

HR Update

UPDATE

May 2016

NATIONAL LIVING WAGE FOR OVER 25S

Following the announcement by the Chancellor in his first Budget of the new Parliament in July 2015 that he intended to introduce a National Living Wage from April 2016, the time has come for all employees over the age of 25 to receive an increase in their wage to the new minimum of £7.20 per hour from 1 April 2016.

This is not to be confused with figures put forward by the Living Wage Foundation, who are campaigning for higher wages for everyone; this new rate of £7.20 will be the minimum wage per hour for all those over 25.

The National Minimum Wage will continue for all those under 25, and the Low Pay Commission has recently published recommendations, accepted by the Government, to increase the rates from 1 October 2016 to £6.95 per hour for those aged 21-24, to £5.55 for those aged 18-20, £4 per hour for those aged 16-17 and £3.40 for Apprentices.

GENDER PAY GAP REPORTING

The Government has recently ended consultation on the Equality Act 2010 (Gender Pay Gap Information) Regulations 2016 and it is anticipated they will come into force from 1 October 2016. Under the Equality Act 2010 public sector bodies with over 150 employees were required to publish annual details of their pay gap and ethnic minority and disability employment rates from 2011. However, outside the public sector, businesses were asked to undertake gender equality analysis and reporting on a voluntary basis, and as very few employers took this up, the Government announced in 2015 that they were moving to a compulsory approach.

The new regulations will apply to private and third sector employers who have 250+ employees as of 30 April 2017, and employers will have until 30 April 2018 to publish the required information for the first time. Employers will be required to publish details of the pay gaps on their websites, as well as uploading the information to a government website.

Employers will need to publish the following:

- The mean average of total female pay as a percentage of total male pay
- The median total female pay as a percentage of total male pay
- The mean average total female bonus pay as a percentage of total male bonus pay
- The number of male and female employees in each of four equal pay bands
- The proportion of males and females who receive bonus pay in each band

At present there will be no financial penalty for failure to comply but this may be introduced at a later date, depending on overall levels of compliance. However, the Government are hoping that the potentially negative publicity (and possible equal pay claims) that may result from poor figures being publically available may force employers to take the issue of the gender pay gap more seriously and take action to address the issue accordingly.

Employers who anticipate being over the 250+ cut off by 30 April 2017 should consider starting the audit process now as there is an opportunity to address any gender pay gaps at an early opportunity so that the published figures show a better gender pay position.

STATUTORY PAYMENTS AND LIMITS

With effect from 6 April 2016 a number of statutory payments will increase as follows:

- The maximum compensatory limit awarded for unfair dismissal increased from £78,335 to £78,962 or a maximum of 12 months salary, whichever is greater.
- The maximum amount of a week's pay for the purpose of calculating a statutory redundancy payment has also increased from £475 to £479.

DRESS CODE AT WORK

In recent press there has been discussions over the right dress code for women. A female agency worker turned up at work on her first day as a temporary receptionist for PwC in London, only to be told that her footwear was unsuitable because her shoes were flat. She was advised that the company dress code was that all female receptionists were required to wear shoes with heels between 2 and 4 inches. In this case, the employer required staff in that role to be the face of the company, to be the first person customers and clients saw, and to escort them to meeting rooms. The employer claims they had a legitimate reason as to why their staff needed to be impeccably dressed. For PwC, flat shoes (for ladies) are simply not considered suitably smart.

Organisations that have dress codes that are deemed to be 'reasonable', with employees given sufficient time to acquire clothing that complies with the requirements of the code, are entitled to enforce such rules – they may even be entitled to dismiss employees who are unable to comply, or simply refuse to. Employers can have dress codes that are set differently for men and women as long as there is an 'equivalent level of smartness' required in the same, or similar, roles.

When you're reviewing your existing dress code or setting a new one, it is wise to be mindful of the comfort as well as the smartness of your employees. If you absolutely want to enforce a requirement that differentiates between men and women, or could be contentious for some other reason, ask yourself: is it absolutely necessary? Is it reasonable? What real impact would it have if the rule were relaxed?

CONSULTATION ON GRANDPARENT LEAVE

In the March 2016 Budget the government announced that it would be launching a consultation in May 2016 on extending shared parental leave and pay to working grandparents. The consultation will also cover options for streamlining the shared parental leave and pay system, including simplifying the eligibility and notification requirements. The government is proposing to bring legislation into force by 2018 so watch this space!



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