

CITY HR ACADEMY NOW ENROLLING FOR SEPTEMBER 2010 NEW CIPD SYLLABUS IN PLACE

How time flies. Can you believe that the first in-take of City HR Academy students have just completed their Module One exams and that the Academy is now gearing up for the next intake of students? And how time changes for both current and future students with the CIPD's recent major overhaul of both the syllabus and standards. So how is City HR managing this change process?

Andrea Eccles, City HR Director, explains how the City HR Academy and our programme providers, MOL, have responded to the changes and we hear how existing programme students view this unique programme. Andrea takes up the story,

"Earlier this year, the CIPD announced significant change to their Graduate, CIPD qualification programme in terms of content, assessment, delivery and the resultant standards. This means that the September 2010 intake will undoubtedly commence the new programme, whilst an excellent transitional programme has been designed and approved for current students."

The CIPD's objective is to deliver a programme which more clearly adopts the activities of HR professionals to the business and utilises more contemporary learning and assessment methods.

Colin Gordon, Head of MOL CIPD programmes explains how this translates into the delivery of the City HR Academy Programme.

"The new CIPD standards represent the results of an extensive review and detailed investigation of the global HR Profession and recognises the increasing impact of the HR function on the sustainability of business success.

Accordingly MOL have taken this opportunity to embed these new standards within the next stage of the current City HR programme to reflect this approach. It also offers those learners the opportunity to be amongst the first to achieve the new Advanced Diploma in Human Resource Management.

In conjunction with the City HR Association we also look forward to the successful launch of the next group in September."

Upon completion of the first module, Andrea Eccles and Frank Unsworth met with students to evaluate this inaugural programme. They were delighted with the student's feedback. The general consensus was that students appreciated:

- the locations of the programme in the City and Docklands,
- the timing (many said that under a conventional programme they would not have been able to complete their CIPD qualification), as they found leaving at 2.30 pm once per month easier than leaving at 4.45 pm twice a week,
- the tutor in terms of her teaching style and rapid response times
- Size of Group (15), the course materials and out of class networking and support.
- being in a peer group relevant to their industry.

There were some added benefits that accrued from the City HR Academy that were completely unexpected. One student, Sophie Bushell, at LBBW, was surprised at the ease she had experienced in performing in a learning environment.

"For me, it was an unexpected bonus to resume intensive and serious study after a long break. I found the content was pitched at a good level

and I have received excellent tutor support."

Whilst all of our students have welcomed the structure and timing of the programme, many have commented on the benefits of learning with peers in their sector. Accordingly, Rhian Maxwell at Ruffer LLP commented:

"Being in a room of your contemporaries who work in similar businesses and face all the same pressures has been invaluable. We regularly email each other for support and advice."

One clear objective that has emerged from our student feedback is the establishment of a 'buddying' system for future students at the City HR Academy. Several students have offered to be at the end of the phone to provide advice on the practicalities of completing the course under our unique programme.

The programme can probably best be summed up by current students Ingrid Atkinson and Gemma Poland at Bank America Merrill Lynch, when they say:

"We have found the programme to be an excellent reinforcement of what we do in our workplace. In particular, we have noticed how the course reinforces the transformation from HR Manager to HR Business Partner whilst bringing out the more strategic elements of the HR function. We are looking forward to future modules which will add to our understanding of the HR Specialisms."



The City HR Academy is now taking applications for new students for the September 2010 programme. Please visit www.cityhr.co.uk/cityacademy for the full programme details or call the office on 0207 670 1934.

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Pensions and the new Coalition Government

So far, the new coalition government seems to be in listening mode with regard to pensions. Across a number of key areas, it has shown itself willing to review policy and to reflect on criticisms of the previous Government's proposals.

Pensions tax relief: April 2011

Nowhere is this more apparent than in the treatment of pensions tax relief for high earners. The previous Government had proposed a hideously complicated system called the 'high income excess relief charge' under which anyone with income of at least £130,000 could find themselves faced with a large tax bill on their pension contributions. This approach would have led to extreme cliff-edges where potentially a tiny increase in income could have led to a massive tax charge. In addition, the proposals would have been very complex for employers, pension schemes and individuals to understand and administer.

Employers and the pensions industry have rarely been so unanimous in their condemnation of a proposal. The Chancellor has now announced that he has listened to these concerns and is considering replacing the high income excess relief charge with a reduced annual allowance. All individuals, whatever their income, would be able to make contributions (including the value of their employer contributions) tax-free up to an annual allowance in the region of £30,000-£45,000 (the current annual allowance is £255,000). The level of the annual allowance would be set with the aim of raising the same amount as under the high income excess relief charge.

The Government will now consult the pensions industry on a number of issues relating to the reduced annual allowance approach. It still intends the new measures to come into force next April, so there will be a flurry of activity over the summer to finalise these proposals.

All this leaves employers and individuals in a state of uncertainty. High earning individuals now know that there will be tax relief on at least some of their pension contributions. However, until they know the level of the annual allowance, they cannot make concrete plans as to where to direct their savings. Meanwhile, some individuals on more moderate incomes under £130,000 who were previously unaffected will now be brought into the scope of the measures, especially members of defined benefit pension schemes with long service and/or significant salary increases.

Many employers have been considering Employer-Financed Retirement Benefit Schemes (EFRBS) as an alternative to registered pension schemes. Given that even the highest earners will now receive some tax relief from contributions to a pension scheme, it seems more likely that EFRBS could now feature as top-ups to registered pension schemes rather than as replacements. However, the future of EFRBS is also uncertain. The Budget report has confirmed that EFRBS will be within the

scope of anti-avoidance legislation expected to come into force next April, but it is not yet clear how wide that scope will be.

Auto-enrolment: April 2012

The Government has also turned its sights on the other major development looming on the pensions horizon – the introduction of auto-enrolment in October 2012. From that date, all employers will have a duty to automatically enrol all their employees with earnings over a certain level into a pension scheme that meets minimum requirements. The coalition has reaffirmed its commitment to auto-enrolment, but has announced a review which is expected to report by 30th September 2010.

Although the future of auto-enrolment seems secure, there is greater uncertainty about the fate of the National Employment Savings Trust (NEST), the centralised pension scheme planned as one of the vehicles employers could use to satisfy their new auto-enrolment duties. The review may also announce some changes to the detailed rules relating to the auto-enrolment regime.

Where next?

A listening Government has to be good news for pension schemes and their sponsoring employers. However, the very fact of them taking the time to listen means that we remain uncertain of many of the details of imminent changes. Employers and individuals should be reviewing their options in order to be able to make informed decisions as soon as the final shape of these changes is known.



Jane Beverley

Head of Research, Punter Southall

A new Government, but what legislative changes lie ahead for HR practitioners in the City?

After forming the first Coalition Government in Britain for nearly 70 years, the Conservatives and Liberal Democrats have published their programme for “partnership Government” stated to be “more radical and comprehensive” than their individual manifestos. The Government has committed to “review employment and workplace laws, for employers and employees, to ensure that they maximise flexibility for both parties, while protecting fairness and providing the competitive environment required for the enterprise to thrive.” Precisely what this will mean in practice is a matter for speculation. However, both the programme and the Queen’s speech have given us some indication as to the legislative changes that may be made over the next five years. So what lies in store for HR practitioners in the City?

Remuneration in the Financial Sector

The Government has stated that it will tackle unacceptable bonuses in the Financial Services sector and in developing these processes, will ensure that they are effective in reducing risk. It is hoped that the proposed Financial Services Regulation Bill, the FSA’s review of the remuneration policies and practices of the 26 large banks, building societies and broker dealers and the amended Remuneration Code, due to come into force early next year will provide clarity about what is deemed to be acceptable remuneration policy and how risk should be linked in to remuneration policies.

Equality

The core provisions of the Equality Act 2010 are due to come into force in October 2010 but, as yet, there is no firm indication of the Government’s plans for some of the key equality issues, such as positive action.

The Government intends to promote gender equality through the greater representation of women on the boards of listed companies. No further information has been provided as to how this will be achieved, but it may include, as the Conservatives proposed in their manifesto, imposing a minimum percentage of 50% female candidates for non executive appointments and requiring such appointments to be advertised.

The Government also proposes to promote gender equality in relation to equal pay. It is unclear whether this will mean that companies will be required to carry out an equal pay audit. The Conservatives previously stated that they would require employers

found to have discriminated on the basis of gender to carry out an equal pay audit. Whereas the Liberal Democrats would seek to impose such a requirement on employers with over one hundred employees. Prior to the election, the Conservatives also suggested that they may seek to amend the material factor defence in equal pay claims with Theresa May suggesting that a reasonableness test may be introduced. In addition steps will be taken to prohibit clauses that deal with pay secrecy.

Family Leave

The Government is committed to extending employees’ rights to family leave. The Government plans to extend the right to request flexible working to all employees. This will be a significant change from the existing legislation and the Government has stated that it will not “rush legislation on this issue”.

The Government also proposes to encourage “shared parenting from the early stages of pregnancy”. Based on the Liberal Democrat’s manifesto, this may include an extension of existing maternity and paternity leave rights and the right for fathers to have time off to attend ante-natal appointments.

Retirement

The Government proposes to accelerate raising the state pension age with it initially rising to 66 possibly as early as 2016. The state pension age could rise to 70, however, no new timetable has yet been issued for raising the state pension age. The Government will also consult on phasing out the default retirement age.

EU Legislation

The Government, in particular the Conservatives, have been concerned about the manner in which the previous Government implemented EU legislation and have stated that they will end the “gold plating” of new European legislation that is implemented in the UK. Whilst the Government have not yet provided details of what this will entail, it is envisaged that this will entail a review of the implementation of the TUPE Regulations and Acquired Rights Directive, the Part Time Work Directive, the Fixed Term Work Directive, the Information on Employment Conditions Directive and the Agency Workers Directive.

The Government also plans to limit the application of the Working Time Directive in the UK. Again, however, it is unclear precisely what is meant by this.

Red Tape

The Government proposes to cut red tape by introducing a one in one out rule, whereby no Regulation is implemented without another Regulation being cut by a greater amount. The Government also proposes to introduce sunset clauses to ensure each Regulation is regularly reviewed to determine whether it should be amended or repealed.

In addition, the Government proposes to review the Application of IR35 and replace it with simpler anti avoidance measures.

National Minimum Wage

Whilst the Government supports the national minimum wage, there are no proposals to increase it or to reduce the current bands to one single national minimum wage applicable to all employees over 16, as was proposed by the Liberal Democrats prior to the election.

The next five years

There are many areas in which both the Liberal Democrats and the Conservatives are in agreement and other areas where their approach to employment legislation differs significantly. Whilst we have some insight into what changes we might see during the course of this Government, as always the devil will be in the detail. However, it is expected that after 13 years of fast moving and constant changes to employment legislation that the pace of change will slow enabling Human Resources Practitioners in the City and elsewhere to finally catch their breath.



Neil Johnston

Senior Associate, Field Fisher Waterhouse

Iain Duncan Smith attends Member Forum

The City HR Association and Charles Russell LLP were pleased to welcome the Right Honourable Iain Duncan Smith MP and Secretary of State for Work and Pensions at the Association's Annual General Meeting on 24th June 2010.

Mr Duncan Smith answered questions from an audience of 80 HR Directors, Academics and Employment Lawyers on the State Pension and new retirement age, which will be raised to the age 66 for men from 2016 and women from 2020. Mr Duncan Smith also answered questions regarding the default retirement age, pension auto-enrolment and about his work as Chairman of the Social Justice Commission.



Nick Hurley with Iain Duncan Smith MP

The timing of the visit from the Secretary of State coincided with City HR's launch of their Corporate Social Responsibility programme. Stephen Sidebottom, President announced the Association's mission and objectives alongside four key programmes in which City HR members can 'make a difference' alongside our chosen partners. This is being heavily supported by Robert Potter, Chair, and the entire committee.

For full details of Mr. Duncan Smith's visit and City HR's CSR launch announcement, please view www.cityhr.co.uk/about/cityhrinthemedia. Photos from the visit are also under the Events Gallery section.

In the meantime, City HR is indebted to Nick Hurley, Employment Law Partner at Charles Russell for hosting and facilitating this memorable member event.

New Members

City HR welcomes the following new members:

Fidelity International
Tyser & Co Ltd.
Lockton International
Besso Group

Forthcoming events

Please reserve 2nd November in your diary for the Annual City HR Conference of which details will shortly be announced.

Our theme is

Winning HR Strategies aligned to engagement, retention and reward.

Not to be missed!

The Emergency Budget and CRD III

A large amount of media coverage has been given to the Emergency Budget and the EC Capital Requirements (CRD III), both of which have significant implications for how HR manages employee reward.

On 22nd June, the new Chancellor unveiled his Emergency Budget. There were a number of important issues to our members. These included the Coalition Government's stance on:-

- Income Tax Thresholds
- Pensions
- National Insurance
- EBTs and EFRBs
- Capital Gains Tax
- Banking: Tax, Regulation and a Levy

Clearly there is too much detail to be able to provide the potential scope of these issues. Consequently, Paul Scarborough, Director, Human Resource Services at PricewaterhouseCoopers has kindly provided City HR members with details on how to view the PwC synopsis of the Employer Implications arising from the Emergency Budget in their publication *The Budget, By George!* This can be accessed via <http://newsletters.pwc.com/nl/public/ebhrsp/budget2010.html> or to see the wider budget please see www.pwc.co.uk/budget.

Then on 1st July The European Parliament announced that new rules on capital requirements for financial institutions (CRD III) have been agreed with the European Commission. These rules include a number of provisions relating to remuneration. The FSA has expressed its intention to align its updated Remuneration Code with CRD III. The remuneration provisions essentially adopt the FSB Implementation Standards on sound compensation policies, and the remuneration principles set out by the Committee of European Banking Supervisors (CEBS).

There are a number of ways in which remuneration will be affected including the approval, allocation and structure of bonuses, discretionary pensions and benefits, and limitations of variable to fixed remuneration under guidelines to be furnished by CEBS.

City HR will stay close to the CRD III developments and will ensure that this is an agenda item for future Compensation Seminars.

City HR Engages Further with the EHRC

The last edition of Update published an overview of the EHRC's 'Financial Services Inquiry – Sex Discrimination and Gender' and announced the commencement of the new working party under the chairmanship of Louise Redmond. Since then, significant progress has been made in terms of scoping the working party's research, objectives and activities which will culminate in 'Diversity in the City – Gender Equality Guidelines' in time for the Annual Conference on November 2nd.

A major development was the attendance of key members from the EHRC at our second meeting on 8th June. Joanna Owens briefed the group on the scope and results of the enquiry whilst Alan Christie addressed the future steps. Based on discussions with the EHRC, it is probable that City HR will have a voice in shaping future publications.

At the same time, City HR has also had a preliminary discussion with the Financial Services Authority (FSA) on gender diversity to ascertain the impact that this could have on future Remuneration Codes or ARROW visits. It is too early for anyone to say what might happen in this respect, other than City HR and the FSA are in dialogue on this topic.



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City HR professionals

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