

<b>Approved By:</b>	<b>Classification of Paper:</b> Not Protectively Marked
<b>Report to PCC</b>	<b>Report reference number</b> PCC/ 0013/14
<b>Date of Decision</b> <b>Date of Report</b> 10 March 2014	<b>Area of County/Stakeholders affected</b>
<b>Title of report</b> Mileage Rates	
<b>Report by</b> John Jardine	
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**1. Purpose of report**

1.1. To agree the adoption of revised mileage rates.

**2. Recommendations**

2.1. Adopt revised mileage rates in line with HMRC guidelines for OPCC staff.

**3. Benefits of Proposal**

3.1 adoption of HMRC mileage rates will streamline administrative procedures and reduce overall costs by approximately £3,000 per annum. The advantage of adopting the HMRC rates is that they are updated to reflect the cost of vehicle journeys, distinguishing between vehicle and fuel types.

[NOT PROTECTIVELY MARKED]

**4. Background and proposal**

- 4.1 A detailed report was presented to the Finance Performance Review of 21 November 2013 defining the benefits and financial implications of adopting HMRC mileage rates.

**5. Police and Crime Plan**

- 5.1. There are no implications.

**6. Police Operational Implications**

- 6.1 There are no operational implications.

**7. Financial Implications**

- 7.1 An ongoing estimated financial saving of £3,000 annually.

**8. Legal Implications**

- 8.1 There are no implications

**9. Staffing and other resource implications**

- 9.1 There are no staffing issues


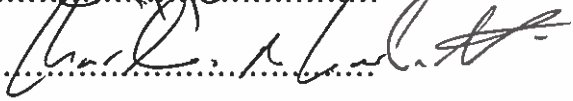
**10. Equality and Diversity implications**

- 10.1 There are no implications.

[NOT PROTECTIVELY MARKED]

**Report Approval**

The report will be signed off by the Chief Executive and CFO and the PCC Solicitor where legal implications arise.

Chief Executive/M.O .....   
Chief Financial Officer .....   
PCC Legal Advisor ..... (As necessary)

**Decision**

I agree the recommendations to this report  
.....  
**PCC/Deputy PCC**

I do not agree the recommendations to this report because  
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**PCC/Deputy PCC**

[NOT PROTECTIVELY MARKED]

**Publication**

**Reasons for non-publication** (*state 'None' if applicable*)

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Signed/Print name

Report for publication

YES

NO

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

[NOT PROTECTIVELY MARKED]

## **REVIEW OF MILEAGE RATES**

### **1. Background**

- 1.1 This review is a contribution to the wider reaching transport and travel efficiency project.
- 1.2 The purpose of this review is to clarify and streamline the application of mileage rates and look to reduce overall costs if possible as a contribution to CSR 2 demands.

### **2 Mileage rates for PCC and Deputy PCC**

- 2.1 The EPA scale incorporated different payment rates over a different range of miles and engine sizes to that applied by the force. The payments were set at a much lower rate than the casual user rates.
- 2.2 Some EPA members and also the Independent Custody Visitors (ICVs) claimed according to the EPA scale, whilst others claimed at the force casual rate.
- 2.3 The police authority scale is no longer used. The casual mileage rate is claimed by the Police and Crime Commissioner, the deputy PCC and all staff of the Office of the PCC. ICV's are also paid at the casual rate by default and are only paid at the AFR if this is expressly requested. There are currently 20 ICV's.
- 2.4 Table 1 below provides details of the mileage claimed at each of the different rates during 2012-13 by staff and members of the police authority.

### **3 Scope for rationalisation of mileage rates**

- 3.1 The following two options for rationalisation were explored:

**Option 1 -** To adopt the HMRC rate for all mileage claims

**Option 2 –** The amendment of;  
i) The AFR

- 3.2 Examining each option in turn:

**Option1 –** HMRC rates

- 3.3 This option is to revert to HMRC mileage rates which reflect the HMRC's view of the total cost per mile of travel. The HMRC also differentiate between fuel types but not engine size and is therefore a simplified approach. Moreover, mileage rates paid above those specified by HMRC are deemed to include an element of profit which is

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subject to taxation. Some other forces, such as Surrey and Leicestershire have adopted this approach.

3.4 Using the HMRC rate minimises tax implications. Prior to the introduction of SAP no mileage was taxed at source. An individual's tax liability was notified to HMRC via a P11D form, for them to adjust the tax code to collect the benefit. National insurance was deducted at source for payments exceeding 45p per mile. Since the introduction of SAP this process has changed and all mileage payments over 45p per mile are subject to tax and NI.

3.5 The current Essex scheme highest casual user rate (1200-1450cc up to 8,500 miles) of 65p is 20p over the HMRC level of payment. Tax would be payable on anything above the HMRC rate. Changing the AFR to the HMRC rate would simplify the current Essex scheme.

#### **Option2 – Amend elements of the existing AFR scheme**

3.6 The scope for rationalising mileage rates is limited to variations in the AFR scheme.

3.7 The AFR scheme includes payments for a mixture of business and social journeys  
The options to change the AFR are:

- i) reducing the journeys that can be claimed in this category
- ii) increasing the journeys that can be claimed in this category

3.8 In varying the category of AFR journeys there is some subjectivity in defining business and lesser business journeys. A clear distinction between 'wholly business' and non business journey's would reduce the overall mileage claimed.

## **4 Conclusions**

4.1 There is scope for both streamlining administrative procedures and reducing overall costs by implementing option 1 and adopting HMRC mileage rates. The advantage of adopting the HMRC rates is that they are updated to reflect the cost of vehicle journeys distinguishing between vehicle and fuel types.

4.2 Some of these savings may be required to offset additional costs of providing alternative means of transport.

## **5 Recommendations**

5.1 To simplify the mileage scheme by replacing the casual user rates and AFR with HMRC rates with effect from 1<sup>st</sup> April 2014. Eligible mileage claims must be 'wholly and exclusively' for business journey

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## APPENDIX A

### PCC and OPCC

#### Existing Mileage Rates

Engine size	451-999cc	1000-1199cc	1200-1450cc
Up to 8,500 miles	46.9p	52.2p	65.0p
Over 8,500 miles	13.7p	14.4p	16.4p
Petrol element	9.406p	10.366p	11.288p
VAT per mile in petrol element	1.567p	1.727p	1.881p

#### Proposed Mileage Rates

Engine size	All Car Sizes
Up to 10,000 miles per annum	45.0p per mile
In excess of 10,000 miles per annum	25.0p per mile

