

Things to consider when employing staff

Reaching the point when you need to consider taking on employees is an exciting time - it means that your business is thriving and your customers like what you're doing for them. Employing staff will help your business to grow but it can also bring about situations and stresses that you may not have encountered before.

There are many responsibilities that employers must comply with by law, as well more ethical responsibilities such as looking after your team and ensuring they are fit, well and happy at work.

Getting things right will benefit your business hugely, but getting it wrong can be costly, disruptive and stressful.

INTRODUCTION

In our opinion the best possible thing you can do before employing staff is to call in an expert. Use the services of an HR consultant or take advice from a membership organisation such as FSB or FPB. They'll help you to ascertain what type of recruitment will best suit your needs. If you prefer to go it alone, a really good place to start is the HMRC website, under the Employers section. (Visit our website "In the know"). There is also a useful interactive tool regarding employing people for the first time on the Business Link Website.

So let's take a brief look at some of the main things to consider:

REGISTERING AS AN EMPLOYER

Assuming your new employee will be earning more than the current PAYE [pay as you earn] threshold, you'll need to register with HMRC as an employer. In most cases the easiest way to register as an employer is to use the HMRC website registration tool to generate an email giving them all the information they need from you. Alternatively this can be done over the telephone.

AVOIDING DISCRIMINATION

In recruitment advertising and during selection procedures, make sure you avoid any form of discrimination. It is unlawful to discriminate on the basis of age, gender, race, religious beliefs or sexual orientation, to name but a few. During this part of the process you should avoid asking for personal details that are not relevant to the vacant position, such as marital status or date of birth. It's generally considered good practice to recruit based on the skills a candidate needs to have and their ability to undertake the tasks they'll be asked to perform, rather than looking for a 'type' of person.

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ASCERTAINING SUITABILITY

It's sensible to confirm a candidate's ability to do the job, which may involve checking qualifications and taking references. It may seem like a waste of time to take up references but even if they only confirm work dates you'll have made some effort to establish the credibility of your candidate. It may also be appropriate to request a medical but this must be a standard procedure for all employees and must be relevant to the job. There are other checks you may wish to make such as checking an individual's eligibility to be in the UK. Some people are automatically entitled to work in the UK, others may have restrictions on how long they can stay, whether they can work or the type of work they can do. All employers in the UK have a responsibility to prevent illegal migrant working and it's important to check the entitlement of everyone you plan to employ. As a general guide British citizens and most European Economic Area nationals are eligible to work in the UK. Business Link have a great tool on their website for making pre-employment checks.

CONTRACTS OF EMPLOYMENT

Every employee should be provided with a written statement of employment within two months of starting their position. This can either be a formal contract or a written statement that sets out the main particulars of employment such start date, salary, hours of work and holiday entitlement. There should also be details of how you or your employee can terminate the job, and what disciplinary and grievance procedures are in place. These are the minimum requirements and it is a great advantage to have formal documentation drawn up giving greater detail, for example your company's confidentiality policy, expected levels of appearance and behaviour, appraisal procedures etc.

PAYE OBLIGATIONS

For employees being paid within a PAYE scheme, you are obliged to deduct tax and National Insurance contributions from their pay and you also have to make Employer's NI contributions. You should give your employees an itemised pay statement, every time they are paid, which shows what they've earned, what was deducted, and how it was paid. You must then report to HMRC and make payments to them in respect of your employee deductions and employer contributions. These must be paid strictly on time and there are hefty penalties for non-compliance. On the subject of pay, the National Minimum Wage [NMW] is updated every year, generally in October and it is a legal requirement that all workers are paid at least the NMW, regardless of how their pay is calculated or paid.

WORKING TIME AND TIME OFF

You'll need to familiarise yourself with the range of rules and regulations surrounding leave, pay, working hours and entitlements. Some you may only need to research if a particular case arises, others are fairly common to all businesses. The main things to know about are pay entitlements, statutory leave entitlements and regulations relating to:

- sickness
- holiday
- maternity/paternity/adoption
- parental/carer responsibilities
- rest periods
- young workers
- part-time workers
- home workers
- public service obligations
- European Working Time Directive

HEALTH & SAFETY

Health and safety is about preventing people from being harmed at work or becoming ill. Businesses have a duty of care for everyone affected by the business and its activities, which includes visitors and members of the public, as well as employees. You should conduct a thorough assessment of the risks your business faces and implement good health and safety practices to reduce potential risks. You must have a policy for how you look after health and safety and if you employ five or more people, this policy must be in writing.

INSURANCE

Except in very specific circumstances, an employer must have Employers' Liability [EL] insurance and be insured for cover of at least £5 million. Quite often this will be included in a business 'All Risks' policy but it's worth checking you have cover in place if you're starting to employ staff. EL insurance must cover all your employees and enables a business to meet the costs of damages and legal fees in cases where employees are injured or made ill at work.

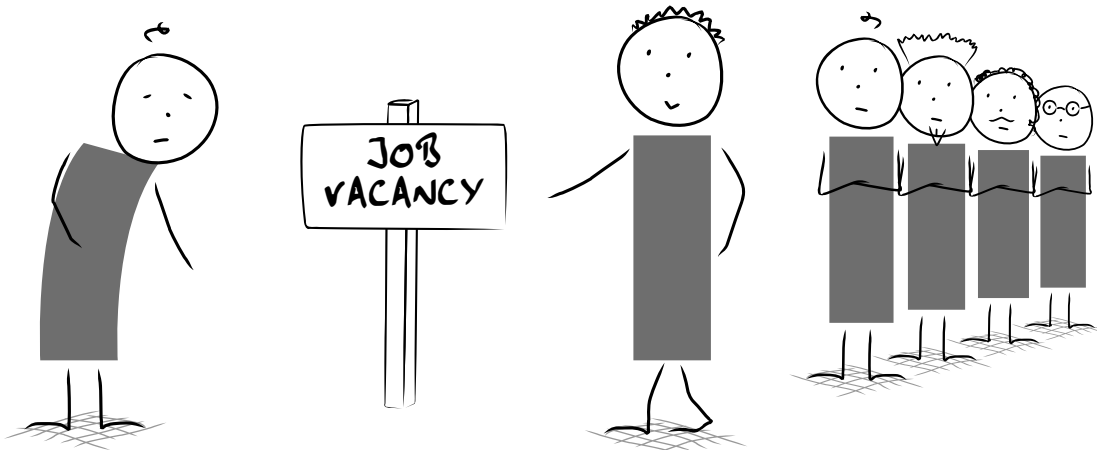
PENSIONS

Employers with five or more members of staff, who offer no other qualifying pension arrangement, have to offer all relevant employees over the age of 18 access to a stakeholder pension. Stakeholder schemes are a type of personal pension plan that are set up to accept low-value and irregular payments, while other personal pensions may impose penalties for irregular payments. Even though you must have such a scheme in place, it's not compulsory for any employees to join, nor do you as the employer have any obligation to make contributions to the scheme.

AN ALTERNATIVE

All these things may seem rather daunting and you may like to consider alternative staffing options such as subcontracting, employing agency workers or outsourcing, which are other ways your business can take advantage of extra skills and labour without taking on many of the responsibilities of an employer..

Taking on people, whichever way you choose to do it, will always mean some form of investment for your business but it's important to remember that by making this investment your business can reap valuable returns.



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