

Understanding Interim and Flexible Workforce Models

Core-Asset Consulting | 2026

Introduction

Organisations typically access interim and flexible talent through two primary engagement models:

Fixed-Term Contracts (FTCs) and Agency-Managed Contracting. While both provide access to experienced professionals for a defined period, they differ significantly in terms of employment structure, contractual arrangement, and level of flexibility.

Fixed-Term Contracts (FTCs) sit within a traditional employment framework, where individuals are hired directly by the organisation for a defined duration. This model provides continuity, cultural integration, and alignment with internal employment policies, while maintaining a clear end date.

Agency Contracting, by contrast, provides access to specialist talent through third-party arrangements. This model offers greater flexibility and is typically used to engage individuals for specific projects, skills, or capacity needs without direct employment. It is a broader umbrella term that encompasses several distinct engagement types.

Agency Contracting comprises of three core sub-categories:

- **PAYE Agency Worker** – where the agency acts as the employer and manages payroll and statutory obligations
- **Umbrella Company Engagement** – where an umbrella organisation employs the contractor and processes payroll and tax
- **Limited Company Contractor (PSC / Ltd Company)** – where individuals operate through their own business on a business to business basis

Each model offers different levels of flexibility, administrative responsibility, and compliance considerations, allowing organisations to select the most appropriate structure based on role requirements, duration, and risk profile.



Overview

Introduction

Fixed-Term Contracts (FTC)

Agency-Managed Contracting

PAYE Agency Worker

Umbrella Company
Engagement

Limited Company Contractor
(Ltd / PSC)

The Core-Asset Team

Fixed-Term Contracts (FTC)

A Fixed-Term Contract (FTC) provides organisations with access to skilled professionals for a defined period, for example 6 or 12 months, while maintaining a traditional employment relationship. The individual becomes a direct employee of the organisation for the duration of the contract, fully integrated into teams, systems, and reporting structures.

FTCs are commonly used when organisations need experienced capability for a defined period but do not require a permanent hire. This often includes covering long term absence, supporting growth phases, or delivering transformation programmes with a clear timeframe.

This model combines employment stability with built-in flexibility, enabling organisations to plan workforce capacity without long-term headcount commitments.

Engagement Structure

- The individual is employed directly by the organisation
- They receive salary, benefits, and employment protections
- The role has a defined start and end date
- The individual sits within normal reporting and governance structures

Optimal Use Cases

- The hiring process is less time-critical and can be managed through standard recruitment timelines
- Supporting growth where long-term headcount is uncertain
- Testing or establishing new functions before permanent hiring

Strategic Advantages

- Direct employment relationship
- Full integration into organisational structures and processes
- Integrated within the organisation's employment and benefits framework

Agency-Managed Contracting

Agency contracting enables organisations to engage specialist professionals for specific projects, skills, or time-bound requirements without entering into direct employment relationships. Contractors are engaged via a third party and provide targeted expertise to support delivery outcomes.

This model enables organisations to adjust capacity quickly, access niche skills, and scale teams in response to changing priorities while reducing internal administrative overhead.

Engagement Structure

- The contractor is not engaged directly by the client organisation
- Engagements are typically linked to a specific project, outcome, or business need
- Payroll and contractual administration are managed by a third party
- Organisations benefit from increased flexibility around assignment length and resource planning
- Several engagement models can sit under the contracting umbrella, including PAYE agency workers, umbrella company contractors, and limited company contractors
- The recruitment agency is responsible for completing all pre-employment screening and compliance checks prior to the individual commencing the assignment

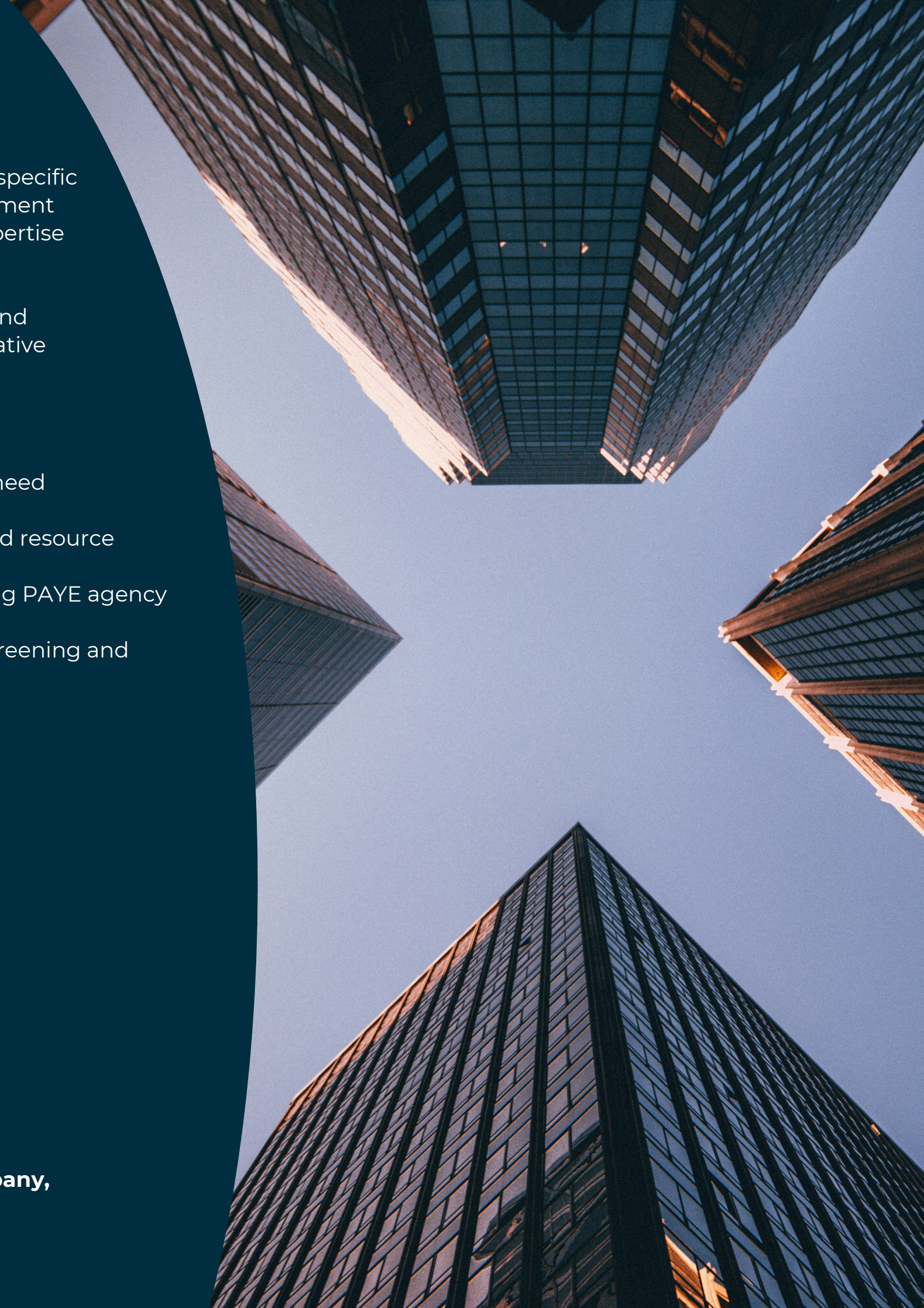
Optimal Use Cases

- Accessing niche or specialist expertise
- Delivering time-critical projects or programmes
- Managing fluctuating workload demands
- Bridging gaps in capability during workforce planning

Strategic Advantages

- Accelerated onboarding process
- Rapid access to skilled professionals
- High flexibility in duration and scope
- Reduced internal hiring and payroll burden
- Ability to scale teams quickly
- Access to a wide talent pool through agencies
- Pre-employment screening managed by the recruitment agency

The key agency contracting models — PAYE Agency Worker, Umbrella Company, and Limited Company (PSC) — are examined in detail throughout this guide.



PAYE Agency Worker

A PAYE agency worker is employed by a recruitment agency and assigned to a client organisation for a defined period. The agency acts as the employer, managing payroll, tax, and statutory obligations while the worker performs duties within the client environment.

This model provides a simple and compliant way to access temporary workforce capacity at pace.

Engagement Structure

- The agency is the legal employer
- Payroll, tax, and NI are handled by the agency
- Workers are assigned to client teams for defined periods
- Quick onboarding and flexible assignment length
- Workers select their preferred engagement route (PAYE agency employment or umbrella company), which is administered by the recruitment agency. This process is separate from the client and has no impact on service delivery or assignment outcomes

Optimal Use Cases

- Covering short to medium-term resourcing needs across all business areas
- Filling temporary gaps during recruitment or workforce planning processes
- Supporting delivery where speed of mobilisation is important
- Providing flexible, compliant access to skilled professionals at short notice
- Managing fluctuations in workload or business demand
- Scaling teams up or down in response to changing priorities

Strategic Advantages

- Fast deployment of workers
- Fully managed payroll and compliance
- Low administrative burden for clients
- Straightforward engagement model

Umbrella Company Engagement

An umbrella company engagement provides a compliant employment structure where a contractor is employed by an umbrella organisation for the purposes of payroll and statutory administration, while delivering services to the client organisation via a recruitment agency.

This model operates as a three-party relationship between the client, recruitment agency, and umbrella company. The recruitment agency remains central to the engagement, acting as the commercial intermediary that facilitates the assignment and contracts with the umbrella provider, who becomes the contractor's employer for payroll purposes.

The umbrella company is responsible for processing payroll, managing tax and National Insurance deductions, and ensuring full compliance with employment legislation. The contractor remains assigned to the client through the agency for the duration of the engagement.

This structure is widely used for its simplicity, compliance assurance, and consistency across contractor engagements.

Engagement Structure

- The recruitment agency sits between the client and umbrella company in the contractual chain
- The agency contracts with the umbrella company, which employs the contractor
- The client defines the assignment requirements, while the contractor typically engages via their preferred compliant payment route (e.g. umbrella company), facilitated by the recruitment agency
- The umbrella company manages payroll, tax, and National Insurance deductions
- The contractor is assigned to the client via the agency for the duration of the engagement
- The client benefits from a compliant, standardised contractor engagement model
- Contractors select their preferred engagement route (PAYE agency employment or umbrella company), which is administered by the recruitment agency. This process is separate from the client and has no impact on service delivery or assignment outcomes

Optimal Use Cases

- Covering short to medium-term resourcing needs across all business areas
- Filling temporary gaps during recruitment or workforce planning processes
- Supporting delivery where speed of mobilisation is important
- Providing flexible, compliant access to skilled professionals at short notice

Strategic Advantages

- Fully compliant employment and payroll structure
- Reduced administrative burden for client organisations
- Low administrative burden for clients

Core-Asset Consulting maintains a preferred supplier list of compliant umbrella providers



Limited Company Contractor (Ltd / PSC)

A Limited Company Contractor operates through their own registered business (PSC) and provides services to clients on a business-to-business basis. This is a non-employment arrangement where the contractor is responsible for delivering agreed services or outcomes through their own company structure.

It is commonly used for specialist consultancy, and project-based delivery where independence and expertise are key requirements.

Ensuring IR35 compliance is critical in determining whether the engagement can be classified as genuinely independent.

Engagement Structure

- Contractor operates via a registered limited company
- Services are delivered on a business-to-business basis
- The company invoices the agency for work completed
- Contractor manages tax, accounts, and compliance
- IR35 assessment required prior to engagement

Optimal Use Cases

- Large-scale transformation programmes
- Specialist consultancy or advisory work
- Outcome-focused project delivery

Strategic Advantages

- Access to highly experienced specialists
- Strong autonomy and flexibility in working patterns
- Outcome-driven engagement model
- Ability to engage quickly for specific needs





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