

## **Draft Car Allowance Policy**

### **1. Policy Statement**

- 1.1. The purpose of this policy is as a supplement to and in support of the Council's Travel Plan by encouraging managers and employees to consider when planning journeys for business purposes the most efficient, cost effective and appropriate mode of transport that also takes into account the impact on the environment. The policy also brings equality to the issue of car allowances by removing the differential between 'essential' and 'casual car' users. This is achieved by reimbursing employees for the business mileage they actually undertake when they use their own vehicle for business purposes.
- 1.2. The reimbursement rates are set in accordance with the Inland Revenue rules applicable from time to time and this policy replaces all others connected with the issue of car allowances.
- 1.3. The mileage reimbursement rates set by the Inland Revenue applicable at this time are outlined in Section 2 below and have a statutory exemption from tax and are calculated to take account of the overall average running costs of each particular category of vehicle, in addition to whether or not an employee takes fellow employees as passengers in their own vehicle on business journeys.

### **2. Car Allowance Rates**

- 2.1. The Inland Revenue 'approved mileage allowance payments' rates (effective as at 1 April 2007) are:

Motor cars or vans:

Each mile up to 10,000 business miles - 40 pence per mile  
Each mile over 10,000 business miles - 25 pence per mile

Motor cycles: No restriction - 24 pence per mile

Cycles: No restriction - 20 pence per mile

An employee who takes fellow employees as passengers in their own vehicle on journeys that are also for business purposes for them and there is no other alternative, will in addition be reimbursed at 5 pence per passenger per business mile.

### **3. Scope of Policy**

- 3.1. This policy applies to all employees within Peterborough City Council.

#### **4. The Responsibilities of Managers and Employees**

- 4.1. When planning business journeys, particularly long distance journeys, employees must consult with their manager and agree the most appropriate and cost effective mode of transport. This therefore may be the use of public transport, the employee's own vehicle, the use of a council vehicle or car rental.
- 4.2. In support of 4.1, it is also the role of managers to manage their transport budget efficiently and apply a common sense approach when agreeing the most appropriate mode of transport and authorising mileage claims.
- 4.3. To support managers and employees guidance notes are incorporated into the Council's Travel and Subsistence policy and procedure.