

# Season Ticket Loan Scheme

## 1. Introduction

- 1.1 Interest free annual season ticket loans are available to all permanent employees, and where authorised by a third tier manager or above, employees on temporary contracts of over one year, who travel to work on public transport.
- 1.2 However, temporary, fixed term employees or any other employees on non permanent contracts will only be granted a season ticket loan up to the end date of the contract. The issuing of such a loan is subject to their manager's approval.
- 1.3 Staff transferring from another Local Government authority who have an existing season ticket loan may transfer that loan.
- 1.4 Annual season ticket loans are not available to essential car users or employees who have a car loan.
- 1.5 The following sets out in detail how the interest free season ticket loan scheme works.

## 2. Conditions of Scheme

### 2.1 The main terms of the scheme are that:

- The maximum season ticket loan available to employees, unless authorised by the Assistant Chief Executive, Human Resources, is £3,500. Loans will not be granted for any more than £5,000 as they will then be deemed a beneficial loan, and have tax and NI implications
- Employees are required to complete an application form for the loan required (see attached form)
- The loan application must be authorised by a third tier manager or above
- The cheque raised to pay for the season ticket be made payable to the relevant transport authority, not the employee
- Repayment of the loan will be directly from salary over a one year period, from the date the ticket is purchased ( unless they are temporary employees, when the loan will not exceed the length of the contract)
- If the employee leaves they will be required to pay the outstanding balance in full from their final salary

### **3. The Process**

- 3.1 Completed application forms should be authorised by the employee's manager at third tier or above, and forwarded to Financial Systems section of Financial Services, Room CF12, Town Hall, at least 5 working days before the loan is required.
- 3.2 Payment will be in the form of a cheque made payable to the relevant Transport Authority.
- 3.3 It is the employee's responsibility to make their own arrangements to purchase their season ticket.
- 3.4 Employees are required to provide a receipt as proof of purchase within 7 working days to systems and payments section. Failure to do so will result in the loan becoming payable in full immediately.
- 3.5 Internal Audit may check on a random basis, that the tickets issued are current and in use.
- 3.6 Human Resources are responsible for ensuring that Financial Systems are made aware of employees leaving the authority in order to ensure that outstanding monies can be deducted before individuals leave.

### **4. Repayment of the Loan**

- 4.1 Recovery of the loan will be by deduction from the employee's monthly pay, by equal instalments, over a period of twelve months, (unless they are temporary employees, when the loan will not exceed the length of the contract).
- 4.2 If the employee leaves the Council before the whole of the loan has been repaid, the outstanding balance will be deducted from the employee's final salary.
- 4.3 If the employee is taking up employment with another Local Authority, it may be possible to transfer the loan. It is expected that the new employer will pay the outstanding balance to the Council and make their own arrangements with the employee. It is the employee's responsibility to seek authorisation from their new employer.
- 4.4 In the event of failure to repay a loan the Inland Revenue will be notified. They will treat the whole of the outstanding balance as a taxable benefit and subject the borrower to a tax charge at the appropriate rate.

## **5. Costs**

- 5.1 The season ticket loan scheme requires that a premium in respect of the credit guarantee insurance required by the Council is payable by employees with the loan. This is calculated a 0.5% of the loan. On a loan of £2,000 the amount payable is £10. This amount will also be deducted from the employee's salary.

## **6. Fraudulent Use of Season Ticket Loans**

- 6.1 Employees must not use the loan for any other purpose or to cash the ticket in to obtain funds. Failure to comply with these requirements will be investigated under the council's disciplinary procedure.
- 6.2 In these circumstances the loan will become repayable in full, together with interest, with immediate effect.

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### **CONDITIONS OF SEASON TICKET LOAN**

1. The season ticket loan must be used to purchase/assist in the purchase of a travel season ticket for use by the individual applying for and receiving the loan and for no other purchase.

2. The borrower must not sell, assign, pledge as security to a third party, charge or part with possession of the season ticket without the prior written consent of the Head of Financial Services.

3. In the event of the season ticket being lost or stolen, the borrower must, spend any sum required to get the ticket replaced.

4. The borrower shall indemnify the Council against all costs, losses, damages and demands whatsoever in respect of any claims arising or in consequence of the breach or non-performance of any of the terms of this agreement:

5. If the borrower fails to observe any of the above conditions or:

- ceases to be an employee of the Council;
- becomes bankrupt;
- makes any composition with his or her creditors;
- has a disciplinary sanction placed on them as a result of a disciplinary hearing regarding the breaking of the conditions of the season ticket loan scheme
- commits any act resulting in the seizure/confiscation of the season ticket by or on behalf of creditors;

then the balance of the loan outstanding will become immediately repayable to the Council.

6. The borrower may, by giving not less than one month's notice in writing to the Head of Financial Services, pay off the outstanding balance due to the Council under this agreement before the expiration of the loan period.

7. In the event of any balance of the said sum advanced becoming payable as provided for by this agreement, the Council, in addition to exercising all the legal or equitable rights and remedies, shall be entitled to deduct such balance from any monies that may be or become due to the borrower from the Council.

8. In the event that the borrower fails to make payments in accordance with this agreement, including a failure by the borrower to make payment of the outstanding balance which has become immediately payable the Council shall, following service of a Default Notice upon the borrower:

- be entitled to take possession of the season ticket.
- be entitled to seek a refund in respect of the unused period of the season ticket
- apply the proceeds of such a disposal to the balance of loan outstanding in respect of this Agreement and any costs incurred by the Council.

9. In the event that the proceeds of disposal in accordance with the above are insufficient to satisfy the outstanding balance of the loan, the borrower shall be liable to the Council for the total amount of the short fall.

10. In the event that the borrower fails to make payments in accordance with this agreement, including a failure by the borrower to make payment of the outstanding balance which has become immediately payable, the Council may charge interest on the outstanding balance at a rate of 8.9% per annum, and instigate debt recovery proceedings in the courts.

11. In the event that legal proceedings are taken to recover the amounts outstanding under this agreement, the borrower will, subject to any Order made by the court, be liable for all legal costs and expenses incurred by the Council or its agents in recovering the amounts outstanding.

12. This agreement supersedes any previous season ticket loan agreements between the borrower and the Council.