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National Minimum Wage statistics



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Summary

What is the National Minimum Wage?

The National Minimum Wage (NMW) applies to most workers and sets minimum hourly rates of pay. The rates are provided in regulations made by the Secretary for State with parliamentary approval, based on the recommendations of the Low Pay Commission (LPC).

NMW rates vary by age group. The table below shows the value of the rates in April 2024 and 2025.

National Minimum Wage rates by age group 2024, 2025				
Age group	April 2024	April 2025		
National Living Wage (21+)	£11.44	£12.21		
18-20	£8.60	£10.00		
Under 18	£6.40	£7.55		
Apprentice	£6.40	£7.55		

Note: The Apprentice rate applies to apprentices who are either in their first year of their apprenticeship or are aged 19 and under. Apprentices who fall outside this definition are entitled to the minimum wage rate for their age group.

Source: Gov.uk, National Minimum Wage and National Living Wage rates

How has the value of the NMW changed over time?

The value of each minimum wage rate has increased in real terms (i.e., has increased faster than prices) since the NMW was first introduced in 1999. In the aftermath of the 2008/09 recession, the real value of all minimum wage rates decreased. In April 2022 some rates decreased in real terms due to high inflation but rose again in April 2023 and 2024.

Low Pay Commission remit

The Low Pay Commission met its target of a National Living Wage worth 60% of median earnings in 2020 and fell slightly short of its target 66% of median wages in April 2024, when it reached 65% of median wages.

The government set a new remit for the LPC in September 2024. This says the NLW should not fall below 66% of median hourly earnings and that the LPC should take into account the cost of living, including expected inflation trends. It also says LPC should gradually abolish the 18-20 rate, so that the NLW eventually applies those aged 18+.

How many people are paid the NMW?

The Low Pay Commission estimated that there were around 1.9 million workers paid at or below the minimum wage in 2024, around 6.5% of all UK workers. This compares to 1.5 million jobs paid at or below the NMW in 2015, before the introduction of the National Living Wage.

Jobs paid around the minimum wage are concentrated within a small number of low-paying occupations. The Low Pay Commission estimates that around a third of all jobs paying at or below the minimum wage are in retail and hospitality occupations.

Employees living in Northern Ireland, employees working in in Hair and beauty occupations, employees in micro or small firms, disabled employees and employees from a Bangladeshi ethnic group are more likely to have a minimum wage job.

How does the NMW compare to minimum wages in other countries?

The UK has a relatively high minimum wage, in terms of monetary value, compared with other OECD countries. In 2023, the UK had the eighth highest adult minimum wage out of OECD countries (based on the National Living Wage rate) after taking into account differences in the cost of living.

Value of the National Minimum Wage

The hourly rate of the National Minimum Wage (NMW) varies by age group. The table below shows the value of each NMW rate in April 2024 and April 2025.

National Minimum Wage rates by age group 2024, 2025					
	NLW (21+)	18-20	Under 18	Apprentice	
As of April 2024 As of April 2025	£11.44 £12.21	£8.60 £10.00	£6.40 £7.55	£6.40 £7.55	

Notes: Apprentice rate applies to apprentices who are either in their first year of their apprenticeship or are aged 19 and under. Apprentices who fall outside this definition are entitled to the minimum wage rate for their age group.

Source: Gov.uk, National Minimum Wage and National Living Wage rates

1 Why are there different minimum wage rates?

A **National Living Wage (NLW)** for workers aged 25+ was introduced in April 2016, having been announced by the then Chancellor George Osborne in the 2015 Summer Budget.¹ This is in effect another NMW rate.

The rationale for varying the rate across age groups has typically been that younger workers occupy a more vulnerable position in the labour market, with a greater need to acquire experience. It is therefore thought that if younger workers were eligible for the full minimum wage, they might be priced out of the labour market. Average wages for younger workers are well below those for older workers and, research indicates that spells of youth unemployment may have 'scarring' effects on earnings further on in people's careers. A Low Pay Commission blog explains the reasons in more detail.²

However, 21 to 24 year olds are now included in the NLW. The Low Pay Commission recommend this because the employment rate of this group remains higher than its pre-crisis norm, and there have been increases in the proportion of 21 to 24 year olds combining work with full-time education.

¹ HM Treasury, <u>Summer Budget 2015: key announcements</u>, 8 July 2015

S Blake, <u>New minimum wage rates for under 25s: why are they different?</u>, Low Pay Commission blog, 30 September 2016

The LPC's new remit includes gradually abolishing the 18-20 rate so that the NLW applies to employees aged 18+.

1.1 The Low Pay Commission and the setting of minimum wage rates

NMW rates are determined by the government with the advice of the <u>Low Pay Commission</u> (LPC). The LPC makes annual recommendations in response to a remit set by the government.³

Until 2016, the LPC based its recommendations on the extent to which the NMW may be increased without damaging the employment prospects of low-paid workers. While it continues to do this for younger workers, since 2016 the NLW has been subject to specific targets: the NLW reached its first target of 60% of median wages in April 2020 and fell slightly short of its target 66% of median wages in April 2024, when it reached 65% of median wages.⁴

In line with recommendations made to the then government, the NLW applied to workers aged 23 and over from April 2021 and to workers aged 21 and over from April 2024.

The government set a new remit for the LPC in September 2024. This says the NLW should not fall below 66% of median hourly earnings and that the LPC should take into account the cost of living, including expected inflation trends. The LPC will only recommend a NLW below 66% to prevent substantial negative outcomes, like significant job losses.

The new remit also says the LPC should abolish the 18-20 rate by taking steps year by year, so that the NLW applies those aged 18+.5

Taking into account the cost of living

The LPC's remit now includes taking the cost of living into account, including future inflation. The LPC expects it approach to accounting for the cost of living may evolve over time, 'particularly as Government sets out more detail on how a "genuine living wage" is to be defined.'

Low Pay Commission: <u>About us</u> (Accessed 7 February 2025)

Changes in the ONS Annual Survey of Hours and Earnings methodology meant that median pay in April 2024 was higher than expected, which meant that the NLW fell short of 66% of the median.

Low Pay Commission, <u>How the LPC will respond to our updated remit</u>, 5 September 2024

⁶ Low Pay Commission 2024 report, page xiii

For its recommendations for the 2025 NLW, the LPC took into account measures such as the Consumer Price Index by decile, Household Cost Indices, and the Minimum Income Standard.⁷

1.2 Minimum wage rates over time

The NMW was introduced on 1 April 1999 at the rate of £3.60 per hour for adults aged 22 and over, and £3.00 per hour for younger workers aged 18-21.

Since then, the rates have been increased on an annual basis. The 16-17 year old rate was introduced on 1 October 2004 following the recommendations of the LPC. The apprentice rate was introduced on 1 October 2010 and at the same time, the age of entitlement to the main rate was reduced from 22 to 21. The NLW for workers aged 25 and over was introduced in April 2016 and covered workers aged 23+ between April 2021 and April 2024. From April 2024, it covers workers aged 21+.

Chapters 4, 10 and 11 of the <u>Low Pay Commission Report 2024</u> provide more detail on how the cost of living is taken into account.

National Minimum Wage Hourly Rates UK, 1999 2025					
		Aged 22+	Aged 18-21	Aged 16-17	Apprentice
1999		£3.60	£3.00		
2000		£3.60	£3.20		
2000		£3.70	£3.20		
2001		£4.10	£3.50		
2002		£4.20	£3.60		
2003		£4.50	£3.80		
2004		£4.85	£4.10	£3.00	
2005		£5.05	£4.25	£3.00	
2006		£5.35	£4.45	£3.30	
2007		£5.52	£4.60	£3.40	
2008		£5.73	£4.77	£3.53	
2009		£5.80	£4.83	£3.57	
2040		Aged 21+	Aged 18-20	Aged 16-17	Apprentice
2010		£5.93	£4.92	£3.64	£2.50
2011		£6.08	£4.98	£3.68	£2.60
2012 2013		£6.19 £6.31	£4.98 £5.03	£3.68 £3.72	£2.65
2013		£6.50	£5.03	£3.72 £3.79	£2.68 £2.73
2014		£6.70	£5.30	£3.79	£3.30
2013	Aged 25+	21-24	Aged 18-20	Aged 16-17	Apprentice
2016 a	£7.20	£6.95	£5.55	£4.00	£3.40
2017	£7.50	£7.05	£5.60	£4.05	£3.50
2018	£7.83	£7.38	£5.90	£4.20	£3.70
2019	£8.21	£7.70	£6.15	£4.35	£3.90
2020	£8.72	£8.20	£6.45	£4.55	£4.15
	Aged 23+	Aged 21-22	Aged 18-20	Aged 16-17	Apprentice
2021	£8.91	£8.36	£6.56	£4.62	£4.30
2022	£9.50	£9.18	£6.83	£4.81	£4.81
2023	£10.42	£10.18	£7.49	£5.28	£5.28
	Aged 21+		Aged 18-20	Aged 16-17	Apprentice
2024	£11.44		£8.60	£6.40	£6.40
2025	£12.21		£10.00	£7.55	£7.55

Note: a) Rate for people aged 25+ applied from April 2016. Other rates applied from October 2016.

Source: Low Pay Commission reports

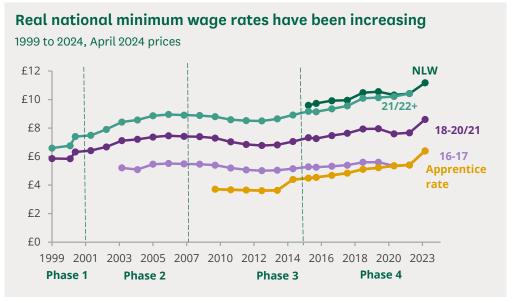
Value of minimum wage rates in real terms

By looking at the 'real' value of the NMW (i.e., adjusted for inflation) we can assess how the NMW is keeping up with the cost of living.

The Low Pay Commission notes four distinct phases in the path of the NMW, as shown in the chart below:⁸

- 1. At first, the NMW was introduced at a relatively low level and was uprated in line with CPI inflation in its first 18 months.
- 2. After research suggested the NMW had not adversely impacted jobs or the economy, subsequent annual increases to the NMW saw it grow faster than average earnings or prices up to 2007.
- 3. Following the economic downturn in 2008, the real value of the NMW decreased.
- 4. The adult rate of the NMW increased above inflation again from 2014.

In April 2022 some rates decreased in real terms due to high inflation but rose again in April 2023 and 2024.



Source: Low Pay Commission, ONS series D7BT

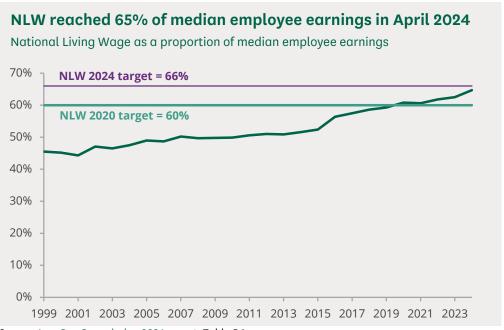
1.3 National Minimum Wage and earnings growth

Another way to think about the value of the minimum wage is to compare it against average earnings across the workforce. This is typically done by calculating the minimum wage as a proportion of median earnings – the point at which half of people earn more and half of people earn less. The LPC

⁸ Low Pay Commission, <u>Spring 2016 Report</u>, Chapter 1, para 1.17

reached its target of the NLW reaching a value of 60% of median earnings by 2020 and did not quite reach 66% target by 2024 (it was 65% in April 2024).

Since the early 2000s, the adult NMW has been slowly increasing as a proportion of median earnings, as growth in the NMW has exceeded growth in median earnings.



Source: Low Pay Commission 2024 report, Table 5.1

1.4 Projected value of the National Living Wage

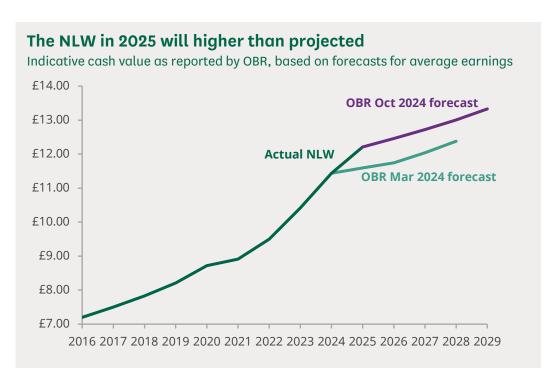
In March 2024, the OBR forecasted that the National Living Wage would be £11.59 in 2025, £11.75 in 2026, £12.04 in 2027 and £12.38 in 2028. 10

In October 2024, the OBR increased its forecasted value of the National Living Wage to 12.46 in 2026, 12.74 in 2027, 13.01 in 2028 and 13.33 in 2029.

Changes in the ONS Annual Survey of Hours and Earnings methodology meant that median pay in April 2024 was higher than expected.

OBR, <u>March 2024 Economic and fiscal outlook – detailed forecast tables: economy</u>, Table 1.14, 6

OBR, Economic and fiscal outlook – October 2024, detailed forecast tables: economy Table 1.14, October 2024



Sources:

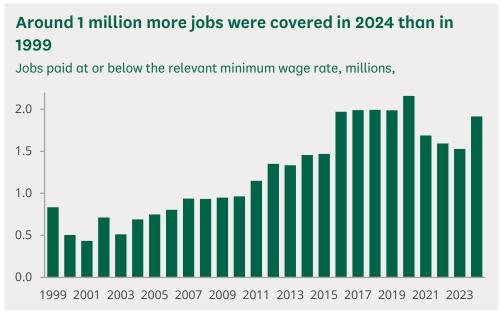
OBR, March 2024 Economic and fiscal outlook – detailed forecast tables: economy, Table 1.14, March 2024 OBR, Economic and fiscal outlook – October 2024, detailed forecast tables: economy Table 1.14, October 2024

2 Jobs paid at the National Minimum Wage

The LPC publishes estimates of the number of "minimum wage jobs", defined as jobs paying up to five pence above the appropriate minimum wage rate (for all age groups, not just people paid the NLW). Around 1.9 million employee jobs (around 6.5% of all employee jobs) were paid at or below the relevant National Minimum Wage rate in 2024.

2.1 Trend in minimum wage jobs

The number of jobs paid at or below the minimum wage has increased since it was first introduced in 1999, when it covered 834,000 workers. It is estimated that around 1.08 million more people are in jobs paid at or below their relevant minimum wage rate in 2024 than in 1999.¹²



Note: 2020 figure excludes those on furlough via the Coronavirus Job Retention Scheme Source: Low Pay Commission 2024 report, Figure 3.1

The percentage of jobs paid at or below the minimum wage increased sharply in 2016 following the introduction of the National Living Wage (NLW): the large increase in the rate for people aged 25 and over meant more workers

Low Pay Commission 2023 report, Figure 5.11, 4 March 2024

were then covered by the minimum wage. An estimated 7.2% of jobs were covered by one of the minimum wage rates in 2016, up from 5.4% in 2015.

Between 2016 and 2019 coverage remained stable despite significant increases in each of the rates.

Coverage fell between 2019 and 2023, from nearly 2.0 million to 1.6 million. This is likely to be due to a tight labour market in 2022 and 2023, with firms struggling to hire workers.¹³

Coverage increased from 5.2% in 2023 to 6.5% in 2024 but remained below pre-pandemic levels. 14

2 Coverage in 2020 – data reliability

Wage data for 2020 was collected during lockdown in April, so was less reliable than usual.¹⁵

In 2020, the LPC calculated two estimates of coverage; one which includes furloughed workers with loss of pay, and one which excludes them. Neither of these estimates are likely to be the true rate: because furloughed employees with loss of pay are overrepresented in the lowest-paid group, including workers on furlough with loss of pay is likely to lead to an overestimate of coverage and excluding them likely leads to an underestimate.¹⁶

Low Pay Commission report 2023, p42

Low Pay Commission report 2024, p40

ONS, Employee earnings in the UK: 2020, Section 6, measuring the data

¹⁶ National Minimum Wage: <u>Low Pay Commission 2021</u> report

2.2 Coverage of youth rates

As of September 2024, part of the LPC's remit is to gradually abolish the 18-20 rate by closing the gap between the 18-20 rate and the NLW, so that the NLW eventually applies those aged 18+.17

The table below shows the proportion of 16- to 20-year-olds who are 'effectively covered' by youth rates: this means employers are making use of the availability of youth rates pay 16 to 20 year olds less than the NLW. 76% of employee jobs held by 16- to 17-year-olds and 39% of employee jobs held by 18- to 20-year-olds are paid under the NLW.

Effective coverage of youth minimum wage rates			
Percentage of employees aged 16 to 17 and 18 to 20, 2024			
	16-17	18-20	
Paid at or below own rate	16%	9%	
Paid between own rate and NLW	60%	30%	
Paid at NLW	3%	7%	
Paid above NLW	22%	54%	

Source: Low Pay Commission 2024 report, Figure 6.8

2.3 Coverage by region

The percentage of employee jobs paid at or below the minimum wage varies across countries and regions of the UK. Coverage was lowest in London and the Scotland and highest in Northern Ireland in 2024.

Coverage increased in every UK region and country between 2023 and 2024.

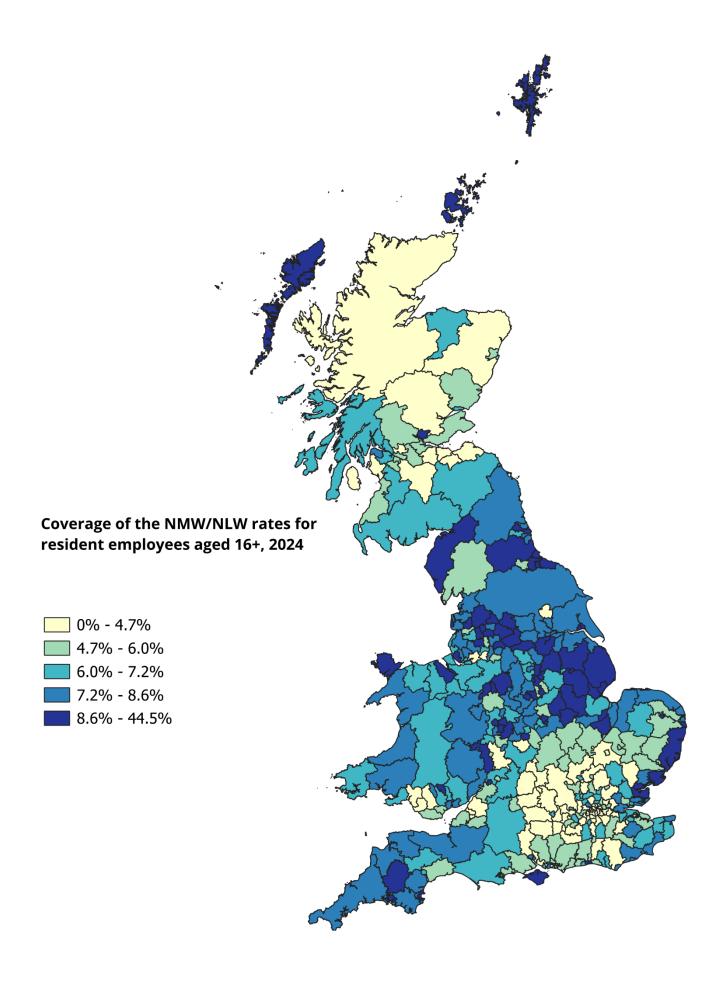
Low Pay Commission, How the LPC will respond to our updated remit, 5 September 2024



Source: Low Pay Commission 2024 report, Coverage by local authority, region and nation, Table 2

2.4 Coverage by local authority

The percentage of employee jobs paid at or below the minimum wage varies across local authorities. Data is unavailable for Northern Ireland at the local authority level.



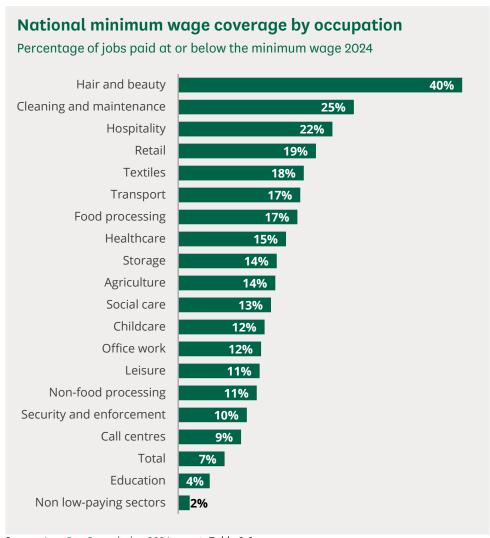
2.5 Coverage by occupation

Minimum wage jobs are concentrated in a relatively small number of occupations. Around a third of all minimum wage jobs were in just two occupation groups in 2024; retail and hospitality.¹⁸

Although the number of people paid at the NMW in a particular occupation may be small, this can represent a large proportion of employees in that occupation. The reverse is also true: around 2% of workers aged 25 and over were paid at or below the minimum wage in occupations that the Low Pay Commission describes as 'non low-paying', but this still represents a large number of people.

Hair and beauty and cleaning and maintenance had the highest proportion of minimum wage jobs in 2024.

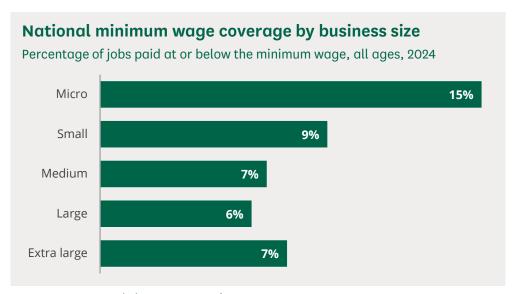
Low Pay Commission, <u>Low Pay Commission 2024 report</u>. The Low Pay Commission reviewed its definitions of low paying occupations in 2024. Appendix 3 (p239) of the report provides more detail.



Source: Low Pay Commission 2024 report, Table 3.6

2.6 Coverage by business size

Smaller businesses are more likely to pay the minimum wage. In 2024, 15% of employee jobs at micro firms (fewer than 10 employees), compared to 9% in small firms (10-49 employees), 7% in medium firms (50-250 employees), 6% in large firms (250-2,499 employees) and 7% in extra large firms (2,500+ employees).

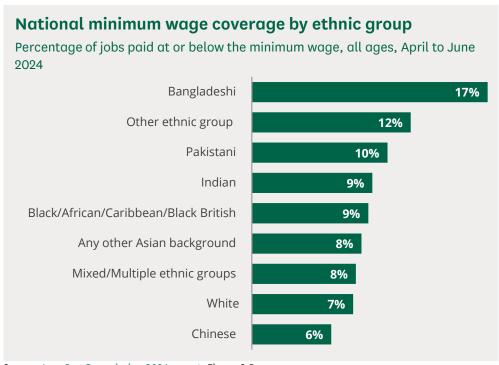


Source: Low Pay Commission 2024 report, Figure 3.7

2.7 Coverage by ethnic group and disability status and age

Ethnic group

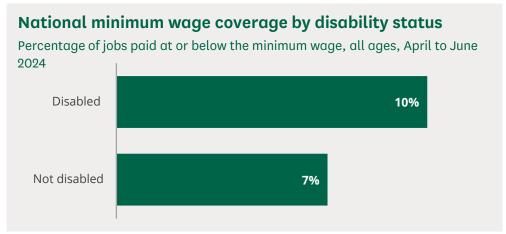
Around 17% of employee jobs held by people from Bangladeshi ethnic groups and 12% of jobs held by people from Other ethnic groups were paid at or below minimum wage rates in April to June 2024. This compares to 6-10% of employee jobs held by workers from other ethnic groups.



Source: Low Pay Commission 2024 report, Figure 3.5

Disability status

10% of employee jobs held by disabled workers were paid at or below minimum wage rates in April to June 2024, compared to 7% held by workers who were not disabled.

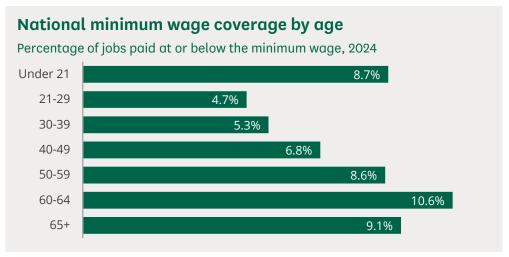


Source: Low Pay Commission 2024 report, Figure 3.4 LHS

Coverage by age group

Jobs held by employees aged 60+ were the most likely to be paid at or below the relevant minimum wage rate in 2024, with a rate of 10.6% for 60- to 64-year-olds and a rate of 9.1% for 65+ year olds. 8.7% of employee jobs held by workers aged under 21 were paid the minimum wage.

Workers aged 21 to 49 were least likely to be paid the minimum wage, with rates between 4.7% and 6.8%.



Source: Low Pay Commission 2024 report, Table 3,1 and Figure 3.3

2.8 Underpayment of the National Living Wage

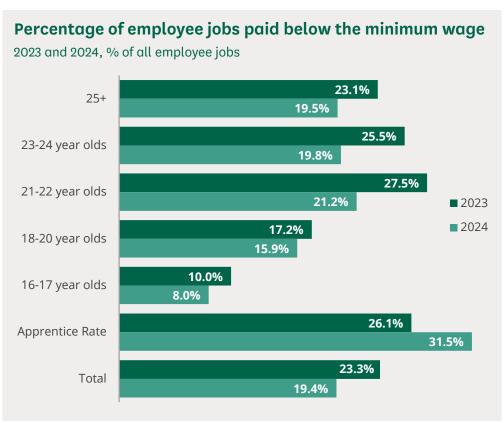
In 2024, 371,000 employees jobs were paid less than the relevant minimum wage rate, up from 351,000 in 2023 and down from 428,000 in 2019, before the covid-19 pandemic.¹⁹

However, underpayment as a share of minimum wage coverage fell between 2023 and 2024 from 23.0% to 19.4%.

The chart below shows that underpayment as a proportion of coverage was highest for 21-22 year olds and lowest for 16-17 year olds in 2024.

Underpayment as a share of minimum wage coverage fell between 2023 and 2024 for every age group but increased for jobs covered by the Apprenticeship rate.

¹⁹ Low Pay Commission 2024 report. Table 9.1



Source: Low Pay Commission 2024 report, Table 9.1

The Library briefing <u>The National Minimum Wage: rates and enforcement.</u>
April 2018, provides more information on NMW enforcement.

3 International comparisons

3.1 Value of the minimum wage

The value of the UK National Minimum Wage is relatively high compared to minimum wages in other OECD countries.

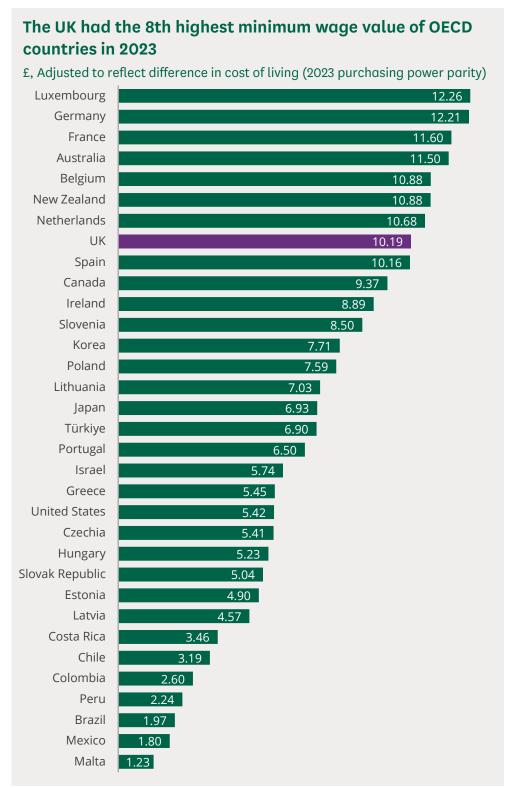
If we compare the National Living Wage with minimum wages in other countries, then the UK had the eighth highest minimum wage out of 24 OECD countries in 2023 after adjusting for differences in the cost of living.²⁰

These international rankings need to be interpreted with care as they provide little insight into other employment considerations: for example, there may be a trade-off between a higher minimum wage and lower employment levels. The ranking may also be somewhat misleading to the extent that it is influenced by differences in age structure between countries, and whether comparisons are made against pay of full-time workers or of all workers.

The design of national minimum wage regimes also varies between countries and some countries do not have a minimum wage.²¹

Minimum wage values in other countries are converted from national currencies into £ sterling using "Purchasing Power Parities" rather than market exchange rates, in order to take into account differences in the cost of living.

Further details of the limitations of international comparisons can be found on page 231 of the <u>Low</u>
<u>Pay Commission 2024 Report</u>.



Note: Minimum wages are converted to an annual value to enable comparison across the whole of 2023. (For example, in the UK the minimum wage changed in April 2023 from £9.50 to £10.42. That is equivalent to £10.19 across the year: 3 months of £9.50 and 9 months of £10.42)

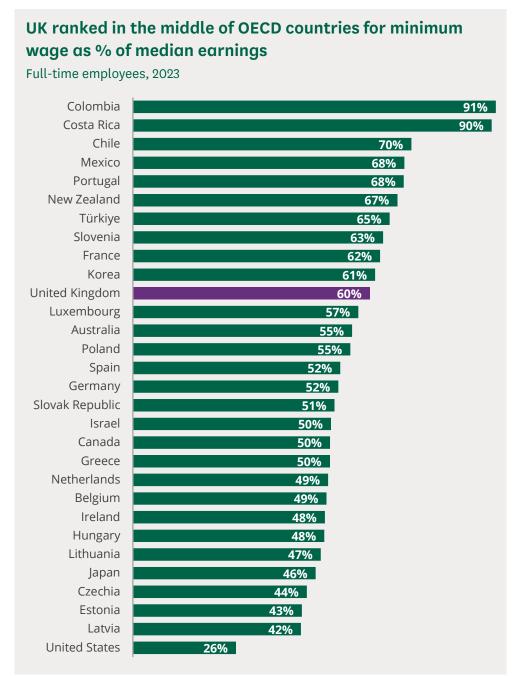
Source: <u>Low Pay Commission</u> estimates based on OECD data, 2023, Figure A4.2, Converted from \$USD to £ using Purchasing Power Parities (PPPs) for private consumption expenditures from <u>OECD Data Explorer</u>

3.2 Minimum wage as a proportion of median earnings

Alternatively, we can consider national minimum wages as a proportion of median earnings. This changes some country rankings dramatically: even if the monetary value of the minimum wage in a given country is low compared to other countries, the minimum wage might be set at a high level relative to average earnings at home.

On this basis, the UK ranked in the middle of the distribution of national minimum wages in 2023 (the latest year for which data are available).

The chart below shows minimum wages as a percentage of median earnings of full-time employees rather than all employees, so is not comparable with the data in section 1.3 above.



Source: OECD Data Explorer (accessed 6 February 2025)

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