

EXPERTISE ON DEMAND

HOW TO TRANSFORM YOUR BUSINESS
WITH A FLEXIBLE, SPECIALIST WORKFORCE





THE RISE OF THE FLEXIBLE WORKFORCE

FROM REMOTE WORKING TO JOB SHARING, FLEXIBLE APPROACHES TO WORK ARE NOW FIRMLY ON THE AGENDA FOR BUSINESSES AND THEIR EMPLOYEES ALIKE.

In recent years, many of the world's leading companies have discovered that taking an innovative approach to working practices can help motivate staff, retain talent and increase productivity.

The benefits of flexibility are not only restricted to a better work-life balance for employees. More and more companies are taking a flexible approach to their workforce, outsourcing key functions and bringing in additional resource to scale up in response to demand, then quickly scale back down again. This alleviates pressure on core teams, brings new skills and experience into the organisation and minimises the costs associated with the onboarding of new employees.

The relationship is mutually beneficial. Businesses hire specialist, off-payroll contractors and freelancers who provide them with flexible, skilled resource at times of need, while contractors and freelancers enjoy more control over when and where they work (and often see higher day-rates, as well).

Whether seeking support for a last-minute surge, a one-off project, or to implement strategic cost-reduction, there are many benefits to engaging contract resource. Customer service businesses, such as financial services to utilities, have been at the forefront of this trend, relying on skilled contractors to manage dramatically fluctuating workloads and provide specialist expertise on complex regulatory issues in times of crisis.

While this agility has worked for both contractors and businesses for many years, the industry is going through a period of regulatory upheaval. IR35 - the Government's off-payroll working rules - will be a major consideration for businesses when they come into full effect in the private sector from April 2020. Firms of all shapes and sizes must ensure they fully understand their regulatory responsibility if they want to continue benefitting from a flexible workforce.

Despite the obstacles, firms will still need access to skilled individuals on a project basis and contractors will continue to value the flexibility that these arrangements provide.

SO, HOW SHOULD FIRMS MOVE FORWARD IN A POST-IR35 WORLD?

This paper explores the importance of maintaining a specialist, flexible workforce and provides clear and practical advice as to how firms can do this while also ensuring total compliance.



THE BUSINESS CASE FOR A FLEXIBLE, SKILLED CONTRACTOR WORKFORCE

THE FUTURE OF WORK LOOKS SET TO BE ONE IN WHICH FLEXIBILITY IS REWARDED.

In a 2016 study by the World Economic Forum, “changing work environments and flexible working arrangements” were rated as the top trends currently shaping the future of jobs. The report was based on interviews with chief human resource officers from some of the world’s largest employers. They predicted that, in future, “organisations are likely to have an ever-smaller pool of core full-time employees for fixed functions, backed up by external consultants and contractors for specific projects”.

Once only used in times of necessity, contracting has become normalised, with IT and tech companies leading the way. In March 2019, it was revealed by the New York Times that Google employs about 121,000 temporary, vendor and contract workers globally, versus 102,000 full-time employees.

Closer to home, ONS figures show that the rapid growth of self-employment has been a pronounced feature of the UK labour market in recent years, with the number of self-employed individuals increasing from 3.3 million (12% of the UK labour force) in 2001 to 4.8 million (15.1% of the UK labour force) in 2017.

This rise in contracting has been driven by a business need for flexible resource. In some industries, such as energy and financial services, work is often structured on a project basis with contractors brought on board to deliver time-bound objectives. In others, such as customer services, there is a need for additional resource at times of peak demand. This demand may be driven by customer behaviour, changes to government legislation and regulation or even just severe weather.

As such, demand is unpredictable, with resource and skills often required at short notice. The recent PPI deadline is a great example of such a situation, with the Financial Conduct Authority (FCA) confirming that the UK’s banks will be unable to meet their normal complaint handling times due to a last-minute surge in complaints.

ORGANISATIONAL AGILITY

The primary reason many companies decide to engage with contractors instead of employing permanent staff is because of the flexibility it gives them - contractors can be hired whenever and wherever they are needed, whether it be on a short-term, project-length or last-minute basis. This agility is particularly useful in industries where workloads are constantly changing, with peaks and troughs in activity that demand a reactive and rapid response.

When speed of response is critical, having immediate back-up resource available relieves overburdened teams and ensures that firms are able to react effectively and efficiently. This is often a key requirement in customer services and complaints handling teams. A specialist temporary workforce can also reduce the time and cost investment that comes with training employees in new areas of legislation or regulation.

THE BENEFITS OF WIDE-RANGING EXPERTISE

If you need someone to come in and hit the ground running, contractors are often specialists in their particular field and can provide counsel in areas that the business may be lacking.

High-level independent contractors are also likely to have the relevant qualifications and some level of regulatory know-how to do their job in line with current legislation, something that is particularly important if supporting in heavily regulated areas such as financial services or utilities. This level of expertise will be critical in times of crisis, when businesses will be looking at how they can keep their processes as cost-effective as possible, without losing customers.

Contractors that have worked across industries and projects throughout their careers may also bring with them a wide range of different experience too, not just skills that are directly linked to a project. For example, they might inform you of operational improvements that can be made based on different processes or policies they have seen work elsewhere. A fresh perspective can help a business stay competitive.

Portfolio careers are becoming increasingly popular among contractors, with workers choosing to take advantage of remote working, part-time roles and 'on demand' jobs to pursue multiple professional interests or passions, gaining experience and developing skills in a wide variety of sectors. This means that flexible workers will often bring a range of new skills and a unique perspective to their next role.

COST REDUCTIONS

By allocating external resource strategically and for finite periods of time (on a particular project, for example), businesses reduce the likelihood of having employees on payroll whose position or workload may become redundant when a project wraps up. Contractors' flexibility provides an added safety net in case a project is completed early or cancelled, as businesses won't need to carry on paying for time and resource they are not using.

REDUCING ATTRITION

While maintaining access to contractors' expertise and skills is important, companies must also think about their on-payroll employees and the impact losing them would have on the business.

For example, customer service departments are fast-paced and often stressful in nature, which is why staff attrition has traditionally been an issue for these teams. It is costly to hire new employees, and the loss of experienced team members can result in further service disruptions at a time when the pressure is already high. By bringing in additional temporary resource, businesses can show their support for permanent staff by alleviating their workload and allowing them to focus on core business tasks. Again, specialist support on a flexible basis can play a crucial role.

UPCOMING CHALLENGES TO BE AWARE OF

WHAT IS IR35 AND HOW DOES IT IMPACT YOU?

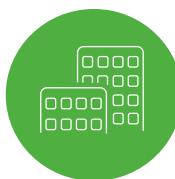
The Intermediaries Legislation (IR35) has been around since 2000. The rules make sure that workers, who would have been an employee if they were providing their services directly to the client, pay broadly the same tax and National Insurance contributions as employees.

WHAT ARE YOUR CHOICES AS A HIRING BUSINESS?

To identify these so-called “disguised employees” - people whose working practices are more akin to those of traditional employees and who should be paying the same taxes - HMRC enforced new off-payroll working rules in the public sector in 2017. As part of the changes, contractors in this space are no longer responsible for determining their IR35 status, with the obligations transferring to the public sector organisations that hire them.

Despite some criticism following the public sector changes, the off-payroll rules will take effect in private sector businesses from April 2020. All companies that engage contractors will be required to take full responsibility for IR35 status assessments. Hiring businesses that wish to continue hiring contractors directly must therefore have the operational policies and processes in place to ensure they are compliant with HMRC’s rules.

For contractors who currently enjoy the benefits of flexible working, how a business approaches IR35 will become an important factor in future agreements. Contractors will be looking for businesses that take this responsibility seriously and are taking proactive steps to clearly communicate changes and provide recommendations on the best route for off-payroll workers.



CONTINUE CONTRACTING PERSONAL SERVICES COMPANIES (PSCs)

Whether they are found to be inside or outside IR35, firms could choose to continue engaging with contractors via their PSCs. This would require them to undertake status tests and invest in the management of IR35 compliance. On the plus side, they will retain access to their pool of highly skilled contractors.

USING AN UMBRELLA COMPANY AS AN INTERMEDIARY

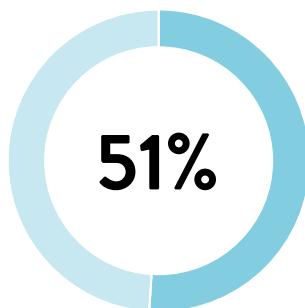
Firms that wish to continue working with contractors, but without the admin headache of IR35 status determinations, could choose to only engage with contractors via an umbrella company such as Husp. An umbrella company will employ the contractor and make all the relevant tax, National Insurance and other deductions on their behalf, and provide employment benefits such as holiday and sick pay, pension contributions and continuous employment across contracts. With this arrangement, resource providers such as Huntswood can continue to be a firm’s main source of qualified and experienced contractors.

WORKING VIA A MANAGED SERVICE PROVIDER (MSP) OR BUSINESS PROCESS OUTSOURCER (BPO)

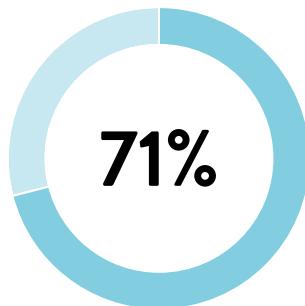
This is what most people think of as “true outsourcing” and is more likely to form part of a long-term strategy for workforce flexibility and resourcing. By outsourcing specialist functions, companies can call on dedicated technical expertise that would not be required in-house and enjoy uninterrupted service, with the responsibility for managing recruitment and attrition falling on their business partners. The responsibility for IR35 status determinations would move to the outsourcing partner.

RETAINING TALENT IN A CHANGING REGULATORY LANDSCAPE

**A STUDY BY THE CIPD
(CHARTERED INSTITUTE
OF PERSONNEL AND
DEVELOPMENT) AND IPSE
(THE ASSOCIATION FOR
INDEPENDENT PROFESSIONALS
AND THE SELF-EMPLOYED)
FOUND THAT**



**OF PUBLIC SECTOR HIRING
MANAGERS THOUGHT THEY HAD
LOST SKILLED CONTRACTORS
BECAUSE OF THE 2017 CHANGES
TO IR35 RULES, WHILE NEARLY**



**FACED CHALLENGES
IN RETAINING THEIR
CONTRACTORS.**

A business is nothing without its people, which is why it's so important that firms know how to hold onto those with the right skills, knowledge and experience.

When it comes to complex regulatory changes such as IR35, communication between firm and resource is key and will be the difference between a company losing or retaining its valued contractor workforce.

Following a survey of 453 specialist associate contractors, 60% told us that they need more information on IR35 before they would feel comfortable deciding on next steps. It is crucial that changes are clearly communicated to the contractor workforce.

Attrition impacts contractors too – they may not work with a firm again if their experience is poor first-time round or if the culture is one with high levels of churn. Managers who wish to retain skilled contractors with a good knowledge of their business must take preemptive measures to reduce attrition rates. Remember, though, that from April 2020 they must ensure they remain IR35 compliant.

SUPPORTING YOUR BUSINESS THROUGH THE CHANGES

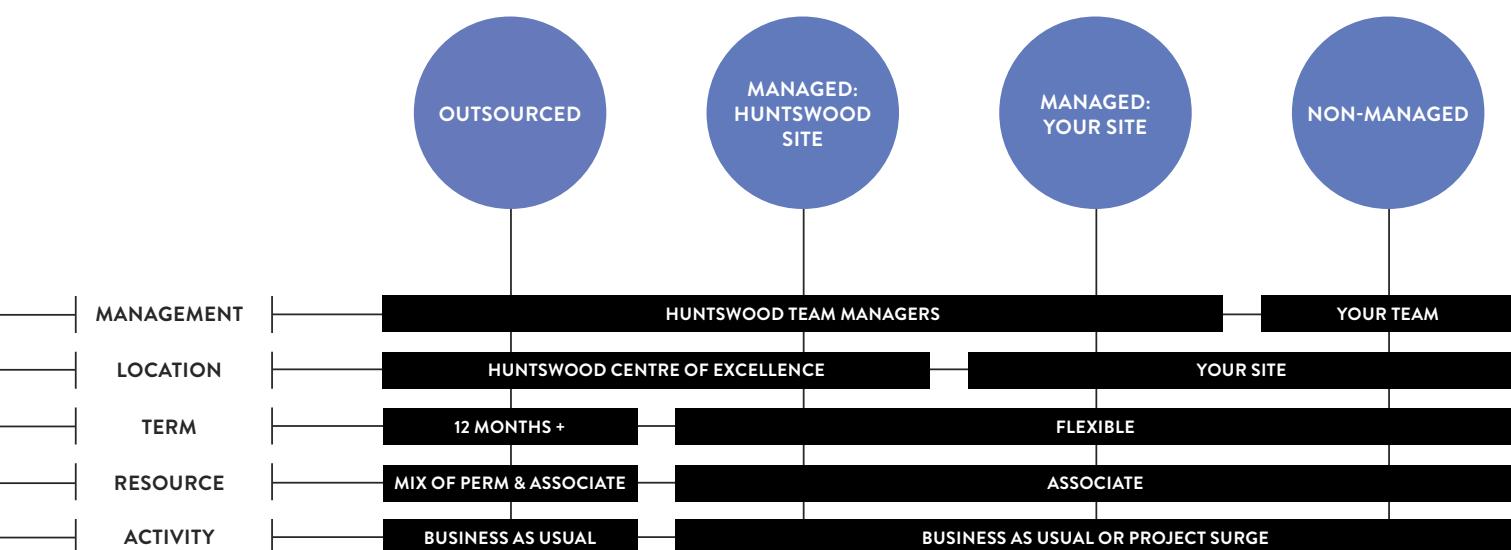


WHY HUNTSWOOD IS THE IDEAL POST-IR35 RESOURCE PROVIDER

We've created a team of the most able, respected and experienced associates in the industry, combining their skills with a unique and collaborative approach to the way we deliver our resourcing and outsourcing offering.

Through this, we have been able to process in excess of two million cases per year, with seven and a half million hours of case handling activity undertaken per year. We have a resource bank of 7,700 associates across the UK.

We are already supporting one-fifth of the FTSE 100, including the country's top six banks and have been appointed to the FCA's 'conduct of business' and 'governance and individual accountability' Skilled Person Panels.



We are fully set up to enable a seamless transition to a post-IR35 world, providing resource on an 'inside IR35', 'outside IR35' or umbrella basis. And we have expanded the Huntswood family to make it easier for you to work with contractors under an umbrella company. See page 16 for more information.

CASE STUDY

SCALING-UP QUICKLY AS COMPLAINTS RISE

CHALLENGE

Our client, a major UK energy provider, was experiencing high volumes of complaints from their business customers. These were the result of billing issues resulting from the historic migration to a new business platform, but also included ageing 'business as usual' complaints.

Before bringing Huntswood on board, the volume of open complaints stood at 18,000. We were tasked with reducing this number to below 10,000 and helping to maintain volumes below that level.

FLEXIBLE ADVANTAGE

Huntswood initially supplied a team of 12 (a team leader and 11 case handlers) to work alongside the client and help reduce the backlog. However, complaint volumes continued to rise and, at its peak, there were 116 Huntswood associates working on the project.

The client quickly discovered that it was faster to resource through Huntswood than recruiting directly. We are able to draw on a talent pool of expert associate contractors, meaning that it typically only takes us eight weeks to train them. This was six weeks less than our client's usual training period.

To be deemed competent, the associates were expected to pass our client's minimum quality threshold level of 80% in communication, correct resolutions and adherence to policies.

The Huntswood team was split into two groups. Stage one cases included new complaints that the client's contact centre in South Africa was unable to process due to capacity issues. Stage two cases were aged complaints that had been escalated on at least two previous occasions. We worked on these two stages simultaneously throughout our engagement, allowing the client's team to focus on maintaining usual service levels for core activity.

RESULT

The project was extended six times due to our continual exceeding of production and quality expectations. Resource was also scaled up as needed to manage ever increasing complaint volumes.

We resolved in excess of 1,000 complaints per week and have successfully closed circa 21,000 complaints since the start of the project, helping to bring our client back in line with their internal SLA targets. Our team's closure rate per hour was among the highest in the business and 34% higher than our client's general complaint handling average. We closed over 500 large, high-value corporate customers' complaints while ensuring excellent quality and service levels.

Huntswood associates scored 87% for compliance and 95% for quality.

We also successfully trialed our client's new 'quality and compliance' framework for the complaint handling process. This was subsequently implemented into the rest of the business after we suggested 'best practice' changes that improved performance.

CASE STUDY

FLEXIBLE MANAGED SERVICE FOR A RETAIL BANK

CHALLENGE

Our client, a large retail bank, approached Huntswood to provide support for their fraud telephony operation after they had seen a significant increase in call volumes relating to debit and credit card fraud.

FLEXIBLE ADVANTAGE

Huntswood deployed a project management team that worked with the client to truly understand their end-to-end fraud telephony operation, including the pressure points and obstacles that were being faced.

Our capacity planning highlighted that 150 FTE were required to handle the increased call volumes and deliver within our client's desired timescales while preserving the customer journey.

We have a longstanding and collaborative relationship with this client, particularly in providing large-scale resource on a managed-service basis. Key to successful implementation of this project was the ability to 'flex' resource between workstreams at short notice, we were able to move resource from one project to another within as little as 48 hours. As the Huntswood associates were already working for the firm, they had existing knowledge of the bank's culture and working environment, along with transferable skills and experience relating to its systems, policies and procedures.

RESULT

We worked with the client to inform a training needs analysis (TNA) so they were able to create a tailored induction programme. This, coupled with existing skills and experience, meant that new teams of competent fraud officers could be deployed at speed.

Throughout the project, the fraud officers conducted complex and investigative calls that required a high level of discretion. They worked to determine whether the caller had been a victim of 'social engineering' or if a fraudulent transaction had really taken place.

We continue to support the client in handling a significant proportion of their debit and credit card fraud call volumes, representing around 60,000 calls per month.

INTRODUCING HUSP



HUSP IS A NEW UMBRELLA COMPANY THAT AIMS TO MAKE THE BUSINESS-CONTRACTOR RELATIONSHIP AS EASY AS POSSIBLE.

As part of the Huntswood Group, and managed by a group of experienced umbrella company experts, we will take responsibility for providing a compliant and affordable option for the supply of necessary contractor talent. Husp will take on all the administrative duties that come with employment and, more importantly, ensure that the correct tax deductions are made.

With many businesses viewing HMRC's complex IR35 legislation as an additional admin headache, they may consider cutting ties with contractors moving forward. However, we want firms to know that they don't have to give up their highly valued and skilled contractor talent pool.

The future of work is here. Select an agile and experience partner to take your next steps on the journey.

ABOUT THE AUTHORS



SARA ROBINSON

CHIEF OF STAFF

Sara is responsible for the recruitment, referencing and placement of Huntswood's network of contractors and permanent financial services professionals as well as managing the Human Resources function for Huntswood. She's been involved in large-scale, specialised resourcing projects for many years. Prior to joining Huntswood in 2002, she was a recruitment consultant for the Michael Page Group.

Sara is trained in Thomas International's PPA and is also an experienced competency-based interviewer and assessor.

ABOUT HUNTSWOOD

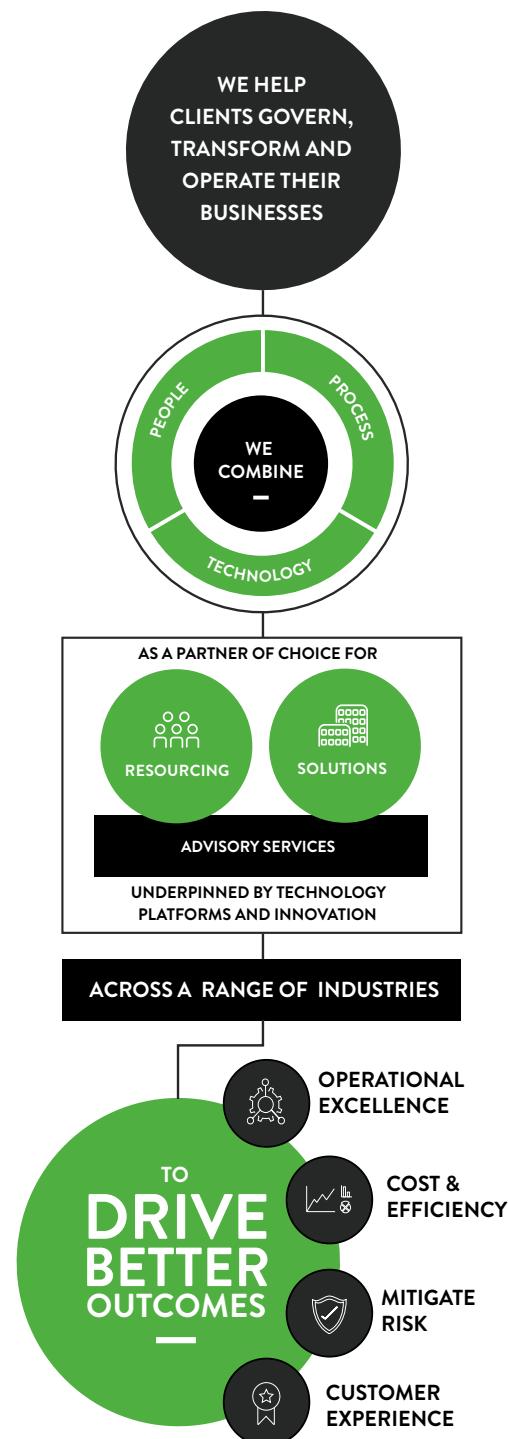
**WE HELP FIRMS GOVERN,
TRANSFORM AND OPERATE THEIR
BUSINESSES TO DRIVE BETTER
OUTCOMES.**

When our clients need support, it almost always involves customer considerations, it is often multi-channel and always requires an approach that is compliant with regulation.

In our engagement with clients we are, above all else, collaborative and always at the forefront in the development of innovative, tailored and transformative solutions. These typically combine people, processes and technology to drive better customer, commercial, and regulatory outcomes.

Our services include resourcing and outsourcing solutions, backed up by an expert advisory capability.

We have a solid reputation for being easy to work with, which has been earned through continuous improvement and consistency in exceeding our clients' expectations throughout all stages of delivery.



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