

TRUE COST OF STAFF!

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The True Costs of a New Hire in the UK

Hiring a new staff member costs more than just their salary. Here's a breakdown of the costs you can expect when bringing someone new into your team.

If you're running any business, at some point you're going to need to hire someone. While you might think you've budgeted for this, with their salary covered in your figures, there are a number of additional costs you need to factor in when adding to your employee rota.

Recruitment costs: Firstly, you need to get the right person. You can go down two routes. You can use a recruitment agency, which can cost around 20-30% of the final salary – on an average salary this would be over £5,000. Or you could do it yourself on social media and job sites. This usually costs around £200-£400 if you use LinkedIn and one job site.

Estimated average cost: £3,000...

Salary: Obviously, this is the big cost. And while it very much depends on what sort of experience you're looking for, what level you're hiring at and the contract specifics, you can assume it'll be in the tens of thousands of pounds. UK Government figures put the average salary at around £27,600.

Estimated cost: £27,600....

Bonuses: Not all companies pay bonuses, but many are starting to come around to the idea as a way of rewarding good work and boosting employee retention. Government figures put the average bonus payment as 6% of total pay.

Estimated cost: £1,656....

National Insurance: Every employer has to pay towards their full-time employees' National Insurance (NI). The standard rate of an employer's Class 1 NI is 13.8% of the total pay. This includes bonuses and any over time.

Estimated cost: £4,037....

Pension: employees are automatically signed up to a basic company pension scheme. This means employers have to pay

a minimum of 3% of workers' monthly salary towards a pension.

Estimated cost: £828....

Training: Most companies offer either in-house training or funding towards external training. Either way, this comes at a cost. It's a vital cost as training can help improve employee retention rates. The average UK Company spends over £1,000 per employee.

Estimated cost: £1,068....

Office space and equipment: Unless you're replacing someone, you'll need to provide a new employee with desk space, computer and more. The IPD Blue Chip Office Index put the total property cost per occupant at £4,800.

Estimated cost: £4,800....

Other costs: It doesn't end there. There are an array of other costs to consider such as the HR costs to deal with new starters, holiday cover, cover for maternity leave, sick days, company cars, software licences and more.

Estimated cost: £8,000.

Total cost: So, for your £27,600 paid new staff member,



you'll actually need to budget for something closer to £50,000 in their first year of employment!!