

<b>SUBJECT:</b>	<b>WORKFORCE COST OF LIVING IMPACT</b>
<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>7 SEPTEMBER 2022</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>ALL</b>

## 1. PURPOSE

- 1.1 Approval is sought from Cabinet to release reserve funding to mitigate the workforce impact of the current cost of living (or more applicably cost of working) situation.

## 2. RECOMMENDATIONS

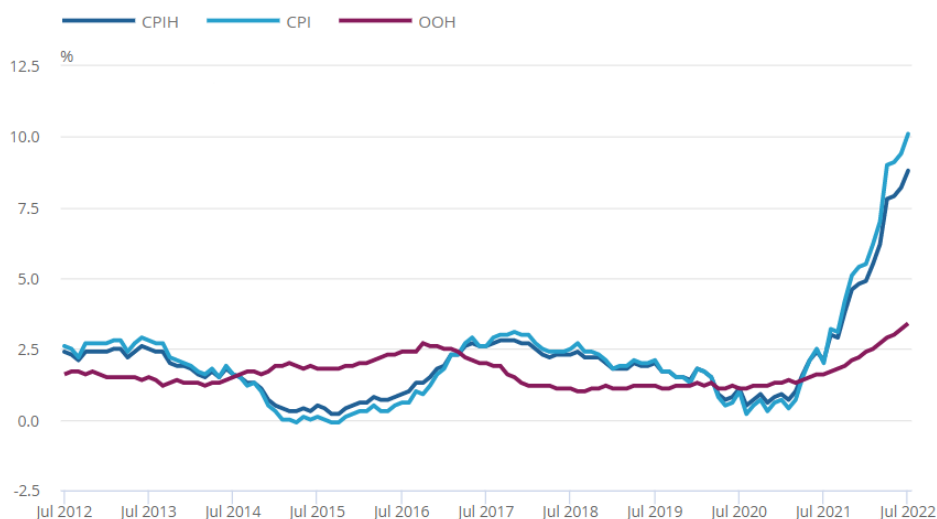
- 2.1 Approve the release of £219,824 from reserves.
- 2.2 Request that the Cabinet Member for Resources, in consultation with the Deputy Chief Executive and Chief Officer People and Governance, allocate money within that funding envelope to a suitable strategy of cost of living mitigation for MCC employees.

## 3. KEY ISSUES

- 3.1 The Consumer Prices Index (CPI) rose by 10.1% in the 12 months to July 2022<sup>1</sup> (light blue line below):

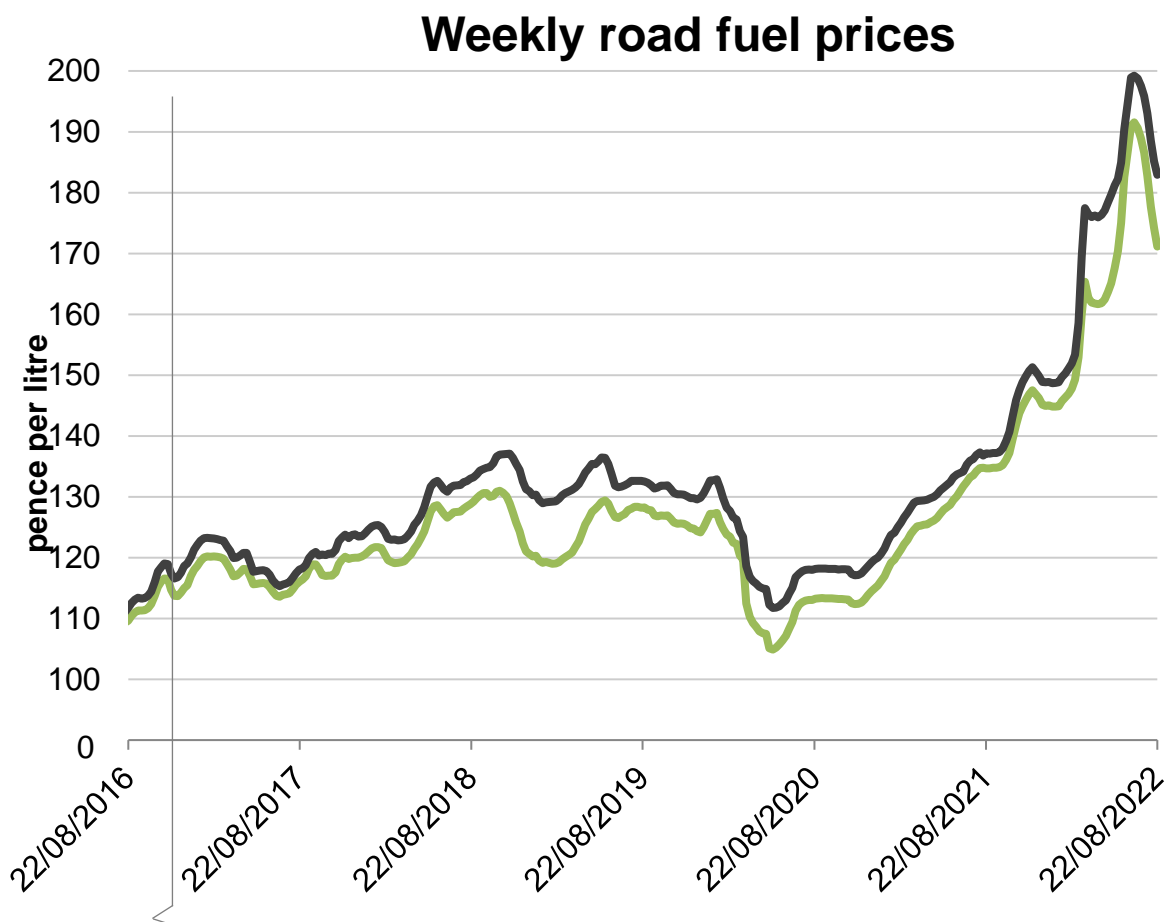
**Figure 1: Annual CPIH inflation rate highest since December 1990**

CPIH, OOH component and CPI annual inflation rates for the last 10 years, UK, July 2012 to July 2022



<sup>1</sup> [Consumer price inflation, UK - Office for National Statistics](https://www.ons.gov.uk/employment-and-labour-markets/employment-and-unemployment/cpi/cpi-inflation)

3.2 The headline impacts have been on energy bills and fuel prices. The 22 August reported prices were diesel 182.92p and petrol 171.14<sup>2</sup> (the chart shows 2016-2022):



3.3 Monmouthshire County Council (MCC) reimburses work-related travel costs at the [HMRC](#) rates of 45p per mile for the first 10,000 business miles then 25p thereafter. There are also other options for business travel that make use of pool cars with a growing focus on electric vehicles and sustainable, lower cost options; the climate emergency remains a key focus. However, the challenges of a rural county and dispersed workforce and customer base (domiciliary care being an obvious example of this) means that personal car use is a necessary option for some employees.

3.4 On the face of it, the HMRC rates cover the cost of vehicle use. However, the cost of living manifestation being so focused on fuel prices means that there is a disproportionate impact on employees who are required to make use of a car in the course of their duties which in turn has a broader impact on their finances than is being felt elsewhere.

3.5 The global skills shortage is a strategic risk for MCC. Recruitment and retention in some parts of the organisation is challenging. There is an evident overlap between where these pressures are being felt and where the cost of living impact is being felt. The primary example is in social care and health<sup>3</sup>, where there is a national<sup>4</sup> shortage in workforce.

<sup>2</sup> [Weekly road fuel prices - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

<sup>3</sup> [Senedd research paper - Fuel Prices Jul 22](#)

<sup>4</sup> [Adult social care vacancies up 52% over past year](#)

- 3.6 The strategic leadership team (SLT) considered this issue in July and resolved to explore options to be presented to Cabinet. NHS Wales amended its mileage rates to 50p per mile commencing Apr 22 and there is work being done through the Welsh Local Government Association (WLGA) to explore options for a national approach to be taken by Local Authorities (LA). Neighbouring Local Authorities are also considering options.
- 3.7 The conclusion at SLT was that any action should target the impact of inflationary pressure on employees required to use their vehicles for work purposes. Discounted options included a flat, one-off assistance payment for employees on targeted pay grades, loan or advance payment options for employees and other minor options. Do nothing remains an option as any action is not cost neutral; however, it was felt that this would exacerbate employees' difficulties and therefore the recruitment and retention risk.
- 3.8 It should be noted that there is already considerable work being done to assist employees to access help and advice regarding financial wellbeing hosted on the MCC intranet and website and available via links, posters, pages and QR codes to all employees regardless of digital capability<sup>5</sup>.
- 3.9 As part of the package of measures being considered, work will be undertaken to update the pay system and upskill our colleagues in order to deliver a swifter expenses payment structure than the monthly one currently in operation, thus mitigating some of the immediate pressures being felt by some colleagues.
- 3.10 Any action taken to address the issues being felt by MCC employees raises the requirement to consider the unintended consequences on the wider market in social care. Externally commissioned provision is a fact of the market and the recruitment and retention risks within social care extend across both public and private sector. To inadvertently distort this market would create risk.
- 3.11 Accordingly, the recommendation includes a step being taken by each of the Gwent LAs to increase payments for commissioned care by £1 per hour for a 6 month period.
- 3.12 Additional work has been done to estimate the cost of aligning the mileage rate payment for commissioned care staff with the likely proposed 50p rate for MCC staff.

#### **4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING)**

- 4.1 The proposal is an internal budget approval and as such will require internal management to ensure there is no adverse impact on any protected characteristics.

#### **5. OPTIONS APPRAISAL**

- 5.1 There is no statutory duty, contractual obligation or collective bargaining requirement at play and so this is a discretionary issue. As such, to do nothing is a viable option. The benefit of taking no action is that it removes the need to draw on reserve funding which

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<sup>5</sup> [Colleague Financial & Wellbeing Support Available \(sharepoint.com\)](https://sharepoint.com)

comes with an opportunity cost to other potential funding allocations. The disadvantage is that the manifestation of individual inflationary pressures will likely exacerbate the already present recruitment and retention issues in some departments.

- 5.2 There is work being done by WLGA to examine potential options to address this issue on a national basis. It would be possible to wait until that work is completed and then bring a report forward to Cabinet. In the circumstances, the recommendations for initial approval and delegated authority is deemed more appropriate as it permits swifter action given the impact is being felt now.
- 5.3 As per the recommendations, the preferred option is for budget allocation now to enable some elements to proceed immediately (eg change to the expenses payment process), and permit the identified Cabinet Member and Chief Officers to react swiftly to the work being undertaken by WLGA.
- 5.4 This option is preferred to allow an envelope in which to operate that balances a freedom of manoeuvre and speed of reaction, with a prudent and clear allocation of reserves that is not open ended and considers sustainability of what is a tight budget framework. Additionally, MCC will support and inform the the work being done by neighbouring LAs, the NHS and the WLGA without becoming beholden to those timescales and decisions.

## 6. EVALUATION CRITERIA

- 6.1 There are myriad qualitative feedback structures in place within MCC that will permit an accurate tracking of employee issues and sentiment, as well as quantitative measures such as turnover rates.

## 7. REASONS

- 7.1 Cabinet is required to make this decision because it is a change to the budgetary framework for 22/23 approved in Council in March 2022; this is required by the financial procedure rules in the Constitution (sections 23.4 and 33.4).

## 8. RESOURCE IMPLICATIONS

- 8.1 Breakdown of costs:

	Per Month	6 months	Annual
All MCC Staff 50p per mile	£5,188	£31,128	£62,256
Commissioned Staff 50p per mile	£4,336	£26,016	£52,032
£1/hr increase for commissioned carers	£20,592	£123,552	£247,104
Improvement to expense module/training	Single £8,000 cost		
Total	£38,116	£188,696	£369,392

8.2 Total estimated cost of 12 month (Apr 22-Mar 23) implementation of increased mileage rate for MCC staff (£62,256), 6 month regional approach to commissioned care (£123,552), 6 months of aligned mileage rate for commissioned care workers (£26,016) and payroll upgrade (£8,000) is £219,824. Note – the decision on detail is yet to be made, these figures are considered an appropriate envelope within which to operate.

## **9. CONSULTEES**

9.1 SLT

## **10. AUTHOR**

Matt Phillips  
Chief Officer People and Governance  
[matthewphillips@monmouthshire.gov.uk](mailto:matthewphillips@monmouthshire.gov.uk)