



# GOVERNORS' EXPENSES POLICY

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## **INTRODUCTION**

Every college has charitable status and so is subject to the requirements of the Charities Act. Further Education and Sixth Form College Corporations are classified as "exempt charities" meaning that they are not regulated by the Charity Commissioners but by a separate regulator - the Department for Education.

Governors are trustees and the Charity Commission recommends that all colleges have a written policy for governors setting out what is classed as an expense and a process to claim and approve expenses. The institution's Annual Report should set out the total amount reimbursed in each financial year.

## **PURPOSE**

The purpose of this policy is that no-one should be deterred by reason of concerns about meeting the costs of reasonable expenses from serving, or from offering to serve, as a College governor. Expenses are not a financial benefit, so no permission is needed from the Charities Commission.

## **TRAVEL, TRAINING AND SUBSISTENCE**

The College will therefore reimburse expenses wholly, exclusively and necessarily incurred in undertaking the role of College governor as follows:

- (i) Travel to and from the College for the purpose of attending governors' meetings, including governor training events.
- (ii) Expenses incurred in respect of approved attendance at meetings not on College premises, for example: the purposes of briefing, training or representation of the College; such expenses to cover travel, subsistence and enrolment or other fees, as appropriate.

Approval must be obtained, preferably by email, from the Chair or Vice Chair before attending an event where a cost will be incurred.

Travel should be undertaken by public transport where this is reasonably practical. Where rail travel is undertaken the cost of the standard class rail fare for the journey may be claimed. Receipts for fares should be obtained and must be included with claim forms. Where travel has to be by private car, mileage (based upon the shortest practical route) will be reimbursed at the current HMRC rate applying to College staff. Governors must ensure they have adequate vehicle insurance to cover journeys undertaken on College business. Receipts must also be provided for other travel, subsistence, enrolment fees etc where not booked directly by the College.

## **OTHER EXPENSES**

Any governor who believes that (s)he has a reasonable claim to be paid a wholly, exclusively and necessarily incurred expense of any other kind should refer the matter in the first instance to the Clerk, who will advise and where appropriate will consult with the Chair of Governors (or in the absence of the Chair, with the Vice-Chair of Governors). The Chair and the Vice-Chair of Governors have authority to authorise other reasonable expenses provided that they had been wholly, exclusively and necessarily incurred in undertaking approved duties as a governor and are readily quantifiable.

Institutions may award gifts or small financial sums to governors in exceptional circumstances, for example, as a retirement present. The Charity Commission does not insist on small gifts being authorised provided that:

- The value of the gift is minimal (total payments to all governors in any financial year must be less than £1,000 – this excludes expenses and other approved payments);
- Conflicts of interest are managed; and
- Non-conflicted governors are satisfied, and can show, that the payment is in the best interests of the college.

## **APPROVAL AND PAYMENT**

Completed expense claims should be submitted via the Clerk for approval within 28 days of being incurred. Claims will be approved by two individuals as follows:

1. One from: Chair or Vice Chair
2. One from: CEO or Finance Director

Approved payments will usually be made by bank transfer (BACS) into a bank account nominated by the claimant.

## **PAYING GOVERNORS TO PROVIDE OTHER SERVICES TO THE INSTITUTION**

The **Charities Act 2011** allows governors to be paid for providing services to their charity (without permission from the Charity Commission) subject to certain conditions. The kind of services covered could include:

- Provide specialist services, such as estate agency, IT consultancy;
- Delivery of a lecture or a piece of research work; and
- Occasional use of a governors' premises or facilities.

Before paying a governor, the governors must:

- Manage the conflict of interest by making sure that the affected governor takes no part in any meeting or discussion affecting their own payment or potential payment;
- Decide they are satisfied that paying that governor for those services would be in the interests of the charity, and the level of payment is reasonable;
- Produce a written agreement, including specifying the exact (or maximum) amount to be paid;
- Make sure that less than half of the governing body are (or are connected with people) receiving payments or benefits of any kind from the charity; and
- Make sure the college's governing document (Instrument of government) does not expressly forbid the payment

If the governors cannot fulfil these conditions, but they think the payment is in the charity's interests, they will need to contact the Charity Commission.

## **WHEN TO REQUEST THE CHARITIES' COMMISSION PERMISSION TO PAY GOVERNORS**

- paying a governor to be a governor
- making a payment to cover loss of earnings

**NB: It is essential that the college before paying a governor must have regard to the commission's [guidance on paying trustees for services](#).**

## **CONCLUSION**

The reimbursement of reasonable expenses is a matter of right and not of financial need. The decision to claim will be a private one for the individual and will be respected as such by the College. Claim forms can be provided via the Clerk.

## **REVIEW CYCLE**

The policy will be reviewed every three years unless legislation or other changes require it review.