

Volunteers' Expenses

*Guidance Sheet No. 3 for
Volunteer Involving
Organisations*

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Summary

Volunteers give their time and effort for free. So it's reasonable to expect that it shouldn't actually cost THEM to volunteer for your organisation.

It's good practice to reimburse your volunteers for out of pocket expenses if your organisation can cover the costs, and this information sheet will cover the how's and why's and legal implications of expenses for volunteers.

Why should you pay expenses?

It's not rocket science to see that by offering to cover their expenses, you may increase the potential number of volunteers that will be attracted to your organisation.

A fair proportion of potential volunteers could be people on low incomes, with little cash to spare, and research has shown that this can be a deterrent to volunteering for these people. It could also put off people who feel they are already donating time, effort, skills, knowledge and experience to your organisation, so asking them to cover their own travel costs, for example, could be a step too far.

Paying out of pocket expenses to your volunteers is a legitimate cost for any organisation that engages with volunteers regularly to provide services, and so you should budget for this when you start working with volunteers. Try to include this cost when you apply for funding.

If payment is a problem for you, you will need to think about how you attract and thank your volunteers in ways that may make up for the lack of expenses, and this topic is covered in another Information Sheet.

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Which expenses should we reimburse to volunteers?

Generally, you should reimburse anything reasonably incurred as part of the volunteering activity. This normally includes:

- Travel, including to and from the place where the volunteering takes place
- Admin costs, like phone calls or postage
- Meals or refreshments, for example if a volunteer has manned a stand for you all day or had an overnight stay somewhere on your behalf
- Any special equipment, such as protective clothing, if you do not supply them yourselves
- It can also sometimes cover things such as childcare

This list is not exhaustive and you should consider what constitutes reasonable expenses for the activity your volunteers are undertaking.

What is 'reasonable'?

This is for your organisation to decide, but you must make this clear to volunteers so they do not incur extra costs. You may decide to set a limit on how much can be claimed for meals or refreshments, or for childcare. You could check with similar organisations in your area to see what they will reimburse as 'reasonable'.

It might be advisable to draw up an expenses policy setting out what your organisation will and won't reimburse, and the limits on each item, and make this part of your volunteer induction pack or handbook. Whether you do or don't have a policy, you should make sure all volunteers are clear on what they can and can't claim.

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How to reimburse expenses

The principle of reimbursing expense is simple - you only reimburse costs the volunteer has actually incurred. Therefore your volunteers will need to submit receipts to show what they have spent whilst undertaking their volunteer activity that they wouldn't otherwise have spent.

Keep it clear and straightforward for your volunteers

- Be clear about what expenses will and won't be reimbursed. Be clear about limits on the amount that can be claimed for expenses such as meals.
- Try to pay expenses promptly and regularly, maybe once a month, and preferably by bank transfer or cash. Avoid cheques if you can as they take time for the volunteer to pay in and clear and make it more inconvenient for them.
- Decide if you are going to have a timeframe within which volunteers can claim expenses, and make sure this is clear to your volunteers.
- Develop a simple expenses claim form. A sample can be found in the appendix of this information sheet.

Encourage volunteers to claim expenses regularly

Occasionally some of your volunteers may be reluctant to claim expenses. They may believe that your organisation should not be spending money on this, or they may feel they do not need to take your money.

However, unless you cover expenses, how will your organisation understand the true costs of your operations? You need to have an idea of what it really costs you to operate, and things like travel, subsistence, equipment are part of the real costs your operations. You need to understand how much is being spent on this in order to budget accurately and apply for grants. So if you have volunteers who do not want to claim their expenses, reassure them that you have budgeted for it and it is actually important for your organisation.

Should you have a volunteer who really feel strongly that they do not wish to claim their due expenses, they can be offered the option to donate it back to you through Gift Aid.

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The legal stuff....

Flat rate payments

This is one to avoid. If a flat rate is paid, a volunteer might then receive more than they have incurred. HMRC will regard this as **income** and this will make the **whole** payment taxable. This could then also affect any benefits a volunteer is receiving. HMRC are then entitled to ask the volunteer for tax for all the time they have volunteered for you, which could be several years' worth - a substantial bill.

A flat rate might also be considered as indicating a contract of employment. Should any dispute arise, an employment tribunal may then give the volunteer the same rights as your employees, including a minimum wage.

Dispensations to the above

If you have some long term regular employees who claim almost an identical amount on a regular basis, you can sometimes arrange with HMRC for a dispensation to pay them at a flat rate. This could be set up as an automatic payment, making it more convenient for you and for the volunteer. However, in general this is best avoided.

Voluntary Workers

Occasionally you may have full time volunteers who can be legally called 'voluntary workers'. They have the right to claim 'subsistence allowance' which covers basic living costs, such as:

- Food and drink
- Laundry
- Basic toiletries
- Medicine
- Heating and lighting

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This would usually occur when their role has come about as an arrangement between two non-profit organisations. You must be able to show clearly how the subsistence allowance was calculated. It would not normally include payment for accommodation.

Honoraria

This is a payment given in return for professional services provided without charge. It is usually a one-off payment to say thank you for some professional help received.

However, if it is paid regularly, this is regarded as taxable earnings. So this should not be regarded as an alternative to a proper expenses policy and procedure.

How to reimburse specific types of expenses

Here we will examine how to operate an expenses system for the most common type of expenses your organisation may cover, and some of the less usual ones.

Public transport travel

You would usually expect your volunteers to use the cheapest form of transport, unless it is not realistic, for instance, because they have specific needs, or because of the location to be reached.

You will need a receipt for a train or bus ticket, or the actual ticket showing the fare. If they purchase a pre-paid travel card they will need to ask for a receipt when they purchase it, or print the details if they purchase it online.

You can consider paying for a season ticket if this would cost less than if they bought single tickets for the same period, however, if for any reason they cannot attend on some occasions during this period, e.g. If the season ticket covers one month and the volunteer subsequently only attends once during that period, this may not be economical.

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Taxi journeys

This may be an alternative form of transport which can be considered for reimbursement if a volunteer has no alternative. Again the volunteer will need to be able to produce some form of evidence of the cost.

Use of volunteer's own vehicle

There are HMRC approved mileage allowance payments for reimbursement of driving expenses. Please note these are a maximum which is payable free of tax. It does not mean that your organisation must pay this rate, but consider researching what similar organisations pay. You will usually find that it is this rate or close to it.

As at June 2015, the approved rates are:

Type of vehicle	First 10,000 miles	Above 10,000 miles
Cars and vans	45p (40p before 2011)	25p
Motorcycles	24p	24p
Bikes	20p	20p

You can sometimes choose to reimburse a volunteer for the actual costs, but they will need to produce all the receipts and work out exactly how much is attributable to their voluntary work. The volunteer would also need to complete a self assessment tax return. It is much easier to pay their travel expenses at the agreed rate per mile, but ensure you make this clear to your volunteers.

Telephone calls

Whether you reimburse for phone calls will depend on the type of calling plan the volunteer has. If they have a plan where a certain amount of minutes are included, and their volunteer related calls do not exceed that amount, they have incurred no extra costs to be reimbursed.

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If however, they exceed their allotted minutes, they will need to produce an itemised bill to demonstrate which calls were made as a result of voluntary work.

Payments for carrying passengers

Volunteers can also claim an additional 5p per mile for carrying passengers in relation to their voluntary role, so this would include community transport schemes, for example. Again, this is not obligatory for an organisation to pay. Make clear what you will and won't cover to your volunteers before they agree to their role.

Care

This is more unusual, but sometimes an organisation may choose to cover care costs for a volunteer's children or an adult dependent. It is really up to your organisation to decide, but do make this clear to potential volunteers. If you do choose to offer this, find out about what care costs in your area and decide what rate you will offer, what limit you will have, or if you want volunteers to use a specific care provider.

Also consider if you will cover use of registered centres or individuals or whether you will also include babysitters and less formal arrangements. Discuss things with potential volunteers beforehand to avoid misunderstandings in future.

Internet Use

Should you need one of your volunteers to have an Internet connection to carry out their voluntary role, they should be able to claim for this. Volunteers with existing Internet access should not incur any additional costs to reimburse. Usage can be reimbursed if it can be itemised and proven it is for a voluntary role.

Disclaimer

We try hard to make sure that the information contained in our Guidance Sheets is correct when we produce them. However, please be aware that they are intended as a starting point to help you to think about the topics covered, and help you to plan your work with volunteers.

You should always look for further information or professional guidance where necessary. VCSPD are unable to accept liability for any loss or damage or inconvenience arising as a consequence of the use of this information.