

# Wales Council for Voluntary Action

Supporting charities, volunteers and communities

## 6. Employing and managing people

### 6.2 Employing staff for the first time



Your organisation becomes an employer as soon as the organisation recruits for 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.

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

- You are responsible for seeing 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 may face serious penalties if you do not obey the laws covering employment. In some circumstances you may face personal liability for debts that result from mismanagement of staff or failure to adhere to employment legislation.

#### The post

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 a job description and person specification.

You will also need to draft a contract of employment and put in place employment policies such as equal opportunities, 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. Getting it right or wrong could be the difference between your group surviving or not. It is therefore vital that the approval of the board of trustees, or management or executive committee is obtained at each key stage:

- 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

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.

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

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.

## **Pensions, benefits and expenses**

You will need to decide whether you will make a contribution to a pension for your employee and if so include the costs (typically between 3 to 11 per cent of the employee's salary) in your funding bid. Remember, not making such a contribution could be a barrier to finding a suitable employee.

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 in funding bids, you must ensure that you stay within Revenue limits. It is a good idea to clear any allowances with your local HM Revenue and Customs (HMRC) Office and to apply for a dispensation regarding payment of expenses.

Employers with five or more employees who earn more than the lower earning level are obliged to offer access to a stakeholder pension.

## **Setting up your payroll**

You have 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 opt for the former.

Whatever you do, you will need to register with the HMRC as a new employer on their registration line (0845 607 0143). They will then send you a payroll pack, a number of useful guides and details of courses to assist new employers.

## **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.
- Setting up a Stakeholder Pension Scheme, when required.
- 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).

- Paying Tax Credits to employees when instructed to do so by the Inland Revenue.
- Sending certain forms and returns to employees and/or the Inland Revenue by specified dates.

### 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.

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.

## Further information

HM Revenue and Customs

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Pay Connect – Payroll service for the third sector

Tel: 01745 357588

[www.wcva.org.uk](http://www.wcva.org.uk)

ACAS

Tel: 08457 474747

[www.acas.org.uk](http://www.acas.org.uk)

WCVA / Wales TUC Cymru

*The good employment code*

Tel: 0800 2888 329

[www.wcva.org.uk](http://www.wcva.org.uk)

Wales TUC Cymru

Tel: 029 20 347010

[wtuc@tuc.org.uk](mailto:wtuc@tuc.org.uk)

[www.wtuc.org.uk](http://www.wtuc.org.uk)

### For further information contact

#### Wales Council for Voluntary Action

Baltic House, Mount Stuart Square, Cardiff Bay, Cardiff, CF10 5FH

Registered Charity 218093

Tel: 0800 2888 329

Fax: 029 2043 1701

[help@wcva.org.uk](mailto:help@wcva.org.uk)

[www.wcva.org.uk](http://www.wcva.org.uk)



Tel: 0800 2888 329

[www.wcva.org.uk](http://www.wcva.org.uk)

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