

Employment continues to break records

- Since 2010 there are over 3.5 million more people in work, and the OBR forecast that employment will increase by a further 600,000 by 2023.
- The unemployment rate of 4.0% is the lowest rate since 1975. The OBR forecast that it will remain near historic lows over the next five years.
- Wages are increasing at their fastest pace in over a decade, and are forecast to continue growing faster than inflation, which means more money in people's pockets.
- Since 2010 there are a million fewer workless households and every region and nation of the UK has higher employment and lower unemployment.

This makes for a busy payroll profession – ensuring that people are paid accurately and on time.

Minimum Wage

The aspiration for the National Living Wage is for it to reach 60% of median earnings by 2020 and the government has published a new remit for the Low Pay Commission (LPC) which asks it to make recommendations for the National Living Wage rate and National Minimum Wage rates that should apply from April 2020. The LPC report is to be submitted by October 2019.

To inform future National Living Wage policy after 2020, the Government has appointed Professor Arindajit Dube to undertake a review of the latest international evidence on minimum wages. The terms of reference for the review have been made available. The LPC's remit post 2020 will be confirmed by Budget 2019.



BathHalf

Bishop Fleming were the official title sponsor for the 2019 Bath Half Marathon, which took place on Sunday 17th April. The partnership with the Bath Half coincides with Bishop Fleming's centenary year and is the first of a series of major initiatives and activities, which the firm plans to deliver throughout 2019 to mark this unique milestone.

To coincide with the centenary, the firm has also pledged to raise £100,000 for several regional charities throughout 2019 by encouraging its people to take part in many activities. A BF team of 120 runners including 3 from payroll services completed the course and have raised over £30,000 for various charities.

Another Qualification Success

At Bishop Fleming, staff development and wellbeing are core values and with the payroll profession having become so complex, we ensure all our payroll staff receive both internal and external training to help them become proficient payrollers. We are pleased to report that our team member Abby Hunter has just successfully obtained the Payroll Alliance Certificate of Payroll Practice Qualification. Abby has been with our payroll team for 2 years and is a popular member of our team and has an excellent working relationship with the payroll clients she looks after.



Working together works better.

Employment Allowance

The Employment Allowance is to be restricted from April 2020 to those smaller organisations with a National Insurance contribution (NIC) bill below £100,000 in the previous tax year. The Employment Allowance is an annual amount that is currently available to all businesses and charities (with some exclusions) to offset against their Class 1 secondary NICs bill. It remains at £3,000 for 2019-20.

The allowance was introduced in April 2014 to support employers to grow and hire new staff. However, it is a flat rate regardless of the size of the employer and is, therefore, less likely to be an incentive for larger employers. Therefore, the government has decided to target this allowance at smaller businesses.

The change effectively withdraws Employment Allowance for medium to large sized companies, with many employers with a gross annual wage bill of more than c.£850k affected by the change. Given the low value of Employment Allowance, the change targets the allowance at employers who are likely to consider the relief that it gives, material. Over 99% of micro-businesses and 93% of small businesses will still be eligible for the allowance.

However, regardless of the size of the company, you can't claim the employment allowance if:

- You're the director and the only employee paid above the Secondary Threshold
- You employ someone for personal, household or domestic work (like a nanny or gardener) - unless they're a care or support worker
- You're a public body or business doing more than half your work in the public sector (such as local councils and NHS services) - unless you're a charity
- You're a service company working under 'IR35 rules' and your only income is the earnings of the intermediary (such as your personal service company, limited company or partnership)

The connected company rules also need to be taken into consideration still as in most cases, where there is a connection, the allowance can only be claimed once. Further guidance on this can be viewed here: <https://www.gov.uk/government/publications/employment-allowance-more-detailed-guidance>

Apprenticeships

In Budget 2018 the Chancellor announced measures would be introduced aimed at encouraging more businesses to employ an apprentice. In his Spring Statement he confirmed that the co-investment rate for smaller businesses taking on apprentices will halve from 10% to 5% and takes effect from 1 April 2019. What is still not clear is whether the 5% contribution will only apply to new starters from April 2019 or whether this reduced contribution will also apply to levy-paying employers when their levy pot is empty.

This measure is in addition to the increase to the amount levy-paying employers are able to transfer to other employers, including those in their supply chains, which will increase from 10% to 25% from April 2019.

Bishop Fleming urges businesses and organisations to use any unspent funds after the Government announced that unspent funds in an employer's Digital Account will expire after 24 months. So for example funds that entered the account in May 2017 will expire in April 2019, unless the employer uses them.

Tax Avoidance, Evasion & Non-compliance

Since 2010 the government has secured and protected over £200 billion of tax that would otherwise have gone unpaid, introduced over 100 measures to reduce avoidance, evasion and other forms of noncompliance, and continued to support taxpayers to get their tax right. The Government has published a policy paper setting out its approach and achievements in tackling tax avoidance, evasion and other forms of non-compliance.