

## **A guide to becoming an employer.**

For most small businesses there will come a time when they must consider taking on employees for their business to grow. When you become an employer for the first time there are lots of things to consider before your first employee starts work.

### **Registering as an employer.**

Before you employ your first member of staff you need to check whether you will need to register as an employer. You will need to register if any of the following applies:

1. You are going to pay someone over the Lower Earnings Limit. (This is £123 per week for 23/24).
2. The employee already has another job.
3. The employee is receiving a pension.
4. You will be providing the employee with benefits.

If any of these are true for one employee, then you will have to include all employees on a payroll regardless of whether they themselves meet any of the criteria.

Once you are happy that the business does need to register as an employer then, for most businesses this can be done online by going to the web page <https://www.gov.uk/register-employer>.

Once you have registered you will be issued with an Employer PAYE Reference Number and an Accounts Office Reference number. You will need these to submit your payroll information to HMRC. These typically take around 15 working days to arrive, but you can pay employees before you receive the references if you have registered.

Please note if you employ someone who does not meet any of the requirements for registration, they still have the same rights as any other employee. You will still need to keep records of the amounts paid and provide them with payslips.

### **Important things to consider.**

Once you start employing people, there are lots of important factors that you need to consider. The main considerations are as follows:

1. It is important that you give your employees an employment contract. This sets out the employee's terms of employment including important factors such as holiday entitlement, sick pay provision, and notice periods. You need to give an employee a written statement of employment if you are employing someone for more than 1 month.
2. You must be aware of the National Minimum Wage rules and the Working Time Regulations which govern the hours employees can work and how much holiday you must give them.
3. It is your responsibility as an employer to ensure that the employee has a legal right to work in the UK.
4. You will need to submit your payroll information to HMRC in accordance with the Real Time Information Rules.
5. You will need to monitor whether your employees need to be automatically enrolled into a workplace pension scheme.
6. As soon as you become an employer you must take out employers' liability insurance.
7. As an employer you will have a responsibility to provide a safe working environment.

8. You will also want to consider what working practices you will allow. Will you allow flexible working hours or allow employees to work from home?

Becoming an employer for the first time can be daunting. You are committing the business to the extra costs of employing staff and must follow a whole set of new regulations which did not apply to you before. With a bit of preparation, it does not have to be so. There is a lot of online resource that can help you through the process and a lot of accessible software that can help you with the day-to-day administration of the payroll. We would however always recommend that a new employer should talk to an HR professional before taking on employees. They will be able to take you through the process painlessly and stop you falling foul of any regulations.

You should also talk to your advisor about the cost of them running your day-to-day payroll for you. Once you consider the fact that you will not have to buy your own software you are likely to find that this is a cost effective and efficient way forward.

For more help or advice about any of the ideas covered in this guide, Westcotts is here to help. To contact a member of our team for further advice please find the contact details of your local office on our website by following this link. <https://westcotts.uk/contact-us/>