

[DRAFTING NOTE (please remove this note before completing the agreement): The school may wish to give consideration to how any outstanding balance on the loan would be recovered in the event of an academy transfer or other TUPE transfer of the school where it ceases to be the employer and make provision for this in the agreement. Clause 4 has been inserted as an optional clause to place an obligation on the employee to return any outstanding sums in this situation].

EMPLOYEE LOAN AGREEMENT

THIS AGREEMENT is dated [DATE]

PARTIES

- (1) [SCHOOL] of [ADDRESS] ("the School")
- (2) [EMPLOYEE] of [ADDRESS] "the Employee")

This is an exempt arrangement by Article 60G (3) and (4) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001/544. It is hereby agreed:

1. Loan Amount and Interest

The School has agreed to loan the sum of £[X] to the Employee without the accrual of interest ("the Loan") and the Employee promises to repay the Loan to the School over a period of [X] months.

2. Payment

- 2.1 The Employee agrees to pay the balance of the Loan by way of monthly instalments of £[X], which will be deducted from the Employee's monthly salary, commencing with the first salary payment after the date of this Agreement and continuing with each salary payment until this Agreement terminates (unless the Employee is not in receipt of salary payments due to absence from work, in which case payments will be suspended – see 3.3 below).
- 2.2 The Employee may at any time opt to repay all or part of the Loan.

3. Change of Employee circumstances

- 3.1 The Employee agrees to notify the School immediately if there is any change in his/her circumstances which would affect his/her ability to meet the terms of repayment of the Loan under this Agreement.
- 3.2 If the Employee is absent from work during the salary reduction period covered by this Loan Agreement, the salary reduction will remain in place and the Employee agrees that it will apply to any pay received (e.g. sick pay or maternity pay save that salary will not be reduced below the level of Statutory Sick Pay, Statutory Maternity Pay or any other statutory payment whose rules do not permit such a reduction).
- 3.3 If the Employee is temporarily not in receipt of salary payments for any reason but remains an employee of the School, the Agreement will remain in place and salary reductions will be suspended until the earlier of the following events: the Employee reverts to receiving salary payments; or the Employee leaves employment with the School.
- 3.4 If salary reductions are suspended, this Agreement will be extended by a period equivalent to the period during which salary reductions were suspended.

- 3.5 In the event that the Employee's employment is terminated for whatever reason before the Loan has been repaid to the School in full, any sums owed to the Employee at the termination of his/her employment, including any salary payments due, will be retained and used to settle any outstanding balance of the Loan. Where the retained sums do not settle the balance of the Loan, the Employee agrees to repay the outstanding amount within 14 days of written notification by the School.

4. Change of identity of employer – OPTIONAL CLAUSE

In the event that the School ceases to be the employer during the term of this Agreement, the Employee agrees that the full balance of the Loan becomes immediately due and the Employee agrees to repay the outstanding balance within 14 days of written notification by the School.

5. Interest and Costs

- 5.1 The School reserves the right to charge interest on any balance which remains unpaid after the 14-day period as set out in 3.5 and [4] (*delete if clause 4 is not included*) above.
- 5.2 All costs, expenses, expenditures and associated interest including, without limitation, the complete legal costs incurred by enforcing this Agreement as a result of any default by the Employee, will be added to the balance then outstanding and will immediately be paid by the Employee.

6. Limitation of Liability

Under no circumstances shall the School be liable for any indirect, punitive, incidental, special or consequential damages (including without limitation damages for loss of use, lost data, economic loss, or other loss) arising out of a breach of the Agreement or any other action or failure to act, even if the School has been advised of the possibility of such damages.

7. Jurisdiction

This Agreement is governed by English law. The parties hereby submit to the jurisdiction of the English Courts to settle any dispute arising under or in connection the Agreement.

8. Entire Agreement

This Agreement constitutes the entire agreement between the parties and there are no further items or provisions, either oral or otherwise.

Signed by [NAME OF AUTHORISED SIGNATORY] for on and on behalf of [NAME OF SCHOOL] [POSITION]
Signed by [NAME OF EMPLOYEE]