



Expenses Policy

Document Type	Policy
Document owner	Andrew Dyer, Finance Director
Approved by	Management Board
Approval date	October 2020
Review date	October 2021
Version	1.1
Amendments	This policy replaces the 'Expenses and Benefits Manual 2016'. This version 1.1 incorporates Management Board feedback on budget holder approvals; consideration of research funder terms; private travel vis health concerns
Related Policies & Procedures	Procurement Policy; Credit Card Policy; Travel Policy. All available on the Regulatory Documents page

1. SCOPE

- 1.1 This policy applies to all staff and all LSHTM activities, regardless of the type and source of funding.
- 1.2 The policy does not apply to self-employed persons or non-LSHTM staff seeking reimbursement.

2. PURPOSE AND OVERVIEW

- 2.1 The policy does not apply to self-employed persons or non-LSHTM staff seeking reimbursement.
- 2.2 This policy has been prepared in accordance with H. M. Revenue & Customs (HMRC) Income Tax and National Insurance Contributions (NIC) Regulations and to comply with taxation legislation under HMRC Income Tax (Earnings and Pensions) Act 2003 [ITEPA 2003], the Bribery Act (2010) and the Public Contracts Regulations (PCR 2015).
- 2.3 Provided expenses claims are completed strictly in accordance with the terms of this policy, unless otherwise stated, no additional tax or NIC liability will arise to the member of staff or to LSHTM and staff need not report details in their tax returns.
- 2.4 It is expected that when incurring expenditure on LSHTM activities, the normal routes to do so will be
- 2.4.1 Raise a Purchase Order (PO) to a recognised and approved supplier. Further details can be found in the [Procurement Policy](#);



- 2.4.2 If a PO is not possible, then expenditure may be incurred on an LSHTM credit card. These should be for low-value and irregular type items. Further details can be found in the [Credit Card Policy](#);
- 2.4.3 Where neither a PO or use of a credit card are suitable, staff may incur the expenditure personally and seek reimbursement in line with the terms of this policy.
- 2.5 Before any expenditure is committed or incurred, staff must first identify an appropriate cost centre, ensure that the associated budget is adequate to cover the costs and whether an approved supplier can provide the services.

3. ELIGIBLE EXPENDITURE TYPES

3.1 Not all expenses are eligible to be reimbursed. The following are ineligible:

- 3.1.1 Any items for personal and non-LSHTM business use;
- 3.1.2 Parking and speeding fines;
- 3.1.3 Congestion charges;
- 3.1.4 First class travel (see 4.4 below for exceptions);
- 3.1.5 Private travel (see 4.8 for more information);
- 3.1.6 Business travel covered by a season ticket (see 4.7 for more information).

3.2 For grant funded activities, staff should check and confirm with the Research Operations Office any specific funder ineligibility conditions, prior to incurring expenditure.

3.3 There are also a number of expenditure types where LSHTM has specific requirements and these should not be personally incurred and reclaimed. These are set out in the table below.

TYPE	PREFERRED METHOD OF INCURRING EXPENSE	PRE-APPROVAL REQUIRED	FURTHER DETAILS
Airline Flights	PO booking via approved Travel Supplier*	YES - iTravel	Section 4.4
Hotel Accommodation	PO booking via approved Travel Supplier*	YES - iTravel/Line Manager	Section 4.9
Private cars	LSHTM does not encourage the use of private cars for travel	Head of Department	Section 4.5
Relocation Expenses	Through Payroll	HR Director	Section 5.17
Computer equipment	PO purchase via approved Supplier*	YES – Line Manager	Section 5.10

* Please see the [Procurement Team Sharepoint](#) for details of approved suppliers



3.4 A list of common eligible expenditure types, the preferred method of incurring these and approval conditions is given in the table below. For grant funded activities, where the line manager and budget holder are different, the budget holder's pre-approval should be sought.

TYPE	PREFERRED METHOD OF INCURRING EXPENSE	PRE-APPROVAL REQUIRED	FURTHER DETAILS
Business Entertainment	LSHTM Credit card or Staff Expenses Claim	YES – Line Manager	Section 5.1
Courses, Conferences and Training	Where possible PO direct with the provider for payment by invoice. Alternatively, LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.6
Discounted Fees for LSHTM Courses	Internal transfer	YES – Line Manager	Section 5.7
Telephone Costs	LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.11
Hotel Accommodation	PO booking via approved Travel Supplier*	YES - iTravel/Line Manager	Section 4.9
Medical Examinations	Where possible PO direct with the provider for payment by invoice. Alternatively, LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.14
Out of pocket Expenses (eg. Tube)	Staff Expenses claim	YES – Line Manager	Section 5.12
Professional Subscriptions	Where possible PO direct with the provider for payment by invoice. Alternatively, LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.8
Retreats	Where possible PO direct with the provider for payment by invoice. Alternatively, LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.3
Publications	Where possible PO direct with the provider for payment by invoice. Alternatively, LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.9



Spectacles for VDU Operators	Staff Expenses claim	YES – Line Manager	Section 5.15
Staff Entertainment - Annual Events	Where possible PO direct with the provider for payment by invoice. Alternatively, LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.4
Staff Entertainment - Other	Where possible PO direct with the provider for payment by invoice. Alternatively, LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.5
Staff Meetings	Where possible PO direct with the provider for payment by invoice. Alternatively, LSHTM credit card or Staff Expenses claim	YES – Line Manager	Section 5.2
Subsistence	Staff Expenses claim	YES – Line manager	Section 4.9
Train Tickets	PO booking via approved Travel Supplier*	YES – Line Manager	Section 4.4

* Please see the [Procurement Team Sharepoint](#) for details of approved suppliers

4. TRAVEL AND SUBSISTENCE

4.1 The Travel Policy [insert link once finalised] sets out the key principles and approach to travelling on LSHTM business. Wherever possible, staff should investigate the practicality of using teleconferencing facilities to avoid the need for travel and where travel is required, consider lower environmental impact modes such as rail where practicable.

4.2 Where travel is deemed necessary, the following conditions apply.

4.3 Some funders require specific travel methods and providers to be used e.g. airline carriers for US federal funded research. Please check for any such requirements with the Research Operations Office prior to making a travel booking.

4.4 Class and method of travel

4.4.1 Staff must travel by standard class rail in the UK, or its equivalent overseas, and by economy class when flying, with the following exceptions:

4.4.2 Subject to approval by the Director, members of the Senior Leadership Team and external members of Council may travel by first class rail or business class air travel.



- 4.4.3 Provided there are sufficient funds available and approval has been given from the Chief Operating Officer any member of staff may choose to travel by business class air if:
- 4.4.3.1 The flight lasts more than 8 hours; or
 - 4.4.3.2 There is a medical reason (including disability), properly authenticated; or
 - 4.4.3.3 The cost is met directly by a third party (full details will need to be supplied).
- 4.4.4 First class travel may only be used if there is no business class or equivalent and the length of the journey complies with the above requirement.
- 4.4.5 Staff may not specify a particular airline or route, in order to maximise air miles or other loyalty points for personal use.
- 4.4.6 Travel round London should be by train, tube or bus, but taxi fares may be claimed if there is no practical, cost-effective alternative.

4.5 Use of private cars

- 4.5.1 LSHTM does not encourage the use of private cars for travel on LSHTM business. Private cars may only be used on LSHTM business with the prior agreement of the Head of Department and only where public transport has been demonstrated to be neither practical nor cost-effective or if the member of staff is required to use a car because they are prevented by disability or other health issues from using public transport.
- 4.5.2 Staff must also confirm to the Head of Department that their motor insurance policy permits use “for the business of the policy-holder or the policyholder’s employer”.
- 4.5.3 Reimbursement will be at the HMRC rates in force when the expenditure is incurred. Staff are responsible for keeping a record of annual mileage claimed to ensure that the correct rate is charged. All mileage claims must include the date of travel, car registration details, journey start and end locations, including postcodes.
- 4.5.4 The current approved mileage rates are:

	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p

- 4.5.5 Where a staff member has an option to travel by car or train, the most practicable option should be chosen, considering both cost-effective and environmental impact.

4.6 Use of the LSHTM van

- 4.6.1 Use of the LSHTM van purely for private purposes is prohibited. All drivers must sign the conditions of use of the LSHTM van (maintained by the Estates Help Desk) and supply a copy of their driving licence before driving the van for the first time).



4.7 Reimbursement for business travel covered by season tickets

4.7.1 LSHTM will not reimburse staff for the portion of a journey which is otherwise business travel if the journey is part of their normal commuting journey and the member of staff has not incurred any additional expense, e.g. if the cost of the journey or part of a journey is covered by a season ticket. Only additional expenditure is eligible for reimbursement.

4.8 Private travel

4.8.1 LSHTM will not meet the cost of private travel or holidays, but it is acceptable to add a holiday onto a trip primarily undertaken for LSHTM business purposes. Costs of accompanying partners and/or family must be deducted from claims, and costs apportioned between business and pleasure before claiming business costs. LSHTM's travel insurance can be used for such holidays, provided the main purpose of the travel is business and the Finance Department has confirmed that such use will be acceptable. The cost of insurance for accompanying partners must be reimbursed to LSHTM.

4.9 Subsistence and hotel accommodation

4.9.1 Employees who are required to travel in the course of their work are entitled to claim the additional cost of meals taken for the whole duration of period away on LSHTM business.

4.9.2 Employees may claim the actual, reasonable costs of food and drink supported by receipts. Wherever possible, receipts must show clearly what the payment is for, the amount, and the date the expense was incurred.

4.9.3 Where staff are working overseas for less than three continuous months, they should claim for actual reasonable expenses incurred, unless the conditions of the grant specify a per diem rate. If per diem rates are specified in the research contract, staff should check with the Head of Payroll, Pensions & PAYE Compliance to ensure that the rate is acceptable under UK tax. The use of per diem rates used on research grants must also be agreed with the Research Operations Office. Per diem rates will not normally be agreed for travel to western Europe or North America. Even if per diem rates have been agreed, receipts must still be provided for accommodation costs.

4.9.4 Where staff are required to work continuously overseas for more than 3 months, the Conditions of Service for Overseas Staff will apply. Each assignment will be different and it is not possible to summarise the treatment of the various levels of allowances that might be paid. Staff, who expect to be going overseas for 3 months or more, must contact the Human Resources and Payroll & Pensions Offices to discuss the assistance they are to receive and its treatment for income tax & NIC purposes.

4.9.5 HMRC issue [guidance on expenses rates for employees travelling outside of the UK](#). These rates are country specific and should be used as a guide to the maximum reasonable amount claimable.

4.9.6 Employees will not normally be reimbursed for the cost of meals taken within five miles of their normal place of work, or if the absence is for less than five hours unless they fall within the definition of business entertainment (See *Section 5.1*).



- 4.9.7 Staff travelling on business should obtain accommodation in a reasonable quality hotel and book this through one of LSHTM's approved travel providers.
- 4.9.8 Reimbursement will be made only for the cost of an evening meal, breakfast and one reasonable private telephone call or email equivalent per night. Where meals are not taken in the hotel, separate restaurant receipts should be obtained.
- 4.9.9 Staff should note that items of a personal nature, such as mini-bar drinks or video hire will not be reimbursed by LSHTM. Where these items are included in a bill, which is settled direct by the employee, the costs should be deducted by the claimant prior to the submission of a claim for reimbursement. Where the bill is paid by LSHTM direct (as on certain overseas bookings) the cost of prepaid items will be covered and the other costs incurred should normally be settled by the employee on checking out.
- 4.9.10 When a staff member spends a night away from home whilst on business, he/she may choose to stay with a friend or relative instead of staying in a hotel and may claim the cost of the evening meal for themselves and the host(s).

5. OTHER EXPENSES

5.1 Business entertainment

- 5.1.1 The definition of business entertainment is events or meals hosted and paid for by LSHTM, where the primary purpose is to provide hospitality to visiting research collaborators, external examiners, external suppliers, prospective or current students, alumni, distinguished visitors, potential donors or any other non-staff individuals or organisations.
- 5.1.2 Such entertainment expenditure must be incurred **wholly, necessarily, and exclusively** for LSHTM purposes, not just in the UK but in any country in which the expenditure takes place.
- 5.1.3 The entertainment must also be an appropriate use of LSHTM money. In particular it must be occasional and not regular and must be modest in value.
- 5.1.4 The nature or location of the entertainment must not conflict with the LSHTM's policies on discrimination or the School's charitable status, mission and values.
- 5.1.5 It must not create, or appear to create, any reciprocal obligation on the part of the individual or organisation being entertained.
- 5.1.6 All expense claims for business entertainment which complies with these conditions must be supported by appropriate invoices and receipts and be authorised by the relevant authorised budget holder.
- 5.1.7 Events held for students (e.g. welcome or farewell events for MSc students or short course participants) fall within the rules for business entertainment provided the majority of participants at such events are students. This also applies to any entertainment provided to short course participants during their course.



5.2 Staff meetings

- 5.2.1 LSHTM provides subsidised catering facilities for all staff. Where refreshments (tea, coffee, biscuits etc but not sandwiches) are provided by LSHTM during a meeting with a member of any external organisation(s) present, the person requesting the facility should keep a record of the purpose of the meeting, together with a copy of the agenda or notes/action points, including the name of the person calling the meeting, external visitor(s) and LSHTM staff present.
- 5.2.2 Meetings which involve only LSHTM staff (e.g. Faculty or Department meetings) must be structured, i.e. with a written agenda and/or brief minutes or action notes. These should be kept for two years as an HMRC tax inspector could ask to see them.
- 5.2.3 Working lunches must comply with the following rules in order to be exempt from an additional tax charge:
- 5.2.3.1 the lunch is an integral part of the meeting;
- 5.2.3.2 such meetings do not take place frequently;
- 5.2.3.3 full details of the purpose of the meeting, the name of the person calling the meeting and, a list of attendees are given on the reverse side of the claim;
- 5.2.3.4 there is an agenda for the meeting, minutes are kept or there is some other such record of the business discussed.
- 5.2.4 These conditions are particularly important where there has been the occasional use of external caterers to provide refreshments.
- 5.2.5 Failure to provide this information will result in the Faculty or Research Grant incurring a charge to income tax and National Insurance for the whole cost.
- 5.2.6 Where a staff meeting has concluded and the attendees have lunch immediately afterwards, the lunch is classed as staff entertainment.

5.3 Retreats

- 5.3.1 The purpose of the event must be work related and time must be substantially spent on work related activities. The event must be structured with a written agenda/timetable which is retained for a minimum of two years. Food and accommodation must be modest.

5.4 Staff entertainment – annual events (e.g. Christmas parties)

- 5.4.1 Events held at an external venue or involving external catering, must comply with HMRC conditions for “certain qualifying annual events” in order for any subsidy by LSHTM to qualify as non-taxable. Any such events must take place on an annual basis and must be open to all staff. With regard to the latter condition, HMRC state that “if your workforce is organised into separate departments, then separate parties held for each department can also qualify for the exemption – as long as each of your employees will be entitled to attend one of the events.” It is assumed that all staff at LSHTM have the opportunity to attend one such annual externally catered event which is subsidised by LSHTM.



5.5 Staff entertainment – other

- 5.5.1 Any charge to an LSHTM account for events which involve external catering or external venues and which are restricted to a particular group or category of staff or do not take place annually will be treated as Taxable entertaining and will be subject to the grossed up higher rate of tax. This applies whether the cost is charged directly or claimed via staff expenses.
- 5.5.2 Provided that the catering is via the LSHTM catering service and that the provision of food and alcohol is modest, leaving parties and other similar events will be treated as Non-taxable entertaining and will not attract tax. Expense claims or requisitions must be signed by the Head of Faculty or Department.

5.6 Courses, conferences and training

- 5.6.1 LSHTM organises training courses in-house and the costs of these courses are borne by LSHTM but at times staff may need to attend courses and conferences in order to perform their duties effectively. No liability to income tax or NIC will arise in respect of attendance at such courses if the expenses claim is supported by a copy of the agenda/content for the course, conference or training.
- 5.6.2 Additionally, at its discretion, LSHTM may bear the cost of external training/studies. LSHTM may agree to meet the cost of courses where the training leads to the acquisition of knowledge or skills which are necessary for the duties of the employment or directly related to increasing effectiveness in the performance of the employee's present or prospective duties in the employment. Any such courses or training must be approved in advance by the staff member's Head of Department whose budget will have to meet the cost. In cases when the course or training is to be charged to the Staff Development Budget, approval by the HR Director will be required.

5.7 Discounted fees for LSHTM educational programmes

- 5.7.1 Where staff enrol on an educational programme organised by LSHTM and are eligible for a discount on the normal fee, the Head of Registry Services should already have confirmed that the discount will not give rise to an income tax liability. Where the discount will give rise to a tax liability an entry will be made on the individual's form P11D.

5.8 Professional subscriptions

- 5.8.1 LSHTM will pay for certain personal annual subscriptions to external professional bodies which are a necessary requirement of the job. The professional bodies must be recognised by HMRC's and must appear on [List 3](#). Where the subscription relates to an employee's duties within LSHTM, the employee may alternatively be able to obtain tax relief on the subscription paid in each tax year by applying direct to HMRC or incorporating the amounts in their tax return.
- 5.8.2 Other subscriptions to professional bodies, which are work related, should be taken out as corporate subscriptions and not as individual subscriptions, wherever possible. If a professional body does not appear on [List 3](#), LSHTM will consider meeting the cost, if the subscription is necessary to obtain access to a conference, website or academic papers which are essential for the work of LSHTM.



5.9 Publications

5.9.1 LSHTM will make available to staff publications which, in the view of the person authorising invoices, are necessarily used in the performance of the employee's duties. Publications must be sent to the individual's work address. Where it is deemed necessary for the publication to be sent to an employee's home address, the publication should be made available to all staff in the same working area. All subscriptions to academic and other journals should be paid through the Accounts Payable team on production of an invoice. Subscriptions claimed on the Expenses Claim Form will only be reimbursed if delivery is to an LSHTM address. No income tax or NIC liabilities will arise from publications provided in this manner.

5.10 Computer equipment

5.10.1 All purchases should be made through the Procurement Team strictly adhering to ITS guidelines on the purchase of new equipment. This extends to the purchasing of computer accessories, e.g. cables and also to computer repairs. Only in exceptional circumstances should any computer equipment be purchased and reclaimed on an expenses claim, which will require Head of Department approval. Reasons for the claim must be supplied and the claim must also be supported by receipts, without which it may be declined.

5.11 Telephone costs

- 5.11.1 Employees who are required to make business calls using their home telephone may reclaim these costs. LSHTM will not normally bear the cost of any part of the rental of a home telephone nor of any private calls.
- 5.11.2 Precise details of business calls on an itemised telephone bill need to be submitted with each claim. LSHTM will make periodic checks to verify the business costs and employees should keep adequate details to enable a check on the accuracy of their claims to be made.
- 5.11.3 If it is agreed that a mobile phone is necessary for a member of staff to carry out their duties, permission must be given by the Dean of Faculty or Chief Operating Officer for LSHTM to establish the facility. In order to avoid incurring a tax liability, the account must be in the name of LSHTM.

5.12 Out of pocket expenses

5.12.1 LSHTM will meet the cost of reasonable out of pocket business expenses for which it is not normally possible to obtain receipts. Examples of such expenses are parking meters (but not fines), taxis, tube and bus fares and telephone calls from public call boxes. Claims must be limited to the actual amount of expense incurred and not claimed as a round sum allowance. All items claimed should be itemised and described as fully as possible on the claim.

5.13 Uniforms

5.13.1 LSHTM will only issue uniforms where a specific operational need exists. This may be due to health and safety needs or alternatively where the staff will have a direct contact with the public and need to present a suitable image. Uniforms must not be worn for non-LSHTM activities. No tax or NIC liability arises in respect of clothing provided or costs incurred in line with the above.



5.14 **Medical examinations and vaccinations**

- 5.14.1 Where LSHTM requires you to undergo routine medical health checks, medical screening, and vaccinations required before business travel, LSHTM will make the necessary arrangements with the medical practitioner and will pay direct the costs incurred. You must not pay the practitioner and reclaim the costs via the expense claim procedure. All medical reports will be supplied direct to LSHTM.
- 5.14.2 With the exception of those staff covered under LSHTM's private medical insurance scheme, LSHTM will not pay for medical treatment and diagnosis.

5.15 **Spectacles for VDU operators**

- 5.15.1 If you are required to operate VDU equipment in order to carry out your duties, you will receive training under the terms described in the Staff Handbook. Where for these purposes you undergo an examination by an optician, LSHTM will reimburse the cost of the examination.
- 5.15.2 In addition, where an optician certifies that a new or alteration prescription for spectacles is required solely for VDU usage, LSHTM will bear the costs of basic special glasses insofar as the cost relates only to the requirements for VDU usage.

5.16 **Loans**

- 5.16.1 Any loans made by LSHTM must be authorised by the Chief Operating Officer or another officer nominated by the COO. Where the aggregate of all loans outstanding during a tax year exceed £10,000, including Season Ticket Loan, the Finance Director must be notified. In such cases details of the loans will be reported on the individual's form P11D.

5.17 **Relocation expenses**

- 5.17.1 The HR Director must approve all expenses claimed in respect of a relocation authorised by LSHTM. Once approved, the Payroll & Pensions Team will review the claim for assessment of tax and NI liability prior to reimbursement.
- 5.17.2 For more details on Relocation please contact your HR Business Partner.

6. CLAIM PROCEDURE

- 6.1 Claims for reimbursement will normally be made on LSHTM's Staff Expenses Claim Form via [Servicedesk](#).
- 6.2 Once approved and processed, reimbursement will be made directly to the bank account provided by the staff member on the claim form. Reimbursement in cash is prohibited.



7. CONTACTS

7.1 Further information and advice on this policy can be obtained from members of the [Finance](#) and [Procurement](#) teams.