

EPHING FOREST DISTRICT COUNCIL

CAR AND CYCLE ALLOWANCE POLICY

1. Introduction

1.1 This Policy covers all staff and casual workers employed by Epping Forest District Council.

1.2 The following policy and guidance explains

- § When employees may be able to claim allowances
- § What they are able to claim
- § How to make a claim

It is also for use by managers in making sure that claims are valid.

1.3 Employees should be aware of the tax and National Insurance contribution implications of claiming expenses, allowances and other benefits. For further information please contact Payroll.

2. General Principles

2.1 Travel expenses will be reimbursed where employees in the performance of their official duties have incurred them. Official journeys are those that are;

- § necessary to enable the employee to perform their duties properly, and
- § undertaken with the approval of the appropriate line manager and duly authorised when claims are submitted.

2.2 Employees have a responsibility to ensure that their own cars are adequately insured for business use, have a valid MOT and tax certificate. Business use will include any use for which reimbursement is provided by the Council (including travelling to and from training events, see Section 4). These documents will be checked on an annual basis by HR and copies of the insurance and MOT certificates will be placed on the employee's file.

2.3 The general principle of reasonableness underlies the claiming and payment of all expenses. Employees have a responsibility to ensure that the cost to the Council is kept to a minimum without unduly reducing the efficiency with which they carry out their duties. The purpose of paying travelling and other expenses is that employees do not suffer financially for going about the Council's business.

2.4 As a general principle all travel journeys must be undertaken by the cheapest form of transport and the shortest distance available that is reasonable for the circumstances. If the employee and a colleague are travelling to the same location on the same business, they should travel together in the same vehicle where practicable. Employees will be expected to take full advantage of the cheapest collective form of travel available.

2.4 For any travel expenses claimed by an employee, the Council only bears the additional cost, over and above what it would have cost to travel to the normal workplace.

- 2.5 As with all expenditure, travelling expenses will from time-to-time be subject to inspection by the Council's auditors. Paid claims may also be subject to scrutiny by HM Revenue and Customs (HMRC) Auditors.

3. Use of Cars on Council Business

- 3.1 Employees using a vehicle for Council business will fall into one of the following 4 categories;

- § Occasional User
- § Casual User
- § Essential User
- § EFDC Car Leasing Scheme User

3.2 Occasional User

- 3.2.1 This applies to posts where the holder is required to use their car on Council business on an occasional basis and therefore not eligible for designated car allowances. In these instances the post holder will be reimbursed at the appropriate Casual User rate.

3.3 Casual User

- 3.3.1 Casual Users are those employees for whom it is desirable that a car should be available when required and their annual business mileage is less than 2500 miles per annum.
- 3.3.2 The applicable rates are set out in Appendix 1 which will be amended from time to time in accordance with national agreements.

3.4 Essential User

- 3.4.1 Designated Essential Car Users are employees who are required to have a car available for business use at all times for the efficient and effective performance of their duties.
- 3.4.2 The criteria to determine whether a postholder is an Essential User are:
- § Their annual business mileage is 2,500 miles or above, (unless this is caused by a few especially long journeys), or
 - § A Chief Officer or Assistant Director, or
 - § The average annual mileage is over 1000 miles and
 - An average of ten or more visits are done each week, or
 - The employee is likely to need to attend emergencies outside office hours as a matter of urgency, or
 - There is frequent need to transport specialised or bulky equipment which could not be transported by other means.
- 3.4.3 Mileage claimed for training events will not count towards annual business mileage when determining an employee's eligibility to be designated essential user.
- 3.4.4 The decision to whether the post is to be designated essential user is made by the Director using the criteria listed above.

- 3.4.5 An annual review of designated essential users will be carried out by HR who will report the findings to Corporate Executive Forum.
- 3.4.6 Essential Car Users are entitled to a monthly Essential Car User Allowance from which tax and National Insurance will be deducted.
- 3.4.7 Where a car is not in use as a result of either a mechanical defect or the absence of an employee through illness or maternity;
- § The Essential User Lump Sum will be paid for the remainder of the month in which the car first went out of use, and for a further 33 weeks thereafter. For the following three months, payment will be made at the rate of 50% of the lump sum payment
 - § 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 the employing authority.
- 3.4.8 The applicable rates are set out in Appendix 1 which will be amended from time to time in accordance with national agreements.

3.5 Car Leasing Scheme

- 3.5.1 To be eligible to join the Council's Car Leasing Scheme an employee must be;
- § A Designated Essential Car User, or
 - § A Chief Officer or Assistant Director, and
 - § An employee of the Council for at least 6 months
 - § A full-time member of staff
- 3.5.2 On entry to the car leasing scheme employees will forgo any car allowance while the lease agreement is operating.
- 3.5.3 The following eligibility criteria determines the contributions of the employee as a percentage of the cost towards the lease agreement;
- § Chief Officers and Assistant Directors, also Essential Car Users who travel 5,000 business miles or more per annum will be 15%
 - § Essential Car Users who travel between 2,500 – 4,999 business miles per annum will be 25%
 - § Essential Car Users who travel less than 2,500 business miles per annum will be 40%
 - § Employees currently on the scheme who are no longer eligible as a result of the 1996/1997 Senior Management Review but retained the right to remain on the scheme will be 55%
- 3.5.4 Taxation for leased cars is based on emissions (CO₂). An employee's tax code will be set taking into account these emissions, based on a percentage of the car's 'on the road' price. The taxation scale begins at 15% rising to a maximum of 35%.
- 3.5.5 The business mileage rate for Car Lease employees reimburses the cost of petrol only and is based on current fuel prices determined locally. The rate applies irrespective of the engine size or whether the vehicle is petrol or diesel.

3.5.6 The rates are set out in Appendix 1 which will be amended from time to time.

4. Training Mileage

- 4.1 All staff attending a learning event as part of the Professional Education Scheme or attending training provided by their service or attendance at a conference can claim mileage to and from the event. (User Groups are considered to be business meetings not training events).
- 4.2 Employees can claim mileage for events that do not take place at their normal place of work. Employees based at the Civic Offices cannot claim mileage to the training room at the Works Unit. Employees based at Hemnall Street cannot claim mileage to training room at the Works Unit or training at the Civic Offices.
- 4.3 Employees travelling to the course straight from home and/or return direct to home when the course has finished, can claim the mileage of the actual journey undertaken less the mileage that would have been undertaken on their normal journey to work.
- 4.4 Training mileage rate will be reimbursed at the employee's appropriate rate, depending on the CC of the car and the category of user.
- 4.5 The rates are set out in Appendix 1 which will be amended from time to time in accordance with national agreements.

5. Motor Cycles or Mopeds

- 5.1 The Director will determine what category of Car User the postholder falls within using the criteria set out in Section 3.
- 5.2 If the postholder meets the criteria of an Essential Car User then the appropriate monthly allowance will be paid. Any Business Mileage will be reimbursed at the employee's appropriate rate, depending on the CC of the vehicle and the category of user.

6. Cycling Guidelines and Rates

- 6.1 All employees who use their own bike to cycle on Council business will be required to sign a Statement of Declaration confirming the cycle is properly maintained, in a roadworthy condition and meets the criteria of the Highway Code.
- 6.2 EFDC requires;
 - The wearing of a safety helmet and reflective sash or armbands
 - The use of front and rear lights whenever light or visibility is poor and to check that both front and rear lights are working
 - That employees consider their own personal safety when cycling
- 6.3 Employees are strongly recommended to take out their own liability cover (see 6.6).
- 6.4 Essential users can use a cycle for short business journeys, however it may affect their eligibility to claim essential user allowance.

6.5 Rates

- 6.5.1 The rates are set out in Appendix 1 which may be amended from time to time. As the rate is the same as the HRMC Approved Cycle Rate, payments will not be subject to tax or national insurance contributions

6.6 Insurance

- 6.6.1 Sums that the Council become legally liable to pay as a result of an employee using their own cycle during the course of their work are likely to be covered by the Authority's Liability Policy. This would include the Council's liability to employees using cycles on council business and the liability of employees whilst cycling on official duties.
- 6.6.2 It is conceivable, however, that the acts of an employee, using a cycle on council business may be considered personal and not involve the Authority or the employee, acting as the agent of the Authority in a legal liability. In such circumstances the employee would be personally liable for any damages created and it is therefore strongly recommended that employees take out their own liability cover, which could form an extension to their household insurance. It may also be possible to take out a specific pedal cycle policy. Employees will need to check the position with their insurers.
- 6.6.3 Any cover provided by the Authority would not be operative whilst employees are travelling to and from their normal place of work.

7 Car Park Charges

- 7.1 Employees are responsible for any travel and parking costs as a result of their day-to-day travelling costs from home to their place of work. Parking fees will be reimbursed when it has been necessary for the employee to use a car park as a result of undertaking travel on official business away from their place of employment.
- 7.2 Receipts must be provided before parking fees are reimbursed.

8. What to Claim - Principles

- 8.1 There is no entitlement to claim mileage for the normal home-work-home journey. The HMRC does not class any journey between home and work as business mileage. It is considered as private mileage even when travelled outside normal working hours and therefore any reimbursement will be subject to taxation.
- 8.2 For official journeys made on the way from or to home the claim will be for the actual mileage, less the normal home to work or work to home mileage.
- 8.3 If employees travel from home to another workplace and return home without going to their normal workplace, they must measure the distance from home to the other workplace and return, the normal home to normal workplace and return mileage. The total mileage to be reimbursed will be the total distance travelled less the normal home to work and return distance.
- 8.4 For journeys undertaken outside an employee's normal working hours employees should claim the total distance travelled which will be subject to tax.

- 8.5 Where a full day is spent away from an employee's normal place of work, the mileage actually travelled less the normal home to office to home mileage is claimable.
- 8.6 For any travel expenses claimed by the employee, the principle is that the Council only bears the additional cost, over and above what it would have cost to travel to the normal workplace.
- 8.7 In cases where an employee increases their hours, working an additional day(s) or swapping a normal working day, no home to work mileage is payable.
- 8.8 If an employee is expected to make an additional journey on one of their working days (e.g. to attend work then to travel back into work for an evening meeting) then the second journey (or part of it) may be claimed as home to work mileage. (See 8.9).
- 8.9 In all cases home to work mileage will be subject to tax.
- 8.10 All business journeys taken outside the District should be authorised by the line manager, usually before the journey is undertaken.

9. How to Claim

- 9.1 All employees are required to claim mileage allowances on a monthly basis, using the Council's Car Mileage Claim Form (green).
- 9.2 Training mileage should be claimed on the Council's Professional Education Scheme, Short Courses and Conference Mileage Claim Form (red).
- 9.3 Completed forms must be authorised by the appropriate manager and forwarded to Payroll two weeks before the next payday. Employees are advised to check their payslips for payroll 'cut off' dates.
- 9.4 Only one month per claim form is permitted.
- 9.5 Claims over 3 months old must be authorised by the employee's Director.
- 9.6 Employees are required to attach fuel receipts for the relevant period.

Appendix 1

Mileage Rates with Effect From 1 April 2008

Cars, Motor Cycles or Mopeds

	<u>451 - 999cc</u>	<u>1000 - 1199cc</u>	<u>1200 - 1450cc</u>
<u>Casual Users</u>			
per mile first 8,500	42.9p	46.9p	58.7p
per mile after 8,500	13.3p	13.6p	15.8p

	<u>451 - 999cc</u>	<u>1000 - 1199cc</u>	<u>1200 - 1450cc</u>
<u>Essential Users</u>			
Lump sum per annum	£753	£849	£1,095
per mile first 8,500	34p	36.9p	45.8p
per mile after 8,500	13.3p	13.6p	15.8p

	<u>All cc</u>
<u>Car Leasing</u>	16.30p

<u>Bicycle</u>	20p per mile
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