Toft Newton Parish Council

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HMRC APPROVED MILAGE RATES REPORT TO FULL COUNCIL

The report below links to agenda item number 2026-27/056.

Councillors are asked to note that the implications of this report will have the following implications, as explained in the report below:		
Objectives:	Fair compensation of staff, Councillors and volunteers.	
Resource Requirements:	None	
Do we have the resource available?		Yes
Equalities & Human Rights	Are there equalities and /or human rights issues?	Yes
Equalities Impact Assessment	Is an impact assessment is required?	No
Crime and Disorder	Has crime and disorder have been considered?	No
Biodiversity	Are there any bio-diversity implications?	No
Financial	Are there financial implications at this stage?	Yes
	Will there be longer term financial implications?	Yes
	Is there provision within the budget?	Yes
	Could there be additional expenditure?	Yes
	Is there potential for income generation?	Yes
Legal	Do we have power, to act?	Yes
Risk Management	Are there any risks? If so, how will these be mitigated?	Yes
Risk Assessment	Is a risk assessment required?	No
Project Management	Is project management is required?	No

Person submitting this report:	Consultant to the Council
Date:	17th June 2026

Approved by Toft Newton Parish Council on:	Date
Implementation due:	Date
Review due:	Period / Date

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Summary

Toft Newton Parish Council employs the Parish Council Clerk and Playground Warden on National Joint Council (NJC) Terms and Conditions, known as the Local Government Green Book. However, mileage is paid in contravention of the NJC Green Book, as we pay the HMRC approved rates which are lower than the NJC rates. This is, however, built into the Contract of Employment.

In the Members' Allowances Scheme agreed on the 5th of May 2026, Councillors have committed to paying the HMRC approved mileage rates to Councillors.

Additionally, the Employees and Volunteers Expenses policy, due to be agreed on the same day this report is discussed, commits to paying the HMRC approved rates for mileage.

The HMRC approved mileage rates are tax-free mileage rates. Any payment above the per mile rate as approved by HMRC is taxable. Paying the NJC approved rates would result in employees being taxed on part of their mileage payment.

The reason for this report is that the HMRC approved milage rates have been revised.

Attachments

There are no attachments to this report, however, the following links provide further clarity.

HMRC Guidance
Petrol, diesel and hybrid cars:
Electric cars:

Background

The Rt. Hon. Rachel Reeves, MP, Chancellor of the Exchequer, announced on the 21st of May 2026, that the HMRC approved mileage rate for petrol, diesel and hybrid cars was being increased immediately, and that the change would be **backdated to the 6th of April 2026.**

In the supporting documents, it also referred to an increase in the HMRC approved mile rate for electric cars that are charged at on the street public car charging points, this increase **came into force on the 1st of March 2026.**

The rates are as detailed in the table below:

	Old rate: up to 10,000 miles	Old rate: above 10,000 miles	New rate: up to 10,000 miles	New rate: above 10,000 miles
Electric cars	£0.14	£0.14	£0.15	£0.15
Petrol, diesel or hybrid cars	£0.45	£0.25	£0.55	£0.25
Motorcycles	£0.24	£0.24	£0.24	£0.24
Bicycles	£0.20	£0.20	£0.20	£0.20
Passenger	£0.05	£0.05	£0.05	£0.05

Toft Newton Parish Council are paying the previously approved rates to the Parish Council Clerk and to the pro-bono Consultant to the Council.

Any expenses payments made as part of the Members' Allowances Scheme will also be at the old rate, unless action to taken to rectify this.

As the Chancellor did not explain if this increase is just for this year, or on a longer-term basis, Money Saving Expert (MSE) have sought clarification from HM Treasury, at the time of writing this report, that clarification has not been provided.

Proposal

Councillors are asked to consider the mileage rates that are currently paid by Toft Newton Parish Council and to implement the increased rates.

Not increasing the mileage rates to the approved HMRC rates would put Toft Newton Parish Council in breach of the contract of employment that it has with the Parish Council Clerk.

Additionally, not increasing the rate might impact on employees, Councillors and volunteers, and therefore, could be considered to be an equality issue, making working, volunteering and being a Councillor too expensive for the post holders to continue in those roles.

Options Considered

The options are:

1. To increase the mileage rates paid to employees, Councillors and volunteers to the current HMRC rates and to keep these under review.

2. To increase the mileage rates paid to employees to the NJC approved rates, and to pay the current HMRC approved rates to Councillors and volunteers.

   The NJC casual user mileage rates are:

	Old rate: up to 10,000 miles	Old rate: above 10,000 miles
All cars	£0.62	£0.35
Motorcycles	£0.33	£0.33
Bicycles	£0.28	£0.28
Passenger	£0.07	£0.07

3. To leave the mileage rates as they currently are, and to not implement the increased rates.

Financial Information

The Financial impact of increasing the mileage rates will mean that the budgeted figures for the relevant budget headings will be incorrect in the current and subsequent financial years. However, the Oxford English Dictionary definition of a budget is *"an estimate of income and spending for a set period of time"*, Toft Newton Parish Council currently has a reserve that will more than meet any increase in mileage payments in the current year.

The 2026-27 budget and 2027-28 forecast are as follows, as adopted on the 10th of March 2026:

Budget Heading	Sub Heading	Cost Code	2026-27 budget	2027-28 forecast
Employee and Councillor Costs	Travel Expenses (Employees)	E/014	£500.00	£500.00
	Travel Expenses (Councillors)	E/016	£88.00	£80.00

The increase in the petrol, diesel and hybrid mileage rate is equivalent to 22.22…%, therefore, the implication for further years is that the Travel expenses budget will need to be increased by around 25% to accommodate these increased costs.

As per the discussion and resolution on amending the budget headings and cost codes for this year and for 2027-28, as at agenda item 2026-27/054, the inclusion of volunteers would also need to build in expenditure for future years – such as:

Revised:

Budget Heading	**Sub Heading**	**Cost Code**	**2026-27 budget**	**2027-28 proposed revised forecast**
Employee, Councillor and Volunteer Costs	Travel Expenses (Employees)	E/014	£500.00	£625.00
	Travel Expenses (Volunteers)	E/014(1)	£0.00	£180.00
	Travel Expenses (Councillors)	E/016	£88.00	£105.00

Longer term increases to employee, Councillor and volunteer costs will need to be addressed through the annual precept, which is due to be increased in 2027-28 by 2%. The Responsible Financial Officer will keep the precept under review and may need to suggest a further increase in 2027-28, and in future years.

As discussed previously, the precept can be increased by 0.01% to 4.99% without requiring special permission from West Lindsey District Council / or even the electorate of Toft Newton parish via a referendum (although this is incredibly rare, it could happen).

Power to Act / Legal Implications

The power to spend on employee and volunteer travel expenses comes from the Local Government (Financial Provisions) Act 1963 s.5.

The power to spend on Councillor travel expenses comes the Local Government Act 1972 s.174 and the Local Authorities (Members' Allowances) (England) Regulations 2003/1021.

Not paying the increase could lead to unnecessary Employment Tribunals, staff vacancies and difficulty filling posts, therefore, the risks of these potential issues can be mitigated by increasing the mileage rates paid to employees.

Equally, not increasing the mileage rates for Councillors and volunteers could result in vacancies and difficulty in carrying out the functions of the Council, these potential risks could be mitigated by increasing mileage rates paid to Councillors and volunteers.

Conclusion / Recommendations

Councillors are asked to increase the mileage rates paid to employees, Councillors and volunteers.

The option which fits in with the Parish Council Clerk's contract of employment; meets the HMRC guidance referred to on page 3 of this report and will have the smallest financial impact, is option 1.

1. To increase the mileage rates paid to employees, Councillors and volunteers to the current HMRC rates and to keep these under review.

Councillors are therefore asked to resolve to:

Resolution 1:
Toft Newton Parish Council resolve to adopt the new HMRC approved mileage rates as detailed in this report for employees, Councillors and volunteers.

And

Resolution 2:
Toft Newton Parish Council resolve that these updated rates will apply from the dates as approved by HMRC, those being: 1st of March 2026 for electric cars and the 6th of April 2026 for petrol and diesel cars, with the appropriate uprated backpay being paid on the July 2026 pay day.

Paying these new rates would mean that the following documents will need updating, the Proper Officer or Consultant to the Council will do that and bring them to the a future Parish Council meeting for approval:

- Members' Allowances Scheme (adopted on the 5th of May 2026)
- Employee and Volunteer Expenses Policy.
- Expenses Claim form (adopted on the 5th of May 2026).
- Contract of Employment for the Parish Council Clerk.
- Management of Risks document (adopted on the 5th of May 2026).

The anticipated cost of the back payment is: £18:70(tbc)

Former Parish Council Clerk
March 2026: £3.30

Pro-bono Consultant to the Council
April 2026: £1.98
May 2026: £4.22

Parish Council Clerk
April 2026: 9.20
May 2026: