

RubiconPay

The only umbrella company for you.

Guide

Top 5 Tips For Contractors

Going into the world of contracting for the first time can be daunting, so it is worth being prepared and knowing what to look out for. That's why we've put together this useful guide looking at each stage of the process, meaning you can confidently go about securing the right contract for the right pay.

1. Skill-level

A common misconception among those going into contracting for the first time is the idea that you have to be a leading expert in your given area to be successful. In reality, demand for workers in contracting is driven by the requirements of a flexible labour force, and as such contracts exist for every skill level.

2. Applications

Breaking the shackles of permanent employment gives contractors the freedom to move from one assignment to another. However, this does mean applying for new roles becomes a regular part of the working week, so it's helpful to have a clear and efficient routine in place to stop this from becoming monotonous and disheartening:

One good approach is to write targeted CVs matching your skills with every given role you apply for, rather than using one template every time. This may seem time consuming, but, along with increasing your chances of securing a role, eventually you will have a wide range of applicable templates that you can use again and again.

Once you have put your CV together, send it out to as many agencies as possible. Ideally, you should do this a month in advance of when you are looking for work, as it can take some time for your CV to appear on major agency databases.

Due to the high demand for contractors, roles tend to get taken soon after they are advertised. So, when searching for a job, try and filter your search so you are looking for contracts added recently, ideally within the last 24 hours.

Finally, after your application has been submitted, make sure to chase the agency by making follow-up calls the next day.

3. Interviews

If you have a background as a permanent employee, you'll know that interviewing for a job can be a long, drawn-out process. Permanent roles usually require prospective employees to attend multiple interviews, not to mention undergo extensive candidate testing, whilst a decision as to whether an interviewee has been successful can take weeks or even months to be finalised.

In contrast, contractors will usually only have to attend one interview, whilst candidate testing is typically minimal or non-existent, and sometimes a contractor will even be offered an assignment purely on the basis of a recommendation. A company's need for a contractor is normally established weeks before the role is advertised, meaning that the decision to hire is often made within a week of interviewing, or even at the end of the interview itself if the demand is particularly high.

4. Negotiating Rates

When working as a permanent employee, the way you are paid is relatively straightforward – your gross pay is determined by your salary or rate alongside your days/hours worked, and is then subject to income tax and national insurance, and, if applicable, pension and student loan deductions, before reaching your bank account.

The situation when you are a contractor is a little more complex, but is worth understanding so that you can negotiate the correct rate of pay for the service you are providing.

The bottom line is that, after all deductions, you should receive roughly the same net pay as a contractor as you would if you were a permanent employee working in an equivalent position.

To achieve this, a contractor's rate should be uplifted compared to a permanent worker's. This is because, along with the employee deductions listed above, contractors have to pay certain employer deductions, either through their umbrella company or limited company. The most notable of these employer deductions for both umbrella and limited company contractors is Employer's National Insurance (NIERs). This is calculated at 13.8% on gross earnings above £166 per week, and is uncapped, so 13.8% is the minimum amount you would need your rate to be increased by compared to a permanent rate to achieve a similar net pay. For example, a permanent member of staff earning £25.00 per hour would take a similar net pay to you if your rate was £28.45 per hour.

NIERs is still paid if you are a permanent employee, but it is paid directly by the agency or end client, often without you being aware, as they are your employer. When you are a contractor, your employer will be your umbrella company or your limited company, and so NIERs is paid by the umbrella or limited company from the assignment gross that the end client is invoiced for. For more information about Employer's National Insurance, read our quick and simple guide here - <https://rubiconpay.lpages.co/employers-ni-guide/>

Separately, if you use an umbrella company, another employer deduction to be aware of is their margin. Umbrella companies will always charge a margin covering their operational costs, and this will typically be deducted weekly or monthly, depending on your billing frequency. This should also be considered when negotiating your rate of pay with your agency or end client.

5. Holidays

One of the advantages of contracting is that you can organise your assignments around the time you want to take off as holiday throughout the year, rather than being bound by your employer's holiday allocation and protocols.

However, it is crucial to plan your time off effectively, avoiding a scenario where you take time off when demand for your services is high, and end up looking for a contract when demand for your services is low.

Additionally, if you use an umbrella company like Rubicon Pay, you will be employed under what's known as an overarching contract of employment. In order for an umbrella company to remain compliant and meet all their Statutory Employer obligations, they will have to operate a holiday pay policy. This will give you the option to accrue holiday pay each time you are paid – your umbrella company will make a small deduction from your gross pay, and you will have the option to claim back the accrued amount when you decide to take time off. This is a simple method to ensure you are not out of pocket during break periods.

RubiconPay

Switching to become an employee of an umbrella company like Rubicon Pay, means all the administration is taken care of, and you can rest easy knowing all the correct taxes are being paid. You'll be provided with a contract of employment, meaning you'll have access to all the same rights and benefits given to permanent employees, including holiday and sick pay.

Here's a brief summary of the benefits you can expect as an employee of Rubicon Pay:

- All legal, employment, tax and contractual obligations taken care of
- Greater earning power compared to permanent employment
- Spend far less time and effort on administration duties
- Get paid quickly, accurately and on time
- Benefit from employment rights, plus Professional Indemnity and Employers/Public Liability insurances

Responsibility

We take ownership of our employees' queries and will go above and beyond to make sure they are resolved, whatever it takes.

Understanding

We understand that every contractor and agency is different, and promise to tailor our service to our employees' individual needs, whatever their industry, rate of pay, and level of experience.

Being the best

We welcome change and feedback and are continuously seeking new and improved ways to work for our employees, suppliers and with each other in order to offer the best service possible.

Intelligence

At Rubicon, we keep our finger on the pulse of developments within our industry, meaning our team's expert knowledge of legislation is always up to date, and our employees are always 100% compliant.

Collaboration

We work together across the business and with agencies and contractors to deliver a joined-up customer experience, drawing on a range of expertise to deal with requests thoroughly.

Openness

The world of contracting can be complex, so we enjoy making things simple and clear for our employees, using straightforward language and avoiding jargon. We are easy to reach, pleasant to talk to, and totally transparent.

No Hassle

We get our employees set up quickly and take care of all their tax and National Insurance calculations so they can focus on what they do best – working!