Internal Charges Policy

1. DEFINITIONS

1.1 An internal charge
is a fee for service levied upon an internal user of the service by an internal service provider.

1.2 An internal user
is a University element which uses a service and which meets the cost of that service from University resources, regardless of funding source.

1.3 A cost centre
is an element of the University which functions as an identifiable unit within the University.

1.4 Direct costs
are costs incurred as a direct result of providing the service.

1.5 Indirect costs
include all other costs incurred that are not considered direct costs and include items such as capital replacement and leave provisions, space, depreciation and any other overheads funded elsewhere.

2. POLICY

2.1 Services, wherever possible, should be provided through funding approved as part of the budgetary process. The internal charges and the internal charge rates should be examined and reviewed at least annually.

2.2 Internal charges for services may be introduced subject to the following criteria:

2.2.1 There is evidence that the charge will encourage users to be economical in their demand for goods and services consumed; and/or
2.2.2 There is risk of not fully utilising or retaining external funding to the University, e.g. research grants. Where the external funding is based on the incurred costs - to reflect the true cost of a specific activity for which the funding is received.

2.3 Internal charges should not be premised upon monopoly of supply and the existence of an internal charge does not, in itself, preclude the use of an external supplier. This would require the relevant university approval and purchasing processes to be followed.

3. **LEVEL OF INTERNAL CHARGES**

Charges should be calculated with reference to the following principles:

3.1 Charges should be set at a level to recover the justifiable direct costs of providing the service. A special case is required where it is considered appropriate to include indirect costs.

3.2 Charges proposed should take into account the costs of a comparable service from an external supplier, the University's favourable purchasing power and the absence of a profit motive.

4. **APPROVAL AND IMPLEMENTATION OF AN INTERNAL CHARGE**

4.1 The Vice Chancellor has authority to approve the introduction of a new charge or to amend an existing charge.

4.2 Unless the Vice Chancellor approves an alternative date of application, all approved charges apply from the start of the calendar year and are not varied throughout the year.

4.3 A request to amend or introduce a new charge must be submitted to the Vice Chancellor for consideration on an annual basis. The Office of Finance will undertake a regular review of internal charges.

4.4 Any request for the introduction of a new charge for consideration by the Vice Chancellor must include a justification for the charge, the estimated direct costs and total revenue, and the basis for the calculation of the charge. If required, advice may be sought from the Office of Finance prior to a submission being made.