

JSEF 28th April 2009
Essential Car User Allowance Review

Introduction

The Council is currently undertaking a review of the Essential User Car Allowance. This paper outlines the background of the review and the process followed.

Background

Essential Car User Allowance

The Essential Car User allowance is intended as a 'monthly advance' on expenses that would normally be incurred in the month, to assist the post holder to meet the costs of business travel more easily. Actual mileage (up to 8500 miles) is then paid at a lower rate than casual car users to reflect this advance. The current allowance is £906.00 per year (see Appendix A) – this value is taxable, but not pensionable.

The allowance applies where the nature of the post holder duties makes it essential to have a car at their disposal. The Council is responsible for determining the criteria that establish essential usage. These are currently:

- Consideration of the number of miles claimed for business travel to be used to determine the travel category;
- Whether or not the postholder is required to travel on Council business;
- The type of role the post holder is required to undertake – are the duties of such a nature that it is essential or desirable for the post holder to provide a vehicle for Council business as required;
- Whether the post holder is required to carry Council equipment or passengers; and
- Is the post holder contracted to work outside normal working hours (e.g. as normal working, or on call/standby).

The allowance is post based. Employees that are not Essential Users receive no 'advance allowance' and are reimbursed for actual car mileage at the Casual User mileage rate. Both categories of user must provide a roadworthy and taxed vehicle with insurance cover for business use.

Grounds for the review

- The review is an agreed action of the Employee Travel Plan - launched in Feb 2008 to promote and reflect greater use of sustainable transport options.
- To ensure equity - under the terms of the Council's Equal Pay Policy, the Council must aim to eliminate any unfair or unlawful bias in our pay systems and practice that impact on pay (i.e. As employees have found new ways to deliver all or part of their role using sustainable options, car use for some has declined to a level that is proportionate to use amongst casual car users who receive no lump sum allowance).
- The Council's current Essential User allowance was last reviewed in November 2003 as part of the Single Status Agreement. This agreement states that "*all travel categorisations will be subject to review every two years or when the post changes.*" Since 2003, there has not been a two yearly review of allocation.

Single Status Extract

5.5 All travel categorisations will be subject to a review every two years or when the post changes e.g. when the post is so changed that it requires assessment under the job evaluation scheme prior to advertising. All vacant or new posts will be assessed by the Head of Human Resources – a form will be provided to Heads of Service/Line managers for this purpose to be completed when vacant or new posts are submitted for job evaluation and/or authorisation to recruit.

5.4 Changes to travel category after review or re-assessment will be implemented by giving at least six months notice to the postholder of the change. There will be no travel protection payments for those moving from essential to casual user. Changes from casual to essential user will start on the notified date with no back dating of the additional amount due. There is no formal right of appeal against the reclassification of a travel category.

Process to Date

Data Analysis

In accordance with the process outlined in the Single Status Agreement, the review considered individual essential users claimed mileage and numbers of trips for two full financial years (2006/07 and 2007/08).

Review of the data shows a number of individuals (over 10%) have no mileage claims in both years, and a further sizeable proportion

have low mileage claims across the two years. This indicates that a review of eligibility criteria is required.

Information and Consultation

A detailed outline of the process to date is included in Appendix B. To summarise this has included significant communication with the Trade Unions; Attendance and Consultation of affected Directorate Management Teams (DMT); Review meetings with Heads of Service to consider data for their area, to understand any potential impacts on data (e.g. maternity; long sick period) and determine classification against the new eligibility criterion; briefings with employees to explain the review process and take questions; and a review meeting with Trade Unions to consider feedback (Appendix C). At every stage feedback has been noted and proposals and process updated to reflect this.

Proposals

1. It is proposed the criterion for distinguishing essential users from casual users, relates to the level of mileage undertaken by employees in undertaking the role. The pre-existing mileage criterion of 1000 miles used in 2003 has been retained to provide consistency.
 - Post holders must be reasonably expected to undertake at least 1000 car miles every financial year to deliver the duties of the role (and the duties could not be effectively and efficiently' achieved using other transport means).
2. It is proposed to disassociate Car Park Pass provision from the allowance and establish new criteria for eligibility to car park pass provision. Criteria to include:
 - the need to take regular multiple short trips in the day;
 - the regular need to promptly attend incidents;
 - regular late or lone working requirements of the post; and
 - frequent need to carry equipment or passengers.

[Note: Criteria to be finalised and agreed with Audit and Parking Services]

This reflects that the remaining pre-existing criteria do not relate to actual car use, but to the availability of a car for work purposes. While alternative travel options exist, it was recognised that many employees would provide a personal car to deliver work duties. Therefore, the purpose of the proposal is to facilitate this through the provision of car park passes where the duties of the role require.

Where a personal car is used for work purposes, the employee will be reimbursed for actual use at the Casual User Mileage Rate, which is considered appropriate reimbursement.

Note: The impact of this change will not be significant for all existing essential users. The Head of Service review of posts only identified two posts that were categorised as no longer requiring the Car Park Pass.

Impact

There are approximately 240 individuals currently in receipt of the Essential Car User Allowance. Of these 115 are identified as potentially having this allowance removed.

All employees affected by the review will be sent individual letters, to inform them of the removal of the allowance. The letter will also outline:

- 6 months notice of withdrawal (i.e. if sent April will take effect in October)
- Request a review process (to allow review of the decision to remove, where evidence of significant mileage can be provided).

Reason for Item to JSEF

The Trade Unions have asked for the review of Essential User Allowances to be referred to JSEF. They would like service managers to be able to consider genuine business cases where employees require a car for work purposes and to categorise them as Essential Users.

The management position is outlined in this paper, in summary this includes:

- The Essential Car User allowance is an advance of reimbursement of actual expense incurred through undertaking significant car use.
- The separation of criteria to establish provision of a car park pass from the criterion to establish eligibility for the Essential User Allowance criteria provides an equitable method to facilitate employees to use their personal car for work duties where they are not considered to be an Essential User based on mileage.

- The position to adopt the single 1000 miles criterion is reasonable value as this value used in previous reviews.
- The Casual User mileage rate provides reasonable reimbursement for car use below 1000 miles (47.7ppm, wef 01/04/09; Casual and Essential User rates are contained in Appendix A for comparison).
- Prior to the review the Council has already implemented a number of measures to ensure alternative travel options exist (e.g. Streetcar Membership; Pool Bikes; Cycle mileage).
- Where there are sufficient demand and business case within a service, Heads of Services can consider the rationale for further alternative options (e.g. pool cars).
- The 'Request a Review' process provides a means for employees appeal the decision to remove the allowance. This recognises that in some cases the historic mileage claims do not reflect all car travel and/or where recent changes to role duties has changed the travel requirements.
- Where employees require occasional or infrequent access to a car at work, departmental car park passes can be utilised.

Appendix A: NJC Car Allowances 2009/10

1. CAR ALLOWANCES - PART 3 PARAGRAPH 6

It has been agreed that the rates of Car Allowances be revised with effect from **1 April 2009**. The new rates are set out below:

	<u>451 - 999cc</u>	<u>1000 - 1199cc</u>	<u>1200 - 1450cc</u>
<u>Essential Users</u>			
Lump sum per annum	£795	£906	£1,170
per mile first 8,500	33.6p	37.1p	46.4p
per mile after 8,500	11.7p	12.2p	14.2p
<u>Casual Users</u>			
per mile first 8,500	42.9p	47.7p	60.1p
per mile after 8,500	11.7p	12.2p	14.2p

As part of Single Status Agreement, it was agreed that only the middle band (1000-1199cc) of the NJC essential and casual user rates would be used irrespective of engine size.

Appendix B: Outline of Information and Consultation Process & Timescale

Joint Trade Unions Group (15th January)

Essential User Car Allowance - Noted: Employer concerns over the level of car use amongst this group after analysis of 2 years data. Intention to develop a solution based on mileage threshold for allowance and mileage/trips constraints for car parking. Agreed to set up meeting with Unions to take consultation forward.

Union Meeting (28th Jan)

No minutes. Detail of the historic claims were shared. Broad support was received for principles of review (i.e. equity of allowances), although this did not extend to the individual outcomes.

DMT Meetings (Fin 18th Feb; E&P 19th Feb; Com 19th Feb; City 25th Feb)

A paper was taken to each of the affected DMT meetings to outline the principles for the review and proposed process and timescales.

HoS Meetings (26th Feb – 17th March)

All Heads of Service reviewed historical mileage claims for 2006/07 and 2007/08 for all existing Essential Users in the service. On the basis of individuals claimed mileage, comparison of post holders in the same post, and management knowledge and understanding of the role demands, decisions on classification were made against the 1000 miles eligibility criteria. This process has been replicated for all staff at all levels of the organisation (i.e. NJC and JNC posts).

Joint Trade Unions Group (12th March)

Essential Car User - DS stated further to the outline brief given to the TU's in January 2009 and data reviewed since that time. Meetings were now scheduled with affected users over the next two weeks to discuss the next stage of the review and for an opportunity to discuss feedback. TU's would attend meetings as scheduled. TU's requested equality analysis of review CF to provide

Employee Meetings (24th March – 7th April)

Employees were informed of the background and drivers for the review; the process undertaken to date; the proposed processes to inform affected staff formally and notice period; and the process and grounds to request a review of the decision to remove the allowance. Union representatives were invited to all meetings and were present at most meetings.

Union Collective Disputes Request (Received 8th April)

The Unison Branch Secretary submitted a written request to raise issues with the review of the essential car user allowance under the Collective Disputes Procedure (see Appendix D).

Union Meeting – Wash Up (16th April)

To review items raised and outcomes of employee feedback (see Appendix C). It was agreed following discussion with the Executive Councillor to take this item to JSEF.

Appendix C: Summary of Employee Briefing Feedback

Principle Circular Argument

Employee - If not essential user will not provide car, unable to do role effectively

Employer - Not saying that can't use car, but will be reimbursed for actual use as casual user. Where role demands, a car park pass will be provided to facilitate certain work requirements.

Employees will be reasonably reimbursed for all car use.

Other Main Issues

No justification or rationale for use of 1000 miles – **this is the previous value used in 2003**

Feel that pre-existing criteria are relevant irrespective of number of miles travelled

- Lone/Night working (safety of car)
- Health and Safety risk assessment in 'conflict' situations
- Out of Hours

1000 miles target is unrealistic in City such as Cambridge – **half essential users are meeting**

Feel change works against green travel plan and victimises those that have delivered sustainably – **the increased use of sustainable transport has resulted in less car use, review reflects this**

Considered a recruit/retention tactic in some areas (e.g. Dev Control) – **clear the allowance is not a retention tool**

Practical Issues

Anticipated savings will not be made due to increased mileage claims, streetcar costs, taxi use and less efficient travel options.

1000 miles provides an achievable target which will encourage greater car use

Loss of goodwill, taking advantage at a bad economic time - **planned action in ETP**

Streetcar not suitable for unplanned responsive work – **greater use will result in greater provision and availability. Potential to consider other options in some services**

Issues/Questions asked:

Clarify that receive the Essential User rate (not 11p per mile) – **yes EU Rate 37.1ppm**

Clarify position with regards streetcar excess – **Streetcar E-mail states excess is £0**

Position on congestion charging – **Not yet considered as not planned to be implemented**

Process Issues

Requested Exec Cllr to meet HoS or staff to explain decision rather than HR

Evidence of claims for review requests should be one year, as most people will not be able to provide accurate records for 2 full years – **Single Status stipulates 2 years data, will be flexible where there have been changes in the role, common sense approach.**

Evidence of claims should not need to be accurate but representative of travel – **common sense**

Evidence of claims – **should contain Types of journey; Frequency and mileage; Amount of travel; pattern of travel. Include any points around special circumstances**

Suggestions - Allowance

No new ECU with protection for existing staff and natural wastage – **potential equality issues**

Protection to lowest paid - **potential equality issues**

Staged process to withdrawal - **same end impact just longer period, same arguments exist**

Cut the lot – **potential option to move to single scheme to reimburse for miles travelled.**

Suggestions - Practical

Greater provision of pool bikes, electric pool bikes and mopeds

Pay bike mileage rate for pool bike use

Increase numbers of streetcars or pool cars

Appendix D: Union Collective Disputes Request

8TH April 2009

Dear Deborah,

Issues under Collective Disputes procedure - Car user allowance

The Unison branch feels it is necessary to raise issues with the review of the essential car user allowance under the Collective Disputes Procedure.

Although we agreed that the single status agreement allows for a review of the allowance taking place, the only terms of reference that we were given was that the review would be for staff claiming less than 1000 miles per year and that it would disassociate the car park pass at Queen Annes with ECU allowance. At that point we received limited data (a list of anonymous posts) and we stated that we thought there would be other relevant factors why staff had not made mileage claims.

9th February, 25th February, and at JTUG (12th March) I asked for data which I finally received after a staff briefing on 24th March. Without a list of posts affected it made contacting our affected members an impossible task before that time.

At the initial meeting we expected to have a further meeting after Departmental Management teams had been consulted giving us firm proposals as a result of the review. Departmental managers have confirmed that the only information they were able to submit in the review was which staff claimed under 1000 miles. We were led to believe that Departmental managers would have been given an opportunity to input further information and investigate why some staff had not claimed and what other factors made posts essential car users, this would have been permitted in a genuine review.

We also expected for Heads of Service to define for their area what was accepted as an essential journey.

On 26th February we were informed that one of our stewards was losing her allowance. On 3rd March we were informed that a briefing from Department of Finance stated that the unions had agreed the proposals including:

‘to consider classification of city centre travel as non business’ and

'to consider a second phase to review allowances for remaining users'

This is entirely inaccurate and we asked for this information to be corrected.

We have not had any scheduled negotiating meetings or data to rely on. Neither have we received a clear timescale for implementation of the review

Indeed the first briefing meeting was scheduled on a day when I had booked leave, which I then cancelled to attend.

It is clear that the unions have been deliberately held at arms length during this review which is contrary to the spirit of the single status agreement.

As a result of attending the staff briefings it is clear that the other factors making car use essential contained in the single status agreement remain important for effective service delivery; i.e.

- Requirement to carry council equipment or passengers - relevant for planners, environmental health staff, building control, etc.
- Requirement to work out of hours - attending evening meetings, or locking up community centres where public transport is not readily available.
- Requirement to be on standby – for staff on standby those living outside Cambridge will be able to claim more mileage and therefore be more likely to be eligible than staff within Cambridge (as claims are made from home addresses).
- Health & Safety for lone workers or enforcement officers using a car is a safe method of working.

We ask that these factors are taken into consideration as part of the review.

Additionally some staff have made efforts to travel sustainably by reducing the journeys they make, for staff currently claiming more than 1000 miles there is no incentive for them to now do so as they fear a further review will threaten their current allowance. Are there funds available to provide more pool bikes, electric bikes or council mopeds?

The review could more relevantly distinguish between posts that have had the essential car user as a 'perk' and those with no real need to use a car. However as the other factors in the definition of 'essential' haven't been considered staff all are lumped together. This is not equitable.

A genuine review would distinguish where posts have changed and there is no longer need to pay the ECU allowance and where posts have changed and there is a need to pay the ECU allowance.

We are currently consulting staff to see what the current review has on their ability to provide an efficient service and we will feed this information back to you.

Meanwhile under the terms of the collective disputes procedure we ask for the status quo to be applied and that the implementation is put on hold until a fairer review takes place.

Regards,

Liz Brennan
Unison Branch Secretary