

A quick reminder of the key employment law changes coming into effect this month.

<b>IR35</b>	<p>The changes to the off-payroll working rules in the private sector are due to come into force from 6 April, having been delayed for a year due to the COVID-19 pandemic.</p> <p>Broadly speaking, responsibility for operating tax deductions is shifting from an individual contractor's personal service company (PSC) to the end-user client business and (if different from the end-user) the entity that pays the PSC (the fee-payer). IR35 will impose two main obligations:</p> <ul style="list-style-type: none"> <li>• Determining employment status: The end-user will need to decide whether the rules should apply at all – i.e. is an individual basically working like an employee despite providing their services to it through a PSC?</li> <li>• Tax administration and compliance: The fee-payer will need to deduct employment income tax (i.e. operate Pay As You Earn (PAYE)) and National Insurance contributions and account for them to HMRC.</li> </ul> <p>There are exemptions for "small" end-users operating in the private sector.</p> <p>As the rules were due to come into force last April, but were then postponed at the last minute, many end-user clients should have already done the hard work in preparing for these changes. Now is the time to ensure your house is in order and you are aware of how these changes will impact your business.</p>										
<b>National Minimum Wage</b>	<p><b>National Minimum Wage – Hourly Rates From 1 April 2021</b></p> <table border="1"> <tr> <td>21 – 22 year olds</td><td>£8.36</td></tr> <tr> <td>18 – 20 year olds</td><td>£6.56</td></tr> <tr> <td>16 – 17 year olds</td><td>£4.62</td></tr> <tr> <td>Apprentice rate</td><td>£4.30 for apprentices aged under 19 and all those in the first year of their apprenticeship.</td></tr> </table> <p><b>National Living Wage – Hourly Rate From 1 April 2021</b></p> <table border="1"> <tr> <td>Age 23 or over – note: this is being extended to 23 and 24 year olds from 1 April 2021 – it was previously only for those aged 25 or above.</td><td>£8.91</td></tr> </table> <p>Also note that the period for which an employer must keep records for National Minimum Wage purposes is being extended from three to six years.</p>	21 – 22 year olds	£8.36	18 – 20 year olds	£6.56	16 – 17 year olds	£4.62	Apprentice rate	£4.30 for apprentices aged under 19 and all those in the first year of their apprenticeship.	Age 23 or over – note: this is being extended to 23 and 24 year olds from 1 April 2021 – it was previously only for those aged 25 or above.	£8.91
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<b>Increased benefit rates for 2021/22</b>	<ul style="list-style-type: none"> <li>• SMP, SAP, SPP and SSPP will increase from £151.20 to <b>£151.97</b> from 4 April 2021.</li> <li>• SSP will increase from £95.85 to <b>£96.35</b> from 6 April 2021.</li> </ul>										

## Tribunal compensation limits

New limits on certain employment tribunal awards will come into force on 6 April. The two key changes are:

- The limit on the compensatory award for “ordinary” unfair dismissal will increase from £88,519 to **£89,493**.
- The maximum amount of a week’s pay for the purposes of calculating statutory redundancy payments and the unfair dismissal basic award increases from £538 to **£544**.

These new limits will apply to dismissals that take effect on or after 6 April.

Note, that the cap on the compensatory award for “ordinary” unfair dismissal is the lower of the statutory limit set out above and 52 weeks’ pay of the individual concerned.

## Gender pay gap reporting

Businesses in Great Britain with 250 employees or more are required to publish information annually showing the difference in average pay between their male and female employees – the “gender pay gap”. Last year, the reporting obligation was suspended. For the reporting year 2020/21, the Equality and Human Rights Commission has confirmed that, “due to the continued effects of the COVID-19 pandemic, enforcement action against employers failing to report their gender pay gap will start on 5 October 2021.”

In other words, affected employers will still be obliged to report their gender pay gap data for the 2020/21 reporting year, but they are effectively being given an extra six months within which to do this, as the EHRC will not take any enforcement action before then. The EHRC is nonetheless still “encouraging” affected employers to submit their data before this date, though without any obvious incentive or sanction one way or the other.

## Contacts



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