

Employment Matters Committee

2 July 2026

Mileage Rates and Car User Status Policy Changes

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Summary

This report considers the implications of the recent HMRC increases in tax free mileage rates and recommends minor amendments to the current car user status policy to reflect changes in HR and management practice.

1. Recommendations

1.1 The Employment Matters Committee are asked to agree:

1.1.1 the new HMRC rates to be reflected in the Car and Travel Allowances policy as set out in Appendix 1 to the report;

1.1.2 the updates to the Car User Status policy to reflect changes in HR and management practice as set out in Appendix 2 to the report.

2. Budget and policy framework

2.1 In line with the constitution, Employment Matters Committee may agree amends to HR policies.

3. Background

3.1 The Council's Car and Travel Allowances policy is at Appendix 1 to the report. HMRC rates have been added.

3.2 The Car User Status policy states that if a person is appointed into a post number that has essential car user (ECU) status then they would receive ECU status on appointment, but if the post number did not have ECU status then they could only apply for the allowance once they had a full calendar year of evidence of traveling a minimum of 1000 miles between 1 January – 31 December.

3.3 In the past more than 1 person would be allocated to a post number with Essential Car User (ECU) status; but in Children's Services the practice changed to one person per post number, with most new appointees issued

with a new post number. This meant that people doing the same jobs would be treated differently. To ensure fairness, it was agreed with the service that from 1 August 2025 all posts considered as requiring ECU status would be allocated the allowance on appointment.

- 3.4 Members of staff within children’s services who were disadvantaged by the policy were identified and under management delegations it was agreed to backdate ECU payments to either the date of appointment to March 2024 or their start date if they were appointed between March 2024 and August 2025.
- 3.5 The changes in recruitment and management practice requires updates to the Car User Status Policy. The recommended changes are showing at Appendix 2 to the report.

4. Analysis

- 4.1 Councillors, employees with Tusker salary sacrifice cars and employees who TUPE transferred into the Council with HMRC rates and currently receive HMRC rates as part of their terms and conditions are affected by the change in HMRC rates that their mileage rates will be matched to the new rates.
- 4.2 Employees who are entitled to tax relief on the maximum amounts set by HMRC under the amount of mileage allowance payments (AMAP) legislation will benefit from the recent increases.
- 4.3 33 employees were affected by the change in recruitment practice of one person per post, of these 18 were averaging over 83.3 miles travel per month meaning they would have met a minimum of 1000 miles in a year, albeit in a rolling calendar year rather than a fixed calendar year (January-December). It is proposed that the policy be amended to enable in year submissions for essential car user status in the interest of fairness and equity.
- 4.4 There are no individuals in other service areas that have been identified as adversely affected by the changes in recruitment practice.

5. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Disadvantaging employees due to the current policy.	Some employees will be financially disadvantaged if the current policy remains in place.	Approve the revised policy.	A2
Inconsistent implementation of the policy.	The policy requires a joined-up approach with payroll to ensure correct figures for implementation.	Rollout to be completed using concrete data in close cooperation with the payroll and pensions team.	C3

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely	1 Critical
B Likely	2 Major
C Unlikely	3 Moderate
D Rare	4 Minor

6. Consultation

- 6.1 Trade unions were consulted with on the principles of changing HR practices and relevant travel; policies at Corporate Consultative Committee on 2 June 2026.

7. Financial implications

- 7.1 Based on mileage claims in 2025/26 financial year it is envisaged that the cost of the HMRC increase from 45p to 55p per mile for the relevant groups of staff would be in the region of £2700 per annum. This figure excludes 2 employees who TUPE'd in from NORSE on 1 April 2026 as their average mileage costs are not yet known but is not believed to be significant.
- 7.2 19 members of staff were issued back payments to compensate them for not being put onto ECU status on appointment. This was at a cost of £12,737.68.

8. Legal implications

- 8.1 There are none.

Lead officer contact

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Appendices

Appendix 1: Medway Council Car and Travel Allowances Policy

Appendix 2: Medway Council Car User Status Policy

Background Papers

None