

Pay Circular (AforC) 4/2008

Mileage allowances

To: All NHS employers

Summary

This pay circular informs employers of agreed changes to the rates of mileage allowances in Annex L of the NHS Terms and Conditions of Service Handbook. Reference is also made to reimbursement of fuel costs for lease cars (Annex M).

Action

- 1 The new rates of allowances are effective from 1 July 2008. Employers should ensure that all their staff who are required to use their own cars to travel on NHS business and receive the allowances set out in Section 17 and Annex L of the Handbook, are receiving the new rates with effect from this date.

Review of mileage allowances

- 2 The NHS Staff Council has agreed that these new rates should apply immediately in order to ensure staff are adequately compensated for the current cost of their work related travel. The Council is reviewing the whole system of reimbursement of travel costs, including the system of reimbursing staff who use their own cars on NHS business. Further joint work will be undertaken in partnership, in the mileage allowance sub-group, to develop a system of reimbursement meeting the needs of managers and staff. The sub-group will explore the possibility of a new structure for the reimbursement of travel related expenses which can be supported by managers and staff. Working in partnership the sub-group will consult managers and staff in the NHS on any proposals it may develop for a new structure of allowances, once these are sufficiently worked out in draft form and adequately costed. The target date for the completion of this work is the end of December 2008.
- 3 Further information about the review will be posted on the Agenda for Change web site and there will be notices in the Workforce Bulletin.

Lease cars

- 4 Fuel reimbursement for lease car users is covered by Annex M (paragraph 2). It states that *"Where arrangements are based on reimbursement of fuel paid for by the employee on a mileage basis, mileage rates should be subject to regular review to take account of significant changes in fuel costs."* The NHS Staff Council has agreed to remind Employers to ensure such reviews are conducted regularly, on a partnership basis, during this time of rising fuel costs.
- 5 HMRC publishes "advisory fuel rates" for "company cars" and it reviews these twice a year. Any changes in "advisory fuel rates" are normally effective on 1 January and 1 July. Employers who set rates of reimbursement for staff using cars under "lease car" arrangements by reference to the HMRC "advisory rates" should note that new HMRC rates take effect from 1 July 2008. Exceptionally, this time, HMRC announced that it was content for the new rates to be implemented from 1 June, where this was possible. Full details of "advisory fuel rates"

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and the taxation of travelling expenses are on the HMRC web site at www.hmrc.gov.uk. Employers should ensure that they refer regularly to HMRC advisory fuel rates so that the requirements in paragraph 2 are fulfilled.

Enquiries

6. Employers should direct enquiries to: agendaforchange@nhsemployers.org

Further copies

7. Copies of this circular can be downloaded from: www.nhsemployers.org
8. A copy of the NHS Terms and Conditions of Service Handbook can be downloaded from the NHS Employers website at the following web address
www.nhsemployers.org/payandconditions/agendaforchange.asp

Issued by



Director of pay, pensions and employment relations
and deputy director
NHS Employers

Appendix

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NHS Terms and Conditions of Service Handbook

1. The Changes made effective by this circular are:

Annexe L: Mileage allowances

2. In Annex L the changes are:

Public transport rate

23p per mile is deleted and replaced by **24p per mile**

Regular User allowance

3. In line 5 the value 27.0p is deleted and replaced by **29.7p**
In line 5 the value 33.5p is deleted and replaced by **36.9p**.
In line 5 the value 40.0p is deleted and replaced by **44.0p**.
In line 7 the value 16.2p is deleted and replaced by **17.8p**.
In line 7 the value 18.3p is deleted and replaced by **20.1p**
In line 7 the value 20.5p is deleted and replaced by **22.6p**

Standard Rates

4. In line 5 the value 34.0p is deleted and replaced by **37.4p**:
In line 5 the value 43.0p is deleted and replaced by **47.3p**
In line 5 the value 53.0p is deleted and replaced by **58.3p**
In line 7 the value 16.2p is deleted and replaced by **17.8p**
In line 7 the value 18.3p is deleted and replaced by **20.1p**
In line 7 the value 20.5p is deleted and replaced by **22.6p**

Pedal Cycles

5. The sentence:

“For local agreement, subject to a minimum of 6.2p per mile” is deleted and replaced with:

For local agreement subject to a minimum of 10p per mile.

Passenger allowances

6. The title "Passenger allowances" is deleted and replaced with **Passenger allowance**.
In the first line "Each passenger 2p per mile" is deleted and replaced with:
Each passenger 5p per mile.