

Report to: Governance Committee

Date: 16 December 2025

By: Chief Operating Officer

Title: Reimbursement for electric vehicle mileage

Purpose: To seek the Governance Committee's approval that, where applicable, electric vehicle mileage is reimbursed at the HMRC advisory fuel rate for home chargers as standard.

RECOMMENDATIONS: The Governance Committee is recommended to approve the following changes to the Travelling on County Council Business Policy:

- 1) where applicable, electric vehicle mileage is reimbursed at the HMRC advisory fuel rate for home chargers as set out in paragraph 2.1 of this report; and
 - 2) where applicable, exceptions as set out in paragraph 2.2 of this report will apply.
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1 Background

1.1 The Council has a Travelling on County Council Business Policy (Appendix 1), which contains the reimbursement rates for employee business travel, as well as the rules for claiming and authorising business travel. Under the policy, employees who own their own vehicle are reimbursed for business mileage at a rate of 45 or 25 pence per mile (ppm), depending on whether they are a contracted or optional car user. Reimbursement at up to 45ppm is not subject to tax.

1.2 However, the Council also operates two car leasing schemes: a salary sacrifice scheme just for electric cars, and a standard leasing scheme which can provide both standard and electric vehicles. The mileage reimbursement arrangements are different for these schemes as outlined below. Both are impacted by the HMRC (His Majesty's Revenue and Customs) advisory rate for fuel. This is the maximum amount that a leased or company car can be reimbursed per mile before tax is due:

- Employees taking part in the standard leasing scheme are reimbursed between 12 and 45ppm depending on their business mileage, and tax is applied to the difference between the rate reimbursed and the HMRC advisory rate for the vehicles fuel type and engine size. This reflects that the maintenance of the vehicle is already included in the leasing fee and is the responsibility of the lease provider.
- For salary sacrifice schemes, employees are just reimbursed at the HMRC advisory rate. This reflects HMRC's position that as the employee is already receiving tax relief on the vehicle, they should not receive any additional mileage reimbursement on top of that.

1.3 Until recently, HMRC published a single advisory rate for electric vehicles which was 7ppm. However, [HMRC have now published](#) two rates – as of 1 December, 7ppm for vehicles charged at home, and 14ppm for vehicles charged using a public charger.

1.4 HMRC have provided no guidance on what evidence should be used to verify that a vehicle was charged using a public charger. Also, where someone charges their car battery with a combination of both home and public chargers, there is no practical way to distinguish between travel fuelled by the home charge, and the public charge.

1.5 It is reasonable to assume that employees who choose to lease an electric vehicle will have access to home charging. This is particularly true under the salary sacrifice scheme, where a free home charger is provided as standard, subject to living arrangements.

2 Conclusion and recommendations

2.1 Based on the above, it is recommended that the as standard, for leased electric vehicle (EV) mileage:

- Under the salary sacrifice scheme, employees will be reimbursed at the lower advisory rate, of 7ppm, for home charging.
- Under the standard leasing scheme, employees' tax for electric vehicle mileage will also be based on this lower home rate.

2.2 The higher advisory rate for public charging would only be applied under exceptional circumstances, for example if the employee needed to charge their vehicle in order to complete a particularly long business journey. This would be authorised by the line manager and requested via the Payroll team.

2.3 It is therefore recommended that the Travelling on County Council Business Policy is updated to reflect the agreed rates as set out above.

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