

How to hire your first employee

Business Guide



Proud Member of
**Enterprise
Nation**

Growing from a one-person business to a small team is both exhilarating and daunting. A lot of what you need to do may be completely new to you. But don't worry - there are plenty of resources to help you, including [Business Guides](#) from Starling Bank, written by best selling business author and chartered accountant Della Hudson.

Starling was founded in 2014 by Anne Boden. When the app launched in 2017, the business was made up of just over 100 people. Today, Starling has more than 1000 employees. Here, we summarise what you need to know before hiring your first employee.

What does your business need?

Step one: figure out what type of employee you need. Do you want someone similar to you or someone with completely different strengths? Do they need specific experience or a certain number of years working in your industry? Does the role have to be full-time or could it be part-time?

What can you afford?

Work out how much you can afford to pay someone. Della says: "Don't forget that on top of the salary, you'll need to pay Employer's National Insurance of up to 13.8% and pension contributions of at least 3%. You may also need to purchase additional furniture, equipment, company car or software licences."

When making your calculations, remember the value that your new employee can bring to your business. Ultimately, they should help your business generate more income, either through sales or expanding a service, or by freeing up your time so that you can focus on delivering your product or service. "They may also bring expertise that you were previously paying for externally at a higher rate," says Della.

What can you offer?

After working out what you need from your potential employee, outline what you can offer them: Will they be able to work from home and have flexible hours? What will you provide around annual leave and sick pay? Will you commit to an annual pay review? The details can also be a part of the job description.

The job description should also include:

- Job title
- Overview of role
- Responsibilities, projects to deliver
- Team members, stakeholders, reports
- Training offered
- Recruitment timeline and milestones
- Salary
- Benefits, such as pension, health care
- CV request, contact details

With the job description in place, your next task is to spread the word on social media, your own website, online job boards and by telling personal connections. You may want to use a recruitment agency to help. Agencies come with a fee, but could save you time looking through applications and doing initial interviews.

How will you choose the best candidate?

When it comes to interviews, an initial pre-screening interview on the phone or through a video call is a useful way to narrow down the candidates. You can also ask for references and evidence of qualifications and use competence tests and personality profiles to give yourself a more in-depth understanding of your potential hire.

Which forms do you need to complete?

Once you've come to your decision, create an employee contract. You might want to do this yourself with Sparqua Legal through the Starling Marketplace, where Starling customers can connect to third-party products and services. Sparqua Legal provides legal paperwork templates for small business owners.

Send over the official employment offer and contract. You can also request proof of ID and entitlement to work in the UK. Before your new hire starts, [register as an employer](#) with HMRC, leaving enough time to set up your [payroll](#) scheme (aim for between one and two months before the first payday).

HMRC offers free online tools for payroll, but other software with a small monthly fee is often more comprehensive and may ultimately save you time. The Starling Marketplace includes online accounting software from Xero, FreeAgent, QuickBooks and PayStream, all of which can be seamlessly connected to your Starling business account.

How will you prepare for your employee's first day?

Ahead of your new employee's first day, set up any technology or equipment they'll need. Organise a call first thing if they're working from home. You also need to collect payroll information, **P45 details** and their emergency contact details. Della says: "Good preparation will ensure that your new starter feels welcome and is up to speed as soon as possible. And remember - be ready to answer any questions."

The original Hiring your first employee guide was written by Della Hudson and published on the Starling website. This content is based on that guide. It is intended as general information only and does not constitute advice in any way. For any specific questions, you may want to consult your legal advisor or a qualified accountant.