

Merton Council's Expenses Policy

Version 1.1
Issue Date: August 2002



Expenses Policy

Contents

1	PURPOSE OF THIS DOCUMENT	3
2	BACKGROUND	3
3	WHO IS IT FOR?	4
4	CAR MILEAGE.....	4
5	SUBSISTENCE	5
6	TRAVELLING EXPENSES	6
7	SCHEME MAINTENANCE AND UPDATES	7

Contact

In the first instance for further information on this document please contact your Department Human Resources section:

This document is maintained by Corporate Human Resources. Please telephone Steve Key on telephone: 020 8545 3539
Email: steve.key@merton.gov.uk

www.merton.gov.uk

Expenses Policy

1 Purpose of this document

- 1.1 The purpose of this document is to provide guidance for employees and managers on business related expenses incurred by employees in the performance of their work.
- 1.2 Expenses and in particular where they are subject to Income Tax and \ or National Insurance is a complex area and is defined by statutory regulations and national and local agreements. This document is intended to provide guidance on these matters to ensure compliance with the Council's financial regulations and Inland Revenue regulations.
- 1.3 Expenses considered in this document are as follows
 - Car Mileage (including Cycle Allowance & Motorcycle Allowance)
 - Subsistence Allowance (meals)
 - Travelling Expenses
- 1.4 There are separate policies that relate to the reimbursement of interview expenses, relocation expenses and expenses incurred in relation to training courses.

2 Background

- 2.1 Over the past 10 years there have been a number of changes that have had a major impact on the payment of expenses to all employees.
- 2.2 In recent years there has been a greater level of regulation in relation to expenses paid to employees in relation to the performance of their duties. Employers are required to comply with this legislation. There are regular compliance audits and the penalties for non-compliance can be severe.
- 2.3 With the introduction of National Conditions for Local Government employees, many of the previous conditions have been revised to allow for a more modern approach and to allow for greater flexibility to meet local needs. Most importantly, the approach to expenses has moved towards reimbursement for actual expenses incurred and away from round-sum allowances that existed in

the past

- 2.4 With the introduction of new systems and the need to modernise processes, there has been some simplification of internal procedures

3 Who is it for?

- 3.1 All employees within the Council.

4 Car Mileage

4.1 When can this be claimed?

Car Mileage can be claimed whenever an employee uses their car for travel from their place of work to another site for official Council business or for travel from an off-site meeting to another meeting or back to work. Car mileage cannot be claimed from home to the normal place of work. However, if the employee is required to travel to another workplace, any additional mileage incurred may be claimed.

4.2 Who can claim car mileage?

Car mileage can be claimed by anyone required to use his or her own vehicle for business use. However the type and rates of allowance may vary depending on the employee's contractual arrangements.

4.3 What are the different types of car users?

There are four categories of car use:

Essential Car Users - where the use of a car is essential for the proper performance of the post. These users receive a monthly lump sum plus a reduced mileage rate for mileage.

Casual Users - this is where car use is a regular aspect of the job but it is not essential to the job. These users receive a higher mileage rate but no monthly lump sum.

Schools Users - Some schools have elected to use their own fixed rate mileage scheme for all employees who work there

Others - all other employees, not covered in any of the above categories are entitled to claim car mileage at the same rates as casual users.

4.4 What are the rates and how the rates are increased

Click [here](#) for the Pay and Benefits pages and to see the current rates. Rates are

increased on an annual basis, normally in April. These rates are agreed nationally.

4.5 What is the process for making the claim?

All employees should claim their mileage on a monthly basis using the form located on the [Pay and Benefits pages](#). Employees should be aware that in some cases, the total allowance paid in respect of mileage is greater than the Inland Revenues assessment of the expense incurred (as calculated using the published Fixed Profit Car Scheme rates). In these cases, National Insurance will be collected on the profit element through payroll at the time of payment. Any Income Tax on the profit element will be reported to the Inland Revenue on form P11d Return of Expenses and Benefits at the end of the tax year. Forms should be properly authorised by the manager and submitted to Payroll for payment. Car mileage should not be paid by any other method due to the requirement to report profit elements to the Inland Revenue.

4.6 Other Mileage Payments

Employees who wish to use their own motorcycle or bicycle may do so and continue to be paid the lowest car mileage rate. However they should be aware that the Fixed Profit Car Scheme Rates do not apply and the profit element for these methods of transport will be significantly higher.

4.7 Guidance for Managers

Managers should make sure the following steps are taken to ensure the effective management of the policy

- That expenditure incurred is necessary and wholly in the performance of work
- That claims are made monthly and at the very latest within three months of the journey
- That records are maintained of the journeys for any subsequent investigation or audit
- That travel arrangements are made in an efficient and cost effective manner
- That wherever possible, car journeys are minimised and the use of public transport are considered as an alternative
- That all car mileage is paid via payroll

5 Subsistence

5.1 When can this be claimed?

Whenever an employee is required to work away from their workplace during their normal mealtime, they are able to claim a reimbursement for their subsistence up to set maximum values. To ensure that this is reasonable, the Inland Revenue have laid out guidelines that subsistence payments should be made only where the employee is more than five miles from their normal workplace, for more than five

hours and

5.2 Who can claim?

Subsistence can be claimed by all employees.

5.3 What amounts can be claimed?

Subsistence can only be claimed for actual expenditure (proof of purchase such as a receipt should be attached to the claim). In certain extenuating circumstances where the employee has no choice as to where to purchase their meal, they may be reimbursed more than the maximum amounts. Such examples may be where the employee is travelling on a motorway or on a train. In such examples, employees should only claim what is reasonable in the circumstances. Where an employee makes an overtime claim, subsistence cannot be claimed for the same period.

5.4 Methods of payment

As the reimbursement of actual expenditure incurred relating to subsistence is not subject to Income Tax or National Insurance, the payment may be made either via payroll, FMIS or by petty cash through the Cash Office located in the Civic Centre.

5.5 Guidance for Managers

Managers should ensure the following steps are taken to ensure the effective management of the policy

- That their employees are aware of and provided with all the relevant facts to enable them to make claims within their entitlement
- That authorisation is given only up to maximum values (unless extenuating circumstances apply)
- That receipts are provided for all expenditure
- That overtime is not claimed for the same period as subsistence has been paid

6. Travelling Expenses

6.1 When can this be claimed?

Whenever an employee is required to travel to another site as part of their normal work they may claim the full cost of the travel that they incur. The only exception to this is any travel from home to their normal workplace.

6.2 Who can claim?

Travelling expenses can be claimed by all employees.

6.3 What amounts can be claimed?

Travel arrangements should be made in the most efficient and effective manner. This will not necessarily mean the cheapest in all cases, as there may be times

when cheaper methods of travel will be far slower or less convenient.

In all cases, employees should travel second or standard class.

6.4 Methods of payment

As the reimbursement of actual expenditure incurred relating to travel is not subject to Income Tax or National Insurance, the payment may be made either via payroll, FMIS or by petty cash through the Cash Office located in the Civic Centre.

6.5 Guidance for Managers

Managers should ensure the following steps are taken to ensure the effective management of the policy

- That expenditure incurred is necessary and wholly in the performance of work
- That travel arrangements are made in the efficient and cost effective manner
- That receipts are provided for all expenditure

7 Scheme Maintenance and Updates

7.1 Pay and Benefits Section within Human Resources maintain this policy. Any issues relating to the scheme should be discussed with the Pay & Benefits Manager.

7.2 Key contacts

- Steve Key - Pay & Benefits Manager
- telephone no: 020 8545 3539 e-mail : steve.key@merton.gov.uk
- Sue Morgan - Payroll Production Officer
- telephone no: 020 8545 3544 e-mail: sue.morgan@merton.gov.uk