

Payroll, HR & Employment Update 2024

Thursday 8th February 2024



Streets Chartered Accountants



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Payroll - A topical update and refresher

Theresa Waddingham
Associate Partner

Agenda

- Holiday pay and entitlement reforms from 1/1/2024
- Carers Leave/Paternity pay/Flexible working
- National Minimum Wage/Living Wage
- The True Cost of Pay Rises
- NI/Tax/Statutory Payments 2024
- Outsourcing Payroll
- Changes on the horizon

Holiday pay and entitlement reforms from 1/1/2024

- Irregular/Part-Year workers
- What has changed
- When does it apply
- Rolled up holiday pay choice
- Employer obligations

Carers Leave/Paternity pay/Flexible working

- Carers Leave employees entitlement
- Paternity leave and pay changes
- Flexible working and impact on payroll
- Other considerations

National Minimum Wage / Living Wage

Anyone who is employed as an employee or worker must get the National Minimum Wage or National Living Wage.

It does not matter how small an employer is, they still have to pay the correct minimum wage.

HMRC can issue notice to pay backdated 6 years, issue fine up to £20,000, take legal action including criminal legal proceedings, name and shame.

Use the [National Minimum Wage calculator](#) to check if you're paying a worker the National Minimum Wage or if you owe them payments from past years.

National Minimum Wage / Living Wage

These rates apply from 1 April 2024

Category of worker	Hourly Rate
Aged 21 and above (national living wage rate)	£11.44
Aged 18 to 20 inclusive	£8.60
Aged under 18 (but above compulsory school leaving age)	£6.40
Apprentices aged under 19	£6.40
Apprentices aged 19 and over, but in the first year of their apprenticeship	£6.40

NMW effect on a FTE annual salary

Illustration based on 37.5 hour week as follows:

- | | | |
|----------------------------|---------|-------------------------------------|
| • Aged 21 and over | £22,308 | Increase for 21 – 22 years of 12.4% |
| | | Increase for 23 and over of 9.8% |
| • Aged 18 to 20 | £16,770 | Increase of 14.80% |
| • School leaving age to 18 | £12,480 | Increase of 21.2% |
| • Apprentice | £12,480 | Increase of 21.2% |

The True Cost of Pay Rises

- Employer National Insurance
- Employer Pension Contributions
- Employee Benefits
- Statutory Payments to eligible employees
- What should employers do?

Statutory Rates

Type of payment or recovery	2023 to 2024 rate
SMP – weekly rate for first 6 weeks	90% of the employee’s average weekly earnings
SMP – weekly rate for remaining weeks	£184.03 or 90% of the employee’s average weekly earnings, whichever is lower
Statutory Paternity Pay (SPP) – weekly rate	£184.03 or 90% of the employee’s average weekly earnings, whichever is lower
Statutory Adoption Pay (SAP) – weekly rate for first 6 weeks	90% of employee’s average weekly earnings
SAP – weekly rate for remaining weeks	£184.03. or 90% of the employee’s average weekly earnings, whichever is lower
Statutory Shared Parental Pay (ShPP) – weekly rate	£184.03 or 90% of the employee’s average weekly earnings, whichever is lower
Statutory Parental Bereavement Pay (SPBP) – weekly rate	£184.03 or 90% of the employee’s average weekly earnings, whichever is lower
SMP, SPP, ShPP, SAP or SPBP – proportion of your payments you can <u>recover from HMRC</u>	92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year 103% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower
SSP	£116.75 per week

Student Loan Plans

Rate or threshold	2024 to 2025 rate
Employee earnings threshold for student loan plan 1	£24,990 per year
Employee earnings threshold for student loan plan 2	£27,295 per year
Employee earnings threshold for student loan plan 4	£31,395 per year
Student loan deductions	9%
Employee earnings threshold for postgraduate loan	£21,000 per year
Postgraduate loan deductions	6%

Start of the New Tax Year – what to think about

Employment Allowance

- Are you still entitled to claim it? Have you become eligible to claim it?
- Has your class 1 NIC increased over the £100,000 threshold for the last tax year? Has it decreased from the £100,000 threshold?
- Have you claimed de minimis state aid that could affect your claim?
- Have you become part of a group structure where the allowance is being claimed elsewhere? Has the group dissolved/shareholders changed so now become eligible to claim on each company?

Start of the New Tax Year – what to think about

Small Employers Relief

- Has your Class 1 increased above £45,000 in the last tax year and therefore you can no longer claim? Or have you reduced and now can claim?

Apprenticeship Levy

- Has your paybill for the last tax year increased over £3 million? (Earnings subject to employer Class 1 secondary NI) If so you have to pay apprenticeship levy. Or has your paybill reduced so that you are no longer subject to it?
- Have you become part of a group that has a combined annual paybill over £3 million? Rules on connected companies for NIC can be quite complex. £15,000 allowance can be divided between PAYE schemes.

Outsourcing Payroll

- Is there only one person who can process payroll?
- Do you worry about what would happen if that person was not able to fulfill their role?
- Can others access the payroll software, make the salary payments, process the employee pension contributions?
- Is the cost of one employee to the company equal to the cost of outsourcing?
- What to do next

Changes on the horizon

- 2025 – Change to data HMRC collects
- 2026 - Student Loan Plan 5
- 2026 – Rise in state pension age
- 2026 - Pay Transparency Directive
- 2026 – Mandating Payrolling Benefits in Kind

Payroll Team Who's Who – contact details

- Generic email address for all queries: payroll@streets.uk
- Direct Line number: 0345 099 7299/01522 551230

- Associate Partner : Theresa Waddingham, theresa.waddingham@streets.uk, 07702213334
- Payroll Senior Manager: Irina Lodge
- Payroll Manager: Helen Greenwood
- Pension Payroll Officer: Rachel Yau
- Payroll Assistants: Rachael Lewis, Jo Satchell, Becky Cook, Holly Dingwall, Chantal Munster, Hannah Browning, Tatjana Matveicuka, Colin Lewis

2024 - What's on the minds of employers?

Anita Wynne, Director



Legislative Changes - 2024

- ◆ Equality Act 2010 (Amendment) Regulations 2023
- ◆ Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023
 - ◆ Working Time Regulations - holiday pay
 - ◆ TUPE
- ◆ Employment Relations (Flexible Working) Act 2023
- ◆ Paternity Leave (Amendments) Regulations 2024
- ◆ Carer's Leave Act 2023
- ◆ Protection from Redundancy (Pregnancy and Family Leave) Act 2023
- ◆ Workers (Predictable Terms and Conditions) Act 2023
- ◆ Worker Protection (Amendment of Equality Act 2010) Act 2023



Legislation Changes - Equality Act 2010 (Amendment) Regulations 2023

1 January 2024

- ◆ Direct discrimination
- ◆ Indirect discrimination by association
- ◆ Disability definition
- ◆ Sex discrimination
- ◆ Equal pay



Legislation Changes - Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023

1 January 2024

- ◆ TUPE
 - ◆ Employee Representative
- ◆ Working Time Directive
- ◆ Holiday
 - ◆ Irregular hours and part-year workers holiday entitlement
 - ◆ Carryover of leave
 - ◆ Holiday pay rates
 - ◆ Rolled-up holiday pay



Legislation Changes - Employment Relations (Flexible Working) Act 2023

6 April 2024

- ◆ First day right
- ◆ Employees may make 2 requests within a 12-month period
- ◆ Employers have 2 months in which to address the request and handle any appeal.
- ◆ Requests cannot be rejected without the employer meeting the employee
- ◆ Outcome must be confirmed in writing and requests can only be rejected if there is a genuine business reason set out in law



Legislation Changes – Paternity Leave (Amendment) Regulations 2024

8 March 2024 – children born or placed from 6 April 2024

- ◆ Split the 2 weeks of Paternity Leave into two separate week-long blocks.
- ◆ Paternity Leave can be taken at any point in the 12 months following birth or placement
- ◆ Notice of intention to take Paternity Leave is reduced to 28 days before the intended period of leave
- ◆ Dates of Paternity Leave can be varied by giving 28 days' notice.



Legislation Changes – Carer’s Leave Act 2023

6 April 2024

- ◆ Day one right
- ◆ Unpaid carers entitled to 5 days of statutory unpaid leave every 12 months
- ◆ Leave may be taken in half days, full days or in blocks
- ◆ The required notice period is either twice as many days as the period of leave required, or three days, whichever is the greater.



Legislation Changes – Protection from Redundancy (Pregnancy and Family Leave) Act 2023

6 April 2024

- ◆ **Pregnant Employees**

- ◆ Prioritised for redeployment in redundancy scenarios from when they inform employers of pregnancy until 18 months after the birth
- ◆ For those suffering miscarriage, the protection is from when they inform employers of pregnancy until two weeks after the loss

- ◆ **Adoption Leave**

- ◆ Prioritised for redeployment in redundancy scenarios from when they inform employers of pregnancy until 18 months after the date of the placement

- ◆ **Shared Parental Leave**

- ◆ Where shared leave is six consecutive weeks or more, prioritised for redeployment in redundancy scenarios for 18 months after the date of birth



Legislation Changes – Workers (Predictable Terms and Conditions) Act 2023

September 2024

- ◆ The right for workers, employees and agency staff to request a predictable working pattern
- ◆ Minimum service requirement of 26 weeks
- ◆ Two requests in each 12-month period
- ◆ Protection against detrimental treatment and victimisation for making a request,
- ◆ Awaiting further guidance



Legislation Changes – Worker Protection (Amendment of Equality Act 2010) Act 2023

26 October 2024

- ◆ Duty placed on employers to take measures to stop or prevent sexual harassment
- ◆ Employees can complain directly to the Equality and Human Rights Commission without having to make a complaint internally
- ◆ Employers must be able to explain and evidence measures taken to prevent sexual harassment
- ◆ ET compensation can be lifted by 25%



Legislation Changes – what do I need to do?

- ◆ For changes to holiday arrangements specifically:
 - ◆ Review contracts
 - ◆ Review payroll capability
 - ◆ Consult and agree with your staff
- ◆ Review handbook, policies, processes
- ◆ Train managers or increase awareness
- ◆ For changes to sexual harassment provision specifically:
 - ◆ Review training and guidance
 - ◆ Consider ways of making reporting incidents easier
 - ◆ Review communication and awareness of the issue.



Other 'topical' challenges

- ◆ Hybrid working
- ◆ Salary and pay trends
- ◆ Wellbeing
- ◆ Inter-generational challenges



Hybrid Working

- ◆ 83% of organisations have hybrid working in place - 45% have a formal policy, 24% take an informal approach.
- ◆ 52% require hybrid working employees to be in the workplace for a minimum number of days in the working week/month
- ◆ Employees are most likely to be required in the workplace for two (35%) or three (33%) days a week.
- ◆ 20% of organisations are seeking to put in place additional measures or investment to enable more hybrid or homeworking in the next six to 12 months.
- ◆ Organisations are looking to implement a range of measures of support – most notably making their offices more collaborative spaces (44%), a greater investment in the quality (40%) and quantity (40%) of technology, and more line manager training (38%).

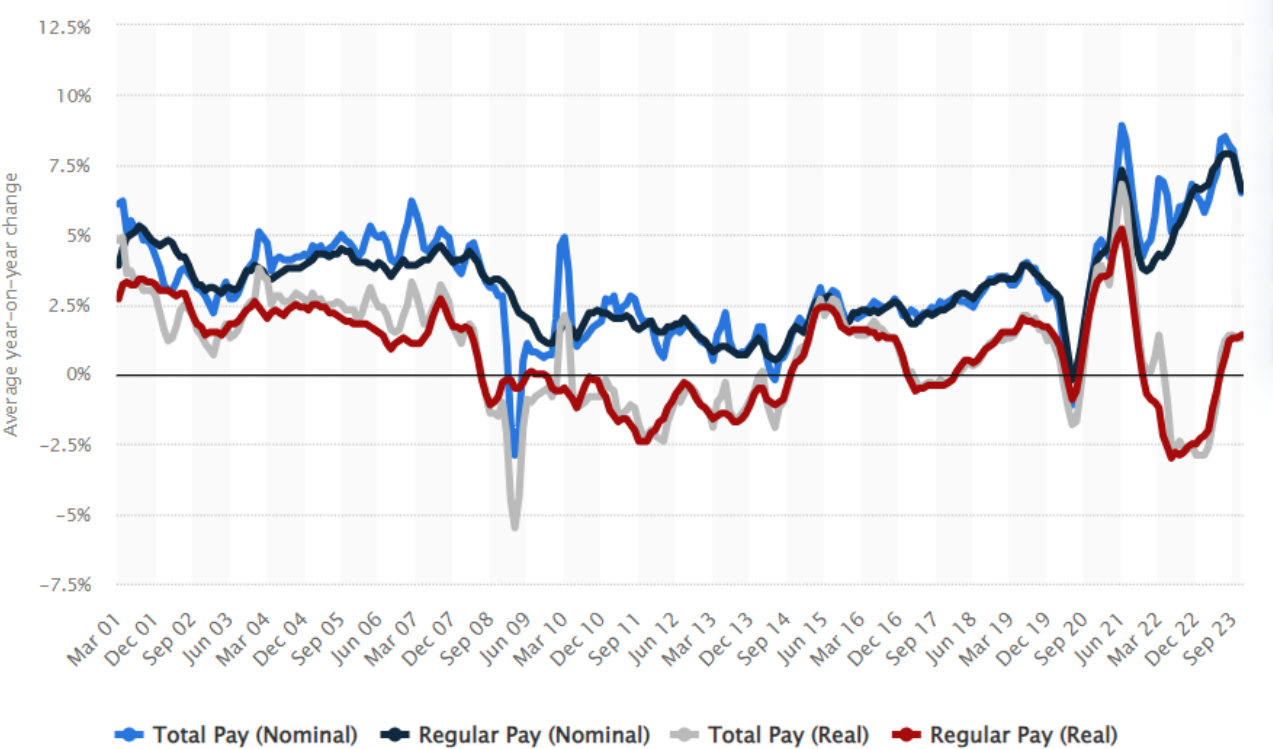
CIPD – Flexible and Hybrid Working Practices in 2023 Survey



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Salary Trends

Average year-on-year growth of weekly earnings in the UK








Wellbeing



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Multi-generational workplace

Traditionals	Baby Boomers	Generation X	Generation Y (Millennials)	Generation Z (Digital Natives)
DOB: 1900–1945	DOB: 1946–1964	DOB: 1965–1980	DOB: 1981–1996	DOB: 1997–2015
<ul style="list-style-type: none">• Loyal to the company• Dedicated• Disciplined• Job for life• Retiring later	<ul style="list-style-type: none">• Dedicated to work• Optimistic• Committed• Team orientated• Experimental	<ul style="list-style-type: none">• Open-minded• Appreciate diversity• Work–life balance• Competitive• Entrepreneurial• Independent	<ul style="list-style-type: none">• Career determined by switching roles often• Keen on mobility• Socially vocal• Tech-savvy• Immediacy	<ul style="list-style-type: none">• Critical and selective• Career multitaskers• Technology is intuitive• High expectations• Coached, not managed
				



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Any Questions?



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