



# CORPORATE BRIEFING

**No.6 June 2008**

## Staff Motivation

Ensuring staff remain motivated can help to boost productivity, company loyalty and levels of engagement. While the overall organisation's culture and quality of management are key drivers of motivation, employers can use a team building event or individual incentive, staff award, days out, prizes and vouchers to reward and recognise employees who achieve in the workplace.

Methods of reward to motivate can include, paper reward vouchers; online accounts or reward cards and internal award ceremonies. Corporate recognition awards and reward programmes can be both inexpensive and hugely valuable for the employer and to assess the success of reward and recognition schemes, employee motivation can be recorded using techniques such as a motivation questionnaire.

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## Agency and Temporary Workers

The government has announced that agency and temporary workers will be given increased rights after a deal was struck with the Trades Union Congress (TUC) and the Confederation of British Industry (CBI).

Employers will have to treat agency workers the same as permanent staff after 12 weeks on the job, meaning they will receive equal pay. Agency workers will still be excluded from other benefits, including sick pay and pensions.

The agreement will come into effect through the EU directive on agency temps, which currently proposes equal pay after between zero and six weeks' assignment with a company. The government hopes that the EU agreement on this issue will be obtained in time for the legislation to be introduced during the next parliamentary session.

## Risk Benefits

Next to the pension, group risk benefits such as life assurance (a type of death-in-service benefit), group accident insurance, income protection (also known as permanent health insurance or PHI), and group critical illness are the backbone of the staff benefits package. These company perks protect and insure employees in the event of long-term illness or death.

They can also be used to rehabilitate staff who are off work on long term sickness absence due to stress, an accident or other illness. Group risk benefits, especially critical illness and life insurance, can also be extended to employee family members as well as the employee. This makes the benefit even more attractive and even more valuable to both the employer and employee. Income protection or permanent health insurance (PHI) is one of the most commonly offered group insurances offered by UK employers.

## Employer's Corporate Review Service

We can provide an in-depth analysis of your existing staff benefits and sponsored schemes incorporating competitive comparisons and legislative changes.

You will receive a written report containing a detailed overview and concise recommendations.

## Group Life Scheme Changes

Removing the earnings cap in April 2006 has increased the potential amount of lump sum payable tax-free from a registered group life scheme.

If an employer wishes to take advantage of this, the registered scheme's trust deed and rules may need to be amended. Adopting this approach could mean that an employer no longer needs the unapproved "top-up" scheme that previously compensated members for the earnings cap restriction.

Employers can now have a life cover basis in excess of four times salary or a fixed monetary limit may now be more appropriate.

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## Consultation relating to pension schemes

The Pensions Act 2004 requires that employers must consult their employees if the employer or the trustees propose to make a 'prescribed decision' regarding an occupational scheme. The Information and Consultation of Employees Regulations give employees in larger firms – those with 50 or more employees as from 6th April 2008 – rights to be informed and consulted on a regular basis about issues in the business they work for.

These issues include: Increasing normal pension age, closing the scheme to new members, reducing the level of employer contribution, introducing or increasing employee contributions.

At least 60 days must be allowed for consultation after written notification of the changes has been given to affected employees. Consultation is not required if the change arises as a result of having to comply with 'statutory provisions'.

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## Personal Accounts in 2012

From 2012, the Government plans that all eligible workers, who are not already in a good quality workplace pension, will be automatically enrolled into either a qualifying pension scheme or into the personal account pension scheme. Automatic enrolment means instead of choosing whether to join a workplace pension scheme provided by their employer, all eligible workers will have to actively decide not to be in a scheme, if for any reason they feel saving in a scheme isn't right for them.

### Minimum employer contribution

For the first time all qualifying employers will be required to contribute a minimum of 3% (on a band of earnings) to an employee's workplace pension scheme. This will supplement the 4% contribution from the employee and around 1% from the Government in the form of tax relief.

## National Strategy for Financial Capability

The Financial Services Authority (FSA) has developed Making the most of your money as part of the National Strategy for Financial Capability. Financial capability means being able to manage your money, keep track of your finances, plan ahead, make informed decisions about financial products and stay up to date about financial matters.

The Financial Education initiative we offer provides information direct to employees in their place of work. It provides employers with a way of improving the financial capability of their employees through a two hour seminar.

The seminar is delivered at your workplace by an experienced and specially trained presenter. It tackles areas of interest to everyone, from day-to-day money management to planning for retirement, including budgeting, borrowing, insurance, savings and investments. The seminar can also cover certain information on your organisation's benefits package and is followed by a question and answer session.

Employers taking part in the Financial Education initiative often use this extra employee benefit as a key part of their corporate social responsibility agenda. The stress and distraction linked to personal money worries can affect performance at work. Lack of awareness of financial issues can also affect employees' understanding of their staff benefits package, share plans or pensions options.

### Employment Law Seminar

**Our seminar which was held at Durham CCC on 21st May was well attended and those there appreciated the contributions made by Michael Short of Short Richardson Forth, Solicitors and Helene Gullen of UNUM Limited. Notes from this meeting are available on request.**

**A similar seminar will be held in the second half of this year to provide updates on employment law matters.**

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### For further information please contact:-

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Taxation: All statements relating to taxation are based upon our understanding of the law and HM Revenue & Customs practice in force at the date of this report. There can be no guarantee that the tax position or proposed tax position at the time of investment will endure indefinitely.