

More employers named as NMW offenders

In the know



Although failure to pay National Minimum Wage to workers occurs across all sectors, employers in the hospitality sector have been identified as top offenders in the latest figures released by the Government. Here, we take a look at the headline facts from the last “naming and shaming” exercise of 2017.

More employers “named and shamed”

- On 8th December 2017, the Department for Business, Energy and Industrial Strategy (BEIS) released the names of 260 employers who failed to pay workers the correct national minimum wage (NMW) or national living wage (NLW);
- Over 16,400 workers were identified as being underpaid; the largest number of workers identified since the scheme began;
- These workers were owed underpayments totalling £1.76 million and employers were fined over £1.3 million for failing to pay the correct minimum statutory rates.

Why underpayments happened

- The most common excuses given by employers for not paying the correct wage included: failing to pay workers for travel time between jobs; deducting money to pay for uniforms; and failing to pay overtime correctly;
- Hospitality employers can also often find their underpayments stem from the incorrect classification of tips paid to workers. No tips can count towards the minimum wage regardless of how they are received from the customer;
- Some employers, such as the employment agency Transline who supplies warehouse workers to Sports Direct, were found to have fallen below minimum wage rates due to unpaid practices such as bag and security searches;

“Minor” infringements not ignored

- 120 employers were named and shamed for underpaying just one worker;
- 206 employers were named for failing to pay 1-5 workers correctly;
- Only 7 employers on the list had failed to correctly pay over 100 workers.

Liability to fall on employers

- 137 employers will have to repay up to £1,000 in arrears;
- 110 employers will have to repay between £1,000 – £10,000;
- 4 employers will have to repay over £150,000 each.

Further enforcement measures

- Alongside ‘naming and shaming’, employers are also required to repay the arrears at current minimum wage rates and may also face a financial penalty of up to 200% of the arrears, capped at £20,000 per worker;
- Employers can also be prosecuted. The HMRC is currently investigating 2,500 cases of underpayments and employers may face being publicly named and shamed once these cases close.

The content of this briefing is correct at the time of publishing.

Please contact the 24 Hour Advice Service for advice on your specific situation before acting on the information in this article