

Cabinet Member for a Connected Powys



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NOTICE OF INTENDED PORTFOLIO HOLDER DELEGATED DECISION

The Portfolio Holder has received the following report for a decision to be taken under delegated authority. The decision will be taken on **24 October 2022** (i.e. 3 clear days after the date of this note). The decision will be published on the Council's website but will not be implemented until 5 clear days after the date of publication of the decision) to comply with the call-in process set out in Rule 7.35 of the Constitution.

1.	TEMPORARILY INCREASING THE CAR MILEAGE RATE TO 50 PENCE PER MILE FROM 1ST OCTOBER 2022 TO 31ST MARCH 2023
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CYNGOR SIR POWYS COUNTY COUNCIL**PORTFOLIO HOLDER DELEGATED DECISION**

by

**COUNTY COUNCILLOR CLLR JAKE BERRIMAN, CABINET MEMBER FOR A
CONNECTED POWYS****REPORT AUTHOR: Head of Workforce and Organisational Development****REPORT TITLE: Temporarily increasing the car mileage rate to 50 pence
per mile from 1st October 2022 to 31st March 2023**

REPORT FOR: Decision

1. Purpose

1.1 To enable Cabinet Executive to consider increasing the car mileage rate on a temporary basis to support employees who use their vehicles for the business of the Council, during the cost of living crisis.

2. Background

2.1 The NHS in Wales introduced a temporary increase in their mileage rate from 45 pence to 50 pence per mile from 1st April 2022, in recognition of the increasing cost of fuel.

2.2 The trade unions have requested that a similar increase be applied in local government, raising this nationally as part of their terms and conditions claim to the LGA for this year, nationally in Wales with the WLGA and Joint Council for Wales (JCW) and they've also requested this locally in Powys.

2.3 To date the NJC for LG Services Employers offer has been made to the trade unions for their consideration, which does not include an offer to increase mileage rates. This was also considered at the JCW and WLGA Executive during July, which is discussed below.

2.4 HRMC UK Government have also been lobbied about the 45 pence approved mileage rate for tax purposes but felt that the current arrangements continue to be appropriate in the circumstances, taking account of the other actions taken by the government to support people at this time.

2.5 This proposal was raised by the unions at the JCW on 13th July 2022 and the Chair recognised that the JCW had no jurisdiction over the 22 local authorities on this matter, advising that it was for each local authority to take their own view on the proposal from the unions. She also advised that the matter was to be discussed by the leaders of the local authorities at the WLGA Executive Board later in July.

2.6 The WLGA Executive Board met on 29th July and indicated that they preferred a national solution that allowed for the payment of 50 pence per mile, following which the WLGA were to develop a protocol to this end on their behalf.

- 2.7 The protocol was received late September (copy attached) which confirms that :-
- The agreed sum for reimbursement for the period of the protocol is 50p per mile (5 ppm of which is subject to PAYE deductions), where the agreed threshold is breached.
 - This agreed threshold having been set at £1.50 per litre (or 15.2p per mile)
 - The application of this protocol will apply for all fuel types including electric, hybrid and diesel cars
 - Implementation will be from 26th September 2022
- 2.8 As stated the protocol is effective from 26th September and advises that “implementation will require local authorities to adopt the protocol and apply its provisions as a temporary arrangement within local policies on mileage rates.”
- 2.9 Given this, implementation is clearly a matter for local adoption. Cabinet Executive will be aware that the national contractual terms of employment for staff, are set by the Employer’s side of a number of National Joint Councils (covering Local Government Services, Chief Officers etc) which means that the WLGA Executive have no direct jurisdiction over the terms and conditions of local authority staff, or any variance to them. The WLGA Executive does however comprise the Leaders of the authorities (or their nominees) and they have made their thoughts about this clear through the protocol.
- 2.11 This presents the Council with 2 options, which is to either follow the advice laid out in the protocol, or to decide not to. Recognising, however, that this is the advice / view of the leaders of local government in Wales, the Council may wish to consider agreeing that mileage rates be increased on a temporary basis, as advised.
- 2.12 Given that mileage claims are submitted and processed for complete months, it is not administratively practicable to process the increase retrospectively for the final part of September, it is therefore recommended that should the increase be agreed it be implemented from 1st October 2022.
- 2.13 The costs for this 6 month period are significant at c £86,300 and if agreed present a further financial challenge in one of the most challenging financial climates in local government and Powys for many years.
- 2.14 Given the cost involved and the wider financial challenge, clear and critical messaging will be given to managers and staff that vehicles must only be used for the Council’s business, where this is essential, and it is not otherwise possible to undertake the work involved virtually. This being in the best environmental, financial and productivity interests of the Council, its employees, and the people of Powys. A draft of the corporate communication for this purpose is appended.
- 2.15 As part of this, managers will be required to carefully manage and monitor this and organise service delivery; so that vehicles are only used where strictly necessary, they optimise the use of New Ways of Working and virtual technology and where travel is necessary the most economical means of travel are used.
- 2.16 During July Cabinet agreed to provide further funding through Powys Pledges to externally commissioned organisations who deliver domiciliary care services, so that

they could increase mileage rates offered to their staff. Dependant upon today's decision, the support to the external providers may be reviewed again and a further report brought to Cabinet in due course.

3. Resource Implications

- 3.1 Based on mileage claims paid between April 2021 and March 2022, the cost of a supplement of 5 pence per mile to all mileage rates, has been estimated at £172,587 for a full year. If this was introduced from 1st October, the **part year cost for 2022/23 would be c £86,300**. Services would have to bear the cost within their base budgets. Given that the increased rate is above the HRMC AMAP approved rate for the reimbursement of mileage without incurring tax or national insurance, the additional element will not therefore be exempt. The arising costs which fall upon the Council have been included in the estimated costs above. In terms of extra administration for our Payroll Services, this will create a small amount of additional work. Mileage payments can be taxed at source in the normal way for employees, and the employers' additional costs can be picked up as part of the annual P11d return.
- 3.2 The protocol is time limited to 31st March 2023, however given that fuel costs may well continue to be above the threshold at that point, this will no doubt be the subject of further discussion and consideration by the WLGA Executive and trade unions in due course.
- 3.3 The protocol includes a secondary threshold whereby prices rising beyond £1.90 ppl would trigger a review but is silent on what would happen in this eventuality. Whilst this is not a matter for today's meeting and whilst this would be a matter for the Council's determination should further increases be advised; this is clearly something that will need to be monitored.
- 3.4 The Head of Finance (Section 151 Officer) notes the report. No additional funding is provided to support this change, services will need to absorb the pressure from within their existing budgets.

5. Legal implications

- 5.1 Legal; Given that the WLGA Executive does not have jurisdiction to vary the terms and conditions of local government employees in Wales, any such variation is a matter for the Cabinet to decide.
- 5.2 The Head of Legal Services and Monitoring Officer has commented as follows: " I note the legal comment and have nothing to add to the report".

6. Data Protection

- 6.1 There are no data protection matters arising from this report.

7. Comment from local member(s)

- 7.1 This proposal if agreed would have an organisational wide impact and is not specific to any wards.

8. Impact Assessment

8.1 This impact of what is being proposed is considered to be positive, accordingly an impact assessment is not required.

9. **Recommendation**

That:

1. The protocol of the WLGA Executive be adopted, in terms of increasing the mileage rates currently in payment to all staff, by 5 ppm, and consideration be given to doing so with effect from 1st October 2022.
2. this be applied as a temporary supplement to the current mileage rates.
3. the temporary period of payment will come to an end on 31st March 2023.
4. should the WLGA Executive agree to extend the protocol beyond March 2023, this be considered at that point.
5. Services will find this change from within their existing service budgets.

Note: The report and recommendation 1 above relate to a temporary increase in the mileage rate for staff, as proposed in the protocol from the WLGA Executive. This does not therefore relate to Elected Members, whose conditions are considered separately.

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Head of Service: Paul Bradshaw – Head of Workforce & Organisational Development

Corporate Director: Emma Palmer – Director of Corporate Services

Joint Protocol

Mileage Rates in Local Authorities in Wales

This is a joint protocol between Leaders of local authorities in Wales, facilitated through the WLGA Executive Board and the trades unions of the Joint Council for Wales, to introduce a measure that provides for a temporary increase in mileage reimbursements costs in the short term to address current market volatility in fuel rates.

The protocol is intended to cover staff directly employed by local authorities in accordance with local policies and is a temporary arrangement through to 31 March 2023 or until there is an increase in the HMRC determined AMAP rate, whichever is the sooner. This protocol will be automatically superseded by any increase in the HMRC AMAP rate.

Introduction

Both employers and trades unions recognise the impact of the current cost of living crisis on the workforce and the immediate pressures presented as a consequence of unprecedented increases in fuel costs.

The agreed rate of reimbursement for mileage rates for local government employees is determined locally by each local authority and the majority of local authorities in Wales adopt the HMRC AMAP rates.

The HMRC AMAP rate provides approved rates for the reimbursement of mileage without incurring tax or national insurance. However, the rate has remained static since 2011/12 and an argument has been presented to the Joint Council for Wales that this has not kept pace with current fuel costs.

This protocol does not replace current local arrangements but offers, through mutual agreement between local government employers and trades unions in Wales, a temporary arrangement that is triggered by an increase in fuel rates that exceed an agreed threshold, the arrangement is similarly removed when fuel rates reduce below that same threshold.

The arrangement, once triggered and until removed, will enable those eligible through existing local authority policies to claim an additional agreed sum per mile up to an agreed maximum, to mitigate against the impact of sustained high fuel costs. The additional payment will be subject to tax and national insurance.

02 September 2022

Version 3

The protocol

The protocol will provide:

1. The agreed sum for reimbursement
2. The threshold at which an increase would come into force
3. An independent reference point to guide decision making
4. The point at which the threshold would need to be breached to trigger an increase or the point at which it would be removed
5. A summary of the threshold, reference point and rate for reimbursement

The agreed sum for reimbursement

The ability to claim an additional payment of 5 pence per mile where tax and NI are paid and 3 pence per mile where tax and NI are not paid, with reimbursement up to a maximum of 50 pence per mile, when an agreed threshold is breached. The ability to claim the additional payment will be withdrawn when the HMRC advisory fuel rate assessment returns below this threshold.

Threshold

The agreed threshold is £1.50 per litre or 15.2 pence per mile.

£1.50 per litre or 15.2 pence per mile as determined by the HMRC Advisory Fuel Rate Assessment, is the point at which the ability to claim the additional payment would be triggered and the point below which it would be removed.

Reference point

The HMRC Advisory Fuel Rates assessment [Advisory fuel rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/advisory-fuel-rates) will be used as the reference point.

The HMRC Advisory Fuel rates are different from the AMAP published rates, they are the advisory fuel rates for company car users and are calculated using the prevailing price of fuel on a quarterly basis.

The HMRC Advisory fuel rates are being used in this context as an objective measure to inform the agreed sum for reimbursement, the threshold and trigger points.

02 September 2022

Version 3

Trigger points

The baseline has been set using the rate of reimbursement applied between 1 June 2021 and 31 August 2021 which was 13 pence per mile for a 1401 – 2000 cc vehicle running at 44.9 mpg. This equates to £5.84 per gallon or £1.28 per litre.

A tolerance level above the baseline of circa 15% provides for an upper level of £6.80 per gallon or £1.50 per litre and this is the point at which the trigger would come in and the point at which it would be removed.

That broadly equates to a 2 pence per mile increase above the AMAP rate. The ability to claim an additional 5 pence per mile at this point would, after 20% tax and NI, provide circa 3.5 pence and this would cover any further increases in the price of fuel as published under the HMRC Advisory Fuel Rates assessment of up to 17.9 pence per mile.

Should HMRC Advisory Fuel Rates Assessment reach or exceed a reimbursement of 18 pence per mile then a further review will be undertaken.

Summary

Price of fuel pence per litre	pence per mile (ppm)	Reference point – HMRC Advisory Fuel Rate (ppm) – including date of publication	Agreed sum for reimbursement	Net increase
1.30 (baseline)	13.1	13 (06/21)	Up to 45 ppm	AMAP rate no tax or NI
At or above 1.50 (threshold)	15.2	15 (03/22) 17 (06/22)	Up to 50 ppm	Circa 3.5 ppm after tax and NI
		18	Trigger for a review	To be determined

Application

The increase will apply for all fuel types including electric, hybrid and diesel cars.

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Implementation

Implementation will require local authorities to adopt the protocol and apply its provisions as a temporary arrangement within local policies on mileage rates.

Term

This interim protocol will take effect from 26 September 2022 and will expire on 31 March 2023.

It is subject to review and can be amended by joint agreement. This includes the opportunity to reconsider the threshold as a part of any review.

Signed:



On behalf of the WLGA Executive Board

Cllr Anthony Hunt

(Workforce Spokesperson and Chair, Joint Council for Wales)



On behalf of the NJC Trades Unions

Darron Dupre

(Trade Union Side Joint Secretary, Joint Council for Wales)

Date: 23 September 2022