

Autumn Statement Representation 2023

Review of the Approved Mileage Allowance Payment



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Introduction

The Community Transport Association (CTA) is submitting this Autumn Budget Representation calling for an urgent, fair and transparent review of the Approved Mileage Allowance Payment (AMAP) rate. The current AMAP rate does not reflect the real costs of motoring in 2023, leaving volunteers out of pocket, threatening the future of voluntary services and the people who depend on them, those who are most in need of support.

The Autumn Budget is an important opportunity to ensure that volunteers and workers are supported as they carry out their roles. It is now time to act to ensure that those who use personal vehicles in their roles are compensated fairly for the expenses they accrue.

Our CTA-led coalition represents over 20 million volunteers and is made up of third sector leading organisations. The Community Transport Association, the representative of the UK community transport sector, is heading up this representation. CTA has over 1,300 members whom we support through offering advice, administering MiDAS training and influencing the direction of policy.

Summary

This representation, endorsed by a coalition of 10 leading third-sector organisations, calls for an urgent, fair and transparent review of the Approved Mileage Allowance Payment (AMAP) rate as part of a regular review process. The current AMAP rate, set 11 years ago in 2012, of 45p per mile for 10,000 miles and 25p per mile thereafter does not reflect the motoring cost incurred by dedicated volunteers and workers who use personal vehicles in the course of their duties. According to the RAC Foundation, the cost of motoring has increased by 44% in the past decade, rendering the stagnant AMAP rate glaringly inadequate in today's economic landscape.¹

The growing gap between the AMAP rate and the actual expenses shouldered by drivers is resulting in people being left out of pocket during a time when many are already struggling financially as costs across the board continue to rise. The pressure that the low AMAP rate puts on workers and volunteers has far-reaching consequences across various sectors.

Notably, the voluntary sector is witnessing a discouraging trend as organisations across the UK report that soaring motoring costs and the low AMAP rate are putting off existing volunteers and deterring new ones from taking up driving roles. This is having worrying consequences on voluntary services, which are the backbone of communities across the United Kingdom, tackling issues from health and climate change to unemployment.

These consequences can be seen the community transport sector, where the absence of volunteer drivers is threatening the sustainability of services that bind communities, combat isolation and

¹ <https://www.racfoundation.org/data/cost-of-motoring-index>

loneliness and support vital public services such as the NHS Ambulance service. The loss of these services would harm the people who rely on community transport, who are often the people most in need of support, while simultaneously exacerbating the pressures on public services already stretched to capacity.

There is a clear need and an urgent need for the government to take action in the forthcoming Autumn Statement by raising the AMAP rate and establishing a just, transparent, and regular reviewing process. This action would signify the UK Government's commitment, now and in the future, to support workers and volunteers who use personal vehicles for their role. It would also emphasise the government's recognition of the importance of the voluntary sector, all at a minimal cost to HM Treasury.

Our Proposal

The current AMAP rate is failing to support and fully reimburse employees and volunteers who drive a personal vehicles as part of their role. Since the rate was last updated to reflect the changing cost of motoring in 2012, the cost of motoring has increased by 44%. Those who depend on the AMAP reimbursements to carry out their role may, therefore, be being left out of pocket every mile they drive for their organisation.

This growing gap between the AMAP rate that they are reimbursed at and the actual costs that volunteers are accruing is acting to discourage volunteers from continuing or beginning volunteer driving roles. This has an adverse knock-on effect on the organisations that depend on volunteers. From our research and conversations with CTA members in the community transport sector, we know that 98% rely on volunteer drivers, of which 68% have reported lower levels of volunteer recruitment, with drivers being unable to afford to drive at the current AMAP rate being a key reason for this decline. As a result of falling volunteer numbers, 32% of organisations have been forced to cut back services.²

The loss of voluntary services should be a severe concern for the government as these services are often at the heart of the community and support a range of people catering to various needs. If the UK were to lose vital community transport services, the country would likely see:

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

² Data collected by CTA in 2022

These are just a few likely outcomes of losing community transport services. These outcomes, however, are not inevitable. Government support for voluntary organisations by uplifting the AMAP rate can ensure they do not come to pass. By increasing the AMAP rate, the government will encourage volunteers and employees to carry out driver roles by ensuring they will be fully reimbursed for their expenses. This will enable charities such as community transport organisations to continue their lifeline services, and it will do this at a minimal cost to HM Treasury whilst protecting organisations from needless red tape and volunteers from the risk of tax or benefit entitlements. An increase in the AMAP rate will, therefore:

- **Deliver a fair deal for volunteers**, which Keeps volunteering accessible and affordable. No one will be out of pocket in the course of their duties, even in the rural and deprived communities most severely impacted by high motoring costs.
- **Protect vital charitable services and the people who depend on them at minimal cost to the Exchequer**
- **Ensure that further pressures aren't placed on public services like the NHS**
- **Reduce the administrative and financial burden on employees and volunteers**

Rationale, effectiveness and benefits

The current AMAP rate is damaging for the voluntary sector, which can be seen especially in the case of Community Transport. CTA members use a variety of transportation modes, including minibuses, cars, mopeds, and bikes, to provide a diverse range of services like dial-a-ride, electric car clubs, wheels-to-work schemes, group hire, and bicycle or e-bike programs. These services help to fulfil unmet transport needs and bridge gaps in public transportation while promoting connected communities and sustainability.

Community Transport services operate at the heart of communities set up to tackle a range of issues. They set out to support their community by connecting people, tackling the issues of social isolation, loneliness and transport poverty. They are also vital for the health of their community by delivering non-emergency patient transport to enable people to access health and social care services. These services and the benefits they provide for communities are particularly important for older people and people with disabilities who depend on these to live independent lives.

These essential community transport services rely on the dedicated volunteers who deliver them. Volunteers willingly give their time and drive their own vehicles for Volunteer Car Schemes, a common operating method for community transport. These volunteers deserve to be fairly reimbursed for their out-of-pocket expenses. This fair reimbursement rate is supposed to be the AMAP rate, which should reflect overall motoring costs, including fuel, servicing, and depreciation. However, currently it does not.

At the current AMAP rate, large numbers of organisations are reporting a negative impact on volunteers. The AMAP rate is a significant factor behind the lower volunteer recruitment and retention levels, which many organisations have experienced, including 65% of Community

Transport operators. 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 and the 25p per mile rate fall well short of what is required. Since the AMAP rate was last adjusted over a decade ago, the overall cost of motoring in the UK has increased by 44%, according to the RAC Foundation (see chart below).³ Additionally, Office for National Statistics data illustrates that personal transport costs have risen by 26% since 2012 (see table below).⁴ Now is the time to adjust the AMAP rate again to ensure these cost rises are accounted for so volunteers are not left out of pocket.

We recognise that the Government has worked to support people with fuel costs through a 5p reduction in fuel duty. Despite this action, the cost of fuel still reached record-high levels, and despite falling slightly from the highs of 2022, prices have remained high, even rising again in recent months. Additionally, AMAP is about more than just fuel costs. It is also essential to consider the other costs associated with running a private vehicle, which contribute to calculating the AMAP rate. These costs have also increased substantially. Some prices have risen at similar and higher rates than fuel, such as maintenance and also insurance premiums, which have increased by 21% to an average of £511 in the last year.⁵

We also recognise that many volunteers will be able to absorb the additional motoring costs and will be able to continue to volunteer at the current AMAP rate. However, there are many who will not, and the current AMAP rate threatens to exacerbate existing inequalities about who can afford to volunteer, leaving many of the most vulnerable communities underserved.

It is clear, therefore, that **the current AMAP rate set in 2012 is outdated and needs to be updated to reflect the actual costs of motoring.** The decision to not act would put vital charitable services under threat and risk the future of those who depend on these services. It is critical that the Government uplifts the current AMAP rate and ensures that a fair, transparent, and regular review process is implemented so the rate accurately reflects the actual costs of motoring now and in the future.

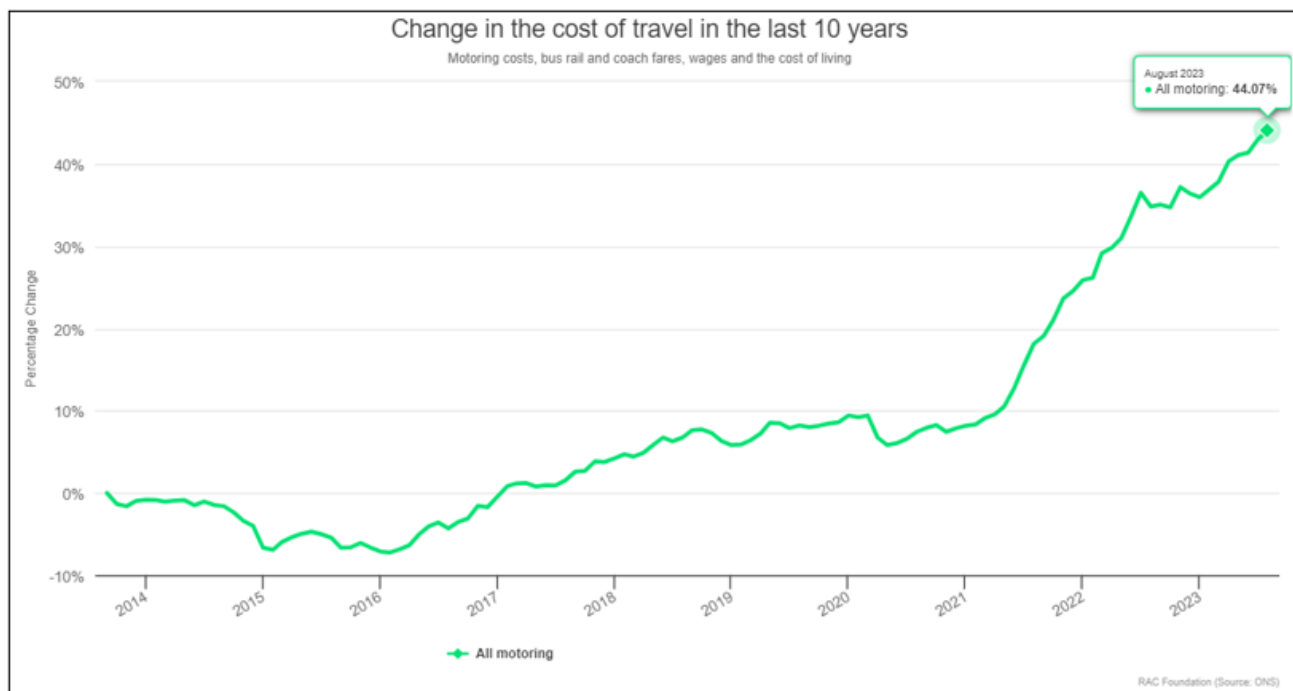
This change would have a minimal cost to HM Treasury whilst delivering significant benefits for people in most need of support across the whole of the UK. Furthermore, it is a policy that has substantial cross-party support across all of the nations of the UK, as demonstrated in the Westminster Hall debate on the topic in July and the Early-Day Motion that addressed the cost of using a vehicle for work that received 115 signatures from MPs.⁶

³ <https://www.racfoundation.org/data/cost-of-motoring-index>

⁴ <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>

⁵ <https://www.bbc.co.uk/news/business-66466626>

⁶ <https://edm.parliament.uk/early-day-motion/60179/cost-of-using-vehicles-for-work> and <https://parliamentlive.tv/Event/Index/d4cd6f2c-8c96-4a60-b0ee-ca9b86563aab>



Source: <https://www.racfoundation.org/data/cost-of-motoring-index>

| Increase in Motoring Costs between 2012 and December 2022 (ONS Inflation Data) | | | |
|--|-------|--------|------------------------------|
| Item | 2012 | Aug-23 | Percentage increase in price |
| 07.1 Purchase of vehicles | 101.5 | 126.6 | 24.7 |
| 07.1.1A New cars | 97.6 | 133.3 | 36.6 |
| 07.1.1B Second hand cars | 108.8 | 118.9 | 9.3 |
| 07.2 Operation of personal transport equipment | 106.7 | 135.1 | 26.6 |
| 07.2.1 Spare parts and accessories | 99.0 | 128.3 | 29.6 |
| 07.2.2 Fuels and lubricants | 122.5 | 133.3 | 8.8 |
| 07.2.3 Maintenance and repairs | 94.1 | 132.7 | 41.0 |
| 07.2.4 Other services | 95.3 | 149.9 | 57.3 |

Source: <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>

Administrative and compliance issues

The AMAP rate creates administrative simplicity, which organisations and volunteers highly value. However, as the current rate does not reflect motoring costs today, much of this administrative value is undone.

HM Treasury has clarified that organisations are not required to use the standard rate for mileage reimbursement and can agree to a higher rate without any Income Tax or National Insurance implications as long as evidence of the additional expenditure is provided. However, this process can be complicated and confusing, leading to further red tape and placing a significant administrative and financial burden on employees and volunteers. Many volunteers are also concerned about making mistakes that could affect their benefits. This extra paperwork can discourage people who own their own vehicles and want to assist the most vulnerable in their community from volunteering.

Moreover, HM Treasury's claim is inconsistent with HMRC's guidance, which specifies that the way to calculate whether a profit has been made is to use the AMAP rate.⁷ 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.

Given the significant increase in the cost of motoring since 2012, if the AMAP rate doesn't increase, we may see more employers and organisations trying to reimburse their employees and volunteer drivers at a higher rate than the current one. This increase in AMAP is the most appropriate and simple solution that would make the process easier for everyone involved, including organisations, employers, employees, and volunteers. It would also prevent an increase in compliance and processing work for HM Revenue and Customs.

Revenue implication

This is a minimal-cost proposal for the Autumn Statement, which is highly deliverable and cost-effective due to the array of benefits it will bring. As the AMAP is paid by the organisation, increasing the rate through a regular review would have minimal costs to HM Treasury, with the only direct costs deriving from admin and the extra mileage rate paid to deserving public sector staff.

A change in the AMAP rate would send a strong message from the UK Government and influence the practices of many charities, voluntary sector organisations and other employers, given its status as a widely recognised benchmark.

An increase in the AMAP rate could result in additional costs for employers and voluntary organisations that rely on individuals driving their personal vehicles. However, raising the rate would empower these organisations to make better decisions for themselves without incurring extra

⁷ www.gov.uk/guidance/check-if-you-need-to-pay-tax-on-mileage-payments-as-a-volunteer-driver

administrative or bureaucratic burdens. It would allow those who choose and can afford to increase the reimbursement rate for driving to provide more support to their volunteers and employees. It's important to note that increasing the AMAP rate does not compel organisations to raise their reimbursement rate. Those who believe they cannot afford to increase their rate at this time are not obligated to do so.

As part of an uplifted AMAP rate, it will also be essential for funders to consider the level of funding that they are providing. The charities and volunteer organisations they may fund will likely consider increasing their reimbursement rates to match an increased AMAP rate. Therefore, these organisations will likely require increased financial support from their funders to help meet these costs. Grants and contracts from local authorities and other funders should meet the full costs of doing business, including an appropriate AMAP rate, to ensure that organisations can deliver vital services and support their volunteers and employees. Our coalition members are committed to playing a key supporting role for our members and funders during the implementation of a new AMAP rate across our sectors.

It is crucial that the Autumn Statement delivers and supports devolved and local government to provide 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

Alongside supporting employees and volunteers, one of the key benefits of uplifting the AMAP is how it will protect public services. As has already been mentioned, many voluntary organisations work in ways that support the role of public services in our communities. They do this in numerous ways, such as supporting the health of older adults, offering children's services and supporting mental health.

In the case of community transport, it plays a crucial role in supporting public services, particularly in the area of health transport. In fact, more than 64% of community transport organisations in England provide transportation to health services.⁸ These organisations offer door-through-door services, picking up patients from their homes, taking them to their appointments, and returning them safely back home. The beneficiaries of this service are often elderly or disabled individuals who would otherwise have no means of transportation to their appointments. With the ambulance service struggling to cope with demand, community transport has become a lifeline for these individuals.

However, many community transport organisations are struggling to recruit and retain volunteers, which puts the transport to health services that people depend on at risk. Due to the shortage of volunteers, many organisations cannot meet the existing demand. As the cost of motoring continues to rise, the situation will likely worsen. If community transport services cannot attract enough volunteers to run these services, many passengers will have to rely on the ambulance service to transport them to their appointments. This will increase the demand on the NHS Ambulance

⁸ Collected in a recent CTA survey.

Services, which already have extreme pressure on its limited capacity. As a result, many people will be unable to access health and social care facilities and services. This will likely lead to more 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 nationally important areas if voluntary services were to continue to lose volunteer drivers, such as education and community ties. These impacts will cost the UK government significantly in the long run as they will need to compensate for a lack of third-sector services through increased funding to expand the capacity of public services.

An uplift to the AMAP rate will need to be properly and fully resourced in order to deliver a fair deal for employees and volunteers. It is a preventive solution that would help protect voluntary services. These actions would help organisations retain voluntary and paid employees, protecting the services they provide and, by extension, protecting public services.

Macroeconomic implications

A review of AMAP would recognise the significant economic contribution made by the voluntary sector. Volunteer drivers are a vital part of the UK economy as they create jobs, provide access to healthcare, education, employment, and training opportunities, and work towards reducing poverty and inequality. According to research in Scotland, 140,763 Scottish adults, 12% of formal volunteers, offer transportation services.⁹ This is equivalent to a total of 12.5 million hours of service, with an annual economic value of £187.8 million. This means that £0.5 million worth of work is being done daily.

Unfortunately, there is a lack of specific and comparable data available for the UK. However, using the Scottish data, we can estimate that around 1.72 million people in the UK are involved in transport-related volunteering, contributing £2.3 billion to the UK economy annually, or £6.3 million every day. The current AMAP rate puts some of this value at risk. The government must act to ensure that volunteer drivers can continue to contribute to society in this way.

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

⁹ <https://www.gov.scot/publications/scotlands-people-annual-report-results-2018-scottish-household-survey/pages/11/>

- 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)¹⁰

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.”

¹⁰ www.ctauk.org/amap-campaign

Further information

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

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