



## Employment Facts & Stats update

April 2016



*Hello, and welcome to my employment update. For those of you who do not know me, I have over 20 years' experience in delivering practical and commercial HR solutions for small businesses – aligned to also supporting health and safety within your business. Sometimes we all just need a little extra support, but cannot justify a permanent hire. That is where I can help by giving you easy access to practical and commercial HR support. You can use the 'pay as you go' service so I am there where you need me, or many clients prefer the HRSFB HR Retainer Service for more continuous HR support. Either way giving you, the employer, access to a trusted and straightforward HR advice and support service – when you need it. To help I pull together this brief update to help you more easily keep up to date.*

*Regards Carole Thomson FCIPD, Tech IOSH*

## National Minimum Wage & the new National Living Wage

The National Minimum Wage (NMW) rate is dependent on age and whether your employee is an apprentice. To qualify for the NMW a person must be school leaving age. Whether a person is considered school leaving age will be dependent on exactly when in the year they were born. So it is always best to check.

The NMW changed in October 2015 and remains the same for April 2016. The next increase is due in October 2016. At this point there will be no increase to the new NLW. Both rates will then be updated in parallel from April 2017.

From April 1<sup>st</sup> 2016 workers aged 25 years or more (*who are not in their first year of apprenticeship*) will now be entitled to the new National Living Wage (NLW) of £7.20 per hour. [To read more just click here](#)

	21-24	18-20	16-17	Apprentice*	New Living wage (25+)
Current rate	£6.70	£5.30	£3.87	£3.30	£7.20

*\*Important note: the NMW apprentice rate is only for those who are 16-18, and those who are 19 or over, but who are in their first year. The NLW also does not apply to a person within their first year of an apprenticeship.*

The daily Accommodation off-set allowance remains at £5.35. This can be taken into account when calculating the NMW or NLW. No other kind of company benefit - for instance food, car, childcare vouchers, can count towards the NMW or NLW.

Be warned there are high fines for non-compliance. The penalty calculation is now 200% of the arrears. This will be halved if employers pay within 14 days. The overall maximum fine of £20,000 per worker remains unchanged.

Also employers who fail to pay will be banned from being a company director for up to 15 years.

Please remember not to confuse this with the rate promoted by the Living Wage Foundation. This is voluntary and existed before the NLW was announced.

## Statutory payments

**From 6 April 2016 the statutory rates are:**

- No change to Statutory Sick pay - which remains at £88.45
- Also no change to Statutory Maternity, Adoption and Paternity pay which remain at £139.58 per week (*or 90% of average earnings if less*)
- The cap on the unfair dismissal compensatory award has increased to £78,962 (*from £78,335*)
- The cap on weekly pay to calculate redundancy pay and the unfair dismissal basic award has increased from £475 to £479 (*or weekly wage if less*). This will see a maximum unfair dismissal award of £93,332. And a maximum statutory redundancy payment of £14,370
- Please remember that from July 29 2013 we saw a cap on the compensatory award of 12 months' pay.

## HSE's Fee for Intervention (FFI)

First introduced by the HSE in 1<sup>st</sup> October 2012, the FFI is the HSE's cost recovery regime (*Regulations 23-25 Health and Safety Fees Regulations 2012*). It recovers fees from those found in material breach of health and safety law.

It is currently set at £129 per hour. The total bill is dependent on how long it takes the HSE to identify and conclude its regulatory action (*including any associated*

office work). This is a growing income stream for the HSE with invoices (2922) issued last August for April/May contraventions saw a revenue of £2.01 million. And they are just getting started!

## Qualifying periods

	Compensation limits	Qualifying period	Time limits to bring a claim
Unfair dismissal	The lower of £78,962/ annual salary (see above)	2 years, (previously 1 year prior to 6 April 2012)	3 months from the Effective Date of Termination
Breach of contract - wrongful dismissal	Tribunal: £25,000 High/County Court: No limit	None	3 months from the EDT and 6 years from breach
Redundancy pay	£14,370 (30 weeks' pay)	2 years	6 months from EDT

Please remember Tribunal claims are now subject to Compulsory pre-claim conciliation (see our [April 2015 Newsletter | HR Support for Business](#)) for more info.

## Maternity, Adoption, Paternity and Parental Leave – unchanged in April

	Rate of Statutory pay	Leave Entitlement
Statutory maternity & Adoption	6 wks: 90% average earning then statutory pay (See page 1 for current rate). Paid for 39 wks in total.	All employees have the right to 26 wks Ordinary Leave followed immediately by 26 wks Additional Leave
Ordinary Statutory Paternity	Statutory pay (See page 1 for current rate).	1-2 consecutive weeks. To be completed within 56 days of birth/placement.
Shared Statutory Parental leave	All paid at the statutory rate (See page 1 for current rate). No entitlement to share the first 6 wks at 90% of average earnings	May share up to 50 weeks of partner's adoption or maternity leave
Parental leave	18 wks unpaid leave for children up to 18 years old. (where you are the legally deemed parent) (See page 1 for current rate).	All employees with parental responsibility. Leave must be taken in 1 wk blocks (unless the child is disabled then multiples of 1 day) Max 4 wks per annum Each parent has the right in respect of each child.

The HR Newsroom

You can find HR Guides on how to manage these family friendly absences in my HR Newsroom which you are welcome to.

[The Law | HR Support for Business](#)

## Calculating redundancy pay

One & a half weeks pay	Each full year of employment in which the employee is aged 41 & over
One week's pay	Each year of employment in which an employee is aged 22 to 40
Half a week's pay	Each full year of employment in which an employee is aged 21 & under
Maximum weekly pay	£479 (see above)
Maximum number of years	Last 20 full years worked

## Statutory Notice periods

**Employers:** Statutory minimum notice will override any contractual notice within an Employee's Contract of employment if greater.

In other words, whatever the contract may state, this is the minimum notice you must give to an Employee. The Statutory minimum notice is set out in the Employment Rights Act 1996 s 86(1) and is currently:

Continuous employment (in full years)	Min Statutory notice
Less than 2 years but at least one month	1 week
At least 2 but less than 3 years	2 weeks
At least 3 but less than 4 years	3 weeks
At least 4 but less than 5 years	4 weeks
At least 5 but less than 6 years	5 weeks
At least 6 but less than 7 years	6 weeks
At least 7 but less than 8 years	7 weeks
At least 8 but less than 9 years	8 weeks
At least 9 but less than 10 years	9 weeks
At least 10 but less than 11 years	10 weeks
At least 11 but less than 12 years	11 weeks
12 or more years	12 weeks

**Employees:** The statutory minimum notice to be given by an employee to an employer is set out in the Employment Rights Act 1996 s 86(2) and is:

Continuous employment	Min Statutory notice
At least one month	1 week

There is no increase with length of service, so it is important to include in your employment contracts if you have a business need for a longer notice period.

## I hope you have found this useful

If you have any queries, or you would just like to discuss a HR problem or issue within your business please give me a call [Contact us | HR Support for Business](#). My focus is that I will listen to what you need to achieve and help you find a practical and commercial solution.

I know cost is always an important issue for a small business so I offer an initial:

**Free 30 Minute no obligation telephone consultation**

So we can discuss your HR or health and safety issues and needs and how I may help

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