

Payroll & HR Update 2021

Thursday 8th April 2021



Streets Chartered Accountants



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A topical update and refresher

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Senior Payroll Manager



Agenda

- Changes in legislation impacting payroll from April 2021
- Correcting Payroll Errors and Omissions
- Updated guidance on Furlough
- Furlough over/under claims – how to treat them
- Employing EU Nationals
- Introduction to Streets Payroll and the benefits of outsourcing

Changes in legislation

- National Minimum Wage/National Living Wage
- Statutory Rates
- Student Loan Plans
- Gender Pay Gap Reporting
- Off Payroll Working

National Minimum Wage / Living Wage

The National Minimum Wage is the minimum pay per hour almost all workers are entitled to by law.

Use the [National Minimum Wage calculator](#) to check if you're paying a worker the National Minimum Wage or if you owe them payments from past years.

National Minimum Wage / Living Wage

These rates apply from 1 April 2021

| Category of worker | Hourly Rate |
|---|-------------|
| Aged 23 and above (national living wage rate) | £8.91 |
| Aged 21 to 22 inclusive | £8.36 |
| Aged 18 to 20 inclusive | £6.56 |
| Aged under 18 (but above compulsory school leaving age) | £4.62 |
| Apprentices aged under 19 | £4.30 |
| Apprentices aged 19 and over, but in the first year of their apprenticeship | £4.30 |

Statutory Rates

| Type of payment or recovery | 2021 to 2022 rate |
|--|---|
| SMP – weekly rate for first 6 weeks | 90% of the employee's average weekly earnings |
| SMP – weekly rate for remaining weeks | £151.97 or 90% of the employee's average weekly earnings, whichever is lower |
| Statutory Paternity Pay (SPP) – weekly rate | £151.97 or 90% of the employee's average weekly earnings, whichever is lower |
| Statutory Adoption Pay (SAP) – weekly rate for first 6 weeks | 90% of employee's average weekly earnings |
| SAP – weekly rate for remaining weeks | £151.97 or 90% of the employee's average weekly earnings, whichever is lower |
| Statutory Shared Parental Pay (ShPP) – weekly rate | £151.97 or 90% of the employee's average weekly earnings, whichever is lower |
| Statutory Parental Bereavement Pay (SPBP) – weekly rate | £151.97 or 90% of the employee's average weekly earnings, whichever is lower |
| SMP, SPP, ShPP, SAP or SPBP – proportion of your payments you can <u>recover from HMRC</u> | 92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year 103% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower |
| SSP | £96.35 per week |

Student Loan Plans

| Rate or threshold | 2021 to 2022 rate |
|---|---|
| Employee earnings threshold for student loan plan 1 | £19,895 per year £1,657.91 per month £382.59 per week |
| Employee earnings threshold for student loan plan 2 | £27,295 per year £2,274.58 per month £524.90 per week |
| Employee earnings threshold for student loan plan 4 | £25,000 per year £2,083.33 per month £480.76 per week |
| Student loan deductions | 9% |
| Employee earnings threshold for postgraduate loan | £21,000 per year £1,750.00 per month £403.84 per week |
| Postgraduate loan deductions | 6% |

Gender Pay Gap Reporting

All employers now have until 5 October 2021 to report their gender pay gap information.

What does this mean?

The changes relate to gender pay gap information that is due to be published by 30 March 2021 for most public authority employers, or 4 April 2021 for private, voluntary, and all other public authority employers with 250 or more staff.

All employers now have until 5 October to report their gender pay gap information and no enforcement action will be taken if they report by then.

Employers should still report their gender pay gap information using the [Gender pay gap service](#).

The service will be available to report gender pay gap information for the current reporting year (which used a snapshot date of either 31 March 2020 or 5 April 2020) until 5 October 2021.

Employers will also be able to report gender pay gap information for the next reporting year (which will use a snapshot date of either 31 March 2021 or 5 April 2021) from the beginning of April 2021.

Gender Pay Gap Reporting

Previous changes for the 2019/20 reporting year

Enforcement was suspended entirely for the 2019/20 reporting year (which used a snapshot date of either 31 March 2019 or 5 April 2019).

Employers do not have to report their gender pay gap information for the 2019/20 year, and will not be expected to do so at a later date.

Should employers wish to report their gender pay gap information for 2019/20 they can still do so on the Gender pay gap service.

Off Payroll Working / IR35

This is a change to the existing IR35 rules. Streets tax and accountancy partners have specific webinar's and podcasts to cover this which are available via our website.

Streets payroll software is able to process deemed payments for you should you find it is applicable and the individuals record is identified through an FPS as an off payroll worker.

Student loans, auto enrolment, holiday schemes and statutory payments are not included for a deemed payment calculation.

Correcting Payroll Errors and Omissions

- Reporting revised Year to date payment data
- When to do an EYU
- PAYE dashboard
- Personal Tax Account

Correcting Payroll Errors and Omissions

In Summary:

- Amendments to tax years ending on, or before, 5 April 2018 should be made using the submission of an EYU only
- Amendments to the tax year ending 5 April 2019 from 20 April 2019 can be made using either an EYU or an FPS
- Amendments to the tax year ending 5 April 2020 from 20 April 2020 can be made using either an EYU or an FPS
- Amendments to the tax year ending 5 April 2021, and onwards, from 20 April 2021 should be made using the submission of an FPS only

Updated Guidance on Furlough

Who can you claim for?

For periods from 1 November 2020 to 30 April 2021, you can claim for employees who were employed on 30 October 2020, as long as you have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.

For periods starting on or after 1 May 2021, you can claim for employees who were employed on 2 March 2021, as long as you have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 2 March 2021, notifying a payment of earnings for that employee.

Changes to the Grant Level

What you can claim (wage caps are proportional to the hours not worked.

| | May | June | July | August | September |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Government contribution: wages for hours not worked | 80% up to £2,500 | 80% up to £2,500 | 70% up to £2,187.50 | 60% up to £1,875 | 60% up to £1,875 |
| Employer contribution: employer National Insurance contributions and pension contributions | Yes | Yes | Yes | Yes | Yes |
| Employer contribution wages for hours not worked | No | No | 10% up to £312.50 | 20% up to £625 | 20% up to £625 |
| For hours not worked employee receives | 80% up to £2,500 per month |

You can continue to choose to top up your employees' wages above the 80% total and £2,500 cap for the hours not worked at your own expense.

Furlough under/over claims – how to treat them:

What to do if claimed too little:

If an error has been made in your claim that has resulted in receiving too little money, the employees will still need to be paid the correct amount. Please [contact HMRC](#) to amend your claim and as you are increasing the amount of your claim, they may need to conduct additional checks.

You will only be able to increase the amount of your claim if you amend the claim within 28 calendar days after the month the claim relates to (unless this falls on a weekend or a bank holiday, it would then be the next working day).

Furlough under/over claims – how to treat them:

What to do if claimed too much:

- correct it in your next claim (your new claim will be reduced and you'll need to keep a record of the adjustment for 6 years)
- get a payment reference number and pay HMRC back within 30 days (only if you're not correcting it in your next claim)

HMRC furlough helpline is 0800 024 1222 and a referral can be requested.

Employing EU Nationals

- Employees coming to work from abroad
- Right to work checks
- EU Settlement Scheme
- UK points-based immigration system
- National Insurance for workers from the UK working in EEA or Switzerland

Introduction to Streets Payroll and benefits of outsourcing:

- Security and GDPR for employee data
- Redistribution of employee resources
- Benefit of being kept up to date with legislative changes

Payroll Team Who's Who – contact details

- Generic email address for all queries: payroll@streetsweb.co.uk
- Direct Line number: 0345 099 7299/01522 551230
- Senior Payroll Manager: Theresa Waddingham, twaddingham@streetsweb.co.uk, 07702213334
- Assistant Managers: Irina Lodge, Rachel Willders
- Senior Payroll Assistant: Alicia Schofield
- Payroll Assistants: Rachael Lewis, Jo Satchell, Becky Cook, Helen Greenwood, Holly Dingwall, Chantal Munster, Lloyd Cullum



What is Your Post-Pandemic Roadmap?



Introduction

- ◆ Business purpose or model
- ◆ Impact on roles and staffing levels
- ◆ Physical work environment
- ◆ The working day
- ◆ Culture, engagement and cohesion
- ◆ Wellbeing
- ◆ Next steps



Government Roadmap

| Date | Workplace changes |
|----------|--|
| 12 April | <ul style="list-style-type: none">• Non-essential retail; personal care; public buildings; indoor leisure facilities; outdoor attractions will reopen.• Hospitality venues open to serve food and drink outdoors• Work from home if you can remains and Covid-secure guidance remains for open workplaces• Free test kits available to all workplaces |
| 17 May | <ul style="list-style-type: none">• Indoor hospitality reopens• Indoor entertainment reopens• Accommodation sector reopens• Work from home if you can remains and Covid-secure guidance remains for open workplaces |
| 21 June | <ul style="list-style-type: none">• Remaining business activities to reopen |



Business purpose or model



Photo by Austin Chan on Unsplash



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Driving Productivity



Impact on roles

- ◆ Changes to existing roles
 - ◆ Minor changes to tasks or responsibilities
 - ◆ Major or multiple changes to responsibilities or level within the organisation
- ◆ Reduced need for a specific role
- ◆ Removal of an existing role
- ◆ Furlough



Physical work environment

Photo by Andreea Teban on Unsplash



Photo by Alex Kotiarskyi on Unsplash

OR BOTH



Physical work environment

- ◆ Suitability for hybrid or home-working
- ◆ Workplace environment
- ◆ Impact on collaboration; creativity; and cohesiveness
- ◆ Technology, equipment and support
- ◆ Health and safety
- ◆ GDPR and information security



Working hours

Photo by Adam Kring on Unsplash



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Culture, engagement and cohesion

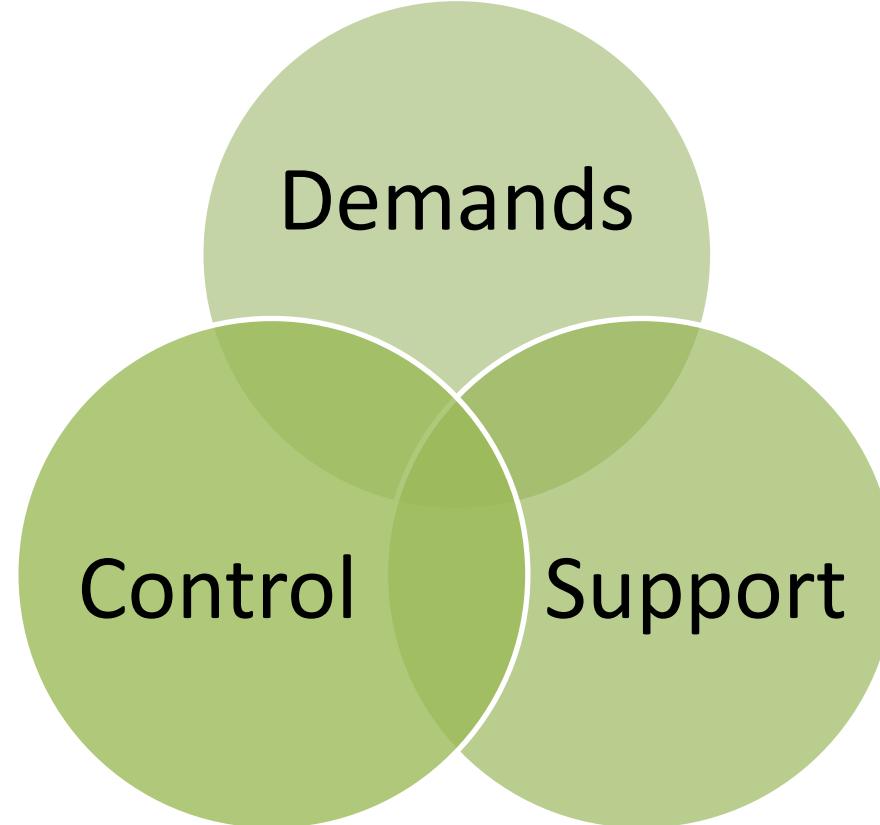


Wellbeing – cost of stress and mental health

- ◆ One in 6 people will be suffering from stress today
- ◆ Stress is among the top three causes of short- and long-term absence and is the primary cause of long-term absence in over a fifth of organisations
- ◆ 70% of organisations have reported that stress-related illness has stayed the same or increased.
- ◆ 70.9 million working days lost due to mental health per year (19/20)
- ◆ Cost to employers in the UK - £26 billion - £1,035 per worker
- ◆ £2.4 billion spent in covering those off work with mental health
- ◆ EAP providers have reported a significant increase in the usage of their services in 2020



Wellbeing



Next steps

- ◆ Business review
- ◆ Canvas opinion and gain buy-in
- ◆ Communicate – group and individually
- ◆ Review of and issue contract, handbook; general policies; and processes to reflect the new reality.
- ◆ Health and safety – Covid-secure and risk assessments (individual and/or general)



Any questions?



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Get in touch

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