

South Ayrshire Council

**Report by Chief Executive
to Council
of 25 June 2026**

Subject: Implementation of HMRC Mileage Rates

1. Purpose

- 1.1 The purpose of this report is to seek approval from Council to adopt the updated HMRC Mileage rate for car users, increasing the current rate of 45 pence per mile to 55 pence per mile.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 approves the implementation of the revised HMRC mileage rate of 55 pence per mile, with retrospective effect from 1 April 2026; and

2.1.2 authorises the Chief HR Officer to apply any future HMRC mileage rate changes automatically.

3. Background

- 3.1 HMRC sets the national approved mileage rates that organisations may use to reimburse employees for business travel in their own vehicles without generating a taxable benefit.

- 3.2 The current rate has been revised to 55 pence per mile for the first 10,000 miles with a lower rate applying thereafter. The lower rate remains unchanged.

- 3.3 Aligning with HMRC rates ensures the Council remains competitive as an employer, supports recruitment and retention, and avoids staff being financially disadvantaged when using their own vehicles for business travel.

4. Proposals

- 4.1 It is proposed that the Council adopts the HMRC rate of 55 pence per mile for all eligible business mileage claims.

- 4.2 The change will be implemented by Human Resources and the Accounts Payable team through Oracle Fusion, with updated guidance issued to all employees.

- 4.3 To streamline future processes, it is proposed that officers be authorised to implement any subsequent HMRC mileage rate changes automatically, ensuring the Council remains aligned with national standards without requiring further Council approval.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 The cost of implementing the revised mileage rate of 55 pence per mile will result in additional expenditure. Based on previous annual mileage claims, the estimated increase in cost is approximately £96,000, which will be met within existing service budgets.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendations.

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 Rejecting the recommendations may impact on the reputation of the Council.

9. Integrated Impact Assessment (incorporating Equalities)

Our Integrated Impact Assessment (IIA) considers the following areas:

- Public Sector Equality Duty, Human Rights and Fairer Scotland Duty:
- United Nations Convention on the Rights of the Child (UNCRC).
- Sustainability, climate change and biodiversity.
- Potential impact on older people.
- Rural communities.
- Health and wellbeing.
- A trauma informed organisation; and
- The Promise.

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an Integrated Impact Assessment is not required.

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Brian Connolly, Portfolio Holder for Economy and Strategy Policy Lead, and Councillor Ian Davis, Portfolio Holder for Finance and Corporate Services, and the contents of this report reflect any feedback provided.
- 13.3 The Trade Unions have been consulted and have raised no objections to the proposals set out in this report.

14. Next Steps for Decision Tracking

- 14.1 If the recommendations above are approved by Members, the Chief Executive will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Make the necessary arrangements to update guidance and mileage rates.	July 2026	Chief HR Officer

Background Papers **None**

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