

# National Minimum Wage Naming Scheme

## Round 16, December 2020: educational bulletin

### **Introduction**

The National Minimum Wage Naming Scheme exists to increase awareness of National Minimum Wage Legislation and to act as a deterrent to the minority of employers who may be tempted to underpay their workers.

In 2018 the Government undertook a review of the Naming Scheme in order to ascertain its effectiveness and ensure Naming was used in the most efficient way. The review was published on 11th February 2020 and can be found here: [Naming employers who fail to pay minimum wage to be resumed under revamped rules](#).

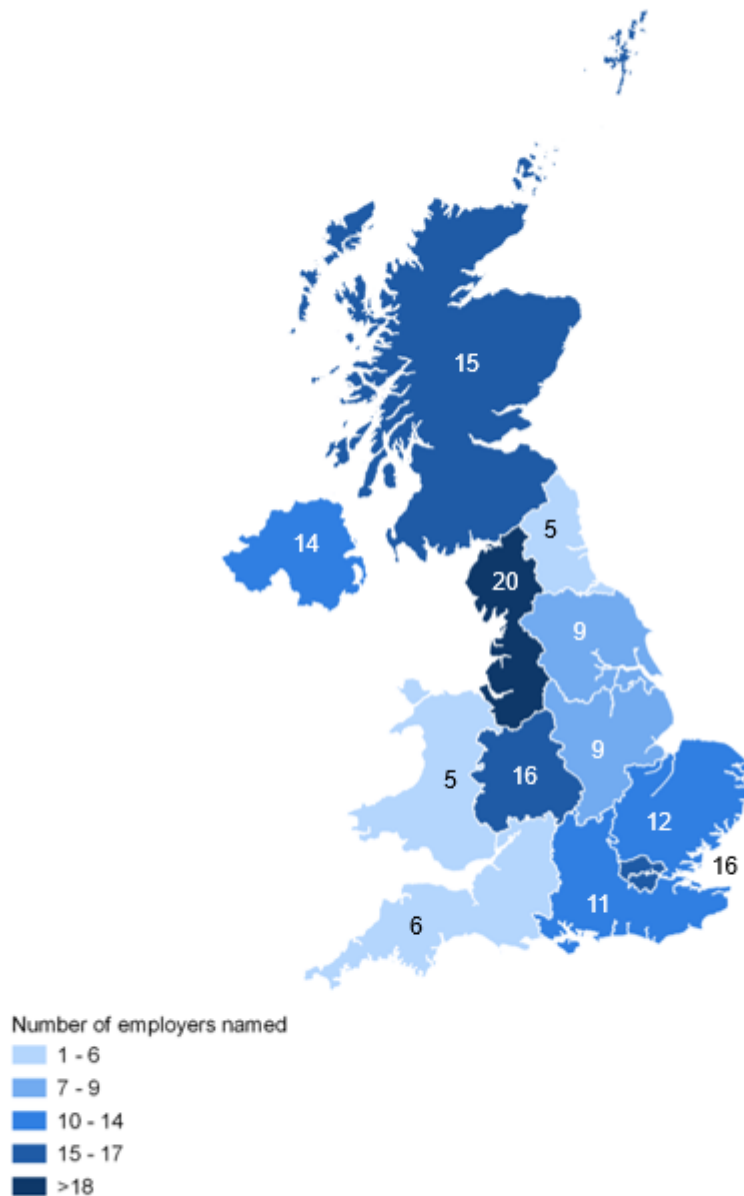
As part of this review the Government has committed to be more transparent about the types of breaches we most commonly find. This bulletin includes statistics regarding breaches of National Minimum Wage legislation in this naming round, and some information on the most common type of breach among employers in this naming round.

## Employers named in Round 16



Department for  
Business, Energy  
& Industrial Strategy

**139 employers** from across the UK were named as part of Round 16 of the Minimum Wage Naming Scheme



**Notes:**

Geography information is based on employer address postcode (trading address). In some cases, this may be where the minimum wage underpayment occurred.

Information from one employer with an unknown address is not shown, but is included in the total figures presented.

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## Main reasons for minimum wage underpayment in Round 16

Table 1 below shows the most common minimum wage breaches identified for employers named for minimum wage underpayment in Round 16.

### Breaches most commonly associated with employers include:

- deducting pay from workers' wages,
- failing to pay workers for working time, and
- paying below the apprenticeship rate.

Table 1. Main reasons for minimum wage underpayment in Round 16

Type of underpayment	Further information
Deductions or payments that take pay below the minimum wage	Deductions include: <ul style="list-style-type: none"> <li>• Food / meals</li> <li>• Parking permits travel costs</li> <li>• Cost of, or lost, work equipment and / or Personal Protective Equipment</li> <li>• Stock or till shortage</li> <li>• Training costs</li> <li>• Christmas savings schemes</li> <li>• Uniform</li> <li>• Childcare costs</li> <li>• Salary sacrifice schemes</li> <li>• Worker purchase of clothes to meet dress code</li> </ul>
Unpaid working time takes pay below the minimum wage	Unpaid working time includes: <ul style="list-style-type: none"> <li>• Additional work before and after a worker's shift</li> <li>• Rounding clock-in time to the nearest hour</li> <li>• Travel time</li> <li>• Issues with final pay where employment has come to an end</li> <li>• Pay is delayed / underpaid due to cashflow / cessation in trading / or ad hoc payments</li> <li>• Paid for 'regular' hours or day rate, but a worker has worked for more time than this</li> <li>• Incorrectly classifying a worker as salaried– and the fixed salary does not cover all of the hours worked</li> </ul>
Failure to pay the correct rate to apprentices	This includes instances where a worker: <ul style="list-style-type: none"> <li>• Is an apprentice aged over 19, and has completed the first year of their apprenticeship</li> <li>• Is incorrectly classified as an apprentice and paid the apprentice rate</li> </ul>

Type of underpayment	Further information
	<ul style="list-style-type: none"> <li>Has finished their apprenticeship but has not had their pay increased to reflect the higher minimum wage rate to which they are entitled</li> </ul>
Failure to pay the uprated minimum wage	<p>This includes:</p> <ul style="list-style-type: none"> <li>Failure to increase a worker's pay when they become eligible for a new minimum wage rate following a birthday</li> <li>Failure to uplift after the increase to the minimum wage rates on the 1<sup>st</sup> April</li> </ul>
Hourly rates of pay below the minimum wage	The worker's / workers' hourly rate is below the minimum wage rate to which they are entitled
Failure to correctly apply the accommodation offset	<p>This includes:</p> <ul style="list-style-type: none"> <li>Accommodation rate above offset</li> <li>Living accommodation not provided</li> </ul>
Worker status error	This includes instances where the worker is incorrectly treated as self-employed

*Note: Some employers had underpayments for more than one reason.*

We find that deductions and payments from the worker to the employer that take pay below the minimum wage are the most common reason for underpayment.

**Common risks of non-compliance include:**

- A worker voluntarily purchasing goods or services from the employer, if the employer allows the worker to purchase them via deductions from pay;
- A worker incurring costs from expenditure connected with the job – for example PPE, uniform, meals, training or travel costs.

The information below provides a brief outline of the common risks and links to more detailed guidance.

**What counts as pay for minimum wage purposes?**

Minimum wage is calculated by determining the worker's total remuneration in a pay reference period and checking that the average hourly rate of pay for that period is at least the relevant minimum wage rate.

For further information on what counts as pay for minimum wage purposes and on the steps to ensure compliance, please consult [Calculating the Minimum Wage](#).

## **Deductions from pay that reduce pay for minimum wage purposes**

Certain deductions from a worker's pay, or payments made by the worker to the employer, reduce pay for minimum wage purposes.

A deduction, or payment from a worker to an employer (or to a third party), becomes a minimum wage issue when it risks reducing the worker's pay below their minimum legal entitlement. This requires consideration of:

- Deductions an employer makes from a worker's pay;
- Deductions from a worker's pay which are paid by the employer to a third party;
- Payments a worker makes to their employer; and
- Payments a worker makes to a third party (whether or not it is reimbursed).

A payment will not reduce pay for minimum wage purposes if (i) a worker chooses to buy goods or services from their employer which are not required in connection with their employment, and (ii) the worker pays for the goods or services via a **payment** to the employer.

However, if the same purchase is paid for via a **deduction** from wages then this will reduce pay for minimum wage purposes, even if the worker freely chooses to make the purchase and/or signs their agreement to the purchase.

Payments and deductions are often made in connection with the issues set out below (note that the issues listed are not exhaustive).

- Uniforms
- Meals
- Transport
- Personal Protective Equipment (PPE)
- Saving Schemes
- Salary sacrifice arrangements

For further information see: [Deductions from pay and payments by workers that reduce minimum wage pay](#)

## **Deductions that will not reduce a worker's pay for minimum wage purposes**

- Living accommodation- providing the amount deducted is not more than the accommodation offset. For more information see [National Minimum Wage and Living Wage: accommodation.](#)
- Deductions to account for an accidental overpayment of wages.
- Payments to a third party a worker asks an employer to deduct from their pay, for example a trade union subscription.
- Other deductions relating to tax and National Insurance contributions as these are not for the employer's own use and benefit.

For further information see: [Deductions from pay and payments by workers that do not reduce minimum wage pay](#), and scroll down to deductions that do not reduce pay.

### **Record-keeping**

Employers' records must be sufficient to show that they are paying each worker at least the minimum wage for every pay reference period worked. Employers must be clear on what elements count as pay for Minimum Wage purposes and they must ensure that any deductions made do not take the worker's pay below the minimum wage rate. Please consult Calculating the Minimum Wage: [record-keeping](#)

### **Further sources of information**

Workers and employers can contact the Acas Helpline on 0300 123 1100 or visit [their website](#) for free, confidential and impartial advice. Additionally, workers who believe that they have been underpaid the Minimum Wage can submit a complaint to HMRC [here](#).

HMRC will protect the anonymity of workers who make a complaint and will follow up on every worker complaint received, even those which are anonymous. This includes complaints made to the ACAS helpline, via the online complaint form and those received from other sources.

The Government has also produced an online tool to help workers discover if they may have been underpaid, see [National Minimum Wage and Living Wage calculator for workers](#).

For more information on National Minimum Enforcement see [National minimum wage law: enforcement](#), and for enforcement statistics from the 2018/19 financial year see the [Enforcement and Compliance report](#).