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WEST MIDLANDS RESEARCH NOTE 1 COUNCIL MILEAGE ALLOWANCES

Mileage allowances and HM Revenue and Customs

Many employers provide their employees with mileage allowances to cover their costs when they travel on business. This will be counted as a business expense.

HM Revenue and Customs (HMRC) set a statutory mileage rate and charge income tax and national insurance contributions on mileage payments above that rate (the same mileage rates apply to the self-employed in small businesses). These rates also apply to MPs' expense claims.

Table 1: HM Revenue and Customs statutory mileage allowance rates

Car and van	Allowance per mile
First 10,000 miles	40p
Above 10,000 miles	25p

Mileage allowances and councils in the West Midlands

Anything above the HMRC statutory mileage allowance rate is a taxable perk, and in a new survey of 34 councils in the West Midlands, the West Midlands TaxPayers' Alliance has discovered that almost all local authorities pay their councillors and staff above the HMRC rate. On average, councils in the West Midlands are paying "casual users" **52.4p for the first 8,500 miles, 12.4p per mile more than the HMRC approved rate.** These amounts are contingent upon a car of 1,200cc or more, which covers almost all cars, and can therefore be directly compared with the HMRC rates given above.

Council employees can benefit from this hidden perk:

- A councillor or council employee taking **1,000 miles** of allowance each year would benefit by **£124**.
- A councillor or council employee taking **2,000 miles** of allowance each year would benefit by **£248**.
- A councillor or council employee taking **3,000 miles** of allowance each year would benefit by **£372**.



The figures above refer to payments in excess of the statutory mileage allowance rates and should therefore be liable to income tax and national insurance contributions. We assume that Councils are ensuring that the correct tax payments are being made.

Details for individual councils can be found in Tables 2-6 on the following pages. The key findings are:

- **31** councils in the West Midlands are paying casual users **more** than the HMRC statutory mileage rate.
- Not a single council is paying casual users **less** than the statutory mileage rate.
- **25** councils are paying casual users **more than 50p** per mile, compared with a statutory rate of 40p.
- **23** councils are paying casual users the **highest mileage rate of 55.8p** per mile, as recommended by the National Joint Council for Local Government Services.
- The **best** two councils are Coventry City Council and Herefordshire Council, which both pay casual users the HMRC recommended rate of 40p per mile.

Local authorities in the West Midlands also pay lump sums of up to £1,772 per annum for "essential users". Although the rate per mile is generally below that for "casual users", the most common payment is 43.4p per mile, still in excess of the HMRC approved 40p rate, and on top of the lump sum payment.

Local authorities are not generally forthcoming about how much they spend on mileage payments, but an email from Wolverhampton city council on 12 October states that in "a typical" year, it pays £460,000 in essential user miles, £880,000 in lump sum payments for essential users, and £350,000 in casual user miles, making a total of almost £1.7 million. **Reducing car mileage payments to the HMRC rate could therefore potentially save West Midlands taxpayers hundreds of thousands of pounds.**

Comment from the West Midlands TaxPayers' Alliance

Fiona McEvoy, spokeswoman for the West Midlands TaxPayers' Alliance, said:

"Town halls in the West Midlands are constantly telling us they are cash-strapped and need to increase council tax, but these findings show how many of them are paying employees over the odds for car usage. They should reduce mileage payments to bring them into line with the HMRC statutory rates and stop the misuse of council taxpayers' money."

Individual local authorities

Table 2: Calculation of excess paid for 1,000 miles: “casual users”

	Council	Amount available per mile (p)	HMRC statutory allowance per mile (p)	Difference (p)	Miles	Total difference (£)
1	Bridgnorth District Council	55.8	40	15.8	1,000	158
2	Bromsgrove District Council	55.8	40	15.8	1,000	158
3	Dudley Metropolitan Borough Council	55.8	40	15.8	1,000	158
4	Lichfield District Council	55.8	40	15.8	1,000	158
5	North Shropshire District Council	55.8	40	15.8	1,000	158
6	North Warwickshire Borough Council	55.8	40	15.8	1,000	158
7	Nuneaton & Bedworth Borough Council	55.8	40	15.8	1,000	158
8	Oswestry Borough Council	55.8	40	15.8	1,000	158
9	Rugby Borough Council	55.8	40	15.8	1,000	158
10	Sandwell Metropolitan Borough Council	55.8	40	15.8	1,000	158
11	Shrewsbury & Atcham Borough Council	55.8	40	15.8	1,000	158
12	Shropshire County Council	55.8	40	15.8	1,000	158
13	South Shropshire District Council	55.8	40	15.8	1,000	158
14	Stoke-On-Trent City Council	55.8	40	15.8	1,000	158
15	Stratford-on-Avon District Council	55.8	40	15.8	1,000	158
16	Tamworth Borough Council	55.8	40	15.8	1,000	158
17	Walsall Council	55.8	40	15.8	1,000	158
18	Warwick District Council	55.8	40	15.8	1,000	158
19	Warwickshire County Council	55.8	40	15.8	1,000	158
20	Wolverhampton City Council	55.8	40	15.8	1,000	158
21	Worcester City Council	55.8	40	15.8	1,000	158
22	Wychavon District Council	55.8	40	15.8	1,000	158
23	Wyre Forest District Council	55.8	40	15.8	1,000	158
24	East Staffordshire Borough Council*	54.4	40	14.4	1,000	144

	Council	Amount available per mile (p)	HMRC statutory allowance per mile (p)	Difference (p)	Miles	Total difference (£)
25	Malvern Hills*	54	40	14	1,000	140
26	Birmingham City Council	44.2	40	4.2	1,000	42
27	Stafford Borough Council	44.2	40	4.2	1,000	42
28	Staffordshire County Council	44.2	40	4.2	1,000	42
29	Telford & Wrekin Council	44.2	40	4.2	1,000	42
30	Cannock Chase District Council	40.5	40	0.5	1,000	5
31	Worcestershire County Council	40.5	40	0.5	1,000	5
32	Coventry City Council	40	40	0	1,000	0
33	Herefordshire Council	40	40	0	1,000	0
34	Solihull Metropolitan Borough Council	NO DATA PROVIDED				
	Average	52.4	40	12.4	1,000	124

*2006-07 figures available only

**Includes staff employed before December 1993 only

Table 3: Calculation of excess paid for 2,000 miles: "casual users"

	Council	Amount available per mile (p)	HMRC statutory allowance per mile (p)	Difference (p)	Miles	Total difference (£)
1	Bridgnorth District Council	55.8	40	15.8	2,000	316
2	Bromsgrove District Council	55.8	40	15.8	2,000	316
3	Dudley Metropolitan Borough Council	55.8	40	15.8	2,000	316
4	Lichfield District Council	55.8	40	15.8	2,000	316
5	North Shropshire District Council**	55.8	40	15.8	2,000	316
6	North Warwickshire Borough Council	55.8	40	15.8	2,000	316
7	Nuneaton & Bedworth Borough Council	55.8	40	15.8	2,000	316
8	Oswestry Borough Council	55.8	40	15.8	2,000	316
9	Rugby Borough Council	55.8	40	15.8	2,000	316
10	Sandwell Metropolitan Borough Council	55.8	40	15.8	2,000	316
11	Shrewsbury & Atcham Borough Council	55.8	40	15.8	2,000	316
12	Shropshire County Council	55.8	40	15.8	2,000	316
13	South Shropshire District Council	55.8	40	15.8	2,000	316
14	Stoke-On-Trent City Council	55.8	40	15.8	2,000	316
15	Stratford-on-Avon District Council	55.8	40	15.8	2,000	316
16	Tamworth Borough Council	55.8	40	15.8	2,000	316
17	Walsall Council	55.8	40	15.8	2,000	316
18	Warwick District Council	55.8	40	15.8	2,000	316
19	Warwickshire County Council	55.8	40	15.8	2,000	316
20	Wolverhampton City Council	55.8	40	15.8	2,000	316
21	Worcester City Council	55.8	40	15.8	2,000	316
22	Wychavon District Council	55.8	40	15.8	2,000	316
23	Wyre Forest District Council	55.8	40	15.8	2,000	316
24	East Staffordshire Borough Council*	54.4	40	14.4	2,000	288
25	Malvern Hills*	54	40	14	2,000	280
26	Birmingham City Council	44.2	40	4.2	2,000	84

	Council	Amount available per mile (p)	HMRC statutory allowance per mile (p)	Difference (p)	Miles	Total difference (£)
27	Stafford Borough Council	44.2	40	4.2	2,000	84
28	Staffordshire County Council	44.2	40	4.2	2,000	84
29	Telford & Wrekin Council	44.2	40	4.2	2,000	84
30	Cannock Chase District Council	40.5	40	0.5	2,000	10
31	Worcestershire County Council	40.5	40	0.5	2,000	10
32	Coventry City Council	40	40	0	2,000	0
33	Herefordshire Council	40	40	0	2,000	0
34	Solihull Metropolitan Borough Council	NO DATA PROVIDED				
	Average	52.4	40	12.4	2,000	248

*2006-07 figures available only

**Includes staff employed before December 1993 only

Table 4: Calculation of excess paid for 3,000 miles: "casual users"

	Council	Amount available per mile (p)	HMRC statutory allowance per mile (p)	Difference (p)	Miles	Total difference (£)
1	Bridgnorth District Council	55.8	40	15.8	3,000	474
2	Bromsgrove District Council	55.8	40	15.8	3,000	474
3	Dudley Metropolitan Borough Council	55.8	40	15.8	3,000	474
4	Lichfield District Council	55.8	40	15.8	3,000	474
5	North Shropshire District Council**	55.8	40	15.8	3,000	474
6	North Warwickshire Borough Council	55.8	40	15.8	3,000	474
7	Nuneaton & Bedworth Borough Council	55.8	40	15.8	3,000	474
8	Oswestry Borough Council	55.8	40	15.8	3,000	474
9	Rugby Borough Council	55.8	40	15.8	3,000	474
10	Sandwell Metropolitan Borough Council	55.8	40	15.8	3,000	474
11	Shrewsbury & Atcham Borough Council	55.8	40	15.8	3,000	474
12	Shropshire County Council	55.8	40	15.8	3,000	474
13	South Shropshire District Council	55.8	40	15.8	3,000	474
14	Stoke-On-Trent City Council	55.8	40	15.8	3,000	474
15	Stratford-on-Avon District Council	55.8	40	15.8	3,000	474
16	Tamworth Borough Council	55.8	40	15.8	3,000	474
17	Walsall Council	55.8	40	15.8	3,000	474
18	Warwick District Council	55.8	40	15.8	3,000	474
19	Warwickshire County Council	55.8	40	15.8	3,000	474
20	Wolverhampton City Council	55.8	40	15.8	3,000	474
21	Worcester City Council	55.8	40	15.8	3,000	474
22	Wychavon District Council	55.8	40	15.8	3,000	474
23	Wyre Forest District Council	55.8	40	15.8	3,000	474
24	East Staffordshire Borough Council*	54.4	40	14.4	3,000	432
25	Malvern Hills*	54	40	14	3,000	420
26	Birmingham City Council	44.2	40	4.2	3,000	126

	Council	Amount available per mile (p)	HMRC statutory allowance per mile (p)	Difference (p)	Miles	Total difference (£)
27	Stafford Borough Council	44.2	40	4.2	3,000	126
28	Staffordshire County Council	44.2	40	4.2	3,000	126
29	Telford & Wrekin Council	44.2	40	4.2	3,000	126
30	Cannock Chase District Council	40.5	40	0.5	3,000	15
31	Worcestershire County Council	40.5	40	0.5	3,000	15
32	Coventry City Council	40	40	0	3,000	0
33	Herefordshire Council	40	40	0	3,000	0
34	Solihull Metropolitan Borough Council	NO DATA PROVIDED				
	Average	52.4	40	12.4	3,000	372

*2006-07 figures available only

**Includes staff employed before December 1993 only

Table 5: Lump sum and mileage rates paid to “essential users” – first 8,500 miles

	Council	Lump sum (£)	Amount available per mile (p)
1	Stafford Borough Council	1,772	14.3
2	Bridgnorth District Council	1,056	43.4
3	Bromsgrove District Council	1,056	43.4
4	Dudley Metropolitan Borough Council	1,056	43.4
5	Lichfield District Council	1,056	43.4
6	North Shropshire District Council**	1,056	43.4
7	North Warwickshire Borough Council	1,056	43.4
8	Nuneaton & Bedworth Borough Council	1,056	43.4
9	Oswestry Borough Council	1,056	43.4
10	Rugby Borough Council	1,056	43.4
11	Sandwell Metropolitan Borough Council	1,056	43.4
12	Shrewsbury & Atcham Borough Council	1,056	43.4
13	Shropshire County Council	1,056	43.4
14	South Shropshire District Council	1,056	43.4
15	Stoke-On-Trent City Council	1,056	43.4
16	Stratford-on-Avon District Council	1,056	43.4
17	Tamworth Borough Council	1,056	43.4
18	Walsall Council	1,056	43.4
19	Warwick District Council	1,056	43.4
20	Warwickshire County Council	1,056	43.4
21	Wychavon District Council	1,056	43.4
22	Wyre Forest District Council	1,056	43.4
23	Malvern Hills*	1,056	42
24	East Staffordshire Borough Council*	1,023	54.4
25	Wolverhampton City Council	819	43.4
26	Birmingham City Council	819	34.6
27	Staffordshire County Council	819	34.6
28	Telford & Wrekin Council	819	34.6
29	Cannock Chase District Council	726	32
30	Worcestershire County Council	726	32
31	Worcester City Council	0	55.8
32	Coventry City Council	0	40
33	Herefordshire Council	0	40
34	Solihull Metropolitan Borough Council	NO DATA PROVIDED	
	Average	932	41.5

*2006-07 figures available only

**Includes staff employed before December 1993 only

Table 6: Mileage rates paid to councillors – first 8,500 miles

	Council	Amount available per mile (p)
1	Stafford Borough Council	55.8
2	Bromsgrove District Council	55.8
3	Lichfield District Council	55.8
4	North Shropshire District Council	55.8
5	North Warwickshire Borough Council	55.8
6	Nuneaton & Bedworth Borough Council	55.8
7	Shrewsbury & Atcham Borough Council	55.8
8	Shropshire County Council	55.8
9	South Shropshire District Council	55.8
10	Stoke-On-Trent City Council	55.8
11	Stratford-on-Avon District Council	55.8
12	Walsall Council	55.8
13	Warwickshire County Council	55.8
14	Wyre Forest District Council	55.8
15	Cannock Chase District Council	55.8
16	Worcester City Council	55.8
17	Bridgnorth District Council	54.4
18	Rugby Borough Council	54.4
19	Warwick District Council	54.4
20	East Staffordshire Borough Council*	54.4
21	Staffordshire County Council	50
22	Sandwell Metropolitan Borough Council	48.5
23	Tamworth Borough Council	48.5
24	Wolverhampton City Council	48.5
25	Coventry City Council	48.5
26	Wychavon District Council	44.2
27	Birmingham City Council	43.1
28	Malvern Hills*	42
29	Oswestry Borough Council	40.5
30	Telford & Wrekin Council	40.5
31	Herefordshire Council	40
32	Worcestershire County Council	39.5
33	Dudley Metropolitan Borough Council	Incorporated into basic allowance of £7,419 per annum
34	Solihull Metropolitan Borough Council	NO DATA PROVIDED
	Average	51.4

*2006-07 figures available only



Sources

- The HMRC approved mileage rates are taken direct from the HMRC website: <http://www.hmrc.gov.uk/rates/travel.htm>.
- The most recent rates claimed by MPs can be found at http://www.parliament.uk/about_commons/hocallowances/hocallowances06.cfm
- Mileage rates paid by individual councils were obtained from the councils by e-mail (or in a few cases through telephone conversations) copies of which are available on request.
- An excel spreadsheet with full details is also available on request.
- Whilst every effort has been made to ensure that the figures presented are accurate, the TaxPayers' Alliance is not responsible for any errors that may be contained in communication received from the individual local authorities.

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