



Reward and Retirement Provision

Assignment 1 Notes

(Part 1 – Employee Benefit Strategy)

Recommended Time: 3 hours

1. You are the Benefits Consultant to a small firm who are reviewing their maternity leave policy. Write an email to the HR Director summarising the current provision concerning:

- (a) The period over which Statutory Maternity Pay (SMP) is payable.
- (b) The rates of SMP.
- (c) The amounts of SMP which can be recovered by employers and any relief the employer may be entitled to.

15 marks

Format: Short email providing a summary of information in clear paragraphs.

Style: Professional but not too formal but be aware that information may be copied into policy documents.

Answer should cover:

- When the latest SMP legislation became effective
- How long SMP is payable
- How much SMP is payable for different periods
- How much employers can recover and details of Small Employers' Relief which may be applicable here

(Relevant section of the manual is part 1 chapter 1.2.6.)



2. You are the in-house Pensions Manager for a large company, who are moving to new premises. As part of their healthcare commitment to their employees they are considering the provision of either an in-house sports facility or membership of a local sports club. Prepare an email to the Finance Director covering the following:

- (a) How such a benefit can be provided without incurring a tax charge and under what conditions such a charge would arise.
- (b) Any limits that could apply to directors or other employees.
- (c) Information that should be provided annually to HMRC.

35 marks

Format: Email providing a summary of information in clear separate paragraphs (subtitles would be appropriate).

Style: Informal

Answer should cover:

- Difference between provision of in-house sports facility and exclusive subscription to health clubs.
- Tax implications on directors and other employees and how recent changes have affected these.
- Provision of P11d to HMRC.

(Relevant sections of the manual are part 1 chapters 2.6.6, 2.6.11 and 2.6.12.)

3. Outline the eligibility for, and calculation of, statutory redundancy pay.

5 marks

Answer should cover:

- Factors used in the calculation of redundancy pay
- Minimum and maximum length of service
- Maximum weekly pay
- Maximum amount of statutory redundancy pay

(Relevant section of the manual is part 1 chapter 1.2.9.)

4. Explain the requirements around pay during the statutory notice period.

5 marks

Answer should cover:

- Legislative basis for entitlement to redundancy pay
- The circumstances when employees must be paid during the notice period and exceptions to this.
- The amount of pay during the notice period including impact of contractual payments such as SSP, SMP.

(Relevant section of the manual is part 1 chapter 1.2.10.)



5. Outline the taxation of non contractual redundancy payments.

5 marks

Answer should cover:

- Tax free threshold and any statutory redundancy payment.
- Tax rate applicable for payments above the threshold.
- Relevant tax year.

(Relevant section of the manual is part 1 chapter 2.6.10.)

6. Following a recent acquisition, a large pharmaceutical company is reviewing their employee benefits strategy. As the HR Consultant for the company, prepare a short paper outlining the main factors to consider in developing and maintaining an employee benefits strategy and write brief notes on each factor.

15 marks

Format: Paper with introductory paragraph, summary of information in clear sections, summary.

Style: Formal.

Answer should cover:

- Reference to the current strategy and any restrictions following acquisition
- Labour market position
- Employee demographics and impact on level of reward
- Global/Group structure and culture – relevant for this organisation
- Cost management
- Compliance and risk

(Relevant section of the manual is part 1 chapters 2.2.1 and 2.2.2.)

7. Your company is looking to introduce flexible benefits to its employees. As the Benefits Manager, prepare a briefing paper for the HR Director outlining the importance of a total benefit approach to communication to employees. Your paper should include the advantages of such an approach and describe the most appropriate method in which flexible benefits may be valued.

20 marks

Format: Paper with introductory paragraph, summary of information in clear sections, summary.

Style: Formal.

Answer should cover:

- What total benefit communication is and what it may look like
- The advantages of this approach to communication
- How flexible benefits can be valued (employer cost)

(Relevant sections of the manual are part 1 chapters 2.1.1 and 2.1.2.)