



white paper

## Real help on **Managing your people**

Except for the very smallest companies, VAT is an inescapable fact of business life. The rules and regulations surrounding VAT can be quite complicated, but knowing what the basic rules are and putting systems in place to track and pay VAT will help you avoid inspections and penalties. Complying with the disciplines of the VAT regime can also help you stay on top of the paperwork you need for managing other aspects of the business.

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## HR – the facts

### Did you know that last year

- 82% of UK organisations reported difficulty in filling vacancies\*
- 69% of UK companies reported staff retention difficulties\*
- The average training spend per employee was £469 \*
- Cost of absence averaged £598 per employee, per year\*
- 52% of employees said their work is personally meaningful and that they're satisfied with their jobs\*
- The key reasons for recruitment difficulties were a lack of necessary specialist skills (65%) followed by higher pay expectations (46%) and insufficient experience (37%) \*
- The number of employers experiencing retention difficulties has climbed from 69% in last year's survey to 78%\*
- The average annual absence level for manual workers was 4.3% and 9.8 days per employee per year, compared with 2.7% and 6.2 days per employee for non-manual workers\*
- The highest level on employee absence is in the North East of England, at 5% (11.3 days), with the lowest levels recorded in London and the South East of England, at 3.4% (7.8 days)\*
- Minor illness is the number one cause of short-term absence for both manual and non-manual employees\*

\*(Source: A Barometer of HR Trends and Prospects 2007, CIPD)

### In the period 1 April 2006 to 31 March 2007

- The number of cases brought to tribunal increased by 15% to 132,577\*\*
- Equal pay and unfair dismissal were the most numerous, accounting for 37% of all cases\*\*
- Compensation awarded for tribunals for unfair dismissal averaged £7,974\*\*
- The average award for race discrimination cases was £14,049\*\*
- The average award for sex discrimination cases was £10,052\*\*
- The average award for disability discrimination cases was £15,059\*\*

\*\* (Source: Employment tribunal and EAT statistics (GB) 1 April 2006 to 31 March 2007)

## What if I get HR wrong?

The consequences of not having access to the latest HR information and advice could be more serious than you think. For example, your business could experience:

### **A high employee turnover**

You'll need to cover the additional cost of recruiting and training more people, and help existing employees overcome significant disruption.

### **Management and disciplinary problems**

Recruiting the wrong employees can cause problems in a wide range of areas, from timekeeping to poor performance, which you'll then need to deal with.

### **High levels of absence and low morale**

Poorly motivated or badly managed employees won't feel like giving the 100% you expect from them, and the overall performance of your business could suffer.

### **Employment Tribunal complaints**

Serious HR mistakes – such as failing to give the correct length of notice, or terminating a contract unfairly – could mean that you fail to meet legal requirements and that your employees have genuine cases against your business.

## How do I get HR right?

Getting HR right in your business means looking after your employees and treating them fairly within the law.

### Managing your employees

Managing employees well means providing good working conditions, a supportive and communicative environment, fair pay, a reasonable amount of job security, and opportunities for your employees to combine work and family responsibilities.

### Recruiting new staff

Spend time and resources preparing for interviews, recruiting the right people and helping them settle in quickly, and you'll have more chance of keeping those employees for longer, and ensuring they work better as a team.

### Offering appropriate contracts

A contract should be issued by law within two months of your new employee starting work, and you should put as much into writing as possible to avoid confusion. If you terminate a contract, you must give at least the statutory minimum notice period, or the notice period agreed in the contract if this is more.

### Dealing with staff leaving

Dealing with the loss of people means much more than just organising a leaving party. There are payroll and tax issues to cover, replacements to be recruited, and exit interviews to arrange.

### Dealing with discipline

Discipline is a sensitive subject. You should first deal with minor disciplinary offences informally through a discussion with the employee concerned, before taking a more formal approach if necessary. As a minimum, your disciplinary procedures must comply with the statutory procedures introduced in October 2004.

### Following employment law

Staying on the right side of employment law will give you the ability to genuinely support and advise your people whenever they need it, which means you'll gain their loyalty, trust and respect.

## HR – your questions answered

These are just some of the huge number of issues concerning HR management today. For a more comprehensive view of the impact that HR can have on your business, it makes sense to ask for professional help and guidance.

### **Are my employees entitled to paternity rights?**

Yes. Eligible employees can take paid leave to care for a baby or support the mother following birth. Employees can take either one or two consecutive weeks' paternity leave and may be entitled to Statutory Paternity Pay during this time.

### **How might discrimination affect my business?**

It is unlawful to discriminate on the grounds of someone's sex, sexual orientation, marital status, race, colour, nationality, ethnic origin, religion, beliefs or because of disability, pregnancy or childbirth. If you do discriminate, you may be held responsible for any legal action taken by your employees.

### **Do I need to offer my employees a stakeholder pension?**

Yes – if you have five or more employees on your payroll, and do not provide another qualifying scheme, you must provide your employees with access to a stakeholder pension.

### **What is Statutory Sick Pay?**

Statutory Sick Pay (SSP) replaces employees' earnings if they cannot work because of illness. As an employer, you must pay SSP to employees who satisfy certain conditions.

### **Should I follow any rules when it comes to paying my employees?**

Yes. There are a number of legal obligations that you must pay attention to, such as supplying an itemised pay statement, complying with the minimum wage, and making statutory payments like maternity, paternity and sick pay.

### **Should I produce employment policies?**

It's a good idea to set out any rules and procedures that your people need to know. It will help prevent risks to employees, ensure you comply with the law when issues arise, and help you deal with issues fairly and consistently.

### **What is employee turnover?**

Employee turnover is the rate at which people leave your business. A high employee turnover could mean that your employees are not happy in their work, and that you incur increased and unnecessary recruitment costs.

### **What is an employment contract?**

A contract is a legally binding agreement between you and your employee, often made up of both oral and written agreements, that is formed when an employee agrees to work for you for pay.

### **Why must I maintain employment records?**

Keeping detailed and up-to-date employment records can help you avoid unnecessary disagreements and inconsistent treatment of your people. There are also some legal requirements, such as keeping accurate records of working time.

## HR in your business – how clued up are you?

This quick survey will help you decide whether you and your business are currently taking HR seriously enough. If you can't tick all of the boxes, or you're not sure about what the questions mean, then you could be putting your business at risk.

### How do you currently manage your HR requirements?

- I don't know or don't actively manage it ..... ☐
- I don't believe my company needs an HR service ..... ☐
- My accountant or solicitor does it..... ☐
- I use a specialist HR company or Federation..... ☐
- I refer to a specialist HR website..... ☐

### When recruiting new staff, do you

- First consider existing employees for the job? ..... ☐
- Prepare properly for interviews? ..... ☐
- Choose suitable candidates based on ability, and NOT race, sex or disability? ..... ☐
- Offer comprehensive training and inductions programmes for new employees? ..... ☐
- Provide new employees with written contracts within 2 months of their start date? ..... ☐

### When managing your staff on a day-to-day basis, do you

- Provide good working conditions where your employees have a say in how things are done? ☐
- Help your people combine family commitments with their work? ..... ☐
- Treat all of your employees equally? ..... ☐
- Offer your employees relevant training and development?..... ☐
- Communicate regularly and often with your employees? ..... ☐
- Keep detailed and accurate records of your employees' working hours, pay, absence, skills, experience, and qualifications?..... ☐

### When dealing with employees leaving your business, do you

- Know what's involved with your payroll and tax functions?..... ☐
- Have robust procedures in place for holding exit interviews?..... ☐
- Understand the importance of recruiting replacement people with the right skills and experience?..... ☐

### When dealing with employee issues and problems, do you

- Make sure you follow statutory requirements?..... ☐
- Ensure that employees are aware of your company rules, standards of behaviour and procedures for dealing with discipline and grievances? ..... ☐
- Closely monitor disciplinary action for consistency? ..... ☐

## HR in your business – how clued up are you?

Reliable, expert HR advice is available from a number of sources, such as solicitors and accountants, together with various other independent associations and online organisations. But what's most important is that you always have access to the latest legal information and advice.

### Real help from Sage

Sage HR Advice is an invaluable human resources advice service, that helps you get to grips with employment law and explains how it relates to your business. It will also keep you informed about upcoming legal changes and offers practical guidance on managing the people that you work with. For more details, call us today on **0800 44 77 77** or visit **<http://shop.sage.co.uk/hradvice.aspx>**