

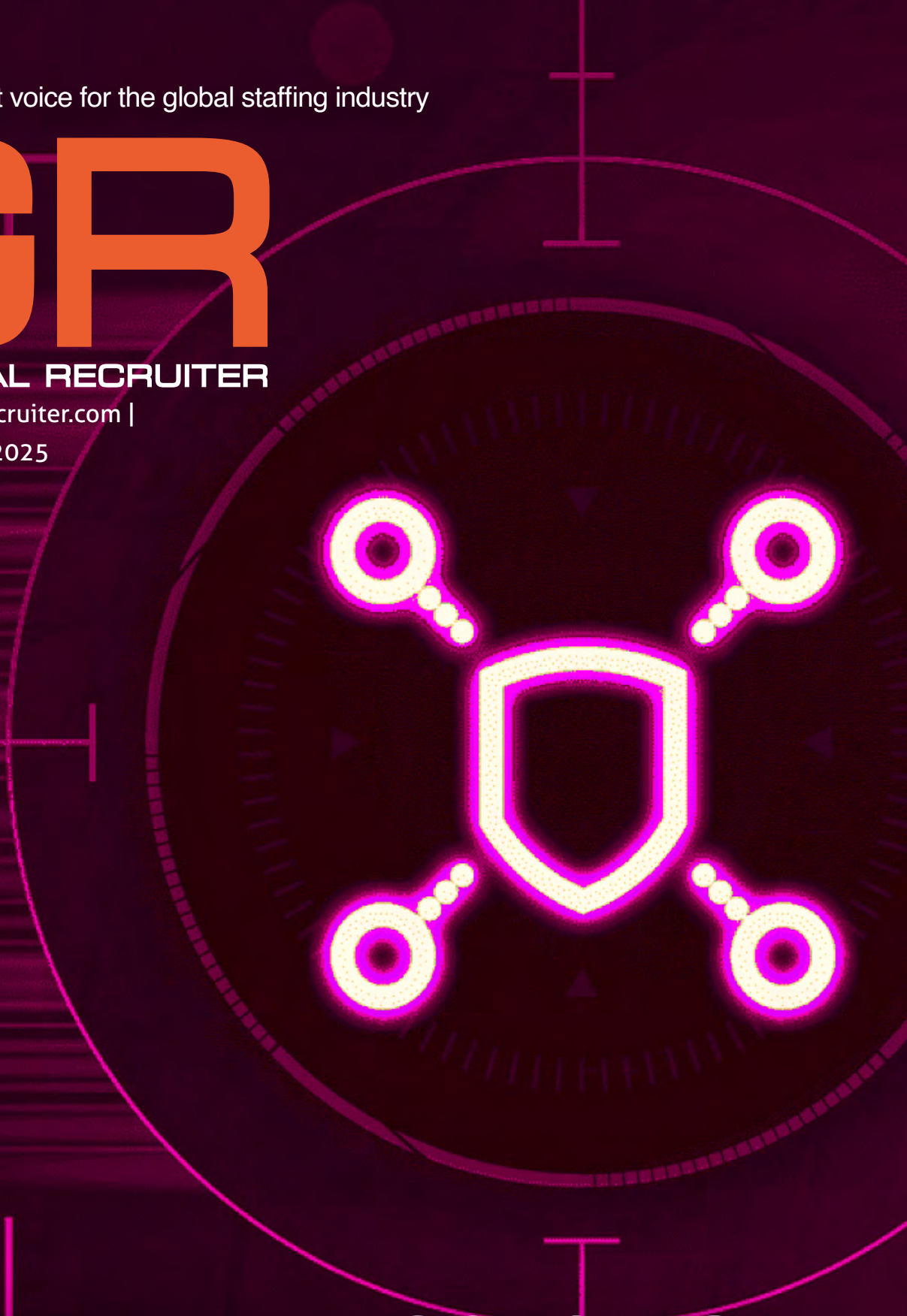
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THE GLOBAL RECRUITER

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Issue 268 | April 2025



RECRUITMENT GOES VIRAL

COMPLIANCE FIRST

THINKING DIFFERENT

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WELCOME

SIMON KENT
EDITOR

The world of work, business and recruitment continues to be a challenging one. Global events, and macro-economic challenges are undoubtedly having a major impact on business' decisions to hire and therefore the work of recruiters. Uncertainty is prevalent, it's not an impossible market but nor is it a straightforward one.

In this issue of The Global Recruiter we start our compliance special. It is without doubt, one of the most complex and challenging times for the industry. Usually our attention is drawn to the changes around the management of contractors, this year there seems to be no area of recruitment that is untouched. Recruitment businesses themselves are having to come to terms with new day-one rights and work out what this means for their own recruitment needs.

However, the recruitment industry is a resilient one and also as is fit for this time of year, The Global Recruiter has started its annual initiative to find the best of the best in the industry. The Global Recruiter Industry Awards 2025 are now open for entries. With categories available for all areas of the industry, this is your chance to demonstrate excellent practice, the ability to deliver value as a matter of course.

Don't delay and start your entry today – this can be done entirely online and you can save your progress before the deadline on 27th June. Best of luck to all. ■

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THE GLOBAL RECRUITER INDUSTRY AWARDS 2025

The time has come for the best of the best in recruitment to step forward.

The Global Recruiter are very proud to announce that entries for The Global Recruiter Industry Awards 2025 are now open. Now is the time for recruitment organisations, leaders and professionals to put their best practices, ideas and performances forward to show how and why they deserve to be recognised by the recruitment industry's awards.

These awards truly belong to the recruitment industry. Firstly, in recognition of how greatness can exist anywhere, the awards are open to all – a level playing field with no pre-qualification or entrance fee. Secondly, the awards are judged to clear criteria created by those in the industry. The Global Recruiter Industry Awards are interested in seeing what really happens within recruitment businesses, how recruitment professionals have truly delivered, the actual impact of their work on those around them, and on those who work for them. Finally, the judges of the awards are all drawn from the recruitment industry itself. They know what it takes to operate in today's markets and they understand what it takes to deliver something special, to deliver success.

With a wide range of award categories the awards are comprehensive in their scope. They reflect the changing nature of the recruitment industry with awards highlighting social media use, they highlight individual consultant performance, and they look to identify the best overall recruitment businesses. Above all they offer the chance for recruiters to make a difference to their business as clients, candidates and consultants are all attracted to organisations who demonstrate beyond doubt that they go the extra mile.

Don't delay, [start your entry process today](#). Entries are taken online and once you're started the process you can save and return to you progress as many times as you wish.

Make this your year with [The Global Recruiter Industry Awards 2025](#).

Good Luck! ■



FORECAST HIRING MAY CONFOUND WORST FEARS OF 'AWFUL APRIL'

The latest Recruitment and Employment Confederation (REC)/ Lightcast monthly Labour Market Tracker has suggested the job market has enjoyed consistent demand this Spring with postings across the first quarter of the year showing resilience, although at a lower level than previous years. The stabilising of the job market in March 2025 will however, be tested by rising costs of employment in April as Employer's National Insurance Contributions rise alongside the National Minimum Wage.

But with last week's more positive economic growth numbers for February, with growth across all the main sectors, there are some signs of momentum in the economy that may push back against the effects of rising costs. At least before the sudden triggering of global tariff trade negotiations by the US in April 2025.

"There's no denying it feels tough to employ people as the cost of taking workers on rises, but businesses are resilient, and they continue to create opportunities," said REC Chief Executive Neil Carberry. "With a steady 1.6m active job adverts out there, employers are seeing glimmers of hope. The labour market is stabilising and February's economic growth figures offered cautious optimism, while the UK looks relatively well-placed to weather some of the external shocks from shifting global trade policy.

"But employer confidence remains fragile," he added. "Government must do more to support growth with its upcoming industrial strategy, and by showing it is listening to business concerns about the way the Employment Rights Bill will work. Investment will stay stuck in neutral if all that is offered is warm words. Competitiveness matters to business, and the ability of the private sector to drive the growth that will solve the government's fiscal headache."

The Labour Market Tracker shows an increase in job postings this month for Farmers (39.8 per cent), Delivery Drivers and Couriers (39.6 per cent) and Rail Construction and Maintenance Operatives (29.1 per cent).

Animal Care Services Occupations n.e.c. (-13.9 per cent), Window Cleaners (-16.7 per cent) and Probation Officers (-35.9 per cent) all showed the largest decline in roles from February 2025 to March 2025.

With the National Education Union (NEU) holding its annual conference this week, the REC/Lightcast report today shows 25,896 adverts for Secondary Education Teaching Professionals in March 2025 – up 5.8 per cent on February 2025 – and 17,653 adverts for Primary Education Teaching Professionals – up 9.6 per cent on February 2025. ■



GENDER RULING REQUIRESEQUALITY CONSIDERATION

The Supreme Court's gender ruling is set to have implications for recruiters and employers as employers will need to review their work on equality within their businesses and processes. In their ruling the UK's highest court has unanimously ruled that the terms woman and sex in the Equality Act "refer to a biological woman and biological sex". Giving the unanimous decision of the judges, Lord Hodge warned against reading the judgement as a "triumph of one or more groups in our society at the expense of another".

Peter Cheese, chief executive of the CIPD, the professional body for HR and people development, commented: "We welcome the clarification from today's Supreme Court ruling which sets out that the Equality Act's definition of a woman is based on biological sex. This will provide further understanding for individuals and organisations in what has been a difficult area for employers to interpret and find the right balance, recognising the rights and beliefs that need to be upheld for all."

The ruling emerged as the result of a legal battle between the Scottish government and campaign group For Women Scotland, when the group complained that transgender people would be included in quotas designed to give gender balance on public sector boards.

Cheese went on to say: "Employers will need to ensure that their policies and approaches are up to date with today's legal clarification of the position in the UK. However, there will remain legal and practical issues for employers to work through to support inclusion, dignity, and fairness at work and ensure all colleagues are protected from discrimination and harassment."

"We hope that today's ruling will simplify some of the guidance and discussion in this space and as the CIPD, we are updating our own content and resources for HR professionals where needed." ■



NEARLY HALF OF BUSINESSES ARE SHORT STAFFED

Figures from Indeed Flex suggest that nearly half of UK businesses (46) are currently struggling with staff shortages. A survey of 2,000 UK business owners and hiring managers reveals that nearly a fifth (38) of firms that are short-staffed say the biggest challenge is filling vacancies, while a third (34) say it's retaining talent.

Recruitment has been made harder for a lot of firms following the rise in National Insurance Contributions (NIC) and increases to the National Minimum Wage and Living Wage on April 1. Separate research by Indeed Flex reveals that 60 of UK businesses say April's National Insurance hike will slow down hiring this year.

Against this backdrop, close to a third (30) of firms admit they don't currently have the budget to make new hires, and 27 say they are cautious about hiring with so much economic uncertainty. Meanwhile, 14 have recently had to make redundancies.

As businesses juggle stretched budgets and staff shortages, 51 of firms plan to increase their reliance on temporary workers as part of their regular workforce over the next 12 months. Among them, 41 cite seasonal demand as the main driver, while 34 value the speed and ease of hiring temps – and the same share see it as a way to manage rising costs.

"Businesses today are operating in a complex landscape," said Novo Constare, CEO and Co-founder of Indeed Flex. "With budgets tightening due to recent fiscal changes and competition for top talent at an all-time high, many are reassessing how they build and maintain strong teams.

"Traditional hiring models are no longer enough," he added. "The process can be slow, costly, and often unsustainable – especially when the need for skilled talent is immediate. These challenges ripple across operations, impacting productivity, employee morale, and overall business performance.

"That's why more companies are turning to temporary staffing as a core strategy – not just a quick fix. With access to high-quality, vetted professionals, businesses can stay agile, respond to shifting demands, and maintain momentum without compromising on standards.

"Combined with the right technology, temporary staffing becomes even more powerful," concluded Constare, "offering cost-effective, scalable solutions that help businesses meet their goals while staying within budget." ■



STOTT AND MAY APPOINT CEO

Stott and May, a leading provider of talent and project solutions to high-growth technology businesses, have announced the appointment of Laura Beavis as Group Chief Executive Officer. Reporting to Chairman & Founder Stephen Stott, Laura will lead the Group's strategic direction and oversee operations across all brands, including Stott and May, Stott and May Consulting, and Evergreen Talent Partners.

Laura joined Stott and May in September 2017 as Chief Operating Officer, following a successful 15-year tenure at global specialist recruiting firm Hays. In April 2019, she was appointed Managing Director for the Americas, where she played a pivotal role in delivering sustained performance gains and driving record annual results for the Group in the region.

On her appointment, Beavis said, "This is an exciting time to take up the role of CEO at the Stott and May Group. We already have an excellent foundation for growth due to the work we've put into creating truly differentiated talent solutions. We have been purposeful about ensuring the talent markets we operate in are highly sought after, high in demand and future-proofed with significant investment in our AI, Machine Learning, Engineering and Clean Energy practices over the last 18 months, coupled with a continued focus on Security and GTM."

Deavis went on to say that the Stott and May Consulting business is also gaining traction globally, with notable client wins and success stories across major IAM transformations and Salesforce CS-AI implementations. "Customers see our outcome-

based delivery model as an attractive alternative to the traditional time-and-materials approach to consulting," she said.

"Above all this, though, I'm incredibly confident in the calibre of people we have in this business. There's so much potential in this group of individuals and the culture we are building. I look forward to working together as one global team as we focus on the next chapter of our growth story."

On the announcement, Stephen Stott, Chairman & Founder, stated, "I'm delighted to appoint Laura to the position of Group CEO. She has been instrumental in shaping the Stott and May Group into the high-performing, values-driven organisation it is today. Her operational discipline and people-first leadership style make her the ideal person to lead the business into its next growth phase."

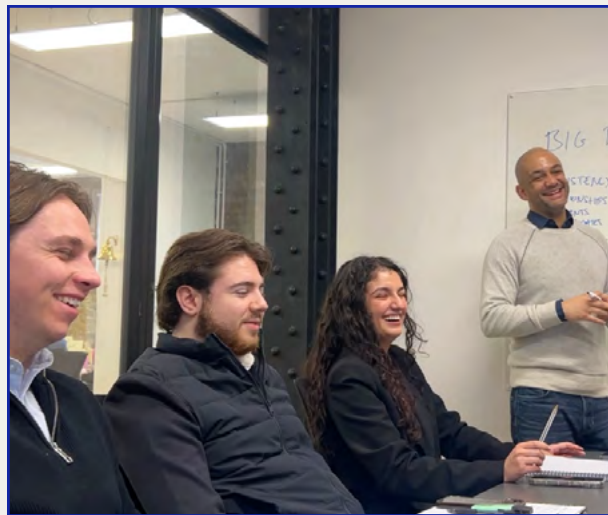
Stott added: "Alongside consistently delivering outstanding results for our Americas business, Laura is also a role model for the women in our organisation – regularly offering her time and experience to support others in their career journeys. It's incredibly rewarding to be able to make this appointment from within our talented leadership group, and I'm looking forward to working closely with Laura in the exciting times ahead."

Laura is succeeded in her role as Managing Director of the Americas region by Agni Ghosh, who joined the business in December 2023 as a Director from Phaidon International. ■

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RECRUITMENT GOES VIRAL

Jonathan Watt, Marketing & Commercial Specialist Recruitment at Mac Recruit Group on the rise of TikTok in hiring.



The recruitment landscape is constantly evolving, and as we move further into 2025, one trend stands out with undeniable force: TikTok. What was once perceived as a platform for flash in the pan trends, dancing, and ultimately Gen Z entertainment is now a powerful tool reshaping how companies attract and engage talent. At Mac Recruit Group, we've observed this shift firsthand, and it's clear that TikTok's influence on hiring is only going to intensify. >



Gone are the days when recruitment was confined to traditional job boards on Indeed and LinkedIn profiles. Today, forward-thinking organisations are embracing the dynamic, visually driven world of TikTok to connect with potential candidates in innovative ways. This isn't going to be just a bolt from blue; it's a fundamental change in how businesses are building their talent pipelines and engaging the next generation.

Boasting over 1 billion monthly active users globally, a significant portion of TikTok's audience are young professionals and those seeking new opportunities. In the UK alone, millions engage with TikTok daily, making it a prime location to reach a diverse talent pool. The platform's short form video format is perfect for showcasing company culture, highlighting job roles in an engaging way, and building brand awareness. This visual approach resonates with younger demographics who are increasingly drawn to authentic and relatable content over stagnant, static images of stock people hovering around a large meeting desk or water cooler.

We've seen companies investing significant budgets in TikTok advertising, demonstrating a clear recognition of the platform's potential for reaching and influencing potential candidates.

However, as much as TikTok can allow companies to show a more human side, offering glimpses into day-to-day operations and fostering a sense of connection with potential employees – this can be a double edge sword. This level of transparency is highly valued by modern job seekers as it can help them get a true sense if a company is 'good' or 'bad'.

So, it's important to remember that it's one thing to advertise on TikTok, but it's another thing to actively post on an account, which can leave a company exposed to potential negative feedback from ex-employees. Short form video can also lead to potential misinterpretation of job roles or company culture.

And while TikTok's reach is vast, its primary audience skews younger. This can limit its effectiveness for recruiting senior-level or specialised roles that require experienced professionals. This makes it crucial to consider whether your target candidate demographic align with TikTok's user base. >



A Critical Balance

Another fact to consider is the platform's informal and entertainment-focused nature; it can make it challenging to maintain a professional image. Companies must carefully balance engaging content with maintaining their brand's professional standards – so often having an account might not be the right fit for a company's brand image. And even when the content is engaging, there is always a risk of it going viral for the wrong reasons.

This dovetails into time. One thing that is heavily underestimated is the time it takes to create content. Creating high-quality videos for social media requires significant time and resources: from capturing it to editing it, to drafting the accompanying copy. This means consistent posting and engagement is essential which can strain already busy recruitment and/or social media teams.

Compelling content

So with that in mind, in this rapidly evolving digital landscape, the role of a true recruitment specialist is more critical

than ever. At Mac Recruit Group, we understand that navigating the nuances of TikTok recruitment requires a deep understanding of both the platform and the industry. We are seeing that simply posting a job description on TikTok is not enough. Success comes from creating compelling, engaging content that resonates with a target audience. We've seen a big rise in the demand for social media focused specialists with defined expertise on TikTok as a paid platform. Due to the platform's huge significance with a younger demographic – 35% of users are age 25-34 – it is essential that businesses embrace it and develop the expertise to maximise its potential.

Likewise, being able to accurately assess the candidates that come from these platforms is vital because evaluating them based solely on short-form video content can be difficult. It's essential to supplement TikTok recruitment with traditional methods to ensure a thorough assessment of a candidate's skills. It's also worth noting that there is a potential for bias, if you're overly influenced by a candidates' 'videogenic' nature over a 'faceless' traditional CV. >

When it comes to companies looking for marketing, social media or PR candidates, using TikTok can be helpful as it gives you a sense of the type of content they can create. The platform is a like a live CV showreel, but it's important to consider, have they captured this content themselves and edited it? Is it part of a series? Does it line up with any other content on their channel or does it stick it out? Often times, when looking for specific candidates for marketing roles, asking for a specific showreel or giving a small project can help determine the skills clients are looking for.

TikTok's algorithm is constantly changing, making it difficult to guarantee consistent reach and visibility. So it helps to have an understanding of it's algorithm, trends, and best practice. This is key as with the ever changing 'cool/not cool' trends of social media can help keep an organisation ahead of the game.

Looking to the future, I anticipate that TikTok will become an even more integral part of the recruitment process. Companies that embrace this platform and leverage its potential now will gain a significant competitive advantage in attracting top talent.

For Mac Recruit Group, this means staying at the forefront of digital recruitment trends and providing our clients with the expertise and guidance they need to succeed in this dynamic environment. We are dedicated to connecting top talent with exciting career opportunities across various industries, and we recognise that TikTok is a powerful tool in achieving that goal.

TikTok isn't just a social media platform; it's a recruitment revolution. And for those who understand its potential, the opportunities are limitless. ■





THINK DIFFERENT

Kelly Tucker, Founder and Managing Director of HR Star on creating a workplace for neurodiverse employees.

Following on from National Neurodiversity Week, businesses have an opportunity to reflect on how they support neurodiverse employees throughout the year. With an estimated 15-20 per cent of the population being neurodivergent, fostering an inclusive workplace isn't just an ethical obligation; it's a strategic advantage. >



Neurodiversity includes conditions such as autism, ADHD, dyslexia, dyspraxia, and other cognitive variations. When properly supported, neurodivergent employees can bring immense value to an organisation, excelling in areas such as problem-solving, creativity, and attention to detail. However, without appropriate accommodations, they may struggle with environments and structures that aren't designed with their needs in mind.

In my experience working with businesses to create inclusive HR strategies, small, intentional adjustments can lead to significant improvements in engagement, retention, and overall workplace satisfaction. Here are several practical steps organisations can take to better support their neurodivergent workforce year-round.

Foster psychological safety and emotional support

Psychological safety is key to ensuring neurodiverse employees feel comfortable being themselves at work. Many neurodivergent individuals experience higher levels of anxiety, social discomfort, or sensory sensitivity, making a supportive environment crucial to their success.

Regular one-to-one check-ins can be highly beneficial, offering employees a space to voice concerns or request accommodations. Encouraging managers to provide consistent, structured feedback rather than relying on ambiguous performance reviews helps reduce uncertainty and stress. Additionally, businesses should ensure that mental health resources, such as Employee Assistance Programmes (EAPs) or neurodiversity-focused wellbeing initiatives, are accessible to all employees.

A company culture that normalises open conversations about neurodiversity fosters inclusion. This can be achieved by creating safe spaces for employees to share their experiences and concerns, either through internal forums, mentoring programmes, or peer support networks. Encouraging leadership to actively participate in these conversations signals a company-wide commitment to inclusion.

By embedding empathy and understanding into everyday interactions, businesses can create a workplace where neurodiverse employees feel valued and supported. ➤



Adapt workspaces for sensory comfort

Another fact to consider is the platform's The physical work environment plays a crucial role in employee wellbeing, and for neurodivergent individuals, small adjustments can make a huge difference. Some employees may find bright lights, loud noises, or crowded spaces overwhelming, while others may struggle with distractions in open-plan offices.

Where possible, organisations should offer noise-cancelling headphones, adjustable lighting, or desk dividers. Quiet rooms or designated low-stimulation spaces can provide employees with a retreat when they need to recharge. Flexible seating arrangements or hybrid working options can also help neurodiverse employees find the work environment that best suits their needs.

Additionally, organisations should consider sensory-friendly design elements, such as muted colour schemes, minimal clutter, and the option to customise workspaces. Even small changes, like reducing unnecessary background music or offering alternative meeting formats, can significantly improve comfort and focus.

Creating a sensory-friendly workplace demonstrates a commitment to inclusion and can lead to increased productivity and job satisfaction for neurodivergent employees.

Implement flexible working arrangements

Flexibility is one of the most effective ways to support neurodivergent employees. While some individuals thrive with structured routines, others may need more fluid schedules to accommodate fluctuating energy levels or sensory sensitivities.

Businesses should consider offering flexible start and finish times, shorter but more frequent breaks, or remote working options. Hybrid models, which provide a balance between collaborative office work and independent remote tasks, can be particularly beneficial for neurodiverse employees who may need quiet time to focus.

Beyond scheduling, flexibility should extend to workplace expectations. Some neurodivergent individuals may struggle with impromptu meetings or sudden changes to tasks. Offering advance notice for deadlines, allowing employees to choose communication methods that suit them best, and providing alternative ways to contribute ideas, such as through written proposals instead of group discussions, can be incredibly beneficial.

Allowing employees to tailor their work schedules where possible helps create a more inclusive and productive environment. >

Educate and train your workforce

One of the biggest barriers to workplace inclusion is a lack of awareness. Many neurotypical colleagues and managers may not fully understand neurodiversity or the challenges neurodivergent individuals face. Providing education and training is essential to breaking down misconceptions and fostering empathy.

Businesses should incorporate neurodiversity awareness training into their broader Diversity, Equity, and Inclusion (DEI) initiatives. This training should cover topics such as communication preferences, sensory sensitivities, and how to create a supportive work environment. Encouraging leadership to model inclusive behaviours and sharing educational resources, such as articles, videos, or first-hand accounts from neurodivergent individuals, can help create a culture of understanding.

Provide clear and consistent communication

Neurodivergent employees may process and interpret information differently. Ambiguous instructions or unstructured communication can lead to confusion, stress, and reduced productivity. To ensure clarity, businesses should:

- Use straightforward and concise language in emails and verbal instructions.
- Provide written summaries of meetings or key discussions.
- Break complex tasks into manageable steps.
- Check in regularly to confirm understanding and offer additional support if needed.

By prioritising clear communication, businesses can set neurodiverse employees up for success while minimising misunderstandings.

Focus on strength-based approaches

Too often, workplaces focus on areas where neurodivergent employees may need support rather than recognising their strengths. Many neurodivergent individuals have exceptional problem-solving skills, creativity, or attention to detail, qualities that can be harnessed for innovation and efficiency.

Businesses should take a strength-based approach by:

- Identifying and leveraging individual strengths during performance reviews.
- Assigning tasks that align with employees' natural abilities.
- Providing positive reinforcement and recognising achievements. >





When employees feel valued for their contributions, their confidence and engagement levels rise, leading to a more motivated workforce.

Review hiring and onboarding processes

Traditional recruitment methods often create barriers for neurodivergent candidates. Interviews that prioritise social skills, open-ended questions, or quick thinking can disadvantage individuals who process information differently. To create a more inclusive hiring process, businesses can:

- Offer alternative interview formats, such as practical assessments.
- Clearly outline job expectations and responsibilities.
- Provide structured onboarding with step-by-step guidance.
- Assign a mentor or 'buddy' to support new employees as they integrate into the workplace.
- By reviewing and adjusting recruitment practices, businesses can attract and retain top neurodiverse talent.

Promote year-round neurodiversity awareness

While National Neurodiversity Week is an excellent time to highlight these issues,

inclusivity should be embedded in a company's culture year-round. Businesses can continue raising awareness by:

- Recognising awareness days such as Autism Awareness Month or Dyslexia Awareness Week.
- Including neurodiversity in ongoing DEI discussions.
- Gathering feedback from neurodiverse employees to refine workplace policies.
- By making neurodiversity a continuous conversation rather than a one-off campaign, organisations can drive meaningful, long-term change.

The Bottom Line: Building Inclusive Workplaces

Supporting neurodivergent employees isn't about grand gestures; it's about embedding empathy, flexibility, and understanding into company culture. Small changes, such as offering workplace adjustments, improving communication, and prioritising psychological safety, can have a profound impact.

By implementing these strategies, businesses can create environments where all employees, regardless of neurotype, have the opportunity to thrive. ■

NAVIGATING THE NICS SHAKE-UP

Jake Darlington, SME Manager at contracting and accounting firm Sapphire, shares his insights on the changes to NICs and what they mean for recruiters.



We've all heard about the changes to National Insurance Contributions (NICs), and the pressure they have put on small and medium-sized businesses. For recruitment agencies – particularly those employing large numbers of temporary or lower-paid workers – these changes are more than just a budgetary concern; they require a strategic rethink. >



From April 2025, the employer NICs rate has risen from 13.8 per cent to 15 per cent, and the Secondary Threshold – the earnings level at which employers begin to pay NICs – is dropping from £9,100 to £5,000 per year. That means more earnings are NIC-liable, and every employee will now cost more to hire, manage and retain.

Add to that the 6.7 per cent increase in the National Minimum Wage, with the hourly rate for workers aged 21 and over reaching £12.21, and recruitment agencies are faced with a double cost challenge: rising payroll costs and rising candidate expectations, all while clients demand cost control.

So how can agencies get ahead of these changes?

1. Understand the specifics of NICs and what they mean for your workforce

To prepare effectively, recruitment leaders need a clear grasp of the updated NICs structure. This includes the new employer rate of 15 per cent, and the reduced earnings threshold, which means NICs will apply to more of your employees' income.

Agencies should map these changes against different employment types, from temps to PAYE contractors, to understand how payroll liabilities will be affected.

2. Strengthen your partnerships – especially around payroll and compliance

Now more than ever, agencies need reliable, compliant, and cost-efficient supply chain partners. Ensuring correct employment status, IR35 compliance, and robust payroll processes is critical to avoiding legal and financial pitfalls.

But beyond risk management, this is also an opportunity to differentiate your brand through a stronger contractor experience. Fast and reliable payments, proactive communication, and value-added benefits can set your agency apart in a competitive market.

This is where trusted supply chain partners become invaluable. Whether you're evaluating umbrella companies, accounting partners, or payroll providers, ensure contracts are regularly reviewed and that expectations around liability, cost and compliance are clearly aligned. >

3. Be proactive about the IR35 exemption changes

An important shift has also been made in the IR35/off-payroll working rules. From April, the definition of a 'small company' for IR35 exemptions has expanded. This means more end clients will no longer be responsible for determining a contractor's employment status - instead, the responsibility shifts back to the contractor and their personal service company (PSC).

For recruitment agencies, this opens up fresh opportunities to work with a broader base of clients and PSC contractors which may, in some cases, help reduce NICs liabilities. However, it also increases the need for due diligence and clear communication around employment status to avoid unnecessary risk.

4. Model the financial impact and review operational strategy

Recruiters should engage in proactive financial modelling to understand how these changes will play out across different business scenarios.

That means:

- Forecasting increased NICs liabilities
- Running cost simulations based on varying workforce compositions
- Reviewing hiring strategies and workforce planning
- Exploring alternative models (e.g., outsourcing, automation or contractor-led fulfilment)

Consider whether AI tools, time-tracking software, or cloud-based payroll platforms could help improve efficiency without increasing headcount. Strategic use of technology can offset some of the financial burden – especially for high-volume temp agencies.

5. Get ahead of client conversations

The NICs changes may ultimately affect how recruitment agencies price their services – and clients need to understand why. Start early conversations with clients about the rising cost of employment. Be clear about how this might affect your service fees, delivery models or wage expectations. Framing the conversation around compliance and regulatory necessity can help build trust and avoid uncomfortable surprises. >





Also consider whether current contracts need to be revised or expanded to include clauses that accommodate statutory cost changes.

6. Maintain financial discipline and forecast for the long term

With higher employment costs and shifting contractor dynamics, financial control has never been more critical.

Recruitment agencies should regularly review financial statements, monitor cash flow, and build in contingency for fluctuating payroll costs. Continuous financial review allows for earlier intervention and supports long-term business decisions - whether that's expansion, investment, or realignment.

Considering the long-term implications

While these changes will cause short-term disruption, they also present a chance to re-evaluate and future-proof your business.

Think long-term: How might your pricing models, target clients, or talent pools evolve under this new cost environment? Would strategic partnerships, diversification, or M&A activity help you stay ahead?

By taking a proactive, strategic approach now, recruitment agencies can not only absorb the financial changes, but position themselves for stronger, more sustainable growth in the years to come. ■



HERO RECRUITMENT

James Osborne, co-founder of The Recruitment Network speaks to Roisin McNamara, Director of Hero Recruitment

With today's market being more challenging, what's changed in how you serve both clients and candidates?

In the current recruitment landscape, there's a noticeable shift towards a client-led market, moving away from the candidate-led market of recent years. Ireland, traditionally a strong recruitment market, has been more insulated from this shift compared to the UK, where this change became evident over a year ago. While Ireland's unemployment rate remains steady at 4.1%, businesses are becoming more selective in recruitment.

Historically, our company relied on referrals, repeat clients, and a strong reputation, with little focus on business development. However, with changing market conditions, we've had to adapt. As businesses become more discerning and candidates more cautious, hiring has slowed, and clients are demanding more while candidates seek more support.

In response, we've redefined how we serve both clients and candidates, prioritising trust, speed, and understanding. We've refocused on building deeper relationships, offering insights into hiring strategies, and tailoring our services to meet evolving needs. We've realised that business development now requires active effort, and we must shift our mindset to create growth opportunities.

While this shift may seem challenging, it also strengthens long-term partnerships. By adapting to the client-led market and focusing on business development, we position ourselves to remain the first choice for clients, ensuring continued growth and success. >



2: What are some key lessons you've learned about leadership that have had a profound impact on your approach to leading HERO Recruitment?

Leadership is constantly evolving, and our experiences at HERO Recruitment have provided invaluable lessons, especially through the challenging times. While strong markets certainly offer smoother sailing, the times of uncertainty and difficulty have truly shaped our approach to leadership.

A core lesson we've learned is the critical importance of clarity and decisiveness during uncertain moments. In a volatile environment, being able to clearly communicate direction and make tough decisions swiftly can make all the difference. We've discovered that hanging on to misaligned strategies or keeping someone in the wrong role can slow down progress and undermine team morale. Being decisive—especially when things feel unpredictable—has allowed us to navigate through challenges with greater confidence.

Another key realisation has been the power of supporting and uplifting our team members. We've observed that the individuals who show up consistently, delivering results even during difficult times, are the ones who truly fuel the momentum of the organisation. In response, we've worked to cultivate an environment that not only acknowledges their efforts but also actively nurtures their growth and success.

3. How would you describe your mindset when faced with challenges or setbacks along the way, and how has it contributed to your company's growth?

Our mindset is grounded in resilience, adaptability, and a bit of feistiness. Recruitment is a people business—full of ups and downs—so it naturally teaches you to stay pragmatic and grounded. We've learned to treat setbacks as data points: they don't define us, but they do show us where we need to shift, adapt, or provide more support.

We firmly believe in the power of the mind—"where focus goes, energy flows." That philosophy keeps us moving forward, especially in tougher times. It's easy to get caught up in everything we could be doing better, and that's the trap of the entrepreneurial mindset—we're always chasing the next level, always thinking of how to improve. But sometimes we need to pause and acknowledge: we're actually doing a tremendous job. Holding that dual perspective—both striving and self-appreciating—is key. >



Our approach to challenges is never to shy away. We face them head on. We fight. We stay committed to our values, our partners, and the long-term relationships we've built, even when things get tough. That consistency and authenticity have kept us relevant and trusted in a quieter market.

My dad always told me, "This too shall pass," and that's something we carry with us. The hard times never last forever—but they do shape us. That's where the real learning lives. When everything's going great, it's easy to be complacent. But in the moments of struggle, we grow stronger, sharper, and more aligned with who we are and what we stand for.

Question 4. What role has innovation played in your company's journey, and how do you stay ahead of the curve in an ever-changing marketplace?

For us, innovation means being curious. It's not just about adopting new tech—it's about asking: "Could we be doing this better?" Over the last few years, technology has played a significant role in driving innovation. Some tools have been incredibly helpful—especially when it comes to automation and improving efficiency in a fast-paced environment like recruitment. But we've also learned that not every solution works unless it's properly integrated and embraced by the team. Innovation for the sake of it doesn't work.

Recruiters are busy, and that's exactly why automation matters. But we believe just as strongly in maintaining the human touch—relationships, empathy, and insight still sit at the heart of what we do.

Some of our most meaningful progress has come from innovating internally—rethinking how we measure success, challenging outdated norms (including those around gender representation), and continuously improving how we find and connect with talent or partner with clients.

We stay ahead by keeping our finger on the pulse of the profession—through trusted networks like the TRN and ERF, and most importantly, by actively listening to our own team. It's this mix of curiosity, community, and reflection that keeps us moving forward. >



Question 5. What's next for HERO, and where will we be in 3–5 years' time?

Looking ahead, we're focused on growing with purpose. We're expanding our contingent contracting offering to meet growing demand, especially in STEM sectors where flexibility is key. We're also committed to deepening the impact of our #GreatnessHasNoGender initiative, continuing to champion more women to choose STEM careers in the workplaces we serve.

At the same time, we want HERO to be a truly great place to work—one that attracts, retains, and grows the best people in the business. That means fostering a culture where our team feels supported, inspired, and empowered to step outside their comfort zones, especially as leaders. As we evolve, we aim to lead by example, staying curious, pushing boundaries, and challenging ourselves to think differently.

Ultimately, we want HERO to be known not just as a recruitment agency, but as a valued partner in building inclusive, forward-thinking, and people-first workplaces—making a difference, one placement at a time.

Question 6: Talk to us about your LinkedIn piece: #GreatnessHasNoGender—what is it and why do you do it?

#GreatnessHasNoGender is a passion project turned movement. It's a platform that celebrates the incredible contributions of women in STEM—amplifying their voices and making their journeys visible, relatable, and aspirational. Through candid interviews and stories, we explore leadership, innovation, and the realities of navigating typically male-dominated fields. We do it because young women can't be what they can't see. And because we believe talent has no gender—but opportunity hasn't always reflected that.

We've loved working on this project. What we've seen has been incredible—great female leaders across large multinational companies, holding high-power positions, all with a little imposter syndrome, very much like us. These women are exceptional at their jobs, and when asked to do a podcast, we put them right outside their comfort zones. What totally had us in awe is our own Director of Recruitment in HERO, Deirdre Finnerty, who is an incredible leader and deeply loved by her team, taking on the role of podcast host. She is a natural! It was so inspiring to see that we are not alone in experiencing self-doubt sometimes. Even the most confident and accomplished leaders can feel it, but they rise above it. We all have a little bit of imposter syndrome, but it's what we do with it that makes the difference. >

This project has played a crucial role in building close relationships with key clients. As we continue to amplify the voices of women in leadership, it has created opportunities for open conversations sharing these real, authentic stories, we've built trust and demonstrated a shared commitment to making a positive impact on talent in STEM.

7. What advice would you give to other industry leaders who are looking to cultivate a more resilient and growth-oriented mindset in their own professional lives?

Resilience is built through mindset, not just strategy. It starts with being honest about where you are, clear about where you want to go, and open to adapting how you get there. Celebrate the wins but interrogate the losses. Surround yourself with people who challenge you, and be ready to make tough calls when needed. In recruitment—and in leadership—your ability to grow depends on your willingness to be uncomfortable and learn fast.

8. How do you approach failure and setbacks from a mindset perspective, and what role do they play in the learning and growth process?

Failure is feedback. It's not pleasant—but it's powerful. We approach setbacks with curiosity: What can we learn? What needs to change? Who needs support? In a quieter market like the one we're in, these moments are more visible, but also more valuable. They help sharpen focus, streamline priorities, and build the kind of grit that creates long-term success. We use every challenge as fuel to get better, faster, and more connected to our mission. ■



COMPLIANCE FIRST

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Simon Kent, Editor,
The Global Recruiter

“This year the subject is in over-drive. While many of the Government’s proposed changes are ‘in the pipeline’ and will not happen until next year, the need to understand and start preparing for the changes ahead is unquestionable.”

COMPLIANCE FIRST

At this time of year The Global Recruiter usually turns its attention to all things compliance. Tying in with the Spring statement and looking ahead to challenges set to impact on the recruitment industry, now always seems an opportune time to reflect on what’s happening and to give recruitment agencies some indication of the way ahead.

This year the subject is in over-drive. While many of the Government’s proposed changes are ‘in the pipeline’ and will not happen until next year, the need to understand and start preparing for the changes ahead is unquestionable. However the final legislation is framed, the amount of change impacting on the business of recruitment and on recruitment businesses as employers is immense. Whatever happens, and whatever your company, business as usual is about to change.

In this issue of The Global Recruiter, and in the following two issues, we comprehensively explore the compliance challenges emerging for the sector, beginning here with an overview of the main changes ahead. Make no mistake, there’s a lot to contend with and the devil will always be in the detail, but from this point forward, The Global Recruiter will ensure you know what’s happening and why it matters to your business. ■

**FCSA**

NAVIGATE COMPLIANCE CONFIDENTLY WITH FCSA - CHRIS BRYCE, CEO, FCSA

In today's competitive recruitment environment, compliance and trust are more important than ever. Freelancer and Contractor Services Association (FCSA) is the cornerstone of compliance in the contractor services sector, setting the benchmark for legal and ethical best practice. As the proud sponsor of Global Recruiter's Compliance First Series, our mission is to empower recruiters with the assurance they need to place contractors compliantly.

We understand the complexities of IR35, agency legislation, and the ever-changing regulatory landscape and we provide clarity and expert guidance on these critical issues. Our accredited members are committed to upholding the strictest compliance standards, ensuring contractors are engaged correctly and fairly, minimising the potential for costly errors and reputational damage.

Becoming a Recruiter Partner with us at FCSA provides your agency with valuable tools and recognition, including:

- **Strengthened supply chain compliance:** By partnering with FCSA Accredited Members, your agency ensures adherence to high compliance standards, mitigating potential risks.
- **Enhanced brand credibility:** FCSA affiliation communicates your agency's commitment to ethical practices and professionalism, building trust with clients and candidates.
- **Competitive market differentiation:** Recruiter Partnership highlights your dedication to excellence and makes sure you stand out in the marketplace.

Our tools offer further support to ensure compliance. **Diligence Hub** provides you with a centralised platform for verifying the compliance credentials of service providers, whilst **veriPAYE** offers full transparency in payslip verification.

To find out more about FCSA Recruiter Partnership, Diligence Hub and veriPAYE, visit fcsa.org.uk.

THE ROAD AHEAD

Crawford Temple, CEO of Professional Passport, on how recruiters should prepare for employment legislation changes.

The government's announcements outline three major areas of change that will affect recruiters: >

COMPLIANCE

1. Transferring responsibility for ensuring correct tax and National Insurance payments to recruitment agencies when workers operate through umbrella companies
2. TFormally defining umbrella companies and bringing them within the scope of the Conduct Regulations
3. Introducing changes through the Employment Rights Bill, including guaranteed hours and compensation for cancelled shifts

The similarities to the Off-Payroll working rules suggest that agencies contracting directly with end clients will bear the ultimate responsibility for compliance.

The Liability Landscape for Recruiters

The transfer of PAYE responsibility creates the potential for substantial liability exposure for recruitment agencies.

However, critical questions remain unanswered. Could liabilities be passed up the supply chain to end clients if an agency fails to meet its obligations? Could agency debt be transferred to directors as personal liability? Will there be any 'reasonable excuse' provisions based on due diligence efforts?

The practicalities of PAYE reporting under the new regime also raise questions: How will payments be reported, and on which PAYE reference? How will authorities allocate payments for workers with multiple assignments across different agencies? How will workers' personal allowances be treated across multiple assignments?

Agencies with complex supply chains face challenges under the new legislation. As responsibility is likely to rest with the agency at the top of the chain, establishing robust processes to ensure compliance throughout the network becomes essential.

The increased liability risk will likely drive agencies to tighten control over their Preferred Supplier Lists (PSLs), potentially limiting contractor choices. This creates a tension between risk management and contractor satisfaction that agencies will need to navigate carefully. The proposed legislation suggests that it could create a dynamic where the contractor seeks out the highest return knowing they hold no risk of tax bills whilst the agency seeks the safest outcome.

Developing clear, transparent criteria for umbrella companies to meet before they can be included on PSLs will be crucial. >

Agencies face a particularly delicate timing challenge. As HMRC has highlighted, there are high levels of non-compliance across a number of key sectors including Healthcare, Social Care and Education. There is clear evidence that the promoters of these arrangements have infiltrated agencies, offering direct commissions to consultants to pass them leads about workers, often unknown to the agency itself. As well as the obvious risks relating to breaches of Data Protection there is also the issue of the consultants dropping significant levels of income, often unreported. Agencies will need to ensure there are tight measures in place to manage this risk.

Many contractors currently working through non-compliant arrangements will also face a significant reduction in take-home pay when the new rules take effect. We saw a similar situation at the time the Off-Payroll Working rules came into effect which created the vacuum that allowed the disguised remuneration schemes to flourish. The same dynamic appears to be present here with the added dimension of consultant commissions.

This highlights the critical importance of visible HMRC enforcement to create a level playing field. Without effective enforcement, compliant agencies may suffer commercial disadvantages, potentially leading to market distortions and a “race to the bottom” in compliance standards. We would argue that one of the main reasons for the current levels of non-compliance in the market is because HMRC has thus far adopted a reactive approach to compliance. This has been a common mistake made across many of the significant changes seen by the sector. HMRC needs to take a more proactive approach to stop any digressions. With two further consultations announced recently on attacking tax avoidance we hope they are not, as they

have done before, looking to rely on threats rather than active enforcement.

Human Resource and Compensation Implications

As highlighted above, the current practice of non-compliant providers offering substantial cash incentives to recruitment consultants for introductions (reportedly as high as £500 per successful placement) will likely be disrupted. For many consultants, these incentives represent a significant portion of their earnings.

Agencies should review their commission structures to ensure they remain competitive while encouraging compliant behaviour. They should also review contractual agreements with consultants to protect their position under the Criminal Finance Act as well as Data Protection and prepare for potential changes in consultants' earnings expectations.

The complexity of the new compliance landscape will require consultants to understand the basics of employment tax law and how to identify non-compliant arrangements. Consultants will need to know the commercial implications of different engagement models and how to communicate these issues to clients and contractors.

Alternative Models and Strategic Adaptations

What direction to take is unclear at this stage as the detail of the legislation has not been released. The right approach will begin to emerge once we have more information; suffice to say there will be more than one option available and selecting the right route for your agency, based on your agency's own goals and objectives will be essential. >



Risk Management

STANDARDS

A few of the options we know are already being discussed include:

Risk-averse agencies may look to establish their own umbrella companies to maintain direct control over tax compliance. This approach offers maximum visibility but requires significant investment in infrastructure and expertise.

Professional employment outsourcing provides higher security for recruiters through specialised providers who take on employment responsibilities. While it comes at a cost, this may be justified compared to potential PAYE debt and the administrative burden of managing compliance internally.

Joint employment arrangements offer greater transparency but require strong processes from both agency and provider. Despite previous scepticism, both HMRC and the Department for Business and Trade have confirmed the legitimacy of this arrangement when properly implemented.

Agencies may also turn to payroll bureau services to support PAYE arrangements, especially when engaging workers directly.

Agency reimbursed expenses could become a loophole for disguised remuneration if not properly managed. Many recruiters do not fully understand that money passed to an umbrella as reimbursed expenses does not automatically qualify for tax-free treatment.

If end clients are included in the liability chain, they may introduce contractual restrictions on their agency suppliers. Their concerns will extend beyond direct financial liability to reputational risks if non-

compliance occurs in their supply chain. This may lead to increased due diligence requirements imposed on agencies by their clients.

So how should you prepare?

Agencies should stay alert to industry news bulletins and government announcements as well as updates from industry experts.

We are likely to see more 'insured' offerings entering the market. Many of these offerings, when the terms are read, do no more than provide insurance where there is no liability. No insurer will underwrite a policy that is likely to result in high volume claims, which is not how insurance works. Beware the snake oil seller.

Despite concerns about the 'death of the umbrella,' well-run compliant umbrella companies will likely continue to offer value to the supply chain, albeit in different forms. They will need adaptability, transparency, and robust compliance systems.

As with previous regulatory changes, those who adapt quickly and effectively will gain a competitive advantage in the new landscape. However, all stakeholders in the recruitment industry should advocate for clear guidance and effective enforcement from HMRC to ensure a level playing field and prevent non-compliant operators from gaining an unfair advantage.

Recruitment agencies can not only survive this regulatory shift but potentially thrive by positioning themselves as compliance leaders in an increasingly complex employment landscape. ■



Future-Proofing Recruitment: Why Compliance Can't Wait

By Chris Bryce, Chief Executive, FCSA

There's no longer any doubt: regulation of the umbrella company sector is coming. What was once speculation is now firmly on the legislative horizon, with new rules confirmed for April 2026. That date may feel distant, but for recruitment businesses, it should be marked in red ink.

These changes, moving responsibility for PAYE compliance from umbrella companies to recruitment agencies or end-clients, aren't just a policy tweak. They're a fundamental shift in how risk and accountability are shared across the labour supply chain.

If you're a recruiter, the time to act is now.

At the heart of this is trust. In the absence of oversight, too many non-compliant umbrella companies—payroll pirates, if you will—have exploited grey areas to bend or break the rules. And it's often agencies left to deal with the fallout, despite trying to run things properly.

So how do we build trust?

Start With Independent Accreditation

Relying on unverified compliance claims won't cut it anymore. Accreditation—through FCSA or other respected bodies—is now a vital part of due diligence. Independent audits and transparent standards provide the safeguards regulation hasn't yet delivered.

Using accredited suppliers puts you on the right side of the coming rules—and sends a strong signal to clients and contractors.

Beyond the Checklist: Real-Time Assurance

The changes ahead require more than box-ticking. They demand a shift towards proactive compliance. Some recruiters are already using veriPAYE and Diligence Hub—not because they have to, but because they know what's coming.

It's about proving compliance in your supply chain, not just hoping for the best.

Leadership Through Preparation

Resilient businesses don't wait to react. They plan. That means anticipating how legislation will reshape your operations—and building systems and partnerships that support you through it.

Compliance doesn't hold you back. It builds trust, protects your business, and strengthens the industry. Done right, it can even give you an edge.

The direction of travel is clear.

So the question is: will you shape the future—or wait to be shaped by it?

CONTRACTING SAFELY

Dave Chaplin, IR35 Shield believes agencies have little to fear from IR35 / off-payroll.



It has now been eight years since the off-payroll IR35 reforms hit the public sector and four years since it expanded into the private sector. The changes caused considerable upheaval to supply chains, and the dust has now largely settled. So where are we now, what are we seeing, and what do agencies need to know? >



PAYROLL

HMRC activity

The legacy HMRC investigations and subsequent tax litigation activity concerning the pursuit of media individuals under the original IR35 legislation have almost ended. There is potentially one more tax tribunal this year, which is likely to be the last. All other cases (not in the public domain) have been resolved before the tax tribunal, with either HMRC closing the enquiry or the taxpayer settling the tax due.

HMRC's status teams are now firmly focused on checking firms' compliance, including agencies. Our experience of closing down compliance checks is that HMRC is taking a risk-based approach by examining systems and processes rather than aggressively pursuing firms at all costs as they did with individuals. Where HMRC are satisfied that the firms' systems and processes are low risk, compliance checks are closing relatively quickly. If the risk of misclassification is considered high, then HMRC will pursue a deep dive, and that's where checks become significantly protracted and costly to deal with.

Pre-emptive compliance is essential

We are unaware of any tax determinations issued to private sector firms for taxes due under off-payroll working, which is unsurprising, given the four-year rule around enquiry windows. We can, however, expect to see some firms get issued with tax bills in the tax year 2025/26, which may not arrive until Jan/Feb 2026.

Given the time status cases take to reach the tribunal after tax bills are issued, and a firm chooses to appeal (many don't), we are unlikely to see any off-payroll-related tribunal activity until 2028. Any cases that enter the tribunal may take many years to resolve. None of them is likely to reach the highest court (Supreme Court) by 2035, which means one thing: There is no more "state of flux" in the status case law, and firms can take comfort by relying on the principles ratified by the Supreme Court in September 2024.

Clients are refining the process

Firms are still in varied states of refining their off-payroll compliance processes. In our experience, many firms have realised that the HMRC Status Tool (CEST) isn't going to assist them and are seeking alternatives. Some firms have been surprised to learn that the output from the CEST tool does not meet the statutory criteria for being a Status Determination Statement (SDS), a key issue for agencies. >



The primary focus for firms needs to be getting their contracts right, ensuring robust determinations, and retaining evidence. A documented compliance process is key, alongside proof that the relevant people have been appropriately trained. HMRC can go back four years; as the saying goes, “Memory fades faster than ink.”

Agencies taking an arm-length approach

Many agencies have realised that it can be precarious to conduct status determinations for clients and are adopting an arms-length approach. The danger for agencies is that if they do an excellent job process-wise for their client determinations, but HMRC disagree, the agency could get the tax bill. If the agency does a lousy job and the client receives a tax bill, the client sues the agency for negligence. Worse, when HMRC investigate, the agency cannot run the tax defence because it's the client being investigated, not the agency.

Whilst some clients are content for agencies to run their IR35 compliance process, agencies should understand the risks and seek contractual indemnities from clients.

Agencies and the low-risk approach

Where agencies are not putting themselves in the line of fire by conducting status determinations for their clients, the risks for the agency are almost non-existent.

Firstly, agencies need to understand that they are only authorised (and therefore have the tax liability) to make tax deductions under the off-payroll legislation (where the worker is “Inside IR35” and using a PSC) if the client has concluded the rules apply and passed a statement, which meets the criteria for a Status Determination Statement (SDS), to both the worker directly and the agency has been given the SDS by the party above them (either the client or another agency). Bear in mind a statement isn't an SDS unless it contains a statement that the client has concluded whether IR35 applies, together with reasons, and which meets reasonable care. An email saying, “This one is Inside IR35,” isn't going to cut it, nor is the output from the HMRC status tool. So, if all the above has not happened, the agency has no tax risk.

The fragility of the statutory requirements described above means that firms contractually restrict the use of PSCs when the engagement would be “Inside IR35” and insist that workers are put on agency payroll, thereby removing the off-payroll rules. HMRC's recent research indicates that 96% of “Inside IR35” engagements are treated this way. >

If an agency engages via a PSC “Outside IR35” and they and the worker are not given an SDS, the agency has no authority to make tax deductions, and gross monies are paid to the PSC, with no risk to the agency.

For agencies, when HMRC conduct a compliance check, the check is simple. HMRC will ask if the agency has received an SDS stating “Inside IR35”, and if so, did they deduct the tax. The simple answer is, “No, we have not. Any workers considered deemed employees are put on the payroll.” And that’s the end of the enquiry.

Agencies Off-payroll strategy in five steps

While some agencies are eager to please clients by offering tax consultancy services around off-payroll, most agencies are

unqualified as tax practitioners, and it would be wise to maintain an arms-length approach.

The low-risk strategy for agencies around off-payroll is:

1. Tell clients to do their own status determinations.
2. Always know the status before the contractor is engaged.
3. If the agency is given an SDS, pass it to an agency below, if there is one.
4. If the SDS says “Inside IR35,” put the contractor on the payroll.
5. Pay gross if the SDS says “Outside IR35”, or there is no SDS.

Follow those five simple steps, and your agency will have nothing to fear from off-payroll. ■



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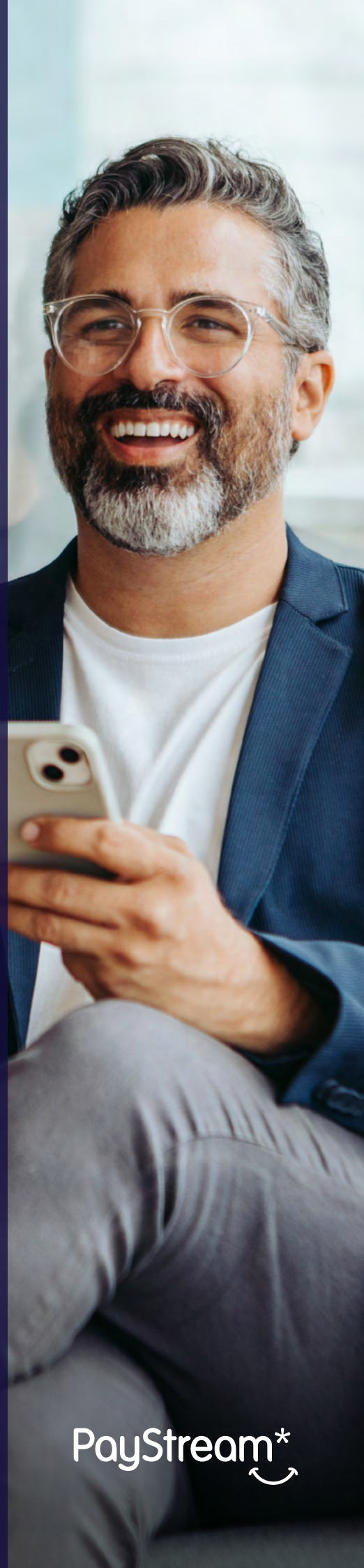
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COMPLIANCE CHALLENGE

Cancelled shifts and evolving umbrellas – Tom Greenwood, Director of Embrace Associates on how recruitment agencies must adapt.

The UK's recruitment industry is no stranger to change, but the Employment Rights Bill introduces some of the most significant regulatory shifts we've seen in years. While the intention behind the legislation – improving worker protections – is understandable, the reality for recruitment agencies is far more complex. From compensation for cancelled shifts to increased liability for payroll compliance, the bill places additional pressure on agencies already operating in a highly competitive and tightly regulated space. >



Compensation for cancelled shifts

One of the most talked-about changes is the requirement for employers to compensate flexible workers when shifts are cancelled at short notice. On paper, this seems fair – nobody should lose out on pay because of last-minute cancellations beyond their control. However, there are serious practical considerations that haven't been addressed.

For example, what happens when a shift is cancelled due to circumstances outside the employer's control? If a shipping company hires flexible workers to unload cargo, but the ship is delayed due to bad weather, those workers won't be needed. Likewise, if an HGV carrying stock is delayed at a port, there's no work available for the warehouse team. Who is liable for the cancelled shift in these situations – the agency or the employer? The government hasn't clarified this yet, and until they do, agencies will be left navigating a legal and financial grey area.

Beyond this, there is significant ambiguity around what constitutes a 'reasonable' cancellation timeframe, as well as a lack of clear messaging on how these situations can be managed contractually. Agencies will likely need to completely rewrite their terms of business to reflect the new legislation, but without precise legal guidance, this presents a considerable challenge. Will the Recruitment & Employment Confederation (REC) or another industry body step in to provide legally approved frameworks for compliance?

There is also the very real risk of conflict between agencies and end clients over who ultimately bears the financial responsibility. While end clients control work requirements, agencies could find themselves liable for cancellation costs. This could cause friction in agency-client relationships and, in a difficult economic climate, it's possible some agencies may offer financially unviable terms just to secure contracts – potentially putting their businesses at risk.

All of this must be weighed against the original intent of the reform: ensuring fairer conditions for workers. But will these changes actually result in fewer work opportunities? If businesses deem the financial risk of cancellations too high, they may simply reduce their reliance on flexible workers. This could, paradoxically, make work less available rather than more secure. Additionally, it raises broader economic questions – would limiting flexibility in the workforce make the UK less productive overall?

Another unintended consequence could be an increase in employment tribunals. If disputes arise over liability for cancelled shifts, agencies may find themselves facing more legal challenges, placing further strain on an already overstretched tribunal system. >



The changing role of umbrella companies

Another major shift is coming in April 2026, when responsibility for PAYE and National Insurance Contributions (NICs) will move to the recruitment agency that has a direct contract with the end client. This means that even if payroll is outsourced to an umbrella company, the agency will retain liability for compliance.

This change introduces several challenges. Firstly, compliance costs will inevitably increase as agencies need to strengthen their auditing and reporting processes. Some may even decide to bring payroll back in-house to maintain control – adding to operational overheads. This raises an important question: does this shift in responsibility put agencies in direct competition with umbrella companies? If agencies are ultimately liable for tax compliance, they will need to think carefully about whether outsourcing payroll remains a viable option.

A further complication is the role of umbrella companies themselves. Under existing legislation, employment businesses are not allowed to charge job seekers for securing work. However, umbrella companies typically deduct fees from workers for their services, which is central to their business model. If future regulations were to extend the prohibition on charging workers to umbrella companies, it could challenge – or even dismantle – their current way of operating.

For some umbrella providers, this could prompt a fundamental shift. Those with access to both company and candidate data may even consider repositioning themselves as recruitment agencies rather than payroll service providers.

The removal or restriction of umbrella services could also have a knock-on effect for smaller agencies. Many rely on umbrella providers for cash flow and payroll management, allowing them to focus on securing placements rather than handling administrative burdens. If these services become less viable, larger recruitment firms with in-house payroll teams will gain a further competitive advantage – reducing overall market competition and making it even harder for smaller players to thrive. ■

The impact on smaller agencies

As stated, the cumulative effect of these changes could be particularly tough for smaller recruitment businesses. According to the UK Recruitment Industry Status Report 2023/24, nearly 80 per cent of UK recruitment firms have fewer than ten employees and 77 per cent generate less than £1 million in turnover per year. For these businesses, dealing with multiple layers of new compliance requirements is a significant burden.

Whether it's shift cancellation liability, increased payroll compliance, or the potential impact on umbrella services, smaller agencies will face far greater challenges in adjusting than their larger counterparts.

Larger agencies, with dedicated compliance teams and greater financial resources, will be able to adapt more easily and this will create an uneven playing field where the bigger players gain a competitive advantage. In the long term, we could see more market consolidation, as smaller agencies either merge with larger firms or exit the industry altogether.

What comes next?

The full impact of the Employment Rights Bill won't be clear until we see how it plays out in practice, but one thing is certain: recruitment agencies need to prepare. Staying informed, reviewing contracts and strengthening compliance processes will be essential for navigating these changes.

There's also a bigger conversation to be had about fairness – not just for workers, but for businesses too. Agencies and employers need clearer guidance on how to implement these new rules in a way that works for everyone. Until then, recruitment firms will be left grappling with uncertainty, trying to balance compliance with commercial viability in an increasingly complex landscape. >





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PREPARING FOR THE FUTURE

Acorn by Synergie's Head of HR Emily Meredith discusses how employment law changes will impact on recruitment agencies as employers.

COMPLIANCE



When the new Labour government took office in July 2024, one of their first major initiatives was the launch of the Make Work Pay plan, which quickly led to the introduction of the Employment Rights Bill. This bill has been the subject of considerable consultation, and as a result, businesses now have a clearer idea of how the changes to employment law might impact them. Although these changes are not set to take effect until 2026, employers are already grappling with the implications, especially in light of the recent increases in National Insurance (NI) and the National Minimum Wage (NMW). Concerns are mounting over the additional costs and processes that the legislation will bring. >



One of the areas most affected by these changes will be the recruitment industry and those businesses that rely on flexible labour to manage fluctuating demand. The changes outlined in the Employment Rights Bill will have significant implications for how recruitment businesses operate and the costs they will face.

Agency worker impact

Among the most notable changes in the bill are several provisions that directly impact agency workers. For example, agency workers will be able to access contracts that reflect the hours they regularly work, provided they meet what is likely to be a 12-week qualifying period. Furthermore, workers will be entitled to reasonable notice of a shift, including details of the time, day, and hours to be worked. They will also have the right to reasonable notice of any changes or cancellations to a shift, with the assurance of being paid if a shift is cancelled at short notice.

SSP

Another major change concerns Statutory Sick Pay (SSP), which will now be available from the first day of absence, and the removal of the lower earnings limit threshold. Additionally, the bill proposes the removal of the two-year qualifying period for an employee to claim unfair dismissal, as well as an extension of the time limit to bring a claim from three to six months. A 'light touch' probationary procedure will likely be introduced, though the exact length of this initial probation period is still under discussion.

The umbrella question

For businesses using umbrella companies in their supply chain, compliance will become more complex. Under separate legislation, responsibility for accounting for PAYE and National Insurance Contributions (NICs) for umbrella company employees will shift from the umbrella company itself to the agency that supplies the workers to the end client. >

These changes will have far-reaching effects on the temporary recruitment industry, especially for businesses that rely on flexible labour to manage the ebbs and flows of demand. With more protections for workers, there are inevitable increases in costs and liabilities for employers. Many of the finer details of these changes are still being worked out through further consultation and secondary legislation, and recruitment businesses, as well as their clients, are awaiting clarity on how these adjustments will be implemented. One key point of concern is which party will be liable in the event of any breaches, and how these liabilities will affect the business relationships between agencies and their clients.

Preparation is everything

At [Acorn by Synergie](#), we are proactively preparing for the changes ahead. While much is still to be clarified, we are staying informed through webinars and updates from key organisations such as the REC, CIPD, ACAS, and reputable law firms. We are also actively engaging in government consultations to ensure our voice is heard and to help shape the finer details of the legislation. These details will be critical for understanding issues like how workers will qualify for equal treatment, what constitutes “reasonable” notice for shifts, and how short notice for shift cancellations will be defined.

Additionally, we are taking steps to engage with the REC and attend their local events and webinars, which are invaluable for understanding the latest developments and for lobbying the government on behalf of the recruitment industry. The REC’s dedicated section on their website provides useful insights and resources for members to stay up to date with the changes.

While 2026 may seem distant, we are already planning to engage with our clients in the second quarter of 2025 to discuss the potential impact of these changes. We want to ensure that we are well-prepared to future-proof our business relationships and explore new business models that adapt to the evolving landscape. Part of this preparation involves reviewing the makeup of our workforce to ensure clarity around employment status, as well as undertaking early analysis of the financial implications of the new legislation, including how the entitlement to SSP from day one will affect our costs. >



The proposed changes to unfair dismissal rules will also necessitate a review of our recruitment and performance management processes. As recruitment is a target-driven industry, there is often pressure to dismiss workers who do not meet performance standards. The new rules will require us to make our recruitment processes more robust to ensure that the suitability of candidates is thoroughly assessed from the outset. Performance management will need to be more detailed and well-documented, including for workers in the early stages of their employment.

We are also reaching out to the umbrella companies in our supply chain to understand how they are preparing for the upcoming changes. As the recruitment industry has already experienced significant legislative changes, such as the Agency Workers Regulations (AWR) in 2011, it is essential for us to be ready to address

any challenges from clients who might consider bringing recruitment in-house or questioning the value of using agencies. To counter these concerns, we must be well-equipped with compelling arguments about the ongoing benefits of using recruitment businesses and the unique selling points we offer.

The Employment Rights Bill represents the most significant set of employment-related legislative changes in recent years, and it is clear that every employer will be affected in some way. Although 2026 may seem far off, the time to prepare is now. Staying informed, engaging with the right organisations, and planning ahead will be key to successfully navigating these changes. By being proactive, recruitment businesses can not only meet the new requirements but also strengthen their relationships with clients and adapt to the evolving landscape of the workforce. ■

