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summit

Keeping you compliant: National Minimum Wage

Beth Hurford

Agenda

1. Latest NMW rates
2. HMRC enforcement
3. Common pitfalls
4. How to avoid NMW mistakes
5. National Minimum Wage in ResourceLink

Latest rates from April 2022

Over 23	20-22	18-20	Under 18 & apprentices
£9.50	£9.18	£6.83	£4.81

Latest rates from April 2023

Over 23	20-22	18-20	Under 18 & apprentices
£10.42	£10.18	£7.49	£5.28

HMRC Enforcement – 2019/2020



£20.8m

arrears



263,000+

workers



1,000

penalties



£18.5m

penalties

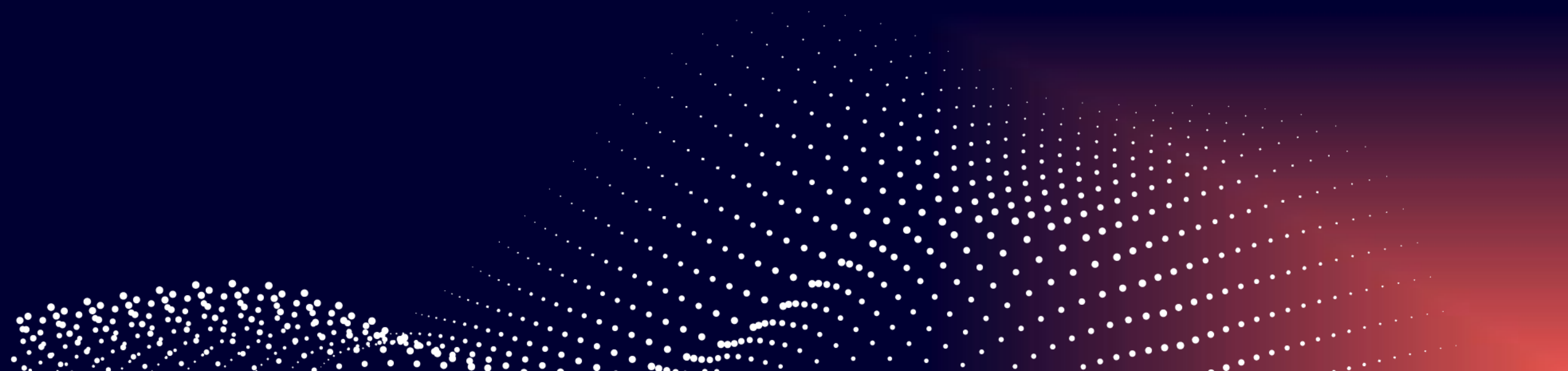
Enforcement and compliance

- Naming and shaming:
 - Every 3 months.
 - Education bulletin.
 - Increased threshold.
- Reactive investigations:
 - 100% of NMW complaints registered are investigated.
- Pro-active investigations:
 - Specialist enforcement teams.
 - Targeted enforcement campaigns.
 - Communication campaigns.

Common pitfalls

Common pitfalls

How many weeks in a year?



Common pitfalls

Treating employees as salaried when they receive commission payments.

Common pitfalls

A prescriptive dress code policy.



Common pitfalls

- Including non-consolidated payments (e.g. shift premiums) when performing NMW checks.
- Thinking pension salary sacrifice doesn't reduce NMW pay.

Included and excluded payments

Included payments

➤ Performance related commission.

➤ Basic pay.

➤ Stipend payments/Fee waivers.

➤ Overtime (not premium rates).

Excluded payments

➤ Bursaries.

➤ Shift premiums.

➤ Gift vouchers.

➤ Allowances.

Deductions that reduce NMW pay

 Training clawback.

 Uniform purchases.

 Salary sacrifice reductions.

 Lottery schemes.

Deductions that are exempt

 Share schemes.

 Loan/Advance.

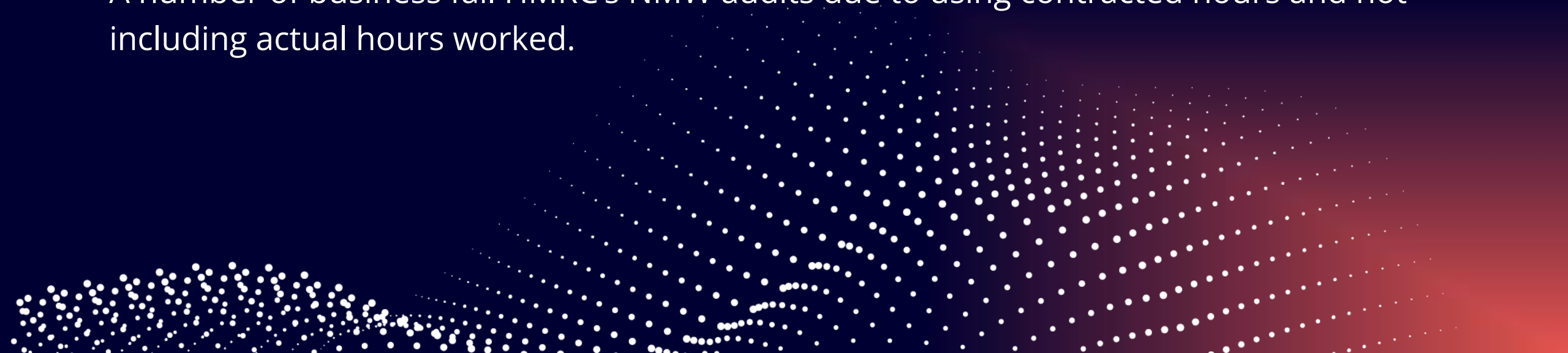
 Conduct and discipline (fines/damaged).

 Recovery of an overpayment of wages.

How to avoid NMW mistakes

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How to avoid NMW mistakes

- Know the correct NMW worker category for all your employees.
 - Know the correct pay elements and deductions to include in NMW calculations.
 - Know all the hours worked in the pay reference period for each employee.
 - It's important for payroll to be notified of any excess unpaid working hours to enable the regular NMW checks to be performed correctly.
 - A number of business fail HMRC's NMW audits due to using contracted hours and not including actual hours worked.
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National Minimum Wage in ResourceLink

National Minimum Wage in ResourceLink



Available for UK and IE legislation types.



Identify employees, including apprentices to be included in NMW checks.



Customise the number of weeks per year value to be used in calculation.



Configure the pay elements to be included/excluded.



Payroll calculate exception messages.



Types of work: salary, salary term time only and time.

Salary: contract hours or work pattern.

Time: temporary pay elements.

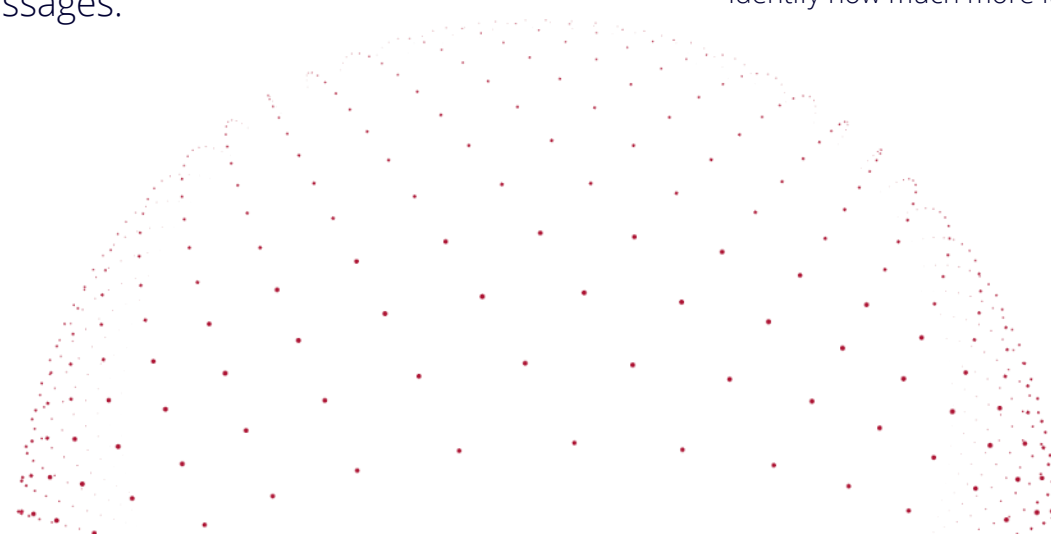


Enhanced reporting for HCM Payroll edition (available on a licence key for non-HCM).



Widget and report available in ResourceLink Reporting Services.

Identify how much more it would cost to pay the Real Living Wage.



Enhancements coming soon...

Zellis HCM Cloud 5.2, including ResourceLink 29b

- Salaried: changes in contract hours
- Salaried: excess hours calculation for the remaining pay reference periods of the calculation year once basic hours exceeded
- Unmeasured workers: new calculation type

National Minimum Wage in ResourceLink

Salaried: changes in contract hours.

resourceLink RASUPP298

Enter fast path

Dashboard Pay Advice with... +

Display Payslip | HRP5DCALC | MD7952

Pay Advice Enquiry

- NI
- Grosses
- YTD
- Bank
- Alt. Currency
- Curr. Choice
- NMW/NLW
- Notes
- O/Ride Off
- Print

Employee PEJ036 : MR PAUL JENKINS

Period 2022/05/Std, Pay Date 26/08/2022

Type Monthly Currency Sterling Advance N

CTRL GROUP MAJ_CG Tax Code 347L Method CASH

CTRL GROUP MAJ_CG

Seq	Code	Desc	Units	Rate	Payment	Code	Desc	Deduction	Actions
001	1681	KDADDHRS	10.00	21.1538	211.54	0001	Tax Paid	542.87	
002	1682	PEJEXCHRS	5.00	21.1538	105.77	0010	NI A	287.54	
003	1683	N Pay PEJ			2933.33	4646	PEJ SS	32.51	

3 records

Gross Pay 3250.64 Deductions 862.92 Net Pay 2387.72

Calculated: 21/10/2022 11:20:42 Terminated: 21/10/2022 11:22:18

Navigation: Home < Period > Home

Cancel Commit

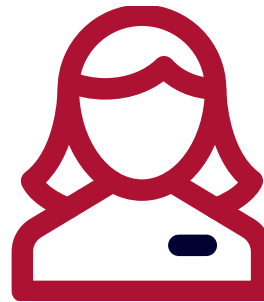
National Minimum Wage in ResourceLink

Salaried: excess hours calculation for the remaining pay reference periods of the calculation year once basic hours exceeded

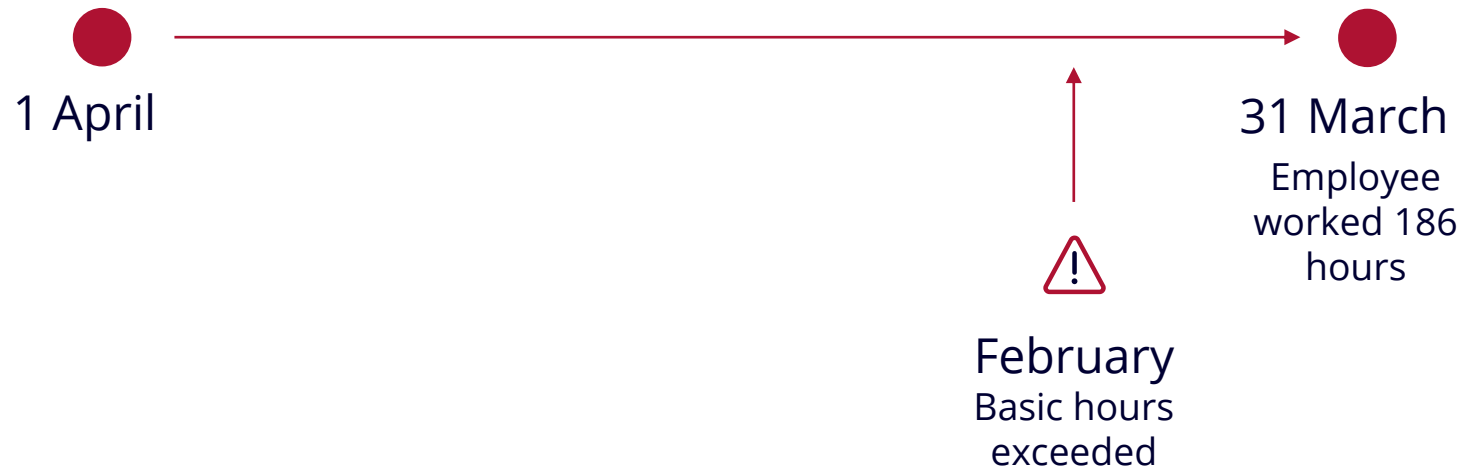
1. One calculation to adjust the time treated as worked in the immediate pay reference period when the basic hours are first exceeded.
2. A subsequent calculation which is repeated for the remaining pay reference periods in the calculation year.

National Minimum Wage in ResourceLink

Salaried: excess hours calculation for the remaining pay reference periods of the calculation year once basic hours exceeded



2080 annualised hours
177.33 hours per pay reference period



National Minimum Wage in ResourceLink

Salaried: excess hours calculation for the remaining pay reference periods of the calculation year once basic hours exceeded

1. Calculate the proportion of basic hours falling BEFORE the basic hours are exceeded.
2. Calculate the proportion of basic hours falling AFTER the basic hours are exceeded.
3. Identify the actual hours worked and treated as being worked in the pay reference period after the basic hours were exceeded.
4. Add together the results of steps 1, 2 and 3 to give the adjusted number of hours to be treated as worked in February.

National Minimum Wage in ResourceLink

Salaried: excess hours calculation for pay reference periods for remainder of calculation year once basic hours exceeded.

2080 annualised hours
177.33 hours per pay reference period
186 hours worked in March



Step	Description	Hours treated as worked
1	Hours calculated per basic hours (already worked prior to excess hours)	173.33
2	Hours actually worked or treated as worked in the pay reference period	186.00
	Total hours treated as worked	359.33

National Minimum Wage in ResourceLink

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Unmeasured work: new calculation type.

- A worker might be paid £50 for 5 deliveries regardless of whether they take 10 minutes or 10 hours to perform the task.
- A worker might be paid £150 per week and required to work as many hours as needed to ensure a particular job is done.
- A worker might be engaged to work providing live-in care to a customer but is expected to do no more than 5 hours work as and when required over a 12 hour period. The worker is paid for 5 hours even if only 2 hours are worked.
- The worker can be performing unmeasured work and be paid for every hour worked or have a “daily average agreement” with the worker.
- There are no associated specified hours or times when the work must be undertaken and the employer may only need the worker to work when needed or when work is available.
- A worker may be paid a fixed monthly amount regardless of the number of working days in the month.

National Minimum Wage in ResourceLink

Unmeasured work: new calculation type.



Daily average agreements

Temporary pay elements

Contract hours

National Minimum Wage in ResourceLink

Unmeasured work: new calculation type.

resourceLink RASUPP29B

Enter fast path

Dashboard All Details

Basic Pay Detail | HREMPALL | MD305G33

Personal Details

- Absence Details
- Holiday Entitlement
- Basic Pay Details
- NMW Details**
- ← Back
- NMW Daily Avg
- NMW Calc Yr Details

Employment Detail

- Current Post Holding
- Post Holding History
- Fixed Pay Elements
- Temporary Pay Elmnts
- Nat Ins Details
- Tax Code/P45(3)/P46
- Career Preferences
- Pension Details
- Health Details
- Medical Details

NMW Details

Include in NMW

NMW Calc Type

Override TT Weeks

Term Time Wks Per Year

Calc Year Start Date

Annual Hours Override

Exempt from Automatic Year Changes

Period Hours Calculation

Enter "Y" to include or "N" to exclude the employee from NMW calculations.

Cancel Commit

National Minimum Wage in ResourceLink

Unmeasured work: new calculation type.

- Temporary pay elements:

NMW Hours in Period = Additional Hours Pay Element category – Exclusion Hours Pay Element category

- Contract hours:

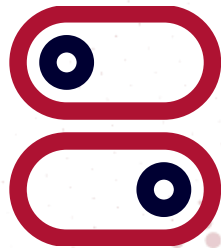
NMW Hours in Period = ((Contract Hours / 7) * Calendar Days in Period) + Additional Hours Pay Element category - Excluded Hours Pay Element category

National Minimum Wage in ResourceLink

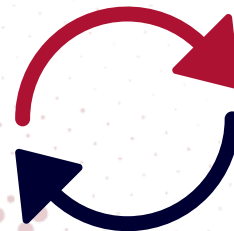
**Time
efficiencies.**



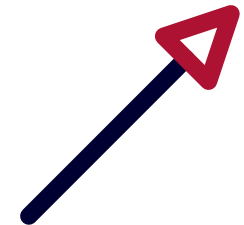
**Flexible
configuration.**



Automation.



**Continually
improving and
expanding
functionality.**



The logo features the word "zellis" in a white, lowercase, sans-serif font with a small orange triangle above the "i". To its right, the words "user" and "summit" are stacked vertically in a white, lowercase, sans-serif font. The background is a dark blue gradient with a large, glowing circular pattern of white and red dots that forms a ring around the text.

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