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Employers Facts & Stats update

Spring - Summer 2014



Hello, and welcome to our Spring and Summer Employers Facts & Stats update 2014.

I'm Carole Thomson and I founded HR Support for Business to give small and medium businesses access to a trusted HR Resource Centre when they need it. With so many changes in the world of Employment Law, it is a full time job just keeping up to date. I have therefore tried to provide you with a one stop overview of the key employment facts and statistics you will need when employing people.

National Minimum 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.

In brief, whether a person is considered school leaving age will be dependent on exactly when in the year they were born. It is always best to check.

The NMW is usually updated every October. The rates below were updated in October 2013 and currently apply. The rates will however increase in October 2014, for example the over 21 will increase to £6.50. We will publish the new rates in our Autumn/Winter update if you would like us to send you a copy just register here [HR Newsroom](#) | [HR Support for Business](#)

| | 21 & over | 18-20 | Under 18 | Apprentice* |
|--------------|-----------|-------|----------|-------------|
| Current rate | £6.31 | £5.03 | £3.72 | £2.68 |

**Important note: the apprentice rate is for those who are 16-18, and those who are 19 or over, but who are in their first year. Otherwise the apprentice would be entitled to the NMW for their age.*

The Government considers there is still widespread abuse by some employers. This is despite widespread knowledge of the NMW obligations on all employers (regardless of their size).

In response, any person found guilty of not paying the NMW is served a notice. The notice will state the arrears of NMW to be paid and, a financial penalty to be paid to the Secretary of State. This must be paid within 28 days.

The financial penalty is 100% of the total NMW underpayment and subject to a minimum £100 and a maximum £20,000 penalty. Penalties will be reduced by 50% if complied with within 14 days.

However, within the recent Small Business, Enterprise and Employment Bill (25th June 2014), the maximum penalty of £20,000 will now apply on a 'per worker' basis rather than per employer basis.

This could quite simply put a small business out of business. A very high risk strategy for any business to take.

Statutory payments rise

From 6th April 2014

- Statutory Sick pay is £87.55 per week.

You are now no longer be able to recover the cost of SSP from the HRMC (*prior to 6 April 2014 employers could reclaim SSP exceeding 13% of National Insurance contributions*).

- Statutory Maternity, Adoption, Paternity pay £138.18 per week, or 90% of average earnings, whichever is the lesser.
- Statutory Redundancy pay is £464 per week, or the employee's weekly pay, whichever is the lesser
- Maximum compensatory award for an unfair dismissal claim (where the effective date of termination falls on or after 6 April 2014) increased to £76,574 (or 52 weeks' gross pay if lower).

Statutory Notice periods

Qualifying periods

| | Compensation limits | Qualifying period | Time limits to bring a claim |
|-----------------------------------------|--------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|
| Unfair dismissal | The lower of £76,574 & annual salary (see above) | 2 years, 1 year if employed prior to 6 April 2012 | 3 months from the Effective Date of Termination (EDT) |
| 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 | £13,920 (30 weeks pay) | 2 years | 6 months from EDT |

It is important to note that this is now also subject to the new Compulsory pre-claim conciliation (see our [Latest Newsletter | HR Support for Business](#)) for more info.

Maternity, Adoption, Paternity and Parental Leave.

| | Qualifying period | Rate | Entitlement |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Statutory maternity (SMP) | 26 wks by the end of the 15 th wk before the expected birth date & average earnings of £109 per wk or above | 6 wks: 90% average earning then See above for current rate. Paid for 39 wks in total | All employees have the right to 26 wks Ordinary Maternity Leave followed immediately by 26 wks Additional Maternity Leave |
| Statutory Adoption (SAP) | 26 wks by the end of the week notified of 'match for adoption' – and earnings of £109 per week or above. | See above for current rate. Paid for 39 wks | All employees are entitled to 26 wks Ordinary Adoption Leave followed immediately by 26 wks Additional Adoption Leave. |
| Statutory Paternity pay | 26 wks by the end of 15 th wk before the expected wk of birth/match for adoption and average earnings of £109 or above | See above for current rate. From 3/4/11 Ordinary: 1 or 2 consecutive wks. Additional: 19 wks and 1 day. | <u>Ordinary Paternity leave</u> : to be completed within 56 days of birth/placement. <u>Additional Paternity leave</u> : to be completed between 20 wks and 12 months after birth/placement |
| Parental leave | 1 year | 18 wks unpaid leave for children (birth or adopted) under 5 or 18 if disabled. | All employees with parental responsibility. Leave must be taken in 1 wk blocks (disabled multiples of 1 day) Max 4 wks per annum Each parent has the right in respect of each child. |

Employers: Statutory minimum notice will override any contractual notice within an Employee's Terms and Conditions of Employment if greater. In other words, whatever the contract may state, below 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 currently is:

| 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 weeks | 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 |

As you can see, the statutory notice to be given by Employees to Employers does not increase with length of service.

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 | £464 (see above) |
| Maximum number of years | Last 20 full years worked |

Why not contact us: For a free 30 minute, no obligation HR Consultation to discuss your business needs.

 **HR Support for Business**

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