

NCER CIC

DIRECTOR PAYMENTS POLICY - 2020

The increased focus on non-payroll payments seen from HMRC requires NCER, in common with other organisation making non-PAYE payments to individuals, to have an unambiguous policy position with regard to payment systems for its directors, having regard to NCER's commitment to maintain the highest possible standards of corporate governance. Given its nature as a multi LA CIC NCER is not an employer.

With effect from 1 April 2019 the following arrangements are agreed in order to protect NCER and its Directors from IR35-type investigation by HMRC, and to ensure that proper tax is paid by individuals receiving payment from NCER. Directors of NCER will be paid via one of the following methods.

1. Subject to the company's Articles of Association, a Director's remuneration will take the form of an honorarium approved annually by the Steering Group and paid to the individual via their employing local authority. Ordinarily this payment will not include any payment towards superannuation within the officer's employing local authority and will not therefore require a contribution to the local government pension scheme by either the individual or the employing authority. However, where the employing authority requires it due to the honorarium being incorporated into the core salary paid to the individual, and therefore is subject to superannuation, NCER will make an additional payment to the employing authority equivalent to employer on costs incurred by that authority.
2. Where a Director is not in the employment of a local authority the honorarium payment will be made to the individual direct and in full – payment to be made monthly or quarterly. The individual concerned will be required to provide written confirmation to NCER on an annual basis that income derived from NCER has or will be declared to HMRC via a self-assessment tax return and therefore will be subject to income tax and National Insurance via that route.
3. Where a Director offers their services via a partnership or private limited company payment of the honorarium will be made to that partnership or company on receipt of a verified invoice. Payment will be made monthly or quarterly as requested by the relevant Director. The Director concerned will be required to provide written confirmation to NCER that monies received from NCER will be accounted for in their annual accounts and statutory returns as appropriate to Companies House and HMRC and will as appropriate be subject to income tax, Corporation Tax and VAT requirements as applicable to that partnership or company.

Reimbursement of agreed travel and subsistence expenses will be as follows –



- a) For Directors receiving payment from NCER via methods 1 and 2 above claims for reimbursement (supported by receipts as required) will be made to the Director in person using the NCER travel expense Claim form. This arrangement will also apply for Directors set as a partnership.

For Directors receiving payment from NCER via a private limited company travel and subsistence claims should be included in the company's regular invoice.

This policy was approved by the NCER Management Board on 17th March 2020

This policy will be reviewed annually together with an annual review of the compliance and effectiveness of the policy.

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18th March 2020