



AFFINITY HRM

Commercially driven.
People focussed.

HR & EMPLOYMENT LAW UPDATE



Aleena Ahmad - Managing Director
& Lead HR Consultant - Affinity HRM

Welcome to our *Winter/Spring* edition of Affinity HRM newsletter. We hope you find this bumper edition informative as we are specifically covering forthcoming employment law changes and some top tips, including how businesses can avoid dropping the ball when it comes to HR. If you have any topics you would like us to feature in upcoming editions, I would love to hear from you.

How can your business prepare for Employment Law changes in 2020?

Employment law is always changing. We keep track of the latest employment law changes for you, so you don't have to! Every April, HR professionals and businesses are faced with a raft of amended employment laws and deadlines to meet.

In 2019, business owners had to get their head around many changes to Employment Law, including the introduction of the GDPR and gender pay reporting, changes to Taxation of termination payments and increases to statutory rates such as National Minimum Wage and Statutory Sick pay. It can be very costly when

you get it wrong, so we have done a round-up of the key changes all businesses need to be aware of in 2020.

Well, this year isn't going to be a quiet one with employment law changes. HR professionals and businesses should prepare for another busy April in particular, with several

employment law changes to take effect from April 2020. Some of these changes have resulted from the Government's Good Work Plan which was published in December 2018, setting out what the Government describes as "the biggest package of workplace reforms for over 20 years".

A summary of the key legal changes to be aware of are listed below:

This table shows forthcoming employment law changes and some suggested actions from us on how you can prepare. Are you ready for these changes?

Effective Date	Employment law update & suggested action for businesses (✓)
1 April 2020	<p>Law: Increases to National Living & Minimum Wage</p> <p>With effect from April, the national living wage for 25-year olds and over will change from £8.21 an hour to £8.72 an hour.</p> <p>The hourly minimum wage for 21 to 24-year olds will increase from £7.70 to £8.20 and for 18 to 20 year olds it will increase from £6.15 to £6.45. Workers aged over compulsory school will increase from £4.35 to £4.55.</p> <p>Apprentices will receive an increase from £3.90 to £4.15 an hour.</p> <p>Action:</p> <ul style="list-style-type: none"> ✓ Ensure all staff salaries are reviewed to comply with the new hourly rates. ✓ Ensure any job adverts reflect the new hourly rates
6 April 2020	<p>Law: Paid parental bereavement leave</p> <p>This will entitle employees who lose a child under the age of 18, or suffer a stillbirth from the 24th week of pregnancy, 2 weeks leave as a right from day one of their employment. The leave will be paid at the statutory rate if the employee has at least 26 weeks' continuous service.</p> <p>Action:</p> <ul style="list-style-type: none"> ✓ Employers can start to prepare by having a written bereavement leave policy in place by April 2020 to support employees and provide reassurance during difficult times. ✓ Consider whether you will enhance the statutory right – both in terms of leave and pay.
6 April 2020	<p>Law: Changes to taxation of termination payments</p> <p>Currently, any termination payment over £30,000 is subject to income tax but not national insurance. The government plans to make any part of a termination payment over the sum of £30,000, subject to employer NICs, as well as income tax.</p> <p>Action:</p> <ul style="list-style-type: none"> ✓ Remember to factor in this extra cost when negotiating settlements with departing employees, as this could potentially increase costs of the overall settlement package.

<p>6 April 2020</p>	<p>Law: Agency workers rules</p> <p>Once agency workers have satisfied the 12-week qualifying period, they will be entitled to equal pay to workers who are engaged directly by the employer.</p> <p>On or prior to 30 April 2020, agency workers whose existing contracts contain a Swedish derogation provision must be provided with a written notification by the agency that the provision will no longer have effect.</p> <p>In addition, from 6 April 2020 all agency work-seekers must be provided with a key facts statement setting out the terms under which they will undertake the work.</p> <p>Action:</p> <ul style="list-style-type: none"> ✓ Assess whether any agency workers you are engaged with are impacted and calculate the additional cost to the business of paying them in line with comparable permanent staff. Be prepared to enter into new terms with the agency supplying the agency staff. ✓ Agency workers will also become entitled to receive a “Key Facts” statement before starting a placement, which sets out core information relating to the proposed placement.
<p>6 April 2020</p>	<p>Law: Day-one right to a written statement of main terms and conditions for workers and employees will come into force.</p> <p>Currently employers have up to 2 months to issue the statement to any employee working for them for more than a month. From 6 April 2020, all new employees and workers will have the right to a statement of written particulars from their first day of employment. Additional information will have to be included as part of the extended right.</p> <p>The information to be included in the written statement from day one is also being extended. In addition to the current information that must be provided, from April 2020 the contract should also include:</p> <ul style="list-style-type: none"> • How long a job is expected to last, or the end date of a fixed-term contract • How much notice the employer and worker are required to give to terminate the agreement • The duration and terms of any probationary period • All remuneration (not just pay) e.g. Vouchers, health insurance • Details of eligibility for sick leave and pay • Details of other types of paid leave e.g. Maternity leave and paternity leave • The normal working hours, the days of the week the worker is required to work, and whether or not such hours or days may be variable, and if they may be how they vary or how that variation is to be determined • Any training entitlement provided by the employer, including if this is mandatory and/or must be paid for by the individual <p>Action:</p> <ul style="list-style-type: none"> ✓ Employers should start to review their current contracts and recruitment processes to ensure that all the required information is included and that procedures are in place to ensure documentation is issued on or before the first day of work.

<p>6 April 2020</p>	<p>Law: Change in Holiday pay calculations. New law extending the holiday pay reference period to 52 weeks takes effect.</p> <p>The calculation of holiday pay can be complicated, especially for those with variable hours. From 6 April 2020, the holiday pay reference period will increase from 12 weeks to 52 weeks. Employers will be required to look back at the previous 52 weeks where a worker has worked and received pay, ignoring any weeks not worked or where no pay was received, to calculate the average weekly pay.</p> <p>Action:</p> <ul style="list-style-type: none"> ✓ It is advised that employers should keep records of employee pay for the 52 weeks prior to 6 April 2020 and continue to do so. ✓ It is also recommended any systems are updated to reflect this new change.
<p>6 April 2020</p>	<p>Law: IR35 introduction to the private sector</p> <p>This legislation applies to large and medium sized businesses in the private sector who engage contractors through intermediary companies. Such businesses will be responsible for assessing the employment status of their contractors.</p> <p>From April, it's the end user who is responsible for determining whether a contractor sits within the remit of the IR35 rules; not the Personal Services Company (PSC). IR35 private sector rules will now be consistent with the public sector. This means it is the company's responsibility to account for tax and national insurance.</p> <p>The rules are aimed at reducing tax avoidance for off-payroll contractors working through PSC's.</p> <p>Action:</p> <p>There is a small business exemption to these changes for those meeting any 2 of these 3 conditions:</p> <ul style="list-style-type: none"> ✓ You have an annual turnover of £10.2M or less; ✓ You have a balance sheet total of £5.1 Million or less; or ✓ You have 50 employees or less. <ul style="list-style-type: none"> • HMRC has issued guidance on how to prepare for these changes and this can be accessed directly from their website. • Businesses are encouraged to check the employment status of staff to ensure they are categorised correctly.
<p>6 April 2020</p>	<p>Law: Lower information and consultation threshold</p> <p>The percentage of employees needed to make a request for an agreement on the sharing of information and consultation within the workplace will be reduced.</p> <p>Action:</p> <p>This figure is currently at least 10% of the workforce, who need to put in a request before a company is required to comply. This percentage will be reduced to 2% in 2020.</p>

Disclaimer: While everything has been done to ensure the accuracy of the contents of this newsletter at the time of publication, it is a general guide only. It is not comprehensive and does not constitute specific HR advice. Specific HR advice should be sought in relation to the particular facts of a given situation.



MOVING FROM REACTIVE TO PROACTIVE HR WHICH ONE ARE YOU?

It's fair to say that as a business owner, your time, money, and stress levels would be better reserved for you working on your day-to-day operations.

Aleena Ahmad of Affinity HRM provides an expert 'outside-looking-in', hands-on approach in order to gain a deeper understanding of your business goals, whilst helping with strategic HR planning. A HR plan can be as simple as mapping out: do I have the right people, in the right place, at the right time, doing the right role at the right capability, now and in the near future?

So, are you a business owner who approaches your HR from a reactive firefighting perspective, rather than having a proactive plan? You'll probably have a business plan, including finance and marketing, but does it also incorporate how your people will help you achieve your goals? For many businesses, HR is considered to

be solely compliance and policies, with the human element of their business largely overlooked. Your people are your business and really, whatever the size of your business, you're never too small to plan, and this is what will take your business from surviving to thriving.

I've seen so many owners, 'muddle' through until they hit a problem and need a quick solution, rather than try to mitigate their risk in the first place. Being reactive is no longer enough.

Our support offers much more than behind the scenes HR support. The business owners that i assist see me as an extended member of their team and HR naturally becomes part of their routine business planing. Approaching the people aspect of your business with a longer-term perspective is vital to being proactive rather than reactive. How do you approach your HR?



TOP TIPS: HR FOR SME'S

Your business is up and running, your team is in place, and therefore the HR aspects of your business are covered, aren't they? With employees being a growing SME's biggest asset, ensuring this aspect ticks over in the healthiest possible way is vital. So how can SME's avoid dropping the ball when it comes to HR?

Five key HR areas that any business needs to consider:

- 1. Employment Contracts/ Consultancy Agreements** – Defining the correct employment status is often a challenge for business owners, but it's important to get this right to avoid falling foul of IR35 regulations. Having terms and conditions in writing is not only a legal requirement, but it's also crucial to protecting your business, whether it's for your employees or consultants.
- 2. HR Policies & Staff handbooks** - With regular changes to legislation, it's vital to have up-to-date HR policies to remain compliant but more importantly, it helps shape a consistent approach to managing your team as your business grows.
- 3. Protecting your business interests** - Protecting your client lists and business interests against ex-employees who may use this confidential information for their own gain are so important and often an overlooked area.
- 4. Managing Underperformance/developing talent** - Achieving the best from your staff will mean you will need to ensure you have processes in place for continual feedback, training and development to support growth.
- 5. Recruitment Process** - We know how important it is to recruit the right people into your business and how much time it can take to find the right person. The right hire can increase productivity and morale, but the wrong hire can cost your business money and put your reputation on the line!

Lets us be honest, HR matters often get put on the back burner until there's a problem. My advice is having all these areas ironed out from the word go by an HR expert will set you and your business on the right path, saving you time and money whilst allowing you to get on with running your business!



5 EARLY WARNING SIGNS TO SPOT AN UNDERPERFORMING EMPLOYEE

AN UNDERPERFORMING EMPLOYEE CAN HAVE A NEGATIVE DOMINO EFFECT ON THE REST OF YOUR BUSINESS BECAUSE OTHER STAFF ARE FORCED TO PICK UP THE WORK.

Every business most of the time has an employee whose performance isn't up to scratch. Whilst you may think ignorance is bliss and not manage the situation because you're not sure how to, or you feel uncomfortable, from experience, the problem will only get worse. An underperforming employee can have a negative domino effect on the rest of your business, because other staff are forced to pick up the work, leading to resentment, burnout and eventually high turnover. I've seen service levels drop, customers and clients go elsewhere, impact on reputation and ultimately a fall in revenue.

We've helped clients at all stages, but my advice is to tackle any performance issue early on, and you're more likely to have achieved a better result for your business and the employees.

Here are five early warning signs every manager needs to have on their radar when it comes to identifying underperformance of an employee.

1. Consistently failing to meet their targets and objectives by a large amount.
2. Take note of the quality of work and if your expectations of attitude and behaviours are being met.
3. Poor feedback from colleagues or customer and client complaints.
4. Lack of communication is an easy one to spot, as you will notice fewer emails and calls, and other team members may find their expectations are not being managed because the individual is not communicating as expected.
5. Regularly arriving late, leaving early, calling in sick more frequently often signals a lack of motivation and disengagement. Underperformance can occur for many reasons, including personal circumstances which might be impacting their performance, so it's not always straightforward to manage. As business owners, you are spinning many plates, so getting professional HR advice is key to ensure you are dealing with performance issues in the most time and cost-effective way. Remember, there's always a solution you just need to ask for help!



AFFINITY HRM

Commercially driven.
People focussed.

HOW CAN WE HELP YOU?

Between the complexities of employment law and trying to work out how to get the best from your team, often it can feel like business owners spend more time dealing with employees than actually running their business and we're here to take the pressure off you!

Whether you have a specific HR issue to deal with or need general advice, would like some help to check if you are legally compliant, a review of your HR policies and procedures or would simply like to explore how we can take the pressure off you with HR matters, please get in touch.

We're here to help with both the hands-on day to day support and strategic support to help drive your business forward. We help mitigate risk, ensure HR compliance and enable you to make HR decisions with full confidence.

Give us a call or send us a message, and we can arrange a free informal chat about how we can help you get the best from your workforce.

Join our mailing list & get the latest news from Affinity HRM delivered to your inbox!

Sign up today!

Aleena Ahmad (Chartered MCipd)
Managing Director
Affinity HRM

 (+44) 782 488 7544
 www.affinityhrm.co.uk
 info@affinityhrm.co.uk

    @affinityhrm