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*National Institute for
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INVOLVE is funded by the National Institute for Health Research

Payment for involvement in research: helpful benefit rules and systems for avoiding benefit problems

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November 2008

About this leaflet

This leaflet was written by Judy Scott for a workshop held at INVOLVE's National Conference 'Public Involvement in Research: getting it right and making a difference' on 12th November 2008.

The benefit rules and systems listed in this leaflet have been confirmed or tested or occurred in actual situations with Jobcentre Plus and HMRC within 2007 and 2008. This leaflet is the copyright of Judy Scott and may only be reproduced if the copyright logo is included.

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October 2008

This leaflet should be cited as:

Scott J (2008) Payment for involvement in research: helpful benefit rules and systems for avoiding benefit problems, INVOLVE

helpful benefit rules and systems for avoiding benefit problems

Name of rule or system	Explanation	What the organisation or the service user must do
<p>Once-off gifts of money or cash voucher</p>	<p>If a person participates on one day only for the first time in a financial year, they may be given a gift of money that does not affect any benefits.</p> <p>The amount does not affect any benefit providing it does not take the person's capital (savings) over the limit of £6,000. However if the amount is seen by Jobcentre Plus as excessive for one day further enquiries would be made.</p> <p>The gift is also ignored by the tax system and no tax or NI should be deducted.</p> <p>This rule only applies to up to one day's involvement. It cannot apply to two days involvement. (See DWP internal guidance on involving people in their research programmes 'Doing the Right Thing').</p>	<p>The organisation <u>must</u> provide a headed letter confirming that this is a once-off gift of a cheque or cash or a cash voucher as a thank you.</p> <p>The letter can be provided to Jobcentre Plus by the person as evidence that this is a once-off gift.</p>
<p>Averaging rule</p>	<p>If there are to be two or more involvement events over a cycle of involvement or over a four or five week period or over a pay period, Jobcentre Plus may agree to treat the payment as averaged over the period. This allows more than a weekly limit on payments to be paid for involvement in one week if no paid involvement takes place in other weeks.</p>	<p>The service user should send a letter to Jobcentre Plus requesting that they treat the payments as averaged. This request must be sent to Jobcentre Plus well in advance of the involvement event. The MKCAB Helpline can do this if requested by the person concerned.</p>
<p>Provision of travel cards and tickets for people who are paid for involvement</p>	<p>If a person in receipt of benefits has travel costs and they are paid for involvement, any reimbursement is treated as earnings. However the provision of travel cards or tickets or transport are ignored.</p>	<p>Advance arrangements must be made with the person to be involved to buy travel cards or tickets or provide transport.</p>

<p>Expenses that can be reimbursed to people who are involved on a voluntary basis (are not paid for their time) without affecting benefits</p>	<p>Volunteers can usually be reimbursed out of pocket expenses without benefits being affected including the exact costs of travel and subsistence (ie sandwich lunch).</p> <p>But see below for the costs of personal assistants etc.</p>	<p>Records of reimbursements must be kept. Only the exact amount should be reimbursed. Service users in receipt of benefits are required to notify volunteering to Jobcentre Plus and advise on expenses received. Expenses can be provided in advance or after the event as required.</p>
<p>Covering the cost of a personal assistant, facilitator, replacement carer, support worker or child care for people who are paid or volunteer for involvement</p>	<p>If a person in receipt of benefits requires a personal assistant, facilitator, replacement carer or support worker or child care for involvement any reimbursement of the costs may be treated partly or wholly as earnings by Jobcentre Plus. However where the facilitator/replacement carer etc is paid directly the person who is involved will not have their benefits affected.</p>	<p>Advance arrangements must be made with the service user or carer to obtain their authority for paying the personal assistant/replacement carer etc directly and to obtain their contact details and set up payment arrangements.</p>
<p>Some expenses can be reimbursed to people who are paid for involvement and without affecting benefits</p>	<p>Some out of pocket expenses can be reimbursed to people who are paid for involvement without benefits being affected, providing the expenses are incurred necessarily, wholly, and exclusively in the course of involvement. These include: cost of phone calls, stationery, access to internet.</p>	<p>Usual procedures for petty cash reimbursements should be made. It is important to have a paper trail that does not mix reimbursed expenses with payments for time.</p>
<p>Subsistence to people who are paid for involvement and people who are voluntary</p>	<p>Subsistence (a meal) can be provided during the course of involvement without benefits being affected.</p>	<p>No special arrangements</p>

benefit and tax pitfalls to be avoided

Name of pitfall	Circumstances	The effect on benefits
<p>Notional earnings</p>	<p>Notional earnings are earnings that the person who is in receipt of benefits could have received but did not because of arrangements that they made.</p> <p>Circumstances where notional earnings are applied include:</p> <ul style="list-style-type: none"> ➤ When a person tells Jobcentre Plus that they have refused paid involvement and are volunteering instead ➤ When a person tells Jobcentre Plus that they have refused a payment for involvement because it is above a certain amount but have accepted a lower payment ➤ When a person asks for their payment for involvement to be paid instead to an organisation or donated to a charity or to another person ➤ When a person asks for the payment for one week that is above their benefits limit to be paid to an organisation to spread the payment to them over several weeks ➤ When a person is given a voucher in return for a service the amount of the voucher is treated as earnings 	<p>If Jobcentre Plus finds out about the arrangement they will apply the notional earnings rule.</p> <p>They will treat the notional amount as actual earnings and if this is in excess of the earnings limit the person's benefit will be reduced or stopped.</p>

<p>Rounded up expenses (rather than an actual exact reimbursement)</p>	<p>Expenses that are of a standard amount that does not relate to the actual expenses are treated as earnings.</p> <p>Expenses that are rounded up are treated as earnings</p> <ul style="list-style-type: none"> ➤ i.e. if actual expenses of £8.70 are rounded up to £10.00, Jobcentre Plus will treat the whole £10.00 as earnings. 	<p>Where expenses are treated as earnings by Jobcentre Plus the person will be deemed to have been paid the going rate for the job or at least the minimum wage. Their benefits will be reduced by the 'notional' amount that is in excess of the benefit limit.</p>
<p>Reimbursed expenses that are or might be treated as earnings</p>	<p>Jobcentre Plus benefit rules for people who are paid treat all the following as earnings:</p> <ul style="list-style-type: none"> • Reimbursed costs of travel including for tickets, cabs, petrol, miles allowance • Replacement carer or child care (partly or wholly) <p>There are no benefit rules for reimbursed costs of a personal assistant, facilitator or support worker so each person must ask Jobcentre Plus for a ruling.</p>	<p>Where the pay for participation and the reimbursement together are in excess of the benefit limit or disregard the person will have their benefit stopped or reduced.</p>
<p>Administration procedures lead to a person's P46 being sent to HMRC before a person has let Jobcentre Plus know about being paid for involvement</p>	<p>Where a person becomes involved in a research project they may be asked to complete a P46. If this form is sent to HMRC <u>before</u> the person has advised Jobcentre Plus there is a problem. HMRC notifies Jobcentre Plus when they receive a P46.</p>	<p>Jobcentre Plus will assume the person is working illegally and will stop their benefits.</p>

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 October 2008