



September 2016

## In the Pipeline

### A Guide to Future Employment Law

| Date                                       | Topic            | Practical Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 2012 to February 2018              | Pensions         | <ul style="list-style-type: none"> <li>All employers are required to enrol their UK workers automatically into an occupational or personal pension scheme. This is being phased in, having started with the largest employers in October 2012 and affecting all employers by the end of a "staging" period ending in February 2018. Workers can opt out of membership once enrolled, but may not be incentivised to do so. Every three years, employers must re-enrol eligible workers who have chosen to leave the scheme.</li> <li>For workers aged at least 22 with earnings over £10,000 per annum employers have to: <ul style="list-style-type: none"> <li>contribute at least 3% of their gross earnings between £5,824 and £43,000 - these compulsory contributions are being phased in, currently at 1% and increasing to 2% in 2018 and 3% in 2019, or</li> <li>offer a suitable defined benefit scheme, or</li> <li>make alternative contribution arrangements satisfying certain minimum requirements.</li> </ul> </li> <li>Employers can delay enrolment of new workers until they have been employed for three months, although the worker can choose to opt in earlier.</li> <li>There are some limited exceptions to the requirement to enrol, including for workers serving their notice periods, individuals with certain lifetime allowance protections, and company directors.</li> </ul> |
| From 31 March to 30 September 2016 onwards | Slavery          | <ul style="list-style-type: none"> <li>Under the Modern Slavery Act 2015, organisations with a turnover of at least £36m per year are required to publish an annual slavery and human trafficking statement. The statement must set out the steps the organisation has taken to ensure its business and supply chain are slavery free.</li> <li>Organisations must publish their annual slavery and human trafficking statement in respect of all financial years ending on or after 31 March 2016. Statements should be published within six months of each financial year end, so the first statements would have to be published by 30 September 2016.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Early 2017                                 | Childcare Scheme | <ul style="list-style-type: none"> <li>The Government is introducing a new tax free childcare scheme to replace the current employer supported childcare voucher scheme. The new scheme will allow working families to claim 20% of</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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|                    |                                                       | <p>childcare costs for children under five (later to be extended to children under 12) up to a maximum of £2,000 per child each year.</p> <ul style="list-style-type: none"> <li>• Unlike the current childcare voucher scheme, the new scheme will not depend on participation by employers, as it will be open to all eligible working couples, where both parents are employed or self-employed and neither parent is an additional rate taxpayer.</li> <li>• Existing childcare voucher schemes will be closed to new joiners once the new scheme is in place. Any employee who is already a member of a childcare voucher scheme will be able to choose whether to stay within that scheme or join the new tax free childcare scheme instead.</li> </ul>                                                                        |
| <b>April 2017</b>  | <b>Equal Pay</b>                                      | <ul style="list-style-type: none"> <li>• Employers with 250 or more employees will be required to publish information on the gender pay gap in their organisation. The draft regulations will require employers to publish, on their website annually, the mean (average) and median (mid-point in the data) difference between male and female pay, as well as the mean difference between bonuses received by male and female employees.</li> <li>• Employers will be required to start reporting from April 2018 at the latest, in respect of pay data covering the period from April 2016 to April 2017.</li> <li>• The Government intends to "name and shame" employers who fail to comply. There is no proposal at this stage for any civil or criminal penalty.</li> </ul>                                                    |
| <b>April 2017</b>  | <b>Apprenticeships</b>                                | <ul style="list-style-type: none"> <li>• Employers will be required to pay an apprenticeship levy of 0.5% of the amount by which their pay bill exceeds £3million.</li> <li>• All employers will be able to access funding for apprenticeships, including those not required to pay the levy.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>April 2018</b>  | <b>Tax on Termination Payments</b>                    | <ul style="list-style-type: none"> <li>• Currently, notice payments are paid free of tax (up to £30,000) and National Insurance contributions where there is no payment in lieu of notice (PILON) clause in the contract.</li> <li>• From April 2018, all notice payments will be subject to income tax and NICs regardless of whether the contract contains a PILON clause. The £30,000 tax exemption will remain available for any termination payment over and above notice pay.</li> </ul>                                                                                                                                                                                                                                                                                                                                       |
| <b>25 May 2018</b> | <b>Data Protection</b>                                | <ul style="list-style-type: none"> <li>• A new EU regulation will make major changes to data protection law. The key changes will include: <ul style="list-style-type: none"> <li>- an increase in the maximum fine for breach of data protection law from the current £500,000 to up to £20million</li> <li>- consent to the processing of personal data will be more difficult to obtain and must be more clearly demonstrated</li> <li>- breaches of data protection law will have to be notified to the Information Commissioner within 24 hours</li> <li>- large employers may be required to have a permanent data protection officer.</li> </ul> </li> <li>• When the UK leaves the EU the regulation will not apply, but the UK may be required to put equivalent rules in place to trade with the single market.</li> </ul> |
| <b>2018</b>        | <b>Grandparental Leave</b>                            | <ul style="list-style-type: none"> <li>• The Government has announced proposals to extend shared parental leave and pay to working grandparents by 2018. The Government intends to consult on the details of this proposed leave before it is introduced.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>No date</b>     | <b>Employment Agencies</b>                            | <ul style="list-style-type: none"> <li>• Following a review of the Agency Worker Regulations 2010, the Government has announced that it will provide additional guidance for agencies on obtaining information from hirers so agencies can ensure that agency workers are being paid the correct rate.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>No date</b>     | <b>National Minimum Wage and National Living Wage</b> | <ul style="list-style-type: none"> <li>• The penalty for non-payment of the National Minimum Wage (NMW) and the National Living Wage (NLW) will increase from 100% of arrears to 200% of arrears (although the penalty will still be subject to a maximum of £20,000 per worker).</li> <li>• In addition, directors of a company which fails to pay the NMW or</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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|                |                     | NLW may be disqualified from being a company director for up to 15 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>No date</b> | <b>Trade Unions</b> | <ul style="list-style-type: none"><li>● The Government is introducing major reforms to trade union laws including:<ul style="list-style-type: none"><li>- a new turnout threshold for all strike ballots so that the ballot is only valid if at least 50% of those entitled to vote did vote (in addition to the current requirement for a majority of those voting to vote in favour)</li><li>- an additional requirement in certain public services (eg the health service) that the ballot is only valid if at least 40% of those entitled to vote voted in favour</li><li>- an increase in the notice of strike action the union is required to give the employer, from seven days to 14 days</li><li>- a new time limit of four months for taking strike action after the ballot, after which time a new ballot would be needed for further strike action.</li></ul></li><li>● The Trade Union Act received Royal Assent on 4 May 2016 but there is no date yet for when the changes will be introduced.</li><li>● In addition the Government consulted on a proposal to remove the current ban on employers hiring agency workers to cover for striking employees. The Government has not yet published its response to the consultation.</li></ul> |

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**If you have any queries on this edition of *In the Pipeline*, please contact any member of the Employment Department**

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