

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**11<sup>th</sup> FEBRUARY 2010**

**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 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 council's car parks and to changes to subsistence and travelling allowances. These proposals include a review of member's allowances in line with the changes proposed for employees. Extensive negotiations have taken place with the Trades Unions and employees and agreement on the proposals has now been reached.

2. Recommendations to Cabinet

That Cabinet approve the following:

1. An amendment to the provisions concerning Car Allowances in Part 2, Section 12 and Part 3, Section 6 of the National Agreement on Pay and Conditions of Service in respect of Local Government Employees as detailed in Schedule 1 to this report.
2. The transitional arrangements set out in Schedule 1 to this report
3. Changes to subsistence and travelling expenses as set out in Schedule 1 to this report
4. To cease the allocation of free car parking passes to employees as set out in Schedule 1 to this report

Recommendation to Council

5. That in respect of Elected Members, Council approves an amendment to the Members' Allowances Scheme as set out in Schedule 2 to this report

3. Reasons for the Recommendations

In August 2009 detailed consultations began with the recognised Trades Unions on changes to the current scheme for the reimbursement of travelling and subsistence allowances. A briefing note on the proposals was sent to all members on 23<sup>rd</sup> October and the proposals relating to members were considered at the Members Advisory Panel on 28<sup>th</sup> October. The proposals for employees, including a review of member's allowances, were endorsed by Cabinet, at their meeting on 5<sup>th</sup> November 2009. Following extensive consultations with the Trades Unions and employees, some amendments, primarily to the transitional arrangements were proposed and this has resulted in agreement to a new

scheme of travelling and subsistence allowances. Details of the amended proposals has been circulated to all members. 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.**

**AGENDA ITEM**

**REPORT TO CABINET**

**DATE 11<sup>th</sup> FEBRUARY 2010**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**COUNCIL DECISION/CABINET DECISION**

**REVIEW OF TRAVELLING AND SUBSISTENCE ALLOWANCES**

**SUMMARY**

The purpose of this report is to seek Member approval to 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 Council's car parks and to changes to subsistence and travelling allowances. These proposals include a review of member's allowances in line with the changes proposed for employees. Extensive negotiations have taken place with the Trades Unions and employees and agreement on the proposals has now been reached.

**RECOMMENDATIONS**

Recommendations to Cabinet

That Cabinet approve the following:

1. An amendment to the provisions concerning Car Allowances in Part 2, Section 12 and Part 3, Section 6 of the National Agreement on Pay and Conditions of Service in respect of Local Government Employees as detailed in Schedule 1 to this report.
2. The transitional arrangements set out in Schedule 1 to this report
3. Changes to subsistence and travelling expenses as set out in Schedule 1 to this report
4. To cease the allocation of free car parking passes to employees as set out in Schedule 1 to this report

Recommendation to Council

5. That in respect of Elected Members, Council approves an amendment to the Members' Allowances Scheme as set out in Schedule 2 to this report

**DETAIL**

Travelling and Subsistence Allowances

1. In August 2009 detailed consultations began with the recognised Trades Unions on changes to the current scheme for the reimbursement of travelling and subsistence allowances. At its meeting on 5<sup>th</sup> November, Cabinet endorsed the commencement of formal negotiations with the Trades Unions on a series of proposals relating to the reimbursement of travelling and subsistence allowances for employees. Currently the scheme of allowances paid to members is linked to the scheme for employees and consequently Cabinet also endorsed a review of the Member's Allowances Scheme.
2. Formal consultations with the Trade Unions commenced on 2<sup>nd</sup> December 2009 and a letter was sent to all employees setting out the proposals in detail. There are

approximately 2,107 employees affected by the proposals based on those who made a mileage claim in 2008/09. The proposals were also set out in KYIT and on the intranet and a dedicated Email address was made available so that staff could make suggestions and comments and raise concerns. To date 176 emails have been received. A number of meetings have taken place with the Trade Unions and Human Resources held 20 Road Shows at various venues across the borough for employees during December. These were attended by approximately 200 staff. Unison has held several meetings to discuss the proposals with employees and just before Christmas sent out an electronic 'ballot' to approximately 1,000 members who are car users. 190 employees returned the 'ballot' and the outcome was a vote against the proposals of approximately 3:1.

3. After listening carefully to all the concerns raised, amended proposals relating primarily to the transitional arrangements were proposed. Although this impacts on the immediate savings, particularly in the first year of implementation, it does not impact on long term savings when the proposals are fully implemented.
4. Following these proposals, Unison again consulted their members and a majority vote in favour of the proposals has now been received. Unite and GMB have also indicated that they are willing to accept the proposed changes.
5. In addition consultations have taken place with representatives of the Teacher Unions and the Association of Educational Psychologists. Currently the original proposals are not supported and further discussion will take place on the amended proposals to see if agreement can be reached in line with that of the wider workforce.
6. The proposals in respect of employees are set out in detail in **Schedule 1** and those for Members in **Schedule 2**. **Appendix 1** sets out the current mileage rates and **Appendix 2** sets out the proposed car parking charges.

#### Travel and Subsistence Policy

7. The Council has already expressed its commitment to reducing the environmental and financial impacts from its business travel. This means looking at ways to reduce the number of miles travelled and also identifying methods of transport with lower carbon emissions per mile, reduced costs and improved safety for the employee and those around them. A new Travel and Subsistence Policy will therefore be developed which will:
  - Support the Council's Travel Action Plan
  - Reduce the costs of business mileage
  - Introduce a pool car scheme
  - Increase working time by reducing the amount of time spent on car journeys
  - Support the health and safety of staff by minimising the amount of time spent driving vehicles outside the council's control.

#### Pool Car Arrangements

8. Work is on going in respect of a pool car scheme for those employees who no longer wish to use their cars for work or for those undertaking longer journeys where public transport is unsuitable. The opportunity will be taken to use eco friendly cars and trial electric cars as appropriate. At this stage it is not known how many pool cars will be required and managers are being asked to provide a realistic estimate after discussions with their teams. The pool car scheme will apply to existing employees in their current job role. New employees and current employees who change their job role will be expected to provide their own transportation to enable them to undertake their role in an efficient and effective way to meet service requirements. Statutory requirements in relation to the Disability Discrimination Act will also be considered as circumstances arise to ensure compliance with legal responsibilities.

#### **FINANCIAL IMPLICATIONS**

9. The following savings would be released, taking account of the transitional arrangements referred to above.

	<b>Lump Sum Cost</b> £	<b>Essential Users Mileage Cost</b> £	<b>Total</b> £	<b>Casual Mileage Cost</b> £	<b>Total</b> £	<b>Saving In Year</b> £	<b>Saving Cumulative</b> £
<i>Current Cost</i>	865,307	597,263	1,462,570	670,661	2,133,231	-	-
<i>Year 1</i>	576,984	832,361	1,409,345	700,002	2,109,347	23,884	23,884
<i>Year 2</i>	288,492	726,791	1,015,283	618,251	1,633,804	475,542	499,427
<i>Year 3</i>	-	726,791	726,791	605,100	1,331,892	301,913	801,339

10. It is difficult to estimate the additional income which will be achieved from the introduction of car parking charges to employees as this will depend on future take up of car parking spaces. In 2008/09, however, the cost of issuing free car parking permits to employees was £211,000.
11. It is anticipated that the cost of the pool car scheme will be met from within the ongoing costs of travelling and will not impact on the identified savings. However, there will be some additional cost in the short term in terms of setting up and administering the pool car scheme. This is estimated at £10,000 which would be met from the savings generated by the proposals.

## **LEGAL IMPLICATIONS**

11. Travel and subsistence allowances terms and conditions are contained within Part 3 of the NJC Green book. Part 3 terms and conditions can be locally negotiated and agreed with the Trade Unions. The collective agreement reached with the Trade Unions will enable the Council to implement the proposals without any requirement to terminate current employment contracts and re-engage on the new terms and conditions. The proposals will address any potential equality issues due to any inconsistent application of the current travel and subsistence allowances.

## **RISK ASSESSMENT**

12. As agreement has now been reached with the Trades Unions on the proposed changes, these proposals 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**

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

## **EQUALITIES IMPACT ASSESSMENT**

14. 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**

15. Consultation has taken place on these proposals with members, the recognised trades unions and with employees.

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### Background Papers

Cabinet report dated 5th November 2009

Ward(s) and Ward Councillors: None

Property None

**The Proposals in respect of Employees**

<b>PROPOSALS</b>	<b>TRANSITIONAL ARRANGEMENTS</b>
<b>Essential Car User Status</b>	
Remove essential car user allowance	2/3rds of current rate from 1.10.2010
	1/3 <sup>rd</sup> of current rate from 1.4.2011
	No payment from 1.4.2012
<b>Essential Car User Mileage rates</b>	
Remove essential car user mileage rates	None
<b>Mileage Rates</b>	
To reimburse a rate equivalent to the lowest casual mileage band for all employees	All current essential car users to be paid on the top mileage band with effect from 1.6.2010 until 1.4.2011
To freeze casual car mileage rates for middle and top bands at 2008/09 levels until the rate for the lowest band overtakes the rate for the middle band	All current essential car users to be paid on the middle mileage band with effect from 1.4.2011 until the rate for the lowest band overtakes the rate for the middle band
	Casual car users with a car with an engine size of 999cc or less will continue to receive the lowest mileage band
To introduce a new band between 2,500 and 8,500 miles paid at 50% of the lowest casual mileage band for employees currently in receipt of an essential car user allowance	This will cease with effect from 1.4.2011
An additional 3p per mile can be claimed for up to 4 passengers to whom a travelling allowance would otherwise be payable.	None
<b>75 Mile Rule</b>	
For journeys in excess of 75 miles (round trip), first 75 miles to be paid at the normal rate with the remainder paid at the rate for business miles in excess of 8,500 miles per annum	None
<b>Motorcycle Allowances</b>	
To pay a single mileage rate based on 50% of lowest casual mileage rate	None
<b>Bicycle Allowances</b>	
To pay a single mileage rate based on 50% of lowest casual mileage rate	To freeze the current rate of bicycle allowance until the new rate overtakes it
<b>Car Parking</b>	
To cease the allocation of free car parking passes to staff parking in public car parks, at Bayheath House, Municipal Buildings and 16 Church Road	None
To implement the scale of car parking charges set out in Appendix 3	Car parking charges to be implemented at 50% with effect from 1 <sup>st</sup> June 2010 and at 100% from 1.4.2011 for those employees currently in receipt of a car parking permit
<b>Subsistence Allowances</b>	
To cease the payment of lunch and tea allowances	None
Employees travelling by train to be reimbursed the standard second class or lowest cost option fare available	None

**The Proposals in respect of Members**

<b>PROPOSALS</b>	<b>TRANSITIONAL ARRANGEMENTS</b>
<b>Mileage Rates</b>	
To reimburse a rate equivalent to the lowest casual mileage band	Car users currently paid at the top band of 60.1p per mile will continue to be paid at this rate with effect from 1.6.2010 until 1.4.2011
To freeze casual car mileage rates for middle and top bands at 2008/09 levels until the rate for the lowest band overtakes the rate for the middle band.	From 1.4.2011 car users will be paid on the middle mileage band and will continue on this rate until the rate for the lowest band overtakes the rate for the middle band.
.	Car users with a car with an engine size of 999cc or less will continue to receive the lowest mileage band
An additional 3p per mile can be claimed for up to 4 passengers to whom a travelling allowance would otherwise be payable.	
<b>75 Mile Rule</b>	
For journeys in excess of 75 miles (round trip), first 75 miles to be paid at the normal rate with the remainder paid at the rate for business miles in excess of 8,500 miles per annum	None
<b>Motorcycle Allowances</b>	
To pay a single mileage rate based on 50% of lowest casual mileage rate	None
<b>Bicycle Allowances</b>	
To pay a single mileage rate based on 50% of lowest casual mileage rate	To freeze the current rate of bicycle allowance until the new rate overtakes it
<b>Subsistence Allowances</b>	
To cease the payment of lunch and tea allowances	None
Employees travelling by train to be reimbursed the standard second class or lowest cost option fare available	None

**Current Mileage Rates**

	<b>451 – 999 cc</b>	<b>1000 – 1199 cc</b>	<b>1200 – 1450 cc</b>
<b>Essential User</b>			
Lump sum	£795	£906	£1,170
Per mile first 8,500	33.6p	37.1p	46.4p
Per mile after 8,500	11.7p	12.2p	14.2p
<b>Casual User</b>			
Per mile first 8,500	42.9p	47.7p	60.1p
Per miles after 8,500	11.7p	12.2p	14.2p

## PROPOSED CAR PARKING CHARGES

Grade	%	Full Time					
		Actual Cost		VAT		Estimated Salary Sacrifice after VAT	
		Annual	Monthly	Annual	Monthly	Annual	Monthly
<b>Grade P and above</b>	100%	£420.00	£35.00	£357.45	£29.79	£268.09	£22.34
<b>Grade J to O</b>	66.66%	£279.97	£23.33	£238.27	£19.86	£178.71	£14.89
<b>Grade A to I</b>	33.33%	£139.99	£11.67	£119.14	£9.93	£89.35	£7.45

Grade	%	Part Time					
		Actual Cost		VAT		Estimated Salary Sacrifice after VAT	
		Annual	Monthly	Annual	Monthly	Annual	Monthly
<b>Grade P and above</b>	100%	£252.00	£21.00	£214.47	£17.89	£160.85	£13.40
<b>Grade J to O</b>	66.66%	£167.98	£14.00	£142.96	£11.91	£107.22	£8.94
<b>Grade A to I</b>	33.33%	£83.99	£7.00	£71.48	£5.96	£53.61	£4.47