

National Minimum Wage and National Living Wage

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Introduction

The [National Minimum Wage](#) is an hourly minimum rate of pay which is applied according to a claimant's age and whether or not they are an apprentice.

From April 2016 the National Minimum Wage includes a new, higher rate for workers aged 25 and over, which is known as the National Living Wage.

For workers under 25, lower rates of the National Minimum Wage will continue to apply.

The rate of the National Minimum Wage can be found in the <https://www.gov.uk/national-minimum-wage-rates>

The National Living Wage

Workers aged 25 and over entitled to the National Living Wage are:

- employees
- most workers and agency workers
- casual labourers
- agricultural workers
- apprentices who have been on an apprenticeship for 1 year or more

The level of the National Living Wage is recommended by the Low Pay Commission. In making recommendations in relation to the National Living Wage, the Low Pay Commission is asked by the government to consider the pace of the increase, taking into account the state of the economy, employment and unemployment levels, and relevant policy changes.

The National Living Wage is a compulsory minimum rate of pay, which employers cannot opt out of. The penalty for non-payment will be 200% of the amount owed, unless the arrears are paid within 14 days.

Conditionality Earnings Threshold

The Conditionality Earnings Threshold is calculated by multiplying the National Minimum Wage for the claimant's age group by their number of expected hours.

Example:

$\text{£NMW} \times 35 \text{ hours} \times 52 \text{ divided by } 12$

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