

# The Hidden Cost of Employment: Employees vs Contractors

## Software Developer



Annual Salary:  
£42,000

**Employee**

Absence/Sickness/Holidays: £4,000  
H/R Benefits/ Other: £4,000  
Recruitment Costs: £3,000  
Bonus and KPI: £2,000  
NI Contributions: £5,000  
Pension: £1,000  
Training: £1,000  
Overhead Costs: £5,000  
Avg Interview: £1,000  
Management Time: £2,600  
Productivity Lost: £7,800  
Adjustment Vs Avg: £6,820

**Yearly Total:  
£86,220**



Daily Salary (£385)  
X Avg yearly working days (229):  
£88,165

**Contractor**

**Yearly Total:  
£88,165**

An estimated 1/5 of new employees  
fail to past probation.

Each employee that fails to pass probation  
costs a business around £22,220.

ClearHub will replace any contractor who is deemed  
not right for the role, for free.

