

# Umbrella Regulation Readiness:

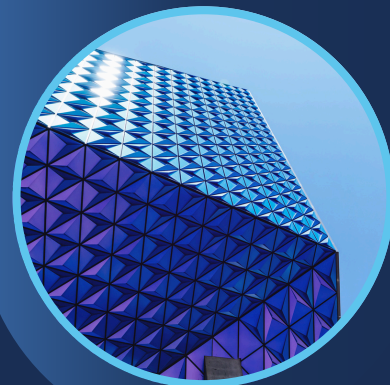
A Quick Guide for Agencies & MSPs



Helping agencies and Managed Service Providers (MSPs) navigate legislative changes from April 2026 and ensure operational readiness.

# Overview of Regulatory Changes

From April 2026, UK legislation introduces significant reforms to the umbrella sector, placing far greater responsibility on recruitment agencies and MSPs.



## Key elements include:

- Joint & Several Liability (JSL) for PAYE & NIC, meaning agencies and MSPs become liable for any PAYE shortfall where an umbrella company fails to meet its tax obligations.
- Statutory definition of an umbrella company to prevent misuse of disguised arrangements.
- Enhanced HMRC enforcement, requiring stronger due diligence and supply chain transparency.

MSPs face particularly high risk because the party contracting with the end client carries the ultimate liability, even when a supplying agency controls the worker/umbrella relationship.



## How we support:

Giant provides independently verified compliance via the FCSA and SafeRec, financial resilience and full transparency of payroll operations through the CompliancePro portal to reduce supply chain risk.

# Phase 1: Audit & exposure assessment

Phase 1 establishes visibility and is the foundation of risk mitigation.

## Audit of your contractor population:

- Identify all workers currently paid through umbrella companies.
- Ensure a centralised record of all umbrellas used in your supply chain - for MSPs this also means understanding which umbrellas your supplying agencies are using.
- Look for red flags such as excessive take home pay claims or large worker clusters with off-PSL umbrellas.

## Assessment of business exposure:

- Review the financial stability and credit rating of each umbrella.
- Check payslip transparency and auditability through independent checks.
- Confirm the umbrella's PAYE payment history and HMRC debt position.
- Perform KYC checks on directors and shareholders of the umbrella, including checks on the group structure.
- Highlight umbrellas lacking evidence of compliance or operational control.

Confirm your umbrella PSL to be used going forward – a reduced PSL reduces not only your exposure to risk, but also your administrative burden on due diligence checks.

## How we support:

Giant uses SafeRec's independent payslip verification, and provides transparent data through our CompliancePro portal, including direct access to compliance documents like payslips, fit and proper statements, HMRC PAYE evidence, population audits, and risk assessments for Phase 1 support.



# Phase 2: Communication planning

Clear, timely and consistent communication is essential to managing worker transitions and partner expectations.

## MSP communication to supplying agencies



- Explain the legislative changes and the associated JSL risk.
- Set rules requiring agencies to use umbrellas on the MSP's PSL.
- Share compliance expectations and monitoring plans.

## Agency/MSP communication to umbrella PSL providers



- Provide revised PSL requirements to approved PSL providers.
- Advise those umbrella providers who have not met the requirements and why.
- Request structured due diligence information from approved PSL providers.
- Agree worker migration processes for those moving from non-PSL umbrellas.
- Set expectations for training and consultant engagement.

## Communication to workers



- For those workers who need to change umbrella, explain the need to use compliant umbrella companies.
- Advise why some umbrellas will no longer be permitted.
- Give timelines, migration instructions and support materials.
- Reassure that the transition to a PSL-approved umbrella will be seamless.

### How we support:

Giant co-creates tailored agency/MSP communication plans, provides onboarding materials and has dedicated teams to support workers directly during transitions.

# Phase 3: Strengthening & managing the umbrella PSL

A well structured PSL is critical to compliance, operational stability and JSL protection.

## Contract review

- Update your main terms with umbrellas to include JSL obligations, reporting duties, audit rights and transparency requirements.

## MSP agency supply chain engagement

- Require supplying agencies to exclusively use approved-PSL umbrellas.
- Implement reporting on umbrella usage for full supply chain visibility.

## Umbrella supplier review

- Evaluate operational processes, governance, staffing capability and technology infrastructure.
- Confirm director & shareholder backgrounds and compliance controls – including the group structure/parent company.

## Accreditation & independent verification

- Confirm an umbrella's independent accreditations and payslip checking such as FCSA and SafeRec.

## Financial stability review

- Assess the umbrella's credit-worthiness, liquidity, financial governance and payroll capacity.



### How we support:

Giant meets top-tier accreditation standards with the FCSA, independent payslip checking via SafeRec and provides full governance, auditing access via CompliancePro and financial confidence for JSL protection.



# Phase 4: Worker migration from non-PSL umbrellas

With a refreshed PSL, workers must transition away from umbrellas that no longer meet compliance requirements.

## Key actions:

- Identify all workers who must move to an approved PSL umbrella - and for MSPs, remember to include those via supplying agencies.
- Build a phased migration plan with structured deadlines.
- Communicate step-by-step instructions to internal teams, supplying agencies and workers.
- Provide support to avoid pay disruption.
- Track and confirm 100% compliance before April 2026.

## How we support:

Giant manages large scale onboarding, worker communication and consultant support, ensuring a smooth and compliant migration process. Giant can also provide support via bespoke webinars and Q&A sessions for your migrating workers.



# Phase 5: Ongoing monitoring & assurance

Once initial readiness is achieved, continual oversight is essential to maintain ongoing compliance and mitigate against JSL risk.

## Key actions:

- Monthly umbrella compliance and financial checks.
- Routine payslip auditing and real-time payroll visibility.
- Annual deep-dive due diligence reviews.
- Monitoring PSL adherence across all agencies.
- Full supply chain documentation to demonstrate a strong commitment to compliance.

## How we support:

Giant's CompliancePro portal provides monthly line-by-line reconciliation reporting, payslip visibility, compliance dashboards and alerts for potential risks. Combined with independent payslip checking, this supports ongoing assurance.



# Summary of phased readiness

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Agencies and MSPs should aim to have all phases completed by 31<sup>st</sup> March 2026.

- Phase 1 - Contractor population audit & umbrella exposure review
- Phase 2 - Communication plans to workers, agencies and umbrella partners
- Phase 3 - Build and validate the umbrella PSL
- Phase 4 - Transition workers to approved-PSL umbrellas
- Phase 5 - Ongoing monitoring and assurance controls

## Next steps - Partner with Giant

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With nearly 35 years of expertise and experience, Giant supports every phase of your compliance journey with:

- Independently verified compliance with the FCSA and SafeRec
- Financial stability and transparent PAYE reports
- Seamless high volume onboarding
- Ongoing monitoring, reporting and consultancy







# Thank You

Contact us to develop your tailored compliance plan.

