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PAYnotes on long service awards and the confirmed rise in the NMW

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I recently had an interesting debate on long service awards with the

attendees of a recent HR Group that we organised. As I passed 16 years' service with Paydata earlier this month I thought it would be appropriate to summarise what people do in this area and the wide range of awards that employers offer.

Long service awards

Long service is mostly defined as 15 years' service or more although many organisations tend to recognise 20 years. Some organisations define long service as 25 years; although you could argue that today employees are far less likely to stay with the same organisation for their entire career, so there is a case for arguing that a more suitable definition for long service these days is 10 to 15 years.

It should be noted that long service awards are not seen as a retention tool, given that the employee has already stayed with the organisation for long time in the first place. Rather they are seen as a 'thank you' for their contribution to the organisation.

The most popular awards are either financial or additional holiday entitlement. Financial awards tend to be in the region £500 to £750 although some employers pay more - between £1,000 and £2,000.

Increased holiday entitlement is also common. Generally it takes the form of an extra day for every five years' service above 10 years' service, e.g. 1 day for 15 years, 2 days for 20 years, etc. Most have a maximum annual entitlement of between 28 and 30 days. Many employers apply the increased entitlement from year to year, although some just apply the additional entitlement for the anniversary year only.

One organisation gives an additional 30 days' holiday entitlement in the 20th year of service, effectively a sabbatical. I thought this was a nice gesture.

Non-financial awards can include meals out for teams or departments, certificates given out by a Director or CEO, or a special mention on the staff noticeboard or in the employee magazine. It is not unheard-of to award the traditional gold watch (or cufflinks), although this appears to be increasingly rare.

Long service awards are a relatively cost effective way of recognising and rewarding employee loyalty. It is a nice gesture and one that leaves an impression on both the employee and their colleagues that should not be underestimated. In simple terms they provide the employer with an opportunity to show that they really care.

By Tim Kellett

The National Minimum Wage Increase

Last week, we reported on the proposal from the Low Pay Commission (LPC) for a 3 per cent increase for the adult National Minimum Wage (NMW). Well, the government agreed to this recommendation and so the new rate will rise to £6.70 per hour on Thursday 1 October 2015.

It's good news for apprentices in particular, whose new rate will rise by 20 per cent to £3.30 an hour. The rate for 18 to 20 year olds will increase by 17 pence to £5.30 an hour and for 16 to 17 year olds, the new rate will be £3.87 an hour, a rise of 8 pence.

It is estimated that more than 1.4 million of workers in the UK will benefit from these rises.

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