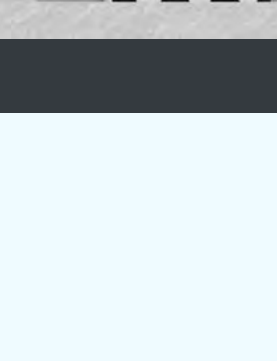


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Welcome to September's PayrockPayroll update. Coming up in this month's edition...

- COVID-19 update
- Health and Social Care Levy
- Virtual right to work checks extended
- Improvements to the Universal Credit system
- PayrockPayroll update



Last month I predicted that the quiet month of August was the lull before the storm once Parliament returned from its summer recess. And that's exactly what happened, as this month there has been a flood of news, the highlight of course being the announcement of the Health and Social Care Levy. But that's only one of several news items this month. Make sure you register for my webinar on 24 September to hear about all these changes and more. Booking details are in the PayrockPayroll update at the end of this newsletter. But first, let's start with a newsletter regular...

COVID-19 update

CJRS comes to an end

It is with some relief that the latest government figures show that the number of people on furlough has fallen to its lowest level since the start of the pandemic. But, though the latest figures available are for July, meaning we will have had some movement since then, it is still worrisome that a total of 1.6 million people were still on furlough as of 31 July. And though this is a decrease of 340,000 on the June figures, that is still a huge number of people still furloughed, given that the Coronavirus Job Retention Scheme (CJRS) comes to an end on 30 September.

As a reminder, for claim periods from 1 August 2021, the government will pay 60% of wages up to a maximum cap of £1,875 for the hours the employee is on furlough, with employers paying 20% until the scheme ends. Final claims for September must be submitted by Thursday 14 October.

What impact this will have on the economy and those businesses who are still furloughing their staff remains to be seen.

What happens after the CJRS ends?

If employers still have some, or all, of their staff on furlough at 30 September they have decisions to make. They can either:

- Bring their employees back to work on their agreed terms and conditions
- Agree any changes to their terms and conditions with them, or
- Consider ending their employment.

When making decisions about how and when to end furlough arrangements, equality and discrimination laws will apply in the usual way. For more information see '[Job Retention Scheme](#)'.

Normal redundancy rules and protections apply to furloughed employees, and employers cannot claim CJRS grants for any days an employee is serving a contractual or statutory notice period, including notice of retirement, resignation or redundancy.

If an employer has workers that it is unable to bring back to work and must make the difficult decision to end their employment, there is government support available for employees through the [JobHelp](#) website, offering a range of support, training and advice to help people find their next opportunity. This includes the Kickstart scheme and other Plan for Jobs support measures, along with advice on learning new skills and sectors which are recruiting.

SSP rebate scheme ends on 30 September

The COVID related scheme which allows small employers with fewer than 250 employees to reclaim two weeks' SSP for any employees absent due to coronavirus, whether having caught the disease or being advised to self-isolate because they have been in contact with someone else who has the disease, comes to an end on 30 September.

Claims must be made by 31st December 2021. The government has not yet advised how much longer the easement which removes the need for three Waiting Days for COVID related absences will remain, for the time being it still applies.

Health and Social Care Levy

This month the Prime Minister announced the introduction of the Health and Social Care Levy which will be used specifically to fund health and social care. The expectation is that it will raise around £12 billion in extra funding per year, to be invested in frontline health and social care across the UK over the next three years. Although we will start paying the levy in April 2022, it isn't possible for the government to develop the infrastructure for collecting the levy in six months, so to enable the government to begin collecting the additional revenue as soon as possible, from next April National Insurance contribution rates will temporarily rise by 1.25%.

For employees on the standard category A, Class 1 NICs will be paid at a rate of 13.25% on earnings above the Primary Threshold (PT) up to the Upper Earnings Limit (UEL). The percentage applied above the UEL will increase to 3.25% from the current 2%. Employees above State Pension age who do not currently pay NICs will not be affected by this increase.

For employers, the same Category A Class 1 NICs will increase to 15.05% on earnings above the Secondary Threshold (ST). This rate also applies to Class 1A and 1B NICs.

From April 2023, NIC rates will return to their previous level and the separate Health and Social Care Levy will come into effect as a formal legal surcharge of 1.25% of earnings which will also apply to individuals working above State Pension age, who are not liable to pay NICs on their earnings at present.

The levy contribution must be shown as a separate entry on payslips, and a generic message could appear on payslips in the next tax year.

Existing NIC reliefs to support employers will apply to the Levy. Companies employing apprentices under the age of 25, all people under the age of 21, veterans and employers in Freeports, will not pay the Levy for these employees as long as their yearly gross earnings are less than £50,270, or £25,000 for new Freeport employees. For those of you wondering what a Freeport is, more details are available in the [August edition of the PayrockPayroll Newsletter](#).

And in further good news for employers, though not necessarily for the payroll teams who need to process it, the Employment Allowance, which discounts the smallest businesses' employer NIC bills by up to £4,000, will also apply to the Levy. This means that around 40% or around 640,000 businesses, will not be affected at all by the Levy. It is expected that 70% of the money raised from businesses will come from the largest 1% – those with at least 250 employees.

Virtual right to work checks extended until April 2022

Over last few months I've referred often to the changing requirements for right to work checks. Though the changes were initially driven by COVID restrictions, the Home Office has decided to continue with virtual checks until April 2022, following the positive feedback received about the ability to conduct checks remotely.

The Home Office has also initiated a review of the availability of specialist technology to support a system of digital right to work checks in the future. The intention is to introduce a new digital solution to include many who are unable to use the Home Office online checking service, including UK and Irish citizens. This will enable checks to continue to be conducted remotely with enhanced security.

The Home Office made the following temporary changes on 30 March 2020 and these remain in place until 5 April 2022:

- Checks can currently be carried out over video
- Job applicants and existing workers can send scanned documents or a photo of documents for checks using email or a mobile app
- Employers should use the Home Office Employer Checking Service if a prospective or existing employee cannot provide any accepted documents

Up to and including 5 April 2022, when carrying out a temporary adjusted check, an employer must:

- Ask the worker to submit a scanned copy or a photo of their original documents via email or using a mobile app
- Arrange a video call with the worker – asking them to hold up the original documents to the camera and check them against the digital copy of the documents, record the date the check was made and mark it "adjusted check undertaken on [insert date] due to COVID-19"
- If the worker has a current Biometric Residence Permit or Biometric Residence Card or has been granted status under the EU Settlement Scheme or the points-based immigration system you can use the online right to work checking service while doing a video call – the applicant must give you permission to view their details.

You can find more information on [GOV.UK](#)

Improvements to the Universal Credit system

You may wonder why on earth I'm mentioning the Universal Credit system in a payroll newsletter. But remember, payroll submits earnings information to HMRC in Real Time (RTI) and the DWP uses that RTI data from HMRC to automatically calculate Universal Credit awards.

Universal Credit is a monthly benefit, but there has historically been an issue if workers are paid early, due to a bank holiday or weekend for example. If the actual payment date is used in those circumstances, depending on the timing of the payment, it can sometimes mean that the employee gets two payments in one month and can prompt the DWP system to think the claimant's income has gone up in that month and cancel the Universal Credit, often causing real hardship to the claimants who have to begin the claim process all over again.

This is a subject very close to my heart, and I have been called as an expert witness in tribunals to explain how the RTI process works and what instructions are given to employers about payment dates. So I can't tell you how glad I am to see that the DWP has now updated its processes so that claimants receive more consistent benefit payments, particularly in scenarios where their employer pays them early, due to a bank holiday.

The system will now identify those claimants who have received a second monthly salary payment in one benefit assessment period. DWP staff will now have the ability to move the second payment across to the following assessment period in the system, which will mean that the claimant's benefits don't differ from one month to the next because the system misinterprets that the claimant has received higher wages in one month.

But it is very important for you to know that when you are paying a worker early, perhaps due to a bank holiday or Easter or Christmas, **you must use the normal payment date on the FPS rather than the date payment was actually made**, as this will reduce the number of instances where the DWP needs to manually intervene to correct a claimant's earnings record.

PayrockPayroll Update

Structured Flexible Apprenticeships

If you're reading this newsletter then the chances are that you've had some involvement in apprenticeships at some point or another, either because you've been an apprentice, or you have managed an apprentice. And we know there are some key questions that come up every year such as:

"Why must I do every single module, when I already know some of the elements and have been doing them for years?"
 "Can I undertake modules and develop my career in a way that works for me and my organisation?"

Well, here at MBKB we listen, and we are excited to introduce the first fully tailored apprenticeship and development programme which will enable you to undertake a learning programme and enhance that programme with what you need, when and how you need it.

We call it STRUCTURED FLEXIBILITY.

You choose one of four core routes for your career development

- Leadership / HR
- Payroll and Finance
- Quality Assurance
- Specialists

And then comes the special part – once you have selected your core apprenticeship you can enhance it by selecting two units from any other apprenticeship.

Find out more by watching this [short video](#), or email train@mbkggroup.com

It's your life, your career and now, it's YOUR apprenticeship.

September Payroll Update

Join me on Friday September 24 at 10am for a live webinar in which I explore in more detail the changes we can expect in the payroll world now and over the next few months. It's also an opportunity for you to network and share knowledge and experiences with other payroll professionals.

Follow this [link](#) to register your place

PayrockPayroll networking groups

We all know that the payroll profession is a complex world of constantly changing rules, and interpreting those rules so that you can fulfil your obligations can sometimes make you feel like the weight of that world rests on your shoulders.

To share that weight, to learn from the experiences of others, to network and share advice and good practice with other payroll practitioners, why not join our social media networking groups on LinkedIn and Facebook.

Follow this link to join the [PayrockPayroll LinkedIn](#) group

Join the [PayrockPayroll Facebook](#) group using this link

Payroll support helpdesk available to PayrockPayroll members

As payroll processing gets ever more complicated, we know that, much as we would like to, none of us can know everything, and here at PayrockPayroll we want to help. As a PayrockPayroll member you have access to our payroll support helpline. Several of you have already used this service, all you need do is email your query to payrollsupport@mbkggroup.com but please remember to write your membership number in the subject line, it was included in your membership pack email.

As a reminder, your Tier 2 PayrockPayroll membership includes:

- Payroll Update sessions – Online monthly
- PayrockPayroll e-newsletter – Monthly
- Payroll helpdesk / support - 10 queries
- 1 x short course delivery
- PayrockPayroll - Annual Industry Festival

