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# CI COMMERCIAL INSURANCE

# PROFILE

## DID YOU KNOW?

For the first time a company director, Sports Direct Chief Executive David Forsey, is being prosecuted for failings that his company made in not following the correct procedures when dismissing redundant employees. This prosecution reflects the government's continued efforts to emphasise that directors of companies can be held responsible for not reinforcing proper procedures throughout their organisations.



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**2015 Autumn Statement Highlights**  
Review six highlights from Chancellor Osborne's 2015 Autumn Statement.

### Familiarise Yourself with the New National Living Wage

A compulsory national living wage will come into force April 2016. Read about what this means for you and your business.

### 6 National Minimum Wage Traps

While the national minimum wage is a legal obligation, there are six common ways in which your company may be found non-compliant.

## 2015 Autumn Statement Highlights

On 25th November, Chancellor George Osborne delivered his Autumn Statement to Parliament. The statement reviewed the United Kingdom's economic performance over the previous year and forecasted its future viability, as well as outlined several taxation changes. While the following is not a comprehensive list of all the topics in the statement, it does highlight those which are specific to businesses:

- **A rise in the basic state pension:** Beginning in April 2016, the basic state pension will rise to £119.30 per week.
- **A reduction in the cost of green improvements:** Beginning in April 2017, a new, cheaper energy supplier obligation will come into force in an effort to reduce carbon emissions. This is predicted to lower annual energy bill costs by £30 by the year 2017.
- **Details released about the Apprenticeship Levy:** The Apprenticeship Levy will come into force in April 2017, at a rate of 0.5 per cent of an employer's pay bill. Additionally, the levy will only affect employers that earn at least £3 million annually.
- **Expanded flood protection for homes:** The government will spend an estimated £2.3 billion on more than 1,500 flood defence schemes across the country.
- **Motorists will no longer be able to receive cash compensation for minor whiplash claims:** To reduce the number of fraudulent whiplash claims, the government is ending the right to cash compensation. Additionally, more injuries will be allowed to go through small claims court and the upper limit for these claims will be increased to £5,000. These changes are expected to reduce the annual cost for motor insurance policies by £40.
- **Strengthening of local growth and enterprise zones:** The government will invest £12 billion in order to encourage the growth of local businesses and to extend the 26 Enterprise Zones that are already established.

For more details on the Autumn Statement 2015, read the Chancellor's full statement at [www.gov.uk/government/topical-events/autumn-statement-and-spending-review-2015](http://www.gov.uk/government/topical-events/autumn-statement-and-spending-review-2015).



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## 6 National Minimum Wage Traps

The national minimum wage (NMW) is the minimum hourly pay that almost all workers are entitled to by law. However, your company may be inadvertently not paying your employees the NMW. Here is a list of six common ways in which your company may be failing to comply:

- 1. Unpaid interns:** While the use of unpaid interns may be a common practice in some industries, it is not always legal. Only organisations with a specific exemption, such as charities, can have unpaid workers.
- 2. Workers mislabelled as ‘self-employed’:** Mislabelling self-employed workers can be costly, as they are not entitled to the NMW. As an employer, it is important to pay close attention to the proper legal status of workers to avoid any issues.
- 3. Benefit in kind and deductions:** An employer may make deductions from a worker’s pay in order to cover the cost of items necessary for the position, but the NMW will be reduced as a result. If deductions are made, ensure that workers still receive the NMW.
- 4. Overtime:** During periods of increased working hours, worker hours must be closely monitored to ensure that workers are paid the correct overtime rate.
- 5. Commission:** For employers that rely on commission payments to fulfil the NMW requirements, they must verify that their workers’ pay reflects the correct amount.
- 6. Salary sacrifice:** Some alterations to an employment contract can inadvertently reduce basic pay below the NMW. If employment contracts are adjusted, ensure that the NMW remains intact.

As the NMW generally rises each year in October, worker wages must be adjusted to accommodate that change. Contact Crendon Insurance Brokers Ltd to learn how you can remain compliant.

## Familiarise Yourself With The New National Living Wage

In his Autumn Statement, Chancellor Osborne introduced the government’s new compulsory National Living Wage (NLW), which will come into force in April 2016. A living wage is the hourly amount at which a worker should be paid in order for them to be able to afford basic living necessities—such as rent, healthy food, travel and leisure—and to reduce their reliance on the government.

The decision to institute a standardised NLW was made, in part, to better address the issue of working poverty—Britons that work more than one job, yet still struggle to afford basic living necessities. However, the living wage will differ from the National Minimum Wage (NMW). Workers under the age of 25 will earn the NMW while workers over the age of 25 will earn the NLW.

Determined by the Low Pay Commission, the NLW will be introduced at an hourly rate of £7.20 and will increase each year, with a projected target of at least £9 by 2020. Employers who are found to be non-compliant could face tough penalties, such as the following:

- A maximum penalty of £20,000 per underpaid worker
- A company director could be disqualified from his or her position for up to 15 years

For more information on the forthcoming compulsory national living wage, visit [www.gov.uk/government/publications/national-living-wage-nlw/national-living-wage-nlw](http://www.gov.uk/government/publications/national-living-wage-nlw/national-living-wage-nlw).

### National Living Wage vs National Minimum Wage

National Living Wage (NLW)	National Minimum Wage (NMW)
The legal minimum an employer can pay per hour starting April 2016	The legal minimum an employer can pay per hour
The NLW rate will be £7.20 per hour starting April 2016	The NMW rate is currently £6.70 an hour
From April 2016, applies to workers aged 25 and older	From April 2016, applies to workers aged 24 and younger