# Volunteer expenses

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## Overview

This information page outlines the importance of reimbursing the expenses incurred by volunteers, what is legitimate, the relationship between expenses and gift aid and what to consider when preparing a ‘Reimbursement of expenses’ policy.



### Reimbursing your volunteers

There is a template available to help you create a ‘Model reimbursement of expenses’ policy

## The importance of reimbursing volunteer expenses

The reimbursement of expenses is an equal opportunities issue. Research into potential barriers for volunteering discovered that the lack of out-of-pocket expenses was the biggest factor which prevented people from getting involved.

**Volunteers are making a gift of their time,** and they should not be expected to give money as well; not everyone is able to do this, which effectively excludes some volunteers.

Volunteers value being made aware of and reminded of how to claim the reimbursement of their agreed expenses within inductions and supervisions, in a culture that encourages this process.

Across the board, reimbursement allows an organisation to better understand the true support costs of volunteering and can be supportive when assessing future funding requirements.

## Legitimate expenses for volunteers

HM Revenue and Customs (HMRC) and the Department of Work and Pensions (DWP) recognise the following as being legitimate expenses for volunteers:

- Travel to and from the place where the volunteering takes place
- Travel during the course of volunteering
- Meals taken whilst volunteering
- Postage and telephone costs incurred
- Care of children and other dependents during the period of volunteering
- The cost of protective or special clothing required for volunteering

Expenses to volunteers should be the actual costs incurred, supported by receipts wherever possible. Mileage should be at a 'reasonable' rate – for example within the HM Revenue and Customs limits. These are set at a level to take into account depreciation and other running costs as well as fuel.

| Vehicle | HM Revenue and Customs approved mileage rates |
|---|---|
| Cars and Vans* | 55p per mile (for the first 10,000 miles)<br>25p per mile (over 10,000 miles)<br>*An additional 5p per passenger is allowable |
| Motorcycles | 24p per mile |
| Bicycles | 20p per mile |

Receipts, train or bus tickets should be provided as evidence of expenditure. Some organisations define a geographical /distance limit or a maximum value for which expenses will be reimbursed. You are encouraged to review the HMRC website for current rates.

It is possible for volunteers to be reimbursed in advance or for anticipated expenditure so long as appropriate evidence of expenditure follows. For example, if a volunteer's travel to and from their place of volunteering costs £20 per month in bus fares, it is possible to pre-reimburse the volunteer £20 at the beginning of the month so that they are not left out of pocket by having to claim those expenses at a later date.

This does not alter the fact that only legitimate expenses actually incurred or to be incurred can be reimbursed without affecting the volunteer's benefits position.

The same proof, for example, receipts, will also be needed to show how the money was spent. Volunteers should not be given fixed rate payments to cover their expenses e.g. a lunch allowance since expenses must be for actual out of pocket expenditure. Do not be tempted to pay more than is actually incurred. This could

jeopardise any benefits payments volunteers receive, possibly incurring benefit sanctions.

Expenses that exceed volunteers' actual costs may be regarded as a payment in return for 'work' they have carried out. This could be regarded (by a tribunal or similar body), as a contractual relationship, giving the volunteers employment rights – including the national minimum wage. There may also be tax implications for volunteers who are receiving funds beyond actual volunteer related expenses.



## Expenses and Gift Aid

If a volunteer chooses not to claim their expense entitlement, Gift Aid cannot be claimed on this amount. However, the volunteer may claim expenses and choose to repay this as Gift Aid.

Where a culture of reimbursement of expenses is built, financial donations and any gift aid from supporters, and volunteer expenses incurred as they travel to, or go about volunteering need to be understood to be separate.

The usual rules of Gift Aid will apply and there should be evidence of a clear transaction showing a monetary gift from the volunteer to the organisation.

## Expenses Policy

Having a written policy on expenses will ensure your staff, volunteers and anyone who asks will know what the entitlement to volunteers is and the procedures for claiming them.

You may want to put sensible limits on some expenses, to prevent misunderstandings, or embarrassment if you are presented with unaffordable receipts for expenditure. Your limit will depend on local costs and your financial position. It should be sufficient to allow volunteers to have a hot snack and drink – up to £5 is certainly reasonable.

It is also reasonable to ask volunteers to use the cheapest reasonable form of public transport, however recognizing that this might not always be the most suitable choice for some volunteers. Some volunteers may require the use of private travel, such as taxis. It is worth considering individual needs, when you are estimating your budget and considering your expenses policy.

Generally, it is advisable to aim for parity between expenses rates for staff and for volunteers. There would be little justification, for example, in adopting different mileage rates for staff and volunteers within the same organisation and reflects how volunteers are valued by the organisation.

An expenses policy might include:

- Exactly what expenses can and cannot be claimed, and at what rate.
- What can and cannot be claimed on behalf of a client where the volunteering includes befriending, visiting or trips out to social activities.
- The procedure for claiming, i.e. when, on which forms and what records or receipts are needed to accompany a claim.
- What happens after a claim is made, and the method of payment – cash, cheque, into a bank account.
- How to request an immediate route for reimbursement (petty cash), or indeed when agreed upfronted expenses can be claimed to prevent financial difficulty and to enable volunteers to keep attending.
- What will happen if a fraudulent expense claim is made.
- How you will support volunteers who may need help with completing forms.

There is a template 'Model Reimbursement of expenses policy', which can be used or adapted for use by your organisation.