

| Factor | Self-employed | Employee |
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| Personal service | Will provide own services, but may also sub-contract work to others, or bring in outside assistance. | Only provides his personal services. |
| Mutuality of obligation | Is free to accept or turn down work if he desires. The engager is under no obligation to offer any work, or further work. | The employer is obliged to offer work, and the employee is obliged to do as the employer requests. |
| Right of control | Likely to be in control of most aspects of the work done. | An employer may control "what", "how", "where" and "when" work is done. However, a highly skilled employee may also exercise "what" and "how" also as the employment demands. |
| Right of substitution | May sub-contract work, or bring in assistance. Depends on nature of work; an individual may be engaged because of their personal reputation or skill and so no substitute will be acceptable. | It is rare for an employee to have the right to appoint a substitute. |
| Provision of own equipment | Will normally supply all small tools and bring in or hire in plant. | May sometimes supply own small tools or equipment: employer will provide all plant and machinery. |
| Financial risk | Will quote on a job-by-job basis, may profit by more efficient working, or may incur loss if overruns on time, or if required to rectify defects in own time. | Paid whatever work is done, benefits from the National Minimum Wage and statutory holiday entitlement. An employee will bear little risk unless exceptionally work directly relates to a bonus or commission scheme. Or, if poor work affects appraisal for promotion or other benefits. |
| Opportunity to profit | Can profit if work is performed efficiently, or from re-charging and making | May only profit under a bonus or incentive scheme. However, may benefit from tips, or payments from |

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| | a profit on materials. | third parties. |
| Length of engagement | Generally a fixed-term or short-term contract. | Contract will generally be open ended after probation period (if any). |
| Part and parcel of the organisation | May become "a fixture" in that his work brings him to the company regularly, but acquires no additional responsibilities or privileges as a result. | Is capable of being promoted, or manages other staff. Part of works pension, or SAYE scheme. |
| Employee type benefits | Unlikely to be entitled to any type of benefits. May be invited to functions with other external suppliers. | Part of pension scheme, enjoy canteen or sports club facilities, car parking, attends staff functions. |
| Right to terminate contract | If other party is in breach. | Would normally give notice under specified contract term. |
| Personal factors | May be engaged because of skills, reputation etc. | Personal factors may be the reason for appointment. |
| Mutual intention | The intention of the parties should be stated in written contract. This may not be persuasive if in reality the parties behave differently. | If the parties intend the relationship to be one of employment it is difficult for the courts to say otherwise. In most cases the parties will have agreed written terms of employment and the employee will have enforceable rights under employment law. |