

Staff and Pensions Committee

14 December 2020

Proposals for Mileage Rates

Recommendations

That the Staff & Pensions Committee

1. approves the recommendation to increase the Warwickshire County Council employee (non-school based) mileage allowance from April 2021, to be in line with the HMRC rate, currently 45p on the proviso that this is a cost neutral recommendation and will not require additional funding.
2. Authorises the Strategic Director for Resources to consult with schools on the proposal that the increase applies to all community and voluntary controlled Warwickshire schools from April 2021 and to finalise those arrangements having regard to the outcome of that consultation
3. Recommends to full Council that the increased mileage rate to align with the HMRC rate be applied to elected members through the Members' Allowance Scheme.

1.0 Introduction

- 1.1 Since the introduction of the Pay and Conditions review in 2009 all employees covered by the Green Book and Management Terms and Conditions have been entitled to claim the following for business miles that they undertake:
 - 40p per mile for the first 10,000 miles
 - 25p per mile there after
- 1.2 At the time of implementation these rates were in line with the HMRC tax free approved mileage rate, however in April 2011 the HMRC updated their rate to 45p per mile for the first 10,000 miles and 25p thereafter. Warwickshire County Council did not update their rates at that point.
- 1.3 As a result of the pandemic response, it is now envisaged that the council will have a more agile workforce, with less business mileage being claimed. This approach supports the Council's climate change commitment. Therefore, it feels the appropriate time to bring the Council's mileage allowance in line with the HMRC rate, as it is proposed that this could be achieved without requiring additional funding.
- 1.4 There are other employees on different terms and conditions or service, such as Fire and Rescue (Grey Book and Gold Book) and Public Health (NHS Agenda for Change) for which the above does not apply, as their mileage rates are

negotiated separately.

- 1.5** It should be noted that travel expenses are not collectively negotiated for Teachers (Burgundy Book) and in Warwickshire, schools have historically been encouraged to apply the rates applied to our Green Book employees for certain types of journey, with other journeys paid at rates determined locally by the school's Governing Body. Governing Bodies retain the overall authority on matters of remuneration for Teachers under the School Teachers' Pay and Conditions Document 2020, which has statutory force.
- 1.6** The increase in the mileage rate will have implications for schools, particularly for community and voluntary controlled schools who follow the Council's terms and conditions. Whilst schools do not undertake a lot of business miles and we envisage that for the majority of schools the financial impact would be minimal, we consider that engagement with schools should be undertaken before considering applying a mileage increase to school based staff. If the recommendations in this report are approved, appropriate consultation will take place with schools in relation to the financial impact on school budgets and any potential legal considerations which may arise should individual schools be unable to support the recommended increase.
- 1.7** Elected Members are also reimbursed at the Council agreed rate as part of the Members Allowance Scheme. The review considered by full Council in 2018 did not make any specific recommendations in relation to members mileage rates. However, given that an increase in mileage rates to align with HMRC rates is recommended for members of staff it is considered appropriate that the same rate and arrangements should equally apply to elected members. The next review of the Members Allowance Scheme is not due until 2022. Rather than wait until that review to align the member rates to the staff rates, it is recommended that a report be taken to full Council proposing that the Members' Allowance Scheme be amended to align with the arrangements proposed for staff, such that the HMRC rate as in place from time to time be applicable to mileage claimed by Elected Members.

2.0 Agile Working Offer

- 2.1** The Agile Working offer sets out several principles and expectations, with a focus on choice. All staff will be given a nominal office base and travel to and from this base, will be the individuals responsibility. When attending other locations, only mileage over and above their home to base mileage will be claimable.

3.0 Financial Implications

The recommendation has made based on the following modelling:

Mileage Costs	Miles	Full year
Pre pandemic @ 40p per mile	4,407,865	£1,763,146
Costed if mileage claims remained at pre pandemic levels @45p		£1,983,539
Difference (worst case scenario)		£120,393
During the Pandemic @40p mile (estimated based on 6 months actuals)	1,586,860	£634,722
Costed if mileage claims were at post pandemic levels @45p		£714,977
Difference from 40p full costs (best case scenario)		-£1,048,169
Assume that Agile working reduces mileage halfway between	2,997,363	£1,348,813
Difference - (Costed scenario)		-£414,333

Mileage Totals	Full year estimate
Pre pandemic mileage	4,407,865
Pandemic mileage (estimated based on 6 months actuals)	1,586,860
% reduction	64%
Assumption post covid- mid way between pre and post pandemic	2,997,363
% reduction	32%
Breakeven mileage	3,918,102
Reduction in miles	489,762
% reduction in miles	-11%

- 3.1** During the pandemic WCC has seen a reduction in mileage claims of 64%. However it is likely that post pandemic mileage will increase again, but not reach pre pandemic levels, for cost modelling purposes, the mileage mid way between post and during the pandemic has been used, and should this be the level, would see a 32% reduction in mileage and a cost saving of approximately £400,000.
- 3.2** The overall principle of the recommendation is to achieve at least a cost neutral plan for moving to a 45p per mile expense rate, therefore services overall would need to reduce their mileage claims by 11% based on the pre-pandemic mileage. It is acknowledged that some services may not be able to sustain a decrease in mileage claims, however it is believed that overall, across WCC an 11% reduction is achievable.

3.3 In relation to schools, actual mileage data shows that during Jan-19 to Dec-19 the increased rate would have incurred an overall cost increase of £4,700 across community and voluntary controlled schools. Most schools would see a marginal increase of less than £200 for the year should the rate increase to 45p per mile, however these implications will still need to be considered and consulted upon as detailed above.

3.4 In terms of Members mileage, if mileage was not reduced as a result of new ways of working, the additional cost pressure based on 2019 claims, would be in the region of £4,500. This can be accommodated within the existing budget provision for Members Allowances.

4.0 Benefits

4.1 As a result of working in a more agile way, the council has had the opportunity to see how the new technology can support this way of working. Therefore, it is anticipated that the requirement for business mileage will reduce.

4.2 As part of our Employee Value Proposition and Our People Strategy it is important that the council is seen as an employer of choice and therefore should appropriately compensate individuals who are required to travel as part of their job.

5.0 Environmental Implications

5.1 In order to support our climate change commitment, it will be important that individuals only undertake mileage which is appropriate to the role and therefore managers will be asked to ensure that only appropriate mileage is being claimed and encourage their employees to have the climate change commitment in the forefront of their mind, when undertaking business miles.

5.2 The proposals in this report are not likely to have any direct environmental implications. However, the proposals for a more agile workforce, also on this Committee's agenda, will make a positive contribution to our climate change agenda and more detail is set out in that report.

5. Conclusion

5.1 The Council's mileage allowance has not been updated since 2009 and, during this time, the HMRC has increased its tax-free approved rate. Therefore, the Council's rate is out of line with the HMRC rate.

5.2 With a more agile workforce in the future, it is anticipated that the number of miles that will be claimed will reduce.

5.3 Therefore, it appears to be the right time to bring the Council's mileage allowance in line with the HMRC rate. Any future changes to the HMRC

will automatically be applied to the rate going forward.

- 5.4 Further consultation with schools will be undertaken before moving forward with the increased mileage rates applying to school based staff.

Background Papers

None

	Name	Contact details
Report Author	Kate Sullivan HR/OD Strategy and Commissioning Manager	katesullivan@warwickshire.gov.uk
Assistant Director	Sarah Duxbury Assistant Director of Governance & Policy	sarahduxbury@warwickshire.gov.uk
Strategic Director	Rob Powell Strategic Director – Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Councillor Kam Kaur	kamkaur@warwickshire.gov.uk

The report was circulated to the following members prior to publication:
Not applicable.