

# **Wheelhouse Square Flats**

## **Trustee Expenses Policy**

### **Introduction**

Although it is a basic principle of charity law that charity trustees must not put themselves in a position where their personal interests conflict with their duty to act in the interests of the charity they are entitled to have their expenses reimbursed from the funds of the charity. Expenses can include a wide range of costs including, for example, travel and other costs of attending meetings, specific telephone and broadband charges, travelling on trustee business, and providing childcare or care of other dependants while attending to charity business.

In addition to the reimbursement of expenses incurred by a Trustee Wheelhouse Square Flats (the Charity) has a statutory power to pay a Trustee, or a connected person, for the supply of goods or services to the Charity in certain circumstances under section 185 of the Charity Act 2011, as amended, and the governing document of the Charity has been amended to remove a prohibition on this type of payment.

A Trustee may only be paid for serving as a trustee where this is clearly in the interests of the Charity and provides a significant and clear advantage over all other options. There is no general power in charity law for this type of payment and in the absence of any power to make such payments in the governing document of the Charity the Board of Trustees would need to obtain prior authority from the Charity Commission before making any such payment to a Trustee.

Where the Board of Trustees proposes to employ a Trustee in some other role or wishes to compensate a Trustee for loss of earnings to enable them to attend meetings during working hours in the absence of any power to make such payments in the governing document of the Charity the Board of Trustees would again need to obtain prior authority from the Charity Commission before making entering into any such arrangement.

In any case where the Board of Trustees wishes to make a payment to a Trustee (as opposed to the reimbursement of expenses) the Board must consider the following factors:

- who will receive the payment - will it be a Trustee, or a person or business connected with a Trustee?
- what is the payment expected to cover?
- is the payment clearly in the best interests of the Charity?
- is there a legal authority in the governing document of the Charity for the payment?
- what conditions must be met if the payment is to be made?
- how will any conflict of interest be managed?

Where the Charity has no clear power to make a payment to a Trustee the Board of Trustees must apply to the Charity Commission for prior authority before making the payment.

Whenever the Board of Trustees proposes to make any payment to a Trustee as opposed to the reimbursement of expenses they must properly assess any potential risks and manage any conflict of interest. The Trustees must be open and transparent about their decision to make the payment and be prepared to justify the payment if publicly challenged.

The Board of Trustees must always be aware that a payment to a Trustee may be 'in kind' - for example, free use of the Charity's facilities or services for which users normally have to pay and as such would require prior authority.

The Charity Commission guidance recommends that whatever the accountancy requirements all charities irrespective of their size should disclose Trustee expense payments in their accounts to dispel any perception that payments have been made in secret including the following information:

- the total amount of Trustee expenses;
- the nature of the various expenses; and
- the number of Trustees involved

For accounts purposes expenses do not include purchases made on behalf of the Charity for which a Trustee has been reimbursed.

If the Trustees have received no expenses this should be stated in the accounts.

This policy sets out the basis on which Trustee expenses will be reimbursed by the Charity and the process for claiming.

## **Policy**

### **General**

1. Expenses must be reasonable and necessary to enable the Trustee to carry out their duties.
2. The Charity does not expect Trustees to be out of pocket in respect to work carried out for the Charity and encourages all Trustees to submit claims for reasonable expenses incurred whilst carrying out their duties as trustees.
3. So long as the Charity only pays the Trustee for the actual cost or expense the payment is not taxable

## **Principles**

The Charity Commission has issued guidance on the payment of expenses to charity trustees. Claims for and payment of expenses must be consistent with the following principles:

1. Expenses are refunds by a charity of payments which the Trustee has needed to meet personally in order to carry out their trustee duties. They are not payments for services.
2. Expenditure should be made by the most cost effective means available.
3. The expenses incurred must not be of a standard or nature which would constitute a personal benefit to the Trustee such as expensive meals or first class rail travel because under charity law a Trustee is not permitted to benefit personally from being a trustee, (other than through the membership benefits available to all users of the Charity).
4. Evidence must be provided that the expenditure has been incurred. All expense claims must be fully supported with bills or receipts which should be attached to any expense claim.
5. Expense claims are not permitted in respect of expenditure incurred by third parties.

## **Allowable expenses**

The following are examples of legitimate expenses:

- the reasonable cost of travelling to and from Trustee meetings, and on Charity business and events; this can include the cost of using public transport, taxi fares, and mileage allowances to the level permitted by HM Revenue & Customs (HMRC) before tax becomes payable;
- reasonable refunds for the cost of meals taken while on Charity business;
- the reasonable cost of childcare, or care of other dependants (for example, an elderly parent) whilst attending Trustee meetings;
- the cost of postage and telephone calls on Charity business;
- the costs of a Trustee's telephone rental and broadband subscription, so long as these are split to reflect the percentage of time relating to usage on behalf of the Charity;
- communication support: translating documents into Braille for a blind Trustee, or into different languages; provision of alerting and listening devices, and other special aids for Trustees with hearing impairment;

- the costs of buying training materials and publications relevant to trusteeship;
- providing special transport, equipment or facilities for a Trustee with a disability; and
- the cost of reasonable overnight accommodation and subsistence (including any essential care costs) while attending Trustee meetings or other essential events such as voluntary sector conferences or specialist training courses.

The following are all examples of payments which are not legitimate Trustee expenses or payments:

- payment of hotel accommodation or travel costs for spouses or partners who are not themselves travelling on Charity business;
- payment of private telephone bills for business unrelated to the Charity;
- payment of private medical insurance; and
- mileage allowances above the levels approved by HMRC for claimable expenses.

If the Board of Trustees is in any doubt about whether something qualifies as an expense they should obtain professional advice.

### **Process for claiming expenses**

1. All expense claims in respect should be submitted in writing and sent to the Treasurer together with bills or receipts for all expenses claimed.
2. Details of expenditure should be itemised separately together with the date each item was incurred.
3. If in exceptional circumstances a bill or receipt is not available a signed note with an explanation should be attached to the expense claim.
4. Expense claims should be made at regular intervals, and preferably every 3 months. All expenses for the current financial year should be claimed before 30 April of the following financial year.
5. Arrangements can be made for payment of expenses in advance. Advance payment can be particularly useful where the cost can be predicted, for example child care costs while attending a Trustees meeting, a direct debit for a broadband connection, or perhaps the cost of staying at a hotel when attending a conference. It will also be particularly helpful for Trustees on low incomes or state benefits who may be unable to wait for repayment.
6. If the actual cost of expenses exceeds the amount advanced, then adjustments can be made while any sums not spent must be returned to the Treasurer as soon as possible. Where an advance expense payment exceeds the actual cost: any payment kept by a Trustee over and above the actual cost of the expenses will be an unauthorised private gain and liable for repayment to the Charity.
7. Guidance from the Charity Commission confirms that entitlement to state benefits will be unaffected by payment for expenses paid in advance. In case of any dispute, clear record keeping will enable the Charity to show that such payments are a reimbursement, and not income for the Trustee concerned.

**Payment of expenses**

1. Repayment of expenses will be dealt with as quickly as possible and for small items will may be made in cash.
2. For larger items the Charity prefers Trustees to have expenses paid directly into their bank accounts.

**This policy was approved by the board of Trustees of Wheelhouse Square Flats at an Ordinary Meeting held on 19 day of July 2023**

**This policy was reviewed by the board of Trustees of Wheelhouse Square Flats at an Ordinary Meeting held on            day of            20 .**