



PEOPLE matter



Pensions, Pensions, Pensions?

Steve Webb, Minister of the Department of Work and Pensions has recently announced that auto-enrolment of workers into pension schemes will be delayed for businesses with fewer than 50 employees. This means that small businesses need not comply with the regulations until May 2015, giving them more than a years reprieve. Acknowledgment of the tough economic times is cited as one of the reasons for the delay. This is a change that will be welcomed by many, but small business owners still need to plan ahead even with the extra time allotted. Auto-enrolment of workers into a scheme whereby both employer and employee must contribute a minimum of 3% of the employee's salary potentially imposes additional costs on businesses and needs to be planned for.

It is said that business owners may postpone taking on their first employee as they are concerned that the additional costs will not be sustainable. But the reality is we are all living longer. The cost of living will continue to rise and the state pension will not provide for even the most basic living standard when we reach retirement age. Therefore auto-enrolment is a positive step forward. Rather than fearing change, businesses owners should plan ahead. The stakeholder pension scheme was a failure but businesses that already provide contributory pension schemes have proved that employees really value the benefit. How much better would the reaction of your employees be if you introduced a scheme before you had to, rather than because the Government made you?

The HR Dept provides outsourced HR services to small and medium businesses. Everything you would expect from an in-house HR department, but at a fraction of the cost.

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'Ask The HR Dept'

Q. We would like to take on an apprentice but don't know what to pay them. Can you advise?

The HR Dept: It's great to see businesses appreciating the real value of apprentices again and of course, apprentices don't have to be young. The minimum wage for apprentices under 19 in their first year of training is a measly £2.60. However, we urge employers to play fair and, if you can afford to, pay the minimum wage at the very least. You will be repaid with a better selection of candidates and greater enthusiasm and commitment. It is important to attract the right person, as apprentices have strong legal protection and if you dismiss them unfairly you could face a claim for damages, both for loss of wages for the agreed fixed term and compensation for loss of training and status.



People Matter is a regular bulletin for business owner/managers who want the staff, but don't want the hassle of dealing with all the red tape that comes with them.

If this was forwarded to you, and you'd like to receive more bulletins on getting more from your team, please email with 'People Yes' in the subject line. If you no longer wish to receive bulletins from us, please email with 'People No' in the subject line.

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Doctor awarded £4.5 million payout

'Tag on claims' has been quite the topic of conversation recently. This is when an employee brings a claim of unfair dismissal and tags on a discrimination claim with it. Unfair dismissal awards are capped, but compensatory awards for a discrimination claim have no such limit. A widely reported case found a doctor in Yorkshire who recently received a whopping £4.5 million award in a sex and race discrimination case. Dr Eva Michalak won her case for unfair dismissal after an 'extensive process' of sex and race discrimination.

Furthermore, Dr Michalak suffered from chronic post-traumatic stress disorder, a condition you would hope that the NHS would have a plethora of knowledge and awareness of. Your jaw may have dropped at the eye watering £4.5m figure, however this was made up mostly of Michalak's forecasted future loss of earnings. This was due to Dr Michalak not being able to return her position as a Doctor. Interestingly, just £7,180 of the payout was for unfair dismissal and a hefty £666,260 was awarded for loss of pension. The employment tribunal claimed to be "positively outraged by the way the employer behaved". No further comment necessary.



Working relationships

What happens in your business when things go wrong at home/in life and problems are brought into the workplace by an employee? Do you ignore it? Should you step in? Whilst it is not your responsibility to get involved with personal woes, action needs to be taken if they are beginning to have a detrimental effect on the person's work. If someone comes to you to speak about a personal problem, remember everyone is different and as the 'One Minute Manager' book advises "different strokes for different folks".

First of all, are you the right person to approach them? If so, plan what you are going to say and demonstrate that the aim of the conversation is to support them and improve their performance. Choose a private place to talk and allow plenty of time. Show that you are listening, using verbal cues like 'I see' or 'what happened next?' and demonstrate empathy with your open body language. If the idea of this type of conversation fills you with horror or if you would like to be more proactive you could offer staff access to an "Employee Assistance Programme". The HR Dept has just launched an EAP service through Workplace Options who are able to give advice on all matters such as illness, bereavement, debt counselling, stress, handling difficult personal situations and circumstances online, on the phone and face to face. This service is available for a low cost subscription per employee per annum, giving an employee confidential access to qualified advisors to discuss these types of issues. By offering the provision of an EAP, which is economical but delivers a perceived high value benefit, you are taking positive steps to maintain a healthier and productive workforce for the benefit of your business. If you would like further information on the costs and benefits of providing an EAP to your team, please do just let us know.

New Year, New Rises

It is not just milk and bread that is likely to go up in price in 2012. From 1st February 2012 the maximum amount of 'a week's pay' for the purpose of calculating a statutory redundancy payment will increase from £400 to £430 per week. The maximum compensatory award for unfair dismissal at employment tribunal will increase from £68,400 to £72,300. However, the average award last year for an unfair dismissal case was £9,120. This serves as a timely reminder about The HR Dept advice line. For a monthly fee and annual contract you can have access to a local and personal advisor for HR and employment law advice. Any legal costs and awards resulting from tribunal are covered by our insurance scheme, provided our advice is followed. There will also be increases regarding statutory sick pay (SSP) and statutory maternity (SMP)/paternity (SPP)/adoptive parent pay (SAP). The standard rate of SMP, SPP and SAP will increase from £128.73 to £135.45 per week from 1st April 2012. SSP will

increase from £81.60 to £85.85 per week from 6th April 2012. Statutory guarantee pay: the minimum you should be paid for any complete day you are laid off work will increase to £23.50 from 1st February 2012, and is paid for up to five working days in any three month period. In 2012 we will see the

introduction of a standard fee to bring a claim and case against an employer at employment tribunal (subject to parliamentary approval). There are however likely to be exemptions in cases with low paid workers and more political wrangling before the figures are finally settled on.

THE INDICATOR

Employment and litigation issues

(Please see 'New Year, New Rises' article above for upcoming changes)

STATUTORY PAY (rates are reviewed each April)

Maternity/Adoption pay – SMP/SAP is paid for 39 weeks.

Pay rate for first 6 weeks of SMP: 90% of the employee's average weekly earnings. SMP remaining weeks/SAP: £128.73 or 90% of average weekly earnings, whichever is less.

Sick pay – £81.60 a week

REDUNDANCY PAY (next review February 2012)

Pay rate – 0.5 weeks pay for each year of service for employees aged under 22 (a weeks pay is calculated at £400 or the weekly amount if it is less). One weeks pay for each year of service for employees between the ages of 22 and 40. 1.5 weeks pay for each year of service for employees aged 41 and older.

NATIONAL MINIMUM WAGE (reviewed every October)

Hourly pay rate – £6.08 workers aged 21 and over, £4.98

workers aged 18 to 20, £3.68 workers aged 16 to 17.

Apprentice minimum wage of £2.60 per hour.

WHAT AM I
SUPPOSED
TO DO?

