



people policies

Expenses and Benefits Policy



Policy

Purpose

This policy applies to all employees, except those who work in locally managed schools for whom there are separate arrangements. Locally managed schools are commended to adopt the allowances and procedures within this policy as part of their pay and conditions policies.

Expenses and benefits may be taxable and subject to national insurance contributions. See section “Tax and National Insurance” for further information.

Definitions

Expenses are payments other than salary or wages that are made to you to cover costs you have incurred or will incur in connection with your job.

A benefit is something advantageous and provided to you as part of your employment, usually as a reward or incentive for doing your job.

- **NIC** - National insurance contributions
- **HMRC** - Her Majesty's Revenue and Customs
- **P11D** - Return by the Council to HMRC of expenses and benefits paid to you during the tax year.
- **PAYE** - Pay as you earn (information of the PAYE threshold can be found on HMRC website www.hmrc.org.uk)
- **P9D** - Form completed by the Council that shows your expenses and income from which tax cannot be deducted (see HMRC website)

Payment procedures

You may claim the actual cost of expenses incurred whilst working. You are expected to keep these to a minimum. Business expenditure on behalf of the Council is normally met by:

- 1 Reimbursement to you, or
- 2 The use of Council credit cards, or
- 3 Petty cash, or
- 4 Means of direct payment to external suppliers.

The guidance below should be followed in respect of each of these methods of payment.

Expenses reimbursed to you

You should record details of expenses incurred whilst working for the Council, and use iTrent to make expenses claims if you have access to a work computer. For those without access to a work computer paper expenses claims forms (also known as “Monthly Travel Claim Forms”) can be obtainable from your manager. Claims should be submitted within three months of the date the expenses were incurred and VAT receipts should support all claims wherever possible. Any claims submitted more than three months after the expense was incurred will be rejected, unless exceptional circumstances have made it impossible to submit the expenses claim within this time period (e.g. severe ill-health preventing the submission of the claim).

You must sign the declaration on any paper expenses claim forms submitted, and the form must be authorised by your manager (see section “Authorisation of Expenses and Benefits forms, Credit Card Statements and Petty Cash”). Your manager will forward your claim to payroll for payment.

Where expenses are incurred in foreign currencies, you should contact Finance for details of the rate of exchange. The amount paid in foreign currency and the rate of exchange should be shown in the “details” column of the expense form. The value column should show the converted amount in £ sterling. The rate of exchange to be used will be the rate in force on the date of the claim.

Council credit cards

You may be provided with a Council credit card. You must only use it for Council business. You must submit details of purchases with receipts for each use of the card in addition to the credit card slips. Accounting staff will check its use and details of charges and action will be taken if breaches are identified (e.g. removal of card or disciplinary action). If you use the credit card, there is no requirement to complete an expense form. Payment is made directly from the Council's bank account.

Petty cash

It is expected that public transport payments will be submitted on iTrent (or expenses forms) and reimbursed through payroll, and that taxis will be booked through the centralised taxi booking system. In certain circumstances, or where this is not possible, small payments may be paid from petty cash subject to management agreement. Mileage payments must be paid through payroll. Any item claimed on a petty cash voucher must be described and a supplier's receipt attached. The claim should be submitted for authorisation in the Petty Cash system, ensuring a VAT receipt is obtained where applicable. The maximum amount claimable through petty cash is £100.

Payments direct to external suppliers

You must be authorised to commit the Council to making payments to external suppliers and payments must only be made with permission of the budget manager.

Wherever possible, expenses should be reclaimed through **Employee Self Service (ESS)** and avoid the need to make payments directly to external suppliers.

Where it is necessary to make a payment to an external supplier, payments should either be made using a Council credit card or by raising a **purchase order** to authorise the payment of an invoice.

You should be aware that there are tax and NIC rules relating to engagement of casual employees, construction industry sub-contractors, self-employed individuals, agency workers, individuals supplying their services through "personal service companies" and international assignees. Please seek advice from your Finance Business Partner before proceeding.

Authorisation of Expenses and Benefits forms, Credit Card Statements and Petty Cash

All expenses and benefits claims will be authorised by your Manager. As altered claims will not be accepted, you and your Manager should initial any amendments made to claim forms.

Expense and benefits claims submitted by the Chief Executive will be authorised by the Director: Finance. Although requests for hospitality do not need to be approved in advance, the Chief Executive must approve all expenses and benefits claims submitted by Executive Directors. Executive Directors will approve all Director expense claims.

Any attempt to submit a false claim will be treated as gross misconduct and will be treated as a criminal offence.

VAT

VAT invoices/receipts must be obtained in respect of all expenses on which VAT has been paid. It is important that VAT is correctly recorded on expense forms and that VAT invoices/receipts are provided wherever possible with claims, in order to ensure that the Council recovers the full amount of VAT to which it is entitled.

As a general rule, where goods and services are to be purchased for business purposes, you should arrange, wherever possible, for the supply to be made to the Council, and for VAT invoices, made out to the Council, to be provided.

Tied or job-related accommodation

If you are in tied or job related accommodation provided by the Council, where appropriate any benefits received will be reported by the Council to HMRC in accordance with the HMRC reporting requirements. Current benefits are 75% discount on average rent and Council Tax.

Childcare costs

The Council will reimburse the cost of a registered or approved childcare provider where an employee must attend a training seminar or meeting on behalf of the Council that would be outside the terms of their contract of employment and where no other payment is made. In order to reclaim such costs, the employee must attach receipts to their expenses claim form. The employing department will meet all costs.

Clothing

The Council may provide you clothing or a uniform, depending on the nature of your work. The Council will arrange the provision of clothing. Costs may not be claimed by way of reimbursement in cash.

The Council's logo will be imprinted / stitched into or otherwise permanently attached to all clothing provided, other than items, which are protective clothing, required by health and safety legislation.

The cost of laundering of this clothing may be claimed at the discretion of your manager.

No tax or NIC liability arises in respect of clothing and laundry costs provided under the terms described above and details need not be reported in tax returns.

Credit card subscriptions

Where a Council credit card is provided for your use on business the Council will pay the initial subscription and annual membership fee where these are charged. No tax or NIC liability will arise and details need not be reported in tax returns. "Guidance to Card Users" and "Guidance to Financial Teams" are maintained and distributed by Finance.

Elected members

All elected members are treated for income tax and national insurance purposes in the same way as employees for payment of basic allowances. The same principle is also followed in the case of travel expenses.

The Lord Mayor receives an allowance, which is paid through the payroll and is subject to deductions for income tax and national insurance. The provision of ceremonial robes, which is recognisably a uniform, or part of a uniform, will not generate a tax liability. All other expenditure by the Lord Mayor and Deputy Lord Mayor, with the exception of charitable donations, is

reimbursed on submission of receipts or paid direct to suppliers by the Council. In the case of charitable donations, a record is maintained of donations, which are reimbursed.

Elections and Electoral Registration payments

If you are employed by the Council these will be processed through the payroll and are subject to PAYE. Payments made to returning or counting employees and their support staff for parliamentary, local government elections and referenda authorised by Act of Parliament are not subject to national insurance contributions. Payments to any individuals in connection with electoral registration are subject to income tax and national insurance contributions.

Hospitality

Before giving or receiving any hospitality you are advised to read the Council's Code of Conduct. It covers the actions that you need to take, or avoid, to ensure that you are not open to allegations of acting from improper motives. Moreover, you should adhere to the following principles:

- Cost incurred in entertaining third parties for an approved purpose, which is consistent with the achievement of Bristol City Council's objectives, must be necessary and reasonable. The hospitality should be directly linked to Council business and/or the wellbeing of the community.
- Only in exceptional circumstances, which must be agreed in advance by your manager, can entertainment include Bristol City Council employees only or should the ratio of staff to guests exceed 1:1. Therefore the proposed hospitality should be limited to members of staff who have a relevant interest.
- As with all public expenditure, hospitality expenditure should provide value for money and be incurred in accordance with the principles of regularity and propriety, the level of hospitality offered must therefore be appropriate and in proportion to the occasion.
- It must be related to the provision of civic hospitality to official visitors.
- It must not be solely for internal meetings.
- As with hospitality received the scale and type of hospitality offered should not bring into question the motive of the employee offering it. If there is any doubt at all about the motive, or if the hospitality could be viewed as being intended to influence judgement, the hospitality should not be offered.
- Hospitality should not normally be offered to visitors for whose time and services Bristol City Council is paying, for example consultants.
- The budget holder who is to pay for the hospitality must give prior approval before expenditure is incurred.

- The employee offering hospitality and the budget holder should be aware that spending Council money on hospitality is open to challenge by internal and external auditors, who will judge whether expenditure was reasonable.
- It is essential that the Council can publicly justify any expenditure and that it can protect itself from any accusations of misuse or excess expenditure. In the event of a Freedom of Information request for details of expenditure appropriate records must be available.
- The common-sense test should be applied.

Your manager (the budget holder) must approve hospitality. Costs will be reimbursed on production of receipts. The following information must be shown on the claim for reimbursement:

- The name(s) of attendees
- The organisation which they represent; and
- The purpose of the hospitality.

Costs which are incidental to hospitality costs (for example, the cost of a taxi to a restaurant) should be described as hospitality on the expense claim form and not, for example, claimed under "Travel".

No tax or NIC liability will arise to you in respect of hospitality expenses claimed in accordance with these rules and no details need be reported in tax returns.

Insurance employees' liability

The Council provides insurance cover for you against claims, which may be made by third parties for personal costs and financial losses arising from your actions. The policy covers claims made against you for actual or alleged breach of trust, neglect, and error and so on in carrying out your work and extends to costs incurred in defending such claims. This insurance is renewed annually. Losses and costs arising from actions outside the scope of your employment duties, such as actions which give rise to convictions for fraud, dishonesty or malicious conduct are not covered.

No tax or NIC liability arises in respect of the premium paid by the Council in providing this insurance. Similarly, no tax or NIC liability arises in respect of any payment made to you by way of proceeds of a claim made under the policy. Exceptionally, the Council might make a payment to you in respect of liabilities of a kind, which are covered under the insurance policy, by way of direct reimbursement. These payments are also exempt from income tax and NIC. No details need be reported in tax returns.

Long Service Awards

For details see the Long Service Award Scheme. No tax or NIC liability will arise and details need not be included in tax returns.

Medical examinations

Where the Council requires you to undergo routine medical health checks or medical screening, the Council will make the necessary arrangements with the medical practitioner and will pay direct the costs so incurred. You must not pay the practitioner and reclaim the costs via the expense claim system. All medical reports will be supplied direct to the Council but copies will be made available to you on request. Medicals may be required as follows:

- Pre-employment medicals for staff generally;
- Annual medical screening for certain senior staff selected by the Council;
- Occasional special needs cases where the Council requires a report on the employee's fitness.

No tax or NIC liability arises in respect of the above and details need not be reported on tax returns.

The Council will not pay for medical treatment or diagnosis.

Mobile telephones

If you are provided with a Council mobile phone the Council will pay all costs including those relating to business calls. You are only required to reimburse the Council for private use where a cost has been incurred.

The Council will not reimburse you for hiring, leasing or purchasing such equipment of your own, irrespective of whether the equipment is installed in a Council vehicle or in your private vehicle. The Council will meet the costs of business calls made on such equipment, provided detailed evidence of the costs is supplied with the claim form.

No tax or NIC liability arises in respect of use of mobile telephones in accordance with the above and details need not be reported in tax returns.

Out of pocket expenses

You may claim the cost of reasonable out of pocket expenses when you are required to travel outside of Bristol. Examples of expenses that will be reimbursed include public transport, parking fees (but not fines) and taxi fares. For travel within the United Kingdom, you may not claim for food and drink except where an overnight stay is required, see Travel Policy. For international travel, claims for food and drink will only be approved/reimbursed if they are not excessive (it is recognized that the cost of living will vary from one country to another). Claims must be limited to the actual amount of expense incurred. All items claimed should be itemized and described as fully as possible on your monthly expenses claim. Where items that will not be reimbursed (i.e. additional facilities/services such as films and newspapers) are included in a hotel bill, you should deduct them before submitting the bill for reimbursement. Where breakfast is included in the price of a hotel room there is no need to deduct it because the Council will pay this. Where the bill is to be paid by the Council directly and includes items that will not be reimbursed, the cost of those items must either be deducted from a later expense claim or paid back to the Council. No liability to tax or National Insurance arises to you in respect of expenses claimed in accordance with these instructions and details need not be reported in tax returns.

Professional bodies' and trade associations meetings

If you are a member of a professional body or trade association you may from time to time attend meetings of that body as a representative of the Council and in relation to the Council's business. Where you do so and incur travel costs or charges for entry to the meetings, such costs may be claimed as business expenses. Where you hold office in the body, any costs incurred in the capacity of office holder that are additional to costs, which you would have incurred as a representative of the Council, may not be claimed from the Council. No tax or NIC liability arises in respect of the above, and details need not be reported in tax returns.

Professional memberships/subscriptions

The Council will not bear the cost of annual subscriptions to professional bodies. The only exception to this is Solicitors where the Council will meet the cost of their practising certificate.

Sale of redundant furniture and machinery

The Council may give you the opportunity to make an offer for used office furniture and machinery, which is no longer, needed. The sale will be subject to satisfaction that the offer represents the expected market value at the time, plus VAT.

No tax or NIC liability arises from any of the schemes above and you need not report details in your tax returns.

Spectacles for VDU Operators - see DSE Policy

If you are required to operate VDU equipment in order to carry out your duties you will receive training under the terms described in the Council's Health & Safety Policy. Where for these purposes you undergo an examination by an optician, the Council will reimburse up to £30 towards the cost of the examination.

In addition, where an optician certifies that a new or altered prescription for spectacles is required solely for VDU usage, the Council will bear (or make a contribution towards) the costs of frames, lenses and any special prisms or tinting, subject to a maximum of £50, insofar as the cost relates only to the requirements for VDU usage.

Where it is certified that existing bifocal lenses are unsuitable for VDU usage, the Council will pay the initial cost of replacement lenses on the same basis as above.

Any payment by the Council towards the cost of spectacles will be limited to the above amounts. Reimbursement towards the cost of eye tests and glasses are subject to tax and NIC, which will be deducted through payroll.

Tax and National Insurance

As a taxpayer, you must take responsibility for the administration of your tax affairs. You are required by law to keep detailed records about your income and gains (see the leaflet “Guidance for employees about the employment records they may need to keep” which is available from HMRC).

If HMRC send you a tax return to complete you must calculate the amounts of your taxable income, gains and deductions. The Council has sought to minimise the burdens on you by making maximum use of form P11D dispensations and PAYE Settlement Agreements.

If you received taxable expenses and benefits, which are not covered by a form P11D dispensation or a PAYE Settlement Agreement, the Council will prepare a draft P11D or P9D giving details after the end of the tax year. A copy will be issued to you for your agreement. You should check the statement carefully as you are personally responsible for the accuracy of the information reported in your tax return. Following this check by you, any necessary adjustments will then be made.

The P11D or P9D will then be sent to HMRC by 6 July following the end of the tax year, so that they may amend your PAYE code or make other arrangements to collect the tax due. Provided that expenses and benefits have been claimed and/or provided only in accordance with the terms of this policy, the only items which will need to be reported in this return are:

- Representative accommodation and related benefits
- Loans
- Redundancy payments, and/or benefits, which exceed £30,000
- Council provided cars
- Fuel for private use in Council provided cars
- Council Vans
- Other vehicles taken home
- Clothing which does not bear a permanent logo

The tax and national insurance contributions (NIC) advice in this policy has been agreed by the Council’s

tax office. Any queries concerning taxation of employment income should be addressed to the HR Employee Lifecycle Team. The HR Employee Lifecycle Team will conduct all contact with Her Majesty’s Revenue & Customs (HMRC).

Keeping records

Petty cash vouchers will be filed in the operating unit. Invoices and requests for payments will be forwarded to Finance prior to payments being released. Invoices and requests for payments paid from local bank accounts will be retained in the operational unit. The HR Employee Lifecycle Team will retain forms paid through the payroll. The Cashiers will retain invoices and requests for payment paid in foreign currency.

The supporting documentation will be retained for at least six years to meet the requirements of HMRC for VAT purposes. However, you must retain your own records for tax purposes (see the leaflet “Guidance for employees about the employment records they may need to keep” available from HMRC), either by copying the claim form and supporting documents, or by making a separate record, which provides details of the amount, nature and dates of the items incurred.

Additional guidance and support

This policy provides you with an overview of the purpose of the policy and the roles and responsibilities of those for whom it is intended. It also provides guidance in the Process section on the application of the policy. There are other documents which provide more detail and helpful guidance that should be read in conjunction with the policy and these are listed below.

Additional guidance

Pay Dates and Managers' Payroll Deadlines

Letters and forms

Travel claim form

Associated policies

Code of Conduct

Financial Regulations

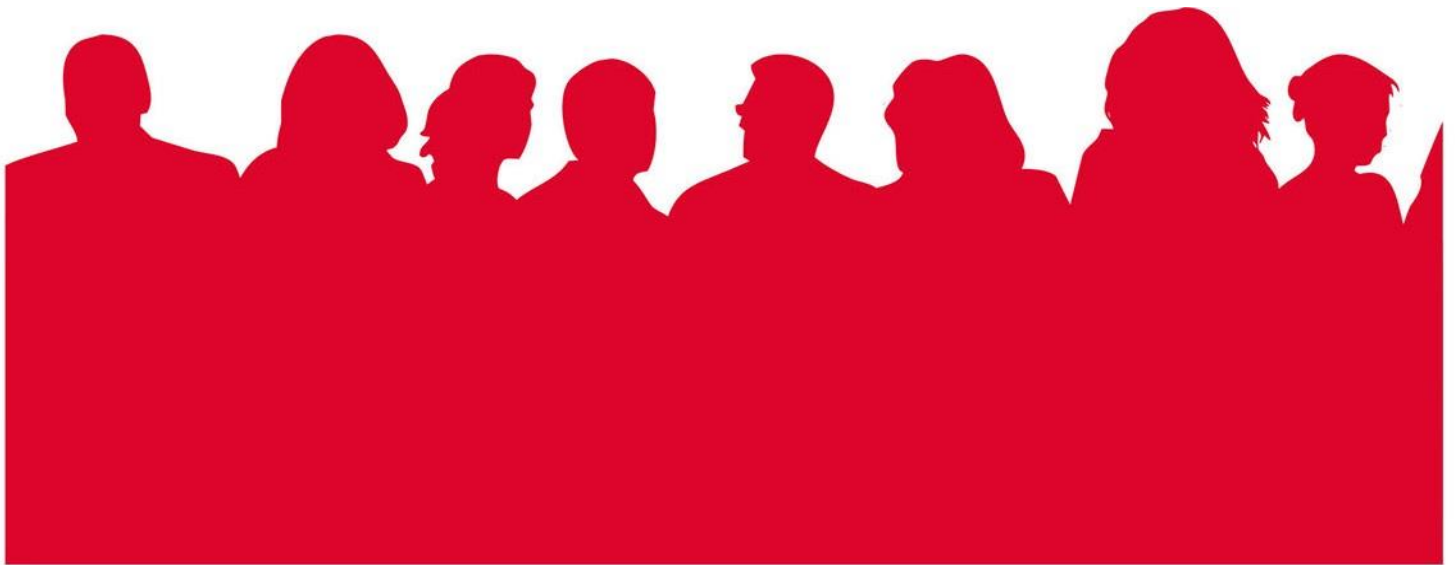
International Travel Policy

Long Service Award Scheme

Pay Policy

Relocation Policy

Travel Policy



Author and owner: **Human Resources**

Contact: hr.advicecentre@bristol.gov.uk

0117 35 21400

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The audience of this document is made aware that a physical copy may not be the latest available version. The latest version, which supersedes all previous versions, is available on The Source.

Those to whom this policy applies are responsible for familiarising themselves periodically with the latest version and for complying with policy requirements at all times.

History of most recent policy changes – must be completed

Version	Date	Change
1.04	20/06/2024	Out of pocket expenses – updated in line with Travel Policy – subsistence can be claimed if over night stay
1.03	09/08/23	Update to taxable status of reimbursement of optician expenses
1.02	22/11/22	Correction regarding optician expenses
1.01	24/10/2022	New policy adopted

