

MASSERS

EMPLOYMENT LAW UPDATE

August 2016

Apprenticeship Levy

The government has published details of how employers will administer the apprenticeship levy once it comes into effect, which is expected to be in April 2017. The levy is intended to help achieve the government's target of achieving three million new apprenticeships by 2020.

Employers with a wage bill of £3,000,000.00 or more will pay in at a rate of 0.5 percent and will receive a proposed annual 10 per cent allowance to offset against the cost of the levy.

Firms with a wage bill of less than £3,000,000.00 will pay just 10 per cent of the cost of training an apprentice. Those with fewer than 50 staff will not pay anything towards the cost of an apprentice of 16-18 years old.

Both the Federation of Small Businesses and the CIPD have criticised the plans, saying they risk compromising training quality and that if this happens apprenticeships will not provide a genuine alternative to university.

Sexual Harassment at Work

The TUC has carried out a survey of 1,500 women and found that 52 per cent claim to have been sexually harassed at work. In 90 per cent of cases the harasser was male, and in 17 per cent of cases it was the woman's line manager or someone with direct authority over them. Moreover, 79 per cent of women did not report the harassment, citing reasons such as a fear it would affect working relationships and their career prospects, that their complaint would not be believed or taken seriously, or that they were too embarrassed.

Amongst women aged 16-24, 63 per cent of respondents said they had been victims of harassment at work.

The harassment took various forms such as groping, sexual advances and inappropriate jokes.

Sexual harassment is a form of discrimination and is illegal under the Equality Act 2010. Employers can be vicariously liable for harassment perpetrated by their staff. As many companies already have harassment and equality policies in place, the survey suggests that this is not enough by itself. Employers should make it clear that such conduct is not acceptable and ensure that they have robust reporting procedures in place to protect the alleged victims and ensure they feel supported in raising a complaint.

Reduction in number of permanent vacancies

The Recruitment and Confederation Report has found that nearly 38 per cent of recruiters saw a drop in the number of permanent vacancies in July, up from 32 per cent in June. Indications are that uncertainty regarding Brexit has led to an increase in employers recruiting on a temporary or contract basis.

The number of workers employed under zero hours contracts has increased, up by 104,000 more

workers than last year.

Taxation of Termination Payments

On 10 August 2016, the government published the response to its consultation on simplifying the taxation of termination payments. It has also published draft legislation which will be subject to further consultation.

The consultation has confirmed that, from April 2018, the government will remove the distinction between contractual and non-contractual payments in lieu of notice (PILONS) so that all such payments will be treated as earnings subject to income tax and employer and employee National Insurance Contributions.

Employees will still be able to receive payments for termination of their employment of up to £30,000.00 tax free.

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