

Recruiter Guide to Working with Competex Pro



**COMPETEX
PRO**

Introduction

Welcome to Competex Pro. This guide is designed for recruitment agencies placing interim managers, consultants, contractors or other independent professionals on assignment. In this detailed guide, we explain how a payroll umbrella company such as Competex Pro works, and we cover all the key issues you may encounter when placing candidates using Competex Pro. We recommend reading this guide to get the very best from working with us.

Competex Pro is the only UK payroll umbrella company specialising in looking after management and board level independent professionals, building on the Competex group's 20+ years of experience looking after senior independent professionals and interim managers.

Our extensive experience working with interim agencies and end-clients engaging management and board level professionals clearly sets us apart from other UK umbrella companies.

Compliance is at the heart of everything that we do at Competex Pro. Strict adherence to law and legislation seeks to protect every one of our contractors and clients throughout their journey with us.

Competex Pro prides itself in offering a highly personal service to all contractors, agencies and end-clients. As your professional partner we communicate promptly and professionally, and prioritise clarity and transparency in all our processes and communications, from first introduction to the contractor, agency and/or end-client, to exchange of contracts, to payroll and invoicing, to assignment end.

We are here to help, so if you have any questions, please feel free to get in touch.

[Charles Fowler, Principal Director](#)

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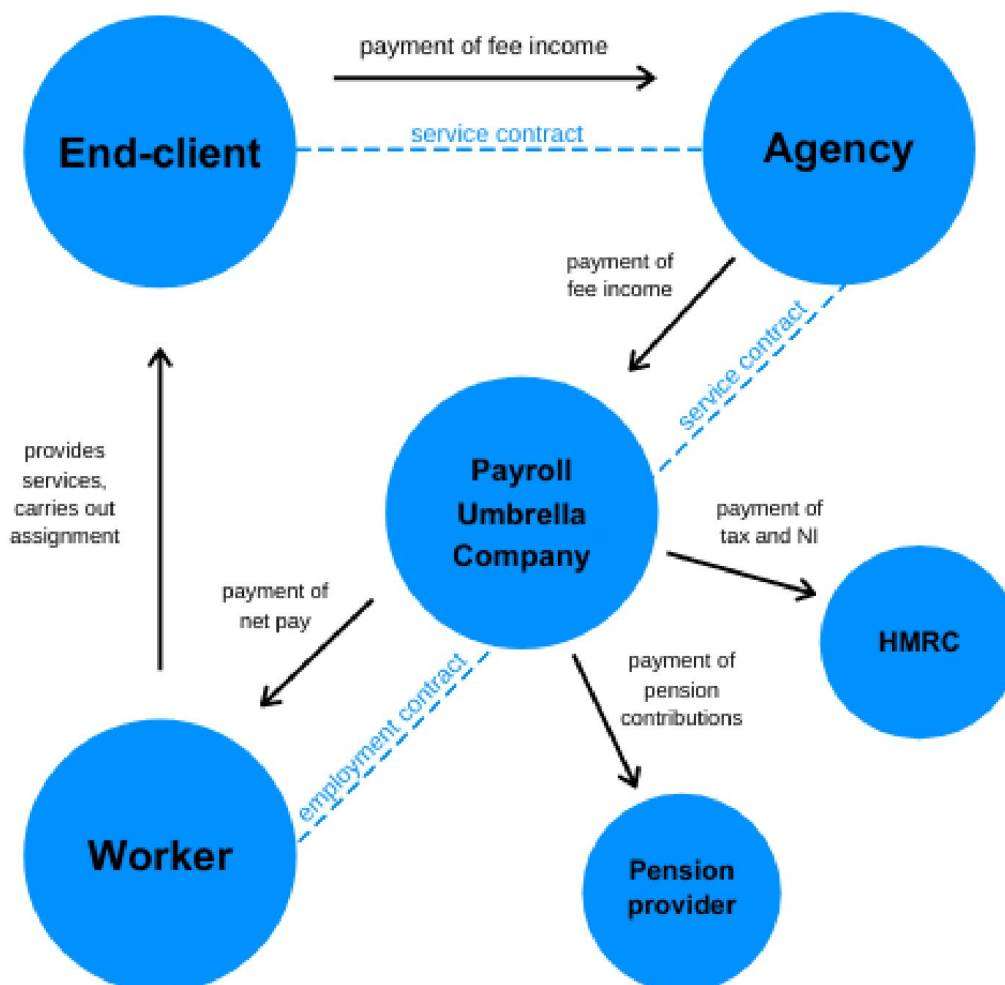
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Who are Competex Pro?

Competex Pro is a payroll umbrella company, which is a company that employs freelance workers such as interim managers, consultants and contractors, (referred to here as 'candidates'), who work on temporary assignments, either directly with an end-client or through an agency.

Your candidate becomes an employee of Competex Pro, and we enter into a service contract with you, the agency, to provide the services of the candidate for the assignment in question.

Competex Pro, which enters into a service contract with you, the agency, and an employment contract with your candidate, the worker, provides an employment solution whereby the worker is paid through a PAYE payroll that is compliant with HMRC rules and UK law.



Who is Competex Pro for?

Competex Pro is the only UK payroll umbrella company specialising in looking after management and board level independent professionals, building on the Competex group's 20+ years of experience looking after senior independent professionals and interim managers.

Our extensive experience working with interim agencies and end-clients engaging management and board level professionals, across all industry sectors, clearly sets us apart from other UK umbrella companies.

Competex Pro is most suited to contractors, interim managers, consultants, and other independent professionals, particularly those who would be caught by IR35 under the Off-Payroll Working rules if working through their own personal service company.

If the assignment is outside IR35, can a candidate still use a payroll umbrella company?

Using a payroll umbrella company such as Competex Pro is the recommended route if the assignment is inside IR35. However, if the assignment is outside IR35, there are instances where you may still advise your candidates to use a payroll umbrella company. Here are some examples.

1. First time contracting

If your candidate has just left full time employment, and is dipping their toe into contracting or interim management for the first time, they may find using a payroll umbrella company to be the simplest option for them in the early stages of independent working.

2. Short assignments

Many candidates may choose the payroll umbrella route for shorter assignments (e.g. from 6 weeks to 6 months). The speed, ease and simplicity of setting up to work via a payroll umbrella company makes it a more attractive option than setting up a limited company for shorter assignments.

3. Short notice assignments

In the interim world, roles come up particularly quickly and the end-client may in some instances require a candidate to start within a few days of being selected for a role. Our processes are designed with speed and efficiency in mind and candidates are usually up and running and ready to work within 2 business days, assuming timely responses from all parties.

Attributes of a compliant payroll umbrella company – what to check

When selecting a payroll umbrella company for your Preferred Suppliers' List (PSL), it is vital that you have checks in place to ensure the practices and processes of the payroll umbrella are fully compliant with UK employment legislation and HMRC regulations. Below are some of the most important checks to make when assessing whether a new payroll umbrella company is suitable for your PSL.

Whilst not required by law, a payroll umbrella company should be accredited by one of the two principal accreditation agencies, and our own accreditation is referred to below. The following matters are all features of accredited payroll umbrella companies.

1. Complete and up to date insurances

Payroll umbrella companies should hold appropriate levels of Professional Indemnity, Employer's Liability and Public Liability insurance, and be able to provide up to date documentation for these policies. Competex Pro holds the following cover for its candidates:

- Professional Indemnity – limit £1,000,000
- Employer's Liability - limit £10,000,000
- Public Liability - limit £1,000,000

2. No offshore activity

It is essential to check that neither the payroll umbrella company nor any of its associated companies are based offshore, and ask the relevant questions to ensure there are no dealings with any third party companies or trust funds that are based offshore.

3. Transparency around your candidate's pay

In line with guidance published by BEIS in 2020, it is now mandatory that workers receive a Key Information Document (KID) that gives full transparency on how the candidate is paid. This is passed from the payroll umbrella company to the agency, who then passes it to the worker.

As the KID is provided before any contracts are signed, the KID is not intended to be fully representative of the contractual terms of the

Attributes of a compliant payroll umbrella company – what to check

assignment. Rather, it is intended to give candidates a clear overview of some important aspects of the proposed contractual arrangements, including how a proposed rate of pay is affected by fees and deductions made through the supply chain.

Competex Pro's Key Information Document uses an industry standard format that is written by specialist lawyers and approved by the two principal accreditation agencies, FCSA and Professional Passport.

In addition, Competex Pro provides the worker with a test payslip generated by our compliant payroll platform, Octopay, which is HMRC, Professional Passport and FCSA approved.

4. Clarity around holiday entitlement

The payroll umbrella company should be able to clearly state its default position on holiday entitlement. It is important to check that there are no circumstances in which a candidate could lose holiday pay by default, and that the payroll umbrella company is not able to retain a candidate's holiday pay through lack of action by any of the parties concerned.

There is a legal requirement for employers to pay their employees for a minimum of 28 days holiday in a full year, inclusive of public and bank holidays, and in the normal circumstances of full-time employment, holiday pay is accrued and paid as salary when an employee takes his or her holiday. However, it may alternatively be rolled up and paid in advance as an additional payment each time the candidate is paid, which is usually more practical for short term and flexible employments.

At the time of signing the employment contract, Competex Pro gives the candidate a choice as to how they would like their holiday pay to be paid (either accrued or rolled up).

If accrued holiday pay is chosen by the candidate, this is paid by Competex Pro at the holiday year end (or at the assignment end, whichever is sooner). The candidate is able to request payment of holiday pay at any time, and we send regular communications to the candidate during the employment, asking the candidate if they require holiday pay to be paid.

Attributes of a compliant payroll umbrella company – what to check

By default, we calculate holiday pay based on 28 days per year, which equates to 12.07% of salary as shown on the candidate's payslip.

5. Awareness of Agency Workers Regulations (AWR) and comparable pay and benefits

These regulations are intended to ensure that the pay and holiday entitlement of agency workers (in this case, umbrella employees) is consistent with that of regular employees in comparable positions of work. This is the responsibility of you, the agency, and if after the first 12 weeks of the assignment, you cannot provide proof that the necessary checks have been carried out, and that pay and holiday entitlement has been matched to comparable employees of the end-client, you may run the risk of a tribunal being brought by the candidate.

Competex Pro sends regular reminders during the first 12 weeks of each assignment to you, the agency, to ensure these checks are carried out.

6. No claims made allowing the candidate to keep portions of their pay tax-free (this may indicate a tax avoidance scheme)

If there is any reference in the payroll umbrella company's promotional material to 'tax-free income' or 'maximising take-home pay', the payroll umbrella company may be operating a tax avoidance scheme. You should expect a compliant umbrella company to provide complete clarity, via a valid Key Information Document, on all deductions made from the assignment rate and to clearly illustrate how the rate of pay is arrived at. The candidate should also receive a payslip every time they are paid, showing:

- The assignment rate before any deductions
- A list of deductions and the amounts deducted – these may change each time the candidate is paid. For example, the amount of Income Tax and Employee National Insurance contributions depends on the days or hours worked
- The number of days or hours worked

As such, all pay is allocated correctly and there is no resulting 'tax free income'.

More on how to spot tax avoidance schemes [here](#).

Attributes of a compliant payroll umbrella company – what to check

7. Does not claim to pay commuting expenses tax and NI free

Changes made to the Income Tax (Earnings and Pensions) Act in April 2016 stipulate that tax and NI relief on commuting expenses is no longer available to anyone working under the supervision of their end-client. In addition, the April 2016 rules impose a restriction on relief for home to work travel where a worker is employed by a payroll umbrella company.

Some payroll umbrella companies continue to promote the payment of tax and NI-free commuting expenses, without any evidence that a rigorous SDC test is carried out. While compliance with the regulations is the responsibility of the payroll umbrella company, there may be unwelcome financial consequences further down the line for the candidate should he or she be found to be liable for unpaid tax and NI.

If your candidate is employed by a payroll umbrella company, the tax rules on agency workers and off-payroll working (IR35) do not apply. As such, we do not check SDC or ask for any confirmation of IR35 status prior to entering into any contracts.

As we do not check SDC, our default position is therefore not to pay commuting expenses tax and NI free. If reimbursed by the end-client, these expenses would be added to the umbrella rate on which statutory deductions are made.

8. Incentives are never offered to individual recruitment consultants

Any incentive agreements negotiated for referring candidates should exist strictly as a B2B agreement between the agency and the payroll umbrella company. If any payroll umbrella company approaches your individual employees offering incentives for referrals, these dealings would contravene the codes of the principal accreditation agencies and therefore would be considered to be non-compliant.

Attributes of a compliant payroll umbrella company – what to check

9. The payroll umbrella company has been audited and accredited by a compliance accreditation agency that is fully insured and is independent of any payroll umbrella provider, agency or end-client.

Competex Pro is accredited by Professional Passport, which is the only insurance-backed and fully independent compliance accreditation agency for payroll umbrella companies in the UK.

Professional Passport's compliance standards are widely recognised as the highest in the sector, going further than just compliance to the comprehensive application of current UK legislation. Professional Passport ensures the consistent application of industry best practice, as well as complete transparency in all dealings with the supply chain.

These high standards have meant that Professional Passport is the only compliance accreditation agency that is supported by blue chip insurance, therefore never compromising its standards.

Professional Passport is the only accreditation agency for payroll umbrella companies that is run completely independently of its members, or indeed of any umbrella provider, agency or end client. As such, Professional Passport is appropriately positioned to objectively assess its providers.

For more information visit www.professionalpassport.com

In addition, EY Auditors have recently undertaken a thorough compliance audit of Competex Pro, based on the FCSA Codes of Compliance. The audit was carried out to give our agency partners, candidates and end-clients, the security that the services we provide are compliant with both Professional Passport and FCSA requirements.

How we partner with agencies

When you place a candidate on assignment with Competex Pro, you have no employment or taxation responsibilities for the candidate, as these are dealt with by us. Your principal concerns will relate to contracts, timesheets, invoicing and payment.

Getting started - how to refer your candidates

To refer a candidate to us, visit the [Agency page](#) on our website and fill in the short form, or ask your candidate to complete the short form on the [Register page](#) on our website. We have a chat with the candidate and take time with them to clarify our process, ensuring they have a full understanding of how we work and what to expect.

We agree terms for the assignment with you, the agency, and send you the Key Information Document, before signing any contracts.

The infographic gives a step by step illustration of our onboarding and contracting procedure.

How we partner with agencies



CONTRACTING PROCEDURE & TIMELINE

A SUMMARY OF THE CONTRACTING PROCEDURE FROM FIRST CONTACT TO STARTING THE ASSIGNMENT

FIRST CONTACT

Refer a candidate via our online form or ask your candidate to visit our 'Register' web page.

CANDIDATE WELCOME CALL

This is a chance for your candidate to get clear on how our process works, and for us to find out a few key details about the assignment, so that we can provide a detailed pay breakdown and joining plan.

AGREEING TERMS

We need to agree on suitable terms with you prior to signing any contracts, particularly if this is the first time we have worked with you.

CANDIDATE REGISTRATION

The candidate completes our registration form via our secure document sharing software.

KEY INFORMATION DOCUMENT

We send you the Key Information Document (KID) relating to the assignment, for you to pass on to your candidate.

EMPLOYMENT CONTRACT

The candidate signs an employment contract with us.

SERVICE CONTRACT

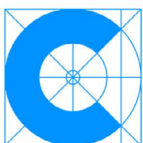
We sign a service contract with you, the agency, based on the terms already agreed.

EMPLOYEE PORTAL

We give the candidate access to our secure portal for receipt of payslips and important documentation relating to their employment.

READY TO WORK!

That's it! The candidate is ready to work. We keep in touch with you and your candidate throughout the assignment, and are always on hand to help.



How we partner with agencies

Key Information Document

The Key Information Document (KID) was introduced into legislation in 2020, and is designed to give agencies and their candidates complete transparency around how the candidate is paid. The KID is sent by Competex Pro to you, the agency, prior to signing any contracts, and does not form part of any service agreement. It is rather to give a clear illustration of the deductions made in relation to the assignment rate and how this affects the candidate's gross and net pay. The KID is not legally binding, however it is designed to reflect the correct rates and if the rates change, a new KID is issued.

Read the full BEIS guidance [here](#).

Our KID is written by specialist legal advisers and approved by Professional Passport.

Contracts

The contract between the agency and the end-client

In the lead-up to being placed on an assignment, the candidate and the agency negotiate with the end-client on behalf of Competex Pro. To be negotiated are:

- A fee for services
- Expenses of employment (e.g. exceptional travel to be paid by the end-client via the agency and Competex Pro for onward payment to the candidate)
- The frequency that fees will be paid by the end-client (e.g. weekly, fortnightly or monthly)
- A start and end date for the assignment

Once fees and expenses have been negotiated, a contract is produced between the agency and the end-client in respect of the assignment. Competex Pro Limited is named as the company providing the services, and the individual is named as the person who will carry out the work.

The contract between the agency and Competex Pro

A service agreement is produced between the agency and Competex Pro. Many agencies prefer to use their own contract, and we are usually happy with this, but a suitable contract can be provided by Competex Pro if required. Our contracts have been written by specialist lawyers and approved by Professional Passport and EY.

How we partner with agencies

The contract between the candidate and Competex Pro

The candidate enters into an employment contract with Competex Pro. If you wish to know about the particular terms of your candidate's employment contract, do please download a copy of our [Guide to Working through a Payroll Umbrella Company](#) from our website.

Timesheets, Invoicing & Payments

Your candidate is required to complete timesheets for the end-client to approve. You may also have additional timesheet documentation for the candidate to complete, which is a separate requirement.

Invoices for services provided are prepared based on the approved timesheets, and any additional expenses agreed by the end-client and reported to us by the candidate. These are prepared according to a pre-agreed frequency (either weekly, fortnightly or monthly).

Competex Pro pays the candidate the next working day after receipt of funds.

Rate of Pay Explained (in 5 steps)

The funds received by Competex Pro for the work undertaken by your candidate on assignment are devoted entirely to supporting the candidate's employment. Deductions are always made in the following order, and are clearly listed on a payslip uploaded to the candidate's secure portal hosted by our payroll umbrella software, Octopaye, every time the candidate is paid.

Step 1

Your client (the end-client) pays you (the agency) the pre-agreed 'assignment rate' for services carried out by the candidate, at a frequency agreed between you, the end-client and the candidate (either weekly, fortnightly or monthly).

Step 2

You (the agency) deduct a fee for placing the candidate and then pay the rest of the money to Competex Pro (this is 'the umbrella rate').

Step 3

Competex Pro is responsible for deducting the following costs of employment from the umbrella rate received from the agency:

- Personal pension contributions paid by salary sacrifice (if requested by the candidate)
- The umbrella margin
- Employer's National Insurance contributions
- Employer's Auto-Enrolment pension contributions (if opted in)
- Apprenticeship Levy

Step 4

The resulting amount, known as 'gross pay', is then subject to the following deductions:

- Income tax
- Employee's National Insurance contributions
- Employee's Auto-Enrolment pension contributions (if opted in)

Step 5

The remaining amount is paid as net salary to the candidate, along with any HMRC-allowable expenses that have been approved by the end-client relating to the assignment. If the approved expenses are not HMRC allowable, they are treated as part of the umbrella rate and are subject to processing as per step 3 onwards.

Off Payroll Working regulations (IR35)

If your candidate is employed by a payroll umbrella company, the tax rules on agency workers and off-payroll working (IR35) do not apply. As such, we do not check SDC or ask for any confirmation of IR35 status prior to entering into any contracts.

Agency Workers Regulations (AWR)

The purpose of these regulations is to ensure that the pay and holiday entitlement of agency workers (in this case, umbrella employees) matches that of the end-client's own employees in comparable positions of work. Contractors working through their own personal service companies are generally outside of the scope of the regulations, but umbrella employees are in scope, and therefore agencies are required to give these regulations special attention when placing candidates using a payroll umbrella company.

Agency workers must be given the same rights as comparable employees from 12 weeks into the assignment, and any necessary amendments must be communicated to and actioned by all parties in the supply chain. If any change is made to the assignment rate, we will need to issue a new Assignment Schedule (which forms part of our Service Agreement with you). This can be done within 1 working day.

We send frequent reminders to you to make these checks, from 7 weeks into the assignment up to 12 weeks. We ask you to please respond promptly to these reminders.

More information on the checks required, and resources to help you carry out these checks, can be obtained from APSCO or your specific professional body.

Holiday entitlement

The default entitlement for our employees is 28 days holiday, meaning that 12.07% of gross taxable earnings is set aside to pay holiday pay.

This is the standard entitlement given to most full-time employees, however there are cases in which this would need to be increased under AWR, for example if the services provided by the candidate were comparable to roles carried out by certain NHS workers, whose holiday entitlement is greater.

Conduct Regulations, formerly Employment Agency Regulations (EAR)

The Conduct of Employment Agencies and Employment Businesses Regulations 2003 provide workers and hirers with minimum standards they can expect from private sector recruitment agencies and employment businesses (including payroll umbrella companies).

If the candidate is considered to be under the control of the end-client and does not opt out of the regulations, the agency has certain responsibilities, such as creating paperwork about the end-client's requirements and candidate's suitability for the role, checking the candidate's qualifications and completing a CRB (Criminal Record Bureau) check for certain roles.

It is our practice to follow the wishes of the candidate as to whether to opt in or opt out. Our default contract wording provides for the candidate to opt out, but candidates are able to notify us if they wish to opt in.

Working through Competex Pro – benefits to you

We are specialists. Competex Pro is the only UK payroll umbrella company that specialises in working with management and board level independent professionals, drawing on 20+ years of experience working with interim managers, consultants and senior professionals, and their agencies and end-clients.

Guaranteed compliance. Not only do we comply with all regulations, we strive to help agencies to stay compliant. The rules governing payroll umbrella companies are complex and ever-changing. We keep on top of the regulations, and communicate the rules clearly to the agencies we work with, so you stay up to date.

All our contracts, policies and Key Information Documents are written for us by specialist lawyers to ensure complete compliance with all the relevant legislation.

We like to share our knowledge. We take the time to speak with our agency partners and help them get clarity on how we work, as well as the current rules they need to be aware of. We are always available to speak with your teams on any topic that may be useful to them.

Happy candidates. We take time to get to know your candidates, and we go the extra mile to get them ready to work quickly, with speed and ease and full clarity around how their employment works, from how their pay is made up, to their benefits and holiday pay entitlement and how to claim it, to how to fill in timesheets and report expenses.

You choose the invoicing frequency. We can accommodate the invoicing & payroll frequency chosen by you and your end-client.

Insurance cover. Your candidate is covered with Professional Indemnity, Employer's Liability and Public Liability Insurance, giving you peace of mind while they are on assignment.

Working through Competex Pro - benefits to your candidates

Clear pay illustration. We know that candidates often have concerns about how much of the assignment rate they receive after all deductions, and that transparency around this is important from the very start so that the assignment rate can be correctly set. We provide a detailed pay breakdown listing all the deductions made, to the candidate in the form of a Joining Plan and test payslip, and to the Agency in the form of a Key Information Document, which is also passed to the candidate.

Secure information sharing. All candidate data is collected via our secure document sharing platform, MyDocSafe, and is never transferred via email or on paper. Contracts are signed using MyDocSafe and all payslips and payroll documentation are shared via the candidate's own secure portal on our payroll umbrella software, Octopaye.

Employee benefits and statutory rights. As employees of Competex Pro, candidates are entitled to all statutory employment rights, which are listed in the [Guide to Working through a Payroll Umbrella Company](#). Candidates are entitled to statutory holiday pay, and full transparency is provided around what the entitlement is and how it is paid.

Personal pension contributions. As senior independent professionals, the candidates we work with usually have more complicated personal financial arrangements than many typical payroll umbrella employees. We know that flexible pension contributions are of particular interest to interim managers and senior independent professionals in the later stages of their career who are thinking about retirement planning. Therefore, Competex Pro is one of the only payroll umbrella companies in the UK that allows personal pension contributions to any pension provider at the discretion of the candidate.

We are not authorised to advise on permissible levels of pension contributions and the candidate should always seek the help of a personal financial adviser when considering such contributions.

Ongoing support. We are always available for your candidates, at any stage of their employment. We take the time to speak with them personally, to get to know them and address any concerns they have. We give clear guidance and explain what is happening at every stage of the process, from how to complete our forms, to signing contracts, filling in timesheets and reporting expenses.

Working through Competex Pro - benefits to your candidates

No extra services or hidden charges. You will not find a list of services, or different price plans for Competex Pro's services. We provide the same service to all our employees – we simply employ them and run their payroll. It's that simple. There are no extra services or benefits to sign up for and as such there are no hidden charges.

Insurance cover. Your candidates are covered with Professional Indemnity, Employer's Liability and Public Liability Insurance when they work through Competex Pro, as part of their employment and at no extra cost.

Complete compliance. All our contracts, policies and Key Information Documents are written for us by specialist lawyers to ensure complete compliance with all the relevant legislation.

We keep an eye on compliance, so your candidates don't have to! Click [here](#) to download a copy of our Compliance Pack.

Get in touch!

Administration and contracts

hello@competepro.co.uk

Payroll

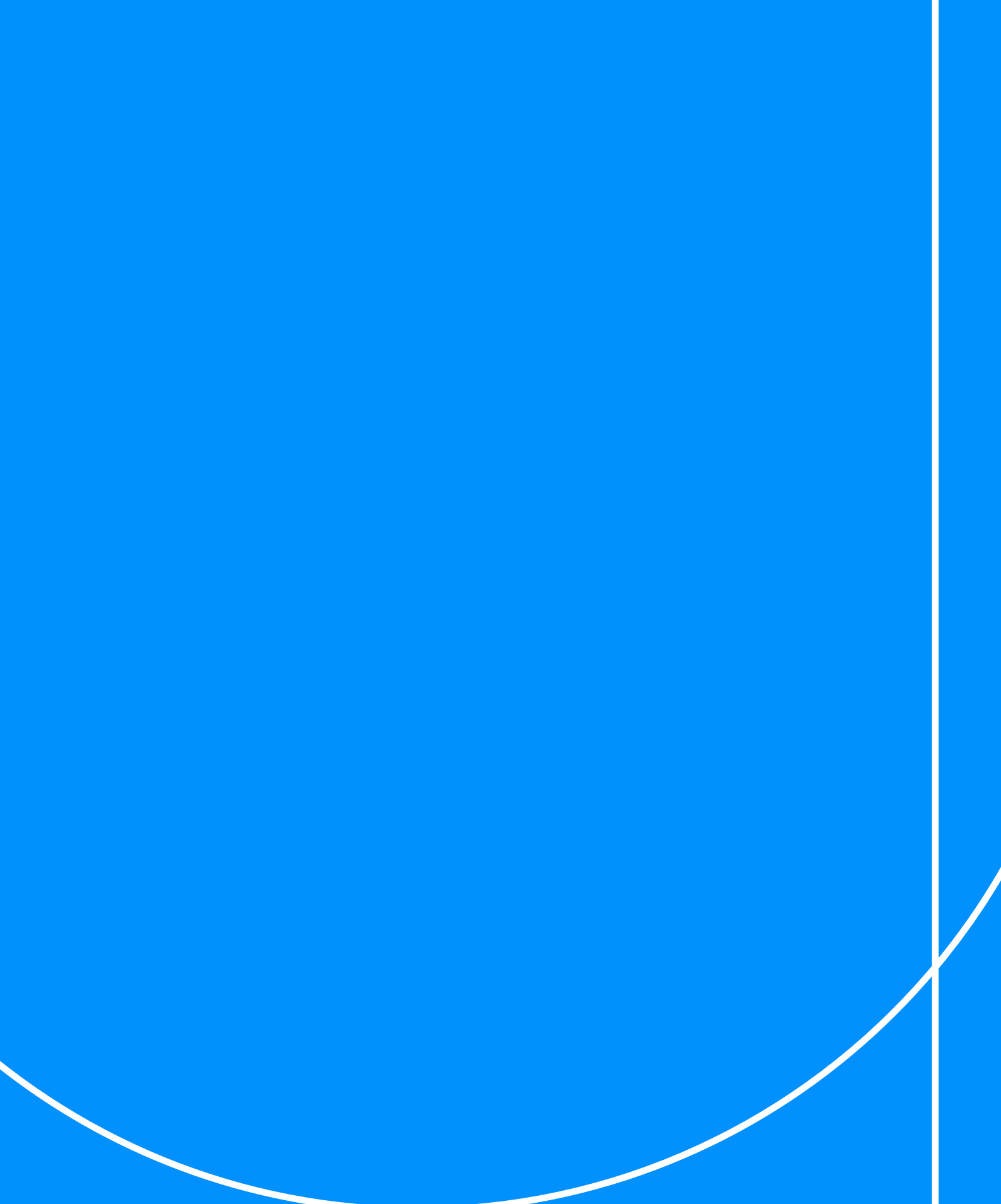
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