

BUSINESS GUIDE: SETTING UP IN THE UK

# MANAGING EMPLOYEES IN THE UK

---

- ✓ Hiring in the UK – the basics
- ✓ Secondments – sending over employees from overseas
- ✓ People management
- ✓ Paying people from overseas

*This business guide is brought to you by the Swedish Chamber of Commerce for the UK in partnership with Goodwille. This information is for guidance purposes only and should not be regarded as a substitute for taking legal advice.*

## MANAGING EMPLOYEES IN THE UK

You have decided to expand to the UK – congratulations! You are entering one of the world’s largest economies, with access to some of the best talents out there. Whatever staff you’re looking to recruit – in tech, finance, or maybe sales - here, there are plenty of opportunities for your business to grow and scale.

Whether you are planning to register a UK entity or scale a team, employ directly into your AB entity, or transfer employees to the UK from overseas, you must take local laws and guidelines into consideration. UK employment law is different than in Sweden, and if you get it wrong it can be costly.

This guide is your companion through the key considerations you must be aware of when hiring and managing employees in the UK.

### HIRING IN THE UK



### SECONDMENTS



### PEOPLE MANAGEMENT



### PAYING PEOPLE FROM OVERSEAS





## **HIRING IN THE UK – THE BASICS**

Employment law differs between countries – so do not assume your contracts, policies and offerings can be directly transferred from one country to another. For your convenience, we have outlined some of the most frequently asked questions during a UK expansion.



### **DO I HAVE TO REGISTER AN ENTITY?**

No - you can recruit an employee in the UK via your international parent company, but there may be limitations to the work they can undertake. However, having a local setup can be considered more attractive for potential employees and clients.



### **CAN I USE MY FOREIGN EMPLOYMENT CONTRACT IN THE UK?**

Employees are employed under the law in the country they work – regardless if they are employed by the international parent company. We recommend reviewing existing contracts and make necessary changes to comply with UK law.



### **WHAT KIND OF EMPLOYMENT BENEFITS MUST I OFFER MY UK EMPLOYEES?**

UK employers must enrol all employees onto a workplace pension scheme. The employee can choose to opt-out, but regardless you must have a scheme in place.

Even though other benefits and rewards aren't legal obligations, we recommend that you benchmark what your competitors and industry offer in terms of additional, non-mandatory benefits, such as Private Medical Insurance.



### **WHAT OTHER COSTS DO I NEED TO CONSIDER AS AN EMPLOYER?**

On top of the employees gross salary, you need to budget for costs relating to employer pension contributions (currently 3%), employers National Insurance (currently 13.8%) and the costs relating to ensuring the relevant workplace insurances are in place.





## SECONDMENTS: SENDING OVER EMPLOYEES FROM OVERSEAS

When entering a new market, you may want some employees from your Head Office, who have an existing understanding of your company's culture and processes as well as product/service, locally to aid in the set up. If the employee is working for the same entity overseas, you may choose to second them. You need to make sure the secondment is legal under UK law.

During a secondment, the secondee remains employed under the original employer but is temporarily loaned to the UK entity. This means that any contract changes, terminations, or similar, will happen from their original employment.



### GET IT RIGHT – FROM THE START

With employment comes liabilities as a UK employer, some of them from day one. There are changes made annually to employment laws and directives, so it is crucial to keep updated on the latest announcements.

If you fail to comply with UK laws, you are at risk of incurring hefty fines. You could find yourself paying out settlement costs, or even finding yourself the subject of an employment tribunal. Certainly, you do not want to put your reputation as a responsible employer at stake. In other words – don't get it wrong and make use of the local advice offered.



## PEOPLE MANAGEMENT



### PRE-EMPLOYMENT

- ✓ Prepare recruitment packages
- ✓ Benchmarking
- ✓ Employee contracts
- ✓ Contract reviews

In the UK, employee contracts need to be offered and outlined according to UK standards from day one. Make sure to benchmark your offering, which can differ depending on the industry or role.



### DEVELOPMENT & RETENTION

- ✓ Employee benefits
- ✓ HR advisory
- ✓ Performance / reward
- ✓ Policies / procedures
- ✓ Staff training

Though the UK talent pool is vast, it can be highly competitive, which is why employer attractiveness is becoming increasingly important. Seek advice on UK and industry standards in order to attract and retain talent, and assess your training needs, e.g. line manager training, conflict resolution and bullying and harassment.



### TERMINATION

- ✓ Personnel issues
- ✓ Restructuring
- ✓ Redundancies & disciplinaries
- ✓ Performance management

Expansion comes with risk – no matter how much we plan, we cannot always foresee changes in business needs or employee disputes. Consider seeking support and guidance throughout the process, should you need to make changes to your workforce.



## PAYING EMPLOYEES FROM OVERSEAS

If you are looking to take on a UK based employee, regardless of where you are incorporated or headquartered, your employee's salary, benefits and tax must still be processed through the UK system. In that case, you may require a service provider to handle the payroll processing and administration.



Tax regulations and employment legislation varies from country to country – assuming it is the same can be risky. You should consider and establish processes for:

- ✓ Setting up a UK Payroll
- ✓ Registration for PAYE ("Social Costs")
- ✓ Administering payroll, weekly or monthly
- ✓ Administering employee benefits
- ✓ Expense checking & approvals
- ✓ Handling payments of salary, taxes & pension contributions

## ABOUT THE SWEDISH CHAMBER OF COMMERCE FOR THE UK

---

The Swedish Chamber of Commerce for the United Kingdom – a not for profit organisation – is the ultimate platform for entrepreneurs and businesses within the Swedish-British business community. Founded in 1906 – by business and for business – we have represented, inspired and promoted our members, extended commercial relations between our countries, and delivered first-class services and events for over a century.

We serve a broad and diverse network of businesses – from entrepreneurs and start-ups to large corporates, and passionately aspire to provide the most relevant and valuable services. We support businesses throughout their life cycle, whether they are expanding into the UK, developing their business or wanting to connect more widely within the community.

## CONTACT

---



**Anna Crona**  
Business Services Manager  
crona@scc.org.uk  
+44 (0)20 7224 8001  
www.scc.org.uk

# Goodwille.

## ABOUT GOODWILLE

---

Goodwille provide *essential business services* to Swedish companies looking to enter, grow or scale in the UK. Whether you are looking to *set up a UK subsidiary, register a UK branch or recruit UK based employees*, we can provide all the business services you need to ensure your UK operation is properly administered, managed and monitored – all seamlessly coordinated through one company.

Our services cover Governance, Finance, Human Resources, Payroll & Virtual Offices. By allowing Goodwille to take care of all your non-core business activities, it provides you with a smooth, efficient and compliant operation, whilst giving you and your team more free time to focus on the things that bring real value to your business.

*“Whilst we were active in the UK we partnered with Goodwille to support us with all local HR matters, during which time we found their approach both professional and proactive. Following an acquisition we restructured our UK business which involved making a series of redundancies. Goodwille supported us during the entire process to ensure it was done effectively and in accordance to local employment law. We highly recommend them to anyone looking for a local partner to support them with HR related issues.”*

*HR Partner @ mynewsdesk AB*

## CONTACT

---



**Alexander Goodwille**  
CEO  
Alexander.goodwille@goodwille.com  
+44 (0)20 7795 8100  
<http://goodwille.com/our-team/alexander-goodwille/>



**Jacqui Brown**  
HR Manager  
Jacqui.brown@goodwille.com  
+44 (0)20 7795 8100  
<http://goodwille.com/our-team/jacqui-brown>