

STAFFING COMMITTEE

Meeting Date: 20 OCTOBER 2022

Issue Title: CAR MILEAGE ALLOWANCE REVIEW

Report of: CORPORATE SERVICES

Confidentiality: Non Exempt

PURPOSE OF REPORT

1. To recommend to Staffing Committee that it approves the Tier 2 efficiency savings associated with the Council's car mileage allowance policy.

RECOMMENDATION

2. That Staffing Committee **APPROVES** the proposed changes to the Council's Car Mileage policy and that the new policy becomes effective from 1 April 2023.
3. The recommended changes are:
 - The use of HM Revenue & Customs (HMRC) rates for car mileage, carrying passengers, and the use of cycles and motorcycles for business travel.
 - The addition of criteria for Essential Car user lump sum payment for Essential car users.
 - All employees, essential or casual car users, to apply HMRC rates for claiming business travel
 - That any future HM Revenue & Customs rate changes are applied.

BACKGROUND

4. The Council currently pays NJC mileage and car allowance rates as set out in Appendix 1.
5. There are currently two types of car user status that apply to employees.
 - Essential Car Users (ECU) 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. The payment of essential car user allowance takes into consideration, wear & tear, additional business insurance and service costs
 - Casual users are those for whom it is desirable that a car should be available when required.
6. It is the requirement of the post which determines whether an employee is an essential or casual car user.
7. As part of the Tier 2 Savings agenda endorsed by Council in November 2021 it was agreed that the payment of ECU would be reviewed and in principle replaced with HMRC allowable mileage rates.
8. Since November 2021 no new staff have been granted ECU status

MAIN ISSUES

9. Over the years, job appointments and changes to roles have led to a position whereby the scheme has not been consistently applied and car user

allowances are sometimes being paid where the level of mileage is low annually. It is therefore an appropriate time to review the current arrangement particularly as many local authorities are no longer paying an essential car user payment, and most are adopting the HMRC mileage rates.

10. As part of the Tier 2 savings agenda, it was reported that based on a two-year, pre-pandemic assessment:

- 11 officers receiving ECU allowance had claimed zero business mileage
- No users had travelled sufficient business mileage to make ECU and efficient was for the Council to remunerate business mileage

11. It was also noted that savings could be made across the board if HMRC rates were used rather than the outdated NJC rates.

THE PROPOSAL

12. The proposal is that one rate of mileage payment is introduced at Hart. The rate, based upon HMRC rates, would apply to all employees, regardless of their vehicle engine size and CO₂ efficiency level (see Appendix 2).

13. A form of ECU would be retained but only for those employees who would do an annual business mileage of 2,500 miles or more (pro rata for part time employees).

14. All current and new staff would be affected by the policy and status change.

15. It is proposed that the new HMRC car mileage rates will be effective from 1st April 2023 for all users.

Legal and Constitutional Issues

16. The new scheme will be more transparent and fairer.

Financial and Resource Implications

17. The Tier 2 savings identified that the use of HMRC mileage rates would save the Council around £5k/annum and that the limitation on the availability of ECU would save a further £70k/annum.

EQUALITIES

18. The revised policy will ensure a fairer approach to reimbursing employees for business mileage.

CLIMATE CHANGE IMPLICATIONS

19. Staff will be encouraged, if travel is needed, of alternative means of travel e.g. public transport. However, employees are still able to travel by car and provided this is for business use, can claim HMRC rate therefore, no direct carbon/environmental impacts arising from the recommendations.

ACTION

20. For staffing committee to approve the recommendations.

Contact Details: Brijesh Mehta, Brijesh.Mehta@hart.gov.uk

Appendices

Appendix 1 – NJC Rates

Appendix 2 - Car Mileage Policy

Background Papers: None