

Payment of Public Contributors

Introduction

This guidance aims to help determine whether a public contributor participating in University activities, particularly in the field of research, is engaging as a volunteer, employee or as a casual worker. This distinction is important as it affects the tax obligations of both the individual and the University and is also critical in ensuring the appropriate internal payment procedures are followed. Currently this assessment often leads to delays in the execution of payment. This guidance is aimed to improve the efficiency of this payment process and ensure key considerations are being made at the earliest possible stage.

This document should be used only for individuals that are a public contributor. For any individuals that are involved in another activity (e.g. teaching), a separate guidance document should be referred to.

This area of tax compliance is complex and unfortunately there is no 'one rule fits all' approach. Assessment should be carried out on a case by case basis by the Principal Investigator with assistance by Finance if required (see below).

Definitions

Public Contributor – are individuals who are members of committees/panels/teams/research projects (including participants) who are contributing to an activity without monetary incentive. They are responsible for their own tax affairs and ensuring that they are paying the appropriate level of tax.

Worker - they have a contract or other arrangement to do work or services personally for a reward (a contract can be written or unwritten). Their reward is for money/vouchers or a benefit in kind, for example the promise of a contract or future work.

Process

1. Understanding the role

Understanding the role of the public contributor at the earliest possible stage in the process is critical in determining the employment status of the role. It is really important that a role description is created for all activities being carried out by public contributors in order to help ensure that the correct internal payment procedure is applied.

The role description should detail the exact activities that the public participant is expected to complete. For examples see Appendix B.

2. Key Considerations

Key considerations that will impact the employment status of the role are detailed below. Each should be considered when drafting the role description.

One single factor present will not conclusively mean the individual is a public contributor, and these factors must be considered in the round. The following are indications that may be taken into account in both the contract drafting, but more importantly the working practices:

Is the individual involved in the output of the project?

Where the individual is involved in the output of the project, it is indicative that the individual is a worker.

Alternatively, where the individual provides data for the project and is not involved in any analysis of the data, or report write up, for example, it is indicative that the individual is a public contributor.

How often does the individual get involved in the project?

The less frequently an individual is involved in the project, the more indicative that the individual is a public contributor.

Does the individual perform any leadership roles on any aspect of the project?

Any leadership roles on the project is indicative that the individual is a worker. This may include overseeing a certain phase of the project, ensuring a deliverable is met on time or organising other individuals involvement in the project.

Is the individual a member of a panel or committee?

Being a member of a panel or committee of the [project may have aspects of a worker](#).

Is the individual an office holder (please see appendix D for the definition of an office holder)?

Any individual that is an office holder is considered a worker.

Is the individual a chairperson in any capacity?

Any individual that is a chairperson is likely to be considered a worker.

Are any payments made to the individual for their involvement in the project?

Guidance on payments can be found within section 5.

3. Check Employment Status for Tax (CEST)

Where it is appropriate to pay for time spent and where there is **any doubt** about the employment status of the case, it is important, as part of the assessment of the case, to complete CEST. This is a HMRC tool that helps to determine the employment status and can be found here [Check employment status for tax - GOV.UK \(www.gov.uk\)](#). The CEST tool should be answered by the engager based on the actual working practices that will be in place.

Please contact Tina Bleasdale t.bleasdale@lancaster.ac.uk or Mel Green m.l.green@lancaster.ac.uk for further support on the completion of this assessment.

4. Outcome of Assessment

Once the CEST assessment is completed you will have reached one of the following outcomes below:

Self-employed for tax purposes (i.e. individual is a public contributor)

Where the assessment determines that no employment relationship exists, the appropriate payment should be arranged through the usual Accounts Payable process see **Section 5 Payments** and **Appendix A**.

Employed for tax purposes (i.e. individual is a worker)

If the assessment determines that an employment relationship exists, the public contributor will need to be set up on either ERS or LU payroll as appropriate and tax and national insurance will need to be deducted at source. If the duration of the contribution is short term then they can be set up on ERS payroll.

In this scenario engagement/employment contracts will be required to be in place prior to the service being provided. There are also strict processes to adhere to in order to set the public contributor up on either the ERS or LU payrolls (including right to work checks) which is why an early assessment of the employment status is so important to ensuring prompt payment.

Unable to determine

If the assessment result generates an “unable to determine” result, please contact either Tina Bleasdale t.bleasdale@lancaster.ac.uk or Mel Green m.l.green@lancaster.ac.uk as further identification will need to be undertaken to establish the outcome of the assessment.

5. Payment

There are several types of payment that can be offered to public contributors these include:

A. Non-paid contributor reasonable expenses

As a **non-paid contributor**, there is no entitlement to be paid for time spent volunteering however any ‘reasonable’ expenses incurred in order to participate as a non-paid contributor (pocket expenses) such as food, drink, travel or equipment will be reimbursed with no tax obligation for either the volunteer or the University. Any payment of out-of-pocket expenses should be done through the Accounts Payable team see Appendix A.

B. Goodwill Gesture

On occasions a small ‘goodwill’ gesture may be offered for participation, as a volunteer, for compensation of time spent. This is usually a fixed round sum e.g. £5, £10, £20, either in the form of a BACS payment (the University now has a cashless policy) or voucher which may trigger a tax obligation. HMRC states that where no employment relationship exists then the deduction of tax and national insurance would be inappropriate. It would be for the public contributor to declare as part of self-assessment. Any payment of this nature should be done through the Accounts Payable team see Appendix A.

C. Payment for time

Where compensation is offered and calculated based on time incurred multiplied by an agreed rate, this becomes less clear as to whether an employment relationship exists. This guidance confirms that ‘reasonable’ payments or vouchers, as set down by HMRC, should follow the guidance provided by the NIHR’s Centre for Engagement and Dissemination or an amount which is considered small relative to the value of the project. See [Payment guidance for researchers and professionals | NIHR](#) for further guidance in this regard.

Please note public contributors, do however, reserve the right to ask for payment at a lower amount or are entitled to decline a payment in lieu of wider personal tax circumstances.

To summarise the above steps in Appendix C you will find a flowchart that illustrates the above considerations.

If you have further questions, please do not hesitate to get in touch with either Tina Bleasdale t.bleasdale@lancaster.ac.uk, Mel Green m.l.green@lancaster.ac.uk or Lisa Ashmore l.ashmore@lancaster.ac.uk.

Appendix A

Accounts Payable Process

Out of pocket expenses and other payments

- Please supply a list of participants and corresponding payment values to your Faculty Finance Partner who will need the information to approve the payments (via Agresso). If you are unsure of your Faculty Finance Partner, please contact your Departmental Officer.
- Please complete a [Payment of Public Contributors \(Student/ Other\)](#) quoting your **research project code** and supply all receipts to support reasonable travel expense claims.
- It is recommended that the aforementioned form is also accompanied with the participants bank details on a redacted bank statement (or redacted screen grab of online banking) as very often these are entered incorrectly into the form and subsequently causes delay (sometimes significant) in the recipient receiving the funds.
- Please submit the payment request form, receipts and bank details directly to Accounts Payable accountspayable@lancaster.ac.uk
- Alongside this the payment request will then be processed through the usual Agresso payment approval process and captured in the next weekly payment run.
- There is no need to wait until all participants have provided their payment details. The sooner the information is supplied to AP and your Faculty Finance Partner, the sooner it will be processed and received by the public contributor.

Appendix B

Example 1 – Attendee or presenter at a one-off research event or workshop – This role would be categorised as a public contributor and not a worker. They can be reimbursed for their time through a voucher or the payment request form.

Example 2 – External reviewer of a grant application or reviewer of participant materials for a research study - This role would be categorised as a public contributor and not a worker. They can be reimbursed for their time through a voucher or the payment request form.

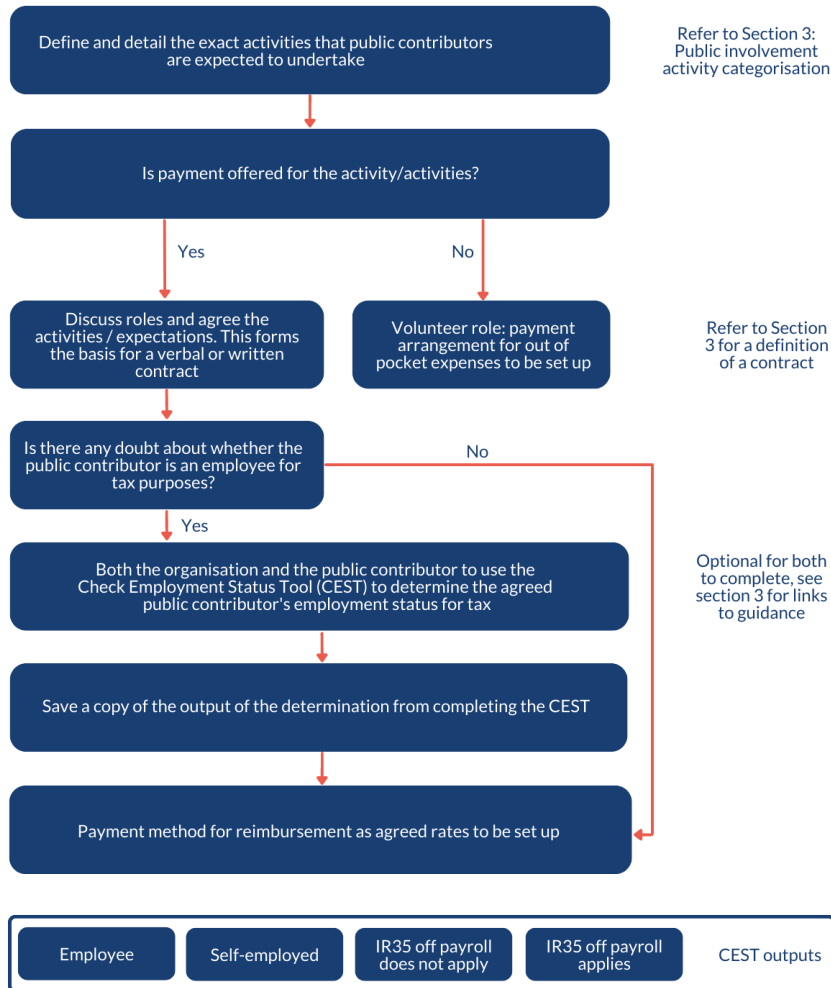
Example 3 – Contributor to one-off focused and time-limited research development activities/projects (e.g. participation in focus groups, survey completion or helping at dissemination events), typically completed within a few months - This role would be categorised as a public contributor and not a worker. They can be reimbursed for their time through a voucher or the payment request form.

Example 4 – Role involves ongoing involvement in a research project or in organisational governance, providing independent advice over a period of time (e.g. public contributor to research study or study steering committee) - In most cases this would not count as employment because this can be classed as providing independent advice. However, it depends on: i) the length of involvement and ii) the level of partnership/power sharing/control. We would recommend that you discuss such examples with the Principal Investigator in the first instance, or either Tina Bleasdale t.bleasdale@lancaster.ac.uk or Mel Green m.l.green@lancaster.ac.uk for further guidance.

Example 5 - Full and equal member of the research project/ organisation team, potentially carrying out research, e.g. as a user-led researcher – This is likely to require a contract of employment (most likely through an engagement contract) and tax is likely to be deducted at source through payroll.

Appendix C

This flowchart is taken from the CEST webpages [Check employment status for tax - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/check-employment-status-for-tax).



Appendix D

The following definition of an office holder has been taken from HMRC's guidance ([Employment status: Office holder - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/employment-status-office-holder))

A person who's been appointed to a position by a company or organisation but does not have a contract or receive regular payment may be an office holder. This includes:

- statutory appointments, such as registered company directors or secretaries, board members of statutory bodies, or crown appointments
- appointments under the internal constitution of an organisation, such as club treasurers or trade union secretaries
- appointments under a trust deed, such as trustees
- ecclesiastical appointment, such as members of the clergy

Office holders are neither employees nor workers. However, it's possible for someone to be an office holder and an employee if they have an employment contract with the same company or organisation that meets [the criteria for employees](#).

Someone is likely to be an office holder if most of these statements apply to them:

- there is no contract or service agreement relating to their appointment
- their duties are minimal, and are only those required under the relevant statute, constitution or trust deed
- they do not get a salary or any other form of regular payment for their services
- the only payment they get is a voluntary payment (honorarium), regardless of the work they do - tax and National Insurance are deducted by the appointing body
- they're effectively working as an independent office, and are not under the close supervision or control of the appointing body