

Mileage reimbursement negotiation

The broken mechanism

We know how expensive it is to use your own car for work. We have heard from many of you about all the costs that you bear to deliver care to your patients in whatever role you do.

We know this is not ideal as it costs you to fill your tank with fuel and make sure your car is safe and legal to drive. These expenses fall to you. This is why it's important that your employer reimburses you fairly for all these costs.

Since 2010, the mechanism agreed to calculate Agenda for Change (AfC) mileage rates was reliant on cost of motoring data published by the AA. However, in 2014, the AA stopped producing this data, and from then on, the reimbursement rate has been calculated using fuel prices only, rather than the full costs of motoring.

Since this change, NHS trade unions have been pushing for negotiations to ensure staff are fairly reimbursed for using their own car for the purpose of carrying out their work.

In the meantime, some employers have moved away from the NHS Terms and Conditions and are using different, locally agreed, reimbursement schemes.

Negotiations started in September 2024, and we've now reached a point where we have a recommendation to fix this broken mechanism, and we are seeking your views on it. This still needs to be agreed through the NHS Staff Council, and we want to implement it as soon as possible from April 2026.

The fix

The negotiated recommendation is for all car types. This recommendation does not cover costs relating to daily commuting or lease cars.

The recommendation is one package as follows:

- We have negotiated a new mechanism that will calculate rates and will adjust with changes to inflation linked to motoring costs (published by the Office for National Statistics). This rate of inflation is known as CPI 07.2 Operation of Personal Transport Equipment. This is the most appropriate measure of motoring costs that exists. (More information can be found [here](#).)
- From 1 January 2026, the current reimbursement rates are 56p up to 3,500 miles and 21p for any more than 3,500 miles. This new mechanism will set new baseline rates. When the new mechanism comes into force, the first 4,500 business miles in each tax year will be reimbursed at 59p and then 36p for any more than 4,500 miles.
- Changes in the costs of motoring will be reviewed every six months by unions and employers in partnership and rates will change if there's an increase or decrease of more than a whole penny.
- The mileage threshold (where the rate drops to a lower reimbursement rate) will increase from 3,500 miles per year to 4,500 miles per year, meaning staff who need to use their car the most for work duties will be more fairly reimbursed.

- The date that the threshold resets will move to 1 April annually, rather than 1 July in line with implementation. There will be no detriment as a result of this change.

Summary of the recommendation

Unions believe that the new mechanism is the best that can be achieved through negotiations. The alternative is to stick with the current mechanism that only takes into account the price of fuel. As we saw in January 2026, this led to rates dropping because fuel was cheaper, but the other costs of motoring have increased.

If your employer has varied the mileage reimbursement scheme from the NHS Terms to local terms, the rates may not automatically apply and there will need to be work done at a trust/employer level to bring you back onto NHS Terms.

No mileage reimbursement scheme is perfect, and driving costs will vary dependent on factors like the type of car you drive, type of journeys and driving style. If you are a high mileage driver or drive an older less economical car, it may be that the new proposals do not fully cover your costs. However, unions believe the new mechanism will more fairly recompense you for using your own car for work in comparison to the old national scheme.

We believe that the NHS should not rely on staff to use their own car to drive excessive mileage and negotiations will continue to look at ways to reduce the reliance on staff using their own cars for work. The NHS should be looking at greener and more sustainable options for the future, and we will be pushing for alternatives that support you to deliver care to your communities.

Next steps

We want to hear from you.

Contact your local BDA Trade Union Representative by 20 February to share your views and get more in-depth information. If you do not have a local representative then please use the form on the BDA website to share your thoughts.

More information will be shared on the BDA website when it's available.