



Payroll Changes from April 2024

National Insurance Contribution (NIC) Changes: The main National Insurance rate for employees will be reduced by 2%, dropping from 12% to 10%. This reduction is part of a broader effort to cut taxes and is expected to benefit many employees financially, with an average salary earner of £35,400 seeing an annual tax reduction of £450. However, it's important to note that the reduction in NIC rates might also affect the cost of benefits derived from salary sacrifice schemes, making some benefits slightly more expensive for employees

From 1st April 2024, the National Living Wage in the UK for workers **aged 21 and over** will increase to £11.44 per hour, marking a significant 9.8% increase:

| | Minimum Wage | % Increase |
|------------------------------------|--------------|------------|
| National Living Wage (21 and over) | £11.44 | 9.8% |
| 18-20 Year Old Rate | £8.60 | 14.8% |
| 16-17 Year Old Rate | £6.40 | 21.2% |
| Apprentice Rate | £6.40 | 21.2% |

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Employment Law Changes from April 2024

You know that saying about buses? Well, after several years of minimal change, there are a number of employment law updates taking effect in April and throughout the rest of 2024. Here are the top three that I think all small businesses MUST be aware of:

Holiday entitlement for part-year and irregular hours workers can once again be calculated using the accrual method. If your full-time employees are entitled to 28 days including bank holidays per year, this means that you can accrue holidays for irregular hours workers at 12.07% of their worked time.

If you offer more than statutory, the percentage will need to be adjusted to the relevant pro rata equivalent. I've provided a worked example below:

Company X offers their full-time employees 25 days' leave plus bank holidays, a total of 33 days.

33 days = 6.6 weeks' leave

52 weeks - 6.6 = 45.4 weeks worked per year

6.6 / 45.4 gives a pro rata figure of 14.54% to be used for your variable hours employees.

Although the legal change comes into effect in April, please note that it should be introduced in line with your currency holiday year - so, if your holiday year runs from January to December, you'll be implementing these changes in January 2025.

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Statutory flexible working requests can now be made from day one of employment; employees can make two requests per year, and requests must be handled (including any appeals) within two months of receipt.

The statutory reasons for rejecting a flexible working request remain unchanged; however, I would always encourage employers to work with their teams to try to find a way to accommodate a request. If it's really not possible, a clear, robust justification should be given.

Redundancy protections for pregnancy and family leave are increasing - for pregnancies notified or family leave starting after 6th April 2024, the protected period will now be 18 months after the birth or adoption placement date.

This does not mean that someone who is pregnant or on family leave cannot be included in a redundancy exercise - it just means they need to be given priority consideration for any suitable alternative vacancies which may be available.

If you are considering redundancies, it's important to get the right advice to make sure you handle these legally - whether you have any protected employees or not.

Other changes throughout the year include the introduction of Carer's Leave, sharing of tips and TUPE consultation requirements.

If you'd like advice on any of the changes mentioned, or another HR situation in your small business, please feel free to get in touch for a no obligation chat on 07946330025 or by email at kathryn.rodgers@face2facehr.com.



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