

Protocol to address increases in mileage reimbursement costs ahead of changes in the AMAP rate.

Version 4 March 2024

Fuel costs are volatile and subject to rapid increases subject to the global price of oil. Increases in the costs of reimbursement of fuel for NHS staff are subject to published rates either through the HMRC AMAP arrangements, which provide a ceiling for reimbursement without incurring tax or NI payments, and through the publication of rates in M&D pay circulars. The AMAP rate in particular is reviewed twice each year and therefore the assessment of these rates often lags any “spike” in fuel prices, accordingly this protocol sets how and in what circumstances a temporary increase in the rate of reimbursement for mileage expenses will be applied where the AMAP or M&D rates of reimbursement are deemed to be out of step with costs being incurred by NHS staff.

It is important to note that the agreed rate of reimbursement is the AMAP or published M&D rates and that this protocol is in place to address any short term volatility in the price of fuel and accordingly is set to cover the marginal increase in costs being incurred by NHS staff until such time as the AMAP or M&D rates reflect any sustained increase in the price of fuel.

The protocol addresses:

- i) The threshold at which an increase would come into force i.e. what cost per mile would trigger an increase based on the published AMAP rates as at April 2022.
- ii) The independent reference point to guide the decision making
- iii) The point at which the threshold would need to be breached to trigger an increase or the point at which it would be removed

To achieve a practical and proportionate step change in reimbursement the approach will use a broad banding for any increase rather than incremental increases and a 5 pence per mile increase (before tax and NI) is the basis for any applied increase.

The [HMRC Advisory Fuel Rates assessment](#) will be used to determine the rate of reimbursement. Note - these rates are different from the AMAP published rates but are being used in this context as an objective measure for determining the rate of increase in the rates of reimbursement per mile in the costs of fuel. This calculation sets out the advisory fuel rates for company car users and are calculated using the prevailing price of fuel on a quarterly basis. On looking at the data the baseline has been set using the rate of reimbursement applied between 1 June 2021 and 31 August 2021 which was 13 pence per mile for a 1401 – 2000 cc vehicle running at 44.9 mpg. This equates to £5.84 per gallon or £1.28 per litre.

A tolerance level above the baseline of circa 15% provides for an upper level of £6.80 per gallon or 1.50 per litre and this is the point at which the trigger would come in and the point at which it would be removed. That broadly equates to a 2 pence per mile increase above the AMAP rate. As noted the increase at this point would be 5 pence per mile which would, after 20% tax and NI, provide circa 3.5 pence and this band would cover any further

increases in the price of fuel as published under the HMRC Advisory Fuel Rates assessment of up to 17.9 pence per mile.

Should HMRC Advisory Fuel Rates Assessment reach or exceed a reimbursement of 18 pence per mile then a further partnership review will be undertaken.

Impact on AMAP rates as published in Section 17 (Wales) NHS Terms and Conditions of Service

Price of fuel pence per litre	Pence per mile (ppm)	HMRC Advisory Fuel Rate (ppm) – including date of publication	Reimbursement	Net increase	Dates increase applied
1.30 (baseline)	13.1	13 (06/21) 15 (06/23)	45 ppm	AMAP rate – no tax/NI	To 31/3/22 From 1/7/23 – 31/10/23 Current rate from 1/3/24
At or above 1.50	15.2	15 (03/22), (03/23) 17 (06/22), (12/22) 16 (09/23)	50 ppm	Circa 3.5 ppm	From 1/4/22 – 31/8/22 From 1/12/22 – 30/6/23 From 1/11/23 – 29/2/24
		18 (09/22)	51.5 ppm	4.5 ppm	From 1/9/22 – 30/11/22

The 5 ppm increase will be applied to the M&D mileage rates for vehicles where the rate of reimbursement is below the 45 ppm AMAP rate (and also to the current 47 ppm rate). Any subsequent increases to the AMAP adjustment would also be considered for M&D mileage rates.

In addition to the above the reserve rate will also increase by 5 pence per mile where tax and NI are paid and by 3 pence per mile where tax and NI aren't paid.

The increase will apply for all fuel types including electric, hybrid and diesel cars.

This is a temporary position whilst the AMAP and published M&D rates remain at the 2021/22 level. It is expected that there will be a return to the substantive position for

mileage reimbursement on an ongoing basis and should the AMAP rate be increased these arrangements will be revisited with the intention of moving back to the regular arrangements.