

# TONBRIDGE & MALLING BOROUGH COUNCIL

## GENERAL PURPOSES COMMITTEE

26 June 2008

### Report of the Central Services Director

#### Part 1- Public

#### Delegated

### 1 LEASED CAR MILEAGE RATES

#### Summary

**A report to propose an increase to the rates of fuel reimbursement in respect of the Council's leased car users/cash alternative staff and also to propose a revised means of setting these rates.**

- 1.1 The Council's current rate of reimbursement for staff using leased cars for business purposes is 13p per mile other than for taxable payments, mainly home to work out of hours trips, e.g. committee attendance, where the rate is 16p. The 13p rate also applies to all mileage undertaken for training purposes. We periodically test these rates against the average consumption figures for the Council's leased cars using the urban cycle. We believe that local driving conditions and the brevity of most officers' business journeys makes this the most reasonable means of assessment. The average urban consumption figure for the Council's cars is 36 miles per gallon which meant that our 13p and 16p rates were reasonable when the petrol and diesel price was around £4.60 per gallon. Now that prices have risen to well over £5 per gallon we feel that the present rates should be increased.
- 1.2 With regard to the level of increase, we wish to set this at a rate which will feel fair to staff and not leave them out of pocket in relation to their business mileage, other than possibly where they have exercised a choice to have a "thirsty" car. On the basis of a calculation based on present costs of fuel a rate of 16p per mile (20p per mile for taxable mileage) would achieve this with a small margin, albeit that any difference between the 16p and the applicable HM Revenues and Customs' company cars advisory fuel rate would be subject to income tax.
- 1.3 Given the instability of fuel prices at the moment it would be helpful if there were officer delegation to adjust the Council's rates of leased car reimbursement, up or down, according to significant changes in those prices. I shall recommend accordingly.
- 1.4 **Legal Implications**

1.4.1 None

## **1.5 Financial and Value for Money Considerations**

1.5.1 The cost of the proposed increases is estimated to be £3000 based on 2007/08 business mileage. We are satisfied that this cost can be accommodated within the Council's budgets and provides value for money in the context of present day fuel market conditions.

## **1.6 Risk Assessment**

1.6.1 There is a risk that the Council's services could be adversely affected were staff to become reluctant to undertake business travel as a result of receiving inadequate reimbursement of costs.

## **1.7 Recommendations**

1.7.1 It is recommended that, for business travel undertaken from 1 July 2008, the present locally set car mileage rates of 13p per mile and 16p per mile be increased to 16p per mile and 20p per mile respectively and that authority be delegated to the Chief Executive, in consultation with the Management Team, to vary these rates should they no longer be appropriate in the context of petrol and diesel prices.

Background papers:

contact: Richard Jefferys

Nil

Richard Jefferys  
Central Services Director