



RESOURCES OVERVIEW AND SCRUTINY PANEL

Panel Report

Date of Meeting: 3 November 2010

Title: REVIEW OF ESSENTIAL CAR USER ALLOWANCES

Report of: Assistant Director (Resources)

Report reference: RD51/10

Summary:

This report gives members information on the background and current recipients of the Council's Essential Car User Allowance scheme. It advises members of how the review of the current scheme will be conducted and consulted on.

Recommendations:

Members are asked to note the review of the Council's Essential Car User Allowance as set out in item 4 of 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

CITY OF CARLISLE

To: The Chairman and Members of the
Resources Overview & Scrutiny Panel
3 November 2010

RD51/10

ESSENTIAL CAR USER ALLOWANCES

Introduction

1. Background

- 1.1. Where business mileage is incurred for the purpose of carrying out the essential duties of a post, an essential cars user allowance (ECUA) may be paid to the post holder as a “contribution” towards the servicing, general maintenance and depreciation of their privately owned car. All business mileage is paid separately.
- 1.2. Whilst it is cheaper to pay casual mileage rate up to 8,500miles (break even point) than pay ECUA, some posts in the Authority are classified as ECU because the duties of the post deem it necessary for the post holder to incur regular business mileage.
- 1.3. The ECUA is assessed on the needs of the job and is therefore attached to the post and not the person. The ECUA is not a condition of service, nor does it form part of an officer’s remuneration package (unlike leased cars).
- 1.4. An annual allowance is paid on a monthly basis to those employees whose duties are such that it is essential to have a car at their disposal whenever required and without which they would be unable to work effectively. They also receive any qualifying mileage incurred and different rates apply depending on the size of the vehicle. The Authority currently pays ECUEs in respect of *91 employees which, it is estimated, will cost the Authority approximately £121,416pa. (also see 1.5 below). Appendix A attached identifies the number of current users, the mileage claimed and allowances paid.
- 1.5. Historically, if an “old” Principal Officer (PO) graded post incurred regular business mileage, then the option of a leased car or an ECUE was normally provided. There is evidence of this arrangement in the current establishment and some officers, whose leased cars will cease under the decision to withdraw the PO leased car scheme, may qualify to switch to an ECUE. It is considered that of the 14 officers currently with leased cars under the PO scheme, 12 of these officers may qualify for an ECUE in the longer term. It is estimated that this will cost the Council an additional £15,000pa in ECUE payments in addition to the 91 which are currently paid, as outlined in the attached Appendix.

2. **INITIAL REVIEW**

- 2.1. A “desk-top” review of ECUEAs has been carried out and it is apparent that to provide an accurate analysis with robust conclusions, annual business mileage levels for each post is not sufficient. The number of journeys made (each month) and where journeys are made to must be factored into the analysis. Unfortunately whilst this level of data is available it is not held in an easy accessible format (available only in written form on individual claim forms).
- 2.2. To aid this initial review, an examination of annual mileage levels for 2009/10 and 2010/11 (6 months to September 2010) incurred by each of the 91 posts was undertaken. Also an initial (2 month) check to determine the number and types of journeys made.

3. **CONCLUSION**

- 3.1. Initial conclusions determined from the “desk-top” analysis are as follows:
 - 3.1.1. The number of ECUEAs has not reduced despite the size of the establishment reducing over the last couple of years. In fact, numbers may increase further when those officers who currently have leased cars switch to ECUEAs.
 - 3.1.2. There are considered to be a number of posts which have ECUEAs attached which need investigating - these are claiming less than 1000 miles pa and 3 of these claimed no miles in both 2009/10 and 2010/11(to September).
- 3.2. The findings and examples provided below support the point that it is not straight forward to just apply a limit of “say” 2500 miles pa to warrant an ECUEA. The type of job, likely frequency and distance of travel all need to be factored into the decision on whether or not a post should have an ECUEA attached i.e.
 - Some posts which appear to clearly warrant an ECUEA incur high levels of mileage due to excessive travel outside the district – in such cases alternative transport arrangements (hire car, or use of pool car) may be more cost effective for this type of travel.
 - Alternatively, posts which although incur lower mileage levels, do so within the Carlisle district and on a regular / daily basis –i.e. travel is not extensive but it is frequent and wholly necessary for the job. This is evident for many of the technical type posts in Building Control, Development Control, Environmental Health and Revenues and Benefits Visiting and Investigation Officers. In the main, all of these types of posts have ECUEAs attached, however depending on the nature of the job, varying mileage levels are incurred.
 - Some posts which are deemed low mileage may require ECUEAs due to the specific nature of the job – an example being Emergency Planning.

- There are a number of posts (or similar posts) which have ECUEAs attached but travel patterns may suggest that regular business mileage is not actually incurred to any great degree i.e. evidence of irregular business mileage incurred.

- 3.2.1. There are posts which incur low mileage due to general travel around the City area e.g. movement between council offices. This travel will be significantly reduced / eliminated once office based services are relocated from Bousteads to the Civic in the early part of 2011.
- 3.2.2. There is an uneven allocation of ECUEAs in particular sections where as many as 8 ECUEAs are paid to officers albeit in posts which are not wholly office based, but the majority of mileage incurred is within the City area – Belah, Harraby, Morton etc. Due to the extent and infrequency of these journeys, alternative travel options could be explored and may be more appropriate.
- 3.2.3. If an officer remains in post but the duties and role of the post changes, the need to attach an ECUEA may also change. There is little to no provision to review, challenge and remove ECUEAs which are no longer applicable. In these cases, the payment of the allowance to the existing officer may continue until which time the post becomes vacant and the business mileage incurred by the post is re-evaluated.

4. WAY FORWARD

- 4.1. A more detailed review of ECUEAs will be undertaken and followed up with recommendations on revised ECUEA criteria as follows:
- 4.2. Examine the procedures and arrangements of other Council's for benchmarking purposes;
- 4.3. Explore a more efficient use of hire/pool cars for travel outside the District.
- 4.3.1 The Council has 7 vehicles which may be classed as pool cars, but these are allocated to specific departments /services – this may not be the most effective allocation both in terms of cost and full utilisation.
- 4.4. Review the ECUEA eligibility criteria and the use of other forms of transport (hire, pool cars and public transport);
- 4.6. Consult with current ECUEA recipients on "draft" revised eligibility criterion.
- 4.7. Submit a report to the Employment Panel on the results of the review and staff consultation.

5. RECOMMENDATION

Members are asked to note the review of the Council's Essential Car User Allowance as set out in item 4 above.

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		
Disability		
Race		
Gender/ Transgender		
Sexual Orientation		
Religion or belief		
Human Rights		
Social exclusion		
Health inequalities		
Rurality		

If you consider there is either no impact or no negative impact, please give reasons:

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If an equality Impact is necessary, please contact the P&P team

1. Current Allowances / Mileage Rates

- 1.1. An annual allowance is paid alongside any qualifying mileage incurred. Different rates apply depending on the size of the vehicle. The Authority currently pays ECUEAs in respect of *91 which, it is estimated, will cost the Authority approximately £121,416pa.

**There is potentially an additional 12 ECUEAs to be added following the withdrawal of the PO leased car scheme which would create an additional ECUEA cost of approx. £15,000pa.*

	451-999cc	1000-1199cc	Over 1200cc
2010/11 ECUEA (1/12 th payable monthly)	£846	£963	£1,239
For Business Mileage incurred:			
Rate per mile (up to 8,500)	36.9p	40.9p	50.5p
Rate per mile (after 8,500)	13.7p	14.4p	16.4p

- 1.2. The number of ECUEAs has not reduced despite the size of the establishment reducing over the last couple of years.

	451-999cc	1000-1199cc	Over 1200cc	Total
No. Of ECUEAs 2010/11		9	82	91
No of ECUEAs 2004/05	3	7	76	86

- 1.3. Annual business mileage incurred in 2009/10 by *84 (of the total 91) posts was examined. (*7 new posts in 2010/11 are not included in the mileage analysis below)

<u>Mileage band</u>	<u>No of Posts</u>	<u>%</u>
0	3	3.6
1-99	1	1.2
100-499	12	14.3
500-999	17	20.2
1000-1999	24	28.6
2000-2999	15	17.9
3000-3999	4	4.8
4000-4999	2	2.4
5000-5999	4	4.8
6000+	2	2.4
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	84	100.0