

Guidance for using the University Payment System (UPS)

The guidance below describes who can be paid under the University Payment System (UPS) and the process for making payments.

All payments will be made by BACS on a fortnightly basis.

The UPS forms, Decision Tree and FAQs can be found at:

<https://www.hrsystems.admin.cam.ac.uk/systems/systems-overview/university-payment-system-ups>

Self Employed (light touch)¹

Who can be paid as a Self Employed (light touch)

If an individual is undertaking a maximum of 5 sessions a term and 14 sessions an academic year, they will be treated self employed.

Process for Making Payments to Individuals who are (Light Touch) Self Employed

- ❖ Individuals will need to complete a UPS1 form which asks for their personal information, bank details and details of the work they are going to carry out. This form is also a Contract for Services and includes a declaration that the individual will not exceed the maximum number of sessions allowed and confirmation that they will abide by University policies.
- ❖ These forms should be returned to the relevant department so that the UPS1 can be signed to confirm that the work has been carried out and payment can be arranged.
- ❖ Departments will either enter the details on the on-line system or, if they do not have access to the system, will send the forms to payroll for payment.
- ❖ Departments must keep copies of all of these documents for audit purposes.

Workers

Who can be paid as a Worker

If an individual is undertaking work in excess of the levels for light touch self-employed (i.e. for a maximum of 5 sessions a term and 14 sessions an academic year), they will be treated as workers if they are carrying out short term, irregular work where:

- ✓ there is no guarantee that work will be provided in the future;
- ✓ the activity they undertake is not critical to core activity;

¹ Light touch self-employed enables the University to classify an individual as self-employed without using Form FD3 in Chapter 5a of the Financial Procedures manual.

- there is no obligation on the University to offer them work or for them to accept work which is offered; and
- they either do not work more than 6 hours per week, or they do not work for a period of more than 8 months without a break of 4 or more months (not solely including University vacation periods) if they work over 6 hours a week.

Worker Entitlements

Workers are entitled to statutory holiday entitlement and may also be entitled to statutory sick pay, depending on the level of NI contributions they have paid. They are entitled to the equivalent of 28 days holiday per year, pro-rated for the hours they work. The holiday entitlement is therefore equivalent to 12.07% of the hours they work.

Process for making Payment to Individuals who are Workers

- ❖ Individuals who are classified as 'workers' need to complete form UPS2 which asks for their personal information, bank details and details of the work they are going to carry out.
- ❖ The completed UPS2 form should be returned to the department in order for them to confirm that the work has been carried out and to arrange for payment to be made.
- ❖ Departments will either enter the details on the on-line system or if they do not have access to the system will send the forms to payroll for payment
- ❖ Departments will need to issue the individuals with a workers agreement.
- ❖ When issuing a workers agreement to individuals for the first time you will also need to provide the full terms and conditions for workers and ask the individual to sign a copy and return to you for your file.
- ❖ The individuals will be taxed through the full PAYE system which will deduct tax and NI as appropriate. Workers should be issued with a Starter Checklist tax form to complete and submit with their first payment or asked to provide a P45.
- ❖ Departments will need to ensure they have checked the original documents which evidence the right to work in the UK for all workers. Departments should arrange to see original documents from List A or List B (these can be found at <https://www.hr.admin.cam.ac.uk/hr-services/immigration/right-work-checks/completing-check>) and take a copy of them and verify they are a true copy of an original. If an individual is subject to immigration control and requires permission to work in the UK, they must provide you with the documents which evidence permission to work being granted by the UK Border Agency.
- ❖ You must also ensure you have carried out any other pre-employment checks e.g. CRB or under 16 permits where required.
- ❖ Workers can claim travel and subsistence expenses if appropriate but these will be taxed in the usual way. *If the travel is business travel (which does not include commuting from home to work) it is not taxable and should be claimed on an expense form.*

- ❖ At the end of the assignment you will need to pay individuals for any untaken holiday using the UPS2.
- ❖ Departments must keep these documents for audit purposes.

If a worker claims that they should be treated as being self-employed and not be taxed and they are working more than the levels applicable to light touch self employed, the Department may complete an FD3 form so that their work can be assessed to see whether it falls within the criteria for self-employment as set out in chapter 5a of the Financial Procedures manual. As this is not discretionary, the decision of the Finance Division as to whether an individual can be paid as self-employed must be followed.

Students

Process for making payments to students:

- ❖ Students who are being paid a maintenance grant or bursary can be paid through the new payment system using the UPS3 form. These payments will not be subject to tax.
- ❖ These students should not be issued with a workers agreement or any other agreement relating to HR/Payroll.
- ❖ Students who are being paid for work e.g. demonstrating, need to complete the UPS2 form as they will be classed as a 'worker' and will be taxed under PAYE arrangements. These students should be treated as workers using the process described under 'workers'.
- ❖ Students paid for work should complete a Starter Checklist form .

If you have any queries please contact your HR School Team.