

## Hiring contractors - an overview

Hiring contractors brings [many benefits](#) to organisations. Contractors provide flexible access to skilled and experienced workers they could not justify employing on a permanent basis. Contractors are typically highly skilled and experienced knowledge workers, who operate as a business services supplier to their clients.

Because contractors are not employed by client organisations, they can be hugely flexible and can provide their services when they are needed; not only that, but they will also disappear when there is no demand for the particular talents they bring.

To get the best out of their contractors, clients need to understand that a contractor is not an employee and cannot be treated as one. Contractors are independent and don't need to be micro-managed.

### High levels of skills and experience

Most contractors are knowledge workers and supply their expertise to client organisations that require their particular talents to help the client achieve their project goals. Contractors arrive and start work immediately; there is no drawn-out learning curve for them (or teaching curve for the client).

Some contractors might have extremely rare skills that a client organisation might only need for a short time. Or perhaps the client cannot afford or does not need the expense of training a permanent employee in those skills.

Experienced contractors can also be highly productive and complete tasks significantly faster than permanent employees can. This can be immensely useful during periods where there are high volumes of work, or where a new business initiative needs a contractor to get things up and running fast.

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### Finding and hiring contractors

Contractors are not permanent employees and the process for hiring them is very different, more akin to selecting and appointing a supplier of business services, which is what contractors are. Most clients elect to [use an agency](#) to help them find, select and hire contractors.

It is possible to find and [hire contractors direct](#), but this can be an extremely time-consuming process, and there are various pitfalls perhaps best left to professional recruiters.

Contractors predominantly use online job boards to find contracts, but there the similarity with employees ends. [Contractor CVs are different](#), and [contractor interviews](#) are generally conducted very differently from those used for employee recruitment. The process is usually much shorter and condensed, because good contractors don't stay out of contract for long, so a client only has a small window where they can hire the contractor.

### Negotiations and contracts

Negotiating with a contractor is the same as negotiating with a supplier. The contractor is in business, may well be using their own contractor limited company to trade, and will want to secure the best possible hourly or daily rate for their services. Clients should [research contractor rates](#) before they start negotiation, so they know what a reasonable rate will be for the kind of contractor they are hiring.

Although contractors are not employees and are therefore not covered by employment legislation, they are protected by commercial contract law. So a client with a basic knowledge of [contract law](#) can spot and resolve issues before they become problems.

Once the contract offer has been made to the contractor by the agent or client, it is legally binding. The final written contract should always reflect the realities of the relationship between the client and the contractor.

### IR35 and payment

Contractors will ask clients for a number of things relating to the tax legislation [IR35](#). Technically, IR35 is of little interest to clients and they do not have to make any of the provisions requested by a contractor.

However, IR35 is of huge importance to contractors, as it [directly affects](#) how much a contractor will earn. So, clients can keep their contractors happy by acceding to the small requests contractors will make of them.

Keeping on top of [timesheets, invoices and payments](#) will also keep contractors happy because, unlike employees, they simply don't

receive a salary direct into their bank account every month. Clients need to authorise and sign-off on timesheets and invoices as they would for any other business supplier, and bear in mind that if they don't do the paperwork, the contractor doesn't get paid.

## Renewing and terminating contractors

If a contractor has been performing well and a project's timescales or scope have been extended, then the client may wish to consider [renewing the contractor's contract](#) for an additional period.

Contractors will start looking for work about a month before their current contract expires, so clients need to act early to confirm an extension and get a new contract or extension signed before the contractor finds work elsewhere. It is common for contractors to wish to renegotiate at the renewal stage, particularly if the market has moved and they can get improved rates elsewhere.

Unlike employees, contractors are not protected by employment law and do not qualify for statutory redundancy pay if the client decides they are no longer needed. Contractors are, however, protected by commercial contract law; so, if the client [terminates the contract early](#) and without notice, then the client is in breach of contract. However, most contracts have a short notice period, so the client still enjoys a level of flexibility with a contractor that they don't have with an employee.

Contractors are a fantastic resource for client organisations to use and can offer highly flexible and cost-effective solutions to client needs.

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