

THE VALE OF GLAMORGAN COUNCIL

CABINET: 30TH APRIL, 2026

REFERENCE FROM JOINT CONSULTATIVE FORUM: 20TH APRIL, 2026

“(d) Trade Union Items –

(i) HMRC Mileage Claims

G. Pappas (UNISON) updated the Forum on this matter. The issue was raised at a recent Joint Council for Wales meeting attended by G. Pappas and the Head of Human Resources and Organisational Development, where there was extensive discussion about rising fuel costs. The focus was on Council staff generally, but particularly on low-paid workers such as domiciliary care staff and those in equivalent Vale Community Resource Service (VCRS) roles across Wales, who were increasingly disadvantaged as fuel costs meant it was now costing them to come to work. Attendees discussed what Local Authorities could realistically do to address this. Similar debates had taken place in the past, but across the 22 Authorities there had been little progress, largely because proposed solutions relied on self-assessment for low-paid workers, which was challenging and unpopular for those staff members affected.

At a national level, G. Pappas had raised this with the new UNISON General Secretary, Andrew Egan, and participated in a meeting with the Chancellor, Rachel Reeves, earlier this month. The Chancellor was looking to bring this issue forward for discussion, with the possibility of His Majesty's Revenue and Customs (HMRC) increasing the mileage allowance rate from 45p to potentially 55p or 65p per mile. While it was still early days and any change was likely to take several months, and with uncertainties such as the situation in the Middle East affecting fuel prices, it was important to highlight that once again rising fuel costs were disproportionately affecting vital frontline and public services.

Councillor Hennessy asked what the financial cost would be to the Council if it were to fund an increase in mileage allowance locally. G. Pappas responded that he did not have the figures available and suggested that the Operational Manager - Employee Services may be better placed to advise. He also explained that increasing the mileage rate above the HMRC limit would result in additional cost to the Authority and, critically, require employees to complete self-assessment tax returns. He stated that this was a key reason why the Council had not pursued an increase previously, particularly given the additional burden this would place on care workers already working long hours. The Operational Manager - Employee Services advised that he did not have immediate figures on the annual volume of mileage claims. He explained that mileage was currently paid at the HMRC rate of 45p per mile, which was a non-taxable allowance and therefore processed through the Council's creditor system rather than payroll. He confirmed that if the Council were to pay more than 45p per mile, the excess would become a taxable benefit, as tax

codes varied between individuals. The Council would not be able to deduct tax at source, resulting in staff being required to complete annual self-assessment tax returns. He stated that this was an outcome the Council would want to avoid and noted that many other Welsh Local Authorities took the same approach. He further advised that if HMRC were to increase the national rate, the Council would consider implementing this through its standard claims process. He confirmed that the 45p rate had been in place since 2011, when it increased from 40p, and that decisions on any increase would sit nationally, with trade unions lobbying for change.

Councillor Hennessy expressed concern that ongoing conflict in the Gulf could drive further increases in petrol and diesel prices. He highlighted the disproportionate impact on lower-paid staff and the risk of staff leaving if mileage costs became unaffordable. The Chair agreed that this was a reasonable concern and noted that consideration also needed to be given to the Council's pool car system, including future funding and capacity. She acknowledged uncertainty around how the system may be impacted in the longer term, despite the growing use of electric vehicles.

Councillor Thomas echoed concerns regarding the impact on low-paid workers, particularly within social care. He acknowledged the availability of pool cars and electric bikes but stated that current provision was insufficient to meet demand. He referenced global events affecting fuel and energy prices and asked whether it was within the remit of the Forum to recommend that the Council write to Rachel Reeves and HMRC to support an increase in the national mileage allowance. He noted that an increase from 45p to 55p per mile would represent a significant cost increase of around 20%, but that responsibility for setting rates ultimately lay with HMRC. The Chair confirmed that recommendations from the Forum could be submitted to Cabinet, who would then determine whether to pursue them. She indicated no barrier to the Forum recommending that the Council formally supports a national increase.

In response to questions about specifying a new rate, Councillor Thomas confirmed that the intention was not to suggest a specific figure, but rather to support the principle of HMRC reviewing and revising the allowance nationally.

G. Pappas welcomed the proposal and thanked Members for their support. He highlighted that the National Health Service (NHS) in Wales were able to adjust arrangements internally, but that Local Authorities operated independently across 22 Councils, which could create difficulties. He noted that some Authorities, including those in Blaenau Gwent, Torfaen, Wrexham and Flintshire, had explored mileage rates of up to 55p, though he acknowledged the drawbacks of self-assessment. He emphasised the benefit of a collective approach across all Welsh Authorities and confirmed his support for writing to Rachel Reeves.

Councillor Thomas reiterated concerns that local increases led to tax complications for staff and suggested involving the Welsh Local Government Association (WLGA) to help co-ordinate a national response.

The Director of Environment and Housing provided service context, advising that diesel costs had risen by approximately 25%, equating to an additional £4,000 per

10,000 litres, with similar increases in AdBlue costs. He stated that further rises of 5–7% were anticipated over the next six months. He advised that services were actively promoting the use of the Council's electric vehicle (EV) fleet, though availability remained limited.

The Head of Human Resources and Organisational Development confirmed that the issue had been discussed at the Joint Council for Wales. She advised that fuel costs were rising rapidly and that, as in previous years, the Council had decided against a local uplift due to the impact on staff, particularly lower-paid employees facing self-assessment requirements. She confirmed that other Welsh Authorities were similarly aligned and supportive of requesting a national review, but not of implementing unilateral local increases. She advised that making such a recommendation to Cabinet would be appropriate.

Councillor Perkes emphasised that Cabinet could not independently increase rates without causing tax implications for staff and reiterated that the matter must be addressed at a national level.

The Head of Human Resources and Organisational Development further explained that the NHS applied a taxable payroll supplement model. However, this had received mixed feedback and could impact benefits such as Universal Credit. She confirmed that the Joint Council for Wales position was to seek an HMRC review, rather than local pay adjustments.

Councillor Thomas suggested that any recommendation should highlight the urgency of the issue and the fact that the rate had not been reviewed for 15 years.

Following the above discussions, the Forum subsequently

RECOMMENDED –

1) T H A T Cabinet be asked to consider that the Council write to the Chancellor, Rachel Reeves, and HMRC, to support a review and increase of the national HMRC base mileage allowance rate, as a matter of urgency, noting that the rate had not changed for approximately 15 years and that rising fuel costs were impacting lower-paid staff.

2) T H A T Cabinet be asked to consider that the Council engage with the Welsh Local Government Association (WLGA) to encourage a co-ordinated approach across all 22 Welsh Local Authorities in making representations to HMRC and national government on supporting a review and increase of the national HMRC base mileage allowance rate.

Reason for recommendations

(1&2) Having regard to the discussions at the Forum and the concerns raised on this matter by its Members and for Cabinet to consider the recommendations based on the points raised by the Forum.”