



The National Living Wage and GP Practices

Department Title

In April 2016 the Government's new National Living Wage became law.

If your practice employs people who are over 25 and not in the first year of an apprenticeship, you are legally required to pay them at least £7.20 per hour.

The Government is committed to increasing this every year. It is expected to rise to around £9 per hour by 2020.

Getting Ready

There are 4 steps for practices to prepare for implementing the National Living Wage:

1. Check you know who is eligible in your organisation. Find out on GOV. UK's [employment status](#) page.
2. Take the appropriate payroll action.
3. Let your staff know about their new pay rate.
4. Check your staff under 25 are earning at least the right rate of [National Minimum Wage](#).

Penalties for failure to comply

With the introduction of the National Living Wage, the penalty for non-payment will be 200% of the amount owed, unless the arrears are paid within 14 days.

The maximum fine for non-payment will be £20,000 per worker.

What's the difference between The National Minimum Wage, The National Living Wage and The Living Wage?

The National Minimum Wage applies to most workers over school leaving age. The rate depends on the age of the worker and is reviewed annually in October. Any of your staff aged under 25 should be receiving at least the right rate of National Minimum Wage.

The new National Living Wage is the national hourly wage set for people over 25. It comes into effect in April 2016 and will be reviewed each year in April.

The Living Wage is set independently by the Living Wage Foundation and is calculated according to the basic cost of living in the UK. Employers may choose to pay the Living Wage on a **voluntary** basis. It is set at a higher level than the National Living Wage.

Treatment of Benefits in Kind

Many practices offer a range of benefits to employees. These 'benefits in kind', except accommodation, do not count



towards minimum wage pay. It makes no difference whether the benefits have a monetary value. Neither does it make any difference if the benefit is taxable or not.

If you offer such benefits to your employees, the value or notional value of the benefits cannot be counted towards minimum wage pay.

Examples of benefits in kind that do not contribute towards minimum wage pay include:

- Meals
- Fuel
- Car
- Employer's contribution to the worker's pension fund
- Medical insurance
- Child Care Vouchers

What if we already pay all our staff more than £7.20 per hour?

Many practices already offer much higher rates of pay than other sectors. Your lowest paid employees may already be receiving above the National Living Wage. If that is the case, you do not need to do anything in April. However, you will need to make plans for the future. This may include:

- Ensuring that you have a process in place to annually check the new minimum wage rates coming into force in April and assess your staff to determine who is affected;
- Preparing a projection of what the government's commitment to reaching £9 by 2020 will mean for your practice financially;
- Making financial provision for the changes ahead.

It will be an individual practice decision regarding whether to hold wages until forced by law to increase them or whether to put in place a phased plan to achieve the projected level in a managed way that suits the practice.

It is the LMC's view that annual cost of living increases should be applied in the normal way to all staff who would normally receive it.

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