

FISH PARTNERSHIP LLP

FISHPAY AND FISHES EMPLOYERS NEWS BULLETIN

June 2007

PAYROLL ON-LINE

From April 2010 **ALL** Employers will have to submit their Employers Annual Returns (P35 and P14's) on-line to the Revenue and from April 2011 all in-year information (P46's, P45's for starters and leavers etc.) will also have to be submitted on-line. The Revenue will be sending out notifications, e.g. revised Notice of Tax Code changes on-line, moving Employers away from all paper formats.

This means you will have to register with the Revenue to acquire the user references, identifier and passwords to access the system, to submit and retrieve the information. So yes, this is yet another set of passwords, along with all the others you have to remember, to fulfil your day-to-day tasks and transactions.

FISHPAY is registered to submit and retrieve information on behalf of Clients - we can calculate your Payroll AND submit all your annual and in-year Returns as well as retrieve your Revenue notifications on-line. We are also able to claim, on your behalf, the Revenue's current on-line cash incentive of £200 which is available to all Employers with under 50 employees who file on-line before April 2010.

Why not place your Payroll, however small, in our hands now, saving yourself the hassle of Payroll On-Line and receive £200 from the Revenue for doing so?

We pride ourselves in providing a tailored, accurate, friendly and efficient service and our Payroll Manager, Janet Ellis, will be pleased to give you a totally no-obligation fee quotation. You can telephone Janet on 01628 527956 or, if you prefer, you can send an email to janete@fishpartnership.co.uk

NO SMOKING

Although this falls under Health & Safety, we thought readers would appreciate some basic information on this new piece of legislation, due to become law at 06:00 on 1 July 2007.

Firstly the technical information!

Under Health & Safety legislation all Employers have a general duty of care to ensure, so far as is reasonably practicable, that the workplace is safe, without risk to health and with provisions for the welfare of employees. The smoking ban will be encompassed within this legislation.

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Moving on to the practicalities.

Smoking will be banned in all public places. For Employers, this will cover the workplace, e.g. office, shop, factory etc. and work vehicles, e.g. delivery vans, company cars etc.

You should inform your Employees of the date the ban starts by email, newsletter etc. and that failure to comply with be a disciplinary matter.

Make sure you acquire and display 'No Smoking' signs. These will normally be placed at the entrances to buildings and work vehicles where they are clearly visible. They should be at least A5 size and display, in English, the words "No Smoking. It is against the law to smoke in these premises" as well as the international no-smoking symbol. Depending on your workforce and visitors to the workplace, consider displaying the signs in other languages.

Decide whether you will allow employees to leave the workplace to smoke during their contracted hours of work - you are under no legal obligation to do so. If you allow employees to leave the workplace, consider that non-smokers may see this as a paid work break used for social purposes (a chat and a ciggie!). One way round this is to agree with smokers that they forego part of their lunch break in return for an equal amount of cigarette breaks.

If you provide a shelter for employees to smoke under, check the legislation. Depending on it's construction, this could be classified as part of the workplace.

Issue a no-smoking policy and incorporate this, where applicable, in the Staff Handbook.

And now on to the penalties!

Employers who fail to enforce the smoking ban in a no-smoking area can be fined up to £2,500.

Failure to display the appropriate no-smoking sign carries a fine of £1,000.

Any person discovered smoking in a smoke-free workplace or vehicle will receive a £50 penalty, which could be increased to £200 if taken to Court.

Finally:

The above is a brief outline and we strongly advise all Employers to obtain further information from the Health & Safety Executive on 0845 345 0055 or through their website www.hse.gov.uk . Smoke Free England provides useful information for both individuals and Employers and can be contacted on 0800 169 1697 or through their website www.smokefreeengland.co.uk .

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THE TRUE COST OF AN EMPLOYEE

Ever been faced with budgeting for accounts purposes or just wondered exactly how much each individual employee costs over a one year period? Through this article, we will give you a breakdown of how much a hypothetical employee could be costing you.

For our example, we have used an office worker on £23,000 per annum who is provided with an annual £500 medical benefit and is paid a bonus at Christmas - last year this was £750. They attend regular training courses which the Employer pays for and these have averaged around £650 per year. The Employer also pays 7% of the gross salary into the employee's Pension Plan.

Out of the above, salary, medical benefit and Christmas bonus will all be subject to Employers National Insurance contributions with the exception of the first £5,225 p.a.

On this basis, the costing follows:

Salary	23,000.00	
Medical Benefit	500.00	
Christmas Bonus	<u>750.00</u>	
	24,250.00	
Deduction NI Exemptions		<u>(5,225.00)</u>
Total NI'able		19,025.00
Employers NI @ 12.8%	2,435.20	
Training Courses	650.00	
Pension Contribution	<u>1,610.00</u>	
Total Employee Cost	<u><u>£28,945.20</u></u>	

We can now see that the costs and benefits have added an extra 25.8% to the basic salary cost of £23,000.

We can take this one step further and calculate an hourly rate to achieve a charge-out rate for the employee. To do this we need to take into account non-productive time, e.g. annual holidays and Bank holidays along with an estimate for time lost through sickness and training.

For the purpose of this calculation we will assume that the employee is contracted to work for 37.5 hours per week. Multiply the 37.5 by 52 (weeks in a year) to calculate the total annual paid hours of 1,950. This will now need to be reduced for, say, 4 weeks paid holiday being 150 hours (37.5 hours per week x 4 weeks), 8 days paid Bank Holidays being 60 hours (7.50 hours per day x 8 days), say 6 days sickness being 45 hours (7.50 hours per day x 6 days) and training, say 4 days being 30 hours (7.5 hours per day x 4 days). Deduct these from the total annual paid hours of 1,950 and we are now left with 1,665 productive hours per year. Divide the total cost of £28,945.20 by the productive hours of 1,665 and the result is £17.38 per hour.

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£17.38 per hour is the rate you would need to charge to break even, so you may wish to consider a percentage mark-up to cover overheads and to achieve a profit.

It is quite interesting to consider the increase in the hourly rate on the basic salary of £23,000 which we would use as the basis for overtime and extra hours payments of £11.79 per hour (£23,000 annual salary ÷ 52 weeks ÷ 37.5 hours per week) compared to the charge-out rate of £17.38 per hour, a considerable 47.4% increase!

NATIONAL MINIMUM WAGE

The rates will increase from 1 October 2007 to:

Adult Rate (22+ years) £5.52, an increase of 17p per hour

Development Rate (18 to 21 years) £4.60, an increase of 15p per hour

16 to 17 year old rate £3.40, an increase of 10p per hour

FLEXIBLE WORKING

Requests to vary contracted working patterns and hours are currently restricted to employees with children under 6 years of age, or under 18 years for a disabled child, and those caring for an adult (see our December Employers News Bulletin). A recent essay written by the Children's Minister, Beverley Hughes, argues that all employees should be able to work flexibly unless Employers can provide valid business reasons for refusal. For some time now, we have wondered whether the rights to flexible working for all would ever appear on the Government's agenda. Following this essay, the answer is probably 'Yes'. Great for employees but what about you, the Employer? If you allowed one employee to vary their hours but refused another, could this result in a discrimination claim?

We leave you with this 'food for thought'.



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