Concur

Employee Expenses Benchmark Report

2013

The definitive annual report into employee expenses in the UK

About the Methodology

Now in its seventh year, the Concur Employee Expenses Benchmark Report is the definitive analysis of employee expenses in the UK. Our 2013 report analyses £725 million of expenses paid by UK-based organisations over the past 3 years.

This huge sum comprises over 12 million individual expense claims, made by around 200,000 UK-based employees, from a very wide range of organisations in the private and public sectors.

Our analysis is based on actual claims made by employees between November 2009 and October 2012 that were subsequently approved (or rejected) and paid by employers using Concur's expense management system.

This data was collated in association with ASQ Analytics and independently analysed by Kelso Consulting to give a definitive overview of employee expense behaviour in the UK. It also provides an accurate picture of how much was actually paid out in expenses to employees by their employers.

In the report we use the term "claim" to refer to an individual line item on an expense report. For example, a meal for five people with drinks will count as one "claim" if listed on one receipt. We also refer to the effect of inflation in the text and, where we have adjusted for inflation's impact, we have used the CPI (Consumer Prices Index).

Numbers in the reports have been rounded. Due to this, sometimes rows will not quite add up to 100% in some cases.

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Table of Contents

Contents and methodology 01

Introduction from David Vine 03

Section pages:

- **Section 1** - Key findings and recommendations 04
- **Section 2** – Out-of-policy claims 06
- **Section 3** – VAT & mileage 08
- **Section 4** – Employee expenses analysed by industry sector 11
- **Section 5** – Employee expenses analysed by size of company 13
- **Section 6** – The average expense-claiming employee 17

Concur / Aberdeen report benchmark page 21

About Concur 24

Dear Reader

I hope you find this year's Employee Expenses Benchmark Report from Concur a useful read. This is the seventh edition of the report and, in the past, we have heard that these figures have been helpful for organisations to use as a benchmark against their own expenditure. Please use our report to compare how your organisation is operating.

As we approach the sixth year of economic uncertainties, our research finds that many businesses are still managing to successfully squeeze further cost savings from their expenses. Many businesses, however, would benefit from giving this area greater attention. For instance, our research reveals that more than 10% of approved expenses are still outside of their companies' policies.

When I originally became involved in the management of travel and expenses, our service offering was met with a good deal of scepticism. Since then I have spent thirteen years working with companies to deliver a range of services that address all aspects of the expenses process. Looking back, it's amazing to see how things have changed. Rather than being considered a luxury, the adoption of expenses automation is now considered normal for businesses of all sizes.

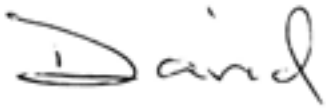
Research for Concur, recently conducted on our behalf by YouGov, revealed the extent to which travel and expense management has become the norm. Today, 27% of UK employees who submit expenses do so using an automated system – slightly more than the number of employees who use Excel-based processes (26%).

Using a system like Concur can help you comply with complex HMRC regulations. This is particularly true regarding the reclaiming of VAT, which puts more money on the bottom line and reduces risk to the business.

And, the benefits of automation reach other areas of the business as well. Employees appreciate the simpler processes involved, in particular the accessibility afforded by mobile solutions. For the finance team, a streamlined process frees up time to work on more strategic management initiatives. Plus, the reporting tools enable finance teams to present accurate data and business intelligence to executives and the board.

With 2013 looking like another tough year for many businesses, every penny will matter. I look forward to continuing to ensure that Concur delivers strong support to help our customers keep their costs down while ensuring as much VAT as possible is legitimately reclaimed. I hope the information in this report is also useful for your business in ensuring that needless costs are not being incurred.

Yours faithfully



David Vine

Managing Director, UK SMB

Concur

Key findings

The key findings of this report are summarised in the table below.

Concur finding	Recommended action for businesses
Employee expenses are one of the largest costs most businesses incur. Concur estimates that nearly 4 million UK employees claimed expenses last year – on average they made 36 claims and received just over £2,054 each in expenses during 2012. We estimate that UK organisations overall paid out over £8.2 billion in employee expenses last year, having approved nearly 146 million expense claims from their staff.	Make sure you have accurate and up-to-date data on your employee expenses – it is one of your largest costs. Each expense claim may seem like a small amount (and some mistakenly dismiss the impact of expenses on their business as a result), but shaving even a couple of per cent off the annual amount can add up to significant savings.
Companies are pressurising employees to keep expenses down. A UK employee, on average, receives 10% less in expenses (in real terms) than they did in 2010 despite making 7.5% more claims.	Ensure your company is not overpaying. For instance, evaluate the vendors you are using and provide guidelines to your employees on how to select more cost-effective expense items. Additionally, negotiate with frequently used vendors based on business intelligence extracted from historical spend data to gain discounted rates.
Even tightly run organisations can make savings. Even tightly run organisations can make savings from expenses. For instance, Britain's retailers are renowned for their supply chain and cost-control skills, and this is reflected in our findings as from 2010 to 2012 they reduced the average expense claim in their sector by nearly 23% in cash terms (a real reduction of around 30% once inflation is taken into account). This is a far higher amount than any of the other sectors we examined.	No matter how tightly your organisation is run, there is further scope for reducing the costs of employee expenses. Make sure this is an area where your business takes a robust approach – including keeping an eye on areas where expenses fiddling may take place. Some things your business needs to be able to spot include: inflated receipt amounts; fake receipts; receipts that are not submitted; claiming twice for the same expense; inflated mileage claims; and people claiming for personal expenses. For more information about expenses fiddling and fraud download the 'Expenses Fraud Demystified e-book'. Costs can also be cut by reducing travel. Consider other options such as encouraging employees to use conference calls and video conferences where possible.

Employees are making less go further.

The austere environment is making an impact, with employees now being much more diligent in claiming for smaller expenses, such as subsistence, than they were in the past.

There has been a pick-up in expenses for business travel, which went down in 2011 but bounced back in 2012. Entertainment spending fell in 2011 and was squeezed further in 2012: despite big hospitality events, like the Olympics, which might have been expected to cause a rise in entertainment expenses.

Expenses are an essential element of conducting business – especially for employees whose roles involve selling and entertaining.

Making the budget go as far as possible is important in these austere times. Ensure your business has deals in place to get the maximum value from hotels and other preferred suppliers that you use.

Encourage employees to treat the business's money as though it were their own – to do that, make sure your policy seems fair and that employees get reimbursed in a timely manner.

If you do not already have an expenses policy, download this Expenses Policy Template to get started.

Managers do not provide a robust challenge to "out-of-policy" expense claims.

A negligible amount of expense claims are rejected by managers. In fact, consistently over 99% of all employee expense claims are approved, regardless of whether they meet the business's expenses policy or not.

Managers query less than 1% of all expense claims (and, having queried this tiny proportion, they approve 94% of them).

Many employees see expenses as a source of extra income.

Recent research, conducted on behalf of Concur by leading researchers YouGov, revealed that over one in ten employees (11%) admit to exaggerating their expenses and 20% of employees think it is acceptable. A significant proportion of employees think it is okay to exaggerate and falsify expenses, yet few expense claims are rejected.

Ensure managers in your organisation are aware of their role in scrutinising expenses.

Training or other guidance should be considered, since managers are the main defence against human error – intentional or not.

For more information about managing compliance, policy and business culture, download the white paper on this subject.

Be prepared for HMRC!

Typically 86.4% of VAT incurred on expenses is recoverable. Those employers with Concur's online tools are recovering nearly 95% of this VAT.

HMRC investigations can be hugely disruptive and good compliance procedures reduce this, and expenses are a particularly important area to get right: if you over-claim VAT on expenses, for instance, you could end up with a huge bill for all the years this has happened.

Ensure you are complying fully with all HMRC requirements and submitting all payments correctly and on time.

Read more about HMRC, tax and the latest on business records checks by going to the Concur UK blog – www.concur.com/blog/en-uk

Or download these white papers which help bust some myths around UK tax and company expenses.

Many businesses still use costly manual and paper systems.

Today, 27% of employees use an automated expense management system. However 41% still use a paper-based system and 26% use an Excel-based process – both are costly and inefficient.

A recent report by Aberdeen Group found that expense automation can reduce expense processing costs by up to 50 to 60 per cent (read *Concur – delivering 100% of recommended best practice as standard* on page 21).

Automated systems help to control cost, manage information, and efficiently manage processes.

Expenses policies are not being enforced

At the heart of every company's expenses policy is the assumption that managers review the claims submitted by employees and question those that, for whatever reason, appear to be higher than normal, implausible or outside the scope of the policy. After investigation, appropriate expense claims should be accepted but others should be rejected.

Getting managers to be diligent in checking expenses, and robust in challenging those that are out of policy, will pay dividends for most businesses.

However, it is an area where few get training. Concur rarely sees expenses policies that have guidance for handling how to quiz people over expenses or what a manager should do if they reject a claim.

Our research shows that this does not happen in most businesses. Instead many managers give claims only a cursory glance and an almost negligible amount of expense claims are rejected. In fact consistently over 99% of all employee expense claims are approved, regardless of whether they meet the business's expenses policy or not.

Not only do managers query few expenses that are within the expenses policy, they query very few expense claims that are outside of their companies' policies. Despite such "out-of-policy" claims making up over 9% of all expenses submitted in 2012 by volume (and nearly 12% by value), in fact only one out of every 280 expense claims were rejected by managers in 2012.

This highlights that managers are rather reluctant to reject expense claims that breach the business's expenses policy. Our research shows that managers do not provide a robust review of expense submissions, and query less than 1% of all expense claims (and, having queried just a tiny proportion, approve 94% of those they query).

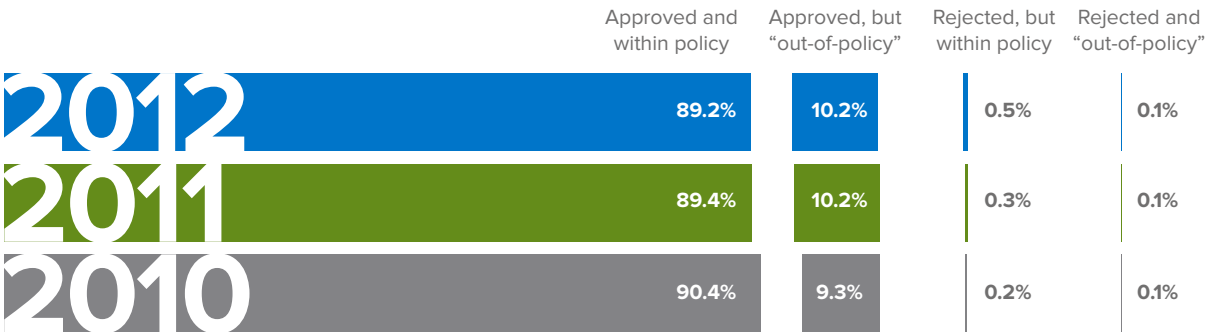
Our data also shows that only a tiny fraction of expenses that are "within policy" are rejected (0.24% of claims that meet a company's policy are rejected – one in every 417 "in policy" claims). While this low rejection rate could be interpreted as showing that employees are careful to only make appropriate expense claims, our research does not bear this out.

Recent Concur research (conducted for us by leading researchers YouGov) showed that 20% of full-time employees (and 31% of part-time employees) think it is acceptable to exaggerate expenses. Likewise, one in ten employees admitted to exaggerating their expenses in 2012. A significant proportion of employees think it is okay to exaggerate and falsify expenses, yet few expense claims are rejected.

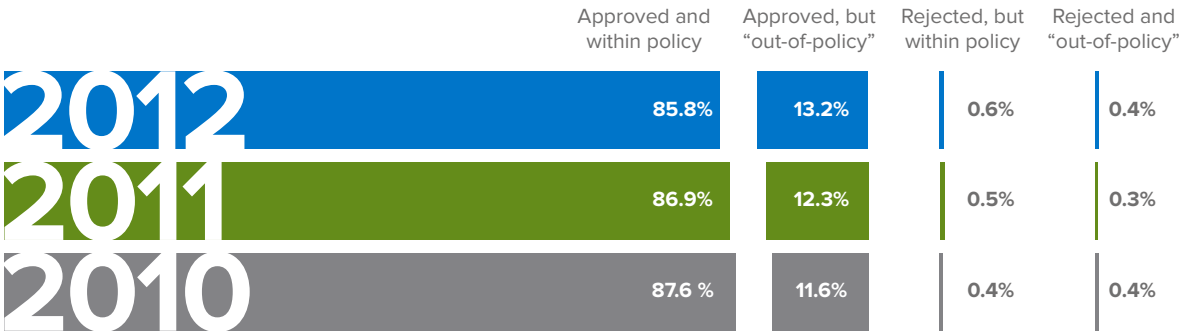
Key points to note:

- Managers are hugely reluctant to reject expense claims that are "out-of-policy". This can add up to significant costs for a company, especially where expensive items such as air fares, train tickets and hotels regularly exceed approved levels.
- Managers do not scrutinise claims that are "in policy" and check whether they are genuine or not. Furthermore, managers sign-off plausible claims with few, if any, questions.
- A more robust approach is needed by businesses to ensure expenses are only approved if they are within the company's expenses policy (especially for frequent and higher value expenses, such as travel, entertainment and hotels). This will bring businesses substantial savings.

Expense claims (by volume) and whether they receive approval or are rejected



Expense claims (by value) and whether they receive approval or are rejected



Managers versus their team

It is worth noting that when it comes to rejecting claims, managers take a more lenient view with fellow executives than with the ordinary staff. Managers are, not surprisingly perhaps, more likely to submit higher "out-of-policy" claims than lower-ranking employees. Managers are also only half as likely to have an expense claim rejected compared to someone without management responsibility.

Concur's tips for ensuring your expenses policy is adhered to effectively

Companies should check whether their policy's limits are realistic, as prices have changed significantly over the past few years. Taxes and other factors have pushed up the cost of train tickets and airfares, while stiff competition has tended to keep down the cost of hotels and restaurants.

A company's expenses policy should be realistic. Nearly 10% of approved claims are "out-of-policy" nationally each year, suggesting either that the amounts in the policies are unrealistic or that managers are ignoring guidelines and allowing over-generous expenses as a kind of perk.

Businesses should ensure:

1. The expense limits in their policy are realistic.
2. Managers are trained to understand the company expenses policy and scrutinise expense claims prior to approving them (and know what they should do to help staff keep claims within the policy).
3. The expense claims of senior people are scrutinised at least as thoroughly as everyone else's.
4. The expenses policy is simple and clearly communicated – in many businesses the policy is complicated or not easily available. If your business does not have a suitable expenses policy, feel free to download our "Taking the pain out of expenses" template policy and guide.

VAT & Mileage

VAT – an unnecessary cost if not fully reclaimed

VAT is an unwelcome additional cost if it is not fully reclaimed. The consequences can include reduced profits and more costly business operations.

It is also a potential danger area. If a company reclaims too much (or fails to have the correct supporting receipts) it could fall foul of a VAT audit.

For many employee expense categories, substantial amounts of the VAT paid can be reclaimed (for those businesses that are eligible). Our analysis of Concur's data reveals that extremely high levels of VAT recovery can be achieved. In 2012, 94.4% of the total VAT that was available could be reclaimed by those eligible businesses using the Concur solution. Our eligible customers are able to reclaim 100% of the available VAT by ensuring employees' expense claims are matched by receipts. In comparison, businesses that use Excel and paper-based systems will struggle to achieve VAT reclamation levels resembling anything like this.

Reclaiming VAT – what can be reclaimed on different expenses categories

	Proportion of VAT recoverable on expenses in each category (i.e. the maximum available to be reclaimed)			% of recoverable expense claims with a receipt (i.e. what proportion of the left-hand column can legitimately be reclaimed)		
Year	2012	2011	2010	2012	2011	2010
Overall	86.4%	85.1%	84.1%	94.4%	95.4%	89.9%
Accommodation	93.4%	92.9%	91.6%	100.0%	100.0%	100.0%
Allowances	70.3%	84.2%	49.7%	100.0%	99.9%	99.7%
Benefits in Kind	83.0%	81.7%	85.4%	100.0%	100.0%	100.0%
Business Travel	98.3%	98.1%	97.8%	88.2%	90.2%	80.6%
Corporate Procurement	93.3%	92.1%	95.8%	100.0%	100.0%	100.0%
Entertaining	40.9%	38.7%	31.7%	100.0%	100.0%	100.0%
Other	86.6%	88.0%	84.1%	100.0%	100.0%	100.0%
Relocation Costs	89.6%	85.8%	84.4%	100.0%	100.0%	100.0%
Subsistence	94.8%	94.9%	94.4%	100.0%	100.0%	100.0%
Sundries	44.3%	42.8%	41.8%	100.0%	100.0%	100.0%

Business mileage claims

One area where many businesses could reclaim more VAT in particular, relates to mileage claims. This is an expense area where cost has grown rapidly through a steady increase in the price of fuel and the increase in the VAT rate to 20% in 2011. In simple terms, where VAT is not reclaimed on business mileage, the loss to a company has increased by 14.4%!

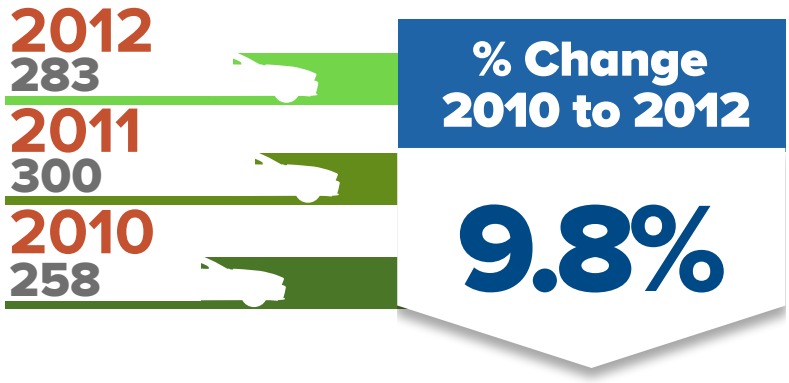
Having a valid receipt for fuel is a requirement for reclaiming the VAT on this expense. In 2012 only 78% of expense claims for business travel had a valid receipt (i.e. businesses were not able to reclaim the VAT on 22% of mileage claims – the most frequent type of expense claimed). This indicates that many businesses may be inadvertently approving claims without valid receipts. This is down on 2011, when 82% of mileage claims had a receipt, but this is dramatically better than 2010, when only 66% of mileage claims had a receipt.

It is worth noting that the average mileage claim has increased over 30%, in cost, in just two years through increases in VAT and fuel – an alarming increase for many UK businesses.

This is an important area for businesses to check as this indicates that many organisations may be inadvertently approving claims without valid receipts. Businesses should ensure employees obtain and submit valid VAT receipts to support mileage claims in order to achieve full VAT recovery and prevent money being unnecessarily retained by the tax man. At a minimum you are losing money by not reclaiming all the VAT and, at worst, you may be over-claiming and storing up problems for a VAT audit at some point in the future.

Cost of average Mileage Claim

Average distance per claim (miles)



It is worth noting that the average mileage claim has increased over 30%, in cost, in just two years through increases in VAT and fuel – an alarming increase for many UK businesses.

Mileage and expense claims

Mileage is the most common business expense, and our research analysed more than 1.6 million claims over the past three years. These accounted for nearly £105 million in payments, for over 459 million miles travelled by a wide range of UK employees, over the past three years.

It is worth noting that the average mileage claim has increased over 30% in just two years through increases in VAT and fuel – an alarming increase for many UK businesses.

In fact, many employees who use their own cars are inadvertently subsidising their employers – the HMRC approved mileage rates are currently well below the estimates of how much it costs for fuel, insurance, and wear and tear. Businesses may feel this is good for them but in the long run, having employees incurring costs that are not fully reimbursed will build resentment and may result in inflated expense claims. Companies should make sure that employees are not being penalised in this area.[1]

Mileage by industry sector

	2012		2011		2010	
Industry sector	Average mileage per journey	Average paid per journey	Average mileage per journey	Average paid per journey	Average mileage per journey	Average paid per journey
Financial services	92	£16.86	89	£18.16	84	£17.03
IT & telecoms	71	£9.28	71	£10.72	74	£13.89
Legal	60	£24.34	59	£22.23	60	£22.74
Manufacturing	111	£19.01	82	£17.42	73	£15.70
Media, creative & publishing	66	£11.97	115	£19.71	118	£21.05
Motor industry	110	£18.09	92	£13.08	91	£12.42
Other	61	£12.24	71	£15.58	61	£13.77
Pharmaceutical	85	£12.18	77	£16.83	71	£16.76
Retail & FMCG	77	£13.68	74	£14.15	71	£11.90

1 http://www.concur.com/blog/en-uk/are-employees-subsidising-business-mileage

Employee expenses: analysed by industry sector

Britain's retailers are renowned for their supply chain and cost control skills and this is borne out by our research, which shows retailers have led the way in driving down their travel and entertainment expense costs.

From 2010 to 2012 retailers have reduced the average expense claim in their sector by nearly 23% in cash terms (a real reduction of around 30% once inflation is taken into account). This is a far higher amount than any of the other sectors we examined.

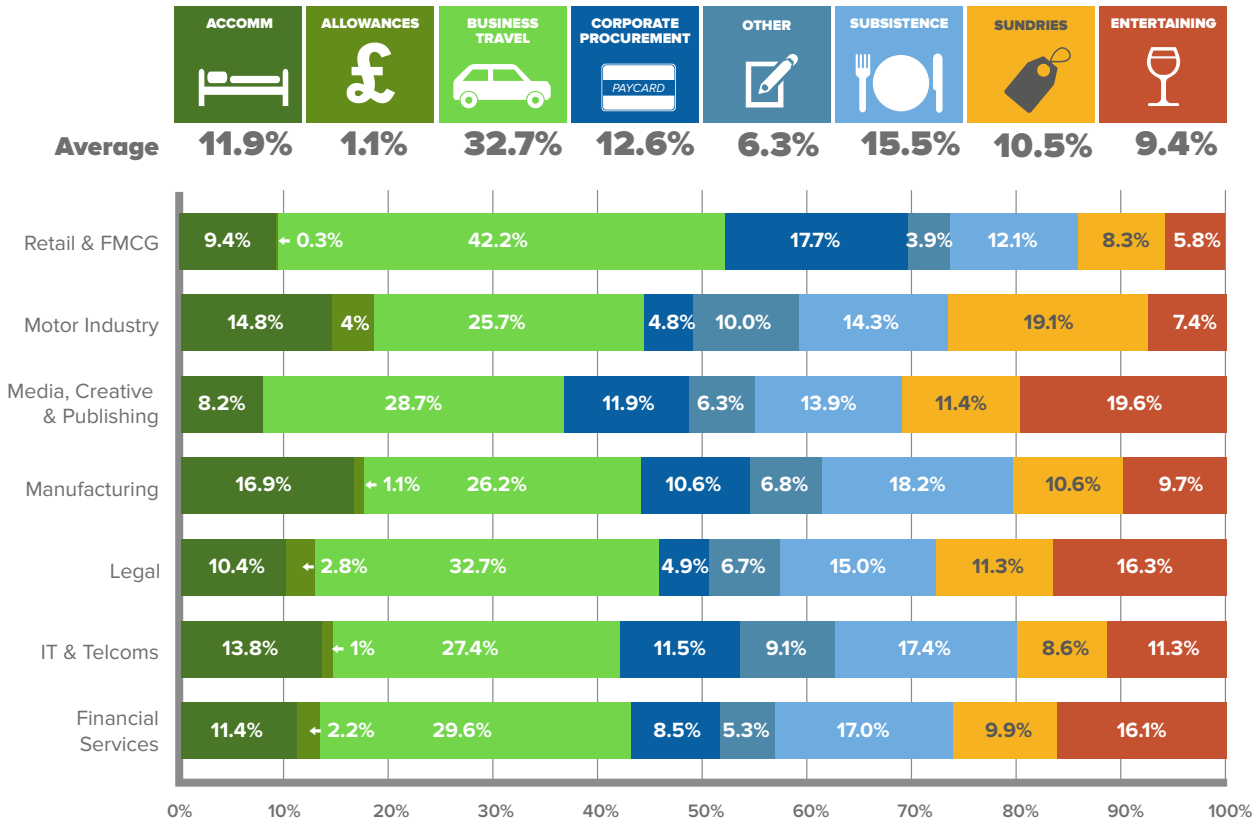
It is not sensible to directly compare one sector with another – the type of expenses incurred by an international law firm will be very different to those incurred by, say, a high street retailer or an engineering company. However, it impressively shows that even in the best run organisations, sustained savings can be achieved through the combination of an effective expenses policy and relentless pressure on costs – including employee expenses.

	Average value of an expense claim	% change 2010 to 2012	Average number of claims per (expense claiming) employee	Total amount received in expenses by average employee
2012				
Financial services	£ 78.97	-6.6%	41.9	£ 3,310.39
IT & telecoms	£ 60.57	13.0%	59.3	£ 3,593.75
Legal	£ 55.60	-7.9%	39.1	£ 2,172.69
Manufacturing	£ 54.81	2.1%	57.4	£ 3,145.31
Media, creative & publishing	£ 56.49	9.6%	45.4	£ 2,564.97
Motor industry	£ 51.41	-1.8%	21.7	£ 1,117.14
Retail & FMCG	£ 48.29	-22.8%	25	£ 1,205.91
Average	£ 56.30	-9.2%	36.49	£ 2,054.34

Average expense claim, by expense type, in 2012

	Accomm	Allowances	Business Travel	Corporate Procurement	Subsistence	Sundries	Entertaining
Financial services	£238	£57	£61	£85	£18	£112	£128
IT & telecoms	£269	£84	£49	£116	£18	£47	£84
Legal	£219	£8	£43	£110	£24	£74	£102
Manufacturing	£164	£35	£49	£65	£21	£42	£89
Media, creative & publishing	£215	£44	£45	£83	£20	£48	£71
Motor industry	£170	£86	£41	£51	£14	£69	£68
Retail & FMCG	£157	£15	£42	£58	£17	£48	£73
Average – all payments	**£174.00**	**£52.24**	**£46.40**	**£93.07**	**£18.06**	**£51.61**	**£85.61**

Where it goes: the proportion of total expenditure accounted for by expense types in 2012



Employee expenses by size of business

Expenses at large enterprises

Our research has consistently shown that many large enterprises are tightly managed when it comes to expenses: they keep down the amount their employees claim while using their corporate buying power to negotiate good rates, for instance with airlines and hotels.

This means their typical spend in such areas is substantially lower than claims made by employees at small and mid-sized businesses. Larger enterprises are nonetheless continuing to squeeze the costs of expenses incurred by their employees.

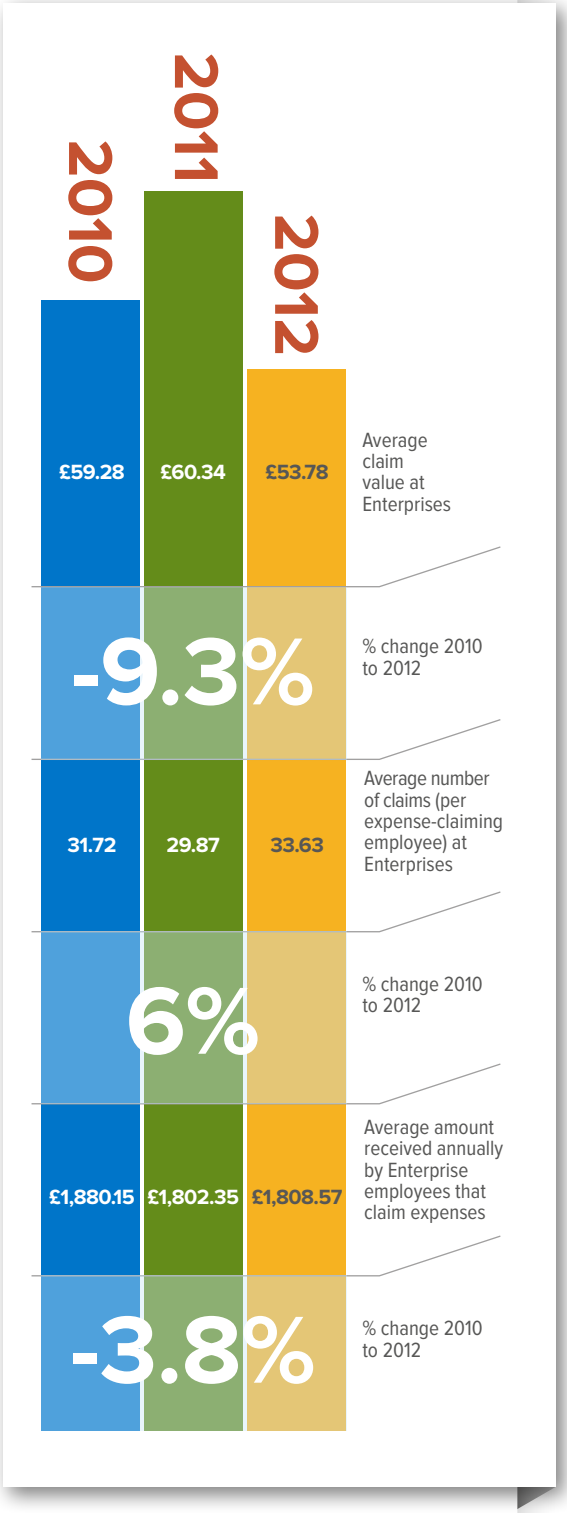
Our research shows that the average expense claim made by employees at larger enterprises fell to £53.78 in 2012; despite above-inflation increases in many expenses – especially the cost of fuel. This is particularly notable as mileage is one of the most frequently claimed expense items. This is a reduction of 9.3% in money terms since 2010, and a high 17% reduction in real terms (once the effect of inflation has been taken into account).

Since 2010, the number of expense claims made by employees has risen by 6% (to an average of around 34 claims per person, per year in 2012). We believe this comes from employees being careful to claim for everything, whereas in the past they may well have neglected to claim minor expenses – a big increase in the average number of subsistence claims (up over 13% since 2010) is a good example of this.

Employees are nonetheless trying to make less go further. For instance, a good indicator of sales activity is the amount of claims for accommodation (i.e. staying in hotels while visiting customers, prospects and exhibitions) and travel. Both activities went down in 2011, but bounced back in 2012; respectively 4.7% and 5.7% higher compared to 2010.

For larger enterprises, one of the biggest challenges with expenses is processing and scrutinising a large volume of claims in an efficient yet thorough manner. With a high number of expense claims, it is easy for bogus ones to sneak through. A lax attitude at the organisation towards complying with their expenses policy will, therefore, have dramatic cost implications.

In Section 2 on page 7 we looked in more detail at “out-of-policy” claims. In it we highlighted areas where many businesses (especially larger ones) need to focus to make sure the enforcement of their expenses policy and scrutiny of claims is sufficiently robust.



Average cost of expenses, by category, for larger enterprises

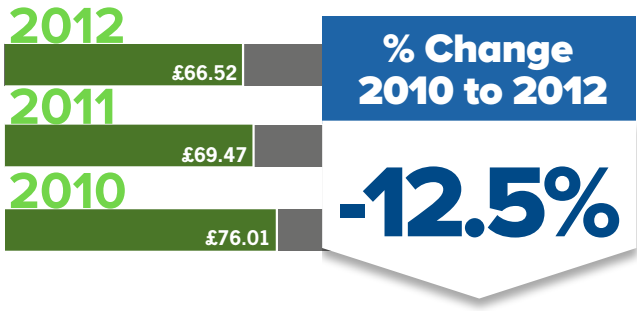
	Accomm	Allowances	Business Travel	Corporate Procurement	Subsistence	Sundries	Entertaining	Average expense payment
2012	£160	£58	£45	£96	£18	£50	£74	£53.78
2011	£159	£52	£46	£117	£18	£50	£75	£60.34
2010	£152	£61	£42	£126	£18	£46	£72	£59.28

Expenses at small and mid-sized businesses

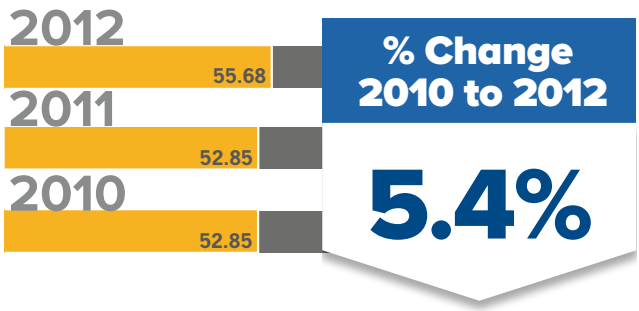
Driven by the need to control costs in a low growth economy, smaller and mid-sized businesses are in the third year of a big squeeze on employee expenses.

The average SMB expense claim in 2012 was 12.5% lower in absolute terms than in 2010, which is a reduction of 20% in real terms once inflation is taken into account. Not only have claims come down in value, but the typical expense-claiming employee took home £300 less in expenses in 2012 (about £3,704) compared to two years earlier. This is a reduction of 7.7% in money terms, and a real reduction of over 15% when taking inflation into consideration.

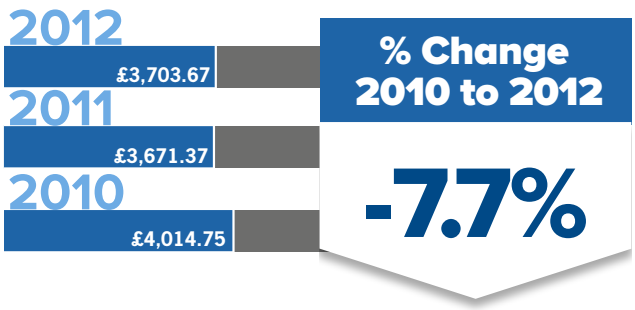
Average claim value at SMBs



Average number of claims (per expense-claiming employee) at SMBs



Average amount received annually by SMB employees that claim expenses



Key: **Small & mid-sized businesses (SMBs):** organisations with fewer than 750 expense-claiming employees
Enterprises: organisations with 750 or more expense-claiming employees

These reductions are taking place against a background of rising prices, particularly for fuel, with mileage being one of the biggest components of most companies' expense bills (accounting for 16.5% of all expenses paid by the typical company in 2012).

SMB expenses are considerably higher than those at large enterprises for items such as hotel and restaurant costs. For instance the typical accommodation claim at an SMB in 2012 was £237 compared to £160 at a large enterprise, while the typical entertaining claim for an SMB was £109 compared to £74 at a large enterprise.

This is partly because corporates have the buying power to negotiate discounted rates. Corporates also have large ranks of mid-ranking engineers, sales, marketing and other functions, while SMBs have a higher proportion of expenses from senior people who, when travelling may expect nicer hotels and business class flights as well as taking clients to more expensive restaurants.

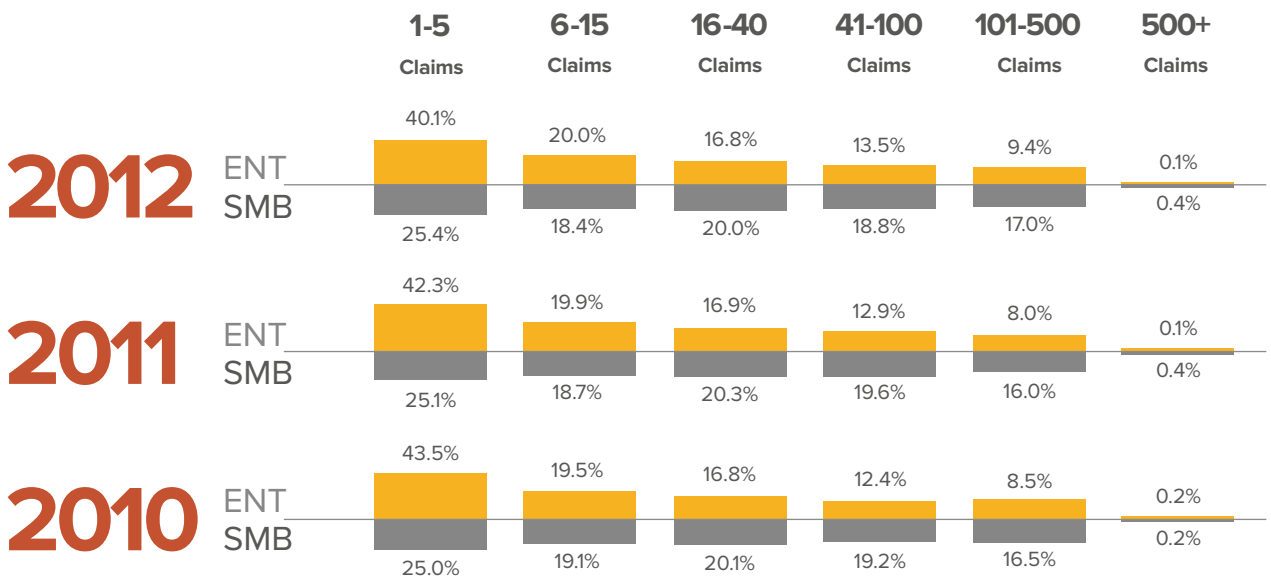
Later in this report on page 21 Concur looks at how controlling expenses has been identified by the Aberdeen Group, a leading research agency, as a hugely important area of business spend that has been largely neglected by SMBs when it comes to controlling costs and increasing profits.

The typical expense-claiming employee took home £300 less in expenses in 2012 (about £3,704) compared to two years earlier.

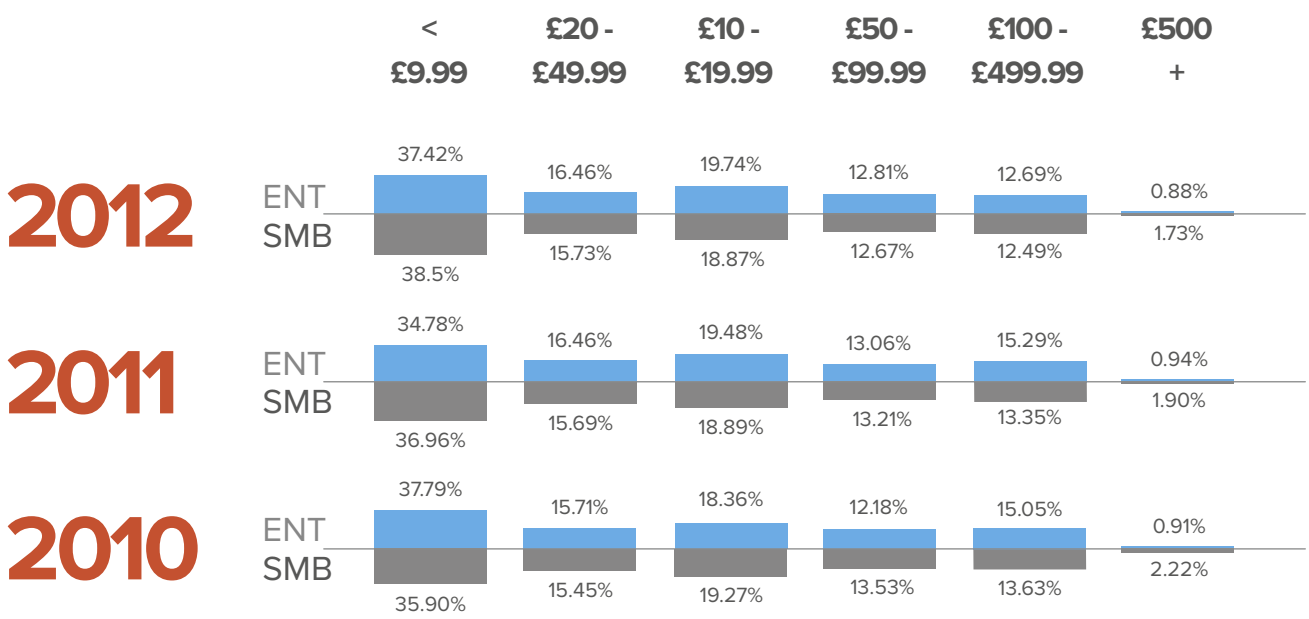
Average cost of expenses, by category, for SMBs

	Accomm.	Allowances	Business Travel	Corporate Procurement	Subsistence	Sundries	Entertaining	Average expense payment
2012	£237	£31	£54	£82	£20	£56	£109	£66.52
2011	£200	£36	£61	£74	£19	£55	£121	£69.47
2010	£216	£41	£64	£65	£21	£64	£134	£76.01

Number of expense claims per year by employees at larger enterprises and SMBs



Value of expense claims by employees at larger enterprises and SMBs



The average expense-claiming employee

Concur estimates that last year UK organisations paid out over £8.2 billion in employee expenses, having approved nearly 146 million expense claims from their staff. Nearly four million UK employees claim expenses – on average they made 36 claims and received just over £2,054 each during 2012.

The amount the average expense-claiming employee receives in expenses has declined since 2010 by 10% in real terms, despite them making 7.5% more claims. This can be attributed to employees being much more diligent in claiming for smaller expenses, such as subsistence, perhaps due to them feeling the impact of general austerity more intensely.

Employees were nonetheless more active in 2012 in terms of getting out and about – with both the number of hotel and travel expense claims being up over recent years, as are subsistence claims. Hopefully this will translate positively into greater sales.

Business entertainment, by contrast, is still under pressure – with both the number of such claims and their average cost continuing to decline. The average employee submitting expenses in 2012 spent at least 20% less in real terms on entertaining compared to 2010 (15.9% in money terms); this is due to them making 8% fewer claims and employees spending more frugally when they do entertain.

When we started doing our annual research into expenses seven years ago, it was relatively common to see enormous expenses going through for such things as travel, training courses, entertainment and general corporate procurement. These are now a rarity as businesses have tightened their policies (and perhaps employees, too, have become less willing to incur these).

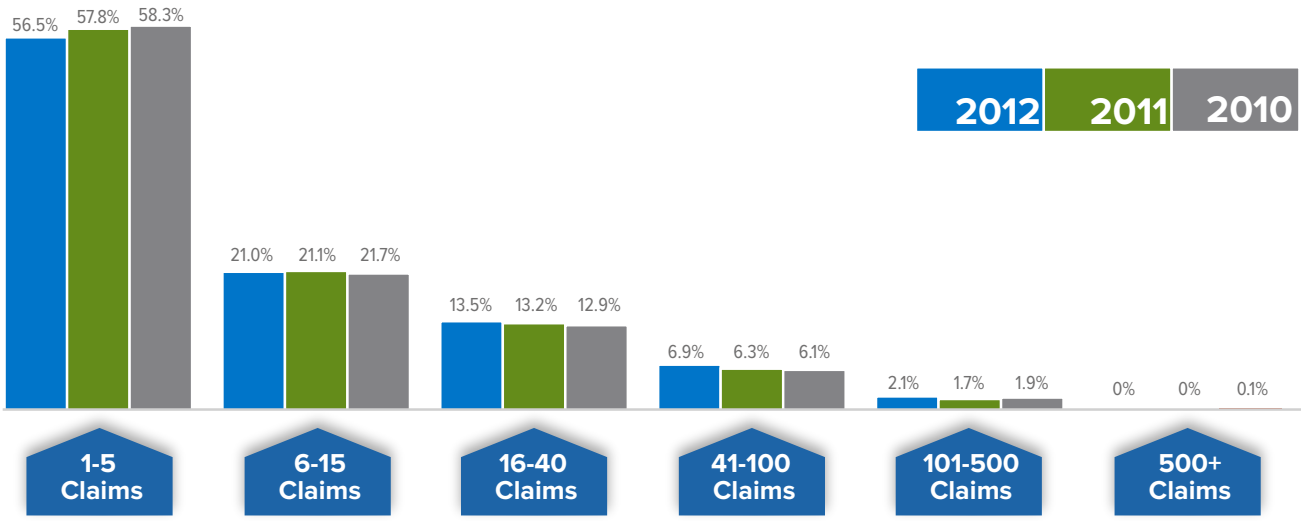
If your business still experiences unusually high value claims it is worth making sure these are being properly scrutinised – both by the approver and also through the internal audit checks that you have in place.

If your business still experiences unusually high value claims it is worth making sure these are being properly scrutinised – both by the approver and also through the internal audit checks that you have in place.

	Average approved expense claim value	Average number of approved claims (by expense-claimers, per year)	Average amount received in expenses (per year)
2012	£56.30	36.49	£2,054.34
2011	£62.19	32.76	£2,037.31
2010	£62.01	33.93	£2,104.15

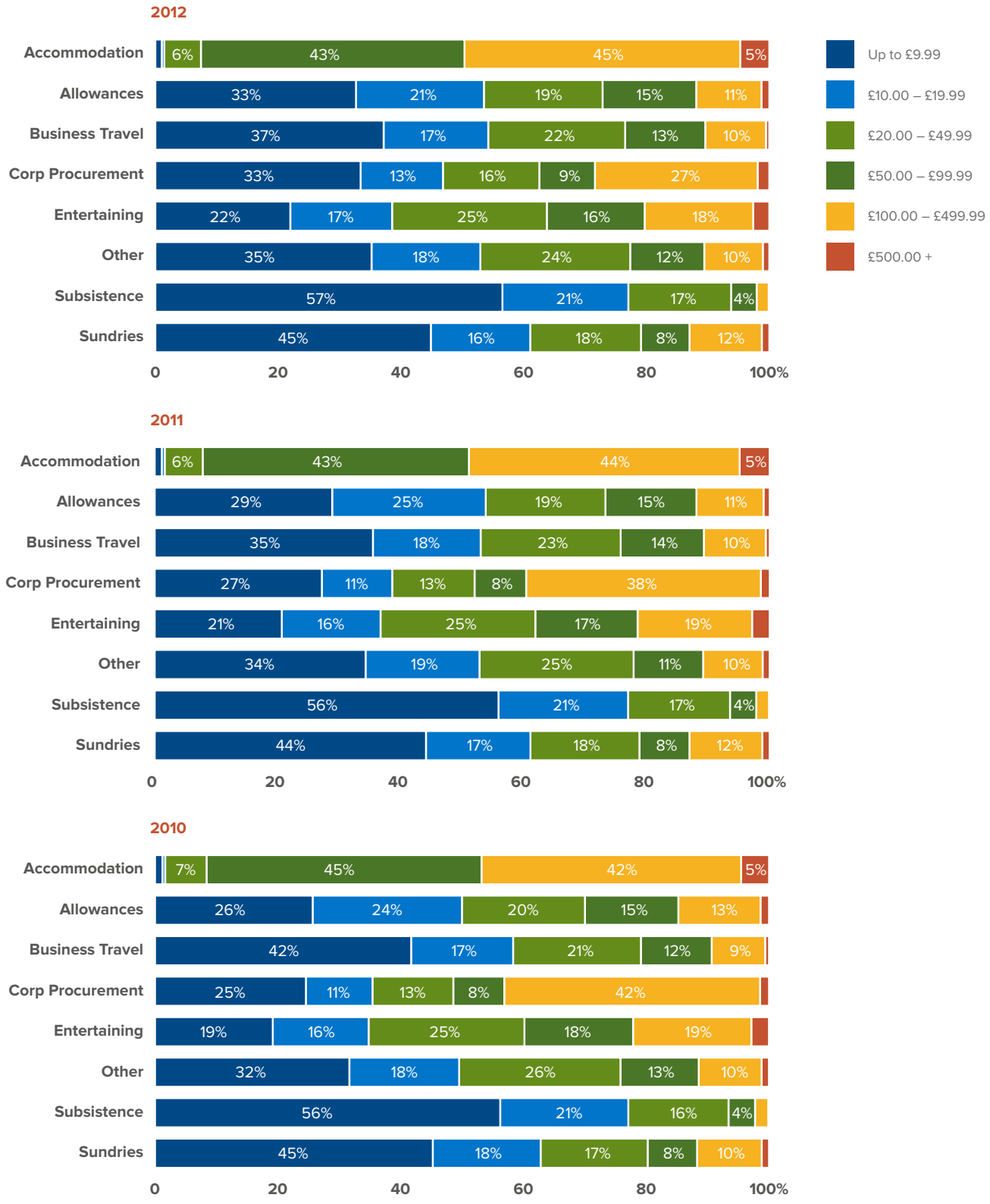
		What the average employee spends -average approved claim value	% change 2010 to 2012	Average number of claims (from people claiming this expense type)	% change 2010 to 2012	Average amount received in expenses (from people claiming this expense type)	% change 2010 to 2012
Accommodation	2012	£174.00	7.6%	7.68	4.7%	£1,335.98	12.7%
	2011	£167.21		7.27		£1,215.85	
	2010	£161.67		7.33		£1,185.32	
Allowances	2012	£52.24	-10.4%	9.38	-19.0%	£489.87	-27.4%
	2011	£50.26		11.44		£574.95	
	2010	£58.28		11.58		£674.88	
Business travel	2012	£46.40	2.2%	21.66	5.7%	£1,005.11	8.0%
	2011	£49.20		18.90		£929.75	
	2010	£45.42		20.50		£930.84	
Entertaining	2012	£85.61	-8.5%	10.05	-8.1%	£860.82	-15.9%
	2011	£91.18		10.45		£952.90	
	2010	£93.55		10.95		£1,024.00	
Other	2012	£46.51	-12.2%	6.42	1.7%	£298.44	-10.7%
	2011	£49.14		5.71		£280.58	
	2010	£52.97		6.31		£334.15	
Subsistence	2012	£18.06	-2.8%	18.76	13.4%	£338.69	10.2%
	2011	£18.41		16.52		£304.17	
	2010	£18.57		16.54		£307.21	
Sundries	2012	£51.61	5.4%	5.28	-8.6%	£272.31	-3.7%
	2011	£51.23		5.23		£268.16	
	2010	£48.94		5.78		£282.67	

Going up: the number of expense claims the average employee makes has increased since 2010 (the chart shows the proportion of employees who make this amount of claims)



Expenses feel the squeeze: the cost of expense claims has declined since 2010 – despite inflation and fuel tax increases

The price of expense claims: the cost of claims analysed by expense type



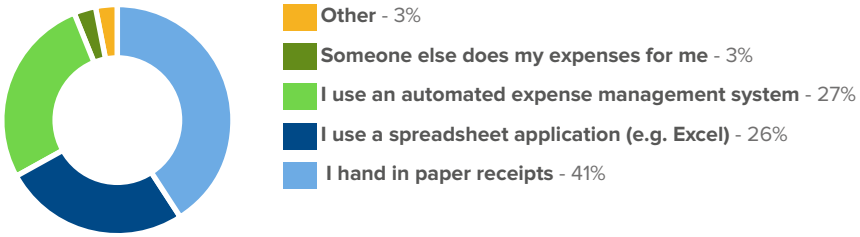
Concur – delivering recommended best practice as standard

A recent report[1] from leading research firm, the Aberdeen Group, has looked into how organisations in the UK and other countries manage their business travel and expenses.

The Aberdeen Group concluded that while "over 9% of the average UK-based company's overall budget is tied to travel and entertainment (T&E) expenses… Aberdeen research has found, in reviewing a series of competencies related to T&E expense management, that UK companies hold a "weak" grip on these critical programme attributes."

The report, *A Travel and Expense Management Guide for UK Businesses*, sets out various best practice steps that businesses should follow to ensure control of this major area of expenditure.

All working UK adults who claim expenses in their current job (514)



It reinforces Concur's own recent research, conducted for us by researchers YouGov. This research found that while 27% of employees use an automated expense management system, 41% still use a paper-based system and 26% use an Excel-based process. Both paper and Excel processes are costly and inefficient, and their widespread use explains Aberdeen Group's belief that UK businesses can make big strides with automation.

As the UK's market leader, we benchmarked the Aberdeen Group's recommended best practice steps against the Concur system to make sure our customers benefit from everything that is recommended. Full details of this are below. They show conclusively that Concur delivers all of the best practice recommendations made by Aberdeen as part of our core solution automatically.

To find out further details about how Concur delivers all of the best practice steps recommended by Aberdeen Group for UK companies (and much more, such as compliance and VAT reclamation benefits too) please visit our resource centre www.concur.co.uk or call us on 00800 4551 6697.

1 The report – *A Travel and Expense Management Guide for UK Businesses* - was sponsored by Concur to enable the study to take place, with all editorial and research undertaken independently by Aberdeen Group without our involvement

How Concur strengthens T&E expense management systems, automatically

T&E areas identified by Aberdeen Group where UK organisations are typically "weak"	Proportion of UK organisations that do this (Source: Aberdeen Group)	When organisations use Concur
Visibility into aggregate T&E spending across the enterprise	44%	Automatically provided
Regular reporting on policy compliance	32%	Automatically provided
Real-time visibility into T&E spending against budget	28%	More than 100 standard reports plus customised reports (data can also be exported for comparisons at any time, and reports can be scheduled to export automatically)
Linkage between travel-booking and expense management processes	20%	Automatic when you use Concur Travel & Expense
Real-time reviews of pre-trip travel against corporate budgets	16%	Automatically provided – authorisation Request and Budget Insight give visibility to travel in advance

UK organisation's utilisation of technology to improve their travel & expenses processes and reduce costs

(source: Aberdeen Group)

Recommended best practice	Proportion of UK organisations that do this	When organisations use Concur
Corporate card and expense management integration	40%	Unlimited with Concur
End-to-end travel and expense management solution	36%	Automatic with Concur Travel & Expense
Automated auditing / compliance monitoring	24%	Automatic with Concur Audit
Mobile travel and expense management application / portal	12%	Mobile apps included at no additional charge

Expense and travel information that should be tracked via analytics and reporting in UK organisations

(source: Aberdeen Group)

Recommended best practice	Proportion of UK organisations that do this	When organisations use Concur
Total travel expenditure	68%	Automatic with Concur
Supplier information	36%	Automatic with Concur
Frequency of business travel	24%	Automatic with Concur
Billable time and travel	16%	Automatic with Concur
Linkage between expense management analytics and organisational intelligence	16%	Automatic with Concur
Itineraries of all business travellers	12%	Automatic with Concur
ROI of business travel	8%	Easily calculated through integration with CRM solutions

How SMBs can deliver cost savings through adopting best practice

Many small and mid-sized business owners are focussed primarily on their business – not on improving their internal business processes. It is therefore not surprising that in the past Excel and paper-based systems have been "good enough" for them.

However, paper and Excel-based systems actually mean it costs more to handle expenses, while often delivering management information that is out-of-date and very basic.

The Aberdeen Group's report made three recommendations for actions that SMBs should take (or ensure they have already taken) to reduce costs and control their employee travel and expenses more effectively. These are listed in the table below.

SMBs – actions that will help spark an improvement in performance within your travel and expenses management and cost control

Recommended action (Source: Aberdeen Group)	How Concur can help
Standardise processes to create better oversight	Concur can provide a template expenses policy that utilises our wealth of data and gives guidelines on expense limits for items such as hotels.
Automate T&E expense management	Our solution provides easy and money-saving automation, with best practice built-in.
Make analytics and the ability to extract the valuable information in your organisation a priority for 2013	All the programming involved in DIY analytics can be extremely costly. Concur has more than 100 standard reports to help you see where you're spending.

About Concur

Who we are

Concur is a leading provider of integrated travel and expense management solutions. Founded in 1993 on the premise of helping drive costs out of businesses through innovation, Concur's services are trusted by over 18,000 clients around the globe with over 20 million users.

What we do

Concur's easy-to-use cloud computing solutions help companies of all sizes and their employees control costs, save time, and boost productivity by streamlining the expense management, travel procurement, itinerary management, and invoice management processes. By capturing and reporting on activity throughout the travel and expense management process, Concur's solutions provide detailed information to help its customers effectively negotiate with vendors, create budgets, and manage compliance.

How we do it

Concur's fully integrated travel and expense management solutions include:

Concur Expense – Concur's automated expense management solutions simplify the expense reporting process, while reducing costs and improving internal controls. With Concur, employees are able to automate each step of expense reporting, from report preparation and approval to business policy compliance, reimbursement and data analysis. Concur Expense allows users to save significant time by creating and submitting accurate, in-policy expense reports. Features include the ability to:

- Capture cash receipt images via a mobile device and automatically attach them to an expense
- Quickly import all credit card transactions to an expense report
- Keep tabs on travel (including mileage), entertainment, vendor costs and office supplies
- Directly import a TripIt Pro travel itinerary data to your expense report
- Integrate with QuickBooks to provide one powerful expense accounting duo

Concur Travel – Concur's travel management solution simplifies corporate travel booking while automatically enforcing policies and providing visibility through detailed report analysis. Employees are free to make preferential choices while organisations stay in complete control. Concur adapts to your workflow and company policies. Features of Concur Travel include the ability to:

- Search for and book relevant in-policy travel
- Choose from multiple Global Distribution Systems (GDSs)
- Save with direct connects, corporate discounts and internet-only fares

Concur Travel & Expense – Concur's integrated Travel & Expense solution helps organisations save time and control spend during every step of the business traveller's journey – before, during, and after the trip. Concur pulls all the pieces of travel and expense management together into one system that's tailored to each individual business – from travel procurement and itinerary management to expense reports, payment and reporting.

Concur Mobile app – Concur's free mobile app complements its web-based solution, allowing travellers to manage their entire business trip. From booking travel, to managing itineraries, to capturing receipts and submitting expense reports – employees can do it all from their mobile devices, including:

- Book flights, rail, or hotels from your smartphone
- Create and submit expense reports from card charges or cash entries
- Photograph receipts and connect the HMRC compliant images to the expense
- Add car mileage to an expense report
- Create a single itinerary from any travel reservation and any travel supplier thanks to TripIt Pro
- Managers can access expense claims in order to approve or reject them.

TripIt – TripIt's itinerary management solution enables individual business travellers and their organisations to manage and share travel itinerary information. Comprehensive itinerary data can be shared among colleagues and associates, leveraged by the organisation's ability to gain greater visibility into employee travel, and imported into other Concur solutions to provide even greater insight and control over travel and expense spend for organisations. Other TripIt solutions include:

- **TripIt Pro** – keeps track of your itineraries regardless of where travel was booked. Plus, with a subscription to TripIt Pro, travellers automatically receive flight alerts and can view alternate flight options. It also tracks frequent traveller point programs and monitors potential airfare refunds
- **TripIt for Teams** – the travel itinerary management tool gives travel planners an efficient way to organise travel arrangements for multiple travellers and reservations in one place. To get an itinerary instantly, the administrator simply forwards flight, hotel, car rentals and other travel confirmation emails with the travellers' email in the subject line to plans@tripit.com.

For more information please visit www.concur.co.uk, read our blog at www.concur.com/blog/en-uk or call us on 00800 4551 6697.

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