

Guidance Note to Managers

Understanding the Calculation and Payment of Non Standard Working Week Allowance (NSWW)

NSWW is a permanent allowance paid every month in salary to employees who as part of their normal working hours work 'unsocial hours'.

There are two rates of NSWW allowance – 40% and 33%. NSWW allowance at 40% is paid for any hours worked over a weekend from midnight on Friday to midnight on Sunday. For example if an employee worked 4 hours from 10pm to 2am without a break on a;

- Friday night they would be paid 2 hours at 33% and 2 hours at 40%
- Sunday night they would be paid 2 hours at 40% and 2 hours at 33%

NSWW allowance at 33% is paid for hours worked as part of a normal working week between the hours of 8pm-7am Monday to Friday. It mostly affects employees who are on a rota, but employees who are not on a rota and, for example, start work at 6am Monday to Friday should be paid 1 hour NSWW at 33% for each day.

Only one allowance at a time is due.

See examples below of when this allowance is paid.

Employee 1 works 37 hours per week for 52 weeks per year. As part of his contract he has to start work at 5am every week day - this will attract NSWW allowance at 33%. He also is required to work 2 hours on a Saturday between 8am and 10am, which will attract NSWW allowance at 40%. His hourly rate is £20.00.

To calculate the NSWW payment, he will therefore be due 2 hours NSWW allowance at 33% per day Monday to Friday for hours worked between 5am and 7am and 2 hours NSWW allowance at 40% for the two hours he works every Saturday.

This is the calculation to give the amount of hours and payment due each month. Note that the hours are shown in decimal.

NSWW allowance at 33%

2 hours per day Monday to Friday between 5am and 7am = 10 hours per week x 52 weeks per year = 520 hours per annum / 12 = an average of 43.33 hours per month.

£20.00 per hour at 33% = £6.60 per hour x 43.33 hours per month = £285.98

NSWW allowance at 40%

2 hours every Saturday between 8am and 10am = 2 hours per week x 52 weeks per year = 104 hours per annum/12 = an average of 8.67 hours per month.

£20.00 per hour at 40% = £8.00 per hour x 8.67 hours per month = £69.36

Employee 2 works 37 hours per week for 52 weeks per year and she has a three week rota. Her hourly rate is £18.00 per hour. Her rota is as follows. (Note the hours shown include 0.50 hour unpaid break).

	MON	TUE	WED	THUR	FRI	SAT	SUN	TOTAL
Week 1	06.00-14.00	14.00-22.00	14.00-22.00		06.00-14.00		06.00-13.50	37 hours
Week 2	18.00-02.00		07.00-15.00	07.00-15.00		06.00-14.00	14.00-21.50	37 hours
Week 3	14.00-22.00	14.00-22.00		07.00-15.00	15.00-23.00	10.00-17.30		37 hours

NSWW allowance at 33%

Week 1 due 1hr Mon 6am-7am, 2hrs Tue and Wed 8pm-10pm, 1hr Fri 6am-7am = 6hours

Week 2 due 6hrs Mon/Tue 8pm-2am = 6hours

Week 3 due 2hrs Mon and Tue 8pm-10pm, 3hrs Fri 8pm-11pm = 7hours

Total hours over the three weeks = 19/ 3 = an average of 6.33 hours over the three weeks.

6.33 average hours per week x 52 weeks per year = 329.16 hours per annum/12 = an average of 27.43 hours per month.

£18.00 per hour at 33% = £5.94 per hour x 27.43 hours per month = £162.93

NSWW allowance at 40%

Week 1 due 7hrs for Sun = 7 hours

Week 2 due 7.50hrs for Sat and 7hrs for Sun = 14.50 hours

Week 3 due 7hrs for Sat = 7 hours

Total hours over the three weeks = 28.50/3 = an average of 9.50 hours over the three weeks

9.50 average hours per week x 52 weeks per year = 494.00 hours per annum/12 = an average of 41.17 hours per month.

£18.00 per hour at 40% = £7.20 per hour x 41.17 hours per month = £296.42

If employee 2 changes her rota there could be an impact on the payment of allowances. See below for an example of how this change affects the amount due.

Employee2 still works 37 hours per week for 52 weeks per year, but she only works one weekend, and her working hours through the week have changed. She still has a three week rota. Her hourly rate is £18.00 per hour. Her new rota is as follows. (Note the hours shown include 0.50 hour unpaid break).

	MON	TUE	WED	THUR	FRI	SAT	SUN	TOTAL
Week 1	08.00-16.00	10.00-18.00	08.00-16.00	10.00-18.00	08.00-15.50			37 hours
Week 2	18.00-02.00		07.00-15.00	07.00-15.00	08.00-16.00		14.00-21.50	37 hours
Week 3	08.00-16.00	10.00-18.00	08.00-16.00	10.00-18.00	08.00-15.50			37 hours

NSWW allowance at 33%

Week 1 no hours are due at NSWW 33% = 0 hours

Week2 due 6 hrs Mon/Tues 8pm-2am = 6 hours

Week 3 no hours are due at NSWW 33% = 0 hours

Total hours over the three weeks = 6.00/3 = an average of 2 hours over the three weeks

2.00 average hours per week x 52 weeks per year = 104 hours per annum/12 = an average of 8.67 hours per month.

£18.00 per hour at 33% = £5.94 per hour x 8.67 hours per month = £51.50

NSWW allowance at 40%

Week 1 no hours are due at NSWW 40% = 0 hours

Week 2 due 7 hrs for Sunday = 7 hours

Week 3 no hours are due at NSW 40% = 0 hours

Total hours over the three weeks = 7.00/3 = an average of 2.33 hours over the three weeks

2.33 average hours per week x 52 weeks per year = 121.16 hours per annum/12 = an average of 10.10 hours per month.

£18.00 per hour at 40% = £7.20 per hour x 10.10 hours per month = £72.72.

These allowances are held as permanent values in the payroll system and any changes to the rota; changes in hours or change of job may affect the calculation or even the entitlement to these allowances. It is important to notify the HR Service Centre as soon as changes occur to an employees' work pattern so the hours worked and the allowances due can be recalculated.

If these allowances are not adjusted at the appropriate time this will result in employees being overpaid or underpaid in their salary.

Underpayments will simply be paid in the next pay day after notification.

Overpayments will have to be repaid regardless of the time period involved. This is upsetting and inconvenient for the employee.

Overpayments will also have an IMPACT ON YOUR BUDGET, not only have you overpaid the allowance but you have paid employers on-costs too (employers national insurance at the rate of 13.8% and employers pension contributions at the rate of 19.3%).

See below example for the amount your employee would be overpaid and the impact on your budget if an incorrect payment of these allowances continued for 6 months.

	Total allowances paid	Total allowances due	Amount of overpaid allowances	Ers NI paid	Ers pension paid	Cost per month from your budget
Month1	£459.35	£124.22	£335.13	£46.25	£64.68	£446.06
Month 2	£459.35	£124.22	£335.13	£46.25	£64.68	£446.06
Month 3	£459.35	£124.22	£335.13	£46.25	£64.68	£446.06
Month 4	£459.35	£124.22	£335.13	£46.25	£64.68	£446.06
Month 5	£459.35	£124.22	£335.13	£46.25	£64.68	£446.06
Month 6	£459.35	£124.22	£335.13	£46.25	£64.68	£446.06
					Total cost for 6 months	<u>£2676.36</u>