

# UK

Located off the northwest coast of Europe, the United Kingdom is a state made up of the historic countries of England, Wales and Scotland, as well as Northern Ireland. With a population of more than 67 million, it has the sixth-largest economy in the world. It is known all over the world for its sports and literature. Soccer, boxing, and golf were all invented in the UK. It also has produced many notable writers, including William Shakespeare, J.K. Rowling (Harry Potter series), and J.R.R. Tolkien. Its economy is quite diversified and the sectors that contribute most to the U.K.'s GDP are services, manufacturing, construction, and tourism.

**NATIONAL HOLIDAYS**

The following are the current public holidays in the UK:

<b>JAN 1</b>	New Year's Day
<b>MAR 29*</b>	Good Friday* <i>(*Date varies)</i>
<b>APR 1*</b>	Easter Monday* <i>(*Date varies)</i>
<b>MAY 6**</b>	Early May Bank Holiday** <i>(**Date varies. Celebrated during the first Monday in May)</i>
<b>MAY 27***</b>	Spring Bank Holiday*** <i>(***Date varies. Celebrated during the last Monday in May)</i>
<b>AUG 26****</b>	Summer Bank Holiday**** <i>(****Date varies. Celebrated during the last Monday in August)</i>
<b>DEC 25</b>	Christmas Day
<b>DEC 26</b>	Boxing Day

**EMPLOYMENT CONTRACTS**

**FULL-TIME EMPLOYMENT:** Permanent employment is the most common type of contract in the UK and this usually applies to employees who work regular or set hours and are paid a salary or hourly rate. They may be full-time or part-time.

These types of contracts are only usually terminated if the employee or employer chooses.

As an employer you must give employees:

- a) A written statement of employment or contract of the statutory minimum level of paid holiday;
- b) A payslip showing all deductions, such as National Insurance contributions (NICs);
- c) The statutory minimum length of rest breaks;
- d) Statutory Sick Pay (SSP);
- e) Maternity, paternity and adoption pay and leave;
- f) Make sure employees do not work longer than the maximum allowed;
- g) Pay employees at least the minimum wage have employer's liability insurance;
- h) Provide a safe and secure working environment register with HM Revenue and Customs to deal with payroll, tax and NICs;
- i) Consider flexible working requests;
- j) Avoid discrimination in the workplace;
- k) Make reasonable adjustments to your business premises if your employee is disabled.

**PART-TIME EMPLOYMENT:** This would follow the same rules and requirements as permanent full time employees but only with reduced working hours.

**FIXED-TERM OR TEMPORARY EMPLOYMENT:** Fixed-term employees must receive the same treatment as full-time permanent staff but the main differences are that; they only last for a certain length of time, are set in advance, end



when a specific task is completed and end when a specific event takes place.

**ZERO CONTRACT HOURS:** Zero-hours contracts are also known as casual contracts. Zero-hours contracts are usually for 'piece work' or 'on call' work, for example for interpreters.

This means that, they are on call to work when you need them, you do not have to give them work and they do not have to do work when asked.

Zero-hours workers are entitled to statutory annual leave and the National Minimum Wage in the same way as regular workers. You cannot do anything to stop a zero-hours worker from getting work elsewhere. The law says they can ignore a clause in their contract if it bans them from: looking for work or accepting work from another employer.

**FREELANCERS OR CONTRACTORS:** If a company hires a freelancer, consultant or contractor it means that:

- a) They are self-employed or are part of other companies;
- b) They often look after their own tax and National Insurance contributions (NICs);
- c) They might not be entitled to the same rights as workers, such as minimum wage;
- d) You're still responsible for their health and safety.

**AGENCY STAFF:** As an employer, you can hire temporary staff through agencies. This means



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- d) You're still responsible for their health and safety.

**AGENCY STAFF:** As an employer, you can hire temporary staff through agencies. This means that:

- a) You pay the agency, including the employee's National Insurance contributions (NICs) and Statutory Sick Pay (SSP);
- b) It's the agency's responsibility to make sure workers get their rights under working time regulations;
- c) After 12 weeks' continuous employment in the same role, agency workers get the same terms and conditions as permanent employees, including pay, working time, rest periods, night work, breaks and annual leave;
- d) You must provide the agency with information about the relevant terms and conditions in your business so that they can ensure the worker gets equal treatment after **12 weeks** in the same job;
- e) You must allow agency workers to use any shared facilities (for example a staff canteen or childcare) and give them information about job vacancies from the first day they work there;

f) You are still responsible for their health and safety.

## WORKING HOURS

Employers are free to set the day to day working hours according to business need. By law there is a maximum of **48 hours per week** which an employee can be expected to work, averaged over 17 weeks. However, it is possible, and quite common, for employees to opt out of this.

## BONUS REQUIRED BY LAW

It is entirely up to an employer what bonus to pay or whether to pay a bonus at all. Some employers operate structured bonus plans which might, for example, be linked to corporate and/or personal performance. Others might operate an undocumented discretionary bonus policy under which any payments are variable. Practice varies between industries.

## VACATIONS

All full-time employees in the UK are legally entitled to **28 days** of paid vacation per year (known as statutory leave entitlement or annual leave).

An employer can choose to include public holidays as part of a worker's statutory annual leave; however, market norm is to provide **20-25 days** of paid vacation or more per year, in addition to the paid public holidays. Senior employees often negotiate **up to 30 days** of vacation plus **up to eight public holidays**. Part-time employees

are entitled to a pro-rata entitlement of paid vacation and paid public holidays.

### **SICK LEAVE**

Employees in the UK are entitled to statutory sick pay for up to **28 weeks**, paid for by the employer. If employees are absent from work for **more than seven days**, they must provide a note from their doctor to document the sick pay obligation. Sick pay begins after the employee has been out of work for **four or more days** in a row and it is currently paid at the rate of GBPE109.40 per week.

Most companies offer additional sick pay on top of the statutory pay but the number of days or weeks they offer can vary widely.

### **PARENTAL LEAVE**

#### **MATERNITY LEAVE**

Female employees are entitled to **52 weeks** of maternity leave. **Two weeks** must be taken after the baby is born (4 weeks for factory workers.) The leave is divided into:

**a) Ordinary maternity leave:** first 26 weeks;

**b) Additional maternity leave:** last 26 weeks.

Employees receive statutory maternity pay for up to **39 weeks**.

**a) 90%** of average weekly earnings (before tax) for the first **six weeks**;

**b) £172.48** or 90% of average weekly earnings (**whichever is lower**) for the next **33 weeks**.



## PATERNITY LEAVE

Partners are entitled to **one or two weeks** of paid paternity leave. There is also a concept of shared parental leave which enables the mother to share her **52 weeks of maternity leave** with the other parent. This enables mothers to return to work before the end of their maternity leave without sacrificing the rest of the leave that would otherwise be available to them.

Shared parental leave can either be taken consecutively or concurrently, if the total time taken does not exceed **52 weeks**, and it can be taken in blocks, rather than all at once. The partner who shares the leave is eligible to take:

- a) The **remaining leave** (52 weeks minus any weeks of maternity or adoption leave);
- b) The **remaining pay** (39 weeks minus any weeks of maternity pay, maternity allowance or adoption pay).

There are similar provisions for those who adopt.

## PROBATIONARY PERIOD

There is no legal requirement for the time period for an employment probationary period.

Instead, it is expected that it is reasonable. This would usually be no longer than **six months** for **new employees** and no longer than **three months** for **employees changing job roles** within your business.

## TERMINATION

In the UK there is no concept of at will employment and the employer must give the employee notice to terminate employment.

There are two types of notice:

- a) **Statutory notice**, which is required by law;
  - b) **The notice period** stated in the employee's contract of employment.
- Length of service is used to calculate the statutory notice period:
- a) **One week** notice for **one month and less than two years** of service;
  - b) **One week** notice for each year for between **2 and 12 years** of service;
  - c) **12 weeks'** notice for **12+ years** of service.

The length of notice in the employment contract is at the employer's discretion, but market norms mean this notice period is usually one month for most employees and up to three months for more senior employees. When giving notice the employer must give whichever notice period is longer. It is common to include in contracts of employment a right to pay in lieu of notice to avoid the employee having to work his or her notice.

**Severance pay** is given when an employee is terminated due to **redundancy** and the employee has worked for the employer continuously for at least **two years** prior to the redundancy, according to the following schedule:



- a) **Half of a week's** pay for each year of service where the employee was below the age of **22**;
  - b) **One week's** pay for each year of service where the employee was between **22 to 40** of age;
  - c) **1 1/2 week's** pay for each year of employment where the employee was **41 and over**.
- There is a cap on a week's pay for redundancy pay purposes that is adjusted annually. Employees who have more than **two years' continuous service** have the right not to be dismissed unfairly and anti-discrimination laws apply regardless of length of service. It is therefore important to take appropriate advice

before considering terminating employment.

## TAXES

Income tax bands and rates are as follows:

BAND	TAXABLE INCOME	TAX RATE
<b>PERSONAL ALLOWANCE</b>	Up to £12,570	24%
<b>BASIC RATE</b>	£12,571 to £50,270	30%
<b>HIGHER RATE</b>	£50,271 to £125,140	37%
<b>ADDITIONAL RATE</b>	over £125,140	45%

The standard Personal Allowance is £12,570,

which is the amount of income you do not have to pay tax on.

Your Personal Allowance may be bigger if you claim Marriage Allowance or Blind Person's Allowance. It's smaller if your income is over £100,000.

## HEALTH INSURANCE

The United Kingdom provides public healthcare to all permanent residents, about 58 million people.

Healthcare coverage is free at the point of need, and is paid for by general taxation. About 18% of a citizen's income tax goes towards healthcare, which is about 4.5% of the average citizen's income.

Private health insurance may be provided by an employer but this is entirely at the company's discretion and is ordinarily only provided to higher level managerial positions.

## EMPLOYEE BENEFITS

The primary statutory benefit in the UK is provided through the employers' portion of National Insurance Contribution (NIC) which is the national social security program by which all employers and employees contribute to the public health care system.

The employer's portion of the national insurance contribution is usually 13.8% (currently **15.3%**) on top of total compensation. Employees must also pay national insurance contributions; it is the

employer's responsibility to deduct the employee's contribution through the PAYE system.

In addition to the NIC, many companies also provide supplementary benefits such as medical, dental and life insurance for their employees. There is no legal requirement to do this but market forces mean employees may expect their employer to provide additional benefits.

Many UK/EU insurance plans carry exclusions on coverage while the employees are in the US. If you intend to have your UK employee traveling back and forth to the US or outside Europe, it is strongly recommended ensuring that the employee is covered under a travel insurance policy.

In addition to insurance coverage, most employees in the UK negotiate heavily for employer contributions to pension plans, which is the most commonly requested benefit in the UK. Pension benefits are generally prioritized by employees over employer-provided medical insurance in the UK. Almost all employers will be statutorily required to provide at least a 4% pension match within the next year or two, with the match increasing gradually to at least 5%.

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## LABOR LAW - NUMBER AND VALID PAGE

United Kingdom labor law regulates the relations between workers, employers and trade unions. People at work in the UK can rely upon a minimum set of employment rights, which are found in **Acts of Parliament, Regulations, common law and equity.**

This includes:

- a)** The right to a minimum wage of £9.50 for over-23-year-olds from April 2022 under the **National Minimum Wage Act 1998**;
- b)** The **Working Time Regulations 1998** give the right to 28 days paid holidays, breaks from work, and attempt to limit long working hours;
- c)** The **Employment Rights Act 1996** gives the right to leave for child care, and the right to request flexible working patterns;
- d)** The **Pensions Act 2008** gives the right to be automatically enrolled in a basic occupational pension, whose funds must be protected according to the **Pensions Act 1995**.

## HOME OFFICE/HYBRID WORK - LAW - GUIDANCE

There are no defined laws regarding working from home or an office and is entirely at the discretion of the employer.

## FOREIGN EMPLOYEES: WHICH PAPERS DO THEY NEED TO HAVE TO BE CONTRACTED BY THE LOCAL LAW? MAXIMUM QUOTA ALLOWED.

An individual is eligible to work in the UK if they are a citizen of Britain or if they hold valid settled status in the UK. For non-UK residents, the right to work will be determined by their immigration status and any restrictions imposed on them by their grant of leave.

## OTHER COMMENTS / SUGGESTIONS

The requirements for foreign employees to work in the UK is complicated for both the individual and the hiring company as the aforementioned is required to have a licence. It is always best to seek the legal advice in these circumstances.