

The rise of the Contractor

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The pandemic has created a more flexible working world, and this is likely to lead to a rise in the number of contract workers.

More people are working from home, many in a hybrid working arrangement. And this flexibility will begin to be extended to the way employers think. Location is now less important for recruitment, with WFH embedded. As we continue to face an uncertain, yet dynamic market coming out of the pandemic, many employers will be thinking about having a more flexible workforce with contractors an option.

Contractor Complexity

The contractor market is also complex. Some are self-employed, some employed, others use umbrella companies and those in the construction sector can use the Construction Industry Scheme. Some contractors can flip between self-employed or employed, or even be both by having several contracts in the gig-economy.

Who Contracts?

Contract workers can come from a range of industries: Web design, IT, construction, social media and PR, research and data entry are a few examples. Given the rise of flexible working, this list will only get bigger.

The general common link between contract workers is the complexity and variability of income, unlike a conventional PAYE employee. This, combined with affordability challenges and strict underwriting by the high street lenders, makes getting a mortgage tricky for contractors.

That's why the expertise of brokers and specialist lenders like Vida is crucial for these workers. Specialist lenders have humans to cast an expert eye to be able to take a view on the wonderfully complex contractor cases and provide criteria that caters for contractors. Vida, for

example, looks to create solutions for these cases, not obstacles and unnecessary questions.

Perhaps more flexibility is needed

Nonetheless, there was a recent survey by the online forum, Cherry, stating 24% of brokers said mortgages for contractor clients (and the self-employed) were the hardest to place. Brokers cited challenges with mortgage affordability and a general lack of market understanding by many lenders. So, more flexibility is needed.

Vida get it!

The good news is that Vida has been listening to its brokers and are developing our specialist lending approach to support brokers to help even more contractors.

We already have a flexible approach to underwriting and cater for a raft of different contractor types. And now, adapting to a new market, we have announced a range of exciting criteria enhancements for contractor clients.

Here is a flavour:

- ✓ For the self-employed (including if paid via umbrella company), the weekly rate used is now x 48 weeks – enhancing the client's affordability
- ✓ The remaining period for contracts is reduced from 6 months to 3 months at application – giving more flexibility
- ✓ Now able to accept day 1 contractors (minimum 12 months in same industry) – helping more clients.
- ✓ Invoices can be accepted where evidencing income from umbrella companies and PAYE – giving more flexibility.

There will be a rise in contractor workers who will need solutions from their brokers. Vida is firmly placed to help with more flexibility for the complexity of contractors.

*Source link

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