

Voluntary Action-**Leeds** Volunteers' Expenses

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VOLUNTEERS' EXPENSES

Volunteers give their time for free, so it is important to ensure voluntary work does not affect people financially too. For example, the most common expense for volunteers is transport to and from the place of volunteering whether this is by public transport or other means. However, it is not the only one. The aim of this paper is to clarify why it is important for organisations to offer their volunteers out-of-pocket expenses and outlines the issues, which need to be addressed beforehand.

Why is it necessary to pay expenses?

Payment of volunteers' expenses is an essential element of 'good practice'. If an organisation is unable (or unwilling) to refund expenses, some people wishing to volunteer may be prevented from doing so. In turn, the organisation could be depriving themselves of volunteers with valuable skills, abilities and experience. It is important to remember there are many people on low income, for example, who simply will not be able to afford to volunteer if their expenses are not met.

There may of course well be volunteers who for one reason or another choose not to claim expenses. It is worth noting, however, the National Survey of Volunteering 1997 showed that of those volunteers who had incurred expenses, 53% had not been offered any reimbursement with a further 28% receiving only a partial payment.

Furthermore, if volunteers are to play a central role in delivering the service of an organisation, potential funding award bodies e.g. local authorities, trusts, National Lotteries Board etc., will expect annual budgets to allow for volunteer costs.

An organisation which chooses not to reimburse volunteer expenses cannot claim to be fully promoting equality of opportunity.

What issues are there for organisations to consider?

1. **Reimbursement not Remuneration** - the amount spent equals the amount claimed. It is important to understand the difference between 'set payments' - remuneration - and the reimbursement of expenses. It is not appropriate to pay volunteers notional sums of money for, say, travel or meal costs. The reasons for this are two-fold: this system may underestimate the amount actually spent leaving the volunteer out of pocket or, conversely, a payment which exceeds expenditure may well count as 'earnings' to both the Benefits Agency and

Inland Revenue. Therefore, volunteers on state benefits who are paid sums over and above 'actual' expenses, may find any surplus being set against their benefits. Tax-payers, receiving lump-sums rather than a straight reimbursement, means they are regarded by the Inland Revenue as 'employees' and become liable for tax on this money. These rules apply to 'ex-gratia payments', 'pocket money' and 'honoraria' - all change the status of volunteers and are regarded as remuneration not reimbursement.

2. **A list of expenses provided by the organisation that the volunteers can claim for.**
3. **Have a straightforward claims procedure.** Volunteers should be given **clear** instructions of how to claim expenses. The procedure needs to be as straightforward as possible too, with potentially awkward situations (e.g. people having to constantly ask for their expenses) being avoided. Also, those wishing not to claim should be able to do this in a way which does not cause embarrassment to them or to other volunteers who are claiming.
4. **Decide whether or not to set an upper limit on the amount that can be spent on certain items.** While most out-of-pocket expenses will consist of travel costs and similar small amounts, some volunteers may be engaged in work which involves them spending larger sums. Taking groups of young people on day trips or buying materials for painting and decorating are examples. Under these circumstances it may be useful for organisations to set upper limits on how much can be spent.
5. **Welfare Benefits.** Receiving benefits does not prevent people from undertaking voluntary work. There are certain procedures to follow which do vary depending on the kind of benefit. **In all cases volunteers should inform their local benefits agency of their voluntary work**, failure to do so may adversely affect benefit payments and their entitlement to them. These are the most common benefits.
 - i) Job Seekers Allowance(JSA): In theory, there are no set limits on the amount of voluntary work an unemployed person may undertake whilst retaining their entitlement to benefits. However, JSA claimants are required to be 'available for work' and if an offer of a paid job is made, they are given 48 hours to make any necessary arrangements before starting work.
 - ii) Incapacity Benefit: There is no limit to volunteering in terms of time for people on this benefit but care needs to be taken over the 'type' of voluntary work. For example if a person is receiving benefit because of

a bad back, volunteering to dig gardens is likely to be viewed unsympathetically.

- iii) Income Support: Most people on this benefit, for example pensioners or lone parents, will not be required to be available for work, however, receiving payments other than reimbursement of expenses may well affect this benefit adversely.

6. For organisations involving large numbers of volunteers it may be useful to nurture a working relationship with a member of staff at the local benefits agency office -let them know about the organisation, its work, how volunteers are involved etc.
7. **Expenses for volunteer drivers.** The Inland Revenue sets mileage rates (graded according to a car's engine capacity) which are the maximum that can be paid to drivers before tax is due. The rates are in two bands - a 'higher' and a 'lower' -the higher rate applies to the first 4000 miles, while the lower rate is for mileage over this figure. Issues relating to tax and mileage payments can become complex, especially for people involved in self-assessing their tax. If in doubt contact the local Inland Revenue office. Organisations should also be prepared to pay any extra insurance premiums volunteers may incur due to them using their vehicle whilst volunteering. This rarely occurs but if volunteers are asked to pay extra, it may be worth changing insurers!

What expenses can be reimbursed?

This list, although reasonably comprehensive, is not exhaustive and there may be certain areas specific to organisations where other volunteer expenses occur.

- Fares to and from the place where the voluntary work takes place.
- Any further travel costs incurred while undertaking voluntary work.
- Mileage, at an agreed rate, for volunteers using their own vehicles.
- Any extra insurance premium paid by volunteers using their own vehicles.
- Meals taken in the course of voluntary work.
- Cost of any phone calls, e-mails, fax messages, postage, photocopying etc.
- The cost of care for dependants while undertaking voluntary work.
- Purchase cost of any special clothing, materials or equipment which are needed.
- Purchase cost of any foodstuffs bought, for example, for children's parties.
- A contingency fund to pay for any items damaged but which are not worth making an insurance claim for. For example, damage to the cost of say £25 or less, as most insurance policies have an 'excess' limit of at least this amount.

Where is it possible to get further information?

The National Centre for Volunteering Regent's Wharf 8 All Saints Street LONDON

N19RL publications include:

Expenses Paid?'

Volunteers in the Driving Seat'

Working with Volunteers

Tel. 0171 5208900

Fax. 0171 520 8910

List of Insurers providing cover e-mail centrevol@aol.com without increasing premiums'

The Benefits Agency (any office) Leaflet FB26 -Voluntary & part-time workers'

The Inland Revenue (any office) Leaflet IR69 -1 Expenses Payments Form PI/D'
Leaflet IR122 -'Volunteer Drivers'