

**Business Travel****Report by Gary Fairley, Chief Officer Corporate Solutions****Report for Decision****1 Recommendations**

Council is asked to:-

- I. Note that on 21<sup>st</sup> April 2022 the Secretariat of the Scottish Terms and Conditions Committee covering NHS services in Scotland agreed a temporary increase to NHS Scotland standard business travel mileage rates of 5p per mile.
- II. Note that there was no consultation and or indication of this change given to Councils who's staff work alongside NHS colleagues under the integration of Health and Social Care arrangements.
- III. Agree to change the Council's reimbursement arrangements from the HMRC rate of 45p per mile to mirror the revised Scottish agenda for change as set out in section 4 and in line with the NHS agreement that this change be backdated to cover mileage incurred since 1<sup>st</sup> April 2022.
- IV. To note that the NHS agreement is described as a temporary measure to 31<sup>st</sup> July with two month's to be given before any reversion to the national agreed rates. The two months' notice has not been triggered at the time of writing and so it will remain in place until at least mid-August 2022. Accordingly agree to delegate authority to the Chief Officer Corporate Solutions to make any further changes to the reimbursement rates to maintain parity with the NHS agenda for change rates.

**2 Purpose of Report/Executive Summary**

Undertaking Business travel in employees own vehicles remains a legitimate strand of the Councils Business Travel and Subsistence Policy. Where employees do use their own vehicle for business travel they are reimbursed at the HMRC rate which has been and remains at 45p per mile. Reimbursement at or below this rate does not incur an income tax charge on the payments and has been widely recognised as an appropriate benchmark for reimbursement.

The increase in vehicle fuel costs has brought added financial pressure on employees who use their own vehicle on Council business, particularly staff working in Health and Social care services.

The adequacy of the HMRC rate for Local Government workers has been brought into question by the agreement of the Secretariat of the Scottish Terms and Conditions Committee covering NHS services in Scotland to temporary increase to NHS Scotland standard business travel mileage rates of 5p per mile. The temporary changes to the NHS agenda for change rates bring the reimbursement rate to 61p per mile for the first 3,500 miles and 25p per mile thereafter.

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### 3 Background

As part of the Council people policies framework the current iteration of the Business Travel & Subsistence Policy was implemented late in 2019. The purpose of the policy, which applies to all employees with the exception of those covered by SNCT terms and conditions of service, is to set out the procedure for business travel arrangements within the Council to ensure they represent value for money and demonstrate responsible travel practices that pay attention to environmental, social and economic sustainability.

The policy includes an assessment of the necessity of travel and prior to undertaking any business related journey and encourages employees to undertake an assessment to confirm the necessity of the travel. Managers must ensure the most cost effective means of travel are used and relevant considerations are made e.g.

- Can the need for the journey be satisfied by other means such as telephone, e-mail etc?
- Can the venue and/or date be changed to coincide with other travel requirements?
- Are shared travel arrangements an option?

Where it is determined necessary to undertake a business related journey, there is hierarchy of travel modes that must be considered as follows.

1. Consider alternatives to travel;
2. Use of public transport i.e. bus or rail;
3. Use of Council pool vehicle;
4. Use of dedicated vehicle; or
5. Use of employee's private vehicle.

The policy provides for those staff who use their own private vehicles to be reimbursed at the HMRC rate of 45p per mile for the first 10,000 and 25p per mile thereafter. Payments above these rates are liable to Income Tax.

#### 4.0 What's changed?

Whilst the hierarchy set out in the Business Travel and Subsistence Policy remains sound and we encourage other forms of travel before employee's use their own private vehicles for business travel it is never the less the case that delivery of key service areas remains reliant on this mode of travel. This is particularly the case in Health and Social Care.

Trade Union representatives have rightly raised the impact on their members from the increase in fuel prices and the challenge that maintaining the HMRC rates brings. There is no indication that HMRC intend to increase the advisory rates.

In April NHS staff mileage reimbursement rates increased and this added to the need to bring forward a change for Local Government workers.

Accordingly it is proposed to make two changes to the Business Travel Policy. Firstly to move away from the HMRC rate and adopt the rates adopted in the NHS agenda for change agreement as noted below

<b>HMRC Advisory rates</b>	<b>NHS Agenda for Change rates</b>
45p per mile for first 10,000 miles per annum	56p per mile for first 3,500 miles per annum
25p per mile thereafter	20p per mile thereafter

Secondly to apply the temporary increase of 5p per mile put in place for NHS in Scotland. This would be backdated to 1 April 2022.

The NHS arrangement applies for the first four months of the financial year across the NHS in Scotland and the need for any variation to the UK Staff Council position will be assessed on a four monthly basis with a minimum of two months' notice of reverting to the UK position (notice has not been triggered and as such the temporary increase will now remain in place until at least mid-August 2022.

Accordingly the temporary rates which would apply to Local Government staff from 1<sup>st</sup> April 22 would be;-

<b>Local Government workers Proposed rates inc temp increase)</b>
61p per mile for first 3,500 miles per annum
25p per mile thereafter

Members should note that payments above the current or future HMRC rate would be subject to Income Tax.

The drop in reimbursement after 3,500 miles recognises the fixed cost element of car ownership which is covered in the higher rate for the first 3,500 miles. In additional it is unlikely to represent a best value solution to have employees using their own vehicle for business travel significantly in excess of 3,500 per annum, rather a dedicated fleet or pool vehicle is expected to be the better value solution.

## **5 Report Implications (Resource, Digital, Risk and Equalities)**

### **5.1 Resource**

There were some 876,000 miles claimed by employees using their own vehicles for business travel in 2021-22 a reduction from the 2018-19 position (pre introduction of the current policy, expansion of the electric

pool vehicle fleet and pre pandemic) of 1.7 million miles claimed. Of which 530,000 and 804,000 respectively related to Health & Social Care services.

The 35% increase in the rate from 45p to 61p for mileage claimed up to 3,500 miles, if it is assumed no employees claimed more than 3,500, would equate to an annual increase in reimbursements of £140,000. This should be compared to a total reimbursement in 2021-22 of £392,000 and £666,000 in 2018-19. As such the increase in the rates proposed should be compensated in budgetary terms by the overall reduction in mileage travelled.

## **5.2 Digital**

There are no digital implications associated with the recommendations.

## **5.3 Risk**

Key services, especially Health and Social care services remain somewhat reliant on staff using their own vehicles for business travel. Whilst the adoption of the business travel hierarchy has helped reduce this form of business travel it has not negated it.

The proposed increase in reimbursement rates mitigates employees opting out of using this mode of travel, an arrangement which is not contractual. As such it will help mitigate the risk of service disruption in the short term. It does however remain policy that other forms of travel should be adopted in preference to the use of employees own vehicles and work continues to roll out fleet vehicles and pool vehicles in this regard.

## **5.4 Ensuring Equalities**

The Business Travel and Subsistence policy was equality impact assessed before its adoption. The changes proposed today fit within that policy framework and are expected to have a positive impact on part time female colleagues given the mileage reclaimed in Health and Social Care services.

## **5.5 Additional Report Implications (See Appendix A)**

### **Appendices**

#### **Appendix A – Additional Report Implications**

## APPENDIX A – Additional Report Implications

### A.1 Key Priorities within the Single Midlothian Plan

The proposed changes support the sustainable delivery of key services across our communities.

### A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

### A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious

### A.4 Delivering Best Value

The Business Travel and Substance policy and the travel hierarchy it promotes aims to deliver best value for the Council in respect of necessary business travel.

### A.5 Involving Communities and Other Stakeholders

The need to act swiftly and to negate the financial impact on employees has limited the ability to consult fully with Trade Union colleagues. However Trade Union colleagues have been made aware of the proposals to adopt the temporary agenda for change rates.

### A.6 Impact on Performance and Outcomes

The proposed increase will support service continuity.

### A.7 Adopting a Preventative Approach

The proposal will help prevent service disruption.

## **A.8 Supporting Sustainable Development**

The Business Travel & Subsistence Policy and the travel hierarchy it adopted aims to reduce business travel and to shift modes of travel to more environmentally friendly modes of travel such as the electric pool vehicle fleet and so reduce the carbon footprint associated with business travel. Work continues in that regard to further reduce the reliance on employees using their own vehicles.

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