

**WYRE FOREST DISTRICT COUNCIL****CABINET MEETING**  
**20<sup>TH</sup> JULY 2010****Review of Staff Mileage Rates**

<b>OPEN</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>CORPORATE PLAN AIM:</b>	A Better Quality of Life
<b>CABINET MEMBER:</b>	Councillor N J Desmond
<b>DIRECTOR:</b>	Director of Resources
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<b>APPENDICES:</b>	Appendix 1 – Summary of Consultation Responses

**1. PURPOSE OF REPORT**

- 1.1 To consider a review of the current rates of car mileage payable to Officers and to make recommendations for future rates.

**2. RECOMMENDATION**

**The Cabinet is asked to RECOMMEND TO COUNCIL that:-**

- 2.1 **A single rate of reimbursement of 40p per mile for all purposes should be introduced, with an additional allowance of 5p per mile for carrying a passenger from 1<sup>st</sup> December 2010 or as soon as possible thereafter.**
- 2.2 **All existing essential car user allowances are removed from 1<sup>st</sup> December 2010 or as soon as possible thereafter.**
- 2.3 **The Head of Paid Service is authorised to take all necessary steps, including further negotiation with unions and consultation with staff, to secure implementation of the changes outlined in this report.**

**3. BACKGROUND**

- 3.1 The Council has always maintained mileage reimbursements rates directly in line with the National Joint Council for Local Government (NJC), however, this review considers moving away from these rates from 1<sup>st</sup> December 2010. During the last year in excess of 150,000 business miles were undertaken by Council Officers during 2009/10, the total cost of these journeys was just under £100k.
- 3.2 The Council's draft budget originally contained a proposal to cease paying professional subscriptions with effect from 1<sup>st</sup> April 2010 except for staff where there is a mandatory legal requirement to hold a particular professional qualification. This would have saved £17,600 in 2010-11 and subsequent years, generating savings of c£53k over the three years covered by the forecast.

## Agenda Item No. 8.2

- 3.3 The decision following consultation with staff was taken by Cabinet in the final budget to retain the value of the savings but provide more flexibility on how it can be achieved.
- 3.4 The commitment is “to review the current policy of reimbursing Officers for their professional fees and to review other staff benefits”. In addition, the Council has already endorsed the requirement to undertake “a review into the current reimbursement arrangements for work related mileage” (paragraph 3.11 of the budget report to Cabinet, 22<sup>nd</sup> December 2009).
- 3.5 Councillors already approved a reduction in their own mileage rates as part of the 2010/11 budget which was agreed on 24<sup>th</sup> February 2010. The rates which are now payable to councillors are set at 40p per mile from 1<sup>st</sup> April 2010. 40p is the rate that is recognised by HM Revenue and Customs (HMRC) as being neutral in that there is no tax benefit or disadvantage: allowances at this level do not give rise to any tax liability. At the point that the HMRC revise their rates then it would be necessary to review the position for the Council.
- 3.6 Finally, the Council was notified of increases to the NJC rates for 2010/11, under the current arrangements these have been implemented but do include significant increases in the proposed payable rates. The main rates which are payable by the Council are summarised in the table below:

Rates payable for vehicles above 1200 cc	2009/10 Rates	2010/11 Rates	Increase	
			Value	%
<b>Essential users</b>				
Lump sum per annum	£1,170	£1,239	£69	5.8%
Per mile – first 8,500 miles	46.4p	50.5p	4.1p	8.8%
<b>Casual users</b>				
Per mile – first 8,500 miles	60.1p	65.0p	4.9p	8.2%

- 3.7 If implemented for a full year, this would result in at least a £6k increase in the current mileage costs for the Council.
- 3.8 In reviewing the options available for alternatives, regard was made to the following principles:
- The proposal should be honest and transparent with staff about what is proposed, why and how much it would save;
  - The proposals should aim for consistency and treat everyone equally.
- 3.9 In addition the review is also addressing the council's commitment to reducing CO<sub>2</sub> emissions. The present system of allowances can be said to reward or encourage the use of vehicles with larger engines because the allowances increase in line with engine size.

**4. KEY ISSUES**

- 4.1 The key proposal is to implement a standard 40p per mile rate for Officer mileage in line with both the decision that has already been made for Members and with the HMRC approved mileage rate.
- 4.2 Table 1 below analyses allowances paid to staff in 2009-10 compared with the estimated cost of the proposed rate of 40p per mile. It is estimated that the proposed arrangements would cost £59k, a saving of £40k a year.
- 4.3 The table includes all rates (including public transport rate) and lump sum payments. As stated in paragraph 3.4, the 2010 NJC rates have been implemented from 1<sup>st</sup> April 2010 in line with the national agreement and are higher than those shown in the table. However, they have been ignored for the purposes of estimating savings from the proposal. This is because the increase in rates on 1<sup>st</sup> April 2010 was not part of the budget and therefore there would not be a saving to the Council in respect of the difference between the 2009 and 2010 rates.

**Table 1**

	2009 NJC Rate	Proposed Rate	Current Spend pa £	Estimated Spend under proposal pa £
Chief Officer Lump Sums	£2,400 pa	40p	12,000	8,000*
Public transport rate	23.8p	40p	480	810
<b>Essential Users</b>				
Essential use Lump Sums	£1,170 pa	n/a	13,200	0
Up to 1000cc	34p	40p	150	180
Over 1200cc	46.4p	40p	9,100	7,840
<b>Casual Users</b>				
1000 – 1200 cc	47.7p	40p	1,840	1,460
Over 1200 cc	60.1p	40p	60,280	40,120
<b>Other</b>				
Additional passenger	5p	5p	500	500
<b>Total</b>			<b>98,850</b>	<b>58,910</b>

*\* estimated figure. The current scheme provides a lump sum calculated on 4,000 miles pa @ 60.1p, although actual mileage travelled may be more or less than this figure.*

- 4.4 From the above analysis, it is clear that if the rates were standardised at 40p per mile and the essential car user allowance is removed, then the Council could save in the order of £40k per annum. If this change was implemented on 1<sup>st</sup> December 2010, it could generate £14k of savings during 2010-11 which broadly meets the requirement explained in paragraph 3.2. Over the duration of the current medium term financial plan, the additional cumulative savings would be £40k.

## Agenda Item No. 8.2

- 4.5 In relation to the essential car users allowances a total of just under 21,000 miles were travelled by the 11 officers in receipt of the allowance. This equates to an average of around 1,800 miles per officer. It is also clear however, that during 2009/10 a number of Casual Car users undertook more miles than this average, thereby undermining the credibility of the current scheme. Indeed the allowance was removed from one officer as at 31 March 2010 due to the lack of miles undertaken by the role. It is therefore suggested that the current essential allowances scheme should be removed from 1 December 2010, with a further review to determine whether any such scheme should be reintroduced in the future.
- 4.6 Staff and Unions have been consulted upon these proposals.
- 4.7 In relation to the consultation with staff 19 responses were received, of which 8 were in favour of the proposals and 10 were against. It should be noted however, that of the responses against these proposals 7 are in receipt of essential car user allowances. A summary of the responses made by staff is attached at Appendix A.
- 4.8 It is unfortunate that at present the Council has not been able to secure agreement of the unions to this proposal. Negotiations are on-going and will continue in the light of the Cabinet and Council's decision in relation to this proposal.
- 4.9 Unison's view was that they would not move away from the NJC agreement and that these proposals have a disproportionate impact upon the 11 essential car users. Unison have stated that they will consult their members following the decision taken by Councillor.
- 4.10 GMB have stated that "this should have gone out to ballot prior to implementation".
- 4.11 If agreement is not reached, the Council will need to take steps to implement the decision in a way that minimises the risk of successful challenge against the Council. If any further decisions and consultation are required by Council as a result of the process of negotiation and consultation a report following consideration by Cabinet will be brought to Council at its September meeting.

## 5. **FINANCIAL IMPLICATIONS**

- 5.1 The savings which would be realised as a result of this proposal can be summarised in the table below:

	2010/11 £'000	2011/12 £'000	2012/13 £'000
Savings requirement in budget	18	18	18
Estimated savings from the proposals	14	40	40
Net Additional saving	(4)	22	22

- 5.2 Therefore, over the period of the current Financial Strategy this proposal achieved the requirement to deliver annual savings of £18k pa, and makes a contribution of a further £22k pa towards the gap in 2012/13.

**6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 There are no significant legal or policy implications arising from this report. However, as stated these proposals represent a change to the Terms and Conditions of employment and will require the requisite notice period ahead of implementation.

**7. EQUALITY IMPACT NEEDS ASSESSMENT**

- 7.1 An equality impact assessment has been undertaken and no adverse impact on any of the equality strands has been identified. Since the proposals treat all staff in the same way, regardless of grade, they are considered to contribute strongly to the principle of equality for all.

**8. RISK MANAGEMENT**

- 8.1 Although the overall majority of responses from staff are resistant to the implementation of this proposal, it should be noted that only 19 staff responded on this issue out of a workforce of around 450.
- 8.2 If this proposal is implemented, this may result in industrial action which could affect the Council's ability to provide the full range of services. This position is being monitored and the Council is confident that all necessary consultations have been undertaken in this regard. However, as stated within the report it may be necessary to undertake further consultation and further decisions may be required by Council prior to full implementation.

**9. CONCLUSIONS/ACTIONS**

- 9.1 The proposed mileage rates for 2010/11 are over 50% higher than the HMRC approved rate for mileage. The proposals contained within this report will enable the Council to make gross savings of £40k pa which will deliver those savings required within the Financial Strategy and provide a contribution towards the further savings that the Council is required to achieve.

**10. CONSULTEES**

- 10.1 Corporate Management Team
- 10.2 Councillor N J Desmond
- 10.3 All staff and Unions

**11. BACKGROUND PAPERS**

- 11.1 Financial Strategy 2010-2013