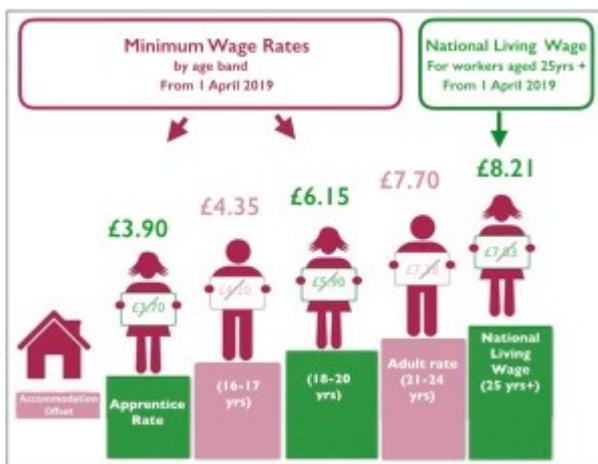


Explaining National Living Wage, National Minimum Wage 2019

Confused about the National Living Wage and the National Minimum Wage?

You are not alone. Employers and workers alike find these terms confusing to say the least. This article explains difference between the National Living Wage rate and the National Minimum Wage rate and shows the new increased rates from 1st April 2019.

From 1st April 2019, all workers aged 25 and over are legally entitled to be paid at least **£8.21** per hour. This is the National Living Wage (NLW).



What is the National Minimum Wage? (NMW)

The National Minimum wage (NMW) is what it says: the minimum pay per hour most workers are entitled to by law. Workers includes all employees and workers: part-time, flexible and agency workers and those working under apprenticeship schemes. There are different rates for each age group, from school leavers (16yrs) upwards. The government [sets these rates and reviews them yearly](#). The rates change in October each year and are advised by the independent body [Low Pay Commission](#). The increases in this years National Minimum wage rates were recommended by the Low Pay Commission.

All employers are legally obliged to pay the National Minimum Wage, irrespective of their size.

What is the National Living Wage? (NLW)

The short answer: The National Living wage is the highest band of the National Minimum Wage which staff should be paid if they are aged 25 or over.

In April 2016, The Government introduced The The National **Living** Wage for workers aged 25 and over. Launched in 2015 by George Osborne, The National Living Wage was part of the government's aim to raise the wages of workers aged 25 and over to £9 per hour by 2020. Despite adopting the term "Living Wage", The National Living wage has nothing to do with The Living Wage: [The Living Wage](#) is set by the Living Wage Foundation, see details below.

Basically, the Government's National Living Wage was actually just a new minimum wage for workers aged 25+, but rebranded as The National Living Wage. This is extremely confusing given that The Living

Wage already existed, still does, and is completely different, see below.

The first increase to The Government's National Living Wage (NLW) for workers of 25yrs + came in April 2016.

[Yearly increases](#) to the NLW (and the NMW across all age brackets) followed.

So in summary, on 1 April 2019:

The National Living Wage rate per hour (for 25+ yr olds) increases by 33p to £8.21 p.h

The National Minimum wage rates increase:

for 21-24 yr olds to £7.70

for 18-20 yr olds to £6.15

for 16-17 yr olds by £4.35.

Apprentice rates change according to age and time spent in Apprenticeship also, more details on these can be found [here](#).

The National Living Wage will most likely increase in April 2020 as the government pushes ahead to its target National Living Wage of £9p.h by 2020. The National Minimum Wage increases each April and October.

There are penalties on employers for failure to pay the correct amount, these are outlined below. But first, lets consider the Living Wage.

So, what is the Living Wage?

VOLUNTARY LIVING WAGE

The Living Wage is a voluntary hourly rate, [independently calculated](#) each year by [Living Wage Foundation](#) to meet the real cost of living. Don't confuse the Government's National Living Wage with this voluntary Living Wage. The Living Wage is a benchmark and a recommendation of what it will take to improve living standards now, not in 2, 3 or 5 years time.

The Government's National Living Wage (and National Minimum Wage of course) is enforceable by law. The Living Wage Foundation's Living wage is voluntary. Oliver Bonas became the first high street retailer to [pay staff the accredited living wage in September](#) in 2015.

The current living wage is £8.75 per hour and £10.20 per hour in London.

There are over [3,900 accredited Living Wage employers](#) across the UK. In order to become an accredited [Living Wage Employer](#) you need to pay all of your employees a living wage, and have a plan to extend this wage to regular on-site subcontracted staff as well.



image credit: www.Livingwage.org.uk

A few important points to remember about the National Living Wage and The National Minimum Wage.

National Living Wage, National Minimum Wage, penalties for non compliance:

Currently non payment is enforced by HMRC who can issue a notice of underpayment. This will calculate the arrears of pay to be paid and the penalty set at 100% of the total underpayment of the NMW, with a minimum penalty of £100 and a maximum penalty of £20,000. If an employer does not comply with the notice of underpayment, the enforcement officer can:

issue civil proceedings in the civil courts or in the employment tribunal to recover the sums that should have been paid. If, following the judgment, the debt remains unpaid, HMRC will take steps to enforce the debt.

prosecute the employer to seek a criminal conviction.

Employees concerned they are not being paid the NLW or NMW are advised to check with Acas then speak to their employer in the first instance and raise a grievance if necessary. They can report an employer to HMRC and take their employer to a tribunal (following early conciliation through Acas) if the situation remains unresolved. Back in 2016 the government started to [name and shame companies who fail to pay the National Minimum Wage](#). A [package of measures intended to improve compliance with the NMW and the NLW](#) include:

Doubling the penalties for non-payment. From April 2016, penalties increased from 100% of arrears to 200% of arrears (halved if employers pay within 14 days). The maximum penalty of £20,000 per worker remains unchanged.

Increasing the budget for enforcement of the NMW and NLW in 2016.

a new HMRC team was created in 2016, dedicated to pursuing the most serious cases of employers deliberately not paying the NMW and NLW. They have powers including the imposition of penalties, referring cases for criminal prosecution and naming and shaming the worst-offending employers. HMRC's current approach is to target the high-risk areas for non-payment of the NMW, which are currently the social care, hairdressing and retail sectors.

The introduction of a new penalty of disqualification from being a Company Director for up to 15 years for the non-payment of the NMW and the NLW.

The creation of a new position called the Director of Labour Market Enforcement and Exploitation, which will oversee enforcement of the NMW and NLW, the Employment Agency Standards Inspectorate and the Gangmasters Licensing Authority.

Find current NMW rates [here](#).