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The definitive guide on all aspects of people management for the independent business operator



## Welcome and Intro

Welcome to this quarter's hr update featuring recent legislation affecting your business.

In this issue we have included:

- **What's New** – The first common commencement date for 2008 falls on 6 April, meaning a raft of new business legislation takes effect on this date. We provide a snapshot of the main reforms and the new statutory rates for Maternity, Paternity, Adoption and Sick pay.
- **A Quick reference Guide of current employment legislation** – This quarter we have incorporated a handy fact card detailing everything from redundancy calculation rates, minimum wage rates and statutory notice periods so they are always at hand.

We have been working hard to provide additional services for our subscriber's.

## FREE Online payroll service for HR-guide subscribers

We can now offer a free online payroll service for up to 10 employees through an arrangement with The Payroll Site Ltd. This means you can complete your payroll online, calculate taxes and NICs and then print off your employee pay slips.

## New health and safety section on HR-guide

We have also added a section on Health and Safety for our subscribers.

It contains a Health and Safety 'How to Guide' covering every aspect of Health and Safety for the small business operator. This guide has the same easy to use basic layout as our 'HR How to Guides' and is available as a downloadable PDF file. Accompanying this guide are a range of checklists and Health and Safety Record Forms for you to use when administering this topic in your business. These are available as downloadable ready to use template documents and checklists.

We have also been negotiating with our recommended small business service providers so we can pass on the benefit of substantial discounts to our subscribers. See the website for more detail.

## What's New



### Smoking crackdown

Employers are being encouraged to double check that their smoking policies are complete. Smoking inspectors issued over 1,200 written warnings to employers failing to prevent smoking in their premises between July and November last year. A further 6,646 warnings were issued to firms not displaying the correct No Smoking signs in premises or vehicles

### Ensuring your workers are eligible to work in the UK

#### Introduction

Some people are automatically entitled to work in the UK. Others may have restrictions on how long they can stay, whether they can work or the type of work they can do.

On 29 February 2008, the Government introduced some changes to the law on preventing illegal working. As a UK employer, you need to be aware of these changes to avoid liability to payment of a civil penalty and/or criminal conviction for employing an illegal worker.

It is advisable and best practice to undertake document checks on all potential recruits as part of your recruitment and selection process. An individual's race, ethnicity or religion is no indication of their entitlement to work in the UK and it is important that your recruitment practices do not discriminate against any person on the basis of their racial background.

Our useful HR How to Guide tells you how to ensure that people you intend to employ are legally entitled to work for you. It also outlines how employers are affected by laws preventing illegal working.

#### *Subjects covered in this guide:*

- Introduction
- Checking a worker's entitlement to work in the UK
- When and how to check documents and how long to keep them
- Who doesn't need permission to work?
- Understand work permit arrangements
- Check if an applicant qualifies for a work permit
- How to apply for a work permit
- Extend or change existing work permits
- Workers from the European Economic Area

### Corporate Manslaughter Act (2007)

Currently, employers whose negligence leads to a death can only be convicted where there is enough evidence to prove individual senior managers are guilty. From April 6 2008, a limited company as a whole, or a group of its directors, can be held responsible for negligence leading to death. If found guilty of corporate manslaughter, the company will face an unlimited fine. The Company will also receive a remedial order requiring you to address the cause of the fatality. If you have a robust Health and Safety Policy you have nothing to fear. If not, check our Health and Safety How to Guide on the website.

### PAYE thresholds

The ten per cent starting rate of income tax is being abolished and the basic rate will be cut from 22 per cent to 20 per cent for earnings above the new personal allowance of £5,345 up to the maximum limit (currently £34,600, but due to change). Beyond this limit, income tax is payable at 40 per cent.

### Companies Act (2006)

- Company secretary. Limited companies will no longer be required to have a company secretary.
- Accounting thresholds. Increases in accounting thresholds will effectively redefine small and medium-sized companies, and more businesses will be able to submit abbreviated accounts to Companies House.

From 6 April, a small company will be one which meets two of the following three conditions: annual turnover of £6.5 million or less; total assets of £3.26 million or less; no more than 50 employees on average.

#### Statutory Maternity Pay

The amount of SMP paid to an employee for payment weeks starting on or after Sunday 6 April 2008 is:

##### First 6 weeks of payment

The earnings-related rate, which is 90% of the employee's average weekly earnings

##### Remaining weeks

The lesser of the standard rate which is £117.18 a week, or the earnings-related rate, which is 90% of the employee's average weekly earnings

#### Statutory Paternity Pay

For payment weeks starting on or after, 6 April 2008 the weekly rate of SPP is:

The lesser of £117.18 or 90% of the employee's average weekly earnings

#### Statutory Adoption Pay

For payment weeks starting on or after, 6 April 2008 the weekly rate of SAP is:

The lesser of £117.18 or 90% of the employee's average weekly earnings

#### Statutory Sick Pay

The weekly rate for days of sick absence on or after, 6 April 2008 is:

#### \*SSP recovery under the Percentage Threshold Scheme (PTS)

Unless an employer qualifies under the PTS they cannot recover any of the SSP they pay to their employees. To check whether an employer qualifies they must compare their total SSP liability for their whole workforce in the tax month, with 13% of their total gross Class 1 NIC liability for the same tax month. Class 1A and Class 1B NICs should not be included.

They can recover the whole of the amount by which their total SSP liability exceeds the 13% of gross Class 1 NICs figure.

#### Holiday Entitlement

Just taken over a business and employees have transferred with the business. Check when the holiday year starts and finishes for these employees. Remember that statutory holiday entitlement has changed to 4.8 weeks (24 days if an employee works a five day week) from 1 October 2007 and to 5.6 weeks (28 days if an employee works a five day week) from 1 April 2009, pro-rata for those working part-time.

We have produced a Holiday Pay HR How to Guide including Frequently Asked Questions, an easy to use Holiday Calculator and some templates for you to inform employees of these changes without changing contracts of employment.

	Average weekly earnings of	Weekly Rate
SSP*	£90.00 or more	£75.40

## Frequently asked Questions

Each quarter we share some of the commonly asked questions we receive from our subscribers and share the answers. We hope you find these interesting.

### **Do employees have the right to work flexibly?**

Parents of children under the age of six or disabled children under the age of eighteen have the right to apply to their employer to work more flexibly. The request can cover hours of work, times of work and place of work and may include requests for different patterns of work.

The request must be made in writing and the employer has a statutory duty to consider the request seriously and to refuse it only if there are clear business grounds for doing so. Employees making applications for flexible working have the right to be accompanied at meetings by a fellow employee.

### **When is a dismissal fair?**

Dismissal is normally fair only if the employer can show that it is for one of the following reasons:

- a reason related to the employee's conduct
- a reason related to the employee's capability or qualifications for the job
- because the employee was redundant
- because a statutory duty or restriction prohibited the employment being continued
- some other substantial reason of a kind which justifies the dismissal
- and that the employer acted reasonably in treating that reason as sufficient for dismissal.

### **Do employees have the right to be consulted over a transfer of business?**

Yes. Employees have the right to be consulted when a business or undertaking, or part of one, is transferred to a new employer - whether employed by the new or previous employers.

An employer must tell a trade union or employee representative:

- that the transfer is going to take place, approximately when, and why
- the legal, economic and social implications of the transfer for the affected employees
- whether the employer envisages taking any action (reorganisation for example) in connection with the transfer which will affect the employees, and if so, what action is planned.

If action is planned which will affect the employees, the employer must consult their representatives. The consultation must be undertaken with a view to seeking agreement.

For detailed answers to these questions subscribe to [www.hrguide.co.uk](http://www.hrguide.co.uk)

## New News

### Coming Soon

We will shortly be producing a 'HR How to Guide' on Competency Based Interviewing.

This informative guide covers every aspect of competency based interviewing from:

- Interview planning
- Identify key competencies by job role
- Interviewing skills including Question technique, Listening skills and evidence gathering to reach that all important decision
- This is free to those already subscribing to [www.hrguide.co.uk](http://www.hrguide.co.uk). If you are interested in subscribing please [contact:enquiries@hrguide.co.uk](mailto:enquiries@hrguide.co.uk)

## Contact Us

### **hrguide.co.uk**

Gryffindor House,  
106A Bedford Road, Wootton, Bedfordshire Mk43 9JB

Tel no: 01234 764900

Fax no: 01234 764918

Email: [enquiries@hrguide.co.uk](mailto:enquiries@hrguide.co.uk)