

RECRUITMENTACCOUNTANTS

A Division of UHY Hacker Young

A Recruitment Business Survival Guide



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These are unprecedented times and the challenges being presented to recruitment business owners are huge. As business owners ourselves, we know and understand this. Striking a balance between ensuring the wellbeing of staff, candidates and other stakeholders, whilst maintaining continuity, productivity and liquidity is going to be very difficult for all involved. This guide aims to share our thoughts, and knowledge, by way of some tips and advice.

In the coming days, we'll be producing more content which we believe will be useful for you and your business. We will also be contacting all of our clients to discuss the fast approaching recession and how it may impact your business. We urge you to pick up the phone and talk to us, we are here to support and guide you through these extraordinary times.

We have pulled together a panel of experts that go way beyond standard accountancy; covering HR, business resilience, corporate finance and contingency planning. We will be hosting a webinar next **Wednesday 25th March at 10am** to delve into our tips & advice in much more detail and provide guidance on reshaping your business to survive. You can register to attend the webinar here: [ACT NOW – Business Resilience and Future Success](#)

ACT NOW – Business Resilience and Future Prosperity

WEBINAR

Join our panel of experts who will be discussing business survival and resilience during these unprecedented and challenging times.

- Wednesday 25th March
- 10am – 11am

There will be a live feed available so you can ask questions to the panel throughout the webinar.

We are here to support you and your business, together we can ride the storm and come out successful.

[REGISTER NOW](#)

Helping you prosper

Here are our top tips and advice on business survival

1. Create a response team

Consider the primary functions of your business, these will fall under four headings; Strategy, Operations, Support and Culture, and will include areas like Sales, Purchasing, HR, Communications and IT.

What will make the team effective? Some suggestions:

- a) The team should include members who can adequately cover those primary headings.
- b) Clearly set roles and responsibilities.
- c) An agreed way for meetings to be run.
- d) Reporting protocol.

2. Protect employees and productivity

The current guidance from the UK Government is that employees should be working from home “where possible”, which is rather vague.* The onus appears to be on employers to make the determination as to whether or not that is possible on behalf of their employees.

In order to do this, we would suggest that:

- a) Employees are profiled according to the roles they perform – how easy is it for them to switch to working from home (WFH), do they have the requisite equipment to perform their job away from the office? If an employee’s role doesn’t lend itself to WFH, can they be re-tasked?
- b) HR policies are reviewed to ensure that WFH arrangements are adequately covered.
- c) Thought is given to utilising technology to retain a sense of teamwork and collaboration; we have seen Microsoft Teams, Zoom, Skype, Google Hangouts, Slack and WhatsApp all be effective in this respect.
- d) For those of you managing temporary contractors - review communication with all your client contacts and placed candidates will be vital.

We are typically seeing that the majority of recruitment companies have the upper hand in this respect as they already use and understand the remote working tools. If they don’t, however, this period

represents a great opportunity to get remote working tools in place which can be used not just during this crisis, but for years to come.

3. Review customers and revenue streams

No matter the sector you focus on, probably the most important thing here is to keep communication active. Share your business continuity plans, stress that you remain open for business, and ensure clients have access to key contacts.

It's also crucial to have clear sight of your competitive environment. For example - what's happening to demand, how are your competitors behaving, and do you need to consider alternative or additional channels to market? There are going to be peaks and troughs of temporary workers needed to handle certain situations such as care workers, hospital staff, delivery drivers, IT support, HR advisors and so on. There could be an opportunity to diversify into a different market depending on the supply and demand.

4. Evaluate your supply chain

There is an obvious need to consider the various links in your supply chain. If temporary candidates are unwell, will you be able to provide your clients with additional staff? How can you continue to support clients with candidate interviews etc., or how will you manage if large clients have to put recruitment on hold for the time being?

Communicating your efforts in this will be important.

One big change to your supply chain is that the IR35 Off-Payroll regulatory update has now been put on hold until 6 April 2021. This will mean additional time to get your house in order, and allow you to focus on the immediate impact of Coronavirus currently, however could the changes you've already put into place affect how business will operate from April onwards?

Many assignments commencing on or after 6th April 2020 will have had contractual paperwork issued in light of a client Status Determination Statement (SDS) decision. For example, if an SDS was issued as inside IR35, a contractor currently working through a limited company may have chosen to switch to being an umbrella company employee. It is important to speak to your clients and contractors in respect of these assignments, given the uncertainty in business and the economy due to Coronavirus, contractual paperwork may need to be revised.

Likewise, some clients particularly in the finance sector have issued variations stating that no (Personal Service Company) PSC contractors can be supplied to them and all contractors must be on payroll. Immediate reversals of these decisions are not expected because clients will be focusing on mitigating the impact of the Coronavirus.

We will update you with further information as and when it becomes available, please check out our blog content [here](#).

5. Perform financial modelling

An adaptable rolling 13 week cash flow forecast is strongly recommended, as it was during the last recession. This is an early warning system. Will the business run out of cash? What is the funding requirement? How long will this situation last?

It's hugely valuable for you (and for us as your advisers) to take these forecasts to your bank, alternative funders, or indeed HMRC when looking at solutions to working capital problems. The key thing with forecasting is to clearly state assumptions, try to support those assumptions with data garnered from outside of the company, and include sensitivity analysis.

Whilst performing your modelling, examine overheads – are there some easy wins where you're incurring expenditure unnecessarily? Sometimes even a review of your direct debits can reveal some surprises.

6. Think legal, insurance, tax, etc.

It's crucial that you understand the potential legal ramifications of business interruption, particularly where you have contractual arrangements with clients or candidates. Determine worst case scenarios and what recourse you have to your insurers, and what can be done to mitigate risk.

You may need to open dialogue with a landlord with respect to rent payments (or indeed a lender with respect of loan repayments), the local authority in respect of rates, and HMRC in relation to time to pay any current tax liabilities. The Government have announced financial support in the form of grants and loans (see below for more information), and we'd expect to see more of the same in coming months. It's important to understand if and how you can access that support.

7. Make use of the help available

From the Budget and subsequent announcements, the Government have extended the following support to help UK industry to meet the considerable challenges we face.*

a) Business rates relief from April 2020

All businesses in the retail, hospitality and leisure sector will be given 100% relief from business rates for 12 months.

b) Grants

£25,000 grants to retail, hospitality and leisure businesses in smaller premises with a rateable value over £15,000 and below £51,000.

Local Authorities in England will provide £10,000 to each of the approximately 700,000 businesses currently eligible for Small Business Rate Relief (SBRR) or Rural Rate Relief.

c) Loan Support

For small and medium-sized firms, the Business Interruption Loan Scheme allows the government to guarantee 80% of loans up to £5m, with no interest due for the first six months. This scheme will be administered by the High Street banks working alongside the British Business Bank.

Large firms will benefit from a new loan scheme dealt with directly by the Bank of England.

d) Regulatory

The Chancellor confirmed his advice is sufficient for businesses to claim insurance if they have appropriate business interruption cover for pandemics in place.

Mortgage lenders have agreed to support struggling customers as a result of COVID-19 with an up to three month payment holiday.

The implementation of the off-payroll working in the private sector rules that were due to come into force on 6 April 2020 has been delayed until 6 April 2021.

e) SSP

SSP is now payable from the first day of sickness absence, rather than the fourth day, to people who have COVID-19 or have to self-isolate in accordance with government guidelines.

To support the self-employed and employees below the lower earnings limit who are not entitled to SSP but are affected, contributions will be paid from day one rather than day eight, and advance payments of universal credit will be available without attending a jobcentre.

There is more information on our blog here: [A HR Helping Hand During COVID-19](#).

f) Time to Pay

There is a dedicated line – 0800 0159 559 – for businesses and self-employed struggling with tax debt due to COVID-19.

**As at the time of publication 20/03/2020*

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Further resources

- [When to take action – contingency planning with UHY](#)
- [Cashflow concerns in the face of COVID-19](#)
- [COVID-19: support for businesses – Gov.uk](#)
- [Support for employees, benefit claimants and businesses – ICAEW](#)
- [Technical guidance – World Health Organisation](#)

We'd like to close by saying, please do what you can to stay safe, look after yourselves, your family and your work family. We'll all get through this together.



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