

PRESS RELEASE

Monday 27 April – for immediate release

People Group calls for Umbrella companies to step up for contractors on BBC Radio 4's Money Box.

On Saturday 25th April, People Group's CEO Terry Hillier was interviewed on BBC Radio 4 Money Box to discuss the furloughed workers crisis and the fact that over 650,000 contractors have been left unpaid by their umbrella payroll companies.

As the Chancellor said several weeks ago, it is *"incredibly complicated"* to develop a scheme that works fairly for self-employed people. It is also not straightforward to develop a scheme for PAYE temps and other types of contingent workers engaged via agencies.

But five weeks on and the government still hasn't provided sufficient clarity on the calculation of pay for furloughed umbrella employees. Specifically, whether the support is limited to National Minimum Wage or whether it is based on their usual pay AND the issue of holiday pay for furloughed workers. This has left recruitment businesses and contingent workers in a very difficult position.

Even without absolute clarification, since the 3rd of April People Group has paid their contractors their full entitlement, rather than 80% of the National Minimum Wage. This has cost over £1M prior to receiving funding from the CJRS grant. People Group has been inundated with positive feedback and thanks from hundreds of their contractors who otherwise would have been left in a terrible financial position.

But, as highlighted on Radio 4 and many press articles, most umbrellas are not stepping up for contractors.

One supply teacher interviewed by Radio 4 states, *"I believe that because I pay tax on all my income and I agree a rate with an agency, then I should be paid 80% of my average pay like everybody else is entitled to, therefore I think it is unfair that we are not getting anything ...now I'm in the position where I'm struggling to pay the rent and the bills, I've had to apply for a council tax reduction and I'm hoping that will come through as well as my benefits, because I really am struggling."*

Unite the Union writes, 'Umbrella companies that don't do the right thing and try to cut workers adrift without pay, alongside the employment agencies which require workers to be paid in this way and the clients who allow workers to be hired in this way, will be named and shamed.'

The FT prints, 'Business surveys this week suggest about half of UK employers plan to use the scheme, but many FT readers working via agencies or umbrella companies report that their employer refuses to furlough them.'

BBC Radio 4's Daniel Whitworth spoke to both Terry Hillier and Julia Kermode, FCSA, to understand why the scheme is so complicated, what businesses should be doing to ensure their contractors are paid and why others haven't been prepared to take the risk. *[View full report here: <https://www.bbc.co.uk/sounds/play/m000hmy3>]*

Paul Lewis, the show's host also mentioned that a simple change of contract would be all that was needed according to his sources in HMRC, possibly implying that government are not likely to change their stance?

People Group Services (Company No. 11570329 VAT No. 305131359) is one of the People Group of companies. Other group companies:

People PAYE Limited (Company No. 11098037, VAT No. 284102326)

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Terry sums up:

“We did this because it’s a longer game – we knew we had to help our contractors and our agencies and our hirers. It was as simple as that. It is risk and reward. We do the right thing, even when there are some grey areas, but we help people survive. When we come out the other side, we’ll still have clients wanting to work with us. And the bottom line is I want to ensure our contractors have sufficient finance to survive.”

About People Group Services

When it comes to pay, compliance and legislation, *People Group* believes in driving positive change. Extraordinary times require pro-active and creative thinking followed by fast, perfect execution. *People Group* optimises the processes that support work so that they are better for workers and agencies. Combining leading-edge technology with decades of expertise and experience, we are transforming payroll and compliance to make them more efficient, transparent, safer and profitable for everyone.

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