

Employment Law Factsheet 2021

Is your business ready for the employment law changes coming in April?

It may not have been top of your agenda so far, but now's the time to understand if any of the upcoming employment law changes will impact your business. Read on to find out what new legislation is coming and how you can make sure your business is prepared.

Changes in effect from April 2021:

1. Expansion of IR35 into the private sector.

From 6th April 2021 IR35 legislation will be extended to the private sector. IR35 legislation aims to ensure contractors are paying the correct amount of tax. Previously, it was the responsibility of the contractor to determine their own status for tax purposes. From 6th April 2021, this responsibility falls upon the business employing them.

This legislation will only affect medium to large businesses where the following applies:

- Have more than 50 employees
- More than £10.2 million annual turnover
- More than £5.1 million balance sheet worth

Further guidance can be found on the [Government website](#)

2. National Minimum Wage/National Living Wage.

Hourly rates for both National Minimum Wage and National Living Wage will increase as follows:

- National Living Wage for workers aged 23 and over: £8.91 (from £8.72)
- National Minimum Wage for workers aged 21-22: £8.36 (from £8.20)
- National Minimum Wage for workers aged 18-20: £6.56 (from £6.45)
- National Minimum Wage for school leavers under 18: £4.62 (from £4.55)
- Apprentice Minimum Wage: £4.30 (from £4.15)

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3. Changes to Statutory Sick Pay and Family Leave Pay.

Statutory Family Leave payments all increase from £151.20 to £151.97 from 4th April 2021 and Statutory Sick Pay (SSP) increases from £95.85 to £96.35.

Statutory Sick Pay is applicable to employees who earn an average of £120 minimum a week and have been unwell for at least four days in a row.

The Government has published the Coronavirus Bill which states that Statutory Sick Pay (SSP) from day one will be retrospectively applied back to 13th March 2020 for those who are off sick with COVID-19 or its symptoms for four consecutive days.

4. Increase to the maximum level of employment tribunal compensation awards.

The rate of some compensation awards as a result of employment tribunals has increased, meaning higher financial risk for employers. It does not cost an employee to raise an employment claim.

The maximum weeks' pay for redundancy pay will increase from £538 to £544. For the purpose of tribunal claims the basic award for maximum statutory redundancy pay and unfair dismissal basic award pay will now both be £16,320.

Unfair dismissal claims maximum awards have also increased to £89,493. The compensatory award is to compensate the former employee for any past and future pay lost due to the dismissal.

These increases make it more important than ever before to ensure you are handling the dismissal of your staff legally and justifiably.

The HR Dept offers specialist HR support for business owners like you. We are trusted by over 6,000 SMEs across the UK. Our nationwide network of 70 director-level HR experts ensures a local and personal approach to everything we do.

We offer a FREE initial review where we get to understand your business and provide advice about where we can help. We work flexibly with our customers. You can use us on a one-off, ad hoc basis. Or we offer the peace of mind of our unlimited monthly Advice Line, which is backed by employment tribunal insurance, to protect your business. We leave the choice to you.

If you have any questions about the upcoming changes in April, or would like us to review your contracts, so we can help ensure your business is HR ready, don't hesitate to get in touch.

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