

Minimum Wage Guidance

Did you know, last year UK companies underpaid their workers by £16.3million? HMRC routinely investigates companies and if they find a company has underpaid their workers, they not only have to repay them but also pay a 200% penalty and are publicly named. It doesn't even matter if they underpaid workers by accident.

Mistakes are easy to make, and you may not know you are making them. Protect your business by paying your workers correctly by knowing these common risks:

Expenses

Did you know if you tell workers what they need to wear (like a dress code), this could cause an underpayment? Any costs a worker incurs in connection with their employment will reduce their minimum wage pay. This could also apply to tools and equipment if they have to buy it themselves.

Unpaid working time

Asking workers to come in 10 minutes early so they can start work on time? This is considered working time because you are asking your workers to come in at a certain time at a certain place. It doesn't matter if they are productive or not, they are still working. How about coming in early to open a shop? Same thing, this is all working time. Same applies to training at home or travelling between assignments. All these instances could cause underpayments, especially over a long period time.

Apprentices

Do you have an apprentice? If so, you can only pay them the apprentice rate until they are 19 years old and/or within their first year of apprenticeship. So if you have an older apprentice, they can only be paid the apprentice rate for 1 year, otherwise you could underpay them.

Deductions

Do you make deductions? If so, you could be underpaying workers if you have use and benefit of the deduction. It doesn't matter if you make a loss or it benefits the worker, you could still underpay workers. This could be savings schemes, locker deposits, meals, etc.

There's a checklist online for more common risks, you can find them here:

www.gov.uk/guidance/calculating-the-minimum-wage/a-checklist-for-employers?utm_source=Council&utm_medium=Promote_Handout&utm_campaign=Checklist&utm_id=GCA4

For a detailed guide on how to pay workers the minimum wage correctly:

www.gov.uk/guidance/calculating-the-minimum-wage?utm_source=Council&utm_medium=Promote_Handout&utm_campaign=CMW&utm_id=GCA4