

Causeway Coast & Glens Borough Council

To: Corporate, Policy and Resources Committee

Car Loans

Date 14/04/15

For Information

1.0 Reporting to committee

Linkage to Corporate Plan	
Strategic Priority	Providing Civic Leadership
Objective	Ensure good governance and management of Council business and the delivery of services
Lead Officer	David Wright
Cost: (If applicable)	£nil

1.1 Background

Causeway Coast and Glens District Council may in the course of providing services assist employees by way of a loan for the purpose of purchasing a car.

1.2 Detail

The Local Government Act provides for a council to make a loan to an officer for the purchase of a motor car or motor cycle, subject to such conditions that the Department of the Environment, with the approval of the Department of Finance and Personnel may determine.

The Department advised Council on 1 April 2014 that with effect from 1 April 2014, it would no longer be specifying the rates or conditions for such loans to officers. This is aligned with one of the main objectives of the Local Government Finance Act (NI) 2011, which was to allow councils more freedom in financial matters. Henceforth future rates and conditions will be at the discretion of councils. This has been agreed with the Department of Finance and Personnel.

In June 2013, the Department of the Environment reviewed existing rates applied by councils and determined an interest rate of 2.2% per annum on the amount of the loan. This is an appropriate method as the repayment of the loan and payment of the interest charge will be undertaken by equal monthly instalments – Legacy Councils have always adopted this method. As there has been no change in base rates in the intervening period, it is felt that this rate continues to be appropriate for the period 1 April 2015 – 31 March 2016, together with the

adoption of the conditions previously issued by the Department and adhered to by Council. For any officer to be eligible to apply for financial assistance in accordance with the scheme, the use of a motor vehicle must be essential to the carrying out of official duties. All loan applications will be recommended via this committee.

1.3 Recommendation

It is recommended that the Causeway Coast and Glens Borough Council adopt the process for the granting of car loans to employees using the rate as specified and the DoE guidelines and that authority be delegated to the Chief Finance Officer to approve such loans bringing agreements to Council for sealing.