



## Human Resources & Health and Safety



Do you employ staff?

### Employment Law Update

Please see below forthcoming legislation, effective during the month of April 2018:

#### 1<sup>st</sup> April 2018

The annual increases to the **National Minimum Wage**, announced in the Autumn Budget 2017, are as follows:

- £3.70 per hour for apprentices aged under 19 years of age or aged 19 and over who are in the first year of their apprenticeship.
- £4.20 per hour for employees aged 16-17 years old.
- £5.90 per hour for employees aged 18-20 years old.
- £7.38 per hour for employees aged 21-24 years old.

The **National Living Wage** will also be increasing to £7.83 for employees aged 25 and over and the Accommodation offset will increase to £7 per day.

On the same date the statutory rates for **Maternity pay, Paternity pay, Adoption pay and Shared Parental pay** will rise from £140.98 per week to £145.18 per week, as announced in the Proposed Benefit and Pension rates 2018 to 2019.

#### 6<sup>th</sup> April 2018

As of this date, the minimum level of **employer contributions required for pensions** in an auto-enrolment scheme will increase from 1% of the employee's annual earnings to 2%. This increase is being implemented due to the Employers' Duties (Implementation) (Amendment) Regulations 2016 (SI 2016/719). Employers should be aware

that a further increase is scheduled for April 2019 where it is expected that the contribution will increase from 2% of the employee's annual earnings to 3%.

The rate of **statutory sick pay** will also increase on this date, as announced in the Proposed benefit and pension rates 2018 to 2019. The new rate of statutory sick pay will be £92.05 per week.

On this date there are also changes being made to the tax treatments of **payments made in lieu of notice**. Previously, payments in lieu of notice that were not covered by the contract of employment were considered exempt from tax and class 1 national insurance contributions, if they were less than £30,000. Due to the Government becoming concerned that this left a "loophole" and imbalance with regards to how different employers managed their payments in lieu of notice, the Finance (No.2) Act 2017 will be implemented to bring non-contractual and contractual payments in lieu of notice in line with one another. Payments in lieu of notice should now be treated as earnings, with tax and class 1 national insurance contributions being paid in "real time", whether this is weekly or monthly. Employers are required to declare the amount of money the employee would earn if they were working their full notice period, even if the employee does not work the full length of time. If the payment in lieu of notice is part of a larger termination payment e.g. a settlement agreement, the termination payment should be itemised to prevent any confusion when calculating the payment in lieu notice for tax purposes.

### How We Can Help

If you have any queries relating to any of the above, please don't hesitate to contact us at [hradvice@hasslefreehr.co.uk](mailto:hradvice@hasslefreehr.co.uk)