

Expenses Policy

Introduction

1. This policy sets out the basis on which expenses incurred by the Trustees of the Knapp Foundation will be paid, and the process for claiming. It will be reviewed every three years or after relevant changes in legislation or experience.
2. Payment of expenses to Trustees is governed, *inter alia*, by Clause 6 of the Foundation's constitution. The Foundation will reimburse reasonable claims for expenses legitimately incurred on Foundation business, subject to the provisions of the constitution.
3. *Ceteris paribus*, the rules which apply to Trustees apply also to staff and volunteers.

Principles

4. The Charity Commission has issued guidance on the payment of expenses to charity trustees, which is reproduced at Appendix 1. Claims for, and payment of, expenses must be consistent with the following principles:
 1. Expenses are refunds by the charity of payments which the Trustee has had meet personally in order to carry out his or her Trustee duties. They are not payments for services.
 2. Expenditure should be made by the most cost-effective means available. Transport by train should be second class. Air flights should be made with the most cost-effective airline. Wherever possible, travel should be booked sufficiently far in advance to take advantage of the better value tickets often available. Where this is not possible, a brief note of the reasons for extra expenses incurred should be attached to the claim form.
 3. The expenses incurred must not be of a standard or nature which would constitute a personal benefit to the Trustee – e.g. elaborate meals, first class rail travel or air travel, because under charity law a Trustee is not permitted to benefit personally from being a Trustee, other than through the benefits available to all members of staff or all Trustees.
 4. Evidence must be provided that the expenditure has been incurred. The Foundation's accountants or independent examiners may require that expense claims are fully supported by tickets and receipts. These should be attached to any travel claim.
 5. Expenses are not allowable for the costs of partners who attend a Foundation event with a Trustee.

Allowable expenses

5. The following are examples of legitimate expenses:

1. The reasonable cost of travelling to and from Trustee and Committee meetings, and on Trustee business (including where taxi fares were necessarily incurred, and petrol allowances permitted by the HMRC before tax becomes payable, this not being expected to be a frequent occurrence).
2. The reasonable costs of childcare or dependent care, provided that it is agreed in advance, and in circumstances where a Trustee would otherwise be caused hardship or would be prevented from participating in a Trustee meeting or other essential activity (see the reference to child and dependent care below);
3. The cost of postage and telephone calls on Foundation business.
4. Communication support, including translating documents into Braille for a blind Trustee, or into different languages, and the provision of alerting and listening devices and other special aids for people with a hearing impairment. The Foundation will provide appropriate communication support to Trustees who request it.
5. Providing special transport, equipment or facilities for a Trustee with a disability.
6. Reasonable overnight accommodation and subsistence while attending Trustee meetings or other essential events.

Process for claiming expenses

6. All expense claims in respect of attendance at Trustee meetings and events should be submitted in writing, together with receipts for all costs. Details of expenditure should be itemised (i.e. travel and accommodation given separately) along with the date for each. If in exceptional circumstances a receipt is not available, please provide a signed note with an explanation and attach this to the claim form. Expense claims should be made at regular intervals, and preferably every 3 months.

Child and dependent care

7. In order to allow for variable rates in child and dependent care costs, a rate of payment and the period for which care costs will be payable, must be agreed in advance with the Chair of Trustees. Agreed costs will be paid to the Trustee upon presentation of an invoice or receipts. The Foundation will not normally pay for 24 hour care, and will not make payment to a Trustee's partner, spouse or other "Connected Person" within the meaning of charity law. Within this framework of reasonable costs agreed in advance with the Foundation, the choice of carer, and responsibility for that choice, lies with the Trustee.

Entertaining external parties

8. There may be occasional circumstances where costs will be incurred in entertaining external contacts on Foundation business, such as a lunch meeting with funders or Trustees from relevant other charities. Such expenditure:

(a) Must be agreed in advance by the Foundation.

(b) Costs incurred in entertaining external contacts will only be reimbursed by the Foundation, provided that the occasion is clearly one which benefits the Foundation and not the Trustee.

(c) Must, as required by HMRC, detail all attendees (including names and organisations) at the meeting as well as the reason for the entertainment.

Payment of expenses

9. The Foundation prefers Trustees to receive expense payments directly into their bank accounts. Please contact the Foundation with a note of your account number and sorting code, and arrangements will be set up for you.

Address for Trustee expenses claims

Knapp Foundation CIO,
First Floor,
85 Great Portland Street,
London
W1W 7LT

Adopted by a meeting of the Trustees on 1st February 2023

Appendix 1 – Charity Commission guidance on Trustee expenses (extract from Charity Commission Leaflet CC11 – Payment of Charity Trustees, May 2004)

Expenses

16. Expenses are not payments in return for services. There can often be confusion over this.

17. Expenses are refunds by a charity of payments which a trustee has needed to meet personally (or which have been met on his or her behalf) in order to carry out trustee duties. Even in the absence of any specific authority in the governing document, the law clearly entitles a trustee to reimbursement of expenses that have been properly incurred.

18. As a general rule, claims for expenses should be supported by bills or receipts from third parties, except where it is unreasonable to expect this (eg where small amounts are claimed). Any costs that are reasonably necessary to allow trustees to carry out their duties can be classed as expenses, and repaid to them or met directly by the charity.

19. The following are examples of legitimate expenses:
 - the reasonable cost of travelling to and from trustee meetings, and on trustee business (including taxi fares where necessarily incurred, and petrol allowances permitted by the Inland Revenue before tax becomes payable);
 - the reasonable cost of childcare whilst attending trustee meetings;
 - the cost of postage and telephone calls on charity business;
 - 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 people with hearing impairment;
 - providing special transport, equipment or facilities for a trustee with a disability; and
 - reasonable overnight accommodation and subsistence while attending trustee meetings or other essential events (eg specialist or voluntary sector conferences).

20. The following are examples of items which are not legitimate expenses, but rather trustee payments requiring explicit authority:
 - loss of earnings whilst carrying out trustee business;
 - allowances, eg financial loss allowance;
 - honoraria (small or token sums not intended to reflect the true value of the service provided);
 - payment for specialist skills and services.

21. The following are examples of payments which are neither legitimate trustee expenses, nor are they payments which could be authorised out of a charity's funds:
 - payment of hotel accommodation or travel costs for partners who are not themselves travelling on charity business;

- payment of private telephone bills or other private expenses incurred on business unrelated to the charity.

22. If a payment is not allowed for by an express power in the governing document, and the trustees are in doubt over whether it is a legitimate expense, they should contact us (HMRC) for advice, as our authority may be needed.