

# New Entrants to Farming

## Employing People



National Advice Hub  
T: 0300 323 0161  
E: [advice@fas.scot](mailto:advice@fas.scot)  
W: [www.fas.scot](http://www.fas.scot)



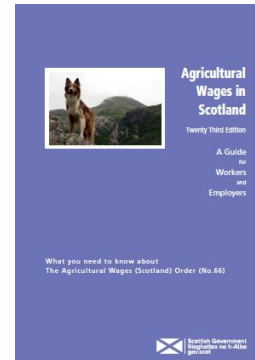
## Introduction

Employing people can be a daunting thought, or is it just common sense? Employees are most firms' greatest assets, so it's worth spending a bit of time making sure you get it right. This note summarises some of the main points to consider.

For those considering employing agricultural workers, the best place to start is the current version of the 'Agricultural Wages in Scotland' <https://www.gov.scot/publications/scottish-agricultural-wages-board/> which is produced by The Scottish Government. This summarises the key elements of the 'Agricultural wages (Scotland) Order and gives details and guidance on topics such as:

- Holidays
- Absences due to ill health
- Benefits
- Dog allowances

For non-agricultural employees more general advice is available at <https://www.gov.uk/browse/employing-people>.



## Recruiting People

Hiring employees, if done badly, can be costly, it can lead to poor performance, unnecessary training, increased supervision, wasted management time, higher absence and employee turnover and lower morale.

There are six key things you need to do when employing staff for the first time:-

1. Decide how much you need to pay someone: you must pay your employee at least the relevant minimum rate as set out in The Agricultural Wages (Scotland) Order for agricultural workers.
2. Check if a potential employee has the right to work in the UK – a checklist for this can be found [here](#)
3. Get employment insurance – employer's liability insurance as soon as you become an employer. It must cover for at least £5 million and come from an 'authorised insurer' – you can find one online.
4. Register with HM Revenue and Customs (HMRC) and pay your employee: You need to register as an employer, make any deductions for Pay as You Earn (PAYE) and give a pay statement (pay slip) to your employee. You are also required to notify HMRC about wages and deductions on an ongoing basis through their new [Real Time Information \(RTi\) system](#). When registering as an employer, you can do this using an existing [Government Gateway Account](#), like the ones previously used for VAT or by completing the [questionnaire](#) about your business.
5. Send details of the job (including terms and conditions) in writing to your employee: If you employ someone for more than a month, you need to give them a written statement of employment.
6. Auto enrol eligible employees on a pension scheme. Eligible employees are those aged between 22 and state pension age and earning at least £10,000/year before tax. All employees must be written to inform them they are being auto enrolled.

Good employment practices can help businesses anticipate employment problems and so improve managing the business. Employees know where they stand, what they can and can't do.

## Making employment decisions

It is important to try and anticipate employment needs not just for next month, but for next year and if possible for further ahead. Assess employment needs, so far as possible. Are there peaks and troughs throughout the year e.g. lambing or harvest?

## Understanding the requirements of the job

Once the decision has been made to employ someone, there are a number of steps which should be considered before advertising.

1. Job description / job specification – this should detail the purpose, tasks and responsibilities.
2. Person specification – this allows you to profile the ideal person for the job such as skills, aptitudes, knowledge, qualifications and experience required for the job.
3. Pay – decide what you would want to pay the individual taking into account equal pay. More information can be found at [www.business.scotland.gov.uk](http://www.business.scotland.gov.uk). You must also ensure that you comply with the provisions of current Agricultural Wages (Scotland) Order [www.scotland.gov.uk/Topics/farmingrural/Rural/business/18107](http://www.scotland.gov.uk/Topics/farmingrural/Rural/business/18107) in terms of pay rates, holiday entitlements, absences due to ill health etc.
4. Decide if you wish to ask for references – not compulsory but advisable.
5. Set a closing date.
6. Decide on how you want your candidates to apply – CV / application form, by post / email.

Once the job has been clearly defined the search can begin.

By law an employer may not discriminate on the grounds of:

- Age
- Race
- Sex
- Marriage and civil partnership
- Pregnancy and maternity
- Disability
- Sexual Orientation
- Religion or belief
- Gender reassignment

All stages of the recruitment process must treat all individuals equally.

## Advertising

It can be difficult to know where to place your advert. There are a number of options available such as:-

1. Job Centres – a free nationwide recruitment and advisory service.
2. Employment agencies – they can assist in the recruitment process and typically charge a percent fee of the salary or placement.
3. Adverts – in the farming press or local newspapers. There is a cost for this service dependent on the size and layout of the advert.
4. Internet – there are a number of recruitment websites available which charge a fee to place an advert on the site for a set period of time. Applications can be made direct to you through these sites.

## Interviews

An interview is one of the best ways to determine if someone is suitable for your role. It is important to note that it is not just the applicant who is being judged but the employer too. A badly prepared interviewer can create an unfavourable impression of the company.

Interviews need to be planned:-

1. The interviewer has the candidates CV or application form
2. There are no interruptions
3. Think about applicants who may have a disability
4. Make the candidate feel at ease
5. Ensure that your questions get the information you are looking for and are not closed questions which prompt a 'yes' 'no' response
6. Applicants are given the chance to ask their own questions at the end.

## Employment Contract

Once the employee has been selected, and they have verbally accepted, they should be issued with a contract of employment:-

1. A contract of employment is an agreement between an employer and employee and is the basis of the employment relationship.
2. Most employment contracts do not need to be in writing to be legally valid, but this is best.
3. A contract 'starts' as soon as an offer of employment is accepted. Starting work proves that you accept the terms and conditions offered by the employer.
4. Most employees are legally entitled to a Written Statement of the main terms and conditions of employment within two calendar months of starting work. This should include details of things like pay, holidays and working hours. Appendix 1 of 'Agricultural Wages in Scotland' document contains a useful list of the type of information which should be included.
5. An existing contract of employment can be varied only with the agreement of both parties. A record of any changes or amendments to a contract must be kept in writing.

It is important to note that when self-employed people are hired, for example, for contract work, the resulting contract is fundamentally different from an employment contract. Further information can be found at [www.gov.uk/employment-status](http://www.gov.uk/employment-status) and [www.hmrc.gov.uk/employmentstatus/index.htm#5](http://www.hmrc.gov.uk/employmentstatus/index.htm#5).

It is vitally important that when you have self-employed contractors working for you; the working relationship does not become that of an employee. HMRC are starting to look more closely at the many self-employed contractors working on farms and investigating if it is valid to define them as self-employed.

If HMRC deem a 'self-employed' contractor to have been wrongly categorised and is actually meeting all of the criteria of an employee, then you as the farmer, could receive a significant bill for unpaid tax and national insurance – potentially also with penalties. To find out more about the factors that distinguish between self-employed contractors and employees, see the [factsheet](#) 'When is a contractor a contractor'.

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## Rules and Procedures

Good rules benefit both the employer and the employee. They make clear what conduct the employer considers acceptable and what is unacceptable. They also help make sure that job performance meets certain minimum standards. It also clearly indicates what actions will be taken if the rules are broken.

The ACAS code of practice Disciplinary and Grievance Procedures when dealing with disputes gives guidance on disputes but in the first instance guidance should be sought from the secretary to The Scottish Agricultural Wages Board (SAWB), see contact details below. ACAS <http://www.acas.org.uk/index.aspx?articleid=2174> will also provide advice and guidance where necessary.

## Further Guidance

The Scottish Agricultural Wages Board (SAWB) is the body responsible for overseeing the drafting and implementation of the Agricultural Wages (Scotland) Order and also provides guidance to employers and employees. Contact details:-

Scottish Agricultural Wages Board,  
Saughton House,  
Broomhouse Drive,  
Edinburgh,  
EH11 3XD.

E-mail: [sawb@gov.scot](mailto:sawb@gov.scot)  
Tel: 0300 244 9749