any part thereof remain owing to the Council.
17. The Borrower undertakes not to dispose of the car without the previous consent of the Council at any time prior to the repayment of the full amount of the loan with interest calculated in accordance with the Consumer Credit Act 1974.
18. The car purchased must be (i) registered in the name of the Borrower and the vehicle registration book submitted to the Council's designated officer for inspection, (ii) insured under a comprehensive policy covering the use of the car on the Council's business. This policy must be submitted to the Council's designated officer for inspection, as soon as possible after the purchase is completed, and the policy must be in the Borrower's own name.
19. The Borrower shall not borrow, during the period of the loan, any monies from any source, using the car, which is the subject of the loan agreement, as security.
20. If at any time:
- i) The Borrower fails to comply with any of the conditions of this agreement
 - ii) The Borrower commits any act which results in an incumbrancer taking possession or a receiver or administrator appointed of all or any part of the Borrower's assets
 - iii) Any distress, execution, sequestration or other like process is levied or enforced upon or is taken against the Borrower's property
 - iv) A meeting whether formal or informal of the Borrower's creditors or any of them is called

- v) The Borrower presents or allows to be presented a bankruptcy petition within the meaning of the Insolvency Act 1986 or any statutory modification or re-enactment of that act
- vi) The Borrower's employment with the Council is terminated.

The Council shall be entitled to terminate the agreement and to deduct any outstanding amounts under this agreement from any sums which are due from the Council to the Borrower including any amounts due in respect of salary and for superannuation purposes and to demand immediate repayment of any amounts outstanding not so discharged.