

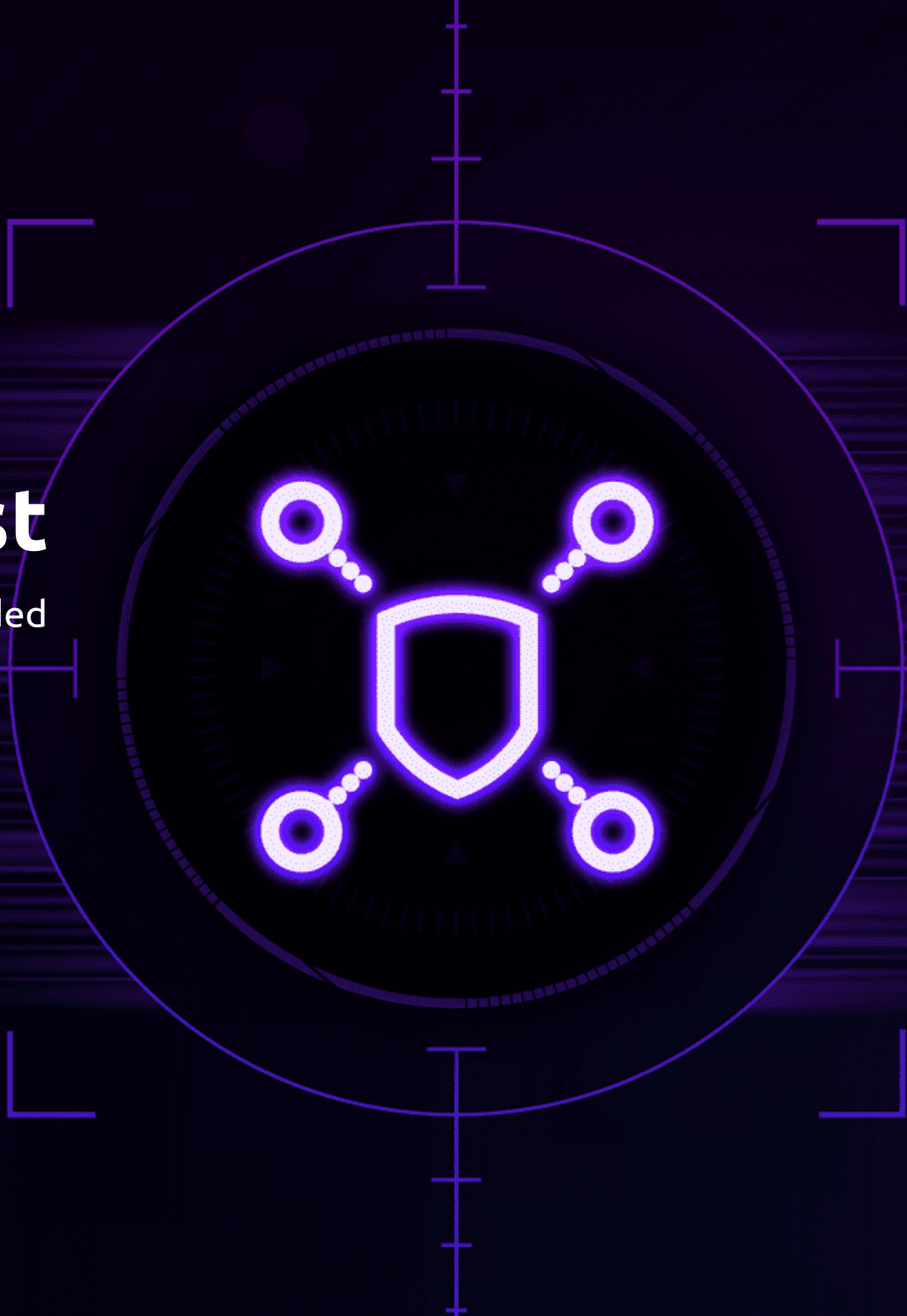
Compliance First

Accountability and Transparency needed
Act now

The voice for the global staffing industry

GR

THE GLOBAL RECRUITER



Change for the better

From the editor





We're aiming to help the industry identify best compliant practice and to make this part and parcel of everyday recruitment.

Simon Kent, Editor,
The Global Recruiter



In this issue of The Global Recruiter we're launching our compliance campaign which will run for the next three months. We're aiming to help the industry identify best compliant practice and to make this part and parcel of everyday recruitment. There have been too many examples of bad practice in the industry, too many opportunities for those outside the industry to criticise, and too many excuses. The next few issues will therefore be a chance for the industry to identify and debate ways to clean up the industry.

As well as running over the next few months, the campaign will culminate in a special e-magazine bringing together all the articles in the series. So read, consider, debate and above all act now to drive out bad practice.

Elsewhere, we're looking at some remarkable recruitment businesses this month, from all round performance to hybrid work and diversifying talent. These latter subjects are undoubtedly ongoing themes in the employment world, and there's always worth in examining how recruiters and wider businesses can approach extending the talent pool.

This month also sees the closing date of The Global Recruiter UK Industry Awards. It's an exciting time of the year as the entry forms head out to our judges and we wait to see who's made their mark this year. If you've entered be sure to save the date of the Awards Ceremony: 14th November will be a big day for the industry...

Simon Kent
Editor



Unlocking the Power of Retention

Keeping Talent Happy, Productive, and Engaged.
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How can you retain employees?

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Health & Wellbeing Services

Prioritise the wellness of your staff and help drive business growth.



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recruiter moves.

we connect recruitment **all-stars**
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IR35 Clarity Call

APSCo calls for more clarity around IR35 set off in its response to HMRC



Key Leadership Changes for Gravitas

Gravitas announces moves to support ambitious growth plans



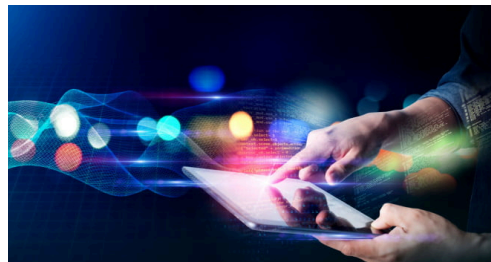
UK job market stabilises

Vacancy numbers and advertised salaries rise for the fourth month running



Average White Collar Salaries Stagnate

Fears grow for another talent exodus



ChatGPT takes Role in Search

63 per cent don't feel AI use would be misleading potential employers



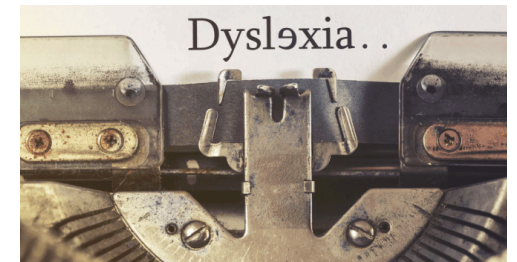
AMS launches AMS One

Company delivers RPO Operating System for 'faster and fairer' hiring



Veritone Closes Acquisition of Broadbean

Veritone HR Solutions to deliver AI-enabled recruitment solutions to enhance data-driven hiring decisions



Unlocking the Power of Dyslexic Thinking

Report reveals that HR leaders and businesses are missing a trick by not embracing Dyslexic Thinking

PAYROLL

How does payroll outsourcing work?

Supply Side: David McCormack, CEO of HMRC-compliant outsourced payroll provider HIVE360, explains all, and explores the pros and cons of outsourcing vs in-house.

Payroll outsourcing ensures payroll processing and HMRC submissions are managed efficiently without the need to hire and manage an in-house team. David McCormack, CEO of HMRC-compliant outsourced payroll provider HIVE360, explains all, and explores the pros and cons of outsourcing vs in-house.

Payroll is an intricate part of a business that needs to run seamlessly to ensure your team stay happy. If staff aren't paid correctly, and on time, morale can dip, affecting your entire company's performance.

By outsourcing payroll, you can get on with running your business, knowing that your company's payroll is accurate and compliant, as well as saving time, increasing accuracy,

and reducing administrative costs.

Once payroll operations are handed to a third-party provider specialising in managing payroll services, the provider takes over all payroll's day-to-day administration, whether that be weekly or monthly pay cycles, and generates all of your employee's essential pay documentation.



In-House Payroll vs. Outsourced Payroll – which is the best?

Full outsourcing of payroll has been commonplace in the recruitment sector for many years, with the reduction in downtime and streamlining of business processes frequently cited as benefits.

The other option is to handle payroll in-house.

There are clear advantages and disadvantages of both:

Outsourced Payroll

Advantages:

Handing over responsibility to another company may seem daunting, but outsourced payroll is highly efficient:

- **Cost-effectiveness:** outsourced payroll companies enable process efficiencies and overhead savings, with payroll expertise and resources in place so you don't need them.
- **Expert status:** as experts within the payroll industry, they are reliable and guarantee your business is compliant with all regulations.
- **Specialised technology:** payroll technology can be costly, so using an outsourced payroll company means benefitting from their investment in payroll software.

- **Sensitive information:** outsourced payroll businesses are experienced in working with sensitive information, and must have secure systems for storing data.
- **Contact whenever required:** an outsourced payroll provider has people assigned to your payroll, who are always available to answer questions or make changes.
- **Bespoke:** outsourced payroll companies understand no two businesses are the same, so develop a tailored payroll service to match client's individual needs.

- **Value-added benefits and better employee experience:** providers like HIVE360 go further, with its [Engage](#) employee mobile app provides 24/7 access to digital payslips, pensions performance, inclusive health and money savings benefits.

Disadvantages:

- **Businesses must give up some control:** some business owners feel uncomfortable handing over some control to an external company preferring instead to keep sensitive information in-house.



In-House Payroll

Advantages:

In-house payroll is a good option for large businesses preferring to retain full control over the process because it:

- Ensures payroll is updated any time.
- Easily integrates with internal IT systems/ HR systems/enterprise-wide solutions.
- Guarantees information stays confidential within the business.

Disadvantages:

Depending on the size and activity of the business, reasons for avoiding in-house payroll include:

- **Dedicated team:** hiring, training, maintaining an in-house payroll team and systems can be expensive, time-consuming and labour-intensive.

- **Inefficiency:** payroll is often required on a specific day/time, meaning payroll staff not always 100% utilised.
- **Legislation:** businesses with in-house payroll take-on responsibility to be compliant and up to date with payroll and auto-enrolment pensions regulations and laws. Non-compliance is costly, damaging to a business and its reputation.
- **Prone to error:** businesses having one person or team for in-house payroll, are wholly dependent on their knowledge, efficiency and accuracy.

Inside stories

Premiere Recruitment specialises in GLAA-regulated sectors including food processing and agriculture, with an average 250 workers on its weekly payroll.

It has outsourced payroll since it launched in 2021.

“Payroll has to be run on time, accurately and compliantly, or it’s catastrophic,” says Director,

Leon Vickers. “Handing payroll over to another organisation is terrifying, but ideal for busy businesses. For us, working with a legitimate, reputable provider has improved efficiency, saves money, gives peace of mind, and frees-up time and headspace to focus on the business.

“There are loads of payroll providers out there, and investing in comprehensive due diligence up front is vital to get the right one. Ask for references, evidence of HMRC compliance, and the latest audit. Talk to other businesses about who they use for payroll, check-out online reviews, and ask for proof the provider understands your sector and relevant legislation. Meet their team to establish the business is reliable, has robust systems and processes, the knowledge and resource to act and respond, and that payroll is in the right format for you.”

Patricia Hay founded Gloucestershire based **First Base Employment** in 1997, and has outsourced payroll for 20 years. She says: “It’s reassuring knowing we have payroll professionals on board.

"Trust comes over time, but before selecting a payroll provider, get evidence they have excellent communication tools, secure technology, satisfied customers, and value openness and transparency."

"It's a competitive market, so take time to find out about how each provider can add value. Employee support is now so important, and if this is part of the outsourced payroll provider's solution, it's one to embrace - it's rewarding to give our whole team the tools to help with the cost of living, and access to counsellors and GPs."

HIVE360

David McCormack is CEO of outsourced PAYE payroll, employee benefits and engagement company, [HIVE360](https://www.hive360.com), which ensures full HMRC, RTI, GLAA and IR35 compliance, and provides expert, compliant and reliable PAYE payroll support and comprehensive employment administration for businesses, recruiters and recruitment agencies, their workforce and candidates.

"Trust comes over time, but before selecting a payroll provider, get evidence they have excellent communication tools, secure technology, satisfied customers, and value openness and transparency."



HIVE360 provides its customisable employee benefits and wellbeing package via the unique [Engage Employee Benefits app](#) as standard to businesses that outsource payroll and employment administration to the company. Available in 120 languages, Engage includes My Health, My Money, My Discounts, and My Work features and has an

average of 100,000-plus user sessions each month, with average levels of user engagement of around 85%.

More information:

<https://www.hive360.com/payroll-pension-perks/>

Today's digital age is taking us into a territory where new skills are becoming crucial. Not only are new jobs being created but existing ones are being 'digitalised' and thus require that the skills needed to perform them also evolve. At the same time, digitalisation offers potential to facilitate skilling with tools such as gamification and virtual reality, or simply by collecting data that will help organisations to better evaluate their workforce needs.

The HR services industry is already harnessing technologies like artificial intelligence, virtual and augmented reality and the metaverse in its daily work. Through digitisation it supports skills training and creates a virtual world where people can meet, learn and engage. Digital tools facilitate interview processes and even skills accreditation.

To truly reap the benefits of digitalisation, we must ensure that it offers opportunities for everyone and that nobody is left behind. Addressing the World Employment Conference in March 2023, the Director





“Research reveals that the vast majority of employers are concerned that they won’t meet hiring needs for technical skills.”

General of the International Labour Organisation (ILO), Gilbert F Houngbo, issued a rallying call for the HR services sector to support the digital transition of the workforce. We listened and have responded with recommendations on five main ways in which our industry can support positive change in the months and years to come.

Sizeable challenge

First up is to recognise the sheer size of the skills challenge. Research reveals that the vast majority of employers are concerned that they won’t meet hiring needs for technical skills. Finding the trainers available to teach people new skills is an equal

problem. We need to scope the challenge and work together to find creative solutions. Recent research such as the [OECD’s Skills for the Digital Transition](#), supported by WEC member Randstad, explored 417 million online job postings over a period of 10 years in 10 countries to discover the most recent labour market trends in demand for digital professionals and skills.

Next, the HR services sector needs to be a voice on skills policy, working with education experts and policymakers to inform the skills agenda at national and regional level. Bringing parties together is crucial in meeting the challenge. Our sector connects with thousands of workers, academics, innovators and business leaders every day, so is uniquely placed to understand the

challenges and opportunities that digitalisation offers and to play a convening role in ensuring that everyone can work together to deliver solutions. This labour market knowledge is crucial in designing targeted retraining and upskilling policies.

In addition to this expertise, we can also rely on a long-standing tradition of upskilling and reskilling, especially in the agency work sector. Through social dialogue, several countries around the world have built innovative models for training agency workers, ensuring sustainable careers for them. As the European Union launched its European Year of Skills in May 2023, I am very proud of the renewed commitment and the [joint recommendations](#) that our European regional federation, WEC-Europe, adopted with its sectoral social partner counterpart, UNI-Europa. As skills and training are becoming increasingly important in the context of the digital transition, WEC-Europe and UNI-Europa pledged to work jointly with their members and affiliates in improving access to the skills required for these transitions.

Short-term strengths

Creating short-term skills solutions for employers is important too. While better skills and education policy to deliver long-term solutions to skills matches remains the priority, employers still need solutions now. Our sector can be a very useful partner in providing immediate solutions such as temporary placements, reskilling and career management that will allow the organisation to keep the doors open and meet immediate staffing needs.

The HR services sector also needs to gain a better understanding of the skills that leaders need. Business leaders will only remain relevant in today's digital environment if they can oversee a culture of change and innovation. I believe that there is an interesting business opportunity for our sector in working with business leaders to manage change and attract the type of staff needed to deliver ongoing workplace evolution.

Our last recommendation concerns the skills set of the HR services industry personnel themselves. There is a vast opportunity for the sector to offer a far more strategic service. Indeed, 87 per cent of recruitment professionals say that this is already happening, and they are increasingly required to provide clients with broader, more nuanced advice on mapping staffing needs.

“There is a whole new seam of opportunity opening up for the HR services sector. By ramping up its strategic impact, the sector has the chance to offer real added value to companies, workers and labour markets and enable the digital transition.”



Recruiting and Retaining in a Hybrid World

Workplace: Kristian Juergensen, Chief Commercial Officer at The RSA Group, explores how the hybrid working paradigm has impacted the recruitment and retention of talent

The Covid-19 pandemic has triggered an almost universal shift in what it means to work.

Hybrid working models have brought significant benefits, allowing teams to work faster, be more productive, become more agile and connect in new ways.

But virtual working has also created new challenges for organisations looking to recruit and retain top talent. With fewer in-person interactions, how can leaders ensure that their team members grow, develop and thrive? How can the rich, textured experience of the workplace be translated to a more virtual environment? And, ultimately, what toll will flexibility have on the bottom line?

Understanding candidate demand for flexibility

There is no doubt that more candidates are asking for hybrid working arrangements and flexibility is becoming more important than remuneration or other traditional benefits. In [a survey of office workers](#), 90 per cent said that they had the same or higher productivity level working at home, and 84 per cent of workers were willing to take a pay cut to continue working remotely after the pandemic.

Yet, flexibility itself is open to interpretation. [The Future Forum](#) report showed that 80 per cent of global desk-based workers wanted location flexibility, but 94 per cent wanted schedule flexibility. It's not all about working at home, for many it is the flexibility to work around other commitments, meeting the needs of their job but also flexing around their life.

However, managed carelessly, flexibility can harm rather than help retention efforts. Junior employees may benefit from the

opportunity to spend time with more senior leaders, learning tacit, softer skills, such as meeting etiquette, professional relationship building and networking. The opportunity to have a passing chat with a senior executive that could further your career is a benefit that should not be overlooked. If contact time is limited, these employees may look elsewhere for businesses that can provide the support they need.

How virtual working is expanding talent pools

Flexible working isn't just about the candidate. Many businesses are now becoming more open to flexible working arrangements to access a wider talent pool with fewer geographical barriers. If people can be effective and can work as a cross-functional team, why not allow them to work in their own way? For team members in positions that require dedicated concentration, like quality roles, more time to work in the quiet of home increased their productivity no end.



This approach is fast becoming the norm. Pre-pandemic, around 40 per cent of RSA's executive talent assignments would involve international relocations, but with hybrid working models and clustered face-to-face meetings, this challenge has been significantly reduced. For example, a candidate based in the US can work in

Europe without relocation if face-to-face contact time is clustered to a few days a month. A longer in-country commute is possible if only one or two days are required in the office each week.

Of course, this should always be caveated with consideration of the role. Some roles

can't be performed remotely and where flexibility comes at the detriment of the business and its performance then this 'discount' needs to be carefully considered.

Widening geographical recruitment has encouraged organisations to become more open to out-of-sector hire, particularly for specialised roles (such as HR, finance and IT) where skills can be easily transferred. Many businesses have realised the cross-pollination of ideas that could come from other industry experiences and have adopted this diversity of thinking into their everyday workflows.

Reflecting flexibility in remuneration

Remuneration clearly plays a role in flexibility too. 'Anywhere' style working requires a more complex approach to pay and bonus packages, as living costs are always associated with where you live. If this is different to your place of work, then there may be some dichotomy.



Some RSA clients are already being open and honest about paying employees weighted salaries based on their location and considering requirements such as private medical care or the higher cost of a city lifestyle. Others are looking at offering larger payments to lab- or manufacturing-based workers to fund a daily commute.

We are moving towards personalised employment packages, perhaps using a modular approach, choosing remuneration, flexibility or other lifestyle benefits to build a role that works for the individual. Candidates and employees are certainly being bolder, feeling able to ask for what they need to maintain an optimal work/life balance. This theme grew from the pandemic as employees' priorities shifted and it looks set to continue along this trajectory.

Flexibility needs careful management

Flexibility brings clear benefits, but it needs to be managed to ensure that it is effective. To secure talented people in a candidate market, it can be tempting for organisations to accommodate requests that might not serve the business or candidate in the long term. Flexibility should always be considered within the wider context of a role. A sense of purpose, values alignment, a safe and accommodating environment and growth opportunities may well trump flexibility when it comes to choosing between roles.

Some benefits of face-to-face interactions simply cannot be replaced. Meeting someone in-person gives the truest feeling for their character, passion and personality, something that is critical when hiring for key talent roles.

Making connections is a crucial part of developing an executive career and recruitment companies will always need to

“Flexible working is a long-term strategy that can help organisations to create a more inclusive work environment, boost productivity, and attract and retain top talent.”

keep in close contact with candidates as they help to structure and guide careers. In-person events will always be critical in helping more junior candidates meet recruiters and establish networks with both mentors and future employers.

The future of hybrid recruitment

Flexible working is a long-term strategy that can help organisations to create a more inclusive work environment, boost

productivity, and attract and retain top talent. By putting people at the heart of the organisation, companies can harness the benefits of hybrid working to gain more from their employees in terms of output and creativity. As long as flexible work policies meet the needs of both candidates and organisations, they can be a valuable recruitment tool to allow companies to adapt to the changing needs of the modern workforce.

The Ever-changing Consulting Sector

Sector Watch: William Jones, Director of Management Consulting at Malt discusses hiring needs for the future of the consulting sector.



In the management consultancy sector, well known for combining traditional practices whilst reinventing itself to meet ever-changing client needs, we're seeing the impact of the economic downturn. Demand for the consulting industry heightened over the last couple of years as companies sought advice about how to revamp and adjust their business during the pandemic. For many consulting firms, this meant opening the floodgates to hiring to keep up with this demand, with the MCA [reporting](#) a 20 per cent increase in new roles in 2022. Now we're seeing many firms slow down hiring full-time employees and postpone start dates for MBA graduates to 2024.

The clear differentiator between the companies that are embracing innovation and those that are in danger of being left behind is agility. We can see this in the activities of some leading consulting firms which in recent years have transformed their operations to embrace digitalisation and expand their technical competencies.



To stay ahead, we need to consider what's on the horizon and how people working in the consulting sector view their industry and career prospects not just now, but in the future. We asked 700 independent management consultants to forecast what the landscape might look like in 2030, exploring everything from recruitment and sourcing, learning and development to workplace culture and project delivery.

As far as the recruitment sector performance is concerned it seems clear that while the extremes of activity triggered by the pandemic have subsided, the ongoing demand for scarce talent and skills has not. As such all three spokespeople noted how employers are now engaging with talent wherever in the world it may be. There are no geographical barriers when skills match, and as such pay and remuneration systems need to keep pace, or, perhaps more accurately, provide flexibility up front to make these engagements work.

From Tim's presentation and the experience of both Barry and Matthew, it seems clear that demand for contractor talent is high and growing steadily. Part of this is due to demand for skills and that contractors can be employed remotely and more flexibly than full-time staff. As such they are a quick and convenient way for businesses to grow their operations. However, the talent themselves are also seeking to work this way. Flexibility is very attractive for today's talent and maximising flexibility and remuneration represents a sweet-spot.



The desire to work in tech

Recruiters take note – our [survey](#) respondents believe the competitive landscape for finding and keeping talent is on the cusp of change and graduates will look for employment in tech companies rather than consultancies. This largely comes down to the perceived cultural advantages in tech companies, such as the fast pace, progression and innovation that the tech industry delivers.

While 60 per cent of our cohort thought tech companies would beat consulting firms in the fight to recruit young talent, 51 per cent thought that this would have a low impact on the industry overall, with layoffs amongst tech firms potentially causing it to lose some of its appeal. Consulting firms may focus on hiring more experienced, specialised talent to withstand the change.

Freelancing is the future

Consultants will increasingly opt for freelancing over permanent employment in the next 8-10 years. 66 per cent of respondents thought this would be the direction of travel, which is not a surprise given the surge in freelancing we're seeing across Europe and the flexibility, and potential earnings, it provides highly skilled professionals.

Flexibility at work

Recruitment professionals are only too aware that there is a war for talent and in the consultancy sector, change needs to happen if it's to successfully recruit and retain employees looking for a healthy work-life balance. Instead of 40+ hour weeks being the norm, investments in leadership and a move towards non-traditional employment arrangements such as flexible working will need to be introduced to remain competitive.



84 per cent of those working in digital and IT, 91 per cent of those working in marketing and sales, 93 per cent of those working in finance and M&A, and 100 per cent of HR professionals said that consultancies will invest heavily in changing company culture. We're likely to see new tools to support enhanced hybrid working, flexible hours becoming the norm and other flexible benefits to attract and retain junior talent and support a diverse workforce.

Sadly when it comes to gender diversity, 62 per cent of respondents disagreed with the hypothesis that women would occupy at least 50 per cent of partner positions at top-tier consulting firms in the next 8-10 years. One consultant said: "This is a wider structural issue as much as it is a workplace issue. I foresee progress but not a 50:50 split."

Learning and development

It's probably no surprise that people with specialised skills will be in demand in the future as we move away from the need for a majority of generalists to more niches needed to support business growth moving forward. According to our respondents, the world of consulting is expected to invest in specialisation at an early stage of a consultant's career. Amongst those we interviewed who are working in digital and IT, 72 per cent agreed that consulting firms would encourage young consultants to specialise while 73 per cent of those working in sustainability agreed.

The move towards remote work, while it has delivered more freedom and flexibility for workers, has also meant that fewer consultants are learning their skills within the workplace. That's why 84 per cent of respondents believe companies will develop more formalised ways to foster learning and development, although this number jumps to 94 per cent among those working in HR and Organisation.



Employability for Tech Skills

Talent Management: Sarah Riggott,
Head of People at Quality
Engineering consultancy Roq on
enhancing employability.

Tech Nation's People and Skills Report 2022

highlights that vacancies for tech roles hit over 2 million between May 2021 and May 2022, despite UK tech salaries being 80 per cent higher on average. Considering this, Quality Engineering consultancy Roq is looking at ways to attract more people into the industry, open doors and opportunities and remove barriers during the tech shortage.

Research from Hays shows that 95 per cent of employers looking for tech talent have encountered a skills shortage over the past year. This isn't surprising, given the decrease in young people looking to start a career in tech and the acceleration in digital transformation imposed by COVID-19.

Hiring is now a new ball game

Since the pandemic, the global employment market has seen significant shifts; with more of us working from home and access to flexible working policies, employees have never had so much choice as to where they work. This has led to reports of eight out of

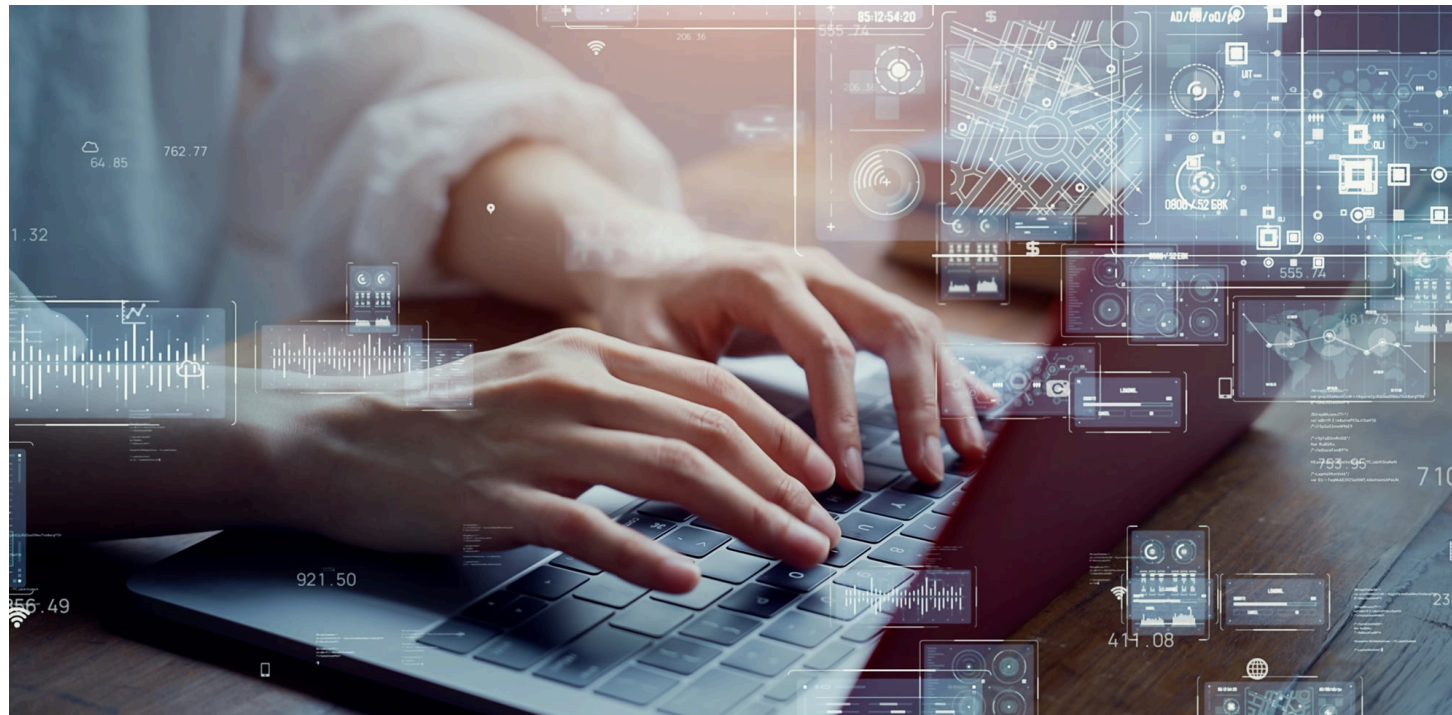


ten digital leaders saying that new life priorities make employee retention more difficult post-pandemic.

In short, with the new way of working, the issue of hiring and retaining talent extends beyond training and qualifications, as there's now even less stopping employees from moving on and going elsewhere.

Flexibility is key

Flexibility now makes organisations a lot more attractive. Those with hybrid working, flexible working and employees at the forefront of the business are now companies which appeal to potential candidates. The research by Hays found that 46 per cent of those surveyed wanted to find a hybrid role, and 43 per cent were seeking a fully remote position. This way of working also opens being able to offer job roles to broader groups, making the market and roles within it more accessible to those with disability or mobility issues.



Don't just search the usual places

Searching for talent outside the usual hiring pool also allows the nurturing of people from different backgrounds. This includes those who may be interested and hold the right skills to do well in the tech industry but don't necessarily have the experience or the confidence to apply through specific tech recruitment processes. This can also be said for supporting those new to work or getting

back to work – whether after illness, maternity, a career break or other.

Use apprenticeships

Using apprenticeships to assist with employment is also a great way to attract the best talent, whilst enabling them to learn on the job and earn a wage. Plus, with the apprenticeship investment also comes a feeling of worth and eagerness to learn, and if

an employee feels valued, they are more likely to stay in the job role and at the company.

Invest in potential

At the same time, some high-level jobs require degree-level training, while many roles within the tech industry require skills that can be acquired through other means and training. Investing in the potential to find the best talent and not hiring on experience and qualification may be the way to go. This is because the drive and determination of many individuals who are seeking the opportunity to learn and grow can be of a higher benefit. This is especially important during the rise of quiet quitting, where employees are putting in no more time, effort, or enthusiasm than absolutely necessary, don't leave their position and continue to collect a salary.

Promote from within

At Roq, our preference is to promote from within. We invest in the training and development of all employees and have

"At Roq, our preference is to promote from within. We invest in the training and development of all employees and have made the most of the increasing advantage of online learning."

made the most of the increasing advantage of online learning. Virtual training is much more accessible, thus enabling us to build a higher-skilled and inclusive workforce.

We value and support our employees in learning new skills and achieving their goals. This also supports Roq's growth, attracting and retaining employees and ensuring we succeed together in the ever-changing market.

Create an accessible and diverse workplace culture

In terms of workplace culture, an accessible and diverse culture is also at the top of many employees' lists. Thus, a family-friendly environment, the diversity and inclusion of a company, and a work-life balance that makes them feel valued are all significant components

when potential employees look for work.


Roq was recently awarded a Platinum accreditation as an Investors in People Company, so it is centred on delivering quality for its employees on the principles of continuous improvement. With the shift in employment, having an attraction element like this within a business can enhance the employability of the best talent and entice more skilled workers.

Ultimately, with the change in the world of employment brought on by the pandemic, talent now often chooses the employer rather than the other way around. So, enhancing the opportunities employees receive when in employment needs to be a key element when hiring to try and improve the skills shortage.

Marketing Leading

Up Close: With a determination to lead in both their sector and in the recruitment industry, tml are firing on all cylinders.





Tml are an international executive recruitment firm specialising in senior marketing appointments. Established in 2015, our four core values have been at the forefront throughout our journey:

- Delight people with exceptional service
- Relentless self-improvement
- Compete to win
- Business won't be boring.

These values are embedded in our day-to-day, and are purposefully specific, avoiding ambiguous values such as 'trust' and 'integrity', as these should be a given. tml is an acronym for 'tomorrow's marketing leaders', and we are on a shared journey to become the world's most trusted marketing headhunters.

Marketing knowledge for marketing leaders

Founded by Simon Bassett and Charlie Green, tml Partners are able to support



marketing leaders with a sector agnostic approach, ensuring a holistic and specialised experience. Feedback from the market before we were formed found that senior marketers weren't receiving the best insight from generalist search firms, and were having to use various recruiters at their disposal who focused solely on one sector; a nuisance for any senior marketer thinking about taking their skill set from one industry to another, a move we are seeing often.

To ensure our clients and candidates can trust in our industry knowledge, we actively recruit marketing professionals considering a change of career to work on the recruitment side. Malisha Patel, manager at tml Partners, is an experienced B2B marketer who is now one of our top recruiters and team leaders, leveraging her industry knowledge and expertise alongside her account management and business development skills.

Purpose Beyond Profit - Our B Corp Journey

We have worked and continue to work with some of the world's most ambitious companies, including Newcastle United Football Club, AMS, Unum, TrustPilot, Boston Consulting Group, Aviva, and Innocent Drinks, just to name a few.

Although we 'compete to win', it's increasingly important to us to ensure we are aiming for more than just profit. In 2022 we became one of the first global search firms to have their ESG strategy [B Corp certified](#), meaning we meet the highest standards of social and environmental responsibility. We treat our social and environmental impact as a standard business KPI, and every team member is involved in our work as a B Corp.

ESG throughout

Each team member at tml Partners is assigned to an ESG committee, and colleagues are encouraged to bring their own



Our Journey to B Corp Certification

passions to the table. These teams are: Community, Environment, Customers, Colleagues and Governance. They are the five pillars we are measured against to maintain B Corp status.

We launched [The Tomorrow Foundation](#) as our charity arm, the umbrella under which a lot of our pro-bono work sits. Via The Tomorrow Foundation, each team member is

encouraged to donate 5 per cent of their work time to charitable or pro-bono activities. These activities can be specific to the individual, but we also have various charity partners with whom we fundraise for and work with.

These include City Gateway and Resurgo, two charitable organisations that are set up to support out-of-work young people in

London gain access to apprenticeships and upskilling initiatives, getting ready for the working world. With these charity partners, we provide CV and Interview workshops, LinkedIn masterclasses, careers in marketing sessions, and one-to-one meetings to provide guidance to young people in London.

Relentless self-improvement

As well as our charity partners, we take the development of our staff very seriously, and collaborate with team leaders and colleagues to ensure we are upskilling and providing support in the most effective and necessary ways. Each team member, regardless of level, receives the following training:

- The tmi Way: an onboarding program introducing the purpose and values of tmi Partners, and what that means in the day-to-day operations.
- EDI training: our consultants are kept up to speed on how to approach not only our clients diverse workforces, but also our own.

- Company-wide personal development sessions to boost confidence, team morale and sales abilities.
- Regular lunch & learn sessions on a variety of topics, such as business development, marketing, interim placements, and stellar customer service.
- A 'competency framework' to show the expectations required at each level, from Associate Consultant to Partner.

There are additional learning and development opportunities in the form of 'tml Enhance', a series of masterclasses to stretch our consultants to become experts in executive search, gain stellar knowledge on EDI in executive search, and business development and sales strategy planning. Finally, 'tml Leadership' is bespoke for senior individuals and includes a 6 month management training program, executive coaching, HR training and enhanced managerial training with TRN to become a senior leader in the team.

We also have a wellbeing promise called

tmlWell, which provides information and support in the following areas: Financial Security; Health, Wellness & Safety; Career Development; Engagement & Satisfaction; and Giving Back. This wellbeing promise provides insight into our offerings of free mortgage guidance, on-site gym and fitness challenges, a personal development budget, our annual engagement survey and The Tomorrow Foundation, amongst many other initiatives.

In 2023, we featured in [The Sunday Times Best Places to Work](#), powered by WorkL. This was an incredible milestone for us, and is a

testament to the hard work our senior leadership team put in to create a hardworking, diverse, and fun working environment.

Ultimately, we plan to continue doing what we do, as we know it works for the business, our staff, and our clients. With our headcount growing, we are also solidifying our place in overseas markets, and love to work with international clients, understanding the nuances of their market and their senior marketing needs.

Visit www.tmlpartners.com to learn more.





**Building a better
future through
compliance**



“
The world's economy needs an agile, flexible and above all skilled workforce to push forward from some tumultuous years and the recruitment industry can provide this and more.

Simon Kent, Editor,
The Global Recruiter



This issue of The Global Recruiter sees the start of a three month series which will take a detailed look at compliance in the recruitment industry. This series has come about as a result of the current groundswell of opinion and determination within the industry to drive out bad practice and build a better future – a recruitment industry that is not only fit for purpose, but which attracts and deserves the trust, respect and value of clients, candidates and the wider economy.

To do this we are asking some of the leading figures and organisations in the compliance field to discuss the areas where they believe change needs to occur, to identify the practices they think should be halted and provide the information and encouragement recruitment businesses need to make the industry better. As you may expect, the path to compliance is not simple. There are some hard truths along the way. There is the need for those in the industry to make choices, to take responsibility and face consequences. The articles over the next few weeks will also show how opinion can be divided on what makes a compliant offering and what pushes the envelope. Compliance is not simple, but then the industry isn't straight forward – these articles will allow the industry to analyse and debate the complications and identify opportunities.

The world's economy needs an agile, flexible and above all skilled workforce to push forward from some tumultuous years and the recruitment industry can provide this and more. From finances to identity, there is no excuse for cutting corners. If the industry is determined to be the best it can be, it will inspire new confidence and lead business to achieve greater things in the future.

Simon Kent
Editor



Act now

Compliance First: Crawford Temple, CEO and founder of Professional Passport, calls on recruiters to take note of the Criminal Finances Act.





Recruiters play an important role in the job market, connecting employers with potential employees. However, with this important role comes a responsibility to ensure that their actions do not facilitate illegal activities.

The Criminal Finances Act was introduced in 2017 with the intention of increasing accountability and transparency and contains far-reaching provisions that impact recruiters. The most significant provision is the “failure to prevent the facilitation of tax

evasion”. Essentially, this means that an organisation, recruitment agency or contractor will be guilty of a criminal offence if an employee or associate facilitates tax evasion for a client, even if senior management was unaware of this transaction.

Failure to comply with the legislation can result in severe financial penalties, reputational damage and even criminal charges. Therefore, recruiters must take proactive steps to identify

potential risks, implement due diligence processes and provide training and awareness to their staff members.

The off-payroll legislation has seen a rise in the number of disguised remuneration schemes masquerading as umbrella companies. It means that it has never been more important for recruiters to be alert to the antics of tax avoidance schemes and recruiters have a responsibility to operate ethically and legally.

Red flags to be aware of:

- Are you seeing a significant increase in the number of contractors moving to one particular so-called “umbrella” firm? A plethora of workers moving around should raise alarm bells. Ask questions and carry out checks.
- Be alert to the two payment pay trick. With a rise in tax avoidance and disguised remuneration schemes, recruiters and contractors need to be on their guard and be aware and wary of any provider offering them two payments for each pay run. Generally, the first payment will be applied at National Minimum Wage and taxed through PAYE and the second will have no tax applied and could be called a variety of names such as an advance or a loan. These offerings lure the unsuspecting in with the promise of much higher-than-expected returns, often over 80 per cent but don't be fooled. When these anomalies are discovered by HMRC it could be the contractor, who has to pay the missing tax that is owed.



What can recruiters do?

- Choose an accredited provider – all recruitment firms should take action to ensure that their consultants only refer contractors to firms on a carefully vetted PSL.
- Put in place effective policies and procedures to deal with any incentives that their staff might be offered by intermediaries in exchange for referring contractors to them.
- This could include things like requiring all employees to sign a declaration that they will not engage in tax evasion and setting up a whistleblowing policy so that employees can report any suspected tax evasion. Moreover, if any recruiter is paid an incentive to introduce contractors to a tax avoidance scheme, they are also breaking GDPR rules by sharing confidential information.
- Report any suspected tax evasion to HMRC. This is important as it allows HMRC to investigate the matter and take action if necessary.

“Although it is yet more red tape for compliant businesses to contend with, the Criminal Finances Act exists to stamp out dubious and unethical practices and goes some way towards levelling the playing field for everyone.”

If a recruitment agency is found guilty of an offence under the CFA, it could face a fine of up to £250,000. In addition, the directors of the agency could be disqualified from being directors of a company.

No firm can afford to turn a blind eye to tax evasion practices that might be taking place within their organisation. A business will only have a defence against prosecution if it can show it has demonstrable adequate prevention procedures in place.

Although it is yet more red tape for compliant businesses to contend with, the Criminal

Finances Act exists to stamp out dubious and unethical practices and goes some way towards levelling the playing field for everyone.

Exemplary employment practice is essential throughout the whole recruitment supply chain and compliance should be at the heart of every recruitment agency and embedded in its company culture as a priority. Compliance should not be a back-office function and clear policies, processes and qualified staff on board are critical to operating compliantly.



“They provide an excellent level of customer service, are very transparent and predictably reliable.”

– Dan, Umbrella Contractor

When we say we’re one of the leading providers of umbrella and accountancy services, you don’t just have to take our word for it. Our reputation has been built over 20 years helping thousands of contractors just like Dan receive an experience they want, and more importantly, deserve.



[Visit our website >](#)

Reforms for Recruitment

Compliance First: Tania Bowers,
Global Public Policy Director
outlines the current state of play for
regulation of the recruitment
sector.



The regulation of the recruitment market in the UK has faced significant changes in recent years, with 2023 so far proving to be no exception. We've already seen the announcement of the IR35 set off mechanism and Retained EU employment law reforms, both of which we welcome, though more could have been done, in APSCo's view, in relation to both announcements.



Aside from these more 'high-profile' regulatory developments, we have also seen a number of consultations launched in recent months, which could have a big impact on the recruitment market in the near future. So what other reforms are on the cards for recruiters?

Education consultation

The pressures on the education labour market and teachers themselves have certainly been a hot topic as strikes continue to impact the sector. The shortage of professionals in the industry is well

documented. Our own research – produced in conjunction with Broadbean – has shown that vacancies for 2023 so far remain high, with January and February both reporting annual increases in jobs (up 36% and 44% respectively). However, application numbers are not keeping pace with this growth.

The Education Select Committee has taken action to address this issue, launching an inquiry on teacher recruitment and training. While it is hoped that the review will drive positive changes in education recruitment, we believe that current requirements from the Department for Education (DfE) and Ofsted are too rigid and should be simplified in order to address talent attraction and retention issues.

Based on the insight from our members in the education sector, we have also highlighted in our response to the Committee that it should consider additional steps, including:

- Prioritising Early Years and literacy due to the impact on later attainment.

- Allowing more school-based and localised decision-making, while reducing the focus on external measurement as a signifier of success or failure.
- Financing extra teacher training to increase routes into the profession and boost wellbeing support.
- Reducing and clarifying the DfE and Ofsted's guidance on recruitment and compliance. This includes producing clear pathways to recruitment that give headteachers themselves the confidence to hire and remove unnecessary administrative processes and compliance steps.

At the time of writing, the consultation had closed, with no clear indication as to when the Committee's findings will be published.

Child and family social worker consultation

Another area that is facing a critical shortage of resources is the child and family worker sector. Although the extent of the skills

shortage is such that an overnight solution isn't feasible, we are of the opinion that improvements can be made. In particular, we feel that greater collaboration is necessary across the recruitment supply chain.

The DfE opened a consultation earlier in 2023 that would see a potential new set of rules introduced around the engagement of agency social workers. The recommendations included introducing price caps on pay for agency workers.

Having reviewed the proposals, APSCo has recommended that a number of actions are implemented, including:

- Extending the focus beyond just recruitment spend on agency workers and looking at ways to assist with the retention of substantive staff.
- Recognising the importance of a regional approach and working within existing structures.

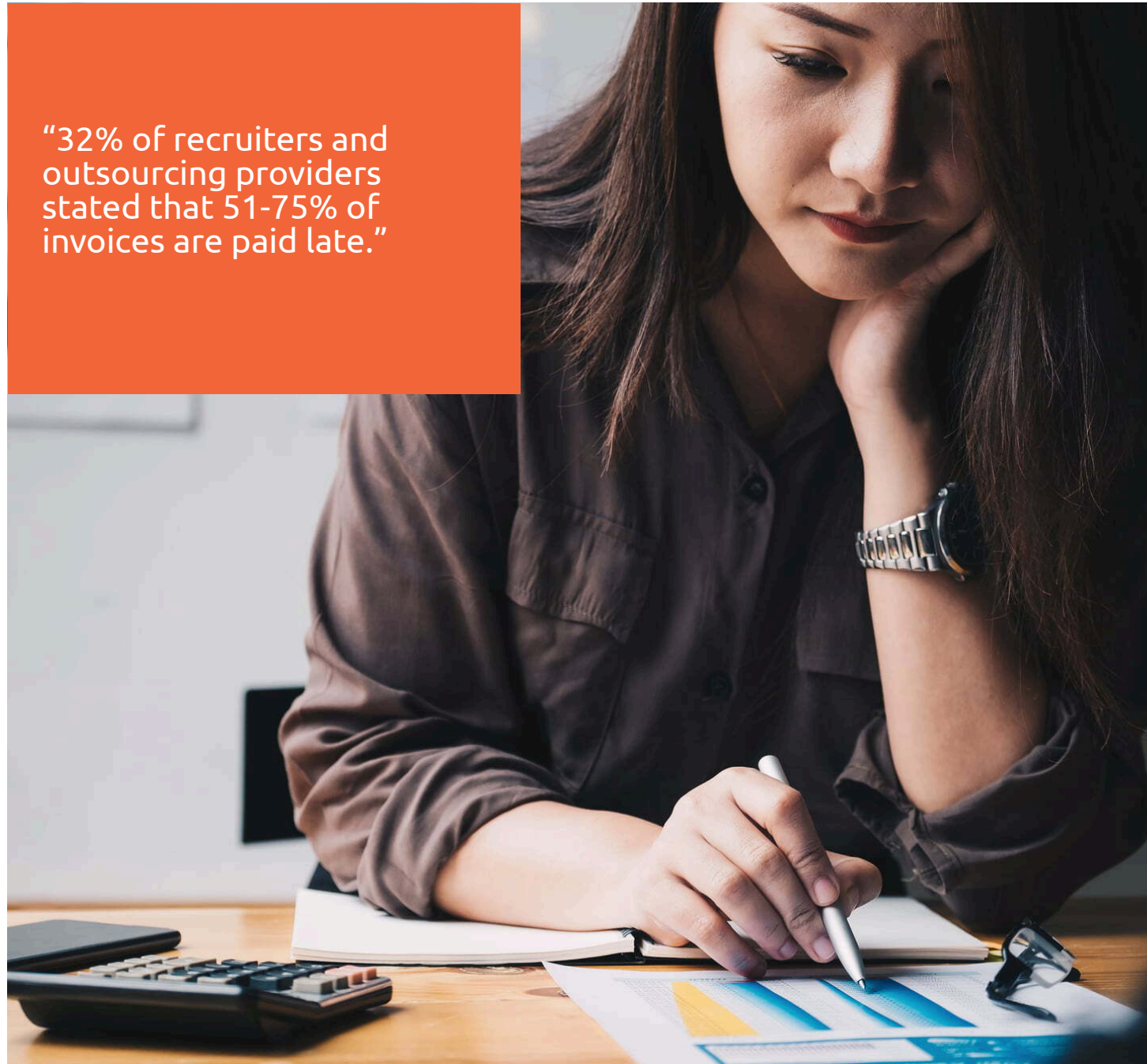
- Working with local authorities, framework providers and the recruitment supply chain to develop a more collaborative contract management programme and even-handed terms. The prime goal being to work for the good of the community being served.
- Controlling project work, rather than banning it altogether.

The Government's response to this consultation are expected to be published in September 2023.

Prompt payment proposals

The issue of prompt and long payment in the supply chain is one that resonates with recruitment firms and those in the outsourcing community. Last year, APSCo UK and APSCo OutSource surveyed its membership to ascertain a clearer picture of current payment terms and how these are impacting businesses. We found that while most sectors had terms of 30-60 days, some reported much longer timeframes: 91-120 days was common for 11% of outsourcing firms in life sciences and

"32% of recruiters and outsourcing providers stated that 51-75% of invoices are paid late."



pharmaceuticals with 31-90 days the norm for 67% of those operating in this industry. For engineering outsourcers, 33% stated that 61-90 day payment terms were normal.

While we are seeing longer payment clauses – largely driven by the end client community and cashflow pressures – late payments are a big concern. In fact, in the pharmaceuticals remit, 32% of recruiters and outsourcing providers stated that 51-75% of invoices are paid late.

For the recruitment sector, the growing length of contractual terms and late payment culture are both creating a financial burden on second tier suppliers. The contingency labour market is subject to the stress of being required by law or regulation and by good practice to pay workers or their employers on short terms, ranging from 7-28 days of invoice. The invoice is triggered by the submission of a timesheet, usually within a few days of the period of work. Some end hirers, either directly or via their outsourcing partner's contract, mandate payment to workers on 7- or 14-day terms while

imposing these longer payment terms on their suppliers.

As a result, many outsourcers work on pay when paid terms. This means that second tier suppliers can often be required to bridge a payment gap of up to three months. Given that these are often SME recruitment firms shouldering this financial burden, we believe that fairer practices are needed.

In April 2023, we submitted the results of the above survey and our responses to questions outlined in regards to the Amendments to Payment Practices and Performance Regulations 2017 and the Limited Liability Partnerships (Reporting on Payment Practices and Performance) Regulations 2017 [consultation](#). The regulation in question came into effect in April 2017 and requires all large UK companies to report publicly on their payment policies, practices and performance. The rules currently run until 6th April 2024.

Under the proposed reforms, the regulation would be extended and further changes would

be made to ensure fairer payment in the supply chain. These include greater transparency of contractual requirements across the supply chain and referencing payment reporting in a company's director's report.

While we agree with some of the planned reforms, we have reported back that these should be built on further. Results of the now closed consultation are expected to be published later in 2023.

There's clearly a lot of reform taking place across the employment market in the UK, which is to be expected given the significant changes that we're experiencing in the world of work at the moment. While we agree that reforms are needed, APSCo remains committed to the need to ensure the voice of the recruitment sector is heard in any such developments. It will certainly be interesting to see how the regulatory landscape pans out for the rest of 2023.



SafeRec Certification

The Future of
Umbrella Compliance
is here...



Compliance Right Now

Supply Side: Is my agency at risk
from the activities of my umbrella
PSL and how do I check?





Let's begin with a simple question:

“How do I conduct due diligence on the umbrella companies that my agency uses?”

In what should be a straightforward answer, from speaking to, and working with, agencies over many years, the answer isn't always common.

For example, how frequently should you audit; how can an audit on day one secure the supply chain on day two; how do I know the umbrella is being honest with their answers? The list continues.

One question does however drive to the heart of the issue;

“Where does the liability for my agency originate when using outsourced payroll providers and Umbrella Companies?”

The answer: Most frequently, it originates from how payroll is processed.

What is the annual tax risk for your agency if you supply 50 workers at a rate of £225 per day to an umbrella operating an avoidance scheme which fails to pay on 40% of the income tax

- ☐ 0 to 10k
- ☐ 10k to 50k
- ☐ 50k to 125k
- ☐ 125k to 200k

Post answer

The answer to our question will be published Monday the 10th of July at 10 AM on our LinkedIn Account

<https://www.linkedin.com/company/>





By understanding, assessing and auditing payroll processing you are able to account for risks such as POTAS, The Criminal Finances Act as well as the potential future implementation of third-party debt transfer alerted to in the recent (see link at end). In essence, the only way to ensure that your agency and your clients minimise liability is to audit your Umbrella's Payroll in real-time.

Regrettably, whilst reviewing your PSL's processes and policies is extremely vital and plays an important part, it is not sufficient to establishing complete assurance of the payroll processes. In the modern world, with AI tools that can instantly write contracts and policies, it has become easier to pass these standalone checks thereby giving you a false impression of compliance. As always, when technology advances to outpace your

compliance framework, it is time to use technology to protect yourself.

How is this done?

Consider SafeRec Certified Umbrella Companies – The future of Payroll Compliance

[SafeRec](#) is a UK-based compliance and technology company that has developed an ecosystem for businesses operating in the temporary worker industry.

Building on this ecosystem, on 12th June, SafeRec launched the First Real-Time Umbrella Company Certification designed with Recruitment Agencies in mind.

SafeRec achieves this by mandating certain procedures which all umbrellas that seek the SafeRec Certification must adhere to. By engaging with these certified Umbrella Companies, your agency is offered transparency, certainty, tax mitigation – at no cost.

How is this achieved?

SafeRec has developed a proprietary technology platform to forensically audit Umbrella Companies by constantly verifying each and every payroll processed, all designed with agencies and their clients in mind.

To be Certified, each Umbrella Company needs to embrace transparency and forensic auditing at five different levels that allows no room for anything other than compliant and ethical practices for your supply chain:

1. All payslips and statements processed by a certified umbrella company must be audited by SafeRec (Umbrella PAYE; CIS; PEO... no exceptions).
2. SafeRec must obtain all payslips and RTIs at source so they can't be altered. (e.g payslips and reconciliation statement are received directly from the Payroll software via API),
3. All audited documents are cross referenced with RTI Reports sent to HMRC each month.

"The work that SafeRec is doing for the industry is ground-breaking. Manual verification will always play a part in securing compliance and protection for agencies and hirers, but the introduction of a future-proof tech platform revolutionises the speed, accuracy and scalability of compliance." Rhys Thomas, MD of WTT Legal

4. The umbrella must undergo an extensive compliance review by SafeRec's partners, [WTT Legal](#), a regulated Law Firm, specialising in the temporary worker industry. Here all policies, contracts, background company data and control systems are audited up front and again at periodic intervals over time.
5. All of the umbrella company's agency clients (including you!) receive a monthly report where they can transparently review what has been audited.

By following this process, SafeRec ensures that there is no room for Tax Avoidance or unethical practices. Your agency will receive a report confirming the same.

Why is the solution designed for Agencies?

Sebastien Sauca, the Co-founder and CEO of SafeRec and former Sales Director of a temp recruitment agency, decided to design a solution after noticing that organisations conducting compliance checks could not overcome 2 fundamental hurdles for agencies to fully trust them:

- All existing compliance checking processes are between the auditor/ assessor and the Umbrella Company; Results are never reviewable by recruitment agencies or workers.
- Tax liability for agencies and workers originate from how payroll is operated.

Therefore, what is currently being reviewed/assessed/audited does not include areas where the potential tax liability originates.

The natural step was to design a solution that was fully automated and where agencies could check at anytime, what has been audited, how and have access to the result details.

WTT continues to play an integral part in the development of the certification process, with their own experience of what the agencies they work with want to see. Rhys Thomas, MD of WTT Legal commented “The work that SafeRec is doing for the industry is ground-breaking. Manual verification will always play a part in securing compliance and protection for agencies and hirers, but the introduction of a future-proof tech platform revolutionises the speed, accuracy and scalability of compliance. SafeRec, like us, are motivated to see real and sustainable change in the industry and the developments that are planned for the certification are profound”.

A certification that ensures compliance rather than just promising it

Imagine a world where...

When you use a certified umbrella company, the certification body sends you a breakdown of all audits conducted on payslips and reconciliation statements for the candidates they paid.

Imagine if all audits were cross-referenced with RTIs sent to HMRC before you received the report.

Imagine if the report was sent automatically to the email address of your choice, without any need for action on your part.

More importantly, imagine if, as for all certifications, the cost was borne by the organisation being certified (the umbrella) and not its client (you!)

This is exactly what happens when you work with SafeRec Certified Umbrella Companies.

For more information about SafeRec:
<https://saferec.co.uk/>

For more information about WTT Legal: <https://wttgroup.co.uk/>

List of SafeRec Certified Umbrella Companies: <https://saferec.co.uk/certified-umbrellas>

Link to the [government consultation](#):
“Tackling non compliance in the Umbrella Company Market”



Protect & Survive

Compliance First: Sebastien Sauca,
CEO & Co-Founder of SafeRec.co.uk
views the Criminal Finances Act and
Third-Party Debt Transfer for
recruitment agencies.



Five years have passed since the implementation of the Criminal Finances Act, yet it remains challenging for many agencies to understand the true impact of its provisions. More and more agencies are seeking to grapple with their own compliance policies to account for the act, but the prospect of a third-party debt transfer, as outlined in the government's recent consultation, makes it essential for business owners, senior managers, and shareholders to truly comprehend the reality behind commonly heard terms such as "Unlimited Fines," "Reputational Damage," and "Strict Liabilities."

Risks for your agency

There is no doubt that the introduction of the off-payroll working rules in 2021 significantly changed the landscape for both the temporary recruitment and umbrella industries. Reactive blanket banning of PSCs by hirers, pushed an entire market towards alternative models, including the unintended consequences- avoidance vehicles.

Recruitment agencies had to make adjustments and consider either processing payroll internally – a cumbersome task – or engaging with third-party payroll software. Options such as Umbrella PAYE, PEO, Payroll Bureau, and Joint Ventures all come with their own advantages and disadvantages, particularly as each adds a new layer to the supply chain that must be vetted and audited on an ongoing basis.

1. Your current legislative risks

As a recruitment business or an end client, supply chain transparency must take into consideration;

- The intermediary's legislation (Off-Payroll working):
- POTAS (Promoters of Tax Avoidance Schemes):
- The Criminal Finances Act 2017:

These legislative provisions were implemented, in part, to ensure that companies such as recruitment agencies take a more active role in preventing tax evasion and the promotion of mass marketed tax avoidance schemes. No longer is turning a blind eye an acceptable practice and it is incumbent on agencies to play an active role in mitigating these practices from their supply chain. Understanding the operations of your suppliers is therefore crucial to avoiding unlimited penalties.

The requirements here are more extensive than the space available in this short article. Therefore, over the coming weeks, we will be publishing more focussed summaries on the provisions above and the practical steps you can take to mitigate risk for your business.

2. Your potential risks in the future

You may have noticed that the government has released a new consultation on how they intend to regulate umbrella companies. Within this, they make it clear that they are exploring third-party debt transfer as a solution.

Third-party debt transfer means that your agency could be responsible for the debts of a non-compliant umbrella company if the money cannot be recovered from the umbrella itself. In short, your agency can become liable for the actions of the umbrellas on your PSL, if they are found to be non-compliant, thereby extending the provisions already in place under the Criminal Finances Act.

It goes without saying that in the coming months (not years), recruitment agencies will face greater pressure to take action. As this becomes more reaching, we will continue to see M&A activity focus on these issues. Therefore, if you want to protect the valuation of your company, compliance and risk mitigation in your supply chain is imperative. The level of risk will soon reach a critical threshold.

Risk management must now be an essential part of every good entrepreneur's manual and BAU for agencies and end-hirers operating in this space.

3. Sustainable options for resolving Tax liability

It sounds like only bad news, but don't worry, there is light at the end of the tunnel. Technological advancements offer viable options, as recognised by the government in their most recent consultation:

“The government is aware of innovative tools



available to help workers and employment businesses to assess the compliance of the umbrella companies with which they contract and recognises the value that they can provide.” (Tackling non-compliance in the umbrella company market Consultation, June 2023)

The development of new technologies offering agencies the possibility to work with

Umbrella Companies that are audited in real-time on each payroll, while providing an automatic audit report to recruitment businesses is without a doubt the future and the way forward. The world where Umbrella Companies will prove in real time that they are compliant is the only way for an agency to trust their supply chain and will allow them to refocus 100% of their resources on growing their business.

The most recent and popular example is the launch of a Certification for Umbrella Companies where Certified Umbrellas are audited in real-time by SafeRec. The important ways in which the process mitigates risk for agencies are as follows.

For the purposes of the list below, assume Umbrella A is on your PSL;

1) All Umbrella A's worker's payslips and statements are audited in real-time, on every pay run. Whether that be weekly or monthly, every payslip for every worker is audited at source directly from the Umbrella's payroll software.

2) A compliance report is then shared with both you and the worker, without the intervention of the Umbrella, to ensure you have a truly independent analysis of the workers being supplied to you by Umbrella A.

3) Each month, Umbrella A's RTI data is cross-referenced with each payroll to ensure that they have paid the full amount of PAYE.

4) As part of the reporting you are able to independently verify that all workers supplied to you via the umbrella are included in the audit, meaning avoidance and mini-umbrella activity cannot exist in the supply chain.

5) Umbrella A's processes, policies and contracts are reviewed by WTT Legal, on an ongoing basis, to seek indicators of avoidance and flags of non-compliance.

4. What should you do now?

Explore your options and review your strategy to audit Umbrella Companies. However, proceed with caution. Compliance has become a buzzword in 2023, and many organisations have emerged offering to

audit, review, and assess your umbrella providers. In some instances their processes can be vague and lacking in transparency. Whatever solution you decide to engage with, make sure you understand the processes, what has been done, and that the results of the conducted activities are transparently communicated to you. The only way to truly trust that the supply chain has been reviewed fully is to be able to verify what has been done!

In the upcoming issue of Global Recruiter Magazine, we will provide you with concrete figures regarding the potential liability you may face due to non-compliance and the number of workers involved.

"The only way to truly trust that the supply chain has been reviewed fully is to be able to verify what has been done!"

Recruiters!

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- ✓ No Tax Avoidance
- ✓ No Mini-Umbrellas

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The Debt You Take

Recruiters could soon be on the hook for their umbrellas' dodgy practices says Julia Kermode, CEO Payepass.

After nearly 18 months of deafening silence, on June 6th the government finally issued its response to the umbrella company consultation.

But rather than revealing long-overdue plans to regulate the sector – promises which were made more than six years ago, I should add – the response included a new set of proposals for us all to consider. The lack of immediate action is concerning, however.



It feels like the regulatory can is being continually kicked down the road, with the government failing to prevent tax avoidance or ensure fairer working practices in the industry. That said, several valid ideas were put forward, such as ensuring proper due diligence is carried out on umbrella companies.

One proposal that would have a major impact on recruitment agencies is focused on debt transfer.

Severe implications

It means that the implications of engaging a tax avoidance scheme posing as an umbrella company are likely to be severe for agencies – as they may be held financially liable, with tax debt transferring up the labour supply chain.

The government has done something similar before, of course. Upon the introduction of the off-payroll working rules in both the public and private sectors, the tax liability shifted from contractors to fee-paying recruitment agencies.

“The new proposal would see recruiters carry the can for tax non-compliance of the umbrellas they work with. Once again, in implementing this change, the government would be delegating its enforcement responsibility to the supply chain.”

The new proposal would see recruiters carry the can for tax non-compliance of the umbrellas they work with. Once again, in implementing this change, the government would be delegating its enforcement responsibility to the supply chain.

It means that recruiters will need to do everything in their power to make sure that the umbrella companies used aren't dodgy. If a tax avoidance scheme is engaged, even accidentally, the financial liability can quickly build up to the point where it could wipe out agencies if the debt transfers to them.

One argument for this approach (and given recruitment agencies effectively control the

umbrella market) is that the debt transfer could incentivise agencies only to work with compliant umbrella companies.

Regardless, this potential change on the horizon means recruiters should be taking the behaviour of umbrella companies seriously, and keeping an eye out for warning signs of non-compliance.

For example, umbrellas paying over the odds to agencies to appear on their PSLs might not be compliant, because they could be in a position to price competitors out of the market simply by avoiding tax. So this debt transfer, while one more consideration that recruiters might not like the sound of, could

go some way to encourage agencies to engage umbrella companies based on factors other than finances.

What's more, engaging umbrella companies based on compliance, transparency and fairness is of enormous benefit to workers – especially the thousands who have unknowingly worked through tax avoidance schemes over the years and been left with devastating tax bills as a result. And in a candidate-led market, retaining your workers has got to be of utmost importance.

I can't imagine any incoming change happening without some caveats, though. Similar to the debt transfer under the off-payroll working rules, it seems likely that 'reasonable steps' would be taken into account.

This means that a tax debt may not be transferred if a business can evidence that it has taken reasonable steps to ensure an umbrella company has paid its taxes. It is however too early to know what these steps may entail.



Prepare now

We may be some way off the debt transfer being introduced. Even so, it's in recruiters' best interests to prepare now, making sure the umbrella companies they engage do not put them at risk.

While taking umbrella company compliance seriously is something that must start at the top of your business, it should run throughout it, too. Directors and owners would be wise to stress the importance to staff that umbrella

companies can't bribe their way to be a preferred supplier – this is a message that must be communicated and enforced.

The good news is that recruitment agencies can navigate all of this. With the right approach, it's perfectly possible to irrefutably prove that an umbrella company is paying the appropriate amount of tax – something all agencies should be doing right now irrespective of the government's plans to transfer the debt.



THE RECRUITMENT NETWORK™

Coming together is the beginning.
Keeping together is progress.
Working together is success.

Thank you