

Simon Riley
Head of Finance, Corporate Services and s151 Officer
Harborough District Council

TRAVEL EXPENSES CONSULTATION

Dear Simon,

Further to your email dated 3rd June 2016 and our individual letters dated 14th June 2016, in relation to the Travel Expenses Consultation a collective of employees as undersigned, are writing to you with our response.

Point 1: The essential need for a lump sum payment to Essential Car Users

In respect of essential car users, the current HDC contractual requirement is that "a car must be available for use during all working hours" (HDC Car User Policy).

If a car is an essential requirement for a post, is it reasonable to ask that member of staff to provide such a large piece of 'equipment' themselves in order to carry out their job's duties without any financial support from the employer?

In other areas, the Council pays for Personal Protective Equipment where necessary (e.g. high vis jackets, hard hats, uniforms, steel toe capped boots), it provides office based workers with stationary and equipment (mobile phones, laptops), it provides Members and workers from home with broadband, desks and computers, all items which are essential for individuals to carry out their jobs. Why should cars be looked at differently, particularly given the high cost of car ownership and maintenance?

Either the council accepts that some roles require access to a car as a prerequisite to be able to undertake a role, or it does not. If it is accepted that access to car is a necessity for a given role, then employee reimbursement for the expense of maintaining their personal vehicle used to undertake council business should fairly reflect the amount it costs the employee. If this reimbursement is too low, the employee is essentially subsidising council services.

The lump sum is taxable and is paid to officers within their pay packet over the 12 months of the year. Taxation reduces the net amount paid to employees.

We are aware that the lump sum payment is considered by lenders that currently serve staff (e.g., banks and building societies, Government support in Help to Buy) to be part of the income which supports the servicing of payment of loans (e.g., whether that be borrowing on a house, car, wedding, home improvements, etc.) It is reasonable to view ECUA as part of one's pay packet, additional to one's salary. ECUA can be even more pertinent where there is evidence that the salary element of one's pay packet is at sub-market rates; this is particularly true for Development Management and Building Control (of which discussions have taken place with CMT).

The costs of maintaining a vehicle have been summarised by the AA (2014/15) (see Appendix A). For the cheapest type of petrol vehicle, the standing costs (which, for example, include business use car insurance premiums) come to a total of £2,292 per annum, with additional running costs of 23.3p pence per mile. If you combine these figures and do a total of 5,000 miles per year, this would result in a total cost of 68.65 pence per mile. The proposed HMRC mileage payment would not cover running costs. The difference in payment from the current HMRC rate 40.9p/mile and 45p/mile (4.1p) is very small and will

no where near make up the shortfall resulting from the loss of the Essential Car User Lump Sum.

Wear and tear and cleaning costs are exacerbated by the rural roads employees regularly use, which may include accessing farmsteads, building sites, rural and remote villages - places where damage could occur and muddy conditions are common.

We consider that the proposal being put forward will leave the majority of those who meet the Essential Car User criteria out-of-pocket.

Point 2: Review of current HDC Essential and Casual Car User policies

The current Car User Policy was agreed by Management Board on 24 February 2010 and came into force on 1 January 2011. At 2.2 of this Policy it says:

A review of posts to check if the status of authorised car user applies will be undertaken on an annual basis to be completed by 31 May each year.

This has not been undertaken.

How much money has been unnecessarily spent as a direct consequence of not having undertaken annual reviews?

Additionally, the Car User Policy at 5.2 says:

Whilst on Maternity leave any entitlement to essential user lump sum would continue, however no mileage would be claimed.

Is it necessary for a post holder to be entitled to essential user lump sum whilst on Maternity Leave when they are not using their car for business travel?

Point 3: Following on from Point 2, who should qualify as an Essential Car User?

A comprehensive review of who meets the essential/casual car user criteria should have taken place, before this consultation, to make sure those who are allocated actually really need to be.

It may be found that certain posts should no longer be classified as Essential Car Users and, therefore, significant savings could be made by reclassifying certain posts as Casual car users or otherwise.

The HDC Car User Policy aligns with NJC policies, which defines an Essential Car User as follows:

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

Duties which require a vehicle include:

1. Development Management
 - site visits / meetings for planning applications
 - site visits / meetings for pre-application enquiries
 - site visits / meetings for discharge of planning condition applications
 - planning appeal site visits / meetings

2. Building Control

- site visits / meetings for building control applications
- site visits / meetings for building control enquiries and emergencies (e.g. house fires, buildings & walls at risk)

3. Planning Enforcement

- site visits and meetings to investigate all breaches of planning control
- Investigating unauthorised adverts throughout the District
- Investigating unauthorised works to trees
- Dog fouling complaints along with the monitoring and enforcement of the new Public Space Protection Order relating to enhanced dog controls in the District.

4. Environmental Health

- investigating pollution (noise, light, etc.) matters and complaints
- responding to emergencies – public health issues
- visiting sites for investigation e.g. food safety issues. licensing and bi-annual caravan counts and other statutory duties

5. Strategic Planning

- Site visits to assess potential housing and employment site allocations
- Site visits to identify relevant policy boundaries
- Attendance at evening meetings with Parish Councils (often in village halls)
- Attendance at meetings with partner organisations and other local authorities

6. Housing

- Home visits for people in emergencies
- Homeless household visits

7. Community Partnerships

- Parish Council liaison meetings
- Delivery of health and sport activities

8. Contracted Services

- Site visits for inspections if residents have issues
- Health and safety inspections on fleet requirement by HSE

Due to the expected number of site visits that individual staff need to undertake to deliver the service, there is heavy reliance upon the use of an individual's car. It should also be noted that some employees are required to carry large / heavy equipment to carry out their duties.

Point 4: An appropriate benchmarking exercise with other Councils should be undertaken

When employees queried the benchmarking exercise which had been undertaken, in an email dated 7th June 2016 Rebecca Jenner advised the following:

“Research was carried out through the East Midlands Council to establish which authorities within the East Midlands have varied terms and conditions of employment with regard to travel expenses and the removal of Essential Car User Lump Sum Payments. Please see list below of those who responded:

- Rutland CC
- Chesterfield BC
- Newark & Sherwood DC
- Corby BC
- Derby City
- Northamptonshire CC
- Nottinghamshire CC
- Broxtowe BC
- Nottingham City”

Employees do not consider that the above councils are a fair comparison for the following reasons:

1. None of the Councils are within Leicestershire (and from the information we have received to date, no Leicestershire Authorities have removed the EUCA);
2. There are five city/county councils within this list of nine;
3. With the exception of Rutland, which is a County Council, none of the above councils are similar to HDC in terms of rurality, geographic make up, and to similar poor access public transport.

In addition, to achieve a fair comparison, employees query whether:

- a. you have benchmarked salaries for comparable job roles at the above councils?
- b. you have benchmarked the overall position of the councils’ finances?
- c. you have investigated if those authorities who have removed the lump sum payment were part of a broader review of terms and conditions. Did they offer mitigating/compensatory or improved alternative terms and conditions, for example, relating to pay, sickness absence, pool cars etc., as part of negotiating the removal of the lump sum?

In summary, we recommend that HDC undertakes a detailed, robust benchmarking assessment of comparable councils, looking at their approaches and potential alternative travel efficiencies / savings.

As a useful starting point for this exercise, we have carried out a Freedom of Information request to every authority in the East Midlands (see Appendices B and C for the replies and analysis respectively).

You may wish to expand on this by investigating the following questions:

- Do you review your staff travel costs on an annual / regular basis?
- If so, can you provide us with relevant reports and the final outcomes (both from councils who have implemented changes and those who have not.

- If the Essential Car User lump sum was removed, did you offer a one off payment to staff affected, or a phased approach to reducing the lump sum payment?
- If changes were implemented, have there been additional knock on costs and/or outcomes? E.g. retention/ recruitment issues, costs for other car initiatives such as car pooling.
- Has there been any monitoring of the implemented changes to prove that predicted outcomes sought have been achieved?
- If employees do not receive an Essential Car User Allowance, are they still expected to have access to their own car for work purposes as part of their contract of employment?

Point 5: Employees should have been provided with background information prior to consultation commencing, including the following:

- a) The Equality Impact Assessment made prior to making the decision to include the £60k saving in the Budget.
- b) How has the budget figure of £60k been calculated?
- c) Why was removal of ECUA Lump Sum payments identified as the key initiative to save £60k on the Council's travel budget?
- d) What other approaches and alternative options were considered to achieve this saving?
- e) Why negotiations have not occurred prior to consultation commencing?
- f) Why certain service areas have access to pool vehicles and/or service cars (e.g., car parking, waste team vans and quick response team vans), but other service areas do not currently have this option.

Point 6: Implications of removal of ECUA Lump Sum

a) Recruitment and retention difficulties

To make posts more attractive, the essential car user allowance has been advertised as a 'perk'. This is misleading and false advertising. The removal of ECUAA will exacerbate current recruitment problems. The cost of employing agency workers is likely to more than cancel out any savings made.

Two new Development Management team members made an informed decision to join HDC on the basis of the package of information that was provided at that time. This information stated that an essential car user allowance would be payable.

b) Inequality of Impact

The removal of the lump sum would affect those on lower incomes proportionally much than those on higher incomes (e.g., those who pay 40% tax and for whom the ECUAA Lump Sum makes up a much lower percentage of their pay packet).

c) Staff morale and supporting HDC Values

The approach which has been followed to identify the saving, alongside the decision making process to implement the removal of the ECUAA Lump Sum, has had a negative impact upon the morale of affected employees.

Whilst it is acknowledged that £60k is a significant and attractive saving, proportionally speaking, however, is it so valuable in the scheme of things that it is worth affecting staff morale to such a significant degree? We would refer you to a recent Staff Survey undertaken on this matter as Appendix D, in particular the answers given to Questions 1 and 9 of said survey.

Question 1 asked:

"On a sliding scale, considering the proposals being put forward to remove the Essential Car User Lump sum, how would this affect your perception of how well you are valued by the organisation?"

100 % answered that it would either significantly decrease/decrease their perception of how valued it would make them feel.

Question 9 asked:

"If the Essential Car User Lump Sum were to be removed, do you agree or disagree with the following statement:

"I would be subsidising Harborough District Council as a result of contractually having to use my personal car for work purposes?"

100 % answered that they either strongly agree/agree with this statement.

Summary

We duly hope that the above points are taken in to consideration as part of your consultation process. We look forward to receiving your response to our questions and opening negotiations to find solutions with you in due course.

Signed by:

	Name	Signature
1		
2		
3		
4		

Local Authority	Business mileage paid at HMRC rate	Business mileage paid at NJC rates (or other negotiated rates)	Essential Car User Allowance (ECUA) paid or not	Use of Pool Car or Similar Mitigation
ASHTON & MESSINGHAM COUNCIL	✓		x	
ASHFIELD DISTRICT COUNCIL		✓	✓	Pool Cars available
BASSETLAW DISTRICT COUNCIL		✓	x	Mileage paid at 0.69p per mile (£421.50 more per year based on 1500miles compared to being paid 40.9p per mile.
BILBY DISTRICT COUNCIL		✓	✓	
BIRMINGHAM DISTRICT COUNCIL	✓		x	
BOSTON BOROUGH COUNCIL	✓		x	
BRECKLAND DISTRICT COUNCIL		✓	✓	Pool Cars available
BURTON & SOUTH COUNCIL	✓		x	
CHARWOOD BOROUGH COUNCIL	✓	✓	✓	
CHESHIRE BOROUGH COUNCIL	✓		x	
CORBURY BOROUGH COUNCIL		✓	✓	Pool Cars available
DAVENTRY DISTRICT COUNCIL		✓	✓	Pool Cars available
DERBY CITY COUNCIL	Need data			
DERBYSHIRE COUNTY COUNCIL	✓		x	Pool Cars available
DERBYSHIRE DALES DISTRICT COUNCIL	Need data			
EAST LINDSEY DISTRICT COUNCIL		✓	✓	
EAST NORTHAMPTONSHIRE DISTRICT COUNCIL		✓	✓	
EREWASH BOROUGH COUNCIL		✓	✓	
GEDLING BOROUGH COUNCIL	Need data			
HIGH PEAK BOROUGH COUNCIL	✓		✓	Pool Cars available
HINKLEY & BOSWORTH BOROUGH COUNCIL		✓	✓	
KETTERING BOROUGH COUNCIL		✓	✓	
LEICESTERSHIRE COUNTY COUNCIL	Need data			
LINCOLN CITY COUNCIL	Need data			
LINCOLNSHIRE COUNTY COUNCIL	Need data			
MANSFIELD DISTRICT COUNCIL	✓		✓	
MELTON BOROUGH COUNCIL		✓	✓	
NEWARK & SHERWOOD DISTRICT COUNCIL	Need data			
NORTH EAST DERBYSHIRE DISTRICT COUNCIL		✓	✓	Pool Cars available
NORTH KESTIVEN DISTRICT COUNCIL	Need data			
NORTH NORFOLK DISTRICT COUNCIL		✓	✓	
NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL	Need data			
NORTHAMPTONSHIRE COUNTY COUNCIL	Need data			
NOTTINGHAM CITY COUNCIL	✓		x	Pool Cars and Public Transport Passes for work use
NOTTINGHAMSHIRE COUNTY COUNCIL	✓		x	Pool Cars available
OADBY & WIGSTON BOROUGH COUNCIL	Need data			
PEAK DISTRICT NATIONAL PARK AUTHORITY	Need data			
RUSHCLIFFE BOROUGH COUNCIL	✓		✓	

RUTLAND COUNTY COUNCIL	✓		x		
SOUTH DERBYSHIRE DISTRICT COUNCIL		✓	✓		
SOUTH HOLLAND DISTRICT COUNCIL	Need data				
SOUTH KESTEVEN DISTRICT COUNCIL	✓		x		
SOUTH NORTHAMPTONSHIRE COUNCIL	Need data				
WELLINGBOROUGH BOROUGH COUNCIL		✓	✓		
WEST LINDSEY DISTRICT COUNCIL	Need data				

30 councils have replied as at 13.07.16

15 councils have not replied as at 13.07.16

19 councils pay an ECU Allowance

11 councils do not pay an ECU Allowance ----->

Of the 11 councils that do not pay an ECU Allowance, 5 provide Pool Cars instead, 1 provides Pool Cars and Public Transport Passes and 1 provides increased mileage payments ----->

Of 30 councils that have replied, only 4 do not pay ECUA and do not provide Pool Cars, Public Transport Passes or other mitigation (see 4 red shaded councils). Further comparison of these 4 Councils with HDC is required.

AMBLE VALLEY BOROUGH COUNCIL

>>Local Authority population at the 2011 Census was 122,309

>>Administrative area = 102.5 sq mi (265.4 km²)

>>460.85 persons per km²

BOSWELL DISTRICT COUNCIL

>>Local Authority population at the 2011 Census was 75,816

>>Administrative area = 61.9 sq mi (160.3 km²)

>>473.28 persons per km²

BRIDFORD BOROUGH COUNCIL

>>Local Authority population at the 2011 Census was 109,487

>>Administrative area = 30.93 sq mi (80.10 km²)

>>1366.88 persons per km²

CHESTERFIELD BOROUGH COUNCIL

>>Local Authority population at the 2011 Census was 103,800

>>Administrative area = 25.48 sq mi (66 km²)

>>'Chesterfield is a predominantly urban area and therefore has a higher density of population than Derbyshire, the East Midlands and England. The higher densities border on the town centre (Rother, Brockwell and Holmebrook).'' (Source Chesterfield Borough Council State of the Borough Report 2013/14)

>>1572.73 persons per km²

HARBOROUGH DISTRICT COUNCIL
>>Local Authority population at the 2011 Census was 88,008
>>Administrative area = 228.5 sq mi (591.8 km2)
>>148.71 persons per km2

Cont.

Point to make from the above comparison:

- >>Harborough District Council covers a significantly larger geographical area, with a sparser population spread.
- >>For example, the HDC administrative area is 9x the size of Chesterfield BC, 7.4x the size of Broxtowe BC, 3.7x the size of Bolsover DC and 2.2x the size of Amber Valley BC.
- >>This places greater business-use demands on HDC employees' private cars. Business travel is a much more essential requirement for HDC employees compared to these 4 other authorities.

Additional Points

- >>It is noted that many authorities that pay ECUA also pay above £963.00 ECUA per annum, i.e., the Lump Sum Allowance per annum for cars over 1200cc is £1,239.00.
- >>It is noted that many authorities that pay ECUA also pay above 40.9p per mile rates, either at HMRC 45p per mile rate, or NJC higher tier rates for cars over 1200cc.
- >>It is noted that a number of authorities that pay ECUA also provide pool cars as an option for employees.
- >>HDC employees already receive less favourable terms as designated Essential Car Users compared to many other East Midlands authorities.

