

# ALL EXPENSES



The reimbursement of  
expenses to volunteers

New edition, completely revised by  
**ANGELA WHITCHER**

### **About the author**

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# ALL EXPENSES PAID?

**According to the 1991 *National Survey of Voluntary Activity in the UK*, one-third of all volunteers sometimes find themselves “out of pocket” as a result of their volunteering. And according to a smaller survey conducted by The Volunteer Centre UK in the same year, only 43 per cent of UK organisations that involve volunteers claim to reimburse *all* their expenses.**

If you agree with the proposition that “a society with voluntary workers shows it is a caring society” (and more than 90 per cent of respondents to the *National Survey did* agree), you and your organisation will want to make volunteering available to as many people as possible, *regardless of their financial resources*. The fact is, however, that most volunteer tasks require some sort of personal expenditure by the volunteer, whether it be for bus fares, lunches, petrol, postage stamps, protective clothing or telephone calls. So to prevent volunteering becoming restricted only to those who can afford it, organisations that involve volunteers need to think about reimbursing their expenses. It’s the only way to ensure that everyone gets an equal opportunity to volunteer.

This booklet is about devising a agency policy for the reimbursement of volunteers’ expenses. It draws upon the two surveys mentioned above, upon advice from practitioners, upon comments from volunteers and upon the author’s personal experience of volunteering.

## The 1991 Volunteers Expenses Survey

Since about 1990, The Volunteer Centre UK's enquiry service has been receiving a growing number of calls from volunteers enquiring about their "rights"; to be precise, whether they have a right to expect that their expenses will be reimbursed by the organisation that involves them, and if so, what effect this will have on their tax position and any welfare benefits they might be receiving. To our surprise, these calls revealed that many organisations still do not reimburse expenses - including some of the very large ones whose activities rely almost entirely on volunteers.

There seem to be several reasons for this. Some organisations, even though they don't reimburse expenses, have no difficulty in attracting volunteers anyway. Other organisations simply can't afford to reimburse their volunteers; one hospital voluntary services co-ordinator told us that, if expenses were paid, the number of beds in the hospital would have to be reduced. And some organisations insist that their volunteers wouldn't claim expenses even if they were offered.

This heightened interest in expenses has, interestingly, coincided with the growing difficulties that many UK organisations are reporting in recruiting new volunteers and retaining existing ones. The Centre therefore decided to conduct a survey into how many organisations have a policy of reimbursing the expenses of their volunteers, and whether the presence of such a policy has any relationship to the organisation's ability to attract and keep volunteers. The survey questionnaires were sent out in summer 1991, and a total of 201 voluntary and statutory agencies responded.

Here are the results of the survey:

**72 per cent of respondents reimbursed some expenses.** The rate of payment varied enormously, however, from the national voluntary organisation that paid its volunteer drivers 0.2 pence per mile to the NHS hospital that paid them 40 pence a mile; the average mileage rate was, in fact, 19 pence.

**Only 43 per cent of respondents claimed to reimburse all expenses.** Of those who do pay expenses, 57 per cent refund the cost of meals (42 per cent specify an upper limit for this), 72 per cent refund the cost of travelling to and from the place of volunteering, 73 per cent refund the cost of travel in the course of volunteering, 33 per cent pay for or provide protective clothing - but only 9 per cent pay for child care while the volunteer is at work.

**51 per cent were having problems with recruitment.** Of these, 33 per cent were national voluntary organisations, 27 per cent were volunteer bureaux, 22 per cent local voluntary agencies and 18 per cent statutory agencies.

**Of the organisations reporting difficulties with recruitment, only 20 per cent reimbursed volunteers' expenses.**

### Is It Really Necessary To Reimburse The Expenses Of Volunteers?

Yes, it is. The opportunity to volunteer should be available to all members of our society, and the cost of volunteering should not be allowed to discourage them. Volunteers give their time and skills free of charge, so if they incur expenses by doing so, the organisation for

which they are volunteering should reimburse them. Organisations that do not have a policy of reimbursing expenses cannot really claim to be offering Equal Opportunities.

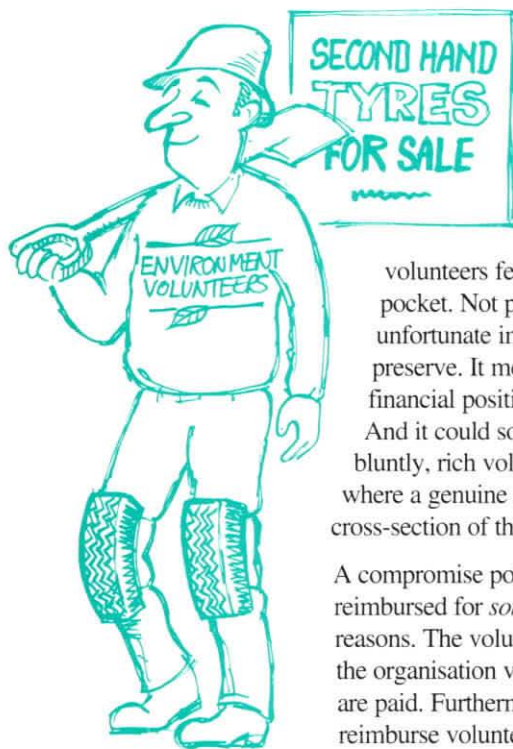


*Expenses should be accepted. They can always be handed over to the organisation*

## What If We Can't Afford To Reimburse Expenses?

Some of the agencies that make this claim genuinely have insufficient funds to pay expenses. If you are in this situation, you should tell new volunteers before they start to work for you, and you should repeat the message in your recruitment literature; only then can you spare the volunteer embarrassment at a later date.

Other organisations can afford to pay expenses but prefer to spend the money on other things. If you are one of these organisations, you should bear in mind that involving volunteers is never completely cost-free since, at the very least, an organisation must budget for insurance cover for its volunteers and for the staff time needed to train and support them.



*Volunteers can receive expenses for ..... costs of protective clothing*

The decision not to pay expenses can have unfortunate consequences for an organisation. People on low incomes have as much to offer as any other would-be volunteers, but they will be reluctant to get involved in an activity that costs them money as well as time; as we have seen, one-third of all

volunteers feel that their volunteering leaves them out of pocket. Not paying expenses helps to perpetuate the unfortunate image of volunteering as a middle-class preserve. It means that an existing volunteer whose financial position deteriorates may not be able to continue. And it could so easily result in a situation where, to put it bluntly, rich volunteers help poor clients, rather than one where a genuine cross-section of the population helps a cross-section of those in need.

A compromise policy, whereby *some* volunteers are reimbursed for *some* expenses, is unsatisfactory for different reasons. The volunteers who are not reimbursed may feel that the organisation values them less than those whose expenses are paid. Furthermore, there is always a temptation to reimburse volunteers only when they are on the point of leaving - perhaps to go to another organisation that pays the expenses of all its volunteers.

### What About The Volunteers Who Don't Want To Claim Expenses?

All volunteers should, of course, be free to decline the expenses they are offered or to donate them elsewhere. A procedure should be devised to enable them to do this without causing embarrassment to themselves or to other volunteers who do accept expenses. But regardless of whether your volunteers want to keep the money or not, they should always be encouraged to put in a claim for their expenses; this is the only way to obtain an accurate idea of the running costs of your organisation.

In situations where clients pay expenses directly to volunteers, the volunteer concerned should always accept the money, so as to avoid inconsistency and discrimination; it can always be handed over to the organisation if the volunteer doesn't want to keep it. To cover these and similar situations, it is vital to have a clearly-written policy on expenses that is understood by everyone concerned.

### Are There Problems For Volunteers About Accepting Expenses?

Difficulties *can* arise with the Inland Revenue and the DSS, but there are straightforward ways of avoiding them. If volunteers are reimbursed for *the actual expenses they have incurred*, they will experience few problems. The following expenses are regarded as legitimate:

- Travel to and from the place of volunteering
- Travel undertaken in the course of volunteering
- Meals taken during the period of voluntary work
- Postage and telephone costs
- Care of dependents during the period of voluntary work
- The cost of protective clothing

Provided the expenses paid reflect the costs actually incurred and are at a "reasonable" rate, the Inland Revenue and DSS will raise no objections.

**Volunteer drivers.** In 1991 the Inland Revenue introduced new rules which state that people who use their cars for work, whether it is paid or voluntary, must either accept a considerably reduced mileage rate for any driving they do in excess of 4000 miles a year or pay tax.

The aim is to reduce the “profit” that paid staff make from using their private cars for business purposes; the Inland Revenue argues that, by the time drivers have claimed 4000 miles a year at the standard mileage rate, they will have covered the costs of taxing, insuring and servicing their vehicles. The Volunteer Centre UK has stated forcibly to the Inland Revenue and the Chancellor of the Exchequer that rules designed for paid employees are completely inappropriate for volunteers who give their time free of charge, and has asked that the threat of tax liability be lifted. Full details of the situation are given in the Centre’s good practice guide *Volunteers In The Driving Seat*.

**“Reasonable” expenses.** For certain expenses that volunteers might incur, the Inland Revenue and the DSS have stated what they regard as “reasonable” rates. The Inland Revenue’s guidance on mileage rates is quoted in *Volunteers in the Driving Seat*. The DSS agrees that up to £5 is acceptable for lunch or dinner - provided, of course, that this was what the volunteer actually spent! There is, however, no published guidance on what is a “reasonable” subsistence rate. *Please note that these are 1992 figures.*

**Perks for volunteers.** Some organisations offer their volunteers benefits such as cut-price publications and merchandise, a lower membership fee and reduced entrance charges to exhibitions or properties that they own.

The Inland Revenue raises no objection to this practice, on the grounds that volunteers are not being given anything they can sell at a profit!



*Set limits on such things as the maximum to be claimed for meals*



## Check List

■ **Every organisation that involves volunteers should draw up a policy on expenses that has been approved by the management committee.**

If the organisation decides not to reimburse any expenses at all, the policy should say so in unequivocal terms - and potential volunteers should be told about it. Care must, of course, be taken to apply the policy consistently. And the management committee should think seriously about the consequences of such a policy for volunteer recruitment and the public image of the organisation.

If the decision is to reimburse some volunteers for some tasks, once again a clearly-expressed, widely-publicised and consistently-applied policy is essential. The management committee should consider the effect this kind of policy can have on the morale of the volunteers who are not reimbursed.

■ **Ideally, all organisations that involve volunteers should have a policy of reimbursing all volunteers for all expenses.**

The policy should state clearly:

1. What expenses can be claimed (an upper limit should be set for items such as meals).
2. The procedure for claiming expenses.
3. Whether receipts should be produced.
4. That all volunteers are expected to claim their expenses, even if they don't intend to keep them.
5. A simple method that enables volunteers who don't want to accept expenses to give them back to the organisation.

The organisation's paid staff should familiarise themselves with the contents of the policy, so that claims can be processed with the minimum of fuss.

## Are There Any Expenses That Are Not Legitimate?

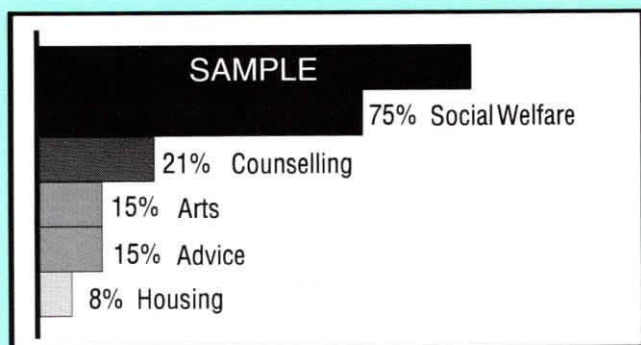
Yes, there are. If a volunteer receives payments that are *in excess of the actual costs incurred*, the Inland Revenue and the DSS will regard such payments as earnings. The DSS describes these people as “paid volunteers” and treats them in the same way as it would a part-time worker. Once a volunteer is deemed to be “paid”, out-of-pocket expenses are considered as earnings, and if they exceed the earnings disregard, they are either set against benefits or become liable to tax.

This means that, although handing out **honoraria**, **“pocket money”**, **sessional fees**, **lunch allowances** and other such cash payments is easier to administer than reimbursing the actual costs incurred, it can cause serious problems for the volunteers who receive them and the organisation that involves them:

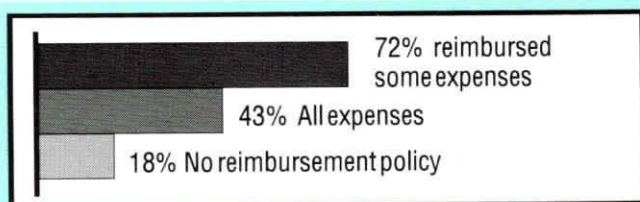
- **Tax-paying volunteers** who are given honoraria are regarded by the Inland Revenue as “employees” and hence are liable for tax on any money they receive to cover expenses - including the cost of travel from their homes to the “place of work” (in this case, the place of volunteering).
- **Volunteers on income maintenance benefits** who are given any of the cash payments listed above are regarded by the DSS as “paid volunteers”, which means that any remuneration including reimbursement of journey-to-work expenses and subsistence - they receive that takes them above the allowed earnings disregard is deducted from their benefits.
- **Organisations with “paid volunteers”** are responsible for completing a P46 form for each volunteer if they are that person’s sole “employer”, or a P15 if the volunteer has another employer. For organisations that have no paid staff, this kind of involvement with the Inland Revenue can be a tiresome administrative burden.

**APPENDIX ONE: The Results of The Volunteer Centre UK's 1991 Survey of the Expenses Policies of Organisations that Involve Volunteers**

**1. Type of voluntary activity**



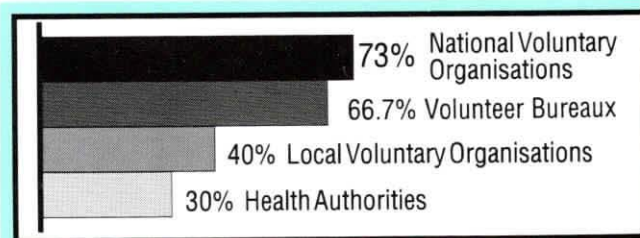
**2. Expenses reimbursement policies**



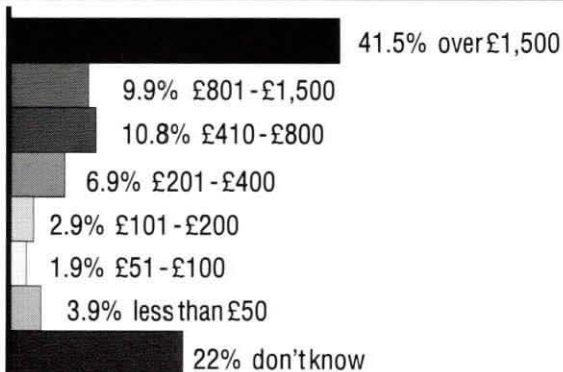
**3. Reporting recruiting difficulties**



**4. Agencies reporting recruitment difficulties by type of organisation**

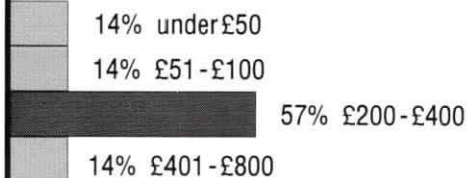


### 5. Amounts spent on expenses

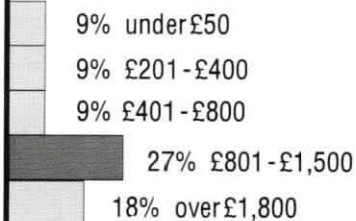


### 6. Spending on expenses

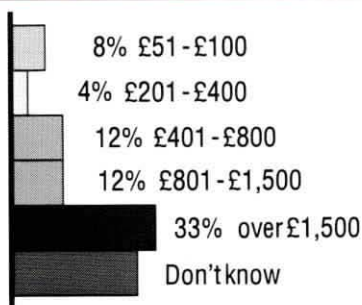
Between  
11 and 20  
volunteers



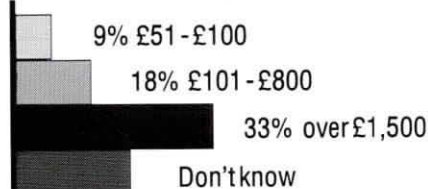
Between  
21 and 50  
volunteers



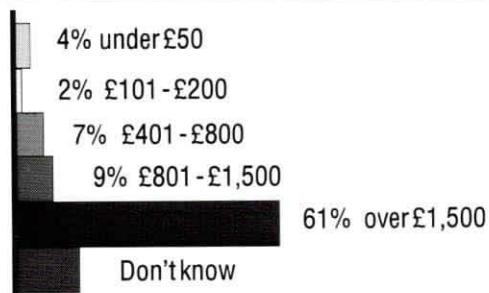
Between  
51 and 100  
volunteers



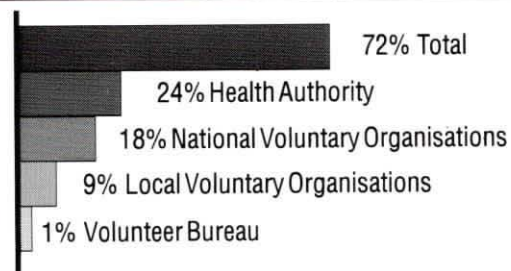
Between  
101 and 200  
volunteers



Over 200  
volunteers



7. Reimburse  
home to place  
of volunteering  
expenses:  
costs by type  
of agency



## 8. Expenses, by Age and Sex of Volunteer

	Total	Age 18-34	Age 35-54	Age 55+	Men	Women
	%	%	%	%	%	%
All reimbursed	6	5	6	6	6	5
Some reimbursed	9	9	8	11	12	7
None reimbursed	43	43	48	34	47	39
(None incurred)	42	43	38	49	35	49
Base = all current volunteers	745	262	277	205	298	447

## 9. Expenses, by Activities undertaken

Activities undertaken in past 12 months		All reimbursed	Some reimbursed	None reimbursed	(None incurred)	Base
Raising/handling money	%	6	10	43	42	415
Committee member	%	10	19	50	21	175
Organising/running event	%	8	14	46	33	315
Visiting people	%	9	16	47	28	109
Giving advice/counselling	%	11	10	55	24	71
Secretarial, admin, etc.	%	21	23	43	12	80
Transport(ing)	%	8	14	60	18	144
Other direct service	%	8	12	47	33	162
Representing	%	14	19	51	17	106
Other work/help	%	6	16	31	46	65
<b>One of the above</b>	%	<b>2</b>	<b>5</b>	<b>37</b>	<b>56</b>	<b>364</b>
<b>Two of the above</b>	%	<b>5</b>	<b>9</b>	<b>45</b>	<b>41</b>	<b>169</b>
<b>Three or more of above</b>	%	<b>12</b>	<b>17</b>	<b>51</b>	<b>20</b>	<b>206</b>
<b>All current volunteers</b>	%	<b>6</b>	<b>9</b>	<b>43</b>	<b>42</b>	<b>745</b>

(Tables 8 and 9 are taken from *The 1991 National Survey of Voluntary Activity in the UK*)

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### **The Volunteer Centre**

The Volunteer Centre is the national development agency for volunteering. We seek to promote, develop and support volunteering by influencing policies and practices which affect it.

As well as publishing good practice guidelines aimed at volunteer coordinators, we also conduct research into key areas of policy in volunteering, and campaign to improve access to volunteering for under-represented groups. The Volunteer Centre coordinates Volunteers Week (1-7 June), the annual celebration of volunteering.

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