

## The Highland Council

### Resources Committee – 26 November 2014

Agenda Item	13
Report No	RES/67 /14

## Mileage Claims by Members and Employees

### Report by Director of Finance

#### Summary

This report provides detail on mileage claims submitted by Members and employees and provides an opportunity to reduce the cost of Members' mileage allowances without financial impact on individual Members.

## 1. Background

### 1.1 Members' Expenses

1.1.1 Members expenses are governed in the main by legislation and VAT can be recovered on Members mileage claims where a VAT receipt is attached to the claim form. In 2013/14 £5,993 was recovered following the submission of receipts. If receipts had been attached to all claims an additional £4,200 could have been recovered.

1.1.2 Other expenses are only reimbursed on production of a receipt and VAT is recovered where the expense includes VAT.

### 1.2 Employee Mileage Claims

1.2.1 The Council determines the mileage re-imburement rate to employees which is approved by HMRC. Following the removal of Essential/Casual User rates for non-teaching employees in October 2010 the Council has used the rates specified by HMRC as non-taxable. Therefore employees receive 45p per mile for the first 10,000 miles and 25p thereafter. VAT is fully recovered from employee claims as the necessary receipts are attached to claim forms.

## 2. History of Expenditure

### 2.1 Members' Expenses

Year	Total Expenses	Reimbursed Mileage	Mileage
	£m	£m	m
2013/14	0.290	0.188	0.420
2012/13	0.304	0.185	0.411
2011/12	0.308	0.199	0.478
2010/11	0.293	0.204	0.511
2009/10	0.323	0.218	0.547

Total Expenses have reduced by £32,573 (10.1%) over the 5 year period and the bulk of this reduction has come from reimbursed mileage of £30,598 (13.9%). The rate per mile increased from 40p per mile to 45p per mile in November 2011. There is a reduction of around 23% in actual miles travelled.

### 2.2 Employee Expenses

Year	Reimbursed Mileage	Mileage
	£m	m
2013/14	2.332	5.997
2012/13	2.490	6.761
2011/12	2.664	7.854
2010/11	2.776	7.117

Data is only available for employee mileages for the past 4 years as specific reports have to be run on ResourceLink at the year end. The reduction in the cost of reimbursed mileage is £444k (15.9%). The rate per mile increased from 40p per mile to 45p per mile for the first 10,000 miles in November 2011. There is an increase in 2011/12 but overall there is a reduction of around 15.7% in actual miles travelled.

## 3. Implications

3.1 Resource implications are contained within the body of this report. Fully receipted mileage claims would increase VAT recovery by around £4,200 per annum. This is a significant percentage increase over the current level of VAT recovered.

- 3.2 Legal -The Local Governance (Scotland) Act 2004 (Allowances and Expenses) and the Local Governance (Scotland) Act 2004 (Remuneration) Section 5 (2) states that:

*A member of a local authority shall be entitled to receive payments by way of a mileage allowance in respect of travelling which is reasonably incurred by them for the purpose of enabling them to perform any approved duty as a member of that local authority.*

Highland Council must therefore reimburse Members a mileage allowance regardless of the submission of a VAT receipt where they have carried out an “approved duty”. However it is recommended that Members should submit VAT receipts to ensure maximum recovery of tax.

- 3.3 Climate Change/Carbon Clever – The reduction in miles travelled by Members and employees has a positive effect on the environment.
- 3.4 There are no Risk, Equalities, Gaelic or Rural implications to highlight in this report.

### **Recommendations**

The Committee is recommended:-

1. To note the reduction in mileage claims for both Members and employees over the past 5 years and 4 years respectively.
2. To agree that Members attach VAT receipts to all mileage claims.

Designation: Director of Finance

Date: 5 November 2014

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Background Papers: None