

Workers and Big Local

Many Big Local partnerships fund workers to support the delivery of Big Local. It might be someone to help manage Big Local tasks, such as a project manager; someone to engage with the community, such as a development worker; or someone to give specialist advice and guidance, such as a personal debt advisor.

You will identify what needs doing when you put together or review your Big Local plan. You will then need to discuss with your locally trusted organisation who is to carry out this work and how.

If your partnership is not a legally constituted organisation, the likely options for your locally trusted organisation are to:

- employ a worker (who might be a new or existing member of staff)
- sub-contract a person or an organisation.

Employee or sub-contractor

Many locally trusted organisations employ workers or work with sub-contractors as part of Big Local. The locally trusted organisation is responsible for agreeing and putting in place appropriate agreements and making payments using Big Local money, in line with the Big Local plan and the funding agreement they have with Local Trust. It is also responsible for deciding whether a contract should be an employment/employee contract or a contract for services from a supplier.

If you are unsure whether someone should be an employee or a sub-contractor, you can use the [Employment Status Indicator \(ESI\) tool](#) to check their employment status - that is, whether they are employed or self-employed for tax, National Insurance contributions (NICs) or VAT purposes.

Contract descriptions can be confusing, so it is important to be clear at the start. Is it a contract for services or a contract with an employee? Both the terminology and the way the role works can be critical if HMRC, HR professionals or lawyers are asked to review the contract. For example, if you produce a job description, this might suggest a formal employee relationship. If you provide a tender for services, it might suggest a formal contractor/sub-contractor relationship. It also matters how the worker sees the relationship.

Fixed-term contracts and contracts for services

Your Big Local worker might be on a fixed-term contract, which means their contract ends on a particular date or on the completion of a specific task. The latter is sometimes called a consultancy contract or a contract for services.

Depending how long the **fixed-term contract** is for, that person may be deemed to be an employee. This means your locally trusted organisation must factor in employment costs in line with their normal practice, such as work space, management overheads, pension, sick pay, holiday pay or redundancy.

In a **consultancy contract or a contract for services**, the person contracted is responsible for their own tax, national insurance and other costs. The worker or organisation is usually selected

through a tendering process and the responses are normally quoted inclusive of all the costs, including expenses, activities and VAT if payable.

Local Trust cannot employ workers on behalf of areas.

Costs

Local Trust is a London Living Wage employer. We believe it is important to pay a living wage for the work being done, regardless of the contracting arrangement.

A [living wage](#) is an hourly rate set independently and updated annually. The salary or fee needs to reflect the level of responsibility, the local employment market, the hours and time expected, and the type of work being done.

Together with the Big Local partnership, the locally trusted organisation will need to calculate the total cost of a worker (except when an organisation asks its human resources (HR) department to grade the post based on the job details, which means the Big Local partnership will not be able to set the wage.) This includes the wage and other costs, such as national insurance and pension contributions, desk space and use of a phone, as well as any other expenses that the organisation will incur specific to that worker, such as travel expenses, an activity budget or training costs.

If the worker is an employee and stays in the same organisation for more than two years, then the Big Local budget will need to include redundancy pay. This is in case no suitable alternative employment is available within the organisation for that employee when Big Local funding ends. You can include potential redundancy costs in a Big Local budget, or add a contingency line, which can be used for redundancy pay or other things.

Processes and procedures

In line with our grant agreements, locally trusted organisations must follow their own processes and procedures when carrying out their duties, whether they are establishing an employment contract or a sub-contracting relationship. Organisations also need to be aware of and comply with the law - for example, employment law, which covers pension rules, payroll, the minimum wage, and health and safety.

If a locally trusted organisation is carrying out recruitment or tendering on behalf of the Big Local partnership, it might already have an agreed internal process or procedure. It should use this to satisfy its own audit/finance/HR requirements, and it should also use its normal contracts to satisfy its own audit/finance/HR requirements. Policies and procedures can vary greatly between organisations, but each will need to follow its own.

Relationships between the worker and the Big Local partnership

The worker will be managed by the locally trusted organisation, and the relationship between the worker and the Big Local partnership needs to be clearly defined within this arrangement.

Before advertising a role, Big Local partnerships and locally trusted organisations can agree a job description, work-plan and expected outcomes for any work to be done. This will ensure the activities the worker is carrying out are in line with the Big Local plan.

Big Local partnerships often agree roles and responsibilities with their worker and locally trusted organisation. This enables residents to have a say in what activities the worker carries out, and

feed back appropriately on the worker's performance. However, management ultimately rests with the employing or contracting organisation.

If an LTO is not able to employ or contract workers, then another delivery organisation can be funded to do so, and management responsibility rests with them. The LTO must put an agreement in place to deliver this.

For more information

- Gov.uk has a range of guidance for employers and self-employed people: <https://www.gov.uk/browse/business>
- Charity staff: how to employ paid workers: <https://www.gov.uk/charity-staff-how-to-employ-paidworkers>
- The current legal minimum requirements for redundancy pay for an employee: <https://www.gov.uk/redundant-your-rights/redundancy-pay>
- An introduction to sub-contracting: <http://www.fundingcentral.org.uk/Page.aspx?SP=6553>
- Grants and contracts made simple: <https://www.sayervincent.co.uk/wp-content/uploads/2018/10/SV-MS-GrantsAndContracts-Aug2018.pdf>
- Joint working arrangements: https://www.ncvo.org.uk/images/documents/practical_support/public_services/Joint_working_agreements.pdf
- Conflicts of interest: <http://localtrust.org.uk/library/programme-guidance/big-local-partnerships/>

If you have any ideas on how we can make this guidance more useful for you, particularly if you live in one of the Big Local areas, please let us know. We will use your input to improve it.

Local Trust

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The endowment for the Big Local programme is held by the Big Local Trust and overseen by Local Trust. The Big Local Trust was established by the National Lottery Community Fund with a National Lottery grant of £196,873,499.

If you need this document in other formats or a community language please get in touch with Local Trust and we will help you.

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