

COUNCIL MILEAGE ALLOWANCES

Felix Barbour

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Introduction

Motorists are one of the most overtaxed groups in the UK and face sky-high rates of fuel duty and vehicle excise duty. They can at least claim a tax free allowance from their employers if they use their car for work, but many council employees receive well in excess of this rate.

Employees in both the private and public sector who use their own vehicles for business journeys are often reimbursed with mileage allowance payments (MAPs) by their employers to cover the cost of using the vehicle.

HMRC sets an “approved amount” for cars and vans (45p for first 10,000 miles, 25p thereafter), motorcycles (24p) and bikes (20p). Employers can choose to pay above the approved rate, but they “must add anything above the ‘approved amount’ to employee’s pay, and deduct and pay tax as normal”.¹ The same applies to national insurance. Employees who receive less than the approved amount are entitled to tax relief on the unused balance of the approved amount.

This report shows that many councils are continuing to pay amounts in excess of HMRC’s approved rate.

Key findings

- Local authorities made **£223 million** in mileage allowance payments to their employees in 2016-17, down from **£231 million** in 2015-16.
- The average council mileage allowance payment has almost halved in the last seven years, from **£1.0 million** in 2009-10 to **£0.6 million** in 2016-17, despite the MAP increasing from 40 to 45 pence.
- The average council rate was **48.92 pence** in 2016-17: **3.92 pence higher** than the HMRC approved rate.
- Compared to a worker paid the approved rate, a driver paid the average council rate in 2016-17 is:
 - **£12.57** better off over **250 miles**.
 - **£25.15** better off over **500 miles**.
 - **£50.29** better off over **1,000 miles**.
- **38 per cent** of councils paid above the HMRC approved rate of 45p per mile in 2016-17, down from **41 per cent** in 2015-16.
- **215 councils (54 per cent)** paid the HMRC approved rate of 45p in 2016-17.
- **Bassetlaw** paid the highest rate: **69 pence per mile**, over 50 per cent (24 pence) more than the HMRC approved rate. Compared to an employee paid the approved rate, a Bassetlaw council employee is:
 - **£60** better off over **250 miles**.
 - **£120** better off over **500 miles**.
 - **£240** better off over **1,000 miles**.

- Lincolnshire council paid out the most – **£6.9 million** – in mileage allowance payments in 2016-17.
- Croydon, Hampshire and Rochford all paid higher rates for low emission vehicles.
- Ceredigion paid higher rates for lower-paid staff.

[Click here to see the full data](#)

Sources and Methodology

The survey was conducted via Freedom of Information requests sent to each council. Each council was asked to provide:

- The rate paid per mile for cars above 1,200cc for casual users in 2015-16 and 2016-17
- The total amount spent on Mileage Allowance Payments to staff in 2015-16 and 2016-17

For simplicity we have chosen mileage rates for “casual users” for the first 10,000 miles or the nearest relevant threshold used by the council. We selected casual users because it offered the best comparison with a self-employed person. Many essential users receive a lump sum in addition to their mileage rate, whereas casual users just claim a single rate per mile.

We have used the rates paid for vehicles with an engine size of 1,200cc (or the nearest size for which the council pays). We selected this engine size because 1,200-14,500cc is the upper band chosen by the National Joint Council (NJC), as well as to maintain consistency with the previous report. This is still significantly lower than the average engine size on Britain’s roads. In 2017 the Department for Transport calculated the mean engine capacity of all cars licensed in Great Britain has fallen to 1,744 cc.²

The figures herein do not include any tax or national insurance deductions.

Some councils pay the same rate for all engine sizes. This is noted as “flat rate”.

Some councils did not supply their total mileage allowance payments. Where this applies the notes provide a breakdown of the totals shown.

Some councils changed their rates during the financial year. Where this is case the rate that applied for the majority of the 12 month period has been used. Where the change occurred exactly six months into a financial year, the most recent rate has been used. The change and the date it occurred is stated in the notes.

Some councils pay per journey, with the rate varying across a mileage threshold. For example, 40 pence per mile up to 40 miles, and 24 pence per mile thereafter. Where this is the case the initial rate has been used and any additional information is detailed in the notes.

¹ HMRC, ‘Expenses and benefits: business travel mileage for employees’ own vehicles’, available at <https://www.gov.uk/expenses-and-benefits-business-travel-mileage>

² Department for Transport, ‘Vehicle Licensing Statistics’, Table VEH0205a, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608159/veh0205.ods

Some councils pay the rate agreed by NJC in 2014 for local government staff. This is 65 pence per mile for the first 40 miles of any journey and 13.5 pence per mile thereafter.

Some councils pay different mileage rates for different staff:

- Where this varies based on a car's CO2 emissions, the UK average of 120g CO2/kg has been used, and the corresponding rate applied. This is according to *Vehicle Licensing Statistics: Annual 2016* released by the Department for Transport in April 2017.³ Where applicable, this has been clearly stated in the notes and the alternative rates included.
- Where this depends on whether employees live within the borough, the rate for those living inside the borough has been used. This is stated in the notes and the alternative rates included.
- Where this varies based on pay, the most popular rate has been used. This is stated in the notes and the alternative rates included.
- When a council changes its mileage rates it may need to exempt members of staff employed under a different contract. The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) preserves employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new employer. This has been stated in the notes, but only when we have received explicit information regarding TUPE.

All information is correct as of 25 September 2017. Any responses, corrections or clarifications received after this date have not been included. The Freedom of Information requests were submitted on 18 July 2017 in the understanding that this would provide councils with ample time to respond to the requests. By law they must respond within 20 working days.

³ Department for Transport, 'Vehicle Licensing Statistics: Annual 2016', available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608374/vehicle-licensing-statistics-2016.pdf