



The Chartered Institute of Payroll Professionals

Bi-Monthly Newsletter

November 2014



cipp

the chartered institute
of payroll professionals

leading the profession

Welcome



In this November 2014 edition of our bi-monthly newsletter you will find a wide variety of payroll and pensions and employment law news from the past two months. As before, we have tried to help you find your way around the publication by dividing the content into different subject areas. In each area the entries are displayed chronologically.

We make no apology for featuring auto enrolment very prominently again in this issue. On the one hand there is plenty to celebrate in the successful rollout so far. But at the same time we report on growing concerns about the readiness of the small and micro employers to start their auto enrolment journey in good time to meet their statutory deadlines and avoid possible penalty action.

There are similarly contrasting notes in the updates about the transition of HMRC and other Government web content to GOV.UK. The new site is becoming richer and richer with the addition of more and more subject matter – and the probably helpful creation of new “collections” of related guidance - as the weeks and months go by. But you will also pick up on a number of concerns about the way all of this material is displayed and accessed.

You will also read of the Employment Tribunal decisions on the vexed question of whether non-guaranteed overtime needs to be reflected in the calculation of employees’ holiday pay, decisions which have been long awaited but which sadly still do not mark the end of the road. Regrettably you will need to await a future edition of this newsletter to find out the final outcome.

The topic of apprenticeships is one which seems to have attracted totally positive comment this time. The efforts of the CIPP and other organisations seem to be really paying off now in terms of increased numbers of new schemes and new apprentices.

Don Macarthur, FCIPP
CIPP Policy Team

Contents

Apprenticeships	6
Government proposal to simplify and boost the national minimum wage for apprentices	6
Apprentices: Do you understand their legal status?	6
£1,500 grant for employers who recruit an apprentice	8
More than 700 employers added to trailblazer apprenticeships scheme	8
Auto Enrolment.....	9
Companies delaying auto enrolment: new research published	9
Two years of automatic enrolment: A good start, but more to do	9
Automatic enrolment: Help your clients avoid the risk of non-compliance	9
Automatic enrolment: Your clients need to take action 9 October 2014	9
Automatic enrolment: Are you ready?	10
Auto enrolment: update from the Regulator	10
Automatic enrolment: review of earnings threshold	10
Auto enrolment: areas of misunderstanding	11
Call for auto enrolment earnings bands to be scrapped	11
Automatic enrolment national advertising campaign to employers and intermediaries	12
Small employers calling for auto enrolment delay	12
Automatic enrolment being considered in the US	13
Automatic enrolment opt out rates 2014.....	14
Automatic enrolment: Staging dates unknown?	14
Automatic enrolment: Assessing workers.....	14
Automatic enrolment: Declaration of compliance due in November?	16
Child Maintenance Reform	17
Child maintenance reform starts to affect existing cases	17
Employment Law & Guidance	18
How to achieve the perfect work-life balance?	18
Key changes in force from 1 October 2014	18
Review launched into employment status of British workforce	20
TUPE and pensions: five steps to getting it right.....	20
Impact assessments of the Small Business Bill published	21
New analysis of the cost of taking on your first employee	21
Flexible working: one employee in three wants to change the way they work.....	22
Criminal record checks: updated guidance for employers	23
Employment Tribunals	24
Self-employed worker entitled to holiday pay	24
Future Loss of Earnings and Pension Losses	25
Deductions from Salary	26
Employers face increased pension loss payouts after NHS case	26
Meaning of employee	27
Change to labour-only subcontract did not preclude worker' status	28
Expenses and Benefits	30
Consumer Rights Bill and salary sacrifice	30
OTS benefits simplification reforms not likely until 2017	30
Updated scale rate expenses payments for employees travelling outside the UK	31
HMRC	32
HMRC digital strategy: 2014	32
Do you know everything you need to about employing someone?	32
Tax gap reduced	32
HMRC Digital Strategy – examining the detail	33
Publication of HMRC Charter Annual Report 2013-14	34
HMRC research: Understanding Small and Medium Enterprises.....	35
International Payroll	36
National Insurance only payroll schemes	36
New unpaid leave rights for Canadian employees	36
PAYE guidance on Appendix 5: Net of foreign tax credit relief.....	36
Paying for eggs	38

Social security contributions now payable on benefits in kind in Spain	38
National Insurance	39
HMRC Generic Notifications for Employment Allowance	39
National Insurance update	39
Employment Allowance GNS messages	39
Employment Allowance take-up numbers	40
National Minimum Wage (NMW).....	41
CIPP response to consultation on the National Minimum Wage	41
National Minimum Wage guidance	42
Calculating the minimum wage	42
Government proposal to simplify and boost the national minimum wage for apprentices	42
Applying the national minimum wage penalty on a per worker basis	42
New 2015 Living Wage rates announced.....	43
Overtime and holiday pay.....	45
Overtime should count in holiday pay.....	45
Government taskforce to assess judgment in holiday pay ruling.....	46
Pay As You Earn.....	47
Helpsheet on PAYE penalties	47
HMRC has begun issuing GNS messages to employers	47
Individual tax summaries.....	47
Real Time Information bulk data matching initiative	48
Amended CWG2: Further guide to PAYE and National Insurance.....	48
Conservative tax allowance promises announced	48
Employment Intermediaries: reporting requirements.....	49
Proposed withdrawal of concession about treating certain employment income as trading income	49
Customer testing of RTI messages to employers.....	50
HMRC apologise for incorrect P800s	51
Changes to the EPS for 2014-15	51
HMRC Employer Bulletin - October 2014.....	51
Payroll giving statements	52
Employee address details	52
Collecting overdue tax through tax codes	53
Employment-related shares & securities bulletin – number 18.....	54
First Annual Tax Summaries issued.....	54
Digital currencies: Call for Information.....	54
Employment related securities: spreadsheet checking service	55
Pensions.....	56
Occupational Pensions: official survey results	56
Personal pensions statistics	56
55% tax on pension funds at death to be abolished	56
HMRC pensions news for scheme professionals	58
Pension Regulator autumn update	58
Raising awareness of State Pension changes	58
Warnings to those planning to withdraw their pension funds.....	58
TUPE and pensions: five steps to getting it right.....	59
DWP consults on draft laws to remove restrictions on NEST	60
National Association of Pension Funds (NAPF) and The Pensions Management Institute (PMI) discuss merger.....	61
UK pensions system ranked 9 th in the world	61
Greater pension flexibility announced	62
Taxation of Pensions Bill published.....	63
Private sector pension saving rising with young people	63
What consumers want from retirement guidance	63
Consultation on governance and charges in occupational pension schemes	64
Pensions guidance providers confirmed.....	64
Changes that would result from the Pensions Schemes Bill 2014 to 2015.....	66
New pensions ombudsman and deputy ombudsman sought for 2015.....	66
Latest contracting out bulletin issued	66
Abolition of 'short service refunds'	67
NAPF: 101 issues obstructing guidance guarantee	67
Split pension input periods and the annual allowance.....	67
Taxation of Pensions Bill: briefing note	68
Up to 200,000 people predicted to cash in their pension next year	68
Pension scheme membership statistics 2014	69
Pension scheme administrators: paying tax	69

MG Rover settlement expected to avoid PPF	69
Private pensions enjoy new lease of life.....	70
Now: Pensions questions integrity of DWP Nest consultation.....	70
Money purchase benefits: guidance on 2014 changes	71
HMRC Scheme Reconciliation Service receives few queries.....	71
Advice for pension scheme trustees.....	72
Scotland	73
Cameron promises new powers for Scotland and all other countries within the UK.....	73
Scottish Rate of Income Tax introduction.....	73
Shared Parental Pay and Leave	74
Technical guidance on shared parental leave and pay	74
HMRC Guide to Shared Parental Leave and Pay	74
Shared Parental Leave and Pay factsheet updated	74
Shared parental leave and pay: Northern Ireland news	75
Latest tranche of Modern Workplace regulations laid in Parliament.....	75
Full parental leave pay for civil servants.....	76
Statutory payments	78
New Statutory Adoption Pay guidance	78
Forms for statutory payments.....	78
Tax Agents and Advisors	79
DWP policy on providing customer information to agents	79
CIPP Survey for Agents preparing for AOSS	79
HMRC Agent Update 44.....	79
Agent Online Self Serve	80
Tax avoidance and evasion	82
51 countries agree to automatic exchange of tax information	82
Tax avoidance scheme users making upfront payments.....	82
Tax-free Childcare	83
Tax Free Childcare: research published on design considerations for implementation.....	83
Tax-Free Childcare draft guidance published.....	83
Draft guidance published: Tax-Free Childcare Payments	83
Transition to GOV.UK.....	85
HMRC improved guidance for employers.....	85
Revised HMRC guidance for pension administrators and trustees	85
Pension schemes guidance	85
Transition of pensions guidance to GOV.UK.....	85
Employer guidance on GOV.UK: more developments	86
Forms for statutory payments.....	86
GOV.UK concerns.....	86
Welfare Reform	87
Employees and employers unhappy with Children and Families Act 2014 changes	87
Real Time Information bulk data matching initiative	88
Fit for Work: exploring future GP referrals.....	89
DWP Touchbase for October 2014	89
DWP Stakeholder Bulletin October 2014	89

Apprenticeships

Government proposal to simplify and boost the national minimum wage for apprentices

8 October 2014

Business Secretary Vince Cable has outlined proposals to simplify and boost the national minimum wage for apprentices, making apprenticeships an even more financially attractive route for young people deciding whether to go into full time employment or to earn whilst they learn.

Based on the current national minimum wage rates for 16 to 17 year olds, the [proposal](#) would give around 31,000 apprentices in the first year of their programme a pay rise of more than £1 an hour, rising from £2.73 to £3.79 per hour.

Apprentices: Do you understand their legal status?

8 October 2014

With increases in apprentice numbers and both Labour and the Conservatives pledging to create more apprenticeships after the next general election, it is sensible to review what employers thinking of taking on apprentices need to know about their legal status.

Thanks to Personnel Today for this report:

House of Commons Library statistics show there were 510,200 new apprenticeships starting in the academic year 2012/13, an increase of around 80% from 2009/10. With so many employers providing apprenticeships, it is important to be clear on their legal status. Can you treat apprentices as “normal” employees or do they have additional rights?

The traditional apprentice

The traditional apprenticeship has been a two-party arrangement between a master craftsman and an apprentice, generally lasting for a fixed term, under which the apprentice is trained in the master's skill and works under a contract of apprenticeship. It differs from a contract of employment, as the primary purpose of the contract is training and not work.

Traditional apprentices are employees, but they have enhanced protection against dismissal. They cannot be made redundant unless the business actually closes or its fundamental nature changes. A conduct dismissal requires more extreme misconduct than for a normal employee, with one old case going so far as to say that the apprentice must be “virtually unteachable”.

An apprentice wrongly dismissed before the end of his or her contract can be awarded an enhanced claim for damages with compensation, not only for loss of earnings and training for the entire remainder of the apprenticeship, but also for loss of future career prospects.

The statutory apprentice

In 1994 the Government introduced what it called “modern apprenticeships”, which were rebranded as simply “apprenticeships” in 2004. These were generally three-party arrangements between the employer, the apprentice and an external third-party training provider, often supported by government funding. The apprentice would obtain a nationally recognised

qualification, either at NVQ level 3 (equivalent to two A-levels) or at NVQ level 2 (equivalent to five GCSEs).

of apprenticeships. However, the courts decided that – even though the training was provided by a third party – it could still amount to a contract of apprenticeship, bringing with it an apprentice's enhanced protection from dismissal. Such a situation was clearly less than appealing from an employer's perspective.

The current statutory system

The current statutory system was introduced under the Apprenticeship, Skills, Children and Learning Act 2009 (ASCLA) and came into effect from April 2012, when regulations were introduced setting out the prescribed form of the agreement. Apprentices are employed under an apprenticeship agreement and, under the terms of the ASCLA, this is not a contract of apprenticeship but a contract of service – meaning that apprentices employed under an apprenticeship agreement can be treated as “normal” employees.

However to be an apprenticeship agreement, certain conditions must be fulfilled. These are:

- the apprentice must undertake to work for the employer under the agreement;
- the agreement must include the written basic particulars of employment required by s.1 of the Employment Rights Act 1996, and a written statement of the skill, trade or occupation for which the apprentice is training under the relevant apprenticeship framework;
- it must state it is governed by the law of England and Wales; and
- it must state it is entered into in connection with a qualifying apprenticeship framework.

A failure to meet any one of these conditions risks the arrangement being viewed as a contract of apprenticeship with its enhanced protections.

Future of the statutory apprentice

The Government plans to reform apprenticeship agreements in England, although they will remain in their current format in Wales. The changes will be made under the Deregulation Bill that is due to receive Royal Assent in 2015 and are aimed at simplifying the current system. It will also introduce the “approved English apprenticeship”. Like the apprenticeship agreement, it will be a contract of service (not an apprenticeship) and have to meet similar conditions.

The changes include:

- replacing the apprenticeship frameworks with simpler general apprenticeship standards approved by the Secretary of State;
- changing the government funding of the third-party provider so that, instead of funding being routed through the provider (the current system), it is routed through the employer;
- implementing a system of co-investment where the Government and the employer share the cost of third-party training; and
- removing the current full funding of third-party training for younger apprentices.

The funding changes, due to be introduced in 2016, seem likely to increase the financial costs to employers, although the final model to be adopted has not yet been decided.

£1,500 grant for employers who recruit an apprentice

16 October 2014

DWP confirm that Employers are still able to claim a grant of £1,500 per apprentice from the National Apprenticeship Service.

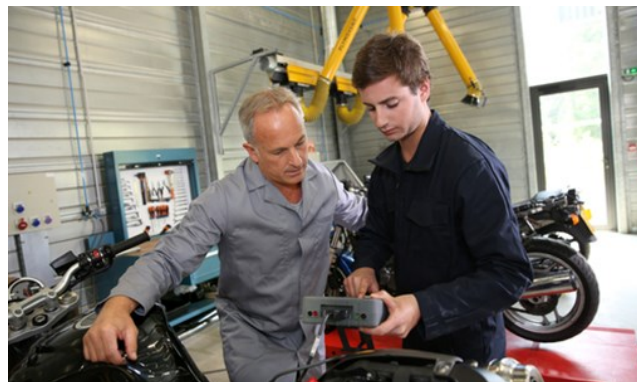
The grant has been developed to support business growth by offering young people (16-24) employment through apprenticeships. Until December 2014 employers can claim this grant if they have not recruited an apprentice in the last 12 months and have less than 1,000 employees. Businesses can currently receive up to 10 grants in total; each one is worth £1,500.

Please note that new eligibility rules for the grant will be in place for apprentices starting after December 2014. There is more information [here](#)

More than 700 employers added to trailblazer apprenticeships scheme

30 October 2014

Job opportunities in policing, boatbuilding, TV production and surveying are among 76 top quality new apprenticeships being designed by more than 700 employers as part of the third phase of the government's successful apprenticeship trailblazers scheme.



The [announcement](#) from the Department for Business, Innovation & Skills (BIS) confirms that more than 700 employers are to design 76 new apprenticeships in professions ranging from TV production to welding. This brings to more than a thousand the number of employers now involved in the trailblazers scheme.

Auto Enrolment

Companies delaying auto enrolment: new research published

2 October 2014

New research published jointly by the CIPP and Payroll World shows that more than half of UK companies are delaying their auto enrolment.

The [announcement](#) by the CIPP and Payroll World jointly includes details of the new research. The results are quite worrying, but at the same time should provide helpful practical advice for those employers who have yet to prepare for auto enrolment.

Two years of automatic enrolment: A good start, but more to do

2 October 2014

To mark the second anniversary of the start of automatic enrolment, the Pensions Regulator has released a notice acknowledging its success to date and warning “this is no time to rest” – a clear message to those small employers who have yet to go through the process.

The [announcement](#) celebrates the achievement to date but also includes advice for those employers who have yet to stage.

Automatic enrolment: Help your clients avoid the risk of non-compliance

7 October 2014

The Pensions Regulator has marked the second anniversary of the introduction of automatic enrolment in 2012 with a warning that the sharp rise in employers needing to meet their new duties in the months ahead is likely to lead to a corresponding increase in enforcement action and penalties to maximise compliance.

The regulator advises:

Make sure you know what needs to be done, and when it needs to be done by, in order to help your clients comply with their automatic enrolment responsibilities and avoid financial penalties.

[Click here](#) for a planning tool which allows you to view a timeline of what should be done and by when.

Automatic enrolment: Your clients need to take action

9 October 2014

More than a million small employers will be required to complete their automatic enrolment responsibilities over the next four years, with the first small and micro employers needing to be ready to provide a pension for their workers by the summer of 2015. Are your clients aware of when automatic enrolment will impact them?

[Click here](#) to find out their staging dates (you will need your client's PAYE reference)

Automatic enrolment: Are you ready?

10 October 2014

Recent research carried out by The Pensions Regulator suggests that significant numbers of small and micro employers will be approaching their professional advisers to guide and support them through the automatic enrolment journey.

Decide what information and support you will offer your clients to help them comply with their automatic enrolment responsibilities.



[Click here](#) for a step-by-step guide which outlines what needs to be done to prepare for automatic enrolment.

Auto enrolment: update from the Regulator

16 October 2014

The Pension Regulator (TPR) has published new material about staging dates, and is inviting employers to a webinar about Declarations of Compliance or registration for auto enrolment.

TPR's new October [article](#) focusses on staging dates, and includes a number of useful links. The next webinar that TPR is holding focusses on the Declaration of compliance (registration). This is particularly useful to those who are approaching their declaration of compliance date, but is relevant to all intermediaries and their clients who would like to increase their understanding of what this involves. A link to the invitation is [here](#).

Automatic enrolment: review of earnings threshold

17 October 2014

The Department for Work and Pensions (DWP) have been consulting on a review of the earnings thresholds for automatic enrolment into a workplace pension for April 2015 to March 2016.

The threshold has up to now been equivalent to the Income Tax personal allowance, but this consultation exercise will also consider alternatives for 2015-2016 and future years.

The DWP [consultation](#) sought views on:

- what they should take into account when reviewing the earnings thresholds for April 2015 to March 2016
- the proposed earnings levels for April 2015 to March 2016

Auto enrolment: areas of misunderstanding

17 October 2014

The Pensions Regulator has produced a number of briefing notes to cover areas of auto enrolment which are commonly misunderstood.

The notes cover three topics as follows:

- Briefing Note 14-01 - [Estimating start of Opt-out windows](#) This covers the issue of ensuring the right Opt-out date is used in instances where employers, jobholders and pension providers do not necessarily know when the Opt-out window begins and ends.
- Briefing Note 14-02 - [Director exemption of duties](#) The rules on how and when company directors are exempted from automatic enrolment are not always fully understood. This briefing explains when the exemption does and does not apply.
- Briefing Note 14-03 – [‘Giving’ T&C’s](#) This clarifies how to ‘give’ terms and conditions compliantly.

Call for auto enrolment earnings bands to be scrapped

20 October 2014

Band earnings for auto-enrolment should be scrapped to allow workers to enter a workplace pension as soon as they start paying National Insurance, according to NOW: Pensions.

Commenting on its report Pensions 2022 – a vision of the future, Chief Executive Officer Morten Nilsson argued that band earnings have a corrosive effect on employees’ pots.

“The reality is no savers actually get an eight per cent contribution – the most anyone gets is 6.9 per cent if they are exactly at the top of the earnings band, with somebody earning £15,000 only receiving a total contribution of 4.9 per cent which is woefully inadequate,” he said.

He added that by removing band earnings and basing contributions on all salary employees’ savings would be boosted and it would eliminate some of the administrative complexity for employers.

These comments were in addition to some of the views voiced within the report. Dr David Blake, Professor of Pension Economics at Cass Business School and Director of the Pensions Institute, suggested that the eight per cent contribution rate was not enough and it would take years before this target was reached.

“Auto-escalation – the automatic increase in the contribution rate every year for three or four years – would in time provide the right level of contributions needed to produce a reasonable pension in retirement,” he said.

However, Nilsson believes that the Government is unlikely to address this issue until post 2017, which is why in the interim he has called for the removal of band earnings.

Automatic enrolment national advertising campaign to employers and intermediaries

27 October 2014

Monday 20 October saw the launch of the latest advertising campaign from The Pension Regulator: targeting employers and business advisers.

Background to campaign

- With over 1.2 million employers left to go through the process and many of them probably looking for advice from intermediaries, we still have a big job to do to raise awareness of the need for all employers to have workplace pensions and this campaign specifically targets small, micro, individual employers and intermediaries.
- A direct, simple and pragmatic approach in telling people what it is they need to do and where to go to find out more for both employer and intermediaries.

Employer campaign: 20 October to 8 December

- The employer campaign will run across radio, digital and press channels, appearing in a multitude of popular titles..
- Also appearing in trade press across multiple sectors including: business/finance, HR, manufacturing, recruitment, health and social work, farming, construction, catering and hospitality, transport, motor trade and art & entertainment.
 - Call to action: Act now, it's the law.
 - Web based adverts click through to: www.tpr.gov.uk/actnow

Intermediary campaign – 20 October to 11 December

- Intermediary campaign across press and digital.
- Specific press aimed at bookkeepers, IFAs and accountants to help them prepare for AE.
- Raising awareness that their clients may be coming to them looking for advice and they will need to be ready to answer their questions.
- Featuring in a range of monthly and weekly titles aimed at intermediaries.
 - Call to action: You can't ignore it. Act now.
 - Web based adverts click through to: www.tpr.gov.uk/getready

Small employers calling for auto enrolment delay

28 October 2014

Nine out of 10 small employers that have not reached their pensions auto-enrolment staging date yet want the process to be delayed until the new raft of pension reforms are complete, according to research by the Association of Consulting Actuaries (ACA).

Thanks to Employee Benefits for their report on the ACA [survey](#):

The ACA 2014 Smaller firms' pension survey, which surveyed 414 organisations with 249 or fewer employees, found that six out of ten of respondents are supportive of the new pensions flexibility, while one in ten are opposed.

The research also found that 56% of respondents support further changes to pensions, whereby current levels of pension tax relief are more targeted to those with lower incomes.

More than a third also said tax relief should be further restricted for those on higher incomes.

Among the 57% of respondents that have yet to auto-enrol, awareness of staging dates and budgeting appears low, with only 46% of respondents saying they are aware of these.

The research also found that:

- The median opt-out level of employees from the 43% of respondents that have auto-enrolled employees is between 11% and 15%.
- 57% of respondents with 10 to 49 employees plan to use the National Employment Savings Trust (Nest) to auto-enrol employees.
- 62% of respondents with 10 or more employees are clear about when they must auto-enrol eligible employees.

David Fairs, chairman of ACA, said: "To date, auto-enrolment has been a success, boosting the numbers covered by workplace pensions in 34,000 mid-sized and large employers by over 4.7 million people.

"But in a three-year period from the middle of this year, over one million small employers will have to meet the auto-enrolment challenge, three-quarters with four or fewer employees.

"It is right that pension provision should be available to employees in even the smallest firms, but with so many pension reforms being squeezed into a short time-frame, it cannot be surprising that smaller employers are calling for a delay in auto-enrolment. We believe that there could be some sense in pausing the dates when employers with fewer than 50 employees are due to auto-enrol, namely those due to auto-enrol from 1 June 2015 onwards."

Automatic enrolment being considered in the US

5 November 2014

American states from Connecticut to California are considering creating new state-run automatic enrolment retirement plans for employees who do not currently have access to savings programmes through their employers, similar to the UK's National Employment Savings Trust. But they are finding that the path to compulsion is far from smooth.

Thanks to Financial News for this report:

While no state has yet implemented the new types of auto-enrolment plans, nearly a dozen have bills pending, or passed, or have established task forces to study their potential. Maryland, Illinois, Wisconsin and Oregon are among the states contemplating such plans.

Sheldon Gamzon, a principal at consultancy PwC, said: "State proposals are very much in their infancy; they've got a long way to go before they have much traction."

The efforts are aimed at helping employees at smaller companies who do not have access to retirement savings programmes through their employer and come amid a heightened focus on retirement savings in America.

In this year's State of the Union address in January, President Barack Obama expressed support for the federal-level [My Retirement Account](#), known as myRA, which is due to be launched by the end of the year. Obama highlighted the fact that about half of full-time and 75% of part-time US employees do not have access to employer-sponsored retirement plans.

The Georgetown University McCourt School of Public Policy's Center for Retirement, which Kennedy Townsend of the Maryland scheme established earlier this year, plans to create a template to help states build compliant retirement plans.

Kennedy Townsend said states were looking to learn lessons from the UK's experience establishing Nest. She added: "The forces that brought you Nest are the forces that are bringing us to these answers today."

Automatic enrolment opt out rates 2014

6 November 2014

The Department for Work and Pensions (DWP) have published the findings from a survey of employers who staged automatic enrolment between January 2014 and July 2014.

This [report](#) presents findings from a survey of 50 employers with between 90 and 499 workers. The overall opt out rate was 12 per cent. This is slightly higher than the 9% result of the 2013 survey, but the researchers say that the difference is not statistically significant. The 2015 survey will show more clearly whether the opt-out rate will reduce as the size of employer reduces.

Automatic enrolment: Staging dates unknown?

6 November 2014

The Pensions Regulator is reminding small and micro employers and their agents of the importance of checking their staging date.

Recent research by The Pensions Regulator showed a wide variation in awareness of staging date, with only half of micro employers (1-4 workers) aware, compared to 4/5ths of small employers (5-49 workers). However, once the regulator checked the information against their records, it showed that only 43% of those staging between June and November 2015 and 28% of those staging between January and November 2016 were planning for the correct date.

The Regulator's advice for agents and bureaux is of course equally applicable to employers themselves: Don't let your clients get this key date wrong - make sure your clients know their correct staging date, in order to leave sufficient time to comply with their automatic enrolment duties. [Click here](#) to confirm your clients' staging dates (you will need their PAYE reference).

Automatic enrolment: Assessing workers

7 November 2014

The Pensions Regulator has published detailed guidance for business advisers and others about assessing staff for eligibility.

Here is the Regulator's advice:

Know the workforce: assessing workers

Under pensions legislation, employers will need to assess their staff to determine if they are eligible for automatic enrolment. It is essential to do this in order to comply with automatic

enrolment duties. This is an area employers may request assistance from their business advisers – especially if the business adviser is already providing a payroll bureau service.

Initial checks

It is important that business advisers do not make assumptions about their clients' workforce for purposes of auto enrolment. Assessing staff can take some time depending on the size of the business and complexity of the workforce. One of the first tasks, once the staging date is established (preferably using The Pension Regulator's staging date tool on the website) is to do a 'quick check' to ascertain how long a full assessment is likely to take and ensure all the information held about staff is accurate. The Pensions Regulator recommends starting to assess workers several months before the staging date to avoid the risk of non compliance.

Staging date tool: www.tpr.gov.uk/staging-date

Who is a worker ?

What business advisers will need to do for automatic enrolment will depend on whether the employee is someone the legislation classifies as a 'worker'.

At first glance, business advisers may assume that only employees who are paid through the PAYE system are considered workers. However, the definition of worker under the legislation is widely drawn and it's important not to accidentally exclude workers from the auto enrolment process as this contravenes automatic enrolment duties.

When determining who is a worker, employers and business advisers should be aware that:

- A contractual employment relationship does not have to be in writing. To fall within the scope of 'worker' the contract can be verbal and the terms implied rather than explicitly stated.
- Temporary and part time staff will fall into the category of a worker. In addition, depending on the contractual terms, workers may be those on zero hour's contracts and secondees.
- Another category of worker is a 'personal services worker'. Typically, these may appear to be self employed however in certain circumstances they are actually classified as a worker. If an employer expects that person specifically to perform the work, if they cannot sub contract or send a substitute (unless it's due to sickness) or if they are not undertaking the work as part of their own business then the employer may need to classify them as worker .
- In making the judgement as to whether an individual is undertaking the work as part of their own business, the employer should consider factors including whether the employer controls the hours worked, whether tools or facilities are provided, whether employee benefits are provided and whether the employer is financially responsible for faulty work.

Who is a worker – detailed guidance: www.tpr.gov.uk/docs/detailed-guidance-1.pdf

Show your working

When carrying out the assessment, business advisers and their employer clients should exercise 'reasonable judgment' in defining workers. The rationale for the decision should be documented demonstrating the underlying reasons for inclusion or exclusion from the worker category. Should there be reason to suspect non compliance through failing to classify staff correctly, written evidence of how these decisions were reached may be required by the regulator.

Types of worker

The types of worker for which the employer will have automatic enrolment duties are:

- Eligible jobholders: These are workers who are eligible for automatic enrolment and they are over 22, who ordinarily work in the UK and who earn above the earnings threshold currently set by the Department for Work and Pensions at £10,000 per annum.
- Non eligible jobholders: These are workers who are not eligible for automatic enrolment but who can choose to opt in. They are aged between 16 and 21, or between state

pension age and 74, are ordinarily working in the UK and who earn above the earnings threshold of £5,772 per annum. Essentially they are workers who either meet the £10,000 per year threshold but not the age requirements or who meet the age requirements but not the £10,000 earnings threshold.

- Entitled workers: These workers are entitled to join a pension scheme and are between 16 and 74, who ordinarily work in the UK but who earn below the earnings threshold of £5,772 per annum.

It should be noted that although the thresholds are quoted in annual terms, the assessment will always use a pro-rata value based on whether the worker is paid weekly, monthly or fortnightly etc. This means that their total earnings in a year are not relevant and they only have to earn over the threshold in one pay period to trigger automatic enrolment.

It should also be noted that the categorisation of worker covers workers wholly or ordinarily working in the UK. For certain employments, this may require further investigation to understand the exact scope of these terms in relation to the employment.

Assessing the workforce – detailed guidance: www.tpr.gov.uk/docs/detailed-guidance-3.pdf

Ongoing duties

It is important to keep track of the workforce to ensure compliance with their automatic enrolment duties. Workers must be assessed regularly as their contracts, hours, pay and conditions may change. Regular data cleansing and ensuring all staff records are up to date will help ensure workers are assessed correctly and will avoid the risk of non compliance.

Further detailed guidance on assessing workers is available on the TPR website:

www.tpr.gov.uk/employers/know-your-workforce

Automatic enrolment: Declaration of compliance due in November?

10 November 2014

The Pensions Regulator has issued a reminder that thousands of medium employers (62-89 workers) who staged this July need to complete a declaration of compliance (registration) with the Regulator by the end of November.

Employers must submit information to the Regulator about how they've complied with their employer duties by the statutory deadline. Those who do not could be fined.

If you have any clients who staged in July 2014, make sure that they do not risk incurring a fine: ensure they have met their duties and that their declaration of compliance is completed on time.

[Click here](#) to download a pdf of the declaration of compliance checklist.



Child Maintenance Reform

Child maintenance reform starts to affect existing cases

12 September 2014

Under sweeping reforms of the child maintenance system, as many as 50,000 children may be newly eligible for maintenance, the government has estimated, as a 3-year process of closing all existing Child Support Agency (CSA) cases gets under way. A new advertising campaign to raise awareness has been launched.



An [announcement](#) from the Department of Work and Pensions (DWP) confirms that the CSA has already stopped taking on new cases, with newly-separated parents encouraged to make their own family-based arrangements or use the new Child Maintenance Service instead.

Now, in the next phase of the changes, the agency is beginning the process of closing its 800,000-strong historic caseload.

Initially, the DWP is writing to around 150,000 parents with details of when their case is due to close and advice about the next steps they should take. Although there is no need for anyone to act until they receive a letter, once parents receive notification of their closure date they are urged to consider their options.

It is unclear at this stage precisely what impact these changes will have on the volume of deduction orders which employers will need to make.

Employment Law & Guidance

How to achieve the perfect work-life balance?

24 September 2014

Getting the perfect work-life balance is equivalent to discovering the Holy Grail for many people - and is often deemed unobtainable or near impossible to achieve.

However, a forward-thinking company based in Amsterdam, Holland, believe they may just have found the answer.

Many thanks to HR Grapevine for their report on a story which seems perfectly synchronised with "go home on time day" on 24 September.

Maybe we should all celebrate and learn from the introduction of the 'disappearing office'. Each evening, at 6pm, the desks in the office are lifted into the ceiling, along with the computers and anything else that happens to be on the desk at that time.

The design studio, Helder groen, think the concept will reinforce a stronger work-life balance for its employees, according to lifestyle publication, TrendHunter.

Using a key-operated lifting mechanism and steel ceiling cables, staff have no option but to finish for the day. When they return in the morning, everything is left as it was the previous night. Once the desks have been lifted away, the office space is then available for employees to use for other, non-work related activities.

Sander Veenendaal, creative director for Helder groen Creative, told Fast Company: "We are able to pull the tables up into the ceiling and make the whole room into a dance floor, yoga studio, trend session, networking reception, or anything else you can think of - the floor is literally yours."

Key changes in force from 1 October 2014

6 October 2014

A reminder of the main changes for employers which came into force on 1 October.

We are grateful to Pinsent Masons for the content from which this report has been prepared:

Whistleblowing: new list of prescribed persons

This Order gives protection for a worker if he or she were to make a qualifying disclosure to a person prescribed in the new list, provided there is:

- a reasonable belief that the fault disclosed is in the public interest which;
- falls within the remit of the person prescribed in question; and
- the information disclosed and any allegation contained in it are substantially true.

The new list includes MP's, specified Government ministers and public bodies, alongside 60 regulators.

Employers should take note, particularly those who list 'prescribed persons' in their whistleblowing policy, as they will need to update the content.

Right to attend ante-natal appointments for fathers and partners

Employees (including the mother's husband/ civil partner/ partner/ the father or parent of the child and intended parents under surrogacy arrangements) will now be entitled to take unpaid time off to attend up to two ante-natal appointments with a pregnant woman.

Provision is also made for paid and unpaid time off work for adopters to attend meetings in advance of a child being placed with them for adoption. Fathers and partners are now able to take paid time off to attend up to two antenatal appointments and are protected from detriment and dismissal as a result of exercising those rights.

Equal Pay Auditing

A tribunal must now order an employer to conduct and publish an equal pay audit where it finds that an employer has breached the equal pay provisions under the Equality Act 2010. This is subject to certain exceptions and exemptions.

The regulations also set out the required content of an audit. For example it must: include relevant gender pay information of the descriptions of employees specified by the tribunal; identify and give reasons for any pay differences between men and women; and include reasons for any potential equal pay breach identified by the audit as well as setting out the employer's plan to avoid breaches occurring or continuing.

Finally, the regulations specify time frames for submitting the audit to the tribunal and publishing the audit on the employer's website. Employers who fail to carry out an audit in breach of the new legislation could face a penalty of up to £5,000.

Military Reservists: removal of qualifying period for unfair dismissal and additional payments for employers

The statutory qualifying period for unfair dismissal will be removed where a dismissal is connected with the employee's membership of the Reserve Forces. This change will only apply to employees whose employment terminates after 1 October 2014.

Also, military reservists are currently paid directly by the Ministry of Defence with employers able to claim for additional costs incurred whilst replacing the reservist (a maximum of £100 per day). Small and medium employers will now be entitled to an additional monthly payment of £500 per month for each full month a reservist is absent from work, provided they are on a full-time contract and work at least 35 hours a week. This amount is pro-rated for periods of less than a month and where the reservist is contracted to work less than 35 hours a week.

Increase in National Minimum Wage Rate (NMW)

The NMW has been raised as follows:

- Adult rate – increased 19p from £6.31 to £6.50 per hour
- Rate for 18-20 year olds increased 10p from £5.03 to £5.13 per hour
- Rate for 16-17 year olds increased 7p from £3.72 to £3.79 per hour
- Rate for apprentices increased 5p from £2.68 to £2.73 per hour

Review launched into employment status of British workforce

8 October 2014

Business Secretary Vince Cable has launched a wide-ranging employment review to help clarify and potentially strengthen the employment status of workers.

The Government [announcement](#) explains that this review:

follows the recent review and upcoming legislation of zero hours contracts, which revealed that an increasing number of people in the UK who could be on 'worker' employment contracts which have fewer basic rights (such as unfair dismissal or maternity pay) than the vast majority of people who are on 'employee' contracts.

In many instances workers are not aware of their employment status and therefore what employment rights they are entitled to. Many employers are also unsure what rights their workforce is entitled to, running the risk of legal challenge if they get something wrong. As a result, government is also unable to collect meaningful data and get a complete picture of the overall workforce.

Officials expect to present interim findings by the end of the year, and hope to submit recommendations for next steps to ministers by March 2015.

TUPE and pensions: five steps to getting it right

8 October 2014

For an employer that inherits employees under TUPE, getting the pension provision right for the transferring employees can be one of the most complex, and potentially costly, aspects of the transfer.

Thanks to Personnel Today for this report:

Most rights under an occupational pension scheme are excluded from TUPE, so they do not automatically transfer with the employees; however, employers need to be aware of rights that can transfer and of the minimum pension provision they are required to arrange.

We set out five key steps to help transferee employers understand their TUPE and pensions obligations.

1. Investigate the existing pension rights of transferring employees

The new employer should attempt to get as full a picture as possible of the pension rights of transferring employees. In practice, this may not always be easy, depending on the circumstances of the transfer. In any event, the transferee should attempt to negotiate protection against the possibility that employees transfer on more generous pension terms than anticipated.

2. Identify whether or not there is an "occupational pension scheme"

The general exclusion from the automatic transfer principle under TUPE applies only to benefits under an occupational pension scheme (as defined in the relevant legislation), so the new employer needs to be clear about the type of scheme it is dealing with. If employees are entitled to benefits under a scheme that is not an occupational pension scheme, the new employer may inherit an obligation to make pension contributions at the same level as the previous employer.

3. Check whether or not there are any pension rights that could transfer under TUPE

Pension rights that are not related to old age, invalidity or survivors' benefits will transfer to the new employer under TUPE. These are called "Beckmann rights", after the European Court of Justice case that decided they were not covered by the general exclusion under TUPE. It is important for the transferee to assess whether or not transferring employees might have these rights because they can give rise to substantial costs and liabilities.

4. Identify whether or not there is a duty to provide a minimum level of pension provision after the TUPE transfer

Where transferring employees are members of an occupational pension scheme (or are entitled to join one immediately prior to the transfer), the new employer is obliged to put in place a minimum level of pension provision, as set out in the Transfer of Employment (Pension Protection) Regulations 2005. This could include a defined-contribution occupational pension scheme in which the employer matches employee contributions up to a set level.

5. Be aware of special pension rules that apply to public-sector transfers

In outsourcing scenarios involving the public sector, specific government guidance and other rules may apply. For example, a private-sector contractor may be required to participate in the public-sector pension scheme that applied to the employees prior to the transfer.

Impact assessments of the Small Business Bill published

22 October 2014

Impact assessments have been published by the Department for Business, Innovation & Skills (BIS) summarising the cumulative effects of the proposed policies in the Small Business, Enterprise and Employment Bill.

The [impact assessments](#) cover all aspects of the Bill which is currently going through Parliament. The proposed changes which most concern employers are probably those strengthening the measures to combat misbehaviour by company directors.

New analysis of the cost of taking on your first employee

4 November 2014

The FSB (Federation of Small Businesses) and the Centre for Economics and Business Research (CEBR) have launched new analysis estimating the employment costs facing the typical small business.

The [report](#) says that:

The UK labour market has made a lot of progress over the past year and FSB research found that a net balance of seven per cent of small businesses want to hire more staff this quarter. To continue this positive trend, the FSB is calling on Government to lower the costs of doing business to encourage more firms to take on staff - including those that currently don't have any employees.

The research estimates that a typical small business pays out on average £189,600 towards staff costs, of which 15.1 per cent are non-wage costs. These include the employer's national insurance contributions, payroll processing and hiring a replacement staff member in the event of a worker being off sick. Total employment costs are estimated to be highest in the health and

education services sector (£280,900) and lowest in the accommodation and food services sector (£117,400).

Businesses taking on their first employee face higher non wage costs relative to salaries compared with larger firms. On average, a business with one employee and one owner faces an average employment cost of £35,500 per worker. Approximately 20 per cent of total employment costs come from national insurance contributions, as well as income tax on the owner's salary. In addition, the cost of the business owner's time in carrying out regular administrative tasks is In contrast, a typical business in the 20-49 employee category faces an average cost of £25,100 per worker. As a business increases its headcount, a greater proportion of total employment costs are devoted towards the wages of employees, instead of overheads, meaning that firms may become more efficient with size.

John Allan, National Chairman, Federation of Small Businesses, said:

"Small businesses have been responsible for many of the jobs created in recent months and this must continue. What this new index shows, is the cost of taking on your first member of staff can be considerably higher than taking on your twentieth. The future growth of the UK economy depends on more entrepreneurs taking the leap to becoming employers. This means Government has to redouble its efforts to make it cheaper to hire staff."

Charles Davis, Director, CEBR said:

"This research follows a significant rise of self-employment in an increasingly entrepreneurial Britain. But one of the key findings here is that hiring one's first employee costs a lot more than just paying their wages. This raises the question: could the Government do more to make it easier for the plethora of one-man bands and micro businesses to take on more employees?"

Flexible working: one employee in three wants to change the way they work

10 November 2014

New research published by the Chartered Institute of Personnel and Development (CIPD) suggests that employees want more flexibility and attach less importance to work and career than they did 10 years ago.

The CIPD [report](#) shows that 35% of employees said they would like to change their working arrangements, with 43% of these most wanting to change the start or finish time of their working day.

Ksenia Zheltoukhova, CIPD research adviser, said: "Our research provides clear evidence that many businesses are out of step with employee expectations, although by meeting employee expectations, they stand to have greater employee engagement, a more productive workforce and stronger organisational performance."

"To achieve this though, organisations must question assumptions about people management practices and processes, and establish working solutions that are of value both to individuals and to the business

Criminal record checks: updated guidance for employers

12 November 2014

The Home Office has updated its guidance for employers who wish to request criminal records checks for potential employees.

The [guidance](#) explains that these checks, as well as covering criminal records, will also include information held on the children and adults barred lists, together with any information held locally by police forces that is reasonably considered to be relevant to the applied for post.



Employment Tribunals

Self-employed worker entitled to holiday pay

22 September 2014

The Employment Appeals Tribunal (EAT) has ruled that a self-employed subcontractor was a worker entitled to holiday pay.

Many thanks to Pinsent Masons for this report on the EAT decision in the case of Plastering Contractors Stanmore Ltd v Holden.

The EAT has upheld a decision that an employee who accepted £200 in exchange for becoming a self-employed subcontractor was a worker with the relevant entitlements under the Employment Rights Act 1996 (ERA) and Working Time Regulations 1998 (WTR). From 7 April 1997 to 7 February 2001, Plastering Contractors Stanmore Ltd (PCS) employed Mr Holden (H) as a general labourer to provide plastering services to the construction industry. From 7 February 2001, it was agreed that in exchange for a one-off payment of £200, H would become a self-employed contractor and would be paid under the construction industry scheme, for which PCS accounted to HMRC for 20% of his gross pay.

PCS added H to its database of labour-only subcontractors and referred him to construction sites upon receiving requests for services. When on site, H was under the instruction of the site supervisor and was paid depending on the amount and nature of work he undertook. The rates of pay were set and arranged by PCS without negotiation, based on the supervisor's record of H's work.

Although H used his own safety boots, PCS provided other safety and high-visibility clothing and also a vehicle to transport equipment between sites. H worked almost exclusively for PCS until May 2013. At this point and without notice, H stopped working for PCS, having grown frustrated at spending most of his time at home waiting for referrals to work on available sites. H subsequently took up similar work with another company and brought a tribunal claim for unpaid holiday pay, arguing that he was a worker and that PCS has failed to account for his holiday pay after his change to the labour-only subcontractor role. PCS disputed this and argued that H was not a worker, on the basis that:

- PCS was under no obligation to provide H with work nor was he obliged to accept it (so there was no mutuality of obligation), and
- H was entitled to send a substitute (therefore the requirement for personal service was not met).

The Employment Judge ruled that H was indeed a worker for the purposes of ERA 1996 and WTR 1998; PCS had regularly offered work to H for 16 years with an expectation of him turning up for work during working hours, therefore he had been integrated into the workforce. PCS appealed.

The EAT dismissed PCS's appeal and established that the Employment Judge was correct in finding that sufficient mutuality of obligation existed throughout each assignment undertaken. The EAT also ruled that there had been no error of law by the Employment Judge on whether H had the right to send a substitute; there was no express provision about substitutes being permitted. In reality, H had not marketed his services publicly and had been recruited by a former employer to work as part of its workforce on certain sites or to transfer goods between sites; thus the EAT found that the requirements of both integration and control had also been met. The EAT has now sent this case back to a fresh tribunal to consider the issue of remedy.

Paying enhanced maternity but not paternity pay

18 September 2014

An employment tribunal has ruled that a car manufacturer was justified in not paying enhanced paternity pay to a male employee during additional paternity leave.

Many thanks to Employee Benefits for their report on the tribunal decision in the case of Shuter v Ford Motor Company. The tribunal decided that the organisation was not obliged to provide enhanced pay in circumstances where it also provided a generous enhancement to maternity leave pay.

Shuter originally lodged a claim for direct and indirect sex discrimination after claiming he was unfairly financially disadvantaged during his five-month period of advanced paternity leave. He took additional paternity leave from 15 July to 6 December 2013 after his partner returned to work following maternity leave.

During Shuter's additional paternity leave, Ford paid him the statutory rate of pay, which was the lesser of £136.78 per week or 90% of average earnings. At the same time, Ford operated an enhanced maternity pay scheme, in which mothers were paid 100% of their basic pay for the 52 weeks of maternity leave. Shuter argued that this difference meant he lost approximately £18,000 compared to a woman receiving enhanced maternity pay.

The employment tribunal rejected his claim on the basis that Shuter had chosen the incorrect comparator in identifying a female employee who had taken maternity leave. The correct member comparator would have been a female employee applying for additional parental leave, for example the partner of a woman who had given birth. In this situation, Ford would have paid the female employee the same as Shuter. Therefore, there was no direct discrimination because both man and woman were paid at the same level while on additional leave.

The indirect discrimination claim also failed. The tribunal did not accept the Ford employee's argument that a number of European cases had broadened the concept of maternity leave after 20 weeks to something more akin to childcare leave. On considering whether it was justified, however, Ford successfully argued that this practice of not paying enhanced paternity pay was necessary in order to achieve a legitimate aim, which was to increase the number of woman it employed, which had a male-dominated workforce.

Future Loss of Earnings and Pension Losses

29 September 2014

Is the simplified approach to pension loss appropriate where an individual would have remained a member of a final salary scheme to retirement, but whose only future pension entitlement following dismissal was likely to take the form of a money purchase scheme?

We are grateful to Daniel Barnett for passing on Chesca Lord's summary of the Court of Appeal decision in Griffin v Plymouth Hospital.

Mrs Griffin, a bone densitometrist, successfully brought complaints of constructive unfair dismissal and disability discrimination. The employment tribunal found that with reasonable adjustments she would have been able to continue in employment indefinitely, but would not now work for the Trust or as a clinical technician again.

Following an appeal on remedy, a remitted employment tribunal projected that the Claimant would equal her earnings but for discrimination within a 12-year time frame, excluding evidence

of subsequent unpaid employment on the strict terms of the remittal. The Court of Appeal approved this approach.

However, the Court of Appeal found that in applying the simplified approach to pension loss, the employment tribunal misdirected itself. The key question was the likelihood the Claimant would have remained in the Trust's final salary pension scheme to retirement. The employment tribunal erred in treating the Claimant's age as decisive and failed to consider her specialist skills, the job market, and her medical condition, which made the substantial loss approach the only appropriate one in the circumstances. There was no basis for the finding that she would join another final salary scheme in future.

Deductions from Salary

30 September 2014

Is recovery of a previous overpayment of wages or salary a 'deduction' which must be explained in an itemised pay statement?

Thanks to Daniel Barnett for sharing Naomi Cunningham's summary of the Employment Appeals Tribunal (EAT) decision in *Ridge v HM Land Registry*.

Mr Ridge had exhausted his contractual sick pay, and was continuing to take intermittent periods of sick leave. That meant his entitlement to pay varied month by month depending on how many days he had worked. Some months his employer's payroll administration knew how many days he had worked by payday, and paid him the appropriate amount. But sometimes they didn't, with the result that he was overpaid one month, and then a deduction was made the following month to recover the overpayment.

The EAT held that those deductions were, er, deductions.

The EAT sometimes makes surprising decisions. This was not one of them.

Employers face increased pension loss payouts after NHS case

3 October 2014

Employers may be liable to pay increased compensation relating to pension loss to employees dismissed unfairly, lawyers have warned, after a tribunal appeal found an earlier decision had miscalculated the sum owed to an NHS scheme member.

We are grateful to Pensions Expert for bringing us this report:

The employee brought the claim against Plymouth Hospital NHS Trust on the grounds of constructive unfair dismissal and disability discrimination, and was awarded £105,643 for past and future loss of earnings, and future pension losses.

However, on appeal, the judge ruled the 'substantial loss' rather than the simplified approach should be used for calculating the future pension losses of the claimant, who was a member of a final salary scheme.

The substantial loss approach will generally produce the higher award since it assumes whole-career loss. Whereas the simplified approach calculates pension loss by adding together the loss of enhancement to pension rights, loss of employer contributions to the hearing date and the loss of future employer contributions.

The employee's award was increased to £166,595. Plymouth Hospital NHS Trust said it was unable to comment as the case is ongoing.

According to the [Compensation for Loss of Pension Rights](#) guidance, released by chair of employment tribunals and the government actuary, the substantial loss approach may be chosen "in cases where the person dismissed has been in the respondent's employment for a considerable time, where the employment was of a stable nature and unlikely to be affected by the economic cycle and where the person dismissed has reached an age where he is less likely to be looking for new pastures".

The tribunal found due to the highly specialist nature of the employee's job – as a clinical hospital technician – they would have remained with the employer, and therefore been an active member of the scheme, until retirement.

Anne-Marie Winton, partner at law firm Nabarro, said: "[The] calculations in that guidance are based on assumptions that if you're in a final salary scheme, when you get a new job you'll go back into an open final salary scheme." Since this approach to calculating pension losses is only guidance, the judge may also take into account more current pensions practice, she said, which could result in a claimant being entitled to a greater amount of compensation.

However the judgment also recommended the guidance used for assessing future pension loss was in need of review. It stated: "There have been a number of important changes in pension law and practice since the current edition of the guidance was published in 2003, and others are imminent: the extent to which its recommendations on particular points remain valid will increasingly need to be carefully considered."

Mark Howard, partner at law firm Clyde & Co, said in future claimants may look at this section and "realise there is scope to attack the guidance itself as being out of date". "Employers faced with claims should anticipate this and consider what might the pensions loss be based on more up-to-date assumptions," he said. However, Howard said it is not just the claimant who might argue the guidance should be ignored since the substantial loss approach assumes a final salary pension scheme. "Since 2003, some final salary schemes will have switched to career average, so the pensions loss would be less than the substantial loss approach would imply," he said.

Lesley Browning, partner at law firm Norton Rose Fulbright, said while the substantial loss approach is already uncommon, it will become even less so as final salary membership diminishes. "Historically the substantial loss approach was used in a lot of cases, for example armed forces cases where a woman was unfairly dismissed because she was pregnant," added Browning.

Meaning of employee

6 October 2014

The Employment Appeals Tribunal (EAT) have ruled in a case about the status of workers engaged for a number of short term contracts.

Thanks to Emplaw for this report on the EAT decision in *Windle & Arada v Secretary of State for Justice*.

The EAT had to consider whether the claimants, when providing their services to the Secretary of State for Justice as interpreters, were employees within the meaning of s.83 (2)(a) Equality Act

2010 and in particular whether, when providing those services, they were employed under a contract personally to do work. The interpreters had been engaged personally to do work on a significant number of short term contracts. An Employment Tribunal (ET) had found against the employees, noting the absence of mutuality of obligation and making this a central part of its decision.

The EAT overruled the ET and held that the issue of mutuality of obligation was irrelevant when deciding whether the interpreters fell within the scope of s 83(2) Equality Act 2010 ('employment under [...] a contract personally to do work'). The EAT noted that it was for the ET to determine whether the interpreters provided their services under a position of subordination to the Secretary of State or whether they were truly independent providers of services to the world at large and the Secretary of State was but one of their professional clients. However a lack of exclusivity was not determinative.

As the Court noted, there is a distinction between different categories of employment in different areas of employment law. The jurisprudence applicable to one category will not necessarily apply to another. Mutuality of employment was only relevant when establishing whether someone was employed under a contract of employment (a 'category a' worker). Here it was necessary to distinguish between a category (a) worker and a category (b) employee, employed under a contract personally to do work.

Change to labour-only subcontract did not preclude worker' status

6 October 2014

An interesting Tribunal decision reviewing some of the criteria to be adopted in determining employment status.

Our thanks to Emplaw for their report of the Employment Appeal Tribunal (EAT) decision in the case of *Plastering Contractors Stanmore Ltd v Holden*.

A worker, for the purposes of claiming holiday pay, is defined as someone working under a contract of employment or any other contract where he undertakes to do or perform personally any work for another party. In *PCS Ltd v Holden*, Mr Holden brought a claim for unlawful deduction from wages under s.23 ERA 1996 in relation to several years of work as a labour-only subcontractor, prior to which he had been employed by PCS as a general labourer. As a labour only subcontractor Mr Holden was placed by PCS on its database of labour-only subcontractors. If the services of a skilled worker or labourer were required at a particular site, either the Contracts Manager or a supervisor would contact him to provide him with work. He was paid either by price or by time but did not submit invoices – the supervisor would note the time worked and PCS arranged payment. PCS set the rates of pay and provided him with most of his equipment.

An Employment Tribunal (ET) concluded that Mr Holden was a worker having regard to section 230(3) Employment Rights Act 1996 and regulation 2(1) Working Time Regulations 1998. PCS appealed, claiming that there was no mutuality of obligation rendering him to be a worker.

Applying the guidelines set out in *Byrne Brothers (Formwork Ltd) v Baird and others* [2002] IRLR 96 the EAT considered that the important thing was to establish whether there was a contract and once a contract is established to exist, there is no doubt mutual obligation. The focus was on the nature of those obligations rather than the existence of mutuality. Here, the EAT held that when Mr Holden was working for PCS, he did so for each period or assignment pursuant to a

contract to perform work personally. Since he was working for PCS for the vast majority of the time in question, he was under contract and the necessary mutuality existed in all those periods.

Further, with regard to the right of substitution a limited power of substitution was not inconsistent with the existence of an obligation to work personally.

Mr Holden brought an unlawful deduction from wages claim under ERA 1996 (rather than a Working Time Regulations claim) so that he could claim for series of deductions stretching back over several years. If he had brought a claim under the WTR 1998 he would have had to bring a claim within three months of the date on which the right to claim holiday pay should have been exercised.

Expenses and Benefits

Consumer Rights Bill and salary sacrifice

24 September 2014

A number of members brought the above Bill that is currently going through Parliament to the attention of the policy team, and were concerned by some articles published recently that stated this would impact salary sacrifice arrangements.

The articles in question implied that a salary sacrifice arrangement would be subject to a cooling off period, as with loan arrangements and credit agreements etc. Clearly this would have a major impact on any changes in contracts to accommodate salary sacrifice. HMRC and BIS have confirmed that this Bill will not impact salary sacrifice/employee benefit arrangements. HMRC intends to update its guidance in due course.

OTS benefits simplification reforms not likely until 2017

30 September 2014

The Office for Tax Simplification (OTS) is simplifying the way employee benefits and expenses are taxed, but it is now clear that some of the reforms could be unlikely until 2017.

We are grateful to Employee Benefits for this report:

Speaking at Employee Benefits Live 2014 on 24 September John Witting, tax director at OTS, said: "We are looking for opinions and views on issues such as how working patterns have changed and what uncertainties are in the tax system for employers. But the government is committed to simplifying the way benefits are taxed, for example travel and subsistence tax, but reform will be unlikely before 2017."

Whiting also said he would like the government to see a rule that if the benefit provided to the employee is not an actual benefit to them, then it should not be taxed.

He warned delegates about the recommendations the OTS has made on employee benefits and expenses, which started in August 2014, that while it will simplify benefits tax no change can be promised.

Issues from the four consultations employers should be aware of include:

- Tax on long-service awards needs to be aligned with current employment.
- OTS recommendation to introduce set amount for trivial benefits, likely to come in next spring.
- OTS consulting on abolition of £8,500 limit and abolition of dispensations.
- Voluntary payroll around benefits, with OTS currently in consultation.

Whiting said: "We have done a lot of work so far, especially on share schemes. But the frequency of change is the biggest cause of complexity around benefits tax, followed by pay-as-you-earn and national insurance contribution issues. We want the government to take our recommendations and simplify benefits. There are 4.5 million P11Ds done a year by employers, benefits simplification could reduce it to 40,000. "Why should employee benefits be taxed differently to cash?"

Updated scale rate expenses payments for employees travelling outside the UK

2 October 2014

HMRC have confirmed updated scale rates for accommodation and subsistence for employees travelling overseas.

Employers can reimburse subsistence to employees by making a scale rate payment. HM Revenue and Customs usually publish the [rates](#) in October or November every year.

If you have employees who travel abroad for business purposes, you should see the guidance on [when you can use the worldwide subsistence rates](#).

HMRC

HMRC digital strategy: 2014

30 September 2014

HMRC have issued a new digital strategy which they say “sets out a refreshed and comprehensive vision, reflecting our activities in the last year and our ambition for the next few years.”

In introducing the new [strategy](#), HMRC say that:

Improving our services means changing how we think about compliance. By designing services that make it easy for customers to get things right, we will reduce customer error. Our digital services will give us better data and insight about risks to compliance. This will allow us to focus our compliance activity and expertise on those determined to dodge their responsibilities. Digital services will allow us to consult our customers on policy proposals and changes so that we can improve them.

Every customer in the UK will have their own personalised digital tax account, so we can help make it simpler, quicker and easier to pay the right tax at the right time. This will have big implications for our staff, as well as our customers, involving changes to the types of job we will be doing and the skills we will need.

Do you know everything you need to about employing someone?

14 October 2014

HMRC are encouraging newer employers especially to use their video guidance to build their confidence in complying with payroll legislation.

HMRC’s message speaks for itself:



You can get help via YouTube. It has been such a popular subject this month that you might like to watch our [Expenses and Benefits](#) video.

If you are a new employer or thinking of becoming an employer, our video [Getting Started as an Employer](#) should be just what you need.

If you have any questions about employing staff, you can ask them on [Twitter @hmrcbusiness](#).

Tax gap reduced

17 October 2014

HM Revenue and Customs (HMRC) have published their estimate of the tax gap (tax which is due but not collected) for 2012-13, showing a further fall from the high levels published for earlier years.

The HMRC [report](#) shows that the tax gap, which is the difference between the amount of tax due and the amount collected, was 6.8 per cent (or £34 billion) of total tax duties due during 2012-13.

This shows a continued overall long-term downward trend from 8.5 per cent in 2005-6 – the first year the tax gap was compiled – to 6.6 per cent in 2011-12, rising marginally to 6.8 per cent in 2012-13. Over the seven years since 2005-06, the fall in the tax gap translates into an additional £43 billion in cumulative tax collected.

Looking at findings of particular relevance to payroll professionals, the report shows that:

- The 2012-13 employers tax gap of £3.4 billion is equivalent to 1.5 per cent of employer PAYE liabilities, and
- The proportion of small and medium sized employers failing to correctly operate their PAYE scheme has decreased from 41 per cent in 2005-06 to 23 per cent in 2011-12.

A tax gap [briefing](#), setting out more detail on why and how HMRC measure the tax gap, and how they will continue to tackle it in the future, has also been published.

HMRC Digital Strategy – examining the detail

23 October 2014

Readers may be forgiven for not yet opening the new HMRC Digital Strategy document, but it their customers.

The [Strategy document](#) which was recently published on News On Line starts from the recognition that



- HMRC has high volume online transactions, but for a small number of services, while
- Few services are provided through digital channels from beginning to end.

Hardly a novel insight perhaps, but one which sets a clear implicit challenge which HMRC are keen to address through a phased programme of improving current services and introducing new ones, leading over a period of years to a major transformation in the way the Department interacts with all of its customers.

We would recommend that our readers find a moment to look at this document in full, and maybe to report any reactions to [policy](#), but a short summary of some aspects of relevance to payroll may be of interest.

The strategy reports first on plans for what it calls four exemplar services which have already been launched, including (of particular interest to payroll professionals):

- PAYE for Employees: making it easier for customers to tell HMRC about changes that affect their tax code, starting with being able to inform of changes to company car provision and car fuel benefit. This will have no impact on the employer processes; it simply enables the employee to contact HMRC directly and digitally to inform them of changes. Presumably car and car fuel were picked because statistically they represent the most common benefit and the most likely to create customer contact.
- Digital Self-Assessment: making Self-Assessment filing a completely digital process. Currently many employees, including those in certain sectors, are still obliged to file paper returns which increases the scope for delay and error.

The next phase will involve improving digital services for businesses through:

- Your Tax Account: which joins up existing online services for small business customers
- Agent Online Self-service: which makes it easier to register as an agent for HMRC services. One of the first agent services to be tested will be access to the client PAYE and Liabilities viewer, perhaps better known as the Dashboard. CIPP agent members can be involved in the early build and test process if they contact us at [policy](#).

This strategy makes clear (in a way that the previous strategy didn't) that it is the intention that all tax customers or rather citizens will have their own digital tax account by 2018 either directly or by assisted digital.

Finally, and looking beyond 2018, HMRC foresee the day when transformation will mean that:

- Most interaction with customers will be automated through digital self-service, and
- Dealing with HMRC through personalised, multi-channel digital services is the norm for the majority of customers.

Publication of HMRC Charter Annual Report 2013-14

24 October 2014

The annual report on the HMRC Charter for 2013-14 has been published.

The Charter sets out clearly and simply what customers can expect in their dealings with HMRC, and the behaviours that HMRC in turn expects of them.

HMRC says that:

The [report](#) shows that during the last year we've continued to make good progress in delivering services for customers. We achieved our best ever performance during 2013-14, exceeding tax and compliance revenues compared to the previous year, while continuing to improve customer service levels and make sustainable cost savings.

At the same time we know there are aspects of our performance where we need to make improvements. We're continually working with our customers on new ways of improving customer service, including SMS texts for our tax credits customers to remind them to renew and trialling a wide range of new digital services that will transform the way we serve our customers over the coming years.

Quite rightly, our customers' expectations are high and so it is important we check that the rights and obligations contained in the current Charter fully meet their needs. We are reviewing the Charter to see how we can improve our approach further.

HMRC research: Understanding Small and Medium Enterprises

11 November 2014

HMRC have published new research about Small and Medium Enterprises (SMEs), focussed on their customer journeys and their readiness to use digital services.

The new [customer journey research](#) was commissioned to help HMRC understand:

- the key life events and activities that SMEs experience
- how these relate to tax
- what opportunities there are for the improvement of HM Revenue and Customs (HMRC) services by more closely aligning them to business lifecycles.

The activities and lifecycles examined include payroll as well as other business processes.

At the same time a separate research [exercise](#) looked at barriers to digital engagement by SMEs and ideas for increasing customer take up.

International Payroll

National Insurance only payroll schemes

23 September 2014

HMRC have issued updated guidance for employers wishing to operate a payroll scheme only for national insurance.

This [guidance](#) typically applies in certain cross-border employment situations, including for example where the employee is regarded as not resident for UK tax purposes but is still liable to Class 1 NIC.

New unpaid leave rights for Canadian employees

14 October 2014

From October 29th 2014, employees in Ontario, Canada will be able to benefit from three additional types of unpaid leave: 'family caregiver leave', 'critically ill child care leave' and 'crime-related death and child disappearance leave'.

Our thanks to the Federation of International Employers for this report:

Under the amendment to the Employment Standards Act, 2000, an employee may be absent from work for up to eight weeks each year to look after or support a family member who suffers from a serious medical illness. The law does not provide a definition of a 'serious medical condition' but does state that it may include a chronic or episodic condition. Employers may request to see a certificate from a doctor, nurse or psychologist to confirm the family member's condition. This leave is available immediately upon commencement of employment.

In addition, up to 37 weeks of leave may be taken to look after a critically sick child who is below the age of 18. Employees should provide a certificate that confirms the child's illness. This leave can only be taken if the employee has worked for six months.

Finally, employees may take up to 52 weeks of leave if their child disappears and it is likely that the disappearance is due to criminal activity. Leave will be increased to up to 104 weeks if the child dies as a result of this criminal activity. Employees must have worked for six months to benefit from this leave. Unlike the other two types of leave mentioned above, this leave must be taken in one go.

PAYE guidance on Appendix 5: Net of foreign tax credit relief

15 October 2014

HMRC have updated their detailed guidance for reporting Appendix 5 adjustments correctly on the FPS. Employers who are using software which does not support these arrangements will be unable to report these adjustments with effect from 6 April 2015.

HMRC have issued this background explanation to the new [guidance](#):

EP Appendix 5 arrangements are applicable to those employers who are required to deduct foreign tax in addition to UK PAYE tax from payments made to employees who are sent to work

abroad. Its aim is to give provisional relief for double taxation to employees who must pay both UK tax and foreign tax from the same payments of earnings.

With HMRC agreement an employer can give foreign tax credit relief (FTCR) via the payroll where there is a foreign tax withholding obligation as well as PAYE due on the same income. This will require an adjustment to the amount of tax due.

For example, the payroll calculates the UK tax on a monthly salary of £2000 as £500, but foreign tax credit of £300 is also due from these earnings and will be paid to an overseas tax authority. The calculation of the foreign tax will be made outside of the payroll, but under the Appendix 5 arrangements it can then be offset against the calculated figure of £500 UK tax, which will reduce the tax attributable to the UK to £200. This is the amount that employers should report to HMRC for the relevant month and pay by the due date.

If this example is extended over a three month period, we would expect to see the following figures in a P60:

Total pay of £6,000, year to date tax deducted of £600 and the code in operation on a Month 1 basis.

Even though they will have also deducted a further £900 from the employee, this should not be included in the tax deducted figure as it has been paid to the overseas tax authority and is therefore not relevant to the UK deduction. If the same employee left after these 3 months, we would expect the final FPS and any P45 would show the same details (again excluding the £900 foreign tax).

So, if an employer is required to issue a P60 to an employee who has been given relief in this way it should show the taxable pay but only the net figure of UK tax deducted after the foreign tax has been offset.

On a day to day basis the employer will need to use the “deductions from net pay” data item (Data Item 58B) to take account of the foreign tax to ensure that the FPS net pay equates to that actual paid in the same manner as other deductions. Using our example above of pay of £2000, UK tax due £500 less FTCR £300.

Incorrect report:

Gross Pay	£2000
Tax deducted	£ 200
Pay after statutory deductions	£1800 (Incorrect result)

Correct report:

Gross pay	£2000
Tax deducted	£ 200
Deductions from Net Pay (58B)	£ 300
Amount for BACS Hash	£1500 (Correct result)

If the data item values are incorrectly reported or an adjustment is not made in respect of foreign tax paid, then the amount the employer reports will not match the amount they pay to HMRC and this may give rise to debt recovery action by HMRC. Additionally the tax calculations for the seconded employees could also be incorrect giving rise to demands for payment or the repayment of tax.

Paying for eggs

16 October 2014

Readers may have picked up on the latest “perk” emerging in the USA, with Facebook and Apple both confirming that they will fund the cost of freezing eggs for female employees who decide to delay parenthood while they concentrate on furthering their careers.



Facebook apparently already pay up to \$20,000 per employee, and Apple will follow suit shortly. But as yet there appears to have been no announcement or media comment on how the tax consequences of this funding will be managed.

Social security contributions now payable on benefits in kind in Spain

27 October 2014

Employers in Spain must now pay social security contributions on the full value of payments in kind. With employers currently paying a basic social security rate of 23.6% this is clearly a significant change.

We are grateful to The Federation of International Employers for this report:

Employers in Spain are reminded that they must now pay social security contributions on the full value of payments in kind — for example payment through food vouchers.

Royal Decree 16/2013, of December 21st 2013, changed the social security contributions' system regarding employee benefits. However, as this change in the law raised labour costs for employers, the Ministry of Employment delayed its implementation, setting the final deadline as September 30th. Non-compliance with the new rules may lead to an investigation by the Labour Inspectorate or sanctions being imposed.

National Insurance

HMRC Generic Notifications for Employment Allowance

23 September 2014

HMRC have announced that they will now issue generic notifications (otherwise known as GNS messages) to employers who may have failed to claim the Employment Allowance.

The intention behind these notifications is to encourage PAYE schemes to check eligibility and claim the Employment Allowance.

HMRC explain that the new notification, which follows the existing format for Generic Notifications, may be sent to any PAYE scheme which has not so far submitted an Employer Payment Summary in 2014/15. It is anticipated that these notifications will not be issued before 25 September.

HMRC have issued a Q&A [document](#) providing further information.

National Insurance update

25 September 2014

HMRC have published an advance version of the detailed National Insurance guide for 2015-2016, as well as a briefing note about possible further changes.

The [guide](#) is for 2015-2016 but is currently based on the 2014-2015 percentage rates and values. HMRC confirm that an updated version will be published in December 2014 following the Autumn Statement.

Also attached for information is a [briefing note](#) which outlines possible changes to Class 1 NIC for the tax year 2015-2016 along with revised formulae. Confirmation of any changes to the Class 1 NIC structure, thresholds etc will be included in the updated version of the NI Guidance for software developers.

Employment Allowance GNS messages

7 October 2014

The CIPP has been advised of situations in which GNS messages for the Employment Allowance have been issued unnecessarily.

Many thanks to member Julia Aldred who contacted us after she received a substantial number of Employment Allowance GNS notices in respect of schemes that were closed during the tax year 2013/14 and even one for a client who is now deceased.

We have contacted HMRC about this and HMRC responded by asking that we pass on apologies to our members for the unnecessary work this has created. Although the Employment Allowance GNSs have now all been sent, so this problem should not recur for this particular message, this problem will be raised further to investigate concerns that in some case the Ceased Date on the system is still not being properly identified during the GNS generation process in all cases.

Employment Allowance take-up numbers

10 November 2014

HM Revenue & Customs (HMRC) have issued statistics estimating the numbers of employers in different categories who have taken up the Employment Allowance.

The [report](#) gives estimates on both a UK wide and regional level for the number of employers that took up the Employment Allowance in the first six months, i.e. by 5th October 2014. The publication also includes breakdowns by sector, constituency and employer size.

Employers are classified as having taken up the allowance if they have both claimed eligibility through an EPS and had some amount of the allowance offset against the amount of Class 1 secondary NICs which they pay to HMRC. On this basis the HMRC figures include about 68% of those employers who were estimated to be eligible.

National Minimum Wage (NMW)

CIPP response to consultation on the National Minimum Wage

2 October 2014

The CIPP has submitted its response to the annual consultation on the National Minimum Wage.

The response was produced from the results of a member survey and includes the results of a quick poll on the CIPP website for member opinion on whether the economic climate was now right to increase the NMW to match the UK Living Wage.

Summary of key findings

The overall trend was for low or no pay increases over the past year with very few expecting that this is likely to change over the coming 12-18 months.

Most, though not all, respondents claim to pay above the NMW rates and are therefore unaffected by any NMW increases.

The impacts of NMW rises have directly affected a small number of respondents; however others, though not paying NMW rates, claim the NMW rises affect employees who expect to receive similar percentage increases to those on NMW. In effect employees above NMW are not keeping pace in terms of their own pay differential.

84% of respondents said the NMW had not affected their decision whether to employ young people with most paying above the NMW rates.

Equally the Apprentice Rate has had very little impact on employers' decisions on whether to recruit apprentices, with 84% once again saying this was not a factor.

Only 6% of respondents had experienced problems complying with the NMW.

An overwhelming majority suggested the rate for October 2015 should rise, at least in line with inflation, but many suggested it should match the Living Wage.

In a separate member poll, 86% of respondents to that poll agreed that the NMW rate should match the UK Living Wage rate.

Conclusion

Whilst increases to the NMW undoubtedly have an impact on certain industries such as the retail and care sectors, the majority of respondents to this consultation are not affected by increases to the NMW because they already pay above the minimum rates. Whilst the needs of these sectors, and others such as the hospitality industry, must be carefully considered, the results of the CIPP survey suggest that the NMW rules are simple to understand and do not cause problems for the majority of businesses.

Recommendations

Whilst being mindful of those sectors which are adversely affected by rate increases, the CIPP recommends that the Low Pay Commission explores the feasibility, and associated impacts on low paid sectors, of increasing the NMW rate to match the UK Living Wage rate.

Read the full response [here](#)

National Minimum Wage guidance

2 October 2014

As part of the GOV.UK transition, government guidance on the national minimum wage from both BIS and HMRC can now be accessed in a single collection.

The new [collection](#) brings together all guidance on the NMW.

Calculating the minimum wage

8 October 2014

The Government has issued updated guidance on calculating the minimum wage, to help employers meet national minimum wage legislation.

The [guidance](#) covers a lot of topics which have troubled employers seeking to check their national minimum wage compliance.

This includes details of what counts and does not count as pay and working hours for minimum wage purposes.

Government proposal to simplify and boost the national minimum wage for apprentices

8 October 2014

Business Secretary Vince Cable has outlined proposals to simplify and boost the national minimum wage for apprentices, making apprenticeships an even more financially attractive route for young people deciding whether to go into full time employment or to earn whilst they learn.

Based on the current national minimum wage rates for 16 to 17 year olds, the [proposal](#) would give around 31,000 apprentices in the first year of their programme a pay rise of more than £1 an hour, rising from £2.73 to £3.79 per hour.

Applying the national minimum wage penalty on a per worker basis

3 November 2014

The Department for Business Innovation & Skills (BIS) has issued a revised impact assessment on applying the financial penalty on a "per worker" basis.

This new BIS [impact assessment](#) concentrates just on businesses that are non-compliant with NMW legislation.

The original assessment showed an annual cost of £2.58 million to all businesses. The revised IA shows no cost to compliant businesses.

New 2015 Living Wage rates announced

5 November 2014

The UK Living Wage rate has been set at £7.85 per hour, an increase of 2.6% on the 2013 rate and 21% higher than the national minimum wage of £6.50 per hour; improving the take home pay of 35,000 low-paid workers across the country who are employed by over 1,000 Living Wage accredited organisations. The London Living Wage rate has been set at £9.15.

We are grateful to the Living Wage Foundation for their [report](#).

Rhys Moore, Director, Living Wage Foundation said: "As the recovery continues it's vital that the proceeds of growth are properly shared. It's not enough to simply hope for the best. It will take concerted action by employers, government and civil society to raise the wages of the 5 million workers who earn less than the Living Wage.

"The good news is that the number of accredited Living Wage employers has more than doubled this year – over 1,000 employers across the UK have signed up. In the last 12 months the number of Living Wage employers in the FSTE 100 has risen from four to 18 including Canary Wharf Group and Standard Life.

"Those businesses that can should follow the example of Nestle and Nationwide, as well as hundreds of smaller, independent businesses like CTS Cleaning and Hodgson Sayers Roofing, who pay the Living Wage. Low pay costs the taxpayer money – firms that pay the minimum wage are seeing their workers' pay topped up through the benefits system. So it's right that we recognise and celebrate those employers who are voluntarily signing up to the higher Living Wage, and saving the taxpayer money in the process. The Living Wage is an independent calculation that reflects the real cost of living, rewarding a hard day's work with a fair day's pay."

The rate announcement coincides with research released today by KPMG, one of the Living Wage Foundation's principal partners, which found that 5.28million UK workers are being paid less than the Living Wage, with huge swathes of employees working in the retail, catering and care sectors, clustered around minimum wage pay levels.

Mike Kelly, Head of Living Wage, KPMG said: "Far too many UK employees are stuck in the spiral of low pay. The research identifies statistics and trends, but it also reports the concerns of people earning below the Living Wage who expect their finances to worsen during the next 12 months and shows that debt levels have continued to rise among this group. Unless wages rise, a significant sector of the UK population will see themselves caught between the desire to contribute to society and the inability to afford to do so. Business benefits of the Living Wage include higher retention and productivity, and over 1,000 responsible businesses recognise this. The Living Wage may not be possible for every business, but is certainly not impossible to explore the feasibility of paying it."

During 2014 household names such as Nationwide and Nestle have made the move to become Living Wage employers, ensuring all their directly employed staff, as well as third party contractors such as security and cleaning teams, are also paid at least the Living Wage.

In support of Living Wage Week, Nationwide will be displaying the Living Wage logo at over 250 branches and on the homepage of their online banking service. Stephen Uden, Head of Corporate Citizenship, Nationwide said: "We are pleased to pay all our staff from branch cleaners, to cashiers and senior managers, fair and decent levels of pay. Accrediting as a Living Wage employer made good business sense. Our customers told us that they value our commitment to fair reward for all. To celebrate Living Wage Week we are proudly displaying the Living Wage logo to demonstrate we are part of a movement of responsible businesses.

Increased staff motivation and retention rates, reduced absenteeism and recruitment costs are common benefits reported following implementation of the Living Wage. We hope that consumers will start to see more of the Living Wage logo over the next year, as further businesses accredit. People will be able to show their support with their feet and their wallets.”

The Living Wage is calculated by the Centre for Research in Social Policy, Loughborough University, whilst in the capital the rate is set by the Greater London Authority and is based on a combination of a basic living costs approach and income distribution, with respect to a variety of household types which takes account the unique circumstances of living in London.

The Living Wage Foundation is an initiative of Citizens UK, national community organising charity, which brings together people from every part of society and enables them to work together for the common good.

Overtime and holiday pay

Overtime should count in holiday pay

5 November 2014

The Employment Appeal Tribunal has decided that people working non-guaranteed overtime can

We are grateful to Daniel Barnett's analysis of the detailed [judgment](#) which homes in on five key decisions:



1. Workers are entitled to be paid a sum of money to reflect normal non-guaranteed overtime as part of their annual leave payments
2. That applies only to the basic 4 weeks' leave granted under the Working Time Directive, not the additional 1.6 weeks under regulation 13A of the Working Time Regulations
3. Claims for arrears of holiday pay will be out of time if there has been a break of more than three months between successive underpayments (subject to the reasonable practicability test)
4. Travel time payments, which exceed expenses incurred and so amount to additional taxable remuneration, should also be reflected when calculating holiday pay.
5. The Employment Appeal Tribunal refused to grant a reference to the Court of Justice of the European Union, but gave permission to appeal to the Court of Appeal (stating that ground 3 was the most significant point for the Court of Appeal to consider).

BBC News reports that **Andrew Stones**, the lawyer who led the appeals on behalf of two of the employers in the holiday pay case says: "Concerns [of the business community] should largely be alleviated following the judgment... [the tribunal] has really limited the scope for different holiday pay periods to be linked together as one ongoing series of deductions for historic claims. This finding will significantly limit the scope for such claims in the future and the flowing potential liability for companies."

The ruling could be appealed to the Court of Appeal, meaning a final decision may be years away.

The ruling has widespread implications for all companies paying overtime to their staff, as Mike Nicholas makes clear in his [article](#) starting on page 20 of the CIPP's magazine '*Professional in Payroll, Pensions & Reward*'.

Government taskforce to assess judgment in holiday pay ruling

5 November 2014

Business Secretary Vince Cable has announced he is setting up a taskforce to assess the possible impact of the ruling on holiday pay from the Employment Appeal Tribunal.

The [announcement](#) from the Department for Business, Innovation & Skills (BIS) says that the taskforce will consist of a selection of government departments and business representative groups. The taskforce will provide a forum to discuss how the impact on business can be limited.

CIPP comment

Possibly the most worrying aspect of this issue is that the legal position may still not be finalised for several years yet. We must surely hope that the taskforce will consider finding a way to bring the continuing uncertainty to an end, one way or another.

Pay As You Earn

Helpsheet on PAYE penalties

18 September 2014

HMRC have just published a new version of their helpsheet on penalties for late filing and non-filing of PAYE information in RTI.

The [helpsheet](#) has been updated to take account of the recently announced timetable for phasing in the penalties for RTI information which is not filed or is filed late.

HMRC has begun issuing GNS messages to employers

22 September 2014

Readers will recall the recent HMRC announcement explaining the plan to phase in the implementation of penalties for the late filing of PAYE information. The announcement confirmed that HMRC would issue electronic generic notification service (GNS) messages to all employers, to confirm when the new in-year penalties will apply them.

HMRC have now begun to issue these messages in stages to employers who have schemes of 50 or more employees. They say that employers do not need to contact them if they do not receive one immediately.

Individual tax summaries

22 September 2014

Readers may recall an earlier announcement from the Treasury that taxpayers will receive tax summaries to inform them of what their tax is spent on. More details have now emerged about these summaries.

These summaries will start to go out sometime after 27 October and will continue through to mid-December 2014. HMRC have advised that:

- The tax summary will show the individual how their income tax and National Insurance contributions (NICs) have been calculated for the previous tax year and give an indication of how their taxes have been spent by Government.
- It is for information only. It will clearly tell individuals who receive one that they don't need to take any further action.
- The information in the tax summary will relate to the tax year ended 5 April 2014. It will also show any NICs paid by the employer to give individuals a clearer indication of the total NICs paid as a result of their employment.
- It is important to remember that the information will be based on all their taxes so the information may not be the same as their P60 depending on their personal circumstances. If any of your employees do contact you to query what they have been sent please advise them to go to www.gov.uk/annual-tax-summary.

Real Time Information bulk data matching initiative

30 September 2014

From October 2014 the Department for Work and Pensions (DWP) are going to carry out an exercise matching HMRC Real Time Information (RTI) data with data held in the benefit system. A circular has now been issued giving information about the exercise and how it will affect local authorities in particular.

The DWP [circular](#) explains that they are working with HMRC to use RTI to help identify fraud and error in the benefit system.

From October 2014 DWP will carry out an exercise matching RTI data with data held on:

- Income Support
- Jobseeker's Allowance
- Housing Benefit
- Employment and Support Allowance
- Pension Credit
- Carer's Allowance

The circular gives information about this exercise and how it will affect local authorities. Affected readers are urged to use the enclosed incident and enquiry form (LAST 9) to raise any incidents or ask any questions about this exercise.

Amended CWG2: Further guide to PAYE and National Insurance

2 October 2014

The CWG2 guidance publication has now been amended, in particular to reflect pension changes.

The [helpbook](#) has been amended in a few areas, and a new paragraph 21a has been added to clarify the position of pension payments if a pensioner dies.

Conservative tax allowance promises announced

2 October 2014

The Prime Minister has announced planned changes to the personal tax allowance and the higher rate threshold to take effect if the conservatives win the next election.

Many thanks to The Times for their report of the announcement:

Future tax cuts for low earners and middle-class families formed the centrepiece of David Cameron's election pitch to voters today. In his last conference speech before the election, the prime minister said that he aimed to take anyone paid the minimum wage out of paying any income tax. However, in the biggest surprise of his address, he also revealed that he would help higher earners by ensuring that only those earning more than £50,000 a year would pay the 40 per cent tax rate in the next parliament.

Mr Cameron warned that many middle-class workers, such as police officers and nurses, had been dragged in to paying the higher rate, which kicks in at £41,900 a year. He said the cut, which has been demanded by Tory backbenchers, was “long overdue”.

“You never pull one person up by pulling another down,” he said. “This party doesn’t do the politics of envy and class war. We believe in aspiration and helping people get on in life.” In a move to cut taxes for the lowest earners, workers would eventually only pay income tax once they earned more than the minimum wage level of £12,500 a year. The threshold is currently £10,000 a year and will go up by another £500 next April.

The prime minister vowed that tax cuts could only be introduced as the deficit was cut. He again promised to balance the books by 2018. The cuts will be expensive to fund and Mr Cameron gave no details about how it would be done.

Tory sources said that the package of tax cuts would cost a total of £7.2 billion. They said raising the basic rate threshold to £12,500 costs £5.6 billion. Raising the higher rate to £50,000 costs £1.6 billion.

The average basic rate taxpayer will be £500 better off under the plans, sources added, but higher rate taxpayers will be almost three times as much better off, gaining an extra £1,313 from the plans, while 800,000 people would be taken out of the 40p tax bracket altogether. “Here’s our commitment to the British people: no income tax if you are on minimum wage,” he said. “A £12,500 tax-free personal allowance for millions of hardworking people. And you only pay 40p tax when you earn £50,000.”

Employment Intermediaries: reporting requirements

3 October 2014

HM Revenue and Customs (HMRC) have published draft regulations about the reports which employment intermediaries will need to send with details of workers they place with clients who are neither direct employees nor being treated as employees.

The [draft reporting regulations](#) issued by HMRC show the information employment intermediaries will need to send to HMRC from July 2015. They are open for [consultation](#) until 25 November 2014.

Proposed withdrawal of concession about treating certain employment income as trading income

3 October 2014

HMRC are proposing to withdraw an extra-statutory concession which is believed to be used by only a very small number of people.

The HRMC [announcement](#) concerns three current concessions, only the first of which ([EIM 03002](#)) affects employers.

HMRC says that:

EIM 03002 is a longstanding concession. Under certain circumstances, it enables an individual to treat their employment income as trading income chargeable to Income Tax

(for a sole trader/partnership) or Corporation Tax. This works by relieving the company or organisation paying the remuneration of the obligation to operate PAYE in respect of relevant payments of employment income.

As far as we are aware Defra were the main users of the EIM 03002 practice. They have recently changed how they engage veterinary practices and amended their own legislation from April 2014 in relation to the use of Official Veterinarians during an animal health crisis. We are in the process of negotiating a new, limited concession with Defra that is within the Commissioners' discretionary powers and this will be published in EIM soon. The relevant Northern Ireland department is aware of the consultation proposals and is currently considering the matters raised.

Given the above, it has been decided to withdraw this administrative practice. The usual employment income rules and benefits code will apply to all such payments from 6 April 2016.

The HMRC [announcement](#) explains how to raise any questions or concerns about this proposal.

Customer testing of RTI messages to employers

9 October 2014

HMRC have issued the results of research covering two aspects of their efforts to reach employers who had not yet started to begin reporting in real time.

One exercise was about improving the effectiveness of a letter aimed at employers who had not started to report in real time. HMRC say that the results of this [research](#) have been used to improve the tone, design and layout of the letters so that employers are clear on what they need to do.

The second [exercise](#) was to track awareness of the HMRC marketing scheme among micro employers.

CIPP comment

The research results bring out some interesting insights about smaller employers and how to engage them. We hope that these insights will be used beyond the immediate priority of real time reporting to improve the effectiveness of HMRC's communications to smaller employers more generally.

HMRC apologise for incorrect P800s

10 October 2014

HMRC have acknowledged that a number of incorrect 2013-14 tax calculations (P800) and payable orders were issued to customers in a three-week period from 15 September.

The HMRC [announcement](#) says:

This issue only affects a small proportion of the 2013-14 P800s and payable orders which were issued in this three-week period, and the issue is limited to Income Tax only.

HM Revenue and Customs (HMRC) is urgently investigating this matter to resolve the issue. In the meantime, those customers who think their 2013-14 P800 may be wrong should contact our helplines for further advice before making repayments or cashing cheques.

We are sorry for any worry or inconvenience caused.

CIPP comment

While this is obviously worrying for those involved, it is reassuring to see that the potential numbers are much lower than suggested in some areas of the media earlier.

Changes to the EPS for 2014-15

15 October 2014

HMRC have now confirmed the necessary changes to the EPS for the current tax year.

The changes are as follows:

- Introduction of a new data field "Tax Month"
- Increase the allowable Period of Inactivity from a maximum of 6 months to a maximum of 12 months.

HMRC advise that these changes have now been implemented in the live service.

HMRC Employer Bulletin - October 2014

16 October 2014

The latest bi-monthly edition of HMRC's Employer Bulletin has now been published.

As always the [Bulletin](#) is full of useful information and reminders for employers and their agents and bureaux, including

- Confirmation that Temporary SCOns will no longer be valid from April 2015, by which date employers must quote their correct SCOn
- Details of the guidance transition to GOV.UK, and
- Clarification about the Scottish rate of income tax

Payroll giving statements

16 October 2014

HMRC has confirmed that there is a (maybe little known) obligation on employers to provide statements to leavers confirming payroll giving deductions in the year of leaving.

HMRC have acknowledged that the guidance about this obligation, introduced by a 1986 Regulation, needs to be improved and this is now in preparation.

Employee address details

24 October 2014

HMRC have issued further clarification of their recent announcement of a process change about handling employee addresses.

Some readers of the earlier [announcement](#) were unclear about the meaning of the sentence.....
“Employers must advise their employee they have sent this change to HMRC”.
HMRC have now clarified this as follows:

HMRC analysis of FPS submissions shows that approximately 25% of submissions that include a National Insurance number (after the first FPS) include an address for the individual. HMRC does not currently automatically make use of this data. The data is only used once. HMRC is made aware that the address it holds for an individual is no longer valid. For these cases HMRC staff manually check to see if there is a newer address within a recent FPS. The analysis further shows that the individual will often inform their employer that they have changed address but forget to inform HMRC. HMRC would therefore like to make full use of the data that it receives. All of the customer research we have completed in this area has led us to the conclusion that most individuals believe that their employer will notify HMRC of the change of address. Advice from our Data Protection Act experts has confirmed there is no legal barrier for HMRC to use the data it receives, but they did highlight that there may be an impact for the employer.

Employers already provide information about their employees to HMRC; including address data when they employ a new staff member. It is generally accepted that as part of that process the Employer needs to send information to HMRC about the new staff member including their address; thus the employee is aware that their address will be notified to HMRC. Employees may not make the same connection later in the lifecycle of their employment. To protect the Employer and ensure that they are compliant with the Data Protection Act, employees need to be made aware that their employer will be providing address data to HMRC during the lifetime of their employment. Individual notification for each change of address is not required. It is sufficient for the employer to make their workforce aware through general communications.

Providing changes to address during the lifetime of the employment will be voluntary for the employer. Should the employer/ pension provider not wish to provide that information to HMRC they can continue to submit 'blank' address data in subsequent FPS

Collecting overdue tax through tax codes

27 October 2014

HM Revenue and Customs (HMRC) is now increasing the amount of debt that they can recover through a tax code each year for those with annual earnings of £30,000 or more. To do this they will apply a sliding scale to the individual's main PAYE income.

The HMRC [announcement](#) explains that they:

can currently collect debts of up to £3,000 by adjusting your Pay As You Earn (PAYE) tax code. HMRC refers to this as 'coding out'. The effect of this is to recover the debt from your income, by increasing the amount that we deduct from your income during the tax year.

This applies if you have a debt with HMRC and:

- are an employee paying tax through (PAYE) and/or
- receive a taxable UK-based private pension

If your earnings are less than £30,000, there's no change to the £3,000 coding out limit. But following changes in the law, HMRC is now increasing the amount of debt that we can recover through your tax code each year if your annual earnings are £30,000 or more. To do this we will apply a sliding scale to your main PAYE income.

These changes will only apply to underpaid Self Assessment and Class 2 National Insurance debts and Tax Credit overpayments. Changes will be reflected in your 2015-16 tax code and we will write to you before we collect any debts through your PAYE code from April 2015.

The sliding income scale is:

Annual PAYE earnings	Coding out limits
Up to £29,999.99	£3,000.00
£30,000.00 – £39,999.99	£5,000.00
£40,000.00 – £49,999.99	£7,000.00
£50,000.00 – £59,999.99	£9,000.00
£60,000.00 – £69,999.99	£11,000.00
£70,000.00 – £79,999.99	£13,000.00
£80,000.00 – £89,999.99	£15,000.00
£90,000.00 and above	£17,000.00

The current £3,000 coding out limit will still apply to the collection of Self Assessment balancing payments and PAYE underpayments.

If you don't want the debts to be included in your tax code, then you will need to pay the full amount you owe or speak to us to agree a suitable payment arrangement.

Employment-related shares & securities bulletin – number 18

28 October 2014

HMRC have published the latest edition of their bulletin on employment related securities, including news of the launch of a new checking service for the end of year returns service.

Issue [18](#) of the Bulletin has the usual selection of helpful information about employment related securities.

In particular this edition confirms the launch of the new checking service from 31 October. HMRC say that this has been developed in response to user feedback relating to the prototype end of year returns service. This revealed that customers wanted to use their own software and spreadsheets to record reportable event data, and then to upload this data rather than have to manually enter it. The new checking service is intended to make sure that these spreadsheets are formatted correctly for upload.

First Annual Tax Summaries issued

4 November 2014

The Government have now commenced the issue to around 24 million people of their first Annual Tax Summary, which will explain:

- how their income tax and National Insurance contributions have been calculated for the 2013 to 2014 tax year
- how this money was spent by the government.

The Treasury [briefing](#) explains why tax summaries have been introduced and who will receive them, saying that:

From Monday 3 November over 24 million people will start receiving their first Annual Tax Summary from HM Revenue and Customs (HMRC), which breaks down exactly how their tax is spent by the Exchequer.

8 million taxpayers who complete self-assessment returns will be able to access their tax summary online, while the 16 million PAYE taxpayers who received a tax coding notice from HMRC for 2013 to 2014 will receive their summary in the post over the next seven weeks.

The summaries were first announced by Chancellor of the Exchequer George Osborne at Budget 2012 in a move to make tax more transparent and easier to understand. They will set out how much tax and National Insurance each person paid in the previous year and how it contributed to public expenditure.

Digital currencies: Call for Information

5 November 2014

The government is now calling for information as part of its consideration of the benefits and risks associated with digital currencies and the technology that underpins them.

The [Call for Information](#) invites views and evidence on the benefits and risks of digital currencies.

In August of this year the Chancellor of the Exchequer announced a [major programme of work looking into digital currencies](#) and associated technologies, with a particular focus on whether

they should be regulated. The government is now considering the benefits offered by digital currencies and the technology that underpins them, and whether it should take action to support innovation in this area. At the same time, the government is examining the risks presented by digital currencies, and assessing whether action is required to mitigate any concerns.

The Treasury says that the Call for Information should be read by those with an interest in digital currencies and the future development of payments. This includes digital currency developers, digital currency exchanges, digital currency users, investors, academics, think-tanks, other government departments, international counterparts, banks, building societies and other payment service providers, payment scheme companies and e-money providers.

CIPP comment

The Policy Team will be studying the Call for Information, and if appropriate will issue a survey in due course. It would be helpful in the meantime if any reader who uses (or is considering using) digital currencies in their payroll operation could let the team know at [policy](#).

Employment related securities: spreadsheet checking service

11 November 2014

HMRC have now launched a free spreadsheet checking service to make sure your employment related securities (ERS) attachments are formatted correctly.

HMRC have issued this [service](#) to help employers and their agents avoid rejected spreadsheets. It can be used as often as the customer wishes to check spreadsheet entries.

When the check is complete the user will:

- be told that there are no errors, or
- be advised to view errors in a PDF file or a web page.

Pensions

Occupational Pensions: official survey results

26 September 2014

Results from an Occupational Pension Schemes Survey (OPSS) published by the Office of National Statistics provide a detailed view of the nature of occupational pension provision in the UK. This release provides summary data on membership of schemes and contributions paid.

The [survey report](#) reveals a number of interesting insights, including a rise in contributors and in scheme numbers in the past year. The report also shows average contribution rates separately for DB and DC schemes.

Personal pensions statistics

29 September 2014

HM Revenue and Customs have published some interesting statistical information on personal pensions, based on data that pension schemes are required to report to them.

The HMRC [publication](#) starts with some simple “layman’s” definitions of the different types of pension scheme, with the associated taxation and other implications, which could be a very useful source of reassurance for anyone without long experience of the pensions industry.

The report also includes some fascinating insights, including details of how contributions from individuals and minimum contributions have both declined over the past 20 years or so in proportion to contributions from employers.

It is also interesting to note for example that the peak age groups for contributing were in the 35-44 and 45-54 regardless of gender, maybe reinforcing concerns that younger workers are not as keen as they might be to start saving for their retirement.

The research also contains regional comparisons, showing for example that the highest proportion of the adult population contributing to personal pensions is in the South East of England at 13 per cent, while the North East shows the lowest participation, at 8 per cent of adults.

55% tax on pension funds at death to be abolished

30 September 2014

The Chancellor has announced that from April 2015 individuals will have the freedom to pass on their unused defined contribution pension to any nominated beneficiary when they die, rather than paying the 55% tax charge which currently applies to pensions passed on at death.

The Treasury announcement says:

Around 320,000 people retire each year with defined contribution pension savings; these people will no longer have to worry about their pension savings being taxed at 55% on death.

Find out more about how the new pensions system will work and what it means for you - read our [eight things to know about the new system](#).

From next year, individuals with a drawdown arrangement or with uncrystallised pension funds will be able to nominate a beneficiary to pass their pension to if they die. If the individual dies before they reach the age of 75, they will be able to give their remaining defined contribution pension to anyone as a lump sum completely tax free, if it is in a drawdown account or uncrystallised. The person receiving the pension will pay no tax on the money they withdraw from that pension, whether it is taken as a single lump sum, or accessed through drawdown.

Anyone who dies with a drawdown arrangement or with uncrystallised pension funds at or over the age of 75 will also be able to nominate a beneficiary to pass their pension to. The nominated beneficiary will be able to access the pension funds flexibly, at any age, and pay tax at their marginal rate of income tax.

There are no restrictions on how much of the pension fund the beneficiary can withdraw at any one time. There will also be an option to receive the pension as a lump sum payment, subject to a tax charge of 45%.

This system replaces the current 55% tax charge which the government committed to reviewing as part of the [Freedom and Choice in Pensions](#) consultation and has the potential to benefit all those with some form of defined contribution pension savings – that is 12 million people in the UK.

At Budget 2014, the government announced a fundamental change to how people can access their pension. From April 2015, around 320,000 individuals retiring each year with defined contribution pension savings will be able to access them as they wish, subject to their marginal rate of tax. The tax free pension commencement lump sum (usually 25% of an individual's pot) will continue to be available.

This policy will be scored at the Autumn Statement and is expected to cost around £150 million per annum.

Current system

Under the current system, a 55% tax charge on inherited pensions applies when an individual wants to pay their defined contribution pension out to somebody else as a lump sum after they die, and where the pension money is:

- already in a drawdown account (regardless of the individual's age), or
- "uncrystallised" (i.e. hasn't been touched) and the individual dies at or over the age of 75

The individual can also pass their defined contribution pension to a dependant (which includes their spouse/civil partner or child under the age of 23), who can then draw down on it at their marginal rate of tax. Where the individual dies under the age of 75 and the defined contribution pension has not been touched, it can be paid out as a lump sum completely tax free (up to the lifetime allowance).

New system

Under the new system, anyone who dies below aged 75 will be able to give their remaining defined contribution pension to anyone completely tax free, whether it is in a drawdown account or untouched as long as it is paid out in lump sums or is taken through a flexi access drawdown account. This does not apply to annuities or scheme pensions.

Those aged 75 or over when they die will be able to pass their defined contribution pension to any beneficiary who will then be able to draw down on it at their marginal rate of income tax.

This tax cut will apply to all payments made after April 2015.

Beneficiaries will also have the option of receiving the pension as a lump sum payment, subject to a tax charge of 45% (if the deceased was over 75). The Government intends to also make lump-sum payments subject to tax at the marginal rate (not a flat rate charge of 45%). It will engage with pension industry in order to put this regime in place for 2016-17.

The Lifetime Allowance (currently £1.25m) still applies.

HMRC pensions news for scheme professionals

30 September 2014

HM Revenue and Customs (HMRC) have now published a news page on their website which brings together pension schemes news items that readers may find helpful.

It will be interesting to see how useful it will be to have the latest news for pension scheme professionals from HMRC all in one [place](#).

Pension Regulator autumn update

3 October 2014

The autumn 2014 quarterly update from the Pensions Regulator has been issued.

The Regulator's latest [update](#) gives us a useful round-up as always of news across the pensions arena, including sources of help and guidance.

Raising awareness of State Pension changes

7 October 2014

A major new campaign aimed at ensuring today's workers understand what the new State Pension will give them in retirement is to be launched, Pensions Minister Steve Webb has announced.

The [announcement](#) from the Department for Work and Pensions (DWP) says that under the tagline 'Your future, your pension' the communications drive will aim to broaden the public's understanding of how the State Pension is being changed from April 2016, and what the reforms mean for their household. Advertisements will start appearing later this year.

DWP are also launching a new service giving people a personalised written estimate of what they can expect to receive under the new system, based on their work history and National Insurance (NI) contributions to date.

Warnings to those planning to withdraw their pension funds

7 October 2014

The Pensions Advisory Service (TPAS) is planning to target savers who have indicated they plan to make full use of the pension freedoms outlined at Budget 2014.

Many thanks to Professional Adviser for their report on a talk by TPAS Chief Executive Michelle Cracknell:

Michelle Cracknell said the service plans to contact those who have already told their providers they wish to withdraw their funds.

Chancellor George Osborne announced in March the government would remove the tax restrictions on pensioners accessing their pension pots, effectively ending the requirement to buy an annuity.

We are really worried about people withdrawing their benefits and then trying to reverse it. From April, the taxable part of a pension taken as cash on retirement will be charged at the normal income tax rate, down from 55%.

The government also increased the total pension savings people can take as a lump sum to £30,000.

To help savers reach a decision about what to do, Osborne has promised access to free, impartial guidance for those who want it. TPAS is one of the organisations that has been tasked with delivering the guidance.

But, speaking at a roundtable event hosted by eValue, Cracknell said TPAS would not be waiting until April to begin its work helping savers figure out what would be best for them.

"What we would like to do before [then] is to try and pick up the people who have already notified their providers or their schemes that they are planning to take their benefits in April 2015. The reason we'd like to do that is we are really worried about people doing it and then trying to reverse it. If you take the money out of a scheme there is no going back. A number of people are planning to take the money out of their scheme and they are not aware of the tax implications of it."

Following the changes announced at Budget, pensions minister Steve Webb said the move would mean pensioners could withdraw their savings and buy a Lamborghini if they wished, as long as they were aware of the consequences.

Cracknell said TPAS is running three pilot schemes around which it will frame its guidance. An initial pilot in partnership with provider Legal & General has begun, while the second is currently underway with an as yet unnamed client, Cracknell said. The pilots will test how many people take out the guidance, what sorts of questions they ask, how long the average call takes and how this matches up with TPAS' experience.

Eventually TPAS wants to look at three different pension schemes to contrast its experience with people coming out of contract based schemes and people coming out of trust schemes, she said.

TUPE and pensions: five steps to getting it right

8 October 2014

For an employer that inherits employees under TUPE, getting the pension provision right for the transferring employees can be one of the most complex, and potentially costly, aspects of the transfer.

Thanks to Personnel Today for this report:

Most rights under an occupational pension scheme are excluded from TUPE, so they do not automatically transfer with the employees; however, employers need to be aware of rights that can transfer and of the minimum pension provision they are required to arrange.

We set out five key steps to help transferee employers understand their TUPE and pensions obligations.

1. Investigate the existing pension rights of transferring employees

The new employer should attempt to get as full a picture as possible of the pension rights of transferring employees. In practice, this may not always be easy, depending on the circumstances of the transfer. In any event, the transferee should attempt to negotiate protection against the possibility that employees transfer on more generous pension terms than anticipated.

2. Identify whether or not there is an “occupational pension scheme”

The general exclusion from the automatic transfer principle under TUPE applies only to benefits under an occupational pension scheme (as defined in the relevant legislation), so the new employer needs to be clear about the type of scheme it is dealing with. If employees are entitled to benefits under a scheme that is not an occupational pension scheme, the new employer may inherit an obligation to make pension contributions at the same level as the previous employer.

3. Check whether or not there are any pension rights that could transfer under TUPE

Pension rights that are not related to old age, invalidity or survivors' benefits will transfer to the new employer under TUPE. These are called “Beckmann rights”, after the European Court of Justice case that decided they were not covered by the general exclusion under TUPE. It is important for the transferee to assess whether or not transferring employees might have these rights because they can give rise to substantial costs and liabilities.

4. Identify whether or not there is a duty to provide a minimum level of pension provision after the TUPE transfer

Where transferring employees are members of an occupational pension scheme (or are entitled to join one immediately prior to the transfer), the new employer is obliged to put in place a minimum level of pension provision, as set out in the Transfer of Employment (Pension Protection) Regulations 2005. This could include a defined-contribution occupational pension scheme in which the employer matches employee contributions up to a set level.

5. Be aware of special pension rules that apply to public-sector transfers

In outsourcing scenarios involving the public sector, specific government guidance and other rules may apply. For example, a private-sector contractor may be required to participate in the public-sector pension scheme that applied to the employees prior to the transfer.

DWP consults on draft laws to remove restrictions on NEST

10 October 2014

The Department for Work and Pensions (DWP) have opened a consultation on their plan to remove the annual contribution limit and transfer restrictions on pension schemes held with the National Employment Savings Trust (NEST).

The [consultation](#) runs until 29 October 2014, with DWP inviting views from legal advisers, pensions industry professionals, trustees and scheme managers on the draft Statutory Instruments that will remove the restrictions.

The Government say that they have secured the support of the European Commission for the changes, and intend to lay legislation before Parliament in the new year.

National Association of Pension Funds (NAPF) and The Pensions Management Institute (PMI) discuss merger

14 October 2014

The National Association of Pension Funds (NAPF) and The Pensions Management Institute (PMI) have announced their formal intention to discuss the possibility of merging the two organisations.

Thanks to Employee Benefits for this report:

The possibility of a merger will be discussed over the next six to nine months, after which both organisations will update their members and the pensions sector. In the meantime, both the NAPF and PMI will continue to represent their members and pursue their individual strategies.

A new combined organisation would be aimed at creating a stronger voice for pensions and retirement benefits in the workplace, drawing on the NAPF's ability to influence and engage with government and the PMI's qualifications network.

Ruston Smith, chairman of the NAPF, said: "In such a fundamentally dynamic environment, it's important to consider strategic options that further strengthen our association and enable us to meet the needs of members both today and tomorrow. The complementary services, strengths and capabilities of both our organisations offer great opportunities to provide an overall stronger proposition for our members, including even better education and a stronger voice to promote the importance of workplace pensions and retirement benefits for savers in the UK. This is an exciting opportunity where, together, we can make a real difference."

Paul Couchman, president of the PMI, added: "Never has the pace of change in the pensions industry been as rapid as it has been over the past year. Our initial discussions have shown that pooling the resources and experience of our two organisations to deal with the seismic shifts in the pensions landscape seems to make good sense. An organisation combining our complementary areas of expertise would provide all our members with access to a single organisation that could offer comprehensive training and qualifications while effectively representing their interests to government and regulators. We look forward to discussing in more detail at how we might bring this ambition to fruition."

UK pensions system ranked 9th in the world

15 October 2014

Auto-enrolment has pushed the rating of the UK's public and private pensions up the ranking of the world's best pension systems, but greater participation or contributions are needed to reach the level of Australia or even Chile.

Many thanks to Pensions Expert for this report:

The UK scored 67.6 out of a possible 100 this year, up from 65.4 in 2013, placing it ninth in the world according to the 2014 Melbourne Mercer Global Pensions Index. The Mercer index takes into account a basic public pension, a public mandatory and contributory system, a private mandatory system, a voluntary system and support for elderly people outside pensions.

Denmark was deemed to have the best pension system, receiving an A rating due to its well-funded system with good coverage, "high level of assets and contributions, the provision of adequate benefits and a private pension system with developed regulation".

The UK's pension system has been awarded a B grade, meaning "a system that has a sound structure with many features, but has some areas for improvement that differentiates from an A-grade system".

The report attributed the rise in rankings to more people paying into the pensions system due to auto-enrolment. According to experts, due to the reform there are now 4m more pension savers in the UK. However, industry experts are still concerned that the low levels of contributions could be detrimental to some. The initial total contribution level of 3 per cent will be raised to 8 per cent by 2018, which some have deemed too low to ensure an adequate retirement.

To increase the UK's ranking, the authors suggest:

- raising the minimum pension for low-income pensioners;
- increasing the coverage of employees in occupational pension schemes;
- increasing the level of contributions to occupational pension schemes;
- raising the level of household saving; and
- increasing the labour force participation rate at older ages.

But it remains to be seen whether there is the political will in this country to drive up contributions. Mercer also warned that the new freedoms introduced in this year's Budget could have a negative impact on next year's score by loosening restrictions on accessing retirement savings.

The top ten are: Denmark, Australia, Netherlands, Finland, Switzerland, Sweden, Canada Chile, UK, Singapore.

Greater pension flexibility announced

15 October 2014

HMRC have announced new measures giving greater flexibility when accessing purchase pension savings.

The HMRC [policy paper](#) confirms the greater flexibility individuals will have to access their pension savings from age 55. The paper explains that the changes will:

- remove the higher tax charges where people take pensions under money purchase pension savings as they wish;
- increase the flexibility of the income drawdown rules by removing the maximum 'cap' on withdrawal and minimum income requirements for all new drawdown funds from 6 April 2015;
- enable those with 'capped' drawdown to convert to a new drawdown fund once arranged with their scheme
- enable pension schemes to make payments directly from pension savings with 25 per cent taken tax-free (instead of a tax-free lump sum)
- introduce a limited right for scheme trustees and managers to override their scheme's rules to pay flexible pensions from money purchase pension savings
- remove restrictions on lifetime annuity payments;
- ensure that individuals do not exploit the new system to gain unintended tax advantages by introducing a reduced annual allowance for money purchase savings where the individual has flexibly accessed their savings; and,
- increase the maximum value and scope of trivial commutation lump sum death benefits.

Taxation of Pensions Bill published

16 October 2014

The Bill to legislate for the recently announced changes to the pension regime has now begun the Parliamentary process.

The text of the [Bill](#) and associated information [notes](#) have now been issued.

Private sector pension saving rising with young people

17 October 2014

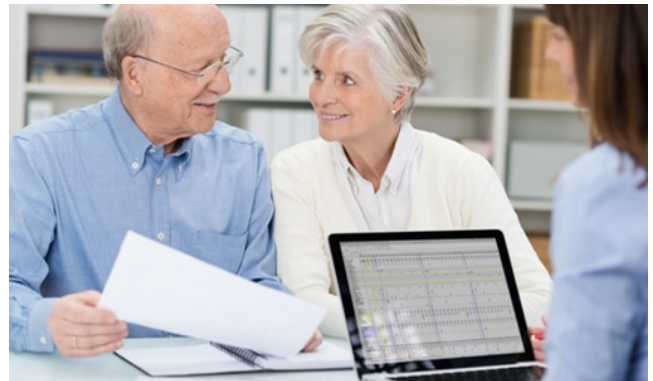
The latest Department for Work and Pensions (DWP) research shows significant increases in pension saving among younger workers, no doubt mainly attributable to automatic enrolment.

The [research](#) shows that there were 6.7 million eligible workers in the private sector saving in a pension in 2013 (46%) – up from 5.9 million (42%) in 2012. And the highest rate of increase is found among workers in their twenties.

What consumers want from retirement guidance

20 October 2014

The Chartered Insurance Institute (CII) has published new research summarising consumer views towards the Government's guaranteed guidance (GG) proposals for retirement. The research was targeted at people expected to use the service and reports on over 1000 consumer views.



Michelle Cracknell Chief Executive of The Pensions Advisory Service responded saying, “this is a really useful piece of research that reflects our experience running a helpline service to members of the public on all things pensions. We have countless examples of the life changing impact high quality guidance can have on people’s lives. We believe that it is essential that the guidance is delivered by specialists that have the experience and knowledge to respond to how people feel about this subject and get them to engage. Once we talk to people about their lives and their priorities, our experience is that we can get people to feel more engaged and confident about what they need to do next. This experience chimes with CII’s research findings about the need to make the conversation relevant and interactive”.

To see the full CII research report please click [here](#).

Consultation on governance and charges in occupational pension schemes

21 October 2014

The Department for Work and Pensions (DWP) has launched a consultation on draft regulations about governance and charges in occupational pension schemes.

DWP says that the [paper](#) builds on the March 2014 Command Paper *Better workplace pensions: Further measures for savers*, by publishing the Government's response to an earlier consultation on minimum governance standards and transparency in occupational pension schemes and provides more detail on measures to protect savers, in qualifying workplace pension schemes, from high charges.

The paper also launches a consultation on draft regulations on governance and charges in occupational pension schemes, which closes on 14 November 2014. Once stakeholder comments and views have been considered, the Government intends to lay regulations in Parliament for its approval early in the New Year. DWP continue to work closely with the Financial Conduct Authority who recently concluded a consultation on rules to introduce Independent Governance Committees from April 2015 and will be shortly consulting on equivalent rules relating to charges in workplace personal pension schemes.

Pensions guidance providers confirmed

21 October 2014

The Chancellor has confirmed that the Citizens Advice Bureau (CAB) will provide the promised expert face to face independent guidance on pensions, and telephone guidance will be provided by the Pensions Advisory Service (TPAS).

In July the government said savers would receive free independent guidance from the Money Advice Service (MAS) and TPAS when given unfettered access to their pension pots from next year. But MAS's role will now apparently be limited to acting behind the scenes, with some MAS staff being seconded into the Treasury to help build the online part of the service

The Treasury announcement says:

People who wish to access their defined contribution pension flexibly will be able to go to a local Citizens Advice Bureau across the UK for expert face to face guidance, or receive telephone guidance from the Pensions Advisory Service. An [online service](#) will also be designed by the government as part of the scheme. The face to face service will be delivered by Citizens Advice across England and Wales, Citizens Advice Scotland and Citizens Advice Northern Ireland.

The announcement is the government's next step in delivering on the most radical pension reforms in nearly a century that the Chancellor announced at budget, giving hardworking people the freedom to access their money as they wish.

The Chancellor promised earlier this year that people would be able to access free, impartial pensions guidance to ensure that they can take full advantage of the new pension freedoms and manage their hard-earned money in a way that works for them. The government will legislate next week to underpin the guidance, including an amendment which will make imitation of the guidance service a criminal offence.

Speaking from a Citizens Advice Bureau in Sutton, the Rt. Hon George Osborne, Chancellor of the Exchequer, said: "Giving people the freedom to manage their own pension is the backbone of

this government's radical pension reforms and key to our long term economic plan. That's why I'm delighted that respected and impartial consumer advice organisations - Citizens Advice and The Pensions Advisory Service - will be offering free face to face and telephone guidance to people across the country from April, as promised in the Budget.

These organisations have years of experience dealing with a variety of consumer issues and are well placed to be accessible to everyone who reaches pension age and feels they would benefit from the guidance."

Pension expert Dr Ros Altmann CBE said: "This is a big step forwards in ensuring the pension revolution announced in the Budget will have a meaningful impact on pension savers. It is clear that, currently, most people saving for a pension don't understand all the vital issues, and it's really important that they receive impartial help to make the best decisions for themselves. Both the Pensions Advisory Service and Citizens Advice have longstanding experience in helping the public with financial issues; and it is really important that people do trust the scheme, otherwise they remain at risk of stumbling into poor decisions."

Michelle Cracknell, Chief Executive of The Pensions Advisory Service, said: "The Pensions Advisory Service has been offering free, independent and impartial information and guidance about all aspects of peoples' retirement savings for more than thirty years. We are excited at the opportunity presented by the promise of a guidance guarantee to get more people than ever engaged in thinking about their retirement options. We hope that our combined knowledge, expertise and reputation will enable us to create the best service and customer journey possible for those reaching their retirement. We believe that it is essential that the guidance is delivered by specialists that have the experience and knowledge to respond to how people feel about this subject and get them to engage. Once we talk to people about their lives and their priorities, our experience is that we can get people to feel more confident about what they need to do next. CAB has a strong local and national presence and the partnership between TPAS and CAB has existed for many decades, so anyone who had a pension question had access to high quality free, impartial guidance on this topic. Our experience on the helpline is that our customers value the access to specialists and the bespoke and personalised conversations that we have with them about their retirement options."

Gillian Guy, Chief Executive of Citizens Advice, said: "The right guidance can be the key to a financially stable retirement. People who have diligently saved year after year towards their retirement deserve to choose how to make the most of their pension pot and good guidance is central to helping people make the right decisions for them. As a trusted, independent charity, Citizens Advice is in a unique position to deliver face to face pensions guidance. We have 75 years' experience working at the heart of communities, helping people get to grips with their finances. It's a natural fit for us to help people understand their pension options and make choices for their future."

Margaret Lynch, Chief Executive of Citizens Advice Scotland, said: "Citizens Advice Scotland welcomes the opportunity to work with the government to design a Pensions Guidance Service which can be delivered through our network of local independent CABs. We would aim to ensure that members of the public who require it receive independent, impartial guidance on pensions as on many other issues."

Bill Osborne, Chief Executive of Citizens Advice Northern Ireland, said: "Citizens Advice Northern Ireland is proud to provide information and holistic advice to the entire community. As a partner in the initiative, we will help empower clients in another important part of their life journey."

Changes that would result from the Pensions Schemes Bill 2014 to 2015

21 October 2014

The Department for Work and Pensions (DWP) have issued a document setting out the changes which would result if the current Pensions Schemes Bill is enacted.

This [document](#) shows the changes to existing legislation that would result from the [Pension Schemes Bill 2014 to 2015](#). DWP say that they have produced it to assist in the scrutiny of the Bill during its passage through Parliament. It is not a complete list of all changes resulting from the Bill but is designed to help readers understand the effect of changes where it is not immediately apparent. It is based on the print version of the Bill as introduced to Parliament.

New pensions ombudsman and deputy ombudsman sought for 2015

22 October 2014

The Department of Work and Pensions (DWP) has announced plans to start recruiting for the roles of pensions ombudsman and deputy pensions ombudsman for 2015.

This report comes from Civil Service World:

The DWP are launching a combined recruitment exercise to fill the roles of pensions ombudsman and the part-time role of deputy ombudsman by autumn 2015.

Investigating pension complaints between members of pension schemes and scheme administrators, the roles of ombudsman and deputy ombudsman are appointed by the secretary of state for Work and Pensions and are combined with the separate roles of pension protection fund ombudsman and deputy pension protection fund ombudsman.

Current ombudsman, Tony King, will step down from the role in spring 2015 and deputy ombudsman, Jane Irvine, will follow shortly after, stepping down from her role in the autumn. Hoping to ensure a smooth transition, both King and Irvine will remain in their posts until replacements can start.

Appointed in 2007, King has been in the role for eight years having served two terms as pensions ombudsman whilst Irvine has been deputy ombudsman for five years. Minister for Pensions, Steve Webb said: "I am grateful to Tony for the impact he has made on performance since he took up office back in 2007. "He has successfully led the office through a period of change as it modernised its working methods and IT systems." He added: "I also want to thank Jane for the hard work she has put into the deputy ombudsman role, and in particular for her flexibility towards her workload which greatly helped the office deliver on its targets."

Latest contracting out bulletin issued

24 October 2014

HMRC have published the third edition of their Countdown Bulletin, with 18 months now to go before the abolition of contracting out.

The [Bulletin](#) includes updates on a number of topics, including important advice concerning the Scheme Reconciliation Service.

Abolition of 'short service refunds'

24 October 2014

The Department for Work and Pensions (DWP) has announced that a member of an occupational pension scheme who leaves having completed more than 3 months but less than 2 years' qualifying service will no longer be entitled to receive a short service refund.

The DWP [announcement](#) confirms that these refunds will no longer be permitted from October 2015. After that, schemes will only be able to make refunds within the first 30 days of membership. Defined benefit occupational pension schemes and personal pension schemes are not affected.

NAPF: 101 issues obstructing guidance guarantee

27 October 2014

More than 100 issues must be resolved for pension schemes to be able to put the guidance guarantee in place by next April, according to the National Association of Pension Funds (NAPF).

Many thanks to Professional pensions for this report:

Speaking to the House of Commons Public Bill Committee on the Pension Schemes Bill, NAPF chief executive Joanne Segars said the list had reduced slightly but there was still a lot of work to be done before April.

Trustees' obligations in relation to defined benefit (DB) to defined contribution (DC) transfers, as well as what the guidance would offer and how it was branded were just a handful of matters that needed clarity.

Segars said: "There is a huge amount of information that we simply don't know and we need to be in place sooner rather than later for trustees and schemes sponsors to make the freedom and choice agenda a success and to make the guidance guarantee a success.

"We have a list of 101 known unknowns, to coin a phrase, of issues that need to be clarified, and clarified quickly, for the guidance guarantee to be implemented."

Although DB to DC transfers were not a new issue, Segars argued that trustees needed to know what information the regulators would want to see because the freedoms would "potentially open up the issue to a much bigger scale".

Split pension input periods and the annual allowance

30 October 2014

HMRC have issued guidance on working out pension input amounts where they are split due to the change in annual allowance in the 2011 to 2012 tax year.

This new [guidance](#) should bring clarity to an aspect of the law which has hitherto been uncertain.

Taxation of Pensions Bill: briefing note

30 October 2014

The Government have published a new briefing note explaining the measures included in the Pensions Bill currently going through Parliament.

The [briefing note](#) gives an overview of the measures included in the bill and aims to explain in a simple way what the bill does.

Up to 200,000 people predicted to cash in their pension next year

30 October 2014

According to research from Hargreaves Lansdown, more than one in ten, or about 12%, of savers with a defined contribution (DC) pension plan to take all of their pension in one go.

Thanks to Professional Adviser for this report:

The survey showed that when questioned about the tax implications of such a move only two in five, 38%, could accurately state how much tax would be deducted from a medium sized pension pot. The proportion who could accurately predict what rate of tax would be applied to large pension pots was less than one in ten (6%). Hargreaves Lansdown said the information gap was a “significant cause for concern” in light of the substantial numbers of people planning to take up the freedoms next year.

Head of pensions research Tom McPhail said: “While we support the basic principles behind the government’s reforms, the speed and complexity of these changes mean that a lot of investors are going to be paying unnecessarily large amounts of tax to the government. The Chancellor has effectively engineered a tax windfall for the government from unsuspecting pension investors. There is an urgent need for the government to think again about how to effectively regulate these new freedoms. We want investors to take responsibility for and to engage with their savings but we also don’t want them paying unnecessary tax bills or running out of money.”

Hargreaves said the 200,000 figure was based on the number of people who are “treading water” having become eligible to take retirement income but not decided to buy an annuity ahead of April 2015. It said by next April there are likely to be as many as 200,000 retired pension investors waiting to get access to their savings. “With around 7.5 million people aged between 55 and 64 and half of households owning a DC pension, even based on conservative estimates we expect as many as 200,000 people to cash in their pension pots entirely next year.

Based on the median pension pot value of £29,000, the tax generated for the Treasury will be between £800m and £1.6bn, depending on the rate of tax the individuals are actually liable for (the lower estimate is based on a 15% tax rate, the higher estimate on a 30% tax charge), the firm added.

Pension scheme membership statistics 2014

31 October 2014

New official statistics about pension scheme membership reveal increases in members of workplace schemes, alongside a host of other interesting trends.

The [report](#) from the Office of National Statistics highlights for example that:

- Membership of occupational pension schemes increased to 8.3 million in 2013 after a 45 year period of declining numbers.
 - Private pension scheme membership remains higher for men than for women, but the gap is narrowing, from nearly 20 percentage points in 1996/97 to 3 percentage points in 2012/13.
 - 29% of employees had a defined benefit pension in 2013, compared to 46% in 1997.
 - The percentage of self-employed men belonging to a personal pension fell from 37% in 2005/06 to 25% in 2009/10, falling further to 22% in 2012/13.
-

Pension scheme administrators: paying tax

3 November 2014

New HMRC guidance brings together guidance about payments by pension scheme administrators.

As a pension scheme administrator you must report tax charges in an Accounting for Tax (AFT) Return using HMRC's [Pension Schemes Online service](#).

The [guidance](#) explains:

- How to pay charges arising from your Accounting for Tax Return
 - The time it takes for payment to reach HM Revenue and Customs (HMRC).
-

MG Rover settlement expected to avoid PPF

3 November 2014

The Pensions Regulator has published details of an £8 million settlement following their investigation into the MG Rover Group senior pension scheme.

The [report](#) confirms that with the payment of £8.085 million into the Scheme, it is expected that the Scheme will be able to wind up outside the Pension Protection Fund (PPF), and there will therefore be no call on the PPF levy payers to fund any of the benefits of the Scheme.

Private pensions enjoy new lease of life

4 November 2014

New official figures show the private sector industries and occupations which have seen the most significant growth in pension saving since 2012.

The Government [report](#) highlights a number of useful insights. The highest increases have been in the sales and customer service sector which has seen a leap in participation of 15 percentage points, from 27% to 42%, while those working in distribution, hotels and restaurants have seen a climb from 27% to 36%.

Now: Pensions questions integrity of DWP Nest consultation

4 November 2014

The Danish pension provider is concerned that there is an “increasingly apparent absence of a level playing field” between Nest and other auto-enrolment schemes.

Thanks to Money Marketing for this report:

In September the European Commission confirmed lifting the restrictions on Nest - which currently put a cap on annual contributions and ban transfers in and out of the scheme - would not break state aid rules. The DWP launched a legal consultation on the changes, which closed this week.

Now: Pensions also raises concerns over the independence of the consultation process. It says: “We have concerns regarding the independence of this team and its degree of separation from the automatic enrolment team within DWP.”

And the firm warns lifting Nest’s restrictions is a risk to the health of the market. It says the market was “immediately shifted” when the Government announced it would be lifting the restrictions entirely by 2017.

It says: “We believe that by announcing that the restrictions will be lifted in 2017, the competitive market landscape will be shifted immediately as those responsible for selecting a provider will not be influenced by the restrictions. Allowing the transfer restrictions to be lifted as early as October 2015 introduces an accelerated shift in this landscape.”

The provider, which is part of Danish pension fund ATP, also suggests it entered the UK market on false pretences. “[We] entered into the UK auto enrolment market place on the understanding that the Government funding received by Nest was accompanied by a restriction in certain activities in order to create a free market,” it says.

Now: Pensions chief executive Morten Nilsson told Money Marketing it did not have an issue with the lifting of the restrictions but “about Nest being treated in a different way to the rest of the industry”.

Money purchase benefits: guidance on 2014 changes

6 November 2014

The Department for Work and Pensions (DWP) have issued guidance explaining the changes to the definition of money purchase benefits in occupational pension schemes from July 2014.

The [guidance](#) is intended for trustees or managers of occupational pension schemes.

HMRC Scheme Reconciliation Service receives few queries

7 November 2014

HM Revenue and Customs (HMRC) reports that it has received an unexpectedly low volume of queries from schemes that have obtained data as part of its Scheme Reconciliation Service.

We are grateful to Professional Pensions for this report:

According to HMRC, it received 1889 requests and issued records for 1175 schemes, but very few of these schemes had follow up queries. The organisation said: "There was an expectation that once schemes received their data, they would send in queries approximately two to three months after receiving it. However, the volumes of queries received to date are not as expected," it said.

It said in some cases the data might just have been needed discuss funding and other cases schemes may not have had the resources to deal with reconciliation. Other reasons included changes to pension scheme rules taking priority over reconciliation work and schemes developing software to assist them with reconciling HMRC data against their records, it added.

Premier Pensions Management head of administration services Daniel Taylor said: "Everybody knows there's a massive capacity crunch with this. It is easy to request the data but when you have the data, you have to do something with it and resource it. If their expectation was that they would deliver the data on Monday and the initial queries would be back on Friday or even next week, that is not realistic in terms of how these processes work."

Meanwhile Veratta chief operating officer Monica Cope said: "I suppose they are taking an optimistic view because it is an ideal opportunity for schemes to get their house in order."

Equiniti lead project consultant Stewart Winter said that a lesson could be learned. He said: "With hindsight HMRC should probably have engaged with the private sector and said 'how long will it take? What should we expect? How much should we gear up?'"

Advice for pension scheme trustees

12 November 2014

We have received a thought-provoking article providing helpful tips for new trustees of pension schemes.

We are grateful to Pensions Expert for sight of this [article](#) which explains why these five recommendations are important for anyone becoming or contemplating becoming a pension scheme trustee.

1. Read the trust deed and rules
2. Get yourself trained
3. Use your advisers
4. Understand your scheme membership
5. Learn from your peers.

Scotland

Cameron promises new powers for Scotland and all other countries within the UK

22 September 2014

Comments made by the Prime Minister in the wake of the Scottish referendum result could indicate a return to the debate about local income tax.



Is the Lyons Review about to come to the surface again? After the No vote from Scottish residents on 19 September 2014 and David Cameron's pledge to give the English powers in addition to Wales, Scotland and Northern Ireland going to be the catalyst for local regions to not only want a budget for their region, but also the ability to set the tax rates for their region.

On Look North in Cumbria on 19 September 2014 the local news channel shared aspirations for local councils to not have to go cap in hand to Westminster; so will this mean local income tax? The views of the public might be a positive one for their region, but for payroll this could be a nightmare in the making; regional taxes; need we say more.....

Scottish Rate of Income Tax introduction

28 October 2014

Following the recent announcement that the Scottish rate of income tax will come into effect from 6 April 2016, HMRC have now confirmed how employers will be advised which code to apply for 2016-17.

HMRC have stated that they will tell employers, via the annual coding notice run in March 2016, which tax code to apply for the coming 2016-17 tax year. Therefore payroll software suppliers have been asked to ensure that software must be ready to accept the new Scottish tax codes that will be issued towards the end of the 2015-16 tax year.

Shared Parental Pay and Leave

Technical guidance on shared parental leave and pay

19 September 2014

A technical guidance document on shared parental leave has been published by the Department for Business, Innovation and Skills (BIS).

This [document](#) is described as a more specialised and detailed version of the guidance issued previously, and BIS see it as particularly relevant to HR departments and lawyers.



BIS have also confirmed that further guidance materials on the package of legislative changes, including the extension of adoption leave and pay to intended parents in surrogacy arrangements, and prospective adopters in fostering for adoption arrangements, will be published in due course.

HMRC Guide to Shared Parental Leave and Pay

29 September 2014

HMRC have issued a new Developers Guide to Shared Parental Leave and Pay along with test data.

The new updated [guide](#) and [test data](#) are primarily intended for developers, but the detailed information in the guide in particular may be of interest to other readers.

Shared Parental Leave and Pay factsheet updated

2 October 2014

The Department for Business, Innovation and Skills (BIS) and HMRC have now agreed the standard abbreviations which will be used for Shared Parental Leave (SPL) and Shared Parental Pay (ShPP).

The CIPP factsheet on this topic has now been updated to reflect this change and is available [here](#).

Shared parental leave and pay: Northern Ireland news

13 October 2014

Further news has been issued about the likely timing of the introduction of Shared Parental Leave and Pay in Northern Ireland.

Great British legislation covers employees who work in England, Scotland and Wales, and as previously confirmed this will apply in respect of births due on or after 6th April 2015. Separate legislation is required for employees who work in Northern Ireland and as yet no legislation has been passed by the Northern Ireland Assembly.

The current plan is that the primary legislation will be in place by the beginning of next year followed closely by the secondary legislation to meet an April 2015 delivery.

HMRC have stated that this means that as the Northern Irish legislation is not in the same advanced state as Great British legislation the new arrangements for Shared Parental Leave and Pay will not be available in Northern Ireland for early births (i.e. babies who are due on or after 5th April 2015 but are born early).

HMRC add:

In addition there is a very small chance that the Northern Irish legislation will not be in place for Shared Parental Pay (ShPP) (and the supporting changes to Statutory Adoption Pay (SAP)) to come in to effect in Northern Ireland from 5th April 2015. In the unlikely event that this delay occurs then:

- Couples who are employed in GB and whose babies are due on or after 5th April 2015 (or whose children are placed for adoption on or after 5th April) will be able to access ShPP.
- However couples in the same situation who are employed in NI will not be eligible for ShPP and will continue to access Additional Statutory Paternity Pay (ASPP).
- Also an adopter in GB whose Adoption Pay Period (APP) starts on or after 5th April 2015 will be entitled to the first 6 weeks of Statutory Adoption Pay (SAP) at 90% of their average weekly earnings.
- An adopter in NI with an APP starting on or after the 5th April 2015 will still continue to receive SAP at the flat rate for 39 weeks

If there is any slippage in the NI legislative timetable then the aim will be to have it in place as soon after 5th April 2015 as possible.

Latest tranche of Modern Workplace regulations laid in Parliament

15 October 2014

The Government have laid before Parliament a further series of draft Regulations relating to the planned changes to pay and leave for those with parental or adoption responsibilities.

On 21 July 2014, the Government laid the following draft Regulations in Parliament:

Shared Parental Leave Regulations 2014

(<http://www.legislation.gov.uk/ukdsi/2014/9780111118856/contents>)

Statutory Shared Parental Pay (General) Regulations 2014
(<http://www.legislation.gov.uk/ukdsi/2014/9780111118832/contents>)

Maternity and Adoption Leave (Curtailment of Statutory Rights to Leave) Regulations 2014
(<http://www.legislation.gov.uk/ukdsi/2014/9780111118863/contents>)

Further Regulations were laid on 13 October 2014 as follows:

The Employment Rights Act (Application of Sections 75G and 75H to Adoptions from Overseas) Regulations 2014
<http://www.legislation.gov.uk/ukdsi/2014/9780111121528/contents>

The Shared Parental Leave and Paternity and Adoption Leave (Adoption from Overseas) Regulations 2014 <http://www.legislation.gov.uk/ukdsi/2014/9780111121542/contents>

The Statutory Shared Parental Pay (Adoption from Overseas) Regulations 2014
<http://www.legislation.gov.uk/ukdsi/2014/9780111121573/contents>

The Employment Rights Act 1996 (Application of Sections 75A, 75B, 75G, 75H, 80A and 80B to Parental Order Cases) Regulations 2014
<http://www.legislation.gov.uk/ukdsi/2014/9780111121641/contents>

The Paternity, Adoption and Shared Parental Leave (Parental Order Cases) Regulations 2014 NO WEBLINK YET

The Statutory Shared Parental Pay (Parental Order Cases) Regulations 2014
<http://www.legislation.gov.uk/ukdsi/2014/9780111121627/contents>

The Paternity and Adoption Leave (Amendment) (No.2) Regulations 2014
<http://www.legislation.gov.uk/ukdsi/2014/9780111121634/contents>

Maternity and Parental Leave etc. (Amendment) Regulations 2014
<http://www.legislation.gov.uk/ukdsi/2014/9780111121559/contents>

These draft Regulations are subject to the affirmative resolution procedure and will be debated by both Houses of Parliament.

The remaining sets of Regulations will be laid before Parliament in due course.

Full parental leave pay for civil servants

21 October 2014

Both male and female civil servants will be entitled to full parental leave pay from April 2015, deputy prime minister Nick Clegg is expected to announce in a speech later this week.

Our thanks to HR Magazine for this report:

The move is designed to help fathers within the civil service spend more time with their children. At present, mothers receive 90% of pay for the first six weeks of maternity leave and then the lower of £138.18 a week or 90% of average weekly earnings. Under shared parental leave, to be introduced on 1 December, dads or mums will only receive the lower of £138.18 a week or 90% of weekly earnings.

Fathers have indicated they would be reluctant to take leave because they are not entitled to full pay, research suggests. A [report](#) by My Family Care in June revealed 84% of parents will not change the way they take leave when the new legislation comes into force.

Clegg's policy would be another step towards parity on parental pay and he hopes it will encourage more fathers to take time off to raise young children.

"For me, it's critical that people who choose to work in the public sector know that they're working in modern, progressive workplaces," he will say. "I pushed for the introduction of shared parental leave because I fundamentally believe it's time for us to sweep away the outdated regulations and prejudices that still limit the choices of too many people in this country. Evidence shows promoting flexible working patterns like this can help boost employee productivity, loyalty and retention."

Statutory payments

New Statutory Adoption Pay guidance

23 September 2014

HMRC have issued a new Developers Guide for SAP which includes test data, requirements/guidance and details of the SAP changes from 5th April 2015.

The [guide](#) includes a data section for the 2015/16 changes to the Earnings Rate of SAP in addition to the normal 2014/15 test data set which was first published separately earlier this year.

Forms for statutory payments

20 October 2014

As part of the transition to GOV.UK, HM Revenue and Customs (HMRC) have published a single link to all the forms relevant to statutory payments.

The forms for each of the statutory payment schemes can all now be accessed [here](#).

Tax Agents and Advisors

DWP policy on providing customer information to agents

18 September 2014

The Department for Work and Pensions (DWP) have published detailed guidance explaining their policy on supplying customer information to agents and other representatives.

The [new guidance](#) clarifies:

- to whom DWP can disclose information
- when they can disclose
- what can be disclosed.

It also explains the principle of implicit consent, and when DWP need to see written consent.

CIPP Survey for Agents preparing for AOSS

27 September 2014

This is a reminder about the short survey to gather your experiences of 'housekeeping' client lists and client authorisations which will close on 30 September. This survey should only take about five minutes to complete.

This survey is about HMRC plans to provide Agent online Self-Serve (AOSS) for agents and bureaux etc. HMRC have said that before agents can access AOSS a certain amount of preparation or housekeeping must take place, with Agents checking that their client lists are up to date and accurate and that they have the correct 64-8 authorisations in place for the correct services.

The CIPP [survey](#) seeks to establish the impact this need will have on you, as payroll providers and agents, in preparing to access Agent online self serve.

Volunteers will also be needed for the early private beta testing stage. If you would be interested in being involved with this please contact Samantha Mann, CIPP Senior Policy & Research Officer via policy@cipp.org.uk adding AOSS testing in the subject line, thank you.

HMRC Agent Update 44

23 October 2014

The 44th issue of the Agent Update publication is filled with useful reminders and news items of interest to agents and bureaux – and maybe to others as well.

The latest [update](#) includes news about a number of issues highlighted in "Working Together" discussions, including

- the treatment of expenses reportable on the P11D but covered by an employee's Section 336 claim

- misalignment between the SA and PAYE systems
- the successful outcome of the pilot to use SA returns to prevent over-repayment of student loans, now becoming business as usual.

In addition there are updates on several PAYE topics, and news of improvements to HMRC's "Intelligent Telephony" software which is designed to enable telephone callers to be quickly directed to the right adviser.

Agent Online Self Serve

3 November 2014

A new update from HMRC gives further details of what services will become available and from when. In particular there is news about plans to enable agents and bureaux to view their clients' employer liabilities and payments.

The HMRC update says:

What can agents expect in the coming months?

The Agent Online Self Serve (AOSS) project is pushing ahead with development of the new online service for tax agents. The AOSS team has visited a number of agents to understand how you work with your clients, the processes in your offices and how you interact with current HMRC services.

This research has been invaluable and has enabled the team to identify what agents will need as users of the new service and the solutions we need to build. This is how new products are built by government; using a process known as 'agile' methodology we listen to what the user does, how they work, where their pain points are and then work hard to come up with the right answers.

The team is now focused on two important areas of work. Agents told us that they needed to be able to view PAYE liabilities and payments on behalf of their employer clients. We're therefore building an initial service for testing that will show agents what a client owes and what's been paid.

We've been testing the first versions of this service. Feedback has been positive so we're planning a 'private beta' trial in the coming months. This will not be open to everyone and certainly won't be a finished product but it will provide feedback to help us improve the system. We'll then gradually open this service up to more agents and eventually all agents who want to will be able to access the new service.

The right information

An important part of providing a new agents' service will be 'future proofing' the information held in HMRC about agents and their clients. We'd like to be sure that, when we move to the new service, the information we hold is as close as possible to 100% correct.

We're therefore planning to ask agents who wish to access their employer PAYE clients' liabilities and payments to confirm that they act for the clients we think they represent. This will give us an accurate picture of who's working on behalf of whom.

We know that checking client lists will present a challenge for some firms so we'll work to determine the best way to ensure that accurate and complete information transfers to the new service – with the minimum disruption to business.

There's so much more

During user testing agents told us that the initial proposals for verifying their firm (identity assurance for organisations) were too time consuming. We therefore now plan to enable agents to use their existing Government Gateway credentials to log onto AOSS and use the new service.

We also know that many agents use third party software to transact with HMRC and to store their credentials and client lists. We'll be talking to third party software developers about how their products could support and complement AOSS and we'll let you know how these discussions progress.

We learnt a lot from our user research and 'private beta' testing will tell us more about what agents need. We're also working on a new agents' homepage, online authorisation and the AOSS registration process for agents. We don't have a timeframe for these services yet but they're all part of our plans for redesigning and simplifying how agents work with HMRC.

Tax avoidance and evasion

51 countries agree to automatic exchange of tax information

31 October 2014

The UK and 50 other countries and jurisdictions from across the globe have signed a new agreement to share information to help stamp out tax evasion.

The Government [announcement](#) confirms that under the agreement, unprecedented levels of information, including account balances, interest payments and beneficial ownership, will be shared with the UK from countries across the world in an international clampdown on tax evasion.

The OECD [report](#) gives fuller details of the countries involved and the commitments that they have entered into.

Tax avoidance scheme users making upfront payments

31 October 2014

It is now more than three months since HMRC have had the power to require individuals and businesses involved in tax avoidance schemes to pay the disputed amount of tax upfront while the dispute is resolved.

HMRC have now issued a new [briefing](#), to explain how this new power, called 'Accelerated Payments,' is being used.

One detail which might interest payroll specialists is a list of six areas of abuse to which this scheme has been directed. Most of the list is unlikely to be relevant to payroll, although the third and sixth items on the list could well be:

- sideways loss schemes
- stamp duty land tax (SDLT) schemes
- self-employment schemes
- artificial loss deduction schemes
- capital gains schemes
- employment schemes.

Tax-free Childcare

Tax Free Childcare: research published on design considerations for implementation

10 October 2014

HMRC have published results of qualitative research exploring design considerations of the new Tax-Free Childcare scheme with parents and childcare providers.

The new scheme will be phased in from autumn 2015. The HMRC [announcement](#) says that the aim of this research was to gain insight into people's circumstances and needs, to inform design considerations around eligibility criteria and the operational implementation of the new scheme.

Tax-Free Childcare draft guidance published

20 October 2014

HM Revenue and Customs (HMRC) has published draft guidance on Tax-Free Childcare for consultation.

HMRC has said that they are seeking views on this draft [guidance](#) to help ensure that it is easy to understand.

CIPP comment

The Policy team will be reviewing this guidance in detail, and if appropriate will issue a survey in due course to gather members' views.

Draft guidance published: Tax-Free Childcare Payments

24 October 2014

The HMRC team responsible for the policy and design of Tax-Free Childcare (TFC) payments have recently issued draft guidance on the subject.

The Chancellor of the Exchequer announced during his 2013 Budget speech that the Government would be introducing a new method of childcare support for working parents from Autumn 2015, at which time Employer Supported Childcare schemes will be closed to new entrants.

Since then we have seen no less than two consultation papers issued, one on the design and operation of TFC and one that sought views on childcare account provision. Both consultation papers have resulted in you giving up your valuable time to respond to the Policy team surveys and we thank you for your views.

One consistent request that members and the CIPP Policy team have made is for early sight of guidance, to enable the employer who currently operates an employer supported childcare scheme, (and who has no mandatory role with TFC) to look ahead and decide what action they need to take, if any, as the introduction of TFC approaches.

The provision of childcare nurseries is not impacted by TFC. However Childcare voucher schemes and directly contracted childcare schemes will be closed to new entrants. Parents who wish to open a tax free childcare account will receive a government top up, to a maximum of £2,000 per year (subject to contribution amounts made into the account).

We are grateful to see that [draft guidance](#) has been issued, so your views were heard. Thank you for your views and thank you to the team involved in this project for hearing and responding to those requests.

It has to be said that the Childcare Payments Bill is in the Committee stage and therefore may yet be subject to change and there is legal challenge ongoing as to whether NS&I, in partnership with HMRC, will be the account provider or the only account provider option available and so draft guidance inevitably will change.

However, and as you might expect, your views, once again are being sought on the [draft guidance](#). If you would like to include your views within the CIPP Policy Team submission, then please contact Samantha Mann, Senior Policy & Research Officer at [policy](#) or if you prefer you can submit your comments directly to [HMRC](#).

Thank you for your ongoing responses both with surveys and with the provision of anecdotal views and experiences when we meet at National forums, the APPC and other events. Your views are valued and also, it would seem with draft guidance being published one year ahead of going live, listened to and acted upon.

Transition to GOV.UK

HMRC improved guidance for employers

19 September 2014

HMRC payroll guidance is now mainly on the GOV.UK site, and their hope is that this is all now more logically arranged, making searching for the detail you need much more intuitive than before.

The payroll guidance on GOV.UK is now brigaded together and accessible from [here](#). Do you find this more helpful? If you have suggestions for further improvement, tell HMRC and please copy your view to [policy](#).

Revised HMRC guidance for pension administrators and trustees

18 September 2014

As part of the transition of guidance material to GOV.UK, HMRC have published revised and updated guidance and advice for pension administrators and trustees

The aim of the newly presented guidance is to improve the arrangement and the clarity of the relevant guidance. As a result all the material for [administrators](#) is collected in one place, and likewise all the guidance for [trustees](#).

As with other GOV.UK guidance changes, HMRC would welcome suggestions for further improvement, and the CIPP Policy Team would be pleased if any comments were copied also to them at [policy](#).

Pension schemes guidance

24 September 2014

HM Revenue & Customs (HMRC) have confirmed that their guidance on pension schemes is about to go to the GOV.UK website.

The HMRC [announcement](#) says that from the end of September 2014 all current pension schemes guidance will only be available using GOV.UK.

Transition of pensions guidance to GOV.UK

25 September 2014

We recently published brief confirmation of the imminent transition of pensions content from the HMRC website to GOV.UK. We can now share more detailed information about the transition.

Following our [announcement](#) of the transfer, HMRC have issued more detailed [information](#) about the move. There is also some useful background in an article in [Pension Schemes Newsletter 65](#).

HMRC have also explained that the Registered Pensions Schemes Manual (RPSM) will remain in its current location on the HMRC website and any links to it will continue to link to it directly. However if someone searches for RPSM on GOV.UK, rather than hitting the front page of RPSM directly, they will be taken to a page on GOV.UK that links out to the RPSM.

RPSM sits on the 'manuals' part of the HMRC website and this area is not being transitioned at this stage. HMRC continue to work with Government Digital Services on the timeline for transition and will communicate more about this at a later date.

Employer guidance on GOV.UK: more developments

29 September 2014

As part of the transition of HMRC guidance and other material to GOV.UK, readers who wish to access employer material can now do so from collections which bring together all forms or news or guidance.

HMRC hope that employers and their advisers looking for material which used to be on the HMRC website will find it easier to access employer-related [news](#), [forms](#) or [manuals](#) and other reference material by using these links.

As with the other GOV.UK developments, please feel free to take up the invitation to provide feedback – copying your views to policy@cipp.org.uk.

Forms for statutory payments

20 October 2014

As part of the transition to GOV.UK, HM Revenue and Customs (HMRC) have published a single link to all the forms relevant to statutory payments.

The forms for each of the statutory payment schemes can all now be accessed [here](#).

GOV.UK concerns

23 October 2014

The CIPP policy team acknowledges members concerns over the new GOV.UK website.

When material is being moved across, it can be difficult to ascertain if something is new, or more often (according to members) missing. The policy team are expressing their concerns to those responsible for the new site but would urge members to help the CIPP identify what is missing. You can do this by opening different areas and when something isn't right, or you would expect something to be there please use the comments field at the bottom of each page to report it. If you are happy to keep a log of anything you send and check it has been updated/acknowledged and feed into [policy](#), the team would be very grateful.

Welfare Reform

Employees and employers unhappy with Children and Families Act 2014 changes

29 September 2014

Two new changes to the Children and Families Act 2014 do not go far enough, according to one leading employment law firm.

The two changes, introduced by the UK government this year, aim to make working around an expected newborn and a newborn more flexible for parents. However, research by employment law firm Protecting.co.uk found that actually the Acts are extremely unpopular with both employees and employers.

The first change under The Children and Families Act 2014 is the partner attendance at antenatal appointments. From 1 October 2014, the legal right to have time off for ante-natal appointments is extended to fathers and partners of pregnant women.

Leading employment law firm, Protecting.co.uk conducted research and found that 45% of partners will not be taking the time off and believe that it is not enough from the government. The prospective parents interviewed explained that money was already tight and taking two days unpaid would seriously damage a family's finances.

With the average cost for a day off work being £65, losing £130 in total for two days absence is a huge amount for parents expecting a newborn. 35% of the women interviewed (1810 surveyed) explained that they would rather have the extra cash to spend on baby clothes and all of the other items needed for a newborn and would rather sacrifice an absent partner than two days of unpaid work.

The change in summary affects babies due after April 5th 2015 so it will be applicable from October 1st 2014.

- Time off is unpaid, is for a maximum of two appointments, with a maximum time for each appointment of 6.5 hours
- The time off is available to people who have a relationship with the pregnant woman or the unborn child – the baby's father, the mother's spouse or civil partner or partner of either sex in an enduring relationship.
- It is also available to intended parents of a child in a surrogacy arrangement if they expect to be entitled to and intend to apply for a parental order in respect of that child.

Flora Smith, client manager at Protecting.co.uk, said of the changes "Parents are understandably unhappy with the change to the act. The government is not doing enough to support prospective parents on a tight salary. On the surface it appears to be a positive change but as it is unpaid time off it just affects the majority of people on a tight income who simply cannot afford to lose two days worth of wages when a baby is on the way."

The second change is to the Extension of Right to Request Flexible Working. The right to request flexible working was extended to all employees from 30 June 2014 - not just those caring for a child or dependant adult. The statutory "right to request" procedure was replaced by a Code of Practice produced by ACAS.

“Again,” says Miss Smith, “people are just not impressed by the changes. Employers know that it is difficult working from home with a newborn. Staff are not set up appropriately to work from home and it carries a number of risks such as lone working which many employers do not even consider.”

The Extension of Right to Request Flexible Working place a duty on employers to deal with requests in a “reasonable manner”.

- The statutory code of practice clarifies the meaning of “reasonable” and non-statutory guidance to support the Code provides guidance to employers on how to prioritise conflicting requests.
- Employers have three months from the date of an application, including any appeal, to make a decision (this can be extended by agreement).

As is currently the case:

- The 26-week qualifying period to make a request will be retained.
- Employees may only make one request in any 12-month period.
- Requests may be refused on the existing statutory grounds.

With the cost of living ever increasing, the changes to The Children and Families Act 2014 have been hit with an unpopular backlash from not only employees but employers too.

Protecting.co.uk who carried out the research discovered that many employees would rather sacrifice the days off in order to earn money to support their families.

As Miss Smith points out, “the government need to rethink their strategy and make real changes which will benefit parents and not simply appease them into thinking they are gaining something when in reality they are losing out”.

Real Time Information bulk data matching initiative

30 September 2014

From October 2014 the Department for Work and Pensions (DWP) are going to carry out an exercise matching HMRC Real Time Information (RTI) data with data held in the benefit system. A circular has now been issued giving information about the exercise and how it will affect local authorities in particular.

The DWP [circular](#) explains that they are working with HMRC to use RTI to help identify fraud and error in the benefit system.

From October 2014 DWP will carry out an exercise matching RTI data with data held on:

- Income Support
- Jobseeker’s Allowance
- Housing Benefit
- Employment and Support Allowance
- Pension Credit
- Carer’s Allowance

The circular gives information about this exercise and how it will affect local authorities.

Affected readers are urged to use the enclosed incident and enquiry form (LAST 9) to raise any incidents or ask any questions about this exercise.

Fit for Work: exploring future GP referrals

13 October 2014

The Department for Work and Pensions (DWP) have published research into the likely volumes of GP referrals to the new Fit for Work service.

The aim of the new service is to provide health and work advice and support for employees, employers and GPs to help people with a health condition stay in or return to work. Most referrals to the service are expected to come from GPs. The research [report](#) which has now been issued provides some useful data about the factors which are most likely to influence GPs' decisions and thus about the likely number of referrals.



DWP Touchbase for October 2014

15 October 2014

The latest DWP Touchbase newsletter includes updates on a number of current topics of interest to employers, including Universal Credit and credit unions.

The October [Touchbase](#) explains how certain tax credits will cease as Universal Credit expands. It also comments on the growth and development of credit unions.

DWP Stakeholder Bulletin October 2014

3 November 2014

DWP have issued the latest monthly bulletin for stakeholders.

The latest [edition](#) of the Bulletin includes news about the changing child support arrangements and the transition to universal credit.

About the Chartered Institute of Payroll Professionals



The Chartered Institute of Payroll Professionals (CIPP) is the only Chartered Institute for individuals working in payroll in the UK, and has a dedicated pensions faculty for individuals responsible for pensions administration and management.

Representing over 6,500 members and students, as well as the payroll and pensions professions, the CIPP policy and research team attends government consultation forums to discuss potential changes to legislation and the impact on payroll and pensions in practice. This enables us to ensure that CIPP members and students are amongst the first to hear about changes, and have their say through consultation surveys and responses.

As well as providing access to information about proposed changes, the CIPP also provides our members and students with access to support and information to assist them in their career development, and ensure that they are efficient, effective and compliant in their roles, this includes:

- Advisory service helpline available Monday to Friday which will answer member queries relating to payroll and pensions
- legislation
- E-newsletter providing the latest news and developments straight to your inbox
- PayrollProfessional and TPF Insight magazines which feature news and case studies relating to payroll, pensions and HR
- Payroll factcard providing all of the key figures needed to run a payroll, whatever the frequency

If you would like to find out how membership of the CIPP can benefit you, or sign up for a free trial, please visit www.cippmembership.org.uk, email membership@cipp.org.uk or call 0121 712 1000





CIPP

Goldfinger House, 245 Cranmore Boulevard,
Shirley, Solihull, B90 4ZL

t. 0121 712 1000

f. 0121 712 1001

e. info@cipp.org.uk

cipp.org.uk

