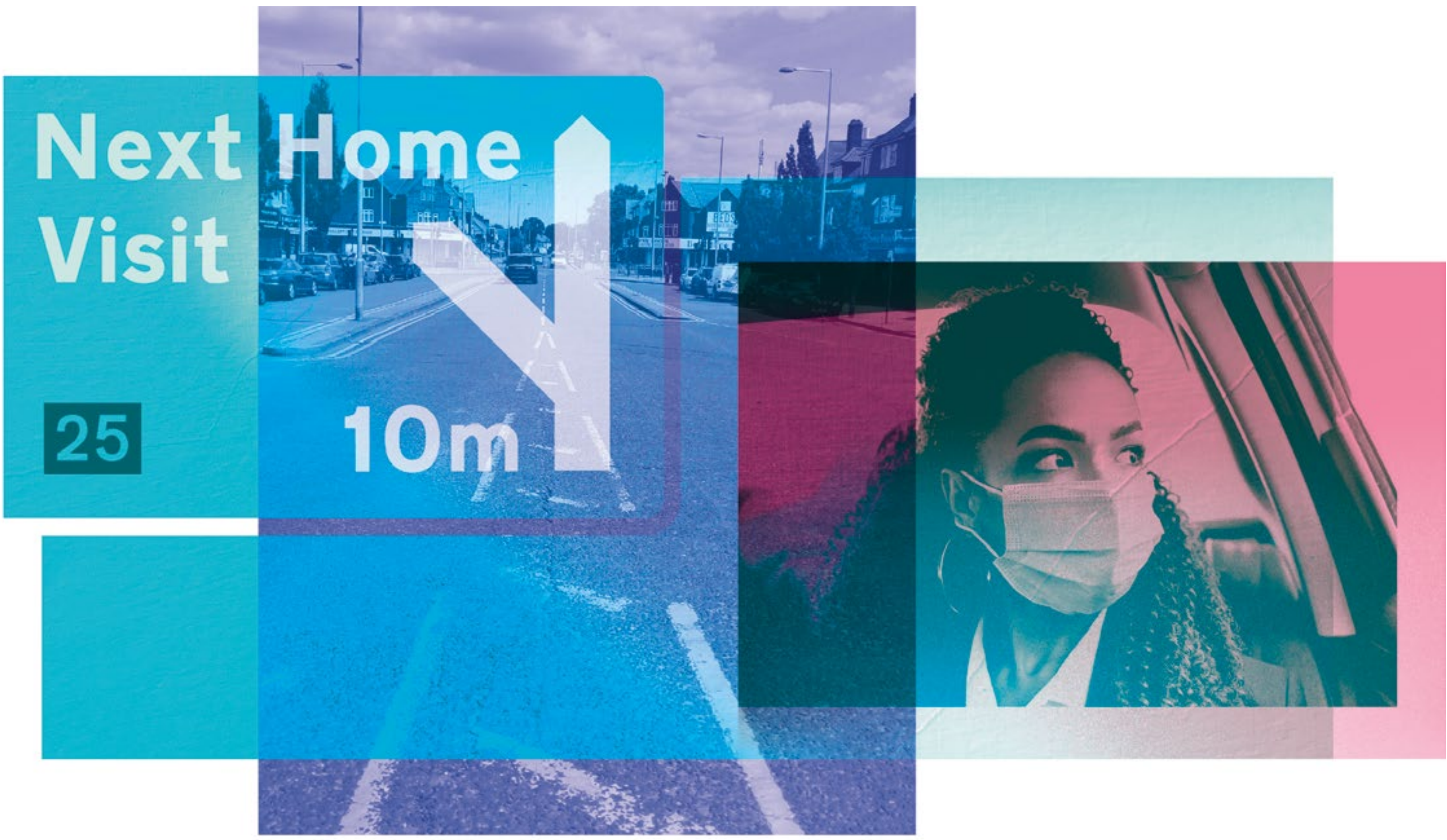
Driven out of work:
the impact of mileage rates on frontline public service workers

Anna Birley – June 2023



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Introduction from UNISON's General Secretary

Mileage rates are woefully out-of-date. Struggling households can no longer make their income stretch to cover the basics, let alone cover the costs of using their vehicles for work.

This research shows this is not a niche issue. As many as one in five public service workers – that's over one million people - are subsidising their employers for unavoidable work journeys. And it's leaving them thousands of pounds out of pocket every year.

As part of this research, UNISON has spoken with thousands of frontline staff about their experiences. They feel forgotten and left behind, by their employer and the government, and many are actively looking for work elsewhere.

Our public services rely on staff who can travel around the community during their working hours. But when care workers call in sick because they can't afford fuel to drive to people's homes, and when community nurses skip meals to fill up their tanks for work journeys, we see the weakness and unfairness in our whole health and social care system.

It's time the government made a plan – a plan to tackle low pay, to ensure workers are not out of pocket for doing their jobs, and put an end to the recruitment and retention crisis in our public services.

No one should have to pay a penalty for going to work, least of all those providing vital services.

This report sets out a way to fix mileage rates, so that unfair costs don't fall on staff. If the government and employers are serious about supporting our public services – and the workforce delivering them – then they must urgently take action.

Christina McAnea
General Secretary, UNISON

About UNISON

UNISON is the UK's largest union with more than 1.3 million members providing public services in education, local government, the NHS, police service and energy. They are employed in the public, voluntary and private sectors.

The cost-of-living scandal is the single most important domestic issue the public face. With inflation at an all-time high, pay stagnation and persistent levels of inequality, working people are struggling to cope with rising costs. But it doesn't have to be this way. This scandal is a result of political choices, and UNISON's cost-of-living campaign, 'Together we rise', highlights the problem of low pay and under-investment in public services, and the lack of government support for public service workers. 'Together we rise' demonstrates there is solidarity and hope to be found in the collective with UNISON.

Acknowledgements

This is a UNISON report with research from the RAC Foundation.

UNISON and the author would like to thank Ivo Wengraf and Tim Chatterton at the RAC Foundation for undertaking such thorough and important analysis into mileage rates, as well as Olivia Ryan at Connect for the work and enthusiasm supporting UNISON's campaign on mileage rates in Parliament. Thanks, too, to the tens of thousands of UNISON members who took the time to complete surveys, share their stories and write to their MPs – without whom this report and research would not have been possible. Huge thanks are also due to the public service workers who have travelled to Westminster from across the UK and done an exceptional job at raising the issue of mileage rates directly with MPs:

Ann Fred-Horsfall
Nurse in Enfield

Anne Smith
Child Health Assistant and student nurse in Magherafelt, Northern Ireland

Barichisu Beatrice Awudu
NHS Team leader in Hertfordshire

Beccie Adamson
Rough Sleeper Co-ordinator and Complex Needs Officer in Norwich

Beverley Hopey
Sister district nurse in Gateshead

Ed Jay
Apprenticeship Advisor in Cornwall

Ian Kirkwood-Allen
School Counsellor in Aberdeenshire

Karen Kelley
Reablement Lead in Peterborough

Luci Bond
occupational therapy support worker in Lancashire

Rita Crawford
Social care worker in Glasgow

Ross Hodgman
Healthcare Support Worker in Gosport, Hampshire

Stephen Lamb
Social Worker in Medway

Foreword from Dan Jarvis MP

John, a health adviser from Barnsley told me recently: *"I have to make this decision every day: whether I feed myself or whether I put fuel in my car to do my job. I am feeling that life is not worth it as living is so expensive and the wages I get don't cover even the basics"*

This is but one example of the indignity, pain and sacrifice, that's happening up and down our country right now. It's wrong that, just for doing his job, John is having to make the heart-breaking choice between putting food on the table or fuel in his tank so he can care for his vulnerable patients. It's shameful that so many care workers, environmental health inspectors, social workers and community healthcare staff can't afford to do their job because standard mileage rates haven't been updated in over a decade. Important research conducted by UNISON in my region shows that more than half the workers at one South Yorkshire hospital say that the fact that mileage payments don't cover costs is having a severe financial impact on them.

I'm proud to be working with UNISON on this important and timely campaign. It's a principle of basic fairness that if you drive for work, you should be reimbursed what you spend. UNISON's campaign on mileage rates shows that the value of unions is not just in the vital task of negotiating better pay, but in highlighting the daily injustices that people face in their workplaces.

And I am proud to introduce this report – a clearly argued and well-evidenced case for reform of mileage rates which this Government has allowed to lag too far and for too long behind the actual costs of using a car for work. The report sets out some clear steps that both government and employers can take – today. I will be writing to Ministers in Westminster and employers in my constituency urging them to take heed. I will be raising my concerns with Ministers in Parliament and employers in my constituency, urging them to listen and act and would encourage anyone else who understands the true value these workers bring to our society to do the same.

Because our public service workers—indeed, our entire country—deserve better than this.

Dan Jarvis
MP for Barnsley Central

Executive summary

Mileage rates were first introduced to reflect the costs of using a vehicle for work and make reimbursement administratively straightforward. HMRC's current rates have not changed since 2011, despite significant increases in the cost of motoring.

New UNISON and RAC Foundation research highlights the impact this is having on public service workers who are being left out of pocket by out-of-date rates, and sheds light on the type of vehicles they use.

UNISON's analysis shows that one in five frontline public service workers is required to drive to do their job. The research has found that workers who have to drive a car to do their job are paid significantly lower than average wages, especially those working in social care. These workers drive significant distances, and those clocking up the most miles to do their job can be left thousands of pounds out of pocket. UNISON's data explores the wider effect of the cost-of-living crisis on drivers, showing that many are having to take desperate measures such as using foodbanks and taking out loans in order to keep their heads above water.

The RAC Foundation's research shows that the typical vehicle of a public service worker who drives for their job is older than average, and driven significantly further than average. This has a serious effect on the servicing and depreciation in value of their vehicles.

Using UNISON's data alongside measures of inflation and motoring costs, the RAC Foundation have been able to develop appropriate models to calculate mileage rates, which show that the rate today should be 63.4p per mile, instead of the 45p currently accounted for in HMRC's Approved Mileage Allowance Payments (AMAPs). The mileage gap – the difference between what workers can claim back and what the RAC Foundation calculations suggest the rest costs are – is costing an average local government or NHS worker who drives daily more than £6,000 per year.

The report makes a number of recommendations for government and public sector employers.

Central government should:

1) increase mileage rates now to 63.4p per mile, and commit to a quarterly review and recalculation to coincide with the Advisory Fuel Rate calculations used for company cars.
2) Restructure AMAPs to remove the cap at 10,000 miles (and ensure mileage rate tiers are removed in NJC and Agenda for Change terms too).
3) Take urgent action on public sector pay and low wages so that staff are not in such a vulnerable financial situation again.
4) Invest in a public sector Electric Vehicle (EV) fleet rollout, ensuring the funding is available to public bodies to offer all grey fleet (meaning cars that are owned by the employee but used for work purposes) drivers the option to use an EV to drive between clients or sites.
5) Explore introducing a grey fleet scrappage scheme similar to the Mayor of London's Ultra Low Emission Zone (ULEZ) scrappage scheme focused on supporting low income drivers to scrap the highest polluting vehicles.

Employers should:

1) Urgently introduce local mileage rates increases and lend their voice to UNISON's campaign calling on the Government to properly fund this increase.
2) Implement an adjustment to compensation schemes so that the higher rate applies up to a higher distance threshold.
3) Introduce fuel cards so that fuel payments initially comes directly from the employer rather than from the employee with later reimbursement.
4) Move to a system of paying expenses weekly rather than monthly, and paying mileage expenses in advance where feasible.
5) Undertake a wider review of their grey fleet, looking at carbon emissions, health and safety and legal minimum wage rules. Ultimately, employers should be looking to ensure that anyone required to use a car for their job has the choice to have the vehicle provided for them by their employer as it is an essential tool for their profession.

About mileage rates

Many workers need to drive to be able to undertake their job. The majority of these workers in public services use their own car, and pay upfront for their own fuel. They are then entitled to claim back the cost from their employer to reimburse them for using a personal vehicle for business travel.

While this rate is technically at the discretion of their employer, in reality, the majority of employers rely on the rate set by HMRC's Approved Mileage Allowance Payments (AMAPs).1 HMRC's rate sets out how much is considered reimbursement as opposed to benefit – anything at or below HMRC's rate is not taxed but anything more generous than that rate is taxed as additional income. This means that where payments from an employer exceed the relevant AMAP rate, there will be an Income Tax and National Insurance charge on the difference.

Mileage allowance payments are legally defined as "amounts... paid to an employee for expenses related to the employee's use of such a vehicle for business travel".[2] They were originally introduced in order to minimise administrative burdens and bring about certainty for both the employer and employee, and are intended to reflect average vehicle running costs including (but not limited to) fuel, depreciation, servicing, insurance, and Vehicle Excise Duty.[3]

A short history of Treasury's approach to mileage rates

There have long been methods for reimbursement and tax relief for employees driving for business. The Fixed Profit Car Scheme was intended as a voluntary system establishing a set of mileage allowances, which were defined as "the cost of running a car per mile, given the size of the car's engine" based on a combination of routine costs, such as depreciation, servicing, insurance and road tax, and running costs, such as fuel, oil, tyres, repairs.[4]

From 1997-98 to 2000-01, these rates were:

Size of car engine	On the first 4,000 miles in the tax year	On each mile over 4,000 miles in the tax year
Up to 1,000cc	28p	17p
1,001cc – 1,500cc	35p	20p
1,501cc – 2,000cc	45p	25p
Over 2,000cc	63p	36p

The Budget in 2000 announced a review into how authorised mileage rates for drivers using their own cars for work purposes would be calculated, in order to "send better environmental signals".[5] After consultation, a new approach was introduced in 2002 – intended to provide incentives for using cleaner cars and encourage employees to reduce their miles. This new statutory system got rid of discounts for older cars and for driving further, but was intended to "compensate drivers for all relevant costs incurred in using their vehicle for business travel, including depreciation costs".[6] This is significant, as prior to 2001 employees needed to make an additional claim for depreciation costs under capital allowances legislation.

As a result, in 2002-03 these rates changed to:

	On the first 10,000 miles in the tax year	On each mile over 10,000 miles in the tax year
Cars and vans	40p	25p
Motorcycles	24p	n/a
Bicycles	20p	n/a

These numbers then remained constant until the March 2011 Budget when rates for the first 10,000 miles increased by 5p to 45p per mile. The then Chancellor George Osborne announced, "I am also proposing to increase the approved mileage allowance payments. This mileage rate has not increased at all since 2002, making those who depend on their car for work increasingly worse off. It will now increase from 40p to 45p per mile and I can tell the House that we will extend this relief to cover volunteers travelling as passengers, as charities and others have been calling for for many years."[7]

1 Data collected by the Labour Research Department shows that AMAP rates are the most commonly used rates by employers for employee mileage allowances.

2 As set out in section 229 of the Income Tax (Earnings and Pensions) Act 2003

3 The question of mileage rates has been regularly raised in the House of Commons in written questions. For example, see this response from Alan Mak MP, then Exchequer Secretary (HM Treasury), to a question from Hywel Williams MP in July 2022: "AMAPs are intended to create administrative simplicity and certainty by using an average rate, which reflects vehicle running costs including fuel, depreciation, servicing, insurance, and Vehicle Excise Duty." For further detail, see https://questions-statements.parliament.uk/written-questions/detail/2022-07-19/39773

4 See 2002 House of Commons Library Research Paper on taxing company cars, Chapter 4: https://commonslibrary.parliament.uk/research-briefings/rp02-10/

5 See Stephen Timms MP's response to questions in June 2000: https://hansard.parliament.uk/Commons/2000-06-29/debates/cb665ad2-a07c-4eb1-853d-725ace7881fa/CarSchemeRates

6 See 2002 House of Commons Library Research Paper on taxing company cars, Chapter 4: https://commonslibrary.parliament.uk/research-briefings/rp02-10/

7 See Hansard for the Financial Statement of Wednesday 23rd March 2011: https://hansard.parliament.uk/Commons/2011-03-23/debates/11032368000001/FinancialStatement

As a result, HMRC Approved Mileage Allowance Payment rates in 2011 changed to:

	On the first 10,000 miles in the tax year	On each mile over 10,000 miles in the tax year
Cars and vans	45p	25p
Motorcycles	24p	n/a
Bicycles	20p	n/a

These rates have remained unchanged since 2011-12.

Rates for company cars

The rates above apply to employees using their own vehicles to undertake work duties. There is a different rates regime for employees using a company car – as clearly many of the costs that AMAPs are designed to cover are met by the employer instead such as depreciation and insurance. The rates for company cars are called Advisory Fuel Rates (AFRs).

HMRC updates the fuel advisory rates four times a year in order to reflect current fuel prices. While this report does not seek to address whether AFRs are set at the appropriate level as it deals predominantly with grey fleet mileage, it is important to note that AMAPs have not changed since 2011 while AFRs are reviewed quarterly to ensure they reflect real costs.

Sector specific mileage rates

Outside of the main HMRC rates, alternative benchmarks exist for public service workers within their collective pay agreement terms and conditions. This is the case for workers in local government covered by NJC terms and conditions in England, Wales and Northern Ireland; NHS staff under the Agenda for Change terms; and police staff who use NJC rates. In Scotland, local government rates are set by each local authority.

NJC local government rates

Advisory rates for local government employees were set in 2010. The key difference between the NJC rates and HMRC rates is that the local government scheme differentiates between essential and casual users. Essential is defined as the employee needing a car at their disposal whenever required, and casual means it is desirable to have access to a car when required. Essential users receive a lump sum in addition to the rate received each mile.

Essential user allowance			
Engine capacity	451 – 999cc	1000 – 1199cc	1200 – 1450cc
Lump sum	£846 p.a.	£963 p.a.	£1,239 p.a.
On the first 8,500 miles	36.9p	40.9p	50.5p
On each mile over 8,500	13.7p	14.4p	16.4p

Casual user allowance			
Engine capacity	451 – 999cc	1000 – 1199cc	1200 – 1450cc
On the first 8,500 miles	46.9p	52.2p	65p
On each mile over 8,500	13.7p	14.4p	16.4p

These have remained unchanged since 2010 for local government employees in England and Northern Ireland.

"I find I am having to cut back even on essential items. I'm using less electricity and gas, and noticing that petrol costs are impacting on my weekly budget considerably. I'm struggling with prescription costs for my disabled partner, with council tax and rent. Stuff I can't avoid. We're already buying food in cheaper stores, we were cost-cutting prior to this current crisis because our pay hasn't gone up – but now I am literally just above the poverty line. I use my car for work and mileage rates have not changed in over 10 years. I have had to really think about the use of my car for council purposes and I'm not as flexible as I used to be in terms of work I can do. Life feels pretty bleak really." – Nicola, Family engagement worker in Gloucestershire

In Wales an agreement was reached with the joint unions in September 2022 to amend advised rates to account for the increases in motoring costs.

"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.

"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."[8]

8 See UNISON's bargaining guide on mileage rates: https://www.unison.org.uk/content/uploads/2022/09/Mileage-rates-0323.pdf

Agenda for Change rates

Rates for NHS staff under Agenda for Change terms were recently reviewed in January 2023.

Type of vehicle/ allowance	On the first 3,500 miles	On each mile over 3,500	On all eligible miles travelled
Car (all fuel types)	59p	24p	
Motorcycle			30p
Bicycle			20p
Passenger allowance			5p
Reserve rate			28p
Carrying heavy/ bulky equipment			3p

Prior to these new rates, staff could claim 56p per mile for the first 3,500 miles and 20p for each additional mile, which had remained unchanged since 2014. The NHS Staff Council reviews mileage rates twice a year in April and November. The trigger for a change in rates is a 20% increase or decrease in motoring or fuel costs over a 12-month average. The reimbursement of car usage costs has been included as an element of the Agenda for Change arrangements since 2004.

"I'm a Community nurse. It is costing me £400 a month in fuel. I have spoken to my managers and I can work from home two days a week but I am still spending £50 on them two days working. We are paid so much a mile for fuel but this has barely changed in the 12 years I have been working in the community. I am having to cut back on food, luckily it's summer, so I can prepare meals that don't need much cooking. I am worried that I will not be able to pay for the fuel to put in my car, to do my job. That will have a massive impact on my family because potentially they could stop paying me my wages." – Carmella, Community nurse in Rutland

In Wales, rates have been subject to a local agreement since January 2015 linked to HMRC Approved Mileage Allowance Payments. In Northern Ireland, the Health Minister Robin Swann announced a temporary increase in mileage rate payments for Health Trust staff, including Trust employed domiciliary care workers and district nurses, so that miles driven over 3,500 miles will be reimbursed at 30p per mile – at that point a 10p increase.[9] While initially a temporary uplift, it was confirmed that staff would continue to receive the enhanced mileage rate until September 2023. NHS Scotland also introduced a temporary increase in mileage rates from 1 April 2022 to 31 July 2022.[10] It is important to note that these uplifts, while welcome, are treated by HMRC as taxable benefits, not reasonable reimbursements for costs so the amount that the employee takes home will be lower due to deduction of income tax and NICs from anything received over AMAP rates.

About the research

UNISON conducted a survey of 957 public service workers who use a vehicle to do their job. Respondents shared details about their vehicle and their work, including:

- Their car numberplate and make;
- How they pay and claim for fuel;
- How often they drive for work;
- How many work hours they drove on the days that they were required to use a car;
- Their salary band;
- Their sector and job role;
- The tasks that require them to drive;
- Equalities information to ensure the sample was representative.

The vehicle details and postcode areas were shared with the RAC Foundation to enable them to conduct their own research and analysis by cross-referencing the data with publicly available DVLA and DVSA data to map the economies of the public service grey fleet against the economies of cars from which the rates are determined, show vehicle condition against the average from MOT histories, and understand the differences in distances driven by public service workers using a vehicle for work relative to the general driving population.

Details on the RAC Foundation research and methodology is available here: www.racfoundation.org/research/economy/reviewing-the-approved-mileage-allowance-payment

Workplace and demographic data has been used by UNISON to analyse the types of workers who use a car – including income distribution, which sectors are overrepresented, and which roles require workers to drive the most.

UNISON also conducted a survey of 17,787 public service workers on the impact of the cost-of-living crisis

9 See the NI Department for Health press release: https://www.health-ni.gov.uk/news/health-minister-increases-hsc-mileage-rate

10 See: https://www.sehd.scot.nhs.uk/dl/DL(2022)24.pdf

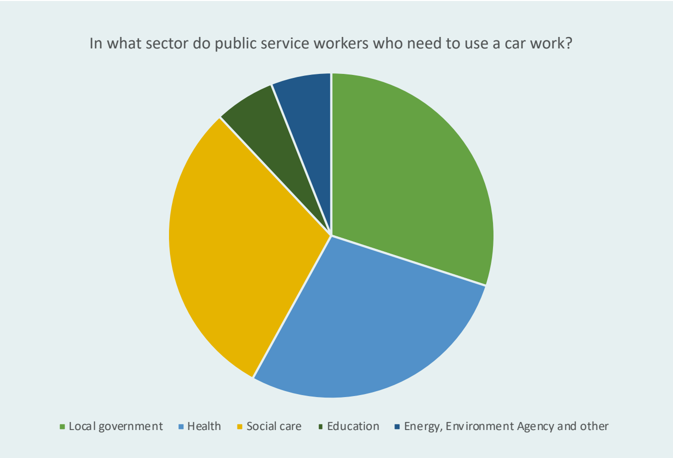
in March 2023, of whom 3,452 travel by car during their working day. The survey asked these drivers about the impact of mileage rates and wider economic pressures on household budgets and their attitudes to work.

Who uses a vehicle for work?

Sector and role

One in five frontline public service workers have to travel by car during their working day[11] including those who work directly for the public sector as well as those in roles which have been outsourced to the private or third sector. Using ONS data, this means there are an estimated 1.1 million public sector employees who drive during their working day[12], as well as the hundreds of thousands of workers whose public service jobs were outsourced to the private sector.

UNISON's mileage rates survey showed that the biggest sectors requiring a car in public services are local government (30%), social care (30%), and health (28%) – with smaller numbers of staff in education (6%). Specific roles requiring a car vary hugely. This is by no means an exhaustive list, and many different employers in the public sector means many different job titles for similar roles, but common job roles requiring a car include:



11 UNISON's March 2023 cost-of-living survey of 17,787 public service workers
12 ONS data: Public sector employment March 2023 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/bulletins/publicsectoremployment/march2023

Education
- Apprenticeships officers
- Pupil support/ pastoral support
- Absence management

Local government and housing
- Planning and building control officers
- Trading standards officers
- Licensing officers
- Buildings surveyors
- Caseworkers
- Cleaners
- Family time supervisors
- Highways inspectors
- Homelessness advisors
- Housing officers
- Meat hygiene inspectors
- Outreach worker
- Public & environmental health officers

Healthcare and NHS
- Nurses
- Health visitors
- Hospice staffs
- Mental health staff
- Midwives
- Occupational & physio therapists
- Outpatient/ community health
- Phlebotomists
- Physiotherapists

Social work and care
- Personal assistant
- Social workers

Police and justice
- Probation officers
- Victim support roles

The majority of roles are community facing – the vehicle is necessary to visit clients or patients in their homes or to check that vulnerable residents or children are safe. For example, Deborah is a Community Phlebotomist in Greater Manchester earning less than £20,000pa. She drives for 6-7 hours daily everyday for work, using her own car to "drive from house to house taking patients' blood". Deborah pays upfront for diesel and claims back from her NHS employer.

John, a school attendance officer from the West Midlands drives for 6-7 hours daily to undertake "Welfare checks and enquiries into pupil absences, as well as safeguarding visits to the homes of children deemed to be at risk of exploitation or missing education."

Margaret, a Deputy Principal Radiographer in Devon says, "we are travelling Radiographers providing Breast

Screening imaging out in our local communities on our mobile breast screening units. We also have to buy additional business insurance on top of our car insurance as we have to carry data about our breast screening clients to and from our mobile screening units."

Non-community-facing roles tend to include site visits, inspections of commercial premises, housing maintenance, environmental protection, and cleaning. For example, John is a Property Inspector in Halifax. He has to travel to building sites across the borough, usually averaging 20 to 30 miles per day. Tasks involve completing planning applications, and bringing properties into both Council Tax and Business Rates charges. James is a Technical Officer (Environmental Protection) in the Brecon Beacons, and he visits rural locations three to four times per week in his Ford Focus, to undertake sampling and risk assessments of private water supplies.[13]

Income

Workers in roles requiring a car tend to be lower paid than average. The average (median) UK annual income is £28,100 while UNISON's survey data shows that public service workers who are required to drive their own car to do their jobs are skewed much lower, with a median salary of £22,499 annually.

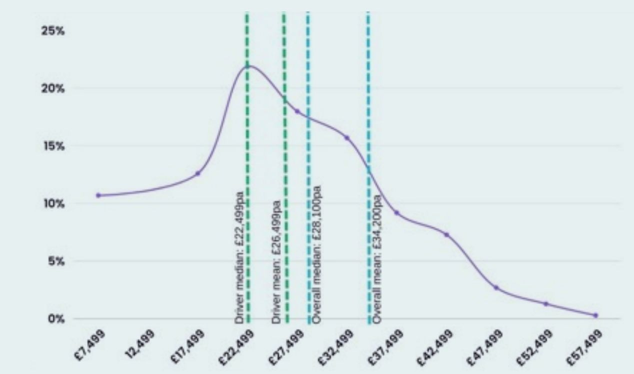


Figure 1: Driver income distribution (own car) from UNISON's mileage rates survey. Overall UK income averages from the Government's "Households Below Average Income"report[14]

While all sectors see the majority of roles sitting below national average income, the sector disproportionately represented in the lowest income bands is social care, where almost a third (30.7%) earn less than £20,000 per year.

While the vast majority of public service workers who drive for work use their own vehicle (96.1%) – a small percentage are offered use of a lease car or access to pool vehicles. These workers offered access to cars tend to be higher income than those who need to buy their own vehicle. UNISON data shows that the average (median) income of those workers offered a pool or lease car is £26,590 – still lower than the national average.

The public service grey fleet

There are 14 million grey fleet vehicles on the roads in the UK – meaning cars that are owned by the employee but used for work purposes.[15]

The RAC Foundation's research, using UNISON data suggests that public service workers' cars are, on average, older than the average car.

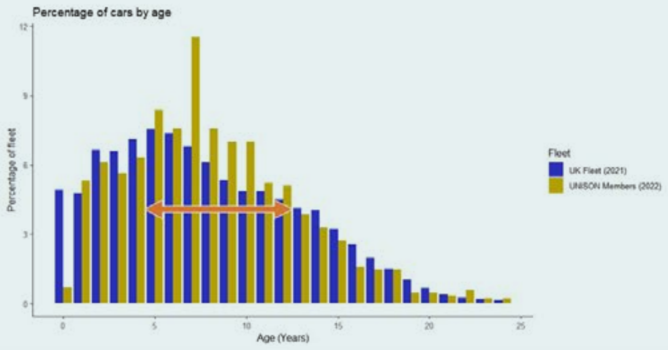


Chart 1: The graph shows the distribution of cars by age, comparing the entire UK fleet with the UNISON dataset of public service workers. The orange arrow indicates the range within which most public service workers' cars fall.

The RAC Foundation's findings that public service workers' cars are mostly between 4-10 years old (55% cars), and disproportionately between 5 and 12 years old relative to the whole UK fleet, is backed up by BVRLA estimates that the average grey fleet vehicle is 8.1 years old.

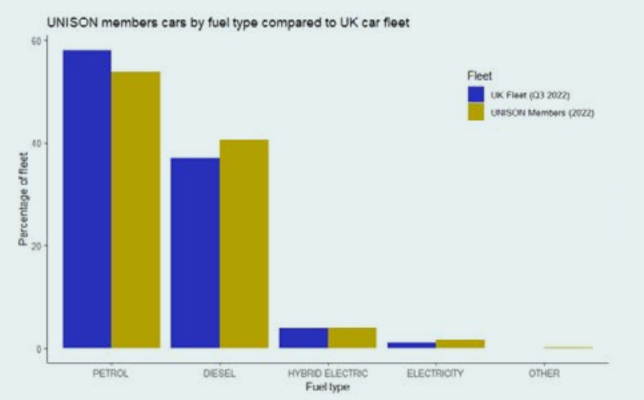
13 Role descriptions were shared by survey respondents in UNISON's mileage rates survey. Some names and locations have been changed where respondents have requested anonymity.
14 Households Below Average Income report: https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2021/households-below-average-income-an-analysis-of-the-income-distribution-fye-1995-to-fye-2021

15 Data from the British Vehicle Renting and Leasing Association (BVRLA). For more information about grey fleets, see: https://www.bvrla.co.uk/industry-campaigns/air-quality/grey-fleet.html

The RAC Foundation findings also suggest that public service workers' cars are relatively efficient compared to the parc (the total number of vehicles in use) average for cars the same age. This finding suggests that public service workers seek economies when choosing cars, tending to buy smaller cars which may be more affordable to buy as well as cheaper to run.

Chart 2: This graph compares UNISON data on public service workers' cars with average cars across the UK (parc average). The diagonal red line shows the average emissions, and the dots represent public service workers' cars. Dots above the red line have lower CO_2 emissions.

Petrol cars are more common than diesel – and this is the case for both public service workers and the wider population. However, compared to the UK overall, there are a greater proportion of public service workers who drive diesel cars rather than petrol cars – which also suggests that public service workers are seeking to economise. Diesel tends to have better fuel economy when driving high mileage and diesel vehicles tend to last longer and depreciate more slowly.[16] It may also be symptomatic of when cars were purchased or the availability of second-hand cars, as until April 2018 there were lower taxes for diesel cars.[17]



The cost-of-working crisis

The cost-of-living crisis has dominated headlines – and rightly so, as the cost of essentials have risen steeply, far outpacing wages. Everyone becomes poorer when living becomes more expensive, and lower earners become worse off still as they spend a far greater proportion of their income on unavoidable costs such as food and energy than wealthier households.

However, the knock-on impact on the workplace is less discussed. Wages have been in the spotlight, especially for public service workers who have entered this crisis more vulnerable to its effects thanks to thirteen years of below inflation pay. But beyond wages, many workers are expected to front the costs of a variety of items necessary to do their jobs. From uniforms, DBS checks and professional accreditations, to car parking and fuel, these hidden costs have increased significantly with inflation too, while the amount that they are reimbursed by their employers, if at all, has often not shifted.

For those 1.1 million public service workers using a car to do their job, this increase in costs has been precipitous and resulted in an effective pay cut as they cover the difference from their own pockets. In the context of many public service workers already struggling to pay bills, taking on second jobs to make ends meet, visiting food banks and borrowing money to make it to the end of the month, this additional cost pushes them over the edge.

> "As a single parent it is hard enough, but the increase in petrol is what is hitting me the most. As a home carer traveling to clients' homes in rural locations, 42p per mile is not cutting it. I'm doing on average 61 miles per 6hr shift. It's getting to the point where I'm cutting back at home so I can afford to work." – Jo, Home carer in Aberdeenshire

16 See advice from moneyexpert.com: https://www.moneyexpert.com/car-insurance/petrol-vs-diesel-cars/

17 In 2001, the Labour Government introduced a new VED tax policy cutting tax on diesels because diesels produce less CO2 than petrol vehicles. This meant that they were seen as a fast solution to the need to reduce CO2 emissions after the 1997 Kyoto protocol agreement.

Total motoring costs have increased by 40.95% since 2011 – driven by all costs increasing but especially tax and insurance prices.

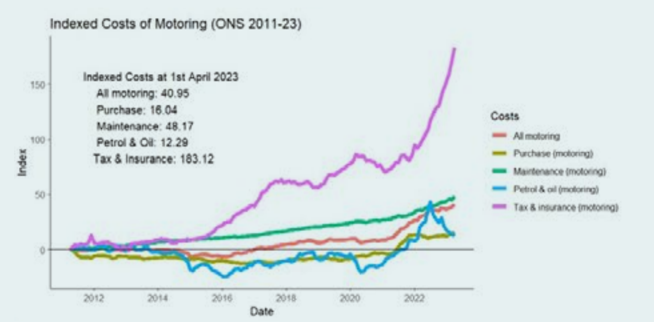


Chart 3: This graph shows a breakdown of motoring costs since 2011 when AMAP rates were last set by HMRC, and maps the change in prices for each until April 2023.

In analysing public service workers' vehicles from UNISON's data, the RAC Foundation sought to assess whether any of these increased costs had a disproportionate effect on public service grey fleet vehicles. The first, obvious, impact is fuel costs. The public service grey fleet cars mainly do above average mileage for their age – by a long way. This means public service drivers are buying significantly more fuel, and are disproportionately impacted by increases in prices at the pump.

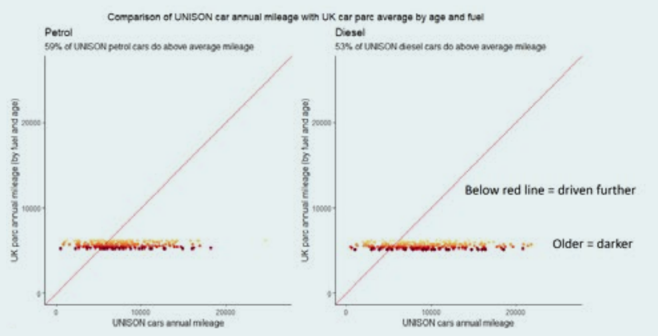


Chart 4: These charts show how for each of the cars in the UNISON dataset is driven, compared to the average mileage driven for a UK car of that age (the coloured dots darken according to vehicle age). The red diagonal line shows where a UNISON car would drive an average distance. For both petrol and diesel, >50% of the UNISON survey respondents drove further than average (the dot being below the red diagonal line) Some workers drove >20,000 miles more than the average.

Servicing and depreciation costs are heavily impacted by mileage too, as well as age of vehicle. Given the majority of public service workers who drive for their jobs do above average mileage, there is likely to be greater wear and tear on vehicles and higher servicing costs, and that higher mileage can also increase depreciation.

"I work in district nursing and as a single woman, I am very worried about car maintenance costs, insurance and of course fuel costs. Our workload has gotten larger due to staffing shortages and sickness, as we cannot keep or recruit new staff as no one wants to pay to work. When it comes to the last two weeks before pay day I barely eat and skip lunch as need my money for fuel. I am considering other posts also where I don't need to rely on the car, as I am always buying new brake-pads, tyres and bulbs. They wear out so much faster because I drive so much further than the average driver" – Colleen, District auxiliary nurse in Derry, Northern Ireland.

Understanding the distances that public service workers do in their cars, and the type of tasks they use their car for, also offers a helpful context for rising insurance costs. Insurance costs are affected by many factors such as the age and value of vehicle, whether it is used for work, its mileage, and its age. Driving for work tends to increase insurance costs considerably. It is worth noting, though, that this may be partly counterbalanced for public service workers driving typically lower value, older cars which can reduce premiums. Due to increases in VED for more efficient cars, brought about by the introduction of a flat-rate, rather than banded VED, increases in taxation may have hit public service workers more heavily. Together, for the average household though, since 2011, increases in tax and insurance made up the greatest increase in motoring costs at 183%.

The human impact of out-of-date mileage rates

The cost-of-living crisis is taking a huge toll on public service workers. UNISON's research into the impacts of the crisis on frontline staff shows that there is a severe impact on everybody – and especially workers who need to drive a vehicle for work. More than 9 in 10 of those workers driving between patients or sites in their own cars are finding it harder to pay their household bills.

This means they are taking significant steps to cut costs, borrow money and boost their income. In March 2023, 5.5% of workers who use their own car for work used a foodbank, and a further 5.3% planned to. More than two in five were already skipping meals (42.2%) and almost a third (30.4%) were avoiding cooking hot food. Many cannot afford their everyday essentials without borrowing money: a quarter have asked their family and friends for financial help (25.9%), more than a third rely on credit cards to cover everyday spending (36.4%)

while many have taken out loans from payday lenders (4.9%) and banks or building societies (11.5%).[18]

The way these drivers use their car and spend their leisure time has changed as a result. Many public service workers report that they save the fuel in their car for work, with more than four in five (82.5%) saying that they limit personal journeys to see friends and family or run errands such as going to the supermarket. As a result, more than three quarters (77.8%) say they spend less time socialising with friends.[19]

"I'm a domiciliary care worker and with the rise in diesel especially and the rise of all other household bills I'm constantly hitting the limits of my overdraft. I even had to borrow £10 from my sister to go out to do a shift the other day." – Mary, Domiciliary care working in Armagh, Northern Ireland

"I'm a social worker, and I live in a 2 bed house with my 1 year old. I am having to deny myself a lot of things to ensure I can drive into work, visit clients and make a difference. Sometimes I'll go to bed having eaten just a yoghurt because I need to make sure my child has the best I can afford of everything. Working as a social worker is stressful enough as it is, without having to check my fuel every morning before I leave now, hoping and praying I can afford that day's visits. It is leaving me with sleepless nights." – Adya, Social Worker in Birmingham

This has a significant knock-on effect on the public services they work in, and the communities who rely on them. Out-of-date mileage rates, especially in the context of low pay and below inflation pay cuts, are contributing to a recruitment and retention crisis. As of March 2023, more than a quarter of workers who use their cars to do their jobs are taking steps to increase their income (26.7%) – of whom two in five have a second job (39.2%), and a not insignificant number have, or planned to get, a third (16.1%). Even more concerning in this cohort of drivers seeking to boost their income, over a quarter hope to leave their jobs for a different public service role that doesn't need a car (26.9%) and almost two in five plan to leave the public sector altogether for better paid work elsewhere (37%).[20]

"I am a home carer and my fuel to travel to clients has gone from costing me £40 a week to £105 a week. I only get 45p per mile and all my clients live in rural areas. So, I don't go out socialising, I've cut back on how much I eat , and I only use my car for work to cut costs. I only earn £1000 a month, including what I get back in mileage rates. I don't know how long I can manage all these costs. The other day, my car insurance went up £200 extra as I need business insurance, and it's pushed me over the edge. I may have to leave the job I love." – Fiona, Home carer in South Ayrshire, Scotland

For those who stay, insufficient mileage repayments and worry about affording fuel distorts the way that public services are delivered and stretches already overstretched services. Many workers report having to use annual leave or sick days at the end of the month before payday because they have run out of fuel and cannot afford to fill up. Others have had to sell their car to cover essential payments such as housing or energy bills, and shifted to using public transport instead, increasing travel time and reducing the number of visits they can make. In rural areas, where some visits are especially remote, some staff have reported that visits are increasingly organised by whether the journey will use less fuel rather than by the needs of the patient or client.

No public service worker goes into these frontline roles wanting to do anything but their best for the communities and individuals they support – and many report their frustration and unhappiness at the impact that their own financial situation has on their capacity to do their jobs to the best of their abilities.

"I worry primarily about petrol costs. I rely on my car for work as I work for children's social services and have to travel between offices, schools and family homes on a daily basis. This would not be possible if I had to rely on public transport, as it's appalling in the area I live in, and some of the distances are often 25miles+ so cycling is definitely not doable. I am having to cut back on other spending to make sure I can afford petrol to get to and from work and to the various visits I have to do. My biggest worry is that I get to the week before payday and cannot afford petrol. I simply won't be able to get to work and would end up having to call in 'sick' or taking annual leave. I don't want to do this, it's not good for the children I support and it puts more pressure on my colleagues who are already under a lot of pressure." – Annika, Newly Qualified Children's Social Worker in Cornwall.

18 Figures from UNISON's cost-of-living survey March 2023
19 Figures from UNISON's cost-of-living survey March 2023
20 Figures from UNISON's cost-of-living survey March 2023

"I can no longer afford to use my car for work due to the increase in fuel which isn't covered by the fuel allowance, so this sadly in turn effects our service users as I cannot visit as many service users during my working hours as I used to because I've had to switch to public transportation. My food bill has gone from £80 per week to £130 and I just received an email from my gas company stating that my gas is going to increase yet again. How can I work if I cannot warm the house and feed my family? Another essential NHS worker will be forced to leave an already stretched NHS. Where does this end?" – Sonya, Community healthcare worker in Oldham.

"My fuel bill for my job has more than doubled. I am having to walk miles between clients as I can't afford the cost of fuel. The walking won't hurt me but I do have a bad back and I am always running behind with clients kept waiting while I'm still being asked to take on more and more work. I feel like I am at breaking point already. My physical and mental health are suffering greatly!" – Yvonne, Community care worker in Glasgow

Climate concerns

The challenge for public authorities seeking to lower their carbon impact is a lack of control: when the majority of workers who have to drive use their own vehicles, the type of car and its emissions profile are entirely out of their power to improve.

Personal cars driven for work purposes form an ageing fleet. While public service user cars tend to be smaller and less polluting than the average car, they are nonetheless likely to have higher emissions than newer models. BVRLA data suggests the average grey fleet car emits 19% more CO_2 than the average company car. A particular feature of the public sector grey fleet is the overrepresentation of diesel vehicles - while lower carbon, diesel vehicles emit more harmful particulates. And given the current financial pressures facing public service workers, most are unlikely to upgrade their car to a modern, low carbon alternative in the near future.

By contrast, company car schemes – whether leased vehicles or pool cars available for staff to use –are rapidly electrifying. The Association of Fleet Professionals estimates that many major fleets will achieve between 30-50% electric vehicle (EV) penetration, while the rate of change for the grey fleet is significantly slower.[21]

There are a number of examples where public bodies have implemented alternative strategies. The Highland Council, for example, has a partnership with Enterprise Car Club to offer car club vehicles to staff where possible for necessary business travel, with a fleet of 60 cars available across 21 council offices. The majority of the vehicles are plug-in hybrids. Five fully electric Nissan LEAF cars are also available at council offices in Inverness, Golspie and Fort William, where average journey lengths tend to be shorter, meaning EVs offer the most viable and sustainable option. The Highland Council estimates that it has cut its carbon footprint from staff travel by approximately 377 tonnes of CO_2 in 12 months by transferring grey fleet mileage onto dedicated hybrid and electric Enterprise Car Club vehicles, a reduction of 19%.[22]

However, it is important to note that even if all councils and employers committed to a pool of EV's for work-related use, many of the lowest paid public service workers live in urban areas in flats or high-rise blocks where charging points are simply not sufficiently available. There will need to be a variety of solutions offered by local and national governments to address this issue fairly for all workers, and particularly the low paid.

Health and safety implications

Driving for work is one of the most dangerous activities that an employee can undertake. Up to one in three road crashes involve a vehicle being driven for work and figures from the Energy Saving Trust and Department for Transport suggest that there are around 200 work-related deaths or serious injuries on the roads each week.[23]

Employers carry the same legal responsibilities for employees driving vehicles for work in their own car as they would if the employee was in a company car – but with far less oversight. Employers have a duty of care, and can be liable if employees use an un-roadworthy vehicle on company business.

21 See more from the Association of Fleet Professionals: https://www.theafp.co.uk/making-grey-fleets-low-carbon-is-a-major-fleet-challenge-for-the-next-few-years-says-afp/
22 For more details, see the Highland Council press release: https://www.highland.gov.uk/news/article/12103/highland_council_cuts_800000_miles_with_enterprise_ca
23 See "A guide to managing the Grey Fleet" from the Energy Saving Trust and Department for Transport: https://www.energysavingtrust.org.uk/sites/default/files/A+guide+to+managing+the+grey+fleet.pdf

Public service workers tend to drive older than average vehicles – meaning many of the modern safety features will not be present and cars will likely have lower NCAP ratings. Compounding this, high inflation and depressed public sector wages are forcing many low paid workers struggling to afford the basics face difficult choices: whether to pay their energy bill or rent, or buy new tyres and repair brakes.

Mileage rates were originally intended to cover the costs of servicing and repairs. The fact that they no longer cover the costs of using a vehicle means many grey fleet drivers are unable to afford basic safety measures. Research shows that the proportion of grey fleet vehicles with illegal tyres[24] has more than doubled for each of the past 14 years. One in fourteen of grey fleet vehicles have an incomplete service history or do not meet manufacturer standards – a figure also on the rise.[25]

Another impact of the cost-of-living crisis is workers taking on overtime, additional shifts, and second or third jobs. This, along with the worry about how to afford the bills, means many public service workers are significantly more tired while driving than is safe. Tiredness increases reaction time and reduces alertness, and concentration, impairing the ability to drive. Fatigue is thought to be the cause of up to 20% of road traffic accidents and a quarter of fatal and serious injuries.[26]

"I'm pregnant with my first child and I don't know how I am going to do this. I'm already behind on bills. Working as a community healthcare assistant for the NHS, I can't afford to top my car up to see patients in their homes. I'm struggling with every food shop and electricity bill. I have sleepless nights and I wake up crying. I go to work feeling tired and exhausted. I work hard and all my money is gone on bills. I am now thinking of going on benefits and leaving a job I love as I am better off not working at this rate." – Narinder, NHS Community healthcare assistant in Leicester

24 An illegal tyre is one with less than 1.6mm across the central three-quarters of the tyre

25 See Fleet News: https://www.fleetnews.co.uk/news/fleet-industry-news/2022/07/07/grey-fleet-safety-issues-blamed-on-inflation-linked-corner-cutting

26 For more information, see the Royal Society for the Prevention of Accidents: https://www.rospa.com/road-safety/advice/drivers/driver-health

Modelling mileage

HMRC offers very little detail on how mileage rates are calculated.

The Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003) simply states that the qualifying amount for mileage allowance payments is calculated on the basis of: M x R

Where M is the number of business miles undertaken and R is the rate applicable to the vehicle in question.[27]

The Treasury can change AMAPs through regulations. The ITEPA 2003 creates an income tax exemption, with a similar tax exemption existing for National Insurance Contributions (NICs) introduced under a statutory instrument, the Social Security (Contributions) (Amendments) Regulations 2002.[28]

In correspondence with UNISON, the HMRC confirmed that there is no formula nor calculation to derive AMAPs.[29]

Therefore, the RAC Foundation sought to model a suitable advisory mileage allowance rate using a number of forward and backward modelling approaches. All data used is either government data or easily available to government, so any of these models could be used by HMRC to regularly review and update rates as prices fluctuate. This regular review and adjustment would be both practical and in keeping with the spirit in which mileage rates were initially introduced:

a) Regular review and adjustment would ensure mileage rates reflect vehicle running costs, as intended in the original Fixed Profit Car Scheme and subsequent iterations of mileage rates.
b) Administratively simple calculations for AMAPs would bring the grey fleet in line with other reimbursement for drivers reclaiming business mileage. Advisory Fuel Rates for business drivers in company cars are updated quarterly so it would be straightforward to also update AMAPs quarterly.

27 For the full text of the Income Tax (Earnings and Pensions) Act 2003 see: https://www.legislation.gov.uk/ukpga/2003/1/part/4/chapter/2

28 For the full text of the statutory instrument: https://www.legislation.gov.uk/uksi/2002/307/made

29 Correspondence with Emily Antcliffe, Director of Individuals Policy at HM Revenue & Customs. "AMAPs are set is legislation and any decision to change the rates is a matter for the Chancellor. "There is no formula or calculation which delivers the AMAPs rates for cars of 45 pence per mile for the first 10,000 miles and 25 pence per mile thereafter. The decision on what rates to adopt is a policy decision taken by the Chancellor after considering a range of factors.
"These factors include:
- the costs of motoring per business mile for a range of cars and mileages;
- the transport needs of business;
- the cost to the Exchequer of changing the rate;
- the overall fiscal position."

The RAC Foundation used three models to compare results and find the simplest, most appropriate approach that HMRC could choose to take. All three models are based on accepting the 2011 AMAP rate to have been appropriate at the time for reflecting average per mile motoring costs. And all three models use April's RPI as the last available benchmark at the time of writing – which also marks twelve years exactly since AMAPs were set in 2011.

The first and simplest model takes the 2011 AMAP rate and then, using ONS RPI data for overall motoring costs, it projects forward the costs to 2023. From the April 2011 starting point of 45p per mile, the ONS calculate that overall motoring costs have rose by 40.95% in the time up to April 2023 (the last RPI data available at time of writing). On the basis of this, HMRC Approved Mileage Allowance Payments should therefore have risen to 63.4p per mile in April 2023.

A similar, but more complicated calculation using a forward projection using the ONS Living Costs and Food Survey (LCFS) allowed the costs of purchase/depreciation, service and maintenance, petrol and oil, and tax and insurance, to all be projected forward using individual figures from the RPI. Using this method results in a slightly higher projection. suggesting that HMRC Approved Mileage Allowance Payments should be 66.7p per mile as of April's figures.

Thirdly, a backward projection was used that estimated costs now using 2021 LCFS data adjusted to 2023 by Nimblefins (an insurance company). This allowed current costs to be backcast to 2011 using the ONS RPI factors for individual components of motoring costs. The difference between these backcast average costs and the 2011 AMAP was then forward projected to 2023 using the ONS factor for all motoring costs to add to the average values. This approach suggests that HMRC Approved Mileage Allowance Payments should be 59.6p per mile.

These three methods allow the RAC Foundation to estimate what a 2023 AMAP would look like (accepting 2011 AMAP as sound basis). All three result in a suggested pence per mile in around the low 60s based on current costs. The simplest method relying only on AMAP 2011 and ONS RPI data easily available to HMRC would be able to be recalculated easily on a monthly, quarterly or annually basis. It says that the rate for June 2023 should be 63.4p, which also sits in a comfortable midpoint of the two other benchmark models.

What do these models mean in practice?

Modelling this for a variety of public sector workers demonstrates the significant impact this has on their take home pay. The mileage gap – the difference between what a worker claims under current mileage rates and what a worker should be able to claim if rates reflected real costs – is leaving public service workers thousands of pounds out of pocket.

- For every mile driven under 10,000 miles, a worker on AMAP rates is 18.4p out of pocket per mile and 38.4p out of pocket for every mile over 10,000.
- A worker on NHS Agenda for Change rates is 4.4p out of pocket per mile below 3,500 miles and 39.4p out of pocket thereafter.

These sums are not insignificant: for any ordinary worker, £5-6,000 is a huge amount to miss out on. For low paid workers, it is the difference between being able to keep their heads above water or drowning in bills.

There may be legal implications for their employment as a result. If an employee is paying work-related expenses, and these expenses are neither met by the employer nor avoidable by the employee, the value of those expenses reduce the employee's 'remuneration' for the purpose of the National Minimum Wage Act 1998.[30] In lay terms, this means that there are likely to be cases where an employee's low wage combined with a significant mileage gap as a result of driving long distances for work pushes their salary below the legal minimum wage.

30 National Minimum Wage Act 1998 (reg 13(b) NMWR): see https://www.legislation.gov.uk/ukdsi/2015/9780111127964/regulation/13

	Assumptions	Distance	The mileage gap	Out of pocket
An NHS worker driving 2 hours per day everyday	5 days per week Workers drive average of 40 miles per hour 46.4 weeks working per year	Total mileage 18,560 (80 miles x 5 days x 46.4 weeks) 3,500 miles at 59p/ mile 15,060 miles at 24p/ mile	Miles under 3,500 = 0.59-0.634 = 4.4p gap Miles over 3,500 = 0.24-0.634 = 39.4p gap	3,500 miles x 0.044 = £154 15,060 miles x 0.39.4 = £5,933.64 Total = **£6,087.64**
A CARE worker driving 2 hours per day every day ON HMRC AMAP rates	5 days per week Workers drive average of 40 miles per hour 46.4 weeks working per year	Total mileage 18,560 (80 miles x 5 days x 46.4 weeks) 10,000 miles at 45p/ mile 8,560 miles at 25p/ mile	Miles under 10,000 = 0.45-0.634 = 18.4p gap Miles over 10,000 = 0.25-0.634 = 38.4p gap	10,000 miles x 0.184 = £1,840 8,560 miles x 0.384 = £3,287.04 Total = **£5,127.04**
A LOCAL GOVERNMENT WORKER on NJC rates driving 2 hours per day everyday in a 451-999cc car	5 days per week Workers drive average of 40 miles per hour 46.4 weeks working per year	Total mileage 18,560 (80 miles x 5 days x 46.4 weeks) Lump sum: £846 8,500 miles at 36.9p/ mile 10,060 miles at 13.7p/ mile	Miles under 8,500 = 0.369-0.634 = 26.5p gap Miles over 8,500 = 0.137-0.634 = 49.7p gap	8,500 miles x 0.265 = £2,252.50 10,060 miles x 0.497 = £4,999.82 Subtotal = £7,252.32 – £846 lump sum Total = **£6406.32**

Other design flaws

Distance caps

As currently structured, AMAPs and rates under NJC and Agenda for Change terms all include two tiered rates – a higher rate for miles driven below a certain distance than a lower per mile amount after that cap. This structure was intended to incentivise business drivers to drive fewer miles, switch to public transport or find alternative ways to conduct business – both to keep costs down for employers and to limit emissions. As with the lower band AMAP rate, there is no formula or clear basis for setting the upper mileage rate, or at what mileage that rate comes into effect.

However, this is an inappropriate incentive to impose on this cohort of business drivers, who are predominantly low paid and who have limited, if any, say over the distances they travel. These public service workers already take every step to drive inexpensive cars and keep fuel costs to a minimum, as they cannot afford to continue working otherwise. It is arguable that in the instances where these high mileages (>10,000miles per year for work) are occurring, that these are the instances where it is especially important that company vehicles are being provided. Instead the lower rate for higher mileages provides a disincentive. The RAC Foundation's work highlighted the complex nature of making assumptions about how costs vary with mileage, however, it found no clear basis on which to calculate a lower rate for higher mileages given the potential for higher fuel, maintenance, insurance and depreciation costs for very high mileage vehicles.

It is also deeply unfair. The research from the RAC Foundation shows that higher mileage has significant impacts on servicing costs, and also hastens depreciation, leaving those drivers further out of pocket.

"I work as a community nurse. Within our job, we get a mileage allowance which is currently 59p a mile. This amount has barely changed for at least 10 years. After 3500, our mileage rate drops. I will not be able to afford to go to work once I hit this mileage cap. It used to cost me £50 a week to fill my car. That price has now gone up to £85 a week. More than 50%! I should not be forced out of a job I love because of fuel. If I am not able to work because of the increasing cost of fuel, I would have no choice but to work in a lower paid job which would cause a further financial strain" – Jenny, Community nurse in Durham

"I'm a community worker for the NHS and our mileage allowance at 59p per mile is for 3,500 miles then drops to 24p per mile. It is quite normal to drive 60 miles per shift and yet based on a 4 day week the allowance only cover 25 miles. I am working bank shifts to pay for petrol - bank shifts where tax and NI contributions take 33% of my earnings because it's taxed as a second job and yet I'm just doing more hours at the same job. I love what I'm doing, I really enjoy my role, but I'm actually having to pay more just to work." – Lisa, Community healthcare assistant in Essex

"I have worked for my local Trust for 15 years. The rising costs in living expenses and especially fuel is having a detrimental effect on me and my family. I'm a single mother to two children with special needs. I work in social care in my local community and often driving up to 80 miles per day. I'm now having to choose between paying my bills and putting fuel in my car to go to work or provide food, heat and clothes for myself and my children. I'm worried that I will have to give up the job I love to continue on. I'm taking money from my own pocket to provide care to the clients that they so greatly need. The Trust doesn't compensate us properly for the use of our cars, and the 3,500 cap is ridiculous. The reduced rate is an insult to us all considering we don't have any say over how far we drive." – Nicola, Intermediate Care Support Worker in Lisburn, Northern Ireland

Deductions

When calculating mileage allowances for work-related journeys from home to a workplace other than a normal place of work – such as to visit a client in their home instead of going to the council offices – it has become common practice for some employers to deduct an average commuting distance between home and work for these journeys.

While some employers have removed this deduction,[31] recognising that it penalises workers who are required to drive for work, others still implement it. Some have even brought in the policy recently, as part of cost-cutting measures.

31 For example, UNISON negotiated for the removal of this deduction for police staff: https://www.local.gov.uk/our-support/workforce-and-hr-support/police/police-staff/police-staff-council-circulars/psc-joint-3

"Recently my council job of 17 years has introduced a new rule where I have to stand the first 10 miles travel cost to visit clients in their homes, and 20 minutes travel time there and back too. Previously we were paid from door-to-door for travel time and mileage. It means my hourly pay rate is drastically reduced by £12-£13 every time I have to visit a client. I'm struggling to pay for diesel and to afford other household costs too." – Sarah, Social care worker in Nottingham

"I work as a carer and drive to clients' houses, and filling the car up, now that it costs £100 each time, is very hard. Add to that the loss of 10 miles from home to your first and last destination, and I am seriously out of pocket. It should be reduced to 5 miles or scrapped altogether as our destination is not the same all the time. Wages for carers are very low, for what the job entails, even before all these costs I have to cover just to do my job. I can't afford to keep my job as a carer while the cost of filling the car stays sky high. I feel like leaving my job and finding something else with no driving" – Savita, Re-enablement carer in Leamington Spa

Recommendations

National government

1) The Treasury should increase mileage rates now to 63.4p per mile, and commit to a quarterly review and recalculation to coincide with Advisory Fuel Rate calculations.

2) It is not just the level at which workers are reimbursed that hasn't been reviewed for a long time, it is also the structure of the rates. The mileage cap penalises low paid public service workers who have no choice but to travel long distances by car. The Treasury should change the cap in AMAPs, and NJC and Agenda for Change terms should also seek to remove or reform the cap.

3) It is predominantly low paid public service workers who are required to use their own car – and the problems resulting from out-of-date mileage rates are so keenly felt by workers because their pay doesn't cover the basics. They have no cushion to absorb rising costs or pay for fuel upfront. The Government must take urgent action on public sector pay and low wages so that staff are not in such a vulnerable financial situation again. The Government must also take steps to ensure that the costs of working, like mileage, can never result in public service workers' salaries being pushed lower than the legal minimum wage.

4) The Government should invest in a public sector EV fleet rollout, ensuring the funding is available to public bodies to offer all grey fleet drivers the option to use an EV to drive between clients or sites. This would drastically reduce the emissions produced by employers and help the public sector to contribute further to tackling the climate crisis and improving air quality. It would also ensure that workers are in safer, modern vehicles reducing the risk of work-related road traffic accidents.

5) Because public service workers drive an old and ageing fleet, their cars are likely to have depreciated to the point of very low or no value – especially diesel cars which are increasingly unable to be driven in urban areas. This prevents public service workers from upgrading to more modern, low emission vehicles as they will not have the capital to do so. The Government should explore introducing a grey fleet scrappage scheme – this would be a more appropriate incentive to low paid public service workers to lower their emissions than a two-tier rate capped after a certain mileage. It could be similar to the Mayor of London's ULEZ scrappage scheme focused on supporting low income drivers to scrap the highest polluting vehicles.

Employers

It can take time for Westminster to act, and in the meantime there are steps that employers can take to alleviate the financial pressure on their staff and tackle the recruitment and retention issues that come about as a result of outdated mileage rates.

1) Employers can urgently introduce local mileage rates increases and lend their voice to UNISON's campaign calling on the Government to properly fund this increase and change AMAPs permanently. A number of public sector employers have taken this step already, showing that there should be no barrier to doing so elsewhere:

- Gateshead Council agreed a three month increase in its casual car rate from 46.9p per mile to 52.2p per mile;
- Wakefield Council implemented higher rates from 1 July until 31 December 2022, resulting in the casual car user rate rising from 45p per mile to 65p per mile, essential car user rate from 22.5p per mile to 32.5p per mile, and motorcycle rate from 24p per mile to 34p per mile;
- North Norfolk Council announced that it would raise

the casual car user rate rises from 45p per mile to 60p per mile;
- Knowsley Council agreed a 38% increase by paying mileage at the rate of the largest engine size for both essential and casual users until March 2023;
- High Peak Borough Council proposed an increase in the rate for essential car users rise to 45p per mile;
- Newcastle Upon Tyne NHS Hospitals Foundations Trust added 5p to the car mileage rates;
- North Derbyshire Mental Health Trust increased the rate for mileage up to 3,500 miles from 56p to 71p;
- Northamptonshire NHS Trust agreed that from May to July 2022 it would raise by 20%:
  - The rate for miles up to 3,500 from 56p per hour to 67p per mile;
  - The locally negotiated enhanced mileage rate for those travelling over 3,752 miles per annum from 36.9 pence to 44.3 pence per mile
- North Cumbria Integrated Care Trust agreed to pay a 10.9p increase per mile from August 2022 for the following three months.
- Wheatley Homes raised the annual mileage rate (for all engine capacities) to 66p per mile up to 1,000 miles, 54p per mile up to 7,500 miles, and set the passenger mileage rate after 8,500 miles at 16p per mile.
- Nottingham Community Housing Association agreed to increase mileage rates from 1 August 2022 (though subject to change if the cost of fuel comes down). The increase added 9p per mile to the basic HMRC rates, raising payments to 54p per mile for the first 10,000 miles and 34p for miles above 10,000 miles.

2) There are further interim measures that employers can take to design out some of the flaws with the current mileage rates system:

a) Implement an adjustment to compensation schemes so that the higher rate applies up to a higher distance threshold. For example, Royal Cornwall NHS Trust and Cornwall Partnership NHS Foundation Trust raised the rate for mileage between 3,501 and 10,000 miles to 45p per mile, alongside an increase in the rate for mileage over 10,000 miles to 25p per mile (bringing those payments in line with the HMRC AMAP rates) and the Suffolk and North East Essex CCG (ICB) and West Suffolk Foundation Trust (Acute and Community Hospitals and Services) extended the 56p rate to apply regardless of distance.

b) Introduce fuel cards so that fuel payments initially comes directly from the employer rather than from the employee with later reimbursement. This avoids staff being out of pocket and ensures that some of those distortions created by staff running out of money before the end of the month do not impact on service users. The calculation of private use mileage on a fuel card would then allow for subsequent adjustment for appropriate salary and tax deductions.

c) Move to a system of paying expenses weekly rather than monthly, and paying mileage expenses in advance where feasible. This would help make sure workers don't run out of money before the end of the month for their own essentials because they are out of pocket paying for work expenses.

3) Public sector employers should undertake a wider review of their grey fleet, looking at how they can reduce carbon emissions through access to EVs and hybrid vehicles instead of personal cars, as well as ensuring the health and safety policy regarding grey fleet driving is fit for purpose and that out-of-date mileage repayments are not bringing wages of any employees or contracted staff below legal minimum wage levels. This review should assess not just the grey fleet for those directly employed but also those workers in jobs that have been outsourced or contracted out. Ultimately, employers should be looking to ensure that anyone required to use a car for their job has the choice to have the vehicle provided for them by their employer as it is an essential tool for their profession.

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Published by UNISON, UNISON Centre,130 Euston Road, London NW1 2AY CU/July 2023/27449