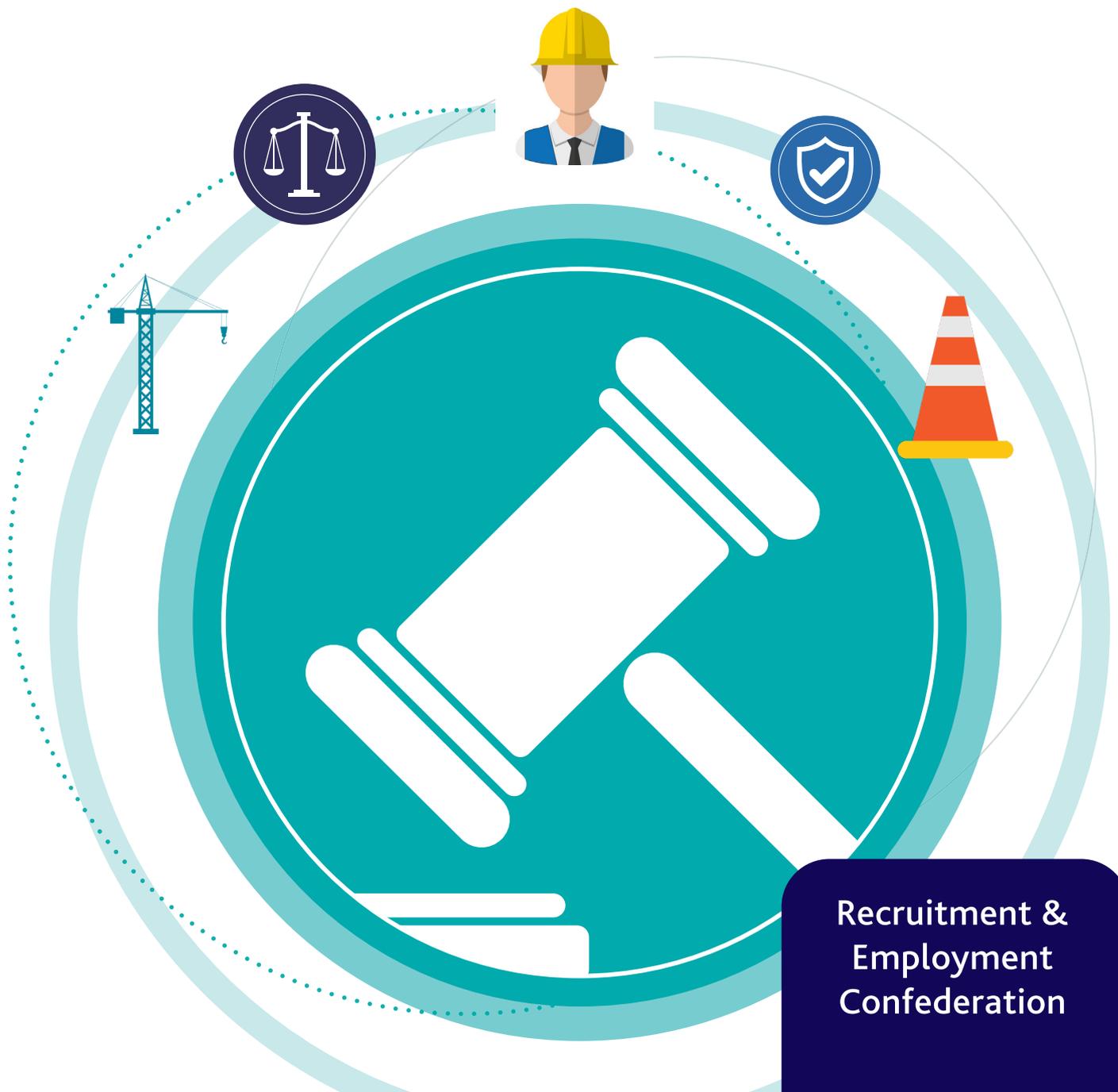


REC LEGAL

A guide to running an agency in the construction sector

February 2018

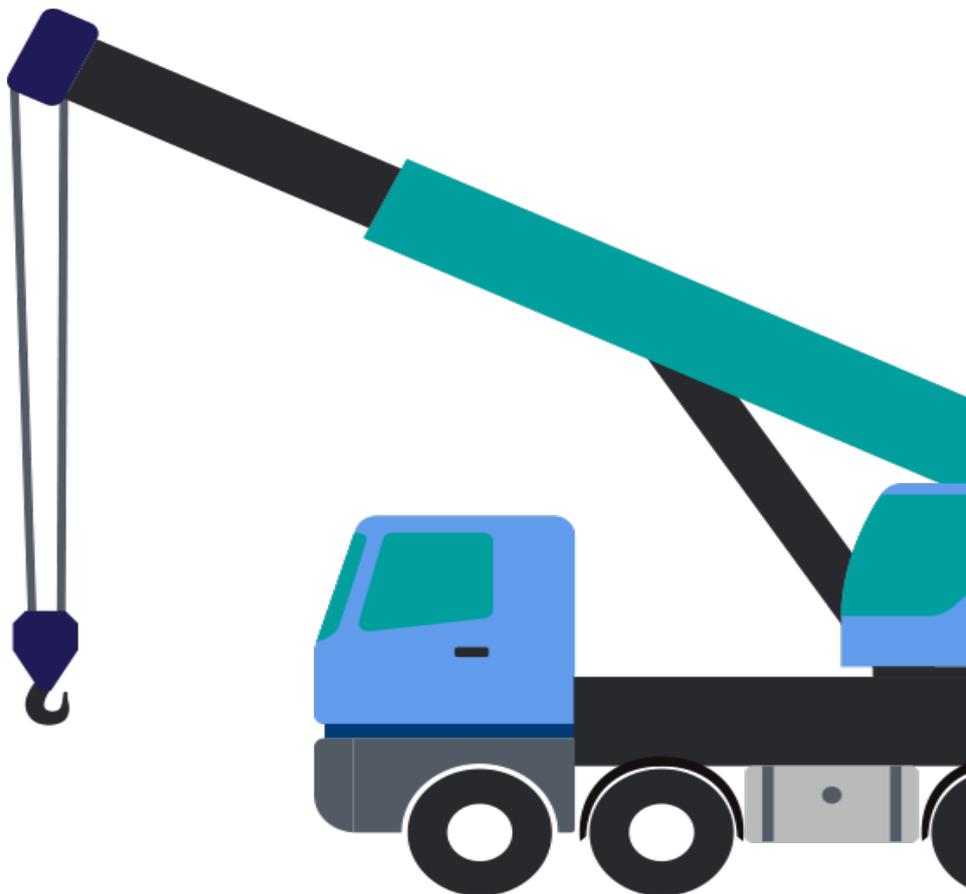


Recruitment &
Employment
Confederation

INTRODUCTION

REC Sector Guides set out the key issues you need to consider when thinking about setting up a niche agency. This guide has been written for those considering setting up an agency to supply workers in the construction sector. There are employment status and taxation issues as well as training and health and safety issues specific to the construction sector. This guide is an introduction only to these issues - recruitment businesses may need more detailed advice on certain issues in which case we signpost members to the appropriate place.

All information and links included in this guide are correct at the time of writing. Where we direct you to a link on the REC legal guide you will need your login details to access that link.



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WHAT IS THE CONSTRUCTION SECTOR?

The construction industry covers numerous subsectors including, for example, house building, commercial property, rail, civil engineering and nuclear. Members need to think about a number of distinct issues if they are planning to operate in the construction sector. These are:

1. taxation including the Construction Industry Scheme;
2. the CITB Levy;
3. training and qualifications requirements;
4. health and safety; and
5. special rules for the rail and engineering sectors.

This guide introduces each topic but signposts members to where they can get more detailed information.

In addition to the above, all employment agencies and businesses must comply with [the Conduct of Employment Agencies and Employment Businesses Regulations 2003 \('Conduct Regulations'\)](#), except where these regulations do not apply because an opt out has been given. The Conduct Regulations set out the minimum requirements of the terms of business which the recruitment business must have in place with both the hiring client and the work-seeker. They also stipulate what checks must be carried out on hiring clients and the work-seeker e.g. identity, authorisations required, qualification and health and safety.

Even where the legal obligations to carry out these checks does not apply (because a valid opt out has been given), members will still need to ensure that they check the [identity](#) and qualifications of the individuals supplied and that they have [the right to work in the UK](#). Not only is this good business practice but they may have contractual obligations to carry out certain checks on all individuals supplied. They should also check the credentials of any intermediary through which the individual works (e.g. a limited company, partnership or CIS intermediary). REC has produced two [intermediary checklists](#) for members to use.



EMPLOYMENT STATUS AND TAX / NATIONAL INSURANCE

PAYE TAX AND NICS

False self-employment: HMRC have long been concerned that there is significant false employment within the construction sector, resulting in substantial revenue loss. To tackle this they amended the Income Tax (Earnings and Pensions) Act 2003 (ITEPA) in April 2014. As a result, any person working under the supervision, direction or control of any person (or subject to the right of supervision, direction or control) should be subject to PAYE tax. This applies irrespective of whether the individual works directly through the employment business or through an intermediary. Similar amendments were made to social security legislation with regards to National Insurance contributions. These individuals will also be agency workers for the purposes of the Agency Workers Regulations 2010 (AWR).

Many workers in construction work through CIS intermediaries which deem them to be self-employed operatives but it is not always clear that they are genuinely self-employed and can be paid via CIS. The changes mentioned above have seen some temporary workers move from working through CIS intermediaries into umbrellas or to being paid directly by the employment business subject to PAYE tax and NICS.

Alternatively some operate as sole traders i.e. they do not work through a company or partnership. Whilst it is legitimate for individuals to operate as sole traders, this has additional risks for employment businesses in terms of the transfer of liability for unpaid tax or NICS. Therefore, the REC recommends that members do not engage with sole traders, and so we have not produced any model contracts for use with them.

We recognise that there can be significant pressure from both clients and individuals to treat some individuals as self-employed. However, it is important that members understand how they engage individuals and the implications for the method/vehicle chosen. Members should be aware and should ensure that their temporary workers are aware that [having a Unique Tax Reference number \(UTR\) does not by itself make a construction worker genuinely self-employed and does not automatically mean that s/he should be paid via CIS.](#)



OFF PAYROLL CHANGES IN THE PUBLIC SECTOR FROM 6 APRIL 2017

In April 2017, HMRC introduced [new IR35 rules for the public sector](#). The rules are important to consider because they can impact on employment businesses supplying work-seekers to work for public authorities on capital infrastructure projects. Examples would include HS2 and Crossrail but could also include school and hospital projects.

These rules provide that where the client is a public authority and an assignment is deemed to be inside IR35, and the work-seeker owns a 'material interest' in the intermediary, the 'fee-payer', which is defined in the legislation as the party that is immediately above the intermediary in the supply chain, must deduct PAYE tax and NICs before paying the intermediary.

For employment businesses that pay work-seekers via the Construction Industry Scheme, if the new IR35 rules apply to an assignment then these rules take precedence over the CIS rules. The CIS will not apply to an assignment where the off-payroll rules apply. This is confirmed in the [government's technical note regarding the new rules](#).

REPORTING REQUIREMENTS

Since 6 April 2015, employment businesses have had to submit quarterly reports on all workers they supplied during that quarter but which did not appear on their own Real Time Information reports – i.e. individuals not subject to PAYE and tax by the Employment Business but acting as sole traders, or working through intermediaries including personal service companies, partnerships, umbrella companies or CIS intermediaries. The reports require significant due diligence on the part of the supplying employment business to ensure that payment intermediaries within the supply chain act correctly. Reports are due on a quarterly basis. The [current deadlines](#) can be found on the gov.uk website.

For further information, please see the government's guidance on [ITEPA reporting requirements](#).



THE CONSTRUCTION INDUSTRY SCHEME (CIS)

The following is an introduction to the Construction Industry Scheme (CIS). Full details are available from [HMRC](#) or the CIS helpline at 0300 200 3210. Please note, the REC legal helpline are not tax experts and so can only offer the advice set out in this guide.

The CIS is a revenue protection scheme used in the construction industry. The scheme, which was introduced in 1997, covers all construction operations carried out in the UK (including territorial waters up to the 12 mile limit). The scheme does not apply to construction operations carried on outside the UK but if a business based outside the UK undertakes construction operations here, it must register for the scheme with HMRC.

Under the scheme, all payments that are made from contractors to subcontractors must take account of the subcontractor's tax status as determined by HMRC. This may require the contractor to make a deduction from payments made to a subcontractor, which the contractor then pays to HMRC.

TERMINOLOGY USED IN CIS

Specific terminology is used for CIS purposes. These include 'construction operations', 'contractor', 'subcontractor' and 'nominee', each of which is explained further below.

'Construction operations'

Construction operations are defined in Section 74 Finance Act 2004. Generally, construction operations cover almost any work that is done to a:

- permanent or temporary building or structure
- civil engineering work or installation

The work might include:

- site preparation
- alterations
- dismantling
- construction
- repairs
- decorating
- demolition



For more detail, please see the government's [CIS 340 guidance](#).

'A contractor'

A contractor is a business or other company that pays subcontractors for construction work. Contractors include construction companies and building firms, but also government departments, local authorities and other businesses. Employment businesses supplying temporary construction workers are also contractors with regards to the subcontractors they engage. Private households are not contractors for CIS purposes. All contractors must register for CIS with HMRC before paying their first subcontractor.

'Sub-contractor'

A subcontractor is a person or body that carries out construction work for contractors. Employment businesses will be subcontractors when they supply labour to contractors. The temporary workers they supply may be subcontractors for CIS purposes if genuinely self-employed. Any intermediary companies they work through will also be subcontractors. Subcontractors must register for CIS if they do not want the contractor to make higher rate deductions from their payments.

A contractor must assess the employment status of each individual when they are first engaged. Importantly, the fact that an individual has worked in a self-employed capacity previously is irrelevant. It is the terms of the current engagement that matter.

'Nominees'

Nominees are third parties whom a sub-contractor has requested the contractor to pay on their behalf. Nominees include gang members, work mates or relatives. Nominees must also be registered with HMRC – for payment to be made gross to the nominee, both the subcontractor and the nominee must have gross status. Otherwise you must pay the nominee at the deduction rate advised by HMRC.



MAKING CIS PAYMENTS

Employment businesses can be both contractors and subcontractors at the same time ie they will be subcontractors to their own contractor client but a contractor to any subcontractors they engage. The payments they receive from their contractors and the payments they make to subcontractors will all be subject to CIS deductions (or not) depending on each party’s status as verified by HMRC.

More detailed guidance on how to make CIS payments and deductions can be found in the government’s [CIS 340 guidance](#).

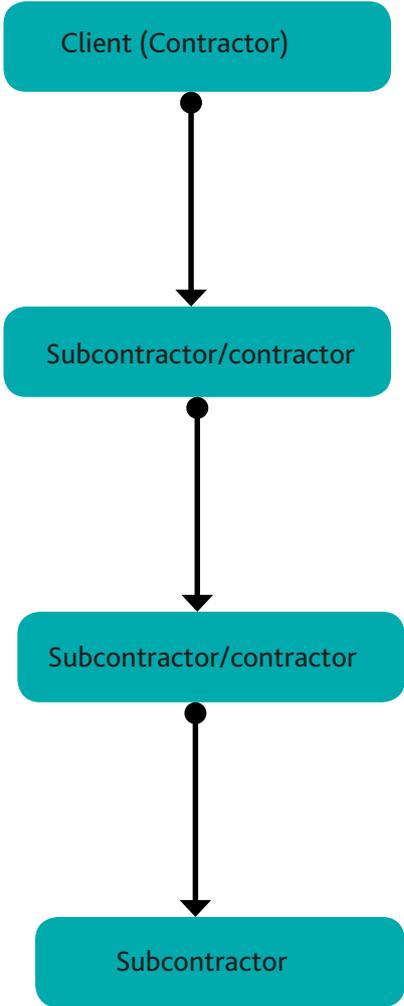
Employment businesses should be aware of the commercial impact of clients potentially making deductions from the payments that they make to employment businesses as part of their potential obligations under CIS. Employment businesses will need to ensure that they take such deductions and any further deductions into account when agreeing both charge rates with clients and pay rates with work-seekers to ensure that clients are charged correctly and work-seekers are paid the correct sums based on what has been contractually agreed between all the parties.

Employment businesses must ensure that their contracts with work-seekers in the supply chain contain provisions covering such deductions being made.

Employment businesses should try to obtain gross status under CIS if they do not wish to suffer any deductions being made by clients under the scheme though they must meet certain criteria before they can achieve gross status.

Under CIS subcontractors can apply to be paid gross ie no deductions would be taken from their payments. To qualify for gross status, subcontractors will need to show that they meet certain qualifying conditions. For further information, please see the government’s [CIS 340 guidance](#).

Example Supply Chain Flowchart





RETURNS TO HMRC

Timing: Each month contractors must send HMRC a return of all CIS payments made to all subcontractors during the previous tax month (eg 6 January to 5 February). The return must include subcontractors irrespective of whether they are paid gross or under deduction (at either the standard or higher rate). HMRC must receive the return within 14 days of the end of the tax month they are for.

There are 2 ways contractors can make their monthly CIS returns:

- [the free HMRC CIS online service](#)
- [commercial CIS software](#)

Further details about how to make returns and what must be included can be found in the government's [CIS 340 guidance](#).

RECORD-KEEPING

Record keeping is an important part of the CIS. HMRC could ask to review a contractor's records at any time.

Similar to the above, the REC recommends that all members consult the government's [CIS 340 guidance](#) for more information.



CITB LEVY

WHAT IS THE CITB?

The Construction Industry Training Board (CITB) is a partner in the Sector Skills Council for the construction industry in England, Scotland and Wales. It collects the training levy for the construction industry and distributes training grants to construction employers. It provides training across all construction trades.

The levy is imposed on construction employers and is distributed in the form of grants which are available for a wide range of training and qualifications. Only employers registered with CITB can obtain grants, but they do not have to pay the levy in order to receive a grant. Grants are available in respect of PAYE employees, CIS subcontractors and temporary workers working through employment businesses. In addition to grants, the CITB levy also supports the CITB in:

- organising Card Schemes that are recognised by the construction industry;
- offering apprenticeships;
- developing occupational standards and qualifications for the construction industry;
- promoting the construction industry generally;
- carrying out research into industry trends;
- identifying future skills requirements for the construction industry;
- influencing government policy that affects the construction industry; and
- appointing company advisors that work with employer groups to help businesses identify and meet their training needs.

MAKING THE LEVY RETURN

All construction employers are required to make the Levy Return, even if they do not train any workers or are not liable to pay the levy because of the size of their total wage bill. The Levy Return covers the tax year.

The Levy Return can be submitted to the CITB either [online or via post](#). Every year the CITB sets out the [dates by which Levy Returns must be completed and returned](#). Failure to submit a Levy Return on time could result in grant claims being withheld until the Levy Return is received by the CITB and in some cases, if there is a severe delay in completing the Levy Return, this could result in eligibility for future grant claims to be lost.

Furthermore, if a construction employer continues to fail to pay their levy, the CITB can issue a County Court summons for the levy amount (which will incur additional court costs). After you submit your Levy Return, the CITB will verify it for accuracy and will send a [Levy Assessment Notice](#) that sets out how much levy you are required to pay.



CALCULATING THE LEVY BILL

In 2017, the CITB made a number of changes to the levy system. All sums declared must be gross payments before any deductions such as National Insurance or tax. VAT is not declared. The levy sum due is calculated as follows in the table below.

The following payments must be included in the Levy Return:

- Payments made via the PAYE system to employees, including paid directors; and
- Payments made under CIS.

NOTE: these figures may change from time to time so it is important to keep checking the CITB website for updates. For examples of how to calculate your levy payment please see [CITB's guidance](#).

Total wage bill for 2017	Levy sum
£79,999 or less (Small Business Levy Exemption)	No levy (but must still complete a levy return)
£80,000 or more (subject to Small Business Levy Reduction)	0.5% on PAYE bill + 1.25% on CIS subcontractors who you deduct CIS tax from* *The levy is not applied to CIS subcontractors who you don't deduct CIS tax from
Small Business Levy Reduction £80,000 to £399,999 total wage bill	Levy bill reduced by 50%

Total wage bill for 2018 - 2020	Levy sum
£79,999 or less (Small Business Levy Exemption)	No levy (but must still complete a levy return)
£80,000 or more (subject to Small Business Levy Reduction)	0.35% on PAYE bill + 1.25% on CIS subcontractors who you deduct CIS tax from*
Small Business Levy Reduction £80,000 to £399,999 total wage bill	Levy bill reduced by 50%
£400,000 or more	Levy bill will apply at full rate

The proposed Levy Rate for 2018-2020 is 0.35% for PAYE and 1.25% for Net CIS. There are no proposed changes to the current thresholds. The table below summarises how the proposed levy will apply between 2018-2020.

The proposed levy was recently subjected to the formal [consensus process](#). Overall approximately 4000 employers were independently surveyed as part of the process. As consensus has been achieved, the CITB will now inform the Department for Education of the results with a view to the changes being implemented. [The CITB has also produced a tool for businesses to estimate their 2018 levy liability.](#)

WHO IS LIABLE TO PAY THE CITB LEVY?

As explained above all construction employers are liable to pay the levy depending on the size of their total wage bill for the year. For the purposes of the levy a 'construction employer' means a person, firm or company whose business is wholly or mainly engaged in construction industry activities and who employs a person either directly (PAYE) and/or engages subcontractors. An 'employee' is defined under the Industrial Training Act 1982 and includes a person engaged under a contract for services'. Therefore 'employer' can include employment businesses supplying temporary workers.

A full list of construction industry activities is set out in the Industrial Training (Construction Board) Order 1964 (Amendment) Order 1992 but can include the construction, alteration, repair or demolition of a building or part of a building; the erection, repair or dismantling of walls, hoardings or scaffolding and the preparation of the site or the laying down of a foundation or sub-structure in connection with other operations or with the erection of structural metalwork.

For further details, please see the [CITB guidance on Levy Returns](#).

HOW TO PAY THE CITB LEVY

Businesses can pay the levy either in one lump sum or in 10 monthly instalments provided they submit their levy return and direct debit mandate in time. There is no additional charge for paying the levy by instalment.

CLIENTS DEDUCTING CITB LEVY SUMS

The CITB is aware that some main contractors deduct amounts from payments to their sub-contractors and may call it 'CITB-Levy' or similar. CITB advise that this is contractor's way of covering their own levy liability. Only CITB is authorised to levy employers in the construction industry – contractors are not authorised to make deductions from any amounts paid to sub-contractors or other workers on CITB's behalf. In December 2011, CITB, together with a number of construction trades federations, issued [a statement regarding the practice of deducting levy sums](#).

Agencies who find that their contractors have deducted a CITB levy sum should in the first instance check whether the contractor is contractually entitled to do so. If not, then the contractor has breached contract by making an unauthorised deduction. Even if the contractor is contractually entitled to do so, the agency should direct the contractor to the CITB's statement and also contact CITB. Agencies should then agree with the contractor to vary the contract to remove the offending clause.

THE APPRENTICESHIP LEVY

The Apprenticeship Levy came into effect on 6th April 2017. All businesses with an annual pay bill of over £3 million are legally required to pay the Apprenticeship Levy which is charged at a rate of 0.5% of the annual pay bill over £3 million. For more detail, please see the [Apprenticeship Levy](#) section of the REC Legal Guide.

THE INTERACTION BETWEEN THE APPRENTICESHIP LEVY AND THE CITB LEVY

The Apprenticeship Levy is not intended to replace the CITB Levy, the two levies are completely separate. This means that employment businesses in the construction sector may be liable to pay both levies.

The CITB introduced a [transition package](#) for 2017/2018 to help construction employers who are liable to pay both the Apprenticeship Levy and the CITB levy. The CITB will review this transition package for future years. The Apprenticeship Levy can only be used to cover the costs of apprenticeship training. It cannot be used for other costs associated with apprentices (such as wages, travel costs or the costs of setting up an apprenticeship programme).

The CITB levy on the other hand can be used more widely to support construction employers. It can be used to cover the additional costs associated with apprentices such as wages and travel but also helps to provide additional support via the following:

- providing grants to support and encourage training;
- promoting construction as a career of choice and encouraging young people to enter the construction industry;
- conducting research to identify future skills needs for the construction industry; and
- developing standards and qualifications to qualify the construction industry and keep employees safe.



CSCS CARDS

WHAT IS CSCS?

The [Construction Skills Certification Scheme \(CSCS\)](#) is the leading skills certification scheme within the UK construction industry. CSCS cards provide proof that individuals working on construction sites have the required training and qualifications for the type of work they carry out. The scheme keeps a database of people working in construction who have achieved, or are committed to achieving a recognised construction related qualification. Most principal contractors and major house builders require construction workers on their sites to hold a valid CSCS card. The scheme's application processing and contact centre is delivered under contract by CITB.

APPLYING FOR A CSCS CARD

Individuals applying for a CSCS card must prove that they have the training and qualifications required to carry out their job. The type of work they do and their qualifications or membership of professional bodies will determine which type of CSCS card they should apply for. Individuals also need to pass a [CITB Health, Safety and Environment test](#) (there are a number of such tests).

WHAT TYPE OF CSCS CARD?

There are a number of core scheme CSCS cards plus affiliated scheme cards. The type of work done, plus qualifications or skills level and membership of any professional bodies will determine what [CITB Health Safety and Environment test](#) the individual must take and what card s/he requires. Cards are issued for different periods ranging from 6 months to 5 years. Some are renewable, others are not (because, for example, it is expected that the individual achieves a particular qualification during the time the card is valid).



In accordance with Regulation 18 of [the Conduct Regulations](#), members should obtain information from their client about the experience, training, qualifications and any authorisation which the hirer considers are necessary, or which are required by law, or by any professional body, for a work-seeker to possess in order to work in the position. Members should therefore ask their clients what qualifications work-seekers should register for or what CSCS Partner Card Scheme work-seekers should have.

OVERSEAS QUALIFICATIONS

There is quite a large non-UK national population within construction. Where an individual has non-UK qualifications, these must be assessed and should be directly comparable to UK qualifications. [UK NARIC](#) ** is the designated national agency for providing information, advice and expert opinion on qualifications worldwide. It provides advice on qualifications from 183 countries. An individual with overseas qualifications but who requires a CSCS card must get a UK NARIC certificate before applying for their card.

** All EU members states and a number of non-EU states have a NARIC office to advise individuals wishing to move to work or study within that state.



HEALTH AND SAFETY

Areas of risk

Construction is a sector with numerous health and safety concerns. Risks arise from:

- site safety generally – cables, trips, holes in the ground, traffic on site;
- using plant and machinery;
- working at height (via ladders, scaffolding or cranes);
- electricity;
- fire;
- demolition;
- structural stability;
- asbestos, dust, paint, lead and other coverings;
- noise and vibration.



There is specific legislation to tackle some of these issues e.g. the Work at Height Regulations 2005 or the Manual Handling Operations Regulations 1992, whereas others are covered by the Construction (Design and Management) Regulations 2007 (CDM). In addition, subsectors such as rail or nuclear have additional safety concerns. Detailed advice on each of the above is available from the Health and Safety Executive (HSE) at www.hse.gov.uk.

RESPONSIBLE HEALTH AND SAFETY ON A CONSTRUCTION SITE

The REC is aware that construction sector clients often seek to deny responsibility for the health and safety of construction workers who are not their own employees. They often require onerous indemnities from other parties, including employment businesses, for death or personal injury. It is not always easy to demarcate responsibility in construction operations, which often involve multiple parties. However, the party who has control of the site is responsible for overall health and safety on that site. Employment businesses do not have day to day control of the site and therefore should not bear responsibility for safety on the site. However, employment businesses should ensure that the individuals they supply to work on construction sites have the appropriate training and qualifications to do so eg to erect scaffolding, to drive a crane or other plant or machinery.

At the same time individuals are responsible for their own safety and the safety of others on site. They should receive a proper site induction, after which they must follow site rules and must not behave in a way to endanger either themselves or others. This includes adhering to drugs and alcohol policies clients may have in place (often these are zero tolerance policies, breach of which leads to immediate removal from site). Individuals should also report health and safety concerns to the site foreman in the first instance, or to their employment business which can then take it up with the client.

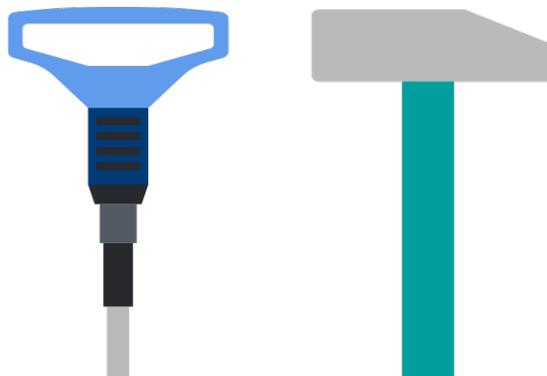
Insurance – individuals working through limited companies (whether their own limited company, an umbrella company or a commercial contractor) should be insured by that limited company. Employment businesses should always check client insurance requirements (amount and length of cover) and ensure that any subcontractors they engage with have their own appropriate insurance. The [REC's insurance business partners](#) can give further advice.

CONSTRUCTION INDUSTRY ADVISORY COMMITTEE (CONIAC)

CONIAC advises the HSE on the protection of people at work (and others) from hazards to health and safety within the building, civil engineering and engineering construction industry. Its membership include representatives from key industry stakeholders (including SMEs). Its aim is to deliver the Revitalising Health and Safety targets set at the 2001 Construction Summit. CONIAC has four sub groups:

- Safety Working Group;
- Working Well Together Steering Group;
- Major Incidents; and
- Health Risks Working Group.

Agendas and minutes from CONIAC meetings are available from the [HSE website](#).



INITIATIVES TO COMBAT LABOUR EXPLOITATION AND TRAFFICKING

THE MODERN SLAVERY ACT 2015

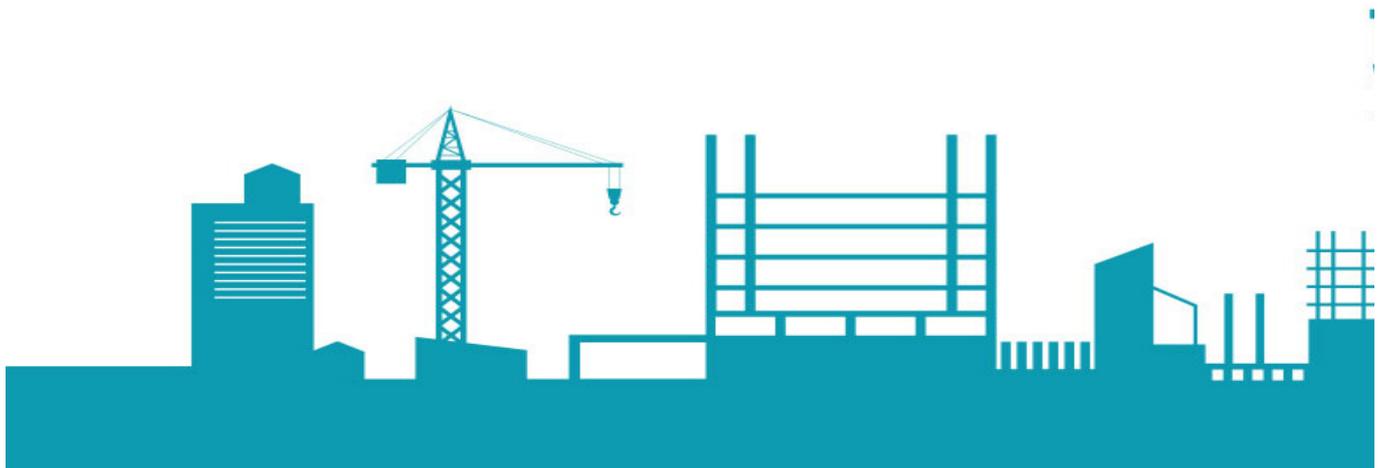
The construction sector tends to have a high level of migrant workers, some of whom may be vulnerable to slavery or trafficking. The [Modern Slavery Act 2015](#) (MSA) was enacted in March 2015 to tackle these issues. It extends to England and Wales.

Section 54 of the MSA introduced a new statutory obligation on large businesses to publish an annual statement on the steps they are taking to ensure that modern slavery and human trafficking are not taking place within their business operations and their supply chain. The Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015 which came into effect on 29 October 2015 builds on Section 54 and provides more detail on the requirements. The REC has produced [guidance](#) on both the MSA and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.

Only businesses with a turnover of at least £36 million plus per annum are required to publish a statement. However, even if your business does not have sufficient turnover to have to provide its own report, clients or perhaps vendors further up the supply chain, may require all suppliers to provide evidence on their due diligence to enable them to complete their report on activities throughout their supply chains.

Failure to publish a statement will not be a criminal offence, nor will it result in a financial penalty. However, the MSA gives powers to the Home Secretary to seek an injunction to force a company to publish a statement. The government hopes that compliance with this new reporting requirement will be driven by businesses seeking to avoid negative publicity and reputational damage amongst their customers, suppliers and potential investors.

For more information, see the Home Office's practical guide on [transparency in supply chains](#).



RESOURCES AND TRAINING

There are also a number of training courses and resources available to help you spot the signs of labour exploitation, modern slavery and human trafficking within the supply chains you may operate in:

- The REC is a supporting partner of [Stronger Together](#), a multi-stakeholder initiative aimed at identifying hidden forced labour, labour trafficking and other third party exploitation. Project sponsors of the initiative include ASDA, Sainsbury's, TESCO, Marks and Spencer, Waitrose and The Co-operative. To view the range of guidance, workshops and events the initiative offers, please see the [Stronger Together webpage](#).
- The Home Office has produced [a series of industry specific factsheets and guides](#) on how to spot signs of slavery.

LICENSING

Employment businesses operating in the Gangmasters and Labour Abuse Authority (GLAA) regulated sectors must have a GLAA licence to operate. This includes businesses in the food processing, shellfish and forestry sectors. The government has toyed for some time with the idea of extending the GLAA's remit to cover other sectors including construction - the REC has consistently pushed back on this, most recently in October 2017. For further information, please see the [REC's blog on regulation and the recruitment industry](#). However, to date, the construction sector is not included and therefore agencies do not need a GLAA licence to operate in the construction sector. The REC will keep members updated on developments.

For further information, please see the [GLAA website](#) and the REC Factsheet '[A guide to operating in the GLA/Industrial sector](#)'.





SPECIFIC CONSTRUCTION SECTOR SCHEMES

SENTINEL SCHEME RULES

The [Sentinel Scheme Rules](#) apply to the rail sector. They were introduced by Network Rail in 1999 to improve the control and processes for track safety training/competence and the certification and supply of on-track labour. All individuals working on-track must have a Sentinel card and be sponsored by their employer or another person. Significant changes took effect in September 2013 which included moving to smart cards and an electronic register of competencies and extending the scheme beyond on-track workers only. Importantly, all workers should have had new cards by 6 January 2014. In addition, all individuals must have a primary sponsor before they can work on the railways. They may also have up to two sub-sponsors if their primary sponsor permits this. Employment businesses can act as primary or sub-sponsors but each has its own duties and obligations. There are also improvements to the Lone Worker Protection Scheme, using mobile technology to protect those workers.

THE NATIONAL AGREEMENT FOR THE ENGINEERING CONSTRUCTION INDUSTRY (NAECI)

The '[NAECI](#)' or 'Blue Book' sets the terms and conditions of employment for hourly-paid engineering construction workers on major engineering construction projects and repair and maintenance sites throughout the UK. Employment businesses supplying workers on such projects may find that they are subject to the NAECI. The signatories to the NAECI are outlined below.

For employers:

- the Engineering Construction Industry Association (ECIA);
- the Thermal Insulation Contractors' Association (TICA); and
- the Electrical Contractors' Association of Scotland (SELECT).

For trade unions:

- Unite the Union (Amicus and T&G Sections); and
- GMB.

Together, the signatories form the National Joint Council for the Engineering Construction Industry (NJC), which oversees the operation of the NAECI and undertakes periodic reviews of rates and other terms and conditions. The NAECI provides comprehensive terms and conditions of employment for hourly-paid engineering construction workers on major and basic engineering construction projects. More information on this can be found on the [National Joint Council for the Engineering Construction Industry's website](#).

REC MODEL DOCUMENTS

The REC has a large suite of model documents for use in a range of scenarios but has not produced model documents specifically for use in the construction sector. This is because construction contracts often involve multiple parties and can be subject to prescribed JCT contracts. We have produced [model contracts](#) that may be used depending on the circumstances and arrangements - please read the guidance notes to each contract to ensure that you use the appropriate contract and please call the REC Legal Helpline on 0207 009 2199 if you require advice or assistance. However, please note that we cannot amend documents for you.

FURTHER RESOURCES

We have included a list below of useful further resources. The following details are correct at the time of writing.

HMRC:

- [HMRC Construction Industry Scheme website](#)
- CIS helpline – 0300 200 3210

Health and Safety Executive:

- www.hse.gov.uk
- The Advisory team on 0300 003 1747.
- Incident Contact Centre on 0845 300 9923

Network Rail/ Sentinel:

- [The Network Rail/ Sentinel website](#)

REC legal resources:

- [REC Guide to starting an agency in the healthcare sector](#)
- [REC Guide to starting an agency in the GLA and Industrial Sector](#)
- [REC Guide to starting an agency in the driving sector](#)
- [REC Policy construction sector guide](#)
- [REC Legal news](#)

REC Construction sector group:

- Join the REC Construction sector group (one of the REC's largest groups) and attend sector meetings – 3/ 4 per year.

Other:

- [REC insurance business partners](#)
- Trade journals such as Construction News or Building Magazine





EDITION HISTORY

Edition number/date		Amends
Edition 3	Feb 2018	<p>The following sections were amended:</p> <ul style="list-style-type: none"> • Introduction • Employment Status and Tax/National Insurance • Construction Industry Scheme • CITB Levy • CSCS Cards • Initiatives to Combat Labour Exploitation and Trafficking • Specific Construction Sector Schemes • Model Contracts
Edition 2	Feb 2016	<p>The following sections were amended:</p> <ul style="list-style-type: none"> • Licensing • PAYE tax and NICs <p>The followin sections were amended:</p> <ul style="list-style-type: none"> • the apprenticeship levy • initiatives to combat labour market exploitation
Edition 1	July 2015	-

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Registered in England, company registration number 3895053

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