

cta

community transport
association

Spring Budget Representation 2023

Review of the Approved Mileage Allowance Payment

CTA AMAP Coalition



January 2023

www.ctauk.org

Introduction

Charities, community groups and volunteers are at the heart of their communities. They often provide community-led, cost-effective, and innovative solutions to unmet needs and play an essential role in connecting people and communities and helping them to thrive. They tackle various issues, including health, climate change, isolation and loneliness, poverty, inequality, and unemployment. Community Transport, in particular, is often the only means of transport for older or disabled people in rural, urban or island communities.¹

This representation is submitted on behalf of a coalition of 10 third-sector organisations that together represent over 20 million volunteers, led by the Community Transport Association (CTA). The CTA is the voice of the UK's Community Transport sector. We champion, connect, support and grow over 1,300 members across England, Scotland, Wales and Northern Ireland. Our members are local charities, community groups, social enterprises and other organisations which deliver accessible, inclusive, and sustainable transport services on a not-for-profit basis and often rely on local volunteers using their own vehicles.²

This Spring Budget representation sets out the case for a fair, transparent, and regular review of the Approved Mileage Allowance Payment to ensure that the current rate reflects the real cost of motoring for employees and volunteers. Our coalition believes in the need for a fair deal for volunteers and employees. The current AMAP rate is no longer fit for purpose. Since it was set in 2012, the cost of motoring has risen by nearly 40%, resulting in those that depend on AMAP for reimbursement being left out of pocket. In the voluntary sector, the current rate is deterring volunteers and threatening the viability of essential charitable services. The potential loss of these services would have a substantial negative impact on communities, passengers and users and would add a significant amount of additional pressure to public services, such as the NHS, at a time of unprecedented demand.

Summary

Our CTA-led coalition of 10 third and voluntary sector organisations is calling on the government to conduct fair, transparent and regular reviews of the AMAP rate to ensure that the rate accurately reflects the real cost of motoring in 2023.

The current Approved Mileage Allowance Payment (AMAP) rate of 45p per mile for 10,000 miles and 25p per mile thereafter was set in 2012 and no longer covers the cost of motoring. Since 2012 motoring costs have increased by nearly 40% whilst the AMAP rate has remained the same. Due to the discrepancy between the unresponsive AMAP rate and actual rising motoring costs, volunteers and employees are being left out of pocket when driving personal vehicles during their duties.

The low nature of the AMAP rate is placing unjust burdens on employees and volunteers, particularly but not solely down to recent record fuel costs. In the volunteering sector, these burdens have deterred volunteers, resulting in reports of lower levels of volunteer retention and recruitment. Falling

volunteer numbers are threatening the viability of essential charity services, which are often at the core of communities across the UK. The loss of these services would have an array of negative impacts, including but not limited to increased isolation of vulnerable people, weakening community ties and increased pressure on public services, such as the NHS Ambulance Services.

To avoid these adverse scenarios, the government must implement a fair, transparent and regular reviewing process for the AMAP rate that considers inflation and fairly compensates employees and volunteers for their motoring costs. To do so would signal the UK Government's commitment to supporting employees, volunteers and the third sector through the cost-of-living crisis at no cost to HM Treasury.

Our Proposal

Rising costs of motoring are hurting employees and damaging voluntary and third-sector organisations across the UK. Many charitable organisations, particularly Community Transport operators, are struggling to deliver essential services due to soaring inflation and ongoing challenges in recruiting and retaining volunteers. We have widespread evidence from charities and community groups of drivers who can no longer afford to volunteer at the current AMAP rate. This situation is exacerbating existing and acute shortages of drivers in many communities.

Our research with **Community Transport operators** suggests that:

- **98% rely on volunteer drivers**
- **65% report lower levels of volunteer recruitment/retention** in the last six months
- **32% have been forced to cut back services**
- **65% have been forced to increase prices/raise fares¹**

Falling volunteers threaten the viability of many Community Transport providers and other charitable schemes. The loss of these services will result in the following:

- **Increased pressures on already struggling public services**, especially the NHS, as well as social care, local authorities and Job Centres
- **Higher levels of missed GP and hospital appointments**, worsening patient outcomes, extending NHS backlogs/waiting times and increasing costs for taxpayers
- **Increased risk of exclusion, isolation and the weakening of community ties** due to fewer affordable community-led projects and volunteering opportunities
- **Reduced autonomy and mobility for older and disabled people**, exacerbating existing injustices and inequalities
- **Fewer younger people with access to school, college, university or work**

¹ www.ctauk.org/amap-campaign

- **Increased transport poverty and inequality** across the UK, especially in rural, remote and deprived communities

This scenario is avoidable. An inflationary uplift to the current AMAP and a regular review process would ensure that employees and volunteer drivers are always fairly reimbursed for the full costs of driving their own vehicles during their duties. It would do this without the risk of affecting tax obligations or benefit entitlements and without requiring unnecessary and time-consuming red tape, where drivers need to provide additional evidence of expenses. An increase in the additional passenger rate could also be leveraged to encourage employees and volunteers to share transport more frequently.

Therefore, an increase in the AMAP rate would:

- **Protect vital charitable services at no cost to the Exchequer**
- **Strengthen communities** which community groups and volunteers are at the heart of.
- **Deliver a fair deal for volunteers** who should not be out of pocket in the course of their duties
- **Show the government's commitment to supporting employees and volunteers through the cost-of-living crisis**
- **Keep volunteering accessible and affordable for all**, especially in the rural and deprived communities most severely impacted by high fuel prices and the cost of living crisis
- **Mitigate the impact of the cost-of-living crisis** on low-paid workers in key sectors of the economy, such as social care
- **Reduce the administrative and financial burden on employees and volunteers**
- **Avoid unnecessary new red tape** for charities and community groups and simplify the workings of the UK's tax system
- **Signal the UK Government's commitment to Levelling Up**

Rationale, effectiveness and benefits

Like much of the voluntary sector, the Community Transport sector is being damaged by the current AMAP rate. **Community Transport is always for a social purpose and never for profit.** Our members utilise a wide range of transport modes – from minibuses and cars to mopeds and bikes – to deliver a diversity of services – including dial-a-ride, electric car clubs, non-emergency transport for health and social care, 'wheels-to-work', group hire and bicycle or e-bike schemes – which support connectivity and sustainability by fulfilling unmet transport needs and bridging gaps in the provision of public transport. Our mission is accessible, inclusive and sustainable transport for all.

Community Transport services operate at the heart of communities, working for their communities. They bind and link people together, tackling the issues of social isolation, loneliness and transport poverty. Community Transport services are also vital for the health of their community due to their role **in delivering non-emergency patient transport to support access to health & social care**

services and sites. Many older and disabled people rely on these services to attend GP surgeries and hospitals. These transport to health services protect already stretched NHS services by supporting the effort to transport patients and reducing missed appointments and, by extension, waiting lists. CT operators perform all these roles despite most not being funded by any health & social care body.

These essential schemes are often delivered by volunteers driving their own vehicles, who will be compensated for their out-of-pocket costs through the AMAP rate. The AMAP rate is supposed to reflect overall motoring costs, including fuel, servicing, and depreciation. Employers, organisations, employees, and volunteers welcome the administrative simplicity and certainty it has created.

However, currently, **large numbers of volunteer organisations are reporting a negative impact on volunteers.** Long-standing volunteer drivers are retiring early, reducing their hours or giving up altogether due to AMAP payments that no longer cover their costs. The 45p per mile rate for the first 10,000 miles no longer covers costs, and the 25p per mile rate continues to fall well short of what is required. This is a significant factor behind lower levels of volunteer recruitment and retention over the last six months, which many organisations have experienced, including 65% of Community Transport operators. **No volunteer should be out of pocket for volunteering. Volunteering must be accessible and affordable for all.**

We know some volunteers can absorb higher costs associated with volunteering, but many others will not. This will exacerbate existing inequalities in who can afford to volunteer and leave the most vulnerable communities underserved.

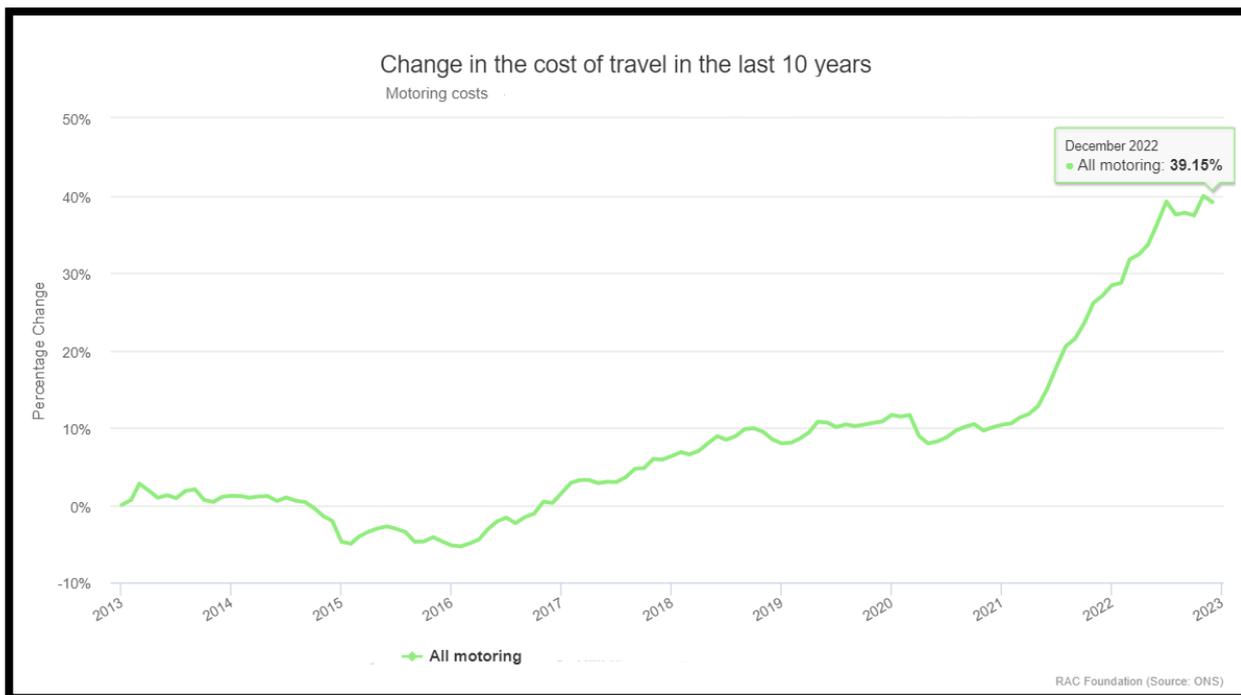
Since the AMAP was last changed over a decade ago, the overall cost of motoring in the UK has increased by nearly 40%, according to the RAC Foundation (see chart below).² Data from the Office for National Statistics illustrates that personal transport costs have risen by 28% since 2012 (see table below).³

We recognise that the government has acted on motoring costs through a 5p reduction in fuel duty. Despite this cost of fuel still reached record-high levels and remains stubbornly high. It is also essential to consider all of the costs associated with running a private vehicle, which contribute to calculating the AMAP rate and have increased substantially. Some costs have risen at similar and higher rates than fuel, such as maintenance and parts.

Therefore, it is clear that **the current AMAP rate set in 2012 is now outdated and no longer reflects the real costs of motoring.** It is vital that the current AMAP rate is reviewed fairly, transparently, and regularly to calculate new rates which accurately reflect the real costs of motoring in 2023 and on an ongoing basis. This action would protect charitable schemes and deliver a fair deal for volunteers and employees at no cost to HM Treasury.

² www.racfoundation.org/data/cost-of-transport-index

³ www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation



Increase in Motoring Costs between 2012 and December 2022 (ONS Inflation Data)			
Item	2012 Price	December 2022 Price	Percentage Increase in Price
07.1 Purchase of vehicles	101.5	126.0	24%
07.1.1A New cars	97.6	130.1	33%
07.1.1B Second-hand cars	108.8	119.8	10%
07.1.2/3 Motorcycles and bicycles	95.9	126.0	31%
07.2 Operation of personal transport equipment	106.7	136.4	28%
07.2.1 Spare parts and accessories	99.0	122.2	23%
07.2.2 Fuels and lubricants	122.5	146.0	19%
07.2.3 Maintenance and repairs	94.1	127.1	35%
07.2.4 Other services	95.3	138.8	46%

Administrative and compliance issues

HM Treasury has informed us that rather than utilising the AMAP rate, employers can instead agree to reimburse the actual cost incurred, without an Income Tax or National Insurance charge arising, where employees or volunteers can provide evidence of the expenditure. However, this complex and often misunderstood process adds additional **red tape representing a significant administrative and financial burden on employees and volunteers**. Many volunteers also fear making errors which could impact their taxes and benefits. **This system can act as a powerful disincentive to volunteering** for people who own their own vehicles and want to help the most vulnerable in their local community.

Moreover, the treasury's claim is inconsistent with HMRC's guidance which specifies that the way it will be calculated if a driver has made a profit is to use the AMAP rate as a guide.⁴ This creates a circular problem where to be reimbursed higher than the AMAP rate without tax implications, a person needs to demonstrate they have not made a profit, but proof of whether a person has made a profit is based on not being reimbursed higher than the AMAP rate.

If there is no increase in the AMAP, given the significant increase in the cost of motoring since 2012, we are likely to see increasing numbers of employers and organisations who can afford to do so, increasing the rates they reimburse employee and volunteer drivers beyond the current rate to cover their costs. **An increase in the AMAP is the most appropriate and straightforward solution, which would simplify the process for organisations, employers, employees and volunteers**, prevent a surge in new compliance and processing work for HM Revenue and Customs and would support employees and volunteers who need to be reimbursed higher than the current AMAP rate.

Revenue implications

As the AMAP is paid by the organisation, increasing the rate through a regular review would have little to no cost, other than admin, to HM Treasury. This is a minimal-cost proposal for the Spring Budget, which is highly deliverable and cost-effective due to the array of benefits it will bring.

We recognise that an increase in the AMAP rate will likely create additional costs for employers and voluntary organisations that depend on people driving their personal vehicles. Nevertheless, employers and organisations must be empowered to make the best decisions for themselves, their employees or volunteers and their customers, communities, or users. They should be empowered to do so in the context of their own budgetary constraints without incurring additional administrative or bureaucratic burdens. A change in the AMAP rate would be a powerful signal from UK Government and, as a widely recognised benchmark, would influence the practices and policies of large numbers of voluntary sector organisations and employers.

⁴ www.gov.uk/guidance/check-if-you-need-to-pay-tax-on-mileage-payments-as-a-volunteer-driver

An increase in the AMAP rate does not create a new obligation. Still, it would give those employers and organisations who are willing and able to exercise it additional flexibility to respond to and mitigate the impact of rising motoring costs.

Many employers and charities who reimburse their employees or volunteers for driving their own vehicles in the course of their duties are likely to consider increasing the rates they pay to match a new, elevated rate. Many charitable organisations are, therefore, likely to require increased financial support from their funders to help meet these costs. We want to see corresponding uplifts in grants and contracts from local authorities and other funders to ensure that voluntary organisations can continue delivering vital public services. The members of this coalition are committed to playing a key supporting role for our members and funders during the implementation of new AMAP rate across our sectors.

Therefore, it is essential that the Spring Budget delivers – and supports devolved and local government to deliver – adequate, fair and sustainable funding that keeps pace with inflation, contributes to core operating costs and sets flexible conditions for the voluntary sector through reforms to grant-making and service commissioning.

Protecting Public Services

As the current AMAP rate no longer covers the costs of motoring, it threatens to leave volunteers and employees that drive in the course of their duties out of pocket. This constitutes a serious disincentive to people taking up these roles, which could result in many essential roles being left vacant.

The vacancies in the volunteer sector risk leaving a range of services unable to operate, which would create several significant problems. Looking at the example of the community transport sector, one of the key functions of this sector is non-emergency patient transport, including providing many older and disabled people with accessible, door-through-door transport to hospital and GP appointments. The demographic of people that Community Transport support usually means these people would not be able to reach appointments through mainstream public transport. Therefore, if Community Transport services cannot attract sufficient volunteers and cannot run these services, many of their passengers may need to depend on the ambulance service to transport them to appointments. Otherwise, many would be unable to access health & social care facilities and services. The demand and pressures on NHS Ambulance Services with limited capacity would likely increase significantly. Moreover, it is likely to increase the number of missed appointments and delayed discharges, resulting in longer NHS waiting times, poorer patient outcomes, and worsening public health.

Similar impacts would be felt in a range of national important areas if voluntary services where volunteers drive reduced, such as education and community ties. These impacts will cost the UK government significantly in the long run as they need to compensate for a lack of third-sector services through increased funding to public services.

An increase in AMAP and a regular and transparent review is, therefore, a less costly and preventive solution that would help to protect voluntary services by championing employees and volunteers and ensuring they are fairly compensated. These actions would help organisations retain both voluntary and paid employees, which would protect the services they provide and, by extension, protect public services.

Macroeconomic implications

The voluntary sector and volunteer drivers play an essential role in the UK economy, creating jobs, supporting access to health, education, employment and training and tackling poverty and inequality. Research by Volunteer Scotland suggests that 12% of formal volunteers in Scotland help transport people or things, which is the equivalent of 140,763 Scottish adults giving 12.5 million hours of service, with an annual economic value of £187.8 million. This represents £0.5 million of economic activity every single day.⁵

For the UK as a whole, there is a lack of specific and equivalent data. Using the Scottish data, we can estimate that transport-related volunteering alone may involve around 1.72 million people across the UK and contributes £2.3 billion to the UK economy every year, **equivalent to £6.3 million every day.**

Our coalition

CTA's Autumn Budget Representation is supported by ten voluntary sector organisations across England, Scotland, Wales and Northern Ireland, collectively representing the voices of over 20 million volunteers across the UK, many of whom use their own vehicle in the course of their duties, including 1.7 million volunteers who are directly involved in transport-related volunteering:

- Community Transport Association
- Communities 1st
- National Council for Voluntary Organisations (NCVO)
- Royal Voluntary Service
- Scottish Council for Voluntary Organisations (SCVO)
- Scottish Volunteering Forum
- Volunteering Matters
- Volunteer Now
- Volunteer Scotland
- Wales Council for Voluntary Action (WCVA)⁶

⁵ www.volunteerscotland.net/media/254583/guidance_-_calculating_the_economic_value_of_your_volunteers.pdf

⁶ www.ctauk.org/amap-campaign

Testimonials

Debbie Blowers, Bact Community Transport (Suffolk, England)

“Over the last year, we have lost some volunteers, and many more have threatened to give up as they are losing money by volunteering... It’s not now just about the fuel crisis, as everything is increasing in cost... We do need that [AMAP] rate to increase”

Jim Freeborough, Voluntary Action Rutland (East Midlands, England)

“Like other Community Transport schemes we are in danger of volunteers withdrawing their services, many of which are of pensionable age the high cost of fuel will be too expensive for them. This will have a catastrophic impact on clients that are on low income and unable to use public transport. They will be unable to afford alternative travel to their medical appointments due to higher costs.”

Annette McKenzie, Gairloch Community Car Scheme (Highland, Scotland)

“The fuel price crisis is a major concern for our rural community and our users. Our local scheme relies on volunteer drivers. Local petrol prices at the pump nearly £2 per litre. Volunteer recruitment is down significantly and we’re struggle to get younger drivers. Some existing older drivers are reducing their volunteer hours or stepping down.”

Chatteris, Doddington, Benwick & Manea Community Car Scheme (Cambridgeshire, England)

“I fear [Community Transport] schemes will close in the near future. [An AMAP uplift] needs to be done urgently as I do think I am on the point of losing a third of my drivers shortly, and I believe many others are in the same position.”

Brian Groves, Newry and Mourne Community Transport (Newry, Mourne and Down, Northern Ireland)

“Volunteer drivers have been forced to turn down long journeys because the expense cannot cover the costs. It is costing our volunteers money to drive because of how the government has set the mileage, it no longer covers volunteer expenses.”

Further information

For further information, or to discuss any of this Autumn Budget Representation, please contact:

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