

# RETHINK: WORKFORCE RESILIENCE



**Rethink**

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## WORKFORCE RISK MANAGEMENT - OFF-PAYROLL LABOUR

Changes in the commercial landscape have brought with them challenges on how to effectively manage the resourcing of people and consequently there has been an increase in more non-traditional worker models for organisations to consider. Over recent years there has been a marked growth in alternative labour sources, from agencies, to umbrella companies and platforms such as the gig economy - this growth has been driven by the demand for a flexible, immediate workforce to meet the resource needs of the organisation, but also from the workers themselves looking to support personal lifestyle choices.

This has meant the usual, well established PAYE/NIC obligations for an employer of its employees have become more complicated, often meaning the lines appear blurred between the traditional employer payroll compliance demands and those of an engager choosing alternative resourcing solutions to fill the void of employees.

As supply chain models get more sophisticated, employers as engagers must keep up with their employer obligations to ensure they are compliant but also make sure their Off-Payroll Labour suppliers are compliant too. The increase in governance obligations from Tax Risk strategy, Corporate Criminal Offence and Senior Accounting Officer rules, as well as the ability in some cases to legally transfer liabilities from a third party supplier to an engager, flags that now is the time for organisations to understand those risks and implement robust mitigation strategies.

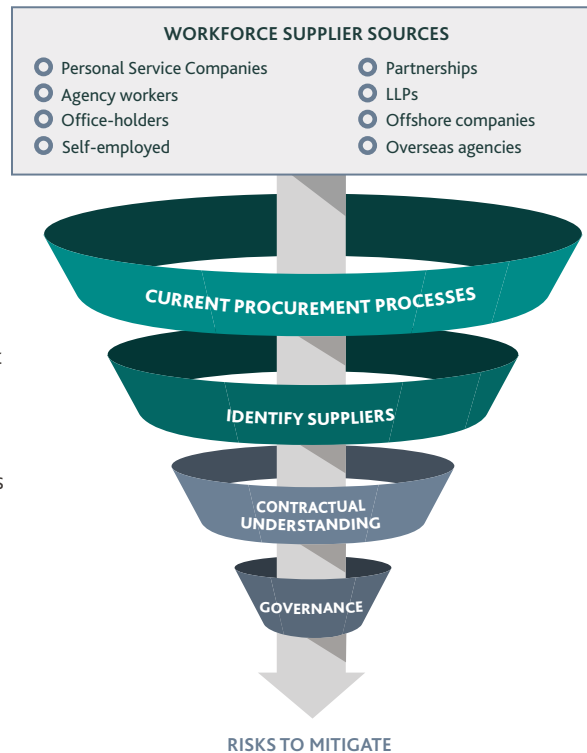
Workforce risk management is much more than just ensuring that you pay any employment taxes over on time. It's about knowing that your suppliers are compliant with their obligations and that they aren't unwittingly (or knowingly!) putting you at risk of unexpected liabilities.

Recent press reports as well as HMRC's employer bulletins and alerts on mini umbrella structures have brought into sharp focus the complexity in mitigating workforce risk management in outsourcing arrangements, especially PAYE/NIC obligations and the possible reputational damage to the parties involved. Removing direct oversight of arrangements in place could potentially increase the risk as visibility reduces.

Sometimes examining the risks from the workforce can be missed as historically employers may have left mitigating these to the procurement department. However, HMRC expects employers to have full visibility of their workforce and have implemented policies to ensure that both employer and supplier are compliant. In reality few employers have the time and resources available to undertake these checks as regularly as HMRC might like.

If you have any questions please speak to your usual BDO employment tax contact or our Off-Payroll Labour tax team:

John Chaplin: [john.chaplin@bdo.co.uk](mailto:john.chaplin@bdo.co.uk)  
 Nick Duffin: [nick.duffin@bdo.co.uk](mailto:nick.duffin@bdo.co.uk)  
 Jacqui Roberts: [jacqui.roberts@bdo.co.uk](mailto:jacqui.roberts@bdo.co.uk)  
 Robert Woodward: [robert.x.woodward@bdo.co.uk](mailto:robert.x.woodward@bdo.co.uk)



Based on our skills, expertise, experience and understanding of this area, the BDO Employment Tax team have developed a methodology to help clients with their workforce risk management including the following:

- ▶ Kick-off meeting to discuss labour supply chain protocols
- ▶ Selecting and reviewing preferred supplier lists (PSL)
- ▶ Implementing robust umbrella due diligence procedures
- ▶ Assessing non-UK workforce risk
- ▶ Consulting on risks relating to office holder dual contract arrangements
- ▶ Assessing the risk of potential NMW compliance failure in the supply chain
- ▶ Ensuring that any self-employed workers are being treated compliantly
- ▶ Undertaking periodic compliance checks in your workforce
- ▶ Identifying Disguised Remuneration risks
- ▶ Supporting clients with existing and forthcoming HMRC enquiries
- ▶ Preparing and reviewing workforce risk management policy documents
- ▶ Supporting compliance with IR35 supply chain risk.