

ASSISTED CAR PURCHASE SCHEME

5 September 2011

1 INTRODUCTION

At the Board meeting of 24 June 2011, the Assessor was requested to bring forward a report in respect of the Assisted Car Purchase Scheme. Attached for information is a copy of the City of Edinburgh Council Assisted Car Purchase Scheme and associated application form.

2 BACKGROUND

Prior to Local Government Reorganisation in 1996, the functions of the Board were carried out by the Lothian Region Assessor's Department, part of Lothian Regional Council. All Council policies and schemes were applicable to staff of the Assessor's Department.

Following Local Government Reorganisation, Lothian Valuation Joint Board was established in order to continue to undertake the statutory duties surrounding domestic, non-domestic rating and Electoral Registration. These services were provided to the newly formed City of Edinburgh Council, West Lothian Council, East Lothian Council and Midlothian Council. As part of the reorganisation process, existing staff terms and conditions were transferred to the Board and all major staff scheme and policies were reviewed and adopted by the Board.

A number of staff schemes, particularly those that the Board would find difficult to introduce and administer, were made available to the Board staff on application. The Assisted Car Purchase Scheme is one of those and Board staff are able to make application to City of Edinburgh Council in order to participate.

3 USE OF PRIVATE VEHICLE WHILE ON BOARD BUSINESS

In respect of domestic and non-domestic valuation for rating, a key component is the survey of property. This survey is undertaken not only at building completion and occupation, but also to monitor the construction process.

Given the geographical spread of the area which the Board covers, the large number of surveys undertaken and the number of staff required to undertake survey duties, staff are required to use their own private vehicles in order to fulfil this requirement. Current job descriptions, for those staff where these duties are identified, indicate that the ability to drive is a special condition of the post.

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4 ENVIRONMENTAL AND FINANCIAL IMPACT

Under paragraph 2 of the Scheme, environmental considerations are attached to applications made under the Scheme. In addition, there are no financial implications arising from Board staff making application to City of Edinburgh Council under the scheme terms.

5 SUMMARY

Given the continuing requirement for Board staff to undertake survey duties and the ongoing onus on them to provide private vehicles for the purpose, it is recommended that access to the City of Edinburgh Council Assisted Car Purchase Scheme remain open until such times that the policy ceases to be available.

6 RECOMMENDATION

The Board is invited to note the content of this report and to agree that access to the City of Edinburgh Council Assisted Car Purchase Scheme remain open to staff of Lothian Valuation Joint Board.

**Joan M Hewton,
Assessor & Electoral Registration Officer**

5 September 2011



ASSISTED CAR PURCHASE SCHEME

(Covering all employees excluding teaching staff)

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9 April 2002 (Revised)

ASSISTED CAR PURCHASE SCHEME

(Covering all employees excluding teaching staff)

1. INTRODUCTION

- 1.1 An employee shall be eligible for financial assistance under this Scheme only if the employee is an Authorised Car User as designated by the Head of Department and is expected to continue as an Authorised Car User throughout the period of the loan.
- 1.2 Application under the Scheme shall be in a form prescribed by the Director of Finance who shall administer the Scheme and in so doing may make any enquiries which are considered necessary in the financial interests of the Council.
- 1.3 Financial assistance shall be granted only if the car to be purchased meets the environmental criteria set by the Council and is suitable for the official duties for which it is required.
- 1.4 An employee granted financial assistance under this Scheme shall undertake to use the car for duties on behalf of the Council, as required by the Head of Department, during the period of the loan, subject to any unavoidable non-compliance with this condition due to the car undergoing service or repair.
- 1.5 An employee granted financial assistance under this Scheme must maintain, during the currency of the loan, a comprehensive insurance policy in respect of the car and must ensure that the policy covers the employee for use of the car in connection with the Council's business. The employee must also maintain a valid full driving licence for the appropriate class of vehicle during the period of the loan.

2. ENVIRONMENTAL CRITERIA

- 2.1 In support of the Council's environmental objectives all vehicles obtained under this Scheme must:
 - (a) for new cars - fall within the Annual Vehicle Excise Duty (VED) bands A to C (ie vehicles with a carbon dioxide emission figure not exceeding 185 grammes of CO² per kilometre travelled); or
 - (b) for used cars - similarly fall within the above Annual VED bands. However, used cars registered prior to 1 March 2001 must not have a maximum engine capacity exceeding 1900cc. All used cars must, in addition, pass a vehicle emission check conforming to MOT standards.

3. LIMITATION OF FINANCIAL ASSISTANCE

- 3.1 Financial assistance shall be in the form of a loan to the employee.
- 3.2 The purchase price of a new car on which the loan is calculated may include the net price - ex works, delivery charges and number plates but will exclude road fund licence and optional extras (ie extended warranty, sunroof, radio/stereo system, mudflaps etc) which are not compulsory by statute or regulation.
- 3.3 A loan granted under these provisions shall be subject to any of the following deductions from the purchase price of the car:
- (a) any allowance for the value of the car offered in part exchange against the car to be acquired or the notional value of the car as determined by the Director of Finance; or
 - (b) the selling price of any car which the employee has disposed of, other than by part exchange, during the previous 12 months or the notional value of the car as determined by the Director of Finance; or
 - (c) any amount received under a motor insurance policy for a car owned by the employee, which is totally written off during the previous 12 months; or
 - (d) other than in exceptional domestic circumstances, the notional value, as determined by the Director of Finance, of any car suitable for use on Council business which the employee owns and wishes to retain.
- 3.4 A loan granted under these provisions shall be subject to an addition in respect of any outstanding loan finance on the vehicles identified in paragraphs 3.3(a) to (d) above.
- 3.5 The total funding available in respect of financial assistance under this Scheme falls within Section 94 of the Local Government (Scotland) Act 1973 and shall be determined annually by the Council prior to the start of the financial year.
- 3.6 The maximum loan for an employee shall not exceed 100% of the purchase price of the car to be acquired, subject to an overriding maximum of £7000 inclusive of any outstanding loan. However, in monitoring the financial position of the Scheme during the year, the Director of Finance will have discretion to increase this overriding maximum loan level to utilise fully the total funding available for that year.
- 3.7 To ensure that the funding available is accessible throughout the financial year, quarterly limits on the amount of loans approved shall be applied as follows:-
- | | |
|------------------|--|
| April - June | 25% of total funding available |
| July - September | 30% of total funding available
(plus uncommitted balance from previous quarter) |

October	- 20% of total funding available
December	(plus uncommitted balance from previous quarter)
January - March	25% of total funding available
	(plus uncommitted balance from previous quarter)

4. TERMS OF FINANCIAL ASSISTANCE

4.1 Any loan granted under this Scheme shall be the subject of a formal agreement between the employee and the Council for the due repayment of the loan. The employee shall declare that no hire purchase agreement has or shall be entered into by the employee in respect of the car during the period of the loan. However, the employee shall not be prevented from obtaining additional loan facilities from some external source to facilitate the car purchase, provided that the additional loan provider is not given prior claim rights over the Council on the car purchased.

4.2 The employee shall undertake not to dispose of the car during the period of the loan without the prior consent of the Council. If disposal of the car is authorised by the Director of Finance, on behalf of the Council, then the balance of the loan with accrued interest to date shall become payable immediately.

4.3 The Director of Finance shall arrange repayment of the loan and interest by deduction from salary of equal instalments over the approved period. The following maximum repayment periods will apply:

New or used car up to 3 years old	-	5 years
Used car between 3 and 4 years old	-	4 years
Used car between 4 and 5 years old	-	3 years
Used car between 5 and 6 years old	-	2 years
Used car between 6 and 7 years old	-	1 year

4.4 The terms of the loan will remain fixed for the duration of the loan except that full repayment of the outstanding balance of the loan (including any accrued interest) may be made at any time. Any variation to the terms of the loan will be at the sole discretion of the Director of Finance and will only be considered in exceptional circumstances.

4.5 Interest on the loan shall be:

- (a) chargeable at 0.75% above the Public Works Loan Board (Quota Loans A) Rate for loans taken out for a period of five years or less. Such rate, fixed for the duration of the loan, shall be that ruling at the date of receipt of the application form by the Director of Finance; and
- (b) calculated at half-yearly rests on the amount of the loan outstanding at the commencement of the second quarter of each period to which the charge relates and shall thereafter be equated over the period of the loan.

- 4.6 Any loan for the purchase of a used car will only be granted following successful vehicle examination and emission test arranged by the Director of Finance. The cost of the test will be the responsibility of the employee and will be deducted from the amount of the advance.
- 4.7 Any loan granted under this Scheme will be on condition that a Credit Guarantee Insurance is effected with the Council's Insurers, the cost of which will be the responsibility of the employee. The single non-refundable premium due, based on the rates current at that time, will be deducted from the amount of the advance. The Credit Guarantee Policy provides both parties with certain protection during the period of the loan. In particular, the policy builds in life cover in the event of the employee's death in service.
- 4.8 If an employee's contract of employment is terminated (eg resignation, early retirement etc) before full repayment of the loan or the employee fails to comply with the conditions set out in paragraph 1.4 above, then the employee shall be required to repay immediately the balance of the loan including any accrued interest to the date of repayment.
- 4.9 Where an employee is absent from work due to sick leave or maternity leave then the loan shall be allowed to continue provided that the repayment arrangements are fully met, otherwise the loan balance and accrued interest will become immediately payable.
- 4.10 Where, during their service with the Council, an employee ceases to be designated an Authorised Car User by the Head of Department or takes up a new post and no longer has such authority, then the repayment arrangements for any existing loan will be allowed to continue.

5. SUBMISSION OF SUPPORTING DOCUMENTATION

- 5.1 From the date of signing of the formal Minute of Agreement, the employee shall undertake to submit to the Director of Finance, for inspection, the following documents within the time limits stated:
- | | |
|---|---------|
| (a) Receipt, in the employee's name, for the car purchased | 2 weeks |
| (b) Comprehensive Insurance Certificate in the employee's name | 2 weeks |
| (c) Vehicle Registration Document, in the employee's name, for the car purchased | 6 weeks |
| (d) Evidence in respect of the settlement of any outstanding finance for which an allowance has been made in respect of paragraph 3.4 | 2 weeks |
- 5.2 Failure to produce the above documents for inspection within the time limits stated may, at the discretion of the Director of Finance, result in the loan becoming immediately repayable in full.

6. GENERAL

- 6.1 An employee transferring into the service of the Council from another local authority with whom an Assisted Car Purchase Loan is outstanding and who wishes to transfer the liability shall, if the employee is eligible for a loan under this Scheme and the Council agrees to accept the balance outstanding, enter into a new agreement in accordance with this Scheme. Such loan shall be repayable over the lesser of the following:
- (a) the period outstanding on the previous loan; or
 - (b) the period over which a new loan would be granted under this Scheme.
- 6.2 Any dishonest or fraudulent act by an employee relating to the operation of this Scheme shall be dealt with by the Head of Department in accordance with the Council's Disciplinary Procedure, and may also result in the requirement for the employee to repay immediately the balance of the loan including any accrued interest to the date of repayment.
- 6.3 The Scheme will be reviewed from time to time by the Director of Finance in conjunction with the Director of Corporate Services.

7. LOCAL AGREEMENT

- 7.1 This document is a local collective agreement between the Council and the recognised Trade Unions. Every effort will be made by both parties to ensure that this document will be maintained as a local collective agreement and adjusted by agreement to meet changing future needs. In the event of failure to reach agreement both parties reserve the right to terminate this local agreement by giving four months notice in writing. In such circumstances the terms of the local agreement will cease to apply to existing and future employees.
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**THE CITY OF EDINBURGH
ASSISTED CAR PURCHASE SCHEME APPLICATION**

For office use only

Interest Rate%

Cost Centre

Full Name: (Mr/Mrs/Ms/Miss)

Home Address

Postcode Tel.No.....

Department Date of Appointment

Designation..... Present Salary

Employee No. / /

Amount of Loan

£ _____

£ _____

£ _____

1 Details of any existing loan in respect of a vehicle currently or previously owned.

Lender Date of Loan Period of Loan

Amount of Loan £ Monthly repayment £ Amount Outstanding £

2 Details of car in respect of which advance is required. (If the car is new, a break-down of the purchase price must be attached. Road Fund Licence and accessories/extras must be excluded from the purchase price).

Make	Model (full details)	
Reg.No.	Engine Capacityc.c	No. of Doors.....
Year of Manufacture.....	Purchase Price	Mileage

3 Details of amounts recovered in part exchange, etc. for any vehicle disposed of under clauses 3.3(a), (b), (c) or (d) of the Council's Assisted Car Purchase Scheme within the preceding 12 months.

Make..... Model Reg. No.....

Engine Capacityc.c Year of Manufacture..... Mileage

Amount recovered: Part Exchange £ Insurance Receipt £

Disposal other than by part exchange £.....

4 Amount of Advance Requested: £

Period over which loan to be repaid (Years)

Proposed Date of Purchase

Approximate Date on which advance is required

Name of Insurance Company

Policy number (if known)

DECLARATION OF APPLICANT

I have read the City of Edinburgh Council's Assisted Car Purchase Scheme as approved by the Executive of the Council on 9th April 2002 and it is on that basis that this application is made.

I hereby warrant that all the above statements and particulars are true and that I have not withheld or misstated any material fact. I further warrant that no hire purchase agreement has been entered into in connection with the purchase of the vehicle and that any earlier advance in respect of a vehicle to be disposed of and in respect of which information is supplied at 1 and/or 3 above, has been repaid or will be repaid on receipt of any loan resulting from this application.

In terms of Clause 4.7 of the Assisted Car Purchase Scheme, I authorise the deduction from any sum advanced as a result of this application the premium due for credit guarantee insurance.

Signature of Applicant Date

DECLARATION BY HEAD OF DEPARTMENT

In connection with the application made herein, I confirm that the applicant is an authorised car user and that the type of vehicle to be purchased is suitable for the official duties for which it is required. I further confirm that the applicant is a permanent employee and will to the best of my knowledge, continue to be in employment for the duration of the loan in respect of which application is now made.

Signed Date

HEAD OF DEPARTMENT