UNIVERSITY OF SOUTHAMPTON

Expenses and Benefits Procedures Manual
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I Administration

Introduction

101 The information and procedural instructions contained in this manual are for the guidance of staff of all Faculties/Professional Service Groups (PSG) and intended to benefit both the staff and the University by introducing simplified claims which will avoid Income Tax and National Insurance Contributions (NIC) complications. The policies have been prepared in the light of legislation and regulations in force at 31 January 1994 and the guidance on their tax or NIC treatment has been agreed by the HM Revenue and Customs (HMRC) and the Department of Works and Pensions (DWP). Provided expenses claims have been completed strictly in accordance with the terms of this manual, unless otherwise stated, no additional Income Tax or NI contribution liabilities will arise for either the employee or the University and employees need not report details in their tax returns. Failure to comply could give rise to tax and interest penalties for both the University and the individual. The University reserves the right to amend the policies at any time, through established procedures. These procedural instructions will not apply to self employed personnel except as otherwise stated.

102 In the event that an expense or benefit claim on the University is contemplated in respect of any item not included in this manual, or an employee has a query relating to the payment of expenses under this policy, the matter must be referred in the first instance to their Faculty Finance Manager, Professional Services Finance Manager (FFM/PSFM). The University discusses such issues on a regular basis with the HMRC and to avoid any confusion under no circumstances should an employee enter into correspondence with the HMRC regarding University policy without such consultation.

Expense Reimbursement Procedure

103 As a general principle a member should be reimbursed in full for all types of expense wholly, necessarily and exclusively incurred in the course of the University’s business, and which are in excess of those they would normally incur. The operation of a scheme for the proper reimbursement of expenses necessarily incurred in the course of duty on behalf of the University is based upon the expectation that all staff making claims, and budget holders authorising such claims, will recognise the need to ensure economy and cost-effectiveness in the manner in which expenses are incurred, the level of those expenses and the effective use of staff time.

104 In order to avoid subsequent difficulties, it is important that such expenditure should, wherever possible, be approved in advance by the relevant budget holder or, where the budget holder is the claimant, the appropriate authorising officer.

105 Expenses incurred on behalf of the University are to be recorded on the approved expense claim form. Claims should be made within 1 month of the expense being incurred. Where the total of all claims outstanding is less than
£30 the claims may be dealt with on a quarterly basis. If this period is exceeded, claims may be referred to the Dean/Head of Professional Service (HOPS) or authorised delegated personnel for approval. Claims must be supported by original itemised receipts wherever the supplier can reasonably be expected to provide one. Failure to produce original itemised receipts will result in non reimbursement. The declaration on the expenses claim form must be signed by the claimant and the form must be authorised under the procedures described in paragraph 107 below. Once authorised, the completed forms should be submitted to the Finance Department together with all supporting documentation (receipts, etc). The supporting documentation will be retained centrally for six years.

106 Petty Cash Vouchers are to be used only for small items of actual expenditure (not round sum allowances). All other expenses must be claimed separately. Any item claimed on a Petty Cash Voucher must be fully described and a receipt attached. Items such as parking tickets should not be reimbursed as petty cash. Such expenses should be submitted on an expense claim form.

Authorization of Expense Claims

107 Authorization procedures will be as follows. Expense claims of staff must be approved by an authorised person, normally the Dean/HOPS or delegated authorised personnel. Claims by the Dean/HOPS and above must be authorised by an employee of equal or more senior status within the same budgetary group. Self-authorised claims will not be accepted for payment and under no circumstances should authorised claims be returned to the claimant prior to payment. All staff should note that any attempt to submit a false claim will be treated as a serious disciplinary offence.

Value Added Tax (VAT)

108 All claimants in trading areas such as Advisory Units are reminded of the particular importance of correct recording of VAT on expense claim forms and the provision of VAT invoices with claims in order to ensure that the University recovers the full amount of VAT to which it is entitled.

Advances

109 Advances against proposed expenses may, in exceptional circumstances, be claimed subject to the following conditions:

(a) Any advance will be limited to the anticipated expenditure and must be authorised in accordance with the authorisation procedures described above. A detailed breakdown of the anticipated expenditure is to be submitted on the Advances Request Form. Advances will not usually be made for anticipated expenditure of less that £100.

A new advance will not be issued if an outstanding advance exists.
(b) An advance for personal expenses will be limited to a maximum of £2,000. A request exceeding this amount must have a letter from the Dean or HOPS. Advances must be cleared by submission of an expense claim form, as soon as possible after the completion of the journey for which it was obtained, and in any event not later than one month after returning.

(c) The University reserves the right to recover any uncleared advances from any monies owed to the employee, following the University’s debt recovery procedures.
II Reimbursed Travel, Hospitality and other Expenses

General Principles

201 All staff are reminded of the comments made in paragraph 103 concerning the need to ensure economy and cost-effectiveness in the manner in which expenses are incurred.

202 In order to avoid subsequent difficulties, it is important that such expenditure should be approved in advance by the relevant budget holder or, where the budget holder is the claimant, the appropriate authorising officer, in accordance with the Financial Regulations. All expense claims must be supported by the appropriate original itemised receipts.

203 Except as otherwise provided below, members of staff may claim only the costs of necessary business travel. Wherever possible, members of staff should arrange rail and air fares through the finance system (Agresso) as a purchase order. Payment will be made direct to the supplier via an invoice. Where payment is made direct by the University the member of staff must still complete and arrange authorisation of expense forms in accordance with the procedures described in "Expense Reimbursement Procedure", (paragraph 103) except that instead of showing the cost on the form, the employee should enter "paid direct" in the "particulars of journey" column.

204 For the purposes of determining the extent to which journeys may be regarded as business journeys the following rules apply:

(a) Employees who normally work at a University office but occasionally travel to other offices, client, etc.

All journeys between home and the normal place of work are to be regarded as private and the costs of these journeys are not to be claimed. All journeys away from the normal place of work on business may be regarded as business journeys, refer to Appendix 2 except as provided below.

When an employee commences or completes a journey at home they may claim only the lesser of:

(i) The distance actually travelled (i.e. travel expenses actually incurred); or

(ii) The distance which would have been travelled if they had started or ended the journey at their normal place of work (i.e. the expenses which would have been incurred if the journey had started and finished at the normal place of work).

(b) Employees who have no normal place of work but travel frequently and normally visit a number of locations each day.

For these individuals, travelling is an integral part of the job, as defined in their contractual terms and conditions, and consequently all travelling costs
incurred in the course of their duties will be reimbursed and no tax or NIC liability arises to the employee.

(c) Any employees whose travel arrangements do not correspond with either of the categories (a) or (b) above (for example, any based at home or based at a succession of places and spending more than a few days at each, etc.) may be subject to different rules. Such cases should be discussed with the FFM/PSFM and the tax treatment agreed with the HMRC before any payments for travel are made.

Pool Cars

205 A number of pool cars are available. These vehicles are not allocated to any one individual but to the Faculty/PS or location for whose official use they are temporarily provided. The Faculty/PS responsible for administrating the use of the vehicles will arrange bookings, services etc. The members of the Faculty/PS will not use the pool car as their personal transport. Since it is anticipated that the car scale charge will not apply in respect of vehicles designated as pool cars, it is important that members of staff should note the following points:

(a) Pool cars are provided for official business journeys only and must not be used for any private purposes whatsoever, (including office to home journeys after late working);

(b) Pool cars should not be used by any one employee to the exclusion of others, nor as spare cars in the event that the University car provided for any employee is unavailable (where the University car is being serviced or repaired, for example);

(c) Pool cars must be left overnight at the University location to which they are allocated and not taken home by employees. In the exceptional event that it is necessary to take a pool car home, (when for example an official journey on the following day is to be commenced early in the morning), specific permission must be sought in advance from the individual responsible for authorising the employee's expenses.

(d) Fuel for pool cars should be purchased via the Faculty/PS Shell card

Fuel for University provided vehicles

206 The cost of fuel used for business purposes should be claimed as follows:

(i) Enter on the claim form the date of the journey.

(ii) Enter the reason for the journey. More than one line should be used if necessary if this will enable a more detailed description of the reason to be given. Also, enter details of each journey stating the starting point, places visited on route and the point at which the journey ended. Details must include the names and addresses of the companies or clients visited
and addresses must be sufficiently precise to enable a check to be made on the mileage calculation.

Hire Cars

207 Reimbursement of petrol will be made on production of original receipts There is no reimbursement for mileage.

Employee's Own Cars - Business Mileage

208 Staff who use their private car on University business must ensure that they have insurance cover for business use. For example, a member of staff's personal insurance policy should provide cover for the use of the vehicle in connection with their "trade or profession" and that, where equipment is to be carried, this activity is also covered under the terms of their policies. The University's rates for mileage reimbursement takes the above into consideration.

209 When the use of a private car is approved and public transport is agreed not to be available or appropriate, the expenses incurred whilst on University business will be reimbursed at the current University rates. The current rates are contained in Appendix 2 and can be viewed via the Campus Network at http://www.soton.ac.uk/finance/central/mileage.html.

210 Employees authorised to use their own cars on University business should make claims in accordance with the procedure described below.

211 Full details of the journey, including date, time, reason for journey, starting point, destinations, should be shown on the expenses claim form. Note: The route planner used by Accounts Payable (AP) is that of the AA found at http://www.theaa.com/route-planner/index.jsp?database=B. Please clarify any differences between your journey to that given by the AA planner eg Southampton to Portsmouth Guildhall via A27 as motorway was congested; this will avoid any automatic reduction in mileage claimed on expense form. Business miles to be claimed must be entered and the expense claim shown in the appropriate columns. Business mileage for these purposes is defined at paragraph 204. Where Public Transport provides a reasonable alternative to the use of a car the mileage will be reimbursed at the 'Public Transport rate' shown in Appendix 2.

212 No income tax or NIC liability arises under the above rules as the University's business mileage allowances do not exceed the rates recommended by the HMRC and AA/RAC.

Non Staff Claimants

213 External examiners, visiting lecturers and external members of University Committees who are appointed by the University may claim reasonable
travelling costs within the University rates, as prescribed by this manual. All
original itemised receipts must be provided and all claims will be subject to
authorisation by the relevant budget holder.

Rail Fares

214 All employees should ensure that the most economical class of travel is used.
In general this will be a standard class period return although employees are
expected to investigate the possibility that day return tickets or 'savers' may be
available at lower cost. If first or business class tickets are purchased, only
reimbursement for the economy fare will be made, unless evidence of
extenuating circumstances is submitted with the claim.

Air Fares

215 The payment of air travel in the UK may be approved provided the overall
cost does not exceed that of rail travel plus expenditure on meals unless the
saving in travel time is very significant. Documentary justification must be
submitted with the claim confirming the expense was incurred on University
business. To enable claims to be processed efficiently where possible the
boarding pass should also be attached to the claim.

216 Employees who need to travel by air, must travel tourist or economy class,
taking advantage, wherever possible, of any reduced rates, for example APEX.
Should any employee be required to travel business class the University will
only reimburse the cost in exceptional circumstances. Approval **MUST** be
obtained from the Finance Department prior to the flight booking. Failure to
do so will result in reimbursement of the economy fare only.

217 "Trading down" of travel tickets, i.e. travelling by a lower class in order to
claim an extra ticket for a guest of the employee, will not be permitted.

Permission for upgrading to business class must be sought from Dean/HOPS
prior to booking the flight and will only be permitted on long haul flights
(single flight exceeding 8 hours) immediately followed by a business
meeting/event on arrival. Evidence of this must be attached to the claim, e.g.
schedule.

An upgrade may also be allowed on medical grounds. A letter from the
employee’s GP confirming an economy class flight is not suitable due to a
medical condition must be sent to Accounts Payable (AP) prior to the travel
taking place.

218 No tax or NIC liability arises in respect of travel expenses claimed under the
above rules, subject to the comments in item (c) of paragraph 204.

Entertainment

219 Members of staff will be reimbursed reasonable entertaining costs for
themselves and guests, (refer to paragraph 254 regarding partners) on
production of itemised receipts, where the client, sponsor, student or other visitor is present for a professional purpose and their attendance is judged likely to be beneficial to the University. Clearly the number of internal members of staff for whom incidental costs are incurred in providing hospitality to third parties needs to be reasonable with regard to the nature of the visitor and the purpose of the visit. Paragraph 2 of web pages www.soton.ac.uk/finance/central/hospitality.html must be followed concerning the ratio of University staff to visitors and related matters. In summary, the key features are that the expenditure must have been agreed in advance, that claims must be supported with original itemised receipts and that the expenditure is the only practical way in which the University's business may be carried forward and is not incurred for any other purposes not directly connected with the University's business. Refer to paragraph 221 - 222 for acceptable level of reimbursement.

220 The following information must be shown on the expense claim form:

(a) The name(s) of attendees:

(b) The organisation which they represent: and

(c) The purpose of the entertainment (for example, "negotiation of contract, etc).

221 Where guests are entertained at lunchtime, the University's restaurant facilities, should normally be used. The internal charging voucher should be completed on each occasion, and will be charged directly to the subproject code. The host employee must enter the details as at paragraph 220 (a), (b) and (c) on their expense claim form. Under exceptional circumstances external facilities may be used, but prior permission should be sought from the budget holder. Reimbursement will be no more than £20 per head.

222 Only those employees who can have a valid input to the business discussion may take part in the evening entertaining. Off campus, an acceptable level of entertaining is £40 per head to include wines and gratuities. Where it is expected that expenditure over and above these levels will occur, prior authority should be obtained from the Dean/HOPS. Should any unapproved, excess expenditure be incurred the University will deduct this amount from the claim.

223 It is stressed that no individual can expect reimbursement of entertaining expenditure unless the above guidelines are followed and the University reserves the right to refuse reimbursement where the expenditure fails to meet the criteria set out above.

224 Reasonable claims in respect of retirement parties, long service celebrations and similar functions will be reimbursed provided the prior approval of the FFM/PSFM has been obtained. This will be evidenced by the signature of the FFM/PSFM on each claim. Expenditure should be modest in all cases and when combined with the University's subsidy for Christmas parties or other
annual events, must not exceed £75 per head in any tax year. Refer to hospitality website, www.soton.ac.uk/finance/central/hospitality.html

The purchase of flowers for occasions such as, a bereavement, a new baby or long term sickness is not classed as a University business expense and will not be reimbursed.

225 No tax or NIC liability will arise to employees in respect of entertainment expenses claimed in accordance with these rules.

Home Telephones

226 Staff who are required to make business calls using their home landline telephone may claim reimbursement of such call costs by entering the amount to be claimed on the expenses claim form and attaching the original itemised telephone bill. The University will not bear the cost of any part of the rental (except as in paragraph 232) of a home telephone nor of any private calls. Such costs must be deducted from the total amount of each bill and the net amount, representing only itemised business calls (and the VAT thereon), should be included on the expense claim form.

227 Employees must maintain a log of all business calls made showing:

(a) The name and telephone number of the person called; and
(b) The duration of the call, or alternatively
(c) Provide an itemised telephone bill showing the same information.

228 Whilst a log need not be submitted with each claim, the University will make periodic checks to verify the business costs, where itemised bills are not available.

229 No liability to tax or NIC arises in respect of expenses claimed in accordance with these rules.

230 The University will bear the cost of the rental charge where a staff member is "on call" whilst at home to deal with emergencies where a threat to life may arise. A list of the posts where providing such emergency cover is part of the duties of the employment is given in Appendix 1 and the individuals occupying these posts will be identified and approved by the Human Resources Department. If you fall into this category the position will be discussed with you locally. The reimbursement is liable to income tax and NIC and the payment will therefore be paid via the payroll.

231 Where no threat to life arises the University may bear the full cost of the rental charge in certain circumstances and the relevant post holders will be notified separately. The reimbursement is liable to income tax and NIC and the payment will therefore be paid via the payroll.
Business Line at Home

232 Where it is essential to the performance of the duties of a member of staff, the University will make arrangements for a business line to be installed at the individual's private residence. The line will be in the name of the University who will meet the installation, rental and call charges. Where the member of staff, continues to maintain their own private line the University line must not be used other than for business calls. If a separate private line is not maintained the procedures in paragraphs 226, 227 and 228 should be followed.

Mobile, Blackberry and IPhones
Such phones must be purchased through the University (ISolutions) on the authorisation of the Dean/HOPS, and must be used specifically for University business. Purchases made in an employee’s name will be subject to income tax and NIC. Any call contract must be in the name of the University and all calls must be itemised, which will be subject to verification. All staff should note that any attempt to submit a false claim will be treated as a serious disciplinary offence.

Out of Pocket Expenses

233 The University will meet the cost of reasonable out of pocket expenses for which it is not possible to obtain receipts. Examples of such expenses are the tube, telephone calls from public call boxes, or pay as you go mobile phones. Claims must be limited to the actual amount of expense incurred and not claimed as a round sum allowance. All items claimed should be described as fully as possible and entered on the expense claim form.

234 Parking or speeding fines incurred whilst on University business will not qualify for reimbursement.

235 Where employees are required to travel abroad in the performance of their duties for the University, employees may claim the reimbursement of such incidental business expenditure as set out in the subsistence section at paragraph 247.

236 No liability to income tax or NIC arises to the employee in respect of expenses claimed in accordance with these instructions.

Chauffeurs

237 The University maintains a pool car which is available to senior staff for business journeys by agreement with the Vice Chancellor's Office.

Subsistence

238 The operation of a scheme for the proper reimbursement of subsistence expenses wholly, necessarily and exclusively incurred in the course of duty on behalf of the University is based upon the expectation that all staff making claims, and budget holders authorising such claims, will recognise the need to
ensure economy and cost-effectiveness in the manner in which expenses are incurred, the level of those expenses and the effective use of staff time.

239 Staff who are necessarily more than 5 miles away from their normal place of employment, home or other University locations on University business for more than 3 hours over a recognised meal time are entitled to claim for the additional costs incurred in purchasing meals.

240 The University will only reimburse actual expenditure supported by original itemised receipts where the costs incurred are reasonable.

241 From time to time working lunches or dinners involving only members of the University may legitimately be arranged and charged to University funds where this is conducive to the effective work of the University. However, such arrangements need to be reasonable with regard to both frequency and cost and evidence of the issues discussed must be retained in the form of agendas and minutes. Where economically viable internal catering must be used. Alcohol must not be part of the reimbursement claim.

242 No income tax or NIC liability arises in respect of the above expenses claimed in accordance with these rules.

Hotel Accommodation

243 Where it is necessary to book a hotel, bookings will, whenever possible, be made using the University’s finance system purchase ordering process in advance of journey. Where this applies, payment will be made direct by the University. Reimbursement will be made only for the cost of the room, the reasonable cost of an evening meal, not exceeding £25 including soft drinks (no alcohol will be reimbursed at an individual level) and breakfast. Where meals are not taken in the hotel, separate original itemised restaurant receipts should be obtained. It is emphasised that the University will only bear the costs of accommodation required for business purposes. The accommodation should be of modest status (no more than 3 star). The costs of any extensions to a stay for personal reasons or accommodation provided for a partner, spouse or family (subject to the exceptions noted in paragraphs 251 - 255) will not be met by the University.

244 Members of staff should note that items of a personal nature, such as alcoholic drinks, minibars in hotels, newspapers and dvd hire etc. will not be reimbursed by the University. Where these are included in the bill, the costs must be deducted by the claimant prior to the submission of the bill for reimbursement. The University will accept the cost of one short telephone call home per night provided the call is to a UK subscriber. Where an employee wishes to make an international call prior approval from the appropriate budget holder must be obtained and the tax consequences discussed.

245 No income tax or NIC liability arises in respect of hotel costs claimed under these rules.
Bed and Breakfast

246 Business associates, people attending for interviews, etc. who are visiting the University may receive reimbursement of modest hotel expenses and usually, public transport fares. Occasionally, where employees of the University are required to accommodate guests, reimbursement at a rate of £10 per guest in respect of the extra costs incurred providing overnight accommodation together with breakfast. £7 may be claimed for dinner, if provided. The budget holder authorising the expense should notify the Faculty Operating Officer (FOO) of the name and purpose of the visit of the guest attending.

University personnel may also claim these rates if staying with friends whilst on University business, providing written confirmation from the host is supplied.

Visits Abroad

247 Where an allowance is claimed for visits abroad, budget holders will need to satisfy themselves of the reasonableness of claims up to £35 per day excluding hotel expenses and incidental items such as taxis (for which original receipts are required). This sum is expected to cover all meals. Where actual expenditure is likely to exceed the approved allowances, an agreed maximum daily amount of actual expenditure should be claimed and supported by original itemised receipts.

Please note the employee can only claim either the per diem rate or actual receipts for the full duration of the journey but not a mixture of both. If the hotel provides any meal then a deduction will be made from the per diem rate in accordance with Appendix 3. Please note that this allowance covers a full 24 hour period which commences from time of arrival at the overseas destination and ceases from departure. Evidence of the total duration of the overseas visit must be attached to the claim, for example, boarding passes. Where connecting flights are part of the journey, any business expenses incurred at the airport will be reimbursed providing original itemised receipts are supported with the claim.

The Channel Islands, Isle of Man and Northern Ireland do not fall under the per diem rate. When claiming for visits to these destinations original receipts must support the claim.

Travel Insurance. Please check with the Finance Department’s Insurance Services Manager in advance of travel as additional insurance may not be required.

Non-Staff Claimants

248 Under discussion with the HMRC, guidance to be issued.

Conferences
249 From time to time the University may provide financial support for members of staff who are required to attend conferences or trade conventions in the course of their duties for the University. Those members of staff selected to attend will receive approval from their budget holder, who will make arrangements with the FOO to have accommodation and travel paid direct by the University. No income tax or NIC liability will arise where these procedures are followed.

250 Members of staff should note that any additional costs, such as the provision of hospitality for business guests etc. should be claimed using the normal expense claim procedures referred to in this manual.
Partner/Spouse Travel and Hospitality

Travel

251 Where a member of staff is required by the University to travel on business, either in the UK or abroad, the University will normally only consider paying for a partner/spouse to travel when:

(a) There is an express, and unsolicited, invitation to the partner/spouse as well as the member of staff, and

(b) There is an explicit role for the partner/spouse to exercise in the course of the visit, and

(c) The visit is an official one made on behalf of the University as a corporate entity and not for personal career development.

252 It follows from the circumstances set out in paragraph 251 that only at the most senior levels of the University are these criteria likely to be satisfied.

253 In all cases, express, written, approval must be sought and obtained from the Dean/HOPS in advance of any bookings being made or the travel undertaken where the partner/spouse’s costs are to be met by the University. Such approval would also need to be confirmed formally with the FOO (It is assumed that the Vice Chancellor would establish with the Chair of Council any arrangement to be accompanied by their own partner/spouse at the University's expense. The Chair of Council would confirm any such arrangement with the Chief Financial Officer.

Hospitality

254 The partner/spouse of members of staff may be required and invited to attend University functions and consequently receive free hospitality as an incidence of business entertaining. This will only occur where the partner/spouse is required to act as host/hostess on behalf of the employee concerned or where the event involves invited external visitors with their partner/spouse. This would need to be established in advance for each specific case. The decision that a partner/spouse is required to attend a function to act as host/hostess must be notified in advance to the Dean/HOPS.

255 The number of partners/spouses for whom a genuine role as host/hostesses exists at any individual event will be small and will depend on the nature of the occasion.
Tax Implications

256 No income tax or NIC liability will arise in respect of costs met by the University in circumstances where the partner/spouse has attended at the instigation of the University and in addition one or more of the following criteria are satisfied:

(a) The partner/spouse has a practical skill, e.g. as interpreter, that is relevant and is not otherwise available.

(b) The employee is in poor health and unable to travel alone.

257 Where no payment as such is made, e.g. because internal hospitality is received, if the additional cost incurred is significant because of the partner/spouse attending the function this will appear on the employee's form P11D or alternative schedule completed at the end of each financial year.
III Casual Employees

Introduction

301 The term casual employee refers to any individual undertaking short term, irregular employment with the University.

302 Those members of staff with responsibility for engaging casual employees should familiarise themselves with the requirements of the HMRC and DWP before making any payments to such persons. Further details are available from the FOO, who must be notified immediately a short term employee is engaged. Where the new employee does not provide form P45 from their previous employer, the "form P46" procedure, (declaration by the individual as to whether the University engagement is the only or main employment) must apply. In most cases, income tax at basic rate and NIC will be due initially and subject to review on receipt of the completed P46. Guidance should be sought from the FOO in cases of doubt but it is stressed that no 'casual employee' may be paid without the declaration of income tax and NIC unless a properly completed form P46 is held. No payment of any kind may be made except by the Payroll & Pensions Section of the Finance Department.

Vacation Students

303 Special PAYE rules apply to students on courses in the UK who are employed during normal holiday times. Income tax does not have to be deducted provided their circumstances qualify them to fill in form P38(S) but there may still be a NIC liability depending on the level of earnings. Members of staff should also familiarise themselves with the requirements of the HMRC and DWP before making any payments to vacation students. The P38(S) procedure cannot apply to students doing evening or part-time work outside normal holiday times or where work is performed both during and outside holiday times. Where the P38(S) procedure is not appropriate the normal PAYE rules apply.

Students from Abroad

304 Prior approval from the Human Resources Department must be obtained before an offer of employment is made. A wide range of principles need to be considered to establish the income tax and NIC status of an overseas student taking up an appointment with the University, when visiting the United Kingdom for the first time. This manual is not intended to address these principles but is designed to highlight the PAYE procedures the University is obliged to apply.

305 Those research fellows paid under an EC Mobility Contract will be subject to income tax and NIC, should complete a form P86 and forward it to the HMRC as detailed in paragraph 307.

306 The normal PAYE system applies to all students from the UK and overseas (apart from as indicated in paragraph 303). Where a student is visiting from abroad, in addition to the form P46 declaration, the student will be supplied
with HMRC form P86 which will be supplied by the Payroll & Pensions Section and when completed by the student should be sent to the local HMRC shown in paragraph 307. This will help speed up the process by which the HMRC can establish the correct personal taxation position for each student. In most cases income tax, using the code specified for emergency use and NIC will be due initially and subject to revision when HMRC communicate the result of their review to the University.

307 The completed form P86 should be sent to the HMRC quoting reference 663/U1 at the following address.

HMRC
8 Ogle Road
SOUTHAMPTON
Hampshire
SO14 7HX

Tel No: 0845 3021 400
IV  Pay, Allowances & Staff Benefits

General

401  The following are some of the common forms of pay and allowances paid to eligible employees through the payroll. These items are regarded as "pay" for income tax and NIC purposes and accordingly PAYE and NIC are operated on all payments. This list is not exhaustive and the University will deduct income tax and NIC from other pay or allowances if appropriate:

- Basic Pay
- Overtime
- Bonus Payments
- First Aid Allowance
- Allowances for Office Holders

Sick Leave and Pay

402  Members of staff who are absent through illness will be paid sick pay by the University and/or statutory sick pay, subject to the terms provided in their Staff Handbook. Such payments will be subject to normal income tax and NIC procedures.

Maternity Leave and Pay

403  Our maternity policy is intended to assist members of staff throughout their pregnancy. Full details are provided in the relevant handbook which explains the University's procedures for maternity leave and pay. Since the conditions relating to maternity arrangements are quite complex and involved, members of staff should feel free to consult the appropriate HR Officer.

Long Service Awards

404  The University may, at its discretion, present employees completing at least 20 years service with a memento of value within the limit laid down by the HMRC so that no income tax or NIC liability will arise. The gift will not take the form of cash or a voucher. At the discretion of the faculty concerned a small contribution to the cost of any presentation may be made as part of the award.

Medical Examinations

405  Where the University requires employees to undergo medical examinations, the University will make necessary arrangements with the medical practitioner and will pay the costs so incurred direct. Employees must not pay the practitioner and reclaim the cost via the expense claim system. The report prepared by the practitioner will remain the property of the University and will be forwarded directly to the appropriate University Officer. The University may, at its discretion, advise the individual of any facts revealed by the examination.
A medical examination may be required as follows:

(a) Pre-employment medical for staff;

(b) Occasional special needs cases where the University requires a report on the employee's fitness.

406 In none of these instances will any income tax or NIC liability arise.

Scholarship Income

407 Scholarship income is generally not taxable in the hands of the scholarship holders as long as the holder is receiving full-time educational instruction.

408 Special rules apply to sandwich courses where an employee is released from work to attend a course at the University, which in certain circumstances allow payments for time spent at the University to be considered non taxable and paid gross. Where required, further details are available from the FOO

Bursaries

409 Circumstances may arise when the University is the custodian of funds from an external company for the payment of bursaries to a person receiving full-time instruction. Such educational endowments are paid gross without deduction of income tax or NIC. Similarly bursary payments to exchange students, including foreign exchange students are paid gross.

410 Research initiatives may give rise to the payment of educational bursaries to students who have already gained a first degree and are working towards a higher degree. The bursary may be awarded by the University or arise beyond the University's authority, for example from Research Councils. In either case, such educational endowments, being scholarship income, are exempt from income tax and NIC and are paid gross.

Pension Scheme

411 Eligible employees may participate in one of the University's HMRC approved pension schemes including USS, PASNAS or NHSSS. Under the schemes the University makes contributions to provide pensions on retirement and death in service benefits for its members of staff. Under current HMRC rules, the University's contributions do not represent benefits liable to income tax or NIC. Any additional voluntary contributions made by the employee within prescribed limits are allowable as a deduction from his/her remuneration for tax purposes (and adjustments to pay may be made for PAYE purposes), but not for NIC purposes.
Staff employed in the United Kingdom who participate in one of the University's schemes are contracted out of the earnings related part of the State Pension Scheme and consequently pay a reduced rate of contributions. Other staff in the UK are not contracted out and normally pay the full rate of contributions, unless they have entered into personal pension arrangements which satisfy the necessary conditions.

Full details of the appropriate scheme together with the income tax and NIC implications are provided to employees on taking up employment in the relevant Staff Handbook. Members of staff should feel free to discuss their individual requirements with the Head of Payroll & Pensions in the Finance Department.

Publications

The University will make available to employees publications which, in the view of the Dean/HOPS concerned, are necessary for the performance of the employee's duties. Certain staff will be entitled to receive daily copies of the Financial Times and appropriate trade journals. Other employees should seek authority to claim trade journals appropriate to their duties. Where the University agrees to bear such costs, the University will arrange the supply of the publication. In no circumstances should the cost of publications be claimed via the personal expense claim system. No income tax or NIC liabilities will arise in respect of these publications.

Spectacles for DSE Operators and Other Safety Equipment

Where staff are required to operate DSE equipment in order to carry out their duties they should approach the University Safety Officer who will refer them to the Occupational Health Service for a specific eye test for DSE's. Should the test identify a problem they should then approach the University's recommended optician for an examination (Leightons Opticians, 68 The Avenue, Southampton). The University will reimburse the cost of the examination.

Where the optician certifies that a new or altered prescription for spectacles is required solely for DSE usage, employees should inform their budget holder who will consider paying (or making a contribution towards) the cost involved. Any contribution will be limited to a maximum of £55.

Where it is certified that existing bifocal lenses are unsuitable for DSE usage, the University will pay the initial cost of replacement lenses on the same basis as above.

The provision of other equipment or clothing required under the Health and Safety at Work Acts will only be authorised by the University Safety Officer.

No income tax or NIC liability will arise on these payments or services subject to compliance with 415–418.
Sports Facilities

420 All members of staff have access to the University's sports facilities. Information concerning the facilities of the University is available via the web, http://www.sportrec.soton.ac.uk/. No income tax or NIC liability arises from the availability of any of the facilities provided, which are available on a "pay as you play" basis.

Subscriptions - Membership subscriptions

421 Each Faculty will produce via the Dean a small list of professional and learned societies where there is a significant esteem (in terms of research assessments) or financial benefit to the University for membership. The list will be updated and confirmed annually by the Dean. The re-imbursement of membership fees for these societies will be an acceptable business expense of the University where approved by the Dean. For the avoidance of doubt, the society must be on the approved list and the specific membership should be approved by the Dean. The University will make no other re-imbursements of personal subscriptions. Where there is a business benefit in doing so, the University will reimburse an employee if the membership subscription is taken out in the name of the University.

Accommodation

422 In some cases, the duties of the employment require an employee to reside in University provided accommodation, for example, wardens, vice wardens and senior residents. In such cases, the University will pay the council tax and water rates where applicable but will not pay employees' liabilities in respect of their main residence. The University will also arrange and pay for electricity and gas supplies and structural maintenance. Internal decoration and furnishing will be the responsibility of the occupant.

423 No assessable benefit will arise in respect of the accommodation itself due to the representative nature of such occupations. Where the employee receives salary and benefits at a rate of £8,500 pa or more, they are potentially liable to income tax on payments by the University for electricity and gas supplies. Where the gas and electricity charges are recovered from staff members through an element included in rents no tax charge will arise, otherwise the individuals will be notified personally of the benefit in kind assessable upon them.

Catering Facilities

424 The University canteen/restaurant facilities are open to all staff.

425 Whenever the canteen/restaurant facilities are used for entertaining business contacts from other organisations, companies etc. the staff member must ensure that the name of the visitor and the organisation which they represent is recorded on the internal charging voucher, as indicated at paragraph 220.
No income tax or NIC liabilities arise to employees in respect of these facilities.

University Cars.

In view of the nature of their duties, certain staff are provided with University cars for business use. In such cases private use will also be permitted. Details of the terms under which University cars are provided to employees have been notified separately to those eligible. The provision of a car for private use will be reported to the HMRC and the member of staff will be taxed on the benefit arising by reference to a scale charge which is determined annually by the HMRC. Members of staff should note that:

Except as provided otherwise, members of staff must claim no more than the cost of business journeys and it is essential that employees claiming business mileage costs familiarise themselves with what constitutes business travel (see paragraph 204). The University will not meet the cost of fuel for non-business purposes.

Employees using University cars should make claims for fuel, lubricants, servicing and maintenance, parking and toll charges in accordance with the rules in the "Expense Reimbursement Procedure" section above. Under no circumstances will speeding or parking fines be reimbursed to, or met on behalf of employees.

No NIC liability arises for the individual member of staff in respect of the benefit of the use of a University car.

An NIC liability does arise for the University in respect of the provision of a University car available for private use and this will be paid to the DSS in June each year. To ensure the correct calculation of the NIC charge the rules for claiming for the cost of business mileage set out in paragraph 204 must be followed.

Car Parking

Car parks are available to staff at a number of locations within the University. If you wish to take advantage of the facility, you will be required to comply with any local regulations concerning usage and security which will include the display of a permit. The current cost of the permit for all car parks is in accordance to individual salary levels. Please refer to http://www.soton.ac.uk/estates/services/carparking.

Employees should be aware that while parking costs incurred in the course of travelling away from home and the normal place of work may be claimed via the expenses system, the costs of parking at the normal place of work may not be so claimed.

No income tax or NIC liability will arise from the provision of this benefit.
V  Relocation Scheme

Scope

501 Certain expenses may be paid to employees who are required by the University to move to a closer location on taking up an appointment where their existing home is not within reasonable daily travelling distance of their new place of work. Please refer to the Relocation Scheme Policy, http://www.soton.ac.uk/hr/managing/recruiting/relocation.shtml This chapter will only apply where a permanent change of residence takes place, should this not be the case the tax treatment of any payments received should be discussed with the Finance Department.

Valuations, Legal and Other Property Fees

502 The University will meet all reasonable expenses under this heading.

(a) Private survey fees including the costs of additional tests of the electrical wiring, heating installation and drains.

(b) The cost of an independent valuation, if specifically requested by the University for any purpose, of the house which the applicant is endeavouring to sell.

(c) Legal costs relating to the purchase, or in the case of rented accommodation, the fees incurred in surrendering or drawing up a lease.

(d) Estate agents' commission; the terms of this should be negotiated with the appointed estate agent, at the outset, by the staff member concerned who should endeavour to obtain the best terms available, consistent with good service. Many agents offer a reduced ad valorem fee but charge in addition for press advertising and this aspect should be covered by the agreement.

Details of the terms negotiated should be notified to the HR Department so that the ensuing accounts may be checked and paid without further correspondence.

(e) The costs of hiring a vehicle (suitable for moving the employee's possessions) and related expenses if the removal is carried out by the member of staff. In order to ensure that a tax charge will not arise the proposed expenses should be confirmed with the HR Department.

(f) Stamp duty.

(g) Land registration fees.

(h) National House Building Council inspection fees, certificate charge and the premium for top up cover against inflation.
(i) The removal contractors' costs for moving furniture and/or personal effects.

(j) Cost of temporary warehousing.

(k) Cost of insurance of household furniture and effects while in transport or in store provided this is not covered by the employee's existing insurances.

503 Reimbursement

(a) The purchase of such a house or flat must be as a consequence of taking up the appointment and the claim must normally be submitted within 12 months of taking up the post and certainly by the end of the tax year following that in which the post was taken up, otherwise this will be rejected by HMRC and the costs will be subject to tax.

(b) The University will consider the reimbursement of removal expenses for staff taking up full time temporary appointments..

(c) In the case of staff taking up appointments from abroad, a claim will be considered subject to a maximum payment for

   (i) Single tourist-class fares for the member of staff and their family, and

   (ii) Partial reimbursement of the actual cost (including insurance but excluding storage other than in connection with loading and unloading from ships). The precise contribution to be made by the University is a matter for discussion in the light of the circumstances in each case.

It will be necessary for the claimant to produce original receipts of the charges incurred in support of this claim. The tax treatment of international relocations is more complex and individual guidance on the taxation consequences should be sought from the HR Department in the first instance.

504 Relocation expenses will be subject to the normal expense claim and authorisation procedures except as otherwise indicated by the above.

505 Bridging Loans

(a) The purpose of these loans is to enable permanent full-time members of Academic and Academic Related staff moving into the area to take up a new appointment to purchase a property while trying to sell their own.

(b) Participation on this scheme is open only to members of the permanent Academic Staff, Library, Administrative Staff and other staff of equivalent status. Research Fellows and Research Assistants are not eligible for participation in this scheme.

(c) The property to be purchased must be for personal occupation by the member of staff.
The loan available will be assessed by Chief Financial Officer. The maximum loan will be based on 95% of the estimated sale price of the existing property. The loan will be advanced to the University's solicitor in two stages. The first stage for the deposit when the contract for the new property is ready to be exchanged and the balance when requested by the University's solicitor. As much notice as possible should be given to the University's solicitor as to when the monies will be required.

The loan will be subject to interest at Lloyds TSB Base Rate (if this is below 10%) then remaining at 10% if base rates are between 10% and 14%, and thereafter at 4% below base rate on the day the first advance is made on the loan for a maximum period of six months, the interest being payable when the loan is repaid. In exceptional circumstances a further extension of the loan may be granted and for this extended period the rate of interest charged on the loan will be the Lloyds TSB Bank Rate plus 1% applying at the 1st of each month. This interest will be calculated and deducted monthly from the salary of the member of staff. (NOTE: The University will reserve the right to vary the rate of interest to be charged in the light of general interest rates prevailing at the time when any particular loan is continued for an extended period.)

The overall maximum sum to be advanced by the University under this scheme will be limited to £750,000.

An unqualified undertaking will be obtained by the University's solicitor from the solicitor acting for the staff member that the loan will be used, first in paying a deposit on the purchase of a new property; secondly in redeeming the existing mortgage; and thirdly (if required) in making up the total money to complete the purchase of the new property. The Undertaking will also provide that the proceeds of the sale of the existing property will be used to pay off the loan.

The University will call for such security for the loan as advised by its solicitor.

The member of staff will be responsible for paying the University's solicitor's charges and all other costs associated with the loan.

Enquiries relating to the possible use of this scheme should be made to the Personal Assistant to the Chief Financial Officer on Extension 24715 who will inform the applicant of the maximum bridging loan which can be made and will also inform the University's solicitors of the amount.

Requests for monies in respect of the bridging loan should be made by the applicant's solicitors to the University's solicitors.

It should be stressed that bridging loan facilities are purely to assist new members of staff if there are time lags between the purchase of a property in Southampton and the sale of their own property. Evidence will be required that a bona fide sale of the existing property is being pursued, and an undertaking required to this effect.
Provided the aggregate cost, including VAT, of the assistance given under paragraphs 501, 502, 503, 504 & 505 does not exceed £8,000 no income tax or NIC will be payable. The cost, for income tax purposes of any bridging loan provided under paragraph 505 will be determined through a comparison of the interest charged by the University with that chargeable using the HMRC's 'official rate'. The method of calculating any benefit in kind and the date from which it will be taxable is outside the scope of this manual and members of staff should seek independent financial advice. Should the cost of assistance under these paragraphs exceed £8,000 the excess will be declared on the individuals form P11D and taxed.

Any other allowances paid under this chapter will be liable to both income tax and NIC.
VI Self-employed Individuals

601 The term "self-employed individuals" can be used to cover any individual providing services to the University, not under a contract of employment with the University. This may include, for example, consultants, freelancers, and any individuals entitled to claim that their services are supplied by another company, partnership or sole trader business, and so on. Before engaging any self-employed individual to perform services for the University the procedures in the next paragraph should be followed.

602 Full details of the proposed terms of engagement should be notified to the FOO in writing and authority sought that the individual may be paid without deduction of income tax and NIC. No payment should be made until such authority is received unless the FOO have already given approval for other individuals engaged on identical terms and in similar circumstances. Where this is the case, the FOO should merely be informed of the name and address of the individual, the proposed duration of the agreement, the nature of the services being provided and the amount to be paid. An annual return of the amounts paid will be required. If there is any change in the circumstances from those in respect of which approval has been given, such changes should be notified to the FOO for approval.

Payment of work undertaken will be paid on receipt of an invoice only. Submission on a requisition for payment form will be returned to the Faculty/PS.

All student lecturing undertaken at the University is subject to income tax and NIC. The payment MUST be processed via the Fees and Casual Payroll in the Finance Department. The fees payment requisition form is available from the website, at http://www.soton.ac.uk/finance/payandpensions/forms.html Finance, Pay and Pensions. Expenses incurred for home to work travel or subsistence should also be included on this form.

If claiming for a Public Lecture or Workshop the fees payment requisition form must be used. Although income tax and NIC will NOT be deducted the University is under instruction from the HMRC that such claims must be recorded in the Payroll & Pensions Section.

603 Where a self-employed individual is registered for VAT and VAT is chargeable on the services performed, VAT invoices must be obtained in respect of payments made by the University.
APPENDIX 1

EMPLOYEES DESIGNATED FOR EMERGENCY CALL OUT

(list not available)

APPENDIX 2

MILEAGE RATES current at 1 January 2009

<table>
<thead>
<tr>
<th>Size of Engine</th>
<th>First 50 Business Miles</th>
<th>Thereafter pence per mile</th>
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<tbody>
<tr>
<td></td>
<td>Of a round trip regardless of time of day.</td>
<td></td>
</tr>
<tr>
<td>Up to 1000cc</td>
<td>40.0 pence</td>
<td>23.0</td>
</tr>
<tr>
<td>1001-1500cc</td>
<td>40.0 pence</td>
<td>23.0</td>
</tr>
<tr>
<td>1501 and above</td>
<td>40.0 pence</td>
<td>23.0</td>
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</table>

Public Transport Rate = 23p per mile.
Motor Cycle Allowance = 15p per mile.
Cycle Allowance = 10p per mile

APPENDIX 3

Per diem rates for overseas travel to be deducted if included in the hotel bill.

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<table>
<thead>
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<tbody>
<tr>
<td>Breakfast</td>
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<tr>
<td>Lunch</td>
<td>£9.00</td>
</tr>
<tr>
<td>Dinner</td>
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