

HOW TO HIRE MY FIRST EMPLOYEE IN THE UNITED KINGDOM

MAIN LEGAL STEPS TO FOLLOW TO HIRE A FIRST EMPLOYEE

When hiring an employee in the UK the following needs to be considered:

1. A contract of employment should be prepared which sets out the key terms and conditions of the employment. This should include at the minimum; the salary, any bonuses and benefits, holiday entitlement, a job description, and other matters that should be included are set out below.
2. The employment contract must also be drafted in accordance with UK employment law, and should be provided within two months of the employee's start date.
3. The UK has National Minimum Wage legislation. You can find more about the UK National Minimum Wage at <https://www.gov.uk/national-minimum-wage>.
4. The employer must check that the employee has the legal right to work in the UK: <https://www.gov.uk/legal-right-work-uk>.
5. If the employee is going to work with young or vulnerable people or within the security sector the employer will need to apply for a Disclosure and Barring Service (DBS) check. (Previously known as a CRB Check).
6. As an employer your business will need employers' liability insurance.
7. Your business must register with HMRC as an employer and must account for payroll tax deductions on the employee's salary and any bonuses as they are paid. All payroll tax processing must be done online and any tax due paid over by the 19th day of the following month in which the salary or bonus is paid.

There are also reporting requirements to HM Revenue & Customs when an employee is first taken on and when an employee leaves.

DESIGN AND CONTENTS OF AN EMPLOYMENT CONTRACT

Other details which should be included within the employment contract include:

- the business's name;
- the employee's name, job title or a description of work and start date;
- if a previous job counts towards a period of continuous employment, the date the period started;
- how much, when and by how an employee will be paid;
- hours of work (and if employees will have to work Sundays, nights and/or overtime);
- holiday entitlement (and if that includes public holidays);
- where an employee will be working and whether they might have to relocate;
- if an employee works in different places, where these will be and what the employer's address is;
- if it is a temporary employment, how long the temporary employment is expected to last;
- if a fixed-term contract, the end date of the fixed term contract;
- notice periods;
- any collective agreements;
- any entitlement to pensions (the UK has auto enrolment legislation which requires all employers to offer a minimum pension to employees);

Sick pay and procedures, grievance and disciplinary procedures do not need to form part of the contract of employment but the contract should state where they can find such information (eg in an Employee Handbook).

If in doubt, always follow the guidelines provided at www.acas.org.uk.

EMPLOYMENT OR SELF EMPLOYMENT

Where the business offers a contract of service, the individual is an employee and the business must apply the rules and regulations for employees.

Where the business offers a contract for services and the supplier of those services is an unincorporated business, they would normally be able to offer these services independently and would not need to be classified as an employee.

It is up to the employer to satisfy themselves that the contractual arrangement with the individual or the incorporated business is not that of an employment. However HM Revenue and Customs have the right to challenge all arrangements if not satisfied.

HM Revenue & Customs have an online status indicator which can be used to help ascertain whether the individual is an employee or not.

Employment Status Indicator Test: <http://tools.hmrc.gov.uk/esi/screen/ESI/en-GB/summary?user=guest>