**What is the True Cost of Hiring a New Employee in UK?**

The decision to hire your new employee is a big one for any small businesses owner. So you need to keep in mind that hiring a new employee in UK costs more than just their salary. I'm going to breakdown the costs you can expect when hiring a new employee in your company.

There are a number of factors like employees National Insurance, pensions, Bonuses, etc you will need check in order to calculate the true cost of hiring your new employee in UK. So let's see how much does it really cost and what should you be considering before hiring a new employee.

1. **Recruitment costs:**

You need to get the right person for your business and there are two ways to get the right person. You can use a recruitment agency or you can take help from various social media and job sites. The recruitment agency can cost 20-30% of the total salary of the employee. So on average it would be more than $5000.

Or if you take the help from social media or any job site it will also cost you around 200-400.

**Estimated recruitment cost:** £3,000.

1. **Salary:**

This is the most important factor in hiring a new employee and it mostly depends on what experience you are looking for, on which label you are hiring and on the contract specifications. According to UK government salary structure the average salary for around £27,600.

**Estimated Salary cost:** £27,600.

1. **Bonuses:**

Most of the companies in UK started giving bonuses to their employees to reward them for good performance and boosting their work spread. Government figure shows the bonus can be 6% of the total salary of an employee.

**Estimated cost for bonuses:** £1,656.

1. **National Insurance:**

You will have to pay Employees Class 1 National Insurance Contributions (NIC) based on their salary, depending on how much they earn. This includes bonuses and any over time. The standard rate for class 1 NIC is 13.8%.

**Estimated Cost for NIC:** £4,037.

1. **Pension:**

Employees are automatically signed up to a basic company pension scheme. So you must enroll all eligible staff into a workplace pension as soon as they start working for you. Employers have to pay a minimum of 1% of workers’ monthly salary as a pension. It raised to 3% by April 2019.

**Estimated Cost for Pension:** £276 (rising to £828 by April 2019).

1. **Training:**

Companies offer in-house training or funding for external training for the improvement of the employee. This training is essential to get a better output. On an average company spend more than £1,000 on per employee.

**Estimated Cost for Training:** £1,068.

1. **Office space and equipment:**

If you are not replacing your old employee then you must have to provide new desk space, computer, chair, etc to your new employee which will cost you on average £4,800

**Estimated cost for Office space and equipment:** £4,800.

1. **Other costs:**

There are a number of other costs to have to bear such as the HR costs to deal with the new employee, overtimes, holiday cover, sick days, software, etc and more.

**Estimated cost:** £8,000.

**Total Cost:** So after calculating all these costs you have to pay nearly £50,000 in the first year of your new employment with their including their salary.