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Are You Ready for the National Living Wage?

This April, we saw the introduction of new National Minimum Wage rates, which included the Government's re-branded 'National Living Wage' for employees aged 25 and over.

Here's a rundown of what you need to know:

The Rates:

- £3.30 for an apprentice
- £3.87 for employees under 18
- £5.30 for employees aged 18-21
- £6.70 for employees aged 21-25
- £7.20 for employees aged 25 and over

The high-end rate of £7.20 has been aggressively rebranded by the Government as the National Living Wage since last year's Summer Budget. This is despite the fact that the figure does not actually match the true 2016 living wage.

Semantics notwithstanding, this year's rates mark the largest real-terms National Minimum Wage rise since 2007; something that will provide welcome relief to as many as six million low-earning workers across the country.

Looking further ahead, the Chancellor has stated that he plans for the high-end rate to rise to £9.00 per hour by 2020.

The rates rise may not be great news for everyone. The Office of Budget Responsibility predicted that the increases could lead to a loss of 60,000 jobs, and that

small and medium sized businesses in particular will struggle with the higher wage bills. In anticipation of this Osborne has promised to lower corporation tax to 18% by 2020 in a bid to secure industry support and help the creation of one million new jobs.

A Department for Business, Innovations and Skills survey from December found that 93% of employers believe that the new living wage will be positive. In addition, 83% of respondents agreed that it will improve employee loyalty and retention. It seems that despite the risks, the majority of businesses back the increase.

What you need to consider:

- The impact on payroll (outright costs and annual budgeting).
- The impact on recruitment policies.
- The effect on existing pay scales.
- Any potential employee relations issues.

The sanctions for employers that fail to meet the new minimum living wage requirements are also stricter than before. Underpaying employers now risk a fine of 200% of the arrears, facing criminal prosecutions, or even being disqualified from holding a directorship.



Mind the Gap – Gender Pay Reporting

Despite the Equal Pay Act 46 years ago, shockingly, women still earn on average over 19% less than men in Britain today. (CIPD, 2015).

In order to remove this inequality, the Government has now published draft Regulations (Equality Act (Gender Pay Gap Information) Regulations 2016) which are expected to come into force in October 2016.

The new Government regulations will apply to employers in the private and voluntary sector in England, Wales and Scotland with at least 250 employees as at April each year. (Public sector employers are currently excluded).

These organisations will have to publish five pieces of information annually on their websites, starting from April 2017. Employers will have a year to comply with this, which means the latest reporting is 30th April 2018, based on pay rates as at 30th April 2017.

Organisations will need to publish the following;

1. The Mean gender pay gap for the organisation which includes basic salary, bonus payments and allowances (excluding overtime pay).
2. The Median gender pay gap (as above)
3. The difference between the mean bonus payments paid to both men and women (over the previous 12 months)
4. The number of men and women that received a bonus over the previous 12 months
5. The number of men and women in each pay band

The regulations go some way to ensuring that the gender pay gap remains a hot topic. With regards to viewpoints of employees, a recent Business in the Community study (2015) concluded that 89% of employees said they would form a negative view of their employer if the gender pay gap was fairly large. Conversely, if the gap was reasonably small, 71% of employees would form a positive view towards their employer.

There are obvious connotations therefore with regards to talent management and attraction and retention. It would therefore be wise for employers to consider the implications of such reporting. However, the regulations will go only some way towards resolving the gender divide issues, more work needs to be done within education, government, employers and families to ensure the complexity of the problem is tackled in a multitude of ways to ensure longevity.

If you have received an equal pay claim, or need clarification on what this means for your business, please contact a member of our team.



Your Auto Enrolment Staging Date is Approaching

Pensions Auto Enrolment has been underway for some time now, and by the end of this year almost every business in the UK will have passed its staging date.

The last staging date is set for May 2017.

There are several stages to the Auto Enrolment process that you need to be aware of. You need to choose a relevant pension scheme, assess and enrol your staff, and give them the option to opt-out if they choose. You will also need to show that you are compliant after your staging date.

The Pensions Regulator can fine you a fixed amount of £400 and/or a fine of £500 per day for every day that you exceed your staging date – that can be as much as £7,000 for a two-week delay.

If you are an employer and you are still unsure of either your staging date, which of your employees are eligible, or what your responsibilities actually are then we advise getting in touch as soon as possible.

However, what if you know what you need to be doing but have no idea where to find a pensions provider? Again, we can help you out. We work closely with several pensions experts and will gladly help you to find a service that will be right for you.

HR Solutions is growing...

We would like to introduce you to the newest members of our team at HR Solutions:



Sheena Harris, HR Advisor

Sheena has joined our team to support our HR Consultants and Advice Line service. Over the course of her career Sheena has gained extensive experience in all aspects of HR, which she brings with her to help us support our growing client base. Sheena brings with her a degree in Psychology and a Masters in HR management.



Kirsti McGhee, Payroll Administrator

Kirsti has joined our team to support our outsourced Payroll function for our ever expanding client base. She brings with her several years' experience of running numerous payrolls.



Samantha Duell, HR Administrator

Samantha has joined our team to provide support to the HR Consultants, in relation to our HR Administration service, Recruitment and also support in the management of our clients on our HR Database system. Samantha brings with her a degree in HR, as well as several years HR Administration experience.



Nicola Gray, Finance Manager

Nicola has joined us to head up our Finance team. She will be streamlining our invoice process to clients as well as looking at various finance procedures and making improvements where necessary.

Nicola joins us from a career in larger organisations, which we feel will help us in our continued growth.

We are still looking for further HR Consultants and Advisors to join our growing team, so if you know of anyone who might be interested, then please encourage them to make contact.

Don't Let Age be a Boundary Within Your Workforce

As employers we should be used to having no fixed retirement age by now. We should have broadened our mind that people are living longer and either wanting or needing to work for longer. However it is accepted that even still there are plenty of struggling small to medium enterprises that have had, and are still contemplating, cost cutting measures. Some of these measures have been to try and amicably end the working life of those in their late 60's and 70's. This article is a reminder not to view all those in their later years as those who should now move on.

For those that continue in your employment at this stage in their life, we promote utilising their strengths and upskilling them where necessary. You might find that through the recession and beyond that you haven't been able to afford to upskill your employees and instead had to concentrate on keeping the business afloat. We would recommend that you now find the time to identify any individual training needs through supervisions and appraisals and, where a need is identified, arrange for the employee to work with another skilled person or if part of a team, organise 'buddies' so that employees can learn skills from each other whilst working. If employees are working with technology, e-learning may also be a relatively cheap method of training.

You don't have to pay huge amounts of money for training if you can do it in-house. There are advantages and disadvantages to both methods of training. External courses can provide excellent, professional coaching by experienced trainers; but they can be expensive if you don't find the right supplier who you would want to tailor the courses specifically to the needs of your employees being trained. Internal courses can be tailored to your requirements of course. Either way they should reinforce your own culture, standards, policies and documentation. However if done in-house you need to ensure that your trainer is sufficiently skilled. A compromise may be to plan a course in-house covering all the elements that the business requires

and ask an external trainer to deliver specific parts to your requirements, on site. This may be cheaper and more convenient than everybody attending an external event.

By 2021, 23% of the population will be aged over 65. The overall population of the UK is ageing and the relative proportion of those aged over 65 is increasing. It is predicted that by 2020, a third of all workers will be aged over 50; in 2015 this figure was one in four; it was one in five in 1992.

To be successful in an increasingly competitive market place, organisations need to attract and retain valuable employees and develop the talents of all their employees no matter their age, gender, sexual preference, disability and so forth. We obviously need to recognise that not everyone will jump at the chance of upskilling, but also that we shouldn't assume that they wouldn't be interested.

Age is a poor predictor of performance and it is misleading to equate physical and mental ability with age. Moreover, differences in absenteeism between age groups are slight.

Ageism lowers morale, reduces the pool of candidates available, and makes bad business sense. Therefore embrace the diversity of your workforce, and if your older employees need upskilling do not be afraid to invest in them.

In need of upskilling your employees? Perhaps you need to implement a fair appraisal system? Or maybe you are concerned that your senior management team need a refresher on age discrimination. We run HR Skills and People Management development courses. We can also develop bespoke training courses. Speak to us directly to discuss your business requirements on 0844 324 5840 or contact us online.

Questions and Answers

Q My Managing Director has told me that I need to publish male and female salaries each year, is that right? We only have 50 employees.

A Your Managing Director is abreast of recent changes with the introduction of the Small Business Enterprise and Employment Act 2015 which has placed a responsibility on some organisations to report on the Gender Pay Gap. However, this only applies to private and voluntary sector employers with 250 or more employees, so as you have 50 employees you don't have to do this. It is however good practice to review your roles and salaries of male and female employees, as if there is an unusual imbalance then it could be affected morale.

Q We supply several products to major supermarkets across the UK and we have been asked to provide a statement on Modern Slavery, can they make us do this?

A This is quite a common approach when our clients supply to larger organisations, as the larger organisation will have to make their own Modern Slavery Statement, so they need to address any issues in their supply chain. Currently, it only affects organisations whose turnover is in excess of £36million.

Many larger organisations already make their supply chain provide copies of internal policies, and as they have to comply with wider legislation any entity that supplies to them is likely to have to commit to the same practices in order to continue to trade with them.

This therefore really come down to a commercial decision, as to whether or not you wish to trade with these organisations, or not.



Client Survey

In April we will be launching our annual client survey, so please keep an eye out on your inbox. We value all client feedback, and would encourage you to be honest with your feedback so that it allows us to continue to improve our service.

If you have any feedback that you wish to raise outside of the survey, then you can always contact your HR Consultant or one of the Directors directly.



Employment Law Seminars (2016)

In April and May we are running our Employment Law Seminar in Kettering and London. If you would like to find out more, or wish to attend then please email your HR Consultant directly, or contact Hannah Patel on 0844 324 5847.



Right to work checks

There have been a number of changes to the rules regarding visas and biometric identity information and the introduction of a new NHS surcharge for migrant workers. Employers who offer accommodation to employees will have to record that they have made the appropriate checks of their right to be in the UK, including any family members living with them. Ensure that you check and record the right to work and live in the UK of all of your employees and any tenants.

Holiday pay

Holiday should be paid at "normal pay". This may include commission, overtime (compulsory and voluntary) and any other regular payments, such as shift allowances. The European ruling applies to the basic 4 weeks' statutory holiday under the Working Time Directive, not the additional 1.6 weeks' statutory holiday under the Working Time Regulations.

Zero hours contracts

Exclusivity clauses in zero hours contracts are now unenforceable. As from 11 January 2016, the Exclusivity Terms in Zero Hours Contracts (Redress) Regulations 2015 enable workers who are dismissed or subjected to a detriment for failing to comply with an exclusivity clause to claim automatic unfair dismissal, without the need to have two years' service.

Modern slavery statements

From 30 March 2016, organisations with a turnover of £36m or more carrying out business in the UK (wherever incorporated) and supplying goods and services, are required to produce an annual modern slavery statement, setting out the steps they have taken to ensure that there is no modern slavery in their supply chains. If this applies to you, assess the risks and, where appropriate, put in place policies, training, due diligence processes and measure their effectiveness.

Financial penalties for failure to pay tribunal awards

From 1 April 2016, employers who fail to pay employment tribunal awards (or amounts due under a COT3 settlement agreement) will be issued with a warning notice requiring the relevant sum to be paid by a specified date. If the employer fails to pay, a penalty notice of 50% of the outstanding amount will be issued, subject to a minimum penalty of £100 and a maximum of £5,000. This is payable to the Government, not the individual.

Note: this is separate to the tribunals ability (from April 2014) to increase a tribunal award by up to 50% where there are 'aggravating features'.

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