

## Cabinet Committee

Committee Room 2, 5th Floor, Fife House, North Street,  
Glenrothes / Blended Meeting



Thursday, 20th October, 2022 - 10.00 a.m.

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### AGENDA

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#### FURTHER ITEM

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| 1. | <b>EMPLOYEE SUPPORT (LIVING WAGE AND BUSINESS MILEAGE) –</b><br>Report by the Head of Human Resources. | 3 - 7 |
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**Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.**

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17th October, 2022.

If telephoning, please ask for:

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20th October, 2022.  
Agenda Item No.

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## **Employee Support (Living Wage and Business Mileage)**

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**Report by:** Sharon McKenzie, Head of Human Resources

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**Wards Affected:** None

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### **Purpose**

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This report outlines actions to address the cost of living challenges facing employees with specific reference to payment of the Real Living Wage and the cost of fuel associated with business mileage.

### **Recommendation(s)**

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Committee are asked to agree to:-

- (1) implement the revised Real Living wage rate for all eligible employees from 14th November, 2022; and
- (2) implement a temporary 12-month car users allowance in line with the principles outlined in the report and to backdate this payment to all eligible employees with effect from April 2022.

### **Resource Implications**

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There are additional costs associated with the proposals which are outlined in the report. The additional cost arising from implementing the living wage will be addressed through the development of the financial strategy to address the overall pay awards that are finally agreed.

### **Legal & Risk Implications**

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The issue of staff being unable to travel for work due to the cost of fuel has been highlighted as an organisational risk.

There is a risk that if no action is taken employees will either stop using their cars for work, which may have a significant impact on the Council's ability to deliver services; or they may leave the Council.

There is a risk to the Council's Living Wage accreditation if we do not implement the agreed rate. This would include potential reputational damage.

### **Impact Assessment**

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Equality Impact Assessments have been undertaken for both proposals and are available on request.

## Consultation

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The Joint Trades Union Secretary has been consulted and is supportive of the approaches outlined in the report.

Discussions have taken place with colleagues in Audit and Risk Management, Finance and Procurement to ensure all risks, procurement issues and potential costs have been considered.

## 1.0 Background

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### Real Living Wage

- 1.1 Fife Council has been an accredited Living Wage employer since 2016. Part of the commitment as an accredited employer is to implement the Living Wage rate within 6 months of the announced increase in November of each year.
- 1.2 The current Living Wage Foundation rate is £9.90 per hour which is the minimum hourly pay applied by Fife Council. That rate will increase to £10.90 per hour and although accredited employers have until 14th May to implement, the Living Wage Foundation are encouraging employers to implement as soon as possible. It is likely that there will be pressure from the Trade Unions to apply the revised rate sooner.
- 1.3 Should the SJC pay offer be accepted for Single Status and Craft Workers the Scottish Local Government Living Wage rate will increase to £10.85 from 1st April, 2022 (not all Scottish Councils are accredited Living Wage employers).

For information the various minimum wage rates are set out below:-

Title	Regulator	Brief Description	Effective Date
National Minimum Wage	Statutory	Minimum for over 23 based upon Low Pay Commission assessment	April 2022 - £8.91
National Living Wage	Statutory	Minimum for over 23 based upon Low Pay Commission assessment	April 2022 - £9.50
Real Living Wage	Voluntary	Voluntary rate based upon Living Wage Foundation calculation on the true cost of living.	November 2021 - £9.90 September 2022 - £10.90
Scottish Local Government Living Wage	SJC Pay Agreement	Rate set through SJC pay negotiations originally founded upon Real Living Wage +%.	£10.85- April 2022 as part of pay settlement*

\*assuming current SJC & SNJC pay offer is accepted

### Support for Employees and Business Mileage

- 1.4 The current economic climate is creating cost of living challenges for all our staff, however, there are specific issues emerging for frontline employees who must use their own vehicle to deliver services in our communities. These are associated with the significant rise in the cost of petrol and diesel. The affected employee groups include (but are not limited to) Home Carers, Social Care Workers, Residential Care Workers and Social Workers.

- 1.5 We have already considered and implemented several short-term solutions to try and alleviate immediate pressures on employees.
- 1.6 Until recently, expenses could only be claimed and paid on a weekly basis with claims approved by Monday of each week paid on Thursday of the same week. Just under 60% of HSCP staff claim on a weekly basis. Following discussions with Finance and BTS (Business Technology Solutions), a daily expenses payment run has now been established (effective from 24th June) meaning payments will be made 3 days following approval of the expense claim. Communications have been issued to employees to advise them of this change.
- 1.7 An email has been cascaded through the Council Leadership Team reminding managers and supervisors of the increased importance of authorising expenses claims as quickly as possible and asking them to ensure they have delegated this responsibility if they will not be available.
- 1.8 We have also issued communications to all employees to remind them of the savings that can be made through our Employee Benefits scheme which is also available to Councillors. These include discounts on fuel through purchase of Morrisons vouchers [Savings on food and fuel \(sharepoint.com\)](#). Additional information on Financial Wellbeing on the Council's intranet highlights some options and resources open to Council employees; both specific to their employee status as well as the wider supports available as Fife residents. [Financial Wellbeing \(sharepoint.com\)](#).
- 1.9 All of the existing supports have been publicised during the recent wellbeing month in September.

## 2.0 Issues and Options

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### Living Wage

- 2.1 As an accredited Living Wage employer, Fife Council must implement the revised rate of £10.90 per hour by 14th May, 2023 although the Living Wage Foundation encourage employers to implement as soon as they can. To recognise the impact of the cost of living challenges, particularly on lower paid employees, we propose that the revised £10.90 rate is implemented for affected employees from 14th November, 2022. This will be paid in the salary due on 8th December, 2022 and is in line with previous Council decisions since 2018 to implement the revised rate as soon as is practicable.
- 2.2 The revised Scottish Local Government Living Wage of £10.85 per hour, which is part of the pay award, will be backdated to April 2022 for employees paid on the FCLW scale when the current pay offer is implemented (likely to be in December 2022). This means those employees will be paid £10.85 per hour from 1st April, 2022 until 13th November, 2022 and then £10.90 per hour from 14th November, 2022 to 31st March, 2023.
- 2.3 The estimated cost of applying the new rate from November 2022 is £100k.

### Business Mileage

- 2.4 A number of options have been considered, along with the associated risks and benefits, to address the issues relating to the additional costs of using a personal vehicle to deliver Council services. Those which were considered include:-
  - Advance Loan
  - Fuel Cards
  - Additional Pool/Lease Cars
  - Automatic Approval of Expenses
  - Increased Mileage Rate Above HMRC rate of 45p per mile

- 2.5 In considering our approach to supporting employees who use their personal vehicle to deliver service on behalf of Fife Council, we looked at other Councils who offer something more than the 45p per mile HMRC rate and this shaped our preferred option to introduce a temporary user allowance outlined below.
- 2.6 Through benchmarking, we have identified scope to pay a designated user rate which is the equivalent of the historical essential car user allowance. This provides an annual sum of money to cover the costs of servicing and other wear and tear on a user's vehicle. It is paid in addition to the HMRC rate of 45p per mile. This model has been used as a basis for developing the Fife Council proposal.
- 2.7 We propose that a temporary user allowance will be introduced for a period of 12 months and backdated to April 2022 for all employees who use their personal vehicle to deliver Council services and travel more than 2000 business miles per annum (based on 2021/22 mileage with a check of 2022/23 mileage to date). Eligible claimants would continue to be paid at the existing mileage rate of 45p per mile for all miles claimed.
- 2.8 The allowance will be £400 per annum, paid in equal instalments and will be reviewed in early 2023 for a decision to be made on whether it should be withdrawn or extended. Employees will claim the allowance through a First Contact offering, meaning they can choose not to claim if the payment will have any unintended consequences on their personal situation.
- 2.9 The payment will be paid through payroll and will be liable for tax and national insurance deductions. It is not pensionable. Some further work will be required to develop the finer details of the scheme, e.g. for new starts and this will be done as the offering is being developed on Oracle and in consultation with Trade Unions and Services.
- 2.10 Based on 2021/22 mileage claims, just over 900 employees would be entitled to the allowance at a total cost of approximately £367k per annum plus employer national insurance contributions of around £50k per annum as follows: -

Directorate	Employees over 2000 miles
HSCP	545
Education and Children's Services	201
Enterprise & Environment	96
Communities	70
Finance & Corporate Services	7

	Teachers	MA5	LW	FC3	FC4	FC5	FC6	FC7	FC8	FC9	FC10	FC12
<b>Com</b>				4	3	17	29	12	2	2		
<b>ECS</b>	29				6	7	50	19	62	25		1
<b>E&amp;E</b>			16	13	12	3	3	37	5	6		
<b>FCS</b>				1	3			1	1			
<b>HSC</b>		1		16	353	132	16	26	7	7	2	
<b>Total</b>	<b>29</b>	<b>1</b>	<b>16</b>	<b>34</b>	<b>377</b>	<b>159</b>	<b>98</b>	<b>95</b>	<b>77</b>	<b>40</b>	<b>2</b>	<b>1</b>

- 2.11 Services will also continue to review mileage claims and explore opportunities for new ways of working that could reduce the need for employees to use their own vehicles at work, recognising there may be limitations to this depending on the service provision/role.

## 3.0 Conclusions

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- 3.1 We recognise that all employees are facing additional challenges as a consequence of the cost of living increases. The proposals in this paper focus on two known areas of pressure and seeks to address the impact on lower paid employees and those who use their own vehicles to deliver Council services.

### **Report Contact:**

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