

Coronavirus (COVID – 19) update



As the coronavirus continues to spread throughout the UK, the Prime Minister Boris Johnson stated in Parliament on 5 March 2020, that employees who have the virus will now receive SSP from day 1 rather than day 4. In his budget speech, the Chancellor, Rishi Sunak, said that employees who are not ill but who have been told to self-isolate can also claim SSP, as well as people caring for those within the same household who display COVID-19 symptoms and who have been told to self-isolate.

The Chancellor also said that there

will be Government help. Employers with fewer than 250 employees on their payroll on 28 February 2020 can reclaim up to 14 days SSP paid to an employee who is affected by Coronavirus, [Covid -19]. We are waiting for details of how this will be dealt with.

As employees are being advised not to visit their GP, they will not be able to ask for a Fit Note, therefore employers have been asked to use their discretion. An employer can still pay SSP to an employee so long as they have been given sufficient evidence that the employee is ill, as it

is not a legal requirement to produce a sick note in these circumstances. Employees can call NHS 111, if they need evidence.

If contractual sick pay is due then it is advisable to continue to pay this also.

Help for employers

Employers with fewer than 250 employees on their payroll on 28 February 2020, can reclaim up to 14 days SSP paid to an employee who is affected by Coronavirus. Employees who are not ill but who have been told to self-isolate can also claim SSP, as well as people caring for those within the same household who display COVID-19 symptoms and have been told to self-isolate.

Employees should ring NHS 111 if they need evidence for their claim, although employers have been advised to use their discretion regarding asking for Fit Notes.

Short-term working and lay-offs

Employers may face situations where they do not have enough work for employees under a permanent employment contract, but there are options available to them, such as short-term working or a lay-off as an alternative to redundancy.

Short-term working is where an employee's permanent contracted working hours are temporarily reduced by more than half, whereas a lay-off is where an employee would be off for more than one working day per week.

Short-term working and lay-offs are limited to four consecutive weeks, or six weeks in a period of 13 weeks before the employee has the right to claim redundancy.

Pay entitlement for short-term working or a lay-off should be stated

in the employees' contract in the section informing them of any unpaid leave. Common Law allows for full pay unless stated otherwise in the employment contract, and employees are entitled to Statutory Guarantee Pay (SGP) against the loss of earnings through the reduction in hours/days worked. SGP is worked out at an employee's normal daily rate multiplied by 5 working days, however the daily rate is restricted to £29 per day; or a proportion if they work part-time. The maximum allowed is £145 in any 3-month period.

Care should be taken when considering short-term working/lay-off to avoid a breach of contract, which could lead to a claim for damages or unfair dismissal. We therefore strongly recommend that professional legal advice is taken.

National Insurance on termination payments over £30,000

From 6 April 2020, where an employee receives a termination payment of over £30,000 that has not already had tax and National Insurance deducted from it, there is a new charge of employer's NICs on the amount of the payment that exceeds £30,000 at 13.8%.

The employer's NICs is called Class 1A NICs but unlike its namesake, it will not be collected via the form P11D(b). Instead, employers must tell their payroll the amount of class 1A NICs and it will be added to the FPS payroll report as a year to date figure and paid over to HMRC after the report has been submitted.

Holiday pay for workers without fixed hours or fixed rates of pay



From 6 April 2020, a change in The Employment Rights Act 1996 means that the reference period for calculating holiday pay for workers with variable hours or pay rate has increased to 52 weeks from 12 weeks.

Employers must now work out an average from 52 weeks' worth of pay data, excluding any weeks where no pay was received or where the employee received holiday pay, meaning that potentially more than

52 weeks' pay data may be required to calculate the amount due. Pay data includes hours worked and regularly paid payments such as overtime, bonuses and commission.

In cases where 52 weeks' pay data is not available, employers should use as many weeks as possible to calculate the holiday pay.

The changes allow for a fairer representation of pay for workers, in

particular those on seasonal hours contracts or zero-hour contracts, where their pay could be negatively impacted due to quieter periods of work.

Jack's Law - Statutory Parental Bereavement Pay and Leave

From 6 April 2020, the Parental Bereavement Leave and Pay Regulations will implement a statutory right to a minimum of 2 weeks' leave for all working parents if they lose a child under the age of 18, or suffer a stillbirth from 24 weeks of pregnancy, irrespective of how long they have worked for their employer.

The Statutory Parental Bereavement Leave (SPBL) rules mean that parents will be able to take the leave as either a single block of 2 weeks, or as 2 separate blocks of one week each taken at different times across the first year after their child's death. This means they can match their leave to the times they need it most, which could be in the early days or over the first anniversary.

Parents employed in a job for 6 months or more will also be able to claim statutory pay for this period, in line with the approach for other parental entitlements, such as paternity leave and pay. To receive Statutory Parental Bereavement Pay (SPBP), the employee must produce in writing, within 28 days of the payment being made, a declaration that includes the name of the Employee, the date of death and the chosen leave dates. No evidence is required for any period of leave, paid or unpaid, it is a self-declaration by the claimant.

Entitlement can begin on any day of the week but cannot be taken as single days, only as full weeks. The payment will be £151.20 per week or 90% of average pay if that is less.



Employers will be able to reclaim 92% of SPBP or 103% if your business qualifies for Small Employers Relief. [i.e. Where they have paid less than £45k NICs in the previous tax year.]

Rates from April 2020

Income tax personal allowance (including Scotland & Wales)

The basic personal allowance will be £12,500 and the new standard/emergency tax code will be 1250L.

Income tax rates & bands – England, Northern Ireland and Wales

20%	up to £37,500
40%	£37,501 - £150,000
45%	Over £150,000

Scottish tax bands

19%	up to £2,049
20%	£2,050 - £12,444
21%	£12,445 - £30,930
41%	£30,931 - £150,000
46%	Over £150,000

National Insurance

The percentages below apply to NI category A, but other categories are also in use and the contribution percentages may be different.

NI Category A	2020/2021	Employee's contribution	Employer's contribution
Lower Earnings Limit	£120 per week £520 per month £6,240 per year	0%	0%
Primary Threshold	£183 per week £792 per month £9,500 per year	12%	13.8%
Secondary Threshold	£169 per week £732 per month £8,788 per year	12%	13.8%
Upper Earnings Limit (UEL)	£962 per week £4,167 per month £50,000 per year	12%	13.8%
Earnings above UEL		2%	13.8%

Statutory payments

Statutory payments	per week
SMP/SAP/SPP/ShPP/SPBP	£151.20 Employers can recover 92%, or 103% if classed as small (previous year's NI bill <£45k)
SSP	£95.85 Usually employers cannot recover this but see below.

Employment Allowance

The maximum amount of Employment Allowance claimable against Employer's NICs is increased to £4,000 per annum for 2020/21 onwards. Claims are restricted to small employers who paid £100k employer's NICs or less in 2019/20, [aggregated for a group]. As there are other conditions to be met, claims will have to be made for each tax year.

National Minimum Wage & National Living Wage

	Age 25+	21-24	18-20	Under 18	Apprentice	Accommodation Offset
From 01.04.19	£8.21	£7.70	£6.15	£4.35	£3.90	£7.55
From 01.04.20	£8.72	£8.20	£6.45	£4.55	£4.15	£8.20

Salary sacrifice arrangements must not reduce pay below NMW/NLW rates.
National minimum wage does not cover individuals running their own limited company

Rates from April 2020

Student loan

Plans 1 & 2 are repayable at 9% above the following thresholds:

	Annual	Monthly	Weekly
Plan 1	£19,390	£1,615.83	£372.88
Plan 2	£26,575	£2,214.58	£511.05

Employees need to advise you which plan they are on, but if no plan is selected then Plan 1 is used. If an employee is unsure which plan they are on, they will need to speak to the Student Loan Company.

Postgraduate Loans

These will be collected at 6% above £21,000 in England and Wales. In Scotland and Northern Ireland they will be collected at 9% above £18,935.

Statutory Redundancy Pay

Payable to employees with a minimum of 2 years' continuous service, for a maximum of 20 years' service. Employees are paid between 0.5 and 1.5 weeks' pay, capped at £525 per week, for each year worked. The cap goes up to £538 per week in April 2020. <https://www.gov.uk/calculate-your-redundancy-pay>

Auto enrolment contribution changes and changes to qualifying earnings band

From April 2019 the minimum total contribution was set at 8% and remains unchanged. The minimum employer contribution must be at least 3%.

Qualifying earnings	Annual earnings from - to	Weekly earnings from - to
April 2019	£6,136 - £50,000	£118 - £962
April 2020	£6,240 - £50,000	£120 - £962

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