



<b>The Elliot Foundation Academies Trust Board</b>	
Report number	#/2013
Report title	TEFAT ex-gratia payments and honoraria
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### **Summary**

TEFAT must have a consistent and compliant policy on ex-gratia payments and honoraria. Compliance is in terms of HMRC regulation and also with respect to staff terms and conditions of employment.

### **Recommendations**

It is recommended that the TEFAT Board approve the attached guidance on ex-gratia payments and honoraria.

### **Detailed information**

There will be occasions when an Academy may need to make ex-gratia payments or honoraria. These are different forms of payment but can mistakenly be confused as the same thing.

There are tax issues and employment issues involved in issuing certain payments. For example, teachers' terms and conditions do not permit the use of honoraria (although support staff terms and conditions do).

TEFAT is currently working within local and national conditions of service for all staff in TEFAT Academies. Should a change be considered to honoraria payments, this would require consultation through our National Joint Committee.

The attached guidance provides a way of working, for the moment, for TEFAT Academies.

### **Background and attached documents**

1. TEFAT guidance on use of ex-gratia and honoraria payments
2. School Teachers Pay and Conditions Document 2012
3. Support staff terms and conditions



## Ex-Gratia payments and honoraria

### Guidance notes

#### Ex-gratia payments

Ex-gratia payments are made in a limited number of situations to recompense staff and possibly members of the public. This would include, for example, situations such as damage to a member of staffs clothing whilst carrying out their job but where it was not their fault. Ex-gratia payments do not apply where insurance cover is in place to deal with such a situation.

Ex-gratia payments are not made to compensate for work carried out or other things that form part of an employees contract of employment.

It is anticipated that ex-gratia payments will be limited to £100 unless there is specific reason agreed by the Principal. In some cases Principals should request receipts.

Ex-gratia payments should be recorded and reported to the Finance Committee for information.

#### Honoraria payments

***Please note – there is no provision in the School Teachers Pay and Conditions Document to pay teachers an honorarium. Currently, therefore, this applies to non-teaching staff only.***

##### Overview

- Honorarium payments exist to allow employees to be financially recompensed for significant additional work performed over and above their usual responsibilities.
- This can include instances where an employee has absorbed extra duties but where an acting-up allowance is not appropriate. However extra duties for a period of less than one month would not be appropriate i.e. if someone is on short term sick or annual leave.
- Honorarium payments must be single, one-off payments paid via payroll retrospectively. They should therefore be short term in nature.
- Honoraria payments **must not** be awarded to teachers.
- Employees cannot receive both an honorarium and an acting up allowance



## Benefits/Risks

Working with these procedures should:

- Ensure a fair and consistently applied process that appropriately recognises and rewards individuals and/or teams for exceptional performance.

Non-compliance with these procedures may:

- Result in an inconsistent, and inappropriate, approach to honorarium payments.

## Policy

Honorarium payments:

- Must meet both the conditions and limits set out below.
- Will be paid as a one-off lump sum retrospectively through payroll and subject to usual deductions.

Must not be paid:

- For work over and above the employee's contracted hours. These should be dealt with as flexi-time, time off in lieu or paid in accordance with the prevailing conditions of service for such payments.
- Where an employee is asked to undertake the full duties and responsibilities of a higher graded post this should be addressed by an acting up arrangement , e.g. payment of the appropriate rate for the job for the relevant period in accordance with the local conditions of service and these guidelines.
- Where the on-going responsibilities of a job change on a permanent or semi-permanent basis the job description should be re-written and sent to HR for evaluation.

## Conditions:

- **Short-term additional duties** – where temporary additional duties (at a level significantly higher than that of the employee) are performed for a short period of time e.g. between 1 – 3 months and no acting up allowance is payable (e.g. not all the duties of the higher graded post are undertaken).



- **Major work output** – where an employee has completed an important project or produced major work output to a high standard that is significantly above and beyond the scope of their normal duties.
- **Team honoraria** - the above conditions apply equally to a team or section.

**Limits:**

- Minimum – no minimum limit is proposed
- Maximum - 5% of actual annual salary, or £1500, whichever is smaller.
- Limits apply to whole honorarium.
- Team honoraria - the total payment must not exceed the maximum limits and typically would be distributed in equal amounts between the group. The calculation should be based upon average salary for the group.

**Approvals:**

- Any honoraria payment must be approved by the Principal and reported to the Finance Committee for information.

**Note:**

**In all instances Honorarium payments must be:**

- Paid retrospectively
- At the discretion of the Principal
- Within approved budget