

Contractor Process – Overview for Managers

This overview of the contractor's process will contain the following:

- What is a contractor?
- Why have a contractor process?
- Your responsibilities in this process
- Travel PTA Approach
- Support

What is a Contractor?

Most people will interpret a 'Contractor' as an individual who works for a business under a 'Contract' for a short or fixed period of time.

However, there are many different types of Contractors, such as

Direct Contractor	Self-employed contractors who work at / for the Society and are directly paid by the Society. This includes contractors who are self-employed but are <i>introduced</i> by an agency, and also includes contractors who are set up as a Personal Service Company / Limited Company. Some require access to the Society's systems, others may not.
Agency contractor	Contractors employed by an agency and paid by an agency. Some require access to the Society's systems, others may not.
Temp	An individual employed by an agency that works for short periods of time, on a temporary basis. This can include sickness or holiday cover, or to cover a short term peak in work. The temp is hourly paid and can leave / be terminated without notice at any time.
Service Contractor	Support contracts where the service includes resources that require access the Society's systems

A colleague is an employee, who can be employed on either a fixed term (FTC) or permanent contract.

Do not confuse an FTC employee with a contractor!

Which type does your contractor fall into? (Its worth making a note of this as you will need it later!)

Why have a Contractor Process?

Over the years, the HMRC have discovered that some contractors are not paying the correct amount of tax.

As a result of this, the government introduced a set of laws called 'IR35', which were designed to figure out whether a self-employed worker is genuine or cheating the system. It has been around since the year 2000 and is designed to tackle tax dodgers.

If a business does not comply with these laws, they could face thousands of pounds worth of fines and huge reputational damage. In 2019 The NHS was hit with a £4.3million tax bill after HMRC investigated its approach to its contractors in line with IR35 tax laws.

In summary, we need you to follow our contractor process so we can ensure the Society correctly engages and reviews contractors in a way which is compliant with the law.

Your responsibilities in this process:

As the manager for a contractor you will have the responsibility to ensure they are engaged and managed appropriately, it is Society policy that you:

- Recruit and onboard them in the appropriate method and involve the Society Resourcing Team
- Conduct a HMRC employment status check
- Ensure their Right to work in the UK is checked (Passport/Birth Certificate)
- UK taxpayer check. (Unique Taxpayer Number)
- Conduct a Company and VAT registration checks if they are a direct contractor
- Conduct HMRC status reviews every 3 months and process extensions of contracts and terminations through the IFS system.

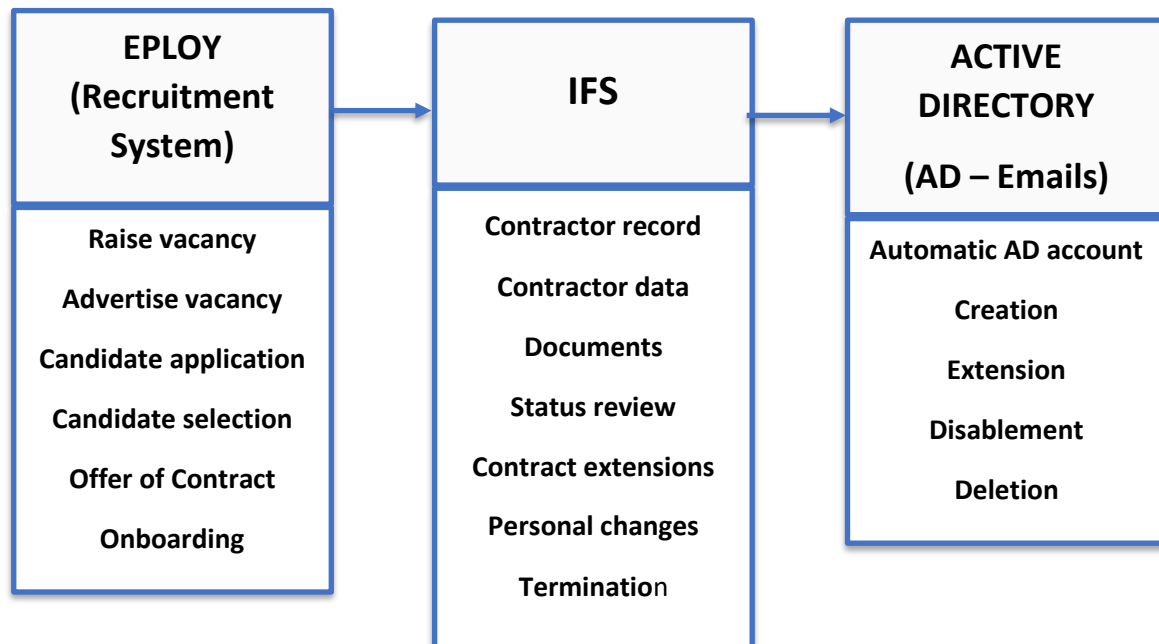
The Resourcing team are here to advise and support in this process, contact them on hiringmanagersupport@midcounties.coop

Travel PTA Approach

- Onboarded and managed in the normal way, with the following amendments.
- PTA asked to complete contractor information form
 - personal information (name, address, contact details etc)
 - contractor specific information to cover the Society contractor due diligence checks
- PTA asked to provide valid right to work – PTA Rec Hub takes copy, signed and dated to confirm the original has been seen.
- PTA Rec Hub then send to PSG Admin (Ali McCreery) the contractor information form, copy of the right to work and any other documents related to the PTA, including the signed contract.
- PSG Admin will process through employ to IFS to set up IFS contractor record.
- Extensions, reviews and terminations as the standard contractor processes – see contractor guidance on colleagues connect.

For any support or guidance please contact hiringmanagersupport@Midcounties.coop and the Resourcing Team will provide help!

Systems Involved in the Contractor Process:



Support

- ☺ Please go back to Colleagues Connect to now see step by step guides on how to recruit, onboard and manage your contractor

- ☺ Remember it's important that you follow Society procedure to ensure we are complying with tax laws

- ☺ Contact the Resourcing Team via hiringsupport@Midcounties.coop for any help or guidance – we are here to help!