

CONTRACTORS - EASIER THAN YOU MIGHT THINK.

Contractors are business services suppliers. They provide knowledge-based services on a business-to-business basis.

Whilst there are varying vehicles under which you can engage a contractor, most professional contractors are one-person-band Ltd Companies (referred to as Personal Service Companies by HMRC). They are not permanent employees and they are not on a Fixed-Term Employment contract.

They are easily engaged on a B2B contract and with the recently announced, welcomed **delay to IR35 legislative changes**, compliance considerations are limited and very easily managed. As the Employment Business engaging the contractor, we manage and are liable for compliance considerations.

THE SUPPLY CHAIN



We contract the contractor on a B2B contract between our business and theirs. We then supply them to you under a B2B contract between our business and yours.

RAPIDLY DEPLOYED, SKILLED WORKERS WHERE YOU NEED THEM MOST

Where your business needs to maintain a first-rate service, contractors can be rapidly engaged to support, complement and cover permanent employees during times of disruption or high demand. A **quality contractor will hit the ground running**, working effectively and efficiently to provide maximum value in key areas of need.

We can have trusted, skilled contractors in position within 24 hours or less.

DYNAMIC, COST EFFECTIVE RESOURCING

The ability to flex working arrangements, placing skilled workers exactly where you need them, when you need them gives you the power to ensure that customer SLA's are met, together with **enabling continuation or completion of key projects** as cost effectively as possible.

EASE OF SEPARATION

During times of uncertainty you may not want to commit to employing a permanent member of staff. A contractor ensures you can access the skills you need **without the long-term commitment**. Contractors can be hired and let go quickly. An under-performing contractor is in breach of contract and can often be let go immediately.

UNMATCHED SUBJECT MATTER EXPERTISE

Contractors often offer significant Subject Matter Expertise. Specialist skills which have been well practiced and honed, through numerous contract engagements. Utilising a specialist contractor for a specific task or project can carry **significant value**, reducing time, additional resource costs and increasing quality.

SECURITY AND COMPLIANCE

All contractors supplied by Context Recruitment will be professionally screened, referenced and hold their own insurances (PI, PL, EL as minimum). We are members of the Recruitment & Employment Confederation (leading recruitment industry body) and **take compliance seriously**, with thorough, mature processes which effectively distance you from risk.

TRAINING AND EQUIPMENT

Professional contractors will often come with a portfolio of personal and professional development accreditations. They **bring the expertise and equipment needed** to offer maximum value from day-1.

SIMPLICITY

The difficulties that may be experienced in relation to employment law surrounding permanent employees are removed with PSC contractors. If they take holiday, they don't get paid. If they get sick, they don't get paid. You won't be paying bonuses, company cars, private healthcare, pension plans or childcare. **They don't receive these employee benefits because you are not employing them.** Furthermore, if they don't perform and offer the value you require they can be let go at short notice.

EASE OF ADMINISTRATION

Sign-off timesheets and pay our monthly invoices. **That's it – we do the rest.**

IR35 (Expected changes to the legislation have been delayed to April 2021)

Off-payroll working is the term used by HM Revenue & Customs (HMRC) to describe the situation where the worker (through a PSC) is actually providing services directly to the end client (you), meeting the employment status tests to make them "an actual employee of the end client" (or "disguised employee"). Whereby the PSC would have to pay NIC's & PAYE equivalent to an employee, deducted at source by the fee payer (us).

The delay to legislation changes means that until April 2021 it's the PSC's obligation to assess their employment status and pay tax appropriately.

Beyond April 2021; small companies will be exempt. Medium and large organisations will be responsible for assessing employment status. Context Recruitment is highly experienced and able to guide you through this.



The changes to IR35 Legislation will present significant opportunities; For exempt and/or "outside IR35 contracts", rates will be pushed down.

Contractors - not as expensive as you might think.

Agile. Responsive. Value.



Example 1:	
2 nd Line / Deployment Engineer	
£175 per day contractor vs £28,000 salary employee	
Permanent	Contract

Example 2:	
3 rd Line Engineer / SysAdmin	
£300 per day contractor vs £45,000 salary employee	
Permanent	Contract

Example 3:	
Senior Infrastructure Specialist	
£425 per day contractor vs £65,000 salary employee	
Permanent	Contract

Annual Cost Comparison

Essential costs:

Salary Day Rate
Employers NI ¹
Pension ²

£28,000	£175
£2651	£0
£656	£0

£45,000	£300
£4997	£0
£1166	£0

£65,000	£425
£7757	£0
£1316	£0

Other ancillary costs:

Agency fees ³
IT costs (software & hardware)
Training
Based on 218.6 working days ⁴

£4200	£5738
£1000	£0
£1000	£0
£37,507	£43,993

£6750	£9837
£1000	£0
£1000	£0
£59,913	£75,417

£10,500	£13,936
£1000	£0
£1000	£0
£74,523	£106,841

3-Month Cost Comparison

Based on 55.75 working days

£9,377	£11,220
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£14,978	£19,234
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£18,631	£27,248
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6-Month Cost Comparison

Based on 111.5 working days

£18,754	£22,439
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£29,957	£38,468
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£37,262	£54,496
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... And this is without the long list of other potential cost factors such as time-to-hire, bonuses, company car, travel costs, maternity, healthcare, life insurance, administrative costs, productivity decline and more.....

¹ Employer's NICs of 13.8% on any salary above the National Insurance Secondary threshold (£8,788 for 2020/21)

² Pension Auto-Enrolment Employer's contribution; based on qualifying earnings, 3% between annual lower qualify earnings (£6,136) and upper annual qualifying earnings (£50,000)

³ Calculated as; permanent = 15% of salary, contract = 15% mark-up on day rate

⁴ 223 working days in 2020; 256 – 25 days annual leave allowance – 8 public holidays – 4.4 sick days (ONS; average for 2019)