

Employment Channel News Script – Is it 'all change' in pay?

Hello, you're watching Addleshaw Goddard's Employment Channel. It's great to be back after a short break in filming – and we've got plenty to talk about!

In today's programme, we take a look at the key changes in employment law taking place this month. Both the Gender Pay Gap Regulations and the Apprenticeship Levy come into force and there are changes to salary sacrifice arrangements, as well as the usual rate increases.

Gender Pay Gap Reporting

First up then, gender pay gap reporting. There's been plenty in the news about this recently –Schroders and Virgin Money have recently hit the headlines for publishing their gender pay gap data early in their latest annual reports. In a nutshell:

- All affected employers will need to gather and analyse their data on a snapshot date of 5 April each year - and then publicly report within 12 months of that date;
- So, the first snapshot date will be 5 April this year - and the first reporting date will be on (or before) 4 April 2018.

The first question to ask then is: Who's covered? Well, the rules apply to all private and voluntary sector employers with at least 250 employees on the 'snapshot date' – however long those employees have been employed. The obligation applies to each separate employing entity. So, although corporate groups may want to report on a group-wide basis, this won't take away from their obligation to report per entity.

Under the rules, an "employee" means all those employed under a contract of employment or apprenticeship or a contract personally to do work. This is going to include workers as well as employees (including some zero hours workers) and also some independent contractors who contract directly and provide their service personally. Agency workers and those contracting via a personal service company will generally be excluded – it'll depend who their contract of employment is with.

Even some employees working abroad may need to be counted if they have a "sufficiently strong connection" with Great Britain – a range of factors will need to be analysed in each individual case.

Next up then, what do you have to report on?

Well, there are 4 items:

- The GENDER PAY GAP between the **hourly** rates of pay of male and female full-pay relevant employees. This is calculated by reference to the specified pay period (typically weekly or monthly) falling in April each year and covers both mean and median hourly rates of pay;
- The GENDER BONUS GAP between bonus pay paid to male and female relevant employees, calculated over a specified 12-month period and covering both mean and median bonus pay;
- The % of male and female relevant employees receiving a bonus in a specified 12-month period; and
- The % of male and female full-pay relevant employees falling within four pay quartiles bands.

You may also be wondering when / where and how you need to publish.

When do you need to do this by?

Well, if you're caught, you'll just need to report by no later than 4 April 2018. Depending on the date you choose, you'll just need to report on the same date annually (although the calculations will always be tied to 5 April).

Where should you do it?

You'll just have to publish all of the information on your website and keep it there for 3 years - and send details of your compliance to a Government-sponsored website. Details of what's involved with that are expected shortly.

10-9957153-1

addleshawgoddard.com

Doha, Dubai, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

*a formal alliance with Hashidate Law Office

© 2015 Addleshaw Goddard LLP. All rights reserved. Extracts may be copied with prior permission and provided their source is acknowledged.

This document is for general information only. It is not legal advice and should not be acted or relied on as being so, accordingly Addleshaw Goddard disclaims any responsibility. It does not create a solicitor-client relationship between Addleshaw Goddard and any other person. Legal advice should be taken before applying any information in this document to any facts and circumstances.

Addleshaw Goddard is an international legal practice carried on by Addleshaw Goddard LLP (a limited liability partnership registered in England & Wales and authorised and regulated by the Solicitors Regulation Authority) and its affiliated undertakings. Addleshaw Goddard operates in the Dubai International Financial Centre through Addleshaw Goddard (Middle East) LLP (registered with and regulated by the DFSA), in the Qatar Financial Centre through Addleshaw Goddard (GCC) LLP (licensed by the QFCA), in Oman through Addleshaw Goddard (Middle East) LLP in association with Nasser Al Habsi & Saif Al Mamari Law Firm (licensed by the Oman Ministry of Justice) and in Hong Kong through Addleshaw Goddard (Hong Kong) LLP (a limited liability partnership registered in England & Wales and registered and regulated as a foreign law firm by the Law Society of Hong Kong) in association with Francis & Co. In Tokyo, legal services are offered through Addleshaw Goddard's formal alliance with Hashidate Law Office. A list of members/principals for each firm will be provided upon request.

The term partner refers to any individual who is a member of any Addleshaw Goddard entity or association or an employee or consultant with equivalent standing and qualifications.

If you prefer not to receive promotional material from us, please email us at unsubscribe@addleshawgoddard.com.

For further information please consult our website www.addleshawgoddard.com or www.aglaw.com.

Finally, how should you do it?

It's a good idea to think about whether you want to publish just what's required by the rules or whether you want to go a bit further and publish a narrative and action plan for closing any potential gender pay gap. There are some good reasons for going a bit further. You might want to try and put the figures into context and explain any steps in progress or planned initiatives to improve any gap. Finally, the information needs to be accompanied by a written statement signed by an appropriate person like a director (or someone similar) confirming that the information is accurate.

If all this sounds too much, you might be wondering what happens if you don't do it?

Well, whilst employers **won't be subject to any civil or criminal penalties** if they fail to comply, the Government has said that this'll **be kept under review** as they monitor compliance from employers. They've also said (or warned!) that they'll be conducting periodic spot checks to assess for non-compliance - and will name and shame employers who fail to report. So, if you fail to report and this comes to light, you run the risk of negative press attention / PR.

So, in terms of next steps, it's a good idea to start by establishing who is going to have ownership of the process (and whether they need any training) and check that you've got the systems in place to extract the data. You could think about doing a dry run so that you can analyse the results and consider any remedial steps that you could take. Finally, it'll be vital to have a good communications strategy in place – both internal and external – to run alongside the reporting exercise.

If you need any help with the mechanics of what to report, how to gather the data or training in relation to any of the more tricky issues, please get in touch – these are all things that we can help you with.

The Apprenticeship Levy

Next up, the new Apprenticeship Levy. Now, I thought I'd better mention this because, according to City and Guilds, 33% of UK employers eligible to pay it still don't know about it! Also coming into effect on 6 April, UK

10-9957153-1

addleshawgoddard.com

Doha, Dubai, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

*a formal alliance with Hashidate Law Office

© 2015 Addleshaw Goddard LLP. All rights reserved. Extracts may be copied with prior permission and provided their source is acknowledged.

This document is for general information only. It is not legal advice and should not be acted or relied on as being so, accordingly Addleshaw Goddard disclaims any responsibility. It does not create a solicitor-client relationship between Addleshaw Goddard and any other person. Legal advice should be taken before applying any information in this document to any facts and circumstances.

Addleshaw Goddard is an international legal practice carried on by Addleshaw Goddard LLP (a limited liability partnership registered in England & Wales and authorised and regulated by the Solicitors Regulation Authority) and its affiliated undertakings. Addleshaw Goddard operates in the Dubai International Financial Centre through Addleshaw Goddard (Middle East) LLP (registered with and regulated by the DFSA), in the Qatar Financial Centre through Addleshaw Goddard (GCC) LLP (licensed by the QFCA), in Oman through Addleshaw Goddard (Middle East) LLP in association with Nasser Al Habsi & Saif Al Mamari Law Firm (licensed by the Oman Ministry of Justice) and in Hong Kong through Addleshaw Goddard (Hong Kong) LLP (a limited liability partnership registered in England & Wales and registered and regulated as a foreign law firm by the Law Society of Hong Kong) in association with Francis & Co. In Tokyo, legal services are offered through Addleshaw Goddard's formal alliance with Hashidate Law Office. A list of members/principals for each firm will be provided upon request.

The term partner refers to any individual who is a member of any Addleshaw Goddard entity or association or an employee or consultant with equivalent standing and qualifications.

If you prefer not to receive promotional material from us, please email us at unsubscribe@addleshawgoddard.com.

For further information please consult our website www.addleshawgoddard.com or www.aglaw.com.

employers with an annual pay bill over £3 million will have to pay 0.5% of that annual pay bill towards the cost of apprenticeship training. The Levy's payable to HMRC monthly through the PAYE process - alongside income tax and NI. It's all part of the Government's initiative to fund 3 million new apprenticeships by 2020.

If you're thinking "this doesn't sound very good - what's in it for me", well, employers who are required to pay the Levy will receive an annual allowance of £15,000 to offset against the cost of apprenticeship training, assessment and certification from approved providers.

We've produced a flyer with a bit more detail about the Levy which is in the supporting materials to this programme – we hope this answers any questions you have may have. If not though, please just give us a call!

Reforms to salary sacrifice

Finally, reforms to salary sacrifice are also coming into effect on 6 April, meaning that most salary sacrifice schemes will be subject to tax in the same way as cash income. The only exemptions are pensions, pensions advice, childcare, cycle-to-work and ultra-low emission cars. Otherwise, arrangements in place before 6 April 2017 will be protected until 5 April 2018 (or, if they involve cars, accommodation or school fees for a bit longer until 5 April 2021). In all cases though, any protection only applies until the arrangement ends, changes, is modified or due for renewal at an earlier date.

Before I go, I should just mention that the rates for National Living and Minimum Wage, statutory rates for family and sick pay have all increased, as has the maximum amount for employment tribunal awards. The new rates and awards are all on screen now.

That's all for today from Addleshaw Goddard's Employment Channel! It's good to be back, thank you for watching, and see you next time.

10-9957153-1

addleshawgoddard.com

Doha, Dubai, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

*a formal alliance with Hashidate Law Office

© 2015 Addleshaw Goddard LLP. All rights reserved. Extracts may be copied with prior permission and provided their source is acknowledged.

This document is for general information only. It is not legal advice and should not be acted or relied on as being so, accordingly Addleshaw Goddard disclaims any responsibility. It does not create a solicitor-client relationship between Addleshaw Goddard and any other person. Legal advice should be taken before applying any information in this document to any facts and circumstances.

Addleshaw Goddard is an international legal practice carried on by Addleshaw Goddard LLP (a limited liability partnership registered in England & Wales and authorised and regulated by the Solicitors Regulation Authority) and its affiliated undertakings. Addleshaw Goddard operates in the Dubai International Financial Centre through Addleshaw Goddard (Middle East) LLP (registered with and regulated by the DFSA), in the Qatar Financial Centre through Addleshaw Goddard (GCC) LLP (licensed by the QFCA), in Oman through Addleshaw Goddard (Middle East) LLP in association with Nasser Al Habsi & Saif Al Mamari Law Firm (licensed by the Oman Ministry of Justice) and in Hong Kong through Addleshaw Goddard (Hong Kong) LLP (a limited liability partnership registered in England & Wales and registered and regulated as a foreign law firm by the Law Society of Hong Kong) in association with Francis & Co. In Tokyo, legal services are offered through Addleshaw Goddard's formal alliance with Hashidate Law Office. A list of members/principals for each firm will be provided upon request.

The term partner refers to any individual who is a member of any Addleshaw Goddard entity or association or an employee or consultant with equivalent standing and qualifications.

If you prefer not to receive promotional material from us, please email us at unsubscribe@addleshawgoddard.com.

For further information please consult our website www.addleshawgoddard.com or www.aglaw.com.