

**CIVIL LITIGATION DEPARTMENT
EMPLOYMENT LAW
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FUNDING OF EMPLOYMENT CASES

Since April 2010, employment solicitors and their clients have been able to enter into a “**damages-based agreement**”. This is a private funding arrangement whereby the solicitor’s fee is dependent upon the success of the case. The fee comes from the “damages”, i.e. a percentage of the compensation received by the client. The maximum that can be charged is 35% (including VAT) of any damages.

BANKERS’ BONUSES

What's the difference between a no-claims bonus and a banker's bonus? You lose your no-claims bonus after a crash.

This joke might no longer ring true. The European Parliament has put through new rules which will impact on bonus payments to bankers. Member states (including the UK) now have until 1 January 2011 to incorporate the rules into domestic legislation, but they can include:

- A cap on the upfront cash component of any bonus of 30% (or 20% for the largest bonuses).
- A cap on the total bonus payment (as a proportion of salary).
- A mechanism to defer 40-60% of the bonus for at least 3 years
- The ability to recover the deferred bonus if the investments do not perform as expected.
- A requirement for at least 50% of the total bonus to be paid as “contingent capital” (i.e. insurance against any legal responsibilities).
- Bonus-linked pension payments will be dependent upon the bank’s assets.

It will be interesting to see whether these rules are accepted in full by the UK as it seems that the coalition government can exercise discretion when deciding how far to go in implementing these proposals.

**If you require any advice or assistance about an employment matter,
please contact Julie Granger or Daniel Crook in our Civil Litigation
Department.**

Disclaimer

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