

LocalMotion guide to financial remuneration

17 June 2025

1. Scope

- 1.1.** This guidance is designed to support local coordination groups within LocalMotion to develop payment for involvement policies for their work. This is not intended to be prescriptive but rather to give all organisers access to the right guidance and information to create a policy that works in their specific local context.

2. Principles

- Local groups have autonomy. Whilst some aspects of financial remuneration may need to be agreed with a group's Local Fiscal Host (for example, where a host may be required to enter into a contractual relationship with an individual or organisation) the role of this guidance is to support individual groups to find a system that works in their context not to dictate a policy.
- Financial remuneration (whether in the form of thank you gifts, payment for involvement or employment) should always aim to facilitate a greater level of equity within the community as a whole and not entrench or exacerbate inequalities.
- Financial remuneration should be based on reciprocity. It reflects a desire to acknowledge the value of everyone's contributions and give thanks for the time and energy people give to projects rather than any desire to reduce these contributions to a transactional relationship between the local network and the community.
- Individuals receiving payment for involvement should be given as much agency as reasonably possible. Each person's relationship with welfare, employment and tax is unique and this should be reflected in each group's approach to financial remuneration where possible.

3. Guidance

3.1. Creating a policy

This guidance details the main topics that would be helpful to include in a payment for involvement or thank you policy. Ideally you should have this in a single document which can be shared with people who will use it or, if necessary, with a local job centre. You may also wish to have some templates for communications with the job centre or with individuals in receipt of remuneration (see section 3.3 and appendix 1 for examples).

If you are giving honorarium payments or stipends for some work and giving thank you gifts for other work, it might be helpful to have separate policies for these. If you do choose to combine them, it's important to be clear that they are different and to clarify exactly when and how each will be used.

It's important not to refer to thank you gifts as "payments". Thank you gifts are just that, gifts. Whilst it is totally fine to let people know they'll be receiving a thank you, it's important to

keep all communication on this subject consistent to avoid creating any perception that a thank you gift in the form of a voucher was actually a payment that should be considered income for tax or welfare purposes.

3.2. Rate

If you are offering payment for involvement or honorarium payments, it is helpful to detail a standard rate in your policy. You can set this within your group but a good starting point might be the rates suggested by the national institute of health research (NIHR)¹. NIHR suggests -

- £12.50 - For involvement in a task or activity such as reading and commenting on an abstract which equates to less than half an hour. For example, reviewing papers for the development of Alerts.
- £25 - For involvement in a task or activity requiring little or no preparation and which equates to approximately one hour of activity or less. For example, participating in a focus group to provide feedback on a proposal.
- £50 - For involvement in a task or activity likely to require some preparation and which equates to approximately two hours of activity. For example, a teleconference with related papers to read or review a few short documents.
- £75 - For involvement in a task or activity where preparation is required and which equates to approximately half a day's activity. For example, participating in a meeting to interview a small number of candidates who have applied to join a committee or panel, participating in a focus group, or delivering training.
- £150 - For involvement in all-day meetings. For example, attending a committee or panel meeting as an observer prior to becoming an active public member of a committee/panel.
- £300 - For involvement in all-day meetings that require substantial preparation. For example, when chairing or co-chairing a meeting or when carrying out other discretionary work, which requires additional responsibilities

These rates are suggested as a starting point but can be adjusted to reflect your local context and local coordination group decision.

3.3. Support with the DWP

Receiving any additional income can be complex and fraught for those claiming any kind of welfare benefits and all claims are different based on the particular circumstances of the individual. To make sure that everyone fully understands the implications of accepting financial remuneration for them, you should, where possible, refer people to a relevant welfare advice service. Ideally, you should outline the service, the process for referrals or signposting and any alternative services you may know of in your policy. The capacity to provide support will vary from group to group. Unless you have someone in your network

¹ <https://www.nihr.ac.uk/payment-guidance-researchers-and-professionals>

who is a qualified welfare advisor, you are probably not able to give welfare advice yourself. The most important thing is to outline clearly what support is available and what this will look like so that everyone can make an informed decision.

Ideally, you should use a local service that you have some kind of relationship with. If you have a service with a relatively short wait time or where you are able to make direct referrals in your area, you may wish to include details of this in your policy. As a minimum, every area should have a branch of the citizens advice bureau available although the levels of support available and wait times can vary. If you do not know of any local services, or if wait times are regularly prohibitive, you can find some services that are available nationally or that can sometimes see people out of area listed in appendix 2.

If someone on benefits is receiving payment for involvement or honorarium payments for their participation, they should inform the DWP about this before the work begins.

The local group should also inform the DWP on their behalf using an adapted version of appendix 1.

3.4. Types of remuneration - definition and implications for welfare benefits

3.4.1. Expenses

Reimbursement of reasonable expenses that are “wholly, exclusively and necessarily incurred during the course of work” for anyone, regardless of whether their involvement is defined as voluntary, involvement or employment. This should not have any effect on the recipients’ benefits or tax, but receipts should be retained for evidential purposes.

3.4.2. Thank you vouchers

Thank you vouchers are gifts offered to show appreciation for time and energy that is given to a project on a voluntary basis. As they are not intended as a payment there is unlikely to be a set rate for them. It is good practice to offer volunteers a choice of vouchers. The way these gifts are given will vary depending on the relationship you have with the recipient, but in general, it’s a good idea to accompany them with a personal note of thanks. This might be in an email for a digital voucher or in a thank you card. Thank you gifts should not impact tax or benefits.

3.4.3. Payment for “Service User Involvement”

The DWP usually defines “service user involvement” as either - activities undertaken to improve a service with a statutory duty to provide care by involving those who use it, or participatory research i.e. research carried out in partnership with individuals with “lived experience”.² Where members of the network are conducting research or are engaging people who use statutory services, it is considered good practice to provide financial

² <https://assets.publishing.service.gov.uk/media/6717bc20a71f39bdb1c9c18a/adm-chapter-h3earned-income-employed-earnings.pdf>

remuneration. As the DWP uses the phrase “service user involvement” for these activities, it’s important that all communications with them also use this phrase, to avoid confusion.

Participants in receipt of ESA may be required to fill in a permitted work form, and if so support should be offered or sourced with this if requested.

Participants in receipt of universal credit should be able to report in their journal that they are participating in service user involvement and being remunerated for their time and their work coach will be able to advise.

You should provide the job centre with a letter (like the example found in appendix 1) prior to beginning the work. This may be especially important for claimants who have limited capability for work or work related activity, as it is very important to clarify that participation in service user involvement does not equate to fitness for work.

3.4.4. Honorarium Payment

What activities are considered involvement by the DWP and HMRC is somewhat subjective and often poorly defined. It is certainly true that some charities and system change organisations do consider their engagement with people with “lived experience” to be covered by service user involvement. However, it is fairly unlikely that participation in systems change work or with organisations that are not statutory or research organisations will be considered service user involvement.

However, permitted work can be carried out in line with ESA regulation and will require a permitted work form completed prior to any works undertaken. It is important to note on the form that the permitted work is done so on an ‘unpaid worker’, voluntary basis with an honorarium payment as recognition for the time given. There is no formal contract of employment and payment will only be made with attendance at an activity eligible for an honorarium payment.

Permitted work, which is applicable to those in receipt of ESA is any paid “work” within specific earning limits. A permitted work form does not need to be completed by Universal Credit claimants in receipt of Limited Capability for Work and Work Related Activity (LCWRA), but the earnings limits would still apply, unless they are also in receipt of PIP. Any deduction would be based on their eligible work allowance rate and the 55p earnings taper for every pound over the earnings limit.

Welfare claimants in receipt of Universal Credit who do not have a health condition should be able to report that they are receiving honorarium payments for their activities via their universal credit journal. The coordinator of their local group should also contact the jobcentre to inform them about the payment using an adapted version of appendix 1.

3.5. What activities are eligible for an honorarium payment or thank you gift?

It's helpful to have a clear definition of exactly why activities that are eligible for an honorarium payment or thank you gift differ from work.

This advice is designed to cover small payments rather than consistent, substantial payments that replicate the power dynamics between an employer and a member of staff. You may find it helpful to adapt the following language for your policy -

Honorarium payments and thank you gifts should usually be offered for casual occasional participation in activities that could be considered "involvement". Even though this would not be considered "service user involvement" according to the usual legal definition, the principles are similar and these activities are distinct from employment due to the following:-

These activities:

- *are intermittent and people can withdraw at any time*
- *vary in length and in frequency, and usually last for a few hours (or less) in any one week*
- *are individual activities and do not imply future involvement*
- *may include attendance of quarterly or annual meetings*
- *may include contributing to intermittent meetings or telephone conferences*
- *may include helping to prepare for meetings, telephone conferences or events*
- *may include some follow-up activities after meetings or events*

This may include :-

- *Attendance at network meetings or other events*
- *Participation in decision making spaces that aim to design or direct the work undertaken by staff (either full time or part time) of the network.*
- *Activities that require specific skills or abilities but where all of the above conditions still apply.*

3.6. Earned Income

There may be occasions when it is most appropriate to either pay people as freelance consultants or facilitators or to offer an employment contract (even a fixed term or casual one). This will need to be agreed with your Local Fiscal Host, especially if they will be the one entering into an employment contract with the person. You should already have processes in place for paying freelancers and staff and this shouldn't diverge hugely from that.

It may, however, be necessary to signpost individuals to tax or welfare advice. Universal credit claimants are all encouraged to take paid work where possible, however, for freelance work, they may need to attend a "gateway interview" to establish whether or not they are gainfully self-employed and will need to report their income and expenditure every month or risk having their payments stopped. Anyone on legacy benefits should be encouraged to seek welfare advice to establish the potential implications for their claim. Anyone being paid as a freelancer should be signposted to tax advice (unless they are already registered as self-employed) as they may need to register for self-assessment.

3.7. Who is eligible to receive payment?

For some projects you may have people working together, in largely non-hierarchical ways where some individuals are attending under the auspices of their employer, or who are being paid to attend sessions as a support worker for a disabled person and therefore are not eligible to be remunerated via an honorarium payment. It is helpful to make this explicit.

There may be occasions on which a person who is employed and representing an organisation but where the organisation is small and underfunded and continued involvement in the network is posing a threat to the sustainability of the organisation. In these cases, you may wish to offer a payment to the organisation at the same level as if the individual had been paid. It is helpful to outline this and to explicitly state what makes an organisation eligible for this. If you have a specific maximum turnover for this, you can include this in your policy. Otherwise, you could simply invite organisations to discuss it with you if this is something they need.

3.8. How is this different from full time employment?

This policy does not cover anyone who is employed by any LocalMotion group, their funder or their network members. As such it should be for small payments rather than consistent, substantial payments that replicate the power dynamics between an employer and a member of staff.

There is no formal contract for any permitted work or service user involvement carried out, but for auditing and evidential purposes on the expected participation activities, the honorarium payment structure, a participation agreement may be signed that confirms that as volunteer's people can terminate the agreement at any time without repercussion and without formal notice, and will not be eligible for statutory payments including SSP, SMP or holiday pay. This can be submitted to the DWP alongside the permitted work form.

You may also wish to consider a similar agreement for service user involvement or other volunteer roles, especially those where you anticipated remunerating for expenses, or offering some kind of financial remuneration or thank you gift.

3.9. Potential impact on benefits

It's important to be upfront about the potential impact on benefits. It may be helpful to outline this in your policy, alternatively you could provide this information to people in receipt of payment at the point at which they agree to participate in the project.

Anyone on Universal Credit who either has responsibility for a child or a long-term health condition will have a work allowance of £404 per month if they are also receiving the housing element or £673 per month if they are not in receipt of the housing element. This is what can

be earned per month before it affects their overall entitlement. Anything over this, or anything earned by anyone without a work allowance will reduce their benefits by 55p (for each £1 over the work allowance).

It's important to note that this covers all earnings, including from employment, selfemployment and honorarium payments or service user involvement. This means that claimants who are in work are likely to already be fully utilising their work allowance and so remuneration will probably reduce their benefits slightly even if they have responsibility for a child or a long-term health condition.

Anyone receiving Employment Support Allowance can earn the equivalent of 16 hours per week at minimum wage before it affects their benefits.

Claimants do need to tell the jobcentre when receiving any kind of payment for participation.

Universal credit claimants can do this by posting an entry in their journal explaining that they will be receiving an honorarium payment for participation but that they are not starting work. Their work coach will be able to give them further instructions and they can also provide them with a copy of the letter in Appendix 1.

For claimants who receive ESA, a Permitted Work Form will need to be completed prior to any work being undertaken.

For claimants who receive JSA you can contact jobcentre plus directly. Details on how to do that on their website³.

For anyone in receipt of Carers Allowance, there is also an upper earnings threshold, however, what counts as 'employment' and receiving income under the rules for this benefit, is quite complex and specialist advice would be required.

As the LocalMotion groups operate in a small area, it is likely each group will have all community members using one or two job centres. As a result, it may make sense to contact your jobcentre directly to explain the nature of your work and that you will sometimes be offering occasional, small payments to individuals who may be claimants.

It may make sense to outline this information in your policy, along with the most appropriate place to go for advice or support with it.

3.10. Implications for tax

If any individual "earns" over a thousand pounds in a single financial year, they may be required to register for self-assessment. Any individual who receives honorarium payments greater than this should be advised to seek relevant tax advice.

³ <https://www.gov.uk/contact-jobcentre-plus>

3.11. Mechanism for payment

If you're offering honorarium payments, you should outline the payment mechanism in your policy.

Remuneration usually takes the form of BACS transfer made directly to the individual. If for any reason you prefer payment in kind of shopping vouchers, it's good practice to accommodate this without question. There are many reasons why someone might prefer not to receive additional cash payments. However, you should make it clear that this should not change the implications for either tax or welfare.

A clear breakdown of payments to include activity date, payment per activity and expenses reimbursement should be provided at the end of each payment cycle for submission to the DWP. This is to enable earnings to be averaged over the number of weeks over each payment cycle.

It is the responsibility of the benefit claimant to declare all earnings income to the DWP. Whilst there is no statutory regulation that confirms that this must be done for income under the earnings limit, it is advisable to declare all of this income regardless of value in the interests of total transparency and to avoid a full claim audit by the DWP. It is a good idea to include this information in either your policy or direct communication to individuals. Some individuals may be extremely nervous about communication with the DWP, however it is always more sensible to do so. If you can provide or signpost to support with this, detail this at the same time (see appendix 2 for some potential sources of advice).

3.12. Other benefits to participating

Much of the work undertaken as part of LocalMotion groups offers a chance to evidence and develop transferable skills which could later be used to obtain more regular employment.

Everyone who is part of the network will be supported to identify those skills and translate them into job applications or a CV should they so choose. You may also be able to offer additional benefits, this might include referrals to local services providing general welfare advice, debt advice or career advice. You may be able to offer career mentoring or shadowing opportunities or support for participants to develop skills they have specific interest in. There may be network members who can offer other services, work experience or other types of support. You may wish to outline some of this in your policy and guidance, this can help financial remuneration feel like one form of reciprocity in a long standing relationship rather than a single transaction or set of transactions.

Appendices

Appendix 1 - Letter for job centre explaining the nature of work

Appendix 2 - Potential sources of advice and support Appendix 3 - Relevant sources

Appendix 1 - Letter for job centre explaining the nature of work

When offering honorarium payments for involvement style work, it is good practice to provide claimants with a letter they can share with the jobcentre confirming the nature of the activity and that the payments should not be mistaken for earned income.

The letter should include -

- An explanation of the group
- An explanation of the project or activity involved
- Clarification on this activity differs from employment. (and whether it is service user involvement or not)
- Details of the amounts of predicted dates of the payment
- Details of the contact in your local group who will be running this activity and who can clarify any details needed for the job centre.

This example is adapted from NIHR's sample letter, available online at <https://www.nihr.ac.uk/liaison-jobcentre-plus>. It is based on an activity that would not be considered service user involvement but the language available on NIHR's website could be used for activities that you do feel meet that definition.

Headed paper

To Jobcentre Plus

Mr/Ms/Mrs xxxx has been requested to assist [Organisation] with our work. Whilst we will be issuing an honorarium payment to thank X for their time, this opportunity is not traditional paid work and we wish to ensure that it is not mistaken as such.

What is LocalMotion (or relevant organisation)

LocalMotion is a network that brings people, organisations and institutions together, so that communities in six places can benefit from joined up thinking, pooled resources and longterm collaboration and planning with the UK funding community.

The difference between [X activity] and work

Involvement in this activity should not be mistaken as capacity for work, and recruitment for X should not be confused with recruitment for employment. People are recruited because of their personal experiences of [the relevant experiences, i.e. living in poverty for a poverty truth commission] These activities:

- are intermittent and people can withdraw at any time
- vary in length and in frequency, and usually last for a few hours (or less) in any one week

- are individual activities and do not imply future involvement

- may include attendance of quarterly or annual meetings
- may include contributing to intermittent meetings or telephone conferences
- may include helping to prepare for meetings, telephone conferences or events
- may include some follow-up activities after meetings or events

Any honorarium payment offered is intended to cover preparation, attendance and appropriate follow-up activities.

Support provided - [if you are providing additional expenses for accessibility, you may wish to include a section like this]

Organisations provide support measures that are appropriate for each individual, so that members of the public can attend and contribute to our meetings and events. Some people who we involve may be in receipt of benefits for mobility or care needs. Involvement in activities should not be interpreted as a reduction in the care or mobility needs of service users involved.

Support for care or mobility needs is offered as required by the service user and may cover preparation, travel to and from a venue, and contributions both during and after the activity. For example, support may include provision of childcare, or provision of a personal assistant or a support worker.

Honorarium payments

Good practice guidance for service user involvement in research recommends that members of the public should be offered payment for activities such as attending meetings and events, and that reasonable out-of-pocket expenses should be covered. Whilst [X activity] may not reach the usual legal definition of service user involvement, we are choosing to offer honorarium payments at a similar level to the received best practice for service user involvement for this activity. Please note that:

- as involvement activities are often arranged on an ad hoc basis, organisations often pay service users monthly in arrears
- to assist service users who receive welfare benefits which have earnings limits or disregards, organisations offer involvement on a voluntary basis, or at a lesser amount, if requested
- as the payment period may be over a month or more, we anticipate that Jobcentre Plus will treat these payments as averaged over the payment period. See DMG Chapter 48 paras 48080-81 and for a cycle of work para 48094.
- the Department for Work and Pensions legislation exempts 'service users and carers' from the application of notional earnings and treats reimbursed expenses for service user involvement as ignored (see ADM Chapter H3, paras 3160 and 3241) ● service users can withdraw from involvement activities at any time to attend 'employment-related' activities

- the Department for Work and Pensions legislation for persons who receive Employment and Support Allowance on exempt work now allows earnings at the higher level of Permitted work without time limit (see Memo DMG 7/17)

Please do not hesitate to contact me if you require further information.

Signed by *member of staff*

(Contact details for member of staff)

Appendix 2 - Potential sources of advice and support

You should always prioritise local services where possible, these are most likely to be able to provide bespoke support for free and will likely have face to face as well as online and telephone options. However, it may not always be possible to source a reliable local service to provide essential advice or support that you wish to ensure participants have access to. In these cases, the following can be good sources of advice, support and information and are available on a national level.

Bedford Citizens Advice Bureau

Bedford CAB have a “ticket” system, whereby you can purchase tickets to have their advisors do detailed, bespoke welfare advice for individual claimants.

For those outside of the Bedford Borough area, this is a paid, ticketed service, and the organization in question will need to purchase tickets for their participants to be able to receive advice. Representatives from the organization can purchase tickets by contacting the details below. Once a ticket has been purchased, the participant can then contact Citizens Advice Bedford for an appointment:

By email: benefitsadvice@bedfordcab.org.uk

By phone: 01234 346 543

Online and telephone welfare advice services

Anyone can contact the Citizens Advice national helpline. The wait times can be relatively long but they are generally a trusted source of advice. They can be contacted:

By Phone: 0800 144 8848

Where someone is in receipt of either carers or disability benefits this can cause specific concern about receiving anything that might be perceived as income.

Disabled people and their families can contact the Scope helpline

By Phone: 0808 800 3333

Carers can contact Carers UK helpline

By Phone: 0808 808 7777

Tax advice

Without access to specific tax advice, anyone who may need to register for self-assessment (which will only be those bringing in more than £1000 a year) are probably best contacting

HMRC directly. The website is <https://www.gov.uk/government/organisations/hm-revenuecustoms/contact/self-assessment> This can be slow and inaccessible but likely to be the most accurate way of checking if someone needs to register for self-assessment.

Other advice services

If you want to be able to refer people for more general advice around benefits Shelter provide a good list of potential national services that can be accessed by phone at - https://england.shelter.org.uk/housing_advice/benefits/where_to_get_benefits_advice

The service lightning reach is also good for providing a detailed, bespoke offer of all benefits, grants and services a person might be entitled to. You can direct people to selfrefer at this link - <https://apply.lightningreach.org/?referral=website> or purchase a support worker licence if you want to be able to take people through the process. It is worth noting that, because it's so bespoke, the service requires quite a lot of personal information, so most people generally prefer to self-refer if possible.

Appendix 3 - Relevant sources

- For further information related to permitted work and Employment Support Allowance: - <https://www.gov.uk/government/publications/employment-and-supportallowance-permitted-work-form/permitted-work-factsheet>
- For the NIHR guidance on payment for involvement:- <https://www.nihr.ac.uk/documents/payment-guidance-for-members-of-the-publicconsidering-involvement-in-research/27372#section-2--payment-for-involvement>
- For information about Universal Credit and the “Work Allowance” - <https://www.understandinguniversalcredit.gov.uk/new-to-universal-credit/universalcredit-and-work/>