

agency key information
document: do you know
your responsibilities?



As part of the Government's Good Work Plan, from 6 April 2020, all temporary workers that an agency agree terms with must be given a Key Information Document (KID).

The KID must:

- be given to the worker before agreeing terms
- clearly outline how any deductions and fees affect their pay
- include example illustrations to demonstrate how their take home pay is reached
- be given to workers engaging via agency PAYE, an umbrella/intermediary or their PSC
- be revised and reissued if any of the information in them changes



what is the purpose of this new regulation?

Agency workers have often been confused with not understanding what their real rate of pay is, the deductions made by umbrella/intermediaries and how their take home pay is calculated. Where an intermediary is being used, the 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 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 arguing that employer's national insurance should not be deducted from 'their' pay.





The government recognises this confusion and is legislating to ensure agencies provide all workers with a Key Information Document detailing any deductions so workers can better understand their actual pay rate.

The legislation will be overseen by The Employment Agency Standards inspectorate (EAS) who will enforce compliance with this new regulation, as they currently do with the rest of the Conduct Regulations.

what details do you need to include in the KID?

The Key Information Document must include details such as:

- the purpose of the document
- the employer
- who is responsible for paying the worker
- umbrella company deductions detailing Employer's NI, Apprenticeship Levy, umbrella margin
- gross to net pay illustrations
- pay intervals
- leave entitlement
- any business connection between the intermediary/umbrella company and you (the agency)
- ... and more!



what does this mean for you?

More administration! As the KID must be provided to the work-seeker before you agree terms with them, this is likely to result in your consultants being asked a lot of queries upfront from the worker – especially around intermediary or umbrella company deductions.

Compliant umbrella companies are a great and convenient way of getting your workers setup and paid quickly for assignments – all without you taking any employment or tax risk or having to run your own PAYE payroll. Where you make use of umbrella companies, to ensure you have correct and up to date information from them on their deductions, you may want to have a smaller, more controlled PSL to make this easier for you and reduce risk of non-compliance within your supply chain.



Whether agency PAYE, via an intermediary/umbrella or PSC, you must also revise and reissue the KID to the worker within 5 working days of any change of details within the original document, examples include where:

- student loan repayment deductions commence/cease
- the umbrella/intermediary company changes
- there is a new Attachment of Earnings Order (e.g. CSA deductions)
- leave entitlement changes



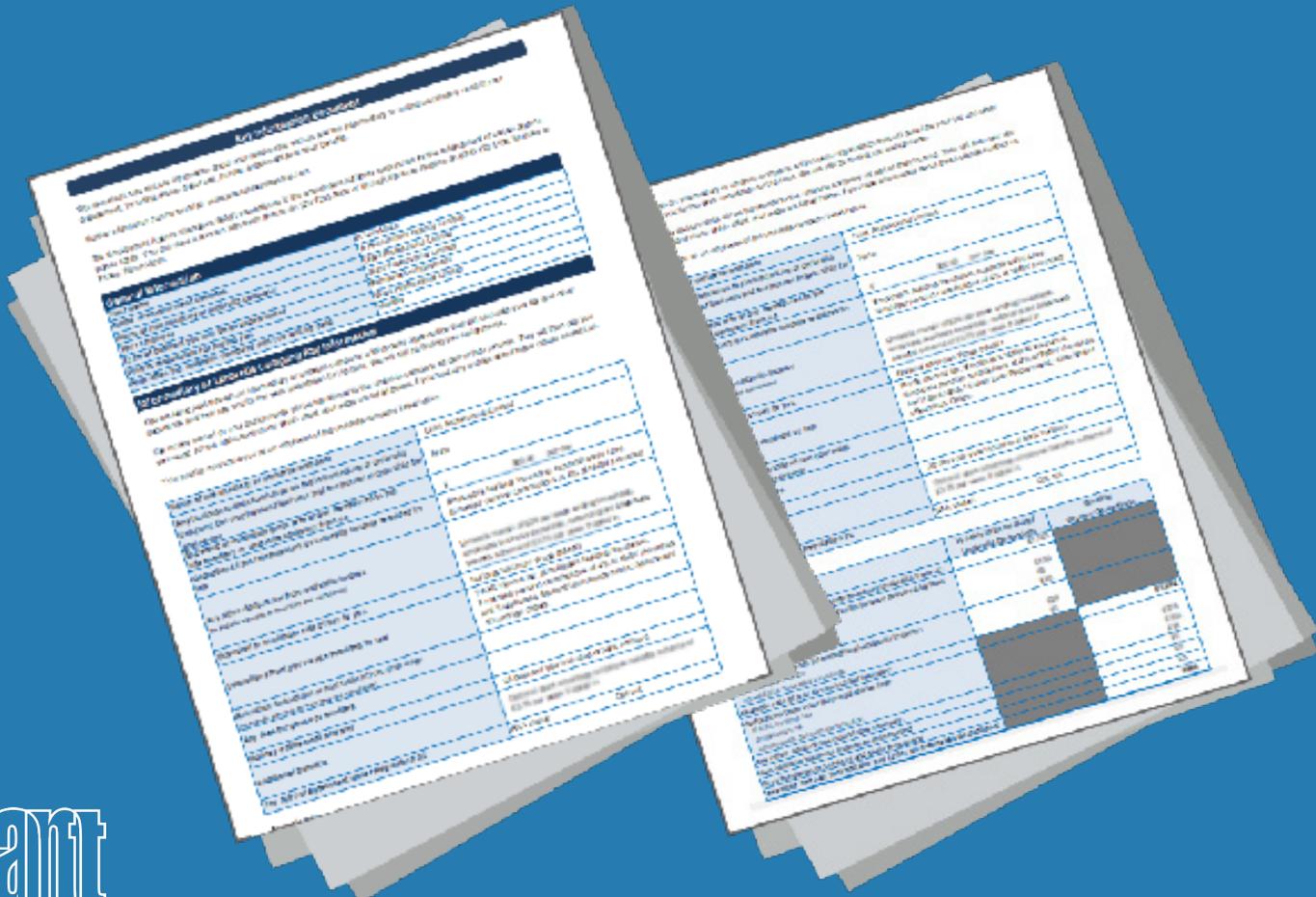
what can you do to make implementation easier?

There's no doubt that this will increase the administrative burden on you – the KID is onerous and ensuring revisions are sent within the required timeframes will require a high level of upkeep on your part.

We are starting to see a trend towards agencies moving to our PEO professional employment as an alternative solution to running their own PAYE payroll – all the benefits of our umbrella solution, but with the additional benefits of more efficient processes, lower costs, a simpler KID and a better experience for candidates.

If you would like to talk to us to see how we can support you in preparing for the legislation change, what an example KID looks like and how you can gather the required information, or our different solutions available, please get in contact.

an umbrella/intermediary KID example



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