

APPENDIX 6

**Staff Expense Policy**

**1. Introduction**

This employee business expense policy supports the web-based expenses claim system, and supersedes all previous business expenses policies and procedures. The policy is applicable only to employees of the university including staff employed by the Employment & Recruitment Service (ERS), it does not apply to self-employed persons or non-university employees.

As a general rule, claims for expenses are limited to travel, accommodation, subsistence and incidental personal expenses incurred when travelling away on University business. Expense claims should not be used for the purchase of goods and services which should be bought in accordance with the University’s procurement procedures found [here](#) which exist to facilitate the procurement of goods and services without the need for staff to incur personal expense.

**2. General principles**

Generally speaking, expenses falling in line with this policy and incurred during the normal course of University business will satisfy the key HMRC requirement that they have been **wholly, necessarily and exclusively** incurred for business reasons. The following list provides a summary of allowable expenditure types, with the specific details described in the following sections. Claims for business expenditure should be supported by full VAT receipts and should not be evidenced by Credit card flimsies or copies of bank/credit card statements.

**2.1 Allowable expenses**

Business travel – including car mileage, taxi fares and toll charges	See Section 3
Accommodation	See Section 4
Subsistence allowances for meals and personal incidental expenses	See Section 5
Business entertaining	See Section 6
Business telephone calls made from personal telephones	
Internet, WiFi, fax, photocopying and postage charges	

## **2.2 Disallowable expenses**

The following are examples of types of expenses that are not permitted by either the University or HRMC and will not be reimbursed:

- Home to work travel
- Prizes for employees
- Traffic related fines incurred on business travel

For further examples of disallowable expenses, see Appendix 6(A).

## **2.3 Purchases outside of the expenses policy**

The following examples are types of expenditure which should be bought in accordance with the University's procurement procedures as detailed [here](#)

- Mobile phones
- Protective clothing
- Departmental away days to discuss business activities
- Conference and course fees

## **2.4 Purchases whilst on University business**

The University recognises that there will be rare occasions when staff need to make legitimate purchases outside the scope of the expenses policy whilst away on University business for example:

- Purchase or repair of lost or damaged University property
- Books required for business purposes

In such circumstances, the University will reimburse such expenditure provided that a satisfactory explanation is detailed within the expense claim.

## **2.5 Further guidance**

Further summary guidance on claim limits in the form of a 'quick expenses policy guide'; and additionally a 'web expense quick start guide' with details on how to use the system can both be found [here](#).

### 3. Business travel

#### 3.1 General

Employees should book all forms of business travel including flights, trains, hire cars, and airport taxis through the central travel booking facility found [here](#).

#### 3.2 Hire and private cars

##### 3.2.1 Hire cars

For journeys of over 100 miles per day, it is probably more cost effective to use a hire car and in such cases, hire cars should be booked through the university travel system [travel@lancaster.ac.uk](mailto:travel@lancaster.ac.uk). The University's insurance policy covers employees hiring cars provided that employees complete an annual driver declaration form.

The University will also reimburse all fuel costs in connection with the hire of cars together with any related travel charges such as car parking, tolls and congestion charges where these are in connection with business journeys.

##### 3.2.2 Private cars

For journeys of less than 100 miles and where travel by public transport is not practical, the University will reimburse mileage at the HMRC statutory rates which are currently:

- 45p for the first 10,000 miles
- 25p per mile thereafter

Before embarking on any business travel using private cars or motorcycles, employees must ensure that:

- the vehicle is roadworthy (including current MOT certificate where applicable) and that their motor insurance policy includes cover for business use;
- their driving license is valid; and
- that the driver has completed the Driver Declaration Form [here](#).

When making a claim for business mileage, full details must be given including starting point, all destinations, finishing point and the purpose of each journey (ideally with postcodes).

The University will also reimburse car parking charges, tolls and congestion charge where these are in connection with business journeys.

Journeys from home to work at any time, whether undertaken within University business hours, at night, early mornings or at weekends are not business journeys: these expenses (if paid) are taxable and are paid to the employee through payroll. They must not be claimed via the expenses system.

### 3.3 Motorbikes and bicycles

#### 3.3.1 Motorbikes

The rules relating to insurance, MOT certificates and driving licenses as detailed in 3.2.2 re private cars also apply to the use of motor cycles and business mileage will also be reimbursed at the HMRC statutory rate which is currently:

- 24p per mile

#### 3.3.2 Bicycles

Before travelling it is essential to follow the guidance in the “Guidelines for Business Bicycle Use for Lancaster University Staff” which can be found at the following this link [Cycling | Lancaster University](#)

- 20p/mile

If you are cycling frequently on university business it may be wise to consider some personal insurance cover. The university insurance policy only covers overseas business trips and UK trips that involve an overnight stay.

### 3.4 Public transport (bus, tube tram rail etc.)

Expenses incurred on public transport will be reimbursed with receipts. If using a pay as you go oyster tube card please state from/to destinations of each journey.

### 3.5 Taxis

Employees may claim reimbursement of the cost of a taxi or private hire vehicle fares when it would not be reasonable to take a connecting journey via public transport.

### 3.6 Trains

Train tickets should be arranged through the central travel team but in cases when this has not been possible, standard rail fares can be reimbursed through expenses. First class rail tickets will not be reimbursed through expenses unless it is a cheaper option than the standard rail fare for that particular journey.

#### 4. Accommodation

All accommodation for business purposes should be booked through the university [here](#)

In circumstances where it has not been possible to use the service the guideline rates per night the university will reimburse are:

London (or major city)	up to £160
Elsewhere in UK	up to £110
Overseas	3*/4* equivalent

*Including VAT*

#### 5. Subsistence allowances

##### 5.1 Meals

On submission of VAT receipts, employees may claim the cost of meals taken in the course of business travel in line with the table below:

##### 5.1.1 UK

Minimum journey time	Maximum (all receipted)
5 hours *	£5
10 hours *	£10
15 hours (and ongoing at 8pm)	£25
Overnight	£25 - plus £5 personal incidental expenses

\* If the journey time extends beyond 8pm an additional £10 may be claimed (receipted).

Expenses in respect of alcohol **will not** be reimbursed by the University.

##### 5.1.2 Overseas allowances

Overseas allowances are banded as shown at Appendix 6(C) and have been set to comply with HMRC regulations.

Receipts need not be submitted for overseas subsistence allowances but claims should only be made for expenditure actually incurred

Expenses in respect of alcohol **will not** be reimbursed by the University.

## 5.2 Staying with family or friends

Where staff choose to stay with family or friends whilst away on University business (both UK and overseas), the UK subsistence allowances at 5.1.1 and the countries listed in Appendix 6(C) still apply. For the avoidance of doubt (and in order to comply with HMRC regulations), the subsistence allowance relates to the member of staff only and must not include any costs relating the member of family or friend.

## 6. Entertaining

### 6.1 Business Entertaining

Entertaining expenses can only be described as “business” entertaining if they have genuinely been incurred wholly for the furtherance of University business. In addition, if more employees are in attendance than external participants HMRC may take the view that the entertainment is not genuine business entertaining. HMRC states that business entertaining includes hospitality of any kind and also expenditure on gifts. If advice is needed, please contact the HR & Payroll Service Delivery Manager. In accordance with the above, necessary business entertaining costs must be supported by proof of payment, i.e. invoices or VAT receipts.

Generally, where employees entertain third parties (e.g. customers or suppliers) the total cost of the entertainment must be identified and coded as business entertaining.

The following information must be shown on the expense claim or invoice or credit card journal if applicable to differentiate business entertaining from staff entertaining (see below):

- The name(s) of the attendees (including employees present – the ratio of Lancaster employees to visitors should not be greater than 3:1);
- The organization(s) which they represent; and
- The purpose of the entertaining;
- Costs for alcoholic beverages should be kept to a reasonable level, as a rule, half a bottle of wine (or equivalent) per person (to a maximum of £30 a bottle), with a meal would be considered reasonable. Excessive costs relating to alcohol will not be reimbursed;
- Service charges and tips up to a maximum of 15% are allowable.

No tax or national insurance liability will arise for the employee and the University in respect of entertaining expenses by adherence to these rules.

Departments may incur an additional tax charge if staff to visitor ratio exceeds 3:1. Such charges are made annually in May each year, following the end of the tax year.

Please ensure entertainment does not contravene the Bribery Act. For details, please see Sections 8.13/8.14 of the Financial Regulations [here](#)

## 6.2 Staff entertaining

Entertaining attended by University staff only (i.e. not involving third parties) **cannot** be charged to University administered funds, and is not reimbursable. Nor is it acceptable to charge for part of the cost of entertaining University staff only. This means that the University will not pay for wine at a function where staff have paid for the food, nor will it pay for food/drinks purchased from a grocery store or similar, so that the function can be held in an office. This applies whether on or off-campus, and includes:

- Celebratory functions, (e.g. Christmas meals, engagement parties);
- Functions for members of staff who are leaving the University (but note that if the member of staff is leaving due to retirement, then expenditure of a trivial sum per head may be reimbursed. However, the function must be widely available for staff to attend);
- Sampling proposed venues for future functions designed to entertain third parties.

## 7. Miscellaneous

### 7.1 Travel – guests accompanying university staff

If guests accompany University staff on business trips, the costs associated with the guests must be reimbursed by the employee.

The only exception to this rule is if the guest accompanies the employee because:

- The employee is too ill to travel alone; or
- The guest has a specific skill or qualification which stops the University from having to pay someone to perform a specific duty, for example a foreign language which enables the guest to act as a translator;
- Where an employee is working abroad for periods in excess of sixty consecutive days, up to two flights per tax year for the spouse and family may be paid tax free.

### 7.2 Detached duty/Secondment

If an employee works away from his or her permanent workplace for a period which is not expected to and does not exceed 24 months he or she can claim for travel and subsistence expenses.

If it is known that the secondment will last for more than 24 months all of the expenses

will be liable to tax and national insurance and need to be paid through the payroll.

If the secondment unexpectedly lasts for more than 24 months, the expenses will become taxable from the date that it is known that the secondment will exceed 24 months.

If the secondment is for the whole or the majority of the period of the employment, the expenses will also be liable to tax and national insurance, for example, if an employee resigns part way through the secondment.

***Employees who are seconded:***

When employees with a permanent workplace are seconded to a temporary workplace (for example, a department in another part of the country), this is business mileage provided the secondment is expected to last and does last less than 24 months and the secondment is not for the whole or the majority of the period of employment.

### 7.3 Place of work

All University employees have a permanent workplace at the Bailrigg campus unless a different location has been contractually agreed. No University staff are home based.

### 7.4 Cash advances

Cash advances for items covered by this expenses policy can be claimed if the total spend is expected to be over £100.

It is essential that such advances are included in any expense claims submitted with the appropriate advance number quoted.

Instructions for the submission and claim of expenses against advances is issued by Financial Accounting Team.

### 7.5 Employees with disabilities or medical conditions

It is recognised that claimants with disabilities, or medical conditions, may have additional needs when travelling and staying in hotel accommodation.

Where a claimant with a disability or medical condition, requires a mode of travel or accommodation which, although is more expensive than the guideline rates, they consider to be a more practical and convenient method of transport for them, the claimant should raise this with their authorising manager for discussion in advance of making any bookings.

Authorising managers should apply flexibility and discretion to ensure that the claimant is not inconvenienced.



## **APPENDIX 6(A)**

### Non-allowable expenditure

Non-allowable expenditure as detailed below may not be claimed, charged to the university or reimbursed to employees in any circumstances or by any method. This includes by purchase order, credit card, direct invoice, employee expense claim, employee advance or petty cash.

- Home to work travel
- Traffic related fines
- Home broadband charges
- Leisure club treatments
- Spouses, partners, children's travel costs
- Christmas functions
- Pet/house/baby/sitters
- Personal items (toiletries, clothing, luggage, books, videos, CDs, magazines)
- Prizes and gifts for staff (including leaving and retirement)
- Miscellaneous hotel charges – mini bar, video/TV charges

## APPENDIX 6(B)

### Recommended Procurement Options

<i>Purchase order or purchasing card</i>	<i>Internal transfer</i>
Conference and course fees	Print & Photography
Equipment and clothing	Internal catering
Professional magazines	Items from On-Line Store
External catering supplies	

## APPENDIX 6(C)

See tables below for **MAXIMUM** claimable per day (if the country you are travelling to is NOT listed below please contact the Expenses Team at [staff.expenses@lancaster.ac.uk](mailto:staff.expenses@lancaster.ac.uk))

<b>Band 1</b>	<b>Amount</b>
Argentina	<b>£14</b>
Ghana	<b>£25</b>
India	<b>£28</b>
Kenya	<b>£25</b>
Madagascar	<b>£27</b>
Malawi	<b>£20</b>
Pakistan	<b>£20</b>
Russia	<b>£27</b>
South Africa	<b>£20</b>
Turkey	<b>£28</b>

<b>Band 2: £30</b>	<b>Band 5: £60</b>
Brazil	Australia
Czech Republic	Austria
Indonesia	Bahrain
Kosovo	Belgium
Mexico	Denmark
Nigeria	Finland
Portugal	France
	Hong Kong
<b>Band 3: £40</b>	Iceland
Croatia	Ireland
Greece	Italy
Hungary	Japan
USA	Korea (South)
	Kuwait
<b>Band 4: £50</b>	Luxembourg
Canada	New Zealand
China	Norway
Cyprus	Peru
Germany	Poland
Malaysia	Singapore
Malta	Spain
Netherlands	Sweden
	Switzerland
	Taiwan
	Thailand
	UAE

