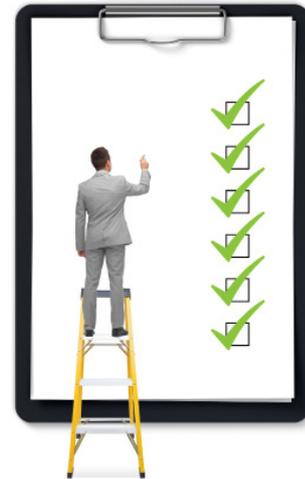




Key Facts Page: is your agency ready for the change?



introduction

In 2017, the UK government commissioned an independent review of the UK's current work practices and the Matthew Taylor review was published with a number of recommendations. In response to this, the government has outlined their commitment to improving UK employment laws in the form of the Good Work Plan.

The objective is to provide workers with access to fair and decent work through the use of legislative tools. One of these is an amendment to the Conduct of Employment Agencies and Employment Regulations 2003 (the Conduct Regulations) which will require agencies to provide workers with a Key Facts Page.

what is a Key Facts Page?

A Key Facts Page must be issued by the agency to work seekers with basic information about their contract, minimum pay rates and pay arrangements. It will include details of any deductions by umbrella employers or other intermediaries such as employer's national insurance and margin along with an estimate of their take home pay.

Under the definition of 'work seeker', an intermediary (e.g. an umbrella company) is also deemed to be a work-seeker and so this indicates that the document must also be supplied to them; we are seeking clarification on this.

reduce confusion & increase transparency

For years, workers (especially those paid via an intermediary like an umbrella company) have faced the challenge of not understanding their pay rates and what they are being paid.

Where an intermediary is being used, an agency will usually quote the worker the limited company rate, which can often be confusing because this is the amount payable to the intermediary (e.g. umbrella) and not the worker. To get to the worker's actual gross pay rate, there are a number of deductions that need to be made by the intermediary which include; Employer's National Insurance, Apprenticeship Levy and their weekly/monthly net margin. The remaining balance is the worker's gross pay, which is subject to PAYE tax and Employee's National Insurance.

Despite compliant umbrella intermediaries making it very clear in everything they do and say (on their websites, introductory calls, documentation and emails, etc.), workers understandably still get confused between the limited company rate quoted by the agency and their actual lower gross pay rate, believing they should be paid the higher limited company rate. This creates a lot of queries and complaints for umbrella companies - with an increasing number going through to employment tribunals.

The government recognises this confusion and as part of the Good Work Plan, is legislating to ensure agencies provide all workers with a Key Facts Page detailing any deductions so workers can better understand their actual pay rate.

when is the change effective from?

From the 6th of April 2020, it will become a legislative requirement for an agency to provide work seekers with a Key Facts Page and importantly, this must be made available to workers before any terms are agreed between the worker and the agency.

what impact will this have on an agency?

Agencies will need to review their work flow processes to ensure the Key Facts Page contains all required details and is issued at the correct time – increasing the administrative burden on them. In our opinion, in addition to the increased administration, this will create much more work for agencies in explaining why intermediaries deduct employer's national insurance from the hourly or daily rate quoted to the worker; and with the worker in many cases asking for an increase in rate to compensate.

Agencies will start to look at the much simpler professional employer (PEO) model, which we offer as a solution at **giant** and is becoming increasingly popular.

The Employment Agency Standards Inspectorate will have powers of enforcement in situations where the Key Facts Page has not been provided; with the maximum penalty for breaches of employment rights going up to £20,000 plus reputational damage.



what should an agency do now to prepare?

- prepare your Key Facts Page ensuring the content is easy to understand and contains all required information. We can support agencies in preparing this document and ensuring compliance within the supply chain.
- review your supply chain to ensure any intermediaries you are paying (e.g. umbrella companies) are compliant and process pay in line with the information you have provided in your Key Facts Page. We can assist by carrying out a supplier compliance audit.
- review your work flow processes to ensure that the Key Facts Page is shared with workers before they agree terms with your agency.

There are other changes in the Good Work Plan that will impact agencies, such as the repeal of the 'Swedish Derogation' model, refer to our white paper on the Good Work Plan for further details – you'll find this on our website or call us on 0330 024 0946 and we can send it to you.

what does a Key Facts Page look like?

Currently, there is no guidance on the format of the document however the government has committed to working with business groups to provide one.

We continuously liaise with HMRC as part of their working groups and would be happy to discuss what the document should include.



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