

29<sup>th</sup> July 2022

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## **MILEAGE RATES**

### **Purpose**

- 1 To consider further action in relation to the Mileage Rates for local government employees

### **Background**

- 2 Many Welsh local authorities moved from LGS NJC 'Green Book' mileage rates for local government employees to locally determined rates some time ago. With the majority of councils adopting the HMRC approved 45pence per mile 'AMAP' rate. The HMRC AMAP rate was last revised in 2011-12 [Rates and allowances: travel — mileage and fuel allowances - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/rates-and-allowances-travel-mileage-and-fuel-allowances).
- 3 A similar position exists across councils in the other regions and as a consequence the LGS NJC 'Green Book' mileage rates became redundant and have not been revised since 2010. The LGA have confirmed that there is no mechanism in place for the NJC rates to be reviewed.
- 4 Cost of living pressures have brought the issue of the current locally determined rates to the fore, with trade unions and employers highlighting real concerns for employees who are struggling to meet rising fuel costs, particularly in services such as care. However, the picture across employers is mixed, it appears some councils, particularly those in more rural areas, are under significant pressure to source a solution for employees whilst other councils consider the current HMRC rate of 45pence per mile to be adequate.
- 5 To date action has been agreed nationally to lobby for the HMRC AMAP mileage rate of 45pence per mile to be reviewed. In addition to recent discussions through WLGA and at Partnership Council on 6 July 2022, Trade Unions and employers both unanimously agreed to raise the issue independently and in partnership through the Joint Council for Wales at their meeting on 14 July 2022. The LGA similarly agreed an action to lobby for a review of the HMRC mileage rate at their Resources Board on 13 July 2022.
- 6 Trade unions are keen to explore with local government employers whether further action might be pursued nationally and in social partnership to address mileage rates. Trade unions preference is for a consistent approach to be taken nationally and in the spirit of social partnership, rather than for different solutions to emerge in each individual council, where different rates may exacerbate recruitment and retention challenges in services such as care. The Joint Council for Wales Executive agreed to take the issue of mileage rates to Leaders for their consideration.
- 7 The Health service has, in response to the increased fuel costs, introduced an additional 5pence per mile from 01 April 2022, so that staff can claim 50pence per mile overall and NHS Employers are in the final stages of agreeing a protocol with their trade unions to

govern this arrangement. The protocol is only triggered when fuel prices reach a certain threshold but similarly this additional mileage payment is removed when fuel prices decrease below this threshold. The additional payment of 5pence per mile is subject to tax and national insurance and the cost has had to be met by employers within existing budgets. The protocol provides for further negotiations over rates should a further higher threshold be reached but does not specify any detail or an amount in this regard. The Health service is using movement in the quarterly reviewed advisory fuel rates <https://www.gov.uk/guidance/advisory-fuel-rates> as the trigger for the additional mileage payment or its removal, against thresholds agreed with trade unions.

- 8 Currently, any proposed change to the mileage rate or the opportunity to claim an additional or enhanced rate for mileage for local government employees, is for individual councils to determine locally in partnership with their trade unions.

## Next steps

- 9 To consider whether to take further action in relation to the mileage rates for local government employees, possible options include:
  - 9.1.1. To continue to address any further action with regards mileage rates independently through local determination,
  - 9.1.2. To pursue a collective national protocol with trade unions for an additional mileage payment, possibly along similar lines to that for Health
  - 9.1.3. To explore a voluntary national protocol with trade unions for an additional mileage payment, possibly along similar lines to that for health, that would provide a consistent approach and means by which those councils that choose to adopt the protocol provide an additional mileage payment to their employees.
- 10 Continuing to address mileage rates individually through local determination retains local control in line with local context and conditions however risks a disparity between rates, with the potential for some employees to claim an enhanced rate per mile and others not.
- 11 Developing a collective national protocol with trade unions will provide consistency across local government for employees and demonstrate a collective response to the issues raised by trade unions, however there may be concerns about a universal 'one size fits all' approach that brings with it an increased financial commitment.
- 12 Developing a voluntary national protocol with trade unions will provide some measure of consistency for local government employees in those councils which choose to adopt the protocol and will offer some response to trade union concerns, however the risk of disparity between rates remains for employees between those councils who adopt the protocol and those who do not.
- 13 In all cases above where an additional mileage payment is considered, it is assumed that the increased financial commitment will need to be met through existing budgets and the additional mileage payment will be subject to tax and national insurance.

## Recommendations

### 14 Members are asked to:

- 14.1. consider the report and
- 14.2. agree next steps, either
  - 14.2.1. To continue to address any further action with regards mileage rates locally or
  - 14.2.2. To pursue a collective national protocol with trade unions for an additional mileage payment, possibly along similar lines to that for Health or
  - 14.2.3. To explore a voluntary national protocol with trade unions for an additional mileage payment, possibly along similar lines to that for health.

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