

NORTH LINCOLNSHIRE COUNCIL

POLICY AND RESOURCES CABINET MEMBER

BUSINESS MILEAGE RATES

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To outline and seek approval to reduce the rates paid for business mileage.
- 1.2 To remove the essential user lump sum.
- 1.3 To introduce standard HMRC tax-exempt payments, known as 'approved mileage allowance payments' (AMAPs) (currently 45 pence per mile for cars and vans – first 10,000 miles) for both essential and casual users.
- 1.4 To seek approval for revisions to the council's Allowances and Expenses policy.

2. BACKGROUND INFORMATION

- 2.1 The council had a savings target of around £25 million to achieve by 2014/15. The focus of this target is to avoid reductions in service delivery and to minimise job losses.
- 2.2 To support this all areas of council expenditure have been carefully examined, one of these areas being a permanent reduction in employment costs.
- 2.3 In 2011/12 the council spent approximately £1.7 million on casual and essential user mileage. Whilst other options such as weekend enhancements and overtime rates have been considered, changes are being proposed to business mileage rates as this will not only result in significant savings but a much greater equity in how the council pays its employees for business mileage.
- 2.4 Essential and casual mileage rates fall under Part 3 of The National Joint Council (NJC) for Local Government Service National Agreement on Pay & Conditions of Service (the 'Green Book'). The Green Book forms the basis of many of the council's Human Resources (HR) policies and procedures, which form part of an employee's contract of employment.
- 2.5 The contract of employment is a bilateral arrangement between the council and an employee, the terms of which can only be changed by:
 - agreement, directly or indirectly; or
 - termination of the contract with notice, coupled with the offer of ongoing employment on new terms ('dismissal and re-engagement')

- 2.6 The proposals are to remove the current NJC essential user lump sum and casual user rates and introduce the standard HMRC approved mileage allowance payments (AMAPs) for all business mileage. Current AMAPs are:

Type of vehicle	First 10,000 miles	Above 10,000
Cars and vans	45p	25p
Motorcycles	24p	24p
Cycles	20p	20p

- 2.7 The trade unions have balloted their members on the proposals, the results are set out in paragraph 7.1.
- 2.8 It is acknowledged that changes to casual and essential user car allowance will impact on staff. However, it is worth noting that the current NJC mileage allowances are subject to tax whilst the proposed HMRC rates are tax-exempt.
- 2.9 Changes are also being proposed to the council's Allowances and Expenses policy to reflect the proposals outlined above.

3. OPTIONS FOR CONSIDERATION

- 3.1 To approve the proposed changes to business mileage rates, which are to remove the essential user lump sum and introduce the standard HMRC approved mileage allowance payments for both essential and casual users. To consider and accept the revised Allowances and Expenses policy as set out in Appendix 1, which reflects these changes.
- 3.2 To maintain the current NJC essential and casual user mileage allowances as set out below:

	451 – 999cc	1000cc and above
<u><i>Essential users</i></u>		
Lump sum per annum	£846	£963
per mile first 8,500	36.9p	40.9p
per mile after 8,500	13.7p	14.4p
<u><i>Casual users</i></u>		
per mile first 8,500	46.9p	52.2p
per mile after 8,500	13.7p	14.4p

- 3.3 To explore further alternative options to reduce employment costs.

4. ANALYSIS OF OPTIONS

- 4.1 In 2011/12 the council spent approximately £1.7 million on casual and essential mileage. Introducing the standard HMRC approved mileage allowance payments, will not only result in significant savings but is a much more equitable way of paying all our employees for business mileage. Inequity does exist within the current mileage arrangements, as demonstrated below:

Mileage bandings	No. of casual users	No of essential users
0 – 499	859	80
500 – 999	200	123
1000 – 1999	146	164
2000 – 2999	49	169
3000 – 3999	26	76
4000 – 4999	9	46
5000+	7	69
Total	1296	727

- 4.2 Changes to these terms and conditions without the actual or deemed consent of the employee or trade union would result in dismissal coupled with an offer of re-engagement on new terms.
- 4.3 Most private vehicles in use amongst council employees sit in the higher engine size bracket (1000cc and above). The essential user lump sum is payable in full regardless of an employees contracted hours and as a contractual element is also payable during the initial stages of family leave (maternity, adoption, paternity) and sickness absence.
- 4.4 A review of eligibility against the existing essential user criteria was undertaken during February 2012. This failed to identify any significant number of employees from which the lump sum could be removed. Having looked at amending the eligibility criteria, the consensus is that no fair amendment would achieve a saving or the desired equity of application.
- 4.5 The change to mileage rates was only one of a number of proposals put to trade unions. Mileage was preferred, as opposed to cuts in weekend working or overtime rates as these disproportionately affect the lowest paid, particularly part-time female employees.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 It is estimated that we could save over £650,000 per year by introducing the outlined proposals. Whilst a number of options are being considered to mitigate the impact of a reduction in mileage rates for business travel, these are intended to be cost neutral with internal administration likely to be minimal.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 The environmental impact has not been a primary factor in the decision to consider changes to the provision of allowances for business travel. However, encouraging the use of public transport where possible, the introduction of a cycle allowance and reducing unnecessary car journeys through the reduction of the mileage rate will all contribute positively to the sustainable transport agenda.
- 6.2 The equality profile of employees who claim mileage as essential and casual users is broadly reflective of the workforce profile, although a much higher proportion of full time employees are affected by this proposal.
- 6.3 An expansion and more effective use of pool cars is now being recommended. Our integrated impact assessment makes reference to feedback from employees. There is no guarantee that this will happen and we are hoping that a large proportion of employees will still use their vehicles for work. Employees will still be recompensed for business mileage at a tax neutral rate.

7. OUTCOMES OF CONSULTATION

- 7.1 We have been meeting regularly with the trade unions since 25 November 2011 on the need to review terms and conditions of employment. Since that initial meeting we have met specifically on a further five occasions. A formal consultation period, as required by employment law where dismissal and re-engagement is a possibility, commenced on 1 April 2012. We have been unable to reach agreement with the trade unions on the proposals and as a result the three main unions elected to ballot their members. The outcome of those ballots was as follows:

	Unison	GMB	Unite
Ballots sent	1500	277	225
Ballots returned (approx %)	17%	20%	14%
Accepted proposals	135	24	22
Rejected proposals	119	32	9

- 7.2 The Corporate Scrutiny Panel has considered the letter of the Chief Executive, which outlined the proposed changes to business mileage rates, at its meetings on 7 and 21 June. The council's Chief Executive and Assistant Director Human Resources were invited to attend the panels meeting on 12 July to discuss the issue. In addition, the Member of Parliament for Scunthorpe constituency addressed the panel to discuss the proposed changes at its meeting on 7 June.
- 7.3 Following a lengthy panel discussion (12 July) on the proposed changes to business mileage rates, the members unanimously agreed that they would write to the council's Chief Executive suggesting that in future, any consultation on proposed changes to employees terms and conditions contain more employee engagement.

8. RECOMMENDATIONS

- 8.1 That the proposed reductions to business mileage, alongside the revisions to the council's Allowances and Expenses policy are approved and implemented in accordance with further legal advice.

DIRECTOR OF POLICY AND RESOURCES

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Background Papers used in the preparation of this report

None

1.0 INTRODUCTION

- 1.1 This procedure details the allowances and arrangements for reimbursement of expenditure in specific circumstances.
- 1.2 This procedure applies to all employees of the council other than those employed by schools with delegated powers.
- 1.3 Part time employees shall have applied to them the same allowance provisions pro-rata to comparable full time employees in the council, except payment of professional subscriptions, which will be paid in full.

2.0 PROCEDURE

HOME WORKING ALLOWANCE

- 2.1 Directors may approve the payment of a home working allowance where employees are required as a condition of their contract of employment or who agree to work from their home, which is then regarded as their work base.
- 2.2 In exceptional circumstances, the Director in consultation with the Assistant Director Human Resources may authorise an allowance greater than the basic sum, detailed in Appendix 1, to reflect specific circumstances.
- 2.3 The allowance will not be payable in respect of offices outside the employee's home and used by the employee for other purposes additional to their official duties.
- 2.4 The home working allowance is contained in Appendix 1.

FIRST AID ALLOWANCE

- 2.5 Directors will determine with the relevant guidance the number of appointed first aiders in their directorate.
- 2.6 Employees who hold a current first aid certificate and are required by their Director to provide first aid cover at offices, depots or their place of work during normal

working hours in accordance with any statutory requirement, will be paid a first aid allowance.

- 2.7 The certificates recognised for this purpose are those authorised by the council which comply with Regulation 3(2) of the Health and Safety (First Aid) Regulations 1981 and contain wording to that effect.
- 2.8 The first aid allowance is contained in Appendix 1.

TELEPHONE

- 2.9 The Chief Executive and Directors will receive a telephone allowance.
- 2.10 Directors may approve the allocation of a telephone allowance to posts where the postholders will be required to use a telephone for the efficient performance of their duties, where one of the criteria detailed applies:
- Where it is essential that the postholder can be contacted outside normal working hours in order to take immediate action in relation to their duties and there is no-one on duty able to deal with the matter.
 - Where the postholder is listed in the councils emergency directory as a contact for outside agencies.
 - Where the postholder, in the course of the duties, is frequently required to contact individuals of organisations available only outside normal office hours.
- 2.11 Where a telephone is essential for the efficient performance of duties the council will:
- Provide access to a mobile phone or pay the installation charge where a telephone is not already available.
 - Pay the annual rental charges relating to the line and/or appliance
 - Pay charges for calls made on council business on the basis of submitted claims.
- 2.12 If it is essential for the post and with approval from the Director it may be necessary for the post to hold a mobile phone and have an allowance for their landline.

2.13 All telephones must be rented in the name of the postholder, not the council.

VEHICLE ALLOWANCES

2.14 Employees will be reimbursed for the use of their private vehicle whilst undertaking official business in the course of their employment. Mileage will be reimbursed at the Approved Mileage Allowance Payments (AMAP) rates as specified by Her Majesty's Revenue and Customs (HMRC). Current rates are as contained in Appendix 1.

2.15 Claims should be completed electronically using Car Plan, where available. Paper forms can be accessed from your HR service team, in the finance manual or on Intralinc.

PAYMENT OF PROFESSIONAL SUBSCRIPTIONS

2.16 Director may approve the payment of one professional subscription, where one of the criteria detailed applies:

- Where current membership of a professional body or association is required by statute to the undertaking of the duties of the post.
- For students on approved courses for which membership of a professional body or association is mandatory, for no longer than the normal duration of the course concerned.

SUBSISTENCE EXPENSES

2.17 For an employee to qualify for payment of subsistence expenses the following criteria must be met.

- There must have been additional expenditure to that normally incurred
- The additional expenditure must have been unavoidable and not form part of the employee's normal arrangements
- Actual expenditure will be reimbursed up to the maximum amount contained in Appendix 1.

- Claims will not be made where a suitable meal is provided free of charge
- Receipts or appropriate evidence of expenditure being produced
- Be working outside the boundary of their normal work area within which they normally have their meals, defined as the location or geographical area in which they work on a regular or frequent basis. (Outside of North Lincolnshire Boundaries)

2.18 No reimbursement of subsistence expenses will be made where overtime is paid on a normal working day. Employees working overtime on non normal working days may claim reimbursement of expenses subject to meeting the qualifying criteria and approval of their Director.

2.19 Reimbursement of subsistence expenses incurred on breakfast, may be claimed if work/travel commences before their normal working hours, subject to meeting the qualifying criteria.

2.20 Reimbursement of subsistence expenses incurred on lunch may be claimed if the employee is unable through practical necessity, to take lunch within the boundary of their normal work area, either during their usual lunch period or at any other reasonable alternative time.

2.21 Reimbursement of subsistence expenses incurred on tea may be claimed if work/travel continues up to 18:00 or dinner if work/travel continues after 18:00, subject to meeting the qualifying criteria.

Overnight provision

2.22 Employees who are required to make overnight stays in the performance of their official duties will be reimbursed accommodation and expenses up to the maximum amount contained in Appendix 1.

2.23 Except in exceptional circumstances, overnight accommodation must be chosen in advance of the journey and approved by the employee's Director. No separate reimbursement of subsistence expenses will be paid for meals unless the accommodation excludes these.

Witnesses at Hearings

- 2.24 In respect of hearings, irrespective of the outcome, reimbursement of subsistence expenses will be paid as detailed above, to witnesses required by the Council to attend.

TRAINING EXPENSES

- 2.25 Reimbursement and payment of training expenses must be agreed and approved in advance by the employee's Director and will be paid in accordance with the Finance Manual of Guidance.

EXCESS TRAVEL ALLOWANCE

- 2.26 Employees will be reimbursed the additional costs arising from a compulsory change in their place of work and in doing so incur additional expenditure in home to work travel, for a period of four years. However, if an employee chooses to apply for a different post payment will cease.
- 2.27 Employees will not be entitled to excess travel allowance where they are compulsorily required to return to their previous place of work. This may not necessarily be the same work base but will also include bases within the same geographical area where the difference in mileage would not have qualified for excess travel allowance.
- 2.28 The payment will be calculated using the actual difference in cost if public transport is utilised or cost per mile using the formula for calculation of Excess Travel Allowance in appendix 2.
- 2.29 The rate per mile for lease vehicle and other authorised users shall be the appropriate petrol element as contained in Appendix 1.

SPECIALIST DRIVING LICENCE

- 2.30 Where the council requires an employee to possess a Heavy Goods Vehicle, Passenger Carrying Vehicle and/or other special driving licence, the full renewal costs will be reimbursed.

REVIEW

- 2.31 The Director must review eligibility of allowances annually.
- 2.32 The council will withdraw entitlement to allowances where it is established that they are no longer appropriate, after giving contractual notice.
- 2.33 Those rates of allowances determined by the council will be reviewed annually by the Assistant Director Human Resources, and contained in Appendix 1.

RECORD KEEPING

- 2.34 Directorates will ensure that allowances and payments are recorded on Professional Personnel for monitoring purposes on the take up and effectiveness of the procedure.

Allowance/Expense

Amount

1st April 2009 (in force until further notice)

Home working allowance	£281 per annum
First aid allowance	£160 per annum

Subsistence expenses

Breakfast	£6.14
Lunch	£6.84
Tea	£3.34
Evening meal	£10.46

Overnight (Provinces)*	£99.13
Overnight (London)*	£113.50

Out of pocket expenses (Training courses only)	£4.96 per night £19.91 per week
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**This covers the first period of absence, which includes an overnight stay up to 24 hours and each complete 24 hour period, thereafter.*

Mileage allowances

Date to be confirmed (in force until further notice)

<i>Vehicle type</i>	per mile first 10,000	per mile after 10,000
Cars and vans	45.0p	25.0p
Motorcycles	24.0p	24.0p
Bicycles	20.0p	20.0p
Lease car users (451 - 999cc)	13.7p	13.7p
Lease car users (1000cc and above)	14.4p	14.4p

Excess travel allowance

Authorised users	12.472p	per mile
Lease car users	10.365p	per mile
Minimum qualifying claim	£3.73	per week