

ANNEX A

Expenses policy – first and business class travel

Background / context

1. The LSB's current policy on expenses, which applies to LSB members, OLC members, Consumer Panel members and all LSB colleagues, is attached at **Appendix 1**.
2. As regards class of travel, the current policy states:

Train

15. Colleagues should normally travel standard class, except for long journeys (over 90 minutes), unless it is necessary to use first class travel to ensure confidentiality or to enable appropriate work to be carried out or to secure best value for money.

16. Tickets should wherever possible be purchased in advance. Colleagues should use the corporate credit card and make their own travel arrangements or request the help of an administrative assistant.

Air

17. In the unlikely event that a colleague needs to travel by air, it should normally be by economy class. Business class is acceptable where the scheduled flight duration is more than six hours, but only with the prior approval of the Chief Executive (or, in the case of Board or Consumer Panel Members, the Chairman).

18. Within the UK, air travel should only be used only when it is cost effective (for example cheaper than by train), or where the time saving is sufficient to justify any extra expense over road and rail travel.

3. As can be seen, the current policy allows first class rail travel in a number of circumstances:
 - a. Where a journey is over 90 minutes
 - b. Where a journey is less than 90 minutes but first class travel is required
 - i. to secure confidentiality or
 - ii. to enable appropriate work to be carried out or
 - iii. to secure best value for money.
4. In the available time we have not conducted an analysis of journeys undertaken by first class travel but we are aware that members and colleagues do apply the expenses policy as stated, meaning we do have a degree of first class travel across the organisation.

Reason for reviewing policy

5. We have been advised by MoJ, our sponsor department, that the Secretary of State, has put in place an immediate ban on all First Class and Business Class travel for all civil servants working for MoJ (including NOMS and other agencies). The full text of the communication is attached at **Appendix 2**.

6. The communication makes clear an expectation that the prohibition should apply to all Arms Length Bodies and agencies.
7. As a consequence, the Executive believes it would be responsible to review our current policy in light of the Secretary of State's instruction to MoJ civil servants.

Points to consider

8. The exceptions to standard class travel in the LSB's current policy were consented to primarily because of business efficiency reasons. Whilst there is only a relatively limited amount of travel across the organisation, it was agreed that in some circumstances, colleagues would not be able to work effectively on LSB business in standard class conditions ie lack of space and privacy. Additionally, it was noted that there were rare occasions when first class travel could genuinely be cheaper than standard class through combinations of advance booking, restricted travel times and railcard discounts. All of these factors remain pertinent.
9. It is clear, however, that across the public sector, the use of first class travel is considered less and less defensible, with regular media coverage of MP's expenses in particular. Chris Grayling's instruction to MoJ civil servants is therefore in line with the prevailing public mood on public expenditure.
10. In considering its preferred approach, the Board may wish to consider whether there is any case for an 'exceptional circumstances' clause and/or whether to provide guidance that such a clause is intended to cover circumstances such as the one permitted example in the MoJ's communication ie to support the needs of some disabled staff in carrying out their duties, where it is reasonable to do so.

Action

11. The Board is invited to consider whether it wishes to put in place a similar prohibition to that in place for MoJ civil servants, to be adopted by the LSB through amendment of its expenses policy.
12. The Consumer Panel Chair and the Chair of the OLC have been advised of the likely expectation that the Board will wish to adopt the prohibition - any views received from the respective chairs will be relayed verbally at the meeting.



Policy on Colleagues' Expenses

Purpose

1. The purpose of this Policy is to set out the responsibilities of colleagues within the Legal Services Board (**the LSB**) when claiming reimbursement of expenses.

Scope

2. This Policy applies to Board Members, full time and part time employees on full or short-term contracts, and to others working with the LSB, including secondees, agency contractors and others employed under a contract of service (hereafter collectively referred to as **'colleagues'**).

Expenses claims

3. The LSB operates an electronic system of claim authorisation. To avoid rejection of claims at the formal approval stage, colleagues are requested to summarise their claim on a *LSB colleague's expenses form* and together with supporting receipts pass these to their line manager (or, in the case of Board and Consumer Panel Members, the Board Secretary) to confirm that the claim is in order and within the expenses policy guidelines.
4. Colleagues (other than Board and Consumer Panel Members) can then either enter their own claims onto the Focal Point System or request that one of the administrative assistants enter this on their behalf. All forms and receipts should be scanned and uploaded to Focal Point as documents attached to the claim.
5. Focal Point will issue an automatic email to the colleague's line manager (or, in the case of Board and Consumer Panel Members, the Corporate Director) asking them to view the expense claim and if appropriate to approve it for payment.
6. All claims for expenses must be supported by appropriate receipts or vouchers (credit card slips alone are not accepted as receipts).
7. Claims will not normally be approved in respect of expenses incurred more than three months before the date of the claim but may be paid at the discretion of the line manager (or, in the case of Board and Consumer Panel Members, the Corporate Governance Manager).
8. HM Revenue and Customs ('HMRC') requires receipts to be submitted in respect of all claims for expenses (including travel). This explicitly includes receipts for travel on public transport, including claims for journeys on a pay as you go London Transport oyster card). HMRC has granted a concession for parking paid by telephone, but only if it is impossible to obtain a receipt.
9. Colleagues should seek guidance before incurring high levels of expenditure or expenditure on items which are not mentioned in the policy.
10. Travel and subsistence expenses may be claimed at the rates set out at the Annex to this policy. The Annex may be re-issued, from time-to-time, to reflect alterations in the rates that will be paid, subject to the approval of the Audit and Risk Committee.

Items that can be claimed

Allowances

14. The general principle is that nothing may be reimbursed beyond actual expenditure reasonably incurred on the necessary business of the LSB.

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17. In the unlikely event that a colleague needs to travel by air, it should normally be by economy class. Business class is acceptable where the scheduled flight duration is more than six hours, but only with the prior approval of the Chief Executive (or, in the case of Board or Consumer Panel Members, the Chairman).

18. Within the UK, air travel should only be used only when it is cost effective (for example cheaper than by train), or where the time saving is sufficient to justify any extra expense over road and rail travel.

Taxis

19. Taxis may be used where there is no other public transport available or when they are more cost effective than other forms of transport.

20. Taxis may also be used for short journeys with heavy luggage or where several colleagues are travelling together to the same meeting.

21. Colleagues who have to work on LSB business after 10.00 p.m. may take a taxi to their usual mainline railway or London Underground station or may take a taxi directly to their usual home address where this is necessary to ensure a safe journey home.

22. Claims for taxi fares, including gratuities (which should not exceed 10 percent of the fare), should be supported by receipts (which, in the case of evening journeys permitted under paragraph 21, should include date and time stamping). All taxi drivers will produce a receipt if requested.

Car Mileage

23. Car mileage for business journeys may be claimed at the rate set out at the Annex to this policy, subject to it being more cost effective to travel by car rather than by public transport or there being no suitable public transport is available.
24. In order to use a private car the person making the claim must have confirmed that they have an appropriate endorsement in their insurance policy for 'business use' and that a copy of this policy has been provided to the LSB for inspection each year.

Meals

25. Subsistence expenses (based on actual receipts) will be paid to or on behalf of colleagues performing business away from their normal place of work who are prevented from taking a meal that they would normally take at their home (breakfast or evening meal) or place of work (lunch).

Overview and Review

26. Abuse of this Policy, including the submission of false claims, may be subject to disciplinary action, including dismissal.
27. This Policy does not form part of any colleague's contract of employment and the LSB can change this Policy from time to time.

Approved by the Board on 28 November 2012

Current Rates of Travelling and Subsistence (30 November 2011)

This Annex may be re-issued, from time to time, to reflect any alterations in the rates paid.

1. Travel

a) By car: rates *per mile*:

- **First 10,000 miles** 45p
- **Over 10,000 miles** 25p

b) Motorcycle allowance: 24p per mile

2. Subsistence (based on actual receipts)**a) Day**

Lunch - up to £5

Evening Meal - up to £15

b) Night Subsistence per night

In the event that it is necessary, to fulfil LSB business, to stay overnight in a hotel, authority must be obtained in advance from a member of the Gateway Group (or, in the case of Board or Consumer Panel Members, the Corporate Governance Manager).

Hotels in London

Actual expenditure up to a ceiling of £120 for bed and breakfast costs plus if away for at least 24 hours up to £21 for lunch and evening meal unless this is provided.

Hotels elsewhere

Actual expenditure up to a ceiling of £100 for bed and breakfast costs plus if away for at least 24 hours up to £21 for lunch and evening meal unless this is provided.

Immediate ban on First Class and Business Class Travel

For action – Sponsors and ALBs – deadline immediately

As part of the Secretary of State's ongoing review of Departmental discretionary spend, he has put in place an immediate ban on all First Class and Business Class travel for all Civil Servants working for MoJ (including NOMS and other agencies). The expectation is that this will include ALBs and NDPBs. These arrangements do not apply to the judiciary.

These arrangements supersede all existing policies on First Class rail travel and make current suspensions of First Class travel permanent. MoJ and NOMS Travel and Subsistence policies will be amended to reflect this change.

Sponsors and ALBs may wish to discuss with each other, how this new policy will impact upon the ALB and how this is communicated to affected staff. The only exception to the ban is to support the needs of some disabled staff in carrying out their duties, where it is reasonable to do so. Exceptions cannot be made on any other grounds and exception requests are to be made via a business case. For staff in ALBs, exception requests should be sent to the sponsors in the first instance who will progress using the appropriate channels.