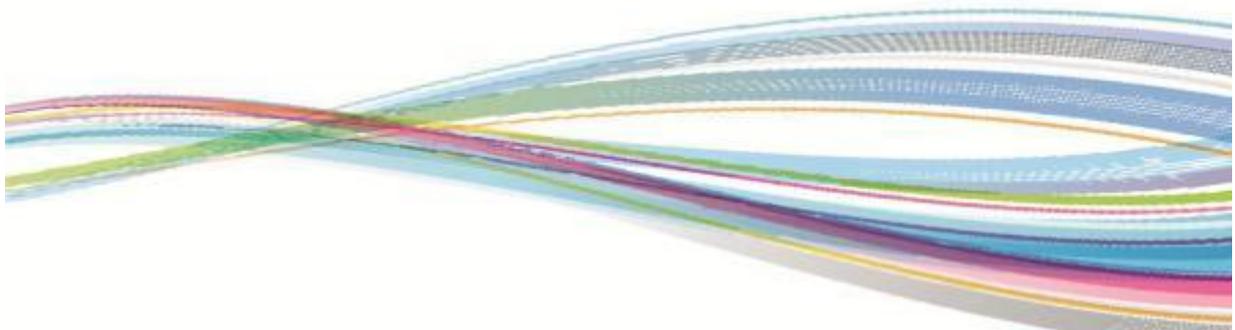


Gifts, Hospitality and Expenses Framework

2013|





Contents

	Page
1. Principles	3
2. Limits for acceptance and disclosure – A summary	4
3. Section 1: Policies for Gifts and Hospitality	5
4. Section 2: Practical Guidance for Staff and Board Members	6
a. Acceptable and disclosable practical examples	7
b. Practical examples of unacceptable gifts or hospitality	7
c. Reporting Gifts and Hospitality	8
d. Monitoring and Transparency	8
5. Section 3: Board Member Fees	9
a. Basic Fee	9
b. Special Responsibility Fee	9
c. Taxation for Board Members	9
6. Section 4: Authority Wide Expense Policy	10
a. Practical Examples of Expenses	13



Principles:

This Framework applies to both Board Members and LPFA employees. It is intended to establish parameters of good governance around the issues of gifts, hospitality and expenses. The acceptance of gifts and hospitality does not simply result in the administrative exercise of declaration and registration; it influences the public perception of Board Members, staff and of the Authority.

It is not intended to cover all eventualities and, if there is any uncertainty on any aspects of this policy, the Monitoring Officer should be consulted. The decision of the Monitoring Officer and his team is final.

In line with the principles of good governance within the public sector, a member of the Board or an employee should not be benefiting personally by virtue of their position. All gifts, hospitality and expenses are potentially subject to public inspection and therefore consideration of this should be at the forefront prior to accepting any gifts or hospitality. Even if you are operating within the parameters outlined there should still be an awareness of the reputational impact of the LPFA and the need to assess whether acceptance is in breach of your contract.

This Framework supplements the policies and procedures in place with practical guidance. It consists of:

- Local Guidance on Gifts and Hospitality for a Board Member
- Staff Code of Conduct extract
- The narrative within this Framework (which includes practical examples of acceptable/unacceptable gifts and hospitality) plus transparency initiatives and reporting routes
- Board Member Fees
- Authority-wide Expenses Framework which applies to both Board Members and Staff

Throughout this Framework references to the Monitoring Officer can be substituted by the Deputy Monitoring Officer.

Any violation of this Framework is a disciplinary matter and will be referred to both HR and the Monitoring Officer for further action.

The Monitoring Officer has delegated authority where appropriate to:

- Amend expenses and rates contained within this Framework on an annual basis as required
- Factually amend this Framework
- To include additional practical examples as and when they might arise



Limits for acceptance and disclosure – A summary

In terms of monetary value, any gifts or hospitality received or declined in excess of £25 are disclosable. You may accept hospitality up to the value of £75 but this must be reasonable given the circumstances and the Authority need to be represented. The £75 limit is a guideline and special consent rules allow this to be breached if there is a business justifiable reason to do so. In these cases the Monitoring Officer should be consulted.

Where practical, staff who receive gifts from Fund Members or suppliers should return these. However, there may be times when this is impossible or when it may cause offence. In these circumstances the section on practical examples highlights the action to be taken.

In line with the Board Member Code of Conduct any hospitality received by a Board Member in excess of £75 may arise to a personal interest in that supplier and may restrict their participation in associated Board discussions.

The culture of LPFA is set at the top by the Board and flows through all levels of staff. This document has been approved by LPFA's Board who expect all parties to abide by the Framework.

Before accepting gifts, hospitality or incurring expenses, please do the following:

1. Consider whether it is acceptable and in line with this Framework
2. Obtain any required approval from the Monitoring Officer (or budget holder in case of expenses).
3. For expenses, keep all receipts and complete an expenses form within 30 days
4. For hospitality, disclose to the Monitoring Officer (prior to accepting) including details of the purpose of the hospitality, time commitment and other information outline in this Framework
5. If any gifts are received the Monitoring Officer should be informed and the gift recorded.

Remember, hospitality declined as well as accepted requires disclosure under this Framework. LPFA's staff are under a duty under the Bribery Act 2010 to avoid both active and passive bribery. Monitoring gifts and hospitality links to the LPFA's corporate responsibility to put procedures in place to create an anti-bribery culture.

Disclosure of items declined need only be where the invitation is in relation to your position within LPFA and are obviously pure hospitality.



Section 1: Policies for Gifts and Hospitality:

The principles contained within the two policy documents below are consistent, as are any references to monetary amounts. However, as the responsibilities and liabilities for Board Member and Staff are distinct, they are contained within separate policies.

For the avoidance of doubt, LPFA's Principal Officers, also known as Corporate Management Team, are covered by the Staff Code of Conduct.

Individual members of staff and Board Members should be aware of their wider responsibilities as representatives of the Authority. This includes the duty to comply at all times with the relevant codes of conduct and with rules relating to the use of public funds. Any failure to do so could lead to disciplinary action and/or referral to LPFA's Audit Committee.

If in doubt as to whether hospitality offered is in line with these policies and limits set by the Board, it is best practice to always issue the relevant guidance to the organisation offering the hospitality.

(i) Board Members:

Annex 1 includes the **Local Guidance on Gifts and Hospitality for a Board Member**. It is contained within LPFA's Constitutional Document and sets expectations at the very top of the organisation. In accepting the position all Board Members sign a declaration accepting adherence to the Board Member Code of Conduct.

(ii) Staff Members:

The information contained in **Annex 2** outlines the guidance for staff as contained in section 5 of the **Staff Code of Conduct**. This document is also contained in full within the Constitutional Document.



Section 2: Practical Guidance for Staff and Board Members:

Please find below some practical examples of gifts/hospitality and expenses:

Acceptable and disclosable practical examples:

1. Attendance at a conference and associated hospitality received for dinner/lunches. Anything under £25 such as a buffet lunch or breakfast does not require disclosure but a dinner over £25 should be disclosed unless it is provided as part of the conference rather than a "host". E.g. if dinner is provided by NAPF as part of the conference this need not be disclosed. However, if the table is hosted then it should be.
 - a. This should also be a "reasonable" dinner up to the value of £75. If in doubt contact the host with details of this guidance to ensure the hospitality received is within these parameters. If dinners are in excess of this amount this should be noted with the Monitoring Officer.
2. Attendance at an award ceremony where LPFA has entered the awards. The associated drinks/dinner is likely to be in excess of £25 and is therefore disclosable. Sometimes it is not possible to know in advance who is sponsoring the table and therefore retrospective disclosure is acceptable.
3. A staff member receives 12 bottles of wine at Christmas from a supplier. If the value of each bottle is under £25 then the staff member can keep one and place the remainder in the charity raffle. With the agreement of the Monitoring Officer it may be appropriate for a number of team members to keep a bottle each and the remaining bottles to be placed in the raffle. All gifts over the value of £25 should be referred to the Monitoring Officer.
4. A staff member receives a box of chocolates from a fund member. Any similar items should be shared within the team but this is below the disclosable £25 limit.
5. A staff member receives £50 in vouchers from a fund member. These should be politely declined. However, if this is not possible or would cause offense, they should be put in the next charity raffle. The staff member is not entitled to keep £25 worth – all vouchers should be included in the raffle.
6. Business lunch meeting. These should ordinarily be carried out at either LPFA's or the other party's offices. However, if at times it is necessary to seek an alternative venue for practical purposes, the value of the hospitality received should be under £75.
 - a. A business meeting between a Board Member and an employee is permitted in line with the example above but it must be a justifiable reason for the meeting being held offsite.
 - b. A fund manager wishes to discuss the performance of a fund and offers to take a member of the Investment Team out to review this. The fund manager



should be provided with these guidelines and it should be within £75 per head (unless the special consent rules apply).

Practical examples of unacceptable gifts or hospitality:

1. An invitation is received for a sporting or cultural event. If this is a simple case of receipt of tickets it should be politely declined. This should be recorded in the hospitality register.
 - a. If the invitation involves a business meeting which is taking place at the venue, and it involves meeting other parties, then it can be accepted but disclosed. Any hospitality accepted in line with this example should be within the £75 acceptable limit unless special consent rules are applied. It is, however, preferable that meetings are held within offices. When accepting the hospitality consideration should be given as to whether attending is a good use of working time. Evening events should still be seen within this Framework.

Any hospitality and gifts accepted should be in relation to a current supplier or a supplier within LPFA's sphere.
2. Overseas travel, meetings, conference opportunities. In exceptional circumstances attendance at foreign conferences or travel to investigate overseas investment opportunities is permitted if this is in line with LPFA's strategic aspirations. It should not coincide with any cultural or sporting events and the outcomes must be clearly stated in advance.
 - a. If, however, LPFA has entered a European pension awards ceremony it is acceptable to attend as long as the public purse is not impacted and LPFA has submitted an entry. This is fully disclosable.
3. Tickets for sporting or cultural events, e.g. Commonwealth games, Olympics, tennis, football, rugby, art exhibitions, theatre (this list is not exhaustive). The exception is when it is part of a wider business meeting and that attendance by LPFA is required.

Giving hospitality to third parties:

There may be occasions when it is acceptable for LPFA to offer hospitality. This may be when organising events or conferences or when particular meetings are required to further LPFA's strategic or marketing aims.

Dinners/lunches offered should be capped at a value of £75 per head and any amount in excess of this is the responsibility of the individuals attending the event. However, this can be increased for marketing purposes with the prior agreement of the Monitoring Officer. Modest alcoholic drinks are acceptable.



LPFA may provide hospitality to either staff or Board members such as a buffet lunch as part of a Board Meeting. This does not need to be disclosed.

Reporting Gifts and Hospitality:

In line with LPFA's policy on gifts, hospitality and expenses the Monitoring Officer and his team must be notified for all hospitality in excess of £25. This includes both hospitality accepted and declined.

When staff are accepting hospitality or gifts it is important that these are approved in advance where possible by the Monitoring Officer.

There are occasions when retrospective disclosure is required as it would be impractical to obtain advance approval. This is acceptable if the disclosure is timely and the levels of accepted hospitality are in line with the parameters outlined by this policy.

Information required when making the disclosure includes:

- Purpose of the hospitality
- Reason for attending
- Time commitment
- Estimated value

A register of hospitality accepted and declined is kept and reported to Audit Committee quarterly.

The reporting of gifts and hospitality is only in relation to your capacity as an LPFA representative. If you are attending an event in a different capacity then disclosure is not required. However, if you are wearing two hats", please disclose in line with this framework.

Monitoring and Transparency:

All of LPFA's expenses, gifts and hospitality received are potentially disclosable under various legislation to protect the public purse and ensure transparency. Therefore, when accepting any hospitality, you should be prepared for this to be disclosed.

LPFA will publish all gifts and hospitality received by Managers, Corporate Management Team and Board Members on a quarterly basis on the LPFA website. In addition, Corporate Management Team and Board Members will have their expenses published quarterly on the LPFA website.



Section 3: Board Member Fees

LPFA's fees and expenses framework for Board Members is pursuant to the Local Authorities (Members' Allowances) (England) Regulations 2003.

1. Basic Fee:

As per Board Member appointment letters, Board Members receive a basic fee of £12,000 per annum.

In accordance with authority given by the Mayor in 2002, the Board Member fee is usually increased annually, with effect from 1st July, in line with the RPI figure for the preceding April.

2. Special Responsibility Fee:

Special responsibility fees are payable to those Board Members that hold the following positions (please note that these fees replace, and are not in addition to, the basic fee):

Position	Actual pay 2010
Chairman	£30,920 p.a.*
Deputy Chairman	£20,614 p.a.*
Chair of Audit Committee	£16,000 p.a.
Chair of Risk Committee	£16,000 p.a.

(*currently subject to a review)

3. Taxation for Board Members:

For taxation purposes, Board Members are considered to be Office Holders under Chapter 1 Section 5 ITEPA (Income Tax Earnings and Pension Act 2003). This requires office holders to be charged tax in the same way as employees. Board Members are therefore taxed at source by LPFA. Home to office travel is also taxable but reimbursable expenses incurred in attending conferences, training courses or meetings external to Union Street are not.

Please note that taxation requirements do not confer employee status on Board Members.



Section 4: Authority Wide Expense Policy

The expenses of both Board Members and LPFA's Corporate Management Team will be routinely published on LPFA's website on a quarterly basis. Where the Monitoring Officer believes it is in the interests of the Authority the expenses of other members of staff may also be published.

1. Expense reimbursement

All reasonable expenses you properly incur while on LPFA business will be reimbursed. However, it should be stressed that it is your responsibility to ensure that any such expenses are reasonable. The LPFA will not reimburse expenses where you have not complied with this Expenses Policy. Any attempt to claim expenses in breach of this Expenses Policy may result in disciplinary action.

Expenses that may be claimed and the procedures for claims, authorisation and reimbursement are set out below. These must be claimed within 30 days.

2. Authorisation Limits

In relation to this policy, expenses can only be authorised within limits established by the relevant Budget Holder or Monitoring Officer. In some circumstances the Budget Holder may not be the Line Manager. You will need authorisation that your Line Manager has agreed to the activity as well as the Budget Holder. All expenses will be signed off by the Monitoring Officer

3. Shared Expenses

Where expenses are paid for a group of employees, the most senior Line Manager should pay and claim the expense. The claim should note the full names of other employees in attendance.

4. Income Tax in Relation to Staff

In some exceptional circumstances, expenses payable under this policy may not satisfy HM Revenue & Custom (HMR&C) rules, and hence may be taxable. We may make arrangements to meet the resulting tax liabilities. We reserve full discretion to decide not to make such arrangements in any given case, but will not act unreasonably in exercising this discretion.

5. Travel Expenses

The LPFA will pay the reasonable costs of necessary travel on LPFA business. You should travel to meetings and between offices by the most cost-effective mode of transport, taking into account journey time as well as monetary cost.

You must state the start and end point of each journey and who you were visiting. This information is necessary for all modes of travel.

For this purpose, the following are not treated as travel on LPFA business:



- Staff travel between home and permanent workplace
- Other travel which is primarily for private purposes, and
- Travel which is primarily for business purposes but which is substantially the same as travel between home and the permanent workplace.

5.1. Taxis

As a rule of thumb, you are expected to use public transport and we regard it as normal practice for you to use the tube to travel in the City or Central London. You may only use taxis where it is cost effective to do so (i.e. several employees travelling to the same meeting or when carrying heavy equipment).

5.2. Trains

You must travel by standard class, unless there is a clear business reason to travel first class. Before booking, first class travel must be specifically approved by the appropriate Budget Holder or Monitoring Officer.

5.3. Air travel

Air travel should only be used when it is the most economical and practical method of travel. Before booking a flight, specific approval must be sought from the Budget Holder or Monitoring Officer. You must, whenever possible, book flights well in advance to get discounted rates. The most cost-effective ticketing arrangements must be used.

You must support your expense claim with a valid boarding card.

- Travel by business class at LPFA expense will only be permitted where the flight time is in excess of five hours.
- All other air travel on LPFA business should be by economy class.

5.4. Car expenses

You may not claim reimbursement for business use of your own vehicle until you have filed a current copy of your car insurance with the Finance Team, showing that your insurance cover is valid for travel on LPFA's business. This is necessary because if you need to claim on your policy, you will need to ensure that your policy covers business use.

Where it is cost effective to make a business journey by car, you may claim a mileage allowance at the rate of 40 pence per mile for the first 10,000 business miles in a tax year. For any travel in excess of 10,000 business miles in a tax year, you may claim a mileage allowance of 25 pence per mile. These rates are reviewed annually.



6. Accommodation

The LPFA will pay for accommodation on the following basis:

- Hotels must be booked subject to a maximum VAT-inclusive cost of £150 a night (£300 per night in Central London), excluding breakfast.
- If reasonable accommodation is not available within this limit, you are required to get specific authority from the appropriate Budget Holder for an increase in the limit before you book more expensive accommodation. This request must be supported by fax or e-mail from the hotel booking agent, detailing the available alternatives.

No reimbursement exists where accommodation is provided at no cost (e.g. if accommodation is included as part of a pre-booked conference).

6.1 Subsistence – away overnight

LPFA will reimburse reasonable out-of-pocket expenses you incur when a journey on LPFA business makes it necessary to stay away from home overnight. You may claim the following for each night whilst you are away:

- hotel bills as above;
- breakfast – if not included in the room rate, you may claim the cost of a modest breakfast up to a maximum of £10.00 a day; and
- lunch, evening meal and non-alcoholic beverages, to an overall maximum of £40 a day.

No entitlement exists where all meals are provided at no cost (i.e. if meals are included as part of a pre-booked off-site training course).

Any sundry expenses such as newspapers or bar bills will be the responsibility of the individual.

7. Entertaining Visitors

You may entertain visitors and guests only where prior authority has been sought from the appropriate Budget Holder and/or Monitoring Officer and is likely to help the LPFA to further its business objectives. The names of each person attending must be noted on the claim, identifying which attendees are from the LPFA and which are external guests.

Subject to these constraints, you may claim reasonable and appropriate entertaining expenses up to a ceiling of £75 per head. If it is not possible to provide suitable entertainment facilities within this limit, you are required to get specific authority from the appropriate Budget Holder for an increase in the limit before you incur further expenses.



8. Reimbursement of Expenses

Expenses will only be reimbursed if they are:

- supported by detailed (VAT) receipts, tickets and credit card slips if necessary;
- submitted on the LPFA staff expense claim form;
- submitted within 30 days of being incurred;
- appropriately authorised; and
- claimed in line with this policy.

In **exceptional** circumstances, we may consider reimbursing low value claims for travel without the back-up receipt, for example the use of a prepaid Oyster card to travel on LPFA business where no receipt is currently issued, or tube tickets that are retained as you pass through the ticket barrier. You need to give a full explanation as to why no receipt is available. This must be included on the expense claim form before you get approval from the Budget Holder and Line Manager (if the Line Manager is not the Budget Holder).

In claiming reimbursement, you must confirm both that the expenses have been incurred, and that the LPFA business to which they relate has been carried out in the manner most cost effective to the LPFA in the circumstances.

Authorised expenses submitted in line with this policy on the required forms will be paid directly into your bank/building society account.

The authorisation route for all staff expenses, CMT and Board Members is the Monitoring Officer.

Practical examples of expenses:

- Staff are required to attend the annual Fund Member Forum – this involves travel fees over and above their daily cost – possibly use of the tube rather than just the train. They would be entitled to the additional costs in excess of their usual season ticket/Oyster Card charge but not the full journey.
- A member of Corporate Management Team holds an offsite business meeting with a Board Member. This is acceptable providing the frequency is appropriate and it is capped at £75 per head. Any additional amount in excess of this should be paid by the individuals attending.
- Three members of staff and a Board Member are travelling to a conference. Ordinarily travel should be by standard class rail fare. However, they need to have a meeting on the way back and a first class table is all that is available – it



would be acceptable to book this providing the costs were reasonable in the circumstances.

- You are attending a conference in a different town or city and arrive at a train station. It would be acceptable to catch a taxi to the conference venue.
- A Board Member incurs expenses in travelling from home to the train station – this could be a taxi or station car parking. This is acceptable but will be taxable if it is in relation to “home to office” travel.

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Version No	Description of change	Owner	Applicable to	Date of Issue	Approved by Board	Review Date
V1	New policy with improved disclosure process and clearer financial limits; flexibility has been built in to both offer and accept hospitality over £75 with a business justification. Disclosure of items declined need only be where the invitation is in relation to Board members’ position with LPFA	CDT	Board members CMT All staff	16/10/2013	17/10/2013 (decisions approved by email)	31/10/2014