

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

Contact Officer: Elaine Frecknall

Telephone: 01524 582052

E-mail: efrecknall@lancaster.gov.uk

Ref: