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Sir Peter Middleton KCB  
Permanent Secretary

F E R Butler Esq  
10 Downing Street  
LONDON  
SW1

Prime Minister

Agree that Sir  
Peter Middleton may  
write round in the  
attached terms?

Yes

FERB

10.4.

I have released my

practice with Ministers

and agree it

9 April 1984

should similarly be released  
for civil servants.

Dear Butler

MT

TRAVELLING EXPENSES OF SPOUSES OF CIVIL SERVANTS

Following representations from Sir Clive Whitmore last year, Sir Peter Middleton has had some discussions with Sir Clive and one or two other Permanent Secretaries about the need to give Heads of Departments generally some guidance on the question of allowing spouses of senior civil servants to accompany them on official trips abroad at public expense. Hitherto, there has been no such guidance, the assumption being that, if a civil servant takes his or her spouse abroad on an official trip, that would always be a private affair.

The rules on spouses travel within the UK have been a little more relaxed since 1975 when Sir Ian Bancroft ruled that in certain circumstances the travel costs of a spouse could be charged to public funds. In the light of his discussions with Sir Clive Whitmore and other Permanent Secretaries, Sir Peter Middleton has concluded that the distinction between travel within the UK and overseas is not logical, and that there could be circumstances, albeit entirely exceptional, in which it would be acceptable for a spouse to accompany an official on an overseas trip at public expense. He proposes therefore, if the Prime Minister agrees, to write to Heads of Departments as in the enclosed draft. Treasury Ministers have indicated that they have no objection and Sir Peter would be glad to know whether the Prime Minister is content.

As you will see from the draft, Sir Peter proposes to ask Heads of Departments to submit regular returns to him on the use they make of the discretion he is giving them to ensure that it is exercised only in the most exceptional

circumstances. The taxation test described in paragraph 4 of the draft is of course a severe one but Sir Peter nevertheless believes that, if this discretion is to be allowed, it needs to be monitored closely.

Yours sincerely

*Douglas Board*

D R H BOARD  
Private Secretary

DRAFT LETTER FOR SIR PETER MIDDLETON TO SEND TO :

SIR ROBERT ARMSTRONG GCV CVO  
CABINET OFFICE  
70 WHITEHALL  
LONDON SW1A 2AS

TRAVELLING EXPENSES - WIVES OF SENIOR CIVIL SERVANTS

It has been a longstanding rule that the expenses of a spouse who accompanies a civil servant to an official function can be reimbursed from public funds only in the most exceptional circumstances. This rule was introduced and has been upheld on the grounds of propriety. The widespread use of public funds for this purpose would be misunderstood and would attract adverse comment.

2. In his letter of 7 February 1975 to Douglas Wass, a copy of which is enclosed, Ian Bancroft announced a minor easement of this very strict rule, giving Heads of Departments discretion in certain exceptional circumstances to allow the reimbursement of such expenses incurred in travel within the United Kingdom out of public funds.

3. This left the rule in respect of travel outside the United Kingdom unaltered. It has however been recently suggested that the distinction between travel within the United Kingdom and outside the United Kingdom is not logical. There could be rare circumstances where it would be acceptable to charge to public funds expenses of accompanying spouses on

overseas trips. Ministers have accordingly agreed that the rules applying to domestic travel, set out in paragraph 3 of the letter of 7 February 1975, should be extended to embrace overseas travel also.

4. It is impossible to lay down hard and fast rules as to the precise circumstances which warrant the reimbursement of a spouse's expenses. A useful test, however, is whether the Inland Revenue would deem the officer concerned to be liable to tax on the cost of the spouse's trip. I attach a copy of Chapter 9 of Inland Revenue's booklet, "Notes on Expenses Payments and Benefits for Directors and Certain employees". You should never authorise reimbursement of a spouse's expenses unless they satisfied the Revenue's "wholly, exclusively and necessarily in the performance of" test; and not of course always then. This is a necessary but not always sufficient condition.

5. Clearly Heads of Departments will exercise great care and restraint in using this discretion. For both overseas and domestic travel prior approval should always be the rule. The letter of 7 February 1975 talked of reimbursement of domestic travel expenses being restricted normally to spouses of officials of the rank of Assistant Secretary and above although some scope was given in respect of slightly more junior officers. For overseas travel reimbursement of expenses should be restricted normally to spouses of officials of the rank of Permanent Secretary and equivalent, although very exceptionally this could extend downwards to Deputy Secretary and equivalent.

6. Heads of Departments will want to ensure that in cases where they do exercise this discretion the travelling and subsistence costs are kept to the minimum. The journeys should be made in as economical manner as possible although it is accepted that the spouse may travel in the class appropriate to the official. As to subsistence, there will (I hope) be only a handful of cases a year at the most. Rather than pay the appropriate flat rate departments should reimburse the actual expenses of husband and wife for room and breakfast on top of which both might receive an average sum for meals and incidental expenses up to a maximum of one-third each of the appropriate rate of night subsistence allowance. This would apply both to the UK (and therefore supersedes paragraph 4 of Ian Bancroft's letter of 7 February 1975) and to overseas trips.

7. In order to maintain consistency and ensure that there is no "drift", I ask Heads of Departments to let me have a note every year detailing the occasions on which they have exercised discretion; I would ask that this note should also include details of the occasions on which they have exercised discretion in respect of reimbursement of travelling expenses within the United Kingdom. This is a difficult and potentially sensitive area, and it is very important to ensure that it remains very tightly controlled and monitored. Could I ask for the first such note to cover the period up to 30 September this year, and to reach me as soon as convenient after that date.

8. I am copying this letter to all Heads of Departments who will want to keep it with their Personal Handbook. When we

next revise that Handbook the sense of this letter can be  
incorporated into the text.

## **CHAPTER 9—Travelling and subsistence expenses of wives accompanying their husbands on business trips**

### **General**

9.1. Where an employer (or another person acting on behalf of the employer) bears the travelling and subsistence expenses of an employee's wife who accompanies her husband on a business trip, the employee is liable to tax on the cost of the trip except so far as the expenses of the wife's journey may be allowed under the ordinary expenses rule as having been incurred "wholly, exclusively and necessarily in the performance of" her husband's duties. Whether such an allowance can be made will depend upon the facts of the particular case.

9.2. An allowance for the wife's expenses might be admissible if she has some practical qualification directly associated with her husband's mission which she uses to assist him regularly during the tour. Alternatively her presence might be essential to act as hostess at a series of business entertaining occasions for overseas customers (see Chapter 20) which are a vital part of the mission. Her expenses might also be allowed where the husband's health is so poor that it would be unreasonable to expect him to travel alone.

9.3. Where, however, the part played by the wife is relatively unimportant (such as giving her husband occasional assistance with clerical duties or making the travel and hotel reservations), or the main reason for her travel is personal, e.g. to avoid the separation from her husband or to visit relatives abroad, her expenses would be regarded as inadmissible.

9.4. In some cases it may be necessary to apportion the total cost of the wife's travelling and subsistence between business expense and private expense. Further, the remarks at paragraph 8.6 above about sums spent by employees for personal reasons apply also to their wives.

### **Maintenance of records**

9.5. Where a claim is made that a wife's expenses are allowable for tax purposes it is important that the claim should be supported by records and the comments in paragraph 8.13 are of particular application. If it is claimed that the reason for the wife's journey was to act as hostess during the business entertaining of overseas customers it should be borne in mind that the Inspector may ask for information about the occasions and the extent of any such entertaining.

### **Wife's expenses borne by the husband**

9.6. Where the wife's expenses are not borne by her husband's employer (or another person acting on behalf of the employer) no deduction for tax purposes under the expenses rule described in paragraph 7.1 can normally be allowed.

3/86/07 L. H. ... no 3 ...  
1/2



Sir Ian Bancroft KCB  
X. P. Bancroft KCB.  
Second Permanent Secretary

Civil Service Department  
Whitehall London SW1A 2AZ  
Telephone 01-839 7733 ext. 1642

7 February 1975

*C. M. Clifton + pp*

Sir Douglas Wass KCB  
Treasury  
Parliament Street  
London SW1

*Dear Douglas,*

TRAVELLING EXPENSES: WIVES OF SENIOR CIVIL SERVANTS

It has been a long-standing rule that the expenses of a spouse who accompanies a civil servant to a function in the United Kingdom can be reimbursed from public funds only in the most exceptional circumstances. This rule was introduced and has been upheld primarily on grounds of propriety rather than expense because the use of public funds for this purpose could be misunderstood and possibly attract adverse comment.

2. However, two departments have recently approached us to suggest that we might give discretion to Permanent Heads of Departments to approve in certain circumstances the reimbursement of such expenses. These circumstances would be receptions or dinners to which it is not unusual for the wives of senior members of the Department of Trade and the Department of Industry to be invited or staff dinners of the kind that senior members of the Inland Revenue frequently have to attend accompanied by their wives.

3. In all the circumstances the Lord Privy Seal has agreed that Permanent Heads of Departments should be given discretion to reimburse the travelling expenses of spouses of senior civil servants accompanying their husbands or wives to functions in the United Kingdom which the official concerned is attending in a strictly representational capacity and which the spouse attends as part of the husband/wife's duty to attend. Examples of these functions are receptions and official dinners given by foreign diplomats, trade and industry associations, regional and branch organisations of departmental staff associations and similar functions arranged by the staff themselves. The idea would be to meet the cost, where particular individuals hold posts for which such invitations are relatively frequent and it would be unreasonable to expect the individual to bear the costs; or where visits to the regions are involved and where, again, it would be unreasonable to expect the individual to bear the extra cost.

4. Clearly, great care should be exercised in dealing with such cases and I suggest that discretion should be used sparingly and that reimbursement of expenses should be restricted normally to the spouses of officials of the rank of Assistant Secretary and above, although this is not to suggest that there will not be cases where slightly more junior officers might not have to attend such functions. Travelling



expenses should be reimbursed at the level enjoyed by the husband. If an overnight stay is necessary I suggest that half-rate night subsistence should suffice, although if bed and breakfast charges should exceed this level I should see no objection to the reimbursement of vouched actual expenditure (including service and VAT).

5. I am copying this letter to those on the attached list.

10/1/64

Ian Bancroft

IAN BANCROFT

File

089  
Jean Cole?

13 April 1984

TRAVELLING EXPENSES OF SPOUSES OF CIVIL SERVANTS

Thank you for your letter of 9 April. The Prime Minister is content that Sir Peter Middleton should write round to Permanent Secretariss in the terms which you enclosed.

S. E. R. BUTLER

D. R. H. Board, Esq.,  
Office of the Permanent Secretary  
(Sir Peter Middleton KCB),  
H.M. Treasury.

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