

**BRISTOL CITY COUNCIL
HUMAN RESOURCES COMMITTEE**

TO BE CONSIDERED - 4th September 2008

Title: Mileage Allowances - Increase and Review

Ward: City Wide

Report of: Head of Human Resources

Officer presenting report: Bryn Williams - HR adviser

Contact telephone number: (0117) 92 22655

1. Report Summary

Following representations from the trade unions and CMT agreement, the mileage allowance will increase from 40p to 42.9p with effect from 1st October 2008. A further review is proposed to establish the way forward into the future.

2. Recommendation

The Committee is asked:-

- i) to consider the increase in mileage allowance to 42.9p.
- ii) to note the decision to undertake a review of mileage expenses, to determine the council's practice regarding mileage allowances from April 2009 onwards.
- iii) to agree that the date of implementation will be 1st October 2008, unless otherwise varied by Members, or by Head of Paid Service delegated authority (paragraph 6.1 refers).

3. Policy

This report is in line with the Expenses and Benefits policy and does not apply the NJC's nationally recommended rates.

4. Consultation

(a) Internal

Consultation will take place with the trade unions, regarding the proposed review of travel allowances.

(b) External

Information to inform the proposed review will be sought from core cities and other agencies. The South West Employers Organisation has also received representations from the Trade Unions.

5. Background and Assessment

- 5.1 As part of the single status review, the City Council moved away from the National Joint Council for Local Government Employees (Green Book) mileage rates and adopted Her Majesty's Revenue and Customs (HMRC) approved mileage rate from 1 May 2002. This rate was extended to bicycle users from 1 April 2005.

The 40p approved mileage rate for designated regular and casual users in the Council has not changed since April 2003. However, petrol/diesel prices have risen by a third since the current HMRC level was set.

Current Situation

- 5.2 CMT has considered the request from the unions, and the impact of increased fuel costs on car users, and has agreed that (subject to a wider review) it is appropriate for business mileage rates to be increased. Therefore, an increase from 40p to 42.9p per mile for regular and essential users has been agreed in principle. No decision regarding an implementation date was made.

The NJC's circular relates to an across the board increase in mileage allowances. However, there are other influences impacting on the payment of travel expenses which need to be considered. These are, for example,

(1) using the mileage rate system to encourage the move to greener travel, e.g. a green system of mileage allowances could consist of higher rates being payable for smaller-engined, energy efficient, low emissions vehicles, in line with the sustainability agenda;

(2) and looking at other ways of working in line with more formalised home and flexible working, reducing the cost and impact of car usage.

- 5.3 In addition, the Council intends to introduce a computerised expenses processing system - 'post code mapping' - to

improve the efficiency of administration. This system will require users to input the post code of the various locations travelled between for automatic calculation of distances. (Exceptions may be allowed where the most efficient route is not available for some business related reason). The rate for bicycles and other forms of transport will be considered as part of the review. Cost efficiencies from post code mapping could contribute to financing any further increases in travel allowances, from (say) April 2009.

5.4 To establish the current position re internal and external factors relating to mileage rates the following research has been / will be conducted:

- Confirmation of rates paid by core cities and local authorities as at 1 December 2008.
- Identify any other mileage models apart from HMRC approved mileage rate and NJC rates (for example are there any linked to emissions, new road tax bands?).
- Review the impact of the introduction of the e-form travel claim system on admin/payroll costs, together with an estimate of additional payroll administration and P11D costs.
- Confirmation of the actual costs of the change to mileage allowances to 42.9p from 1st October 2008.
- Consider vehicle allowance payments in relation to rollout of other ways of working, as set out in paragraph 5.2 (2) above.
- Monitor petrol prices throughout review period.
- Establish pattern of mileage claims by department.

6. Other Options Considered

6.1 The possibility of backdating the increase in allowances to 1st April 2008 was considered, and could be agreed, subject to savings being identified from the proposals set out in para 5.3 above. This will be the subject of further discussions with the trade unions.

6.2 The additional vehicle allowance costs from 1st October 2008, have not otherwise been budgeted.

7. Risk Assessment

Some Chief Officers have advised that staff using their vehicles for work, have been adversely affected by the increase in fuel costs since the Council previously increased allowances. This may have an impact on the willingness of casual users to use their car for work.

8. Equalities Impact Assessment

None. The increase in allowances set out in this report will impact equally on all groups of employees. A further EIA will be required, once the review is completed.

9. Legal and Resource Implications

Legal: None
(Advice from Legal Services)

Financial:

(a) Revenue

(Advice from Stephen Skinner, Head of Finance, CSS and Chief Executive Departments)

An increase to 42.9p (7.25%) would cost an estimated £140k per annum, half of which would apply during 2008/09. This increase has not been budgeted, but may be offset by other changes arising from the proposed review. By departing from the 'standard' 40p rate, recommended by the Inland Revenue, some additional payroll admin costs may be accrued. The rate payable exceeds the IR approved figure of 40p. Any payment above this, i.e. 2.9p per mile, will be classed as a taxable benefit and will be subject to tax and NI contributions.

It is considered that the proposed mileage allowances review will also take into account, any matters which arise from the 'postcode to postcode' e-travel system which is currently being progressed for implementation in the council, later this year.

(b) Capital N/A
(Advice from designated Finance Officer)

Land: N/A

Personnel: The increase in mileage rate is required to offset the significant rise in fuel costs for people using their cars for work purposes

Appendices:

Appendix A Mileage Allowance Increase - Costs

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

Milage allowance increase - costs

Appendix A

Department	Annual Mileage Allowance Costs
LMS	326,991.97
Children & Young Peoples Services	354,789.34
Bristol Contract Services	17,437.74
Planning, Transport & Sustainable Devlpt	89,935.73
Leisure & Culture Services	80,758.93
C.s.s. - I.t, Legal & Srp	66,911.72
Neighbourhood & Housing Services	262,985.62
Regeneration	14,959.51
Adult & Community Care	469,460.42
Central Support Services-finance	19,156.28
Property Services	26,924.50
Safer Bristol	37,518.23
Total Cost (£)	1,767,829.99
Miles @ 40p	4,419,574.98
Cost @ 42.9p	1,895,997.66
Increase over 40p	128,167.67
Plus er's NI on over 40p @ 9.1%	11,663.26
Increase @ 42.9p (for 12 months)	139,830.93