

28 October 2016

3HR Legal Weekly

Employment

Employment law changes – October 2016

We set out below the key changes and developments that employers need to be aware of.

National Minimum Wage

The new National Living Wage is now in effect. This raises the National Minimum Wage (NMW) to £7.20 per hour for workers aged 25 and over. The NMW for workers aged 21-24 is £6.95 and for 18-24 year olds it is £5.55. Under 18s are entitled to receive at least £4 per hour. If you haven't already, you should review your payroll to ensure that all staff are receiving the correct wage.

New whistleblowing rules in the financial services sector

Since 7 September 2016, the new whistleblowing rules published by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) have published new rules requiring firms in the financial services sector to put in place arrangements that allow their employees to raise concerns internally. The new rules also require firms to appoint a senior person to take responsibility for the effectiveness of these arrangements. The intention of the rules is to formalise the good practices already in place.

Modern slavery

Under the Modern Slavery Act 2015 introduced last October, it became a legal requirement for organisations with a global turnover of £36million or above to prepare a slavery and human trafficking statement for each financial year. Organisations whose financial year ended on 31 March 2016 were the first that needed to produce a statement. Their statements relating to the current year (2015-2016) are expected to be published no later than six months after the financial year end to which it relates (i.e. by 30 September 2016). If your company falls within the global turnover threshold and you have not already published your statement, please get in touch with us.

Gender pay gap

From April 2017, employers in the private and voluntary sector with 250 or more employees will be required to publish gender pay gap details highlighting the differences in gross pay and bonus payments between male and female employees.

Apprenticeship levy

Also from April 2017, a new electronic apprenticeship funding system will be introduced. This will apply to all employers who operate in the UK.

The funds held on the system are intended to cover the full cost of external training for apprentices in England and Wales and will be held in the employer's electronic account:

- Employers with an annual pay bill of less than £3 million will receive a credit from the government of £15,000 to their apprenticeship account, which can be used for training. For employers in this category, no levy will be payable, but they can use the credit in their apprenticeship account.
- Employers with an annual pay bill of more than £3 million must pay 0.5% of their gross pay bill to HM Revenue and Customs through PAYE (less a £15,000 allowance) – this is the apprenticeship levy. The 0.5% contribution the employer makes will be held in the employer's electronic apprenticeship account and will then be available to spend through the system.

All employers will need to use the funding in their accounts within 2 years, otherwise it will be lost.

Online tools for employers will be available via the digital apprenticeship service over the next year. You will be able to register to create your account from January 2017. Once you have registered, you'll need to verify your PAYE schemes and link them to your account. You will be able to use more than one account if you'd like to keep your schemes separate.

If you have any queries about the changes referred to above, or any employment law matter, please get in touch with us.

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