



Consultant vs Contractor

How to tell the difference

The difference between consultancy services and contractor hire can be confusing and difficult to define. The aim of this guidance is to highlight the differences between the two and help you make the right decision on what panel you need to use ([AoG Consultancy](#) or [AoG Recruitment](#)) to best fit your needs.

In order to make a distinction between the AoG contracts for Consultancy Services and External Recruitment Services, we consider the service provided by the firm (or individual) to be the main determining factor. The outcome of the service provided, and the manner of its delivery, should be the focus of the distinction.

Definitions

A Contractor is an individual who is either hired directly or via a third party to perform duties that would normally be provided by an existing staff member, either in their normal day-to-day duties, or on a project. The contractor is under the direct supervision of the client. The client is responsible for managing any risks associated with the contractor's work, including timeliness of delivery, quality assurance and wider performance management. The client will generally purchase a set amount of time from the contractor. Under these circumstances, this constitutes a recruitment service for the provision of a contractor and will usually be covered by this AoG External Recruitment Services contract.

A Consultant is defined as a company or an individual where service provision is linked to a defined outcome, typically with remuneration linked to agreed milestones, or deliverables, and where supervision of the individuals is the function and responsibility of the consultancy organisation (or shared with the client). The consultant and/or the company from which they come are ultimately responsible for ensuring quality, timely delivery and performance management of individuals. The consultant(s) may or may not be located at the client's offices. When supplied by a third party, a consultant will usually come from an agency with staff of similar skills and expertise, providing back-up and support. In many cases while an agreed amount of time may have been negotiated (e.g. a certain time to be on-site per week), a consultant is likely to work, and be paid, only for the hours the client requires. Consultancy is covered by the AoG Consultancy Services contract.

Main characteristics for consultants, contractors and secondees:

	Contractor	Consultant	Secondee
Appropriate form of contract	Contractor agreement	AoG Consultancy Services Agreement	Secondment agreement
Primary rationale for engagement	To temporarily backfill a position that has been left vacant by a departed employee, provide additional support to a team during a hiring freeze, or work on a discrete project – essentially to perform duties that would normally be performed by an employee.	To provide specialist expertise/advice.	To temporarily backfill a position that has been left vacant by a departed employee, provide additional support to a team during a hiring freeze, or work on a discrete project – essentially to perform duties that would normally be performed by an employee.
Supervision	The government agency supervises the independent contractor.	The consulting company supervises the consultant.	The government agency supervises the secondee.
Location	Usually works from the government agency's premises.	Usually works from consulting company's premises. Occasionally may work from government agency's premises.	Usually works from government agency's premises. Occasionally may work from secondee's company's premises (a "virtual secondment")
Contractual relationship	Direct contractual relationship between the government agency and the independent contractor.	Contractual relationship between government agency and consulting company.	Contractual relationship between government agency and secondee's company.
Employer	Contractor (or contracted company)* <i>*There is no employment relationship between a government agency and a contractor. Rather there will be a contractor agreement in place between the government agency and the contractor or contracted company. The contractor is either self-employed or an employee of the</i>	Consulting company	Secondee's company

	Contractor	Consultant	Seconded
	<i>contracted company.</i>		
Liability position	The government agency is liable for independent contractor's performance.	Consulting company is liable for consultant's performance.	The government agency is liable for seconded's performance.
Insurance position	The government agency should consider whether it requires the Contractor to hold insurance. If so, it should ensure that this requirement is reflected in the contractor agreement.	Consulting company is required to hold insurance under the AoG Consultancy Services Agreement.	The government agency should consider whether insurance is required. If so, it should check whether its existing insurance policies cover the seconded and if not extend its insurance policy to cover the seconded's performance.