



FISH PARTNERSHIP LLP
Chartered Accountants

January 2009 Edition

FISHPAY & FISHES

EMPLOYERS NEWS BULLETIN



FISH PARTNERSHIP PAYROLL AND EMPLOYMENT SERVICES

A happy and prosperous New Year

In the increasingly gloomy economic climate there are many ways businesses can cut costs. Here are some suggestions:

Flexibility – a great alternative to having to make redundancies may be to ask staff to be flexible. No employer wants to find themselves in the redundancy scenario. This could mean cutting back working hours in the short term. Some employees may be prepared to take unpaid leave.

Building rental – now is the ideal time to renegotiate with your landlord. With so many properties lying empty landlords may be prepared to lower your rent. Do you have extra space you could sub-let? Obviously this would be subject to the terms of your lease. If it is possible it could generate much needed income.

Cash flow – credit control has never been more essential than now! It is important you actively pursue bad debtors and keep the pounds coming in. Too many bad debts can ultimately lead to companies going out of business.



Marketing – many companies drop their marketing budget in difficult times. This could prove to be a false economy. Increase the budget to promote your business. Look at reviewing the promotional tools you use. Does your website need a re-vamp to enable more people to find it?

Maximise opportunities that cost little or nothing. To increase your company's profile, attend local

business events and network. Word of mouth is priceless and may put extra business your way.

Pricing – evaluate company fees etc. Can costs be shaved to win more business? Make sure you are not pricing yourselves out of the market by checking what competitors are charging. However, don't start discounting if it does not make good business sense. The goal, after all, is to stay in business.

News in Brief

Training survey

A survey just published by the Chartered Institute of Personnel & Development (CIPD) shows that 46% of employees prefer on-the-job training as opposed to classroom learning.

It has also shown a difference in training responsibilities in UK employers since first published in 2002. The results show line managers, rather than Human Resources, now initiate more training.

Delay in flexible working extension

The Government is considering a delay in flexible working provisions, which were due to be extended from April 2009. The proposed change would have meant parents of children up to 16 years old could request flexible working.

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Holiday pay – and how it works



Not all employers, especially smaller ones, are familiar with the regulations regarding holiday pay. Employee's entitlement is governed by both the Working Time Regulations (WTR) and the Contract of Employment.

The introduction of the Working Time Regulations in October 1998 gave employees the statutory right to holidays. Prior to this the right did not exist!

The minimum annual leave entitlement was increased to 24 days, effective from October 2007. A further rise to 28 days is set for April 2009.

NB: This allowance applies to full-time employees and it is at the employer's discretion whether to include Bank Holidays or not. This means effectively that employers who currently pay 20 days plus 8 Bank Holidays need not increase their allowance.

Part-time workers or employees who start mid-way through a leave year are entitled to a pro-rata amount. Employers can decide when the leave year runs from – to, as suits their organisation best.

The same rule applies to leavers in the holiday year. They are entitled to a pro-rata allowance. If you have any queries regarding holiday calculations please contact Julie Stroud or Karen Roche.

Calculating holiday pay

Part-time workers holiday pay is calculated using the average hours in the prior 12 weeks. Again, this is governed by the Working Time Regulations.

An employer can only withhold holiday pay if, for example, a leaver has taken too much holiday. Be careful though - this must be stated in the Employment Contract, otherwise it becomes an unlawful deduction.

It was common practice for employers to pay 'rolled up' holiday in the past, i.e. by adding an element to the hourly rate to cover holiday. The employer therefore discharged its obligation to give time off to employees.

After much litigation this was ruled unlawful by the European Court of Justice. Other common questions relating to holiday pay include:

Sick leave and holiday

If an employee is sick while on holiday employers can count it as either sick or holiday. Most employers would re-instate the holiday upon receipt of a valid Doctor's certificate.

Pay in lieu of holiday

Some employers will pay employees any days remaining at the end of the holiday year. This prevents holiday being carried forward and excessive allowances building up. This is perfectly acceptable **PROVIDING** the employee has taken the minimum allowance of 24 days, or 28 days after April 2009. This statutory allowance **CANNOT** be paid in lieu or carried forward to the next holiday year.

Termination payments

Another common question asked by employers is can they pay holiday pay upon termination of employment tax free? The answer is **NO** as it is a payment arising from employment and therefore taxable.

As you can see it can be quite a complex area but if you need any advice please pick up the phone, we are happy to help.

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