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.

The National Minimum Wage (NMW) includes a higher rate for workers aged 25 and over, which is known as the National Living Wage (NLW).

Employers must pay workers aged 24 and under no less than the NMW. Workers aged 25 and over must be paid no less than the NLW. See UC monthly rates.

Different rates are paid according to the age range of the worker. Consideration needs to be given to the age of the claimant/partner to manage any age rate changes that are applicable.

GOV.UK includes a calculator to help workers establish if the payment received from their employer meets the minimum standards. The calculator can be found in https://www.gov.uk/am-i-getting-minimum-wage.

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:

£NMW x 35 hours x 52 divided by 12