

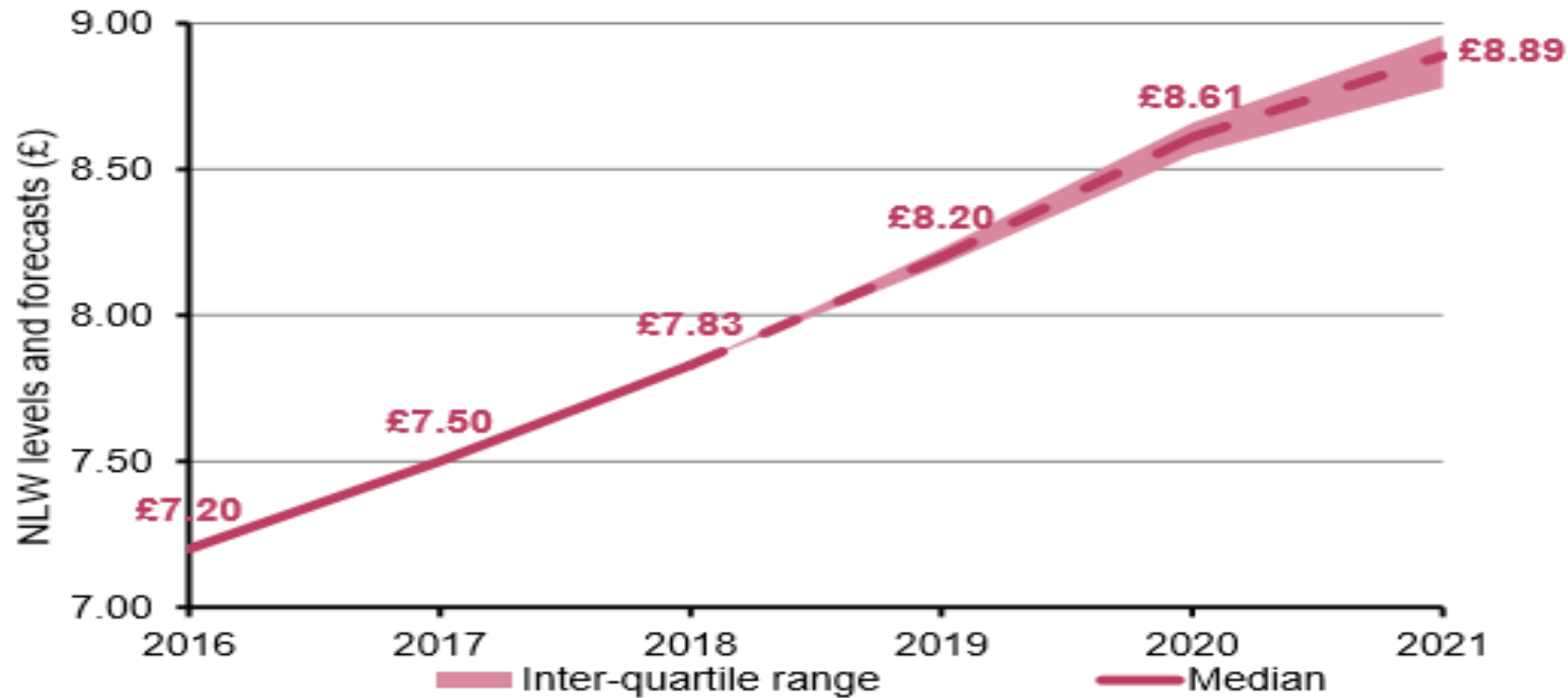


National Minimum Wage Assessing the risk to your business

17th May 2018

The proposed path of the National Living Wage

Predicted path of the NLW and inter-quartile range of forecasts



► Source: (all figures on this slide) the Department for Business, Energy and Industrial Strategy (BEIS). Published 8 December 2017 on gov.uk

What type of worker?



Time worker

- ▶ Paid by the hour
- ▶ Including casual workers



Output worker (piece rate worker)

- ▶ Paid by the item produced
- ▶ Including home workers



3. Salaried worker

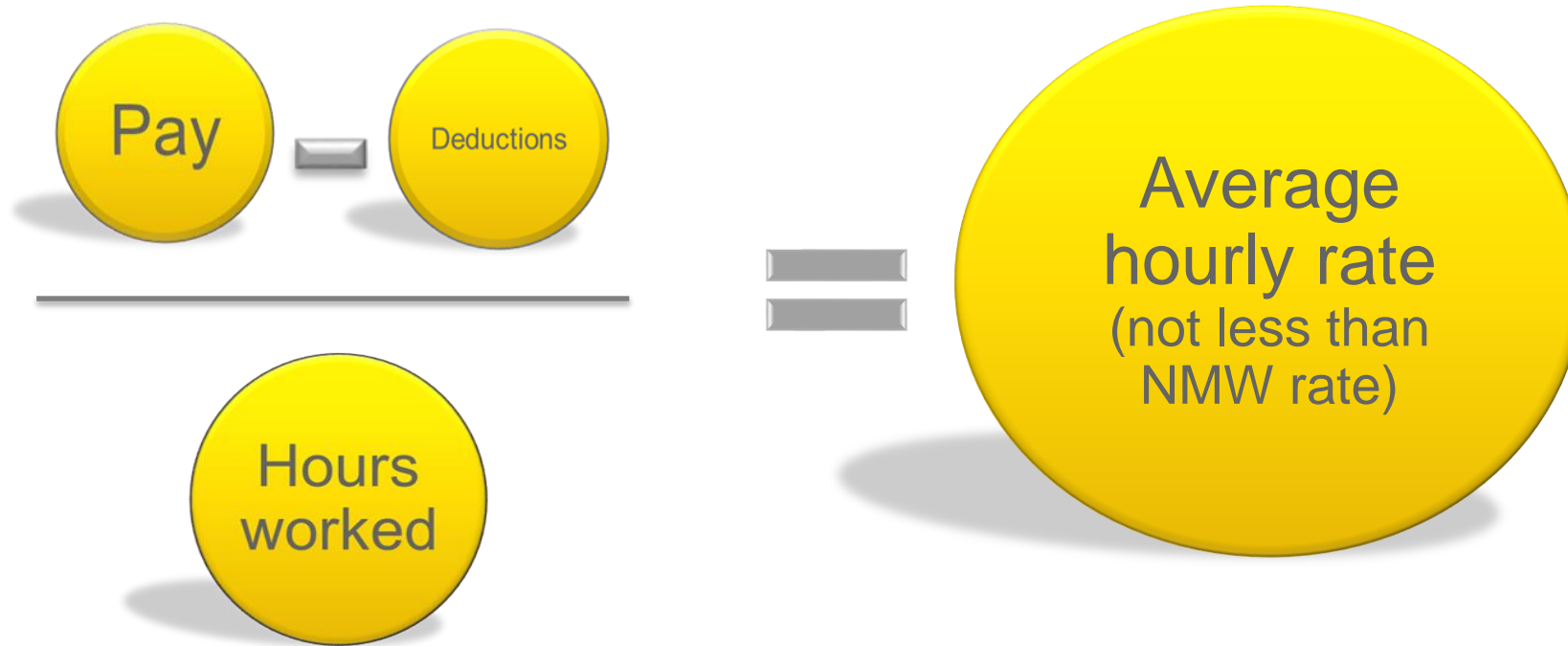
- ▶ Receives annual salary
- ▶ Annual hours worked



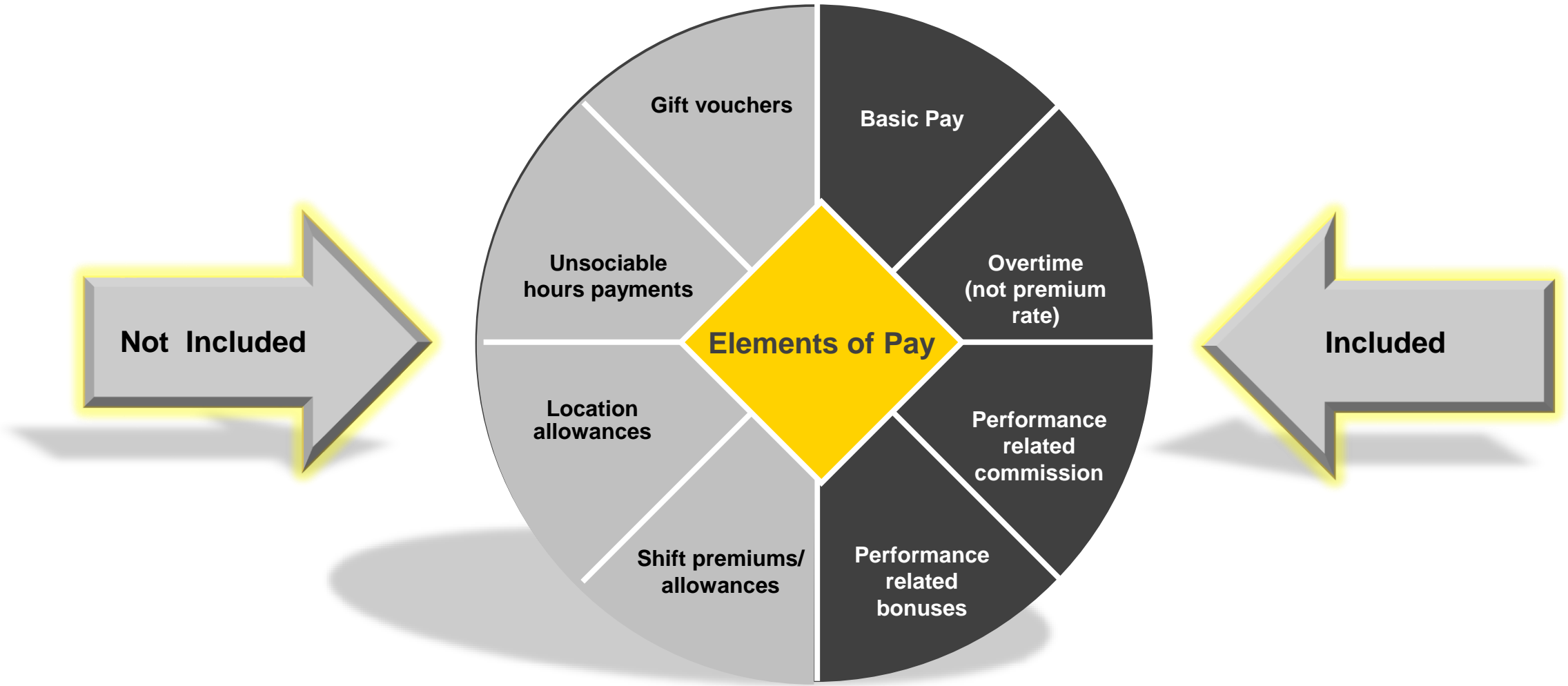
Unmeasured worker

- ▶ Paid for hours worked in each pay reference period

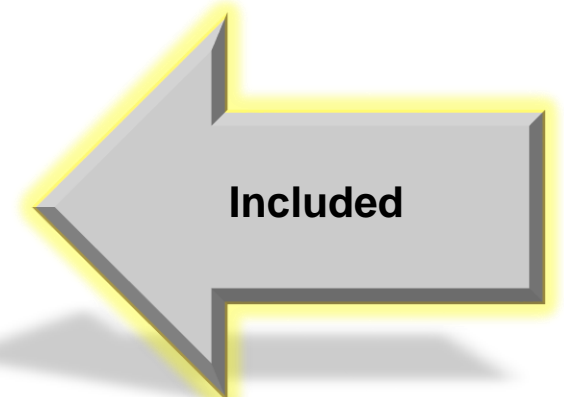
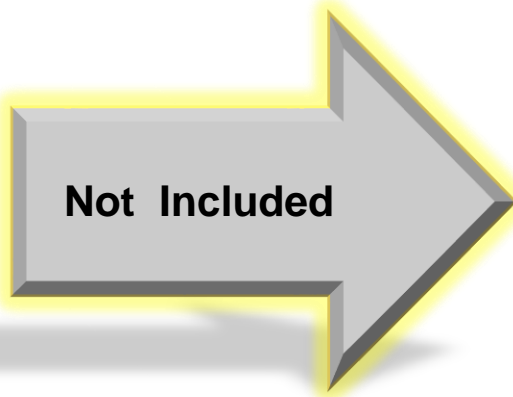
Calculating NMW – Simple in Theory



Elements of Pay for NMW



What is Working Time?



Penalties / Naming and Shaming

Notice of underpayment > £100

- ▶ Arrears (based on current rates)
- ▶ A penalty of **200%** of amount underpaid, up to a maximum of £20,000 per worker
- ▶ Penalty reduced to 100% if paid within 14 days
- ▶ Minimal discretion exercised by HMRC

Limited grounds for appeal against a notice to name and shame, e.g.:

- ▶ Risk of personal harm to an individual or their family
- ▶ National security risks associated with naming in this instance
- ▶ Other factors which suggest that it would not be in the public interest to name the employer

National Minimum Wage Investigations

Increased activity from HMRC has seen more employers that are household names, identified in the press for failure to comply with the recent Minimum Wage legislation

Route to Investigation

Reactive investigations



HMRC has a service level agreement with BEIS that they will investigate 100% of NMW complaints registered via the ACAS helpline

Proactive investigations



New targeted enforcement team set up to target larger businesses across all sectors

In 2017 the government spent a record £25.3 million on minimum wage enforcement

Recent changes

May 2018

- ▶ On 9th May 2018, the government's Director of Labour Market Enforcement, published a report which has set out **37 recommendations**.
- ▶ In the longer term hours and hourly earnings should be captured in Real Time Information data returns to HMRC.
- ▶ Employers found to be non-compliant should be charged a fee for intervention to allow the enforcement bodies to recover some of their enforcement costs.
- ▶ A recommendation for a significant increase in the size of civil penalties for the non-compliant to bolster the deterrent effect, linking financial penalties to the company's annual turnover.

- ▶ HMRC's new campaign "check your pay" urging workers to ring helpline or complete online form to report NMW issues with their pay
- ▶ Assisted self correction opportunity open from August 2017 to May 2018. New voluntary disclosure (awaiting details)

National Minimum Wage

How we can help

Any employer that has not reviewed its procedures in recent years (in particular since April 2013) is recommended to do so.

We have developed a methodology which seeks to replicate the same format and procedures followed by HMRC's Minimum Wage officers:

1
We test your procedures against the Minimum Wage legislation and HMRC practice

2
We report back highlighting areas of weakness, with a comprehensive plan of action to strengthen those areas and potentially rectify arrears

3
Reduced risk of being publicly named in future



Q&A