LEICESTERSHIRE POLICE

**FORCE PROCEDURE**

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Court Awarded Compensation Loan Policy

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**COURT AWARDED COMPENSATION LOAN POLICY**

1. **STATEMENT AND SCOPE**
	1. The purpose of this policy is to provide clear guidance on the court awarded compensation loan policy, application process and recovery terms.
	2. An officer may be awarded compensation by the Courts under the Powers of Criminal Courts (Sentencing) Act 2000. Normally, the offender will pay the compensation to the Court who, in turn, will pay it to the officer.
	3. However, in some cases, there may be a delay in the offender paying the relevant compensation. Therefore, so that officers are not financially disadvantaged, they may apply to receive a loan from Leicestershire Police in anticipation of receiving the award from the Court. If the application is successful, Leicestershire Police will loan the officer the full amount of the outstanding compensation when awarded and, in consideration of the loan being made, the officer will agree to the Court paying the sums due directly to Leicestershire Police.
	4. HM Revenue & Customs (HMRC) rules allow a genuine loan to be paid without a tax charge arising where the officer is responsible for the repayment of the loan (subject to the limit set out below). This policy sets out how this will work in practice. Officers should be aware that the overall limit on employer ‘tax free’ loans is £10,000. This means that the balance of all loans from the employer may not exceed £10,000 at any stage during the tax year. Otherwise, a taxable benefit will arise. Therefore, officers should consider this if they have any other loans from Leicestershire Police which could mean that this limit is exceeded.
2. **POLICY**
	1. Loans made under the terms of this policy are for the sole purpose of enabling an officer to receive an amount in anticipation of receiving Court awarded compensation without having to wait for the offender to pay the money to the Court. It will not be provided for any other purpose.
	2. Applications for the loan should only be made by the officer when the letter from the Court has been received showing the amount of the compensation awarded. Where any compensation has been received by an officer from the Court these must be excluded from the loan application.

**2.3** To request a loan in anticipation of compensation awarded the officer must:

* Provide the Finance Department with a copy of the Court Order compensation letter received from HMCTS together with a completed loan application.
* State at the bottom of the order BACS notification page **‘I acknowledge receipt of loan monies totalling £xxx and agree any funds payable by the Court in respect of this compensation award should be made payable to Leicestershire Police towards repayment of the loan’** followed by the officer’s signature.
* Not fill out any other details, including bank details, as this is for Finance use.
* Forward the paperwork to the Finance Department at FHQ either by post or scan and email to Finance Operations (external) leicestershire.pnn.police.uk

Following receipt of the signed court order and the loan application and provided that the application is successful, the Finance Department will release a Bank Payment (using the bank details held for payroll purposes) to the officer for the full amount disclosed (unless previous payments have already been made by the court directly to the officer).

Officers must inform the Finance Department of any further correspondence from HMCTS relating to the payments.

* 1. Payments received by Leicestershire Police from the Courts will have the effect of reducing the amount of the outstanding loan. Officers may request details of the outstanding loan from Finance at any one time during the calendar year.
	2. Where the total compensation received from the Court equals the amount of the loan provided then we will advise the officer that the loan has been fully discharged.
	3. Until the full amount of compensation has been received, the officer remains responsible for any outstanding balance, but repayment will not be sought directly until the circumstances in paragraph 2.7 apply.
	4. Where the officer leaves or retires any outstanding balance of the loan must be repaid on or before the final day of employment. The outstanding loan will be deducted from the final payment due to the officer and, if the net pay is insufficient to cover the outstanding amount, the officer must repay Leicestershire Police directly.
	5. However, before such action is taken Leicestershire Police will review the circumstances of each case and may decide not to seek repayment of any outstanding amount. If this discretion is exercised Leicestershire Police will pay any tax and National Insurance Contributions liability to HMRC arising from the writing off of the outstanding amount.
	6. Leicestershire Police reserves the right to refuse applications and change or withdraw the scheme at any time. This scheme does not provide entitlement to any other loans or advances against salary for any other purpose.

**2.10** Any queries should be referred to Finance Operations (external)@leicestershire.pnn.police.uk