

Vehicle allowance scheme

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Version: 1.0 (published)

Last updated: December 2009

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1 Introduction

1.1 The council is fully committed to reducing the need to travel, especially by car, by encouraging greater use of public transport, cycling and walking as more sustainable modes of transport, wherever this is feasible. In addition, wherever car sharing is an option, then this should be actively encouraged.

1.2 However, the council also accepts that there are aspects of jobs that require an employee to make use of motorised transport to ensure there is a balance struck between business and environmental needs.

1.3 To this effect, the council has developed this car allowance scheme.

2 Car benefit / car lease

2.1 Employees who are in receipt of cash in lieu of car benefit or who have taken a car under the car benefit or car leasing schemes are entitled to a locally agreed mileage allowance for using their car on council business. The mileage allowance is designed to reimburse the cost of petrol only. The same allowance applies to all regardless of the actual engine size of the car or the fuel being used.

2.2 Please note the mileage allowance for company cars must not exceed the advisory fuel rates as determined by HMRC and the current rate is contained in appendix 1. This rate will be subject to a regular review.

3 Motorcycle and bicycle

3.1 The council operates allowances for the use of a bicycle or motorcycle.

3.2 Please note the mileage allowances for bicycles and motorcycles are set out in appendix 1. These rates will be subject to annual review.

4 Essential users

4.1 Employees whose duties are such that it is essential for them to have a motor car at their disposal whenever required, are entitled to receive the lump sum and mileage rates for essential users set out in the National Joint Council (NJC) scheme. The lump sum element will be paid in full to all eligible employees regardless of number of hours worked.

4.2 The council has determined the following criteria to define eligibility for essential user allowances:

- have a car that complies with council rules and policies.
- drive 650 miles per annum within the UK boundaries with an average weekly frequency of car usage of two or more journeys per week (pro-rata to the number of hours worked)

OR

- the council has agreed that the employee needs to have a car on an emergency/urgency basis

OR

- it is essential to have a vehicle on a regular basis (such as on a weekly basis) for work purposes to carry heavy or unwieldy tools and other materials from the work base to customers' premises to enable the post holder to fulfil the duties and responsibilities of the post, where public transport would not be a workable alternative

4.3 The entitlement to an allowance attaches to the post, not the post holder, so that if an employee moves from one post to another they may not be entitled to the same or any car allowance.

4.4 Essential users are entitled to a free car parking space within a designated Luton Council car park.

4.5 Entitlement to essential user allowance will be reviewed annually (run from Payroll records) to ensure conditions are being met.

5 Casual car user

5.1 Anyone who uses their car on council business and who is not entitled to the essential user or car benefit, lease or cash schemes is entitled to claim the casual user rate of mileage determined by NJC, provided they have a car available. Eligibility for casual user car allowance is determined by reference to the requirements of each job and is specified in contracts of employment. Middle band only will be paid.

6 Payments

6.1 The council operates the scheme of allowances determined by the NJC as part of the national conditions of service (see part 3, section 6 of the 'green book').

6.2 The council has determined a single band for applying the NJC car allowances for business use based on the 1000 cc to 1199 cc band.

6.3 Payments can be made for each Luton Council passenger on the same business journey of 5 pence per mile.

6.4 Mileage claims should be submitted monthly and no later than 3 months after the date of the journey being claimed.

7 Requirements

7.1 Employees who claim allowances for the use of their car on council business must maintain insurance, which covers use on employer's business and must not do or omit to do anything that would invalidate the cover.

Furthermore, the employee must actually have a relevant and valid driving licence. The 'Corporate Procedure on the Safe Use of Motor Vehicles on Council Business' provides further information on the rules around motor vehicle insurance and driving licences.

7.2 Essential user allowances and casual user allowances will only be paid where the employee has a suitable vehicle available for undertaking business journeys. The 'Corporate Procedure on the Safe Use of Motor Vehicles on Council Business' provides further information on employees' responsibilities.

8 Inability to use or provide a car

8.1 The national scheme of conditions of service specifies what is to happen if an employee is unable to provide a car as a result of a defect in the car or is absent from work through illness; this also includes no longer being able to use their car as a result of any other reason. It is the responsibility of the employee to inform their manager at the earliest opportunity of any change in their circumstances.

8.2 The lump sum payments should be paid for the remainder of the month in which the absence started or the car first went out of use, and for a further three months thereafter. For the following three months, payment should be made at the rate of 50% of the lump sum payment.

8.3 If an employee is unable to provide a car for use on official duties as a result of their car having been stolen paragraph 7b will apply. If an employee is unable to use a car on official duties as a result of having been disqualified from driving, any allowance will cease with effect from the date of disqualification. In such circumstances if the disqualification related to an offence whilst on official duties and/or the employee is an essential user disciplinary action may be taken.

8.4 It is unlikely that an essential user who has been disqualified from driving will be able to continue to do their job whilst disqualified.

8.5 If an employee, with an essential user allowance, no longer owns, uses or needs to use his/her car for work purposes, then he/she should report this fact to the line manager. The essential user lump sum will then cease at the end of that month. Employees also need to be aware that periodically line managers will review employee's entitlement to essential user car allowance against the criteria in paragraph 4 and if the employee no longer meets that criteria the entitlement will cease to be paid

8.6 During the period when a car is off the road for repairs, reimbursement in respect of travel by other forms of transport should be made by Luton Council.

9 Maternity

9.1 The essential user lump sum will be paid to essential users whilst they are on maternity leave.

9.2 Car benefit cash forms part of salary and is included in the calculation for higher rate maternity pay – this means the 90% calculation and in half rate occupational maternity pay.

9.3 Car lease employees retain the car in accordance with the car lease policy.

10 Career break

10.1 The essential user lump sum will not be paid to users who are on a career break.

11 Protection of car user allowances

11.1 There are certain occasions (such as redeployment), where access to certain allowances will alter or cease altogether. The Organisational Change Procedure provides further information on this.

12 Mileage claims

12.1 Mileage claims should only start from an employee's base as stated on their contract of employment and not the home to work private commuting aspect of their journey.

In the event that an employee does not start their business journey from their work base, for example driving from home to a meeting venue, their normal mileage from home to work must be deducted from their claim of the total journey.

12.2 If travelling to attend training please see the 'Travel and subsistence scheme'

13 Car purchase scheme

13.1 Essential users and designated casual users have access to the assisted car purchase scheme subject to the conditions of that scheme.

14 Tax implications

14.1 Essential user lump sum and any payments made for business mileage are paid gross. However, amounts paid in excess of the Approved Mileage Allowance Payments (AMAPs) set by HMRC will be subject to income tax. Any employee who falls into this category will receive a P11d from Exchequer Services in June each year.

Please note: all mileage rates will be reviewed regularly.

Appendix 1: current mileage rates

Essential users

- Petrol / diesel per mile first 8,500: **40.9p**
- Petrol / diesel per mile after 8,500: **14.4p**

Casual users

- Petrol / diesel per mile first 8,500: **52.2p**
- Petrol / diesel per mile after 8,500: **14.4p**

Lease car / car benefit (as recommended by HMRC)

- Petrol / petrol hybrid per mile: **11p**
- Diesel / diesel hybrid per mile: **9p**
- LPG per mile: **7p**

Mileage rates – training

- Essential car user, lease car or car benefit
- Petrol / diesel per mile **14.4p**

Casual user

- Petrol / diesel per mile: **40.9p**

Motorcycle and bicycle users

- Motorcycle: **24p per mile**
- Bicycle: **20p per mile**
- As recommended by HMRC

Additional passenger payments for motorised vehicles

- 5p per passenger

Please note: updates to these rates will be posted on the intranet, when the Local Government Association and Her Majesty's Revenues & Customs (HMRC) have agreed them.

Any further reviews that we conduct will be posted as they occur.