



Newsletter

April 2025

*Spring Budget
Statement &
Employment
Law Updates*

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Spring Budget Statement and Employment Law Updates

1. National Minimum and Living Wage Increases

From 1 April 2025, the National Living Wage (NLW) and National Minimum Wage (NMW) will increase as follows:

- £12.21/hour for workers aged 21 and over (NLW)
- £10.00/hour for 18–20-year-olds
- £7.55/hour for 16–17-year-olds
- £7.55/hour for apprentices

Impact: SMEs should check payroll and budgeting to accommodate higher wage costs. Regular wage audits are recommended to ensure compliance and avoid penalties.

2. Employer National Insurance Contributions (NICs)

From 6 April 2025, employer NICs will rise from 13.8% to 15%, and the Lower Earnings Limit will drop from £9,100 to £5,000.

The employment allowance has gone up from £5,000 to £10,500 a year – allowing organisations to claim back National Insurance up to the allowance limit.

Impact: This means employers will begin paying NICs on a larger proportion of employees' earnings, increasing overall employment costs — particularly for lower-paid staff. Budget forecasting and workforce planning should be reviewed accordingly.

3. New Right to Neonatal Leave and Pay

A new statutory entitlement comes into effect from 6 April 2025:

Eligible parents whose baby spends 7+ days in neonatal care within the first 28 days of life will be entitled to up to 12 weeks of paid leave, in addition to existing maternity/paternity entitlements.

Impact: SMEs should prepare to update family leave policies, adjust payroll systems, and train managers to handle sensitive conversations and leave planning compassionately and lawfully.

4. Statutory Sick Pay (SSP) increase

The SSP rate increases to £118.75 per week from 6th April 2025.

Impact: Employers should review sickness absence policies and ensure payroll systems reflect the change.

5. Strengthened Responsibilities Around Workplace Harassment

The Employment Rights Bill 2025 (expected this summer) will reinforce the legal obligation for employers to take “all reasonable steps” to prevent sexual harassment and discriminatory behaviour in the workplace.

Impact: SMEs will need to ensure staff policies, reporting procedures, and training programmes (particularly for managers) are up to date. A proactive approach to DEI and a clear framework for dealing with complaints will be key to meeting this standard.

Practical Steps for SMEs

- ✓ Update pay structures in line with wage and NIC changes
- ✓ Review and refresh policies: especially around sick leave, family leave, and harassment
- ✓ Train managers on new entitlements and responsibilities
- ✓ Forecast staffing costs to reflect the impact of NIC and wage increases
- ✓ Communicate clearly with staff to maintain trust and transparency

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