



Specialists in Healthcare Management Recruitment

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Candidate information

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Introduction

Over the past few years, interim management has increasingly been utilised by healthcare organisations to support the delivery of high quality clinical services. This rapid growth reflects the flexibility and cost effectiveness that an interim manager brings with the specific skills and experience required by the organisation at a specific point in time.

Effective interim management is about delivering a specific outcome(s), and ensuring sustained improvement that is of real benefit to the organisation and ensures real 'job' satisfaction on the part of the interim manager.

Interim managers may be used by an organisation for a variety of reasons:

- To support or lead specific projects embedding change within the organisation
- As an external/neutral management resource at times of difficulty or turmoil for the organisation
- To provide 'breathing space' whilst the organisation recruits to the permanent role

Interim assignments vary in length from a few weeks to over a year but typically last between 3 and 6 months.

Benefits of working as an interim manager

Interim management doesn't suit everybody but for those seeking variety in their working life and looking for a flexible working pattern it can be the ideal solution.

Working through a recognised interim management company like Blenkin Associates can give a number of benefits:

- Access to expert knowledge of the healthcare market place – Blenkin Associates Recruitment consultants have all worked within the NHS so have an in-depth understanding of the types of roles available and how your skills fit with available assignments
- Access to a range of roles and organisations – Blenkin Associates is a well established company with a reputation for providing high quality interim management staff; as such we have become the provider of choice for

interim managers for a range of healthcare organisations

- Support in developing your career as an interim manager
- Access to other services such as CV development, career coaching, interview skills coaching

Advantages of working as interim manager include:

- The opportunity to use your core skills to deliver real results to a range of organisations
- Using your skills in a variety of environments will provide a constant challenge and will ensure your continuing professional development
- Interims can often avoid the organisational politics but at the same time have the opportunity to make a difference
- Working in a variety of roles gives the opportunity to get involved in brand new initiatives as well as more established ones
- Working across organisations provides an excellent opportunity to network across the health economy
- A good work life balance – a large proportion of contractors work part time and/or with flexible hours giving them the chance to work flexibly around family or other commitments

Blenkin Associates has developed this brochure to support you in establishing yourself and working as a successful interim manager. However please be aware that, whilst every effort has been made to ensure that the information in this pack is accurate at the time of publication, we cannot be held liable for any errors, omissions or exceptions. You should check its currency before use and, if in any doubt, you should seek professional advice before acting on any of its recommendations.

Setting up as an Interim Manager

Working as an interim contractor requires a shift in mind set from working as an employee. As a contractor you will need to work through a limited company – this may either be your own limited company or an umbrella company. It's important you get advice from a professional (typically an accountant) to help you make the decision about which of these is the best route for you.

Limited Company

When working through your own Limited Company you are both the owner and employee of the company (you are NOT self-employed) and you pay tax and National Insurance under a 'pay as you earn' scheme (PAYE). As you are the employer and the employee, you also pay both employer and employee National Insurance contributions.

You are responsible for funding holiday pay, sick pay, pension contributions, medical insurance etc. and your clients and recruitment agencies know that they can benefit from your services for a short period of time, and then let you go, without incurring termination or redundancy costs. You are responsible for keeping all your own accounting records and for paying your own tax.

Forming the Limited Company

You can buy a new company with your own choice of name (provided the name does not already exist) or you can buy a ready-made company which has been formed but has never traded (off the shelf). Numerous company formation agents will establish your company for you, or if you are using an accountant, s/he will be able to form the company for you.

Getting paid

In a company you can be paid either as an employee by means of a wage, salary or commission, or as a shareholder by way of a dividend from taxed profits.

Employees have to be paid under the PAYE scheme so that tax is deductible at the time of payment. The company itself also has to pay corporation tax on profits (income less expenses after paying you

the director's salary). Corporation tax is generally lower than the personal rates of income tax and can be used if you want to keep the profits inside the company.

The profits of a company can be distributed to shareholders by way of dividends and these are paid in proportion to the shareholding.

This is a complex area; establishing the optimum and most tax-efficient method of remuneration can have a significant effect on your earnings. Your accountant will advise on the best approach. The impact of IR35 on Interim Managers is summarised in Appendix I.

Paying VAT

Your company may not be registered for VAT until it has a bank account, and you have started your first assignment. Registration usually takes between ten and twelve weeks, and if it becomes necessary to issue an invoice before you receive your VAT number, you should raise a net invoice and include on it the advice that you will be sending a further invoice for the VAT element when you receive your VAT registration number. Once you have your registration number you should issue the VAT invoices within 30 days.

Many interim managers are obliged to register for VAT but, even if your turnover is not above the registration threshold, you may like to register on a voluntary basis. Your accountant will be able to register your company for VAT.

VAT Flat Rate Scheme (FRS)

The VAT flat rate scheme (FRS) was introduced with the aim of simplifying the way small businesses account for VAT so that they spend less time and money keeping conventional VAT records.

If your VAT taxable turnover is less than £150,000, you could simplify your VAT accounting by calculating your VAT payments as a percentage of your total VAT-inclusive turnover. Although you cannot reclaim VAT on purchases - it is taken into account in calculating the flat rate percentage - the Flat Rate Scheme can

reduce the time that you need to spend on accounting for and working out your VAT. Even though you still need to show a VAT amount on each sales invoice, you don't need to record how much VAT you charge on every sale in your accounts. Nor do you need to record the VAT you pay on every purchase.

If you register for the Flat Rate Scheme in your first year of VAT registration, you can take advantage of a one per cent reduction in your flat rate percentage.

HM Revenue and Customs provides full guidance on how the flat rate scheme operates and to help you decide whether FRS would benefit your business. You can also determine which rate would apply to your particular business. Typical rates for consultancy sectors are:

- 12.5% Management consultancy (includes financial consultancy, business consultancy and public relations)
- 13% Computer and IT consultancy
- 11% Business services not listed elsewhere (includes interim management, research and development, technical testing & analysis and more)

Opening a Company bank account

You will need a separate bank account to handle your company transactions. The Money Laundering Regulations have made the process of opening a business account lengthy and complex as the bank will need proof that the company exists as well as proof of identity of its directors and secretary. You will usually have to present yourself at a local branch with forms of identity and your company incorporation documents.

Setting up as an Interim Manager - continued

Insurances

We recommend that you also have some basic insurance cover as follows:

Professional indemnity – if your business entails giving expert advice this covers you for claims made by your clients for damages caused by negligence. Typically £250K is sufficient – however if you were to undertake work through the PASA Commercial Resources Framework you would need £1m worth of cover

Employers' Liability – covers injury to employees of the limited company

Public Liability – covers injury to visitors or members of the public and damage to their property

You will also want to think about arrangements for your own personal insurances including pension, life assurance, private medical insurance, permanent health insurance, critical illness cover

Umbrella companies

For first time contractors, an umbrella company can be an easy way of quickly setting yourself up to work legally as a contractor. Contractors may choose an umbrella company for a range of reasons:

- They are daunted by the thought of being legally responsible for their own Limited Company
- They have insufficient time to manage all of the Limited Company administration
- The Contract starts immediately
- The role is inside or you are worried about being caught by IR35
- The contract is short and you may not be sure for how long you will remain in contracting
- They may be in between permanent jobs and looking for a simple solution
- You may not be able to have a Limited Company due to visa restrictions

The umbrella company is your employer; you submit your timesheets to them on a monthly basis and they raise an invoice to Blenkin Associates on your behalf. The Umbrella Company will provide all the support that an employer typically would,

including providing all insurances and HR support. Blenkin Associates then pays the umbrella company which in turn will pay you having deducted all relevant tax and national insurance ensuring you are compliant with HMRC.

Useful websites

Her Majesty's Revenue and Customs – www.hmrc.gov.uk including information on IR35

Companies House
www.companies-house.gov.uk

You can find additional information on the following websites:

The Interim Management Association – a body representing interim providers
www.interimmanagement.uk.com

The Institute of Interim Management – a body representing accredited interim managers www.ioim.org.uk

Umbrella Companies

There are 100s of umbrella companies vying for your business – we have provided details of 3 such companies below that our existing contractors use.

Giant Services Ltd – 0870 125 8692

www.giantgroup.com

Atlantic – 0845 045 1021

www.atlantic-umbrella.com

Parasol – 0844 875 0079

www.parasolgroup.co.uk

Appendix I - Understanding IR35

IR35 is a set of Inland Revenue rules introduced in April 2000 governing the amount of your company's income which must be paid out as a salary. The aim was to stop directors paying a small salary and the rest of their income as dividends, which do not attract National Insurance. The rules state that if your income falls under IR35, 95% of all income less allowable expenses has to be paid out as salary to the person who earned it.

Whether or not the work you do as an interim manager falls under IR35 depends on the nature of each assignment:

If you go to a client and replace an employee doing maternity/paternity cover or are replacing a manager or director (sick/sacked!), your work would be under IR35. If, on the other hand, you go to a client to carry out a project or consultancy type work, you would usually be outside IR35. The type of contract provided to you by Blenkin Associates will reflect whether the assignment falls within IR35 or not.

You can make the decision assignment by assignment so that some earnings are within IR35 and some outside of it in any particular tax year, and at the end of the tax year you will have to sign a declaration to say if any of your income has fallen under IR35 it has been treated according to the rules.

HMRC can challenge your status in up to seven years time, so it is advisable that if you believe your assignment falls outside IR35, that you keep good notes as to why you believed that to be the case.

If you need to check your status, you can ask a lawyer specialising in employment law status

Appendix II - Opting Out – Employment Agencies Act

The Conduct of Employment Agencies and Employment Business Regulations came into effect in April 2004. Their purpose is to establish a framework of minimum standards that work seekers and recruiters can expect. The aim of the Regulations is to protect temporary staff and change the way that agencies can be paid if and when a temporary worker transitions to permanent status.

All temporary staff, including interims working through their own Limited Company, are deemed to be "agency workers". As an interim manager you may choose to opt out of the regulations by signing a declaration before being introduced to a client.

Many clients prefer to take on interims that have opted out as it minimises the potential for confusion over taxation of payments to the contractor. Clients are also more likely to regard those who opt

Interim Management - How Does It Work?

When you register with us we will discuss with you your career to date and the skills and experience that you have to offer. We will also advise you on the type of roles for which you would be suitable and the likely rates that you can expect. We will also ask you to complete a registration form a copy of which is enclosed in this pack.

We will then contact you when a suitable opportunity arises to discuss the role and if we agree there is a good fit, we will send over your CV to the client for review.

If you are offered an interview and this is successful, we will handle negotiations about day rates, expenses etc and any other specific issues relating to the role.

We then issue a contract to you (via your limited company or umbrella company) and issue another contract to the client. We will also provide you with a timesheet or form for verification of consultancy services completed to be signed on a monthly basis by your line manager (see section below on getting paid).

You then invoice us at the end of each calendar month for the number of days in that month that you have worked and we pay you directly in the agreed way plus expenses. We then in turn invoice the client independently.

Whilst on assignment we'll keep in touch with you, visit you on site and be available to answer queries or deal with any problems that arise.

Getting paid

Before we can pay your invoice at the end of each month, we need sign off from the client indicating that they are in agreement with the days worked/services provided by you.

The nature of this 'sign off' by the client will take one of two forms depending on the nature of the role that you are undertaking (see guidance on IR35 for contractors).

Timesheets – for work falling within IR35

We will provide you with a timesheet which you are required to complete indicating

the number of days worked and ask your line manager to sign off. You will then fax, post or email the signed time sheet to us within 5 days of the end of the month to which the timesheet relates. Details of the fax and email address are provided on the timesheet.

A new timesheet should be started at the beginning of each calendar month, even if the month end falls in the middle of the week.

For contracts of less than one month or contracts that finish before the end of the month, timesheets should be submitted on completion.

Any expenses that you will be reclaiming from the client (ie those incurred within the course of the role) should also be detailed on the timesheet

Verification of Services – for work falling outside of IR35

Contractors working on a consultancy basis will need to get the client to sign a verification of consultancy services which describes the work that you have complete and the time taken to complete this work. The verification then needs to be faxed, emailed or posted to Blenkin Associates together with a copy of your invoice.

Invoicing

Your timesheet/verification must be accompanied by an invoice for the amount due from Blenkin Associates. Your invoice should include:

- Company name
- Company address
- Company telephone number and email address
- Company registration number
- VAT registration number (if VAT registered)
- Bank details (sort code and account number) for BACS payments
- A unique invoice number
- The date the invoice was raised
- Description of the services provided
- Period to which the invoice relates (ie dates between which the work was carried out)

- Net amount due
- VAT amount due (if VAT registered)
- Gross amount due

Umbrella Company Employees

If you work through an umbrella company you will need to fax or email your timesheet to Blenkin Associates and upload details to the umbrella company at the end of the calendar month. The umbrella company will then invoice Blenkin Associates for the work completed and on receipt of payment from Blenkin Associates will subsequently issue payment to you.

Payment process

On receipt of both the signed timesheet and invoice, Blenkin Associates will process the invoice for payment. Your limited company or umbrella company will receive payment from Blenkin Associates by BACS – the Bankers Automated Clearing Service.

Our terms and conditions state that we pay invoices within 30 days of receipt of invoice and signed timesheet. However, Blenkin Associates endeavours to issue payment for invoices usually within 14 days or as soon as possible thereafter. If you are working through an umbrella company they will receive payment under these terms and the umbrella company will then issue payment to the contractor.

Information required

There are a number of checks that we need to complete when you register with us to provide you with work finding services.

Verification of identity checks

We need to see documents containing your photograph and providing your current address in either of the following two combinations:

- two forms of photographic personal identification and one document confirming your address
- one form of photographic personal identification and two documents confirming your address.

All documents must be originals, or copies of originals certified by a solicitor.

Acceptable photographic personal identification includes:

- current UK (Channel Islands, Isle of Man or Irish) passport or EU/other nationalities passport
- passports of non-EU nationals, containing UK stamps, a visa or a UK residence permit showing the immigration status of the holder in the UK
- a current UK (or EU/other nationalities) photo-card driving licence (providing that the person checking is confident that non-UK photo-card driving licences are bona fide)
- a national ID card and/or other valid documentation relating to immigration status and permission to work

If you are genuinely unable to provide any acceptable photographic personal identification, please let us know and we can discuss alternatives.

For a passport we will need a copy of:

- (i) the front cover; and
- (ii) any pages giving personal details and
- (iii) the date showing that the document is still valid; and
- (iv) the page with a clear photograph
- (v) the page which shows your signature

Acceptable confirmation of address documents include:

- recent utility bill - gas, electricity or phone (but not mobile telephone bill)
- local authority tax bill valid for the current year
- current UK photo-card or old-style driving licence (if not already presented as a personal ID document)
- bank, building society or credit union statement or passbook containing current address
- most recent mortgage statement from a recognised lender
- current local council rent card or tenancy agreement
- current benefit book or card or original notification letter from Department of Work and Pensions (DWP) confirming the rights to benefit
- confirmation from an electoral register search that a person of that name lives at the claimed address
- court order

Qualifications

We will need to see certificates for any relevant qualifications - eg degree certificates

Limited company details

Details of the umbrella company through which you will be working – from whom we can get the relevant information we need

OR

Details of your own limited company including:

- Copy of the certificate of incorporation
- Limited company bank account details
- VAT Registration certificate (if applicable)
- Copy of your professional indemnity cover

Criminal Records Bureau

For certain roles CRB clearance may be required – if that is the case we will ask you to complete the relevant paperwork at the time.

Opting out – The Employment Agencies Act

The Conduct of Employment Agencies and Employment Business Regulations came into effect in April 2004. Their purpose is to raise standards within the recruitment industry stipulating how recruitment businesses should operate, providing added protection for work seekers and companies using the services of recruiters. All temporary staff, including interims working through their own Limited Company, are deemed to be "agency workers".

During the consultation process before the Government introduced the Conduct Regulations, industry stakeholders such as the REC argued that Limited Company Contractors (LCCs) did not want to be treated akin to PAYE workers under the Regulations as it was considered likely such legal formalities would significantly jeopardise an LCC's tax position. Consequently the DTI included provision that enables LCCs to opt out of the protection of the Regulations so that they may continue to enjoy the tax benefits of supplying their services through a limited company. Some of the consequences of remaining within the Regulations and opting out are discussed below.

Deciding to remain within the Regulations

If you remain within the Conduct Regulations, a recruiter will owe you and the client a range of obligations including the following:

- A recruiter must confirm on what basis they are to offer work finding services, the type of work they are looking for you and the terms which apply between you.
- Before you commence an assignment or a position by the recruiter you must be given information about the proposed position including: The identity of the hirer; Start date; Likely duration of the work; Type of work; Location; Hours; Any risks to health and safety and steps the hirer has taken to prevent or control such risks; The experience, training and qualifications required for the role; Any expenses applicable; and The actual rate of remuneration to be paid.

- Such information should be confirmed verbally and in writing.
- If you carry out work on an assignment, but are unable to obtain a signed timesheet, you are entitled to be paid for the hours you worked by an employment business. The employment business is however permitted to delay payment for a reasonable period to check whether you have worked the hours claimed.
- As a worker within the regulations you may not be subjected to a detriment or penalty as a result of you or the employment business terminating an assignment for example an employment business may not insert a clause in the contract seeking to prevent you from taking up employment directly with the client.

As an interim manager you may choose to opt out of the regulations by signing a declaration before being introduced to a client. However whether or not you opt out of the Conduct Regulations Blenkin Associates will fulfil the range of obligations to you as stipulated under the Conduct Regulations.

Why opt out?

The decision to opt out is likely to have implications for your tax position. Under Inland Revenue IR35 rules there are a range of factors which are assessed by the Inland Revenue to determine whether a LCC is genuinely self employed, such as the contractual relationship between the parties, the level of control a client maintains over the LCC, financial risk taken by the LCC and length of engagement. If you decide you wish to enjoy the legal protections of the Conduct Regulations and be treated akin to a PAYE worker then the obligations owed to you by the recruiter may affect the assessment of your status for tax purposes under Inland Revenue tests of self-employment. If you are genuinely self-employed then you may wish to consider opting out so as to maintain your tax advantages.

How do I opt out?

In order to opt out, the LCC must give notice to the employment business before

an introduction or supply to a client. The notice must be in writing and signed both by an officer of the company or someone authorised to sign on the company's behalf and the individual who will be supplied by the company to do the work. Once you have given your notice to opt out, none of the Conduct Regulations apply for the duration of the assignment.

If you decide to opt out a member of Blenkin Associates staff can provide you with a standard opt out notification form.

If you have any questions do please do not hesitate to ask and we will do our best either to answer them or point you in the direction of someone who can help