

Appendix 3 to Financial Procedures

Policy on Contracts for Self-employed Workers

1. Introduction

LGEC frequently engages the services of self-employed workers who are not LGEC employees to run workshops or to provide specialist services such as design, editing, etc. LGEC needs to ensure that any payments made follow correct procedures and that any individuals receiving payment are aware of the situation with regard to tax and national insurance payments.

2. Completing the documentation

When engaging the services of self-employed who are not LGEC employees, a Contract for Self-employed Workers (F1) should be completed by the LGEC staff member requiring the service. This should be signed by the LGEC staff member with the appropriate budgetary responsibility. The contract should be copied and given to the self-employed worker for signing. The LGEC staff member should agree the method of payment and indicate this in the contract. One copy should be kept by the person providing the service and the other filed in the orders pending file together with a completed order form. The order number should be written on the F1 form and the budget and authorisation details should be included on the order form.

3. Methods of Payment

The self-employed worker should provide an invoice quoting the contract order number. The self-employed worker is responsible for paying his or her own tax and national insurance. This is clearly stated in the Contract for Self-employed Workers (F1). LGEC typically makes all payments by cheque or by Bank Automated Credit System (BACS).

4. Purchase of Goods by a Self-employed Worker

When a self-employed worker purchases goods on behalf of LGEC (e.g. materials for workshops), an order form must be completed by the project co-ordinator responsible for the work. Receipts must be provided. Payment will only be made on receipt of a completed expenses claim form with receipts attached. Advance payments will not be made to self-employed workers. Any requests for payment not accompanied by receipts will either not be paid or will be treated as payment for services (as above). If payment is to be made to an individual and receipts are not attached, the payment will be liable to tax and national insurance.