

## The Strategic Hiring Cost Checklist: 2026/27 Edition

When forecasting the cost of a new hire, looking at the gross salary in isolation is a high-risk strategy. At Launching Pad, we advise clients to calculate the "Fully Loaded Cost"—the total financial commitment once statutory contributions and operational overheads are included.

Use this checklist to ensure your financial modeling is accurate and compliant with the latest UK legislation.

### 1. Statutory Wage Compliance

Ensure your base salary meets or exceeds the National Living Wage (NLW) rates effective from 1 April 2026:

- Aged 21 and over: £12.71 per hour.
- Aged 18–20: £10.85 per hour (Note: The gap between age bands is narrowing toward a single adult rate).
- Apprentices / Under 18: £8.00 per hour.

### 2. Employer National Insurance (NICs)

Recent changes have significantly increased the NIC burden for employers. Budget for:

- **Secondary Class 1 NICs:** 15% on all earnings above the Secondary Threshold.
- **Lowered Secondary Threshold:** NICs now trigger at just £5,000 per annum (£96 per week).
- **Employment Allowance:** Verify eligibility to claim the £10,500 allowance, which can offset your total NI liability until the allowance is exhausted for the tax year.

### 3. Pension Auto-Enrolment

If your employee is aged 22+ and earns over £10,000 per year, you must factor in:

- **Employer Contribution:** Minimum 3% of "qualifying earnings" (currently the band between £6,240 and £50,270).
- **Scheme Setup:** One-off administration costs for setting up a compliant scheme (e.g., NEST or similar).

#### 4. Statutory "Day-One" Rights & Benefits

The **Employment Rights Act 2025** has expanded employer obligations from the first day of employment. Budget for the following "hidden" costs of absence:

- **Statutory Sick Pay (SSP):** Now a day-one right. The 3-day "waiting period" is abolished; you are liable for SSP from the first day of illness.
- **Lower Earnings Limit Removal:** SSP is now payable to all employees regardless of low earnings (capped at the lower of the flat rate or 80% of earnings).
- **Parental & Paternity Leave:** These are now day-one rights. Factor in the potential for immediate leave requests and the cost of cover.

#### 5. Mandatory Insurance & Compliance

- **Employers' Liability Insurance:** A legal requirement (minimum £5 million cover).
- **Payroll Administration:** Software fees or accountancy costs for HMRC RTI (Real Time Information) submissions.
- **Right to Work Checks:** Any costs associated with digital identity service providers (IDSPs) for remote verification.

#### 6. Operational & Indirect Costs

- **Equipment & IT:** Laptops, software licenses, and secure home-office equipment.
- **Training & Induction:** The "unproductive" first 2–4 weeks where the focus is on onboarding rather than output.
- **Recruitment Fees:** If you use job board credits or agencies, be prepared to pay high fees (typically 15%–25% of the first year's salary).

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#### How Launching Pad Mitigates Your Risk

A new hire is an investment in your company's future, but the administrative burden can be a distraction from your core mission. We can help with:

- **Bespoke Cost Analysis:** A full breakdown of your projected annual liability for every new role.
- **Compliance Audits:** Ensuring your contracts and handbooks reflect the 2026 day-one rights to protect you from Fair Work Agency penalties.
- **Operational Setup:** Streamlining your PAYE and pension registration to ensure compliance.

**Ready to grow your team with confidence? Get in touch today and see how Launching Pad can help you: [www.launchingpad.co.uk/contact-us](http://www.launchingpad.co.uk/contact-us)**