

Globalization Partners provides a UK PEO and employer of record solution for companies hiring employees in the United Kingdom, whereby we lift the human resources, compliance, and payroll management from your shoulders to ours via our [Global Employer of Record Platform](#). Traditionally, companies hiring their first employees in the United Kingdom [establish a subsidiary or branch office](#) at the outset, prior to hiring their first employees. For companies that want to hire employees and [run payroll in the United Kingdom](#) without first establishing a branch office or subsidiary, Globalization Partners hires the employees on your behalf and assigns the employees to work full-time on behalf of your company. The employee is legally contracted through our subsidiary in accordance with UK labor law and reports to a designated manager within your company, providing you with a streamlined way to hire employees in the United Kingdom. We also provide comprehensive benefits to your employees in the UK, including pension, and other supplementary benefits if you choose to offer them.

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Basic Facts About Hiring in the UK

When [hiring employees in the United Kingdom](#), there are a myriad of details to be aware of, including:

- When and whether to offer market-norm benefits packages including supplemental health insurance and pension to compete with other UK employers
- EU Data Protection: the legal requirement to keep your employees' personal data secure has an impact on how employment information can be transferred to and from the US
- Stock option planning: managing employer taxes on stock option gains in the United Kingdom requires foresight and planning

- Non-compete legislation favors the employee over the employer in the UK, and language pertaining to non-compete clauses in employment contracts should be managed carefully
- Termination of employment is more nebulous in the UK than the US, and so one should be aware at the outset of an agreement with an employee of risk mitigation pertaining to eventual termination of employment

Employment Contracts in the UK

It is legally required to put an employment contract in place in the United Kingdom which spells out the terms of the employee's duties, compensation, benefits, grievance and disciplinary procedures, and termination requirements. An offer letter and employment contract in the UK should always state the salary and any compensation amounts in British pounds rather than a foreign currency. The legal requirements for an employment contract in the UK are basic and most employment contracts in practice are much more comprehensive than the law requires, often including provisions relating to confidential information, intellectual property and non-compete restrictions. Provision of an employment contract inclusive of all suggested terms is of course included as part of Globalization Partners' employer of record service in the UK.

We provide the following information that may help companies that want to better understand the statutory and market norm benefits that are most commonly negotiated by employees in the United Kingdom when negotiating terms of an employment offer.

Health Insurance and other Supplementary Benefits in the UK

The primary statutory benefit in the UK is provided through the employers' portion of National Insurance Contribution, NIC, which is the national social security program by which all employers and employees contribute to the public health care system. The employer's portion of the national insurance contribution is usually 13.8% on top of total compensation. Employees must also pay national insurance contributions; it is the employer's responsibility to deduct the employee's contribution through the PAYE system.

In addition to the NIC, many companies also provide [supplementary benefits](#) such as medical, vision, dental and life insurance for their employees. There is no legal requirement to do this but market forces mean employees may expect their employer to provide additional benefits. Supplementary insurance benefits are provided by approximately 75% of UK employers. As part of its UK PEO service, Globalization Partners offers an optional group medical, vision and dental coverage benefits plan that is one of the best plans available to

companies hiring employees in the UK. Critical illnesses insurance and other coverage are also available, at the discretion of the client.

Many UK/EU insurance plans carry exclusions on coverage while the employees are in the US. If you intend to have your UK employee traveling back and forth to the US or outside Europe, we strongly recommend ensuring that the employee is covered under a travel insurance policy.

Pension Plans in the UK

In addition to insurance coverage, most employees in the UK negotiate heavily for employer contributions to pension plans, which is the most commonly requested benefit in the UK. Pension benefits are generally prioritized by employees over employer-provided medical insurance in the UK. Almost all employers will be statutorily required to provide at least a 3% pension match within the next year or two, with the match increasing gradually to at least 5%. Globalization Partners currently offers 3% pension to all employees engaged under its UK PEO, as required by law and by our local Company's staging date. The percentage of pension contribution paid by the employer can exceed 3% at the discretion of the client.

Public Holidays in the UK

England and Wales celebrate eight public holidays:

- New Year's Day
- Good Friday
- Easter Monday
- Early May Bank Holiday
- Spring Bank Holiday
- Summer Bank Holiday
- Christmas Day
- Boxing Day

Scotland and Northern Ireland have slight variations in their public holidays.

Bonus in the UK

It is entirely up to an employer what bonus to pay or whether to pay a bonus at all. Some employers operate structured bonus plans which might, for example, be linked to corporate and/or personal performance. Others might operate an undocumented discretionary bonus

policy under which any payments are variable. Practice varies between industries.

Working Hours in the UK

Employers are free to set the day to day working hours according to business need. By law there is a maximum of 48 hours per week which an employee can be expected to work, averaged over 17 weeks. However, it is possible, and quite common, for employees to opt out of this.

Vacation in the UK

All full-time employees in the UK are legally entitled to 28 days of paid vacation per year (known as statutory leave entitlement or annual leave).

An employer can choose to include public holidays as part of a worker's statutory annual leave; however, market norm is to provide 20-25 days of paid vacation or more per year, in addition to the paid public holidays. Senior employees often negotiate up to 30 days of vacation plus up to 8 public holidays.

Part-time employees are entitled to a pro-rata entitlement of paid vacation and paid public holidays

Sick Leave in the UK

Employees in the UK are entitled to Statutory Sick Pay for up to 28 weeks, paid for by the employer. If employees are absent from work for more than seven days, they must provide a note from their doctor to document the Sick Pay obligation. Sick Pay begins after the employee has been out of work for four or more days in a row and it is currently paid at the rate of £88.45 per week (since April 2016). Most companies offer additional sick pay on top of the statutory pay but the number of days or weeks they offer can vary widely.

Maternity/Paternity Leave in the UK

Female employees are entitled to 52 weeks of maternity leave. Two weeks must be taken after the baby is born (four weeks for factory workers.) The leave is divided into:

- Ordinary Maternity Leave - first 26 weeks
- Additional Maternity Leave - last 26 weeks

Employees receive Statutory Maternity Pay for up to 39 weeks.

- 90% of average weekly earnings (before tax) for the first 6 weeks
- £139.58 (current since April 2016) or 90% of average weekly earnings (whichever is lower) for the next 33 weeks

Partners are entitled to one or two weeks of paid paternity leave.

There is also a concept of shared parental leave which enables the mother to share her 52 weeks of maternity leave with the other parent. This enables mothers to return to work before the end of their maternity leave without sacrificing the rest of the leave that would otherwise be available to them. Shared parental leave can either be taken consecutively or concurrently, as long as the total time taken does not exceed 52 weeks, and it can be taken in blocks, rather than all at once.

The partner who shares the leave is eligible to take:

- the remaining leave (52 weeks minus any weeks of maternity or adoption leave)
- the remaining pay (39 weeks minus any weeks of maternity pay, maternity allowance or adoption pay)

There are similar provisions for those who adopt.

Termination/Severance in the UK

In the UK there is no concept of at will employment and the employer must give the employee notice to terminate employment. There are two types of notice - statutory notice, which is required by law, and the notice period stated in the employee's contract of employment.

Length of service is used to calculate the statutory notice period:

- one week notice for one month and less than two years of service
- one week notice for each year for between two and 12 years of service
- 12 weeks' notice for 12+ years of service

The length of notice in the employment contract is at the employer's discretion, but market norms mean this notice period is usually one month for most employees and up to three months for more senior employees. When giving notice the employer must give which ever notice period is longer. It is common to include in contracts of employment a right to pay in lieu of notice to avoid the employee having to work his or her notice.

Severance pay is given when an employee is terminated due to redundancy and the

employee has worked for the employer continuously for at least two years prior to the redundancy, according to the following schedule:

- one half of one week's pay for each year of service where the employee was below the age of 22
- one week's pay for each year of service where the employee was between 22 to 40 of age
- 1 1/2 week's pay for each year of employment where the employee was 41 and over

There is a cap on a week's pay for redundancy pay purposes that is adjusted annually.

Employees who have more than two years' continuous service have the right not to be dismissed unfairly and anti-discrimination laws apply regardless of length of service. It is therefore important to take appropriate advice before considering terminating employment.

Payroll UK

Employers have to deduct Personal Income Tax and a National Insurance contribution from employment earnings via a system called PAYE (Pay As You Earn).

Why Globalization Partners in the UK

UK labor law is complex and has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners has experience with the UK market; we can help you hire your candidate of choice, handle [benefits](#) and [payroll](#), and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. We can also offer your UK workforce world-class benefits, without you having to set up plans for a small team. Our UK PEO and [Global Employer of Record Platform](#) provides you peace of mind so that you can focus on running your business.

If you would like to discuss how Globalization Partners can provide a seamless solution for hiring in the UK, please [contact us](#).

[Request a Proposal](#)