

Minimum wage increases to take effect

Before 2017, National Minimum Wage increases took effect each year in October. However, the yearly review date was changed to April in 2017 to align it with the introduction of the National Living Wage. This year's increases to the minimum hourly rates take effect on 1st April, as follows:

- National Living Wage (age 25 and over) will increase from £7.50 to £7.83
- Rate for workers age 21 – 24 will increase from £7.05 to £7.38
- Rate for workers age 18 – 20 will increase from £5.60 to £5.90
- Rate for workers over compulsory school age but not yet 18 will increase from £4.05 to £4.20
- Rate for 'relevant apprentices' will increase from £3.50 to £3.70

'Relevant apprentices' are those apprentices who are under the age of 19 regardless of the year of their apprenticeship they are in, or those who are 19 or over and in the first year of their apprenticeship. Apprentices who do not fall into these categories are entitled to their appropriate age related rate.

Importantly, workers are entitled to the new rates from the start of the first pay reference period after 1st April; the changes do not necessarily mean an increase from 1st April itself.

Statutory sick pay and family friendly payments

Payments made to employees who are absent from work will increase in April. Statutory maternity pay, paternity pay, adoption pay and statutory shared parental pay will increase to £145.18 per week from 1st April. Statutory Sick Pay (SSP) will increase to £92.05 per week from 6th April.

Did you know? Employees must earn on average a minimum level per week to be eligible for SSP, SMP etc. This level will increase to £116 per week from 6th April.

Did you know? Employees must be sick for four days before they become eligible for SSP. The first three days are 'waiting days' and so frequent short absences will never qualify for payment of SSP.

Employment Tribunal awards and rates are increasing

The maximum awards that an Employment Tribunal may award for certain cases will increase on 6th April.

Did you know? The maximum to be awarded in an unfair dismissal case will be £98,922.

Did you know? The maximum week's pay to count for statutory redundancy pay purposes will increase to £508 making redundancy payments more expensive.

Did you know? In some cases, the maximum unfair dismissal compensatory award does not apply and compensation can be unlimited. This applies to dismissals for whistleblowing, for example.

Pension contributions; and payment in lieu of notice changes

From 6th April, minimum contributions into auto-enrolled pensions will take effect.

Did you know? Employer minimum contributions will increase from 1% to 2%, and employee contributions will increase from 1% to 3%, making total minimum contributions 5%. Contribution rates will increase again in April 2019 to a total of 8%.

In a separate measure, changes will be made to payments in lieu of notice. Currently, these payments are not taxable if they are non-contractual. From 6th April, all payments in lieu of notice will be subject to tax and national insurance.

The latest round of National Minimum Wage enforcement shows that employers still do not fully understand the intricacies of the law on minimum hourly rates. Underpayments of any element of wages can lead to time consuming employee grievances so understanding these fundamental pay practices is vital.

Please contact the 24 Hour Advice Service for advice on your specific situation before acting on the information in this publication.