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# How to Hire a Contractor

Without Paying Agency Fees — IQ How-To Series · Guide 03

<b>Series</b>	IQ How-To · Guide 03
<b>Topic</b>	HR & Labour
<b>Source</b>	REC UK Recruitment Industry Trends 2024
<b>Download</b>	bundleiq.co.uk/guides.html

<b>25%</b>	<b>£42,250</b>	<b>60%</b>
Typical agency fee on contractor rate	Agency fees p/year — £650/day contractor	Less than agency via Bundle IQ

## The 6-Step Hiring Plan

<b>1. Write a statement of work</b>	Define: deliverable, duration, day rate, location, reporting, IP ownership, success criteria. No SOW = no enforceable engagement.
<b>2. Find candidates directly</b>	LinkedIn search "open to contract"; sector job boards at £100–250 flat fee; your own network.
<b>3. Verify the contractor — 5 checks</b>	Companies House · Insolvency register (director) · Professional insurance · OFSI sanctions · Two client references.
<b>4. Determine IR35 status</b>	Use HMRC CEST at gov.uk/guidance/check-employment-status-for-tax. Keep the determination record on file.
<b>5. Use a formal contract</b>	Parties, deliverable, dates, rate, payment, IP, confidentiality, termination notice, IR35 status documented.
<b>6. Protect payment — both sides</b>	IQ Protection holds payment in escrow on engagement start; releases on confirmed delivery.

## IR35 Quick Reference

Status	Key question
OUTSIDE IR35 ✓	Can they send a substitute to do the work?
OUTSIDE IR35 ✓	Do they provide their own equipment and tools?
OUTSIDE IR35 ✓	Do they risk their own money if the project fails?
INSIDE IR35 ✗	Do you control when, where, and how they work?
INSIDE IR35 ✗	Are you obliged to offer work and they to accept it?

## Cost Comparison

	Recruitment agency	Bundle IQ
Fee structure	25% of contract value	10% on completion only
£650/day × 250 days	£40,625 in fees	£16,250 in fees
IR35 determination	Not provided	Built in, documented
Formal contract	Basic agency terms	IQ-drafted, compliant
Payment protection	None — invoice risk	IQ Protection escrow
Saving vs agency	—	£24,375 on this example

Find verified contractors: [bundleiq.co.uk/vendor-join.html](https://bundleiq.co.uk/vendor-join.html) · IR35 included · IQ Protection on every engagement