vHelp

Volunteer Expenses: The True Cost to Charities

vHelp
Expenses

Introduction

The reimbursement of volunteer expenses is a perennial issue for volunteer managers and volunteer involving organisations.

It is often a time-consuming task that diverts attention away from important responsibilities such as recruiting and supporting volunteers.

Debates have taken place about: who pays for expenses (the organisation's core funds or external funding?); the tax and legal implications of reimbursing expenses (generally speaking there are none unless the amounts exceed what was actually incurred); the implications for Equality, Diversity & Inclusion (EDI) of not reimbursing expenses; the challenges of a culture of not claiming by volunteers; varying practice and ethics of expenses around the world[1] ; and many more besides.

This short paper seeks to take a snapshot of current practice and associated issues in the reimbursement of expenses in the UK in early 2021 during a period the UK continues to battle the global Covid-19 pandemic.

http://robjacksonconsulting.blogspot.com/2015/01/to-pay-or-not-to-pay-that-is-question.html

Methodology

The contents of this paper are informed by online research conducted by our partners at **Laura Elson Consulting Ltd.** Sixty UK-based organisations responded to the survey and this paper summarises the key findings.

60
UK-based organisations responded to the survey

+ **Key Findings**

+ **Reflections**

Sixty respondents took part in the survey, **60%** of whom were in volunteer leadership roles with a variety of job titles. **42%** represented national organisations, **15%** regional organisations and **38%** local organisations. This was reflected in a broad range of sizes of volunteer teams, from fewer than **10 to over 10,000**.

How many volunteers does your organisation involve in a typical year?
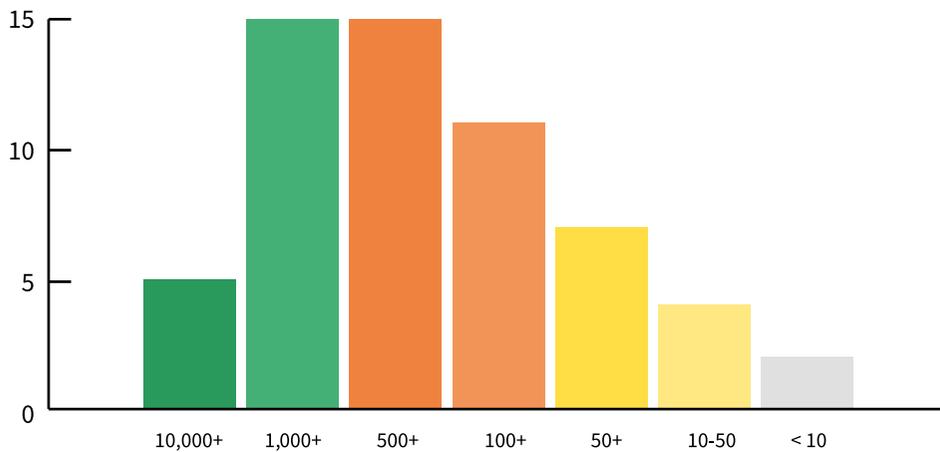
Do you currently offer to reimburse volunteer expenses?

92%
YES

8%
NO
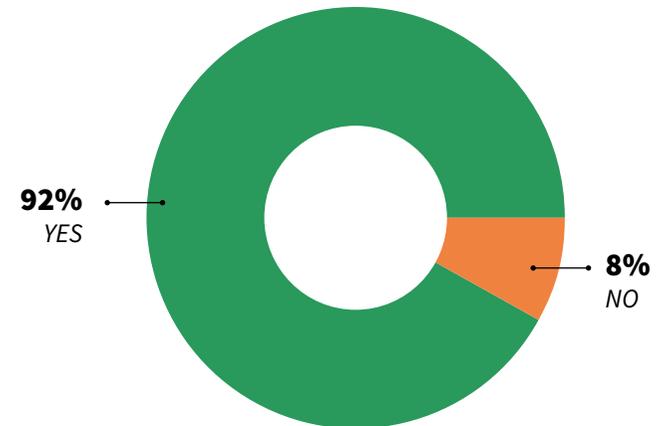
88%

of respondents were aware of volunteers choosing not to claim expenses, but only 28% kept a formal record of this.

Survey findings

Top payment problems

Respondents felt all aspects of the reimbursement process could be improved. The level of paperwork and admin was the most commonly cited problem (58%) followed by ensuring volunteers get paid (44%). Far fewer respondents were concerned about the cost of processing volunteer expenses - only 10% cited this as a problem.

58%
cited paperwork and admin as a problem

44%
said ensuring volunteers get paid was a problem

Most expense claims are between £10 and £30 per claim.

£10 to £30
The amount a volunteer typically claims in one expense transaction

Types of payment

79% of respondents processed volunteer expenses through the use of an online or emailed form and bank transfer. Two organisations used a mixed approach of online form with bank transfer and cash reimbursement of receipts.

How does your organisation reimburse volunteer expenses?

- **9%** *Other*
- **49%** *Electronic form and bank transfer*
- **15%** *Cash payment on providing receipts*
- **27%** *Paper form and bank transfer*
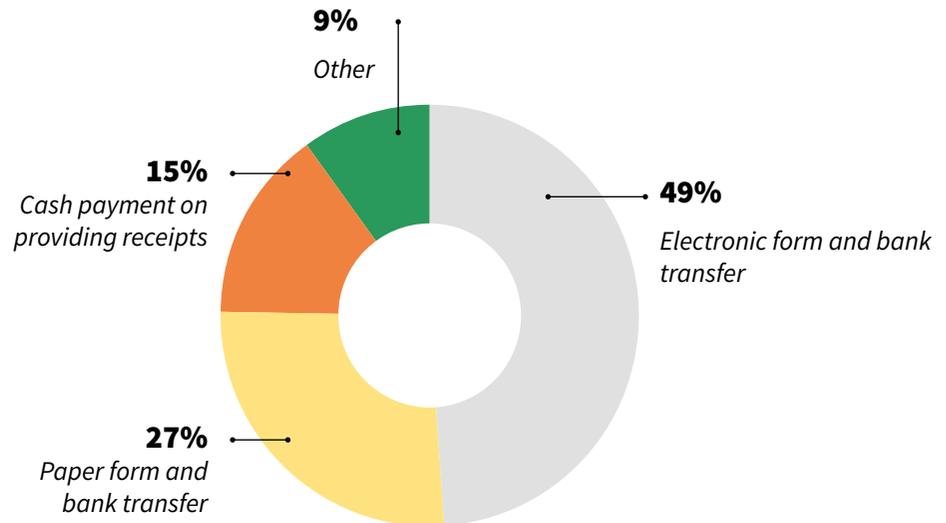
Expense processing

In **53%** of cases, volunteer expenses are handled by the finance department, **25%** by a volunteer manager, and **10%** by a combination of volunteer managers and finance.

Who processes your volunteer expenses?

20% *Other*

2% *A volunteer*

25% *Volunteer Manager*

53% *The finance department*
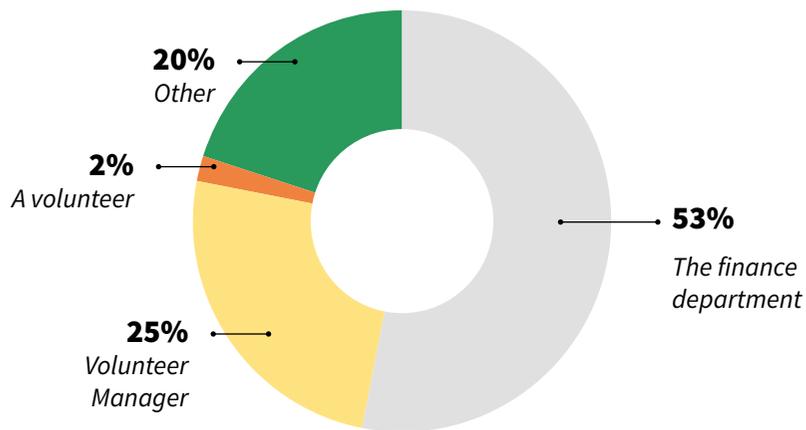
Time spent on processing
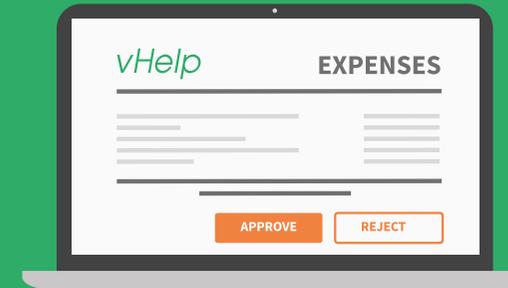
Responses to questions about the organisational resource required to manage the reimbursement process indicate that a majority of volunteer managers did not know how much the process cost the organisation. Responses varied from **10 minutes to five days**, with the **majority of respondents (41%) saying it normally took between 15 and 30 minutes.**

It was unclear whether respondents were factoring all aspects of the expense claim process into their estimates, including completing forms, entering payments into finance systems, managerial approval, and transferring the money to the volunteer's bank account.

Gift Aid on expenses

HMRC rules allow charities to claim **Gift Aid** on expenses donated back to the organisation. Respondents were asked if their organisations claimed Gift Aid and if they sought to claim it on expense donations. Eighty one percent said their organisations claimed Gift Aid on fundraised donations, but fewer than half **(41%)** said their organisations claimed Gift Aid on donated volunteer expenses. Of those that do, this is usually done via an online or paper form and then bank transfer with just one organisation having their own donation platform.

41% Percentage of organisations that claimed Gift Aid on donated volunteer expenses

App-based systems

64% of organisations would consider using an app to help with expense claiming, processing and the claiming of Gift Aid on donated expenses. The main challenges to be addressed in using an app included how complicated it is to adopt new systems **(52%)**, a lack of confidence in using technology **(19%)**, and resistance to change **(17%)**.

£5
TRAVEL EXPENSE
DONATE

✓ giftaid it
+ £1

Reflections

The findings of our research raise a number of key issues for volunteer involving organisations to reflect on:
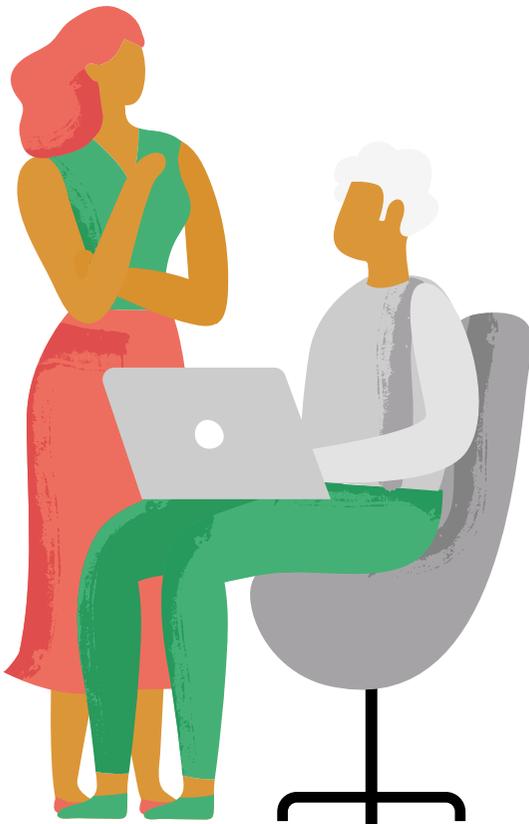
- It is clear that most respondents were unaware of the amount of staff time it took to process a volunteer expense claim, with responses ranging from 10 minutes to five days. This implies that volunteer involving organisations may not be aware of the time and cost they could save by simplifying processes and increasing efficiencies.

- When volunteers do not claim expenses and this is not reported on, the true cost of volunteer engagement is hidden from the organisation, often resulting in under-calculating volunteer value and a commensurate lack of investment in the strategic importance of volunteering. We would encourage all organisations to better capture data on expenses not claimed.

- Whilst it is encouraging to see 92% of organisations offering to reimburse volunteer expenses, this still leave 8% that do not. Being out-of-pocket is a significant obstacle to involving a larger and more diverse number of people in volunteering. There is still work to do in convincing organisations of the EDI arguments around expense reimbursement.

- Many organisations appear to have an internal culture where some volunteers not claiming expenses has become the norm. This can create an environment where those who need to claim are looked down on by those who choose not to claim, increasing tension between volunteers and establishing cliques that can negatively impact on efforts to address EDI within volunteer teams.

Reflections

- There is clearly a widespread missed opportunity to claim Gift Aid on volunteer expenses donated back to the organisation. To resolve this, the culture of not claiming needs addressing, as does the distance between volunteer engagement and fundraising - only 3.5% of respondents worked in fundraising. It is clear that the separation of people raising and money raising responsibilities is creating barriers to realising the opportunity of 'free' money from the government for donated expenses.

- There are clear barriers to organisations adopting secure apps for reimbursing volunteer expenses. Some are easy to overcome: confidence in using technology, for example, can be addressed through simple demonstrations of the software's ease of use. Some may be harder to address, in particular the need to convince finance and fundraising departments that may be wedded to their own solutions and over whom volunteer managers may have little direct engagement and influence.

Conclusion

While the offer of volunteer expense reimbursement by volunteer involving organisations is pleasantly widespread, there are clearly issues of concern and opportunities for improvement.

The findings highlight how many of the existing ways to repay volunteer expenses are time consuming, often involving staff manually inputting volunteer bank details and arranging for the money to be transferred using BACS or other methods. Almost 60% per cent of respondents cited the amount of paperwork and admin as a problem.

Many of the existing systems don't appear to work for volunteers either, potentially leaving them out-of-pocket for several weeks because of the time it takes for organisations to process and transfer payments. This could pose problems for volunteer involving organisations going forward as rapid online payment becomes the norm, especially for younger volunteers. The delays could disincentive some volunteers as a result.

It is clear from the survey that many volunteer involving organisations don't know how much time, and therefore how much money, their organisations spend on processing expense payments for volunteers. Organisations would benefit from carrying out an audit to determine the actual time it takes them to process volunteer expenses claims and thus work out the true cost to the organisation. This would provide a benchmark to establish whether processes could be streamlined and improved (See Expenses calculator page 11).

Conclusion

Technical solutions can help simplify and speed up expenses processing and payment. This might lead to cost-savings in some organisations and would certainly help deliver a better volunteer experience, potentially increasing satisfaction and loyalty amongst volunteers.

Volunteer involving organisations themselves have work to do on addressing expenses as a foundational element of EDI within volunteer engagement, ensuring a culture of claiming is encouraged and supported. They also need to examine their processes and barriers that may exist between fundraising, finance and volunteer engagement teams so as to capitalise on those volunteers who don't want reimbursement being encouraged to claim and then donate the funds back to the organisation, gift aiding where possible.

While the research informing this report is a snapshot in time, we believe it is a fair and accurate reflection of the issues many volunteer involving organisations and volunteer managers experience and we look forward to seeing how these can be addressed in future.

The true cost of volunteer expenses

Factors to take into consideration when calculating the costs

FOR THE CHARITY

- Time taken to extract or input data into a system
- Time taken to review and approve the expense
- If you pay cash, time taken for the trip to the bank
- Time taken to make each bank transfer to the volunteer
- The costs of maintaining and storing physical expenses records

FOR THE VOLUNTEER

- Time it takes the volunteer to complete an expense claim
- Time it takes for the volunteer to receive the money back

Try our online Expenses Calculator at

https://vhelp.co.uk/expenses/#expense-calculator
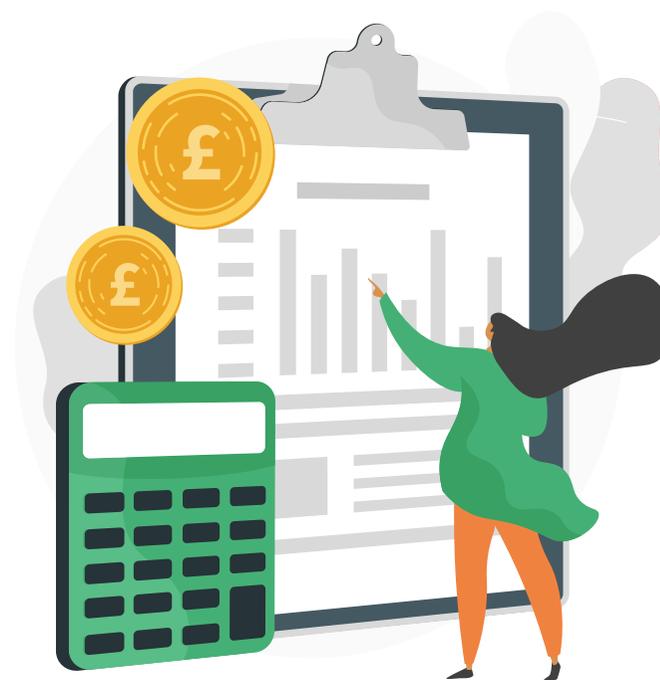
Case Study

Halton & St Helens Voluntary and Community Action

First 30-day results of using vHelp Expenses (Feb-Mar 2021)

45

Volunteers Registered

90

Claims Processed

50%
Charity

50% claims donated

24h

Organisation £ Volunteer
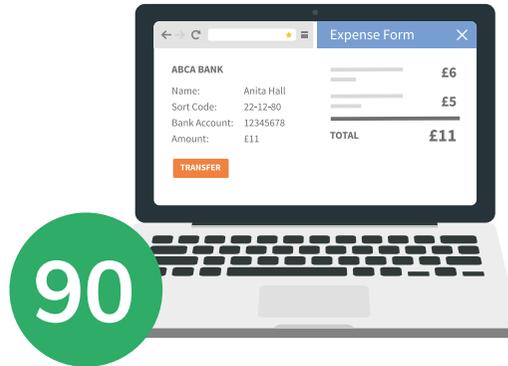
vHelp PAYMENT

Volunteers received payment
within 24 hours

£320

£5 TRAVEL EXPENSE
DONATE
giftaid it

+£75

£320 in Donated expenses
+ £75 Gift Aid

Cost

Evidence

Enabled H&StH to estimate the
cost of expenses accurately &
provide evidence to their funder

vHelp

vHelp is a simple and cost-effective expenses app for charities and voluntary groups. It can be used to reimburse volunteers, staff members, service users and others.

The company was started during the initial lockdown by award-winning digital payment entrepreneurs Randa Bennett and Patricia Salume to assist organisations responding to the pandemic.

Find out more

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