



# INSIDER

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## National minimum wage increases

**The adult rate of the national minimum wage (NMW) is set to rise by 20p to £6.70 on 1 October 2015.**

As well as the change to adult rate:

- the apprentice rate increases by 57p to £3.30
- the rate for 18 to 20 year olds will rise by 17p to £5.30
- those aged 16-17 will now be paid £3.87, an increase of 8p
- the accommodation offset will rise from £5.08 to £5.35.

Figures released in 2014 by the Low Pay Commission show that the hospitality, retail and cleaning sectors accounted for 52% of NMW jobs. Small businesses contained 37% of workers who were paid the NMW.

The increase is the largest real-terms rise since 2007, and the government estimates that 1.4 million workers stand to benefit.

John Allan, national chairman for the Federation of Small Businesses, said:

"As well as focusing on enforcement, the government must clearly and proactively communicate the change to employers – ensuring businesses fully understand what they need to do and when. This support and guidance is necessary so small businesses avoid inadvertently falling foul of the law."

## Preparing for a NMW rise

Businesses that are concerned about the effects of a rise in the NMW, can take the following steps:

- use the government's pay and work rights helpline or the ACAS online tools and guidance
- reassess your outgoings and prices to balance the increase in your wage bill
- join a relevant business body
- review your payroll to ensure compliance and all of the employee information (especially ages) is correct.

## Spreadsheet errors marked as major business risk

**As business accounting becomes increasingly reliant on technology, errors in spreadsheets could pose a threat to the financial stability of many companies, according to the Institute of Chartered Accountants in England and Wales (ICAEW).**

A report reveals that half of accountants feel that errors occur in spreadsheets with a frequency that is "very high" or "fairly high". Three quarters of those surveyed labelled spreadsheet errors as a major potential risk for businesses.



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The report found that:

- ⦿ 54% of errors come from not being able to track who has made changes
- ⦿ 42% come from too many people having access
- ⦿ 39% of mistakes are the result of a lack of training.

Two thirds of respondents believe that it is likely that a large UK company will suffer financial damage as a result of spreadsheet failures in the next 2 years.

Richard Anning, head of ICAEW's IT faculty, said:

"We know flawed spreadsheet design and lack of formalised training can lead to significant costs. Errors, however, often remain unspotted which means the damage is difficult to recognise or measure."

## Minimising spreadsheet risk

There are a few simple steps that a company can take to reduce the risk of spreadsheet failure:

- ⦿ make sure you have a system of peer review in place
- ⦿ ensure people have the right training
- ⦿ limit the amount of people who can actually make changes to a spreadsheet, even if the number of people using it is higher.

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## European Court ruling on travelling to work draws criticism

**Certain types of work-related travel for workers without a fixed office should be regarded as working time, a ruling by the European Court of Justice (ECJ) has stated.**

In a case brought against the Spanish company Tyco, the ECJ had to consider whether journeys made by mobile workers between their homes and their first clients, and their last customers and home should count as working time.

The subsequent judgement that these journeys should count as payable work time as part of the European Union's working time directive will have a number of implications for UK employers.

The national law as found in the NMW 2015 regulations apply.

### Reaction to the ruling

Dr Adam Marshall, executive director of policy and external affairs at the British Chambers of Commerce, said:

"This ruling underscores the importance of greater national decision-making on employment laws. Once again, a faraway court is taking decisions that could impact business prospects, job creation and economic growth in the UK."

Allie Renison, head of EU and trade policy at the Institute of Directors, said that the ruling would "surprise and concern" many businesses in the UK:

"The notion that the period mobile workers spend travelling between home and their first client in the morning must count as working time goes above and beyond the protections intended by the law."

Neil Carberry, director for employment and skills at the Confederation of British Industry, said:

"Following the court's decision, it's now important that the government reaches a robust and effective definition of the 'normal workplace', so that travel to infrequently-visited client sites is covered, not ordinary commutes."

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## YOUR MONEY

### Pension 'top up' introduced

**From 12 October 2015, eligible individuals will be able to begin topping up their state pension by up to £25 per week.**

The lump sum payments, known as 'class 3A voluntary contributions', can be made up until 5 April 2017 by those that are entitled to a basic state pension before 6 April 2016. For men this means those who were born before 6 April 1951, while for women the relevant date of birth is before 6 April 1953.

An example of how pension top ups will work:

A 68 year old individual decides to put an extra £5 a week into their pension, which equates to £260 a year. Because the cost of adding an extra £1 for a 68 year old would be £827, the individual must multiply £827 by 5. The lump sum payment here is £4,135.

The reason for the introduction of the pension top up option is that the new state pension system which starts in April 2016 is expected to provide a more generous income than the current system.

### Pension boosting strategies

Topping up your pension is not the only way to potentially boost your pension income when you retire.

While you can top up your basic state pension pot, there is also the option to start another pension pot and begin contributing to that. Your existing contributions to your workplace pension can also be voluntarily increased.

The second main option is to defer your pension. This means that you agree to delay the date that you start taking your retirement income. This can have a number of advantages, chiefly that it allows you more time to contribute and that annuity rates may increase over time.

*Contact us today if you would like to talk about retirement planning.*