



Reference: Finance Committee

Date issued: 4 December 2014

Value for Money Report – Wales Audit Office Fleet Cars and Travel & Subsistence Scheme

Background

1. In autumn 2012, the Assembly's Public Accounts Committee (PAC) commissioned the external auditors of the Wales Audit Office (Baker Tilly), to review whether our fleet car scheme and travel & subsistence arrangements are fit for purpose and in line with other organisations in the private and public sector.
2. The audit was commissioned prior to the new governance arrangements established under the Public Audit (Wales) Act 2013 and the creation of the Wales Audit Office Board. Scrutiny responsibility has since passed to the Assembly's Finance Committee and the Committee agreed that the audit report should be first considered by the new Board.
3. The field work for the audit was undertaken during 2013 and the auditor's report was agreed in September 2014. The Board and its Audit and Risk Assurance Committee has since considered the report's recommendations. The Committee has a copy of the report, but for ease, the recommendations are set out in Appendix 1.

Board response

4. The Board was pleased that the report gave assurances in the following areas:
 - overall the Value for Money (VfM) of the transport scheme compares well with other benchmarks and the arrangements contribute towards the goal to improve Corporate Social Responsibility;
 - management controls are well established and are working effectively;
 - travel and subsistence arrangements offer VfM and are less generous than other schemes benchmarked;
 - a robust governance process has been implemented in order to control and monitor the fleet and staff travel arrangements;

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- Evidence showed increased social responsibility in respect of the Health and Safety, wellbeing and environmental responsibility to staff. Carbon emission reductions have significantly exceeded the target;
 - The Wales Audit Office is proactively looking to reduce the costs of the fleet and travel and subsistence, and that the task was taken seriously by management with a clear desire to improve VfM.
5. In relation to the recommendations made, this briefing explains the actions agreed by the Board.
 6. The Wales Audit Office has a workforce that must be mobile across Wales in order to deliver the Auditor General's work programme; some 800,000 miles were travelled in the last financial year by around 250 staff. Within this, the Board has to find the right balance between cost, environmental impact and staff wellbeing. Travel risks form an important element of the Board's health, safety and wellbeing responsibilities as employer, particularly in relation to our duty of care and the Corporate Manslaughter Act.
 7. Fleet/Travel arrangements were reviewed in 2010, so the Baker Tilly report now provides a timely update on the benefits delivered by that review.
 8. Whilst the report found that specific targets set for cost reduction could not be measured, the Board is satisfied that savings have been secured. On a like-for-like basis, an average saving of £1,300 per head has been achieved as a result of the 2010 review (leading to annual savings of over £200,000 on a like for like basis).
 9. In response to the report, the Board has put in place the following:

Scheme eligibility, mileage thresholds and value for money (Recommendations 1, 2, 4)

10. The Board recognises the need to ensure the on-going VfM of our travel provisions for staff. A Task and Finish group is being established, led by the Director of Finance to consider the Baker Tilly findings and make recommendations to the Board by February 2015, with a view to achieving further savings. The recommendations will cover future eligibility to the scheme, mileage thresholds, transitional protections and the measurement of on-going VfM, as recommended in the report.

Lease Car Scheme (Recommendations 2, 3)

11. 49 staff have opted for a lease car instead of transport allowance (approximately one third of eligible staff). Lease cars are provided under a

public sector framework contract that will come to an end in April 2015, though current lease cars will remain on contract until the end of their specific lease period.

- 12.** The Board has decided to consult with the Trade Unions with a view to withdrawing the lease car scheme as current leases expire. This means that, at the end of current leases, a lease car would no longer be available through the Wales Audit Office and affected staff would instead secure their own transport.
- 13.** Withdrawing from the lease car scheme would release support staff time to core priorities, achieve savings in the order of £20,000 over four years and negate the need for costly and resource-intensive procurement exercises for the lease car and car insurance contracts. It would also specifically address recommendation 3 and partly addresses recommendation 2 of the report in relation to private usage contributions.

Travel Allowances (Recommendation 4)

- 14.** The report found that the VfM of our scheme compares well with other benchmarks and that rates paid are reflective of practice elsewhere. However, the Board concluded, that a further VfM review should be programmed for 2016-17.
- 15.** The Board was pleased to note that recommendations 5, 6 and 7 had already been implemented by the time it considered the report.
- 16.** The Board would welcome any comments the Committee might have.

Recommendations in the Baker Tilly Report

1. Management should judge the eligibility of non-operational staff to the scheme on the basis of all relevant factors. Consideration should be given to 'buying out' any legacy contractual arrangements.

Background: The 2010 review provided protections for field staff who transferred to corporate services roles and brought transport allowances into the reward strategy for senior corporate staff.

2. The annual mileage allowance for staff should be reviewed and applied for all staff unless there is evidence that the member of staff is likely to exceed the 15,000 mile (or a new lower level) annual allowance because of the high business mileage claimed. Consideration should be given to increasing the private usage contribution from staff who are not currently achieving a reasonable level of business mileage (say 5,000 miles).

Background: prior to the 2010 review, staff had to demonstrate that they travelled over 5,000 business miles per annum in order to be eligible to claim transport allowance. The 2010 review brought transport allowances into the reward strategy for all field staff and senior corporate staff and removed the minimum mileage threshold. The private usage contribution relates to lease car users, and is set at £40/£50 per month according to category of user.

3. The insurance cost paid by the WAO should be reviewed to identify if any potential savings could be made through restricting the scheme from the current open policy and also to reflect the changes made to the fleet itself. Emphasis should be placed on the training provided and low level of claims.

Background: the policy is reviewed annually in relation to factors relevant to lease cars for the pursuing year.

4. The Wales Audit Office should develop a mechanism to test the on-going value for money of the scheme.

Background: there was insufficient evidence to demonstrate the savings by the 2010 review had been achieved.

5. There is limited reporting of information to managers below Director level. This restricts the opportunity for managers to effectively monitor staff mileage or to identify opportunities to make savings. Consideration should be given to providing monthly reports to managers.

[Complete - we have since put this in place].

6. Staff should be required to submit claims within two months of incurring the expense to provide more timely management information and to allow management to have a better opportunity to challenge claims on authorisation.

[Complete - we have since halved the submission deadline from 6 months to 3 months in discussion with the Trade Unions].

7. When next tendering for third party providers for the administration of hotel bookings, management should also consider the costs of providing this service internally.

[Complete - we have since concluded that it is not cost-effective to do so].