

New National Minimum Wage Rates

The national minimum wage for adults increases from £4.85 to £5.05 per hour from 1 October 2005 and the youth rate, payable to 18- to 21-year olds, rises from £4.10 to £4.25 per hour. The rate payable to 16- and 17-year olds remains at £3.00.

Most benefits in kind, such as uniforms, meals or private health insurance do not count towards the minimum wage. The only benefit in kind which does is the provision of accommodation. There are special rules for calculating the value of any accommodation provided but the maximum that can be offset against the minimum wage in respect of this rises from £3.75 to £3.90 per day from 1 October 2005.

A recent survey carried out on behalf of Sage UK revealed that 43 per cent of business owners do not know the rate for the minimum wage.

Failing to pay the minimum wage, failing to keep adequate records, keeping false records, and obstructing an enforcement officer are all separate criminal offences. An employer could be liable for fines of up to £5,000 for any of these offences. If it is discovered that an employer is not paying the national minimum wage an enforcement notice will be issued by the HM Customs and Revenue. This may be followed by a fine. From 1 October 2005 this rises from £9.70 per affected worker to £10.10 for each day that an employer does not comply with the notice.

Records must be kept for at least 3 years and must be in a form which enables the information kept on a worker's pay in respect of a pay reference period to be produced in a single document. A worker has the right to request to inspect his or her records and may take a copy of them.

The Government has announced a new approach to tackling non-payment of the minimum wage. Specific employment sectors will be selected in an effort to target offenders and enforce the rules. The hairdressing sector has been chosen as the first target because the industry has attracted a number of complaints in the past.

For more information on the operation of the national minimum wage see the Department of Trade and Industry website at <http://www.dti.gov.uk/er/nmw/>.

For further information or to discuss how to proceed with this or other employment related issues please contact Paul Davies at paul.davies@emsleys.co.uk or tel: 0113 287 4333.