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London Pensions Fund Authority **Gifts, Hospitality and Expenses Framework**

2023-25



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London Pensions Fund Authority

Gift, Hospitality and Expenses Framework

1. Principles

- 1.1 This Framework applies to Board Members, Local Pension Board (LPB) Members and LPFA employees. It is intended to establish parameters of good governance around the issues of gifts, hospitality and expenses.
- 1.2 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 the LPFA Chief Executive Officer (CEO) is final.
- 1.3 In line with the principles of good governance within the public sector, a member of the Board, LPB or an employee should not benefit personally by virtue of their position. All disclosable gifts, hospitality and expenses are subject to public inspection. As such, even if you are operating within the parameters outlined, it is important to be aware of the potential reputational impact that accepting gifts and hospitality might have on the LPFA.
- 1.4 Whilst the principles and monetary values set out in this Framework apply to Board members, LPB members and LPFA employees alike, it is important to recognise that the responsibilities and liabilities of these groups differ. Where appropriate, individuals should also refer to the following policies and procedures for further guidance on gifts, hospitality and expenses:
 - Local Guidance on Gifts and Hospitality for a Board Member
 - Code of Conduct for Board members
 - Staff Code of Conduct
- 1.5 LPFA employees also need to assess whether acceptance of any gifts or hospitality would constitute a breach of their service contract.
- 1.6 Any violation of this Framework is a disciplinary matter and will be referred to the CEO for further action.
- 1.7 This Framework is approved by the LPFA Board. However, the Monitoring Officer and CEO have delegated authority, where appropriate, to:
 - Amend expenses and rates contained within this Framework on an annual basis, as required
 - Factually amend this Framework
 - Include additional practical examples as and when they might arise.
- 1.8 LPFA is committed to reducing the operational greenhouse gas emissions from running the Pension Fund. As part of this effort, and where practical; staff, Board members and LPB members are encouraged to use public transport, or other sustainable methods of transport, when travelling for LPFA business.

2. Gifts and Hospitality

- 2.1 The culture of LPFA is set by the Board and flows through all levels of the organisation. This document has been approved by LPFA's Board, which expects all parties to abide by the Framework.
- 2.2 Before accepting gifts or hospitality, you should:
 1. Consider whether to do so is acceptable and in line with this Framework
 2. Obtain any required approval from either the Monitoring Officer or CEO, as necessary under this Framework
 3. Report any disclosable gifts and hospitality to the Monitoring Officer and CEO, as necessary under this Framework
- 2.3 Any gifts or hospitality received or declined in excess of £50, on an individual basis should be disclosed to the Monitoring Officer. You may accept gifts or hospitality over £50 with appropriate consent, as stated in Table 1. You may accept hospitality up to the value of £75 but this must be reasonable given the circumstances and LPFA needs to be represented. This limit can be exceeded if there is a justifiable business reason, and provided prior consent is obtained from the CEO beforehand.
- 2.4 Even where the unit value of gifts or hospitality remains within the limits set out in this policy, caution should be exercised to avoid frequent acceptance that may, cumulatively, constitute lavish expense or create a sense of conflict of interest.
- 2.5 When making a disclosure to the Monitoring Officer, you should include:
 - Purpose of the hospitality
 - Reason for attending
 - Time commitment
 - Estimated value
- 2.6 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.
- 2.7 Where practical, gifts received from Fund Members or suppliers should be returned. However, there may be times when this is impossible, or to do so may cause offence. The advice of the Monitoring Officer or CEO should be sought where the appropriate course of action is not evident.
- 2.8 In line with the Board Member Code of Conduct, any hospitality received by a Board Member relating to a supplier or other relevant third party may constitute a personal interest. Depending on the circumstances, the Board member may need to restrict their participation in associated Board discussions. Where in doubt, the advice of the CEO should be obtained.

2.9 It is important to remember that where it meets the thresholds set out in Table 1, hospitality declined must also be disclosed. There is 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.

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

Table 1 below sets out the thresholds for disclosure of gifts and hospitality

Value of gift and hospitality received and offered	Acceptable	Report to Monitoring Officer/Managing Director for recording on the GH Register accepted and declined
£50 and under	Yes	No*
Over £50 and up to £75	Yes – with Monitoring Officer consent	Yes
Over £75	Only with special consent from CEO	Yes

* Even if the value of the gift or hospitality is less than £50, if you are concerned that its acceptance might be misinterpreted, you should seek the guidance of the Monitoring Officer. You may wish to make a voluntary declaration in the interests of transparency.

Some practical examples of acceptable and unacceptable gifts and hospitality are set out at Appendix 1.

2.11 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 prior agreement of the CEO. Modest expenditure on alcoholic drinks is acceptable.

2.12 Where LPFA provides hospitality to staff, Board Members or LPB Members, such as a buffet lunch as part of a meeting, this does not need to be disclosed.

2.13 Whilst you only need to disclose any gifts and hospitality in your capacity as an LPFA representative, where you are attending an event in a dual capacity, with one of these being as an LPFA representative, you should disclose any gifts and hospitality in accordance with this Framework.

3. Expenses – General Principles

Expense reimbursement

3.1 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 Framework. Any attempt to claim expenses in breach of this Framework may result in disciplinary action.

Expense claims should be submitted within 30 working days of the expense having been incurred.

Authorisation limits

3.2 For LPFA staff, expenses can only be authorised within limits established by the relevant Budget Holder or the CEO in line with the thresholds set out in this Framework. In circumstances where the Budget Holder is not also your Line Manager, you must obtain prior authorisation of your Line Manager to incur the expense.

Shared expenses

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

4. Expenses – Travel Expenses

4.1 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 LPFA's Travel Policy (which aims to reduce our greenhouse gas (GHG) emissions from travel, while maintaining our ability to operate effectively.).

With a few exceptions, tax relief is granted for the full cost of business travelling expenses, where business travelling is:

- Travel between workplaces in the same employment; or
- Travel between an individual's home and a temporary workplace.

You must state the start and end point of each journey and the purpose of the travel.

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

- Travel between individual's home to a permanent workplace;
- Other travel that is primarily for private purposes, and
- Travel between an individual's home and a temporary workplace which is primarily for business purposes but which is substantially the same as travel between home and the permanent workplace.

Taxis

4.3 Generally speaking, you are expected to use public transport when undertaking necessary travel on LPFA business. You may only use taxis where it is cost effective and justifiable to do so (i.e. several employees travelling to the same meeting, when carrying heavy equipment or in the event of disruption to public transport making a necessary journey otherwise impractical).

Trains

- 4.4 You must travel by the most economical means possible. In most circumstances this would be travelling by standard class. First class travel is permitted if the price paid is not greater than a standard class ticket. If there is a clear business reason to travel first class, and the cost is greater than that of a standard class ticket, prior approval must be obtained from the CEO.

Air travel

- 4.5 Air travel should only be used when it is the most economical and practical method of travel. Before booking a flight, approval must be obtained from the CEO. You must, wherever 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 six hours.
- Travel by premium economy or equivalent can be made on journeys between three and six hours
- All other air travel on LPFA business should be by economy class.

Car expenses

- 4.6 Generally speaking, you are expected to use public transport when undertaking necessary travel on LPFA business. You should only travel by car where it is justifiable to do so, for example if it is impractical to travel to the destination by public transport.

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 LPFA Facilities and Office Manager or Finance Team, showing that your insurance cover is valid for travel on LPFA's business.

Where it is cost effective to make a business journey by car, you may claim a mileage allowance at the rate of £1.45 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 £1 per mile. These rates are reviewed annually.

5. Expenses – Accommodation

- 5.1 The LPFA will pay for accommodation on the following basis: Hotels must be booked subject to a maximum VAT – inclusive cost of £300 a night (£400 per night in Central London), excluding breakfast. LPFA will not reimburse any sundry expenses such as newspapers or bar bills.

- If reasonable accommodation is not available within this limit, you are required to get specific authority from the CEO for an increase in the limit before you book more expensive accommodation.
- Where a Board Member is travelling to a board meeting held at the LPFA offices, this would be considered as travel to their “permanent” workplace. Therefore, any travel and subsistence expenses, as well as hotel stays near the London office, will be taxable and reportable.

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

6. Expenses – Subsistence

- 6.1 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 £15.00 a day; and
- Lunch and/or evening meal and non-alcoholic beverages to an overall maximum of £50 a day.

Overnight stays in hotels near a Board Member's permanent workplace are taxable due to a tax deduction not being available for travel expenses of ordinary commuting. This is the case either when the Board Member incurs the hotel costs and is reimbursed by LPFA, or when LPFA pay for the accommodation directly.

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).

7. Entertaining visitors

- 7.1 You may entertain visitors and guests only where prior authority has been sought from the CEO and it 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.
- 7.2 Subject to these constraints, you may claim reasonable and appropriate entertaining expenses up to £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 CEO before you incur further expenses.

8. Travel expenses for non-UK resident Board Members

- 8.1 A non-UK resident Board Member holding an office with a UK company will be subject to PAYE on their Board fee and any reasonable expenses incurred through their LPFA activities. This applies even if they only spend a few days in the UK each year.
- 8.2 Consideration should be given to whether the Board Member is coming from a country with which the UK has a double tax treaty. Generally, the UK will have taxing rights for a non-resident Board Member receiving Board member fees (however, the specific treaty should be reviewed).
- 8.3 Depending on circumstances, relief for travel costs may be available, as well as any hotel and subsistence costs. However, this cannot include travel from home to a “permanent” workplace, so travel expenses reimbursed for a Board Member’s “ordinary commute” will be taxable. For example, as board meetings are held in the London head office, this would be considered as a Board Member’s permanent workplace. Therefore, any travel and hotel costs will normally be taxable.
- 8.4 If a non-UK resident Board Member is non-UK domiciled, travel costs to and from the UK are likely to be subject to tax relief, subject to certain conditions, under other parts of the tax legislation. This provides tax relief for travel between the country in which the individual normally lives to the UK to perform duties here. As long as the Board Member remains a non-UK resident, relief for travel costs is likely to be indefinite. However, if the Board Member becomes a UK resident while still living overseas, they should obtain advice from the Monitoring Officer on this matter.
- 8.6 Please note, that tax relief is only available for travel costs (and subsistence costs relating to the journey) but not for accommodation or subsistence once at the permanent workplace in the UK. Hotel stays when attending board meetings are therefore taxable.
- 8.7 For the purposes of this tax relief, if there is a duality of purpose in relation to a trip to the UK (e.g. combining a board meeting with a weekend stay), the costs for the journey should be apportioned on a reasonable basis.

9. Reimbursement of expenses

- 9.1 Expenses will only be reimbursed if they are:
- supported by detailed (VAT) receipts, tickets and credit card slips if necessary;
 - submitted on the LPFA expense claim form;
 - submitted within 30 working days of being incurred;
 - appropriately authorised; and
 - claimed in line with this Framework.
- 9.2 In **exceptional** circumstances, we may consider reimbursing low value claims for travel without receipts. 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 your Line Manager, or, for Board Members, from the CEO.
- 9.3 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.
- 9.4 Authorised expenses submitted in line with this policy on the required forms will be paid directly into your bank/building society account.
- 9.5 Some practical examples of acceptable and unacceptable expenses are set out at **Appendix 1**.

10. Monitoring and transparency

- 10.1 All LPFA gifts and hospitality and expenses received are potentially disclosable under various legislation to protect public funds and ensure transparency. Therefore, when accepting any hospitality, you should be prepared for this to be disclosed.
- 10.2 A register of hospitality and gifts accepted and declined is maintained and is reported to the Audit and Risk Committee each quarter.
- 10.2 Each quarter, LPFA publishes on its website all gifts and hospitality, received by Board Members, LPFA Principal officers and LPB Members, which are defined as disclosable under this framework.
- 10.3 Each quarter, LPFA publishes on its website expenses incurred by Board Members, LPFA Principal officers and LPB Members in the course of LPFA Business. Where the Monitoring Officer believes it is in the interests of LPFA, the expenses of other members of staff may also be published.

APPENDIX 1

Practical guidance gifts and hospitality

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

1. Practical examples of acceptable gifts or hospitality

- 1.1 Anything under £50 such as a buffet lunch or breakfast does not require disclosure but a dinner over £50 should be disclosed unless it is provided as part of the conference rather than a “host” e.g. if dinner is included as part of the conference this need not be disclosed. However, if the table is hosted then it should be.
- 1.2 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 approved by the Monitoring Officer and CEO.
- 1.3 Attendance at an award ceremony where LPFA has entered the awards. The associated drinks/dinner is likely to be in excess of £50 and is therefore disclosable. Sometimes it is not possible to know in advance who is sponsoring the table and therefore retrospective disclosure is acceptable.
- 1.4 A staff member receives 12 bottles of wine at Christmas from a supplier. If the value of each bottle is under £50 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. Gifts between the value of £50 and up to £75 should be approved and referred to the Monitoring Officer.
- 1.5 A staff member receives a box of chocolates from a fund member. Where possible, these and similar items should be shared within the team but this is below the disclosable £50 limit.
- 1.6 A staff member receives £50 in vouchers from a fund member or supplier. These should be politely declined. However, if this is not possible or would cause offence, they should be donated to charity or included in a charity raffle. The staff member is not entitled to keep £50 worth of vouchers.
- 1.7 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.

- 1.8 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.
- 1.9 It is not disclosable where individuals decide to pay for their own food.
- 1.10 When a third party pays for a whole meal and it is not possible to determine the exact cost of an individual's meal, then the total cost of the meal is divided by the number of people for whom the bill covers. For example, a bill for £105 for three people means that the individual value of the meal is £35 and therefore not disclosable.

2. Practical examples of unacceptable gifts or hospitality

- 2.1 An invitation is received for a sporting or cultural event e.g. tennis, football, rugby, art exhibitions, theatre (this list is not exhaustive). If this is a simple case of receiving tickets, they should be politely declined. This decline should be recorded in the register. The exception is when it is part of a wider business meeting and that attendance by LPFA is required.
- 2.2 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 are also included within this Framework.
- 2.3 Any hospitality and gifts accepted must be in relation to a current supplier or a supplier within LPFA's sphere.
- 2.4 Overseas travel, meetings, conference opportunities. In exceptional circumstances attendance at foreign conferences or travel to investigate overseas administration, investment or wider strategic 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. Approval should be sought in advance from the CEO.
- 2.5 If, however, LPFA has entered a European pension conference or awards ceremony, it is acceptable to attend as long as the public purse is not unduly impacted and LPFA would benefit from the agenda or attendees at the conference or has submitted an entry. This is fully disclosable.

Practical guidance on expenses

Please find below some practical examples on expenses

(a) Practical examples of expenses

- Board Members, Principal Officers and LPB Members are invited 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 Principal Officer 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.
- 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.