

Minimum Wage Accommodation Offset Proposed changes report



Falkland Islands Government

Policy Department

Directorate of Policy, Economic & Corporate Services

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Executive Summary

The Falkland Islands Government (FIG) Policy Department is reviewing the National Minimum Wage (NMW) Accommodation Offset.

The offset has been in place, unchanged, since 2013 and the first round of consultation conducted in October 2024 highlighted challenges in its effectiveness. The outcome of the previous round of consultation can be found here:

<https://www.falklands.gov.fk/policy/downloads?task=download.send&id=257:consultation-report-minimum-wage-accommodation-offset&catid=19>

To tackle the problems identified, the FIG Policy Department is proposing a set of changes to the offset, detailed in this booklet. A consultation will be held from Monday 17th March to Sunday 13th April 2025 to understand the views of employees, business, and the wider community on the proposed changes.

Key areas that FIG is seeking views on can be found highlighted in blue boxes.

Background

The accommodation offset is part of the regulatory framework that supports the National Minimum Wage, introduced in 2013. Specifically, it sits within the [Calculation of Amount Paid](#) regulation, which determines what counts as pay.

The accommodation offset exists to ensure that when an employee rents accommodation and/or receives board from their employer, the rate charged is reasonable and provides them with enough pay as 'cash' after accommodation costs. It also allows businesses to offset or count some of the cost of providing accommodation as pay.

Issues Identified

Through the consultation and representations made by business, the following four issues with the existing regulation were identified:

1. The regulation is limited in its application, specifying deductions from gross earnings made by the employer for board and/or accommodation. This means it is **not** applicable in two key scenarios:
 - Employees who pay employers for accommodation and/or board via means other than deductions from gross earnings.
 - Employers who provide accommodation and/or board for free are not able to count a proportion of this as pay.
2. The current regulation allows for the offset of 50% of the cost charged to a limit of £90.60 a week and has remained at this level since its introduction in 2013. In that time the minimum wage has increased by 81.9% and the cost to employers of providing board and accommodation has also increased.



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3. Based on feedback from both businesses and individuals, a different approach is required between Stanley and Camp.
4. There is a low awareness of the accommodation offset.

To rectify these issues, the FIG Policy Department identified the following actions that needed to take place:

Issue	Action	Outcome
1.	Regulation amended to include employees who pay for accommodation to employer by any means, not just a deduction from gross earnings.	Majority of the Falkland Islands workforce on NMW is now covered by the regulation.
	Regulation amended to include employers who provide accommodation and/or board to employees without charge.	Employees are better protected. Employers who provide accommodation and/or board for free are able to count some of the cost of doing so towards an employees pay.
2.	Review the percentage of the cost employers are allowed to claim and the maximum level at which the cap is set.	The accommodation offset is more reflective of the costs of providing accommodation and/or board and the maximum level is relative to the NMW. The accommodation offset is up-rated annually and doesn't fall behind again.
3.	Introduce a new 'Camp rate'	Reflects the difference in both housing and employment markets between Camp and Stanley.
4.	Ensure any changes have an appropriate lead in time.	Employers are better aware of their obligations under the regulation. Employees understand the protection the offset provides and how to raise any issues.

Proposed changes

Expanding the offset

The accommodation offset only covers employees who pay employers for accommodation and/or board through deductions from gross salary. This means a proportion of the workforce who pay through other means are not currently covered by the accommodation offset regulation. The offset



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also does not allow businesses who provide accommodation to their employees for free (a feature of the Falklands economy) the ability to count some of that cost as pay.

From the first round of consultation, it is clear that these two groups form a significant proportion of minimum wage employees. The consultation also identified that just 1 of the 15 businesses who responded was in a scenario where the accommodation offset applied.

Therefore, FIG is proposing to revise the regulation to bring these two groups into scope. This will mean when an employee is provided with accommodation and/or board, regardless of how it is paid for or whether that accommodation and/or board is provided by the business for free, they will be covered by the regulation.

FIG is seeking views on the following:

- Expand the offset to include all forms of payment from an employee to an employer for accommodation and/or board.

FIG is seeking views on the following:

- Expand the offset to allow employers who provide accommodation for free to count some of the cost of doing that as pay.

Accommodation offset rate and cap.

The offset rate is currently 50% of the cost of providing accommodation and board to a limit of £90.60 per week. This was set in 2013 and has remained unchanged since introduction.

For the purposes of the consultation the cap (currently set at £90.60 per week) will be dealt with first, and the percentage rate at which costs can be offset (currently set at 50%) will be dealt with second.

Accommodation offset cap.

Since 2013, the minimum wage has increased by 81.92% from £5.05 per hour to £9.19 per hour. It was envisaged that when introduced, the offset cap would be 50% of the national minimum wage at a 40-hour working week however this did not happen in practice.

As a result, FIG is consulting on two potential increases to the accommodation offset cap set out in the table below:

Option 1: Increase to 50% of the minimum wage		Option 2: Increase in line with minimum wage inflation (81.9%)	
Current minimum wage	£9.19	Current minimum wage	£9.19 (2013, £5.05)
x40 hour week	£367.60	% increase since 2013	81.9%



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50% =

£183.80

£90.60 x 1.819 =

£164.80*

**Rounded from £164.81*

FIG is seeking views on the following:

- Increase the offset rate in line with minimum wage inflation for the period since 2013 (81.92%) to £164.80.
- Increase the offset to 50% of the rate of national minimum wage. £183.80.

In addition to setting a new cap, more reflective of the existing minimum wage, FIG is proposing that the cap be linked to the minimum wage. This would mean that should the minimum wage rise, the cap would also increase by the same proportion.

FIG is seeking views on the following:

- Automatically increase the offset rate in line with the minimum wage in future years.

Accommodation offset percentage rate – Stanley.

Regarding the percentage rate of allowable costs, businesses reflected in responses to the first round of consultation that 50% of costs was too low, due to increasing costs of providing accommodation and board since 2013. Recognising this, and the potential for a significant number of additional workers to be brought within the scope of the regulation, FIG is consulting on views for two proposed levels: 60% and 70%.

Accommodation offset percentage rate – Camp.

It is proposed that a new rate would be introduced for Camp, a common boundary used in Falkland Islands elections and other legislation.

This would be set at 40% of costs to reflect that, for the majority of Camp employees who receive accommodation from their employer for free, this will be the first time their employer has been allowed to offset some of the cost of accommodation as pay.

FIG is seeking views on the following:

- Increase the percentage rate at which businesses in Stanley are allowed to offset from 50% to 60% or 70%.
- Set a separate percentage rate for camp at 40%.

Employee costs

The regulation covers accommodation and/or board, with board taken to mean meals provided.

In addition to paying rent for a property, there are often additional costs for the person renting to bear to ensure that the property is at a liveable standard; primarily heating and electricity.

Often these costs can be shared in accommodation with other workers and so the charge is collected



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by the landlord (in this case the employer) rather than paid direct to the supplier.

Where this is the case, or where a landlord provides the gas/electric then charges for it, it is proposed that FIG consult on this becoming part of the accommodation offset.

FIG is seeking views on the following:

- Retain the offset as set out covering accommodation and/or board provided.
- Expand the employee costs offset to include electricity and heating fuel where this is provided by the employer.

Consultation

The consultation will run from **Monday 17th March** to **Sunday 13th April 2025**.

There will be explanatory sessions held at the following dates/times:

Location	Date/Time
Stanley, Harbour Lights Conference Room	Tuesday 25 th March, 12:00 – 13:00
Stanley, Harbour Lights Conference Room	Thursday 28 th March, 16:30 – 18:00

Sessions will also be held at **Goose Green, North Arm** and **Port Howard**. These are TBC and will be publicised in conjunction with the relevant farm owner.

Individuals are encouraged to respond to the consultation via the survey which can be found here: [Consultations \(falklands.gov.fk\)](https://falklands.gov.fk/consultations). Versions of the survey and this booklet are available in English, Spanish, Tagalog, and Shona. Printed versions will be provided at the explanatory sessions, posted on request, or can be collected from The Secretariat, Thatcher Drive, Stanley.

Businesses are invited to attend a briefing session:

- **9am on Friday 21st March 2024 at the Chamber of Commerce.**

Businesses and other key stakeholders are encouraged to send written submissions to the FIG Policy Department either via email to mdaniel@sec.gov.fk or written reply c/o Matt Daniel, Secretariat, Stanley.

There is a calculator spreadsheet that can highlight the impact of any changes which can be found here [Consultations \(falklands.gov.fk\)](https://falklands.gov.fk/consultations).



Frequently Asked Questions

What is the Minimum Wage Accommodation Offset?

It is a regulation that forms part of the National Minimum Wage (2013) Ordinance. It notes that if a minimum wage employee has their accommodation and board costs deducted from their gross earnings, that deduction cannot exceed 50% of the cost of providing the accommodation, up to a maximum of £90.60 per week.

The accommodation offset exists to ensure that when an employee rents accommodation and/or receives board from their employer, the rate charged is reasonable and provides them with enough pay as 'cash' after accommodation costs. It also allows businesses to offset or count some of the cost of providing accommodation as pay.

Who is the consultation seeking views from?

The regulation impacts businesses that provide accommodation for their employee's national minimum wage and workers who privately rent accommodation from their employer. FIG would like to particularly hear from these two groups of people as well as other key stakeholders.

Why is FIG consulting again on this matter?

The first round of consultation was an opportunity for FIG to understand the issues related to the offset and how it is applied in practice. Following that, several proposals have been put forward which FIG is now seeking views on.

What changes are being proposed?

The changes being proposed can be found in the proposal's booklet [Consultations \(falklands.gov.fk\)](https://www.falklands.gov.fk/policy/consultations).

In summary, FIG are looking change the following:

- Bring into scope employees who pay their employer for accommodation, regardless of how that is done.
- Allow employers who provide accommodation and/or board for free to count some of the cost towards an employees pay.
- Revise the percentage rate and cap level.
- Review the employee costs covered by the accommodation offset – currently set at accommodation and/or board.

How can I give my views?

Individuals are encouraged to respond to the consultation via the survey which can be found here: <https://www.falklands.gov.fk/policy/consultations>.

Versions of the survey and this booklet are available in English, Spanish, Tagalog, and Shona. Printed versions will be provided at the explanatory sessions, posted on request or can be collected from The



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Secretariat, Thatcher Drive, Stanley.

Businesses and other key stakeholders are encouraged to send written submissions to the FIG Policy Department either via email to mdaniel@sec.gov.fk or written reply c/o Matt Daniel, Secretariat, Stanley.

How will I know if changes will affect me or my business?

If you are an employee, you can use our online calculator tool here: [Consultations \(falklands.gov.fk\)](https://falklands.gov.fk/consultations).

There will also be several drop-in sessions where you can understand the matter further:

Location	Date/Time
Stanley, Harbour Lights Conference Room	Tuesday 25 th March, 12:00 – 13:00
Stanley, Harbour Lights Conference Room	Thursday 27 th March, 16:30 – 18:00

Sessions will also be held at **Goose Green, North Arm** and **Port Howard**. These are TBC and will be publicised in conjunction with the relevant farm owner.

If you are an **employer**, there will be a specific employer briefing held at 09:00 on **Friday 21st March 2025, at the Chamber of Commerce**.