

For consideration and noting

Solent University

To: Remuneration Committee

Meeting Date:
08/06/21

Agenda item:
08

Paper Ref:
21/VC/04

Presented by: Andrea Thompson, Deputy Vice-Chancellor (Resources)

Written by: Gemma Baker, Head of P&D (Schools and Strategy)

This paper provides the Remuneration Annual report in line with Committee of University Chairs (CUC).

ANNUAL REPORT TO COMMITTEE

The Committee is asked to:

1. Note the information below.

Resources and Value for Money

2. N/A

Risk Implications

3. Risks associated with the remuneration and severance arrangements are identified as part of the people and development risk register.

Background

Introduction

4. The Terms of Reference (ToR) and Decision-Making Framework are attached for reference as Annexes 1,2 and 3.
5. Over the last 12 months the membership of the committee has been as is detailed below:

Professor Ruth Farwell, CBE DL, Independent Governor and Chair of Remuneration Committee

James Rimmer, Independent Governor - Audit Chair

Stephen Bolton, Independent Governor - Deputy Chair and Resources Chair

Georgina Corbett, External Co-opted Member

The Committee has met on two occasions during 20/21 on 25 November 2020 and 8 June 2021. An outline of the business conducted, including attendance are provided in the two tables below:

For consideration and noting

Committee business dealt with during 20/21:

	Senior Post Holders Terms and Conditions	Managers (and Staff)	Severance Arrangements And Cost
Meeting 25.11.20	<p>Presentation: Pensions Strategy</p> <p>Oral report by Chair of Board: - - Vice-Chancellor's remuneration</p> <p>Paper 20/RM/13 Proposal - Terms of Reference - split into VC & SLT RemCos</p>	Paper 20/RM/11 - People & Development Report	Paper 20/RM/12 - Severance report
By email 31.01.21	<p>Proposal - Remuneration of Senior Post-holder Eran Kochlany, CFO</p>		
By email 25.03.21	20/21 Objectives of VC		
Meeting 08.06.21 SLT	<p>21/SL/01 ToR and Framework</p> <p>21/SL/02 External policy and context</p> <p>21/SL/03 VCG</p>	Not applicable from 2021. Moved to Resources Committee.	Not applicable from 2021. Moved to Resources Committee.
Meeting 08.06.21 VC	<p>21/VC/01 ToR and Framework</p> <p>21/VC/02 External policy and context</p> <p>21/VC/03 CUC's VC Remuneration Survey</p> <p>21/VC/04 Annual Remuneration Report</p>	Not applicable from 2021. Moved to Resources Committee.	Not applicable from 2021. Moved to Resources Committee.

Remuneration Committee members' attendance record 20/21:

Name	Sector	Mtg date 25.11.20	Mtg date 08.06.21
P Cotton	Finance & Audit	Y	Y
R Farwell	HE & Charitable	Y	Y
G Corbett	HR & Remuneration	Y	Y
S Bolton	Finance & Business Mgmt	NA	Y
J Rimmer	Finance and Health	NA	Y
Number of Cttee Vacancies		1	0

Approach to Remuneration

6. It is recognised that the University is operating, as are all HEIs in a competitive environment and market. This environment has become increasingly challenging over the last 12-months given the financial challenges linked to the global pandemic. This committee and the framework it operates within are designed to ensure that the reward of the University's most senior staff is fair, equitable and responsive in this highly competitive market and are in the context of the CUC HE Senior Staff Remuneration Code (June 2018) and the CUC HE Code of Governance October (2020).
7. For the majority of staff at the University fair and equitable salaries are regulated by the use of job evaluation via Higher Education Role Analysis (HERA), UCEA for national pay awards and via the provision of 4 pension schemes based on contract type, Teachers' Pensions, USS (in limited circumstances), Aviva and Local Government Pension Scheme. Senior leadership Team salaries are based on reference to the annual UCEA Senior Staff Remuneration Survey findings and use the median for comparator Universities +/- 5%.
8. For all staff consideration where appropriate is given to the market via the Market Supplement Policy, file:///C:/Users/baker_g/Downloads/market-supplement-policy.pdf .
9. All members of the Senior Leadership Team as detailed in the attached ToR are eligible for a Performance Related Bonus (PRP) of up to 5% of their annual salary, normally payable in September of each year. The percentage is based on the performance of the previous year as assessed by Performance Development Review (PDR) and as reviewed and agreed by the Vice-Chancellor. As in 19/20, due to the current financial position, there will be no PRP bonus payments for 20/21.
10. The 2020 VC salary versus median salary of all other employees is 6.0 for basic pay and 5.4 for total remuneration. This is lower than in 2019 when it was 6.7 for basic pay and 7.3 for total remuneration and in 2018 when it was 6.3 for basic pay and 6.8 for total remuneration.

For consideration and noting

Institutional performance

11. Performance Related Pay is based on performance against PDR objectives to achieve the institutional strategy, <https://www.solent.ac.uk/strategy-2025/what-does-it-mean-to-be-future-ready> . Performance in PDR is rated as either exceeds expectations, meets expectations and below expectations. All decisions made will be subject to affordability each year. Where non-consolidated bonuses are paid the total value of all such payments will not exceed a set amount calculated each year as follows:

Total value of salaries paid to eligible employees	X	National pay award for the sector
--	---	-----------------------------------

No funds have been allocated for PRP bonuses for 20/21.

12. The table below shows the Vice-Chancellor's total remuneration for 20/21 compared to 19/20:

Emoluments of the Vice-Chancellor	2020/21	2019/20
Salary	£210,000	£210,000
Performance Related Pay	£0	£0
Benefits	£0	£0
Pension costs	£0	£0
Total	£210,000	£210,000

Expenses

13. Expenses for all staff including the Senior Leadership Team has been minimal in 20/21 with the following as expenses authorisers:

Professor Karen Stanton, Vice-Chancellor
Professor Julie Hall, Senior Deputy Vice-Chancellor
Andrea Thompson, Deputy Vice-Chancellor
Eran Kochlany, Chief Financial Officer
Paul Colbran, Chief Operations Officer
Nona McDuff, Pro Vice-Chancellor, Students and Teaching

The expense policy, as part of the Financial Regulations, is attached at Annex 4.

Remuneration Committee (Senior postholders, Vice- Chancellor's Group and spot salaries) Constitution & Terms of Reference

Remuneration Committee

Version: 1.0

The Governing Body and its committees will conduct their business in a way that is consistent with, and reflects and promotes, the University's commitment to equality and diversity.

1. Purpose

To address performance, remuneration, conditions of service and severance for senior postholders, Vice-Chancellor's Group (VCG) (excluding the Vice-Chancellor), other staff on spot salaries including Directors/Heads and the Clerk to the Governors and severance arrangements as follows:

1.1 Senior postholders

Senior Deputy Vice-Chancellor, Academic
Deputy Vice-Chancellor, Resources
Chief Finance Officer

1.2 Vice-Chancellor's Group:

University Secretary and Registrar
Pro Vice-Chancellor, Research and Knowledge Exchange
Pro Vice-Chancellor, Students and Teaching
Chief Operations Officer
Chief Marketing Officer
Dean, Business, Law and Digital Technologies
Dean, Creative Industries, Architecture & Engineering
Dean, Sport, Health & Social Sciences

1.3 Spot salaries

Director, School of Business
Director, School of Law
Head of Estates and Facilities
Head of Student Experience

1.4 Clerk to the Governors

2. Constitution and membership

The Committee shall be constituted as follows:

	Expiration of current term of office as Governor
Chair	31 July 2021
Two additional independent Governors	31 July 2021 31 July 2021
One independent specialist, co-opted member, with expertise in senior appointments/remuneration	November 2022

In attendance to provide advice and guidance to the Committee:

Vice-Chancellor

Head of People and Development, Schools and Strategy

- 2.1 The period of office for Governors will run concurrently with their period of office on Governing Body. The period of office for the co-opted member will be for an initial two years. Re-appointment of Governors will be subject to review by the Governance and Nominations Committee and with a maximum overall period of office of three terms of three years each, or four terms of two years in respect of the co-opted, specialist member.

2.2 Election of Chair

The Chair of the Committee shall be selected from amongst the independent Governors of the Committee, excluding the Chairman of the Governing Body, and will be appointed for three years. The Chairman of the Governing Body will not serve as Chair.

3. Terms of Reference

3.1 To consider and advise the Governing Body on:

- the Policy Framework within which remuneration and conditions of service for the Senior postholders, Vice-Chancellor's Group and staff on spot salaries should be set;
- on the operation of the Remuneration Committee, taking account of relevant sector developments.

3.2 To be responsible, on behalf of the Governing Body, and within the approved Policy Framework for:

determining any severance payments for senior postholders or for any payments of over £75k, ensuring appropriate advice (including legal advice) is obtained where necessary with particular regard for the University's status as a charity.

Senior postholders

- **determining** the annual pay award
- **determining** the salaries and up to 5% performance related pay with appropriate reference to individual performance and comparative data
- **approves** salary, contract and other terms and conditions as required on appointment
- **reviewing** PDR objectives set by the Vice-Chancellor

Vice-Chancellor's Group

- **reviewing** the annual pay award
- **reviewing** the salaries and up to 5% performance related pay of the Vice-Chancellor's Group with appropriate reference to individual performance and comparative data and as proposed by the Vice-Chancellor
- **reviewing** PDR objectives

Staff on spot salaries

- **reviewing** the annual pay award
- **reviewing** the salaries and up to 5% performance related pay with appropriate reference to individual performance and with appropriate reference to individual performance and comparative data and as proposed by the Vice-Chancellor
- **reviewing** PDR objectives

Clerk to the Governors

- **determining** the annual pay award
- **reviewing** the salary

Remuneration Committee decisions will seek to ensure that senior remuneration is fair, appropriate and justifiable, with particular regard to its responsibility to take account of public interest and the safeguarding of public funds. Comparative information from within the higher education sector and beyond will be used to inform its decisions (salaries will usually be +/- 5% of the UCEA Senior Manager pay analysis).

3.3. To refer to
Governing Body or other committees any relevant matters for consideration.

3.4 Delegation of responsibilities

The Committee does not routinely delegate any categories of business.

4. Procedural rules

4.1 Quorum

Three (3) members, two independent governors and one independent specialist member.

4.2 Meetings

The Committee shall meet twice a year unless otherwise agreed by the Committee Chair.

4.3 Agenda

The agenda shall be the responsibility of the Committee Chair, serviced by the Secretary or nominee, who shall normally provide the agenda and supporting papers seven (7) days prior to the meeting.

5. Reporting

Decisions and recommendations of the Committee will be reported to the Governing Body by way of formal written report by the Committee Chair to provide sufficient assurance that the Committee has effectively discharged its responsibilities.

Remuneration Committee (Senior postholders, VCG and staff on spot salaries) - Main Items of Business

The Committee will meet twice a year.

Main items of business for each meeting are detailed below.

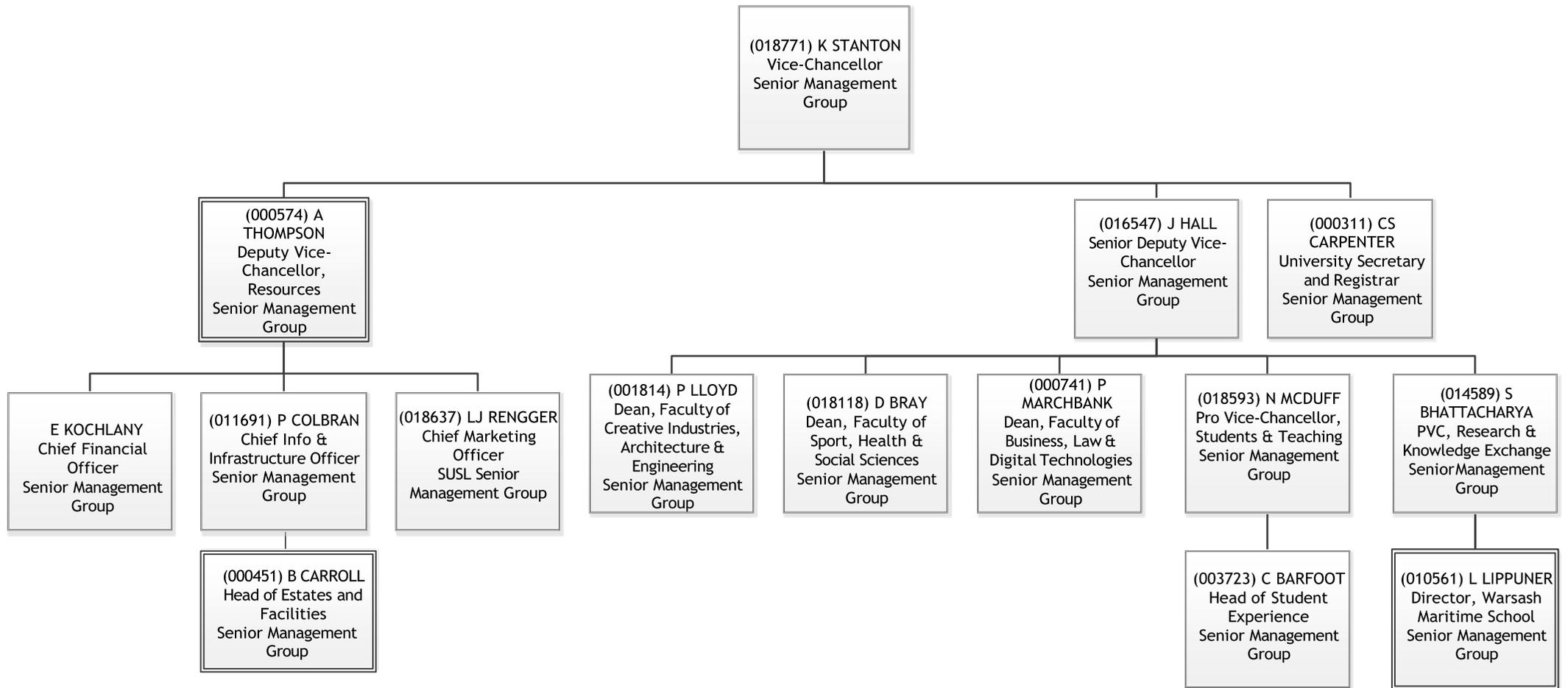
March/ April

- To review the Committee's Constitution and Terms of Reference.
- To review the Framework for Decision-Making in relation to pay for senior postholders, Vice-Chancellor's Group, staff on spot salaries and the Clerk to the Governors.
- To consider changes in the external policy or regulatory context that may impact on the Committee's operation.
- To undertake a self-challenge exercise to consider the effectiveness of the Committee, feeding into wider governance effectiveness reviews as appropriate.

September

- To consider the performance report on the senior postholders, Vice-Chancellor's Group and staff on spot salaries (with more than 6 months service) and **determine/review** remuneration as appropriate in this context and wider information on market pay.
- To report on severance activity and budgets with specific reference to termination payments in excess of £75k which are determined by the committee .
- To **determine** the type and value of benefits awarded to the Vice-Chancellor.

Senior Manager Pay Grade



Remuneration Committee (Vice-Chancellor) Constitution & Terms of Reference

Remuneration Committee

Version: 1.0

The Governing Body and its committees will conduct their business in a way that is consistent with, and reflects and promotes, the University’s commitment to equality and diversity.

1. Purpose

To address performance, remuneration and conditions of service for the **Vice-Chancellor**.

2. Constitution and membership

The Committee shall be constituted as follows:

	Expiration of current term of office
Chair	31 July 2021
Two additional independent Governors	31 July 2021 31 July 2021
One independent specialist, co-opted member, with expertise in senior appointments	November 2022

In attendance to provide advice and guidance to the Committee:

Head of People and Development, Schools and Strategy	Gemma Baker
--	-------------

2.1 The period of office for Governors will run concurrently with their period of office on Governing Body. The period of office for the co-opted member will be for an initial three years. Re-appointment will be subject to review by the Governance and Nominations Committee and with a maximum overall period of office of three terms of three years each.

2.2 Election of Chair

The Chair of the Committee shall be selected from amongst the independent Governors of the Committee, excluding the Chairman of the Governing Body, and will be appointed for three years. The Chairman of the Governing Body will not serve as Chair.

3. Terms of Reference

3.1 To consider and advise the Governing Body on:

- the Policy Framework within which remuneration and conditions of service for the **Vice-Chancellor** of the University should be set;
- on the operation of the Remuneration Committee, taking account of relevant sector developments.

3.2 To be responsible, on behalf of the Governing Body, and within the approved Policy Framework for:

- appointment of **Vice-Chancellor** which is a Board appointment;
- determining the annual pay award of the **Vice-Chancellor** with appropriate reference to individual performance and comparative data;
- approving the PDR objectives set for the **Vice-Chancellor** by the Chair;
- determining and reviewing the salary, benefits and conditions of service of the **Vice-Chancellor**, seeking comparative information within the higher education sector and beyond to inform its decisions;
- determining any severance payments to the **Vice-Chancellor**, ensuring appropriate advice (including legal advice) is obtained where necessary with particular regard for the University's status as a charity.

Remuneration Committee decisions will seek to ensure that senior remuneration is fair, appropriate and justifiable, with particular regard to its responsibility to take account of public interest and the safeguarding of public funds.

3.3. To refer to Governing Body or other committees any relevant matters for consideration.

3.4 Delegation of responsibilities

The Committee does not routinely delegate any categories of business.

4. Procedural rules

4.1 Quorum

Three (3) members, two independent governors and one independent specialist member.

4.2 Meetings

The Committee shall meet twice a year unless otherwise agreed by the Committee Chair.

4.3 Agenda

The agenda shall be the responsibility of the Committee Chair, serviced by the Clerk to the Board of Governors or nominee, who shall normally provide the agenda and supporting papers seven (7) days prior to the meeting.

5. Reporting

Decisions and recommendations of the Committee will be reported to the Governing Body by way of formal written report by the Committee Chair to provide sufficient assurance that the Committee has effectively discharged its responsibilities.

Remuneration Committee (Vice-Chancellor) - Main Items of Business

The Committee will meet twice a year.

Main items of business for each meeting are detailed below.

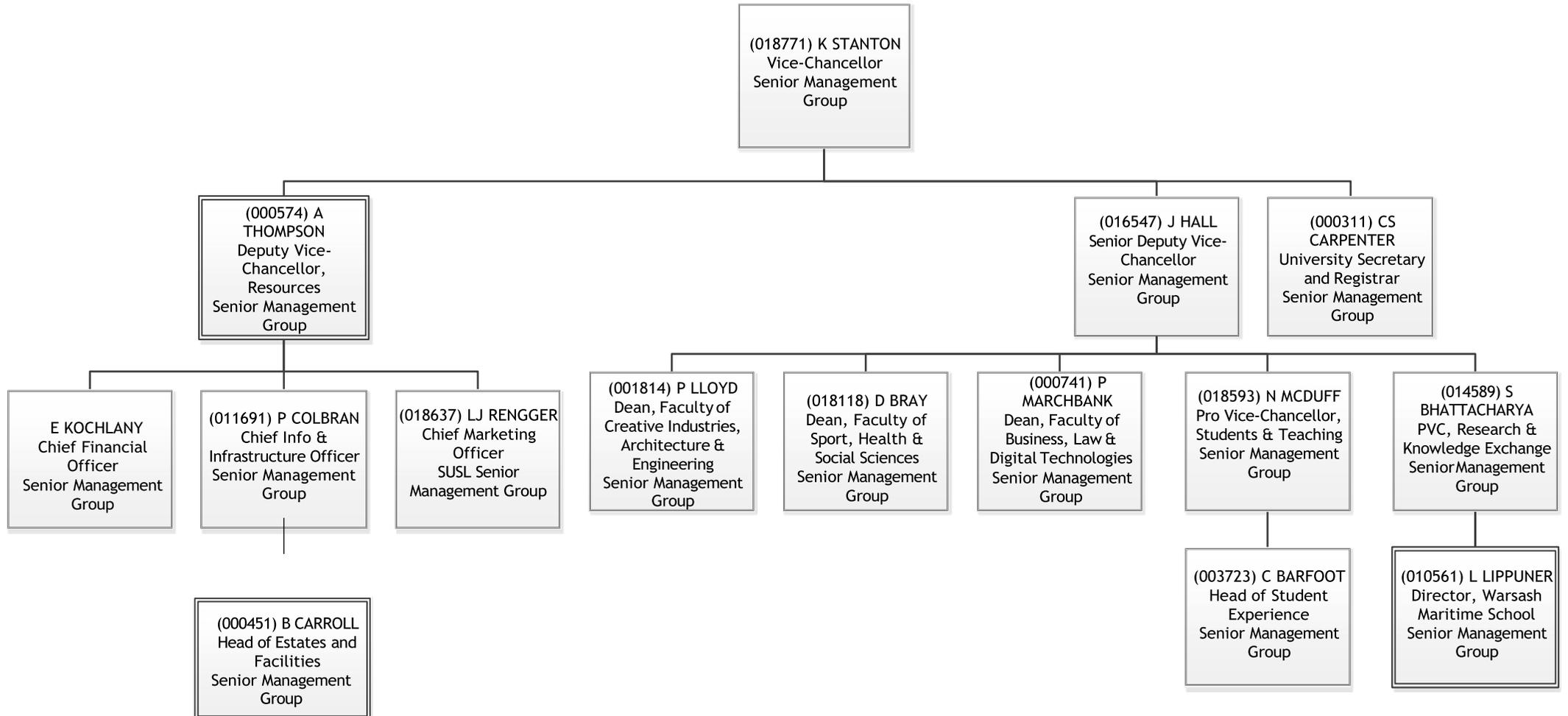
March/ April

- To review the Committee's Constitution and Terms of Reference.
- To review the Framework for Decision-Making in relation to Vice-Chancellor pay.
- To consider changes in the external policy or regulatory context that may impact on the Committee's operation.
- To undertake a self-challenge exercise to consider the effectiveness of the Committee, feeding into wider governance effectiveness reviews as appropriate.

September

- To consider the performance report on the Vice-Chancellor (with more than 6 months service) and review remuneration in this context and wider information on market pay.
- To review the type and value of benefits awarded to the Vice-Chancellor.

Senior Manager Pay Grade



Remuneration Committee - Framework for Decision Making

Remuneration Committee

Version: 1.0

1. Purpose

- 1.1 This document describes the framework by which the Remuneration Committees make decisions on the remuneration of the Vice-Chancellor, senior postholders, Vice-Chancellor's Group and staff on spot salaries. For composition of these groups see annex 1. The framework is designed to ensure that the reward of the University's most senior staff is fair, equitable and responsive in a highly competitive market.
- 1.2 In developing the Framework, reference has been made to the CUC HE Senior Staff Remuneration Code (June 2018) and the CUC HE Code of Governance October (2020)

2. Governance

- 2.1 Good governance is essential to decision-making on senior pay. The Higher Education Remuneration Code identifies that:

'Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision making using appropriate evidence and assessing the value of roles, the context and individuals' performance in them.'

This key element, informed by the requirements of the wider Higher Education Code of Governance, underpins the University's approach to the governance of senior pay.

- 2.2 Element 2.9 and 2.10 (Sustainability) of the Higher Education Code of Governance provides that

'Effective remuneration of all staff, especially the Vice-Chancellor and their immediate team, is an important part of ensuring institutional sustainability, meeting regulatory requirements and protecting institutional reputation. The governing body should provide assurance on the extent of the institution's compliance with The Higher Education Senior Staff Remuneration Code (published June 2018 by the CUC), and in particular ensure that no one is responsible for determining or influencing their own remuneration.'

'Depending on the constitutional documents and regulatory requirements of the institution, some governing bodies will be required to establish a Remuneration

Committee to consider and determine, as a minimum, the emoluments of the Vice-Chancellor and other senior staff. ‘

Element 1 of The CUC’s Higher Education Senior Staff Remuneration Code June 2018 states:

‘Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role and the attributes required to undertake that role effectively. Fair and appropriate remuneration then recognises an individual’s contribution to their institution’s success in that role, and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources.’

2.3 The University operates separate Remuneration Committees for the Vice-Chancellor and for senior postholders, Vice-Chancellor’s Group and staff on spot salaries. The terms of reference for the University’s Remuneration Committees define the Committees’ roles as follows:

a) To advise the Governing Body:

- on the Policy Framework within which remuneration and conditions of service for the Vice-Chancellor and the senior postholders, Vice-Chancellor’s Group and staff on spot salaries should be set;
- on the operation of the Remuneration Committees, taking account of relevant sector developments.

b) On behalf of the Governing Body, and within the approved Policy Framework, to be responsible for:

- **determining the appointment of a Vice-Chancellor and senior postholders**, including salary, contract and terms and conditions;
- **determining the annual pay awards of the Vice-Chancellor senior postholders and reviewing the annual pay awards of the Vice-Chancellor’s Group and spot salaries**, the latter two groups (Vice-Chancellor’s Group and staff on spot salaries) will be as proposed by the Vice-Chancellor, with appropriate reference to individual performance and comparative data;
- **reviewing the salaries, benefits and conditions of service of the senior postholders and reviewing the salaries, benefits and conditions of service of the Vice-Chancellor’s Group and staff on spot salaries**, the

latter two groups will be as proposed by the Vice-Chancellor, seeking comparative information within the higher education sector and beyond to inform its decisions;

- **determining any severance payments to the Vice-Chancellor and senior postholders, reviewing any severance payments to the Vice-Chancellor's Group and staff on spot salaries**, ensuring appropriate advice (including legal advice) is obtained where necessary with particular regard for the University's status as a charity.

Remuneration Committee decisions will seek to ensure that senior remuneration is fair, appropriate and justifiable, with particular regard to its responsibility to take account of public interest and the safeguarding of public funds.

3. Principles

3.1. The principles underpinning this Framework are to ensure:

- 3.1.1 a fair, transparent and robust process for decision-making;
- 3.1.2 fair, appropriate and justifiable levels of remuneration;
- 3.1.3 that the process reflects good equality and diversity practice - with a specific focus on internal pay parity where appropriate;
- 3.1.3 the Governing Body sets normal expectations of sustained high impact contribution from its most senior staff;
- 3.1.4 the use of appropriate comparative information on employee remuneration from established independent sources to inform decisions;
- 3.1.5 affordability is a key factor in decision making;
- 3.1.6 recency of pay increases as a factor in decision making;
- 3.1.7 in relation to new appointments, the extent of development required to be fully competent in the role to be taken into account;
- 3.1.6 the public interest and safeguarding of public funds is considered; and
- 3.1.7 a process of review.

4. Remuneration of the Vice-Chancellor

4.1 Remuneration Committee (Vice-Chancellor) is responsible for the review and approval of the remuneration and conditions of service of the University's Vice-Chancellor.

- 4.2 In determining the remuneration of the Vice-Chancellor consideration will be given to established independent sources of benchmark reward data for roles in comparable organisations. Sources include the annual UCEA Senior Staff Remuneration Survey and the Annual Survey of Vice-Chancellor's Remuneration from the Committee of University Chairs (CUC).
- 4.3 The performance of the Vice-Chancellor will be considered as part of his/her annual Performance Development Review completed by the Chair of Governors and based on a discussion of achievement of objectives over the preceding 12 months and contribution to the environment and shape of the University, delivery of the University's strategic vision and the overall performance of the University. In preparation for the Performance Development Review, the Chair of Governors shall take into account the views of members of the Board of Governors. Judgements about the Vice-Chancellor's performance may also be informed by the use of specific performance review tools, as appropriate.
- 4.4 Following these discussions and the PDR meeting the Chair of Governors will present an assessment of performance against objectives together with recommendations to the Remuneration Committee (Vice-Chancellor) for consideration. Formal minutes will provide a written record of the assessment.
- 4.5 Remuneration Committee (Vice-Chancellor) will take cognisance of the Chair's report and the benchmark reward data when making a decision on salary level and annual pay award.
- 5. Remuneration of the University's senior postholders, Vice-Chancellor's Group and staff on spot salaries**
- 5.2 Remuneration Committee (Senior post holders, Vice-Chancellor's Group and staff on spot salaries) is responsible for the determination of Senior post holders remuneration and reviewing the proposal of the Vice-Chancellor and approval of the remuneration and conditions of service of the Vice-Chancellor's Group and staff on spot salaries.
- 5.3 In determining the remuneration of members of the senior postholders and reviewing the remuneration of members of the Vice-Chancellor's Group and staff on spot salaries consideration will be given to established independent sources of benchmark reward data for roles in comparable organisations. One such source is the annual UCEA Senior Staff Remuneration Survey published in February each year.

- 5.4 The performance of members of the senior postholders, Vice-Chancellor's Group and staff on spot salaries will be considered as part of their annual Performance Development Review completed by their manager and based on a discussion of achievement of objectives over the preceding 12 months and contribution to the environment and shape of the University, delivery of the University's strategic vision and the overall performance of the University. Judgments about performance may also be informed by the use of specific performance review tools, as appropriate. Senior postholders, Vice-Chancellor's Group and staff on spot salaries PDR objectives will be reviewed by Remuneration Committee.
- 5.5 The Vice-Chancellor will present written assessments of performance against objectives together with recommendations to the Remuneration Committee (Senior postholders, Vice-Chancellor's Group and staff on spot salaries) for consideration.
- 5.6 Remuneration Committee (Senior postholders, Vice-Chancellor's Group and staff on spot salaries) will take cognisance of the Vice-Chancellor's report and the benchmark reward data when making a recommendation on salary level and annual pay award.

6. Salary Review

- 6.1 It is within the authority of the Remuneration Committees to award a percentage increase to substantive salary as part of its annual review as well as to award a non-consolidated lump sum bonus to reward performance.
- 6.2 In making their decisions the Remuneration Committees will have due regard to the national pay award for the higher education sector as well as the pay ratio between the Vice-Chancellor's pay and the average pay for other University employees. In so doing the Committees will ensure that appropriate consideration is given to internal pay relativities and that aggregate senior post holders' remuneration does not increase faster than the average of other staff within the University.
- 6.3 The Committees in making their decisions will also make reference to relevant, benchmark salary data and relevant recruitment market information to reflect the need to retain and recruit high quality staff.
- 6.4 To ensure consistency and transparency of decision making, the Committees will adopt the mechanism provided at Appendix A for determining the value of salary increases and bonuses.

7. Benefits

- 7.1 In accordance with their responsibility for determining and reviewing the benefits available to the Vice-Chancellor and senior postholders, Vice-Chancellor's Group and staff with spot salaries, the Committee will give due regard to benefits offered within and outside the sector to post holders of equivalent status to ensure the total reward package remains competitive.
- 7.2 Where deemed appropriate in light of evidence presented and where it is affordable to do so, the Committees can decide to award an additional benefit.
- 7.3 When deciding on appropriate benefits to offer, such as private medical insurance, the Committees will give due consideration to whether they should be offered to all post holders within the Remuneration Committees' remit or to certain individuals or groups of individuals. The rationale behind any decision will be formally recorded in the minutes.

8. Severance Payments

- 8.1 Where a situation so requires it, the relevant Remuneration Committee has authority, on behalf of the Governing Body, to determine a severance payment for the Vice-Chancellor or a member of the senior postholders, or to approve any severance payment of more than £75k and to review a severance payment for the Vice-Chancellor's Group and staff on spot salaries, Any severance payment proposed must be reasonable and justifiable.
- 8.2 The relevant Remuneration Committee must be consulted before the commencement of any severance discussions with individuals.
- 8.3 In determining and reviewing the appropriate level of severance, the relevant Committee will give due consideration to the University's policy approach to severance payments, University practice and previous decisions. Appropriate advice will be obtained where necessary and particular regard will be given to the University's status as a charity.
- 8.4 In determining and reviewing the appropriate level of severance the relevant Committee will also have due regard to its responsibilities to consider matters of equality, diversity and inclusion, represent the public interest and avoid inappropriate use of public funds.

9. Management of Pensions

- 9.1 Dependent on the nature of the role, the Vice-Chancellor or members of the senior postholders, Vice-Chancellor's Group or staff on spot salaries may be members of the Teachers' Pension Scheme or Local Government Pension Scheme or Aviva Scheme.
- 9.2 The University's pension schemes play a significant part in attracting and retaining the most talented staff. In light of this it is important that the University's pension offer remains attractive.
- 9.3 Changes in the tax treatment of pensions have meant that those pension scheme members with higher earnings and long service are more likely to incur annual allowance or lifetime allowance tax charges. In some circumstances, this may result in an individual opting out of a pension scheme.
- 9.4 In the event of the Vice-Chancellor or a member of the senior postholders, Vice-Chancellor's Group or staff on spot salaries withdrawing from the pension scheme, the initial position of the relevant Committee will be to do nothing on the principle that pension membership and tax are personal matters. However, each case will be treated individually as it is recognised that there may be occasions where for significant recruitment and/or retention reasons some form of salary supplement for loss of pension benefit may be appropriate. The Committee's decisions on this matter will be informed by the following principles:
 - 9.4.1 Any decision should be fair, equal and consistent and in line with relevant pension scheme rules;
 - 9.4.2 Any approach should operate at no net cost to the University;
 - 9.4.3 The rationale for any decision should align to the University's policy approach to the payment of a market supplement, e.g. that pension concerns are a critical factor for recruitment or are the principal and primary reason for retention concerns.
 - 9.4.3 All decisions, together with their rationale, should be formally recorded in writing by the Executive Officer to the relevant Remuneration Committee;
 - 9.4.4 Individuals who have a personal interest in policy decisions on the matter should not be part of the decision-making process.
- 9.5 The relevant Remuneration Committee will be guided by experts on all matters related to pensions and will from time to time draw on the advice of external organisations to help decide the best course of action.

10. Policy on external income

10.1 The terms and conditions of employment of the Vice-Chancellor prevent them from retaining income resulting from external work.

10.2 In relation to other senior staff, terms and conditions prevent them from engaging in other paid professional activity without prior agreement of the Vice-Chancellor. Any activity, whether paid or unpaid, should be approved by the Vice-Chancellor before being undertaken and any income derived from such activity will be paid directly to the University.

11. Review

10.1 The Framework will be reviewed annually.

10.2 The Framework may be amended at any time to reflect any changes made to the constituents of the senior postholders, Vice-Chancellor's Group and staff on spot salaries.

Solent University Remuneration Committees

Scheme for the Determination of Salary Increases and Performance Bonuses

1. Introduction

- 1.1 This scheme is to be read in conjunction with the Framework for Decisions for the University's Remuneration Committees. The Framework provides information on the posts that fall within the Committees' remit in terms of the determination of annual pay awards and performance bonuses.
- 1.2 The purpose of this Scheme is to reinforce the University's commitment to a performance driven culture where staff are encouraged to provide evidence that reflects their contribution. The Scheme is built on the principle that bonuses are not an entitlement.
- 1.3 The arrangements below have been determined on the basis that eligible employees' performance, behaviour and contribution is formally reviewed at least once a year under the University's Performance Development Review (PDR) Scheme, which provides a framework for the setting and measurement of annual performance objectives. The presumption is made that previous year's objectives were agreed by both the employee and their manager and that the employee has had a period of at least 12 months to deliver against expectations.
- 1.4 All decisions will be informed by the outcome of an individual's annual PDR. Due consideration will also be given to the University's overall performance against strategic ambitions and the University's Performance and Risk indicators, in determining the appropriateness and value of any individual reward. Any decision to increase an individual's substantive salary will also be informed by an assessment of relevant market data and the need to maintain competitive salaries to avoid the potential loss of highly valued members of staff.

2. The process for the determination of non-consolidated bonuses

- 2.1 The Vice-Chancellor will be expected to present an End of Year Assessment to the Remuneration Committee (Senior postholders, Vice-Chancellor's Group and staff on spot salaries) for all eligible employees for review by the Remuneration Committee (Senior postholders, Vice-Chancellor's Group and

staff on spot salaries). This will be informed by PDR outcomes and the achievement of objectives, and discussions with eligible employees' line managers where applicable. The Vice-Chancellor may also make reference to University performance indicators and seek the views of others through the use of relevant tools.

2.2 The Chair of the Governing Body will be expected to present an End of Year Assessment to the Remuneration Committee (Vice-Chancellor) for the Vice-Chancellor for review by the Remuneration Committee (Vice-Chancellor). This will be informed by the outcomes of the Vice-Chancellor's PDR and achievement of objectives, and the University's performance against the agreed indicators. The Chair may also draw on the views of others through the use of relevant tools.

3. Performance Assessment

3.1 The baseline expectation is for members of staff to have performed at a fully effective level, defined as having met or exceeded expectations by achieving all PDR objectives to a high standard whilst demonstrating leadership, using resources effectively and demonstrating the University's values and leadership behaviours as set out in the University's Performance and Development Review Scheme. Where performance is below the required standard (below expectations) this will be managed outside of this process by the relevant line manager in accordance with the University's established performance management practices.

3.2 Eligible members of staff will only be entitled to be considered for a performance bonus where they have met or exceeded expectations and/or made an exceptional contribution. Examples of such could be:

- Making an outstanding contribution to the University as a whole, beyond the limits of their role.
- Has met all objectives, carried out all job activities required and exceeded expectations for some of these.
- Has taken on/volunteered for additional responsibilities beyond those agreed at the start of the year and exceeded expectations in the role to benefit their team and/or the University in meeting strategic aims.
- Seeks opportunities for continuous improvement beyond the context of their role and to enhance own skills to benefit the University.
- Takes responsibility, makes sound and clear decisions and pushes them forward, sometimes beyond the context of their role.

- Uses own initiative often and appropriately and is prepared to take intelligent risks
- Proactive in suggesting improvements for their area of responsibility and the University.
- Resources are used creatively and highly effectively (people, money, physical) to meet and exceed requirements.
- Consistently demonstrates and promotes the values of the University in carrying out their role and positively role models expected employee behaviours.
- Shows a high level of self-awareness and through their actions demonstrates insight into how their behaviour may affect others and behaves appropriately to get the best out of people.
- Reviews their own performance, seeks feedback and acts on it appropriately to improve
- Consistently uses own drive and initiative to deliver results.
- Establishes and develops networks internally and externally and uses contacts to deliver exceptional outcomes for their area and/or the University.

3.3 To inform judgements, a clear evidence base will be available for those who are deemed to have exceeded expectations or made an exceptional contribution. In the main this will be provided through evidence gathered during the Performance Development Review (PDR) process.

3.4 Reference will be made to University performance in evaluating the performance of individuals. For example, if the University or section of the University over which an individual has direct impact has not performed well then it is unlikely that an individual will be awarded a bonus payment.

3.5 The Remuneration Committees will consider the overall pattern of recommendations from an equality and diversity perspective with a view to ensuring that there are no biases pertaining to gender or other protected characteristics.

3.6 Where a member of staff has been absent from the University for part of the year due to maternity/paternity/adoption leave, the individual's performance for the part of the year they were in attendance will be considered. The value of any bonus awarded may be pro-rata relative to the time worked and level of performance during that time. Where an individual's attendance at work

has been affected by other personal factors, including health reasons, this will be considered in a measured and sensitive way, ensuring fair treatment.

4. Value of pay awards and bonuses

All decisions made will be subject to affordability each year. Where non-consolidated bonuses are paid the total value of all such payments will not exceed a set amount calculated each year as follows

$$\begin{array}{|c|} \hline \text{Total value of} \\ \text{salaries paid to} \\ \text{eligible employees} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{National pay} \\ \text{award for the} \\ \text{sector} \\ \hline \end{array}$$

Where the sector pay award has not been agreed at the time the salary review is conducted, Remuneration Committees will make a judgement about the likely award based on the progress of national negotiations at the time.

a. Consolidated pay awards

Any consolidated pay award will be based on the need to maintain competitive salaries with explicit reference to objective market data. A pay increase will be agreed where the Remuneration Committees are genuinely concerned that to not increase a substantive salary will result in reduced market competitiveness and the potential loss of a highly valued member of staff. In making its decision the relevant Committee will give due consideration to the whole remuneration package, including benefits and terms and conditions.

b. Non-consolidated bonuses

The Vice-Chancellor and members of senior postholders, Vice-Chancellor's Group and staff on spot salaries have a significant role to play in determining the success or otherwise of the University. Consequently, prior to awarding any non-consolidated bonuses the Remuneration Committees will reflect on the performance of the University against its key performance indicators and its financial position. Only where the performance of the University or part of the University justifies it will bonuses be paid. Where paid, their maximum value will be 5% of the value of an individual's salary and must be within the total value parameters set out above.

Annex 1 - Composition of staff groupings as at November 2020

Title of grouping	Posts included
Vice-Chancellor	Vice-Chancellor
Senior postholders	Senior Deputy Vice-Chancellor Deputy Vice-Chancellor, Resources Chief Finance Officer
Vice-Chancellors Group	University Secretary and Registrar Pro Vice-Chancellor, Research and Knowledge Exchange Pro Vice-Chancellor, Students and Teaching Chief Operations Officer Chief Marketing Officer Dean, Business, Law and Digital Technologies Dean, Creative Industries, Architecture & Engineering Dean, Sport, Health & Social Sciences
Other staff on spot salaries	Director, School of Business Director, School of Law Head of Estates and Facilities Head of Student Experience

Financial Regulations

Finance |

Version: 25 |

Financial Framework

1. Financial Framework

The Financial Framework has been created to provide a structure of internal control that ensures financial integrity whilst maintaining operational efficiency.

The framework consists of:

- Financial Responsibilities within the University, which define the responsibilities of the Board of Governors and the Vice-Chancellor
- Financial Regulations, which set out general principles regulating the University's financial matters. These regulations are unlikely to change regularly.
- Financial Procedures, which describe in detail how a specific financial activity should be carried out. It is anticipated that these will change as necessarily over time to accommodate changing practices.

2. Financial Responsibilities within the University

This section of the Financial Framework defines and distinguishes between the responsibilities of the Board of Governors (and its sub-committees) and those of the Vice-Chancellor (as the most senior executive officer).

2.1 Responsibilities of the Board of Governors

The Articles of Government for the Solent University define the responsibilities of the Board for financial matters as:

- The effective and efficient use of resources, the solvency of the University and the safeguarding of its assets.
- Approving annual estimates of income and expenditure, both revenue and capital.
- The establishment of an Audit Committee to advise on matters relating to the effective control and management of the University's finances and securing value for money from its funding.
- To keep accounts and records, appoint auditors and conduct other audit work in accordance with the provisions in the Act and in accordance with any requirements of the Funding Council.
- The establishment of a committee or committees to determine or advise on such matters relating to employment policy or finance as the Board may remit to them. The members of the committee or committees shall be drawn from the Board of Governors other than staff or student Governors.

In addition, the Higher Education Funding Council for England (HEFCE) requires the Board of Governors to:

- Ensure that funds from the Funding Council are used only in accordance with the 1988 Act, the 1992 Act, the Financial Memorandum and any other conditions that the Council may from time to time prescribe.
- Designate, subject to acceptance by the Council, a Principal Officer of the Institution, who will need to satisfy the Governing Body that all such conditions are complied with.

In accordance with the Charities Act 2006, the Board of Governors have a legal duty to report serious incidents affecting or likely to affect the University to HEFCE as Principal Regulator for exempt charities.

The Board of Governors may establish committees for any purpose or function, other than those assigned elsewhere in the Articles to the Vice-Chancellor or the Academic Board. The Board of Governors will have responsibility on all other matters to ensure that funds from the Funding Council are used in accordance with HEFCE's guidelines. In particular, the Board has responsibility for approving these Financial Principles and Regulations of the University, and any amendments thereto.

2.2 Responsibilities, Terms of Reference and Membership of Audit Committee

The Board of Governors has established a committee of the Board of Governors known as the Audit Committee.

Membership

The Committee and its Chairman shall be appointed by the Board of Governors, from among its own members, and must consist of members with no executive responsibility for the management of the institution.

The membership of the Committee shall comprise five members, at least four of whom must be members of the Board of Governors, and one of whom may be co-opted.

At least one member of the Committee should have recent and relevant experience in finance, accounting or auditing. If no Governor on the Committee has such experience, the Committee will co-opt a person with such expertise on to the Committee.

The Chairman of the Board of Governors may not be a member of the Committee.

No member of the Committee may chair or be a member of the Resources Committee, unless specifically authorised by the Higher Education Funding Council for England (HEFCE)

At least three members, including the member with recent and relevant experience in finance, accounting or auditing, should be present for a meeting to be quorate.

Attendance at meetings

The Chief Finance Officer; another relevant member of the Vice-Chancellor's Group; the Head of internal audit; and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year the Committee should meet with the internal and/or external auditors without any officers present. The Committee Clerk shall be the Clerk to the Governors.

Frequency of meetings

Meetings of the Committee shall normally be held three times each financial year. The external auditors or head of internal audit may request a meeting if they consider it necessary.

Authority

The Committee is authorised by the Board of Governors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board of Governors to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the designated officer and/or Chairman of the Board. However, it may not incur direct expenditure in this respect in excess of £5,000 without the prior approval of the Board of Governors.

The Committee will review the audit aspects of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' Management Letter. The Committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Board of Governors.

Duties

The duties of the Committee shall be:

- to advise the Board of Governors on the appointment of the external auditors, the audit fee and any questions of resignation or dismissal of the external auditors;
- to approve any fees in excess of £10,000 in respect of non-audit services provided by the external auditors (or fees in excess of £20,000 where such services are taxation advisory or compliance services) and ensuring that the provision of any non-audit services does not impair the independence or objectivity of the external auditors.
- to discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit;
- to discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the Management Letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary), and to advise the Board of Governors accordingly;

- to consider and advise the Board of Governors on the appointment and terms of engagement of the internal audit service (and the head of internal audit, if applicable), the audit fee, the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors;
- to review the internal auditors' audit risk assessment and strategy and audit plan; to consider major findings of internal audit investigations and management's response; and promote co-ordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are sufficient to meet the institution's needs (or make a recommendation to the Board of Governors, as appropriate).
- to consider and advise the Board of Governors on internal audit reports; the long-term strategy and short-term audit plan for the internal audit service;
- to keep under review the adequacy and effectiveness of the risk management, internal control and governance arrangements, and in particular to review the external auditors' management letter, the internal auditors' annual report, and management responses;
- to monitor the implementation of agreed audit-based recommendations from whatever sources;
- to ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the HEFCE Accounting Officer, have been informed;
- to oversee the institution's policy in fraud and irregularity and whistleblowing, including being notified of any action taken under that policy;
- to oversee the University's policy on reporting serious incidents, including monitoring incidents and informing HEFCE where appropriate;
- to satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness;
- to satisfy itself as to the adequacy and effectiveness of the arrangements for the management and quality assurance of data submitted to the Higher Education Statistic Agency (HESA), HEFCE and other funding bodies;
- to receive any relevant reports from the National Audit Office (NAO), the HEFCE and other organisations;
- to monitor annually the performance effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the governing body concerning their re-appointment, where appropriate;
- to consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with HEFCE's Accounts Directions;
- in the event of the merger or dissolution of the University, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

Report procedures

The minutes (or a report) of meetings of the Committee will be circulated to all members of the Board of Governors

The Committee will prepare an annual report for the institution's financial year, including any significant issues up to the date of preparing the report. The report will be addressed to the Board of Governors and designated officer, summarising the activity for the year.

The report will give the Committee's opinion on the extent to which the Board of Governors may rely on the internal control and risk management arrangements, the arrangements for governance and the arrangements for promoting and securing economy, efficiency and effectiveness (value for money). In addition, the report will give the Committee's opinion of the adequacy and effectiveness of arrangements for the management and quality assurance of data as referred to above. (These opinions should be based upon the information presented to the Committee.)

The Audit Committee annual report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual financial statement is signed.

Committee Clerk

The Clerk to the Audit Committee shall be the Clerk to the Governors.

Responsibilities, Terms of Reference and Membership of the Resources Committee

The Board of Governors has established a committee of the Board of Governors known as the Resources Committee.

Membership

The membership of the Resources Committee comprises *five* Governors.

No member of the Committee may also be a member of the *Audit Committee*, unless specifically authorised by the Higher Education Funding Council for England (HEFCE).

At least three members should be present for a meeting to be quorate.

The Chairman of the *Audit Committee* shall have a standing invitation to attend meetings of the Resources Committee as an observer. The Chairman of Resources will similarly be invited to attend meetings of the *Audit Committee* as an observer.

Frequency of Meetings

Meetings of the Committee shall normally be held four times each year but subject to volume of business.

Authority

The Committee is authorised to consider matters concerning the effective and efficient use of resources, the sustainability and solvency of the University and the safeguarding of its assets and to make recommendations to its Board of Governors.

The Committee is authorised to consider, and make recommendations to the Board regarding Treasury Management and other financial policies having due regard to the management of risk and sustainability.

The Committee is authorised to determine or advise on such matters relating to finance as the Board of Governors may remit to the Committee.

Duties

The duties of the Committee shall be:

- Consider the proposed budget, the five year forecast, and the detailed review of the annual Financial Statements and make recommendations to the Board of Governors.
- Approve the purchase of all individual items with a value of between £500,000 and £3,000,000 within the framework of the budget approved by the Board of Governors, and monitor the progress of these items and projects.
- To consider and recommend to the Board the setting and generating of charges including establishing any exemptions to the general principle of full economic costing.
- Approve the sale of all capital items with an estimated value of over £500,000 - items below this sum to be determined by the University's Vice- Chancellor - and, in consultation with the Director, Estates & Facilities Service and the Deputy Vice-Chancellor to agree the purchase, leasing, sale or disposal of land or other buildings.
- Advise the University's Vice-Chancellor on the development of business plans for the University and its units.

While taking into consideration appropriate external advice, legislation, good practice, and market-related information:

- Advise the Board of Governors on employment policy and employment matters and determine such employment matters as the Board of Governors may remit to Committee.
- Approve a framework for the pay and conditions of staff other than senior postholders.
- To review the quality and adequacy of the University's people and development provision in relation to the Strategic Plan and review and propose people and development policies for recommendation to the Board.
- Advise the Board of Governors on estates matters, including the University's Estates Strategy, and determine such estates matters as the Board of Governors may remit to the Committee.

- Review the quality and adequacy of the University's estate and maintenance provision in relation to the Strategic Plan and consider and take account of those environmental issues as having a bearing on the University's estates and related operations and to advise the Board of any action to be taken.
- Advise the Board of Governors on information resources matters and determine such information resources matters as the Board of Governors may remit to the Committee.
- Consider, on behalf of the Board of Governors, such other matter as may be referred to the Committee.

Committee Clerk

The Clerk to the Resources Committee shall be the Clerk to Governor

2.3 Responsibilities of the Vice-Chancellor

General

The Articles of Government define the responsibilities of the Vice-Chancellor financial matters as:

Preparing annual estimates of income and expenditure for consideration by the Board of Governors, and for the management of budgets and resources within the estimates approved by the Board of Governors.'

The Vice-Chancellor is defined as the Designated Officer of the University under Paragraph 2 of the Financial Memorandum with the HEFCE.

Budgets

The Vice-Chancellor shall submit proposals for the annual revenue and capital budgets to the Resources Committee, taking account of any limitation in the use of funds imposed by the funding bodies.

Where capital or revenue expenditure is within an approved budget then the Vice-Chancellor may authorise single projects not exceeding £500,000.

For new capital expenditure items/projects less than £250,000 the Vice-Chancellor may provide authorisation, subject to the total commitment not exceeding £500,000.

For new capital expenditure in excess of £250,000 the Vice-Chancellor shall seek the prior approval of the Resources Committee or the Board of Governors, as appropriate, given the limits of financial authority placed on those committees.

For new revenue expenditure items/projects or commitments of less than £250,000, considered over all years, in advance of a budget being agreed, the Vice-Chancellor may provide authorisation, subject to such authorisation not exceeding £500,000 in total in any one financial year.

Proposed projects of estimated cost greater than £1,000,000 shall be supported by project appraisals carried out by Finance Service. Projects between £500,000 and £1,000,000 will be supported by a review of options. Details of individual projects between £250,000 and £500,000 will be presented to Resources Committee.

The Vice-Chancellor shall be accountable to the Resources Committee for effective budgetary control within the approved revenue and capital budgets, including the review of any matter which may affect the finances of the University before any commitment is incurred, or a proposal is submitted to the Resources Committee.

Any proposal to incur expenditure in excess of the approved revenue or capital budgets, shall be individually reported, by the Vice-Chancellor to the Board of Governors via the Resources Committee.

Expenditure

The Vice-Chancellor may incur revenue expenditure within the approved revenue budget, including the employment of staff, the purchase of consumable items and the maintenance of buildings, equipment and site works.

The Vice-Chancellor may incur capital expenditure within the approved capital budget, provided that the approved procedures for the purchases of goods and the letting of contracts are observed.

The Vice-Chancellor shall be responsible for the preparation and enforcement of financial regulations and procedures to staff of the University for the purchase of revenue and capital items.

The Vice-Chancellor shall be responsible for the preparation and submission to the Resources Committee, of procedures for the University to enter into contract for the execution of work and the purchase of goods and services. It is the Vice-Chancellor's responsibility to ensure the effective adherence of staff of the University to the approved Financial Regulations and Procedures.

The Vice-Chancellor shall be accountable to the Board of Governors for the security of the assets of the University, and for maintaining an updated inventory of those assets.

The Vice-Chancellor shall be responsible for the employment, payment, grading and regrading of staff, on behalf of the Board of Governors, within the approved revenue budgets. Payment of salaries, wages and other emoluments shall be governed by these Financial Regulations and Procedures. Claims for expenses incurred by staff in the course of their duties shall be certified by officers authorised by the Vice-Chancellor and paid at rates approved by the Vice-Chancellor.

The Vice-Chancellor shall ensure that the employment and grading of staff is carried out by officers of the University in accordance with policies and procedures currently in force.

Income

The Vice-Chancellor shall establish arrangements for the collection of money due to the University and for the security of such money.

The Vice-Chancellor shall maintain records of students who attend courses, work done, goods supplied and services rendered by the University, to comply with the conditions of the funding bodies and to ensure the levying of appropriate fees and charges.

The Vice-Chancellor shall review periodically and recommend to the Resources Committee, changes in principles for the determination of tuition and other fees, charges for work done or goods supplied, rents or lettings.

The Vice-Chancellor shall determine such fees, etc, in accordance with the principles approved by the Resources Committee.

The Vice-Chancellor shall be responsible for the preparation and enforcement of financial regulations and procedures to staff of the University for invoicing, receipt of income and debt collecting.

The Vice-Chancellor shall have authority to write-off debts due to, or stocks held by, the University where the value of such stocks or individual debts does not exceed £10,000. The write-off of stocks or individual debts greater than this value is to be referred by the Vice-Chancellor to the Resources Committee for approval.

Services

The Vice-Chancellor shall be responsible for the effective management of bank accounts, cash flow and the investment of surplus funds.

The Vice-Chancellor shall be responsible for ensuring that the University operates within statutory and legal requirements.

The Vice-Chancellor shall be responsible for ensuring that adequate insurance is obtained

Financial Statements

The Vice-Chancellor shall prepare a set of Financial Statements each financial year for presentation to the Resources Committee.

Final Audited Financial Statements will be submitted to the Funding Council in line with HEFCE's single conversation deadlines.

3. Financial Regulations & Procedures

3.1 Introduction

These Financial Regulations and Procedures provide the scheme of administration and accounting to staff of the University, by which the Vice-Chancellor discharges his/her responsibilities, as defined in the Financial Responsibilities.

All University staff are required to follow the regulations, procedures and advice contained within the Financial Framework and failure to do so may result in disciplinary procedures. The Financial Framework applies to all employees of the University, both full and part-time, permanent and temporary.

All sections of the University's financial regulations and procedures should be interpreted in the context of HEFCE's Financial Memorandum with the University.

The Vice-Chancellor will make available training to be undertaken by staff in financial matters where necessary, to enable them to fulfil their responsibilities defined in these procedures.

The Chief Finance Officer is responsible to the Vice-Chancellor for the efficient and effective operation of the University's Financial Regulations and Procedures.

Changes to the Financial Responsibilities and Regulations must be approved by the Resources Committee on behalf of the Governors. Limits and Levels of Authority forming part of this Financial Framework must also be approved by the Resources Committee on behalf of the Governors.

Financial Procedures, which cover detailed aspects of the University's Financial Responsibility and Regulations are issued and amended when required and approved by the Chief Finance Officer.

3.2 Ethical/Governance

3.2.1 Documentation

Regulation:

Documentation relating to the financial affairs of the University is not to be destroyed without the permission of the Chief Finance Officer.

3.2.2 Theft, fraud and irregularity

Regulation:

The University requires staff at all times to act honestly and with integrity to safeguard the public resources for which we are responsible. Fraud is an ever present threat to our resources. All members of University staff must, therefore, remain alert to the risk that a fraud or irregularity could occur in their area of responsibility.

All suspected instances of fraud or financial irregularity are to be brought to the attention of the Chief Finance Officer, the Vice-Chancellor and the Chairman of the Audit Committee as soon as possible.

Procedure:

This procedure sets out members of staff's responsibility regarding the prevention of fraud and irregularity and the process to be followed where it is detected or suspected.

For all practical purposes fraud may be defined as 'the use of deception with the intention of obtaining an advantage, avoiding a loss, or causing loss to another party'.

Fraud is deliberate deception or cheating used to gain an advantage, usually a financial one. It may involve interference with a financial transaction, the use for private gain of goods or services purchased by the University, or the use of know-how or equipment owned by the University for private gain.

Fraud can be committed by persons outside as well as inside the University. In the University context internal fraud or irregularity could include:

- pilfering of stock;
- improper use of telephone/fax facilities;
- unauthorised use of University equipment (including computers);
- theft of cash or equipment;
- improper manipulation of computer programmes or data collusion with others for illicit gain;
- falsification of claims for travel and subsistence or other allowances;
- improper/inaccurate claims for overtime or time off in lieu.
- falsification of student results

The above listing is not exhaustive but covers common types of fraud/irregularity.

External attempts at fraud or irregularity could include:

- offers of bribes/inducements;
- submission of false invoices;
- demands for payment of unsolicited goods;
- contractor frauds involving overcharging, sub-standard work, bid rigging and/or collusion in competing services;
- fraudulent claims for University funds.

Again the above list is not exhaustive but covers common types of external fraud.

Prevention

The management and financial systems of the University have been designed to incorporate appropriate controls for preventing fraud, including:

- supervisory checks;
- management checks;
- appropriate organisational structures;
- complete, accurate and up to date records;
- physical security of assets/stocks;
- segregation of duties;
- clearly defined written responsibilities;
- clearly defined lines of reporting;
- regulations and associated procedure guides.

All line managers are responsible for ensuring that an adequate system of internal controls exists within their areas of responsibility and that the controls operate effectively. All managers must assess the types of risk involved with the operations for which they are responsible, review and test the control systems on a regular basis and ensure that control

regimes are being complied with. Although the responsibility for the prevention and detection of fraud rests, primarily, with managers, all staff are expected to assist in this process.

The University's Chief Finance Officer and the University's Internal Auditors are able to offer advice and assistance on control issues. Contact with the Internal Auditors will normally be arranged through Finance Service.

In establishing effective internal controls, managers should be aware of the following good practice concepts:

- regular rotation of staff in 'control critical' functions;
- wherever possible, segregation of duties so that control of all aspects of a key function does not reside with one person;
- avoidance of processing backlogs;
- consideration of control implications whenever a new system is being introduced.
- reconciliation procedures
- physical security

Action if fraud/irregularity is suspected

If a member of staff suspects that an action or event, perpetrated either by another member of staff or by a third party, may constitute a potential fraud or irregularity, the suspicion should be immediately and confidentially reported to his/her superior/line manager. If the line manager is suspected of fraud the next higher level manager or the Chief Finance Officer should be informed. No warning should be given to those under suspicion of fraud, as this may result in the removal or destruction of evidence.

The line manager must then discuss the facts of the case with the person raising the issue. If the line manager considers that a fraud or irregularity has occurred or is likely to occur he/she must immediately report the matter to the Chief Finance Officer, normally in writing. (Note: If the Chief Finance Officer is implicated in the case then the Vice Chancellor should be informed).

On receipt of the information the Chief Finance Officer must establish the facts of the case and decide what further action, if any, is required. This may include:

- removing, for safe custody, any books, records or documents relating to the case;
- confiscating any equipment relating to the case (eg personal computers, CD's etc).

If the evidence strongly points to a material fraud having been perpetrated the Chief Finance Officer, after consultation with the Vice-Chancellor may:

- inform the Police;
- recover any University property that has been unofficially removed from University premises.

The Vice-Chancellor or the Chief Finance Officer may suspend any members of University staff, suspected of involvement, pending further investigations. Disciplinary procedures will be followed.

Reporting

All cases reported to the Chief Finance Officer, must be reported to:

- the Chair of the Audit Committee within 5 working days;
- the University's Internal Auditors within 5 working days;
- the Audit Committee at its next meeting;
- the Chief People Officer within 10 working days if University staff appear to be involved.

The University's Whistleblowing Policy and Procedure, is expected to provide the necessary protection to any individual who in good faith reports suspected fraud to their line manager.

HEFCE Audit Code of Practice requires Universities to notify HEFCE of any attempted, suspected or actual fraud where:

- the sums of money involved are, or potentially are, in excess of £20,000;
- the particulars of the fraud or irregularity are novel, unusual or complex;
- there is likely to be public interest because of the nature of the fraud or irregularity, or the people involved.

Learning from experience

Where a fraud or irregularity has occurred University management must take steps to improve the controls in the systems where the fraud occurred. This will help to ensure that the fraud, or a version of it, does not recur in the future.

The University's Internal Auditors will review the lessons learnt from any case of fraud or irregularity and ensure that appropriate action has been taken to improve control and minimise future risk.

This policy applies to all activities conducted through the University, its subsidiary, associated companies and joint ventures. It also regulates the conduct of all employees of these entities.

3.2.3 Subsidiaries

Regulation

The Vice-Chancellor may determine that certain activities of the University should be carried out through subsidiary undertakings.

No University company may be set up unless recommended by the Vice-Chancellor and approved by the Board of Governors. The Chief Finance Officer must be consulted and HEFCE's Related Companies: guidance for higher education institutions followed.

The accounts for any subsidiary undertakings must be prepared to the same accounting reference date as that of the University and subject to the same accounting direction from the Funding Council as the University itself.

All financial results of subsidiary undertakings consolidated into the accounts of the University are within the remit of the Audit Committee and the Resources Committee, and all such financial information as is required of them by the Chief Finance Officer is to be supplied on request.

The Vice-Chancellor must approve financial procedures for each operating subsidiary undertaking.

3.2.4 Commercial Activities

Regulation

No non-University commercial activities may be carried out on University premises and no University facilities may be used for such activities without the written permission of the appropriate Director of School or Service. The Chief Finance Officer must be also be advised.

The Chief Finance Officer must be consulted with regards to any new service tendered or trading activity offered.

3.2.5 Gifts and Hospitality

Regulation

The expectation is that all staff of the University will conduct themselves with integrity, impartiality and honesty at all times.

The receipt or offer of gifts or excessive hospitality can damage the University's reputation and possibly lead to prosecutions for corruption.

This regulation seeks to protect staff from suspicion of dishonesty and ensure that they are free from any conflict of interest with respect to accepting or providing gifts, hospitality or any other inducement.

Gifts are defined as items given or received for which no payment or service was given or received in return

Hospitality can be defined as any food, drink, accommodation or entertainment provided free of charge or heavily discounted.

The guiding principles to be followed are:

- The conduct of individuals should not create suspicion of any conflict between their official duties and any private interests;
- The actions of individuals in their official, University capacity should not give the impression that they have been or may have been influenced by any benefit they have received from a third party;
- In exercising their University duties, individuals must not be influenced by the receipt, or promised receipt, of any benefit, gift or other inducement.

This regulation should be read in conjunction with the **Bribery Act Policy**.

Procedure

It is accepted that third party individuals and organisations may wish to offer gifts and/or hospitality to members of staff from time to time and a modest degree of hospitality can facilitate business relationships. However, the following rules must be observed:

- Gifts, hospitality or any other reward must not be accepted from an organisation or individual as an inducement for either doing something or not doing something in return;
- Gifts in the form of cash or cash equivalent vouchers must never be accepted.

These rules must also be followed where the University is offering gifts, hospitality or any other reward.

Under no circumstances must the receipt of a gift or hospitality influence the choice of supplier. Staff should take particular care when receiving a gift or hospitality from an organisation or individual that has, or is hoping to have, a contract with the University.

Given the nature of the professional responsibilities of staff and the unequal relationship between staff and students, staff are strongly advised not to give or receive gifts/hospitality to or from students.

Circumstances where the receipt or offer of gifts or hospitality is usually acceptable include:

- Modest/occasional meals with a customer, client, supplier or other business contact;
- Occasional attendance at social events eg local sports event, theatre, other cultural events;
- Gifts of low intrinsic value, such as pens, calendars, small promotional items;
- Seasonal or expressions of gratitude eg chocolates, bottles of alcohol.

Care should be taken not to accept gifts and hospitality from the same organisation too often or without reciprocating.

Any form of gift, entertainment or hospitality given, received or offered which meets or exceeds the equivalent of £50 in value must be appropriately recorded in the register. The gifts and hospitality app can be found under “my apps” on the portal

For each entry recorded the following must be specified:

- Nature of gift/hospitality;
- Value;
- Name of firm or individual involved;
- Date gift/hospitality accepted;
- Name of employee;

The entries will be reviewed by the Vice Chancellor’s Office and quarterly reports will be sent to senior managers for verification.

Any gift over £50 should be forwarded to the Vice Chancellor's office. An email acknowledging receipt of the gift will be issued. Gifts will be stored securely and donated to a staff association raffle.

Gifts may result in taxation and revenue expenditure implications. This includes gifts purchased for staff leaving the University.

In cases where future revenue expenditure associated with the gift is in excess of £25,000 (including VAT), the approval of the appropriate Deputy Vice-Chancellor or Chief Finance Officer must be obtained.

In cases where the future revenue expenditure associated with the gift is likely to exceed £100,000 (including VAT), the approval of both the Chief Finance Officer and the Vice-Chancellor must be obtained.

The University does not make contributions to political parties. Gifts or donations to other charitable organisations are permitted but should be kept to a minimum. No donation should be made in order to obtain or retain business advantage. All charitable donations must be authorised by the appropriate Director.

3.2.6 Reporting Serious Incidents

Regulation.

The members of the Board of Governors are Trustees of the University which is an exempt charity. The Charities Act 2006 amongst other things imposed a legal duty on Trustees of a charity to report all "serious incidents" affecting or likely to affect the charity to the Charity Commission.

From 1 June 2010, the exempt charity regulation provisions of the 2006 Act came into effect for HEIs, and they are now subject to the Charity Commission's powers. Regulations made under the Act appointed HEFCE as the Principal Regulator for HEIs which are exempt charities, including Solent University. Reports of qualifying serious incidents relating to Solent University therefore need to be made to HEFCE.

As this reporting is a legal duty of Trustees, the Board of Governors has delegated responsibility to the Audit Committee to review and consider incidents which are or may be "serious incident" and ensure that those which qualify are reported in a timely and appropriate manner to HEFCE.

All staff of Solent University must therefore ensure that potentially qualifying incidents are promptly reported through the management structure as set out in the procedure below.

Procedure

This procedure sets out members of staff's responsibility regarding the identification of possible serious incidents and the process to be followed where one is detected or suspected. Where the possible serious incident relates to a theft, fraud or irregularity, then the University's regulation 3.2.2 should be followed.

The Charity Commission have identified several areas where the issue itself causes such serious concern that they will always give it their immediate attention because of the impact on the charity if true, and on the reputation of the charity, even if not true. The following issues would always be regarded as serious incidents and should be reported to HEFCE:

- significant financial loss to the University, defined as in excess of £25,000 whether or not insured;
- serious harm to beneficiaries and, in particular, vulnerable beneficiaries;
- threats to national security, specifically terrorism;
- criminality and/or illegal activity within or involving the University;
- identification of sham charities set up for an illegal or improper purpose;
- issues that could damage the reputation of an individual charity or class of charities or the wider charity sector;
- issues that could damage public trust and confidence in charities or in the Commission as an effective regulator.

In addition to always reporting the above issues, HEFCE expect trustees to report an incident if:

- the incident is also reported to the police or other statutory agencies (unless it is a technical or minor issue that poses little or no risk);
- Audit Committee decides that the incident presents a serious or significant risk to the University, its beneficiaries, reputation or assets;
- the internal risk assessment of the incident concludes that the University should act to avoid a serious or significant risk to the University, its beneficiaries, reputation or assets; or
- its professional advisers have advised the University to notify HEFCE of the incident.

A serious incident does not need to be proved to have happened; it could be drawn to management attention as an allegation or a suspicion. It should still be reported to HEFCE if information has been received which leads to a belief or suspicion that a serious incident has happened and there are reasonable grounds for the suspicion.

Governors are responsible for taking appropriate action in response to a suspicion or allegation in order to protect the University from harm. These actions will need to be reported to HEFCE. One of HEFCE's statutory functions as Principal Regulator is to identify and investigate apparent misconduct or mismanagement in the administration of universities which are exempt charities. HEFCE will decide their regulatory response, if any, on the basis of evidence.

When an incident of fraud or other significant loss is reported to HEFCE, they will need to know:

- the amount involved;
- how it was discovered (for example by the University through internal controls, by the University's auditors or professional advisers or its bank);
- a summary of the circumstances of the theft/fraud with enough details to enable HEFCE to be clear about the risks and be satisfied that the University is dealing with them responsibly;
- confirmation that the University's policy has been followed in this case;

- what action has been taken to deal with it; confirming whether the University has reported the fraud or theft to the police, providing HEFCE with the crime reference number;
- if the University has recovered the money or is taking steps to do so;
- whether or not losses are covered by insurance.

If a member of staff knows or believes that a serious incident relating to the University has taken place, they should immediately report it to their line manager and to the Chief Finance Officer. If after initial investigation there is a reportable incident, the Clerk to the Governors will be informed and asked to include a report at the next meeting of the Audit Committee.

Incidents which are serious in Charities Act terms but not materially significant to the University will be reported to HEFCE via the Annual Report of the Audit Committee. In these circumstances, the key information HEFCE is likely to need is how many incidents have occurred in the period and what the issues of concern were. The University also needs to identify which of these incidents, if any are high risks.

If any incidents involve financial loss, HEFCE will need to know the total amount of the loss, or an estimate. The Audit Committee will need to confirm whether the University has dealt with the incidents in line with the University's established policies and procedures and identify any exceptions to this. Where incidents have involved actual or suspected criminal activity, the University will need to tell HEFCE if it has reported them to the police and if not, why not.

The Chair of the Audit Committee (and possibly the police and/or auditors) should be notified when the University's senior management believes a serious incident:

- has an immediate and significant impact on the University or its services (e.g. high value fraud or theft)
- is likely to attract immediate and negative media coverage
- is likely to raise serious public concerns in the competency or credibility of the University

In these circumstances HEFCE would always expect this to be reported to them in more detail and as soon as possible.

3.3 Financial Management and Control

3.3.1 Budgetary Processes

Regulation:

The main purpose of the budgetary process is to plan as accurately as possible expected income in a given year and agree authorised levels of expenditure to support the University's varied activities.

The Vice-Chancellor will delegate the responsibility for preparing the University's budgets to the Chief Finance Officer.

The Vice-Chancellor will review all revenue and capital budgets before being presented to Resources Committee and the Board of Governors.

Procedure:

The Vice-Chancellor shall authorise all members of the Vice Chancellors Group to designate 'Budget Managers' who shall be responsible for preparing, as required, proposed revenue and capital budgets for consideration by the Vice-Chancellor.

Except with the express approval of the Vice-Chancellor, only members of staff reporting directly to a member of the Vice Chancellors Group should be designated as Budget Managers.

Budget Managers may in turn nominate staff; either to have authority to deputise generally as Budget Manager; or to be 'Budget Holders', that is to say managers of sub-budgets, in their own right. Where reference is made in this manual to responsibilities of Budget Managers, these shall be deemed to apply also to Budget Holders and authorising deputies.

Where the delegation sought would grant 'authoriser' status in respect of all expenditure, the Budget Manager's line manager should confirm the nomination by countersigning the authorised signatory form.

Authorising deputies and Budget Holders have the same general authority level as their Budget Managers for those cost centres for which they have delegated responsibility, although their financial authority limits for purchase orders may be specified at a lower value than that of their Budget Manager.

In preparing their budgets or re-budgets, as necessary the Budget Managers may consult the Chief Finance Officer, who will co-ordinate and facilitate the preparation of the budget.

The Chief Finance Officer will present the draft budget to the Vice-Chancellor for consideration.

After approval, the Vice-Chancellor will submit proposed revenue and capital budgets or rebudgets, as necessary to the Resources Committee.

The Resources Committee will recommend a budget or re-budget as necessary to the full Board of Governors.

After approval, the Vice-Chancellor will make arrangements for the implementation of the budget/re-budget as approved.

The control of expenditure within agreed budgets is the responsibility of the designated Budget Holder. It is the responsibility of all authorisers to ensure that all relevant regulations are complied with.

Budget Holders must manage and monitor the performance of their budget.

3.3.2 Risk Management

Regulation

The University has an established risk management policy which identifies management of risk as a responsibility of all management post holders, as appropriate to their level of accountability, led by the Vice-Chancellor.

The Risk Management Group, chaired by the Chief Finance Officer reports to the Audit Committee, which is responsible for overseeing risk management at the University.

Risk management arrangements should consider the key principles set out in the HEFCE's Accounts Direction to HEIs, which notes that effective risk management:

- covers all governance, management, quality, reputational and financial risk whilst focusing on the most important key risks;
- produces a balanced portfolio of risk exposure;
- is based on a clearly articulated policy and approach;
- requires regular monitoring and review, giving rise to action where appropriate;
- needs to be managed by an identified individual and involve the demonstrable commitment of governors, academics and officers;
- is integrated into normal business processes and aligned to the strategic objectives of the organisation.

Procedure

Further details of Risk Management can be found in the Risk Management Policy

3.3.3 Treasury Management

Regulation

The Audit Committee is responsible for approving a treasury management policy which encompasses the management of the University's cash flows, banking, money and capital market transactions and the effective control of the risk associated with those activities.

The financing and liquidity of the University and its exposure to financial risk are managed by the Chief Finance Officer, who reports the activities to the Audit Committee.

All borrowing shall be undertaken in the name of the University. Where University assets are offered as security for borrowing, the approval of Resources Committee is required regardless of the amount.

All trust funds will be in the name of the University or of nominees approved by the Vice-Chancellor. Any member of staff acting as a trustee of a fund by virtue of his or her official position will deposit all documents of title relating to the trust with the Chief Finance Officer.

Additional donations and benefactions should, wherever possible, be included within an existing trust fund. The Chief Finance Officer's advice should be sought in this matter.

Procedure

Further details of Treasury Management can be found in the Treasury Management Policy.

3.3.4 University Bankers

Regulation

The appointment of the banker for Solent University and its subsidiary companies, following tender, will be approved by the Resources Committee. All official University financial transactions will be with that bank or one of its branches and no other unless specifically authorised by the Chief Finance Officer.

All instructions to and correspondence with the University's bankers will be conducted by or with the agreement of the Chief Finance Officer. Any changes to the banking mandate must be agreed with and by the Chief Finance Officer.

If it proves necessary to open a subsidiary bank account at the main or other branch of the bank, this will be arranged by the Chief Finance Officer who will supply the bank with the names and specimen signatures of such persons authorised to operate the account.

The title of any subsidiary bank account must ensure that it is clearly seen by the bank to be an official University account and that alterations can only be authorised by the Chief Finance Officer.

Procedure

Banking Arrangements

University cheques with a value exceeding £1,000 must be signed with either the authorised facsimile signature, used in accordance with instructions issued by the Chief Finance Officer or by signatures as specified on the mandate for that particular account.

Responsibility for ordering, control and use of blank cheque stationery will rest with the Chief Finance Officer and, in the event of the loss of any of those cheques, the Chief Finance Officer will be responsible for any investigation that may be necessary to resolve the matter.

All monies received by University staff, should be processed through appropriate University systems direct to the official University bank account according to arrangements agreed by the Chief Finance Officer.

All banking must be sent to an agreed location in the University ready for secure transportation to the bank. The details of the banking, together with all till reports must be sent to the Income Office, Finance Service daily.

All receipts must be paid into the bank in full, promptly and on a timely basis. Receipts must not be used to pay miscellaneous expenses.

Personal cheques must not be cashed out of money held on behalf of the University.

The Chief Finance Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

3.4 INCOME

3.4.1 General

Regulation

All income that results from work, goods or services provided by employees of the University in the course of their duty, is income belonging in whole to the University.

All income due to Solent University or its subsidiary companies (the University), whether in the form of cash, cheques, debit/credit card, bank payment or by debtors' invoice/debt transaction will be collected and recorded in accordance with arrangements approved by the Chief Finance Officer.

Budget Managers must notify the Chief Finance Officer promptly of all money due to the University, including proposed contracts, leases and other arrangements which would involve the receipt of money and which must be authorised in accordance with the **approved limits and levels of authorisation**. On receipt of information relating to income due to the University, the Chief Finance Officer will arrange for an appropriate official invoice/statement to be raised and will be responsible for ensuring that payment is received.

All invoices must be issued in a timely manner, with the correct VAT charged where appropriate.

All significant fees, charges etc levied by the University should be reviewed at regular intervals by the Chief Finance Officer and any changes proposed must be referred to the Vice-Chancellor.

Goods or services should not be agreed in advance of an account being created for the customer. No new account will be created for any customer until the appropriate trading arrangement form has been completed and approved by the Income Manager.

All discounts offered must be agreed by the Chief Finance Officer.

Standard payment terms (see portal) apply unless agreed by the Chief Finance Officer.

3.4.2 Student Fees

Regulation

The procedures for recording and collecting tuition and accommodation fees must be approved by the Chief Finance Officer.

3.4.3 Receipts

Regulation

The Chief Finance Officer is responsible for ensuring all payments made to the University are properly recorded. An official receipt must be issued as an acknowledgement to any person making a payment to the University, where appropriate and where requested.

3.4.4 Collection of Debt

Regulation

The Chief Finance Officer is responsible for ensuring that all outstanding debt is monitored and reported to Resources Committee on a regular basis.

Sanctions for overdue debt will be applied in accordance with the Student Debt Policy and the Corporate Debt policy

Payment terms must be agreed before an invoice is raised.

Credit notes and other transactions affecting the amount owed to the University must be approved by the appropriate Budget Manager. Movement of debt between accounts may be approved by the Income Manager, Finance Service.

The Chief Finance Officer is responsible for ensuring that any amounts written off are authorised in line with the **approved limits and levels of authority**

Procedure

Further details can be found in the Student Debt and Corporate Debt Policies

3.4.5 Refunds

Regulation

The Chief Finance Officer is responsible for ensuring that refunds are issued in a timely and appropriate manner, in accordance with approved levels of authority.

All refunds will be actioned in line with Money Laundering regulations.

Procedure

Refunds over £1,000 must be approved by a senior manager within Finance Service.

Refund schedules will be prepared and authorised by the Income Manager or Team Leader.

Refunds on EPOS tills at the point of sale to correct an incorrect transaction must be approved by an authorised manager.

3.4.6 Cash Handling

Regulation

The Chief Finance Officer is responsible for the procedures to ensure that all cash received by the University is banked promptly and in full, having been recorded accurately in the University's records.

Procedures

Cash may be received at appropriate points across the University and must be processed through an EPOS till, which are cashed up daily and reconciled with the till reports.

Where cash is taken on a regular basis the location should be made as secure as reasonably possible. Cash received other than at the Finance Income Office should be kept as secure as possible until delivered to the agreed location in the University for secure transportation to the bank. This would usually mean using a safe of the appropriate insurance rating. It is not unreasonable to require staff to receive cash on behalf of the University as part of their duties provided that the location is appropriately secure.

When not in current use, till cash drawers should be left open to show there is no cash in them, discouraging damage in the event of a break-in.

All bank notes received, particularly those of high denomination, should be inspected carefully to detect forgeries - the foil strip and watermarks provide a first level of assurance.

It is not unreasonable to require staff to carry or move cash takings from a collection point to the agreed location for secure transportation to the bank, although unless there is an explicit requirement in their job description, staff may choose not to do so. Management should consider special arrangements appropriate to the amounts involved, in consultation with the Income Manager, Finance Service.

Where staff are prepared or are required to carry cash, the times and routes should be varied and two staff members should be used where possible. In the event of an attempted robbery staff are reminded that their safety is more important than the cash.

University staff away from University sites, whether in the UK or abroad, should not take responsibility for the transportation of cash to the University.

Vending Operations

All University owned vending machines should have meter facilities to record both cash taken and where appropriate, number of transactions. A permanent running record of readings and takings should be maintained. This information should be used in the takings reconciliation.

Floats

A cash float for change may be required for some purposes. Such a float can be issued by the Income Office, Finance Service, either on a temporary basis or as a permanent float. Floats are issued to and signed for by individuals who are accountable for the value of the floats. The correct value of the float should always be taken out of the session's takings before these are counted.

When not in use the float should be kept in a locked container in a secure place. The Chief Finance Officer may arrange at any reasonable time, but without prior notice, to conduct an audit of floats and takings.

The Chief Finance Officer will arrange for instructions on the operation and reconciliation of such accounts to be issued to the imprest holders

Insurance

Estates and Facilities are responsible for the arrangement of all forms of insurance for the University. Managers should notify the Director of Estates & Facilities of all cash handling arrangements they are making, to enable appropriate insurance to be put in place. This could include fidelity insurance for staff handling cash, as well as assessment of the cash rating of safes, cash boxes and tins, or other security measures.

3.4.7 Cheque Handling

Regulation

Any cheques taken should be crossed and made payable to 'Solent University' or one of its subsidiary companies where appropriate.

Post-dated cheques may be accepted in certain circumstances.

3.4.8 Card Handling

Regulation

The Chief Finance Officer must approve the procedures for accepting payments received by debt and credit cards.

Procedures

All staff taking payments from customers using credit or debit cards, in person or over the telephone, are under a duty of care to ensure that the card details are processed as soon as possible through the finance system, so that a 'token id number' can be generated where the customer has agreed that future payments are to be processed against their card.

Card security number information should not be recorded or retained, whether on paper or within University computer systems.

All documents containing customers' personal financial information must be stored in secure locked filing cabinets or in a safe when not in actual use. Such filing cabinets will be kept in offices that are only accessible to staff who have legitimate work in that office. The Director of Estates & Facilities can advise on appropriate methods to make existing filing cabinets secure.

Information will only be kept as long as necessary and destroyed in line with Data Protection requirements.

3.4.9 Funding Income

Regulation

The Chief Finance Officer is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the University's accounts.

Procedure

Schedules must be maintained by the Chief Finance Officer of all income due, actual or potential, from the Funding Councils and other Governmental sources.

Such schedules will show:

- The total income due as certified by the relevant Senior Managers concerned with research;
- The timing of income throughout the year;
- The actual income received;
- Dates of any claim arrangements;
- Restrictions on any consequential expenditure.

The Chief Finance Officer will arrange to make claims to the Funding Councils.

3.4.10 Research, Grants and Non-Teaching Income

Regulation

The Chief Finance Officer is responsible for examining every formal application for research, grants and non-teaching income and shall ensure that there is adequate provision of financial resources to meet all commitments. The Chief Finance Officer should ensure that the full cost of research contracts is considered.

Procedure

It is the responsibility of the Schools and Services to ensure that the Research and Innovation team are aware of any research, grants and non-teaching projects and bids.

Research and Innovation will ensure that prior to submission all proposals have the support of the Director of School and have been reviewed by the Chief Finance Officer and the Deputy Vice-Chancellor, Academic. This will include obtaining a set of terms and conditions from each organisation providing funding to enable appropriate compliance.

Supporting procedures and guidance can be found in the Research and Innovation's research, grants and non-teaching policies.

Approval for surpluses and deficits on projects are shown in the **limits and levels of authority**.

3.5 Expenditure

3.5.1 Competitive Tendering

Regulation

All orders or commitments entered into for the procurement of goods, services or works on behalf of the University must comply with these Financial Regulations. The University must also comply with any legal tendering requirements.

Any deviations from these Financial Regulations must be agreed in writing by the Chief Finance Officer or their designated representative.

Budget Managers are under a duty of care to ensure value for money in all purchases which they authorise on behalf of the University. They are required to provide evidence of this as set out in the **Competitive Tender procedure**.

The requirements for quotation and tendering also apply to the provision of fee based services, for example consultancy, by individuals even when the subsequent mechanism for payment is under a contract of employment through the University's payroll. Evidence of quotations, or where necessary tendering, will be required by the Chief People Officer before the issue of a contract of employment for the provision of such services where the value, including employers' on-costs and anticipated employee expenses, is in excess of £5,000. Please refer to **Determining Employment Status**

The Procurement Manager may, if he/she believes this process to be inappropriate in a particular case, recommend an alternative tender procedure to the Chief Finance Officer.

Procedure

Purchases of works, goods or services up to £5,000 (including VAT) [£20,000 for contracted building work] should be made where possible from approved University suppliers and in all cases in accordance with the University's terms and conditions of purchase, which can be viewed on the University's website.

All purchases over £5,000 (inclusive of VAT) require competitive quotations before placing an order. The level of quotations is dependent on the estimated value of works, goods or services including VAT. When calculating the value of the total cost of the goods or service must be calculated, including all related items e.g. a series of procurements of furniture or storage equipment) or items procured as a direct result of another procurement e.g. equipment capital cost and the servicing, spares and upgrades required.

The actions to be taken dependent on estimated cost are as follows:

Purchases of works, goods or services by the University, whether capital or revenue estimated to cost more than £5,000 (inclusive of VAT) [£20,000 for contracted building work], shall be subject to competitive quotations organised by the appropriate Budget Manager. The exception is when centrally negotiated contracts including arrangements made by the Southern Universities Purchasing Consortium or similar sector framework

advertisements to be placed in the Official Journal of the European Union (OJEU) inviting applications to tender on a minimum timescale of 30 days agreements are used. Details on approved contracts may be obtained from the Procurement Department.

Purchases of works, goods or services of between £5,000 and £25,000 [£20,000 and £50,000 for contracted building work] (including VAT) will be evidenced by at least three written quotations, unless ordering from a framework call off contract from a nominated supplier. Where the cheapest is not selected, a justification signed by the Budget Manager should be sent to the Procurement Department for authorisation.

Purchases of works, goods or services over £25,000 including VAT (£50,000 including VAT for building work) and up to the EU Tender limit, will be subject to a formal tender exercise, using an online procurement portal providing transparency and offering more competition.

Over the EU tender limit, an official tender will be conducted through Procurement, in accordance with the Public Contract Regulations 2015 and EU Directives.

Schools and Services must consult with the Procurement Manager prior to commencing any tender activity to agree the correct procurement process. A member of Procurement will be nominated and the tender will be conducted electronically via the University's e-tendering portal and advertised as appropriate.

The Procurement Manager may, if he/she believes the process has not been followed appropriately, recommend an alternative tender procedure to the Chief Finance Officer.

Framework Agreements

The University is able to make use of tender exercises carried out by the regional or national purchasing consortia for the sector. A list of approved suppliers is available from the Procurement Department.

The Procurement Department may make a direct award or conduct further competition exercises for the purpose of appointing approved suppliers for certain works, goods and services.

Project teams will be established consisting of a panel of staff, usually the Procurement Manager (or nominee), a member of the ordering School or Service, plus an additional member of staff from either of the aforementioned.

Details of all contracts resulting from the framework process will be matched to the Purchase Order and retained by the Procurement Department

If the appropriate number of quotes are not obtained the matter must be reported to the Chief Finance Officer who will decide on the necessary action.

Where the Procurement Department have confirmed the necessity to comply with European Union Tendering Regulations, Budget Managers must at all times comply with the Procurement Department's directions. Budget Managers should note that the EU regulations require between the placing of the advertisement and the closing date for receipt of tenders. Values are subject to biannual review and changed as a matter of law (**see limits and levels of authority**)

In a sole supplier situation, where the Budget manager believes that it is not possible to obtain sufficient quotations, the case should be put in writing to the Procurement Manager who will liaise with the Chief Finance Officer. Purchases over £25,000 will be subject to a formal tender exercise unless the Procurement Manager is satisfied that it is a genuine sole supplier situation.

Sole supplier purchases up to the European Union Tendering limit must be authorised by the Chief Finance Officer or the Vice Chancellor. For purchases over this limit approval must be obtained from Resources Committee. Where necessary, a notice will be submitted in the Official Journal of European Union (OJEU) and/or the Government Contracts Finder portal, advising that the procurement of the goods/services will be awarded to a sole supplier.

3.5.2 Orders for Work, Goods and Services

Regulation

Official University orders must be placed in advance of provision for all works, goods and services required for the work of the University with the exception of:

- Items of a recurring nature, e.g. rates, gas, water, electricity, telephones. Provision for commitment in respect of these should still be made by raising an order when costs are known or can be reasonably estimated;
- Items purchased from imprest accounts, e.g. petty cash items;
- Items purchased using a University Purchasing Card;
- Payments of a fiscal or agency nature as authorised by the Chief Finance Officer, e.g. income tax, national insurance, pension deductions, VAT.

Budget Managers are responsible for ensuring that they obtain the most favourable terms for price, delivery dates and quality. Advice from the Procurement Department should be sought before orders are placed.

The Procurement Department will advise Budget Managers of any centrally negotiated contracts or any firm with whom the University has entered into supply arrangements.

Procedure

All purchase orders must be raised, authorised and submitted on the finance system. The nominated contractor or supplier must be recognised on the system before a purchase order can be placed. Finance have the right to refuse payment for any goods, services or work ordered with no purchase order.

University staff must be approved by a member of the Vice-Chancellor's Group (VCG) to authorise purchase orders. Finance Service will maintain a schedule of all University staff who may place or authorise orders, together with information on special limits of their authority, and evidence of their approval by a member of VCG.

Dimensions authority levels are maintained and monitored by the Finance Service, in line with the financial framework. Orders over specific values require additional authorisations as set out in the **Limits and Levels of Authority**.

The Procurement Department will arrange for authorised orders to be reviewed prior to issue, and will ensure that the following conditions are satisfied:

- Any tender arrangements required have been followed;
- Available budgetary provision is identified;
- Services ordered do not form a contract of personal employment;
- The order has been correctly authorised.

The order is not fully authorised and should not be communicated in any way to the supplier until the Procurement Department has completed these checks.

Works, goods and services the cost of which exceed £5,000 including VAT (£20,000 including VAT for buildings) require the Procurement Department to be satisfied that competitive quotations have been sought in line with the **Competitive Tendering Regulation and Procedure** (unless formal contractual arrangements have been negotiated centrally). In the case of building work, orders up to £20,000 (including VAT) may be placed without inviting quotations providing that periodically, at least every six months, the charges of contractors used are checked by means of competitive quotation.

Orders which relate to new build, alterations, refurbishment or maintenance of property may only be issued with the agreement of the Director of Estates & Facilities or his/her official nominee.

Orders which relate to IT equipment should only be issued with the agreement of the Director of Information and Communications Technology (ICT) or his/her official nominee.

Under no circumstances may private transactions be carried out using official orders or conducted as if by the University through or with any University Contractor or Supplier. Private transactions are transactions which are not entered in the official accounts of the University, its subsidiary or associated companies.

Members of staff and other employees must declare to the Procurement Department any financial, management or other interest that they have in any organisation likely to enter into a contractual relationship with the University, its subsidiary or associated companies. The Procurement Department will maintain a register of all such declared interests. Contracts will not be entered into with these organisations other than with the express permission of the Vice-Chancellor.

Members of staff and other employees should refer to the **Gifts and Hospitality Regulation and the Bribery Act Policy** before accepting gifts from or making gifts to organisations which have or seek to have a business relationship with the University, its subsidiary or associated companies.

In certain cases, formal contract documentation may require official signatures, in addition to or instead of official orders. These may be related to income, to guarantees or warranties, to expenditure, for example research contracts, consultancy, and supply of services. The authorisation to sign such contracts on behalf of the University is as set out in the **Limits and Levels of Authority**. No other members of staff may sign contracts which commit the University to any form of service or which incur expenditure by the University.

For all contracts over £50,000 including VAT:

- contracts must be reviewed by the Chief Finance Officer, with the exception of standard construction contracts, to ensure that legal advice is obtained from the University solicitors for specialised contracts. Specialist legal services provided by other solicitors may be used where necessary, arranged through Procurement;
- contracts must be reviewed by a senior member of Finance Service designated by the Chief Finance Officer;
- contracts relating to IT matters should be reviewed by a senior member of ICT designated by the Director of ICT;
- contracts relating to building works should be reviewed by the Director of Estates and Facilities or his nominated officer;
- contracts must be reviewed and approved by the Budget Manager prior to presentation to a member of the Vice-Chancellor's Office. Contracts will not be approved by a member of the Vice-Chancellor's Office, without clear evidence that the appropriate legal advice has been obtained and the reviews specified above have been completed.

As there may be adverse legal implications attached to contracts raised by third parties, all such contracts, regardless of value, should be referred to the Chief Finance Officer, or his/her nominee prior to completion.

Contracts and orders may not be sub-divided in order to avoid compliance with any of the above regulations.

All contractual documentation must be signed by **all** parties before the contract is activated.

All contract terms and conditions, with the exception of standard construction contracts, must be in line with the University's standard terms and conditions. Supplier terms and conditions should only be used if approved by Procurement. Where alternative terms and conditions are applicable these must be stated on the Purchase Order eg JCT building contracts.

3.5.3 Receipt of Goods and Services

Regulation

All goods and services received on behalf of the University should be verified against the relevant purchase order

Procedure

On the satisfactory receipt of goods or completion of a service the Requisitioning Officer or nominated administrator will update the receipt option on the DHC web application of Purchase Order Processing (POP) to record quantities received and delivery date. In order to maintain segregation of duties and reduce risk the officer updating the receipt option on the DHC web application of Purchase Order Processing (POP) should not be the person who authorised the order.

Accounts Payable, Finance Service will match the purchase order with the invoice and process it for payment

In the event of dispute or other disagreement, it will be the responsibility of the Authorising Officer to ensure that this is resolved, in conjunction with the Procurement Department or the Chief Finance Officer as appropriate. It is the duty of the Chief Finance Officer to ensure that any disputed invoice is not paid until the matter is resolved to the satisfaction of all the officers concerned, or to impose a solution where no such resolution has occurred within a reasonable time.

3.5.4 Payment of Goods

Regulation

The Chief Finance Officer is responsible for making all payments due by the University and must approve all payment procedures

Procedure

Payments for goods, supplies and services should always be supported by an invoice or other suitable document, which must contain a valid purchase order number. These will usually be received by Accounts Payable, Finance Service who will record the amount and other details for control purposes. It will be Finance Service's responsibility to match the invoice details with the order and if satisfied that an invoice is properly payable and authorised, process it for payment.

For all order based transactions the authorising of the order is the authority for the eventual payment of an invoice which conforms to the order. Orders may only be authorised by Budget Managers or nominated deputies agreed by the appropriate Deputy Vice-Chancellor or Chief Finance Officer.

The completion of the receipt option of the order in Purchase Order Processing (POP) implies no budgetary authority.

3.5.5 Expenses

Regulation

Expenses incurred should be wholly, exclusively and necessarily in the course of duty, complying with all relevant financial regulations and procedures.

The University's purchasing and payments procedures are in place to enable the majority of supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses and are entitled to reimbursement.

Staff making claims, and budget holders authorising such claims, must ensure economy and cost effectiveness when incurring expenses, the level of expenses and the effective use of staff time. Alternatives to travel should be considered eg conference calls etc. Claimants are entitled to be reimbursed in full for the relevant allowances and receipt based expenses.

Students acting in the capacity of an employee or student ambassador may claim expenses in accordance with these regulations and procedures.

The Chief Finance Officer will from time to time review expense claims to verify that all items claimed are in accordance with relevant regulations and procedures.

General enquiries relating to this expenses policy should initially be addressed to Finance Service.

Procedure

General

The HM Revenue & Customs dispensation requires that all expenses are on a receipt basis, with the exception of the Personal Incidental Expense (PIE) allowances. Credit and debit card vouchers do not qualify as receipts.

Claims for reimbursement of expenditure incurred in the course of duty, should be submitted on the appropriate form (whether paper or web based) by the members of staff to the appropriate authorising officer for checking, approval and submission to Finance Service.

Paper based claims must be signed personally by the member of staff making the claim and counter-signed by an appropriate authorising officer, and should not be claimed by that or any other individual from any third party. Web claim forms are matched through personal log-in details and are authorised electronically by the appropriate authorising officer.

Receipts should accompany all paper based claims or be cross referenced to the web claim number and sent separately to Finance Service.

The claimant must obtain prior approval for the expenditure from the relevant budget holder or, where the claimant is the budget holder, the appropriate authorising officer. No member of staff may ever authorise their own expense claims or those of their line manager. However, the Clerk to the Board of Governors is delegated to authorise the expenses of University Governors and of the Vice-Chancellor. The Chief Finance Officer is delegated to authorise claims made by the Clerk to the Board of Governors.

Expenses which have been wholly, necessarily and exclusively incurred on behalf of the University can generally be reimbursed without being taxable if claimed in accordance with this Expenses Regulation and Procedure. If the University agrees to reimburse taxable expenses, they will either be paid and taxed through the payroll, or will be reported to HM Revenue & Customs on a P11D. Any non-business element must be specifically agreed in advance with the budget holder. The budget holder should seek advice from Finance Service on the implications of approving arrangements which are not exclusively for business.

Staff are not permitted to order or authorise any travel/expenses for their own business use.

Claims should be coded to the relevant analysis code (cost centre code combined with detail codes with use of an optional project code).

Any claim relating to a period more than three months prior to the date of submission for reimbursement must be accompanied by an explanation for late submission and will be payable only at the discretion of the Chief Finance Officer. Claims relating to the closed financial year must be submitted within one month after the end of the year (i.e. by 31st August). Claims received after August for the prior year will not be paid.

The Chief Finance Officer will maintain up to date records (manual and electronic) and specimen signatures of all University staff authorised to certify accounts, invoices, etc, together with information on the limits of their authority as determined by the appropriate member of the Vice-Chancellor's Group.

UK travelling

Where appropriate and economic public transport should be used. Staff should obtain the least expensive fare, irrespective of their seniority, and the University's travel management company must be used to make all bookings. **Local arrangements are in place for External Examiners only.**

The Vice-Chancellor, Deputy Vice-Chancellors, Directors of Schools and Services may, where necessary, travel by first class rail. Other members of staff are expected to travel standard class and any exceptions must be agreed in advance by the Director of School/Service.

Rail tickets should be purchased through the University's approved travel management company. In exceptional circumstances only individuals purchasing rail tickets will be reimbursed through the expenses claim system. Receipts should always be obtained. Rail tickets are not classed as a receipt.

For UK rail & underground ticket costs use detail code 632096.

For costs of UK public transport (other than rail & underground) and other receipts based travel costs, e.g. parking, tolls etc., use detail code 632101.

Where the use of a car is deemed necessary a hire car should be considered, especially if the journey is over 150 miles in total.

For journeys less than 30 miles a car should not be hired without permission and explanation from the appropriate budget holder. Where transport is required for a short journey or a short amount of time staff should consider using public transport or the 'car club' option, details of which are available on the vehicle hire provider booking portal, or from the Procurement Team.

Cars must be hired through the University's current hire car arrangements, details of which can be obtained from the Procurement Department. Staff should refill the tank with fuel before returning the vehicle, and claim the cost through an expenses claim form. The claim should state that the fuel was for a hire car, give details of dates, times, reason for journey and destination(s), and be accompanied by all receipts.

For UK hire car and petrol for hire car costs use detail code 632026.

If public transport and hire cars are not appropriate the use of the staff's own vehicle may be approved. The business use will be reimbursed at the current University rates.

Current rates for the use of own car are as follows:

40p per mile for the first 10,000 business miles in the fiscal year; thereafter 25p per mile. An additional 5p per mile is also payable for each passenger carried on University business. Employees can claim tax relief from HMRC on the difference between the University rate and the current HMRC rate.

The current rate for the use of own motor cycle on University business is 24p per mile

The current rate for use of own bicycle on University business is 20p per mile.

Employees authorised to use their own vehicles on University business should ensure that the University's Travel Policy is adhered to. Completed mileage claims should contain the following:

- full details of the journey, including date, reason for journey, any passengers, starting point with postcode and destination with postcode must be shown on the expenses claim form.

For UK mileage allowances claimed, use detail code 632081.

The following rules apply to employees who normally work at a University site (normal place of work):

- 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 return journeys from the normal place of work on business may be regarded as business journeys;
- Under current HM Revenue & Customs regulations, where a business journey to a temporary place of work is commenced or completed at the employee's home the full amount is claimable as a business journey, provided that the temporary place of work is not within a 10 mile radius of their normal place of work.

HMRC principle is that the cost of travelling from an employee's home to their normal place(s) or work or a temporary place of work within the 10 mile radius rule - *is not travel in the performance of their duties*, but rather part of their commute to work.

HMRC Definitions:

Normal place of work - this is deemed as a place the employee must attend in order to perform the duties of their employment and is required to work at the place of work at least once a fortnight. This can be more than one location.

Temporary place of work - temporary place of work is deemed as a place the employee attends irregularly (ie less frequently than once a fortnight) to attend for temporary purpose or self-contained visit eg to attend a meeting or training.

Where in exceptional circumstances staff believe that their pattern of travel should be regarded as significantly different to that outlined above, they should consult with the Chief Finance Officer or the Payroll Manager as individual tax treatment may need to be negotiated with HM Revenue & Customs before any payments for travel are made.

UK Subsistence

Staff who are away from home and work on University business are entitled to claim subsistence expenses. The general principles of reasonableness and economy combined with efficient working practices must be applied. An estimate of the overall anticipated costs should be approved in advance by the budget holder.

Following the University's current HM Revenue & Customs dispensation, members of staff are expected to use a receipts basis for all claims related to subsistence. Allowable items must be supported by original receipts and vouchers. A single alcoholic drink is permitted when accompanied with a meal.

UK meals - expenses and allowances

Subsistence

Staff on official business of **more than five hours, and having travelled more than five miles**, may claim for the cost of meals taken away from both home and University site up to the following value and subject to a **maximum of £30 per day**:

i) Breakfast

Up to £6 may be claimed.

Inland Revenue accept that if the official business travel starts before 7am a nominal amount can be claimed.

Where travel has started on a previous day, breakfast should be booked at the same time as any accommodation via the University's approved travel management company.

ii) Lunch

Up to £10 may be claimed.

Lunch may be claimed providing that the official business of more than 5 hours covers the time period 12 - 2pm.

iii) Afternoon Tea

Up to £5 may be claimed.

Afternoon Tea may be claimed providing that the official business of more than 5 hours covers the time period 3 - 5pm.

iv) Dinner

Up to £15 may be claimed.

Dinner may be claimed providing that the official business of more than 5 hours (including travelling time) finishes after 7pm.

The above meal costs may be exceeded where expenses are being recharged to University clients, provided that costs are reasonable and prior agreement has been obtained from the client. Rechargeable expenses must be coded to detail code 620141 (client rechargeable).

UK accommodation expenses and allowances

Staff requiring overnight accommodation away from home whilst on University business within the UK may claim reimbursement for the cost as follows:

i. Receipts basis

All accommodation must be booked through the University's Travel Management Company. Receipts based claims for accommodation are outside the Financial Regulations and must be approved by the Director of Schools/Service and countersigned by a senior member of Finance. **Local arrangements are in place for External Examiners only.**

Cost of hotel bills for accommodation and meals, as evidenced by the original receipts. Where possible, accommodation bookings should be made from the University prior to departure through the approved travel management company. When booking the accommodation “billback” from the travel management company should be requested.

The cost of business phone calls and internet charges will also be reimbursed on the evidence of itemised receipted invoice annotated with details of who was called and the reason. All non-business extras, e.g. papers, non-business phone calls, bar charges must be paid for by the individual and will not be reimbursed. No tax or NI liability arises under this heading.

Specific prior approval from the budget holder is required where the daily rate exceeds £75 plus VAT (£125 for London and City Centres). *For all UK receipts based expenses for accommodation and subsistence, use detail code 632106.*

ii. Personal Incidental Expenses (PIE)

In addition to any receipt based expenditure, staff who stay away overnight within the UK while travelling on business or attending work-related training may claim PIE of £5 for every night (no receipts required).

Please note that this PIE replaces all previous UK ‘allowances’, which have been withdrawn by HM Revenue & Customs. Receipted PIE cannot be claimed in addition to the PIE allowance. Channel Islands and Isle of Man are deemed to be outside the UK for PIE purposes and should be claimed under Overseas PIE.

Claims for UK PIE should be coded to detail code 632091.

UK Business and Staff Entertainment

Business Entertainment

Only Directors of Schools and Service may authorise business entertainment.

Business entertainment may take place either on or off the University premises. When on the premises, the service must be supplied through the University’s caterers.

For onsite business entertainment full details of persons entertained, the organisations they represent, and the reason for the claim must be provided on the booking request.

For business entertainment away from University premises, the cost of meals taken with business clients or other external visitors will be reimbursed against receipts and charged to ‘business entertaining’. Alcoholic drinks are permitted up to a maximum of two drinks per person.

Full details of persons entertained, the organisations they represent, and the reason for the claim must be provided. Reimbursement in these circumstances does not give rise to tax or NI liability where the numbers of University staff and external business contacts is in balance, giving regard to the status of the visitor. The number of University staff should not exceed the number of people being entertained.

For UK business entertainment costs, use detail code 632116.

Staff Entertainment

Staff entertainment must take place on-site only. No staff entertainment off site is permitted.

Working lunches involving only University staff should not generally be catered for. Catered lunches should only be provided where the meeting is over the normal lunch break and open to all employees to attend eg. awaydays, staff forums etc. Full details should be provided at the time of booking. The provision should be light refreshments, e.g. sandwiches and soft drinks (non-alcoholic). These working lunches must be taken on University premises and provided through the University's caterers. All catered lunches must be approved by Directors of Schools/Services.

Meetings which include external visitors taking place over the normal lunch period may be catered for. Visitors' details should be provided on all orders in accordance with the Business Entertainment regulations.

For internal staff meeting lasting less than two hours refreshments should not be order. Coffee, tea and biscuits should be provided by the University's caterers for on-site meetings. No personal tax or NI liability arises from such working lunches and light refreshments provided by the University's caterers.

Schools/Services hospitality cards may be used to purchase light refreshments and hot beverages within the University in accordance with the above guidance.

For on-site staff entertainment costs through University Caterers, use detail code 633001.

Air Travel (UK and Overseas)

University staff are expected to travel economy class wherever possible. For direct flights of more than eight hours, the Board of Governors has agreed that Premium Economy or Business Class can be considered, but this must be approved in advance by the Director of the International Office or PVC External Relations.

Achievable savings which require staff to be away from the UK over a weekend, should be evaluated against extra subsistence costs to the University and potential tax liabilities to the individual if the journey ceases to be wholly, necessarily and exclusively for business. Similarly, amendments to return flight should be evaluated against costs of remaining abroad if the business purpose has been achieved early. The cost of frequent short return trips should be evaluated with the cost of a smaller number of longer visits.

In evaluating proposed flight arrangements including travel to and from UK airports, budget holders should also consider time gained or lost by staff in the performance of their duties under the various options available.

All flights must be booked through the University's approved travel management company. Details of which are on the **Finance Procurement Portal**. **Local arrangements are in place for External Examiners.**

Staff using their own credit card to make the booking, with prior approval by their budget manager do so at their own risk, as reimbursement will only be made after the flight, and with the boarding card accompanying the claim as evidence. This is to ensure that all reimbursements are 'wholly, necessarily and exclusively for University business', and the cost of a flight which for whatever reason does not take place would fail to meet this criterion.

For economy class flight costs, use code 632126; for business class flight costs, use code 632051.

Overseas Expenses

As with UK expenses, the University's objective is to demonstrate value for money, and the most economic forms of travel and subsistence should be used which are consistent with the efficiency and effectiveness of achieving the business purpose of the overseas trip.

Claims should be supported by all receipts. Evidence must be given of the actual exchange rate used and commission charges incurred.

Sea Travel

As far as appropriate, similar rules apply to journeys by sea, whether by ferry or other vessels.

Local travel overseas

Public transport should be used where practicable and receipts obtained where possible. Use of taxis is likely to be efficient in unfamiliar locations, particularly where there are time or baggage constraints.

Staff who wish to use their own vehicle overseas on University business, and are authorised to do so by their budget holder after evaluating the alternatives, may do so at the University's residual rate. In addition to this rate, the University will reimburse the cost of the ferry, 'green card' insurance, overseas vehicle breakdown cover, and other costs of a reasonable nature on a receipts basis. These should preferably be booked through the Procurement Department before departure.

For overseas travel costs claimed on a receipts basis, use code 632056.

Overseas Accommodation and Subsistence

i) Receipt based Accommodation expenses

All bookings should be made using the University's approved travel management company prior to departure.

If this is not possible the cost of hotel bills for accommodation and meals should be evidenced by the original receipts and reclaimed by the member of staff travelling. Daily rates for bed and breakfast should be comparable to the HMRC Worldwide Subsistence Rates (https://assets.publishing.service.gov.uk/.../2014_Worldwide_subsistence_rates.pdf).

The cost of business phone calls and internet will also be reimbursed on the evidence of itemised receipted invoice annotated with details of who was called and the reason. All non-business extras, e.g. papers, non-business phone calls, bar charges must be paid for by the individual and will not be reimbursed. No tax or NI liability arises under this heading.

For overseas accommodation on a receipts basis, use code 632061.

ii) Personal Incidental Expenses (PIE)

In addition to any receipt based expenditure, staff who stay away overnight outside the UK while travelling on business or attending work-related training may claim PIE of £10 for every night (no receipts required).

Please note that this PIE replaces **all** previous overseas 'allowances', which have been withdrawn by HM Revenue & Customs. Receipted PIE cannot be claimed in addition to the PIE allowance.

Claims for non - UK PIE should be coded to detail code 632076.

iii) Prolonged absence

Where a University employee is authorised to be overseas on University business for a consecutive period of more than 21 days but less than 90 days, an additional allowance of £15 per day, **taxable at source**, will be paid through the payroll for qualifying days, i.e. days 22 to 90. This additional allowance is to cover additional costs arising from longer absence from the UK. For authorised absences expected to last more than 90 consecutive days, please contact the Chief Finance Officer for advice.

For authorised prolonged absence allowance, use detail code 632061.

iv) Overseas entertainment expenses

For overseas business entertainment, the cost of meals taken with business clients or other non University business contacts will be reimbursed against receipts and charged to 'business entertaining'.

Full details of persons entertained, the organisations they represent, and the reason for the entertainment must be provided on the claim. Reimbursement in these circumstances does not give rise to UK tax or NI liability.

For overseas business entertainment costs, use detail code 632066.

Where a claimant pays for a meal for him/herself plus only other University staff, names of those staff for whose meals have been paid must be given. Subject to reasonability of items claimed, the test for reasonability being the per head daily rate for the country based on the HMRC Worldwide Subsistence Rates, this should be treated as 'overseas subsistence' and not give rise to UK tax and NI.

For overseas receipts-based subsistence costs for self plus other University staff, use detail code 632061.

3.5.6 Advances

Regulation

Staff travelling on University business may request an advance, which must be authorised by the appropriate authorising officer.

Advances may exceptionally be made to staff to cover the purchase of consumable items for University use.

Procedure

Travel Advances

Advances may be requested as a sterling payment to the employee's bank account. At least five working days prior notice should be given to Finance Service for such an advance to be prepared.

Advances may only be up to £500 in value unless authorised by the Chief Finance Officer and should not normally be for more than 100% of the estimated 'cash' costs agreed by the budget holder.

Advances become the personal responsibility of the individual. Staff are therefore advised not to transfer the whole or part of an advance to other members of staff.

Advances must be accounted for within five working days of return to the University, by submitting completed expense claims with receipts for the actual expenses. Any sum advanced not covered by original vouchers or receipts must be repaid to Finance Service. If the claim is greater than the advance, the balance will be processed under the normal expense system.

If an advance is not accounted for within five working days of return to the University, the advance request signed by the employee includes an authority to deduct any outstanding balance in full from the employee's next payroll payment or from any future expense claim. Further advances will not be made to any employee who has not accounted for previous advances in full.

All advances must be accounted for in sterling, using the actual exchange rate notified at the time the advance was made.

General advances

General advances for consumable items are only made in exceptional circumstances. Items purchased using an advance remain University property unless the advance is fully repaid.

Advances may be made only against the personal signature of the member of staff and the authorisation of the appropriate Director. At least five working days' notice should be given to Finance Service.

Such advances may only be made providing there is not an advance already outstanding to that member of staff and may only be up to £100 in value, unless the written approval of the Chief Finance Officer is obtained beforehand.

Advances must be cleared, against an expense claim with original receipts / vouchers attached, within five working days of the advance being given. Any unspent balance should be returned with the claim.

If an advance is not accounted for within five working days, the advance request signed by the employee includes an authority to deduct any outstanding balance in full from the employee's next payroll payment or from any future expense claim.

3.5.7 Petty Cash

Regulation

The University's imprest petty cash account is maintained by the Finance Service. Cash floats should not normally be maintained in Departments.

However, under exceptional circumstances, imprest accounts may be maintained on the authority of the Chief Finance Officer to meet minor payments and disbursements.

Such accounts are the responsibility of the member of staff to whom they are entrusted.

Procedure

Petty cash claims for items purchased by members of staff may be made subject to prior approval of the purchase by the Budget Manager. The limit for the cost of any one item inclusive of VAT and for the total claimed at any one time by any member of staff are showing in the **Limits and Levels of Authority**. All petty cash items claimed must be supported by the original receipts or receipted invoices and signed by a line manager authorised against the relevant budget being charged.

Items relating to travel, subsistence or hospitality may not be claimed through Petty Cash but must be made using the expenses claim procedures.

Claims for items in excess of the petty cash limits should be made using the University's expense system.

3.5.8 University Credit Cards

The Chief Finance Officer is responsible for the issuing of University credit cards to senior managers and setting up a system to monitor their use and accounting for expenses charged through them.

University credit cards must only be used where no other form of payment is accepted. Generally payments are made through the internet.

Items purchased on University credit cards are subject to the same regulations and procedures as all other expenditure incurred for the University. Please see the **Competitive Tendering and Orders for Work, Goods and Services Regulations and Procedures**.

3.5.9 Procurement Cards (Government Purchasing Scheme)

Regulation

The Chief Finance Officer is responsible for issuing Purchasing Cards.

Procurement cards should be used to eliminate small purchase orders. A monetary limit is placed on each item and a monthly limit on each card

Procedure

Procurement Cards are intended for the acquisition of low value goods and services, on-line purchases and one off purchases.

Although items purchased on a University procurement cards do not require a purchase order to be raised, they must be used in conjunction with all other Financial Regulations and Procedures.

Cards will be issued to individuals by the Procurement Team on the receipt of an approved request from the budget holder. Cards remain the responsibility of the named cardholder and should be kept in a secure place at all times. If the cardholder gives his or her notice to leave the University the Procurement Team should be immediately notified and the card cancelled straight away.

Procurement cards must only be used to purchase goods and services on behalf of the University and must only be used by the named cardholder. Any misappropriation of University funds will be treated in accordance with the rules and procedures for gross misconduct.

Cards may be used to purchase goods ordered by telephone, via the internet or in person at the point of sale.

All transactions must be described and coded using the on line procurement card system before submission for budget holder approval. Repeated failure to complete these details will result in the withdrawal of the procurement card. Please see the user guidance available on the portal ([finance/procurement/staff/procurement-cards-user-guide.pdf](#)).

In the event of loss or theft, the cardholder must immediately inform the Procurement Team.

3.5.10 Salaries, Wages and Other Emoluments

Regulation

The Chief Finance Officer is responsible for ensuring that all payments of wages, salaries and other emoluments are made through the University payroll system, and maintaining the related records.

The Chief Finance Officer is also responsible for accounting for PAYE, NI and any other taxes, in addition to making all statutory returns.

The Chief People Officer is responsible for issuing all contracts of employment in accordance with the University's approved People and Development policies and procedures.

3.6 Other

3.6.1 Insurance

Regulation

The Chief Finance Officer is overall responsible for assessing the insurance needs of the University.

The responsibility for arranging all forms of insurance for the University is delegated to Estates and Facilities.

Procedure

Estates and Facilities are responsible for the University's insurance arrangements, including the provision of all advice on the types of cover available.

The University's cover will be reviewed by the Director of Estates & Facilities at regular intervals in order to assess its adequacy or otherwise.

Budget Managers must notify Estates and Facilities immediately of:

- Any new risks and liabilities which may require to be insured, for example where the cover is required for third party assets in the custody of the University.
- Any alterations which may affect existing insurances.
- Any loss damage claim or other happening which might give rise to a claim by or against the University.
- All leases of property granted by or to the University which might involve a transfer of insurance cover. All leases of property must be arranged by Estates and Facilities.

Estates and Facilities will be responsible for negotiating all claims on behalf of the University.

Subsidiary companies of the University are responsible for arranging adequate insurance cover for their activities through Estates and Facilities.

All staff using their own vehicles on behalf of the University must have appropriate insurance cover for business use.

3.6.2 Assets

Regulation

The Director of Estates & Facilities is responsible for the buildings and estates function within the University, including custody and physical security of all University buildings and other resources related to this function.

Schools and Services are responsible for the security and custody of all other University assets, whether tangible or intellectual.

The Chief Finance Officer is responsible for maintaining a central asset register.

Procedure

Purchase of Asset

A capital asset is a single item or grouping of related items which has both an accounting lifespan longer than one year and a VAT inclusive cost in excess of £10,000.

Fixtures and fittings will normally only be capitalised as part of a new build or a refurbishment project which is itself capitalised.

Capital assets are purchased from the capital bids allocation which is approved by Governors. Any deviation from this must be authorised by the Chief Finance Officer.

Approved capital items will be allocated a unique project code which together with a valid Dimensions code should be used to record all expenditure (including VAT).

Purchases of capital items are subject to the quotation procedures laid down in the **Competitive Tendering Regulation and the Orders for Work, Goods and Services Regulation**.

Disposal of an Asset

In selling a Capital Item, the person responsible should seek to achieve both of the following two objectives:

- to obtain the highest possible commercial value;
- to conduct the sale in an honest and transparent manner.

Provided that prior written approval has been given by the Vice-Chancellor, Budget Managers have authority to undertake the sale of capital assets subject to limits set out in the **Limits and Levels of Authority**. The value for the purpose of sale is the greater of the net book value (obtained from Accounts Team, Finance) or estimated proceeds of disposal.

The responsible manager should also obtain written approval for the proposed method of disposal. In deciding the method of disposal they should review the methods available and determine the most appropriate. The method of disposal will normally be one of the following:

- public auction;
- sealed tenders;
- offer for sale.

Any change in the disposal method should be authorised.

A capital item with a value in excess of £20,000 should be subject to a professional valuation for disposal. If this valuation is materially different from the Net Book Value of the asset, then the Accounts Team, Finance should be informed to ensure that the resulting profit or loss on disposal is correctly recorded in the University's accounts.

No member of University staff should personally profit from any such sale.

The Procurement Department must be notified of any sales and an official asset disposal form completed by the Budget Manager. Once the form has been authorised, the Budget Manager should seek to dispose of the items, preferably by competitive tender as outlined in the Tender Process Regulation. If this is not possible, for whatever reason, then the approval should be obtained to write the items off in line with the **Limits and Levels of Authority**.

3.6.3 Determining Employment Status

Regulation

Solent University is required to ensure the correct treatment of payments to individuals providing services for the University.

Determining the correct treatment of an individual must be done prior to any contracts being issued, whether written, verbal or implied, and any work being undertaken. Failure to do so is in breach of Financial Regulations.

Individuals who work for Solent University usually do so under a contract of services and are paid through the payroll. Policies and procedures for appointing staff are detailed on the People and Development portal.

The Determining Employment Status Procedure provides staff with advice and guidance on determining the correct employment status prior to engaging an individual to undertake work at Solent University, including reference to existing Solent University People and Development policies, Financial Regulations, Financial Instructions, Insurance requirements and HM Revenue & Customs regulations.

The Determining Employment Status Procedure Annex 1 (contact Payroll) gives details of all existing relevant policies, guidelines and regulations relating to the engagement of individuals.

Employment legislation, HM Revenue & Customs regulations, and Solent University's own policies and regulations demand that individuals, whether employees or self employed and regardless of the duration of their contract, go through many checks ensuring that the laws and regulations are adhered to at all times. All members of staff who have responsibility for engaging the services of an individual must be aware of the requirements and procedures for the engagement. The main areas for consideration are:

- HM Revenue & Customs employment or self-employment
- SU Insurance Policies staff cover or supplier requirements
- P&D Policies Recruitment procedures
- Employment Legislation Disclosure and Barring Service (DBS)
Immigration, Asylum & Nationality Act 2006

- SU Financial Regulations Competitive tenders

The University is required by HM Revenue & Customs to ensure the correct tax treatment of payments to individuals is applied. Failure to do so can result in the University being liable to pay the unpaid tax and national insurance liabilities of the individual plus interest charges and penalties. Employers no longer have an automatic right to reduce the liability due by offsetting the amount of tax the individual has paid directly to HM Revenue & Customs.

Where an irregularity occurs in the engagement process, University management must take steps to improve the enforcement of the regulations and policies, helping to ensure that the University is not in breach of regulations in the future, and subsequent penalties and/or fines.

The University's Internal Auditors will review and suggest improvements to controls in order to minimise any future risk.

This policy applies to the engagement of all staff under contracts of service (employees, and individuals requesting payment as suppliers).

Procedure

In order to determine if an individual is employed or self-employed it is necessary to determine whether the person works under a contract of service (employees) or under a contract for services (self-employed, independent contractor).

For tax and national insurance purposes there is no statutory definition of a contract of services or a contract for services. What the parties call their relationship or what they consider it to be is not conclusive as far as HM Revenue & Customs is concerned. It is the substance of the relationship that matters. In order to determine the nature of a contract (written, verbal or implied) it is necessary to apply common law principles. The courts have over the years, laid down some factors and tests that are relevant to determining the correct status.

If an individual taking up a position that is normally occupied by members of staff, under a contract of service (employee), requests to be paid as a supplier, it is the responsibility of the University to ensure the individual is aware of the terms and conditions that an employee in an equivalent position is entitled to eg pension scheme, paid holiday, annual pay awards, in order to avoid potential employment tribunal cases.

New staff or in some instances, individuals being taken on as suppliers, regardless of length of contract, may be required to undertake a Disclosure and Barring Service (DBS) check. The University must balance its responsibilities to provide a safe and secure environment for its staff and students. Individuals working for the University who have:

- contact with students under the age of 18
- one to one contact with students as part of their role
- contact with vulnerable groups

should undergo a DBS check by the appointing School or Service, prior to the take up of the engagement, in accordance with University Policy Guidelines on Disclosure and Barring Service (DBS) Checking.

All prospective employees who are offered an engagement at the University and are being paid through the payroll, regardless of duration of engagement, including students who work through the University's Campus Jobs, must produce specific documents to prove they can work legally in the United Kingdom. Employers have a responsibility to prevent illegal migrants working in the UK and that the documents produced demonstrate an entitlement to work in the UK. Employers who employ illegal workers are liable to pay a civil penalty.

If a School or Service requests that an individual be paid under a contract for service (self-employed), or employ an individual under a contract of service (employee) for the provision of fee based services eg consultancy, they may need to demonstrate the purchase of the individual's services was subject to competitive quotations organised by the appropriate Budget Manager in accordance with the **Competitive Tendering Regulation**.

Individuals being appointed to Associate Academic posts should be issued with a contract of service, but on occasion an individual may request payment as a supplier, if they are already self-employed in the same capacity as the work they are being asked to undertake at Solent University eg a guitar instructor being taken on as an associate lecturer in popular music. A separate document, Employment Status of Associate Academics (Finance Portal, Payroll, Employment Status) should be discussed with the individual concerned, either by the appointing School/Service or the Payroll Manager, Finance. This document explains the benefits of being employed on a contract of services as an Associate Academic. If the individual still requests to be paid as a supplier then the process of determining employment status should be returned to.

Individuals who are approved by the Payroll Manager to be set up as a supplier will be asked to complete a Trading Arrangement Request Form which provides Solent University with their company details and is required before they can be set up and paid as a supplier on the Finance System. A copy of the Trading Arrangement Request form can be found on the Finance portal, under Payroll or Procurement.

If a Trading Arrangement Request Form is received which is in an individual's name, and/or the "Self Employed/Sole Trader" or "Other" box is ticked, the form is passed to the Payroll Manager for confirmation that the individual can be set up and paid as a supplier.

If the bank account is a personal bank account and not a business account regardless of the company name, the Trading Arrangement Request Form will be passed to the Payroll Manager for confirmation that the company can be set up and paid as a supplier.

HM Revenue & Customs have an online tool, Employment Status Indicator (ESI) which will give a status decision dependant on the information provided by the user. The most relevant questions from the ESI are replicated in two forms which can be found on the Finance portal, Payroll, "Employment Status Test for Consultants" and "Employment Status Test for Individuals". The relevant document should be completed by the appointing School or Service prior to the work being undertaken. This should then be sent to the Payroll Manager who will use the ESI to assist in the process of determining status.

If the ESI indicates that the work is employment rather than self-employment, an e-mail will be sent to the relevant School or Service advising them of this decision. A Fee and Expense Payments for Non-Solent University Employees (SAL05) must be completed and any payments will be processed through the payroll with tax and national insurance contributions deducted accordingly. Copies of a SAL05 can be downloaded from the Finance portal, Payroll.

If the work is for a duration longer than claimable on a SAL05 individuals must be appointed as temporary staff through the University's approved temporary staff supplier. Guidance notes are available on the People and Development portal, Recruitment, Temporary Worker Requests. Individuals being contracted to teaching will be appointed as an Associate Academic in the normal manner.

If the ESI indicates the individual can be paid as self-employed, Solent University must be satisfied that the individual has the necessary insurance cover required for the work being undertaken. Only individuals with contracts of service (employees) are covered by Solent University insurance policies. If the person is working for Solent University on-site they will be required to have Public Liability (PL) insurance to a relevant limit. Where a supplier is contracted to carry out a professional service on which the University will rely, for example the production of course material, consultancy, teaching or design work, then there may also be a requirement for Professional Indemnity (PI) insurance.

Without adequate PL or PI insurance the University has no recourse against the supplier for any subsequent claim that may arise. A single requirement for suppliers to adhere to is not feasible and instead a “risk based” approach has been adopted. This has been facilitated by using a table showing various categories of work and the suggested cover in those instances (**Annex 2 - contact Payroll**). Any deviation from the recommended levels may be waived by the employing Director of School or Service having undertaken a risk-based evaluation of the work involved.

If the individual does not have the necessary insurance, or level of cover, and the School or Service are not prepared to accept the risk, regardless of HMRC’s ruling the individual will be paid through the payroll as an employee.