[**Hiring Costs in the UK**](https://theundercoverrecruiter.com/true-costs-hiring-uk/)

To be honest, hiring a new employee in the UK costs more than just their salary. Here’s an overview of the costs you should be prepared for when recruiting someone new.

It's an obvious thing for a small business to hire someone at some point. And often the business owners think that they've budgeted for new recruitment, but get surprised when they need to face a number of additional costs.

**Recruitment Expenses - Average cost (Approximately): £3,000**

You don't want to recruit anyone random. To get the perfect one, you have two options.

First one is to use a recruitment agency. A recruitment agency can ask for around 20-30% of the final salary of an employee. On a regular salary this would be more than £5,000.

The other option is to do it by yourself. You can do it by yourself by posting job adverts on job sites and social media. But this also comes with a price, for instance, it would cost you £200-£300 if you use LinkedIn and one single job site.

**Salary - Average cost (Approximately): £27,600**

The salary of an employee depends on some factors - level and quality of an employee, the contracts, and experience of that employee. You can imagine that would cost you tens of thousands of pounds. UK Govt. thinks the average salary should be at around £27,600.

**Bonuses - Average cost (Approximately): £1,656**

It is not mandatory for all companies to pay bonuses. But it is definitely a good idea to motivate employees by rewarding quality work. UK Govt. figures decided the bonus payment must be as 6% of total pay.

**National Insurance - Average cost (Approximately): £4,037**

It is a must for each and every employer to pay the National Insurance (NI) premium of their full-time employees. The regular rate of a staff's NI is 13.8% of the net pay. It also includes any over time and bonuses.

**Pension - Average cost (Approximately): £276 (rising to £828 by April).**

In UK, automatically all employees are signed up to a basic pension skim from respective company. Employers must pay at least 1% of employee's monthly salary towards pension - lifting to 3% by April.

**Training - Average cost (Approximately): £1,000+**

Most of the companies offer either funding towards external training or in-house training. In both ways, it costs some money. As it is an important to train an employee as training helps improve a staff overall. Usually, UK company spends more than £1,000/employee.

**Office space and equipment - Average cost (Approximately): £4,800**

If you’re not replacing someone, you’ll feel the urge to make some room for a new employee with computer, desk space, and more. In average, it costs a business around £4,800 of assets.

**Other costs - Average cost (Approximately): £8,000**

You wish if it ends here. There are a list of other expenses to reconsider, for instance, the HR costs to deal with new starters, cover for maternity leave, sick days, holiday cover, software licenses, company cars, and more.

**Total cost**

So, you can see that you’ll actually need to have a budget for something **closer to £50,000** for your £27,600 paid new staff member. And it all happens within the first year of employment**.**