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Newsletter

Hybrid working – is flexibility the future?

The experience of the past couple of years, with many businesses and employees finding there are benefits to working from home, is fuelling increased interest in hybrid working practices. Consequently, flexible working is increasingly becoming a standard part of staff benefit packages.

Although remote working may not be feasible for all jobs, there are a wide range of other flexible working options that firms might consider. These options will help businesses to not only retain existing staff but will also help to attract new talent.

However, businesses looking at hybrid working options must manage flexible practices while considering potential issues, including inclusion, fairness and health and safety.

What is hybrid working?

Hybrid working is a form of flexible working where workers spend some of their time working remotely (usually, but not necessarily, from home) and some in the employer's workspace. Hybrid working can be undertaken in conjunction with other forms of flexible working, including time flexibility.

Although some workers will have worked remotely prior to March 2020, the extended period of enforced working from home during the global pandemic has led to considerable interest in new ways of working, including hybrid or blended work.

The Flexible Working Taskforce

As part of its involvement in the Flexible Working Taskforce, the Chartered Institute of Personnel and Development (CIPD) has produced practical guidance to support effective hybrid working.

Jane Gratton, Head of People Policy at the British Chambers of Commerce (BCC), says: 'Our research indicates three quarters of employers will continue to offer hybrid working going forward.

'This new guidance will help all employers to confidently implement and roll-out hybrid working in a way that is fair and accessible to their workforce.

'Flexible working makes good business sense and is increasingly becoming a standard part of staff benefit packages. While remote working may not be practical for all job types, the wide range of other flexible working options that firms can consider opens the door to new talent to fuel growth and rebuild our economy.'

The case for hybrid working

Where it is possible, hybrid working can offer benefits to employers and employees alike. Hybrid work can benefit employees through helping them to achieve greater work-life balance, reducing the costs of commuting and providing autonomy about how and where they work.

According to the CIPD, employers can benefit from increased productivity and increased staff engagement and motivation. A significant majority of employees reported that when working from home they are at least as, if not more, productive.

Hybrid work can therefore deliver the benefits of remote working whilst still also allowing for the social and collaborative advantages of working together with colleagues in the workplace.

Not for everyone

At the same time, it is important to recognise that hybrid working may not work well for everyone. There may be certain roles or tasks that require staff to be co-located to be carried out effectively and some individuals may not want to work remotely for personal or work-based reasons.

Organisations should therefore view hybrid working as one of many possible ways of working – and if hybrid working is not practicable, other forms of flexible working may be, such as time flexibility.

Some key considerations

- Consider introducing hybrid working as a pilot/trial period, with criteria for measuring and determining success set out.
- Prepare people managers and workers for the transition to hybrid working – learning lessons from the recent remote working period whilst recognising the key differences between fully remote and hybrid work.
- Reflect on cultural readiness for the transition to hybrid working – and identification of possible barriers to success.
- Review relevant policies, procedures and systems to ensure that they are ready for hybrid work and identify where changes need to be made.
- Review the current and potential future equality implications, particularly on groups with protected characteristics.

There are many factors to consider if you are offering employees hybrid working options: these include changes to expense and tax arrangements. Please contact us if you need further information on these matters.

Preserving your mental health at work

With the coronavirus (COVID-19) pandemic continuing to require employees across the UK to work from home, it is important now more than ever to prioritise your mental health. Employees and employers alike are advised to take the time to recognise, manage and reduce stress in both their professional and personal lives.

Understanding stress and anxiety at work

Defining 'stress' and 'anxiety' can help us to understand them properly. The Health and Safety Executive (HSE) defines stress as 'the adverse reaction a person has to excessive pressure or other types of demand placed upon them'. Meanwhile, Anxiety UK defines anxiety as 'a feeling of apprehension or dread in situations where there is no actual real threat'.

Stress and anxiety are two of the most common forms of mental health issues that affect individuals in the UK. Less common mental health issues include bipolar disorder and schizophrenia.

Employees suffering from mental health issues may wish to make use of wellness action plans. These plans can help employees to identify the aspects of their working lives that keep them well and those that cause them to become unwell.

Advice for employers

It's important that an employer takes mental health issues seriously and supports their employees suitably. Employers have a legal duty of care to support their employees' health, safety and wellbeing, including safeguarding their mental health.

Under the Equality Act 2010, mental health issues can be considered a disability if the issue has a 'substantial adverse effect' on an employee's life; if it lasts 12 months or is expected to last 12 months; and if it affects the employee in carrying out their day-to-day activities at work.

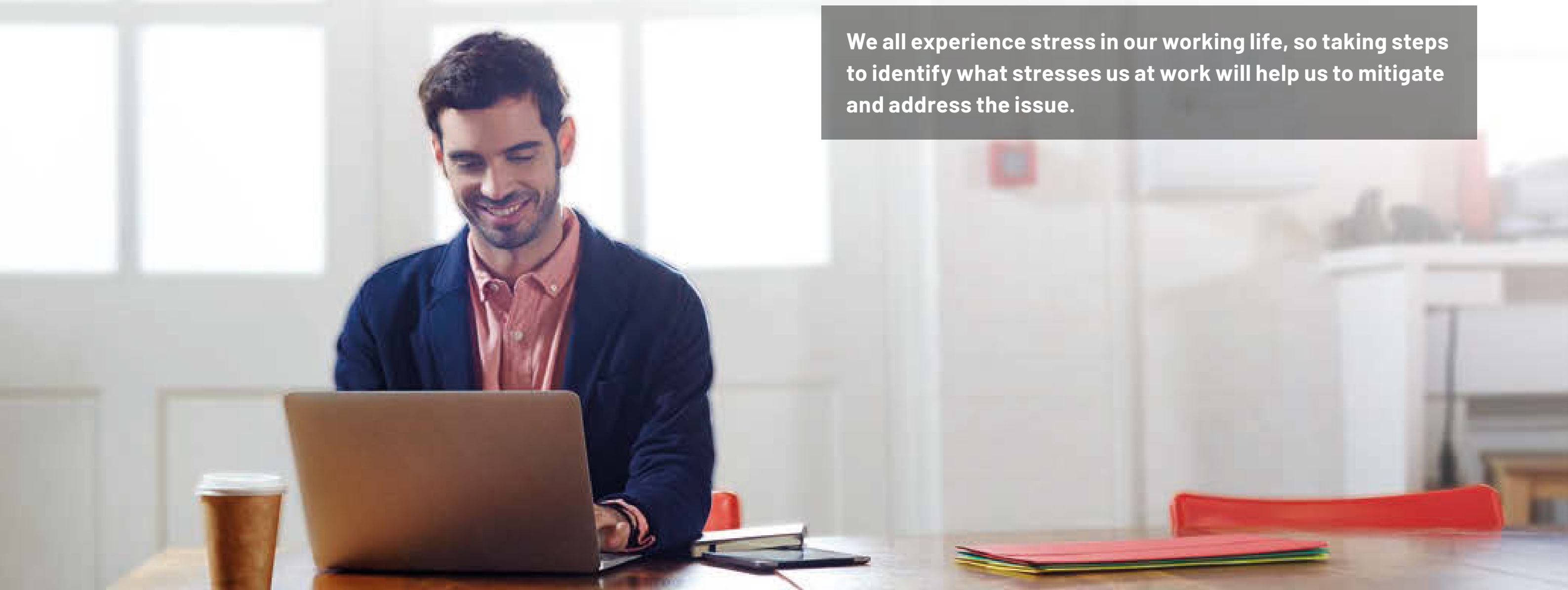
Advisory body Acas suggests that employers work with employees affected by mental health issues in order to make the right adjustments so that they can continue to work effectively and safeguard their wellbeing. This may include, for example, helping them to prioritise their workload and permitting them extra rest breaks.

Top tips for managing mental health in the workplace

A range of strategies exist to aid employees in managing their mental health at work. We have highlighted a handful below.

- **Reduce your workload.** Carry out tasks in order of priority and don't overload yourself with work. Always ask for help if you are struggling with a heavy workload and split up big tasks so that they seem less overwhelming.
- **Take time out.** Taking time out, such as going for a short walk, or even having a cup of tea, can help rejuvenate your mind. Make time for yourself so you don't burn out.
- **Voice your concerns to someone.** Communicating your worries is vital. Whether it's with a colleague or a friend, verbalising your concerns will only help you to address and combat them.
- **Take part in stress risk assessments.** Taking part in discussions on stress and considering what stresses you at work can help to minimise worries. Attending employer-run stress management courses and utilising stress management tools may also help you to keep workplace concerns to a minimum.
- **Plan ahead.** Planning ahead for potentially stressful days or events may help to minimise any concerns you might have. Consider creating a to-do list, or mapping out a journey you're required to make ahead of time.
- **Challenge your mindset.** Our mindset can greatly affect the way we feel. Challenging unwanted and unhelpful thoughts and embracing positivity may help you to feel less stressed when at work.

We all experience stress in our working life, so taking steps to identify what stresses us at work will help us to mitigate and address the issue.



Plastic Packaging Tax, just around the corner

This spring will see the introduction of the UK's Plastic Packaging Tax, which has implications for many businesses. The tax aims to promote the use of recycled plastics in packaging. Here, we look at the Plastic Packaging Tax and how it could affect businesses.

What is the Plastic Packaging Tax?

The Plastic Packaging Tax is due to take effect from 1 April 2022. The tax will apply to plastic packaging manufactured in, or imported into, the UK where the plastic used in its manufacture is less than 30% recycled. The rate of the tax will be £200 per metric tonne of plastic packaging.

Its purpose is to encourage the use of recycled rather than new plastic within plastic packaging. It is hoped that this will, in turn, stimulate increased levels of recycling and collection of plastic waste, diverting it away from landfill or incineration.

Who is likely to be affected?

UK manufacturers of plastic packaging, importers of plastic packaging, business customers of manufacturers and importers of plastic packaging, and consumers who buy plastic packaging or goods in plastic packaging in the UK.

To mitigate against disproportionate administrative burdens in comparison to the tax liability for those who are likely affected, there will be an exemption for manufacturers and importers of less than 10 tonnes of plastic packaging per year.

HMRC stresses that affected businesses should act now to make sure they have the necessary information and invoicing and reporting system requirements to comply with the new provisions.

Background

In March 2018, the government launched a call for evidence on the matter, which received a record 162,000 responses – highlighting 'strong public interest in action' on the matter. As a result, the government later consulted on the design of the Plastic Packaging Tax, and how best to implement it without causing 'administrative disruption'.

The government found that using recycled plastic is often more expensive than using new plastic, despite it being better for the environment. Plastic packaging accounts for 44% of all the plastic used in Britain, and the UK generates more than two million tonnes of plastic packaging each year.

Economic incentive

According to the government, the Plastic Packaging Tax will be set at a rate that provides a 'clear economic incentive' for businesses to use recycled material in the production of plastic packaging. The government hopes that this, in turn, will create greater demand for this material, and 'stimulate increased levels of recycling and collection of plastic waste, diverting it away from landfill or incineration'.

Considering its effects on businesses

Small businesses have warned the government that the new tax could place 'additional burdens' on them, which would require extra funding. Additionally, the tax could lead to increased costs for firms, which could potentially be passed on, at least in part, to the consumer. Business that manufactures or imports 10 or more tonnes of plastic packaging over a 12-month period you will need to register for the tax. The government says that an online service to register and pay will be available on 1 April 2022.

Time is running out for businesses to adapt their processes before the introduction of the Plastic Packaging Tax at the beginning of April.

Business Round-up

Chancellor announces £1 billion support fund for businesses

On December 21, Chancellor Rishi Sunak unveiled a £1 billion support fund for businesses, which includes cash grants of up to £6,000 per premises for each eligible firm.

Mr Sunak said the government would also help certain firms with the cost of sick pay for COVID-19-related absences.

To support other businesses impacted by the Omicron variant of COVID-19 – such as those who supply the hospitality and leisure sectors. Additionally, the Chancellor announced an extra £30 million to help theatres and museums.

Mr Sunak said: 'We recognise that the spread of the Omicron variant means businesses in the hospitality and leisure sectors are facing huge uncertainty, at a crucial time.

'So, we're stepping in with £1 billion of support, including a new grant scheme, the reintroduction of the Statutory Sick Pay Rebate Scheme and further funding released through the Culture Recovery Fund.'

Climate Change Committee calls for higher tax on household gas

Following COP26, the Climate Change Committee (CCC) has urged the government to introduce a higher tax on household gas.

In its recommendation to the government, the Committee stated that taxes should be used to make fossil fuel heating more expensive to help reach the government's Net Zero ambitions.

The CCC also recommended that the Treasury initiate a review of the role of the tax system in delivering Net Zero, including the role of tax in achieving a higher and more consistent carbon price across the economy.

The CCC said that funding should be doubled so that key climate finance commitments can be properly adapted.

Reminders for your diary

February 2022

2 Deadline for submitting P46(car) for employees whose car/fuel benefits changed during the quarter to 5 January 2022.

19 PAYE, Student loan and CIS deductions are due for the month to 5 February 2022.

March 2022

1 New Advisory Fuel Rates (AFR) for company car users apply from today.

3 5% late payment penalty on any 2020/21 outstanding tax which was due on 31 January 2022 and still remains unpaid.

19 PAYE, Student loan and CIS deductions are due for the month to 5 March 2022.

31 End of corporation tax financial year.

End of CT61 quarterly period.

Filing date for Company Tax Return Form CT600 for period ended 31 March 2021.

Last minute planning for tax year 2021/22 – please contact us for advice.

April 2022

1 Making Tax Digital (MTD) record keeping required for VAT return periods starting on or after 1 April 2022.

VAT Return information to be provided to HMRC through MTD compatible software.

5% late payment penalty on any 2020/21 outstanding tax which was due on 31 January 2022 and still remains unpaid.

5 Last day of 2021/22 tax year.

Deadline for 2021/22 ISA investments and pension contributions.

Last day to make disposals using the 2021/22 CGT exemption.

14 Due date for income tax for the CT61 period to 31 March 2022.

19 Automatic interest is charged where PAYE tax, Student loan deductions, Class 1 NI or CIS deductions for 2021/22 are not paid by today. Penalties may also apply if any payments have been made late throughout the tax year.

PAYE quarterly payments are due for small employers for the pay periods 6 January 2022 to 5 April 2022 if paying by cheque through the post or by 22nd April if paying online.

PAYE, Student loan and CIS deductions are due for the month to 5 April 2022 if paying by cheque through the post or by 22nd April if paying online.

Deadline for employers' final PAYE return to be submitted online for 2021/22 if paying by cheque through the post or by 22nd April if paying online.

Tax Tip

Have you considered a dividend over a salary or a bonus?

Some may choose to take a dividend over a salary or bonus. Dividends are paid from the profits available after Corporation Tax is paid. A salary or a bonus generally creates tax charges for the company and currently carries up to 25.8% in combined employer and employee national insurance contributions (NICs). Dividends, however, are paid free of NICs.

The Dividend Allowance (DA) currently sits at £2,000 per year. The DA charges £2,000 of the dividend income at 0% tax: this is called the dividend nil-rate. The rates of tax on dividend income above the allowance until April 2022 are 7.5% for basic rate taxpayers; 32.5% for higher rate taxpayers; and 38.1% for additional rate taxpayers.

In September 2021 the government published its proposals for new investment in health and social care in England.

An increase was announced to the rates of tax paid on dividends by 1.25% from 6 April 2022 to help fund the new planned investment in health and social care. The new rates will therefore be 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers.

The new Health and Social Care Levy will lead to a UK-wide temporary 1.25% increase to both the main and additional rates of Class 1, Class 1A, Class 1B and Class 4 NICs for 2022/23. From April 2023 onwards, the NIC rates will decrease back to 2021/22 levels and will be replaced by a new 1.25% Health and Social Care Levy.