

4.3 EXPENSES POLICY

This Policy is non contractual.

1.1 General Introduction

This document looks at general travel and subsistence policy and relates to out of pocket expenses incurred as result of the duties undertaken for Transport Focus. The overriding principle for expenses claims is that they should **only** cover the costs necessarily incurred in carrying out such activities. Transport Focus is a publicly funded body, therefore has to ensure that it minimises expenditure and provides value for money (eg booking rail tickets as far in advance as possible, travelling in off-peak times etc), and also ensure that any personal tax consequences for individuals are transparent.

Before arranging your travel please make sure it is the most cost effective solution and check with your manager that it is essential.

The Inland Revenue has strict rules regarding employees and members claiming travelling and other out of pocket expenses. These guidelines have been developed to comply with the Inland Revenue rules and adherence to them, unless expressly stated, should ensure that no individuals incur a personal tax liability as a result of incurring business expenses.

Transport Focus will reimburse reasonable expenses incurred by individuals as a result of undertaking their duties. Individuals are responsible for ensuring that any claims made under this policy are appropriate and that the expenditure can be justified as a proper use of public money.

Remote workers must cross reference this policy with the Remote Based Worker Policy and Guidelines

It should be noted that not all expenditure will be reimbursed, especially if it is incurred as a matter of personal taste, is incurred contrary to these procedures or above the rates in Annex A – '**Travel and Subsistence Table**'. Standard of travel and accommodation is the same for all and not dependent on grade or status.

Responsibility for compliance with this policy rests with the respective budget holders and ultimately with the Chief Executive (CEO), who is the Accounting Officer and answerable to the Public Accounts Committee for the expenditure of taxpayer's money. The Resources team carries out an audit role, ensuring that the policy and guidelines are applied consistently across the organisation, providing advice and information where necessary and making the appropriate payments. **The rates in Annex A are applicable to all expenses incurred, including those charged to Government Procurement Cards (GPC) issued to individuals.**

1.2 Incurring Expenses

Individuals should pay their own bills and claim reimbursement unless payment is made at the time of expenditure using a GPC. The notable exceptions to these are the arrangements in place for the pre-booking of rail travel and hotel

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accommodation. Expenses should only be claimed once they have been incurred and the benefit gained. For example, the cost for advance booking of tickets cannot be claimed until the tickets have been used.

1.3 Timing

All expense claims should be submitted on a monthly basis. To ensure payment in the month of expense claim submission, the cut-off dates are as follows:

- Members – by the 15th of the month
- Staff – by the 20th of the month

1.4 How to claim

Budget holders are delegated to authorise payment of expense claims for staff (directors must obtain authorisation from the CEO). Members must submit their expense claim forms to the Chief Executive's and Chairman's office. Expenses claim forms should be completed giving full description of the purpose of the expenses incurred. This is a requirement of the Inland Revenue, as Transport Focus needs to demonstrate that the expenses are properly incurred for business purposes. This must be done for all expense items and all claims must be submitted with VAT receipts.

Claim for expenses incurred without receipts will normally not be reimbursed. The only exceptions to this are for car mileage claims, the overnight allowance with family/friends, and Personal Incidental Expenditure Allowance. The completed form should be passed to budget holders for authorisation then forwarded to the Resources team. Transport Focus reserves the right to amend any claims that are over the limits specified in Annex A.

Resources Team will process expenses received by the cut-off date, and payment will be made within 10 working days via BACS into individual bank accounts. Claim forms received after the cut-off date will be processed and reimbursed the following month.

2. Travel Expenses

Individuals are responsible for selecting the most appropriate mode of transport taking into account value for money. ~~Normally this would be by public transport although it is recognised that there are occasions where use of a motor vehicle may be required (see private car section).~~

Journeys for staff between their home and place of employment* with Transport Focus are excluded from these provisions as staff are expected to bear these costs. It is important that the Resources team is consulted when staff intend to claim any kind of expenditure between home and normal place of work*. According to UK tax law, private travel reimbursed (which includes home to work travel) will be subject to the deduction of Income Tax and National Insurance at source.

(* For definition of place of employment/normal place of work for remote workers, please refer to the Remote Based Working - Policy and Guidelines)

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2.1 Rail travel

Rail travel should be standard class unless travelling first class is cheaper than standard class travel. Where first class rail tickets have been purchased because they were cheaper this must be noted on the rail booking, expense claim or GPC forms.

If the journey is in doubt please note that pre purchased tickets may attract a cancellation/rebooking fee.

2.2 London Underground (LUL)

Tickets may be purchased at stations and the cost reclaimed through the normal expense claim procedure. It is possible to book rail tickets with the LUL element included. Oyster cards may be purchased, where it is economical to do so, and the cost claimed back once purchased. ~~It is possible to book rail tickets with the LUL element included.~~ Where oyster cards are purchased for business use please ensure you keep a record of journeys made to demonstrate that there is no private use of the card. Where a personal Oyster card is used to pay for a business journey please provide a record of the journey with your expense claim.

2.3 Air travel

All classes of foreign travel require the prior approval of the Chief Executive or the Chairman. Domestic flights may be taken with prior authorisation from the budget holder if this is more cost/time effective than rail. Travel should be economy class on all flights. Staff air tickets should normally be ordered in advance through designated support staff. Tickets may be purchased directly from an airline and the cost reclaimed through the normal expense claim procedures.

2.4 Taxis

Staff and members are generally not expected to use ~~taxis public transport~~ when on official business although there may be occasions when this a taxi is necessary. These might include:

- group travel where a taxi may be a cost effective option;
- locations where public transport is unavailable or very inconvenient;
- when you are carrying heavy luggage;
- when speed is a business necessity;
- there is a safety consideration, eg late at night

Dated receipts must be obtained for reimbursement

2.5 Private car

You may travel by private car when:

- a journey by car would significantly reduce the journey time; or
- the carriage of papers and equipment make a car a better option;
- there is a safety consideration, eg late at night.

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Transport Focus will reimburse individuals at the rate per mile as per annex A. This rate covers wear and tear of the vehicle, insurance, petrol, oil and other maintenance costs. No other claims should be made for additional motor costs.

When calculating the distance individuals may need to deduct the distance between your home and your normal place of work* from the overall mileage. This is because the cost of travel between home and work is a cost to the employee and if claimed would be taxable.

(* For normal place of work for remote workers, please refer to the Remote Based Working - Policy and Guidelines)

No liability is accepted in the event of any accident, damage, injury or death to yourself or your passengers beyond that which existed if your private vehicle had not been used. It is your own responsibility to ensure that you are satisfactorily insured, and your policy covers for:

- the use of the car for business purposes;
- bodily injury to or death of third parties or passengers; and
- damage to the property of third parties.

2.6 Car Hire

If staff are required to travel, and if they are unable to use their own cars, they may hire a car (with prior approval from the budget holder) normally through our appointed care hire supplier and by raising a purchase order request in the usual manner.

Petrol costs incurred during for journey will be reimbursed upon provision of a VAT receipt.

2.7 Toll Charges

Toll charges will be reimbursed using an expense claim form providing a VAT receipt is obtained where possible.

2.8 Car Parking

Car parking charges will be reimbursed using an expense claim form providing a VAT receipt is obtained where possible.

2.9 Ferry

Ferry charges will be reimbursed at standard rates using an expense claim form supported by a VAT receipt.

3 Subsistence Expenses

Transport Focus will reimburse for reasonable subsistence expenses if individuals are working away from the office. The amounts are contained in annex A.

3.1 Meals

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Transport Focus will reimburse the cost of any meals whilst on official business. The guideline rates for lunch and dinner may be interchangeable and would depend on when individuals would normally have their main meal. However the daily guideline should not be exceeded. Transport Focus will not pay for alcoholic drinks, except as an accompaniment to an evening meal. Gratuities/tips will not be reimbursed, unless the service charge is included within the bill and not as an optional extra. It should be noted that reimbursement will be in line with as per the rates in annex A.

3.1.1 Breakfast

Expenses can be claimed up to the guideline level for breakfast if the time of journey requires individuals to leave home significantly earlier than normal.

If you are staying overnight in a hotel booked via RedfernExpotel breakfast would normally be included so no separate claim should be made.

3.1.2 Lunch

The costs of lunch may be reimbursed as part of a business meeting which necessarily takes place over lunch-time.

3.1.3 Dinner

Expenses can be claimed if there is a requirements to stay overnight for business purposes or traveling back late at night having worked away from home, the cost of an evening meal can be claimed up to the guideline level. This can include a claim for up to half a bottle of wine or two pints of beer or equivalent with the evening meal. ~~The However, the~~ maximum cost that will be reimbursed is set out in Annex A £25.00

3.2 Hotels

Use of hotel accommodation is permissible when travelling home is not practical or an overnight stay is a sensible use of time or a business requirement. Transport Focus will cover the cost of bed and breakfast in a hotel of an appropriate standard, generally equivalent to a 3 star rating. This will normally provide for at least an en suite bathroom, tea/coffee making facilities, a television and telephone in the room.

Booking arrangements are in place with Redfern, to obtain government Civil Service discounted rates. Although hotel bills are sent direct to the Transport Focus for settlement, on leaving the hotel individuals should check bills for accuracy before signing the account. Any additional personal expenditure, over and above the room rate (which will cover Bed and Breakfast) should be settled by individuals on departure.

Hotel bookings should be made through Redferndesignated support staff, and it expected that rooms are booked at discounted rates. Other arrangements for bed and breakfast can be made, provided that the cost is within limits in annex A.

Telephone calls made for business purposes will be reimbursed if supported by an itemised bill or invoice. In addition, reimbursement for other expenditure which is wholly necessarily and exclusively incurred for business purposes e.g. photocopy costs. Personal calls must not be reclaimed but see the Personal Items Allowance section below.

3.3 Personal Items Allowance

Transport Focus will pay a flat rate daily allowance to cover personal expenditure incurred while away from home. Any personal expenditure, paid by Transport Focus, in excess of the flat rate daily allowance will be subject to Income Tax and National Insurance.

3.4 When away from home on business, individuals can stay with friends or relatives, saving Transport Focus additional expense. In these instances, a claim for a fixed rate allowance can be made. It should be noted that it is assumed that when claiming this allowance breakfast and/or dinner was provided by the host, therefore no claim may be made for meals. The Personal Items Allowance cannot be claimed when claiming the allowance for Staying with Relatives/Friends.

3.5 Overseas expenses

For all foreign travel, prior authorisation is required from the budget holder for any overseas expenses.

Reimbursement will be made for all expenses when travelling overseas wholly, necessarily and exclusively on Transport Focus business. The reimbursement guide used in this instance would be the Foreign and Commonwealth Office's subsistence rates. Transport Focus will pay the increased flat rate allowance for personal items as set out in Annex A of £10 per night for overseas travel.

4. Other 'Out of pocket' expenses

Reimbursement will be made to staff for receipted "out of pocket" expenses where they have been incurred wholly, necessarily and exclusively for carrying out of Transport Focus business. Members have a separate arrangement for sundry expense items, including telephones and incidental expenses. It is expected that wherever possible, the respective budget holders should agree the planned expenditure prior to the costs being incurred and VAT receipts must accompany all claims. Examples of out of pocket expenses:

- telephone calls;
- mobile phone call;
- subscriptions;
- hospitality;
- stamps and stationery;
- entertaining and working lunches; and
- awaydays.

4.1 Telephone Calls

It may sometimes be necessary for business telephone calls to be made from home telephones. It is possible to claim back only the cost of calls plus VAT providing that any claim is substantiated with an itemised and fully annotated telephone bill. No claim for a proportion of line rental will be paid.

4.2 Mobile Telephones

4.2.1 Subscription Mobile Phones

It may be necessary on occasion to make business calls using personal mobile phones. A claim may be made for the cost of telephone calls made wholly, necessarily and exclusively for business only if the calls can be substantiated by an itemised telephone bill.

However the amount that may be claimed without triggering a personal liability to Income Tax and National Insurance is complicated if your phone subscription tariff contains 'free air time'. Please contact Finance for assistance with the amount that can be claimed back without incurring a personal liability to Income Tax and National Insurance.

4.2.2 "Pay as You Go" Mobile Phones

Under current UK tax legislation, the reimbursement for a "Pay as You Go" voucher to make business calls is subject to Income Tax and National Insurance. If a claim is made for these vouchers the amount reimbursed will be subject to the deduction of tax and national insurance.

Reimbursement will be made only on an exceptional basis for these vouchers and will need prior agreement from the respective budget holder, and will need to be split between business and personal calls. Any amount reimbursed will be subject to the deduction of tax and national insurance.

If it is envisaged that there is a need to make business calls when travelling, individuals should try to borrow one of the company phones assigned to the teams or to an individual.

4.2.3 Company owned Mobile Phones

Individuals have been provided mobile phones for work use. The bills for these are sent direct to the Resources Team, who will require staff to reimburse the cost of any personal calls made.

4.3 Subscriptions to Professional Bodies

If there is an employment requirement for membership to a professional body Transport Focus will normally reimburse the cost of one professional subscription^s. Staff should pay the subscriptions and claim the money back on an expense claim form.

The Inland Revenue has issued a list of subscriptions to professional bodies that may be reimbursed without deduction of Income Tax and National Insurance. Any subscription not on this list will be reimbursed but will be subject to Income Tax and National Insurance.

If however, the subscription is a specific requirement of your role, rather than merely useful for your role, and not on the Inland Revenue list, Transport Focus will then bear the tax cost.

4.4 Magazine Subscriptions

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Personal subscriptions to industry/professional magazines reimbursed by Transport Focus are subject to Income tax and National Insurance on the employee.

4.5 Provision of IT equipment used at home

Where an IT asset is provided by Transport Focus for use at home, no taxable benefit will arise on the employee providing the following conditions are met:

- it is provided to enable you to do your work
- any private use is minimal

Any telephone costs incurred in using a laptop, etc. at home ~~are~~ covered in paragraph 4.1.

4.6 Stationery, Postage, etc

Transport Focus will reimburse expenses for stationery, postage, etc. which has been wholly, necessarily and exclusively incurred in the performance of Transport Focus business and is supported by VAT receipts.

4.7 Eye Tests

Staff required to use computer equipment and specifically use a VDU, will be reimbursed the cost of an eye test. If as a result of the eye test there is a need to have corrective lenses, Transport Focus will reimburse costs in respect of lenses needed only for VDU-related work, up to a maximum amount of £60. Any other general corrective lenses that are found to be necessary by the optician will not be reimbursed.

Please obtain a written statement from your optician to the effect that spectacles are needed for VDU work and clearly identify on any receipt which lenses are related to VDU-work only.

Note that only one claim can be made each year.

4.8 Entertaining and Working Lunches

The costs of lunch may be reimbursed as part of a business meeting which necessarily takes place over lunch-time. On occasions it may also be appropriate to pay for the costs of a snack or a meal for external business contacts, within reasonable amounts. These should be reimbursed on the form, indicating the names of the contacts, and the organisations concerned, and the reason for Transport Focus expenditure.

The cost of entertaining other Transport Focus staff and Members is not normally reimbursable. Reimbursement may only be claimed where exceptional business purposes justify the expense. Individuals must get approval from the budget holder in advance for these expenses, and the names of each person entertained must be noted on the claim.

4.9 Away days

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Individuals attending away days should follow the travel and subsistence guidance described above.

Annex A

Travel and Subsistence rates

Item	Maximum Claim Limit	Fixed Rate	Formatted Table
Meals (see note 1 below)			
• Breakfast	<u>Up to £12.00</u>	-	Formatted: Centered
• Lunch <u>Five hour rate</u>	<u>Up to £5.00</u>	-	Formatted: Centered
• Dinner <u>Ten hour rate</u>	<u>Up to £125.00</u>	-	Formatted: Centered
• <u>Overnight rate</u>	<u>Up to £30.00</u>		Formatted: Centered
Hotel (bed and breakfast) - per night (see note 2 below)			
<i>(maximum allowance)</i>			
<i>£165 per night UK capital cities</i>			
<i>£115 per night Provincial</i>			
<i>(see note 2 below)</i>			
-			
<u>UK capital cities</u>	<u>£135 (indicative rate)</u> <u>£165 (maximum rate)</u>	-	Formatted: Centered
<u>Provincial</u>	<u>£100 (indicative rate)</u> <u>£115 (maximum rate)</u>	-	Formatted: Centered
Allowances			
Miscellaneous personal costs (maximum daily tax-free allowance) when away overnight on Transport Focus business			
• UK	-	£5.00	Formatted: Centered
• Overseas	-	£10.00	Formatted: Centered
• Staying with relatives/friends (see note 3)	-	£36.00	Formatted: Centered
Car			
Up to 10,000 miles per tax year		40p <u>45</u> per mile	Formatted: Header
10,001 +		25p per mile	
<u>Passenger supplement</u> <i>(names of passengers and reasons for travel must be submitted with all claims)</i>		<u>5p per mile</u>	Formatted: Header

All amounts are inclusive of VAT.
All expense must be supported by a VAT receipt, except for fixed rate allowances

Notes

- The breakfast allowance is treated separately from the hourly allowances. The appropriate hourly allowance would only become applicable once the minimum

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period away from the normal place of work had been reached eg £5.00 allowance is available after 5 hours away from normal place of work and £15.00 allowance available after 10 hours away from normal place of work. Each hourly allowance supersedes the previous and the maximum allowance (excluding breakfast) in any 24 hour period is £30.00. The cost of an evening meal can include a half bottle of wine or two pints of beer. Gratuities/tips will not be reimbursed, unless the service charge is included within the bill and not as an optional extra

2. Indicative hotel rates are those which staff should not normally exceed. If a hotel is not available within the indicative level staff should obtain prior approval from line management to book a hotel above the indicative level but within the maximum rates.

3. The Allowance for staying with family and friends is subject to tax and national insurance and is paid through payroll so claims for this allowance should be submitted on a separate claim form.

1. The cost of dinner can include a half bottle of wine or two pints of beer. However, the maximum cost that will be reimbursed is £25.00, including alcohol. Gratuities/tips will not be reimbursed, unless the service charge is included within the bill and not as an optional extra

2. These rates are effective from 1 April 2008

3. This rate increased from £25 per night on 1 April 2009 and became taxable from that date and must be claimed separately so it can be paid with the salary payments.

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