

Human Resource News
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HR newsletter

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On the 5th of September Vision Risk Management (VRM) and their business partners, ELiA, held a "Mock Tribunal" at the prestigious Tower of London. Over 80 businesses attended the proceedings which were both chaired and represented on both sides by Littleton Chambers, a well known firm of Barristers based in the City. The audience witnessed what seemed to be a relatively straight forward case at the outset unfold, giving those that attended a valuable insight in how tribunals proceed and why they are incredibly expensive to employers, regardless of whether the employer wins or loses their case.

VRM Business Manager Peter Lambie commented after the event;

"The event was fantastic and feedback has been brilliant, with everyone thoroughly enjoying learning about the complexity that even a straight forward case can bring. This morning will definitely be one that most of us won't forget in a hurry... it was incredibly consuming and without any doubt very realistic. Our grateful thanks are conveyed to the Barristers of Littleton Chambers who agreed to support us with their expertise and valuable time. I am sure that I speak for everyone when I say we have all learnt the harsh truths about the major effect and impact employment tribunals could have on our businesses.

David Law, Head of VRM Operations had a stark warning to UK employers saying,

"It's time that we, as employers, sat up and listened, the threat of an employment dispute claim is incredibly real. I'm utterly convinced that we will witness an inordinate rise in employment tribunal claims over the next 36 months which, in part, will naturally be driven and catalysed by the significant economic downturn in the UK and global economy."

"Keeping our heads down and hoping for the best is dangerous, many UK employers are taking a major gamble. It is simply essential



On trial at the Tower...

Kate Sonnet reports

that employers should consider taking professional HR advice and comprehensive insurance cover to reduce the unnecessary financial risks of an employment dispute.

We are predicting that one in three businesses will suffer some form of employee dispute claim in the next 3 years. Without question in terms of risk, this is the new kid on the block."

The timing of the "Mock Tribunal" coincided with the recent figures published in the Tribunals Service Report of Accounts which showed a 30% increase of tribunal claims for 2007 – 2008 period against a 15% increase from the previous year 2006 – 2007. VRM responded to this

disclosure by publishing their own article in the last edition of the VRM News Letter which included comments from Chris Bilas, MD of Vision Underwriting Limited.

Should you require a copy of this article please email enquiries@visionriskmanagement.com, where we will be pleased to send you a copy by return.

Additionally, a copy of the 'Mock Tribunal Chairman's Summing Up' will be

available shortly. This document will automatically be emailed to those who attended the event. If you did not attend the event and would like a copy please contact us and we will forward this document to you in due course.

"Without question in terms of risk, this is the new kid on the block."

The New Points System

- Are you jumping the hurdles?

The recent television advert from the Home Office Border Agency is shown from the viewpoint of a hurdler running on a track. Every hurdle he approaches carries part of the message that an employer requires a license to bring in migrant workers from outside the EEC. The final hurdle carries the words 'they won't get through' and falls over as the hurdler fails to jump it. A following repeated message is narrated, which advises of the new points-based immigration controls finishing with the warning: "Apply for a license now or they won't get through!"

Under the new points-based system, employers will need a sponsor licence to bring in skilled or temporary workers from outside the European Economic Area or Switzerland. Applications for a sponsor licence should have been received by 1 October so that employers are considered in time for the opening of tiers 2 and 5. For those companies who did not make their application before this date, applications should be made as soon as possible since this may mean that you will have to wait longer for a decision resulting in delays to an employers recruitment processes.

The points-based system (The method for deciding whether you qualify to come to work, train or study in the United Kingdom under the HOBA points-based system. To qualify, you must earn a certain number of points in various categories) enables the Borders Agency to control migration more effectively, tackle abuse and identify the most talented workers.

The key elements of the system are:

- it combines more than 80 pre-existing work and study routes in to the United Kingdom into five tiers;
- points are awarded on workers' skills to reflect aptitude, experience, age and also the demand of those skills for any given sector, to allow the

United Kingdom to respond flexibly to changes in the labour market;

- it is a fair, transparent and objective system that will enable potential migrants to assess their likelihood of making a successful application and should help to reduce the number of failed applications.

Tier 1 Highly Skilled Workers (General) - now open

A category of the points-based system for coming to the United Kingdom to work, train or study. It applies to people who are looking for highly skilled employment in the United Kingdom, or are self-employed or setting up a business

Tier 2 (General) Skilled Workers - open at the end of November 08

A category of the points-based system for coming to the United Kingdom to work, train or study. It applies to skilled people with a job offer who are looking for employment in the United Kingdom, or are self-employed or setting up a business

Tier 3 Intra-Company Transfers - (Suspended)

A category of the points-based system for coming to the United Kingdom to work, train or study. It applies to sponsors who are transferring employees within an organisation to a skilled job under Tier 2.

Tier 4 - students, to be announced during October 2008

Tier 5 - youth mobility and temporary workers for example musicians coming to play in a concert - open at the end of November 08

The system is being introduced in phases and we will continue to keep you informed.

If you need to apply for a license you can make your application online at: www.ukba.homeoffice.gov.uk

What's your point?

In a continuing effort to ensure that we are providing you and your business with relevant and helpful information through our HR newsletter we always encourage recipients to provide us with their feedback.

Every day our job is to listen to the demands and needs of our customers and businesses throughout the UK. We believe it is absolutely vital that we continue to add value wherever possible. We would like to hear from you if there are any comments you would like to make about the articles in our Newsletter... You don't have to be an existing customer to tell us what you think.

You can contact us by emailing enquiries@visionriskmanagement.com

In the meantime, I hope you continue to enjoy our HR Newsletter.

Naturally, if we can assist your business further please contact us. Remember we are here to help.



David Law, Head of Operations
Vision Risk Management Limited

New National Minimum Wage Rates

With effect from the 1st October 2008 the following new national minimum wage rates apply.

These rates are based on the recommendations of the Independent Low Pay Commission.

Workers aged 22 and over
£5.73 per hour

Workers aged 18 - 21
£4.77 per hour

Workers aged 16 - 17
£3.53 per hour

HR newsletter



Changes to Benefits during Maternity Leave

Ros Gumbley Reports

Women whose expected week of childbirth which begins on or after the 5th October 2008 will now be entitled to the same contractual benefits during Additional Maternity Leave as they receive during Ordinary Maternity Leave. At the moment a woman who is on Ordinary Maternity Leave has a statutory right to continue to benefit from the terms and conditions of employment which would have applied to her had she been at work instead of on leave except for terms relating to remuneration.

Contractual terms may include: gym membership, health care, company car, reimbursement of professional memberships, personal use of a mobile phone, life assurance, dental care and enhanced holiday entitlement.

Where an employer offers an occupational pension scheme any contributions that the employer makes should be calculated as if the woman was working normally and receiving her normal remuneration for doing so. This will only apply to paid maternity leave; the statutory paid maternity period is 39 weeks, however the employer is not obliged to continue to pay into the occupational pension scheme for any period of unpaid leave.

It is important that you check your current contractual obligations to employees in respect of pension contributions and what their obligations may be in respect of paying into a contributory pension scheme during any period of absence.

If an employee returns to work during or after the Additional Maternity Leave period she will be entitled to 'return to the same job on the same



terms and conditions of employment as if she had not been absent, unless there is a reason why it is not reasonably practical for her to return to her old job, in which case she should be offered a similar job on terms and conditions which are not less favorable than her original job'. It is unlawful for an employer to make an employee redundant during maternity without consulting with her and endeavoring to find an alternative job for her.

Changes to Benefits during Adoption Leave

The same rights to benefits will apply to those on additional adoption leave where:

- Adopters are adopting a child from within the UK, who is expected to start living with them on or after 5 October 2008, regardless of the actual date the child is received
- Adopters are adopting a child from overseas who enters Great Britain on or after 5 October 2008

Salary Sacrifice

Employers who currently operate a salary sacrifice scheme for employees so that the employee can receive a

benefit, need to be aware that any such salary cannot be sacrificed from any statutory payments made.

Salary sacrifice is not considered by the HMRC as a deduction from salary. Instead it is their view that it is simply the terms used to describe a change in the contract between an employer and employee. It is important that when employers introduce a benefit which involves salary sacrifice they make their employees aware of the impact of this on statutory payments.

Also, where a statutory payment is calculated and takes into consideration an individual's average earnings, such as statutory maternity pay, any calculation will be based on actual earnings and will not take into consideration any 'sacrificed amounts' in certain cases this could mean that the employee's earnings actually fall below the lower earnings limit.

Where an employer pays an enhanced rate during maternity, adoption, paternity or sick leave periods, salary sacrifice can continue to be made out of the enhanced element of this pay. Employers must give consideration to how benefits will be treated during leave periods such as maternity, where they are unable to make a deduction for this.

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About Vision Risk Management

Vision Risk Management Limited is a leading UK provider of assured, managed HR and H&S assistance who deliver diverse HR and H&S support solutions to a diverse customer base. For further information on how Vision Risk Management Limited can help and assist your business please contact us on 0845 625 0626 or email enquiries@visionriskmanagement.com

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For more information visit www.visionunderwriting.co.uk

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