

PAYROLL - BITESIZE!

National Minimum Wage (NMW) / National Living Wage (NLW)

The NMW and NLW increased on 1st April 2023. It is a key part of the Government's commitment to protect the UK's lowest paid workers. Even if employers are paying workers at or above the NMW/NLW, underpayments can still occur. This can easily happen when employers make deductions from wages or doesn't pay for all time worked. With financial penalties up to 200% of arrears and public naming, the consequences of getting NMW/NLW wrong can be detrimental.

Rate from 1st April 2023:

- 23-year-olds and over (National Living Wage): £10.42 an hour
- 21-22-year-olds: £10.18 an hour
- 18-20-year-olds: £7.49 an hour
- 16-17-year-olds and apprentice rate: £5.28 an hour

Holiday Pay

Following the recent Supreme Court judgment in Harpur Trust V Brazel which confirmed holiday pay for part-year and irregular hours workers should be the full 5.6 weeks of holiday entitlement, the Department for Business, Energy and Industrial Strategy (BEIS) opened a consultation earlier this year to address the unfairness in comparison to full time workers and seeks to add calculations in order to proportionately calculate holiday entitlement in line with hours worked. However, the consultation does not affect this judgement and a lot of businesses are finding themselves non-compliant. What is clear is how complex the rules on holiday pay and entitlement are.

Real Time Information (RTI)

Payroll RTI provides HMRC with payroll information each time employees are paid. It includes details of starters, leavers, earnings paid and tax deducted. HMRC are set to collect more payroll RTI data from 2025/26. The first change will see details required on employee hours. More information will be released closer to the time but implementing changes can take time especially for larger businesses and employers are being urged to act now.

Automatic Enrolment UK governance review

Automatic enrolment obliges employers to enrol all eligible workers in a qualifying workplace pension. With eligibility determined by the earnings trigger and age and contributions calculated based on earnings between the lower earnings limit (LEL) and upper earnings limit (UEL) for National Insurance, stakeholders are now questioning are these principles bringing the right people into pension saving and are the saving at the right level. With discussions of reducing the automatic enrolment age from 22 to 18 and abolishing the lower earnings limit so that contributions will be payable from £1+ of earnings, will the costs and benefits to employers and individuals be appropriately balanced?

Auto Enrolment for Ireland

The Irish Government plan to introduce automatic enrolment in Ireland in 2023 with the aim to build a culture of saving for retirement in Ireland. With the first payments going through payroll in 2024, employers will need to ensure they have the appropriate pension schemes in place and that payroll is equipped to calculate and pay deductions.

Employee financial wellbeing

Employee well-being has a direct impact on productivity and is key to retention. With the cost of living crisis and inflation at an all time high, payroll has never been more important. Through financial wellness initiatives or simply improving transparency about payslips, employers have the opportunity to deliver an employee experience that helps them feel secure and in control.

How we can help

At CavanaghKelly, we have a team of experienced payroll professionals dedicated to offering [payroll related services](#) to our clients:

Please contact our team on 02887752990 for more guidance and support.