

## Interest Free Loans Policy

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## Monitoring and review

Staff responsible	:	Chief Executive Officer; Headteachers
Committee responsible	:	Board of Trustees
Links	:	
Date approved	:	July 2018
Review date*	:	July 2019

\*Please note that should any further national guidance be issued by external agencies that are relevant to this policy, it will be updated accordingly prior to the review date shown above and re-circulated.

**The Boleyn Trust Board of Trustees has agreed to this Policy and, as such, it applies to all Schools within the Trust.**

## Rationale

The purpose of this policy is to explain the circumstances in which the Trust will make an interest-free loan to an employee, the procedure for making the loan, and the conditions that will apply to the loan.

The terms of the policy may be varied from time to time at the Trust's discretion. The trust may terminate the policy without notice at any time or exclude employees from participating in the policy at its discretion.

The policy does not form part of employees' contracts of employment.

The Trust makes loans to employees for the following purposes:

- Season Ticket Loan
- London Borough of Newham Parking Permit

## Policy Statement

### Season ticket loan

The Trust will provide a loan to an employee for the purpose of purchasing an annual season ticket to facilitate travel between work and home by public transport. The loan will not cover other travel costs, for example costs associated with the use of a car for getting to and from a train station, such as parking costs.

### Loan amount

The maximum amount that the Trust will lend to employees is [percentage]% of the employee's net salary.] ]

### Eligibility

An employee is entitled to apply for a loan unless he/she:

- has not yet passed his/her probation period;
- does not have sufficient monthly salary to make the necessary repayments;
- has served notice of resignation;
- has received notice from the Trust terminating his/her employment;
- is subject to disciplinary proceedings that could result in his/her dismissal;
- is subject to an active final written warning; or
- is repaying a previous loan from the Trust.

In deciding whether or not to provide a loan, the Trust may take into account:

- the employee's ability to repay the loan, taking into account his/her salary and other loan or financial commitments;
- the employee's personal circumstances; and
- extenuating circumstances.

### Trust's discretion

The Trust will decide at its absolute discretion whether or not to grant a loan to an employee at his/her request, and whether or not the full amount of the loan requested will be provided.

The Trust reserves the right to deny a loan application on whatever grounds it deems appropriate.

### Repayment period

The loan repayment period will be agreed between the Trust and the employee and will depend on the type and amount of the loan. The usual length of a loan repayment period is [12] months.

Once the loan is made, the Trust will make deductions in equal [monthly] instalments from the employee's salary for the purposes of repayment of the loan. The first deduction will be made from the employee's salary in the month following the month in which the loan is made.

Deductions from the employee's salary for the purpose of repaying the loan will be itemised on the employee's payslip.

### **Termination of employment**

In the event of the termination of employment for any reason, the employee will be required to reimburse the Trust for the outstanding amount of the loan. A deduction equivalent to the outstanding amount on the loan will be made from any final payments due to the employee. Pay for these purposes includes (but is not limited to) salary, holiday pay, expenses and bonus payments.

In the event that the employee's final pay is insufficient to allow for the whole of any such deduction, or the Trust agrees, on the employee's request, to further time for repayment of the outstanding amount, the employee will be required to make a separate payment to the Trust, to be paid to the Trust within one month of the termination of his/her employment. If relevant, the HR department will set out a schedule for repayment of the outstanding amount.

If the employee does not repay the loan in accordance with this policy, the Trust may take legal action to recover the amount outstanding.

### **Procedure**

To apply for a loan, an employee must complete a loan application form, which is available in **Appendix 1**.

The employee should return the completed form to the Headteacher. The Trust will take up to five working days to consider the application. If the application is approved, the Headteacher will contact the employee and request that he/she enters into a written agreement with the Trust for repayment of the loan.

On receipt of the signed written agreement for repayment of the loan, the Trust will initiate a transfer direct into the employee's bank or building society account within three working days.

### **Disciplinary action**

It is a disciplinary offence for an employee to abuse this policy. If an employee is found to have abused the policy, he/she will be subject to disciplinary proceedings, which could lead to dismissal.

## Annex 1: Loan Request Form

I would like to apply for a:

- Season ticket loan
- London Borough of Newham Parking Permit

Employee's name:	
Setting:	
Job title:	
Employee's date of commencement of employment:	
Amount of loan required:	
Date loan required*:	
*Please note that the Trust may not be able to provide the loan by the date required if you have not given sufficient notice in accordance with the loans policy	

Please tick "yes" or "no" for each question:

Have you passed your probation period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have sufficient monthly salary to make loan repayments?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have you served notice terminating your employment or received notice from the Trust terminating your employment?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you subject to disciplinary proceedings?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you subject to an active final written warning?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you in receipt of a loan from the Trust that you are currently repaying?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have you made a previous application for a loan from the Trust?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, on what date did you make the application?	

The information in this application form is true to the best of my knowledge and belief.

Employee's signature: ..... Date: .....

### Authorisation:

The employee's line manager should sign the form once he/she has checked the accuracy of the information provided by the employee.

Line Managers signature: ..... Date: .....

## Annex 2

[Recipient's name]  
[Recipient's address]  
[Recipient's town]  
[Recipient's postcode]

Dear [ ]

This letter sets out the terms on which the Trust is prepared to advance you a loan of £[amount] in accordance with your request dated [date] for the purpose of [purchasing a season ticket/London Borough of Newham Parking Permit].

The loan will be free of interest and repayable on a [monthly] basis, commencing on [date] at the rate of £[amount] per [month] by way of deduction from your salary.

In the event that you leave the Trust's employment for whatever reason before the loan has been repaid in full, you will be required to reimburse the Trust for the outstanding amount of the loan. You agree that any outstanding monies due to the Trust in respect of this loan may be deducted from any sums due to you from the Trust, including (but not limited to) your [final salary/outstanding expenses/ bonus/holiday pay].

If there is still an amount outstanding after making such deductions, or the Trust agrees, on your request, to further time for repayment of the outstanding amount, you agree to make a separate payment to the Trust within one month of the termination of your employment. If relevant, the HR department will set out a schedule for repayment of the outstanding amount.

The loan may constitute a taxable benefit, in which case you will be responsible for the payment of all tax due.

Please sign and date the attached copy of this letter in acknowledgment of your agreement to the above terms.

Yours sincerely,

[name]  
[job title]

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To Boleyn Trust

I hereby agree to the terms set out in the above copy letter.

Signed: .....

Dated: .....