

The Shape of the 2020 Workforce and the Impact of IR35



Introduction

The world of employment changes in 2020.

After years of softly, softly approach to IR35 in the private sector, the kid gloves come off, and the government will begin to apply the legislation as robustly as it has in the public sector.

This means that within the next 18-24 months, some organisations will need to revisit the composition of their workforce and the way they manage talent, achieve organisational effectiveness and approach workforce planning.

IR35 is just one of the most urgent of several burning platforms that are forcing employers to reconsider how they attract and engage with their workers (however we define 'workers') as well as the workforce and the culture they will need in future.

PageGroup and Change Associates have combined forces to understand how organisations that may be affected by these changes can prepare now to establish their workforce of the future.

Our researchers began by exploring the plethora of material already available on the topic. While this provided useful background, most focused on the technical side of IR35 - the legal and accounting implications. We were more interested in the impact on culture and organisation, where material was much thinner on the ground.

As the public sector has already faced this particular challenge, we interviewed several senior figures in the sector to learn from their experiences. We also spoke to private sector leaders in larger organisations that anticipated and prepared for these developments. We've quoted from a small selection of these interviews, but the views and stories we heard have informed all our findings. We want to thank the many individuals who spoke to us on and off the record.

We also ran a survey with more than 350 candidates on the PageGroup database. The vast majority of responses were from contingent workers*. To avoid misrepresentation, we excluded the small number of responses from more traditional 'permanent' workers in our analysis.

The results were telling and, we believe, will be helpful to any organisation seeking to reshape its workforce and attract current contingent workers into the fold. We would, however, always suggest asking similar questions of your own workers directly as recommended in the report.

Finally, we spoke to several Change Associates consultants who work in an associate model, about their personal experiences, hopes and fears.

Ultimately, we found an immediate future of challenge and risk, but also considerable opportunity for organisations to secure sought-after talent, achieve an optimum and IR35-compliant blend of on and off-payroll workers, and so establish solid foundations for the workforce of the future.

* We use the phrase **contingent workers** to describe all contractors, freelancers, interims, off-payroll, and gig workers throughout this report for simplicity.

Part One – Building the workforce of the future

Organisations have a long and chequered history of thinking about and preparing for The Workforce of the Future. The objective is simple: To compete for, improve and manage a pool of talent to gain competitive advantage in our industry sector and so ensure success for the future. In recent years, the self-reflection has become increasingly intense, following a series of tipping points:

1. The arrival in the workforce of a generation of millennials and their successors, whom, we are told, expect more agile, digitally centred and flexible workplaces and different kinds of working relationships;
2. The continued presence of an older generation, who have the capability, the desire and/or the financial necessity to continue working later in life;
3. A significant and increasing reliance on a contingent workforce of contractors, freelancers, interims and gig workers to increase the capability and capacity of existing organisations, and become the core workforce of a new kind of organisation.

Organisations have long anticipated the forthcoming challenges of managing the multigenerational workforce, though it may be argued they have been rather slow to respond. We also believe some of the challenges have been exaggerated (older workers can be remarkably agile and welcoming of new technology) and the homogeneity of 'Millennials' overstated.

In this report, for reasons that will become clear, we focus mainly on the third group of contractors, freelancers, interims and gig workers, whom we will collectively label, for simplicity, **contingent workers**.

The prevalence of contingent workers has enabled the realisation of a blended workforce labelled by Laurence Capron and Will Mitchell (2012), amongst others, as **Build, Borrow, Buy**.

- **Build** - Invest in developing and retaining your permanent workforce.
- **Borrow** – Use contingent workers such as freelancers, contractors, temporary and gig workers, to fill short or fixed-term gaps in capability or capacity.
- **Buy** – Attract the best talent available where in-house capacity or capability is limiting performance, and the skills cannot be rapidly developed in the existing workforce.

The benefits of the **Build, Borrow, Buy** approach are numerous and include:

- The opportunity to acquire and build core competencies within the organisation and then augment them with project or task-specific skills as needed.
- Cost savings associated with the ability to flex the capacity of the workforce, meaning the organisation does not need to employ to meet occasional peak demand.
- More diversity of thought, background and style, resulting in greater creativity and innovation.
- An instant injection of skills and knowledge, increasing productivity and reducing the total cost of delivery.
- Employees have the chance to learn from and be mentored by contingent workers who may bring broader knowledge and experience.
- Contingent workers can become brand ambassadors when they sell their experience to others while working on projects in a different organisation.

The blended model can act as an enabler for cultural change for organisations that bring in contingent workers who can model the way you would like the organisation to behave.

But there are inevitably challenges too. And they start at the top.

- The precise formula for the blend is rarely straightforward. Leaders need to think carefully about a strategy and an organisation design that supports the optimum mix of **Build, Borrow, Buy** to achieve their objectives.
- HR, Finance and procurement need to be aligned with the model and ready to help managers to access contingent workers quickly. Otherwise, agility and flexibility soon become a pipe dream, bogged down by a back office that does not understand the organisational requirements.

“Contingent workers make up roughly one-fifth of our workforce, so they are an important part of our talent... We have freelancers who are working through third party payroll and contractors who are working under a Statement of Work... direct contractors on a day rate, sourced by a recruitment company. But we don't have one way for contingent labour to come into the organisation.”

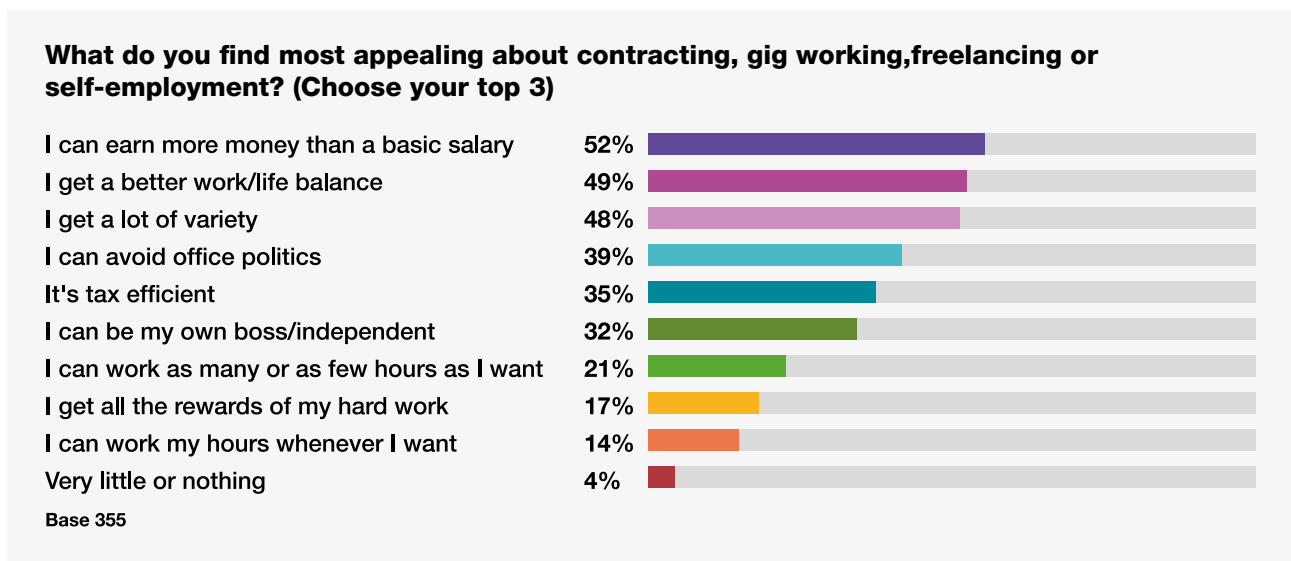
**Head of People and Systems,
Leading online retailer**

- Line managers need to buy into the agreed corporate approach if the chaos of maverick hiring activity is to be avoided.

- Either deliberately or inadvertently, contingent workers are not always recognised as part of the workforce.¹
- The ‘under the radar’ nature of some contingent workers means their contribution can go unrecognised and unappreciated.
- Conversely, contingent workers do not always buy into or contribute to the culture of the organisation, preferring to keep a professional distance. This can result in a critical part of the workforce failing to buy into the brand and the organisational values.
- Vital skills and knowledge can become tied up in the contingent workforce and may be transferred to another organisation at a moment's notice.
- Many organisations lack the data, the tools, reporting mechanisms and expertise to do workforce planning and organisation design well. Headcount reporting and cost analysis can become increasingly difficult. HR Information Systems help, but only if they are used and analysed well.

The upside and downside of contingency working for the individual

Respondents to our survey were invited to list the top three most appealing characteristics of contingency working out of a list of more than 20. Most responses coalesced around half of the options.



¹ "...many contingent workers are "invisible" to procurement and HR, increasing risk. "Some managers may use contingent workers as a workaround headcount spend controls, driving increases in costs..." <https://www.cips.org/en/supply-management/news/2018/april/companies-falling-short-in-managing-contingent-workers/>

Around half of respondents named the opportunity to earn more money, a better work/life balance and job variety amongst the top three attractions of contingent working.

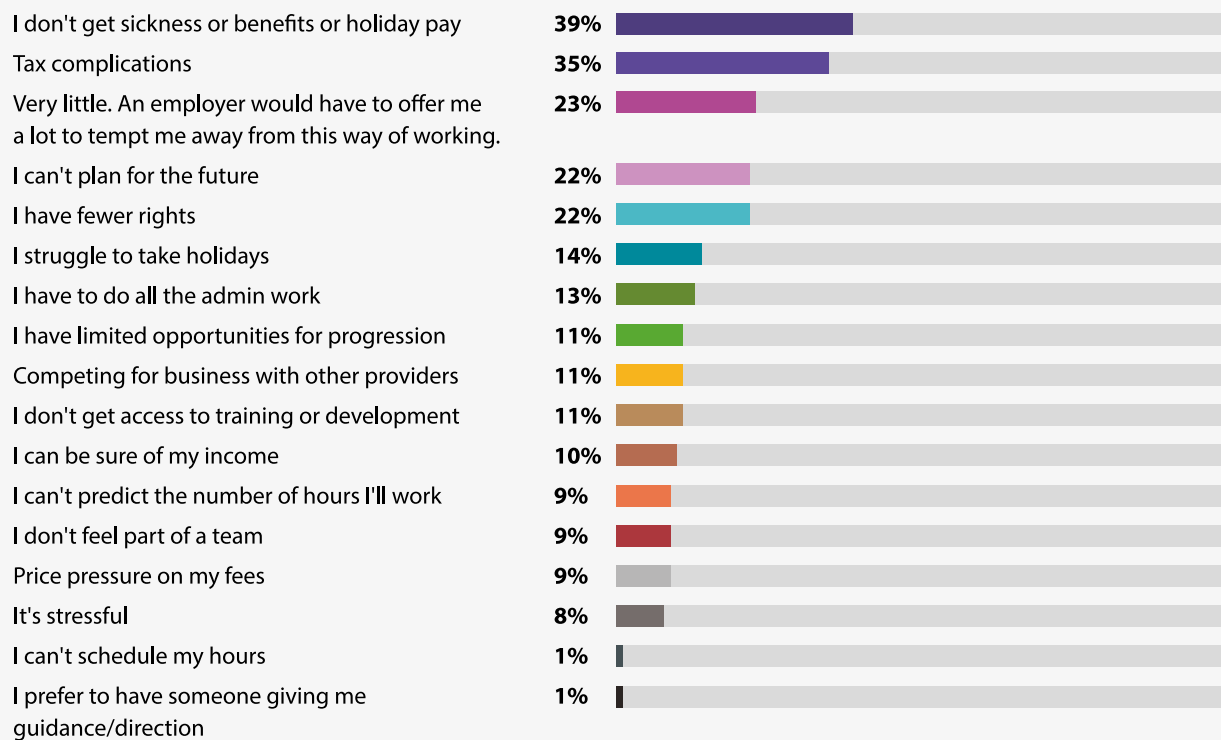
The same top three were largely reflected in the samples of all ages and both men and women, but work/life balance took on greater importance for women (59%) whereas men considered money (53%) and variety (52%) to be more

appealing than work/life balance (45%)

Tax efficiency, independence, and being able to avoid office politics were in the second tier of choices.

The opportunity to choose how many hours worked or when those hours are worked were listed by around a fifth of all respondents.

What do you / would you find least appealing about contracting, gig working, freelancing or self-employment? (Choose your top 3)



Base 355

There was less consensus on the least appealing elements of contingency working, with few clear leaders and a higher number of reasons selected.

The lack of sick pay and tax complications were the factors most commonly cited, but their lead over the second group was not significant.

Nearly a quarter (23%) of respondents appear to be 'hardcore' contingent workers who could not be tempted away from this way of working. These results were broadly consistent across age groups, working patterns and sex.

Introducing disruption

The benefits of a **Build, Borrow, Buy** model based on the use of contingent workers are attractive for organisations and workers alike. The challenges cannot be ignored, but are manageable, particularly with leadership backing, investment and help from suppliers and partners.

Consequently, **Build, Borrow, Buy** gained traction as a flexible, affordable and appealing model for the Workforce of the Future.

Enter IR35.

Part 2: IR35: Disruptor or Catalyst?

IR35, or rather the amendment to the Intermediaries Legislation implementation (IR35), comes into force in the private sector in April 2020, three years after it was initially introduced to the Public Sector.

The aim of this amendment is to ensure contingent workers who provide their services through a personal services company do so legitimately under the IR35 regulations, rather than as merely a way of avoiding tax and National Insurance contributions.

Essentially, argue its supporters, it is closing a gaping tax loophole.

HMRC seeks to close this loophole for workers who are, for all intents and purposes, employees, with the aim of bringing in an additional £2.9 billion in tax revenue back into the Chancellor's coffers.

The amendment transfers responsibility for assessing whether contingent workers should be working within or outside IR35, and the processing and paying of income tax and NICs, directly to the client.

Any errors in filings can result in hefty fines for companies who haven't taken steps to address these issues, and the HMRC has the right to assess historical records dating back six years.

The implications for organisations that use contingent workers are significant.

Organisations that have or are contemplating a **Build, Borrow, Buy** approach that leans heavily on contingent workers have to consider whether they are ready for IR35 and how the amendment will affect the benefits of contingent working for workers and organisations alike.

Our research suggests that many organisations are far from adequately prepared, despite the magnitude of the potential impact. The opportunities to learn lessons from the Public Sector, which has already been through this transition, have been ignored.

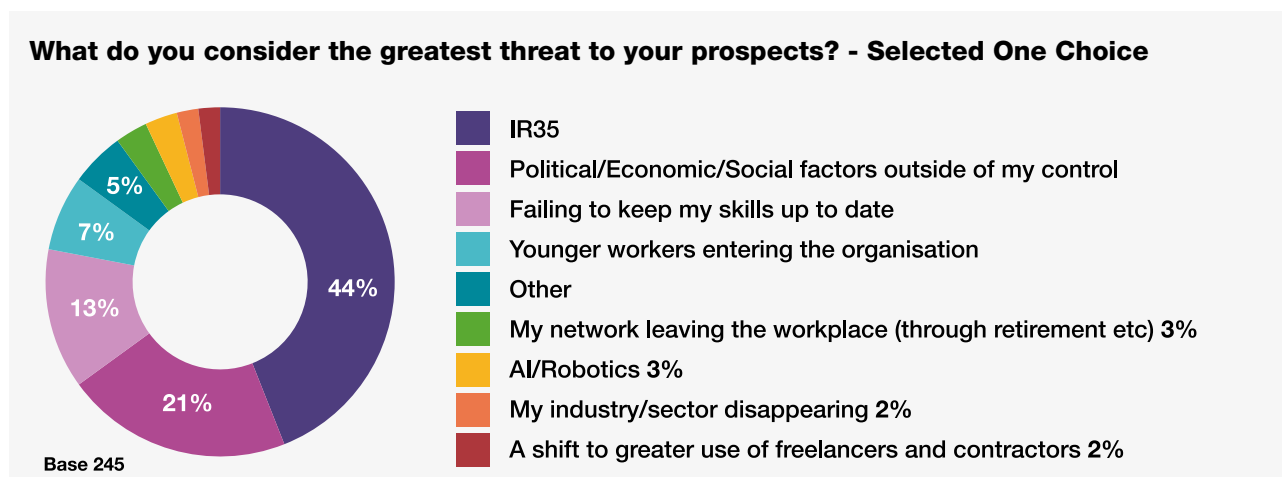
The purpose of this report is not to discuss the legal or accounting challenges wrought by IR35. There are already many legal and accounting firms who have more than adequately filled that space.

But we believe one crucial element has been overlooked: the implications for the organisation design and the engagement of individual workers, however they are employed.

The impact on contingent workers is real

Our survey demonstrated that contingent workers have grave concerns about IR35.

It was twice as likely as any other factor to be considered a threat to our respondents' prospects. More than two-fifths of our sample felt it was the most significant threat they faced.



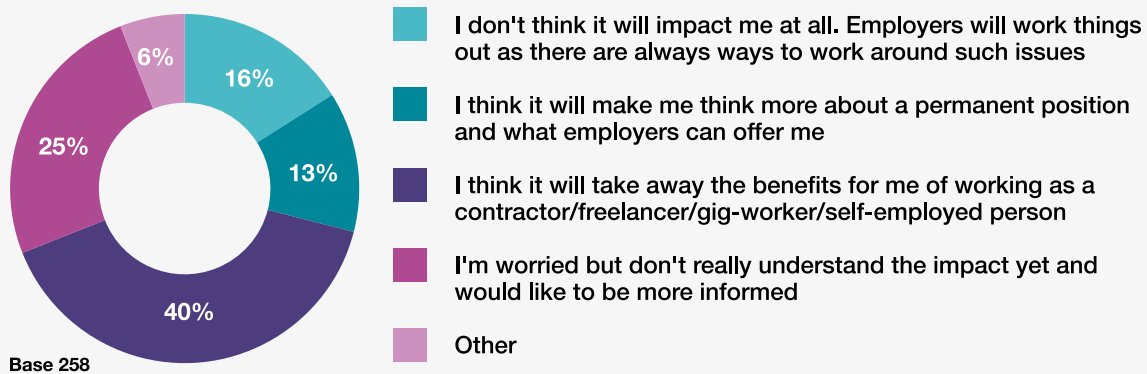
Political, economic and social factors outside of my control was a distant second, while nearly one in seven (13%) thought skills obsolescence might be an issue for them. Age was the most commonly cited additional reason under 'other' though the total number was not significant.

A higher proportion of men than women saw IR35 as the greatest threat. Almost half of men (49%) saw it as the greatest threat to their prospects compared with 37% of women. Women saw factors outside of their control as a more significant threat than did men (27% vs 18%).

With the exception of a small sample of 25 – 30-year-olds, the perception of IR35 as the greatest threat to prospects was consistent across all age groups but was a particular concern for more than half of 40 – 50-year-olds.

Our survey asked about the specific concerns IR35 is raising among respondents. While 16% had a relaxed attitude, we found real worries in the remainder.

How do you think IR35 is going to impact your opportunities and the choices you make in the near future?



While only one in eight (13%) respondents is actively considering a move into a permanent role, we believe these numbers will grow as IR35 bites. Two in every five respondents (40%) said they thought IR35 would take away the key benefits of contingency working, with a further 25% telling us they are worried about the potential impact.

Several said they would expect to increase their rates to compensate for the increased tax burden.

One respondent wrote, "I think it will force me into employment despite self-employment being the right status for me, as employers will not be prepared to take the risk of using me as a freelancer due to concerns about tax implications, rather than properly assessing and managing that risk on a case by case basis."

The risk, for employers, is great and potentially immediate

Organisations need to understand and manage the risk of IR35 by balancing the financial implications of administering and paying the tax and NI with the potential of losing key talent.

In an informal survey of 18 employers, while all saw great benefits in contingent workers, precisely one-third felt they could become a liability once IR35 is applied in earnest.

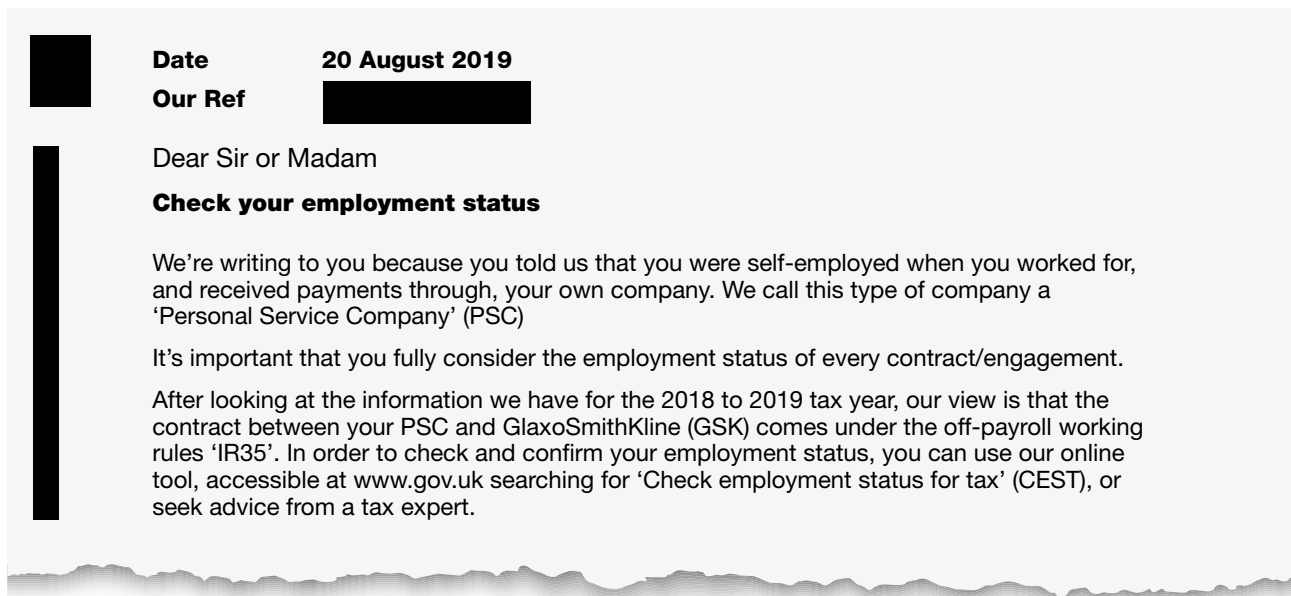
The key question for employers and workers alike is whether the HMRC will initially adopt a guiding hand role, much as the ICO did during the

implementation of GDPR, or immediately begin to apply the full force of IR35.

“How strict will HMRC be? Is this just about getting ducks-in-a-row or changing the way we work completely? It’s a risk equation. I want as little disruption as possible in order to be compliant and not face a major tax bill.”

Leigh Webb, CEO, ISC Research

A recent letter issued by the HMRC to contractors working in organisations like GSK suggests an aggressive approach is being adopted.



The HMRC’s right to consider employment arrangements retrospectively (up to six years in the case of NIC) has caused further concern in the business community and could result in a broadly applied hard-line approach by employers. Contingent workers in some organisations may face the stark choice of accepting a permanent job or no longer being used.

“Of all the issues, the one thing that has frightened companies the most and spurred them into action is that IR35 is going to be looked at historically. The cost implications could be huge.”

Lesley Taylor, Senior Vice President, Client Strategy, EMEA, Wilson HCG

“The ‘past liability’ factor is not a risk that some people are willing to take.”

Gina Gill, Director – Strategy & Operations, Justice Digital and Technology, Ministry of Justice

HMRC will be auditing organisations once IR35 comes into full force, and our research suggests that not all organisations are ready for it. Few have established defensible reasons why their contingent workers should not be considered under IR35, while a remarkable number don’t have access to data about how many contingent workers they use. Often this is the result of poor HR or procurement processes or an HR Information System that is not providing the kind of information it should.

“If HMRC come knocking it will be a massive headache if you are audited. HMRC will have you for breakfast if you are not organised with your data – know who you have”.

**Cheryl Avery, Commercial Director,
Ministry of Justice**

Organisations need to be ready for the administrative burden of IR35. HMRC is placing a greater requirement on organisations to shoulder the burden of identifying contingent workers affected by the rules and dealing with the tax and NI implications. Wise employers are training staff now to take on that extra responsibility.

Does IR35 spell the end for the Build, Borrow, Buy?

We don't think so. Like any disruption, IR35 brings a mix of challenge and opportunity.

At the most prosaic level, IR35 could be the push some organisations need to get their systems, data and contacts in order and address any attempts to game the system.

More strategically, it's a prompt to revisit the organisation design to ensure a **Build, Borrow, Buy** model is being used for its real purpose of flexibility in capacity and capability.

The uncertainty created also presents an excellent opportunity to secure the talents of long-term contractors who may have become increasingly expensive over time. Faced with the risks and the burdens associated with IR35, some contractors will welcome the chance to move to a more traditional working arrangement that offers less money but greater certainty.

Where the organisation needs their skills on a more permanent basis, this could be a truly win/win outcome. Cheryl Avery told us: “I paid an advisor to prove that my own role was outside IR35, that I wasn't a shadow employee. This process turned out to be a massive pain and led me to the decision that I should move to a perm position.”

We believe IR35 will be a catalyst for organisations to consider the benefits they can offer all employees so that everyone in their talent pool can enjoy some of the flexibility enjoyed by their contingent colleagues.

Of course, IR35 does not seek to outlaw contingent working; it reminds us of how it should be used legitimately. The many who work in a portfolio way, working with several different organisations at a time or spending short periods with a series of employers, will continue to enjoy the benefits of that way of working. And organisations will be able to continue to tap into their expertise as and when they need it.

Which, if we are honest with ourselves, is how it was always supposed to be.

And, it must be said, sympathy for contingent workers who have previously benefited from the existing arrangements is limited in some quarters.

“IR35 is long overdue. There has been a system of tax avoidance by contractors who know all the loopholes and knew the risks. They had it good for years and should just accept with good grace that the HMRC has finally caught up with them.”

Anonymous provider of temporary specialist talent

Leaders who align their mix of talent, processes and policies will be able to take advantage of IR35. By understanding the motivations of the future workforce, evaluating how you use them, and thinking about how you can integrate a longer-term perspective with multiple types of talent, your organisation will be able to adapt and thrive.

Any head-in-the-sand alternative will leave you in the wake of your competitors.

In the next section, we recommend actions you can take now to prepare a Workforce of the Future in the face of IR35.

Part 3: Recommendations – The Workforce of the Future under IR35 legislation

Some organisations are already taking a hard-line (we might say knee-jerk) response to IR35 which may address the short-term pain, but brings with it the long-term pain of losing the capabilities and loyalty of a critical source of talent. This approach suggests that these organisations have failed to analyse their existing workforce effectively and think about the challenges and opportunities strategically.

For those organisations who aren't as dogmatic about their approach, we offer the following recommendations.

1. Get help

1.1 Manage your risk by analysing and auditing your current position

As we have already noted, many organisations are ill-prepared for an IR35 audit by the HMRC, which can involve historical analysis dating back as far as six years. The consequences of being unready for such an audit could be overwhelming, and the potential benefits of undertaking a pre-emptive assessment under your control are great.

Make sure your contingent workforce is visible and fully accounted for. Start the analysis now of whether you have a significant number of people that will fall under IR35, where they are working, for what reasons, and whether the legitimacy of those reasons would withstand HMRC scrutiny. Cheryl Avery said “At MOJ we know exactly who our contractors are and how long they have been there. We have to be on the ball.”

We'd advise any organisation that is unsure about its current exposure to invest in external support to establish a clear picture of its contingent workforce and address any issues. If an initial audit cannot create this for you, a more detailed organisation

design review should provide the clarity you need (see 1.3).

1.2 Learn from what others have done

Lean on your trusted recruitment partners to understand what other organisations are considering and doing and how contingent workers are reacting. Naturally they will not break confidences, but organisations like PageGroup are connected with such a large number of employers and candidates they will be able to provide an aggregate view of the wider market.

It is also worth remembering that the public sector addressed this same challenge three years ago. Some learned hard lessons; others were able to deal with it very well, realising cost benefits and productivity improvements in the process. The private sector can learn from both. Gina Gill had this to say: “Our initial view is that we would pay more. We thought that the market would shift and there would be pain until rates re-stabilised. Other departments have lost people, but some are recruiting successfully within IR35. We are now trialling these campaigns to see if they will work for our department.”

Take this opportunity to ask people in your network who work in the public sector about their experiences. In our experience, most are happy to discuss what they learned candidly.

1.3 Organisation Design – Be clear about your destination

Ideally, your short-term decisions about how to deal with IR35 should be made within the context of a longer-term objective of establishing the **Build, Borrow, Buy** workforce of the future. This means assessing your organisation design to ensure it can accommodate the workforce of the future, thinking beyond the existing silos.

The depth of analysis and the detail of the design will vary depending on your circumstances. We would only recommend a full organisational redesign if your response to IR35 coincided with a broader need for a 'drains up' review.

Instead, we suggest a lighter touch review that considers the broader organisational strategy and the fit with and between systems, processes, governance, technology and the blended workforce.

PageGroup and Change Associates can help you to review organisation design that will help to deliver the workforce of the future within your organisation's context.

2. Get talking

2.1 Talk with your current contingency workers now

The complexity of preparing a response to IR35 is amplified by the unpredictability of contingent workers' reactions. In the Public Sector, for instance, some assumptions of significant change were roundly confounded. Gina Gill told us: "We thought that the market would shift and there would be pain until day rates re-established. Some departments say that there has been a little bit of turnover but not to the level they were expecting. It seems that people are willing to work within IR35. We are now trialling these campaigns in Digital Tech, to see if the same applies."

The most sensible contingent workers in the private sector will already be preparing themselves for the oncoming change and making decisions about how they want to engage with clients from 2020. The best prepared are talking through the options with their clients and any intermediaries, such as their agencies who are highly motivated to make things work.

Yet we know from our survey that the majority (64%) are concerned and are looking for certainty.

They will be looking to their clients for answers, and most are failing to provide them.

Give the organisation and the workforce every opportunity to collaborate. Identify as soon as possible those contingent workers who are

critical to your business and categorise those who would add value as permanent employees and those who can best, and legitimately, remain as contingent talent who can be brought in as and when needed.

Then talk to them, explore their motivations and concerns and find common ground. Provide reassurance, where the continuation of a contingent relation is possible, and explore different models of employment for others.

Think beyond the administration and immediate costs to ensure key talent is first secured for the short-term to give you breathing space, and then in the long term for sustainable success.

A flexible approach that accommodates the needs and concerns of your talent has excellent potential for a win/win result.

2.2 Talk in your leadership team about your Build, Borrow, Buy model

Set aside time now as a leadership team to discuss your organisation design and the ideal mix of **Build, Borrow, Buy**.

If you are looking for the opportunity to emphasise building your teams internally through recruitment and learning and development, then prepare your business for this. If you intend to lean more on a higher percentage of your resources being contingent workers, and the new clarity of IR35 allows for this, then position this as part of your organisation's strategy. Do not be tempted to see it as a way of hiding costs or applying a band-aid to address short-term resourcing needs.

Understand the risks of doing nothing at this point and start the necessary internal conversations

"Define what your perspective on talent is. Decide how you will resource those areas where you have contractors in place. Ask questions early on and get arrangements in place."

Gina Gill, Director – Strategy & Operations, Justice Digital and Technology, Ministry of Justice

2.3 Talk with your partners

Invest time in your relationships with recruitment partners who can help you with advice and

insights into the state of the market. Strategic partners such as PageGroup have numerous clients facing the same decision-making process and the potential transitions you may be considering.

They will also have a candidate pool who are already asking questions and considering their position. This may open up opportunities to employ top talent that has never considered employment before or to engage with flexible workers who enjoy contingency working for its many benefits beyond the tax advantages.

Your recruitment partners can and will be having those conversations with candidates. Tap into that expertise. Note that agencies or umbrella companies who play down the impact of IR35 or suggest creative ways around it are probably not acting in your best interest.

3. Get organised

3.1 With Finance, HR and Procurement

Whether you are looking for ways to retain your contingent workforce or are preparing to slim down your reliance on this sector, Finance, HR and Procurement will need to support you. Engage with these functions and explain their critical role in workforce planning, including ensuring the necessary data, processes and resources are in place when you need them.

Ensure they understand the challenge and are responding to it not only to enable 'the workforce of the future' but to mitigate the risks of IR35 by considering approaches such as fixed-price contracts against Statements of Work (SoW).

You do not, however, want to get bogged down in preferred supplier conversations, tender exercises or other unhelpful processes which can sometimes result from the overzealous application of inflexible rules and procedures. Establishing flexible, candidate-friendly resourcing options now will reduce the risk of losing business-critical talent. Cheryl Avery said: "IR35 has driven a different set of behaviours. The commercial team has to do things differently. Contractors are assessed upfront with guideline day rates. If day rates exceed an upper limit, then we can't bring that person in... huge amount of governance from the finance team who are hot on day rates now, which results in more engagements being rejected than are being signed off."

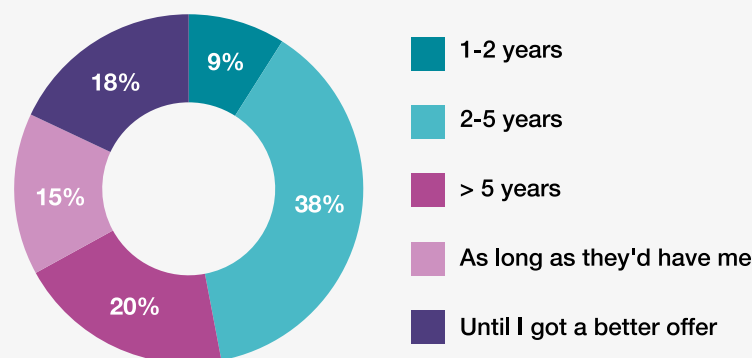
3.2 With recruitment

As we have noted above, the uncertainty of IR35 presents the opportunity for employers to attract workers who have traditionally worked in an off-payroll way to join the organisation. Such an arrangement, for the right workers, presents an opportunity to reduce costs, compared with contingent engagement, and prevent highly-valued talent joining competitors permanently.

Talk with your in-house recruitment team and your recruitment partners about individuals and proposed organisation design, to begin to shape your workforce of the future.

Our survey suggests that far from seeing employment as a temporary safe port during the IR35 storm, former contingent workers might prove to be remarkably loyal employees.

If you had a permanent, full-time job that met all your basic requirements, how long would you stay for?



Base 262

² *Despite the upcoming change, 92 per cent of contractors had not been contacted by their client or recruitment agency to discuss the reforms, according to a survey by Qdos, an adviser on contractor taxes" <https://www.ft.com/content/150386cc-81f0-11e9-9935-ad75bb96c849>

A third (35%) of our sample said they would stay with an employer for five years or more (or for long as an employer wanted them) as long as their basic requirements were met. Less than 10% of our sample said they would stay in a full-time job for less than two years, although a further 18% indicated they could be tempted away by a better offer. There is no significant difference between men's and women's results.

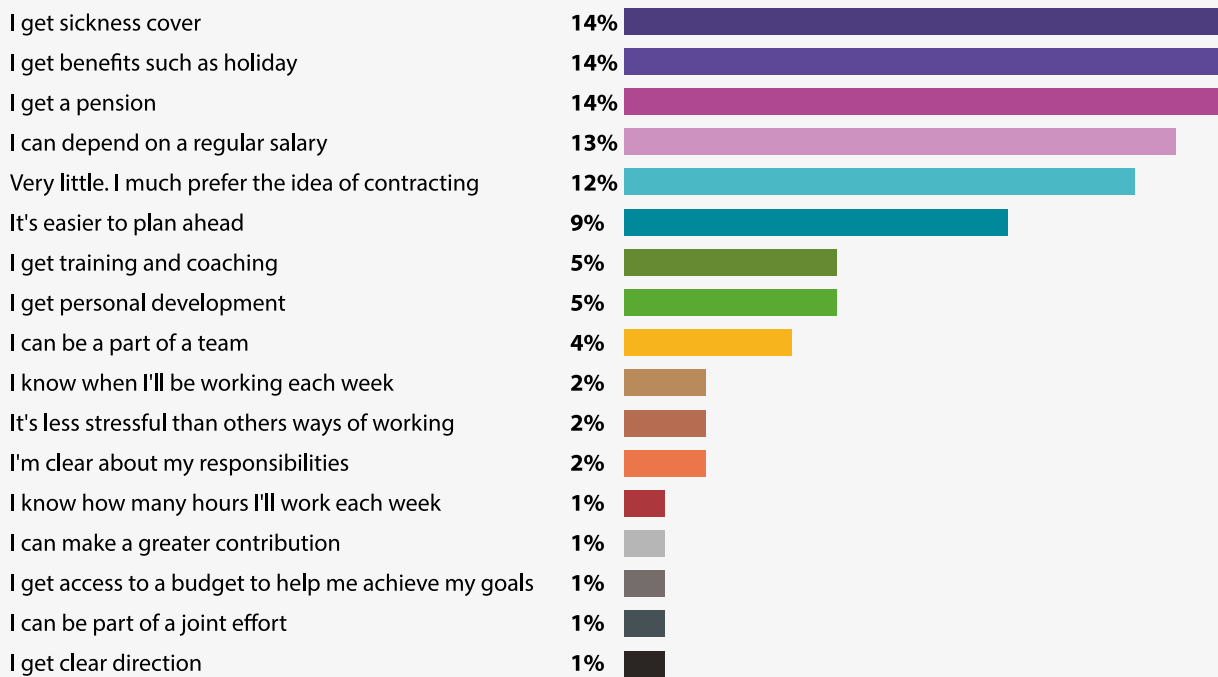
Those aged 24 – 30 were unlikely to stay for more than five years, but this is based on a small sample size. Those aged 30 – 45 also saw this period as too long. Nearly a quarter (24%)

of those aged 45 – 55 showed a preference for staying for more than five years if their basic needs were met.

Organisations wishing to attract contingency workers into the fold need to consider why such workers have previously avoided this kind of relationship, and what they would value in an employed status.

We'd always recommend talking with individuals to understand their personal objectives and motivations, but once again, our survey results may provide a helpful guide.

What would you find most appealing about working as an employee (one option)



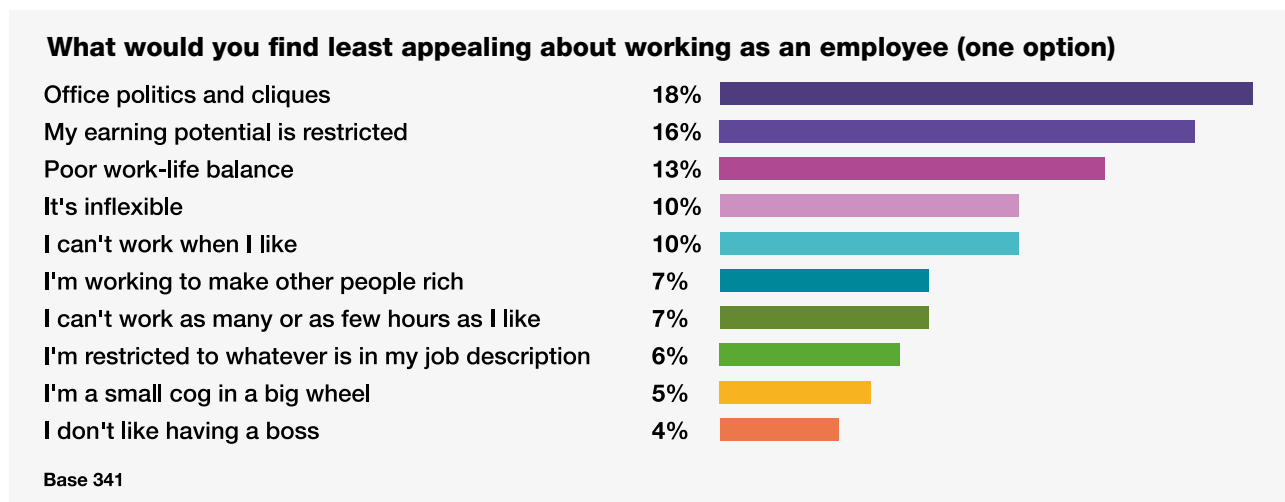
Base 341

The most appealing aspects of working as an employee are pragmatic things such as pensions, sickness cover and other benefits, with a regular salary proving almost as attractive.

There is no notable difference between the sexes. Those aged 25 -30 rated training and coaching, personal development and a regular salary as the most attractive attributes.

Perhaps unsurprisingly, the older respondents are, the more they tended to value sickness cover, benefits and pensions. The trend here is remarkably consistent with one exception – respondents aged 40-45 saw a regular salary as more attractive than any other attribute – the only demographic to do so.

Considering the less appealing elements of employment is equally instructive



Office politics is the least appealing aspect of working as an employee for our sample, closely followed by restrictions on earning potential and a perceived poor work/life balance. We did find some differences between men and women here. Men find limits on their earning potential more off-putting than women (18% v 11%), who place a greater emphasis on restrictions to work as many or as few hours as they like when they like (10% v 5%).

Consider how your organisation can become more employee-centric in the way that thriving organisations in recent years have embraced customer-centricity. If we revisit the attraction of contingent working, it might provide direction for more extensive cultural change. It seems likely that autonomy, variety, work/life balance and the ability to avoid office politics will be just as appealing to individuals working in any employment model.

Talk to a broad section of your workers, permanent and contingent, to understand whether a shift in culture is necessary to attract and retain the talent you need under a **Build, Borrow, Buy** model.

3.3 With systems

In too many organisations, there is an extraordinary panic when the CEO asks HR for

an accurate head count. The apparently basic request can be fiendishly difficult to respond to for organisations that lack appropriate systems and processes for reporting and tracking people. And the complexity is compounded in those businesses that depend heavily on contingent workers.

Sometimes this ambiguity is the result of a deliberate objective of managers to disguise their creative approaches to increasing capacity. But more often it is simply a symptom of poor data and systems.

Human Resource Information Systems such as SuccessFactors, Oracle, HCM, Workday and many more, offer reliable platforms for managing information about your people. Most offer additional optional functionality such as absence management, scheduling and payroll. More basic options are available for those with tighter budgets.

Like any system, however, it's a case of garbage in, garbage out and we encourage a thorough audit and data cleansing exercise before committing to any system.

Conclusions

The emergence of new ways of contingent working, often enabled by new technologies, provided organisations with the opportunity to build a new kind of workforce. Flexible, agile and cost-effective, the **Build, Borrow, Buy** model emerged as a popular way of structuring the workforce of the future.

There were benefits for both the individual worker and the companies that used them. There were challenges too, though none so significant that they were considered insurmountable until IR35 cast its long shadow over the private sector.

The resulting panic, likened to the response to GDPR and the Millennial Bug before it, is understandable but in many cases, unnecessary.

For workers legitimately operating on a contingent basis, rather than choosing this way of working as a way of avoiding tax, it's pretty much business as usual.

For businesses that use contingent workers, this period of reflection provides an opportunity to benefit from the uncertainty and secure much-needed talent cost-effectively. In doing so, organisations can ensure their workforce is fully compliant and truly shaped in the best way to support long-term objectives.

It's a lesson many of those we spoke to in the public sector reiterated again and again.

For this reason, we see IR35 as more of an opportunity than a threat to those organisations that prepare well and respond positively.

We make the following recommendations for organisations seeking to do this.

1. Get help

1.1 Manage your risk by analysing and auditing your current position

Invest in external support to establish a clear picture of your contingent workforce and address any issues.

1.2 Learn from what others have done

Network with public sector colleagues and others who are ahead of the curve or have been through the process already.

1.3 Organisation Design – Be clear about your destination

Consider a light touch organisation design review that looks at your strategy and the fit with and between systems, processes, governance, technology and the blended workforce.

2. Get talking

2.1 Talk with your current contingency workers now

Explore their motivations and concerns and find common ground, providing reassurance, where possible and clarity and alternative ways of engagement where not. Identify those individuals or groups you would like to have within the organisation.

2.2 Talk in your leadership team about your Build, Borrow, Buy model

Make time to discuss your organisation design and the ideal mix of **Build, Borrow, Buy** now rather than wait until IR35 hits the fan.

2.3 Talk with your partners

Invest time in your relationships with recruitment partners like PageGroup who have numerous clients facing the same decision-making process. Tap into that expertise.

3. Get organised

3.1 With Finance, HR and Procurement

You will need the cooperation of Finance, HR and Procurement to support your transition to the workforce of the future. This is a vital part of the move towards becoming a more employee-centric organisation.

3.2 With Recruitment

Talk with your in-house recruitment team and your recruitment partners about individuals and proposed organisation design, to begin to shape your workforce of the future.

Remember that former contingent workers may become your most loyal and engaged employees.

3.3 With Systems

Put systems and processes in place now to track and monitor your workforce and how they are distributed across your build, buy, borrow model.

For more information

To discuss your approach to shaping the workforce of the future and your response to IR35 please contact

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