Vehicle Purchase Assistance Policy

The Council recognises that its people are its greatest asset. To enable employees to deliver high-quality services and meet operational demands, we are committed to supporting safe, reliable, and responsible vehicle use for work and commuting purposes. This policy sets out our approach to assisting employees in acquiring and maintaining suitable vehicles, ensuring that access to vehicle loans is fair, equitable, and transparent.

Our approach balances the needs of employees with the Council's duty to manage financial and operational risks. The policy is fully compliant with equality and diversity standards, giving due care and consideration to individual circumstances while ensuring that vehicle provision aligns with the Council's business requirements.

Supporting employees with appropriate vehicle access is not only about enabling individual effectiveness, but also about strengthening organisational resilience and service continuity. This policy applies to all eligible employees and ensures fair, transparent access to vehicle support, balancing individual needs with those of the Council and offered to eligible employees as an alternative to the Councils salary sacrifice car scheme.

Policy	Vehicle Purchase Assistance Policy
Policy Author	HR Team – PSPS Limited
Policy Issue date	January 2026
Policy Review date	January 2030, or earlier if required
Policy Consultation	Trade Unions recognised by the Council Council Reader Panel Senior Leadership Team
Policy Sign-off	Head of Paid Service (at SHDC – in consultation with Portfolio Holder and PDP)

Vehicle Purchase Assistance Policy

Introduction

The Council recognises that its people are its greatest asset. To support the delivery of high-quality services and ensure operational continuity, this Vehicle Purchase Assistance Policy sets out the conditions under which employees may apply for financial support to purchase a suitable vehicle for work and commuting. It will promote responsible lending that minimises financial risk to both the Council and employees. The policy aims to provide fair access to loans for eligible employees, supporting operational needs while maintaining financial prudence.

Aim

The purpose of this policy is to ensure that vehicle loans are managed fairly, consistently, and in accordance with statutory and best practice standards. The policy aims to financially support employees in acquiring a suitable vehicle for work-related travel and commuting, while safeguarding the Council's financial interests and adhering to any prevalent regulations, including HMRC.

Scope

This policy applies to all employees of the Council, including those employed on fixed-term contracts, who require a vehicle for work duties and commuting. The policy does not apply to agency workers, self-employed contractors, or consultants. Cycles are not within the scope of this policy, but the council offer a separate provision under its salary sacrifice 'Cycle to Work' scheme.

Where it is possible, the Salary Sacrifice Car scheme may first be explored as a more viable financial option for vehicle purchase, prior to an application for a loan being made.

Eligibility

- Employees must have successfully completed their probation period.
- Fixed Term Contract employees will need to be within employment for the duration of the loan period, therefore the loan term should not exceed your contract end date.
- The vehicle must be the employee's primary mode of transport for work duties and/or commuting.
- Loans will not be granted for performance vehicles, performance motorcycles, or secondary vehicles.
- Vehicles must be purchased from a Motor Vehicle Retailer or Dealership registered under Companies House who accept BACs payment. Private sellers will not be permitted.
- Employees seeking alternative transport options may use the Cycle to Work Scheme.

Loan Amount and Financial Limits

Maximum Loan Value:

- For second-hand cars: 80% of the average market price (currently as at Oct '25 approx. £16,780), capped at £13,424. The Council will review the average market price annually on or around October, or if there is market conditions that indicate a need to review sooner e.g. shortage of new vehicles forcing an increase in demand for second hand cars shifting market price). Information on the updated Market evaluation will be published on employee FAQ.
- For new cars: 80% of the purchase price to account for immediate depreciation.

**as at October 2025*

Salary-Based Cap: Monthly Loan deductions must not exceed 20% of the employee's gross monthly salary.
Only one vehicle loan may be held at any time. Council will take into consider other salary commitments that the employee has, when looking at this application to support with responsible lending.

Any loan confirmed over the value of £10,000.00 may be taxable, which will be submitted by Payroll via a P11D.

Interest Rate

The interest rate will be set at a minimum of the HMRC official rate, as at the date of the loan issue. Should the initial interest rate fall below future HMRC annual rates, this would then become taxable via a P11D.

Loan Term

- Maximum loan term: **4 years**. Except for vehicles less than 3 years old at purchase: loan term can then be **up to 5 years.**
- Vehicle age is determined by Date of registration of the vehicle.

1. Responsibilities under this Policy

1.1. The Council

- Provide fair access to vehicle loans for eligible employees, supporting operational needs while maintaining financial prudence.
- Understand the requirements of the employee's application and provide responsible financial support, while safeguarding the Council's financial interests.
- Provide clear and transparent information to the employee throughout the application process.
- Inform and offer the employee alternative or more suitable solutions to lending where possible, e.g. Cycle to Work scheme, Salary Sacrifice Car Scheme etc.

1.2. Employees

- Provide accurate, timely, and transparent information for the application of the loan.
- Carefully consider the impact of repayments and current financial commitments alongside the loan period.
- Understand the limits of the Policy and commit to the requirements of the repayments.

- Understand that the spirit of the Policy is to provide financial support to employees who may not be able to obtain private or reputable financial borrowing.

1.3. Managers

- Support employees in understanding the policy and application process.
- Verify that the vehicle is required for work duties and/or commuting.
- Liaise with HR and Finance as needed.
- Signpost employees to alternative schemes where appropriate.

2. Conditions

2.1. Full loan repayment must be completed by the employee's last working day if employment ends for any reason. In situations of a termination the Council reserve the right to deduct remaining balance from any settlement payments made to employee.

2.2. Civil proceedings, including interest charges, will apply for any outstanding repayments, after the last date of employment with the lending Council

2.3. The loan liability is with the employees' employing Council.

2.4. Loans are transferable across the Partnership only with approval of the incoming Directorate.

2.5. Where an employee transfers to another Council **outside** the Partnership, the outstanding balance of the vehicle loan must be repaid in full on or before their last day of employment with the lending Council, regardless of whether continuous service is preserved for employment purposes. It does not extend to financial agreements such as vehicle loans, which remain the responsibility of the original employing Council.

2.6. Should the vehicle become unroadworthy, written off or unusable, the loan will continue to be payable in full to the Council.

2.7. Employees must maintain an appropriate level of vehicle insurance for the duration of the loan, and thereafter if you use the vehicle for work related duties.

2.8. Early repayment is permitted without penalty; employees may request an early repayment calculation.

2.9. Employee must provide a fully completed Application Form along with supporting documentation requested for supplier/vendor set up (please refer to the Application form for details).

2. Application Process

2.9. Employees must submit a fully completed application to HR for due diligence checks on pay, general income, and affordability.

2.10. Employees must declare all relevant information in full to the Council; failure to do so may delay the application and any false disclosure may be treated as a misconduct issue and dealt with under councils Disciplinary Procedure.

2.11. HR will confirm eligibility before proceeding to Assistant Director (AD) approval.

2.12. Approval must be signed by the relevant Assistant Director (AD) and 151.

2.13. Finance will pay the vendor directly and will require new vendors to be set up as a supplier and notify the employee of the BACS payment date so the employee can inform the seller and make arrangements to collect the vehicle, once the money has been received by the seller.

2.14. Only one loan application may be active at any one time.

2.15. Employees should typically allow 2 weeks for a vehicle loan application; and should apply with sufficient time. Applications may take longer if more information is required; absence of approving AD; delays in setting new suppliers up.

2.16. The Employee should not confirm a collection of the vehicle until a payment date to the seller has been confirmed.

2.17. When the application has been approved, and details of the loan finalised, you will be notified

of the loan amount and monthly deductions, in writing, which will need your signature as confirmation of the deductions, prior to the seller being paid.

3. Deductions

Loan payment Deductions will be made automatically from salary on a monthly basis. Deductions will start from the next payroll cycle after loan approval.
In case of resignation or termination:

- Outstanding balance becomes immediately payable.
- Company reserves the right to deduct from final settlement.

If an employee, due to reduction in salary (e.g. due to period of Parental leave or long-term sickness absence), cannot afford to cover the loan deductions, the Council will either reduce deductions or suspend deductions. On return to work, the Employee will receive an amended loan repayment schedule. Or the Employee may choose to settle or pay the Council directly, when salary deductions are not possible.

4. Decline following Application

4.9. If the loan is declined, the employee will receive the reason for this decision.

4.10. The decision on lending is solely at the discretion of the employing Council holding the liability, and to the incoming Council in the case where an employee may transfer within the Partnership.

4.11. There is no appeal procedure against the decline of the loan. Employees may reapply after six months or if their circumstances change.

5. Data Protection

The Council processes personal data in accordance with its Data Protection policy. Data collected is held securely and accessed by, and disclosed to, individuals only for the purposes of managing the car loan process effectively. Inappropriate access or disclosure of applicant data constitutes a data breach and should be reported in accordance with the Council's Data Protection policy immediately.

6. Review and Amendments

This Policy is non contractual and may be reviewed, amended or withdrawn at any time the Council feels is necessary.