



Genie Education umbrella company - Takeover Thursday

Thank you so much for allowing us to answer questions relating to umbrella companies. The following summary provides answers to the key questions asked

Who is my employer – the agency or the umbrella company?

The umbrella company is your employer and is responsible for providing you with statutory employment rights and benefits. You will sign a permanent contract of employment which stipulates that you are working on a series of assignments at temporary workplaces.

The umbrella company operates a Pay As You Earn tax system (PAYE) so that you do not need to complete an annual tax return if this is your only source of income in a tax year.

How do you calculate my pay and how are expenses paid back to me?

An agency will inform the umbrella company of the number of days a teacher has worked in the previous week and the rate of pay applicable.

The umbrella company will then invoice the agency for the work completed by this teacher.

The agency pays the umbrella company for the work completed by the supply teacher. As the supply teacher is employed by the umbrella company, this is the umbrella company's income.

From its income the umbrella company makes a deduction to cover the cost of employing the teacher (primarily Employer's National Insurance) and it will also make its margin from this income. The umbrella company's margin could be a percentage of the income it receives in (i.e 5%) or it may be a fixed daily amount (i.e £4.50 per day)

The balance of the remaining income is then paid to the supply teacher in the following order:

- i) National Minimum Wage is paid (this is subject to tax and employee NI) then
- ii) Business expenses incurred (this is not subject to tax or NI) then
- iii) Profit share / commission (subject to income tax and NI)

You can see a visual representation by clicking [HERE](#).

You can see a visual representation by clicking on the link below:

Why do you take a margin? ("fee")

As with any other commercial UK employer, the umbrella company plans to have a surplus margin so that it can make a profit which it can reinvest back into its business.

Why am I able to claim expenses when a permanently employed teacher cannot claim?

You are a permanent employee when you join an umbrella company.

UK legislation allows all employers to pay business expenses to their employees if they have to work at a temporary workplace for a short period of time. Therefore, if Tesco supermarket send one of their employees who permanently works in Leeds, to go and temporarily work in Manchester, they can reimburse that employee for the business expenses incurred in having to carry out that work. Typically this will be travel and costs for meals.

When you're employed by an umbrella company the school is a temporary workplace, and you should have an expectation that you will be working at various schools. This enables you to claim business expenses. A specific school ceases to be a temporary workplace if you expect to be working there for more than 24 months. There is more detail to the 24 month rule, so it's advisable to speak to your umbrella company regarding this if you have any questions regarding a particular school you are working at.

Other than tax benefits what other benefits do I receive when joining an umbrella company?

A key benefit for joining an umbrella company is that you receive the security of being employed coupled with the flexibility and advantages of undertaking supply work to fit around your lifestyle. Being employed means you receive statutory employment rights and benefits. These include:



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- Sick pay
- Maternity or paternity pay,
- Holiday pay,
- Pension

You should also receive access to other benefits such as a childcare voucher scheme, and specialist independent financial advice from experts who specialise in assisting agency workers.

My agency has given me a list of umbrella companies that I can use. How do I decide which to use?

The first thing to remember when you're choosing an umbrella company is you're choosing an employer. So the questions you should ask should be no different to the questions you'd ask any prospective employer:

1. How much will I get paid?

Most umbrella companies would be happy to provide you with an initial pay calculation to give you an indication of what your take home pay would be.

2. When do I get paid?

Umbrella companies typically pay weekly in arrears, however you would want reassurance they will be flexible enough to pay you on those occasions when there may be a delay in your time-sheet being processed.

3. How easy will it be for me to work as an employee of your umbrella company?

As working as a supply teacher is demanding, you want to ensure that the umbrella company do not unnecessarily add to your workload. Will you have to post in expenses receipts or can you upload them online? Does the umbrella company make you complete their timesheet, or will the agency's notification of the hours worked suffice? How responsive are the umbrella company in dealing with your queries? Will they take responsibility for answering your query, or just refer you back to your agency?

These factors are important in differentiating one umbrella company from another.

4. What employee benefits are there?

Does the umbrella company just see themselves as a 'payroll' provider or do they try and assist and support you in your career? Do they give you access to teaching resources or online CPD courses?

5. How reputable are you as an umbrella company?

Most supply teaching agencies have a preferred suppliers' list in place. Agencies have robust criteria in deciding which umbrella companies they will work in partnership with. The criteria will typically include investigating the compliance processes of the umbrella company, its financial strength, and its service levels. To demonstrate its credibility as a compliant employer, many umbrella companies will be rigorously audited by independent organisations.

You should check to see if the umbrella company has received accreditation from organisations such as Professional Passport, Freelancers and Contractors Services Association (FCSA) or Lawspeed.

Do not give any credence to an umbrella company that displays the HMRC logo on its website, and states it is "HMRC approved" HMRC do not provide their approval of any UK employer. It's all employers' responsibility to ensure it adheres to tax and employment legislation.

6. Speak to your friends and colleagues.

Many of the teachers we employ are referred to us by the existing teachers we employ. Furthermore, these teachers have also been recommending us to supply teaching agencies we had not previously worked with.