

## **Financial Implications of the Coronavirus outbreak Guidance for University Departments and Institutions 2nd April 2020**

The current temporary cessation of business as usual across the University is expected to result in significant changes in costs and revenues for department and institutions. Additional costs may be incurred beyond those budgeted, for example as a result of home-working, disrupted travel plans or cancellation of conferences and events. Revenues may be reduced in the near or longer-term, for example trading income or research grants. There may be cost savings, where activities are now not going ahead as normal (*e.g.* conferences, consumables).

Under these exceptional circumstances, the University recognises that departments may need to spend funds beyond the limits set down in Financial Regulations<sup>12</sup>, or funder's conditions, to meet exceptional costs and to continue to pay staff in accordance with University policy, despite any short-term reduction in revenue streams or funder expenditure eligibility issues. Departments will also want to know how consequent budget shortfalls will be met from different funding sources.

The broad impact of the Coronavirus outbreak and the need to support the University's institutions and their staff through this period will inevitably result in some deterioration in the University's financial position. Departments are strongly encouraged to identify and promote opportunities to save costs to offset this impact and to support the financial capacity of the University to deliver its long term mission.

This FAQ is designed to provide initial guidance in relation to these matters and to address the issues that we are currently aware of. Some matters will require longer-term consideration and guidance may develop accordingly. This guidance is a temporary measure, specific to impacts on the University for the duration of the coronavirus outbreak only.

### **FAQs**

#### **Expenses**

##### **Can employees claim for reimbursement of additional costs incurred?**

An addendum to the existing University expenses policy has been published as at the date of this document setting out the range of additional costs that employees can claim reimbursement for and the principles by which those claims should be assessed. Claims should be made and authorised in accordance with the procedures set out in the University's existing expenses policy.

##### **Will any cost incurred be reimbursed?**

No. Only Eligible Costs, as defined in the policy addendum, can be reclaimed. Those costs should have been necessarily incurred as a direct result of the Coronavirus outbreak, and to enable continued working during the current exceptional circumstances. Claims in respect of Eligible costs must be reasonable and proportionate to the circumstances that gave rise to them.

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<sup>1</sup> Financial Regulation Chapter B 4.2 "Heads of Department shall ensure: that funds available for spending are not exceeded"  
<https://www.finance.admin.cam.ac.uk/policy-and-procedures/financial-regulations/b-heads-department>

<sup>2</sup> The Vice-Chancellor has approved a temporary derogation from Financial Regulations to the extent necessary to enable departments to act in accordance with this guidance

## **Home-working costs**

### **What about costs associated with home-working?**

Costs of equipment (*e.g.* IT hardware/software, office furniture) to enable home-working during this period are not Eligible Costs for the purposes of expense claims. Such costs should be pre-approved and met directly by the relevant department or institution. This is to ensure that, for example, any IT hardware or software purchased is consistent with UIS standards and will deliver continuing benefit to the University once the outbreak has passed.

All items purchased will be owned by, and remain the property of, the University. Where reasonable incremental costs are met by the University/department directly and employees are temporarily provided with University assets to use at home for business purposes, for the duration of the current exceptional period, no tax liability should arise. However, where items are either: not reasonable, used more than insignificantly for business purposes, or retained by the employee after this exceptional period, a taxable benefit may arise.

### **What if an individual has already purchased an item for home-working before this guidance was published [on 3<sup>rd</sup> April 2020](#)?**

Home-working has begun before this guidance has been published [on the 3<sup>rd</sup> April 2020](#). There may be some individuals that have already directly purchased home-working equipment. Where equipment has been purchased directly by individuals prior to the date of this document, the department should reimburse the individual for the reasonable cost incurred and take ownership of the item.

### **How should departments procure any equipment/assets?**

Orders should continue to be placed through CUFS and Marketplace, following departmental guidance and procedures to secure internal approval. Please use the comments box on the order to inform suppliers of alternative delivery addresses (*e.g.* to the home). In the event that CUFS and/or Marketplace become unavailable then ordering will revert to the Emergency Purchase Order process.

## **Costs incurred beyond budget**

### **Can a department incur costs outside their existing budget?**

Yes, if those costs have necessarily arisen as a direct result of the Coronavirus outbreak. For example, such costs might include additional expense claims (see above), equipment to enable home-working or event cancellation costs.

### **Is there any limitation on the quantum of such additional costs that can be incurred?**

Costs incurred are expected to be necessary, reasonable and proportionate to the circumstances that gave rise to them. Reasonable steps to mitigate such costs should have been taken.

### **Can a department incur costs in their existing budget where funds are not available due to reductions in revenue resulting from the Coronavirus outbreak?**

Yes, if those costs have necessarily arisen as a direct result of the Coronavirus outbreak. For example, such costs might include additional expense claims (see above), equipment to enable home-working or event cancellation costs. Similarly, departments should continue to pay staff wages in accordance with University policy.

### **What actions should departments take to mitigate the negative financial impact of the crisis?**

The broad impact of the Coronavirus outbreak and the need to support the University's institutions and their staff through this period will inevitably result in some deterioration in the University's financial position. In addition to ensuring that necessary additional costs are reasonable and proportionate, and while continuing to pay staff wages in accordance with University policy, departments are strongly encouraged to identify and promote opportunities to make other cost savings during this period in order to support the financial capacity of the University to deliver its long term mission.

### **Authorisation**

#### **What authorisation should I seek for spending and reimbursement of coronavirus additional costs?**

Your normal authorisation regulations and processes will continue apply.

### **Accounting**

#### **How should we track these costs?**

For non-pay expenditure, you should code all coronavirus outbreak related expenses to Source of Funds ALBE, followed by cost centre and transaction codes as appropriate to your Department. For staff costs, please code as normal, including on research grants. We anticipate that funders will give more guidance as the weeks go on, and we will update our guidance on this point.

### **Funding**

#### **Will the department receive an additional allocation from chest to cover additional costs incurred and reductions in revenue received?**

The most important thing at present is to ensure the continued payment of staff and essential costs. This guidance enables departments to do that. The question as to whether shortfalls are met through additional allocations from Chest or by other measures will be determined at a later date, when we have a better idea of the duration and scale of the impact.

### **Queries**

If you have a question which isn't answered above, please contact the UFS helpdesk in the first instance, who will seek further guidance if your query cannot be answered easily.

UFS general enquiries: [ufsenquiries@admin.cam.ac.uk](mailto:ufsenquiries@admin.cam.ac.uk)

### **Additional Notes**

- For guidance on home-working during the Coronavirus outbreak, staff are directed towards the link: <https://www.hr.admin.cam.ac.uk/coronavirus-homeworking>