

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

06 April 2009

Report of the Central Services Director

Part 1- Public

Delegated

1 ASSISTED CAR PURCHASE SCHEME INTEREST RATE

Summary

In the light of falling bank interest rates, Management Team decided that the Council's position should be protected by amending the terms of the Assisted Car Purchase Scheme interest rate.

1.1 Background

- 1.1.1 The current practise for loans to employees to assist in the purchase of a car includes the provision that the rate of interest over the period of the loan will be 2% above the bank base rate at the time that the loan is applied for.
- 1.1.2 MT felt that a cap on the minimum interest rate should be specified in order to protect the Council and it was agreed that this be set at 3% with immediate effect, putting the lowest level of interest for any T&MBC loan at 5%.
- 1.1.3 Given the rising number of loan applications, MT felt it appropriate to make this change immediately to protect the Council, invoking emergency powers, and to ask Members to agree this retrospectively at the next meeting of this Committee.

1.2 Legal Implications

- 1.2.1 None

1.3 Financial and Value for Money Considerations

- 1.3.1 The action recommended seeks to limit the Council's exposure to fluctuations in interest rates whilst continuing to provide a worthwhile assisted car purchase scheme.

1.4 Risk Assessment

- 1.4.1 Without making this change, due to the fixed interest rate attached to these loans, the Council could suffer a financial loss that is avoided by the recommended amendment.

1.5 Recommendations

- 1.5.1 Members are requested to endorse the decision taken by Management Team to set the interest rate applied to the Assisted Car Purchase Scheme at 5% or 2% above base rates whichever is the higher.

Background papers:

contact: Charlie Steel

Nil

Julie Beilby
Central Services Director