

FIXED TERM CONTRACTS

THE UNSUNG HEROES DURING ECONOMIC UNCERTAINTY



In 2024, the only certainty we face is ambiguity. With a globally unstable political climate heavily impacting on the economic landscape, businesses are constantly seeking ways to remain agile and adaptable. One strategy that has regained traction in recent months is the utilisation of workers on fixed term contracts (FTCs). FTCs offer numerous advantages, particularly in times of doubt, making it an increasingly attractive option for organisations across the UK and beyond.

The number of interim workers in the UK has seen fluctuations in recent years. According to data from [Statista](#), the figure returned to pre-COVID levels in February this year, with around 1.43 million interim workers. However, in the following three-month period, the number increased by over 3%, reaching approximately 1.47 million interim workers as of April 2024. This upward trend suggests that businesses are increasingly turning to flexible employment arrangements to respond to changing market conditions and economic uncertainty.



The benefits of FTCs



Bridging Skills Gaps

According to a [study](#) by the CIPD, three quarters of UK employers reported difficulties in recruiting for permanent roles, with skills shortages following Brexit being a major contributing factor.

One of the primary advantages of employing fixed-term contract workers is the ability to bridge skills gaps. As businesses navigate rapidly evolving markets and technological advancements, the demand for specialised expertise often outpaces the availability of permanent talent. By tapping into the pool of contract workers, companies can quickly access the necessary skills and knowledge to tackle specific projects or address immediate needs without committing to long-term employment contracts.

Cost Efficiency & Flexibility

With the current economic uncertainty, cost management naturally becomes a critical concern for businesses. FTC workers can offer cost efficiencies compared to permanent hires, as organisations can avoid long-term financial commitments associated with permanent headcount.

While UK law requires providing the same benefits as permanent staff after 12 weeks, businesses can still realise savings by not incurring expenses like severance packages or extensive training costs for interim roles. This flexibility allows companies to better align labour costs with fluctuating market demands and project requirements.

Covering Absences & Fluctuations

Fixed-term contract workers can also play a crucial role in covering temporary absences or accommodating fluctuations in workload.

Whether it's maternity leave, long-term sick leave, or seasonal peaks in demand, having the ability to quickly onboard skilled contractors ensures business continuity and prevents disruptions to operations.

Best Practices for Implementing Fixed-Term Contracts

Clearly define the scope & duration

Ensure that the job description, responsibilities, and expected deliverables are well-defined from the outset. Specify the contract's duration, including any potential for extension or renewal.

Streamline the onboarding process

Develop an efficient onboarding process to quickly integrate contract workers into your organisation. Provide them with the necessary tools, resources, and training to hit the ground running.

Foster an inclusive culture

Promote an inclusive work environment that values the contributions of both permanent and contract employees. Encourage collaboration and knowledge-sharing to leverage the expertise of your interim workforce.

Offer competitive compensation and benefits

Be prepared to offer competitive compensation from the outset. Providing parity in rewards and recognition can foster a sense of value and motivation among interim staff, leading to improved productivity and retention during their tenure.

Establish clear communication channels

Maintain open lines of communication with your contract workers, addressing any concerns or issues promptly. Regular check-ins and performance evaluations can help ensure alignment and identify opportunities for improvement.

Leverage specialised talent partners

Work with reputable recruitment specialists whose expertise can streamline the hiring process and ensure a better match between candidates and your organisation's needs.



Intellectual Property and Confidentiality

One concern that often arises is the potential risk of intellectual property (IP) breaches or confidentiality issues when working with interim staff. However, this can be mitigated through robust legal agreements and comprehensive onboarding processes.

Ensure that all FTC workers sign non-disclosure agreements (NDAs) and IP assignment clauses, clearly outlining their obligations to protect your organisation's proprietary information and assets. Additionally, implement strict access controls and data security measures to limit exposure to sensitive information on a need-to-know basis.



Knowledge Transfer and Continuity

Another concern revolves around the potential loss of institutional knowledge and disruptions to continuity when contract workers leave at the end of their term. To counter this, why not implement knowledge-sharing practices and documentation processes?

Encourage contract workers to document their work, methodologies, and insights throughout their tenure. Facilitate knowledge transfer sessions or overlap periods with permanent staff or incoming contractors. This not only preserves valuable knowledge but also promotes a smoother transition and minimises disruptions to ongoing projects or operations.

Integration and Cultural Fit

Integrating FTC workers into your culture and fostering a sense of belonging can be challenging given the disconnected nature of interim assignments. However, proactive measures can help mitigate this concern.

Implement comprehensive onboarding programs that not only cover job-specific training but also introduce contract workers to the company's values, mission, and cultural norms. Encourage open communication, collaboration, and social interactions between permanent and interim staff. Foster an inclusive environment where all employees, regardless of their employment status, feel valued and respected.



Compliance and Legal Considerations

Navigating the legal and regulatory landscape surrounding fixed-term contracts can be complex, particularly when it comes to employment laws, tax implications, and worker classification (IR35).

Ensure that your fixed-term contracts comply with all relevant labour laws, including provisions for minimum wage, overtime pay, and termination procedures. Consult with your legal and finance teams to understand the implications of hiring contract workers and ensure proper tax withholding and reporting. Finally, be sure clearly define the scope of work and responsibilities to avoid misclassification issues that could lead to legal disputes or penalties.

At We Are Adam, we understand the challenges businesses face in navigating economic uncertainties and securing top talent. Our team of experienced recruitment professionals specialise in sourcing highly skilled candidates for both fixed-term contracts and permanent positions. With our extensive network and industry expertise, we can help you access the talent you need to drive growth, innovation, and success. Contact us today to learn more about how we can support your people and talent strategies and unlock the full potential of fixed-term contract workers for your business.

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