



CAR LOAN POLICY & PROCEDURE

JULY 2020

CONTENTS PAGE

	Page No.
1. Purpose _____	3
2. Scope _____	3
3. Status _____	3
4. Owner _____	3
5. Policy _____	3
5.1 Car Loan Terms	3
6. Procedure _____	4
7. Records _____	5
8. Further Assistance _____	5
Appendix 1: Car Loan Application	6

1. PURPOSE

- 1.1 This document provides an overview of the Company's Car Loan Scheme, the rules that apply and the procedure to be followed.

2. SCOPE

- 2.1 This is a group level policy that applies to all permanent employees of Anglian Water Group Limited, with the exception of Anglian Water (Ireland) Limited and Wave Limited (and their respective subsidiaries).
- 2.2 Car loans are only available to permanent employees who do a significant amount of mileage in the course of their work. Loans are not available for fixed term employees, agency workers, consultants or any other type of worker.

3. STATUS

- 3.1 This policy is subject to regular review by the Company and is updated as appropriate.

4. OWNER

- 4.1 Head of Reward.

5. POLICY**5.1 Car Loan Terms**

- 5.1.1 The employee will be required to enter into a loan agreement before any loan is made. A copy of the loan agreement can be found in BOOST.
- 5.1.2 The loan shall not exceed £13,000.
- 5.1.3 No loan will be made unless the estimated life of the car, having regard to the total mileage which the employee may reasonably be expected to cover, is at least 4 years and the type of car is suitable for the performance of the official duties for which it may be used.
- 5.1.4 The period of repayment must not exceed 36 months and will be deducted from the employee's monthly salary.
- 5.1.5 Only one car loan per eligible employee will be permitted at any one time.
- 5.1.6 The interest rate will be calculated using the reducing balance method and will be charged at Bank of England Base Rate plus 1% at the time the loan is agreed.
- 5.1.7 The balance of the loan is immediately repayable if the borrower:
- a Leaves the Company
 - b Breaks the loan agreement
 - c Is provided with a Company vehicle
 - d Disposes of the vehicle
 - e Becomes disqualified from driving

- 5.1.8 If an employee leaves the Company before the total loan is repaid, they must contact People & Payroll Support to check the remaining balance of the loan and the value of their last pay. If their last pay will cover it, any remaining loan balance due will be deducted from their last month's pay. If the last month's pay does not cover the balance and there are still outstanding monies owed, People & Payroll Support will write to the employee requesting repayment. If the employee fails to pay the debt will be passed to the relevant department for formal debt collection action to be taken.
- 5.1.9 The employee is responsible for ensuring that they can afford the cost of the loan repayments.
- 5.1.10 Employees maybe liable to a benefit in kind (which would then have income tax payable) on loans above £10,000 if the rate of interest charged is below the HMRC's official interest rate at the time. If a benefit in kind is to be declared to HMRC then it will be based on the value of whole loan not just the amount over the £10,000.
- 5.1.11 Employees must provide a receipt for the vehicle within 30 days of money being paid.
- 5.1.12 The Employee will at all times, so long as money is owing under this Agreement, keep the car insured under a comprehensive policy of insurance at a sum not less than the market value of the car and keep the car in good and road worthy repair.
- 5.1.13 The full amount of the loan must be repaid within the agreed repayment period.
- 5.1.14 Early repayment of the total loan can be made - the employee should contact People & Payroll Support to discuss early repayment (by bank transfer or direct from salary).
- 5.1.15 If an employee has difficulty repaying the loan they must talk to their Line Manager about this immediately.

6. PROCEDURE

- 6.1 If the Line Manager agrees to recommend a loan, the Car Loan Application Form (see **Appendix 1**) must be downloaded from BOOST and completed by the employee, attaching any relevant information to support it. The employee must give this to their Line Manager for first approval.
- 6.2 Once the Line Manager has approved the Car Loan Application should be passed to the Business Unit Director and Head of Reward for final approval.
- 6.3 If a loan is approved People & Payroll Support will contact the employee to inform them when the funds will be transferred to their bank account, usually within a further 3 working days. Repayments will commence from the next payroll run. People & Payroll Support will confirm, in writing to the employee, the details of the

loan, the interest rate, the monthly repayments and the number of months over which the loan is to be repaid. The Line Manager will receive a copy of this letter.

7. RECORDS

- 7.1 The Car Loan Application is submitted to People & Payroll Support and stored on an employee's personnel file

8. FURTHER ASSISTANCE

For general queries or for advice and guidance on the application of this policy please contact the relevant HR Business Partner or member of the People and Payroll Support Team.

LAST REVIEWED

July 2020

APPENDIX 1**CAR LOAN - APPLICATION FORM****VEHICLE DETAILS:**

Make:	
Model:	
Engine Size:	
Registration Number:	
Recorded Mileage:	
Anticipated Annual Mileage (Business + Private)	
Invoice Attached:	TO FOLLOW (WITHIN 30 DAYS)

VEHICLE COST:

Total Purchase Price:	
Less deposit or part exchange	
Balance	

LOAN DETAILS:

Loan Required (<i>must not exceed the balance shown above</i>) LOAN MUST NOT EXCEED £13,000	
Date Loan Required:	
Period of Loan in Months:	

If your application is approved, you will be given written details of the cost of the proposed loan and will enter into a Car Loan Agreement before any sums are paid.

DECLARATION**Employee:**

I declare that I have read and understand the rules relating to the Company Car Loan Scheme and confirm that this vehicle is not subject to any hire purchase agreement. I will provide a receipt of the vehicle within 30 days.

Employee Name:

Date:

Employee Signature:

Line Manager Approval:

I declare that I have read and understand the rules relating to the Company Car Loan Scheme and hereby give authorisation for this Loan Application to proceed.

Name:

Date:

Signature:

Business Unit Director Approval:

Name:

Date:

Signature:

Head of Reward Approval:

Name:

Date:

Signature:

People & Payroll Support:

The above employee is within the criteria for the Company Car Loan Scheme.

Name:

Date:

Signature: