

<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>COMMUNITY SAFETY AND PROTECTION COMMITTEE</b>		
<b>DATE:</b>	<b>5 SEPTEMBER 2017</b>	<b>REPORT NO:</b>	<b>CFO/063/17</b>
<b>PRESENTING OFFICER:</b>	<b>CHIEF FIRE OFFICER</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>CHIEF FIRE OFFICER</b>	<b>REPORT AUTHOR:</b>	<b>IAN CUMMINS</b>
<b>OFFICERS CONSULTED:</b>			
<b>TITLE OF REPORT:</b>	<b>MANAGEMENT OF ROAD RISK - IMPACT OF THE 2017 FINANCE ACT 2017</b>		

<b>APPENDICES:</b>	
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### **Purpose of Report**

1. To inform Members of the impact of the Finance Act 2017 on the current operational flexi duty staff lease car arrangement and the potential need to consider alternative vehicle arrangements in order to manage the road risk for senior officers when responding under blue lights.

### **Recommendation**

2. That Members;
  - a. note the impact of the Finance Act 2017 on the current operational lease car scheme, and
  - b. request a further report be brought back to the Authority following consultation with staff and where applicable their representatives on the alternative options available to the Authority for the provision of vehicles.

### **Introduction and Background**

3. Operational flexi duty officers are required to attend incidents under emergency response conditions. They must therefore have transport that is well maintained, safe to drive at speed, capable of reaching destinations safely, and appropriately insured.
4. The Health and Safety at Work (etc) Act 1974 places a duty upon employers to ensure the health and safety of its employees and in particular the provision and maintenance of a working environment for employees that is, so far as is reasonably practicable, safe, without risks to health, and adequate as regards facilities and arrangements for their welfare at work.
5. The Authority considered the previous essential user / lease car options available to flexi duty officers in report CFO/101/12 at its meeting on 31<sup>st</sup> July

2012. The scheme offers a flexi duty officer a lease allowance of £3,350 p.a. towards the annual lease charge.

6. The allowance figure reflects the vehicle specifications set by the Authority with regards to the management of road risk and the reduction of environmental impact.
7. Officers can choose vehicles with a higher annual lease cost but must cover the increased cost themselves. A number of officers have taken this option, however a significant number have chosen to remain within the allowance figure.
8. All substantive flexi duty system officers have a lease vehicle with built in covert lights and horns.
9. The vehicles are comprehensively covered by the Authority's motor vehicle insurance policy. This ensures that officers are provided with a vehicle to respond to all types of emergencies, safely.
10. As the vehicles are fitted with covert lights and horns they are classed as an Authority emergency service vehicle (ESV) and deemed the Authority's asset.
11. Pre Finance Act 2017 an individual's "cashable benefit in kind" calculation required by HMRC was reduced by the percentage of business miles to total miles driven in a financial year. In 2016/17 the average percentage business miles to total miles was 57%. The individual would then be taxed on the adjusted taxable benefit by their relevant marginal tax rate (40%). Using the average figures for 2016/17 the example below outlines the 2016/17 taxable liability for an officer on the current lease scheme:

	£
Car Benefit (including Vat)	6,615
Insurance	690
Servicing	429
Less any employee contribution	<u>-553</u>
Gross Cashable Benefit	7,181
Less Business Miles adjustment, -57%	<u>-4,093</u>
Net Cashable Benefit	3,088
Personal Tax liability (40%)	<b><u>1,235</u></b>

12. The Fire and Rescue Service nationally was informed in July 2017 via a tax consultant firm that the Finance Act 2017 had removed the option to reduce the tax burden on any individual who uses an ESV for private mileage, and that an individual must now pay tax on the Gross Cashable Benefit figure. The Treasurer wrote to HMRC on 24<sup>th</sup> July 2017 and received confirmation on 10<sup>th</sup> August 2017 that this change had been introduced with effect from 6<sup>th</sup> April 2017.

13. In the above example this would increase the personal tax liability per annum by £1,637 to £2,872 with effect from 6<sup>th</sup> April 2017.
14. Understandably the officers who currently have a leased ESV have indicated they feel it may be too financially punitive for them to continue with the current lease scheme and as such have asked the service to explore alternative options with regards to the provision of vehicles.
15. As a result the service has established a small working group to develop vehicle options. It is recognised that options may be limited due to HMRC tax rules. The working group will aim to report to the Authority at the meeting on 19th October on the options available to the Authority.
16. Current options under consideration are:
  - Continuation of the current scheme
  - A move to provided cars
  - The use of personal vehicles under the essential car users scheme (albeit this option is unlikely given concerns over the management of road risk).
17. Should the recommendation be to move away from the current arrangements the service would need to consider what transitional arrangements can be introduced.
18. The service are keen to ensure that the financial impact on flexi duty officers is minimised where possible and that the services resilience is not compromised by these changes.

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### **Equality and Diversity Implications**

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19. None contained within this report.

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### **Staff Implications**

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20. The service are keen to ensure that the financial impact on flexi duty officers is minimised where possible.

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### **Legal Implications**

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21. The Authority must comply with all legislation including HMRC tax regulations.
22. The Authority has contractual obligations with the lease company regarding the use and return of the lease cars.

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### **Financial Implications & Value for Money**

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23. The cost of alternative vehicle options will be identified on 19<sup>th</sup> October within the Authority report.

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**Risk Management, Health & Safety, and Environmental Implications**

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24. In addition to the increased road risk if alternative options are not implemented (if required) the current operational cover arrangements rely on flexi duty officers being able to respond to emergency calls. Any alternative vehicle arrangements must take this into account.

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Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

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25. Outlined in paragraph 16 above.

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**BACKGROUND PAPERS**

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**CFO/101/12** “A Review of Essential Car Use” Authority 31<sup>st</sup> July 2012.

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**GLOSSARY OF TERMS**

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**HMRC** Her Majesty’s Revenues and Customs.