

"Your staff are your most valuable resource..." Whether your company employs two people or two hundred, this key item should be at the top of every manager's priority list. Yet, keeping up to date with changing employment legislation - especially with added European Community Directives - becomes more complex and costly every day. In these Fact Sheets, we have tried to provide basic guidelines and ideas to help you adapt or improve your personnel procedures. Please remember the advice given is general and not intended to be legally definitive. The Fact Sheets on various employment and human resource matters can be accessed at [www.aslrecruitment.co.uk/useful-resources](http://www.aslrecruitment.co.uk/useful-resources)

## THE COST OF FULL TIME STAFF

"Well, I suppose we need another manager at about £30,000 and another secretary at about £18,000." Does that sound like your last management meeting? Do you and your staff **really** know what a new employee costs? Perhaps examining the various components will provide a greater understanding and help in preparing budgets and estimates. It may be that the use of an agency supplied temporary worker may prove cost effective. Plus, your full time employees may not realise exactly what it does cost to employ them! For this example, we will take the cost of two typical cases. Some of these costs may vary depending on your business and individual circumstances, but these figures provide a useful guide. If it seems that some of costs are excessive, just think for a moment:

### 1. Statutory Sick Pay/Statutory Maternity Pay

Rules and payments have recently changed, for example an employer cannot claim back in full what has been paid out in Statutory Maternity Pay nor any Statutory Sick Pay. Additionally someone has to complete the various claims and returns.

### 2. Insurance

Apart from Employers and Public Liability Insurances what else is provided?

### 3. Personnel

Our example includes payroll costs and financing, records, returns and the general costs of someone having to provide an overall personnel and payroll service.

### 4. Benefits

Some benefits may be tangible, such as a bonus or pension contribution. Others may be less so, but they are still a real cost, such as staff catering, free car parking, office or company events, uniforms etc.

### 5. Cars/Fuel

In general, the annual cost, less fuel, usually works out at approximately 40% of the price of the vehicle per annum, to include depreciation, insurance, servicing and tax.

### 6. Recruitment Costs

Costs may vary dependent upon whether or not you use a recruitment agency, but our example shows an initial cost averaged between using a third party or recruiting direct.

ITEM	SECRETARY	MANAGER
<b>Per Annum</b>	<b>£</b>	<b>£</b>
<b>Salary</b>	<b>18,000</b>	<b>30,000</b>
<b>Employers NI @ 13.8%</b>	<b>2,484</b>	<b>4,140</b>
<b>Cover for 7 weeks leave (2 weeks sick, 5 weeks holiday)</b>	<b>2,733</b>	<b>N/A</b>
<b>Training</b>	<b>500</b>	<b>1,500</b>
<b>Personnel @ 3%</b>	<b>540</b>	<b>900</b>
<b>Benefits @ 10%</b>	<b>1,800</b>	<b>3,000</b>
<b>Car and Fuel</b>	<b>-</b>	<b>5,800</b>
<b>Recruitment costs @ 12%</b>	<b>2,160</b>	<b>3,600</b>
<b>TOTALS</b>	<b>28,217</b>	<b>48,940</b>
<b>APPROX HOURLY COST</b>	<b>14.47</b>	<b>25.10</b>