

ESOS: Clarification on employees

Criteria one of qualification under the ESOS regulations relates to the number of employees of an undertaking.

The information below provides clarification to on how to correctly assess your employee numbers in accordance with the ESOS rules:

What is an employee?

A person is 'employed' by an undertaking if they are:

- An employee
- An owner manager
- A partner

What about part time staff vs full time equivalent?

An 'employee' is a person employed under contracts of service. Their contracted hours and status (full time/part time) are **irrelevant** to their classification as an employee.

Geographical location of employees

The definition of 'employees' includes any employees of a UK company regardless of their geographical location. As a result this includes all contracted staff, owner managers and partners employed directly by the undertaking in the **UK or abroad**. Companies do not have to include employees of *subsidiaries* or *other* group undertakings based overseas.

Calculating the average number of employees

The number of employees means the average number of persons employed by the undertaking in the year. To work out your average number of employees, you need to:

- Find the number of persons employed under contracts of service by the company for each month of the financial year (whether for the whole month or part of it)
- Add together the monthly totals
- Divide by the number of months in the financial year

If you would like help to assess your qualification, or how to meet ESOS compliance, please contact Envantage to discuss your requirements with a member of our team.