

# BRIEFINGS

2<sup>nd</sup> April 2007

## Employment Law Watch

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### **The statutory disciplinary and dismissal procedures, should they stay or should they go?**

The Department of Trade and Industry (DTI) has carried out a review of the statutory dispute resolution procedures [discipline and grievance] that came into force on 1<sup>st</sup> October 2004. The recommendation is that the Regulations should be repealed and new simpler non statutory guidelines should be put into place.

It is clear that the procedures are far more complex in practice than they were intended to be and many employers are being penalised as a result of not complying with them either in full or at all. The procedures have resulted in Solicitors being instructed at an earlier stage and a lot of the litigation being conducted around the use of the procedures themselves rather than the actual facts of the case or grievance that has been raised. We are confident that the DTI's suggestions will be welcomed by the majority of, if not all employers.

Other recommendations include:

- Ensuring there are incentives for compliance with the new guidelines.
- Committing parties to early dispute resolution by way of in house mediation and provisions in contracts of employment.
- Introducing a new simpler process to deal with monetary complaints such as issues involving holiday pay, redundancy pay and wages which should enable these issues to be resolved without the need for a hearing.
- Increase the quality of advice available to claimants and respondents through a helpline and through the internet.
- Abolishing the fixed periods within which Acas must conciliate.
- Simplifying the claim and response forms.
- Simplifying employment law.
- Unifying the time limits and grounds for extensions of time limits.

The DTI has now issued a consultation paper asking for views arising out of their recommendations. The closing date for submitting responses is 20<sup>th</sup> June 2007.

A further briefing will be sent out to you after this time.

## **Company vans and employee tax liability**

We know it's not very exciting but there are important changes to employee tax liability on company vans coming into force from 6th April. So, if you have employees who use company vans, then both you and they need to know how this might effect the employment relationship.

Currently employees who use a company van for activities other than work or travelling to and from work have a limited tax liability of £500. This will increase to £3000. Additionally there will be a further £5000 tax liability if there is free or subsidised fuel. As the employer you will be responsible for monitoring compliance. In this respect an employment policy that sets out employee requirements, and the action which will be taken for breaches, may be necessary in order to satisfy tax inspectors to show that you have done everything you can to comply with your obligations.

## **Retirement and notice periods**

Age Discrimination legislation came into force on 1st October 2006. For the first six months there were transitional notification arrangements to employees coming up to retirement age.

From 1st April you will have to give at least six months notice to all employees who are due to retire, advising them of the intended retirement date and bringing to their attention their right to request an extension of employment. You do not have to agree to any extension of employment or give a reason for your rejection but must hold a meeting to discuss their request. They also have the right of appeal.

## **Extension of consultation and information requirements to businesses with more than 100 employees**

**The Information and Consultation of Employees (ICE) Regulations** were introduced on 6 April 2005. From 1<sup>st</sup> April 2007 they will apply to all businesses with 100 or more employees.

They give employees the right to be:

- informed about the business's economic situation
- informed and consulted about employment prospects, and
- informed and consulted about decisions likely to lead to substantial changes in work organisation or contractual relations, including redundancies and transfers.

The Regulations may mean you have to establish new arrangements for informing and consulting your employees. These new procedures can be triggered either by a formal request from employees or if you decide to start the process yourself. The Regulations also allow you to use pre-existing agreements which have workforce support.

The Regulations will be extended to cover all businesses with more than 50 employees form April 2008.

If you have any queries on the dismissal proposals please contact Natalie Griffiths on 0116 257

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If you have any queries on any of the other issues please contact John Palmer on 0116 257 4407 or email [john.palmer@harveyingram.com](mailto:john.palmer@harveyingram.com)

For further information about our Employment Law Team, please visit our website at [www.harveyingram.com](http://www.harveyingram.com)

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