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## Briefing Note

### Overtime / Shift Premia and the Minimum Wage

It is commonly misunderstood that premium payments for working at a particular time e.g. overtime, nights, weekends, bank holidays etc have the effect of increasing a worker's pay above minimum wage.

Some labour providers use this premium to enable deductions from wages to be made for goods or services provided to the worker in the belief that this will not take workers below the minimum wage. This is not the case.

What will apply is contained at

<http://www.businesslink.gov.uk/bdotg/action/detail?type=RESOURCES&itemId=1081676681>

A worker might be paid at a higher rate for working at a particular time, eg overtime, weekend or night shifts, or on Bank Holidays. If so, the premium element - the element above the normal rate - of the payment does not count towards NMW pay.

To calculate the premium element, you must subtract the lowest basic rate that is paid to the worker from the worker's actual rate of pay. The result - the premium - does not count towards NMW pay.

Normal pay rates in excess of the NMW, payments for breaks, bonus and incentive payments and allowances consolidated into normal pay do serve to increase pay for NMW purposes.