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The government is not being straight with you on support packages available

Coronavirus (COVID-19)



These notes are from a Cabinet Office briefing to government departments and agencies, giving them instructions on how to treat all their Contractors whilst Covid restrictions are on. The treatment is not the same as that outlined publicly by the Chancellor, or the compensation available to the wider world of Contractors. I wonder who is funding this special treatment?

Cabinet Office (government)

Comment

Do you suspect the government is not being straight with you on support packages?

You are absolutely right, they are not

Guidance notes on Payments to Suppliers for Contingent Workers impacted by COVID-19

PPN02_20. Quietly published by the Cabinet office in March

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The purpose of the Guidance notes for Payments to Suppliers for Contingent Workers is to provide measures that contracting authorities can use to implement with Contingent Workers who have been affected by COVID-19. These measures aim to protect:

the livelihood of Contingent Workers

against the risk that some may attend work when they should be self-isolating, thereby potentially infecting wider teams and the broader general public;

against the risk of losing critical workers to jobs in other sectors because they are not getting paid;

Supplier revenue with the intention of keeping them solvent so they remain a part of our ongoing supply chain in the future.

Which category of Contingent Worker is in scope for this approach?

This approach should be applied to all categories of Contingent Workers including:

PAYE;

Umbrella;

Personal Services Company.

All very worthy objectives, you don't want to lose key workers long-term

Caramba,

here they are compensating one-man limited companies in a way they have publicly refused to do for the general business world.



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What is the criteria for Payment to Contingent Workers impacted by COVID-19?

The guidance on payment of 80% up to a maximum of £2,500 applies only to Contingent Workers who cannot work due to COVID-19, for example, due to sickness, self-isolation, or the temporary closure of offices or other workplaces. Some measures have also been outlined for Contingent Workers who have childcare responsibilities that are impacted by COVID-19.

The £2,500 per month cap relates to gross pay, excluding statutory costs such as NI, holiday pay, apprenticeship levy and pension, and supplier margin. These costs should continue to be applied where applicable as normal in addition to gross pay rate to the Contingent Worker.

The rate of pay should be 80% (to a cap of £2500 per month) of the rate they were paid before their absence. In accordance with AWR Regulations, the count towards the qualifying period stops for any full week of absence.

So this means that a limited company guy normally billing a government department £6,000 a month, and

from his one-man company drawing out £700 month under PAYE and £4,000 via dividend,

will receive £3,125x80% from the government.

Whereas the official general support is ONLY available against PAYE salaries drawn - i.e. £700x80%.

seems fair?hmmm

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How does a Contingent Worker alert their Supplier and end-hirer that they are unable to work due to COVID-19?

The worker should always contact their Supplier in the first instance. They should state the situation highlighting how their inability to work is related to COVID-19. The Supplier should then speak with the manager to whom the worker reports, to determine if provision can be made to work from home. If they can work from home, such arrangements should be made by the manager and payment to the worker will continue as normal. If they cannot work from home, the Supplier will make the relevant adjustments to pay and fees.

Looks like contracts through agencies like Capita are covered by this, not just direct contracts

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Can Suppliers or Contingent Workers claim this back under the Job Retention Scheme as set out by the Chancellor on 20 March or the Self-Employed Income Support Scheme as set out by the Chancellor on the 26th March?

No. This guidance is designed to provide the same levels of support to Contingent Workers and also to support the supply chain through this period. Suppliers should make the arrangements for payment to the Contingent Workers in scope that meet the criteria at 80% of pay to a maximum of £2500 per month in the same way that they usually would. They would then invoice this to the customer as they do today, this must not be additionally claimed back through the schemes set out by the Chancellor.

As detailed above, all Suppliers must keep a record of all payments made to Contingent Workers on the basis described in this guidance and this must be conducted on an open book basis and may be subject to audit.

In other words the Contractor will still need to Bill the £2,500 guaranteed payment per month to his agency in order to then get the payment, just it will be loads less than usual.

We suggest putting a rider on the invoice making clear that it's a covid bill, and not for actual work done, and that you don't accept your contract has been varied etc.....

Links here

Cabinet Office

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