

REPORT TO THE EMPLOYMENT COMMITTEE MEETING OF 14th DECEMBER 2016

Meeting: Employment Committee
Date: 14th December 2016
Subject: Authorised Travel User Policy

Report of: Head of Paid Service

Portfolio Holder: Councillor King

Status: Recommendation

Relevant Ward(s): None

1 Purpose of Report

- 1.1 To consider the outcome of a consultation with staff and unions in respect of travel allowances.
- 1.2 To recommend to Council a revised travel policy.
- 1.3 To consider recommending to Council deferring the introduction of a mileage based essential user lump sum until 1st April 2018 to allow the submission of accurate mileage claims for a full financial year.

2 Recommendations:

2.1 To recommend to Council:

- (a) The adoption of the revised authorised travel user policy attached at Appendix E.
- (b) To defer the implementation of the revised policy to 1st April 2018 to allow accurate mileage claims to be used as a basis for payments.
- (c) To introduce new mileage rates for motorbikes and bicycles in line with the HMRC rates.

3 Summary of Reasons for the Recommendations

- 3.1 The current travel policy was last reviewed in 2011 and not been subject to regular review in respect of mileage travelled and in some cases job roles.
- 3.2 The new policy recognises the need for a number of staff to have access to a suitable means of transport in order to discharge their job role but links the payment of a lump sum to the mileage incurred in the previous financial year. This thereby creates more fairness into the application of the policy to differentiate between low and high claimants.

4 Impact on Communities

- 4.1 It is essential that a number of employees have access to a suitable means of transport to discharge their job role and to provide a professional and timely service to residents and businesses within the district.
- 4.2 The revised policy has been broadened to state a 'suitable form of transport' thereby encouraging the application of the Council's Green Travel Policy where shorter journeys could be undertaken by a mean of transport other than a car, for example a bike for shorter journeys.

5. Key Facts

- 5.1 The Employment Committee on 8th March considered a report and requested the commencement of a consultation with staff and unions on essential user car allowances alongside mileage rates for essential and casual users. This arose from a proposal within the budget approved by Council in February 2016 to make a £60K saving from the full removal of essential car user lump sums.
- 5.2 The current travel policy was last reviewed in 2011 (**Appendix A**). This policy was consistent with the allowances contained within the National Joint Committee (NJC) published rates. However, the criteria of essential users being predominately for those travelling over 2,000 miles a year was a local threshold and in reality has not been subject to a regular review since then.

5.3 The current basis of mileage payments are

Category	Number of Claimants	Payment	Estimated Cost per year £000s	Total Miles claimed
Essential User Allowance	77	£963 (pro-rata if employee works part time)	60	
Allowance per mile for essential user		40.9 per mile for first 8,500 miles and 14.4 per mile thereafter	37	90,376
Allowance per mile for casual user	55	52.2p per mile for the first 8,500 miles and 14.4p per mile thereafter	12	22,813
Allowance for motorbike or cycle use	0	None	0	0

5.4 A full analysis of claims in the 2015/16 financial year was undertaken. This is detailed below but clearly demonstrated that few users currently claim for more than 2,000 miles per year and therefore there was an argument that the current payment of £963 per year to all users regardless of mileage did not necessarily demonstrate fairness and equity or value for money to the Council.

Mileage range	Number of Users
Over 5,000 miles	2
2,001 to 4,999 miles	6
1,501 to 2000 miles	10
1,001 to 1500 miles	13
501 to 1,000 miles	19
1 to 500 miles	20
No miles claimed	7
Total	77

5.5 There may be many reasons why there may be different claiming patterns, for example, having to discount home to work travel from any mileage claim; time expired claims not being valid etc. This could mean that the figures understate the true mileage undertaking discharging their job role. This makes it

important to consider in the adoption of a revised policy how the Council can establish a more accurate baseline.

- 5.6 Analysis was also undertaken of the casual car user claims, which indicated that there were 3 out of 55 claimants who did more than 2,000 mile per year - An employee's job description will define whether an employee is an essential or casual car user.
- 5.7 The table in paragraph 5.3 clearly demonstrates the importance of employees having access to a suitable means of transport to deliver Council Services – any change in Council's policy should therefore take into account the level of overall need when recommending changes.
- 5.8 A consultation with staff was undertaken for 30 days in June and July and was led by the Head of Finance and Corporate Services supported by the Service Manager for Human Resources. A series of open meetings with staff was undertaken prior to the commencement of the consultation.
- 5.9 There were a number of individual responses and a collective response from over 50 staff (**Appendix B**). Responses to queries raised in the consultation were collated and are detailed in **Appendix C**. Generally the consultation responses centred on a number of key themes:
 - (a) The application of the previous policy and the determination of essential and casual car user roles within job descriptions. Concerns were also expressed that previous year's mileage had not been consistently reviewed in line with the policy.
 - (b) The essential need for vehicles to undertake the needs of the job role, with staff providing evidence of usage, frequency and that the current NJC rates do not (in their view) cover the cost of running a car, or in some cases having a second car just for work.
 - (c) Concern that Harborough would be one of the first Councils in the region to move away from the national rates or to reduce the rates. Employees submitted a freedom of information request from other Councils – the results of which are included in **Appendix B**.
 - (d) A desire to retain the payment of a fair and equitable essential user payment as part of an employees' terms and conditions. A number of staff linked the inclusion of an Essential User payment as a key payment linked to recruitment and retention.
 - (e) The impact of removing this term and condition on staff morale and the risk that some staff would be reluctant to have a vehicle available at all times to discharge the requirements of the job.
 - (f) Representations that if Essential User Car Allowances were to change then there should be some protection.

- 5.10 After the 30 day consultation period the Council commenced collective bargaining with the recognised consultative body, UNISON. This is a legal requirement as the proposed changes are moving away from the nationally agreed NJC terms and conditions of employment. These meetings have been productive and have mutually developed a series of options and principles that culminated in the submission of a formal response by UNISON on 12th October (**Appendix D**) in line with our joint discussions. This was then reviewed by the Council and with a number of subsequent changes incorporated in the main part into the revised travel policy (**Appendix E**). These changes have been discussed with UNISON who have indicated that if the Council were to adopt the policy they would be minded to recommend it to their Members.
- 5.11 During the consultation it has become clear that many staff had not fully submitted claims for mileage that they were entitled for. Therefore, the baseline understanding of mileage that the policy suggests payments are based upon in the future could be incorrect. For this reason, it is proposed that the adoption of the new scheme and associated payments is deferred to 1st April 2018 to allow the basis of payment to be accurate. It will also allow staff who will not in the future get the full essential user to prepare for the change. From this date, payments will be made based on the previous year's mileage instead of a flat rate of £963 regardless of mileage. This means that savings will not accrue until 2018/19 and is therefore a budget pressure in 2017/18. As part of the 2018/19 budget process an accurate forecast of future savings will be established.
- 5.12 It is proposed to pay mileage rates based on cars with a capacity of 1000cc or more rather than differentiate on capacity – these will be paid in line with the published NJC rates. Members' travel allowances are currently linked to the amount paid to officers and that any change in mileage rates would also apply to Members.
- 5.13 To support the delivery of the Council's Green Travel Policy it is proposed that the Council adopt the published HMRC rates per mile for travel by motorbike and travel by bike. The travel policy has been amended to refer to a 'suitable means of transport', rather than just a vehicle. The current HMRC approved rates are 24p per mile and 20p per mile respectively

6 Legal Issues

- 6.1 The adoption of a change in policy in respect of travel and changes in payment rates constitutes a change in terms and conditions. A consultation period of 30 days has been undertaken alongside formal consultation and

negotiation with the recognised consultative body, UNISON. Subject to the adoption of the revised policy by Council (based on recommendation from the Employment Committee), staff would be asked to voluntarily agree to this change in terms of conditions. If this were not possible, the Council would undertake a process of dismissal and re-engagement. Collective consultation will be required with UNISON as 20 or more people will be proposed as being dismissed.

- 6.2 There is a risk of challenge by employees or the Trade Unions. However, the process of formal consultation undertaken and productive negotiations with UNISON largely mitigate against this risk amongst their members. The risk is greater amongst non-unionised staff as they have communicated their objections to any changes.

7 Resource Issues

- 7.1 The original budget proposal targeted £60,000 from the withdrawal of the Essential User Car Allowance lump sums. The retention of the allowance but based on a taper linked to mileage will only allow part of this saving to be achieved. Indicative revised costings of the savings would indicate savings of £30,000 are likely still to be achievable, but will not now be delivered until 2018/19. Employees will be encouraged to submit accurate and up to date travel claims to establish the true cost of travel within the Council.

8 Equality Implications

- 8.1 An equality impact assessment was undertaken in February 2016 and formed part of the consultation. There are no new equality issues arising from the adoption of the new policy. All groups have equality of access to the payment of travel allowances based on their job role.

9 Impact on the Organisation

- 9.1 Continued use of employees' cars is essential for the delivery of Council Services. It is considered that the adoption of a scheme directly linked to mileage and the proposal that the implementation is deferred for one year should have a minimal impact on service delivery.

10. Risk Management Implications

- 10.1 Any change in terms and conditions comes with the associated risk that employees will not voluntarily accept the change to contracts and necessitate the Council commencing a process of dismissal and re-engagement
- 10.2 The process of changes in travel allowances has the potential to generate a negative response from employees in their willingness to use their cars in undertaking the duties of their job. This has in other Councils resulted in short term productivity dips and potential reputational risks from employees expressing concerns to customers and the local press.

10.3 Possible risk of increased turnover and decrease in productivity due to feeling demotivated and undervalued.

11 Consultation

11.1 A formal 30 consultation period was undertaken in June/July 2016 with all staff.

11.2 Collective bargaining was entered into with UNISON as the recognised trade union body. Three formal meetings were held with a formal response submitted (**Appendix D**)

11.3 Consultation with the Head of Paid Service and the Portfolio Holder

12 Options Considered

12.1 To adopt the suggested policy (**Appendix E**)

12.2 To remove the Essential User Allowance in full. This would save £60,000 but would have a higher risk of challenge and impact on employee morale and service delivery.

12.3 To retain the current policy and payments.

Previous report(s): Employment Committee Report 8th March 2016

Information Issued Under Sensitive Issue Procedure:

Ward Members Notified: No

Appendices:

Appendix A: Car User Policy and Car Loan Scheme 2011
Appendix B: Collective Staff Submission to the Consultation
Appendix C: Response to Consultation Queries
Appendix D: Unison Response to Consultation (Exempt)
Appendix E: Authorised Travel User Policy