

Interest Free Loan Policy

Introduction

1. This policy sets out the University's arrangements in relation to additional costs applying to Non-UK nationals employed by the University on or after 3 April 2017.

Policy Scope

2. This policy applies to:
 - a. all non-UK citizens employed by the University on UK contracts, whose right to live and work in the UK arises as a result of their EU citizenship or the EU citizenship of a member of their family;
 - b. Current sponsored members of staff that are required to renew their Tier 2 VISA to continue employment at the University;
 - c. Newly appointed members of staff who have utilised their removals and relocation fund to pay for their, spousal and/or dependants' VISAs and HIS costs. Only applicable to those who have qualified for the removals and relocation policy.

Eligibility

3. The scheme is open to all employees who:
 - are non-UK citizens on UK contracts, and whose right to live and work in the UK arises as a result of their EU Citizenship or the EU Citizenship of a member of their family;
 - are non-UK citizens on UK contracts, whose right to live and work in the UK arises from successfully obtaining a VISA via sponsorship;
 - are not under notice, nor have submitted their resignation at the date of application and certify that they have no intention of doing so for at least 3 months from the date of application;
 - are working under a fixed term contract and have the offer of continued employment for at least 20 months (or any shorter period during which they commit to repay the loan by agreement of the Director of HR or their nominee) from the month following the month of application;
 - are non-UK citizens who have initiated or completed their application for permanent UK residency or UK citizenship since 23 June 2016.

Student staff members are not covered under the scope of this policy.

Loan Terms

4. Subject to a properly completed, evidenced and authorised [loan application](#), the University will extend a loan to eligible employees up to a maximum of £10,000.
5. No more than a maximum of £2,000, within the overall loan sum, may be applied for to meet anticipated legal costs.

6. No interest or fees will be applied to the loan.
7. The loan will be recovered from earnings in 20 equal instalments directly from monthly net pay.
8. The purpose of the loan will be to cover or contribute to costs to be incurred in relation to Home Office Application Fees, and related legal advice (where necessary) for themselves, their spouse and/or their dependents.
9. The aggregate value of all loans received from the University, including loans for the purposes covered by this policy, will not in aggregate exceed £10,000. This will include the value of any season ticket loan provided to individual members of staff.

Evidence & Authorisation

10. All applicants are required to complete the Loan Application Form in full and to indicate the purpose for which the loan is required and the sum sought.
11. Applicants must provide a full breakdown of their anticipated/actual costs and for what purpose these are to be accrued e.g. number of application fees and to whom the fees relate.
12. Where a loan is required to cover the cost of independent legal advice the loan application must be accompanied by a letter from a legal advisor, regulated by The Solicitors Regulatory Authority (SRA), setting out the estimated cost of the legal advice relevant to the applicant.
13. Heads of School/Department and Section are required to sign the loan application to confirm that to the best of their knowledge the family circumstances of the loan applicant are consistent with the level of application fees for which the loan is being sought. The applicant must certify that the terms of the loan are affordable and that independent financial advice has been taken where appropriate.
14. The application form will be reviewed by the Faculty HR Manager or their nominee, which, provided they are satisfied that the loan sought is consistent with terms of this scheme and pay is sufficient to support the recovery, will approve the loan application and inform the applicant of the outcome.
15. The individual employee will be required to sign a formal loan agreement, setting out the terms on which the loan is to be made, before the advance can be paid.

Exceptional Circumstances

16. Situations may arise where an employee's salary becomes insufficient, through no fault of their own, to repay the monthly sum due. This may happen because of a change in pay due to sickness, maternity or reduced hours (e.g. either due to a change in working pattern or variable time sheeted hours). In these circumstances, the Human Resources Department will enter into dialogue with the employee with the intention of restructuring loan repayments. Where this will extend the loan period beyond the initial 20 months a longer-term arrangement may be entered into by agreement by the Director of HR or their nominee. Where there is a failure to agree to an extension or repayment of the loan then appropriate debt recovery action, including the use of a debt agency, may be taken to protect the University's interest

Leaving the University

17. In circumstances where an employee leaves the employment of the University, they will be required to repay the entire outstanding balance. Where possible this will be taken in its entirety from the salary payments throughout the notice period or final pay. Where however the final salary payment and any other termination payments are insufficient to cover the outstanding sum the remaining balance must be paid to the University within 14 days of invoice. Where appropriate, debt recovery action, including the use of a debt agency may be taken to protect the University's interest.

Tax

18. Employer interest free loans of £10,000 or less do not constitute a taxable benefit.

Review

19. On approval this policy shall be reviewed annually and on the announcement of the policy adopted by the UK Government towards those who's right to work and live in the UK arises by virtue of EU law, ensuring any potential future requirements of new EU employees to obtain visas are taken into account.
20. The University reserves the right to withdraw or amend this scheme at any time. Current loan participants will remain unaffected.

Disclaimer

21. A decision as to whether to apply for permanent residency or UK citizenship is a matter for the individual employee, with the benefit of independent legal advice where appropriate. Nothing in the decision to offer this Loan Scheme should be taken to imply or indicate that the University is recommending or advising the need to seek permanent residency, citizenship or legal advice. It is important to note that the cost of pursuing these options may prove unnecessary; depending upon the policy ultimately adopted by the UK Government towards those who right to work and live in the UK arises by virtue of EU law.

March 2017

Human Resources Employee Services Manager

FAQs

How can I use my interest free loan?

You may make an application for an interest free loan to cover your potential or actual costs in relation to your Home Office Application Fees e.g. visa application fees, HIS costs and related legal fees. We will reimburse your fees and those of your accompanying dependents, i.e. your spouse/partner and children aged under 18.

When can I make an [application](#) for the loan?

New members of staff must make their [applications](#) within 12 months of their start date, applications after this date will not be considered. Unfortunately we cannot accept applications prior to your start date.

For EU members of staff who have already incurred the costs since the 23 June 2016 or are in the process of seeking settlement/indefinite leave to remain [can apply now](#).

How much can I borrow?

You may apply for a loan to cover all or part of the fees you are due to pay for your visa application up to a maximum of £10,000. No more than £2000 can be used towards legal fees. The aggregate of any University loan must not exceed £10,000 so this may impact the value of your loan or your ability to apply for a season ticket loan.

You will be asked to specify how much you require to borrow, in order to assist with visa fees, HIS costs and UK legal fees.

Please note you must only request the amount you actually need and the money should be used for the payment of your visa and associated costs as outlined above.

How will I receive the loan?

The loan will be paid directly to your bank account via a credit transfer. The bank account used for this payment will be the one used for your salary unless notified differently.

How is the loan repaid?

The sum borrowed will be recovered through monthly deductions from your net salary in 20 equal instalments, commencing from the next available payroll run. If you leave the University of Essex employment before fully repaying the loan, the outstanding amount becomes immediately repayable. Where possible this will be taken in its entirety from the salary payments throughout the notice period or final pay and with any unpaid amount payable to the University before you leave. Payroll will inform you of the deductions to be taken.

Will I have to pay tax on the reimbursement?

Employer interest free loans of £10,000 or less do not constitute a taxable benefit.

How do I apply?

[Applications](#) for a University loan should be made by completing the Interest Free Visa Loan form in full, providing a full breakdown of their anticipated/actual costs, and then submitting it to your Head of School/Department/Section to be approved. It will then be sent to the Faculty HR Manager to review and confirm that the application is in line with the terms of the scheme and has been approved.

You will be informed of the outcome of your application in writing following the final stage approval.

I am not on a permanent contract but will need to renew my visa, can I apply?

Part of the eligibility criteria is to ensure that any persons receiving the loan have a contract that shall last at least as long as the repayment period. If however your contract is due to end within 2 years you may still be eligible. Applications will need to be approved by the Director of HR or their nominee. The balance of the loan will then be deducted over the outstanding period of your contract.

Contact

For further information, please contact your link [HR Officer](#) in the first instance.