

## Staff and Pensions Committee

14 November 2013

### Staff Travel Rate

#### Recommendation

That the Committee give consideration to the level of the unified staff travel rate implemented on 1<sup>st</sup> November 2013.

#### 1.0 Key Issues

- 1.1 In October 2010, as part of the Pay and Conditions Review, the Staff and Pensions Committee decided to move away from national car allowance rates and introduce a unified rate for all travel at 40p per mile. This was to be implemented via a series of gradually reducing rates over a three year protection period culminating in October 2013.
- 1.2 Although not directly linked, 40p per mile was the rate at which HMRC decided that employees were not gaining any profit and therefore that its payment did not attract income tax.
- 1.3 The 40p per mile rate had in fact been in place since April 2002 and presumably due to the large rise in fuel prices that had taken place since that time, the rate was increased by HMRC to 45p per mile in April 2011.
- 1.4 Most local authorities including Birmingham, Solihull and Coventry have moved away from national car allowance rates and adopted the HMRC rate over the last 2/3 years.

#### 2.0 Options and Proposal

- 2.1 This has not been an issue until now as the protected rate has always been higher than 45p per mile.
- 2.2 However it is now timely for the Committee to give further consideration as to whether the unified travel rate introduced on 1<sup>st</sup> November 2013 should continue to be 40p per mile or whether it should have been implemented at 45p per mile to be consistent with the prevailing HMRC rate.
- 2.3 There were approximately 6.5 million miles travelled by non-schools staff during 2012/13. The cost impact of implementing at 45p per mile instead of 40p per mile is therefore estimated to be in the region of £325,000.

### 3.0 Timescales associated with the decision and next steps

3.1 The new unified travel rate of 40p per mile was introduced on 1<sup>st</sup> November 2013.

### Background papers

None

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