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| To: JOINT CONSULTATIVE COMMITTEES | Subject: REIMBURSEMENT OF SUBSISTENCE EXPENDITURE | |
| From: DIRECTOR OF ADMINISTRATION | | |
| Date: 12 November 2001 | Ref: IW/AM | |

1.0 Purpose of Report/Introduction

A variety of practices has been adopted across the Council with regard to claiming reimbursement of subsistence expenditure and the purpose of this report is to highlight issues identified and to propose the introduction of a corporate framework for the reimbursement of subsistence expenditure for all employees, excluding teachers.

2.0 Background

2.1 Following a number of enquiries from individual employees seeking an explanation as to why the payment of the fixed rate lunch allowance of £6.17 was not being authorised, a random check of claims, made through the payroll in one pay cycle, was made by Corporate Personnel Services and a variety of payment practices were identified, with variations in treatment both across departments and within different divisions of the same department.

2.2 Current Approaches to the Reimbursement of Subsistence Expenditure

A survey of all Departments was conducted to ascertain current approaches and preferences for a future framework for the reimbursement of subsistence expenditure. The results were:-

- a) four Departments reimburse subsistence expenditure up to the nationally agreed limit but only for actual expenditure supported by receipts;
- b) three Departments reimburse expenditure up to the nationally agreed limit but do not require receipts, and
- c) one Department reimburses for reasonable expenses, reasonably incurred.

2.3 Departmental Preferences for the Reimbursement of Subsistence Expenditure

2.3.1 Five Departments separately expressed a view on a corporate policy, of these: -

- a) four Departments would reimburse for actual expenses incurred, up to the national maximum and on the production of supporting receipts, and
- b) the remaining Department would reimburse 'reasonable expenses', with the production of receipts regarded as a good practice rather than a fundamental requirement.

2.3.2 Of the three Departments who did not express a view:-

- a) two reimburse actual expenses, up to the national maximum, where supported by receipts, and
- b) the remaining Department reimburses expenditure up to the national rate but does not require receipts.

3.0 The Relevant Core and National Conditions of Service Pertaining to the Reimbursement of Subsistence Expenditure

3.1 North Lanarkshire Council Core Conditions of Service for Former APT&C Employees

These conditions of service are silent on the payment of subsistence expenditure and reference has continued to be made to the relevant prior national scheme of conditions of service.

3.2 Proposed North Lanarkshire Council Core Conditions of Service for Manual and Craft Workers

Likewise, these proposed conditions of service, which are presently under negotiation, are also silent on the payment of subsistence expenditure and reference is currently made to the relevant prior national schemes of conditions of service

3.3 Scottish Joint Council for Local Government Employees – National Agreement on Pay and Conditions (the “Red Book”)

3.3.1 Following the introduction of these conditions, subsistence expenditure for all categories of employees, excluding craft operatives, chief officials and teachers, have been amalgamated into Part 2, paragraph 20.1, as detailed below: -

“Employees necessarily incurring additional expenses in the course of their work in respect of travel, meals or overnight accommodation will be reimbursed approved expenses subject to appropriate evidence of expenditure being produced”. There is currently no agreed Scottish Scheme and this clause is subject to on-going discussions between CoSLA and the Trade Union side. The former provisions continue to apply meantime (see 3.4 below).

3.3.2 Clarification has been sought from CoSLA regarding the introduction of an agreed Scottish Scheme and indications have been given that it is likely that the method of reimbursement will be left for local determination by each Council.

3.3.3 To date, as no corporate decision has been made regarding the reimbursement of subsistence expenditure, Departments have relied on those conditions outlined in the relevant antecedent conditions of service, as detailed below: -

3.4 Scheme of Salaries and Conditions of Service for APT&C Staff

Appendix “D” (1), paragraph (2) of the above Scheme states,

“Subsistence Allowances

- i) Subsistence allowances will be payable to officers who are prevented from their official duties from taking a meal at their home, administrative centre or establishment where they normally take their meals, and thereby incur additional expenditure; an officer may be required by his authority to so certify. The allowance shall not be paid where a suitable meal is provided or has been reimbursed by virtue of the provisions at paragraph (4) below (overnight stays in the performance of official duties).
- (ii) In exceptional circumstances and where authorisation has been given to an individual officer by the authority prior to expenditure being incurred, additional expenses, beyond the allowances at sub-paragraph (2)(i), shall be payable.
- (iii) Officers travelling by rail who necessarily take a meal in a restaurant car shall be reimbursed the actual cost of the standard meal.

3.5 Scheme of Salaries and Conditions of Service for Manual Workers and the Scheme of Salaries and Conditions of Service for Craft Operatives

Part 5, paragraph 5.4 and Part VI, paragraph 40 of the above Schemes, respectively, state, “Allowances to cover travelling and subsistence expenses shall be paid at such rate and on such conditions as may be arranged by the authority. The rates of subsistence allowances in Sub Clause 5.1.3 (Appendix “G”) will be of help to authorities in fixing suitable rates.”

3.6 Scheme of Salaries and Conditions of Service for Chief Officials and their Deputes

Part IV, paragraph 37 of the above Scheme states, “In general, authorities should reimburse actual expenses reasonably incurred by officials travelling on the business of the authority. Where the authority considers it desirable to fix a scale, the minimum payments under the scale should be such as will compensate the official for all reasonable outlays.”

3.7 Current Subsistence Rates

3.7.1 The current subsistence rates referred to in these Schemes of Salaries and Conditions of Service for APT&C, Chief Officers, Manual Workers and Craft Operatives are: -

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| Breakfast | £4.48 |
| Lunch | £6.17 |
| Tea | £2.43 |
| Evening Meal | £7.64 |

3.7.2 These rates have already been agreed nationally with the unions concerned and the Inland Revenue has agreed with CoSLA that where these rates are applied, the Councils concerned have a dispensation from declaring these payments on the P11D form required to be submitted to the Inland Revenue. Without this dispensation, the Council would have to declare all subsistence expenses reimbursed to each employee, to allow the Inland Revenue to assess the individual tax implications.

3.7.3 Information was also sought from CoSLA, to ascertain their view on the current agreement and the following view was provided:-

- a) The Council could choose to reimburse actual expenditure incurred which would have neither an upper or lower reimbursement limit but would be supported by receipts, however, if the reimbursement exceeded the agreed rates, it could become taxable, or
- b) pay a fixed rate, irrespective of the actual amount of the additional expenditure, however, if a fixed rate was applied, the subsistence rates agreed would act as both the upper and lower limit.

4.0 Conclusions

4.1 The Council lacks a consistent approach to the reimbursement of approved expenditure. The nationally agreed subsistence rates already in use are non-taxable, however the reimbursement of expenditure in excess of these subsistence rates may be taxable and, therefore, it is essential that such payments are processed through employees’ salaries.

4.2 Whilst there is some diversity of opinion regarding the preferred procedure for the reimbursement of subsistence expenditure, the majority of Departments reimburse expenditure up to the national maximum rate and only on the production of appropriate receipts. No Director expressed the view that a flat rate allowance should be paid ie automatic payment of the applicable national maximum allowance regardless of actual expenditure.

5.0 Recommendations

- 5.1 It is recommended that a consistent approach to the reimbursement of subsistence expenditure be approved, as detailed in Appendix 1, ie retain the nationally agreed subsistence rates and reimburse actual expenditure, normally supported by receipts, up to the applicable national maximum allowance.
- 5.2 The introduction of this framework be communicated to managers and employees by way of the usual channels of communication, for example, via the Joint Consultative Committees, Personnel Circulars and payroll messaging etc.

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Director of Administration

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APPENDIX 1**PROPOSED REIMBURSEMENT OF SUBSISTENCE EXPENDITURE FRAMEWORK****1.0 General Principles**

- 1.1 Subsistence expenditure will be reimbursed to employees who are prevented by their official duties from taking a meal at their home, administrative centre or other appropriate Council establishment and thereby incur additional expenditure. Such employees will be reimbursed reasonable actual expenditure, normally supported by receipts, and only up to the applicable national maximum rate.
- 1.2 Employees may be allowed to claim reimbursement for small amounts in relation to lunch expenditure (ie less than the current maximum subsistence rate detailed for lunch) without providing receipts. In such circumstances, the employee will be required to certify that the unsupported claim is a true and accurate reflection of additional expenditure, reasonably incurred. Such certification will be regarded as an exception, rather than the norm.
- 1.3 In no circumstance will the Council reimburse the purchase of alcohol, unless the employee is providing or participating in official and authorised hospitality on behalf of the Council.
- 1.4 An employee, if absent on business all day, may be eligible to claim expenditure for breakfast and lunch, however, an employee can only claim expenditure for either tea or an evening meal, not both.
- 1.5 In exceptional circumstances, and where authorisation has been given to an employee prior to the expenditure being incurred, a Director may approve subsistence expenditure above the maximum rates laid down, to reflect the exigencies of the service.

2.0 Evening Work at the Employee's Normal Place of Employment

- 2.1 Employees working at their normal place of employment but outside of their normal working hours, and who are above the salary limit for overtime payments, may claim the evening meal rate, if the requirement to work continues after 8.30 pm.
- 2.2 Such a payment will be regarded as a flat rate entitlement and will not be dependent upon the submission of supporting receipts.

3.0 Process for the Reimbursement of Subsistence Expenditure

- 3.1 All claims for the reimbursement of authorised expenditure for subsistence will be submitted, on an appropriate form and via the authorising officer, to the payroll section for payment.
- 3.2 All such claims must be accompanied by supporting receipts and no payment will be authorised without such supporting evidence, with the exceptions detailed in paragraphs 1.2 and 2.2 above and 3.4 below.
- 3.3 No reimbursement of expenses or payment of expenses in advance of expenditure will be made from petty cash, or made by any method outwith the payroll system.
- 3.4 Notwithstanding the above, Directors may, if it suits the exigencies of the service only, authorise an advance payment of projected expenditure. However, if such an advance is made, the authorising officer must ensure that the employee claims their actual receipted expenditure via the payroll system, to ensure any tax implications are appropriately addressed. Any advance against expenditure must be notified to Payroll, who will then ensure the advance is deduced from the claim.
- 3.5 The Council reserves the right to query any expenditure claimed by an employee and, as a consequence, make adjustments to the expenditure reimbursed.