THE UNIVERSITY OF BIRMINGHAM

Expenses Policy

Current as from 28/04/2014

Introduction and Policy Overview
The University's overriding policy is that economy should be exercised in the purchase of all goods and services on its behalf and in incurring expenses whilst conducting University business. The expenses policy and rules and tools apply equally to personal transactions incurred on University business, those made utilising the University Corporate Card or Purchase Card facilities and expenditure through the University's procurement system.

The University's expenses policy and reimbursement rates apply not only to its employees, but also, where appropriate, to those with honorary appointments, joint appointments, contractors and visitors, and candidates for interview. The policies and guidance comply with the requirements of H.M.R.C. (Her Majesty's Revenue and Customs – formerly Inland Revenue) on the payment of expenses and benefits in kind.

The University Purchasing card is intended to be used to meet the costs of purchasing goods and services when a purchase order would not be accepted or appropriate. It can also be used to support the pre-booking of travel and accommodation costs but should not be used for meeting subsistence costs incurred off campus.

The University Corporate card should be used for supporting the costs of travel, accommodation and subsistence incurred whilst on University business. Neither the expense system nor the corporate card should be used as a means of purchasing equipment or other items for the University. Such needs can be met through the normal purchasing procedures and the University Purchasing Card.

The policy will only be successful if colleagues exercise proper authority over expenditure. The authority to place an order, pay an invoice or reimburse expenses sits locally within each Budget Centre. In authorising a document, the individual is committing funds, be it an order, invoice, claim for expenses or use of a purchase card or corporate card. In addition they are confirming that the expense is a legitimate use of University funds and conforms to the Financial Rules – i.e. that it has been properly incurred, is the most efficient use of funds resource etc. If the spend is not appropriate, there should be no authorisation and the issue has to be resolved in the Budget Centre.
If local authorisation is undertaken diligently, it could improve efficiencies and the cost of compliance too. Whilst the Finance Office will ensure that tax legislation is complied with its role is not to police every claim to ensure that it is a legitimate cost and compliant with the Financial Rules. This role remains with the authoriser of the expenditure.

This policy is structured to distinguish between expenses which are allowable by HMRC without any tax implications, those which if not handled in accordance with HMRC rules may be taxable (qualifying expenses) and those which if they are reimbursed will be taxable.

As an overriding principle individuals must exercise economy in incurring expenditure whilst on University business.

**Allowable Expenses** – these are normally reimbursed, subject to appropriate authorisation and the provision of receipts or other documentary evidence as appropriate. They may include:

- **Air travel** must be by economy class for journeys of fewer than 4 hours and for journeys of over 4 hours the cost of a premium economy ticket is normally the maximum allowable. Staff may be permitted to travel business class provided they have prior authority from their Head of College or Corporate Service or their delegated deputy. Consideration should also be given to travelling premium economy and claiming the cost of a night’s hotel accommodation to enable travel a day earlier if schedules allow.

- **Rail travel** should be undertaken using the most cost effective means of ticketing. Advance timed tickets should always be used where available rather than open tickets. All outward journeys should be booked on specified timed trains to reduce costs and whenever possible the return leg of the journey should also be on a timed basis. First class rail tickets can be claimed on an exceptional basis where they cost no more than a standard class fare but proof must be provided that this was the case before a claim is authorised.

- **Subsistence** - meals and accommodation costs during any period of business travel may be claimed but individuals should be aware of the agreed limits for subsistence and accommodation as shown in the attached table. When an employee spends a night away from home whilst on business, he may choose to stay with a friend or relative instead of staying in a hotel. The employee may incur the cost of an
evening meal for themselves and their friend or relative but a cash payment to their friend or relative is no longer permissible.

- **Business mileage** – The University will pay a mileage allowance where employees use their car or motorcycle for Business travel and the maximum mileage rates are shown in the attached table. If the employee travels direct from home to a business meeting the mileage should be the lower of:

  a) the mileage actually incurred
  b) the mileage which would have been incurred if the journey had started and finished at the normal place of work.

- **Conferences** - Fees and expenses on work related conferences.
- **Publications** - books, newspapers and professional journals where these are then kept in a public place within the University for general reference.
- **Business calls** - using either a home or mobile telephone.

**HMRC Qualifying Expenses** - can be reimbursed, subject to adherence to University Policies and HMRC regulations but receipts must be provided. If the University or HMRC conditions are not met then the reimbursement will be made but subject to tax and NIC deductions.

- The cost of any **meals taken solely with internal colleagues** should be limited to £25 per head. There must be a strong business reason for doing this to be made clear when the claim is made as HMRC consider this taxable otherwise. Any cost in excess of £25 per head will be treated as a personal expense and will not be reimbursed. The cost of alcohol will not be reimbursed. Where possible University facilities should be utilised.

- **Entertaining of external colleagues** should normally be undertaken in University facilities but if this is not feasible then the above limit of £25 per head applies. There must be a strong business reason for internal colleagues being present and this must be made clear when the claim is made.

- If **refreshments**, lunches, dinners for external colleagues are **provided for internal colleagues** too, there must be a strong business reason which is recorded since HMRC consider this taxable, otherwise University facilities should be used wherever possible.

- HMRC rules allow for the provision of social functions for employees, such as a **Christmas celebration**, within a defined limit without it incurring a tax liability. However the University has decided that this should be a personal expense with a
contribution from the University (including use of BDX accounts) of no more than £20 per head per annum. HMRC Guidance allows for more than one event but they have to be open to all employees within the School or Department.

- **Professional subscriptions** are not normally paid by the University. Where they are exceptionally authorised they can be paid without deduction subject to ICTA 1988. They should only be reimbursed if they provide benefits to the University and not just the individual.

- **Travel to airports and railway stations** must be by public transport where such is available

- **Removal expenses** – can only be paid where prior University approval has been given and subject to HMRC guidelines and limits as shown at; http://www.hmrc.gov.uk/manuals/eimanual/EIM03104.htm

- **Clothing** - provision of clearly identified official uniforms and protective clothing is allowable and should normally be secured through the University's procurement office.

- **Per Diem un-receipted allowances** as provided for by HMRC will only be met by the University in exceptional circumstances and must be agreed in advance by the Assistant Director of Finance (PPS Division) or the Head of Payroll and Pensions. A Register of such exceptions will be maintained for control purposes.

**Taxable Expenses** - Certain expenses are not normally permitted either by the University or by the Inland Revenue without statutory deductions being made. Claims should only be authorised in exceptional circumstances subject to the provision of receipts as applicable and where the claims are authorised payments will be made subject to statutory deduction of tax.

- **Private departmental lunches and dinners.** Hospitality events provided to acknowledge staff contribution, or to reward following a particularly difficult period will only be funded in exceptional circumstances with the prior approval of the Head of College or Senior Officer within Corporate Services. The University must make a voluntary disclosure of this to HMRC and pay the tax applicable. This will be recharged to the Budget Centre.

- Claims for **gift vouchers provided to acknowledge staff contribution**, or to reward following a particularly difficult period are not acceptable except for staff on bands 100 to 300 as part of an agreed policy. Such schemes will incur a tax cost that will have to be met by the College or Corporate Service concerned.
• **Private telephone calls** to home whilst away on University business will be reimbursed up to a limit of £10 per call but they will be subject to tax and should only be claimed in exceptional circumstances.

**Not reimbursable** – there are a number of expenses which, if paid, may be allowable or subject to deduction of tax by HMRC but which the University has opted not to reimburse.

• **Home to work travel** is a taxable expense in the view of HMRC but reimbursement will not be made by the University.

• **Home telephone or personal mobile** telephone rental costs will not be reimbursed

• **Any costs related to internet connectivity** at home will not be reimbursed.

• **Any traffic or parking related fines** incurred whilst travelling on University business will not be reimbursed.

**Expense Reimbursement** for staff expenses will be administered through the Proactis suite of software with the payment to staff being through a new weekly staff expenses payroll. A number of Colleges and Corporate Services already use the Proactis Expenses module and this will be rolled out to the remaining Colleges and Corporate Services between the 28th April and the 30th June 2014. The new weekly staff expenses payroll is to be introduced from the 7th May 2014.
## Financial Rates Table

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Location</th>
<th>Duration</th>
<th>Maximum Reimbursable £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Accommodation</td>
<td>London</td>
<td>Overnight stay</td>
<td>150</td>
</tr>
<tr>
<td>Hotel Accommodation</td>
<td>UK outside London</td>
<td>Overnight stay</td>
<td>100</td>
</tr>
<tr>
<td>Hotel Accommodation</td>
<td>Overseas</td>
<td>Overnight stay</td>
<td>150</td>
</tr>
<tr>
<td>Day rate subsistence</td>
<td>All locations</td>
<td>More than 5 hours and less than 9 hours</td>
<td>7</td>
</tr>
<tr>
<td>Day rate subsistence</td>
<td>All locations</td>
<td>More than 9 hours</td>
<td>15</td>
</tr>
<tr>
<td>Day rate subsistence</td>
<td>All locations</td>
<td>Evening meal only</td>
<td>25</td>
</tr>
<tr>
<td>Day rate subsistence</td>
<td>All locations</td>
<td>Full day rate including evening meal</td>
<td>40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Vehicle Type</th>
<th>Duration</th>
<th>Maximum Rate Reimbursable £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mileage</td>
<td>Car</td>
<td>First 10,000 miles in any year</td>
<td>0.40</td>
</tr>
<tr>
<td>Mileage</td>
<td>Car</td>
<td>Mileage over 10,000 miles in any year</td>
<td>0.25</td>
</tr>
<tr>
<td>Mileage</td>
<td>Motorbike</td>
<td>All miles</td>
<td>0.24</td>
</tr>
<tr>
<td>Mileage</td>
<td>Bicycle</td>
<td>All miles</td>
<td>0.20</td>
</tr>
</tbody>
</table>

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<tr>
<th>Purpose</th>
<th>Location</th>
<th>Duration</th>
<th>Maximum Rate Reimbursable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Travel</td>
<td>All locations</td>
<td>Less than 4 hours</td>
<td>Economy</td>
</tr>
<tr>
<td>Air Travel</td>
<td>All locations</td>
<td>More than 4 hours</td>
<td>Normally Premium Economy though Business Class is permissible subject to prior authority being granted.</td>
</tr>
</tbody>
</table>