



Employing Staff (Paid or Unpaid)

This Advice Note is designed to help you identify if and when you need to employ staff, how to do it and what considerations are involved in taking on such a commitment.

Are you sure you need someone?

Before you advertise for someone to come and join your organisation, you need to be absolutely sure that you need them, and also be crystal clear about what they are going to do.

This may sound like an obvious thing to say, but taking on a member of staff can have huge implications.

- If you are going to pay them, you will need more money coming into the organisation. Have you identified extra sources of funding or income?
- Be careful of taking someone on and telling them they have to raise their own salary on top of everything else they might do. Depending on the job, the individual, the circumstance, the funding climate etc, they may have to spend more time identifying their salary than you thought, thus leaving less time to do the very thing you have employed them to do.
- Even voluntary workers incur additional expense, are you sure that your organisation can afford to take on voluntary staff? Will they bring in more benefit, and income, than they cost in expenses?
- Do you have enough space for them to work in, and equipment for them to use?
- Do you have a clear management structure within which they can work, so that you know that you are getting the best value for money from employing them and they feel that they are being managed and supported?
- How long do you need them for? Is the job a part-time, full-time or temporary post?
- Are you able to meet your legal obligations as an employer? www.businesslink.gov.uk ; www.acas.org.uk
 ACAS, 3 Purbeck House, Lambourne Crescent, Llanishen, Cardiff CF14 5GJ.

Identifying the staff you need

Before you start looking for staff, it is well worth doing a Job Analysis. This is the process of collecting and analysing information about the tasks, responsibilities,

and performance standards, working conditions and working relationships of a job. It will provide:

- The job description.
- A list of the skills and attributes you are looking for in a person.
- Performance standards, appraisal, discipline and grievance procedures, monitoring and evaluation of the job.
- Reporting relationships for accountability.
- Working conditions related to the post.

To do a Job Analysis you should consider the following:

- Job identification data:- job title, department, location, and relationship with others, reporting relationships, supervisory relationships, contacts and liaison internal and external to the organisation.
- Job content:- actual tasks or duties, level of responsibility for tasks, importance of tasks, how often they are performed.
- Working conditions:- physical environment, social environment (such as working alone or in a group) usual time of work, salary and benefits, holidays.
- Performance standards or objectives:- these can be for either the job as a whole, or for specific tasks. They can be expressed in quantifiable terms, such as raising £x per annum, or qualitative terms such as managing the community building or maintaining group cohesiveness.

What next?

You should now have an idea of the broad skills and qualifications the post requires, the amount of work the job entails, and how it fits into the organisation. You will also have an idea of what salary or wage bracket the post is in.

You should think about the various options that you have for employing a person – part-time, full-time, paid or voluntary, freelance, temporary etc. Each option will have slightly differing responsibilities, for both the organisation and the person they have taken on to do a job.

Below is just a small snapshot of your responsibilities as an employer. If you are considering taking on extra staff under any of the following categories, it is wise to get as



much information as you can from:

- HM Revenues and Customs - 08453 020203
<http://www.hmrc.gov.uk>
- Your accountant;
- www.businesslink.gov.uk Fill in your details and the directory will compile a list of all relevant fact sheets for you from PAYE to redundancy, VAT etc.
- ACAS - Advisory, Conciliation and Arbitration Service (☎ 029 2076 2636) <http://www.acas.org.uk> .
- <http://www.cavs.org.uk> Carmarthenshire Association of Voluntary Services

Speak to them about all the different options and what the implications are before you go about interviewing anyone. Then, if someone approaches you with, for example, a suggestion such as job-sharing, you will know what your position is before it gets to the interview stage. You can always go back and ask HM Revenues and Customs, or whoever, with any more detailed questions later.

Full-time employed or part-time employed

If you take on someone as a direct employee, on either a full-time or part-time basis, you will have to:

- Give them a contract of employment.
- Make an "Employers contribution" to their National Insurance.
- Deal with employee's PAYE and National Insurance payments to the Inland Revenue and Contributions Agency.
- Be responsible for all employees' and visitors' Health and Safety while in the work environment.

Part-time and Full-time workers have different rights in terms of employment. You need to be familiar with them before you offer someone a job, and certainly before you give them a contract.

Ensure that the premises and/or equipment you provide them to work with meet with all Health and Safety at Work Regulations, and that you have Public and Employers Liability Insurance. www.businesslink.gov.uk

Short term or seasonal staff

Short term or seasonal staff also need an employment contract – as much for your organisation's benefit as for

the employees. Agree with them how you are going to pay them. Are they to be taken on to the PAYE books, or can they prove to you that they are self-employed and are, therefore, going to look after their own tax and National Insurance?

Taking on Freelance workers or consultants

Just because you call a worker a consultant, it doesn't automatically mean that HM Revenues and Customs will agree with you and they may still judge you to be an employer. Be very careful on what basis you are taking someone on. If at a later date HM Revenues and Customs decide that someone you thought was a freelance worker was in fact an employee, they can demand back payments for that "employee's" National Insurance.

For a contract of employment to exist, the individual has to be employed by the organisation and carry out work that is integral to the business. On the other hand, a contract for services exists when the services are carried out by people who are not an integral part of the business, and who can be deemed to be in business themselves.

A persons employment status will depend on whether their contract is a contract of employment.

A contract for the personal performance of work or a contract for services

*An **employee** is someone who works for you under the terms of an employment contract. A contract for employment could then be written, oral or implied.*

*A **worker** is a wider category – it includes any individual person who works for you, whether under a contract for employment or other type of contract, but is not self-employed. This category can include casual workers, agency workers or some freelance workers but the terms of the contract will determine their employment status.*

Taken from - Employment Status - www.businesslink.gov.uk

Self-employed people are responsible for their own tax and National Insurance, but it is your responsibility to establish that they are going to do this.



Always be clear about the nature of the work you are taking the freelance or self-employed on to do. Be clear about the nature of the contract you are making with them. There is further information in HM Revenues and Customs leaflet 'Employed or Self-employed: A Guide to Employment Status for Tax and National Insurance Contributions' which can be downloaded from their website www.hmrc.gov.uk

Voluntary workers

Volunteers are often the backbone of many community groups and organisations. Their commitment and contribution to the work of the organisation is often about more than money or a career. However, volunteers can be taken for granted, or not put to their best use. Consequently they feel mis-used and the organisation may feel they have little control over them.

If you are going to take on volunteers, you need to:

- Be committed to them and have thought through how they are going to fit into the organisation.
- Earmark resources – volunteers don't come completely free. They need space, equipment, and training, maybe they need expenses etc.
- Identify specific jobs that are the volunteers' own, rather than just find something for them to do when they turn up.
- Advertise and recruit volunteers with those specific jobs in mind.
- Use the same processes in advertising and recruiting voluntary staff as you would for paid employees.
- Induct and train volunteers in the same way as you would a paid employee.

You may find that some of the volunteers who are working with you receive some state benefits. Both you and they should be very clear on how working voluntarily might affect those benefits. Talk to your local benefit office and get information about how voluntary workers can help you, without limiting their rights to any benefits that they might receive.

Encourage all volunteers in receipt of state benefits to inform their local benefit office before starting any voluntary work with you, and tell them that it could affect their benefit. If someone is working voluntarily, they will

not be building up National Insurance credits. Your volunteers need to be made aware of this, as unless they are making NI contributions themselves, it will affect their long-term pension rights.

It is good practice to pay volunteers any expenses they incur while working voluntarily for you. Clear rules and procedures should be established for what is a claimable expense, how claims are made and expenses paid out. Expenses should be for the actual amounts incurred and not a general payment or honorarium, as this may incur PAYE status.

You should afford the same Equal Opportunities rights and Health and Safety care to your volunteers as you do to your paid staff.

For more information contact the Carmarthenshire Association of Voluntary Services <http://www.cavs.org.uk>

Application Forms

When making up an application form for a job:

- Collect a number of other examples. They'll give you some ideas about questions and layout for your own application form.
- Don't include irrelevant questions on the form. Think about the type of information you need to find out if the person will be right for the job.
- Make the questions as specific to the post as possible.
- The layout of the form is important. There needs to be enough space for each answer.
- Remember to ask whether the applicant has any access, or other needs, in order to be able to attend an interview.
- If you are asking for referees, enquire whether you can contact them before an interview.

Job Advertisements

The following information should be included in a job advert:

- Your organisation's name and logo if you have one.
- Job title and where the job is to be based.
- Hours to be worked.
- If the job is fixed-term, show how long the post-holder will be in place.
- An outline of the main duties involved.



- A broad description of the type of person you are looking for, their experience or qualifications.
- The salary / wage and any allowances or other benefits.
- Would you welcome applications from job sharers / consultants or freelancers?
- An equal opportunities statement.
- Closing date (and interview date if you know it).
- Where to get more details – contact name, address and telephone number.
- If you are a Registered Charity, put that number at the bottom of the advert.
- Acknowledgement of your funders, if appropriate or they require it. Check if funders require logos to be included within an advertisement.

Where you place the advertisement will depend on the job and the person you are looking for. Get advertising quotes from a selection of media including newspapers, local radio, relevant Internet sites and community newsletters before you place your advertisement. Don't forget to ask if there is a discount for local or charitable organisations. Wherever you advertise, make the advertisement as attractive as possible.

Selecting Candidates and Interviewing

Once you have all the application forms in, you can begin the process of selecting or short-listing people for interview.

Assemble a small panel to choose the people you want to interview. This panel should help put together a list of interview questions, and may also be the interview panel itself.

How you put your panel together depends on the post you are interviewing for. It is usual to include whoever will have direct managerial responsibility for the post. Sometimes your funder(s) may want to have input into the whole process, it is wise to check with them. You may also want to bring an outsider onto the panel, someone who doesn't know any of the other interviewers and will not have a particular axe to grind.

Make sure that all the interview panel has -

- A copy of all the application forms.
- A timetable for the interviews.

- A list of the questions to be asked/tasks to be performed, and who is going to ask them/arrange them.
- A job description.
- A person specification.
- A marking system.

Elect a chair-person for the interview. This person should do the introductions, make sure that all the questions are asked, and that all the interviews are conducted in a similar and fair manner.

Make sure that:

- there is someone there to welcome the interviewees and to look after them until it's their turn. This person will also need a list of who is being interviewed and when.
- the interview room will not be interrupted. That the seating arrangements give enough room for both panel and interviewee and is not too intimidating. Provide a glass of water for everyone, including the interviewee.
- everyone (panel and interviewees) knows where they have to be and when.

Interviewing candidates

The questions must be related to the requirements of the job, as described in the person specification that you have drawn up and sent to the applicants.

The questions must not vary according to the perceived ethnic or national origins, disability, marital status, sexuality, age, or other characteristic attributed to the candidate.

You must not ask interviewees questions about their personal circumstances or family commitments.

If the job involves unsociable or long hours, this should be made clear in the information that is sent out with the application form. Interviewees should therefore be asked if they understand all the requirements of the job, and not (for example) whether they will be able to arrange child-care to accommodate the job.

If the answer to a question is vague, then ask the



interviewee to give more information or details.

Make notes of what each interviewee says in response to each of the questions. The panel should have agreed some form of scoring of the candidates so that when it comes to making a decision you have been assessing them in a similar way.

Making a decision

Make your decision as soon as possible after the interviews. You should make a first and second choice, in case your first choice does not want to take the job, or has unsatisfactory references. If you cannot decide between one person and another, interview them again.

Make sure equal opportunities guidelines are used throughout the process, including in making a decision. It is not acceptable to rank an able-bodied person above a disabled person; nor a single parent with childcare needs below a non-parent.

The decision might be not to employ any of those who applied. If this happens, then the job should be re-advertised.

All application forms and interview notes must be kept for 6 months after the interview, in case there is a dispute.

Offering someone the job

If you have asked for references but have not received them yet, you might want to offer the job subject to satisfactory references.

Following up references

Give referees a list of structured questions related to the post and ask referees to comment on the person's skills and abilities to undertake the tasks outlined in the job description. If writing to their current employer, you may also want to ask how many days sick leave the person took in the last year, and whether they were spread out or consecutive.

Always investigate an unsatisfactory reference and always check qualifications if they form an essential part of the criteria in a person specification. If a reference is written "*without prejudice*" or "*without legal responsibility*"

it implies that the referee will take no responsibility for decisions you may make on the basis of the reference. www.businesslink.gov.uk

Letters of Offer and Rejection

If you are offering someone the job, make sure that your offer letter is written very carefully, as the letter of appointment is part of the employment contract. If there are any changes to be made to the terms of the job as outlined in the job description through negotiation, ensure that they are all written down in detail. If in doubt speak to your solicitor or Business Eye www.businessseye.gov.uk for further advice.

When writing to unsuccessful candidates:

- Be very clear about the reasons you are rejecting the person for the post.
- A personal letter telling someone they have been unsuccessful is much more polite, and makes the blow easier to take, than an impersonal or "standard" letter;
- If at the interview you have said that you will let people know by the end of the week, then don't keep them hanging around.
- Be prepared to talk to people if they want to ask why they did not get the job.

Induction

Starting a new job can be very daunting. There is a lot to take on board, from people's names to how the job fits in with the rest of the organisation. A short induction helps new members of staff fit in, it also allows existing members of staff to meet the person and tell them a little about what they do.

The content and length of the induction process will vary from organisation to organisation but it should include:

- Technical and factual things such as P45, overtime or expenses sheets, disciplinary procedure, office procedures, appraisal systems, fire exits, where and when coffee breaks take place etc.
- People, quality and social related aspects such as - what does my line manager expect of me, is the culture of the organisation formal or informal, what standards are expected of me and how long do I have to achieve them etc.
- Many things within an induction pack or induction



period will be the same no matter which post is being filled. Take the opportunity to start building an induction pack before you need it. It will contain a lot more detail and save a lot of time if you do. You can then add post-specific information when you need it.

Good practice advice on induction, appraisal and a wide range of other personnel management issues is available through the Investors in People (IIP) Standard. IIP Advisors <http://www.investorsinpeople.co.uk>.

PAYE (Pay As You Earn) and National Insurance

The Pay As You Earn (also known as Schedule E) system collects income tax and National Insurance contributions from employees each time they get paid. Most employees will not have any further tax or National Insurance to pay, and will not have to fill in a tax return.

Each person has his or her own individual National Insurance number. National Insurance contributions are a specific tax to pay for pensions and certain benefits.

The PAYE system puts the responsibility onto the employer to make the correct deductions for tax and National Insurance contributions. It is also the employer's responsibility to send the sums deducted to the Inland Revenue.

Employers and employees contribute to an individual's National Insurance payments. The employee's contribution is deducted from gross pay and paid over to the Inland Revenue together with any Income Tax deducted.

The employer's contribution is a cost to the employer only, and is calculated as a percentage of the gross pay. The employer's contribution has to be paid to the Inland Revenue at the same time as the employee's contribution.

<http://www.businesslink.gov.uk>
<http://www.hmrc.gov.uk>

Employer's and Public Liability Insurance

Public Liability Insurance is not mandatory but highly advisable. It covers your organisation against claims for injury, loss, or damage caused to anyone because of your

organisation's negligence. This negligence could be to do with a building not being in sound condition, or even how an office is managed, for example leaving the floors wet after mopping without putting out a notice.

You should have public liability insurance whether you own a building or are just renting it. Read any policy you get very carefully to make sure it covers you for as much as you need.

If you employ staff, you must have employer's liability insurance. This covers you against claims for damages from any staff if they are injured or develop an illness because of your organisation's negligence. It may be that this kind of insurance will include committee members and other voluntary helpers, but it may not. If not, be sure to get them included in the public liability cover or ask the insurance company to extend the employer's liability to include them. The Employers Liability (Compulsory Insurance) Act 1969 requires you to display a copy of a certificate of insurance on the premises.

For all insurance matters, it is best to speak to a local insurance broker who knows you and your circumstances. Alternatively, contact Carmarthenshire Association of Voluntary Services <http://www.cavs.org.uk> for more information about insurance for the volunteer sector.

Equal Opportunities

Your organisation should have an Equal Opportunities Policy that lays out how your organisation aims to ensure that its employees, and those who use your premises or services, are treated on an equal basis, thus preventing discrimination. Many funders require grant recipients to have an Equal Opportunities policy.

Your Equal Opportunities Policy must be applied to the process of finding staff. To ensure that Equal Opportunities are being extended throughout the selection and interview process, you might want to use a monitoring process. This will ensure that people are being selected fairly for interview, and also that you have a shortlist which is a representative cross section of the total number of people who applied.



For more information about monitoring selection processes, you should contact:

Equal Opportunities Commission

Overseas House,
Quay Street.
Manchester M3 3HN.
Tel 0161 833 9244
<http://www.eoc.org.uk>

Commission for Racial Equality

10-12 Allington Street,
London SW1E 5EH.
Tel. 0207 828 7022
Fax 0207 630 7605
<http://www.cre.gov.uk>

Alternatively **Carmarthenshire Association of Voluntary Services**, <http://www.cavs.org.uk> can advise on preparing an Equal Opportunities policy.
<http://www.businesslink.gov.uk>

Access For All

As an employer, you should aim to make your organisation and premises as accessible for all as possible. This includes staff as well as those who might visit your organisation.

The Chronically Sick and Disabled Persons Act 1970, as amended, requires appropriate provision to be made for disabled people in premises to which the public are admitted. Contact Planning and Building Control Department to get a copy of their Access Guide.
<http://www.businesslink.gov.uk>

The following sources have a wealth of detailed, up-to-date information on this subject.

Department Business Enterprise and Regulatory Reform (BERR, formerly the DTI) publish a useful series of leaflets and downloadable guides. They also have an extremely useful interactive tool that can collate a list of all the guidance notes that your business/group will need.
www.businesslink.co.uk
020 7215 5000

enquiries@berr.gsi.gov.uk

Ministerial Correspondence Unit

Department for Business, Enterprise and Regulatory Reform
Victoria Street,
London SW1H 0ET.

HM Revenues and Customs (formerly Excise & Customs and The Inland Revenue) publish a useful series of leaflets and downloadable guides. There is information on PAYE, expenses, national insurance, students etc.
HM Revenue and Customs,
St. John's House,
Merton Rd,
Merseyside L69 9BB.
www.hmrc.gov.uk
08453 020203

Benefits Agency

Guides and Leaflets from the Benefits Agency are available on ☎ 0845 709 0754 and at <http://www.dsss.gov.uk>. They include:
CWG1 Employer's Quick Guide to PAYE and NIC (National Insurance Contributions)
Employer's Manual on Statutory Sick Pay – CA30
Employer's Manual on Statutory Maternity Pay – CA29
Employer's Manual – Cars and Fuel (CA33, previously NI 280)

ACAS

The Advisory, Conciliation and Arbitration Service has an extensive list of publications and advisory handbooks, most of which are free of charge from ACAS
3 Purbeck House,
Lambourne Crescent,
Llanishen,
Cardiff CF14 5GJ.
<http://www.acas.org.uk>
029 2076 2636

Other reference books include:

All Expenses Paid.

Published by The Volunteer Centre UK.
National Centre for Volunteering,
Regents Wharf,



8 All Saints Street,
London N1 9RL.
☎ 020 7520 8900.
<http://www.volunteering.org.uk>

The Equal Opportunities Book: A guide to employment practice in voluntary organisations and community groups. By Jim Read (1988). Published by Interchange Books.

Disclaimer

This Advice Note has been produced on behalf of the Carmarthenshire Community Toolkit to assist community groups to make funding applications. However, it should not be taken as a definitive guide covering all areas of concern and it is recommended that further advice is sought in appropriate circumstances.