

HR Services

Employee Handbook

Guideline on Payments to Individuals



SECTION A: PAYMENTS TO NEW STAFF

1. Introduction

A recent visit from Her Majesty's Revenue & Customs (HMRC) identified that our existing processes for dealing with payments to individuals were not fully compliant with statutory requirements. Failure to follow HMRC guidelines in full can lead to significant penalties as well as the repayment of tax and national insurance which HMRC deem should have been paid. It is, therefore, imperative that the actions listed below are followed in all cases where you wish to use the services of an individual, even where the individual claims to be operating through a limited company. In all cases, the steps must be undertaken BEFORE you confirm the engagement of an individual.

It is the responsibility of Deans of Schools and Directors of Services to ensure that the guidelines are followed in full and the correct contract is issued.

If we receive a request for payment, or an invoice from an individual, we will ALWAYS make the payment via payroll with the relevant tax and national insurance deductions unless the procedure set out below is followed in full, including (where appropriate) completion of the standard questionnaire and we have decided that the payment may be made gross.

1. All individuals engaged to teach, lecture, supervise or instruct must be treated as employed and be issued with a UEL contract of employment and paid via the payroll. Schools issue contracts of employment to hourly-paid lecturers, consultants and guest lecturers and external examiners for postgraduate research programmes. Quality Assurance issues appointment letters to other external examiners. HR Services issues other forms of employment contracts.
2. A guest lecturer â i.e. someone who is an external expert in the field -gives an occasional talk, a short series of talks or a public lecture on a subject which is not part of a module or short course. Normally a flat fee and/or reimbursement of expenses are agreed; they are regarded by HMRC as employees of UEL and have tax and NI deducted accordingly.
3. A dance technique demonstrator is someone who has expertise in a specialist dance technique and demonstrates to our students the specific level and style required. The demonstrator observes students practising the techniques involved and coaches them. A flat fee and/or reimbursement of expenses are agreed. Dance demonstrators are regarded as employees by HMRC and will have tax and NI deducted from the payment made to them. All their fees must be paid via payroll. Dance demonstrators are not regarded as employees of UEL for any other purpose.
4. Module Writers are currently regarded by the HMRC as self-employed.
Note: - HMRC have also confirmed on 24.9.08 that Needs Assessors and Educational Psychologists are self-employed.
5. External examiners are regarded as employees by HMRC and will have tax and NI deducted from the payment made to them (the only exception is if the external examiner is based outside the UK and their work for UEL is conducted abroad). All external examiners' fees must be paid via payroll. Their expenses, including payments for travel from home, can be paid gross through the Purchase Ledger. If the external examiner is resident abroad and performs their duties from there, then their fees and expenses can be paid gross through the Purchase Ledger. The payment for external examiners on postgraduate research programmes should only occur once the Graduate School has confirmed that the final examiners report has been received.
Guest Lecturers, External Examiners, External Advisors and Review Advisors are, however, not regarded as employees of UEL for any other purpose, as they are normally employed by another institution.
6. Where someone is working for their own partnership or company and requires payments to be made to the partnership or company bank account, it may not be necessary to complete a questionnaire. Please forward the company name, address and company number to Financial Services so that we can confirm the required course of action. If it is agreed that payments can be made to the company then a Purchase Order must be raised and an invoice quoting the Purchase Order number must be received from the company.
7. A school or service may ask someone to undertake work for them which does not involve teaching, lecturing, instructing or supervising. The work might, for example, involve training their staff, or reviewing their systems or curriculum on a consultancy basis. To determine whether he or she is to be regarded as an employee or self-employed, the standard HMRC questionnaire must be completed to ascertain whether a contract for service (requiring a Purchase Order to be completed by the school or service) or a contract of employment is required. Please ensure that you provide as much relevant information relating to the period of contract and nature of work as possible. The completion of the questionnaire (in the Appendix) should be a joint effort between the Director of Service or Dean of School (or nominee) who wishes to hire the person and the person themselves. The names of those completing the form must be noted on the questionnaire which can be found at the following web address <http://www.uel.ac.uk/hrservices/documents/AppendixA.doc>
Financial Services has a list of staff authorised by the CMT member to complete the questionnaires; all other questionnaires must be approved by the appropriate Dean or Director (or their nominee). The completed questionnaires are then sent to the HR Manager.
8. If this questionnaire is not completed, then the payment to the individual will always be processed via Payroll with deductions automatically made for tax and national insurance.
9. The questionnaire must be sent to the HR Manager, so that he or she can determine the status of the contract to be offered as early as possible.
10. The appropriate decision will be notified to the Director of Service and Dean of School (or nominee) by the HR Manager, normally within three working days. Individuals are not permitted to start work before the decision is made.
11. If the decision requires the payment to be processed via Payroll, then the School or Service should notify the person they wish to hire of the decision, in order to give them the opportunity to accept or reject the assignment on those terms. The HR Manager should be contacted to discuss the type of employment contract required.

12. A contract of employment will not be issued until the person concerned has provided documentation to show that they are eligible to work in the UK. Please refer to the web page www.uel.ac.uk/hrservices/index.htm for the details of the documents required.
13. If, however, the decision is that a contract for service is appropriate, then the School or Service must raise a Purchase Order for the agreed contract period and sum and communicate this number to the person, who will now be treated as a supplier. The supplier must quote the Purchase Order number on all their invoices for that assignment, otherwise payment will not be paid. If a contract needs to be extended then advice should be sought from Financial Services first to ensure that a new Purchase Order can be raised.
If a new assignment is to be offered to the individual following completion of the original contract then a new questionnaire must be completed and assessed. If the additional assignment is to be undertaken under the same terms as the original contract then advice should be sought from the HR Manager, as it may be possible to make a decision based on the original questionnaire.
14. In cases where an individual has already performed a service and has submitted an invoice or claim but the School or Service have not previously completed the questionnaire, the claims and invoices will be forwarded to Payroll for payment net of tax and national insurance. The engager must be notified of the decision by the School or Service.
15. Approved invoices and claims that can be paid gross will be processed on the due date in the weekly payment run this falls within, as long as valid Purchase Order numbers have been quoted on the invoices and the relevant Purchase Order has sufficient funds available to match the invoice. If an invoice is received and the Purchase Order has already been fully completed then advice should be sought from Financial Services before submitting the invoice for payment.
16. In cases of disputes or queries regarding decisions made by HR Services regarding an individual's status, referral may be made to HMRC (although it should be noted that referrals to HMRC will usually require the individual to complete a far more substantial form than the standard questionnaire and it may take around 15 working days for a response from them).
17. All agreed questionnaires and relevant supporting documents will be held in a central file by HR Services. A copy of the e-mail confirmation from the HR Manager that the person has self-employed status must be attached to their invoice for processing by Financial Services. There is no need to attach a copy of the questionnaire to the invoice/s for the agreed contracts.
18. If someone is not going to receive a fee for their work but will receive reimbursement for expenses then it is not necessary to complete a questionnaire. Authorised invoices or claims for expenses only must be sent to Financial Services with receipts attached. Please clearly indicate on the claim that no fee is due to be paid to the individual.
19. It must be stressed that it is important that schools and services follow these guidelines and complete the questionnaires accurately as early as possible before they engage an individual, as failure to do so may mean that the relevant school or service will have to pay the individual's statutory deductions as well as the employer's costs plus interest and penalties to HMRC.
20. If you are unsure about anything in this guidance or need advice about a particular appointment please do not hesitate to contact your HR Manager or Financial Services.

SECTION B: PAYMENTS TO CURRENT STAFF

Where a Dean or Director of Service wishes to make payments to staff in addition to their normal salaries, they are required to complete an Additional Payments Form (see Appendix E). The Form requires Deans or Directors to provide reasons for the additional payment and to confirm that the work has been undertaken outside of the staff member's normal duties. In addition to using the Form the following procedure for agreeing additional payments to current academic staff should be followed, including guidance on the appropriate hourly rate to be paid.

The procedure is not intended to cover the financial and contractual arrangements for consultancy, as described in our Policy and Code of Practice for External Commercial Work including Consultancy, Contract Research and KTPs.

The guiding principle is that there are legitimate, objectively defensible reasons to remunerate academic colleagues for additional work undertaken outside of their normal duties.

Procedure for additional payments to support staff

Under our Framework Agreement, support members of staff at Grade E and below are entitled to paid overtime or time off in lieu for additional hours worked in excess of 35 hours. Support members of staff at grade F and above are entitled to time off in lieu for time regularly worked in excess of a norm of 35 hours per week during Monday to Friday. If such staff are required to work at weekends for essential operational reasons (e.g. IT systems maintenance), they will be paid overtime, but only with the prior agreement of the Dean of School or Director of Service concerned. Please see overtime form for support staff at Appendix F.

Procedure for additional payments to academic staff

(i) The Dean of school will agree in advance and in writing with the staff member concerned where she or he is to undertake work outside of their normal duties. Payment for additional duties will not be made for work which is a normal part of an academic member of staff's duties, e.g. writing and/or leading a module and supervision of postgraduate dissertations.

Payments for such work need to be on an exceptional basis and a case made by the Dean to the member of the Vice-Chancellor's Group next in the line management chain; the VCG member concerned will consult HR Services about the request.

If the VCG member approves the request, the Dean will complete the Additional Payments Form (in Appendix E) and return it to HR Services. The Form includes the reasons for the work being undertaken

If the VCG member declines the request, HR Services will log the reasons for that and the Dean of School will need to make alternative staffing arrangements for undertake the task(s) concerned.

(ii) Payment will be based on the actual hours to be worked and the hourly rate of pay of the staff member concerned. Any proposal to pay a staff member on a different rate should be discussed with the HR Manager for the school concerned prior to the additional work being undertaken.

(iii) Academic staff on fractional appointments will be paid at their normal hourly rate for any work undertaken in addition to

their normal working hours. It is essential that arrangements for fractional academic staff undertaking additional duties should not exceed their full time equivalent (1.0 fte).

(iv) Payment will be processed on receipt of the Form by HR Services.

Support staff undertaking part-time teaching

Support staff who are undertaking part-time teaching in a School may be issued with an appropriate part-time academic contract for their teaching duties. The school and/or service concerned must consult with the relevant HR Manager in advance of any such contract being issued. It is essential that arrangements for support staff undertaking teaching duties should be such that the total fte of the staff member does not exceed 1.0 and that the staff member is able to undertake their support duties. In some cases this may require a temporary reduction in the fte of their support contract of employment.

For advice on company bank accounts and Purchase Orders please contact Financial Services:

- Milton Codrington - extension 7428 - e-mail address: m.s.codrington@uel.ac.uk
- Inba Lawrence - extension 2023 - e-mail address: i.k.lawrence@uel.ac.uk

For advice on procurement please contact:

- Chris Philpott - extension 2980 - e-mail address: C.Philpott@uel.ac.uk
- Richard Pennington - extension 2753 - e-mail address: r.j.pennington@uel.ac.uk
- Judith Tackley - extension 2485 - e-mail address: j.tackley@uel.ac.uk

Appendices

- [Appendix A - Employment Status Questionnaire](#)
- [Appendix B - External Examiners appointment letter](#)
- [Appendix C - Template Consultancy contract](#)
- [Appendix D - Template Guest Lecturer contract](#)
- [Appendix E - Academic staff - Additional Payments Form](#)
- [Appendix F - Support staff - Overtime Form](#)

(Guidelines agreed by UMT in September 2008 and updated in September 2011)
