Overview

1. Introduction
2. What Do You Need Staff To Do?
3. Decision Making
4. Staff Grades and Pay Scales
5. Equal Pay
6. Pensions
7. Benefits and Expenses
8. Setting Up Your Payroll
9. Further Information

Introduction

Employing people is a serious responsibility. Your organisation becomes an employer as soon as it recruits paid staff. Whilst the organisation is not expected to be expert in all the associated legal responsibilities, it is required to keep up to date with changes and ensure it accesses expertise and advice where necessary.

This information sheet provides a basic introduction to employing people for the first time and covers the key elements that organisations need to have in place.

Image: Employee Induction

Your role as employer and associated legal requirements should be taken very seriously:

● You are responsible for making sure that staff work effectively towards achieving the aims of the organisation. If they don't, you are not managing the organisation's resources effectively.
● Your organisation must comply with employment laws, including:
  ○ Pension rules
  ○ Payroll and paying the minimum wage
  ○ Health and safety
  ○ Equality legislation
● Your organisation may face serious penalties if you do not obey the laws covering employment. In some circumstances you could face personal liability for debts that result from mismanagement of staff or failure to adhere to employment legislation.

What Do You Need Staff To Do?

Many voluntary sector organisations start out on an entirely voluntary basis. There will probably be a board of trustees or management committee and perhaps some other unpaid volunteers. But if the organisation grows, it may need to employ staff in order to achieve its aims.

The first step in the process is to decide what you want to employ the staff for and what working hours will be necessary to perform their duties effectively. To do this you will need to draw up job descriptions and person specifications.

You will also need to draft a contract of employment and put in place employment policies such as equal opportunities, health and safety, discipline and grievance procedures, etc.

You will then need to secure funding for the post(s). To do this you will need to work out what employing a worker will cost you. This, and related issues are covered below.

Decision Making

Employing a worker for the first time is a big step for any organisation. It can also be quite challenging to transition to having staff and handing over responsibilities. It is therefore vital that the approval of the board of trustees, or management or executive committee is obtained at each key stage of the process

- Agreeing the job description, etc.
- Agreeing terms and conditions
- Agreeing the recruitment process
- Preparing funding bids
- Short listing and selection
- Probationary review and confirmation in post
- Agreeing a supervision and appraisal process

Some of these stages may be delegated to a sub committee. At all stages specialist advice should be sought whenever needed.

Staff Grades and Pay Scales

A key element of the cost of employing staff is pay. In funding bids, you will need to apply for the pay going to the employee, plus the employer's National Insurance contributions, and any other on-costs that have been agreed with your funder or contracting organisation.

Some employees in the voluntary sector are paid on what are known as the NJC Pay Scales. These are usually revised from 1 April each year.

Important Information
You will need to meet the National Minimum Wage and National Living Wage rates
UK Government - National Minimum Wage

Small voluntary groups are only likely to be paying staff on the lower levels of these grades. If you are applying for funding for a post for longer than one year, you should consider whether you should allow for some progression in salary bands and for cost of living increases.

Should you not receive full funding you will need to review the situation and decide whether you can reduce hours or grade so that your costs are covered.

External Link
HMRC Payroll Calculator
UK Government - Payroll Calculator

Equal Pay

If you are employing people for the first time, you probably don't know yet how many men or women you will be employing within your organisation, but it's important to be aware of Equal Pay legislation from the start in order to avoid falling into any discriminatory practices.

By law, men and women must get equal pay for doing 'equal work' (work that equal pay law classes as the same, similar, equivalent or of equal value).

This means someone must not get less pay compared to someone who is both:

- The opposite sex
- Doing equal work for the same employer

External Link
Please see ACAS guidance for detailed information on Equal Pay
ACAS - Equal Pay

Cefnogi Trydydd Sector Cymru Third Sector Support Wales

Pensions

If your organisation employs staff, you will also need to enrol all your eligible employees into a pension scheme and make a contribution towards it.

Eligible Workers

Workers employed and paid by the charity for the work they do are eligible for pensions if they:

- Earn more than the current minimum wage
- Are aged between 22 and the state pension age
- Work in the UK

'Workers' include contractors and agency staff, as well as people working under an apprenticeship. Volunteers and unpaid staff are not eligible.

External Link
Find out when you will have to start making pension contributions for your charity's staff and how much you will have to pay.
UK Government- Pension Rules for Charities

As an employer you must contribute at least 3% of your eligible workers' earnings to a pension scheme, while they pay the rest. The total contribution must be a minimum of 8% of each worker's earnings.

External Link
For more information on Pensions see:
ACAS - Pension Guidance
The Pension Regulator

Benefits and Expenses

In addition to the cost of any pension scheme that you have in place, you will also need to determine what an employee will cost you in terms of:

- Training costs
- Travel and subsistence expenses
- Childcare allowances

Not only will you have to include these costs in funding bids, you must ensure that you stay within Revenue limits. It is a good idea to clear any allowances with **HM Revenue and Customs (HMRC)** and to apply for a dispensation regarding payment of expenses.

External Link
For more information on employee benefits and expenses see:
UK Government - Guidance on Expenses and Benefits

Setting Up Your Payroll

You will need to set up a payroll system. There are two options:

- Employ a specialist payroll bureau
- Operate the payroll yourself

Unless you have good experience of running a payroll, you would be advised to use a payroll bureau. Your **CVC** will be able to assist you with finding a supplier.

Whatever you do, you will need to register with the **HMRC** as a new employer on their registration line (0300 200 3211). They will then send you a payroll

Cefnogi Trydydd Sector Cymru Third Sector Support Wales

Meeting Legal Obligations

Once you have become an employer, you will need to meet a number of key financial and tax obligations:

- Paying your employees the National Minimum Wage, at least
- Automatically enrolling your employees in a pensions scheme, as explained above
- Ensuring that PAYE Income Tax and National Insurance contributions are paid over to the **Inland Revenue** by the due dates (monthly or quarterly as agreed with your payment office)
- Sending certain forms and returns to employees and/or the **Inland Revenue** by specified dates

Employers must provide an individual written pay statement at or before the time they are paid. The statement must show gross pay and net (take-home pay), with amounts and reasons for all variable deductions.

Conclusion

Employing people for the first time is an exciting stage in your organisation's development, but it's also a significant investment of resources and is not without risk, so it's important to take the time at the beginning to get it right and make sure the process runs smoothly for your organisation and its new staff.

Further Information

HM Revenue and Customs
HM Revenue and Customs
www.hmrc.gov.uk

Working
UK Government
www.gov.uk/browse/working

Equality & Human Rights Commission (EHRC)
Tel: 0808 800 0082
Textphone: 0808 800 0084
wales@equalityhumanrights.com
www.equalityhumanrights.com/wales/

Pay Connect - Payroll Service for the Third Sector
Tel: 01745 357588
www.wcva.cymru

ACAS
Tel: 08457 474747
www.acas.org.uk

The Pensions Regulator
The Pensions Regulator
www.thepensionsregulator.gov.uk

Wales TUC Cymru
Tel: 029 2034 7010
wtuc@tuc.org.uk
www.tuc.org.uk/wales

Cefnogi Trydydd Sector Cymru Third Sector Support Wales

Cefnogi Trydydd
Sector **Cymru**

Third Sector
Support **Wales**

Third Sector Support Wales is a network of support organisations for the whole of the third sector in Wales.

It consists of the 19 local and regional support bodies across Wales, the County Voluntary Councils (CVCs) and the national support body, Wales Council for Voluntary Action (WCVA).

For further information contact
https://thirdsectorsupport.wales/contact/

Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss occasioned as a result of any person acting or refraining from acting upon it.