

# Rectifying incorrect IR35 determinations could save the water industry millions

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Water by Murray

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Responding to recent news regarding the continued financial challenges facing the UK water industry, Water by Murray has said that more effective IR35 determinations for engineering and delivery-oriented roles could save the sector millions every year.

Adam Cave, founder and managing director of Water by Murray, the specialist industry recruitment consultancy, explains.

“IR35 determinations have been a long-standing issue, not just for water but across all industries. In our sector, the decision-making sits with back-office functions who don't necessarily see firsthand what the day-to-day role requires and are therefore often unaware of the level of control or responsibility that person holds. Many of these decision makers haven't visited a water or treatment plant in person, which makes it difficult to determine if a role falls inside or outside IR35 in my view. Too many positions are being categorised as inside IR35 as a result. This is leading to a mountain of unnecessary costs, and the exacerbation of existing skills shortages, particularly amongst engineers. All employers within the industry face around a 25% uplift in staffing costs for roles within IR35 and many of these are for positions that should be outside the regulations. That approach is not sustainable.”

“If the existing decision-making process for engineers and delivery-oriented roles is reviewed and adapted, then a huge amount of unnecessary expenditure could be reduced. There are several issues facing the industry at the moment and we all need to find solutions. Changing this process is one action that could have an immediate impact, and its ramifications would improve funding, as well as employers' ability to attract skills, which in turn could help to ease skills shortages. We can't create the thousands of engineers needed for AMP8 and beyond overnight, so we need to utilise the existing workforce more effectively.”

“We've been speaking to regulators and membership bodies for the water industry about methods of reducing costs and improving project delivery, and there is a general consensus that a more effective and accurate IR35 determination process will be beneficial. We make no commercial gain from whether roles fall in or out of the regulations, this is about the future of the industry and ensuring there is money – and skills – to deliver critical projects. The millions that could be saved here can be the difference between schemes being delivered or not. At a time when the Government is looking for ways to save money, and several leading water companies are facing major financial challenges, this should be a priority issue.”