

HR Committee – 5 September 2024

Review of Travel

Purpose	For information
Classification	Public
Executive Summary	<p>There has been no formal review of our car allowances for a long time.</p> <p>Hybrid working has meant that there have been changes in working practises and it is timely to review all our payments and introduce an annual review.</p>
Recommendation(s)	<p>That HR Ctte note the current situation regarding mileage claimed across the Council. Attached at Appendix 1.</p> <p>That HR Ctte note the proposed changes to the Essential Car User Scheme with effect from April 2025.</p> <p>That HR Cttee note the updated Travel Policy attached at Appendix 3 with effect from April 2025.</p>
Reasons for recommendation(s)	<p>To ensure that the eligibility for Essential car user allowance is applied fairly and consistently across the council.</p> <p>Our staff commute mileage has reduced significantly. Employees will be encouraged to minimise business journeys and reduce overall mileage to support and recognise the council's ambition to transition to net zero.</p> <p>The increase in the mileage rate for those with electric cars may encourage staff to consider an electric vehicle as an option when considering changing their vehicle.</p>
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron

Strategic Director(s)	Alan Bethune
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Introduction

1. EMT requested that a report be brought forward to consider all mileage rate options, recognising the council's ambition to transition to net zero, and to be an Employer of Choice.
2. There are two current mileage rates in place for non-electric cars; 65p per mile for casual users and 45p per mile for Essential Users.
3. The current mileage rate for fully electric cars for both casual and essential users is 10p per mile.
4. Essential Users are also eligible for an allowance which is currently £1,239 per annum. The allowance is not reduced pro-rata for part-time employees.
5. The current criteria for staff to be eligible to claim Essential User Allowance is:

Employees who are Visiting Officers or in posts that manage across more than one site and meet the minimum mileage criteria of 2,500 per annum are entitled to receive the Essential User Allowance. Essential user authorisation is given by the relevant Service Manager.

Background

6. *There are two sets of mileage rates that need to be considered, the rate set by HMRC and the rates within the NJC agreement. These are not the same.*
7. *For workers who use their own car for work journeys, the appropriate rate for compensation should consider maintenance, depreciation, contributions to insurance, road tax and servicing, as well as fuel costs.*
8. *It is recognised that claim data may be light as a result of the Council's policy of deducting home-to-base miles from mileage claims. If an employee conducts a business journey that is less than their commute, then this journey is not likely to be recorded, as it doesn't result in a travel claim payment.*

9. A survey conducted late last year by South East Employers (attached at **Appendix 2**) shows that the Council's commuter mileage deduction is in line with the policy position adopted by most other local councils (included in that survey).

HMRC Rates

10. The government's implied estimate of these costs is carried in the HM Revenue & Customs (HMRC) approved [Mileage Allowance Payment](#) (MAP) rate, which has remained unchanged since 2011-12 and is set out below.

	First 10,000 business miles in the tax year	Each mile over 10,000 miles in the tax year
Cars and vans	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
Passenger on work journey	5p	

Hybrid cars are treated as either petrol or diesel cars for this purpose. The Advisory Electricity Rate for fully electric cars is 8 pence per mile.

Local Government Rates

11. The rates under local government NJC terms and conditions (covering England, Wales & Northern Ireland) have been set at the advisory levels as below since 2010 (in Scotland, rates are decided by each local authority).

The NJC scheme makes a distinction between "Essential Users" who must have a car at their disposal whenever required, and "Casual Users" for whom it is desirable to have a car at their disposal when needed.

Essential Users receive an annual lump sum in addition to the specified rate per mile.

Local Government NJC (England, Wales & Northern Ireland)			
Essential User Allowance			
Engine capacity	451 - 999cc	1000 - 1199cc	1200 - 1450cc
Lump sum	£846 p.a.	£963 p.a.	£1,239 p.a.
per mile first 8,500	36.9p p.m.	40.9p p.m.	50.5p p.m.
per mile after 8,500	13.7p p.m.	14.4p p.m.	16.4p p.m.
Casual User Allowance			
Engine capacity	451 - 999cc	1000 - 1199cc	1200 - 1450cc
per mile first 8,500	46.9p p.m.	52.2p p.m.	65.0p p.m.
per mile after 8,500	13.7p p.m.	14.4p p.m.	16.4p p.m.

Note: in September 2022 an agreement was reached with the joint unions in Wales so this no longer applies to them.

The NJC local government scheme makes no recommendations for the appropriate payment rate for electric / hybrid vehicles. Different local authorities have therefore aligned them with different petrol engine rates.

NFDC Position

12. NFDC has local terms and conditions and do not fully follow the NJC conditions of service. We currently do not distinguish the rate paid for either Essential or Casual Users based on the engine size of the vehicle. Current mileage rates paid by NFDC flit somewhat between the HMRC rates and NJC rates, and are as follows:

	Mileage Rate per mile first 10,000	Mileage Rate per mile after 10,000	Lump Sum (per annum)
Essential User	45p	25p	£1,239
Casual User	65p	25p	-
Electric Vehicles	10p	10p	-
Each Passenger	5p	-	-
Bicycles	20p	-	-
Motorcycles	24p	24p	-

13. The Council's current Essential User scheme is only open to those on band 8 and below. The Council used to have a leased car scheme for employees band 9 and above.

Essential User Data: January 2023 – December 2023

14. There were 161 employees receiving the Essential User Car Allowance. Between them they claimed a total of 252,337 miles.

Further data is provided in **Appendix 1**.

Casual User Data: January 2023 – December 2023

15. There were 112 employees that made a claim under the casual user scheme. Between them they claimed a total of 46,611 miles.

- 78 claimed less than 500 miles
- 19 claimed between 500 and 1,000
- 11 claimed between 1,000 and 1,500
- 4 claimed over 1,500 miles.

Of those that claimed casual mileage 28 were above band 8. If the criteria changed to allow those above Band 8 to be essential users then some of these employees would qualify for the allowance.

Electric Vehicle Mileage

16. There were 4 employees that made a claim using the electric mileage rate. Between them they claimed a total of 1,499 miles.

Parking Clocks

17. The subject of parking clocks provided for staff to use whilst on official business has been brought up at both Employee Forum and under the Staff Suggestion Scheme.

There would appear to be different arrangements in place across the council with some staff simply paying for parking and reclaiming through expenses and other staff sharing a parking clock between them.

The staff suggestion was that staff could be allowed to purchase a reduced rate parking clock as part of our employee benefits offer.

Council Vehicles Home To Base Mileage

18. Employees that are allocated a council vehicle and use this for their home to base commute and currently charged 13p per mile for every mile over 10 each way of their commute.

This is normally calculated at the time of appointment and is stated within their contract of employment.

Proposed Changes

19. It is clear that the current Essential User scheme is not being implemented consistently.

It is therefore proposed that the following changes are made to the existing scheme:

- We should move away from the arbitrary application of a minimum mileage requirement (on the basis that this is an issue due to the deduction of commute miles), and seek to evaluate the role independently.
- For posts that require a vehicle to be available at all times or are regarded as visiting officers and require the ability to access all areas of the district on a regular basis these would be classed as Essential Users.
- For posts where a car is required at times, but this is normally due to attendance at a pre-planned meeting or event these will be classed as Casual Users.
- That HR will work with Service Managers to review each post currently in receipt of the Essential User allowance to ensure consistency of approach.
- Consideration can also be given to posts not currently in receipt of the Essential User Allowance to review if they should be included.
- The current restriction to Band 8 and below should be removed and replaced with it applying to all posts up to and including Band 10.
- Consideration will need to be given to Maternity, sickness or other long term issues.

The council will continue to use the HMRC rates for Essential Users. (As detailed in point 10 above).

For fully electric cars the council will adopt the same rate for Casual Users. Therefore, our rate would increase from 10p per mile to 65p per mile. This will support the council's ambition within the new Corporate Plan relation to reducing carbon emissions.

For fully electric cars the council will adopt the same rate for Essential Users. Therefore, our rate would increase from 10p per mile to 45p per mile. This would support the council's ambition within the new Corporate Plan in relation to reducing carbon emissions.

In order to minimise the impact to staff of removing their Essential user Allowance it is proposed that a minimum of 3 months' notice is

given. Further, the withdrawal of the essential user payment would not be implemented ahead of the implementation of pay award for 2024/25 being agreed, and paid. This may mean that the notice period is extended beyond 3 months, if, for example, pay award is not settled until after November.

Services will review the arrangements in place for the sharing of parking clocks. Where this is felt appropriate and can be done fairly this should continue. Otherwise staff should be advised to pay for parking, obtain a receipt and reclaim this through their expenses in the normal way.

A review of home to base distances will be undertaken for all those with Council vehicles which are used for their commute.

Corporate plan priorities

20. Our staff commute mileage has reduced significantly. Where possible managers should encourage employees to minimise business journeys and reduce overall mileage to support and recognise the council's ambition to transition to net zero.

Options appraisal

21. There has been no formal review of the Essential User scheme and those eligible for the payment for some time. There is no annual review of essential users against the set policy and minimum criteria.

The essential user lump sum is often seen as an added benefit to top up the salary when recruiting staff and managers do not always take the opportunity to review whether the payment should still be made.

The current restriction on our scheme prohibits those above band 8 from being eligible for the Essential Car User Allowance. This does not help when trying to promote internal employees into higher graded roles.

There is a clear discrepancy on how the essential allowance is applied. This is a concern in relation to equal pay decisions. We need to be able to justify each decision made in relation to pay and therefore an annual review would ensure that these decisions are well documented.

The policy should be kept under review and reviewed in two years' time in order to assess impact and make further changes in light of people strategy, new ways of working, climate and nature implications.

Consultation undertaken

Leadership Team Comments

22. A discussion has been held at the Leadership team to consider issues arising that relate to travel. Team members were asked to provide their feedback on the current scheme and how/what changes could be considered.

EMT comments

23. EMT are happy to approve the changes within the report with an effective date of 1st April 2025.

This timeframe will allow for due consideration to be given in the review of all those currently in receipt of Essential Car User Allowance.

EMT have requested that an overview is undertaken by HR to ensure there is consistency in how this is applied.

EMT approve and support the new travel policy.

EMT requested that further work is undertaken to establish the amount of parking ticket reclaims that are made to establish the extent of the problem.

Employee Side Comments

24. Unison are pleased to support the clarity for Essential and Casual user status.

Unison are pleased to support the increase in mileage allowances as set out in the report.

Financial and resource implications

25. A review of those eligible for the Essential User allowance will result in savings that would contribute towards the additional resources identified within the HR Peer Review as being needed.

The increased rates for fully electric vehicles would be offset by the savings made through the essential user reduction.

Legal implications

26. None.

Risk assessment

27. Not required.

Environmental / Climate and nature implications

28. Our change to Hybrid working with many staff working from home for some of their working week does mean that our staff commute mileage has reduced significantly. Where possible managers should encourage employees to minimise business journeys and reduce overall mileage to support and recognise the council's ambition to transition to net zero.

The increase in the mileage rate for those with electric cars may encourage staff to consider an electric vehicle as an option when considering changing their vehicle.

Equalities implications

29. The current system is unfair to the broader workforce as there is inconsistency in treatment of post holders when it comes to the application of the essential user allowance.

The proposed changes, including the introduction of an annual review would ensure that all employees are treated fairly, with a consistent approach across the Council.

By delaying the earliest withdrawal of the essential user payment until after the implementation of the 2024/25 pay award, no employee will see a deduction in pay, as the current pay award offer is in excess of the essential user payment.

Crime and disorder implications

30. None.

Data protection / Information governance / ICT implications

31. None.

Appendices

Appendix 1 – Essential User Data
Appendix 2 – Mini Travel Survey
Appendix 3 - Travel Policy

Background Papers:

None