



## **CABINET – 19TH OCTOBER 2022**

**SUBJECT: INTERIM JOINT PROTOCOL FOR MILEAGE RATES IN LOCAL AUTHORITIES**

**REPORT BY: CORPORATE DIRECTOR EDUCATION AND CORPORATE SERVICES**

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### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to seek Cabinet approval to adopt the 'Joint Protocol Mileage Rates in Local Authorities in Wales' to provide a temporary increase in mileage reimbursements costs in the short term to address current market volatility in fuel rates.

### **2. SUMMARY**

- 2.1 Welsh Local Authorities have acknowledged 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.
- 2.2 The Joint Protocol attached at Appendix 1 was drafted by WLGA on behalf of Leaders and it is for each Local Authority to decide whether they wish to adopt it.
- 2.3 The Joint Protocol enables 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

### **3. RECOMMENDATIONS**

- 3.1 Cabinet are asked to adopt the 'Joint Protocol Mileage Rates in Local Authorities in Wales' attached at Appendix 1 and apply its provisions as a temporary arrangement within the Council's Mileage Scheme.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 The Joint Protocol is recommended to Cabinet to assist employees during this cost of living crisis by temporarily increasing the reimbursement for the mileage rate in accordance with an agreed threshold.

## 5. THE REPORT

- 5.1 Cabinet will be aware that the UK has been experiencing a cost of living crisis since late 2021, caused predominantly by high inflation outstripping wage and benefit increases, which has been further exacerbated by recent tax increases, resulting in the fall in disposable incomes.
- 5.2 This crisis is acutely affecting our communities and the need for targeted additional Council support is paramount. A report was presented to Cabinet on 26<sup>th</sup> September 2022 and the Council on 4<sup>th</sup> October 2022, which set out the Council's proposed package of additional support in order to guide and help our communities through these difficult financial conditions.
- 5.3 The cost of living crisis is also affecting all of our employees financially in one way or another, as highlighted in the 'Workforce Capacity and Associated Challenges' report presented to Policy and Resources Scrutiny on 27<sup>th</sup> September 2022 and also at Cabinet today.
- 5.4 The Council is naturally being asked by the Trade Unions to offer support to employees. The Council is looking at possible options but has to take account of national conditions of service and pay negotiating bodies, financial regulations and work being considered by national committees. The Joint Protocol at Appendix 1 provides such an opportunity.
- 5.5 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, including Caerphilly CBC, adopt the HMRC Approved Mileage Allowance Payments (AMAP) rates. The HMRC AMAP rate provides approved rates for the reimbursement of mileage without incurring tax or national insurance. The current rates are detailed below:

Type of Vehicle	First 10,000 miles	Above 10,000 miles
Car	45p	25p
Motorcycle	24p	24p

- 5.6 These rates have remained static since 2011/12.
- 5.7 The Heads of HR in Wales have written to HMRC and the Local Government Association (LGA) has written to the Financial Secretary to the Treasury, urging them to review the HMRC AMAP rate, to no avail.
- 5.8 Further to a request from Leaders at the WLGA Executive Board on 17 July 2022, the attached Joint Protocol was prepared and the content approved by Group Leaders on behalf of the WLGA Executive Board. The Joint Protocol has also been shared with the Joint Council for Wales (JCW) Executive and the Trade Unions have formally agreed the proposal and requested its implementation.
- 5.9 This protocol does not replace current local arrangements but offers, through mutual agreement between Local Government Employers and Trade 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.

- 5.10 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.
- 5.11 The Joint Protocol provides the agreed sum for reimbursement; the threshold at which an increase would come into force; an independent reference point to guide decision making; the point at which the threshold would need to be breached to trigger an increase or the point at which it would be removed and a summary of the threshold, reference point and rate for reimbursement.
- 5.12 The Joint Protocol provides 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.
- 5.13 For Council employees, this would provide a mileage rate of 50p per mile for the first 10,000 miles claimed and 30p per mile for any claims above 10,000 miles when the agreed threshold of £1.50 per litre or 15.2 pence per mile is reached.
- 5.14 This interim Joint Protocol will take effect from 26<sup>th</sup> September 2022 and will expire on 31<sup>st</sup> 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.

## **Conclusion**

- 5.15 The interim Joint Protocol provides the Council with an opportunity to offer support to employees at this time of a cost of living crisis, which is making fuel rates very volatile, in accordance with recognised national committees.

## **6. ASSUMPTIONS**

- 6.1 No assumptions have been made in this report.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 An Integrated Impact Assessment has not been completed as this report recommends the adoption of the 'Joint Protocol Mileage Rates in Local Authorities in Wales' attached at Appendix 1 to provide a temporary arrangement within the Council's Mileage Scheme.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 Based on mileage claims to date for the 2022/23 financial year the additional cost of the increased rates in the Joint Protocol would be circa £8k per month. This increase can be funded within existing Directorate revenue budgets.

## **9. PERSONNEL IMPLICATIONS**

9.1 The personnel implications are included in the report.

## **10. CONSULTATIONS**

10.1 The consultation responses have been incorporated in the report.

## **11. STATUTORY POWER**

11.1 Local Government Act 1972

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Background Papers: Report to Council

Report to Council [\*\*‘CAERPHILLY COUNTY BOROUGH COUNCIL - RESPONSE TO THE COST-OF-LIVING CRISIS’ 4<sup>th</sup> October 2022\*\*](#)

Report to Cabinet [\*\*‘WORKFORCE CAPACITY AND ASSOCIATED CHALLENGES’ 19<sup>th</sup> October 2022\*\*](#)

Appendices:

Appendix 1 Joint Protocol