

# National Minimum Wage/ National Living Wage

## Calculating the hourly rate of a salaried employee

$(\text{Monthly wage} \times 12) \div 52 = \text{weekly wage}$ .  $\text{Weekly wage} \div \text{hours per week} = \text{hourly pay}$ .

### Who is Entitled?

A worker – someone with a contract of employment or who undertakes work or services for someone else, including part-time or casual contracts or any other contract where a person undertakes work for someone else in return for something of value (money, benefit in kind, promise of future work). Those that are not entitled include: self-employed people running their own business, company directors, members of the armed forces, further education students that are on work placement, prisoners and apprentices.

### Can an Employer make Deductions?

Piece Rates Deductions can be made from an employee's wage for items such as tools, uniforms or other equipment needed for the job according to UK law, however, please note this contravenes JD Sports. All deductions should be agreed by the employee and put in writing.

### Waiting Time/ Down Time

If systems/computers/waiting on stock happens through no fault of the worker, then this should be paid.

### What is Non-Working Time?

This is often seen as the time at the start and end of a shift where uniform or PPE etc. is put on for a shift, security checks, handovers, cashing up etc. These should be paid for at a minimum of NMW or the employer risks underpaying staff.

### How is an Apprentice Defined?

Apprentices should have formalised training to achieve a level of certification. There is a grading system within an apprenticeship scheme that must be followed to achieve the correct wage. All apprentices should have documented records of their programme and have a formal arrangement with a college or similar

### Difference between NMW and NLW?

National living wage is now the same as National minimum wage for workers over the age of 23. NMW is applicable to workers under the age of 23.

### Piece Rates

Fair rate means employers can calculate hours worked for which the minimum wage is payable. This is the amount that ensures an average worker is paid the NMW per hour. There is a calculation employers should use to work out "fair rates". Take the average rate of work per hour – divide it by 1.2 – divide the hourly minimum wage rate by that number.

Example – workers are paid for each garment they produce. They can produce 30 units per hour. The average is divided by 1.2 ( $30 \div 1.2 = 25$ ). The min wage is £11.44 per hour and therefore they must be paid at least £0.46 per unit ( $\pounds 11.44 \div 25$ ). If a worker produces less than 25 units per hour, the employer must top up the worker's wage to ensure they are paid at least NMW.

### What Payments or Benefits should be included?

The following should be included: pay for hours worked, overtime pay (at the standard rate without any premiums for workers performing time or output work), incentive pay (performance related), bonuses, commission, different pay for different jobs (if under the same contract) and the provision of living accommodation by the employer (these rates are set and must be adhered to).

NMW 21+ - £11.44 per hour, 18 to 20 - £8.60 per hour,  
Under 18 - £6.40 per hour, Apprentice - £6.40 per hour