



Benefits of Using Our Compliant Umbrella Service for Contractors, Recruitment Businesses and End Hirers



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A simple guide to the many key advantages delivered as a result of workers, agencies, and hirers engaging with umbrella employment in these ever-changing times

There are still many misconceptions about the benefits of working with an accredited umbrella employer.

Crest Plus has been trading profitably for over 21 years. As FCSA members, we have been thoroughly audited by the third party regulated professional accountants and solicitors. This will give you peace of mind regarding our compliance with tax and employment laws as well as the financial stability of our business.

In order to give a 360-degree picture of how umbrella companies fit in the contracting chain in these ever-changing times, we have set out in this document the key advantages that many workers, recruitment businesses and end hirers are already experiencing from having found the right fit umbrella outsourced employment partner for them.





Contractors:

Advantages of Umbrella employment

- 1 A contract of employment rather than a contract for services which are more commonly offered by recruitment businesses. This provides workers with greater employment rights.
- 2 Workers are entitled to all statutory employment rights including but not limited to holiday pay, sick pay, maternity and paternity pay, employer pension contributions.
- 3 Continuity of employment across many assignments for different employers. This provides longevity of employment with one employer that is more attractive to lenders and mortgage providers.
- 4 Far less likely to be on an emergency tax code for long periods due to multiple employments. This has big cash flow advantages for workers who then don't have to struggle to explain their circumstances to HMRC.
- 5 Peace of mind that all taxes are properly accounted for when working for a compliant independently audited FCSA umbrella employer. IR35 reform in the public sector in 2017 illustrated how some desperate recruitment agencies and workers sought to use non-compliant umbrella companies to falsely support and inflate workers' pay.
- 6 Portals are more often available for workers to access their own pay information at any time.
- 7 Workers become employees of very large employers as opposed to what is often a very fragmented large number of smaller recruitment businesses. As such workers have more perks of employment, e.g. free personal accident insurance cover, exclusive discounts at retail stores, and many more lifestyle support packages and retail and leisure discount packages.
- 8 Advances of, or late amendments to, pay are possible with large umbrella employers who often have longer opening hours and more payroll processing staff available on Fridays.
- 9 FCSA accredited umbrella companies give peace of mind to workers as reliable and financially sound employer whose owners and directors have passed "fit and proper person" audits.
- 10 Often discounted prices for help with tax returns preparation and submission where required.
- 11 Help with employment tax queries from a large team with a combined breadth of experiences often far greater than that of a much smaller agency team.
- 12 Accrued holiday pay can be advanced which is not always possible with many agencies' own payroll software.



Recruitment Businesses: Advantages of outsourcing employment

- 1 Many recruitment agencies are only able to offer a contract for services as opposed to an employment contract; this is seen as a negative for some workers due to them receiving less employment rights leading to it being more difficult to attract and retain the best workers in a sector where demand now far exceeds supply.
- 2 Umbrella employers offer a known fixed cost to recruitment businesses which makes it easier for recruitment businesses to account for all costs of supply and build a certain margin in without having to inflate their prices for less certain costs of employment.
- 3 Use of Umbrella employers significantly reduces employers' liability, public liability and professional indemnity agency insurance costs which are based on employee numbers.
- 4 Bank charges per payment are usually lower when large umbrella employers compared to recruitment agencies are paying workers due to the respective volumes of payments lowering the unit costs. Also due to making only one payment to an umbrella employer rather than many payments to workers, banking costs reduce substantially for agencies.
- 5 Umbrella employers can pay workers with multiple sources of income from different agencies. Without this those workers can get frustrated with constantly being on emergency tax codes so end up preferring to work where possible with agencies who allow umbrella employment.
- 6 Large umbrella employers are often better equipped to deal with grievances and disciplinary issues, having HR teams that can work with hirers and agencies to co-ordinate the right result for all. Many agencies do not have the extensive in house expertise to handle these issues professionally so end up with long lasting disputes, unexpected costs or large solicitor's bills.



- 7 Many recruitment businesses don't have the volumes of workers to attract the best added value offerings e.g. personal accident cover for their workforce. Being able to use umbrella employers enables the agency to attract and retain the best workers.
- 8 Umbrella employers provide another check on workers eligibility to work in the UK, reducing the risk of engaging with illegal workers with forged documents.
- 9 The use of professional outsourced employers frees up agencies' own staff and senior management resource as many payroll queries can be easily dealt with by a team of outsourced specialists without needing to involve the agency management.
- 10 Making workers starters and leavers on a regular basis can make the workload become unmanageable for smaller agencies. Umbrella employment allows workers to continue to be employed by the same employer across several assignments with different end hirers so there isn't the same frequency of starters and leavers.
- 11 Umbrella companies are professional outsourced employment experts who are often able to better support an agency as they have a bigger team to ensure all workers can still be paid on time every time even when there are late timesheets or complex queries or issues.
- 12 Reduces the financial risk of excessive sick pay, maternity and paternity pay which can be more easily accommodated by larger financially strong umbrella employers who can spread the risks of this cost over a wider number of employees.



End Hirer:

Advantages of embracing FCSA accredited Umbrella employers

- 1 Umbrella employment is more attractive to many workers due to all the reasons listed in the worker advantages section above. This delivers more loyalty from workers allowing greater worker retention.
- 2 Umbrella employment outsourcing is more attractive to lots of agencies due to all the reasons listed in the recruitment businesses advantages section, leading to more workers being attracted to and retained for supply to your operation.
- 3 Enables end hirers to keep up with or stay one step ahead of their competitors when looking to attract the best workers, who, in these times where demand for workers is exceeding supply, will have sufficient options to choose the best fit end hirer.
- 4 The more safe and compliant solutions that can be offered to workers makes the agencies' jobs easier and can lead to agencies focussing on prioritising end hirers who give that agency the ability to attract and retain the best workers.
- 5 Working with FCSA umbrella employers in your contracting chain can lower the risk profile of your contracting chain within HMRC. Umbrella employers were banned in parts of the Public Sector in 2017 after similar legislation changes, resulting in a drive for agencies and workers to using alternative non-compliant options in an attempt to keep everyone happy. The result was quite the opposite with many workers ending up with huge tax assessments.
- 6 Large end hirers have the potential to drive the right behaviours in their recruitment businesses Preferred Supplier Lists by insisting on the use of a limited number of FCSA accredited Umbrella employers that fit their required profile. This gives the end hirer more control over their supply chain and can be good evidence in showing diligent enforcement of the best practices in line with the Governments Good Work Plan.



- 7 End hirers can be assisted with far better support on employment disputes from a professional outsourced employment business than would be available from many recruitment businesses that don't have their own Human Resources teams.
- 8 A happier workforce and happier agency PSL will result in a lower churn of workers which will always result in a better experience for end hirers' own customers.
- 9 HMRC have positively embraced FCSA accredited Umbrella employers as compliant large collectors of taxes. This gives end hirers more confidence in taxes being thoroughly and professionally managed by experts within their supply chain.
- 10 Finding the Umbrella employer(s) with the right experience in your sector can effectively give you access to no cost experts viewing your sector from a different angle. Many choose to draw upon this expertise when developing their own strategies or in dealing with labour supply problems.
- 11 As the umbrella employment sector develops, more added value benefits will become available for workers. Don't miss out on being able to offer something new to the workers you engage. Other large end hirers have already been through this exercise and are now fully embracing umbrella employment.
- 12 Checking pay rates meet AWR requirements is a lot easier when end hirers communicate with umbrella companies who are then able to assist with ensuring this area is thoroughly considered and audited.

At Crest Plus, our extensive experience and long and stable trading history of more than 21 years mean our friendly team all understand the intricacies of the make-up of the contracting chain and can therefore offer invaluable support to your businesses.

Contact us now to find out how we have helped others and how we can assist you.



Find out more:

www.crestplus.com/umbrella

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