

National Minimum Wage and National Living Wage: Guidance

Contents

Introduction
National Living Wage (NLW)
Conditionality Earnings Threshold

Introduction

The National Minimum Wage (NMW) 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 NMW includes a higher rate for workers aged 21 and over which is known as the National Living Wage (NLW).

Employers must pay workers aged 20 and under no less than the NMW. Workers aged 21 and over must be paid no less than the NLW. See Universal Credit monthly rates.

Different rates are paid according to the age range of the worker. Consideration must be given to the age of the claimant or 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 at: <https://www.gov.uk/am-i-getting-minimum-wage>.

National Living Wage (NLW)

Workers aged 21 and over entitled to the NLW 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 NLW is recommended by the Low Pay Commission.

In making recommendations in relation to the NLW, 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 NLW 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 (NMW) for the claimant's age group by their number of expected hours.

Example:

National Minimum Wage multiplied by 35 hours multiplied by 52 divided by 12.