

labour and employment lawflash

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Key Changes in UK Employment Legislation Announced

New regulations on flexible working have been published, while bills concerning small businesses, private pensions, and childcare payments will come before Parliament in the next year.

UK employers should take note of recently announced employment legislation, including the newly published Flexible Working Regulations and three bills included in the Queen's Speech on June 4. Set out below is a summary of the main changes affecting employers.

Flexible Working Regulations Published

The Flexible Working Regulations have now been published and will come into force on 30 June 2014. After this date, all employees with 26 weeks of continuous service (based on the date they submit their application) will have the right to request flexible working. Employees will still only be able to make one statutory request in any 12-month period.

The existing statutory procedure will be abolished, and employers will simply have a duty to consider requests in a reasonable manner. The Advisory, Conciliation and Arbitration Service has also published a statutory code of practice to provide guidance for employers in this regard.

Helpfully for employers, the eight grounds on which a business may reasonably refuse a request for flexible working remain unchanged. In addition, an employer has the right to agree to trial periods or temporary changes to see how a change works in practice and what effect it has on the business before confirming that it will become permanent.

Although it is important that a business is consistent in its approach to flexible working requests to minimise any risk of discrimination, it is also accepted that business needs change over time, so each request should be carefully considered before an employer reaches a decision to accept or decline it.

Employers should extend their policies to permit requests from this wider class of employees in anticipation of this new legislation.

Future Legislative Change in the Queen's Speech

On 4 June, the Queen revealed the UK government's legislative agenda for the coming year and set out 11 bills to place before Parliament over the coming 12 months. The main bills of note for employers are the Small Business, Enterprise and Employment Bill; the Private Pensions Bill; and the Childcare Payments Bill. The key points for employers to be aware of in respect of each bill are summarised below.

Small Business, Enterprise and Employment Bill

This Bill is intended to strengthen the UK economy by supporting small businesses. The key changes that will affect employers are as follows:

- Higher penalties will be imposed on employers that fail to pay their staff the national minimum wage.
- A crack down on abuse in zero-hour contracts will be implemented.
- Childcare regulations will be made more flexible to meet the needs of working families (this is separate and in addition to extending the right to flexible working as detailed above).
- Highly paid public sector employees will be prevented from keeping redundancy payments if they return to the same part of the public sector within 12 months.
- Further reforms will be introduced to the Employment Tribunal system to reduce delays.

This bill will be published on 16 June 2014, with an anticipated passage through Parliament by March 2015.

Private Pensions Bill

A new “defined ambition” collective pension scheme will be launched as an alternative pension scheme intended to fit into the market between a defined contribution scheme (where individual scheme members bear the risks) and a defined benefit scheme (where the employer bears the risks).

With this new pension scheme, the government's aims are to promote a wider choice with regard to pension savings and for risks under such schemes to be shared more broadly among members, ultimately giving members greater certainty about their retirement savings.

However, without any additional statutory requirements or incentives for employers to change their pension schemes, this scheme seems to provide another pension option for employers to consider, without an obligation to implement it. With the majority of employers now operating defined contribution schemes, it remains to be seen what effect this bill will have.

Childcare Payments Bill

The government's continued support for working families has been reflected in a new scheme that will provide support equivalent to the basic rate tax relief on money spent on childcare, up to a maximum of £2,000 per year for each child (originally £1,200). The aim is to encourage more families to work, thereby strengthening the job market and pool of potential employees available to employers.

The new scheme will be introduced and operated by HM Revenue & Customs in autumn 2015, when it will be available to all eligible working families with children under 12. In addition, the new scheme will repeal the employer-supported childcare system that currently operates on a voluntary basis by some employers through their tax and payroll systems.

Contacts

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