



# **REPORT TO EMPLOYMENT PANEL**

## **PORTFOLIO AREA: GOVERNANCE AND RESOURCES**

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**Date of Meeting: 27 October 2010**

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**Public**

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**Inside Policy Framework**

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**Title: PRINCIPAL OFFICER LEASE CAR SCHEME**

**Report of: Deputy Chief Executive**

**Report reference: CE 32 10**

### **Summary:**

The purpose of this report is to propose to members a method for phasing out the Principal Officer Lease Car Scheme in accordance with the resolution of the Employment Panel (minute EMP 12/10). Staff and Unions have been consulted on this proposal and officers have received no negative feedback.

### **Recommendations:**

That the Employment Panel approves that the Principal Officer Lease Car Scheme is phased out in accordance with this report.

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**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None**

## 1. BACKGROUND INFORMATION AND OPTIONS

- The Lease Car Task and Finish Group of the Corporate Resources Overview and Scrutiny Committee investigated the Council's Lease Car Schemes and concluded that a report should be presented to the Employment Panel discussing the schemes.
- A report to Employment Panel (CE 04/10) was presented and this found that the Chief Officer Scheme was not discriminatory in its application but that the Principal Officer Scheme was unfair.
- Minute EMP.12/10 resolved that Strategic Management Team should consult with staff and report back to Members with a view to phasing out the Principal Officer leased car scheme.
- Consultation with trades unions and staff with PO lease cars was carried out between May and August 2010. The proposal consulted upon was as follows:

To phase out the Principal Officers' lease cars as each lease comes to the end of its life and make a compensatory payment from the date of expiry of the lease until the end of the last lease to finish (which is 30/6/2014). The compensatory payment would be £275 per calendar month. This is payment would be on condition that:

- (i) Any business mileage is paid at the petrol only rate (i.e. the same as staff receive for a lease car) and
- (ii) If a post qualifies for an Essential User Allowance at any stage while this compensatory sum is being paid, the compensatory payment is reduced by the amount of the lump sum.

The sum of £275 was arrived at using the average Council contribution on a benchmark car.

This proposal treats all PO lease car holders equally and will cost no more than continuing with the scheme. With the over all cost of the scheme saved from 2014 onwards.

Reasons for phasing out the scheme are that:

- (i) It has the potential to be discriminatory as it does not apply equally to all Principal Officers but just those whose Directorates can afford to offer the scheme to individual officers
- (ii) It was originally introduced as a recruitment and retention incentive. Since then, market factor supplements have been introduced as a recruitment and retention

tool and these operate according to agreed policy can be defended against any discrimination challenges.

No feedback was received from lease car holders or trades unions as a result of the consultation.

## **NEXT STAGE:**

If Members agree, the next stage will be to write to all lease car holders formally notifying them of this change.

## **2. CONSULTATION**

- 2.1 Consultation to Date – the Trades Unions and each members of staff affected have been consulted (copy of letter at Appendix 1)
- 2.2 Consultation proposed – no further consultation is proposed.

## **3. RECOMMENDATIONS**

As above.

## **4. REASONS FOR RECOMMENDATIONS**

To comply with the resolution of the Employment Panel and remove an unfair lease car scheme and the associated risks for the council.

## **5. IMPLICATIONS**

- Staffing/Resources – impact on staff through withdrawal of the scheme. This impact is being minimised by phasing withdrawal over 4 years.
- Financial – this will realise a recurring revenue saving of c £50,000 after 2014.
- Legal – no direct impact.
- Corporate – this has been considered and agreed with SMT.

- Risk Management – the existing scheme has been shown to be unfair. Phasing out the scheme eliminates the Council's exposure to the risks associated with an unfair scheme.
- Environmental – no direct impact, although some links with the Green Travel Plan.
- Crime and Disorder – no impact.
- Impact on Customers – no impact.
- Equality and Diversity – the phasing out of an unfair scheme is consistent with the council's approach to equality and diversity.

### Impact assessments

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?		
Age	No	
Disability	No	
Race	No	
Gender/ Transgender	No	
Sexual Orientation	No	
Religion or belief	No	
Human Rights	No	
Social exclusion	No	
Health inequalities	No	
Rurality	No	

Although there is no evidence of discrimination in application of the existing scheme, it has been demonstrated to be unfair and inconsistent with our pay policy.

## Deputy Chief Executive

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DCEO/JMG

8 July 2010

Dear

### PRINCIPAL OFFICER LEASE CAR SCHEME

The Council's Corporate Resources Overview and Scrutiny Committee recently appointed a 'task and finish' group to review the lease car schemes in operation at the Council. As a result of that work, it was determined that the Principal Officer Scheme is unfair and officers were asked to enter into consultation over phasing out the scheme. The relevant reports are attached for your information.

There are two principal reasons for removing the scheme:

- It has the potential to be discriminatory as it does not apply equally to all Principal Officers but just those whose Directorates can afford to offer the scheme to individual officers
- It was originally introduced as a recruitment and retention incentive. Since then, market factor supplements have been introduced as a recruitment and retention tool and these operate according to agreed policy can be defended against any discrimination challenges.

Under the terms of the lease agreement that you signed, the Council is required to give you six months notice in writing that the scheme will cease. However, the Council's

proposal is to phase out the scheme as and when each officer's lease agreement ends, and not allow any further lease agreements to be taken out. The longest current lease ends on 30 June 2014 so to apply this principal fairly to all Principal Officer lease car holders, the Council proposes to make a compensatory payment of £275 per calendar month to each officer for the period between the end of their lease and 30 June 2014.

This compensation payment is made on the condition that:

- (iii) Any business mileage is paid at the petrol only rate (i.e. the same as you receive for you lease car) and
- (iv) If your post qualifies for an Essential User Allowance at any stage while this compensatory sum is being paid, the compensatory payment is reduced by the amount of the lump sum.

The compensatory payment would be paid with your salary and subject to tax and national insurance deductions as normal. This sum has been arrived at using the average Council contribution on a benchmark car.

This proposal is for consultation and you are invited to give your views and comments, plus any other suggestions you may have on phasing out the leases or providing more equitable arrangements that the Council can afford. Please let Jean Cross/me have your views and comments that you wish me to take account of before 13 August 2010. This can be by letter or e mail.

The trades unions have been included in the consultation.

If you wish to discuss the matter with me further then I would be happy to do so. Also, if you would to see the North West Employers report please let me know and I will forward it to you.

Yours sincerely

**Jason Gooding**  
Deputy Chief Executive  
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