

The national minimum wage (NMW) applies to all workers and is paid at different rates according to age. There is a separate rate for apprentices, and a National Living Wage (NLW) that applies to workers aged 23 and over.

In November 2022, the government announced that it has accepted the Low Pay Commission recommendations for NMW and NLW.

The current and future rates for the minimum wage (which represents gross pay) are as follows:

Age	Rate from 1 April 2021	Rate from 1 April 2022	Rate from 1 April 2023
Workers aged 23 and over (NLW)*	£8.91	£9.50	£10.42
Workers aged 21-22*	£8.36	£9.18	£10.18
Development rate for workers aged 18-20	£6.56	£6.83	£7.49
Young workers rate for workers aged 16-17	£4.62	£4.81	£5.28
Apprentices under 19, or over 19 and in the first year of the apprenticeship	£4.30	£4.81	£5.28

Employers paying output workers, including home workers, piece rates (payment according to the number of items produced or tasks completed) must either pay the minimum wage for every hour worked, or a 'fair piece rate' (currently set at 120 per cent of the NMW).

The minimum wage rates are reviewed annually. Any changes to them will take effect from 1 April.

Key points

- All workers, except those who are genuinely self-employed, are entitled to receive the NMW/NLW
- Gross pay is used to calculate whether an eligible worker has been paid the minimum wage
- The NMW/NLW is calculated by including most financial awards or payments, but excluding allowances such as regional or on-call allowances, unsocial hours payments, tips and gratuities, or any benefits in kind, with the exception of accommodation up to a specified amount
- Employers can average the hourly rate of pay over the pay period
- Single hourly rates that a worker is entitled to in a pay reference period applies on the first day of that period; for example, if a worker turns 25 on January 25, and their next pay reference period begins on February 1, they will receive the NLW from February 1.
- Non-compliance can result in an enforcement notice requiring the employer to pay the difference between what was actually paid and what the worker

should have received under the NMW legislation. Further non-compliance could result in the issue of a penalty notice and financial penalties.

NLW and NMW rates for 2023/24 confirmed by Government

In the Autumn statement on 17 November 2022, the first under new Prime Minister Rishi Sunak, it was confirmed that the National Living Wage (NLW), paid to those aged 23 and over, will rise to £10.42 from 1 April 2023. This is an increase of 9.7 %, the largest ever increase to the NLW, and ensures that the NLW continues on track to reach the Government's target of two-thirds of median earnings by 2024.

Increases across the NMW age bands have also been confirmed.

These are as follows:

	Rate from April 2023	Current rate (April 2022 to March 2023)	Increase
National Living Wage	£10.42	£9.50	9.7%
21-22 Year Old Rate	£10.18	£9.18	10.9%
18-20 Year Old Rate	£7.49	£6.83	9.7%
16-17 Year Old Rate	£5.28	£4.81	9.7%
Apprentice Rate	£5.28	£4.81	9.7%
Accommodation Offset	£9.10	£8.70	4.6%