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## National Minimum and National Living Wage

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The Low Pay Commission estimate that approximately 1.6 million employees are paid at or below NMW. It is therefore imperative that employers calculate their workers' wages correctly and that workers are aware of their rights in relation to payment.

### **What is the National Minimum Wage?**

The current hourly rates of National Minimum Wage and the new rates coming into force from 1 April 2024 are:

#### **Current Rates**

23 years old and over - £10.42

21-22 years old - £10.18

18-20 years old - £7.49

Under 18 years old - £5.28

Apprentices - £5.28

#### **New Rates**

21 and over - £11.44

18-20 years old - £8.60

Under 18 years old - £6.40

Apprentices - £6.40

#### **About NMW**

The NMW runs for the duration of each tax year and increases every year. This is the minimum level of pay that a worker is legally entitled to receive per hour for work that they undertake in the course of their employment and it applies to all parts of the UK.

This is the first year in which the highest band of NMW, known as National Living Wage, has been lowered to 21 year olds, which was first recommended to the government in 2019.

#### **Statistics**

Based on current statistics, it is the youngest and oldest workers of the UK that are most likely to be being paid the minimum wage. Approximately 1 in 10 jobs of those under 21 are only paid minimum wage, whilst women over 60 and men over 65 are also more likely to be only at minimum wage.

Women are more likely to be in a minimum wage role than men, with women currently making up 58% of all minimum wage workers, and the hospitality and retail industries are again the two lowest-paying occupations with most minimum wage workers.

#### **Sanctions**

It is a criminal offence for employers to not pay someone the National Minimum Wage or National Living Wage, or to fake payment records.

Employers who fail to pay NMW could be placed on the government's "name and shame" list, which details the total amount of underpayments. The most recent list, published February 2024, contains businesses from various sectors, including major high street brands.

The employers in question have to pay back what they owe to their staff and can also face financial penalties of up to 200% of their underpayment. The overall maximum penalty for underpayment is £20,000 per underpaid worker.

HMRC can also bring civil proceedings against an employer who fails to pay back the underpayment within the required timeframe.

If you would like assistance in ensuring your staff are being properly paid or for further advice, the employment lawyers at Hethertons will be here to help.

Our expert team of lawyers are on hand to help if you need further advice or guidance.

Call us on **01904 528223**.

The above is not intended to provide advice.

