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

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London Pensions Fund Authority

Gift, Hospitality and Expenses Framework

1. Principles

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. 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 the LPFA Chief Executive Officer (CEO) is final.

In line with the principles of good governance within the public sector, a member of the Board, LPB or an employee should not be benefiting personally by virtue of their position. All gifts, hospitality and expenses are 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 service 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
- The Staff Code of Conduct
- 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, LPB Members and LPFA Staff

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

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

2. Limits for acceptance and disclosure – A summary

In terms of monetary value, any gifts or hospitality received or declined in excess of £50, on an individual basis, are disclosable. 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 the Authority needs to be represented. This limit can be exceeded if there is a business justifiable reason to do so, provided that the appropriate consent is obtained and the Monitoring Officer and CEO are consulted by the requester beforehand.

Where practical, gifts received from Fund Members or suppliers should be kindly returned. 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 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 either the Monitoring Officer or the CEO (or budget holder in case of expenses), depending on the value of the Gift or Hospitality (see table on page 3 for approval authority).
3. For expenses, keep all receipts and complete an expenses form within 30 days
4. Report any gifts and hospitality (depending on the value of the Gift or Hospitality (See Table 1 on page 3) to the Monitoring Officer or CEO including details of the purpose of the hospitality, time commitment and other information outlined in this Framework
5. Even where the unit value of hospitality or gifts 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

Remember, hospitality declined as well as accepted requires disclosure under this Framework. 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.

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

These principles are summarised in the table below:

Table 1: Disclosures and Approval Process

Value of gift and hospitality received and offered	Acceptable	Report to Monitoring Officer/CEO 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 both the Monitoring Officer and Managing Director	Yes

3. 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 Members, LPB Members and Staff are distinct, they are contained within separate policies.

For the avoidance of doubt, LPFA's Principal Officers and employees are covered by the Staff Code of Conduct.

Individual members of staff, LPB Members 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 referral to the Monitoring Officer/CEO or LPFA's Audit and Risk 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 explain 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.

4. Section 2: Practical guidance for staff and Board Members:

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

(a) Acceptable and disclosable practical examples of gifts or hospitality

- 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.
 - 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 prior to acceptance.

- 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.
- 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.
- 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.
- 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.
- 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 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.
 - It is not disclosable where individuals decide to pay for their own food.
 - 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.

(b) Practical examples of unacceptable gifts or hospitality

- 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.
 - 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.

Any hospitality and gifts accepted must 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 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 and the Monitoring Officer.

- a. If, however, LPFA has entered a European pension awards ceremony it is acceptable to attend as long as the public purse is not unduly impacted and LPFA has submitted an entry. This is fully disclosable.

(c) 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 prior agreement of the CEO. Modest expenditure on alcoholic drinks is acceptable.

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

(d) Reporting gifts and hospitality

In line with LPFA's policy on gifts, hospitality and expenses the Monitoring Officer must be notified for all gifts and hospitality in excess of £50. This includes both gifts and hospitality accepted and declined.

When individuals are accepting hospitality or gifts it is important that these are approved in advance where possible by the appropriate approver as stated in Table 1. In the case of the CEO, consent must be obtained by the Board Chairman or Deputy Chairman.

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 and gifts accepted and declined is kept and reported to the Audit and Risk 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.

(e) 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 LPFA Principal officers, staff, LPB Members and Board Members on a quarterly basis on the LPFA website. In addition, LPFA Principal Officers, LPB Members and Board Members will have their expenses published quarterly on the LPFA website.

5. 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.

(a) Basic fee

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

Board Member fees are reviewed from time to time dependent on responsibilities (see point 2 below).

(b) Special responsibility fee

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

Position	Actual pay 2021
Chairman	£50,800 p.a.*
LPFA Shareholder-nominated Director on LPP	£28,000 p.a.

• (fees currently subject to a review)

(c) Taxation

Under UK tax law, expenses and benefits are taxable and subject to National Insurance Contributions (NIC) unless they are fully deductible or exempt for income tax purposes. All non-exempt benefits and expenses are reportable to HMRC unless the employer has an agreement not to report them with HMRC (e.g. a PAYE Settlement Agreement (PSA) or a separate written agreement for certain items).

The treatment of travel and subsistence expenses provided to staff, and Board Members follows these same rules. However, Local Pension Board members as voluntary office holders, and all other persons working in a voluntary capacity, incur no liability to income tax if the payment is in respect of reasonable expenses incurred in carrying out the duties of that office.

Broadly speaking, staff, and Board Members are entitled to tax relief for the full cost they are obliged to incur travelling in the performance of their duties or travelling to/from a place they are attending in the performance of their duties, provided the journey is not "ordinary commuting" or private travel.

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

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

Please note that business travelling does not include:

- A journey between an individual's home to a permanent workplace; or
- A journey between an individual's home and a temporary workplace that is "substantially ordinary commuting".

Defining a permanent and temporary workplace

Permanent workplaces

A permanent workplace is a workplace that staff, LPB Member, Board Member regularly attends in order to perform their duties of employment and does not qualify as a temporary workplace (see the definition below).

Staff, LPB Member, Board Member attends a workplace regularly if their attendance:

- Is frequent;
- Follows a pattern; and
- Is for all or almost all of the period for which they hold or are likely to hold that employment. It is possible for an individual to have more than one permanent workplace.

Temporary workplace

A temporary workplace by contrast is a workplace that is attended for a limited duration or a temporary purpose, subject to certain limits. The attendance at the workplace should not be in the course of a period of continuous work at that place:

- Lasting more than 24 months (or where it is reasonable to assume the period will exceed 24 months at the outset);
- Comprising all or almost all (80% or more) of the period for which a Board Member or LPB Member is likely to hold the employment (or where it is reasonable to assume the period will comprise all or almost all of the period for which the Board Member is likely to hold employment).

A period of continuous work is not defined in legislation, but HMRC takes this to mean a period during which an employee spends 40% or more of their working time. (We note that this 40% figure cannot be looked at in isolation; for a workplace to be temporary, it must be attended for a limited duration or a temporary purpose, AND attendance at the workplace should not be in the course of a period of continuous work that meets one of the conditions above. Board Members or LPB Members do not hold employment but rather are appointed through a letter of appointment. However, the income tax legislation applies both to employees and office holders, and therefore these travel rules apply to both staff, LPB Members and Board Members.

- The limited duration condition is met where the intended period of attendance at a workplace has a fixed end date, such as to work on a particular project or task.
- The temporary purpose condition is met where the attendance at a workplace is solely to undertake specific tasks which are temporary in nature, such as to attend a particular meeting.

6. Section 4: Authority-wide expense policy

The expenses of Board Members, LPB Members and LPFA's Principal Officers 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 working days.

2. Authorisation limits

In relation to this policy, expenses can only be authorised within limits established by the relevant Budget Holder or CEO. 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.

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. 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.

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 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:

- Travel between individual's home to a permanent workplace
- Other travel which 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.

4.1. Taxis

As a rule of thumb, you are expected to use public transport and we regard it as normal practice for you to use public transport 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).

4.2. Trains

You must travel by the most economically 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 which is greater than the cost of a standard class ticket, then before booking, first class travel must be specifically approved by the CEO.

4.3. 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 CEO. 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 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.

4.4. 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 LPFA Business Manager, 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 45 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.

5. Accommodation

The LPFA will pay for accommodation on the following basis:

Hotels must be booked subject to a maximum VAT – inclusive cost of £200 a night (£350 per night in Central London), excluding breakfast. LPFA will not reimburse any sundry expenses such as newspapers or bar bills. This will be the responsibility of the individual.

- 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. This request must be supported by e-mail from the hotel booking agent, detailing the available alternatives.
- 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).

5.1 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 £15.00 a day; and
- lunch, evening meal and non-alcoholic beverages, to an overall maximum of £50 a day.

Overnight stays in hotels near a Board Members permanent workplace are taxable due to a tax deduction not being available for travel expenses of ordinary commuting (reference Section 338 ITEPA 2003). 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).

6. Entertaining visitors

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.

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 CEO and Monitoring Officer before you incur further expenses

7. Travel expenses for non-UK resident Board Members

A non-UK resident Board Member holding an office with a UK company will be subject to PAYE on the earnings of the directorship. This applies even if they only spend a few days in the UK each year.

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 UK directorship fees (however, the specific treaty should be reviewed).

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.

Non-domiciled Board Members

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, consideration will need to be given to whether his/her travel remains within 5 years of a “qualifying arrival date” (see below).

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.

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.

Qualifying arrival date

A date is a qualifying arrival date in relation to a person if it is a date on which the person arrives in the UK to perform duties of an employment from which the person receives earnings for duties performed in the UK and either condition A or condition B is met:

- condition A – the person has not been in the UK for any purpose during the period of two years ending the day before that date;
- condition B – the person was not resident in the UK in either of the two tax years preceding the tax year in which the date falls.

Conditions A and B apply separately. An employee may achieve a qualifying arrival date by satisfying either one or the other.

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 working 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 your line manager, or for board members, from the CEO.

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 and Principal Officers is the line manager. For LPB Members and Board Members these must be authorised by the CEO. The CEO’s expenses must be authorised by the LPFA Chair.

(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.