



**URGENT BUSINESS**

**FRIDAY, 24 OCTOBER 2008**

Please find enclosed Urgent Business Notice in connection with the following:

1. **Leased Car Arrangements** (Pages 1 - 5)

The Chief Executive, in consultation with the Chairman of the Personnel Committee, has been asked and has agreed to make a decision in accordance with the City Council's Urgent Business Procedure.

Details of the above decision and the reasons for urgency are set out in the attached Notices and report.

**Queries regarding these documents**

Please contact Sharon Marsh, Democratic Services - telephone (01524) 582096 or email [smarsh@lancaster.gov.uk](mailto:smarsh@lancaster.gov.uk).

Gillian Noall,  
Head of Democratic Services,  
Town Hall,  
Dalton Square,  
Lancaster LA1 1PJ

Published on Friday, 24<sup>th</sup> October 2008

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*Our reference:* UB60  
*Your reference:*

Chairman of Personnel Committee

**HEAD OF DEMOCRATIC  
SERVICES**

Town Hall  
Dalton Square  
Lancaster  
LA1 1PJ

DX 63531

23<sup>rd</sup> October 2008

Dear Councillor,

**URGENT BUSINESS – Leased Car Arrangements**

I am writing to consult and obtain your views on an anomaly that has arisen with regard to the current car leasing arrangements and request that a decision be taken in accordance with the Council's Urgent Business Procedure to address this anomaly, details of which are set out within the attached report.

The urgency for this decision is that the decision needs to be implemented with immediate effect to ensure that employees with a contractual entitlement to a lease car cannot take out a lease car at this time, which would be contrary to the decision of the Personnel Committee in April 2004 and to the ongoing discussions with trade unions on the new pay and grading structure.

The recommendation is:

- (1) That pending consideration and agreement of the new pay and grading structure, no new car leasing arrangements be entered into save for employees with existing leases.**

I would be grateful if you could complete the attached slip, signifying whether you are in agreement with the recommendation or not, and return it to the Town Hall as soon as possible. In the meantime, could you please telephone Sharon Marsh on 582096, or e-mail [SMarsh@lancaster.gov.uk](mailto:SMarsh@lancaster.gov.uk), with your decision.

Yours sincerely,

**HEAD OF DEMOCRATIC SERVICES**

*Mark Cullinan – Chief Executive*

**URGENT BUSINESS – LEASED CAR ARRANGEMENTS**

Councillor Consultation

\*I am/~~am not~~ (**\*please delete as appropriate**) in agreement with the recommendation:

**That pending consideration and agreement of the new pay and grading structure, no new car leasing arrangements be entered into save for employees with existing leases.**

Signed: Councillor Susan Bray -----

Name: Susan Bray-----

Position Held: Chairman of Personnel Committee -----

Dated: 23<sup>rd</sup> October 2008 -----

Chief Executive Decision

\*I agree/~~do not agree~~ (**\*please delete as appropriate**) to exercise my delegated authority and approve:

**That pending consideration and agreement of the new pay and grading structure, no new car leasing arrangements be entered into save for employees with existing leases.**

Signed: Mark Cullinan-----  
Chief Executive

Dated: 24<sup>th</sup> October 2008 -----

Please return to: Sharon Marsh,  
Democratic Services,  
Town Hall,  
Dalton Square,  
LANCASTER. LA1 1PJ

Ref: UB60

**URGENT DECISION- PERSONNEL COMMITTEE**

**LEASED CAR ARRANGEMENTS**

**Report of Human Resources Manager**

**PURPOSE OF REPORT**

To advise the Chief Executive and Chairman of Personnel Committee of an anomaly that has arisen with regard to the current car leasing arrangements.

**This report is public**

**RECOMMENDATIONS**

- (1) That pending consideration and agreement of the new pay and grading structure, no new car leasing arrangements be entered into save for employees with existing leases.**

**1.0 Introduction**

- 1.1 At its meeting on the 20th April 2004, the Personnel Committee considered a report on the Council's arrangements for leased cars. The Committee approved an option for phasing out leased cars. This meant that car leases would from that date not be offered to new employees. However, the decision did not affect current employees at that time. (Minute 77 of 2003/04 refers). The entitlement to car leases was subsequently removed from Corporate Directors and Service Heads.
- 1.2 It was reported to the Joint Consultative Committee (JCC) on the 8th October 2008 that there are a number of pay and non-pay elements which are currently being considered for agreement as part of the new pay and grading structure. Leased cars are one such element. They were introduced originally in the 1980s as a method of market supplement to recruit and retain staff, but the entitlement to a car lease is now perceived as being potentially unfair, and it is therefore being proposed that it be removed altogether under the new pay and grading arrangements. However, detailed proposals have yet to be finalised.
- 1.3 There are currently thirty nine employees with live car leases. Leases are generally for three years, and therefore the existing leases end on different dates throughout the next three years. Employees who are due to renew their lease at this time will be warned of the uncertainty of the current position, in that discussions are continuing with the trade unions and it is not yet known what arrangements, if any, there will be for the protection of car leases, and that also there is a possibility that an entitlement to a leased car may be viewed as remuneration under the new pay and grading structure and result in a salary adjustment to take account of it.

- 1.4 However, an anomaly has arisen in that a number of employees who were in post in April 2004 have a contractual entitlement to a leased car, but for various reasons have elected not to exercise that entitlement. Following the discussions at the JCC earlier this month, inquiries have been received from some such staff with a view to taking out a car lease now. Clearly, this would be contrary to the spirit of the decision of the Personnel Committee in April 2004, which was intended to phase out leased cars, and also contrary to the ongoing discussions with the trade unions on the new pay and grading structure, where there seems to be a general acceptance that car lease entitlements are potentially unfair.

## **2.0 Proposal Details**

- 2.1 Whilst the spirit of the Personnel Committee's decision in April 2004 was clearly that car leases be phased out, with no leases being offered to new employees, the Committee did not consider the position of existing employees who had an entitlement to a car lease but had not exercised that entitlement.

- 2.2 In view of the ongoing discussions with regard to the new pay and grading structure in which it is likely that there will be no place for leased cars, it is suggested that, with immediate effect, pending the finalisation of the new pay and grading structure, no new car leasing arrangements be entered into save for employees with existing leases. Suspending applications for new car leases in this way would in effect ensure that the status quo is maintained pending agreement on the new pay and grading structure. It is not considered that those employees who are affected will be prejudiced, in that they have not previously elected to take out a car lease.

## **3.0 Details of Consultation**

- 3.1 There has been no consultation on this specific issue, although the proposal to remove any entitlement to a leased car under the new pay and grading structure has been discussed at Single Status and JCC meetings, and there has been no indication of disagreement with the underlying principle.

## **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 One option would be to continue to allow employees with a contractual entitlement to a leased car to exercise this entitlement. This would be contrary to the Personnel Committee's expressed intention to phase out leased cars, and could possibly put individual employees at risk of the value of the lease being treated as part of their remuneration under the new pay and grading structure. The second option would be to decide that with immediate effect, pending the finalisation of the pay and grading structure, no new car leasing agreements will be entered into save for employees with existing car leases. This would protect the status quo while the new pay and grading structure is being finalised. Officers would recommend the second option.

## **5.0 Conclusion**

- 5.1 If it is intended to follow the second option, an urgent decision is required to ensure that the decision can be implemented with immediate effect.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None arising from this report.

**FINANCIAL IMPLICATIONS**

The 2008/09 budget includes a total of £132,900 for car leasing costs. If the second option is approved, there would be no additional cost to the Council.

If new car leases are permitted, a possible 80 officers have been identified as having an ongoing contractual entitlement. There is no indication at this stage how many of those officers might wish to take up new leases and it is therefore impossible to assess the likely financial impact. For indicative purposes, the 39 existing leases cost the Council between approximately £2,000 and £5,000 each per annum, at an average of around £3,400.

The vast majority of officers with an ongoing contractual entitlement to a leased car qualify through having essential user status and there would be a saving in essential user allowances (both lump sum and mileage payments) for any such officer electing to take up a car lease. Again for indicative purposes, the average net saving per annum for each officer is likely to be in the region of £2,000.

**DEPUTY SECTION 151 OFFICER'S COMMENTS**

If Members approved option one (the status quo), any additional costs during 2008/09 associated with new lease agreements would have to be found from within existing budgets or alternative funding proposals to be considered by Cabinet. The implications for future years' budgets would, as normal, be assessed in the 2009/10 budget exercise.

**LEGAL IMPLICATIONS**

Legal Services have been consulted and have no further comments.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer, as a member of the Fair Pay Project Board, has been involved in the discussions leading to this report and has no further comments.

**BACKGROUND PAPERS**

None

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**E-mail:** efrecknall@lancaster.gov.uk  
**Ref:**