



Policy Document:

# Employee Welfare Loan Scheme

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## Employee Welfare Loan Scheme.

### **What is an Employee Welfare Loan?**

It is an interest-free loan of between £100 and 50% of monthly basic salary (or equivalent) to support eligible staff facing short-term financial difficulties, where it has not been possible to find funding from other recognised reputable sources such as a bank or building society loan.

It is intended that the loan can help individuals manage a short-term cash flow problem. It is not designed to help staff facing long-term financial problems.

The Employee Welfare Loan is available to employees of the Centre on permanent or fixed term contracts of at least 12 months and that are paid monthly via Centre payroll and subject to income tax and national insurance (NIC). An Employee Welfare Loan will be repayable via deductions from payroll in equal instalments over a period of 1 to 12 months after the loan is provided.

### **What would qualify as a short-term financial need?**

The financial need must arise from an unexpected situation that results in a shortfall for essential costs that cannot reasonably be covered by alternative resources.

### **Who is eligible to apply for a loan?**

All current employees, who have been employed by the Centre for a minimum of three months prior to application, have an ongoing contract of work with at least 12 months remaining and who are paid monthly through the Centre payroll(s).

To qualify an applicant must:

- confirm that the loan is required to cover a shortfall for essential costs and that they are not able to reasonably access alternative resources by signing a declaration on the application form.
- be paid via Centre payroll and subject to income tax and/or national insurance contributions (NIC) on their usual salary.
- have a payroll number and a bank account set up for the payment of their Centre salary/pay.
- complete and sign an application form and submit it to the Chair of the Management Committee.

### **How much help can I get as a loan?**

The fund will be used to issue one-off interest free loans of between £100 and 50% of monthly basic salary (or equivalent). The loan will be repayable through payroll in equal instalments over a period of 1 to 12 months after the loan is issued.

### **How will it be paid?**

The Centre will use reasonable endeavours to pay the Loan in accordance with the following timescales: Once the application has been received by the Chair of the Management Committee, the Chair will complete final checks and, if approved, return a loan agreement to the applicant within three working days. Loans can be paid within 1 working day to staff through their bank account into which salary is paid after the application is approved and the signed loan agreement is returned.

### **Will I be taxed on my loan?**

Where the loan is repaid, no taxable benefit should arise, provided all loans to the individual from the Centre are less than £10,000 in aggregate.

### **How do I apply?**

Please complete the application form and send to the Centre Manager for approval and onward submission to the Chair of the Management Committee.

**What happens if I leave before my loan is repaid?**

You will be expected to repay any outstanding balance before you leave. If you leave before the end of the loan repayment period, any outstanding balance will be deducted from your remaining salary. If your remaining salary is insufficient to cover the outstanding balance, the Centre expects you to make arrangements to repay any shortfall on or before your last day of employment. Any loan amount still outstanding after the last day of employment would remain payable to the Centre.

**I've applied before. Can I apply again?**

The Centre would consider only one loan application per employee per financial year (April to March) provided that any previously applied for welfare loan is paid off, or your welfare loan account with the Centre is less than 50% of monthly basic salary (or equivalent).

Under these circumstances you can apply for additional funds so long as the total amount loaned by the Centre under this scheme does not exceed 50% of monthly basic salary (or equivalent).

An employee can only apply for a maximum of 3 loans throughout their employment at the Centre.

**Is there an appeal process if my application is not successful?**

No. The decision of the Centre in approving a loan is final.

**Will I have to sign a loan agreement?**

Yes. If your application is approved in principle, the Chair of the Management Committee will send you a loan agreement signed on behalf of the Centre for your signature. The loan agreement wording can be found in the application form. The loan agreement will come into effect once you have signed the loan agreement. Please note that if you do not sign the agreement within 14 calendar days of the date you received the agreement from the Chair, then the loan agreement shall automatically terminate. In such circumstances, you will need to make a new loan application if you continue to want to access the Employee Welfare Loan scheme.



# Application Form: **Employee Welfare Loan Scheme.**

The Applicant MUST complete ALL sections and return to the Centre Manager to confirm.

<b>Date of Application:</b>		<b>Admin Use</b>
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### Applicant Details:

<b>Name</b>		
<b>Address:</b>		
<b>Landline Phone No.:</b>		
<b>Mobile Phone No:</b>		
<b>Email Address:</b>		
<b>Employment start date:</b>		
<b>Expected Employment end date:</b>	For non-permanent employment contracts.	
<b>Last 4 digits of Bank a/c No.<sup>1</sup>:</b>		

### Loan Details:

<b>Loan Amount Requested:</b>	£	
<b>Repayment period (months):</b>	1 / 2 / 3 / 4 / 5 / 6 / 7 / 8 / 9 / 10 / 11 / 12	

### Authorisation:

<b>Centre Manager Signature:</b>		
<b>Print Name:</b>		
<b>Date:</b>		

<b>Chair of Management Committee Signature:</b>		
<b>Print Name:</b>		
<b>Date:</b>		

<sup>1</sup> This must be the bank account which payroll use for the payment of monthly salary/pay.

***Applicant***

**I confirm that:**

- to the best of my knowledge the details in the application form are true;
- I have read and understood the terms and conditions in the Loan Agreement template below, and that a binding Loan Agreement will only be entered into with me when my application is approved and the Loan Agreement is signed by both parties;
- I have been employed by the Centre for a minimum of three months prior this application, have an ongoing contract of work of at least 12 months from this date and that I am paid monthly through the Centre payroll; and
- the welfare loan is required to cover a shortfall for essential costs and that I am not able to reasonably access alternative resources.

Signature ..... Date .....

Print Name .....

***Centre Manager (or equivalent) to complete***

I confirm that the details in the application form have been checked.

Signature ..... Date .....

Print Name .....

## **Employee Welfare Loan Agreement Template**

### **PARTIES**

**(1)** [INSERT NAME] of [INSERT ADDRESS] (**Borrower**)

**(2)** The Meadows Day Care Centre, Farriers Gate, Chatteris, Cambridgeshire. PE16 6QP. (**Lender**)

### **AGREED TERMS**

#### **1. DEFINITIONS**

The following definitions apply in this agreement.

**Loan:** the sum of £[INSERT AMOUNT] lent or to be lent by the Lender to the Borrower or (as the context requires) the total amount outstanding of that sum.

**Chair:** the Chair of the Management Committee appointed by the Lender to administer this agreement and the Loan from time to time.

#### **2. TERM**

**2.1** This agreement commences on the date on which the Borrower signs this agreement (by any means, including without limitation by email or other form of electronic signature) and ends on the date that the Loan is fully repaid unless terminated earlier in accordance with this agreement.

**2.2** The Borrower will return this loan agreement to the Chair of the Management Committee when the Borrower has signed this agreement. If within 14 calendar days of the date of receipt of this agreement from the Lender, the Borrower has failed to return the agreement to the Lender in accordance with this clause or has failed to sign this agreement, this agreement shall automatically terminate or be withdrawn (as applicable) without notice and the Lender shall be under no obligation to provide the Loan. In such circumstances the Borrower will be required to make a new loan application if they continue to want to access the Employee Welfare Loan scheme.

#### **3. LOAN**

**3.1** The Lender will provide the Loan to the Borrower by Bank transfer to the Borrower's account, subject to the terms of this agreement. The Lender will only pay the Loan to the account in which the Borrower usually receives his or her salary.

**3.2** The Centre will use reasonable endeavours to pay the Loan in accordance with the following timescales: Loans can be paid within 1 working day to staff through their bank account into which salary is paid after the application is approved and the signed loan agreement is returned.

#### **4. INTEREST**

No interest is applied to the Loan and no fees or charges are levied on the Loan. However, in the event of a default resulting in litigation the Lender shall be entitled, under and subject to applicable laws, to claim interest on any outstanding sums the Borrower owes to the Lender.

#### **5. REPAYMENT**

**5.1** Subject to the provisions of this agreement requiring earlier repayment, the Borrower will repay to the Lender the Loan in full through [INSERT MONTHS] equal consecutive monthly instalments of £[INSERT AMOUNT]. The first instalment will be taken from the Borrower's salary on their pay day in the first month following the month in which the loan is paid by the Lender to the Borrower and subsequent instalments will be taken from the Borrower's salary on subsequent pay days.

**5.2** If the Borrower embarks on a period of unpaid leave during the term of the Loan they agree to inform the Chair before the period of unpaid leave starts, or where this is not possible, as soon as reasonably possible, to discuss changes to the repayment schedule.

**5.3** If the Borrower hands in their notice to stop working at the Centre or otherwise is no longer employed by the Centre before the Loan has been repaid in full, the Loan will immediately fall due in full and be repayable on demand and the Borrower agrees that the Centre may deduct the outstanding balance of the Loan from any remaining salary payments due to the Borrower. If the amount of the remaining salary payments is insufficient to cover the full outstanding balance of the Loan, then the Borrower agrees to make arrangements to repay any shortfall before the Borrower's last day of employment at the Centre. For the avoidance of doubt, any sums the Borrower fails to pay before the last day of their employment will remain due and the Lender may take steps to recover the same by way of civil debt recovery.

**5.4** The Borrower may repay to the Lender the Loan early in full or in part at any time and without penalty, but must first give notice to the Chair specifying the amount of the repayment, who will then provide details as to how to make such early repayment. If the Loan is repaid early in part, any subsequent instalments of the Loan will be reduced pro rata.

**5.5** If any repayment is not made in full and on time the Lender shall be entitled to terminate this agreement and seek immediate repayment of all outstanding sums.

**5.6** The Lender shall also be entitled to terminate this agreement and seek immediate repayment of all outstanding sums if any material information the Borrower has supplied in support of its application for the Loan proves to be untrue. For the purposes of this clause, "material information" shall include without limitation information relating to eligibility or qualification for the Loan.

## **6. COSTS**

The Borrower will pay to, or reimburse, the Lender on demand, on a standard basis, all costs and liabilities incurred by the Lender, in relation to suing for, or recovering, the Loan.

## **7. ASSIGNMENT AND TRANSFER**

The Borrower may not assign or transfer any of their rights or obligations under this agreement.

## **8. GOVERNING LAW**

This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation will be governed by and construed in accordance with the law of England and Wales.

## **9. JURISDICTION**

Each party irrevocably agrees that the courts of England and Wales will have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.

*Signature of Borrower* ..... *Date* .....

*Print Name* .....

*Authorised Signatory*  
*for the Centre* ..... *Date* .....

*Print Name* .....