



# **Tenancy Deposit Loan Scheme Guide**

**October 2023**

## What is the Tenancy Deposit Loan Scheme?

Moving home within the private rented sector is very competitive and can be expensive. Sometimes affording a deposit can be a barrier to moving. We therefore offer this interest free loan that can be used to fund payment of a tenancy deposit when moving into a privately rented property.

## Who is eligible?

You are eligible for the scheme if you are a permanent or fixed term employee providing you will have at least 12 months remaining on your contract after approval of the loan. You must also have sufficient net pay to cover the monthly deduction of the loan.

## How does the scheme work?

The Tenancy Deposit Loan enables you to pay for a tenancy deposit when moving into a privately rented property that will be your main residence. In the case of house or flat shares, the amount of the loan will be limited to the share of the deposit that you are responsible for.

You can apply for a loan of up to £3,000, but the amount requested must be no higher than that required to pay the proportion of the tenancy deposit you are responsible for. The actual amount agreed will be determined based on:

- the value of the loan being no greater than your net monthly pay<sup>1</sup>, and
- the maximum value of all active loans you have with the Council being no more than £10,000.

If approved, the funds will be paid directly to you in the next available monthly pay run. Deductions from your salary will be made through payroll in up to 10 monthly instalments. The first repayment will normally be deducted in the month following that in which the loan has been paid.

The standard repayment plan is for the loan to be repaid in ten monthly instalments. However, you can choose when to repay the loan earlier over a lower number of monthly repayments. This is preferable where you are moving between privately rented properties and may only require the loan to bridge the gap between payment of the new tenancy deposit and the tenancy deposit from your previous property being repaid to you.

You will be expected to provide the Council with evidence of payment with evidence of payment of the Tenancy Deposit to the relevant Landlord/Letting Agency, a copy of the Tenancy deposit receipt and a valid Tenancy Deposit Protection Scheme Certificate Code within 30 working days of receiving the loan payment.

## How do I Apply?

Applying is easy - you must read and agree to the terms and conditions and make a declaration concerning your eligibility by completing the Tenancy Deposit Loan Scheme Application Form available on essentials.

The form must be sent to [hrrservices@camden.gov.uk](mailto:hrrservices@camden.gov.uk) in good time to meet the relevant [Payroll Deadlines](#)

- We advise submitting your request as soon as you know the value of the tenancy deposit required for the property you will be renting to ensure all verification checks can be

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<sup>1</sup> The Council will consider increasing this limit to up to the value of two months net pay on the condition that: where the standard period of notice you need to give the Council to end your employment is less than two months you agree to this being extended to two months until your repayments have reduced the balance of the loan to the value of your net monthly pay. The maximum tenancy deposit loan value of £3,000 and maximum value of all active loans with the council being £10,000 would still apply.

completed ahead of the payroll deadline.

- On receipt of your application we will contact you to complete any necessary eligibility and verification checks.
- If approved, you will be provided with a written confirmation and the approved amount will be transferred to you in the the next available monthly pay run.
- You then need to provide the Council with evidence of payment of the Tenancy Deposit to the relevant Landlord/ Letting Agency, a copy of the Tenancy deposit receipt and a valid Tenancy Deposit Protection Scheme Certificate Code within 30 working days of receiving the loan payment.

### **Is there anything else I need to know?**

The Tenancy Deposit Loan must only be used towards payment of a tenancy deposit when moving into a privately rented property that will be your main residence and appropriate evidence of how the loan has been used must be provided upon request.

As an employee you are responsible for ensuring the necessary checks are carried out against your landlord before any deposit is paid. Once the deposit is processed, you will be responsible for ensuring any deposit is returned to you in accordance with your tenancy agreement and the provisions of the relevant Tenancy Deposit Protection Scheme.

Employees using the loan for a purpose other than those set out above or applying for an amount higher than the fees incurred, will be subject to disciplinary action under the Council's Disciplinary Procedure. Managers colluding with employees to abuse the scheme may similarly be subject to disciplinary action. The Council considers that abuse of the scheme is likely to amount to fraud.

If for any reason a tenancy deposit loan is no longer needed you must inform the Council's HR team and make arrangements for immediate repayment of the outstanding loan balance.

If for any reason your tenancy should terminate, and you receive a partial or full refund of the Tenancy Deposit from the Landlord/Letting Agency before the loan has been repaid in full, you must inform the Council's HR team and make arrangements for immediate repayment of the outstanding loan balance.

No further Tenancy deposit loans will be made until any current Tenancy deposit loan has been repaid.

The loan will become immediately repayable and will be recovered from any salary payments in the following circumstances:

- your employment with the Council ceases for any reason
- you use the Loan for any purpose other than the payment of a Tenancy deposit
- You fail to provide proof of payment of the Tenancy Deposit to the relevant Landlord/Letting Agency, a copy of the Tenancy deposit receipt and a valid Tenancy Deposit Protection Scheme Certificate Code when requested

If the outstanding balance of the Tenancy Deposit Loan is larger than any salary payments due to you before the end of your employment, you must make arrangements to repay the total outstanding balance before the last day of your employment at Camden or, if you do not work any notice period, within 7 days of your last day of employment at Camden.

**GUIDE ENDS**

**A copy of the terms and conditions of the Tenancy Deposit Loan Scheme is set out on the following pages**

## **Terms and Conditions of Tenancy Deposit Loan Scheme**

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1. Camden Council (**the Council**) offers staff this interest-free loan on the basis the funds are used only for payment of fees to pay a Tenancy Deposit for a rental property that will be Employee's main residence, provided:
2. In the above application form, declaration and in these Terms and Conditions, the term "**Employee**" refers to the applicant for the loan.
3. Tenancy Deposit Loans may only be used for the approved purpose set out above, and appropriate evidence of how the Tenancy Deposit Loan has been used must be provided upon request.
4. The amount requested must be no higher than that required to pay the quoted cost of the Tenancy Deposit. In the case of house or flat shares, the amount of the loan will be limited to the share of the deposit that is the responsibility of the Employee.
5. If granted, the loan will be paid to the Employee in a single payment at the same time as the applicant's salary into the Employee's bank account.
6. Under current HM Revenue & Customs rules, provided the aggregate of all interest-free loans provided by Camden Council does not exceed £10,000, it will be treated as a tax-free benefit.
7. The loan will be repaid in full in ten equal instalments from salary payments, subject to the provisions of paragraph 9 which sets out the circumstances when the loan will be repayable in full. The Employee authorises the Council to give effect to the repayment by deducting the amount due under each instalment from the Employee's salary. The first repayment will normally be deducted in the month following that in which the loan has been paid.
8. No further Tenancy Deposit loan will be made until the respective Tenancy Deposit Loan has been discharged.
9. The full amount of the loan due to the Council will become due and payable in the following circumstances:
  - 9.1 The Employee fails to pay any sum payable by it under this agreement when due, unless its failure to pay is caused solely either by:
    - (a) an administrative error or technical problem and payment is made within seven days of its due date: or
    - (b) an event (not caused by, and outside the control of, either party) that materially disrupts the systems that enable payments to be made or that otherwise prevents the Borrower from complying with their obligations under this agreement.
  - 9.2 The Employee ceases to be employed by the Lender for any reason.
  - 9.3 The Employee uses the Loan for any purpose other than the Approved purpose.
  - 9.4 The Employee fails to provide proof of payment of the Tenancy Deposit to the relevant Landlord/Letting Agency, a copy of the Tenancy deposit receipt and a valid Tenancy Deposit Protection Scheme Certificate Code when requested by line management and other relevant council officers.
  - 9.5 Either:
    - (a) the Employee stops or suspends payment of any of its debts or is unable to pay any of its debts as they fall due; or
    - (b) a petition for a bankruptcy order is presented or a bankruptcy order is made against the Employee or the Employee makes an application for a bankruptcy order or
    - (c) The Employee dies.

10. If for any reason the loan is no longer needed or the tenancy deposit paid to the Landlord/Letting Agency is reimbursed, the employee must notify Camden HR and arrange for immediate payment of the outstanding loan balance to the Council.
11. If the full amount of the outstanding loan is not recovered from the employee's final salary or for any other reason, the Council will recover the outstanding balance from any salary or other payments due and reserves the right to pursue payment of any unpaid amount.
12. Employees who require a loan should complete and return a signed copy of the tenancy deposit loan application form to HR Services, 10<sup>th</sup> Floor, 5 Pancras Square. A scanned form by email is acceptable. Applications must be made by the relevant payroll deadline. New employees may apply for the loan prior to their start date, however it will not be paid to them until they are in post.
13. Employees using the loan for a purpose other than those set out above or applying for an amount higher than the fees incurred, will be subject to disciplinary action under Camden Council Disciplinary Procedure. Managers colluding with employees to abuse the scheme may similarly be subject to disciplinary action. The Council considers that abuse of the scheme is likely to amount to fraud.
14. Application for and acceptance of the loan confirms the employee agrees to keep the Council informed of any changes in their circumstances which may affect continued eligibility to work, enter or remain in the UK. It is the employee's responsibility to ensure that the Council is informed of any changes in their circumstances and failure to do so could affect their continued employment.
15. Notices
  - (a) Any notice or other communication given under this agreement must be in writing and must be delivered by hand or sent by first class post or other next working day delivery service.
  - (b) Any notice or other communication to be given under this agreement must be given to the relevant party at the relevant address stated at the start of this agreement or as otherwise specified by the relevant party in writing to the other party.
  - (c) Any notice or other communication given under this agreement will be deemed to have been received: if delivered by hand, at the time it is left at the relevant address; or if sent by first class post or other next working day delivery service, on the second working day after sending.
16. 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.
17. 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.

**END**