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- The HM Treasury Budget Report 2016 sets out five measures that will impact on employment, including imposing employer NICs on those payments above £30,000 that are already subject to income tax.
- The Telegraph has reported that a sales rep nicknamed "Gramps" by a younger colleague has been awarded more than £63,000 after winning his age discrimination claim.
- Acas have published a new guide on employing younger workers highlighting different and additional statutory rights, together with advice on how to help young workers transition from education to work.
- The TUC’s analysis of Labour Force Survey statistics suggests that UK workers gave their employers £31.5 billion of unpaid overtime last year, with the most being done by teachers and education professionals.

Five measures in March 2016 budget impacting on employment

Five measures set out in the HM Treasury Budget Report 2016 will impact on employment.

Termination payments: The Government states that the rules are complex and the exemptions “incentivise employers to manipulate the rules, structuring arrangements to include payments that are ordinarily taxable such as notice and bonuses to minimise the tax and National Insurance due”. From April 2018, the Government will tighten the scope of the exemption to prevent manipulation and align the rules so employer National Insurance contributions (NICs) are due on those payments above £30,000 that are already subject to income tax. The first £30,000 of a termination payment will remain exempt from income tax and the full payment will be outside the scope of employee NICs. The Government will undertake a technical consultation on tightening the scope of the exemption. These changes will be introduced in the Finance Bill 2017 and a future National Insurance Contributions Bill. See Paras 1.145, 1.146 and 2.26

Extension of Shared Parental Leave and Pay to grandparents: The Government will launch a consultation in May 2016 on how to implement its commitment to extend Shared Parental Leave and Pay to working grandparents. The consultation will cover options for streamlining the system, including simplifying the eligibility requirements and notification system, and will explore the potential to make better use of digital technology. See Para 1.136

Salary sacrifice: The Government wants to encourage employers to offer certain benefits but is concerned about the 30% growth of salary sacrifice schemes since 2010. The Government is therefore considering limiting the range of benefits that attract income tax and NICs advantages when they are provided as part of salary sacrifice schemes. However, the intention is that pension saving, childcare and health-related benefits such as Cycle to Work should continue to benefit from income tax and NICs relief when provided through salary sacrifice arrangements. See Para 1.147

Apprenticeship levy: From April 2017, employers will receive a 10% top-up to their monthly apprenticeship levy contributions in England and this will be available for them to spend on apprenticeship training through their digital account. The Government will set out further details on the operating model in April and draft funding rates will be published in June 2016. See Para 1.99

Loss of NICs allowance for employers of illegal workers: From 2018, employers will be denied the NICs employment allowance for a period of one year if they are subject to a civil penalty for employing illegal workers. See Para 2.24

Note that the report also confirms the introduction of the new mandatory National Living Wage (NLW) from 1 April 2016, set at £7.20 an hour for workers aged 25 and above, and at Para 1.141 states that the Government has asked the Low Pay Commission to set out how the new NLW will reach 60% of median earnings by 2020. Based on the OBR’s March 2016 earnings forecasts, a NLW of 60% of median earnings would be £9 an hour in 2020, in line with the Government’s objective.
Sales rep nicknamed 'Gramps' awarded £63,000

The Telegraph has reported that a sales rep nicknamed "Gramps" by a younger colleague has been awarded £63,000 after winning his age discrimination claim. Alan Dove, 61, who had 25 years’ service, was the oldest member of the sales team. He found being called 'Gramps' disrespectful and hurtful, particularly as it was used for a number of years. Mr Thomas, head of sales, considered the nickname “an affectionate term of address” and not insulting, but accepted it was because Dove was the oldest member in the team. Thomas wrote in an email that a client had complained that Dove was "too long in the tooth and was a traditional sales rep which doesn't work for their business any more", but the tribunal heard that the client had categorically denied doing so.

The tribunal concluded Dove was dismissed because some of the clients that he was dealing with had been transferred to the considerably younger sales manager, Thomas. This meant that Dove had less work and therefore generated less sales, which in turn provided less income for the company. The tribunal also found that phrases such as "long in the tooth", "old fashioned" and "traditional" indicated negative views almost certainly based on Dove's age. Furthermore, the employer had accepted that Dove was referred to by an age specific nickname of 'Gramps' by one of its own employees. Mr Dove, was awarded £63,390.95, including £9,000 for injury to feelings.

Acas publish new guide on employing younger workers

Acas has published a new guide on employing younger workers highlighting the different and additional statutory rights. Acas point out that there are a number of employment rights all workers have when they start a job, but young workers - those under 18 years old - usually have a few additional or different rights to protect them at work. The guide has advice for employers on how to help young workers and apprentices with the transition from education to the world of work and includes guidance on recruiting young workers, the statutory rights of a younger worker and supporting young workers.

Workers in the UK put in £31.5 billion of unpaid overtime a year

The TUC’s analysis of the Labour Force Survey has shown that UK workers gave their employers £31.5 billion of unpaid overtime last year. More than five million people put in an average of 7.7 hours extra work a week in unpaid overtime in 2015. This would add up to £6,114 a year each if they were paid the average wage for those hours. The TUC study reveals that men work 1.1 billion unpaid overtime hours a year, compared to 0.9 billion hours for women. The most unpaid overtime is done by teachers and education professionals, with more than half of them working an average of 11.9 hours unpaid every week. This is followed by financial institution managers at 11.2 hours, production managers at 10.3 hours and HR managers at 10.1 hours.

Content

The aim is to provide summary information and comment on the subject areas covered. In particular, where employment tribunal and appellate court cases are reported, the information does not set out all of the facts, the legal arguments presented by the parties and the judgments made in every aspect of the case. Click on the links provided to access full details. If no link is provided, contact us for further details. Employment law is subject to constant change either by statute or by interpretation by the courts. While every care has been taken in compiling this information, SM&B cannot be held responsible for any errors or omissions. Specialist legal advice must be taken on any legal issues that may arise before embarking upon any formal course of action.