

# We Ask You: Contractor Mana

By Recruitment International

Having a handle on contractor management in recruitment is critical in the smooth running of a business. This month we asked you for your feedback on some of the most important issues related to this subject.

## What to be aware of when operating a travel and subsistence scheme?

Sara Dillon, senior manager at Eden Group, said, "Checks and records are essential to operating a compliant travel and subsistence scheme. The checks should involve a review of the employment status. Is the employee genuinely a temporary worker? What is the length of the assignment? Are they likely to take further assignments? If



the checks confirm that the employee is eligible then records will need to demonstrate the employee is entitled to the payment, engaged in qualifying travel, has incurred an expense and retained receipts detailing this. Using an umbrella company such as Eden Group with its 12 years of experience and a system designed to report and keep records, such as receipts which are easily uploaded by the employee, means that all parties are assured of compliance."

Neil Baigent, compliance manager at ePayMe, commented, "With so many



variations of travel and subsistence schemes in operation today, it is worth stressing that the availability of tax relief on travel expenses (and for those expenses to be disregarded for NICs) depends very much on the way in which these provisions are executed. For example, the

overarching employment contract must be valid in creating a single employment of which the employee must, on the basis of the facts, and supporting evidence, incur travel expenses to a temporary workplace. If, for any reason, the provisions as executed are not effective in securing tax relief, then these expenses will be liable to tax and NICs. HMRC police these provisions and takes action where appropriate to deal with non-compliance."

## What are the latest developments in contractor management?

Matthew Brown, managing director at giant group, stresses, "The rise of mobile is one major development that is having an impact on contractor management.

Contractors are used to managing their life through their smartphones – particularly when on the move and as a response we launched an app at the beginning of the



year which allows contractors to upload and complete timesheets direct from their device, the first of its kind for the contracting community. Feedback from our employees told us that apps which help with time and admin management are key - the new giant app allows contractors the opportunity to input and view timesheets, send and receive feedback and view payslips. With smartphones and devices growing in number the demand for this type of support is only likely to rise.

Graham Fisher, CEO of Orange Genie Group, said, "Three dynamics exist driving a new vision of contractor management:

1. The introduction of Offshore and Onshore Employment Intermediaries legislation

2. The formation and growth of the FCSA
3. Responsible agencies taking the welfare of contractors seriously

The new legislation has seen the biggest change in market sentiment since the introduction of MSC highlighting the importance of due diligence and supply chain compliance.

FCSA was formed by the leading umbrellas and accountants to drive up standards and develop a new vision for contractor management. It will become more holistic covering tax compliance and employment rights and take responsibility for the management of contractors' health and safety, wellbeing, insurance and assurance needs, training programmes, and support in career development. Leading agencies have recognised that happy contractors are more productive and valuing outstanding customer service over tax savings."



## How much of an impact are compliance issues having?

Wesley Scott, director of Liberty Bishop and member of All Umbrella Companies Are Equal, commented, "2014 has seen new legislation which impacts upon the way in which payroll companies

are required to operate and, just as importantly, the way in which recruitment organisations need to interact with payroll providers in order to avoid risk. These changes came as a 'heavy blow' to some non-compliant payroll operators. In



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contrast, true fully compliant providers of PAYE umbrella services have not needed to change any aspect of their service. Instead, most have been busy assisting agencies on how to implement due diligence strategies...and this has resulted in substantial growth due to improved agency understanding of how to avoid non-compliant providers. If you have yet to implement a due diligence process, we would advise you to act NOW."

Howard Hughes, CEO of Ship Shape Pay, commented, "Compliance is no longer a one-off task at the agency, especially where self-employed contractors are concerned. Keeping in line with new legislation requires constant compliance maintenance and the systematic cooperation of end hirers, the agency, the payroll company and the worker. Many agencies are simply ruling out self-employment as an option because of the complexity involved in proper compliance. Of course for those agencies that get compliance right and offer all employment options, the benefits in profitability and candidate loyalty are substantial."

Julian Ball, legal director at Paystream, stated, "Contractors are becoming more risk averse as they see HMRC compliance activity increase. For example, historically, contractors were willing to take a chance on offshore schemes on the basis that they were unlikely to be challenged by HMRC."

## Ship Shape Pay's candidate funded payroll provides agencies with any (or all) of the following back office solutions at no charge:

### **Timesheet management:**

completing the entire process from worker submission to online fulfilment, client approval and billing.

### **Guaranteed compliance administration:**

we take on the compliance and employment liabilities on behalf of the agency. Candidate payroll registration and compliance records are available to agencies 24/7 via the secure website and compliance requirements can be tailored to suit individual contracts.

### **Pay and bill:**

including timesheet collation and approval plus client invoicing, we can handle payments to agency employees, umbrella PAYE, self-employed, limited company and other payrolls.

### **Credit control:**

we provide peace of mind that credit control is managed by professionals who will politely handle your client debtors using a systemised and rigorous process.

### **Recruitment finance:**

we can help remove the cash flow restrictions that prevent many temp agencies from fulfilling their true potential. Up to 90% of your approved invoice value will be funded, subject to status approval, at zero cost to you.

Ship Shape's cloud based software is provided for free, allowing you to easily manage or monitor tasks from candidate payroll registration to client billing. Support is provided by experienced account managers operating from our London offices.

Furthermore, your agency candidates enjoy excellent benefits including a free mobile phone service and tax advice from accountants. Our margin deduction starts from only £7.40 per week and umbrella workers can be paid from a minimum pay rate of £8.03 per hour.

**If you are attending Recruitment Expo North at the Birmingham NEC visit us at Stand E13.**

**Contact: Kavan Threadgold, Commercial Director**

**Telephone: 020 7706 5240**

**Email: [kavan.threadgold@shipshapepay.com](mailto:kavan.threadgold@shipshapepay.com)**

**Web: [shipshaperesources.com](http://shipshaperesources.com)**

