

6 steps to Employing People



National Advice Hub
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Starting to employ people can be a daunting prospect. This practical guide aims to break down the 6 key steps to get set up as an employer and pay employees for the first time.

1. Check that any potential employees have a right to work in the UK. There are a couple of methods in order to do this; checking the original documents or doing an online check using a right to work share code, a guide can be found [here](#). The list of acceptable documents for the checks vary depending on whether somebody has a permanent or temporary right to work in the UK. The Employing People section of the www.fas.scot website includes a link to the checklist for carrying out a right to work in the UK check.



If you do not complete these checks or do not do them fully and employ a worker illegally; the responsibility lies with you as an employer & you would be subject to a civil penalty of up to £20,000.

2. Register yourself as an employer with HMRC. This can be done online in advance of the first time you pay new staff; up to 2 months in advance. It takes up to 5 days to get your PAYE reference number so try and do it suitably far in advance of running your first payroll

More information on the options available to complete this process can be found in the 'Registering as an Employer with HMRC' practical guide on the Employing People section of the www.fas.scot website

3. Ascertain the minimum wage your employee should be paid. The minimum wage is set by the [Scottish Agricultural Wages Board](#) and varies depending on whether he or she has/is working towards agricultural or horticultural qualifications. The minimum wage for most employees from April 1st 2023 is £10.42 with those who hold qualifications being entitled to a top up of £1.55/hour.



If the employees are working towards certain qualifications while they work with you they can be paid at a lower rate of £6.53/hour for 18 months before increasing to the minimum hourly rate for all workers (£10.42).



4. You must have employers' liability insurance in place. This insurance should cover at least £5 million for compensation for injury and illness related to work that employees carry out for you.



**Farm
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Employers liability insurance is required even if the labour is a family member, family friend or neighbour!

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5. Within 2 months of starting work with you all employees should have a written statement of employment in place. There are some key things that the contract should include such as rate of pay, hours, holiday & sickness allowances and information regarding the termination of the contract. Having employment contracts in place is important for you as an employer as it gives a written record of what was agreed with the employee at the start of the employment should there be any disputes at a later date. Employment contracts should be signed by both employer and employee.



The website page includes a link to a template contract that can be used as a guide but contracts of employment can be amended to suit individual circumstances.



6. The final step is to auto-enrol all eligible staff on a pension scheme. Eligible staff are those aged between 22 and the State Pension age and earn at least £10,000/year before tax. When selecting a pension scheme, it would be advised to check that the scheme has been regulated and reviewed and does not require a minimum number of employees. Once the staff who need auto-enrolled have been identified they should all be written to informing them that this is the case.

More information on all of these areas and other handouts can be found on the Employing People Section of the www.fas.scot website.



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