

## Encouraging the employment of veterans through National Insurance Contribution relief for employers: Consultation

### Submission by Barclays

Barclays is a transatlantic consumer and wholesale bank with global reach, offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in our two home markets of the UK and the US. With over 325 years of history and expertise in banking, Barclays operates in over 40 countries and employs approximately 85,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

### Barclays Perspective

Barclays notes and welcomes the initiative to support veterans' transition to civilian life and considers it important to respond directly to the Consultation. The cut to NI contributions is a useful policy and its design will be relatively straightforward to implement once a payroll software solution is available from April 2022. Further clarity on qualifying length of service and exceptional circumstances for reservists should be explored.

Whilst this is considered an important initiative to support veterans entering appropriate employment it is unlikely on its own to incentivise Barclays any further. The bank has been widely recognised for the emphasis it places on the economic value highly skilled veterans can bring to the corporate world, and for its efforts to interface with all elements of our Armed Forces communities.

For over 10 years Barclays Military & Veterans Outreach has been creating opportunities to rise for Serving personnel, veterans, Reservists and the wider military family. The AFTER programme (Armed Forces Transition, Employment & Resettlement) supports service personnel through its various outreach activities, including CV & Interview workshops and its Military Talent Scheme, which offers a 12 week secondment into Barclays. Since 2013, more than 7,000 Servicemen and women have been supported by AFTER and over 600 veterans have secured jobs with Barclays.

Barclays is also proud of its engagement in the VETS (Veterans' Employment Transition Support), a collaborative employability initiative designed to help all veterans – regardless of rank, Service or circumstance – find the right job. Led and powered by Barclays, it is open to any employer keen to employ veterans and is the market leader in peer-to-peer mentoring for veterans in the UK. Although we may not seek to claim this relief as we have an existing recruitment structure in place, we see the relief as a positive step forward in encouraging other businesses to hire veterans. Through our work with veterans and clients, we understand the importance of providing support like this to businesses, especially SMEs, to enable them to offer such opportunities.

**1. Would a relief of this nature encourage you to employ your first or more veterans? Please explain.**

As an equal opportunities employer, Armed Forces Covenant signatory and an Employer Recognition Service Gold Award holder, Barclays already has programmes promoting the hiring of veterans and therefore this stand-alone initiative would not have any material impact.

It is possible that Barclays would not seek to claim this relief at all.

**2. Do you agree that, for this relief, the Government should follow the definition of HM Armed Forces found in Schedule 6 of SI 2001/1004, as set out above? If not, which definition would be preferable?**

Barclays would agree that this is a reasonable definition.

**3. Do you agree that the employment of Reservists should not qualify for this relief? If not, which approach would be preferable?**

In terms of the overall purpose of the policy it seems reasonable not to include reservists although there may be circumstances when exceptions might apply, for example those unemployed who have been deployed on operations.

**4. Do you agree that the Government should define the qualifying length of service to be considered a veteran as set out in the Armed Forces Covenant? If not, which approach would be preferable?**

A Government definition defining the length of service to be considered a veteran would make the identification and administration of such a scheme simpler for an employer. However, a single day service would not necessarily help an employer to distinguish between those veterans whose lengthy service might warrant a need for greater assistance with transition to civilian employment.

**5. Do you agree that making this relief available for all veterans, regardless of when they left HM Armed Forces is the correct approach? If not, what approach would be preferable?**

This approach simplifies the process and would make sense not to tie the relief to a tax year.

**6. Are the criteria of a qualifying 'civilian employment' clear? If not, what aspects require further clarification?**

The definition is clear and that Barclays would be considered civilian employment.

**7. Do you agree with the Government's approach to defining 'civilian employment'? If not, which approach would be preferable?**

Barclays would agree with the definition.

**8. Do you agree that this relief should not apply to salaries above the UST? If not, what approach would be preferable?**

The Upper Secondary Threshold is currently set to £50,000, which is a reasonable value for most employers. However, it might unfairly impact on specialist or more senior service people, who because of age may find it more difficult starting second careers.

For employers, the expectation would be that an 'Armed Forces' NI category would need to be created which enables the payroll system (SAP) to calculate the NI correctly without manual intervention. This may require technical adjustments to implement and might present a challenge to some firms.

**9. Do you agree that this relief should also apply to employments that start before 6 April 2021? If not, which approach would be preferable?**

The most straightforward approach for firms would be to claim the relief once a NI category was in place for payroll. This may vary by firm and so a fixed date should be identified from which claims could be initiated (back dated if required). Whether firms need to manage this in an automated or manual capacity might determine the timing from when claims are initiated.

**10. Do you agree that these conditions should apply? If not, what approach would be preferable?**

The condition definitions are clear and are rational.

**11. Do you agree that option 1 will achieve the policy intent? If not, what approach would be more aligned with the policy intent?**

Option 1 will achieve the policy intent and should be relatively simple to administer providing the firm can clearly and easily identify the first day of the veteran's first civilian employment. To do so will likely require some technical adjustment to Barclays hiring platform. The identification and tracking of veterans in a large firm would also need to be addressed.

**12. Are there other approaches the Government should consider? Please explain.**

From a HR Operations perspective, Option 3 would be the simplest to administer once the end date of the veteran's military employment had been identified. Option 2 is the most complex and should be avoided.

**13. Do you agree that an individual should only be eligible for this relief once in their lifetime? If not, what approach would be preferable?**

If the individual is only eligible once to utilise the relief, Barclays would need to determine if the individual had left the military previously, engaged in civilian employment and whether the employer applied the relief. This will increase complexity/administration and burden upon the employer, therefore the operational preference would be to open the eligibility and not limit it to once per lifetime.

Further thought should be given to those individuals who returned to service as a consequence of not being able to make the transition to civilian employment, and whether this relief would therefore continue to benefit them and employers.

**14. Given that a payroll solution is not possible by April 2021, do you agree with this two-stage approach to claim this relief?**

The two stage solution may deter some firms from claiming relief in the first year due to the manual effort required. An efficient method of backdating claims through the PAYE may be required.

**15. Do you agree that the process of claiming this relief is simple and straightforward? If not, what alternative approach would be preferable?**

Prior to 2022, the process will be manual and will require intervention from the payroll team therefore it is not simple and straightforward. The administrative burden of claiming backdated relief may be a deterrent to some firms.

**16. Are there any other documents an employer could obtain to demonstrate a veteran's eligibility?**

Nothing in addition to the documents already set out although a CV would not be considered a legal/validated document.

**17. Would the requirement to maintain records that demonstrate the employee's eligibility discourage you from claiming this relief? Please explain.**

Barclays would be required to amend the documentation requested when hiring however, it doesn't appear to be onerous and is unlikely to deter an employer from claiming the relief.

The requirement to maintain records to ascertain a veteran's eligibility is key to this relief and a standardised method of veteran self-identification driven by policy through the OVA might aid firms and allow for more accurate accounting of veteran activity.

**18. Would completing an additional section as part of the PAYE Starter Checklist discourage you from claiming this relief? Please explain.**

Barclays has incorporated the PAYE Starter Checklist within its hiring system and therefore a technical adjustment would be required to reflect any changes.

**19. Is there anything else that can be done to minimise the administrative burdens associated with this relief?**

One suggestion might be for HMRC to automate the NI Category utilising a similar method to P6s.

**20. Do you agree with the Government's preferred approach to include a three-year sunset clause for the purposes of monitoring and reviewing the effectiveness of this relief? If not, which approach would be preferable?**

It seems appropriate to review the scheme in three years.