

The Scottish Government

Directorate for Health Workforce and Performance
Pay and Terms and Conditions of Service Division



Dear Colleague

REIMBURSEMENT OF EMPLOYEE NHS BUSINESS TRAVEL COSTS

Summary

1. CEL 34 (2012) alerted the service to a change in the way staff covered by the Agenda for Change agreement would be reimbursed for work based travel. These changes take effect from 1 July 2013. This circular confirms these changes and provides, at Annex A, a list of amendments to the Agenda for Change terms and conditions handbook. Annex B provides copies of the new sections which will become part of the handbook from the effective date.

Action

2. NHS Boards and Special Health Boards should ensure that the new provisions are put in place from 1 July 2013.

Cabinet Secretary Approval

3. The provisions of this circular have been approved by Scottish Ministers under Regulation 2 and 3 of the National Health Service (Remuneration and Conditions of Service) (Scotland) Regulations 1991 (SI 1991 No 537). A copy of the formal approval is attached.

Enquiries

4. Employees should direct their personal enquiries to their employing NHS Board or Special Health Board.

5. Employers should make their own arrangements for obtaining additional copies of this circular, which can be viewed at:

www.sehd.scot.nhs.uk

23 May 2013

Addressees

For action

Chief Executives,
Directors of Finance,
Directors of Human Resources:
NHS Boards and Special Health
Boards, NHS National Services
Scotland (Common Services
Agency) and Healthcare
Improvement Scotland

For information

Members, Scottish Partnership
Forum
Members, Scottish Terms and
Conditions Committee
Members, Scottish Workforce and
Governance Committee

Enquiries to:

Colin Cowie
Scottish Government Health
Directorates
Health Workforce
Ground Floor Rear
St Andrew's House
EDINBURGH EH1 3DG

Tel: 0131-244 3778
Fax: 0131-244 2837

E-mail:
Colin.cowie@scotland.gsi.gov.uk

6. The changes contained in this circular will be reflected in the updated Agenda for Change terms and conditions handbook from 1 July 2013. The handbook can be viewed at:

www.msg.scot.nhs.uk

Yours sincerely

SHIRLEY ROGERS

Deputy Director

Directorate for Health Workforce and Performance

The Scottish Government

Directorate for Health Workforce and Performance
Pay and Terms and Conditions of Service Division



NATIONAL HEALTH SERVICE APPROVAL OF REMUNERATION AND CONDITIONS OF SERVICE

In accordance with regulations 2 and 3 of the National Health Service (Remuneration and Conditions of Service) (Scotland) Regulations 1991 (S.I. 1991/537) the remuneration and conditions of service set out in the attached Scottish Government Health Workforce Directorate circular of 23 May 2013 – PCS(AFC)2013/3 – in respect of reimbursement of employee NHS business travel costs are hereby approved for the purposes of the said Regulations.

The approval has effect from 1 July 2013.

SHIRLEY ROGERS

Deputy Director
Directorate for Health Workforce
and Performance
Scottish Government
St Andrew's House
EDINBURGH
EH1 3DG
23 May 2013

NHS TERMS AND CONDITIONS OF SERVICE HANDBOOK: AMENDMENTS CONNECTED WITH THE CHANGE IN ARRANGEMENTS FOR THE REIMBURSEMENT OF EMPLOYEE NHS BUSINESS TRAVEL COSTS

Contents

The entry "Section 17: Mileage allowances" is changed to "**Section 17: Reimbursement of travel costs**"

The entry "Annex L: Mileage allowances" is changed to "**Annex L: Motoring costs**"

The entry "Annex M: Lease car policies" is changed to "**Annex M: Lease vehicle policies**".

Section 17: Mileage allowances

The existing Section 17, "Mileage allowances" is deleted and replaced by a new Section 17, "**Reimbursement of travel costs.**"

(As table 8 and table 9 are new, all following tables in the Handbook are renumbered.)

Annex L: Mileage allowances

The existing Annex L, "Mileage Allowances" is deleted and replaced by a new Annex L: "**Motoring Costs**".

(As table 21 is new all following tables in the Handbook are renumbered.)

Annex M: lease car policies

The existing Annex M, "Lease car policies" is deleted and replaced by a new Annex M: "**Lease vehicle policies**".

Please note that the table numbers set out in this circular are currently different from the equivalent table numbers in the version of the terms and conditions handbook used in the rest of the UK. This is because of a recent set of amendments made to the handbook in England which involved the deletion of certain no longer relevant sections. The Scottish version will be reviewed in this regard soon but staff and employers in Scotland should continue to refer to the version of the handbook kept on the Management Steering Group website at www.msg.scot.nhs.uk.

Section 17: Reimbursement of travel costs

- 17.1 This Section deals with the reimbursement of costs incurred by employees who, with the agreement of their employer, use their own vehicles or pedal cycles, to make journeys in the performance of their duties. A summary of motoring costs which are taken into account is in Annex L.
- 17.2 Principles underpinning lease vehicle policies are in Annex M. If the employer withdraws the offer of a lease vehicle in line with the provisions of Annex M the employee is entitled to the appropriate rates of reimbursement in Table 8.
- 17.3 The reimbursement of travelling costs when employees are required to change their base of work as a result of a reorganisation or merger of NHS employers or when employees accept another post as an alternative to redundancy, will be for local partnerships to determine in line with Section 19 and Annex O, subject to a maximum period of reimbursement of four years from the date of transfer (see paragraph 17.17 for compulsory change of base).
- 17.4 **This Section is effective from 1 July 2013.** It replaces the previous Section 17 and all existing national agreements on protection. It applies to all employees on the terms and conditions of service in this Handbook who have been in receipt of the nationally agreed mileage payments. Where local partnerships of employers and trades unions have agreed alternative arrangements which may take account of local travel policies, e.g. “approved mileage allowance payments” (AMAP rates), it will be for the local parties to decide if they wish to maintain the local agreement or implement the new national system.
- 17.5 When using their vehicles in the performance of their duties employees must ensure they possess a valid driving licence, “motoring organisation test (MOT) certificate” and motor insurance which covers business travel, that he or she is fit to drive and drives safely and that they obey the relevant laws e.g. speed limits. The employee must inform the employer if there is a change in status.
- 17.6 When authorising the use of a vehicle, the employer must ensure that the driver has a valid driving licence and MOT certificate and has motor insurance which covers business travel.
- 17.7 The employer and employee will agree the most suitable means of transport for the routine journeys which employees have to make in the performance of their duties. If a particular journey is unusual, in terms of distance or purpose, the mode of travel will be agreed between the employer and employee, before it starts.

- 17.8 There may be circumstances where newly appointed or lower paid employees need assistance to obtain a vehicle to undertake business travel. Where the use of a vehicle is essential to the job the organisation may wish to assist by providing a lease or pool vehicle or a salary advance (see Annex M).

Rates of reimbursement

- 17.9 Employees who use their vehicles to make journeys in the performance of their duties e.g. to provide care in the patient's home, will be reimbursed their motoring costs at the appropriate rates shown in Table 8. These rates of reimbursement apply to journeys undertaken on and after 1 July 2013.
- 17.10 The rates of reimbursement implemented on 1 July 2013 will be those resulting from the review which will be done following the publication of the new AA guides in April/May 2013. Those rates will apply to all journeys undertaken on and after 1 July 2013.
- 17.11 The rates of reimbursement in Table 8 are obtained by referring to costs for the average private vehicle user included in the AA guides to motoring costs (see Annex L).
- 17.12 The rate of reimbursement for motorcyclists in column 4 in Table 8 and the reserve rate in column 4 will move in line with the rate for car users in column 2 (see Annex L).

Table 8

Rates of reimbursement from 1 July 2013

Column 1	Column 2	Column 3	Column 4
Type of vehicle/ allowance	Annual mileage up to 3,500 miles (standard rate)	Annual mileage over 3,500 miles (standard rate)	All eligible miles travelled (see paragraph 17.15 and Table 9)
Car (all types of fuel)	67 pence per mile	24 pence per mile	
Motor cycle			33 pence per mile
Pedal cycle			20 pence per mile
Passenger allowance			5 pence per mile
Reserve rate			33 pence per mile
Carrying heavy or bulky equipment			3 pence per mile

Review

- 17.13 After 1 July 2013 the NHS Staff Council will continue to review the standard rate of reimbursement in Column 2 in Table 8 each year, soon after the new AA guides to Motoring Costs are published, normally in April or May. Any changes to the standard rate of reimbursement, the reserve rate and the rate for motorcycle users in Table 8, resulting from this review, will apply to all miles travelled from the following 1 July, in line with the provisions in this Section (see also Annex L).
- 17.14 A second review will be conducted in November each year to ensure the rate in Column 2 in Table 8 (the standard rate) continues to reimburse employees in line with motoring costs. Any changes to the standard rate of reimbursement, the reserve rate and the rate for motorcycle users in Table 8, resulting from this review, will apply to all miles travelled from the following 1 January, in line with the provisions in this Section (see also Annex L).

Eligible mileage

- 17.15 Employees will be reimbursed for miles travelled in the performance of their duties which are in excess of the home to agreed work base return journey. Normally, the miles eligible for reimbursement are those travelled from the agreed work base and back. However, when the journey being reimbursed starts at a location other than the agreed work base, for example home, the mileage eligible for reimbursement will be as set out in the example in Table 9.

Table 9
Eligible mileage

Eligible mileage – illustrative example		
In this example the distance from the employee's home to the agreed base is 15 miles		
Journey (outward)	Distance	Eligible miles
Home to base	15 miles	None
Home to first call	Less than 15 miles	Eligible mileage starts after 15 miles have been travelled
Home to first call	More than 15 miles	Eligible mileage starts from home, less 15 miles
Journey (return)		
Last call to base		Eligible mileage ends at base
Last call to home	Less than 15 miles	Eligible mileage ends 15 miles from home
Last call to home	More than 15 miles	Eligible mileage ends 15 miles from home

Passenger rate

17.16 With the exception of lease, pool or hire vehicle users, where other employees or members of an NHS organisation are conveyed in the same vehicle on NHS business and their fares would otherwise be payable by the employer, the passenger allowance in Table 8 will be payable to the vehicle driver.

Reserve rate of reimbursement

17.17 A reserve rate of reimbursement, as in Table 8, will apply to employees using their own vehicles for business purposes in the following situations:

- if an employee unreasonably declines the employers' offer of a lease vehicle:
 - in determining reasonableness the employer and employee should seek to reach a joint agreement as to whether a lease vehicle is appropriate and the timeframe by which the new arrangements will apply. All the relevant circumstances of the employee and employer will be considered including an employees' personal need for a particular type of car and the employers' need to provide a cost effective option for business travel;
 - If the employee's circumstances subsequently change the original decision will be reviewed. The agreed principles underlying local lease vehicle policies are in Annex M;
- when employees are required to return to work or work overtime in line with Section 3 on any day, and incur additional travel to work expenses on that day. This provision will apply if the employee chooses to be paid for the extra hours or takes time off in lieu (TOIL – see Section 3);
- when a claim for excess mileage is made in situations where there is a compulsory change of base, either permanent or temporary, resulting in extra daily travelling expenses. The period of payment will be for local partnerships to determine, subject to a maximum period of 4 years from the date of transfer. (For those employees using public transport see paragraph 17.25);
- if an employee uses his or her own vehicle when suitable public transport is available and appropriate in the circumstances, subject to a maximum of the public transport cost which would have been incurred (see paragraph 17.7) and the rules on eligible miles in paragraph 17.15 and Table 9.

Attendance on training courses

- 17.18 Additional travel costs incurred when attending courses, conferences or events at the employer's instigation will be reimbursed at the standard rates in Table 8 when the employer agrees that travel costs should be reimbursed.
- 17.19 Subject to the prior agreement of the employer, travel costs incurred when staff attend training courses or conferences and events, in circumstances when the attendance is not required by the employer, will be reimbursed at the reserve rate in Table 8, in line with the rules on eligible mileage in paragraph 17.15 and Table 9.

"Out of pocket" expenses in respect of business travel

- 17.20 This paragraph applies to employees for whom regular travel in a motor vehicle is an essential part of their duties. During a period when the employee's vehicle is temporarily "off the road" for repairs, "out of pocket" expenses in respect of business travel by other appropriate forms of transport, should be borne by the employer. Reimbursement of these expenses will be subject to the rule on eligible mileage in paragraph 17.15 and Table 9.

Other allowances

- 17.21 Employees who necessarily incur charges in the performance of their duties, in relation to parking, garage costs, tolls and ferries shall be refunded these expenses on production of receipts, whenever these are available. Charges for overnight garaging or parking, however, shall not be reimbursed unless the employee is entitled to night subsistence. This does not include reimbursement of parking charges incurred as a result of attendance at the employee's normal place of work.

Transporting equipment

- 17.22 Employees who use their vehicles in the performance of their duties may be required to take equipment with them. Employers have a duty of care under the Health and Safety at Work Act 1974 and related legislation, to ensure that this does not cause a risk to the health and safety of the employee. Employees should not be allowed to carry equipment which is heavy or bulky, unless a risk assessment has been carried out beforehand. When, after the necessary assessment has demonstrated it is safe to carry equipment, an allowance (see Table 8) shall be paid for all eligible miles (see paragraph 17.15 and Table 9) for which the equipment is carried, provided that either:
- the equipment exceeds a weight which could reasonably be carried by hand; or

- the equipment cannot be carried in the boot of the vehicle and is so bulky as to reduce the seating capacity of the vehicle.

Pedal cyclists

17.23 Employees who use pedal cycles to make journeys in the performance of their duties will be reimbursed for eligible miles travelled at the rate in Table 8 (see paragraph 17.15 and Table 9 for eligible miles).

Public transport

17.24 If an employee uses public transport for business purposes, the cost of bus fares and standard rail fares should be reimbursed.

17.25 Where there is a compulsory change of base, either permanent or temporary, resulting in extra public transport costs for the employee, these extra costs will be reimbursed, subject to a maximum period of four years from the date of transfer. (For those employees using their own vehicles for business purposes and incurring additional costs see paragraph 17.17).

Annex L: Motoring costs

1. **This annex is effective from 1 July 2013.** Each year the Automobile Association Trust (AA) produces illustrative guides of motoring costs. These set out the elements of costs involved in running a car for a typical car owner using his or her vehicle for normal “domestic” purposes e.g. travel to and from work, shopping trips and holidays. The NHS Staff Council has used this as the source of its estimates of the costs of business mileage.
2. Table 19 shows the costs at the time the rates in Table 8 in Section 17 were last set.
3. The AA guides provide different illustrative costs for private car use based on a range of different annual mileages and cars in different price ranges. In order to obtain the figures in Table 19 the NHS Staff Council has taken the figures in the guides for cars in the middle price range and an assumed annual combined private and business mileage of 10,000 miles, on which all the cost items in Table 19 are based.
4. The rates of reimbursement implemented on 1 July 2013 will be those resulting from the review which will be done following the publication of the new AA guides in April/May 2013. Those rates will apply to all journeys undertaken from 1 July 2013.
5. In line with the AA guides the annual values for “*standing charges*” in Table 19 are shown as whole numbers. This means that the value in row six for “total annual cost of standing charges,” which is calculated on unrounded numbers, is not the sum of the values in rows one to five in Table 19.
6. In line with the AA guides the values in the costs per mile of “*running costs*” in rows seven to ten in Table 19 and the “*total of running costs*” in row 11 are calculated to two decimal places. (See the notes on rounding in row 12).
7. The average price of fuel in row 7 in Table 19 is a calculation of the combined average price of petrol and diesel which is in line with the method used by the AA to take account of fluctuations in fuel prices.

Table 19
Motoring costs as at 1 April 2013

Rows	Items of cost	Annual cost (£)	Cost per mile (pence)
	Standing charges		
Row 1	Road tax	188	
Row 2	Insurance	1089	
Row 3	Cost of capital at 50%	211	
Row 4	Depreciation (based on 10,000 miles per year)	2,711	
Row 5	Breakdown cover	50	
Row 6	Total annual cost of standing charges	4,248	42.48
	Running costs		
Row 7	Fuel		14.56
Row 8	Tyres		2.06
Row 9	Service labour costs		4.66
Row 10	Replacement parts		2.88
Row 11	Total of running costs		24.16
Row 12	Total of standing charges and running costs up to 3,500 miles per year		66.64 (67 pence rounded; i.e. to obtain the whole pence values in Table 9 in Section 17, 0.5 pence and above is rounded up. Lower figures are rounded down).
Row 13	After 3,500 miles per year		24.16 (24 pence rounded; see note above).

8. There are two types of motoring costs:
- standing charges:- the costs of keeping a vehicle on the road including depreciation, tax, insurance, breakdown cover and the loss of interest on capital (money) which may otherwise be invested if it had not been spent on the vehicle; and
 - running costs:- fuel, tyres, servicing and repair costs, parking and tolls.
9. The figures in the AA guides are:
- based on how much it is likely to cost the average private car user to run a petrol or diesel powered car;

- based on the purchase price of a new car, which is replaced after 5 years;
- based on an analysis of the running costs of the 60 top selling models in the UK car market.

Motor cycles

10. The NHS Staff Council has agreed that the standard rate of reimbursement for motor cycle users in Table 8 will be 50 per cent of the unrounded rate for car users in row 12 in Table 19. This rate will apply to all eligible miles travelled (see paragraph 17.15 and Table 9). Paragraphs 12 to 15 explain how rates will be reviewed.

Reserve rate

11. The NHS Staff Council has agreed that the reserve rate in column 4 of Table 8 will be 50 per cent of the unrounded value of the standard rate for car users in row 12 in Table 19. This rate will apply to all eligible miles travelled (see paragraph 17.15 and Table 9). Paragraphs 12 to 15 explain how rates will be reviewed.

Review

12. The NHS Staff Council will review the standard rate in Column 2 in Table 8 twice each year. The first review will take place soon after the new AA guides to motoring costs are published, normally in April or May. Each item of cost in Table 19 will be updated using the appropriate new values in the latest AA guides. The new unrounded value in row 12 in Table 19 will be compared with the unrounded value in the same row at the time of the last change in the standard rate of reimbursement (Column 2 in Table 8 in Section 17). If the difference between these two values is 5 per cent or greater, up or down, the standard rate of reimbursement will change in line with the new value in row 12 in Table 19. Rounding, as described in row 12 in Table 19, to obtain the new whole number values for Table 8, will be the last procedure to be performed. If a change in the standard rate of reimbursement is produced by this procedure the rate for motor-cyclists in Column 4 in Table 8 in Section 17 and the reserve rate will also be reviewed, in line with the provisions in Section 17.
13. If there is a change in the standard rate of reimbursement (Column 2 in Table 8) the rate in column 3, for mileage over 3,500 miles per year, will be adjusted in line with the new value in row 13 in Table 19 and the provisions in Section 17. Rounding, as described in row 12 in Table 19, to obtain the new whole number values for Table 8, will be the last procedure to be performed.
14. A second review of the rate in Column 2 in Table 8 will take place in November each year. This check will look at the average fuel price in the twelve month period ending in October. The value of the entry in row 7 in Table 19 will be updated using information published by the AA on the average price of fuel in the twelve month period ending in

October. The new unrounded value in row 12 in Table 19 will be compared with the unrounded value in row 12 at the time of the last change in the standard rate of reimbursement (Column 2, in Table 8, in Section 17). If the difference between these two values is 5 per cent or greater, up or down, the standard rate of reimbursement will change in line with the new value in row 12 in Table 19. If a change in the standard rate of reimbursement is produced by this procedure the rate for motor-cyclists in Column 4 in Table 8 and the reserve rate in Column 4 will also be reviewed, in line with the provisions in Section 17. Rounding, as described in row 12 in Table 19, to obtain the new whole number values for Table 8, will be the last procedure to be performed.

15. If there is a change in the standard rate of reimbursement (Column 2 in Table 8) as a result of this second review, the rate in column 3 for mileage over 3,500 miles per year will be reviewed in line with the provisions in Section 17. Rounding, in line with the note in row 12 in Table 19, will be the last procedure to be performed.

Annex M: Lease vehicle policies

1. **This Annex is effective from 1 July 2013.** In the NHS the default position is that employees use their own vehicles for travel in the performance of their duties, except where the employer has made specific alternative provision. This Annex refers to vehicles provided to employees under a lease agreement, allowing them to use the vehicle for both NHS business and private purposes. Also, it refers to vehicles leased or owned by the employer and made available to employees for NHS business use only.
2. The details of written lease vehicle policies, will be for local partnerships to design and agree.
3. The possibility of using a lease vehicle should be considered whenever it is expected that the business miles travelled in a year will exceed 3,500 miles.
4. These schemes should take into account the following principles:
 - lease vehicle schemes are voluntary;
 - are offered to eligible employees;
 - employees bear the full cost of their private use of the vehicle;
 - schemes should provide for lease cars to be accepted on the basis of business only use or a combination of business and private use. Where cars are accepted for business use only these cars should be classed as “pool” cars;
 - the employer will be responsible for any excess insurance charges incurred during business use of the vehicle;
 - the tax implications of using a lease vehicle must be explained to the employee before the arrangements start;
 - “eligible miles” as set out in paragraph 17.15 and Table 9;
 - reasonable recognition of the individual circumstances of the employee.
5. Whenever lease vehicle schemes are operated the vehicles chosen will be consistent with the:
 - proper use of public money;
 - needs of NHS business;
 - recommended safety standards, and

- policies in each of the UK countries relating to the prudent use of scarce natural resources, including carbon reduction strategies and safeguarding the environment. All of these policies are often described as coming within the “*green agenda*”.
6. If an employee chooses a vehicle which is not on the employer’s list of vehicles approved for this purpose any extra costs, over and above those incurred by employees using approved vehicles, will be paid for by the employee.
 7. The arrangements for reimbursing the employee the costs of using the vehicle on NHS business must be made clear to the employee. When the employee is reimbursed fuel costs at a rate per mile travelled on official business the rate per mile must be reviewed regularly to ensure that it takes account of fluctuations in fuel prices.
 8. HMRC publishes “advisory fuel rates” for “company cars” which it reviews regularly. Employers which set rates of reimbursement of fuel costs for employees using vehicles under “lease vehicle” arrangements, by reference to the HMRC “advisory rates,” should ensure that they refer regularly to HMRC “advisory fuel rates.” Full details of “advisory fuel rates” and the taxation of travelling expenses are on the HMRC web site at www.hmrc.gov.uk.
 9. Local policies should set out details of early termination costs and the circumstances in which these would apply. Whenever it is possible, the employer and employee should explore opportunities for the employer to keep the vehicle and avoid the costs associated with the premature termination of the lease agreement. An example of circumstances when this may be appropriate is when an employee with a lease vehicle transfers to a job with another NHS employer in which there is a continuing need for significant official travel.

“Pooled vehicles”

10. Sometimes local partnerships find it convenient to have one or more vehicles readily available for business use, by a number of employees. These vehicles are owned by the employer. They are not allocated to an individual employee and they are only available for business use. Provision of “pooled” vehicles is an important part of local travel policies. The arrangements are for local determination, in partnership.

“Hire vehicles”

11. Local partnerships should agree the circumstances in which hire facilities are to be used and the arrangements for reimbursing employees the costs they incur.
12. The use of pooled, hire and lease vehicles and the reimbursement of associated costs, will be in line with rigorous principles of effective and prudent use of public money, the NHS Carbon Reduction Strategy in England and its equivalents in the other UK countries.

NHS Carbon reduction strategies

13. The NHS carbon reduction strategies set out how and why the NHS can and should make an important contribution to the ambition of making us a low carbon society. The main ambition is that the NHS should reduce its “carbon footprint” by 10%, by 2015.
14. The strategies place important responsibilities on NHS organisations. Two of these are that:
 - all organisations should have a board approved travel plan as part of their sustainable development board management plan, and that
 - mechanisms to routinely and systematically review the need for employees, patients and visitors to travel, need to be established in all NHS organisations.
15. The Sustainable Development Unit (SDU) is keen that organisations should make use, whenever it is possible and practicable, of low carbon lease vehicles in line with relevant legislation