

National Minimum and Living Wage



Introduction

The UK mandates a minimum wage that employers must pay workers. The National Living Wage (NLW) applies to workers aged 21 and over, while the National Minimum Wage (NMW) covers younger workers and apprentices. Employers must adhere to these rates to ensure fair compensation and avoid legal penalties.

National Minimum and Living Wage Rates (from April 2025)

- National Living Wage (21 and over): £12.21 per hour
- 18 to 20-year-olds: £10.00 per hour
- 16 to 17-year-olds: £7.55 per hour
- Apprentices: £7.55 per hour

Who Is Entitled to Minimum Wage?

- Full-time and part-time employees
- Casual and temporary workers
- Apprentices (subject to specific rates)
- Agency workers
- Workers on zero-hours contracts
- Employers must pay at least the minimum wage for all working hours, including training time, trial shifts (if they involve actual work), and time spent traveling between work sites.



Common Employer Pitfalls

Unpaid Working Time

Failing to compensate for all hours worked, including overtime and mandatory training.

Improper Deductions

Making deductions (e.g., for uniforms or equipment) that reduce pay below the minimum wage.

Misclassification

Incorrectly labelling workers as self-employed to avoid paying the minimum wage.

Delayed Wage Adjustments

Not promptly increasing wages when workers move into a higher age bracket.

Consequences of Non-Compliance

Financial Penalties

Fines up to 200% of the underpaid wages, capped at £20,000 per worker.

Backdated Payments

Requirement to repay all arrears to affected workers.

Public Naming

Potential inclusion on a public list of non-compliant employers.

Criminal Prosecution

In severe cases, leading to significant reputational damage and legal consequences.

Conclusion

Adhering to the National Minimum and Living Wage rates is a legal obligation for UK employers. Regularly updating payroll practices and staying informed about rate changes are essential steps in maintaining compliance. For expert advice on wage regulations and payroll management, contact Parry and Parry.