# COMMITTEE REPORT

SALISBURY CITY COUNCIL

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| ***Subject:*** | Business Mileage Reimbursement Rate for Use of Own Vehicle |
| ***Committee:*** | Governance, Policy and Personnel Committee |
| ***Item Number:*** | *13* |
| ***Date:*** | 27 July 2026 |
| ***Author:*** | Tracy Adams, Head of HR |
| ***Report status:*** | Decision |
| ***Confidential / Exempt:*** | No |

## 1. Report Summary

1.1 This report asks the Committee to approve payment of the HMRC Approved Mileage Allowance Payment rate of 55p per mile for employees using their own car or van for authorised Council business, backdated to 6 April 2026

1.2 The current Council vehicle and driving documents do not state that the Council will automatically pay the HMRC approved rate. Committee approval is therefore recommended because the change affects staff reimbursement arrangements linked to terms and conditions.

1.3 Based on mileage claimed between July 2025 and June 2026, the increase from 45p to 55p would add approximately £682.30 per year, before any adjustment for future mileage levels.

## 2. Recommendations

It is recommended that the Committee:

2.1 Approves payment of 55p per mile for the first 10,000 business miles for employees using their own car or van on authorised Council business, backdated to 6 April 2026.

2.2 Approves backdated payments for eligible mileage claims already paid at 45p per mile from 6 April 2026.

2.3 Delegates authority to the Head of HR, in consultation with the Responsible Finance Officer and Head of Environmental Services (policy owner), to update the relevant documents so the approved mileage reimbursement position is clear.

## 3. Background

3.1 HMRC has increased the Approved Mileage Allowance Payment rate for cars and vans from 45p to 55p per mile for the first 10,000 business miles in the 2026/27 tax year, with effect from 6 April 2026. Business miles over 10,000 remain at 25p per mile.

3.2 The Council's Vehicle and Driving Policy covers grey fleet use (members of staff personal cars and vans) and the Driver Handbook applies to any vehicle used on Council business, but neither document, nor the Vehicle Driving Procedures and Guidelines, sets a mileage reimbursement rate or states that the HMRC approved rate will be paid.

## 4. Proposal

4.1 The proposal is to adopt the HMRC approved rate of 55p per mile for the first 10,000 business miles for cars and vans, backdated to 6 April 2026.

4.2 This provides a clear, nationally recognised rate, supports fair treatment of staff and avoids the governance risk of applying a new reimbursement rate without formal approval.

## 5. Options Considered

5.1 Option 1 – Approve the 55p rate. This is recommended because it is fair, clear, administratively simple and aligned to the HMRC approved tax-free rate.

5.2 Option 2 – Retain the 45p rate. This is not recommended because it would be below the current HMRC approved rate and may be perceived as not fully reimbursing staff the cost involved in using their own vehicles. This may result in staff requesting to use public transport instead, which may have an impact on productivity.

## 6. Financial Position

6.1 Between June 2025 and July 2026 6823 miles were claimed. At 45p per mile this cost £3,070.35, at 55p per mile the equivalent cost would be £3,752.65, an annual indicative increase of £682.30.

6.2 For claims from April to June 2026, the mileage data shows 1,224 miles. The backdated uplift from 45p to 55p for that period would be £122.40.

6.3 The ongoing cost will vary according to actual business mileage, but the increase is 10p for each eligible mile within the first 10,000 business miles per employee.

## 7. Legal and Governance Considerations

7.1 The HMRC approved rate is not a legal requirement for employers to pay, but it is the rate that can normally be reimbursed tax-free for qualifying business mileage.

7.2 Because the existing documents do not authorise automatic payment of the HMRC approved rate, formal approval is recommended before the revised rate is applied.

7.3 Head of HR has consulted with Responsible Finance Officer (RFO) who confirmed the increase is within the Councils 2026/2027 budgets.

## 8. Consultation and Engagement

8.1 No formal staff consultation is considered necessary because the proposal improves the reimbursement position for eligible staff.

8.2 Staff should be informed once a decision has been made, including how any backdated adjustment will be processed.

## 9. Implementation and Next Steps

9.1 Subject to approval, HR will carry out the payroll amendments including arranging any backdated uplift from 6 April 2026, update the relevant documents and communicate the approved rate to managers and staff.

## 10. Implications

| Implication Area | Impact | Comments / Mitigation |
|---|---|---|
| **Financial** | Low / Medium | Based on 6,823 miles claimed in July 2025 to June 2026, the annual indicative increase would be approximately £682.30. The real terms cost to June 2026 would be an additional £122.40. |
| **Legal** | Low | HMRC rate is advisory rather than mandatory. Formal approval is recommended because the change affects reimbursement arrangements linked to terms and conditions. |
| **Risk** | Low | If the new rate is not applied this may cause staff to no longer use their personal vehicles for work use. |
| **Personnel** | Low | Positive impact for eligible employees who use their own car or van for authorised Council business. |
| **Environmental Impact** | Low | A higher reimbursement rate may cause staff to use a vehicle when a more environmentally sustainable position may be as productive. |
| **Equalities Impact Statement** | None | No specific equalities impacts identified. The change applies consistently to eligible staff business mileage claims. |
| **Community / Public Impact** | None | No direct community or public impact. |
| **Procurement / Contractual** | None | No procurement or contractual implications identified. |
| **Property / Asset** | None | No property or asset implications identified. |
| **Data Protection** | Low | Payroll and expenses records will be processed in line with normal Council arrangements. No new data processing is proposed. |

## 11. Appendices / Background Papers

None