

Employing Staff for the First Time

If you intend to employ people in your business from the start or later find the need to take on additional personnel as the business grows, there are many things to consider and legal aspects of becoming an employer. There is a wealth of employment law and you need to draw up a contract or written statement of employment, a document that contains all employment terms and conditions you legally have to give your employee. The terms of a contract can be oral or written and both are equally binding, however an oral contract is more difficult to prove. Terms of a contract are contained in original job adverts and supporting documents, letters to the employee, agreements and other staff documents. All contracts should state that the employee has a right to receive the National Minimum Wage or above and the right to paid holidays.

Recruiting Staff

Plan for recruitment of new staff by preparing a Job Description and Person Specification. List attributes which are essential to the role and those that are desirable and may offer added value to the business. Identify the specific tasks and roles needed in the business. Set timescales for the recruitment process, set a deadline for applications, set dates for interviews, allow time for negotiation, obtaining references, leave from previous employment, pre-booked holidays etc.

Advertise the post, consider trade journals, local newspapers, social media pages for recruiting staff in local areas, using a recruitment consultant, job centre and local agencies.

Selection process

Prepare criteria based on person specification and job description so that candidates can be shortlisted. Once at the interview stage consider who will carry out the interview. You may wish to call the candidate back for another interview or set a task such as typing speed test or aptitude test. Contact candidates and agree an interview date, ensuring that they know what to expect during the assessment and any documents they are required to bring. Candidates should be asked to bring proof of eligibility to work in the UK.

Candidates are usually informed verbally of their offer of employment and a letter should follow confirming the arrangements and formal offer. This should include expected start date and timescales to process documentation etc.

Paying staff

When setting pay rates for staff you need to consider the following factors:

- ◆ National Minimum Wage
- ◆ Pay scales that will attract the right staff
- ◆ Equal Pay for Work of Equal Value
- ◆ Commission, bonuses and tips
- ◆ National Insurance Contributions – collect on behalf of HMRC
- ◆ PAYE – collect income tax from employers gross pay on behalf of HMRC

When working out an employee's tax deductions you should use their individual tax code provided

by the HMRC and refer to the tax tables. PAYE can also be managed using PAYE Online for Employers. There are two deadlines each month for submitting PAYE returns each month, depending on how you pay your employees.

The PAYE system applies to salaries and wages, overtime, shift pay, tips, bonuses and commission. SSP (Statutory Sick Pay), Statutory Maternity and Paternity Pay, Adoption Pay

Tax payments also apply to employees and directors who are provided with benefits such as a company car or medical insurance. Class 1 National Insurance also applies to benefits. These tax payments are usually calculated at the end of the tax year.

Pensions

As an employer you are not legally obliged to provide a pension scheme for your employees, however for certain sizes of business you may have to provide access to a pension scheme which you can contract out to a third party.

Employees Leaving the Company

When giving notice to employees you will need to give the least statutory minimum period of notice. The period is normally one-week if they have been employed between 1 month and two years. However you must be given one week for each complete year served if the employee has been continually employed for over 2 years.

If an employee intends to leave your company they are required to give your company the notice period set out in the contract of employment if this has been included. However where this is absent from the contract, the employee should give you 'reasonable' notice depending on their position in the company and length of service.

Useful Resources:

www.hmrc.gov.uk – HMRC.

<https://www.gov.uk/employing-staff> – Direct.Gov, comprehensive guide for UK citizens, includes section on employment.

www.acas.org.uk - Advisory, Conciliation and Arbitration Service website, information on employment law and arbitration services.

<http://www.acas.org.uk/index.aspx?articleid=1392> – Free templates of Job Descriptions, Person Specifications and Equal Opportunities Monitoring forms available to download.