

DECISION NOTICE OF AN INDIVIDUAL MEMBER OF GWYNEDD COUNCIL CABINET

DATE OF DECISION 19 October 2022

DATE DECISION PUBLISHED 25 October 2022

DATE DECISION WILL COME INTO FORCE and implemented,
unless the decision is called in, in accordance with section 7.25 of
the Gwynedd Council Constitution **1 November 2022**

CABINET MEMBER NAME AND TITLE

Councillor Menna Jones
Cabinet Member for Corporate Support

SUBJECT – Scheme on reimbursement of business mileage costs

DECISION

Adopt the scheme for a temporary period between the 1st of October 2022 and 31st of March 2023.

REASON WHY THE DECISION IS NEEDED

Please see attached Officer Report.

DECLARATIONS OF PERSONAL INTEREST AND ANY RELEVANT DISPENSATIONS APPROVED BY THE COUNCIL'S STANDARDS COMMITTEE

None

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

Consultation with
Gwynedd Council Statutory Officers

The results of the consultations are reported upon in the attached report.

**DECISION NOTICE OF AN INDIVIDUAL MEMBER OF GWYNEDD COUNCIL
CABINET – OFFICER REPORT**

Name and title of Cabinet Member/s:	Councillor Menna Jones
Name and title of Report Author :	Geraint Owen Head of Corporate Support
Date of Decision :	19/10/2022
Signature of Cabinet Member :	

Subject : Scheme on reimbursement of business mileage costs

Recommendation for the Decision : Adopt the scheme for a temporary period between the 1st of October 2022 and 31st of March 2023.

Reason why Decision is needed : A temporary scheme has been proposed by the employers and trade unions at a national level here in Wales, which pays 5p per mile in addition to the existing 45p that is paid to staff when they travel on Council business. It is the responsibility of each individual authority to decide whether the scheme is to be adopted or not. See Attachment 1 for the details of the scheme.

1. This Council, as with the majority of Councils in Wales, reimburses staff who travel on Council business on the basis of 45p per mile. This is based on the rate as set out by the Westminster Government, and it has not been reviewed for many years. As a result and in the wake of substantial increases in the cost of petrol and diesel, the Welsh Local Government Association wrote to the Westminster Government to ask them whether they had any plans to review this rate. The response received confirm that they do not have any plans at this stage to review the 45p per mile rate.

2. Following from this, the trade unions and employers at a Wales level worked together to develop a temporary scheme that would enable Councils to increase the rate by a 5p for temporary periods so as to reflect specific changes in the price of petrol or diesel. Council leaders are also supportive of the intention behind the scheme.
3. It should however be noted that there is no requirement on any Council to adopt the scheme as the legal responsibility for this aspect of terms and conditions of employment rests with each individual employer; in that respect we are aware that four other authorities in the region have decided against adopting the scheme; it is unclear yet what the fifth Council intends to do. At the time of writing this report, it seemed that some authorities in mid and south Wales had decided to adopt the scheme.
4. At the same time it is clear that the expectation from the trade unions is that every authority decides to adopt the scheme, so as to assist staff with their travelling costs during a period of financial pressure.
5. So as to assist the discussion, the Finance Department has estimated the following costs, on the basis of last year's claims for travelling on Council business, with the 5p added into the calculations.

On the basis of average miles claimed over the 12 months of 2021/21

Monthly cost to the Council of £16,597

On the basis of average miles claimed during the last 3 months of 2021/22

Monthly cost to the Council of £17,830

Declarations of personal interest by any Cabinet Member consulted with and any relevant dispensations approved by the Standards Committee

None

Any consultations undertaken prior to making the decision :

Head of Finance – The decision sought responds to the risk the Council faces as the workforce – particularly workers within Care – incur significant additional costs

when travelling on behalf of the Council, leading to difficulties retaining and recruiting staff. Based on the pattern of work trips, we estimate this addition will cost the Council an additional £17,800 per month. While this will add to the projected overspend for the year, I believe it is a reasonable step to mitigate the Council's risks, and it is expected that all managers within the Council will keep a close eye on business travel within their services in order to manage the total number of journeys undertaken.

Monitoring Officer – As noted in the report and the supportive comments of the Chief Finance Officer the recommendation is in response to a risk situation stemming from an increase in fuel costs which has a particular impact on some key services. It is also emphasised that this does not constitute a permanent change in employment conditions. I am therefore satisfied that the recommendation is a proportionate and appropriate response.

Local Member/s – Not Applicable

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/consultations/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.

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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