

REPORT TO: POLICY & RESOURCES COMMITTEE – 9 DECEMBER 2013
REPORT ON: REVIEW OF CONTRACT CAR HIRE SCHEME.
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 496-2013

1 PURPOSE OF REPORT

This report reviews the current arrangements of the Contract Car Hire Scheme.

2 RECOMMENDATIONS

It is recommended that effective from 1 January 2014:-

- i) The maximum subsidy is reduced from £108 to £80 per month and mileage rate paid at minimum HMRC rates per fuel type irrespective of engine size.
- ii) Insurance excesses are amended
- iii) Any extensions to contracts are in line with current scheme guidelines rather than original ones.

3 FINANCIAL IMPLICATIONS

Savings will be spread over three years as they will be aligned to ending of existing contracts and will amount to £38,000 pa in Year 3 when all contracts have been renewed.

4 BACKGROUND

The Contract Care Hire scheme was revised in November 2011 as a result of a report to Policy & Resources Committee on 12 September 2011 (Corporate Review of Staff Travel).

This introduced a new travel hierarchy and amended the minimum entry requirement to the Contract Car Hire Scheme from 1,500 to 2,500 miles. It also introduced CO2 emission limits on vehicles.

Leased car mileage allowances are currently paid to employees based on the latest rates advised by HMRC. These are shown in Appendix 1. An analysis of leased car mileage allowances claimed by DCC employees in financial year 2012/13 showed that approximately 576,000 miles were claimed for during the year.

The total cost of this arrangement was £405,000 per annum with an average cost per mile of 70p based on all participants during the year.

5 PROPOSED AMENDMENTS

- a) It is proposed to reduce the maximum subsidy from £108 to £80 per month and introduce standard leased mileage rates for each fuel type.

Any savings would be phased in over period of length of existing leases (ie. up to 3 years). The break-even point against casual mileage of 45p would be 3000 miles. It is not proposed to change the minimum 2500 mile criteria at this time.

- b) Under the conditions of the current scheme subsidy paid can be increased by up to a further £50 per month for employees where their job requires them to transport specialised equipment every day (or as circumstances dictate) or to be 'on call' or 'on stand by' every day and respond to emergencies. It is proposed to maintain this.

c) The current insurance excesses are:

- i £50 for all drivers not referred to in ii, iii or iv below.
- ii £90 for those persons aged 25 who hold a provisional licence or who have not held a full licence for more than 12 months.
- iii £90 for 21 to 25 years old drivers.
- iv £125 for drivers aged under 21 years.
- v £250 for non-family drivers.

These excesses are charged for own fault accidents only.

Employees currently contribute the full cost of insurance premium and this has more than covered the cost of damage above current excesses.

It is proposed to raise excesses to i £100, ii & iii £150, iv & v £250. Based on current experience this will save £2,000 per annum

d) The scheme currently restricts vehicles to CO₂ emissions of 129 or below. In order to further promote use of lower emissions it was considered linking the mileage rates to CO₂ emissions however this becomes unduly complicated because of the HMRC fuel advisory note and the possibility of profit elements. It is therefore suggested that the minimum HMRC rate should be paid for each.

Petrol	15p
Diesel	12p
LPG	10p

e) At the end of a lease an employee will currently ask for an extension with the current vehicle. This extension is granted on the basis of the rules of the scheme when the original lease was signed. It is proposed this should be changed to reflect the current rules of the scheme when extension is agreed.

8 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainable Development, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues. The change to the lower mileage rate should encourage staff to choose more fuel efficient cars in future.

9 CONSULTATION

The Chief Executive, Head of Democratic and Legal Services and Head of Human Resources have been consulted in the preparation of this report.

10 BACKGROUND PAPERS

None.

MARJORY M STEWART
DIRECTOR OF CORPORATE SERVICES

18 NOVEMBER 2013

Company Cars – Advisory Fuel Rates from 1 June 2013

Engine Size	Petrol	LPG	Diesel
1400cc or less	15p	10p	
1401cc to 2000cc	17p	12p	
Over 2000cc	25p	18p	
1600cc or less			12p
1601cc to 2000cc			14p
Over 2000cc			18p