

**REPORT TO:** POLICY & RESOURCES COMMITTEE - 12 SEPTEMBER 2011

**REPORT ON:** CORPORATE REVIEW OF STAFF TRAVEL

**REPORT BY:** DIRECTOR OF CITY DEVELOPMENT

**REPORT NO:** 413-2011

## **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to advise on the outcome of the Corporate Review into the current arrangements for the movement of staff across the city for work purposes and to propose new arrangements to reduce costs while supporting the Council's approved Staff Travel Plan (440-2008) as updated in January 2011.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Committee endorse the following proposals;

### Staff Business Travel Policy

- 2.2 The preparation of a consistent corporate policy covering business travel for all Council staff. This policy will be based on the Business Travel Hierarchy outlined at Section 5 and will be clearly communicated and consistently implemented to provide an equitable system across the Council.

### Car Lease Scheme

- 2.3 The introduction of a revised car lease scheme as outlined in Section 6 with effect from November 2011, although staff will continue to hold their current leases until expiry of their current vehicle. The effect of these revisions will be to gradually improve the sustainability of the Council's lease cars and reduce the levels of participation in the scheme. The Council's car lease scheme, including pool cars and their utilisation, will in future be managed by the Council's Fleet Manager.

### Staff Parking

- 2.4 The current guidance detailed in the Staff Expenses Manual will be amended as outlined in Section 7 and be clearly communicated and consistently implemented to provide an equitable system across the Council.

## **3 FINANCIAL IMPLICATIONS**

### Car Lease Scheme

- 3.1 Amending the minimum entry requirements for the scheme to 2,500 miles per year will effect a gross saving of approximately £242,527 a year. This figure has been calculated on the current cost of the leases below 2500 miles per year plus the mileage payment of 0.15 pence per mile. Assuming staff will still require to be paid for the mileage below the 2,500 band at the HMRC rate of 0.45 pence per mile, the 199,264 miles completed in this group equates to £89,669. The net saving would then be £162,633. The cost of pool cars will reduce some of this saving but in the longer term "smart" working may also have the effect of reducing travel within the Council boundaries.

- 3.2 Although difficult to quantify, there will be a reduction in clerical work for mileage claims, parking reclaims and the lease scheme itself. These efficiencies should be used to assist the Fleet Management Team in vehicle utilisation.

#### Staff Parking

- 3.3 It is also difficult to quantify savings in staff parking as it is a cost which is mainly contained within the Council itself. Claims from staff for parking in predominantly Council car parks are reclaimed through the departmental chain to Finance and reimbursed to the member of staff. Flexible working will also have an effect on future practices in travel together with the other travel arrangements contained within this report. The main concern with the changes to staff parking is to make them equitable across the Council.

## **4 CORPORATE IMPROVEMENT PROJECT REVIEW**

- 4.1 The remit given to the Project Review Team was that the project will;
- 4.1.1 Develop a detailed policy for staff travelling within and outwith the Council's boundaries.
- 4.1.2 Include an analysis of;
- Council Contract Car Hire scheme arrangements
  - Use of Private vehicles for casual mileage.
  - Use of public transport for council business
  - Investigate other forms of travel
  - Use/payment of parking permits and other parking arrangements
- 4.1.3 Consider the following critical inputs to the process;
- An understanding of the current arrangements within departments
  - Costs associated with the current arrangements
  - An understanding of the future needs of the council

## **5 STAFF TRAVEL POLICY : PROPOSED HIERARCHY OF STAFF TRAVEL**

### Travel within Dundee

Before any work related trip is made an employee should assess their journey using the following step by step process;

- 1 Is the journey necessary? Consider whether alternatives such as a telephone conference call or email discussion would suffice.
- 2 Journeys up to 1 mile should be undertaken on foot.
- 3 Journeys greater than 1 mile and within Dundee City Council should be undertaken by bus (via a pool season ticket) or pool bike. Where this is not possible or where a clear business need is evident, an available lease car or pool car should be used.

- 4 The use of a personal vehicle must be authorised by the employee's line manager in advance of the business journey and must be based on a clear business need or special personal circumstances.
- 5 Whenever a car (leased, pool or private) is used this should be managed through the lift sharing process in advance of the business journey.

Where the movement of bulky or high value goods or equipment is required, the use of an appropriate vehicle will be made available in circumstances where an individuals' average daily usage justifies a dedicated vehicle. Where individual utilisation levels are lower, a pool vehicle should be the initial option and only if a pool vehicle or lease vehicle is not available, should a private car be utilised (with prior permission of line manager) if appropriate.

Employees should discuss and agree with their line manager any personal or job specific circumstances which may prevent them following the hierarchy guidance.

### **Travel outwith Dundee**

Before any trip is made outwith the City of Dundee, the staff member should assess the following step by step process;

- 1 Is the journey necessary? Consider alternatives such as would a telephone conference call or email discussion suffice
- 2 At the earliest opportunity, contact the Council's contract travel agent to discuss the travel requirements and the persons travelling. The travel agency will advise on the best economical options for travel using public transport or hire cars.
- 3 Where the car is the only practical or most economical solution (for a journey of up to 20 miles or up to 4 hours time away from workplace), then a pool car should be the first option, otherwise a rental car can be used.
- 4 Any use of a car (leased, pool or private) must include registering the trip at [www.dundeeliftshare.com](http://www.dundeeliftshare.com) to try and match planned journeys within the Council
- 5 The cheapest option mode of travel should normally be selected, however there may be consideration given to alternatives on time efficiency grounds with prior agreement of the line manager.
- 6 Where a private car is required to make the trip, the public transport mileage equivalent rate shall be paid.

Where longer distance trips are being considered, the lower environmental impact of rail travel compared to air travel should be taken into account by line managers when approving any such travel.

All conference booking should be centrally booked to identify any DCC staff who should travel together.

## 6 CAR LEASE SCHEME

- 6.1 A car leasing scheme has operated within Dundee City Council since its formation in 1996 and was an amalgam of the Tayside Regional Council and Dundee District Council Schemes. Variations to the scheme have taken place on a number of occasions.
- 6.2 The latest revision in April 2009 to the car lease scheme reduced the value of the Council's contributions at the 70% level from a maximum of £120 to £108 and, at the 40% level, from a maximum of £60 per month to £54. These changes continue to be implemented until the termination of those leases agreed prior to April 2009.

### **Eligibility and Rules for the Current Scheme**

- 6.3 Application to join the present scheme is open to all staff identified as Essential and Casual users with business mileage in excess of 1500 miles per annum (excluding mileage outwith Scotland) over the two previous years. Eligibility to join the scheme is by;

- a Confirmation of the user status with the employee's Head of Service;
- b The applicant holding a current full driving license for the vehicle applied for;
- c The applicant's ability to comply with the conditions set down by the Contract Hire Company and Insurance arrangements; and
- d Satisfactory completion of a Particulars of Experience Form.

The Director of Finance reserves the right to refuse an application and to consider other relevant factors in making a decision.

Other rules of the scheme stipulate the vehicle is for use "in the performance of official duties as required by the Council.....driving on such use may be by the employee or by any other authorised employee.

Contributions toward the Scheme are determined by annual business mileage and can be reviewed from time to time. Any such review will be applied to new contracts entered into after the review date.

Contributions are as follows;

Business miles per annum	Council Contribution	Comment
1,500 to 2,499	40%	Maximum of £54 per month
2,500 +	70%	Maximum of £108 per month

The Councils maximum monthly contribution is increased by £50 where an employee's job requires them to transport clients every day or to transport specialised equipment every day or as circumstances dictate, to be on call or on standby every day and respond to emergencies.

The Council supports the acquisition of any vehicle chosen by an employee subject to their being satisfied that the vehicle is in all respects suitable for use on Council Business.

### **Current Performance of the Scheme**

- 6.4 At 31 March 2011, 280 individual officers had participated over the financial year. The table below shows the leased vehicles broken down into bands of business mileages. Where vehicles have been returned during the year, the number of months has been applied as a percentage of a full year. Similarly where leases have been taken out during the financial year they too have been calculated as a percentage of a full year. This has been done to avoid giving staff extra work providing monthly information broken down from annual figures. Analysis of each month would be time consuming to staff and it is considered reasonable that this representation will provide an overall picture of what is happening in general in the scheme.

**Table A**

Mileage Bands	No of Vehicles	Mileage per annum	Mileage £Cost per Band at £0.15/mile	% of vehicles per band
a) No mileage claimed	(29)	Nil	N/A	11
b) Under 1500	63.4	69287	10393	25
c) 1501 to 2500	60.8	129977	19496	24
d) 2501 to 5000	81.3	261750	39262	32
e) 5000 to 7500	13.6	82607	12391	5
f) 7500 and above	5	49306	7396	2
g) Total*	<b>253.1</b>	<b>592927</b>	<b>88938</b>	

- 6.5 Of the number of employees taken into the mileage analysis 37% of employees participating in the scheme (a + b) do not achieve the base line mileage required of 1500 miles. This 37% includes those who do not claim mileage. It can be argued that staff who do not claim mileage are likely to be users under the 1500 miles band and possibly do not consider a claim worthwhile.
- 6.6 Costs to the Council vary with the number of business miles completed by the officers in the scheme. The following table shows the mileage bands and the resultant costs incurred.

**Table B**

Mileage Bands	No of Vehicles	£ Cost of lease per annum + fuel	Number of miles per band	£ Cost per mile to the Council per band
a) No mileage claimed	(29)	24292		
<b>b) Under 1500</b>	63.4	103565	69287	1.49
<b>c) 1501 to 2500</b>	60.8	114670	129977	0.88
<b>d) 2501 to 5000</b>	81.3	170397	261750	0.65
<b>e) 5001 to 7500</b>	13.6	32544	82607	0.39
<b>f) 7500 and above</b>	5	16107	49306	0.33
<b>g) Total</b>	<b>253.1</b>	<b>461575</b>	<b>592927</b>	<b>0.78</b>

Casual mileage rates are currently paid at £0.45 (HMRC) per mile. The cost to the Council of staff using their own vehicles for business mileage, would be £266,817 ( $g \times £0.45$ ) at casual rate taken at 20010/11 mileages. The cost of the car lease scheme has been calculated using the same mileage based on the rate of 0.15 per mile and added to the value of the leases. The result has been calculated at £461,575 giving an additional cost over and above the casual user rate of £194,758.

Current figures (based on a full years claims) show that 92 members of staff are either not claiming mileage or are claiming less than the base 1,500 miles stipulated in the scheme. Of those who do claim, the average claim per year is 1093 miles, calculated on a full year's mileage. The Council's average contribution to the lease is £1,533 excluding the mileage.

In the terms of the scheme, the Council is only required to pay 40% of the leased costs up to a maximum of £54 per month for less than 2,500 miles per year. This is not the actual case, however, with only 26 of them from a total of 153.2 receiving contributions of 40%, mainly new starts, and the other 127.2 at 70%. A total of 199,264 miles for this group, if reimbursed at a casual rate, would amount to approximately £89,669 per year. Currently this costs the Council £218,235 per year, a difference of £128,566.

An additional 51 vehicles leased through the scheme by the departments themselves are used as departmental vehicles for a variety of purposes ranging from Civic Cars to transport for Road Supervisors, Office vans etc. Vehicles operating through the scheme as departmental pool cars may not always be cost effective unless departments ensure their utilisation is strictly controlled and the vehicle leased is fit for the purpose for which it is required, but not overly so by a vehicle specification which is too high. This is wasteful by paying higher rates for the lease than necessary and in some cases fuel consumption may also be higher than it would for a vehicle more practicable for the work involved.

### **Proposed New Scheme**

- 6.7 It is proposed that entry to a new car lease scheme will be determined on a base line of a minimum of 2,500 justifiable business miles per annum. CO2 emission rates of cars supplied under the terms of the scheme will be scaled at date of

lease to be no greater than as follows and, thereafter, maximum permissible rates be reviewed in the light of emerging technology and policy.

CO2	Lease date
139	Up to 31 March 2012
134	Up to 31 March 2013
129	Up to 31 March 2014
125	Up to 31 March 2015
120	Up to 31 March 2016

The Council's maximum contribution will be still limited to 70% of the lease hire cost up to a maximum of £108 per month.

### **Salary Sacrifice**

- 6.8 Salary Sacrifice schemes are being promoted by lease companies where employees are said to get advantages through their NI contributions. At the moment the Finance Department do not see this as an option due to pension considerations, but will be watching progress in this area.

## **7 STAFF PARKING**

- 7.1 The existing Staff Expenses Manual states the following advice on the reimbursement of Parking costs;

- "Employees are entitled to claim for the reimbursement of any additional car parking costs incurred by them on Council business.
- Where practicable, long stay Council car parks should be used and the amount paid by the employee kept to a minimum.
- If the employee normally travels to work by car, the employee cannot claim for the reimbursement of car parking costs incurred at their normal workplace as these costs would have been incurred irrespective of whether or not the employee had to travel on Council business.
- However if an employee has specifically travelled to work by car that day for the sole purpose of using the car on council business, the employee will be entitled to claim for the reimbursement of any car parking costs incurred during the course of the business that day.

It should be noted that if the employee claims reimbursement of travelling and subsistence expenses on an irregular basis and the business journey is within the City boundary, it may be more cost effective to use public transport for the business journey."

- 7.2 It is proposed that the general principles of the policy be retained, but that some relatively minor amendments are made to ensure that the Council's reimbursement scheme is more environmentally sustainable in terms of those staff who normally travel to work by car. The Staff Expenses Manual should

therefore be amended to the following wording (altered wording is shown underlined);

- “Employees are entitled to claim for the reimbursement of any ADDITIONAL car parking costs incurred by them on Council business.
- Where practicable, long stay car parks will be used and the amount paid by the employee kept to a minimum
- If the employee travels to work by car on any given day, they cannot then claim for the reimbursement of car parking costs incurred on that day at their normal place of work as these costs would have been incurred irrespective of whether or not the employee had to travel on Council business.
- Homeworkers will not be reimbursed for car parking costs incurred for attending their work base on business.
- Any employee participating in the staff discounted parking permit scheme (including the City Square underground garage) may not claim any parking expenses for parking in Dundee.
- Future pool cars controlled through the Fleet Manager will have parking tickets attached to the windscreen and/or electronic cards to provide free parking in any of the Council’s car parks.
- Monday to Friday parking permits may be issued to employees where their ADDITIONAL parking costs are in excess of the cost of the parking permit. The additional parking costs must have consistently exceeded the permit cost every month for a period of 3 months and will be reviewed on a regular basis.”

## **8 POLICY IMPLICATIONS**

- 8.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact Assessment and Risk Management. The major issues identified are that the above measures will result in more efficient and effective travel for staff, more effective utilisation of vehicles, a reduction in current costs for travel, the removal of unnecessary travel and a reduction in the Council’s carbon footprint.

## **9 CONSULTATIONS**

- 9.1 The Chief Executive, Director of Finance and Chief Officers of the Strategic Management Team have been consulted on the preparation of this report.

## **10 BACKGROUND PAPERS**

- 10.1 Dundee City Council Staff Travel Plan 440-2008 approved in 2008 and updated December 2010.