

Provided By **Crendon Insurance Brokers Ltd**

National Minimum Wage and Living Wage Laws

The minimum wage rate employees receive in the United Kingdom as compensation for their employment depends on their age and on whether they are participating in an apprenticeship programme.

Many of these rates are updated every **April**. The table below presents current and upcoming rates for various employee types and ages. A few important terms are also defined below.

Employee Category	Applicable Wage	2016	2017
Apprentice	Apprenticeship wage	£3.40	£3.5
Under 18 years of age	Minimum wage	£4	£4.05
Between 18 and 20 years old		£5.55	£5.60
Between 21 and 24 years old		£6.95	£7.05
25 years of age or older	Living wage	£7.20	£7.50

APPRENTICESHIP WAGE

Apprentices are entitled to receive the apprenticeship rate if they are:

- Under 19 years old; or
- Are 19 years of age (or older) and they are in the first year of their apprenticeship.

Apprentices who are 19 years or older and have completed their first year of apprenticeship must receive at least their corresponding minimum wage rate.

NATIONAL MINIMUM WAGE

A worker is entitled to the National Minimum Wage if he or she:

- Has a contract of employment or a contract to perform work or provide services for the employer;
- Is not self-employed; and
- Is of **school leaving age**.

This includes part-time workers, casual labourers and agency workers. In addition, an employment contract does not need to be in writing; it can be an implied or oral contract.

'School leaving age' is defined differently across the United Kingdom.

England	<p>Individuals are of school leaving age in England on the last Friday in June if they will be 16 by the end of the summer holidays. Until these individuals turn 18 years of age, they must:</p> <ul style="list-style-type: none"> • Stay in full-time education, for example, at a college; • Start an apprenticeship or traineeship; or • Spend 20 hours or more a week working or volunteering while in part-time education or training.
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This summary is provided for general informational purposes only and does not apply to specific circumstances. It does not purport to be a comprehensive analysis of all matters relevant to its subject matter. The content should not, therefore, be regarded as constituting legal advice and not be relied upon as such. In relation to any particular problem which they may have, readers are advised to seek specific advice. Further, the law may have changed since first publication and the reader is cautioned accordingly.

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Scotland	Individuals are of school leaving age after 31st May if they turn 16 between 1st March and 30th September of the same year. Individuals who turn 16 between 1st October and the end of February can leave at the start of the Christmas holidays in that school year.
Wales	Individuals in Wales are of school leaving age on the last Friday in June, as long as they turn 16 by the end of that school year's summer holidays.
Northern Ireland	Individuals are of school leaving age after 30th June in Northern Ireland if they turn 16 years of age during the school year (between 1st September and 1st July). Otherwise, individuals who turn 16 between 2nd July and 31st August are of school leaving age on 30th June of the following year.

THE NATIONAL LIVING WAGE

A compulsory national living wage rate for the United Kingdom became effective in 2016. The living wage rate was adopted to address the issue of working poverty and to reduce reliance on state resources. A living wage rate is the hourly amount at which workers should be paid in order to afford basic living necessities, such as rent, healthy food and travel. The living wage rate is not a new concept; it was introduced in 2001, but paying it was voluntary.

To qualify for the living wage rate, an employee must be at least 25 years of age. The living wage rate is set to increase, with a projected target of at least £9 per hour by 2020.

Non-compliant employers could face tough penalties, including a maximum fine of **£20,000** per underpaid worker and disqualification of a company director from his or her position for up to 15 years.

EXCEPTIONS

The following individuals are not entitled to either the national minimum or living wage rate:

- Self-employed people running their own business;
- Company directors;
- Volunteers or voluntary workers;
- Workers on a government employment programme, such as the work programme;
- Members of the armed forces;
- Family members of the employer living in the employer's home;
- Non-family members living in the employer's home who share in the work and leisure activities, are treated as one of the family and aren't charged for meals or accommodation, for example, au pairs;
- Workers younger than school leaving age (usually 16);
- Higher and further education students on a work placement up to one year;
- Workers on government pre-apprenticeships schemes;
- People on the following European Union programmes: Leonardo da Vinci, Youth in Action, Erasmus or Comenius;
- People working on a Jobcentre Plus work trial for six weeks;
- Share fishermen and women;
- Prisoners; or
- People living and working in a religious community.

MORE INFORMATION

Please contact **Crendon Insurance Brokers Ltd** or visit gov.uk for more information regarding the national minimum or living wage rates.

