

Passenger Fares and Donations

This information is from Hampshire County Council's Good Practice Guidelines for Voluntary Car Schemes

The law exempts car schemes from licensing (Page 4)

Generally, if passengers contribute in cash or in kind, the law would take the view that the scheme is a commercial business, therefore taxi or private hire car licensing would apply. However **the law exempts car schemes** from licensing, provided that certain requirements are met.

The Public passenger Vehicles Act 1981 states

"...a journey made by a vehicle in the course of which one or more passengers are carried at separate fares shall not be treated as made in the course of a business of carrying passengers if

- a) the fare or aggregate of fares paid in respect of the journey does not exceed the amount of the running costs of the vehicles for the journey and*
- b) the arrangements for the payment of fares by the passenger or passengers so carried were made before the journey began."*

(The running costs of a vehicle for a journey shall be taken to include an appropriate amount in respect of depreciation and general wear.)

It should be remembered that tipping drivers in cash or in kind could infringe car sharing legislation and therefore should be specifically discouraged.

Mileage rates

To comply with the law, **the driver must not make a profit on the expenses claimed for each journey.** If the driver made a profit it would jeopardise the driver's car insurance as well as putting them in breach of licensing exemptions.

The law does not state a rate per mile but Her Majesty's Revenue and Customs ('HMRC) publishes rates per mile, above which it considers that a profit is being made. Following the 2011 budget these maximum rates are as follows:

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| On the first 10,000 miles in the tax year | 45p |
| On each mile over 10,000 miles in the tax year | 25p |

In addition the driver can receive a further 5p per mile per passenger when the passengers are being carried as part of their volunteering.

The Law in Practice - an example

For a 10 mile journey a driver could potentially claim expenses of 45p per mile, total expenses £4.50. If the driver carried a passenger they could also claim an additional 5p per mile whilst the passenger was in car. If the driver was to carry two passengers they could claim an additional 10p per mile

Reimbursement to volunteer drivers (page 14)

Car schemes can decide at what rate they intend to reimburse volunteers but should be mindful of the Inland Revenue figures. If these are exceeded then it will become a tax, insurance and licensing issue for the driver.

Fares

The charges made to passengers can be based on the driver's mileage and added to this may be an administration charge. This additional charge is at the discretion of the car scheme. However, please remember that the car scheme cannot make a profit. Hampshire County Council expects that, other than in exceptional circumstances, all passengers will make a contribution to the cost of their journey.

If a fare is charged then the passenger must be informed of the amount at the time of booking. To simplify the system many schemes charge a set journey or zoning rate, for example £5.00 from the village to the hospital. This £5.00 is for the journey rather than per passenger so don't forget to divide the fares if there is more than one passenger. Remember it is important that the driver is only reimbursed on a mileage rate basis.

If you choose to charge on this basis then you need to ensure that the fares are simple to understand by both drivers and passengers to eliminate any confusion. The advantage of this system is that the Coordinator / Treasurer knows what the driver is expected to collect in fares. The fares can be paid to the driver ideally by supplying the driver with envelopes clearly marked up for the car scheme,

Donations

If a donation is requested the passenger should be handed the envelope during the journey and invited to put in a donation and then seal the envelope. The envelope should then be handed over to the scheme co-ordinator / treasurer. Again remember that it is important that the driver is reimbursed on a mileage basis upon submission of an expense claim sheet, to keep within their car insurance criteria.

Administration of Fares and Donations

Good practice dictates that all fares/donations are handed over to the Treasurer/Coordinator and then the drivers reimbursed against their mileage expense claim form. (See sample claim form)

There are no set protocols for the administration of fares and donations. However, it is suggested that the scheme adopts one of the following approaches to ensure that the opportunity for discrepancies to arise is kept to

a minimum and there is total transparency of financial transactions relating to the group.

- **Sealed Envelope.** The Good Neighbour Support Service favours this method as it protects the passenger's confidentiality and enables the money given to be dealt with immediately after the journey has been completed. The Coordinator gives the volunteer driver a supply of envelopes. The envelopes need to be clearly marked with the car scheme name and logo (see sample labels). The driver makes an envelope available to each client and ensures that the client is aware of how the system works. The driver keeps a record of the mileage for each journey on an expenses sheet and gets reimbursed on a mileage basis. The donations in the sealed envelopes should be handed to the treasurer either directly or through the co-ordinator. The treasurer has the responsibility to open all the envelopes in the company of another person. They then calculate the driver expenses and reimburse the driver. They should also prepare accounts for all contributions, expenses and donations at the AGM in the annual treasurer's report.
- **Sealed box.** This is a similar system to the sealed envelope. Each driver is provided with a box into which contributions and donations can be placed. The box is treated in the same way as sealed envelopes above.
- **Log book or sheet.** Drivers are responsible for claiming their expenses direct from the contribution made by the client and entering it into a log book. In most cases the expenses claimed will be the same as the contribution given. If the contribution is greater than the expenses this will show in the log book as a plus amount and can be passed on to the treasurer as a donation to the car scheme. If the contribution is less than the expenses incurred it will show as a deficit and the driver will have to notify the Coordinator so that the car scheme can reimburse the expenses incurred by the driver. It is advisable that volunteer drivers and co-ordinators keep a record of any excess or shortfall reconciled in order to ensure that financial records tally.

Fares and travelling to hospital

Some passengers may be able to reclaim the cost of their transport to and from the hospital. They can claim if they are receiving Disability Living Allowance or benefits. If the passenger meets this criteria then the drivers will need to issue them with a receipt, on behalf of the scheme, to enable them to make a claim. Further details can be found in the Transport to Hospital leaflets produced by Hampshire County Council.

Fares and passenger hardship

In cases of hardship the car scheme may wish to waive the expenses they ask for. If there are insufficient funds the car scheme might consider holding a fundraising event to create a bursary that could be used in this way. The co-ordinator or driver involved can suggest to the committee that it might cover the clients' expenses from car scheme funds.

Record Keeping (page 16)

Financial records of the following should be kept:

- Driver's expenses (original expense claims should held on file)
- Expenses on overheads, such as telephone, stationery, publicity, car parking etc
- Income from passengers, broken into patient hospital trips and 'other' trips.
- Grant income

The following mileage records should be kept

- A cumulative total of each individual driver's mileage to ensure that they do not exceed the 10,000 miles per annum at the higher mileage rate.

You will need to remind drivers that the 10,000 includes the total reimbursed mileage they do on a voluntary basis, not just with your scheme. If a mileage rate below that listed by the HMRI is paid then drivers can drive proportionally more than the 10,000 tax free miles.