

PERSONNEL COMMITTEE

7 June 2010

LEASE CAR AND ESSENTIAL CAR USER POLICIES

REPORT OF CORPORATE DIRECTOR (POLICY)

Contact Officer: Alison Gavin Tel No: 01962 848 agavin@winchester.gov.uk

RECENT REFERENCES:

PER001 – 15 November 2001 – Exempt Report

EXECUTIVE SUMMARY:

The Council's policy on business travel has been changing in recent years to reduce both the financial and environmental impacts. The original policy to introduce leased cars for staff was partly to meet the need for front-line staff to cover large geographical areas and to also provide an incentive to work for the City Council which, at the time of the policy's introduction, was an important factor.

This report brings forward proposals that would stop the provision of lease cars for new staff and phase out the use of leased cars as staff leave the organisation. Retaining the facility for the remaining staff, whilst prolonging their use, avoids the need for costly compensation schemes and allows an evaluation of the impact of the change on recruitment, retention and business travel.

One of the central links to leased car entitlement in the original scheme was the designation of the post as an 'essential car user'. This was not clearly defined and this report proposes a more workable definition and will prevent the 'creep' of posts being given this status when the business needs do not warrant it.

RECOMMENDATIONS:

- 1 That the proposed definition of an essential car user as shown in Paragraph 3.2, be accepted for all new posts at a date to be agreed and the current link between lease car entitlement and essential car user status be severed for all new employment contracts. Existing staff whose contract of employment defines their post as an essential car user would not be affected.
- 2 That the City Council's lease car scheme be phased out as those staff whose contract of employment attracts the use of a lease car, leave the organisation.
- 3 That the Head of Organisational Development be given delegated authority to introduce the new policy subject to there being no material changes arising from consultation with UNISON.

PERSONNEL COMMITTEE

7 June 2010

LEASE CAR AND ESSENTIAL CAR USER POLICIES

REPORT OF CORPORATE DIRECTOR (POLICY)

DETAIL:

1 Introduction

- 1.1 The Council's policy on the use of lease cars for some staff in undertaking their work commitments was considered during the preparation of the 2010/2011 budget.
- 1.2 Although proposals were not taken forward at that time, further research has been undertaken into the financial and employment contract issues that would be raised by instigating change, as well as ensuring that any change wouldn't inhibit the undertaking of front line activity in a district of 250 square miles. A number of matters that were concerns at that time have been considered further and this report brings together a pragmatic approach to allow change to take place in the Council's policy. This is now possible as some of the underlying conditions and reasons for bringing the policy into being in the first place have also now changed.

2 Current Policy

- 2.1 The original scheme was introduced to provide senior managers and those staff designated as an 'essential car user' in their employment contract, to opt to have a lease car rather than use their private car for business travel purposes. At the time this was introduced the use of lease cars was becoming an attractive financial option for councils as it eased some of the recruitment and retention difficulties that were being experienced in the South East in particular. For Winchester, with a large rural hinterland, the need for staff to drive to undertake their duties was (and still is) an important factor.
- 2.2 The individual lease car users were allowed to choose their preferred car type subject to paying the excess financial contribution if the car was above the model/value designated for their salary grade.
- 2.3 Over time, whilst still keeping most of the original elements of the scheme, changes have been made to reduce the financial and environmental impacts. In 2001 some minor amendments were made to the original lease car scheme to take account of anomalies that had arisen as a result of introducing a new pay structure. In 2006 further changes were made to reduce the eligibility of senior officers to a lease car and in 2007 car eligibility criteria were introduced

to provide for maximum levels of CO₂ emissions with a reducing scale over two years.

- 2.4 These changes, together with the changes made by the Government to the car tax rules, have encouraged the use of smaller, more fuel efficient vehicles producing benefits for the Council, the car user and the environment. The Council's reduced CO₂ emissions as measured by the National Indicator NI185 has been helped by this policy change. However there is still a need to do more and this report proposes further changes to the policies covering business travel which would stop the provision of leased cars for new staff and over time would end the lease car scheme whilst retaining a business travel scheme which should meet the needs of the Council.

3 Proposed Changes

- 3.1 The main alternative to the use of lease cars for business travel is for employees to use their own vehicle in return for an allowance to reimburse most of the relevant costs. If the Council's requirement for a member of staff to undertake business travel is modest, then the employee would be classified as a casual car user with a simple mileage rate allowance to cover fuel costs. For a post having more significant business travel needs, an employee would be designated as an essential car user with a different mechanism for calculating travel and related car ownership costs commensurate with the increased mileage involved. Some employees still use their own cars as essential car users, although it is proposed that these designated essential car users who have not opted to take up a lease car would retain their eligibility to do so.
- 3.2 For the first time a specific definition of what constitutes an *essential car user* is proposed. Currently the national terms and conditions of service suggest that an essential car user is one whose duties are such that it is 'essential they have a car available whenever required'. Although this long standing approach has served its purpose, the following definition removes the vagueness that is present in the national conditions and also takes account of part-time working. It is felt to be a more relevant and workable approach. The proposed policy, which would be applied for all new or vacant posts, is as follows:

With effect from (date) an assessment of the expected annual business mileage of all new or vacant posts will be carried out before a post is advertised. The level of expected business mileage will determine whether the post should be designated an essential car user. Posts not meeting the essential car user criteria will be casual users for business travel purposes.

Expected Annual Business Mileage	Essential Car User?
0 – 999	No – casual user
1,000 – 2,499	Yes, but only if principal accountabilities are achieved

	<i>through external site visits carried out most days, otherwise, no – casual user.</i>
2,500 +	Yes

Any post of less than 37 hours per week (e.g. part-time or job share) will have the essential car user allowance pro-rated. In the event that a member of staff reduces or increases their hours during their employment the allowance will be adjusted accordingly.

In the event of a change in the nature of the post that reduces the expected annual business mileage below the thresholds above, the continuation of the allowance will be reviewed and may be reduced or removed if it no longer satisfies the above criteria.

If a post-holder in receipt of the essential car user allowance loses their driving licence but is still able to continue working for the Council, the allowance will be suspended until such time as the post-holder is able to drive for work related purposes. If alternative transport arrangements are agreed, for example, a partner can drive for them or the individual is prepared to pay for taxis, reinstatement of the allowance will be considered.

- 3.3 As indicated in paragraph 2.1 the current lease car policy links eligibility for a lease car to essential car user designation. As well as defining the term 'essential car user', this report proposes that the link between posts meeting the terms of the suggested essential car user definition and eligibility for a lease car, be broken so that the lease car entitlement ends. The proposal, in effect retains the entitlement to a lease car for individuals who already have the contractual employment entitlement, but as postholders leave the Council the entitlement would not be continued and lease car numbers would reduce. This is seen as the most pragmatic way to reduce the overall impact of business travel without invoking expensive compensation arrangements if existing staff were to have their contractual employment entitlements removed.
- 3.4 The proposed phasing of the removal of the lease car scheme would also allow an evaluation of the changes to be undertaken before it had reached a final conclusion. Any unforeseen consequences could then be reviewed.

OTHER CONSIDERATIONS:

- 4 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):
- 4.1 The proposals contained in this report support both economic and environmental/climate change elements of the Community Strategy.

5 RESOURCE IMPLICATIONS:

- 5.1 There are no immediate resource implications from the proposals outlined in this report.

6 RISK MANAGEMENT ISSUES

- 6.1 There are no risk management implications

BACKGROUND DOCUMENTS:

None

APPENDICES:

None