

## April 2018: Changes to Employment Law

Many key developments are geared up to take effect in 2018. Here are some of the main employment changes to be aware of. Unless otherwise stated, dates for implementation are as of 6<sup>th</sup> April.

### 1. EU General Data Protection Regulation

The introduction of the General Data Protection Regulation (GDPR), coming into effect on 25 May 2018, is set to be one of the most significant changes in employment law this year. The aim of the data protection overhaul is to have a consistent set of rules throughout the EU dealing with data protection. Though the UK is approaching Brexit, we will have a Data Protection Bill (to replace the current Data Protection Act 1998) which will preserve the GDPR in the UK once we have left the EU. If you have not got your head around the new rules yet, now is the time to do so as all employers will be expected to comply with various new obligations, including those relating to the processing of personal data and consent.

### 2. Gender pay gap reporting

Employers within the private and voluntary sector with over 250 employees will need to publish their first gender pay gap report by 4<sup>th</sup> April 2018; those employers within the public sector employing more than 250 employees will need to have their reports completed by 30<sup>th</sup> March 2018.

The data in these reports will be based on 2016-2017 and include the differences between male and female employees in mean pay, median pay, mean bonus pay and median bonus pay. The report also needs to cover the proportion of male and female employees, the pay quartiles of the company and the proportion of bonuses received by male and female employees. This report will then be published on the website of the organisation as well as a government website.

### 3. Termination payments

From April, all payments in lieu of notice, whether contractual or not, will be subject to income tax and National Insurance. This will be followed in April 2019 with any settlement sums over £30,000 being subject to employer National Insurance contributions, potentially making settlements with employees more expensive for employers.

### 4. National Minimum Wage (NMW) and National Living Wage (NLW) increases

In April 2018, the NMW and NLW rates will increase as follows.

The NLW for workers over the age of 25 will rise from £7.50 to £7.83.

The NMW for workers between the ages of 21 and 24 will increase from £7.05 to £7.38

For workers between 18 and 20 it will increase from £5.60 to £5.90

For workers between 16 and 17 years old it will increase from £4.05 to £4.20

For apprentices under the age of 19, it will increase from £3.50 to £3.70.

Employers should be ready to increase wages of those on the national limits in April.

Failure to pay the minimum wage may result in employers facing penalties of £20,000 per worker in addition to a potential ban on the employer's directors from acting in such a capacity for up to 15 years.

## 5. Statutory family pay amounts updated

The weekly amount for statutory family pay rates will increase to £145.18 on 1 April 2018. This rate will apply to maternity pay, adoption pay, paternity pay, shared parental pay and maternity allowance.

## 6. Statutory sick pay rises

The rate of statutory sick pay increases from £89.35 to £92.05 per week.

## 7. Employer contribution into a pensions auto-enrolment scheme increases

The Employers' Duties (Implementation) Regulations 2010 (SI 2010/4), as amended by the Employers' Duties (Implementation) (Amendment) Regulations 2016 (SI 2016/719), implement a planned increase in the minimum level of employer contribution into a pensions auto-enrolment scheme from 1% to 2%. A further planned increase to 3% will take effect in April 2019.

## 8. Pensions auto-enrolment earnings thresholds rise

The draft [Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2018](#) prescribes that the lower level of qualifying earnings for pensions auto-enrolment increases to £6,032 and the upper level of qualifying earnings increases to £46,350 for the tax year 2018/19. The earnings trigger for auto-enrolment remains unchanged at £10,000.

## 9. State pension rates increase

Implementation date: 9 April 2018

The draft [Social Security Benefits Up-rating Order 2018](#) increases the rates of certain social security benefits, including the single-tier and basic rate state pensions, which increase from £159.55 to £164.35 per week and from £122.30 to £125.95 per week respectively.

## 10. Employment tribunal award limits increase

The [Employment Rights \(Increase of Limits\) Order 2018 \(SI 2018/194\)](#) increases the limits applying to various tribunal awards and other amounts payable under employment legislation, including the maximum amount of a week's pay for the purpose of calculating the basic award for unfair dismissal and a redundancy payment, which increases to £508, and the maximum amount of the compensatory award for unfair dismissal, which increases to £83,682.

The order applies where the event that gives rise to the entitlement to the payment occurs on or after 6 April 2018.

## 11. Increases to income tax allowances and thresholds come into force

The personal income tax allowance increases to £11,850 and the higher rate tax threshold to £46,350, as announced in the [Autumn Budget 2017](#).

## 12. Brexit Preparations

There was recent relief from employers and workers when the Government's initial agreement with the European Commission was announced. The terms included in the agreement to protect the rights of EU citizens who currently reside in the UK to live, work or study in the UK following Brexit.

This announcement has provided employers with a huge amount of certainty so they are able to continue developing contingency plans for their business around Brexit; it is important to note that this agreement does not relate to the ability of new EU workers that chose to migrate to the UK for work after Brexit.

Confirmation is still being waited upon in regards to immigration arrangements following the exit from the EU; this is something that employers in sectors where considerable inflows of European workers are relied upon are closely watching for an update.

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