
From: Jane Davies [GRO]
Sent: Thur 29/12/2022 9:30:18 AM (UTC)
To: Zdravko Mladenov [GRO]
Subject: RE: Moving to a Day Rate Contractor

Hi Zdravko,

Thanks for your response. I find slightly unusual that you are asking me to answer some fairly basic questions about governance, process and the way in which Executives should work together as a team. I have worked at Exec level in listed/plc environments for many years, and I would not expect to have to write an email like this, to explain my role and/or to protect the interests of POL. But, just to you;

- As CPO I have a clear role in directing and influencing the employment status, the role content/titles and the costs of employment (whether permanent or contingent workforce) and to manage the associated risks. My role is to provide an overview on the whole organisation (something which individual department leaders cannot see), to ensure fairness and consistency, but importantly to protect the POL. The business does not have the right to make unilateral decisions without due consideration to these latter points and as a minimum need to be compliant to protect the POL from current and future risk.
- You comment on moving a 'few high-profile Perms to contractor status' is a strategy I would challenge and needs investigating. Why are we are building a temporary contingent workforce for POL, by using our existing PAYE employees? This is highly unusual. It effectively results in these people being skilled up to do temporary roles, spending additional costs to backfill their permanent roles and then potentially losing the talent (or having to pay significantly higher employment costs to retain them) at the end of the contract. This is not a sensible talent strategy for POL and one I would not support. I do not understand why we aren't simply offering these people temporary roles, with an uplift/allowance, so we can retain them long term and contain costs.
- Like you, I am unclear on the process for recruiting contractors, but I will be looking into this to ensure we have the appropriate checks and balances in place. I do not expect the business to operate unilaterally without taking the advice and steer from both my HR team, as well as the Employment Tax expert seriously (both have written to me separately to highlight this particular issue)
- Ultimately this creates a PR risk for Nick, we are already under investigation with the HMRC over IR35, and therefore we have to tread carefully.

This is the second time within my first month with the business, that I am raising a similar point with you, on employment of contractors, and as you know, the latter has resulted in a grievance being raised and has caused some major instability within my team, something which isn't helpful especially so early on in my tenure with POL.

I am also worried that we are not creating the right leadership team culture and collaboration, and this is having an impact across POL, this is something we need to address urgently. I do recognise the importance of our key strategic programmes and my intention is to ensure the People/HR Team deliver for NBIT, as a priority. To achieve this, confidentially, I expect I will need to make some changes to my team, and in this respect would welcome a discussion with you to understand your requirements, so we can manage the people side of the programme deliverables (and issues like this) effectively through our teams (without us having to get involved).

Look forward to speaking with you when you return. In the meantime, have a wonderful break.

Kind regards,

Jane

From: Zdravko Mladenov [GRO]
Sent: 24 December 2022 10:30
To: Jane Davies [GRO]

Subject: RE: Moving to a Day Rate Contractor

Hi Jane – thank you for the below. These are very helpful challenges and provide a test case that we can sort out now, since we will have a few high-profile Perms about to move to contractor in early 2023.

Comments, just to you:

1. With due respect, I believe **Items 1, 3 and 7** are with me. Would you agree? I am happy to be challenged on each decision, but would contend that the decision is with me.

2. **Item 2** is being determined by our external supplier, as far as I can tell. We just go with their determination, but my general push has been “unless you have a strong reason to the opposite, everyone should be inside IR35”.

On this specific one, I had no idea this role was deemed outside and, aligned with your comments, I don’t see the logic. So I will push back on that now and that will be resolved.

3. Given the above point, I believe **Item 4** is not an issue – but will let you verify independently with the Tax team.

4. I am unfamiliar with the process you are referring to in **Item 5**, but I would say whatever that process, it’s with the business to make the decision. Would you agree?

5. On **Item 6**, the Tax team has confirmed that the process was followed. As for the People process, that one is impossible not to follow, because it is the People team that processes each CRF!

Very happy to discuss further live, but thought best to give first an email view.

Many thanks,
Z

From: Jane Davies [GRO]

Sent: 22 December 2022 09:16

To: Zdravko Mladenov [GRO]; Tim McInnes [GRO]

Alisdair Cameron [GRO]

Cc: Andy Jamieson [GRO]; Peter Gomersall [GRO]

Gemma Friend [GRO]; Juliet Lang [GRO]

Subject: Moving to a Day Rate Contractor

Hi all,

It has been brought to my attention that we are moving a permanent employee into a daily rate contractor role, with a number of surrounding issues which we need to consider. In summary the issues are:

1. The role description is that of tasks, which should be assigned to a temporary employee/perm employees in supporting functions

2. The role description is not a defined set of deliverables associated with a contractor which sits outside IR35
3. The role title whether IT Team Support or Enterprise Demand Analyst is one associated with an employee not a contractor, as role activity is BAU regardless of the function within which it sits
4. The role is being offered to an existing employee who is transferring to a contractor position, which is not acceptable by HMRC
5. The process for assessing the contractor against the specific requirements of the role has not be managed appropriately
6. The sign off process by Employment Tax and the People Team has not been followed (assuming there a process?)
7. There is a serious question raised on 'responsible' spending of POL monies in that we are offering a current employee who earns c£36k a contract work over £100k?

I am not proposing to resolve this before the Xmas break, so suggest we put this recruitment on hold until we have time to discuss.

I have been made aware by Andy and Tim of the history here, including the cost impact. However, when I review the above proposed appointment, I am concerned that we are continuing to build upon the risk we already have. I want to ensure that a) we are fully complaint b) we manage the current exposure with the HMRC appropriately c) that we understand costs v risks d) that we avoid negative PR. In the meantime, I have asked Andy/Peter for a full review on all contractors, to assess whether we are inside/outside IR35 for every individual. I has also asked for the process for bringing contractors on board to be clarified.

Look forward to meeting in the NY to discuss further.

Many thanks,
Kind regards,

Jane

Jane Davies
Group Chief People Officer

People Team

GRO

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