

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

DATE 5th NOVEMBER 2009

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET/COUNCIL DECISION

Management and Finance – Lead Cabinet Member – Councillor Terry Laing

REVIEW OF WORKPLACE TRAVEL AND TRAVEL ALLOWANCES

1. Summary

The purpose of this report is to seek Member approval to proposed amendments to the current arrangements for the reimbursement of employees who use their vehicle on council business. The report also seeks to remove the current entitlement to car parking permits for employees using the councils car parks and to changes to subsistence and travelling allowances. These proposals include a review of members allowances in line with the changes proposed for employees.

2. Recommendations

1. To approve the removal of the essential car user allowance and to pay a single mileage rate to all car users irrespective of the engine size of their vehicle based on the lowest nationally negotiated rate for casual car users
2. To introduce new rates in respect of Bicycle and Motorcycle allowances
3. To approve the proposed transitional arrangements
4. To amend the current scheme of subsistence allowances and make changes to the current scheme of travelling allowances as detailed in paragraph 5 of the report.
5. To agree to remove the current entitlement to free car parking permits.
6. To give delegated authority to the Corporate Director of Resources in consultation with the Cabinet Member for Management and Finance and the Director of Law and Democracy to make amendments to :-
 - the proposed phasing in arrangements in respect of travelling allowances and
 - the charges to car parking permits following consultation with the Trade Unions.

3. Reasons for the Recommendations/Decision(s)

Under the Single Status Agreement although a number of changes were agreed to terms and conditions of employment the issue of travelling allowances and expenses was deferred due to the complexity of the issue and the need to introduce single status without delay. However, the current system of reimbursement is both costly and due to the difficulty of interpreting national conditions of service, has not always been applied consistently across the council. There is therefore a need to change and to introduce a scheme which is transparent, equitable, sustainable and reduces costs. In addition, the

Corporate Travel Plan introduces a target to reduce car mileage by 5% by April 2011. The agreed changes therefore should assist the Council in reaching its target. The changes will provide a significant financial saving, simplify the current administrative arrangements and ensure that all allowances are paid in an equitable and consistent manner.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting; and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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SUMMARY

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RECOMMENDATIONS

1. To approve the removal of the essential car user allowance and to pay a single mileage rate to all car users irrespective of the engine size of their vehicle based on the lowest nationally negotiated rate for casual car users
2. To introduce new rates in respect of Bicycle and Motorcycle allowances
3. To approve the proposed transitional arrangements
4. To amend the current scheme of subsistence allowances and make changes to the current scheme of travelling allowances as detailed in paragraph 5 of the report.
5. To agree to remove the current entitlement to free car parking permits.
6. To give delegated authority to the Corporate Director of Resources in consultation with the Cabinet Member for Management and Finance and the Director of Law and Democracy to make amendments to :-
 - a. the proposed phasing in arrangements in respect of travelling allowances and
 - b. the charges to car parking permits following consultation with the Trade Unions.

DETAIL

1. Under the Single Status Agreement although a number of changes were agreed to terms and conditions of employment the issue of travelling allowances and expenses was deferred due to the complexity of the issue and the need to introduce single status without delay. However, the current system of reimbursement is both costly and due to the difficulty of interpreting national conditions of service, has not always been applied consistently across the council. There is therefore a need to change and to introduce a

scheme which is transparent, equitable, sustainable and reduces costs. In addition, the Corporate Travel Plan introduces a target to reduce car mileage by 5% by April 2011. The scheme agreed therefore must also support the achievement of this target.

Essential and Casual Car User Allowances

2. The current system pays a lump sum allowance to employees designated as essential car users. Within the National Conditions of Service car allowances now fall under Part 3 meaning that they are open to change through local negotiation. Essential car users are defined as follows:

‘Essential users are those whose duties are of such a nature that it is essential for them to have a motor car at their disposal whenever required.’

In practice it is very difficult to apply this definition consistently as many employees need to use their car to enable them to undertake their duties effectively. The consequence of this is that many councils have introduced additional criteria such as a minimum annual mileage requirement. The danger of this is that it potentially increases mileage as employees try to qualify for the allowance and is less applicable in Councils which are smaller in area.

Those in receipt of an essential car user allowance receive a lower mileage rate than casual car users and both the lump sum allowance and mileage rates are increased according to the engine size of the vehicle. The current rates are attached at **Appendix 1**. Members are currently reimbursed as casual car users.

It is therefore proposed that the existing essential car user allowance should be removed and employees who are required to use their car for work are simply designated as Car Users. A single mileage rate would be paid irrespective of the engine size of the car with lower rates paid for journeys in excess of 4000 miles and 8,500 miles as shown below. Transitional arrangements are proposed as set out in paragraph c) below. Rates would be increased in accordance with the national agreement. It should be noted that 95% of all employees travel less than 4000 miles per annum. It is further proposed that the current ‘rule’ which requires single round trip journeys of 100 miles or more to be paid at the lowest rate of 11.7p per mile, for miles travelled in excess of 100, should be reduced to 75 miles. The proposals are summarised below:

	Cars
Up to 3,999 miles	42.9p
4,000 - 8,499 miles	21.45p (based on 50% of the above rate)
8,500 miles and above or for journeys in excess of 75 miles.	11.7p

It is proposed that these changes should be implemented in accordance with the transitional arrangements set out in paragraph 4.

Bicycle and Motorcycle Allowances

3. Although motorcycles are a more sustainable alternative to the motorcar, the current scale of allowances is much lower than those paid for journeys made by car or even bicycle. However, it must also be recognised that there are limitations on these vehicles in terms of carrying passengers. It is therefore proposed to introduce a single mileage rate based on 50% of the lowest casual car rate i.e. 21.45p per mile. As this reflects a slight increase in current motorcycle rates and only a very small decrease from 23p per mile for bicycle rates it is proposed that this change should be introduced with effect from 1st April 2010. The proposals are:

	Motorcycles	Bicycles
Up to 4000 miles	21.45p	21.45p
4,000 – 8,499 miles	21.45p	Not applicable
8,500 miles and above	11.7p	Not applicable

Transitional Arrangements

4. It is recognised that for some employees these proposals will represent a significant reduction in the allowances claimed. To cushion the effect therefore transitional arrangements are proposed as follows:

	1.4.2010	1.4.2011	1.4.2012
Essential Car User Lump sum allowance	50% of rate payable at 1.4.2009	Nil	Nil
Car Mileage rates*			
Up to 4,000 miles	60.1p	47.7p	42.9p
4,000 – 8,488 miles	25p	25p	21.45p
8,500 miles and above	14.2p	12.2p	11.7p

* NB Casual car users currently in receipt of the lower mileage rates because of the engine size of their cars will continue to be paid at that rate until overtaken by the new rates.

Subsistence and Travelling Allowances

5. In view of the current financial climate it is opportune to review those subsistence and travelling allowances whose removal would impose only a limited financial burden on recipients. Accordingly it is proposed that:
- Lunch and Tea allowances should cease to be paid
 - Breakfast will only be paid when the journey has commenced before 6.00am
 - Employees travelling by train will be reimbursed the standard second class or lowest cost option fare available only

It is proposed to implement these changes with effect from 1.4.2010. These proposals are also being discussed with members.

Car Parking Permits

6. The current policy provides free long stay permits to staff that are based in Stockton town Centre irrespective of their need to provide a car to carry out their duties. In 2008/09 the cost of providing these permits was £211,000 per annum. It is proposed that free car parking permits should be withdrawn for all employees. This will include those wishing to park at the rear of Municipal Buildings, 16 Church Road and Bayheath House. Following discussions with the Trade Unions it is proposed to have a simple scale of charges linked to salary so that the impact on lower paid and part time employees will be reduced. In addition allowing employees to pay for a car parking permit through a salary sacrifice scheme will enable them to typically save an additional 25% of the cost. The maximum charge for a car parking permit will be based on the current long stay season ticket price of £377 per annum. It is also proposed to implement these changes with effect from 1st April 2010.

Alternative Arrangements

7. The possibility of introducing measures designed to reduce car mileage are being investigated. Currently an additional 3p per mile can be claimed for the first passenger and 2p per mile for the second and subsequent passengers carried to whom a travelling allowance would otherwise be payable. It is proposed to continue with this allowance. In addition the possibility of introducing eco friendly pool cars and salary sacrifice arrangements in respect of bus fares are also being investigated.

TRADE UNION COMMENTS

These will be reported verbally to the meeting.

FINANCIAL IMPLICATIONS

The cumulative savings in respect of car mileage would be as follows:

Year 1	£168,130
Year 2	£715,007
Year 3	£805,339

Additional savings will be achieved through the changes to subsistence and travelling allowances and additional income raised through the removal of car parking passes but these are difficult to quantify from the information currently available.

LEGAL IMPLICATIONS

Counsel's advice has been sought on the legal process that will need to be followed if a collective agreement is not reached with the Trade Unions. The Trade Unions are intending to go out to ballot in mid November and therefore a final decision cannot be made on the implementation of the proposed changes until the ballot has been concluded. A further report will therefore be brought to the Cabinet meeting of 17th December 2009.

RISK ASSESSMENT

The proposed changes to the workplace travel and travelling arrangements are categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

The proposals contained in this report do not impact on the Sustainable Community Strategy

EQUALITIES IMPACT ASSESSMENT

This report has been subject to an Equality Impact Assessment and has been judged to have a positive impact. No remedial actions are required.

CONSULTATION INCLUDING WARD/COUNCILLORS

Consultation with the recognised Trade Unions is continuing. Consultation with members is also ongoing. The Members Advisory Panel has met to consider the proposals and leading members may also wish to discuss the proposals at their Group Meetings. The views of both Trade Unions and Members will be fed back to the Cabinet meeting in December before a final decision is made.

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Background Papers None

Ward(s) and Ward Councillors: None

Property: None