

APPENDIX 4 – CONSULTATION ON CAR ALLOWANCES - EMPLOYEES

COMMENTS MADE BY UNISON

Comment Summary	Management Response
<p>There was strong resistance to the removal of the essential car user lump sum allowance, so strong that UNISON stated they may be required to ballot for industrial action on this point.</p>	<p>Specific reference to this position will be included in the report to Council, so that Councillors take this into account when making a decision.</p> <p>Should the required savings not be made to balance the budget then alternative proposals will need to be considered. These alternative proposals could have a negative impact on staff and service delivery and could potentially result in job losses.</p>
<p>Concerns were raised about a perceived difference in treatment on how lump sum car allowances had been treated on the recent senior management restructuring.</p>	<p>The rationale for this was explained to UNISON and discussed, including how senior manager salaries had been benchmarked to ensure reasonableness, and that the restructuring achieved an ongoing annual saving of £104,000 per year.</p>
<p>Staff felt that they may face financial hardship, particularly where they were on low grades, as the essential car user lump sum makes up a considerable percentage of their salary, in some cases, up to ten per cent. This, alongside low pay awards and changes to NI and pension rates is said to feel like a pay cut.</p>	<p>The Council can consider pay protection arrangements to mitigate this financial loss. Various options are available, but in other instances, pay protection equates to two years' pay i.e. 100% of the loss in pay in year one, 50% in year two and 50% in year three.</p>
<p>Staff were concerned where they had entered into credit agreements for a car on the basis of their essential car user status, and felt they would be unable to make the payments without the lump sum.</p>	<p>See comment above on pay protection.</p>
<p>Comments were made about how the removal of the essential car user allowance would impact on services if there was no contractual obligation on employees to own a car to deliver the service.</p>	<p>It was clarified that there was no intention to remove essential car user status, but what would change would be the amounts paid. Employees with essential car user status would still be required to own a car for work purposes.</p>

	<p>The HMRC sets rates which it considers are reasonable for reimbursement of car mileage expenses including the cost of maintaining a vehicle and fuel. The Council pays above these rates and consequently these payments are treated as a taxable benefit in kind. It is proposed to move to the HMRC rates for essential car users, casual car users and any business mileage undertaken by Councillors.</p>
<p>Staff raised safety issues, particularly for out of hours or lone workers who were required to visit residents in their homes over contentious issues.</p> <p>Staff commented that they often had confidential papers or equipment to carry, and that this could not be done via public transport.</p> <p>Staff pointed out that the rural nature of the borough, and public transport services would make it difficult for them to do their job without the use of a car.</p> <p>They also questioned the impact on the efficiency, timeliness and quality of service delivery, if their essential car user status was removed.</p>	<p>See comment above</p>
<p>It was felt that this proposal did not support the Housing and Inclusion Service's commitment to mobile working in the future.</p>	<p>Clarification was provided about the difference between the removal of the essential car user lump sum allowance, and the continuation of the essential car user status for relevant staff.</p>
<p>Some staff felt it was unfair to expect an essential car user to have to bring a car to work every day without any additional remuneration to those with casual car user status.</p> <p>Some staff stated that they would not need to own a car at all if they were not considered to be essential car users, and felt they should be compensated for having the expense of owning one.</p>	<p>See comments above. The HMRC believe that their approved rates cover the expenses associated with business travel.</p>

<p>Consideration should be given to alternative methods of communicating and working e.g. video/conference calls instead of travelling to meetings or using trains for longer journeys.</p>	<p>This is a positive suggestion and will be explored wherever possible.</p>
<p>It was suggested that other cost saving exercises had not been considered as an alternative to removing the essential car user lump sum allowance.</p>	<p>An explanation of the policy option process was provided together with the large value of savings that had already been made in previous years.</p>
<p>The option of using 'pool cars' was suggested.</p>	<p>This was discussed during a meeting with UNISON, and it was accepted that this system had its limitations, particularly where a large number of staff from the same team made regular visits to people in their homes, as it would require a large number of pool cars and would not be cost effective.</p>
<p>Staff were accepting of the HMRC rates for both essential and casual car mileage usage, and this is not in contention.</p>	<p>It is recommended, therefore, that the HMRC rates are introduced for all car users.</p>
<p>UNISON stated that they felt the removal of the essential car user lump sum allowance would adversely affect morale and may lead to recruitment and retention issues.</p>	<p>It was accepted that this change could have an impact on staff morale, but there is no clear evidence to suggest this would have a significant impact on recruitment and retention. A large number of other employers already use the HMRC approved mileage rates.</p>
<p>UNISON suggested that the new rates could be introduced for new members of staff, but that current staff should be protected.</p>	<p>This is a positive suggestion that will be given specific consideration, although it will need to be recognised that this will reduce the financial saving achieved.</p>
<p>UNISON suggested that a 'flat rate' could be considered in terms of the essential car user allowance, rather than paying different rates depending on the size of an employee's engine, or removing it completely.</p>	<p>This is a positive suggestion that will be given specific consideration, although it will need to be recognised that this will reduce the financial saving achieved.</p>
<p>UNISON suggested that there should be a review of the criteria which determines who is required to be an essential or casual car user.</p>	<p>This is a positive suggestion and will be given consideration going forward.</p>

UNISON requested that an Equality Impact Assessment is undertaken.

It was always the intention to produce this assessment and it will be included in the report to the October Council meeting where this issue will be considered.

COMMENTS MADE BY INDIVIDUAL EMPLOYEES

The suggestions made by individual member of staff via the HR Employee Feedback email and in the internal mail mirrored those above in many ways, but in addition to those comments and suggestions made via UNISON, the following comments and suggestions were also put forward:

Comment Summary	Management Response
Some staff were in favour of the proposals in their entirety, particularly as an alternative to compulsory redundancies.	This comment is supportive of the proposals that have been put forward.
Some staff stated that they felt the Council were over generous in terms of paying the current rates, as well as not charging for car parking. Others felt that the mention of car parking was intended to feel like a threat that this benefit may be removed too.	The rates that the Council pays are higher than those paid by some other local authorities. There is no intention to review car park arrangements at the current time.
Some staff felt it was fairer that all car users claimed the same allowance, as the amount received towards car maintenance, depreciation etc. was based upon a percentage of the total mileage undertaken, rather than a decision by a line manager as to whether to add a lump sum allowance.	This comment is supportive of the proposal to remove the essential car user lump sum allowance.
It was felt that it was unfair that staff still received the essential user allowance when off on sick leave or maternity leave.	Where the lump sum is payable, this becomes a contractual entitlement whilst the employee is on sick leave or maternity. However, if only the HMRC rate was payable, no payments would be made as no business mileage would be undertaken.
It was suggested that, rather than targeting a specific group of staff who have to use their car for business, a cut should be made across all staff, either by using a percentage pay cut across all grades, or by asking staff to take one of their annual leave days unpaid.	Staff pay rates have been determined through a job evaluation process, and a comprehensive review would need to take place to change this framework.

<p>All services should look at whether they need to create new roles or replace staff when they leave in order to identify savings.</p>	<p>This is already in place and on-going.</p>
<p>It was suggested that we consider putting services out to tender to see if costs can be reduced.</p>	<p>The established policy option process already considers the best way in which services can be provided.</p>
<p>It was stated that some staff reside outside of the Borough, and use their essential user allowance to subsidise costs when travelling to and from work.</p>	<p>This comment is supportive of the proposal to remove the essential car user lump sum allowance.</p>
<p>It was questioned whether Councillors will also be affected by the reduction in allowances, and that we should look at a reduction in their allowances too.</p>	<p>The proposal is to move all staff and Councillors onto the same payment arrangements.</p>
<p>It was suggested that the policy for paying cycle mileage could be better publicised.</p>	<p>This is a positive suggestion and can be considered going forward.</p>