

## CEREDIGION COUNTY COUNCIL

<b>Report to:</b>	Cabinet
<b>Date of meeting:</b>	4 October 2022
<b>Title:</b>	Interim Joint Protocol – Mileage Rates
<b>Purpose of the report:</b>	To consider adoption of the Interim Joint Protocol – Mileage Rates in Local Authorities in Wales
<b>For:</b>	Decision
<b>Cabinet Portfolio and Cabinet Member:</b>	Cllr Bryan Davies, Leader of the Council and Cabinet Member for Democratic Services, Policy, Performance and People and Organisation

In response to the current cost of living crisis on the workforce and the pressures presented due to the significant increases in fuel costs, the Welsh Local Government Association (WLGA) Executive Board and trade unions of the Joint Council for Wales have introduced a joint protocol as a temporary response to the situation.

The Council's current mileage rate for all employees is 45p per mile for the first 10,000 miles and 25p per mile above 10,000 miles. This rate is at the level set by the HMRC for approved mileage allowance payments (AMAP), any reimbursement rates above these figures will attract tax and national insurance. The AMAP figures have not changed since April 2012. The Local Government Association approached the HMRC requesting a review of these rates but this request was turned down at the beginning of September 2022.

The 'Joint Protocol – Mileage Rates in Local Authorities in Wales' covers all staff directly employed by the Council and provides the following:

- Increase in the mileage rate to 50p per mile for employees who are subject to income tax and national insurance deductions; or 48p per mile for those who are below the income tax and national insurance thresholds.
- The threshold has been agreed using the rate determined by the HMRC Advisory Fuel Rates, which is published on a quarterly basis on the Government website ([www.gov.uk/guidance/advisory-fuel-rates](http://www.gov.uk/guidance/advisory-fuel-rates)) and is used as the assessment for reimbursement rates of business travel in company cars.
- The HMRC Advisory Fuel Rates are being used in this context as a measure to inform the agreed sum for reimbursement, the threshold and trigger points.
- The increases set out above would be paid if the threshold of £1.50 per litre (or 15.2 p per mile) is exceeded and would be removed if the rate fell below £1.50 per litre.
- If the HMRC Advisory Fuel Rate reaches or exceeds a reimbursement of 18p per mile then this would trigger a further review of the protocol.
- The increase will apply to all fuel types including electric, hybrid and diesel cars
- The interim protocol will remain in place until 31 March 2023

- The protocol will terminate if the HMRC announces an increase in the AMAP.

It is estimated that implementing the protocol will cost the Council £29k for the six months up to March 2023, and each individual service will need to absorb the cost within their existing budgets.

This protocol does not apply to Elected Members as their business mileage reimbursement rate is determined by the Independent Remuneration Panel for Wales.

**Has an Integrated Impact Assessment been completed? If, not, please state why**

**Wellbeing of Future Generations:**

**Summary:**  
**Long term:**  
**Collaboration:**  
**Involvement:**  
**Prevention:**  
**Integration:**

**Recommendation(s):** To approve the implementation of the Interim Joint Protocol – Mileage Rates in Local Authorities in Wales

**Reasons for decision:** To address significant fuel costs increases borne by employees using their own vehicles to undertake business related journeys as part of their duties

**Overview and Scrutiny:**

**Policy Framework:**

**Corporate Priorities:** Boosting the Economy

**Finance and Procurement implications:** £29k estimated cost for the six months up to March 2023. Cost to be met within existing budgets.

**Legal Implications:** None

**Staffing implications:** None

**Property / asset implications:** None

**Risk(s):**

**Statutory Powers:**

**Background Papers:**

**Appendices:** Interim Joint Protocol – Mileage Rates in Local Authorities in Wales

**Corporate Lead Officer:** Geraint Edwards

**Reporting Officer:** Geraint Edwards

**Date:** 26/09/2022

## **Joint Protocol**

### **Mileage Rates in Local Authorities in Wales**

This is a joint protocol between Leaders of local authorities in Wales, facilitated through the WLGA Executive Board and the trades unions of the Joint Council for Wales, to introduce a measure that provides for a temporary increase in mileage reimbursements costs in the short term to address current market volatility in fuel rates.

The protocol is intended to cover staff directly employed by local authorities in accordance with local policies and is a temporary arrangement through to 31 March 2023 or until there is an increase in the HMRC determined AMAP rate, whichever is the sooner. This protocol will be automatically superseded by any increase in the HMRC AMAP rate.

#### **Introduction**

Both employers and trades unions recognise the impact of the current cost of living crisis on the workforce and the immediate pressures presented as a consequence of unprecedented increases in fuel costs.

The agreed rate of reimbursement for mileage rates for local government employees is determined locally by each local authority and the majority of local authorities in Wales adopt the HMRC AMAP rates.

The HMRC AMAP rate provides approved rates for the reimbursement of mileage without incurring tax or national insurance. However, the rate has remained static since 2011/12 and an argument has been presented to the Joint Council for Wales that this has not kept pace with current fuel costs.

This protocol does not replace current local arrangements but offers, through mutual agreement between local government employers and trades unions in Wales, a temporary arrangement that is triggered by an increase in fuel rates that exceed an agreed threshold, the arrangement is similarly removed when fuel rates reduce below that same threshold.

The arrangement, once triggered and until removed, will enable those eligible through existing local authority policies to claim an additional agreed sum per mile up to an agreed maximum, to mitigate against the impact of sustained high fuel costs. The additional payment will be subject to tax and national insurance.

02 September 2022

Version 3

## The protocol

The protocol will provide:

1. The agreed sum for reimbursement
2. The threshold at which an increase would come into force
3. An independent reference point to guide decision making
4. The point at which the threshold would need to be breached to trigger an increase or the point at which it would be removed
5. A summary of the threshold, reference point and rate for reimbursement

## The agreed sum for reimbursement

The ability to claim an additional payment of 5 pence per mile where tax and NI are paid and 3 pence per mile where tax and NI are not paid, with reimbursement up to a maximum of 50 pence per mile, when an agreed threshold is breached. The ability to claim the additional payment will be withdrawn when the HMRC advisory fuel rate assessment returns below this threshold.

## Threshold

The agreed threshold is £1.50 per litre or 15.2 pence per mile.

£1.50 per litre or 15.2 pence per mile as determined by the HMRC Advisory Fuel Rate Assessment, is the point at which the ability to claim the additional payment would be triggered and the point below which it would be removed.

## Reference point

The HMRC Advisory Fuel Rates assessment [Advisory fuel rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/advisory-fuel-rates) will be used as the reference point.

The HMRC Advisory Fuel rates are different from the AMAP published rates, they are the advisory fuel rates for company car users and are calculated using the prevailing price of fuel on a quarterly basis.

The HMRC Advisory fuel rates are being used in this context as an objective measure to inform the agreed sum for reimbursement, the threshold and trigger points.

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### Trigger points

The baseline has been set using the rate of reimbursement applied between 1 June 2021 and 31 August 2021 which was 13 pence per mile for a 1401 – 2000 cc vehicle running at 44.9 mpg. This equates to £5.84 per gallon or £1.28 per litre.

A tolerance level above the baseline of circa 15% provides for an upper level of £6.80 per gallon or £1.50 per litre and this is the point at which the trigger would come in and the point at which it would be removed.

That broadly equates to a 2 pence per mile increase above the AMAP rate. The ability to claim an additional 5 pence per mile at this point would, after 20% tax and NI, provide circa 3.5 pence and this would cover any further increases in the price of fuel as published under the HMRC Advisory Fuel Rates assessment of up to 17.9 pence per mile.

Should HMRC Advisory Fuel Rates Assessment reach or exceed a reimbursement of 18 pence per mile then a further review will be undertaken.

### Summary

Price of fuel pence per litre	pence per mile (ppm)	Reference point – HMRC Advisory Fuel Rate (ppm) – including date of publication	Agreed sum for reimbursement	Net increase
1.30 (baseline)	13.1	13 (06/21)	Up to 45 ppm	AMAP rate no tax or NI
At or above 1.50 (threshold)	15.2	15 (03/22) 17 (06/22)	Up to 50 ppm	Circa 3.5 ppm after tax and NI
		18	Trigger for a review	To be determined

### Application

The increase will apply for all fuel types including electric, hybrid and diesel cars.

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## Implementation

Implementation will require local authorities to adopt the protocol and apply its provisions as a temporary arrangement within local policies on mileage rates.

## Term

This interim protocol will take effect from 26 September 2022 and will expire on 31 March 2023.

It is subject to review and can be amended by joint agreement. This includes the opportunity to reconsider the threshold as a part of any review.

## Signed:



**On behalf of the WLGA Executive Board**

Cllr Anthony Hunt

(Workforce Spokesperson and Chair, Joint Council for Wales)



**On behalf of the NJC Trades Unions**

Darron Dupre

(Trade Union Side Joint Secretary, Joint Council for Wales)

**Date: 23 September 2022**