

Keeping your people happy



Happy workers drive businesses forward through improved performance, motivation, reduced absence and enhanced loyalty. Inside you will find guidance taking you through every step of the employment cycle from hiring through to exit, together with at-a-glance alert checklists, ensuring your business thrives and attains a level of honesty and trust with employees whatever their role or level.

This White Paper sets out how to achieve a happier workplace via compliance, management and training.

# Contents

What you need to know about keeping your people happy

Recruitment	4
Capability, Conduct and Absence – Management and Training	6
Compliance	8
Exit	10
About Sage	12

# Recruitment

Recruiters must find great staff, first time, and comply with complex legislation ensuring candidates are chosen fairly.

## Establish a fair and legal hiring process

- **Compile a job description:** focus on the required skills, scope and preferred experience. Ensure any discriminatory criteria/references are avoided.
- **Agree the pay rate:** employers must pay at least the National Minimum Wage rate and comply with the Equal Pay Act which makes it unlawful to discriminate between men and women where they are doing similar work. Employers should also track market rates and cross-check with industry pay scales.
- **Approve the job advertisement:** adverts must be non-discriminatory and avoid unnecessary jargon. Age discrimination legislation must also be taken into account with requests for 'youthful' or 'young' applicants avoided. Be concise and detail the exact requirements together with information on how to apply, to whom and by when. Decide whether a job application/CV and/ or references are required from candidates.
- **Go to market:** attract applicants via internal and external methods. Select the appropriate channel to market including trade, newspaper and online recruitment methods with cost and audience in mind. For key and senior posts headhunting and recruitment agencies may be considered.

## Recruitment Process

1. Compile a job description
2. Agree the pay rate
3. Approve the job advertisement
4. Go to market
5. Select the best candidate
6. Offer the job
7. Induct the new employee

## Offering a job & issuing a contract of employment

- **Select the right person:** filter invited responses, rejecting for fair and nondiscriminatory reasons only. Take up references if required pre-interview. Similarly if a pre-employment health screening is needed, it must be carried out in a non-discriminatory way. The Advisory, Conciliation and Advice Service (ACAS) advises ensuring disabled people aren't singled out for medical assessment, for example. If a doctor's report is necessary, ensure permission is given first by the candidate who then has the right to view the report (Access to Medical Reports Act 1988). Suitable candidates should be invited to the next selection stage typically involving interviews, psychometric and practical tests. Candidates should be made aware prior to the selection process what can be expected. Structured interviews are most effective and interviewers must adhere to discrimination legislation when posing questions.
- **Offer the job:** write up notes following the interview/selection test. Candidates are permitted to access observations held about them via the Data Protection Act 1998. Be aware that reasons for rejecting a candidate can be challenged under discrimination law. Scoring candidates against competencies is a way of ensuring a fair selection process is followed. Inform all candidates of the outcome. Once any necessary references have been taken, (a simple form confirming dates of employment, leaving pay and skills is sufficient) an offer letter can be sent. A written statement of terms and particulars is required in law to be issued within two months of work commencing.
- **Induct:** a planned induction will ensure the new starter gets up to speed quickly. Content should include orientation to the job together with key contacts. A training needs analysis may also be performed at this stage and health and safety training provided.

## Alerts Checklist

1. Ensure job descriptions are nondiscriminatory
2. Pay at least the National Minimum Wage
3. Remove age related criteria from job ads
4. Take interview notes
5. Issue a written statement of terms and particulars within the two months of the new starter joining

## Further advice and help:

- **Sage HR Advice:** Downloadable application, job specification and reference request forms.  
For more information call  
0800 44 77 77 (new customers)  
0800 33 66 33 (existing customers)
- **ACAS:** Recruitment and selection advice
- **HR Zone:** The recruitment revolution – how the net has changed the rules
- **The Recruitment and Employment Confederation:** advice and information

## Capability, Conduct and Absence – Management and Training

Happy staff are looked after, trained effectively and motivated. Businesses that deal with poor performers fairly, quickly and correctly will enjoy improved productivity and lower absence levels. Setting goals and objectives and understanding training needs is the first step to ensure employees are able to achieve set goals and know what is expected.

### Setting objectives and goals

Employees will perform better, whatever the job, if clear objectives are set. These should be set at induction and revisited at regular interviews. Goals should be SMART – specific, measurable, agreed upon, realistic and timebased. Training needs may arise from the setting of these goals.

### Understanding training needs

Separating training ‘needs’ from ‘wants’ is important. A thorough training needs analysis (TNA) is an effective way of ensuring that training is not a reactionary process. Using peers as well as line managers is one way to find out what training is really required. Many companies use 360 degree feedback to find out what problems exist between peers. Results should be cross-referenced with an analysis of whether training is the solution and the best return on investment. Other methods include employee surveys and assessments, management observations and customer feedback.

Training and development options range from coaching and mentoring, selfdirected, blended, classroom and e-learning methods. Whatever method is adopted businesses must ensure that preferred learning styles are taken into account and outcomes measured.

### Management and Training

1. Set SMART goals and objectives and understand training needs
2. Deal with poor performance adhering to statutory procedures
3. Manage unacceptable conduct effectively
4. Stamp out high-levels of absence
5. Retain high-flyers with performance-related-pay and development programmes

### Managing poor performance

Despite best efforts all organisations will have to deal at some time or another with poor performance. Dealing with ‘bad eggs’ effectively is a crucial part in establishing the business as a credible employer. Poor capability or attendance are fair reasons for dismissal, but it is seldom appropriate to dismiss an employee for a first breach of standards.

### Statutory disciplinary, dismissal and grievance procedures

Statutory procedures are set out in the Employment Act 2002 (Dispute Resolution) Regulations 2004 and failure to follow these rules prior to dismissal will automatically make it unfair. The ACAS Code of Practice Disciplinary and Grievance Procedures provides detailed guidance on how to comply with the law.

## Absence

On average, employee absence costs employers 8.4 working days for every member of staff per year. Sickness absence falls into two broad categories: short-term sickness absence and long-term absence. Failing to deal with absence effectively will cause resentment to grow among workers whose attendance is good. Set out clear procedures for sickness notification, payment and acceptable levels from the outset. Return to work interviews can be effective in dealing with short-term absence problems. Longer-term absence, generally defined as absence of eight or more days can be dealt with via rehabilitation programmes, changes to work patterns or job and by keeping in touch.

## Conduct

Misconduct is usually the result of continued and unacceptable levels of behaviour, whether mere lateness or more seriously bullying, theft and violence. The more grave offences may constitute gross misconduct. In all cases, employers should attempt to follow the current statutory procedures.

## Managing exceptional performance and retaining great staff

Exceptional and high performers should be retained and employers are advised to put as much thought into how to keep hold of key staff as to how to deal with poor performers. Common methods include performance-related pay, incentive programmes and public praise at team meetings and in newsletters. Looking after a high-flyers career is an essential part of this and time should be spent on developing talent.

## Alerts Checklist

6. Follow the ACAS Code of Practice Disciplinary and Grievance Procedures
7. Remember that failure to follow the statutory procedures prior to dismissal will render that dismissal automatically unfair

## Further advice and help:

- **Sage HR Advice:** downloadable capability, discipline, grievance, notifying absence procedures and absence request forms.  
For more information call  
0800 44 77 77 (new customers)  
0800 33 66 33 (existing customers)
- **CIPD:** Discipline and grievance at work advice
- **ACAS:** Code of Practice – disciplinary and grievance procedures
- **HR Zone:** Post your questions on absence, dismissal, conduct and poor performance at HR Zone's Any Answers

## Compliance

Employment legislation is designed to ensure employees and employer conform to basic standards, which in turn helps keep staff happy. The biggest problem is keeping up to speed with latest legislation. Here's a quick reference guide to what look out for.

### Health and safety

Complying with the law not only ensures you meet your business obligations, but will also show you care about their welfare. There's far too much health and safety law to list here, but as a minimum employers must comply with the Health and Safety at Work etc. Act 1974, which aims to ensure that workplaces meet the health, safety and welfare needs of the workforce. Legislation applies according to the size of organisation and industry – check the requirements as laid out by the Health and Safety Executive (HSE).

### Stress

Stress can be very damaging to morale and performance. If left to fester, it can drive a business down. The need to tackle stress is also recognised in law. Employers are obliged to undertake a risk assessment for health hazards at work and ACAS advises discussing ways to minimise stress with employees.

### Managing maternity, paternity and adoption pay & leave

- **Maternity:** Legislation sets down the minimum rules afforded to pregnant employees, expectant dads and those who adopt. Employers must familiarise themselves with notification, qualification, pay and leave rates. All pregnant employees are entitled to take up to one year's (52 weeks) maternity leave, regardless of length of service. The rate of Statutory Maternity Pay (SMP) is 90% of a woman's average weekly earnings for the first six weeks, followed by the lesser of a flat rate at the current statutory rate or 90% of her average weekly earnings for the remaining 33 weeks. The flat rate is subject to review every April. Employers who are liable to pay SMP may reclaim 92% of the amount they pay from Her Majesty's Revenue and Customs (HMRC). Businesses may also be eligible to claim back 104.5% of the money paid out in SMP if their total National Insurance liability in the previous tax year was less than the current rate. This standard rate is also reviewed every April.
- **Parental, paternity and adoption rights:** Thirteen weeks' unpaid parental leave for each child born or adopted is afforded to employees who have completed one year's service with their employer. The rights to paternity leave and Statutory Paternity Pay (SPP) allow an eligible employee (the biological father or the partner of the mother) to care for a baby or support the mother following birth. To be eligible, the employee must be either. He can take either one week's or two consecutive weeks' paternity leave and during this time may be entitled to SPP. For detailed guidance follow the ACAS guide to parents at work.

### Sex, race, disability, religious and age discrimination

It is unlawful to discriminate unfairly against people at work on the grounds of age, disability, gender, race, religion or belief, sex or sexual orientation. The law applies whether you employ a few people or a few thousand. Complying with the regulations set out in the sex, race, disability and equality acts not only ensures a happy workforce that makes sure discrimination is not acceptable, but may also help small businesses bid for public sector contracts.

## Working hours

The regulations stipulate that workers cannot be asked to work more than an average of 48 hours a week. Workers can choose to work more if they want to, but this could result in stress and lower productivity. Night workers are limited to an average of 8 hours in every 24 with the right to receive free health assessments. Workers are also entitled to:

- 11 hours rest a day
- a day off each week
- an in-work rest break if the working day is longer than 6 hours
- a right to current statutory paid leave per year

## PAYE and tax

Employers must deduct income tax and national insurance contributions from employees; pay and submit the deductions to HMRC. Ensuring that pay calculations are correct is part and parcel of operating a happy workforce. The system for collecting income tax from the pay of employees is called Pay As You Earn (PAYE). Employers need to know how to calculate the correct income tax deductions, taking account of the various rates, allowances and limits that exist. Tables and advice can be found on the HMRC website.

## Alerts Checklist

1. Check out industry specific health and safety law
2. Comply with maternity, paternity, adoption and parental leave rights and pay allowance
3. Ensure all practices are nondiscriminatory
4. Monitor working hours
5. Deduct tax and national insurance from source

## Further advice and help:

- [Health and Safety Executive](#): Workplace health, safety and welfare.
- [ACAS](#): Advisory booklet - Stress at work.
- [ACAS](#): Advisory booklet - Parents at work .
- [Equality and Human Rights Commission](#): Advice and information on discrimination laws.
- [Department for Business Enterprise & Regulatory Reform](#): Information on the Working Time Regulations.
- [HMRC](#): Tax and NIC tables.
- [The HR Zone/IT Zone](#): Guide to payroll services and software.

# Exit

There are a number of ways to end employment including dismissal (see managing poor performance), resignation, redundancy, retirement or sadly death. For each situation there is a proper procedure to follow.

## Resignation

- **Notice periods:** an employee that has worked for a company continuously for one month or more must give and receive notice of their intention to end employment. Notice periods are usually set out in the written statement of terms and particulars but as a minimum the employer must give:
  - one week's notice if the employee has been employed by the employer continuously for one month or more, but for less than two years
  - two weeks' notice if the employee has been employed by the employer continuously for two years, and one additional week's notice for each further complete year of continuous employment, up to a maximum of 12 weeks

If the contract provides for longer notice periods this overrides the above. Employees must give a minimum of one week's notice if employed continuously for one month or more by that employer.

An exit interview is a good way of finding out why an employee has taken the decision to leave the organisation. It is always a good idea to part on good terms and communicate with colleagues that may be affected as to how the leaver's work will be managed after their departure.

- **Restrictive covenants:** some businesses include restrictive terms and conditions designed to protect confidential information others may include garden leave clauses. In each case the contract must be checked and the procedure followed for dealing with the situation when a resignation is tendered.
- **Redundancy:** a redundancy may occur where a business or plant closes down, or where an employer no longer needs as many employees to carry out a particular task.
- **Consultation:** Where 20 or more employees are to be made redundant at one establishment within a 90 day period the Department of Trade and Industry requires the employer to consult in advance with the affected employees and notify them. If you propose making fewer than 20 employees redundant, you must still consult the individual employees and it's good practice to consult their representatives. Fair selection methods must also be applied.
- **Payments:** redundancy payments are based on the age and length of service (up to 20 years) of the employee. This determines the number of weeks pay due, which is then subject to a limit on weekly pay.

The amounts are as follows:

- 0.5 week's pay for each full year of service where age during year less than 22
- week's pay for each full year of service where age during year is 22 or above, but less than 41
- 0.5 weeks' pay for each full year of service where age during year is 41+

## Retirement and death in service

- **Retirement age:** The default retirement age is 65 as defined by the Equality Act 2010 and retirements or retirement ages below that will need to be objectively justified. Under the regulations, employees have the right to request to work beyond that age and employers have a duty to consider such requests. Note that where businesses set a contractual retirement age but usually allow employees to remain in employment after that date, insisting on retirement once it is reached may constitute a breach of contract and/or unfair dismissal. Please note that from October 2011 the default retirement age will be removed.
- **Death in service:** Dealing with a death in service can be very stressful. Any deaths caused as a result of an accident at work, natural causes or violence must first be reported to the health and safety authorities and be followed up within 10 days by a completed accident report form. If an employee dies as a result of an accident at work, you must also notify the local authority or the HSE about it in writing within a year. Employer's Liability Insurance provides insurance against claims for compensation and legal costs if an employee dies whilst at work - check the conditions in the event of a death.

## Alerts Checklist

1. Comply with notice periods
2. Check restrictive covenants
3. Ensure a dismissal is fair
4. Consult with employees regarding potential redundancies
5. Comply with statutory redundancy pay
6. Check retirement ages are lawful
7. Notify the authorities about a death in service

## Further advice and help:

- **Sage HR Advice:** Step by step guidance on how to deal with leavers.  
For more information call  
0800 44 77 77 (new customers)  
0800 33 66 33 (existing customers)
- **Redundancy:** Consultation and notification guidance from the Department for Business Enterprise & Regulatory Reform.
- **Business Link:** Dismissals, redundancies and other exits.
- **HR Zone:** Post your questions on dismissal, redundancy, retirement or death

## About Sage

For 30 years, Sage have been working with all types and sizes of business across the UK, delivering the very latest in thinking on business software and services for every aspect of business. We offer a full range of software and services to make managing your people a whole lot easier, and tackling all the complicated legal issues that come from employing them much more simple.

For more  
information call

New customers  
call **0800 44 77 77**

Existing customers  
call **0800 33 66 33**

or visit our  
**Sage Store**



Sage (UK) Limited  
North Park  
Newcastle upon Tyne  
NE13 9AA

Tel 0191 294 3000  
Fax 0845 245 0297  
[www.sage.co.uk](http://www.sage.co.uk)

© Sage (UK) Limited 2011  
05327CM