

**Agenda Item No:**

**Report No:**

**Report Title: Car Allowances and Contract Hire Car Scheme**

**Report To: Employment Committee      Date: 8 June 2009**

**Ward(s) Affected: All**

**Report By: Head of Business Services**

**Contact Officer(s): John Clark, Head of Business Services**

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**Purpose of Report:**

To seek changes in the contract hire car scheme

**Officers Recommendation(s):**

- 1 That the contract hire car scheme is amended so that eligible part time staff can in future have a rental allowance proportionate to their part time hours.
- 2 That existing part time staff with cars on the scheme, or existing full time staff who reduce their hours can retain the full rental allowance until such time as the car is replaced, when the appropriate part time allowance would be given.

**Information**

- 1 The Council's contract hire car scheme is used to provide a car to high mileage users or to those posts where the addition of a car helps with the recruitment and retention of those staff. Those eligible are allocated to one of four bands, depending on their grade, and can choose a car whose four year rental costs do not exceed the maximum allowed for that band. Rental costs can and do vary from month to month so the maximum allowance for each band is set by reference to the rental costs for a particular vehicle in each band. Users can pay for additional features or for cars outside their band if they wish, but those additional costs must be paid for "up-front" so that the Council does not have the risk of picking up those additional costs if someone leaves during a 4 year rental period.
- 2 When the scheme was first set up the number of part time staff in the Council was lower than now and they either did not do the mileages needed to qualify for a car or were not posts where recruitment and retention was an issue. The tax position on cars also made it less attractive for part time staff to have a car provided by the Council. Since then only a very few part time staff have been allocated cars and that has been, almost without exception, where someone who already had a car has reduced their hours of work by only a few hours, say from 37 to 30. However in the main, the scheme has not been open to part time staff as few have been eligible.
- 3 Things have changed though. We now have an increasing number of eligible staff returning on a part time basis following maternity leave and we have also had flexible retirement requests from eligible staff. We are also more likely now

to be seeking part time staff at higher grades than previously where if they were full time, we would have offered a car as part of the employment package. The Part-time Workers (Prevention of Less Favourable Treatment) Regulations requires us to treat part time staff no less favourably than full time staff and so we must amend the car scheme to allow part time staff to take part.

- 4 However it is not as simple as just giving part time staff access to a car as then that could give the Council additional costs e.g. when a full time post is replaced by two part time posts.
- 5 Therefore it is recommended that the scheme is amended so that eligible part time staff can in future have a rental allowance proportionate to their part time hours. For example, if a full time post would attract a car rental allowance of £2000 a year, then someone in an equivalent post working half time would attract a car rental allowance of £1000 a year.
- 6 Part time staff would be allowed to pay for additional features or for cars above that rental figure if they wanted, but those additional costs would have to be paid for “up-front” so that the Council does not have the risk of picking up those additional costs if someone leaves during a 4 year rental period.
- 7 It is proposed that existing part time staff with cars on the scheme, or existing full time staff who reduce their hours can retain the full rental allowance until such time as the car is replaced when the appropriate part time allowance would be given.
- 8 It is estimated that up to 9 new staff would be eligible to join the scheme once it is open to part time staff. Whether they would want to join the scheme is unknown and whether it would be to their advantage depends upon their mileage, the tax position of the car chosen, the life of their existing vehicle etc. It is unlikely that all will chose to join the scheme, but the risk is there. The financial position should that occur is set out below.

### **Financial Implications**

- 9 Compared with the actual costs in 2008/9, the range of potential additional cost varies from -£1,500 to £1,890 depending on the mix of the part time staff choosing to join the scheme. If all 9 joined the additional cost would be £400.