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# National Minimum Wage statistics



## Summary

- 1 Value of the National Minimum Wage
- 2 Jobs paid at the National Minimum Wage
- 3 International comparisons

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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 2022 and 2023.

National Minimum Wage rates by age group 2022, 2023		
Age group	April 2022	April 2023
23+ (National Living Wage)	£9.50	£10.42
21-22	£9.18	£10.18
18-20	£6.83	£7.49
Under 18	£4.81	£5.28
Apprentice	£4.81	£5.28
<b>Notes:</b> 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, but NMW rates are now above pre-recession levels in real terms.

### The NMW since April 2020

Since hitting its intended target of 60% of median earnings in April 2020, the Low Pay Commission has been given a new remit by the Government. This asks them to recommend the rate to apply from April 2021 following a path that reaches two-thirds of median earnings by 2024, taking economic conditions into account.

In line with recommendations made to the Government last August, since April 2021 the NLW applies to workers aged 23 and over, and by 2024 it will apply to workers aged 21 and over.

## How many people are paid the NMW?

The Low Pay Commission estimates that there were around 1.6 million workers paid at or below the minimum wage in April 2022, around 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 45% of all jobs paying at or below the minimum wage are in retail, hospitality, and cleaning & maintenance occupations.

Workers in the private sector, in part-time employment, in temporary jobs, from a Bangladeshi or Pakistani background 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 2021, the UK had the eighth highest adult minimum wage out of 25 OECD countries (based on the National Living Wage rate) after taking into account differences in the cost of living.

### 1 Other Library briefings on the National Minimum Wage

#### [The National Minimum Wage: rates and enforcement](#)

This briefing provides details of current and historic National Minimum Wage rates; discusses the introduction of the National Living Wage and different age-related rates; sets out the legislative mechanism for rate increases; explains the role of the Low Pay Commission; and discusses the various means of enforcing the National Minimum Wage.

#### [Economic impacts of the National Living Wage: in brief](#) (March 2016)

This briefing provides an overview of the expected impact of the National Living Wage on workers, employers, and the economy.

#### [The National Minimum Wage: volunteers and interns](#) (December 2015)

This briefing provides an overview of the application of law around the National Minimum Wage to persons working in a voluntary capacity.

# 1 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 2022 and April 2023.

## National Minimum Wage rates by age group

2022, 2023

	NLW (23+)	21- 22	18- 20	Under 18	Apprentice
As of April 2022	£9.50	£9.18	£6.83	£4.81	£4.81
As of April 2023	£10.42	£10.18	£7.49	£5.28	£5.28

**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, [Low Pay Commission Report 2022](#)

## 2 Why are there different minimum wage rates?

A **National Living Wage (NLW)** for workers aged 25 and over was introduced in April 2016, having been announced by the then Chancellor George Osborne in the 2015 Summer Budget.<sup>1</sup> 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.<sup>2</sup>

However, the Low Pay Commission (LPC) recommends that 21-24 year olds be included in the NLW by 2024, because the employment rate of this group remains higher than its pre-crisis norm, and there have been increases in the proportion of 21-24 year olds combining work with full-time education. The

<sup>1</sup> HM Treasury, [Summer Budget 2015: key announcements](#), 8 July 2015

<sup>2</sup> S Blake, [New minimum wage rates for under 25s: why are they different?](#), Low Pay Commission blog, 30 September 2016

age to for the NLW was lowered to 23 from April 2021 and the LPC recommends it be lowered to 21 by 2024.

## 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 [Low Pay Commission](#) (LPC). The LPC makes annual recommendations in response to a remit set by the government.<sup>3</sup>

Traditionally, the LPC has 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 workers aged under 23, since 2016 the NLW has been subject to specific targets of 60% of median wages by 2020. The NLW reached its first target of 60% of median wages in April 2020. Its next target is two thirds of median wages by 2024.

## 3 The Low Pay Commission's remit since April 2020

Since hitting its intended target of 60% of median earnings in April 2020, the LPC has been given a [new remit](#) by the Government.<sup>4</sup>

This asks them to recommend the rate to apply from April 2021 following a path that reaches two-thirds of median earnings by 2024, taking economic conditions into account.

In line with recommendations made to the Government, from April 2021 the NLW applied to workers aged 23 and over, and by 2024 it will apply to workers aged 21 and over.

The LPC estimate that a rate of £11.01 in 2024 will be 66% of median wages.<sup>5</sup>

<sup>3</sup> Low Pay Commission: [About us](#) [last accessed 10 June 2022]

<sup>4</sup> Low Pay Commission, [National Minimum Wage and National Living Wage: Low Pay Commission remit 2020](#), 1 March 2020

<sup>5</sup> Low Pay Commission, [Low Pay Commission Report 2021](#), 19 January 2023

## 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 covers workers aged 23+ as of April 2021.



National Minimum Wage Hourly Rates						
UK, 1999-2023						
		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		
		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		£6.19	£4.98	£3.68	£2.65	
2013		£6.31	£5.03	£3.72	£2.68	
2014		£6.50	£5.13	£3.79	£2.73	
2015		£6.70	£5.30	£3.87	£3.30	
		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

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

Notes: 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:<sup>6</sup>

1. At first, the NMW was introduced at a relatively low level and was updated 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.
5. The different phases are visible in the chart below. In April 2022 some rate decreased in real terms due to high inflation, but the various NMW rates were all higher in real terms than they were before the recession in 2008.



Source: [Low Pay Commission](#), ONS series [D7BT](#)

## 1.3

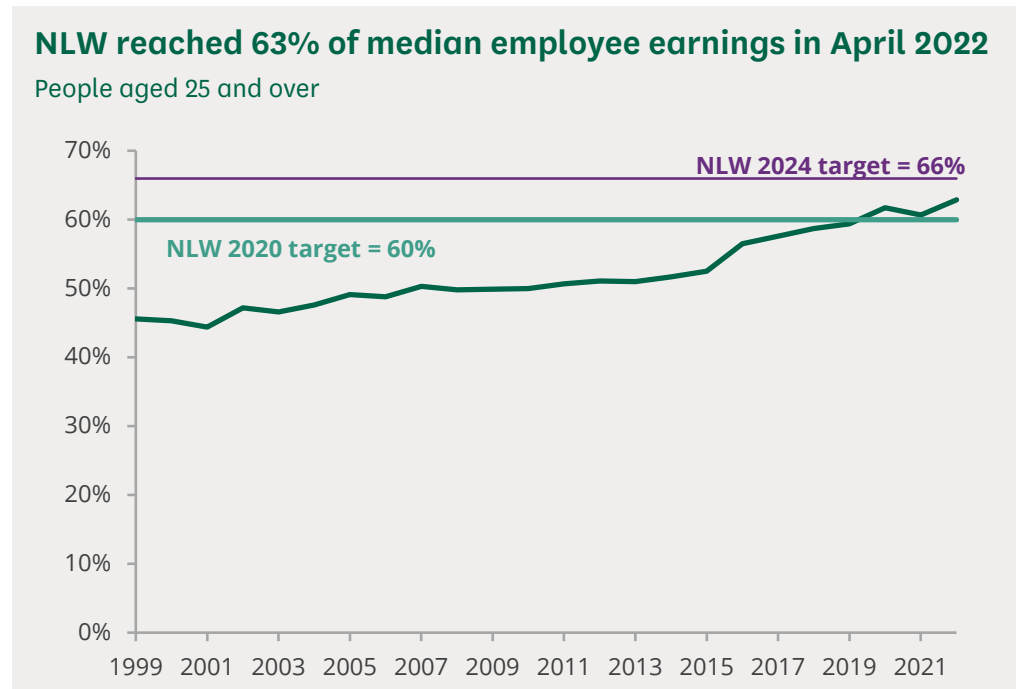
## National Minimum Wage and earnings growth

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

<sup>6</sup> Low Pay Commission, [Spring 2016 Report](#), Chapter 1, para 1.17

Government reached its target of the NLW reaching a value of 60% of median earnings by 2020 and plans to reach a value of 66% by 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 2022 Report](#), p201

## 1.4

## Projected value of the National Living Wage

When the NLW was first announced in July 2015, the Office of Budget Responsibility projected that 60% of median earnings in 2020 would equate to around £9.35 per hour.<sup>7</sup> The 2020 NLW was actually £8.72, 63 pence lower than originally projected in July 2015, and 28 pence below £9 an hour, while still reaching its target of 60% of median employee earnings.

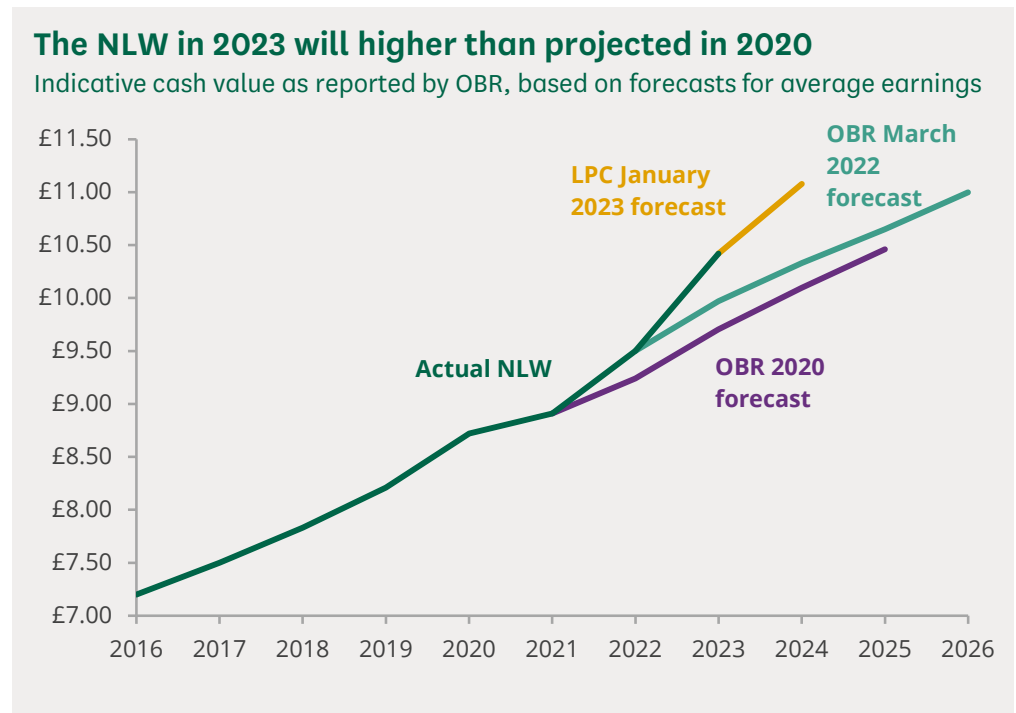
Higher than expected wage growth in 2021 and 2022 influenced by higher inflation and a tighter labour market has caused forecasters to increase their projections of the NLW.<sup>8</sup> The Office for Budget Responsibility (OBR) projected in March 2022 that the NLW will reach a £10.65 in 2025 and 11.00 in 2026.<sup>9</sup> In

<sup>7</sup> Office for Budget Responsibility, [Economic and Fiscal Outlook: Summer 2015](#), p200

<sup>8</sup> Low Pay Commission, [The National Minimum Wage in 2022](#), 1 April 2022

<sup>9</sup> Office for Budget Responsibility, [Latest forecasts](#), Table 1.17 Supplementary economy tables.

January 2023, the Low Pay Commission projected that the NLW would reach £11.08 in 2024.<sup>10</sup>



Source: LPC, [Minimum wage rates for 2023](#), November 2022, LPC, [Low Pay Commission report 2022](#), 19 January 2023, OBR Table 1.17, [Supplementary Economy Tables](#), November 2020, OBR [Table 1.17 Supplementary Economy Tables](#), March 2022

<sup>10</sup> [Low Pay Commission report 2022](#), 23 January 2023, Figure 9.3

## 2

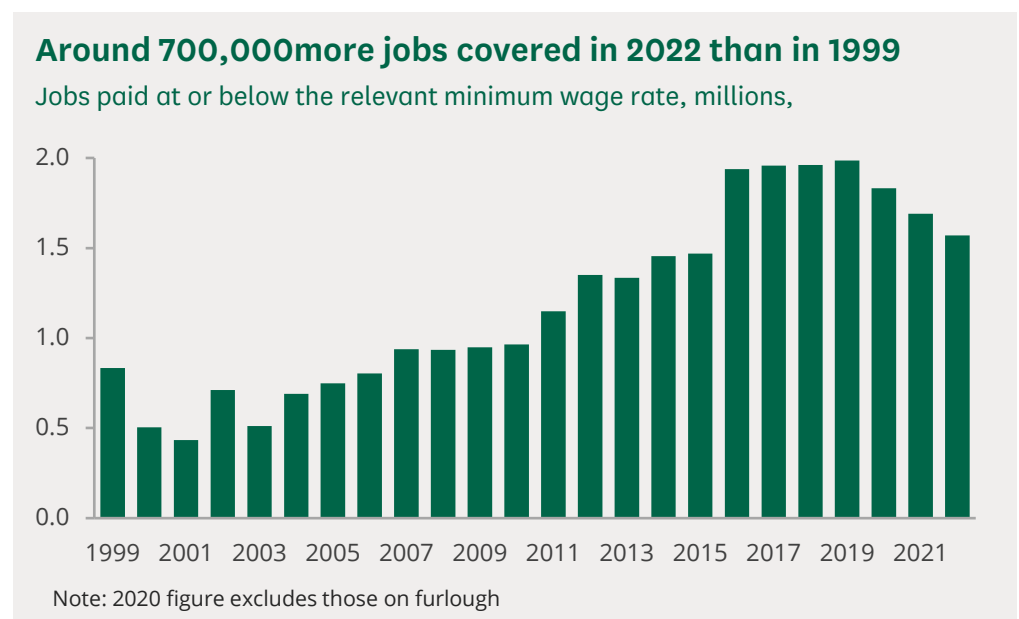
# Jobs paid at the National Minimum Wage

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 aged 25 and over). They estimate that around 1.6 million employee jobs (around 5% of all employee jobs) were paid at or below the relevant National Minimum Wage rate in April 2022.

## 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 700,000 more people are in jobs paid at or below their relevant minimum wage rate in 2022 than in 1999.<sup>11</sup>



Source: National Minimum Wage: [Low Pay Commission 2022](#) report

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

<sup>11</sup> National Minimum Wage: [Low Pay Commission 2022](#) report, 23 January 2023

were then covered by the minimum wage. An estimated 6.9% of jobs were covered by one of the minimum wage rates in 2016, up from 5.6% in 2015.

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

Coverage fell between 2019 and 2022, from nearly 2.0 million to 1.6 million. This is likely to be due to a tight labour market in 2022, with firms struggling to hire workers. Firms told the Low Pay Commission they had to raise pay above the minimum wage to attract and retain workers.<sup>12</sup>

## 4 Coverage in 2020 – data reliability

Wage data for 2020 was collected during lockdown in April, so was less reliable than usual.<sup>13</sup>

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.<sup>14</sup>

## 2.2 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 South East and highest in Northern Ireland in 2022.

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<sup>12</sup> [Low Pay Commission report 2022](#), p46

<sup>13</sup> ONS, [Employee earnings in the UK: 2020, Section 6, measuring the data](#)

<sup>14</sup> National Minimum Wage: [Low Pay Commission 2021](#) report

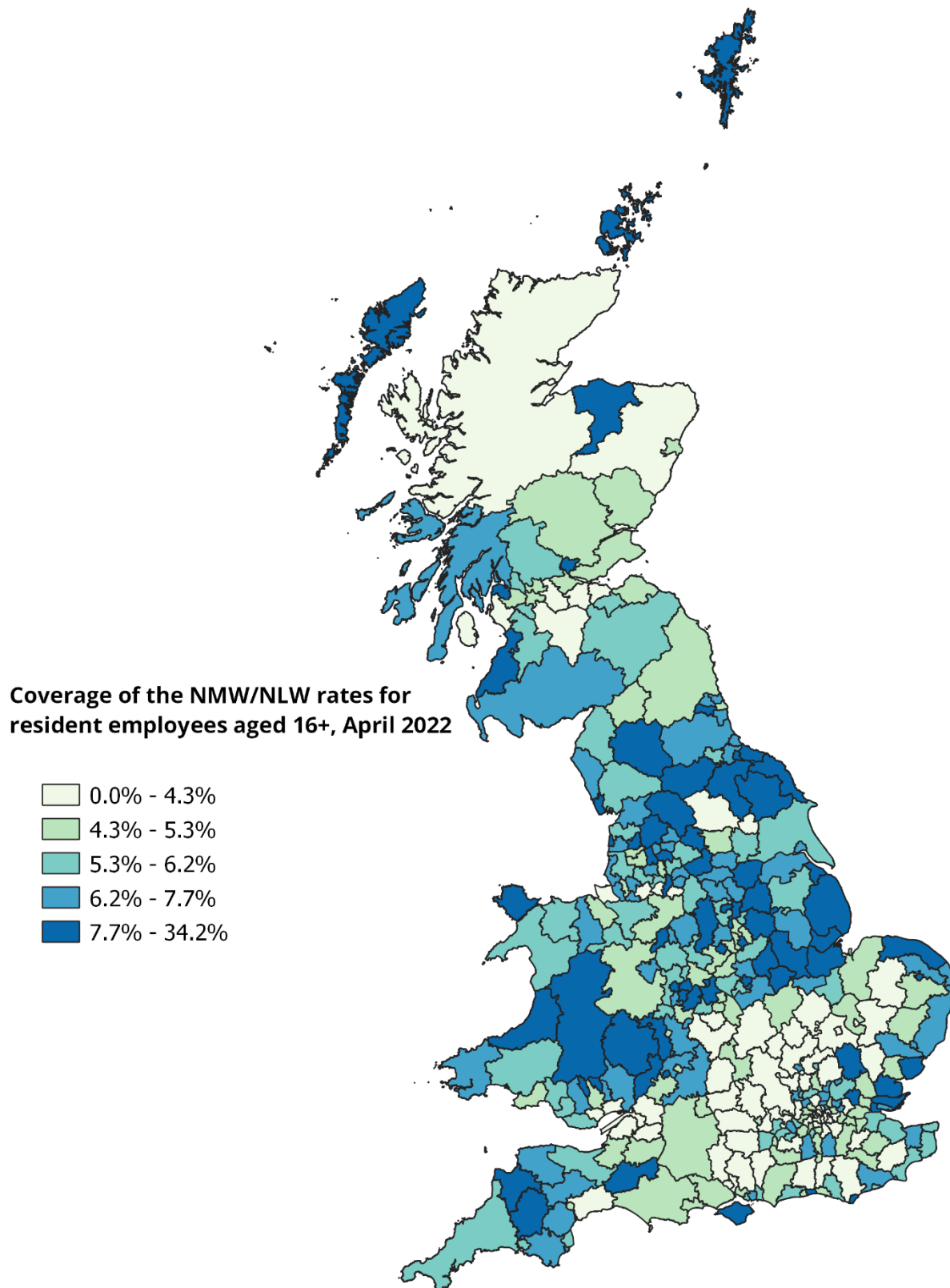


Source: National Minimum Wage: [Low Pay Commission 2021](#) report, Minimum wage in 2021 coverage by local authority, region and nation

## 2.3

### Coverage by local authority – Great Britain

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.





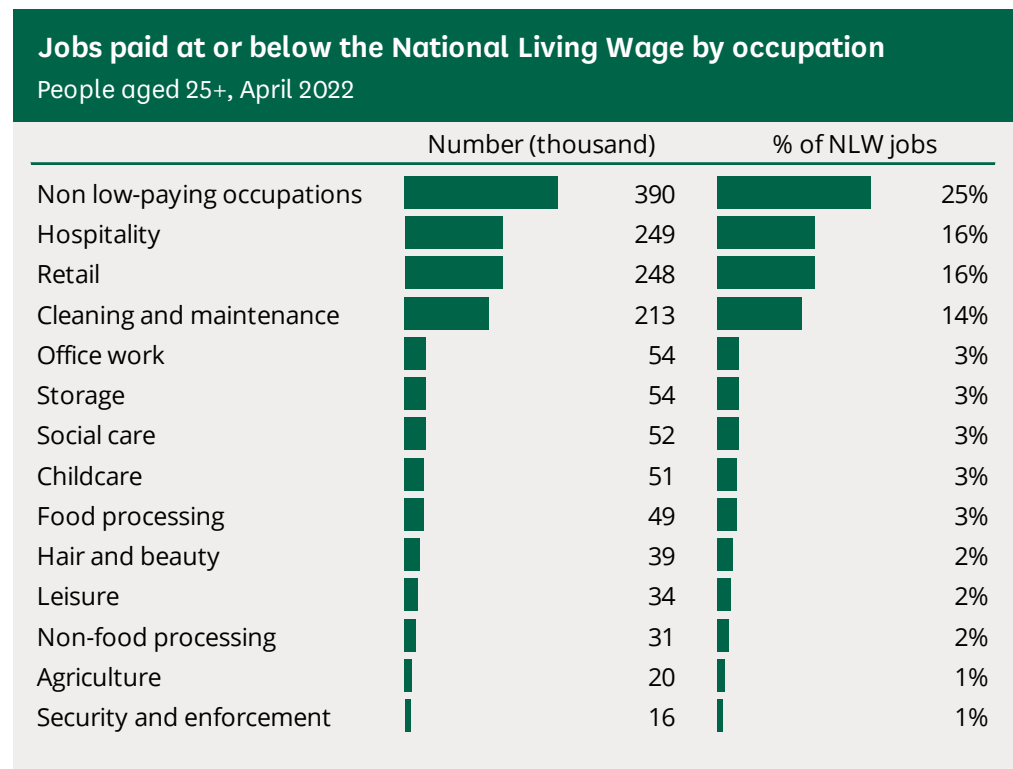
## 2.4

## Coverage by occupation

Minimum wage jobs are concentrated in a relatively small number of occupations. 45% of all minimum wage jobs were in just three occupation groups: retail, hospitality, and cleaning & maintenance in 2022.<sup>15</sup>

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. For example, there were around 39,000 jobs in Hair and Beauty occupations paid at or below the National Living Wage, but this represented around 39% of people aged 25 and over working in those occupations.

The reverse is also true: less than 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 (390,200).



Source: National Minimum Wage: [Low Pay Commission 2022](#) report, Table 3 Additional

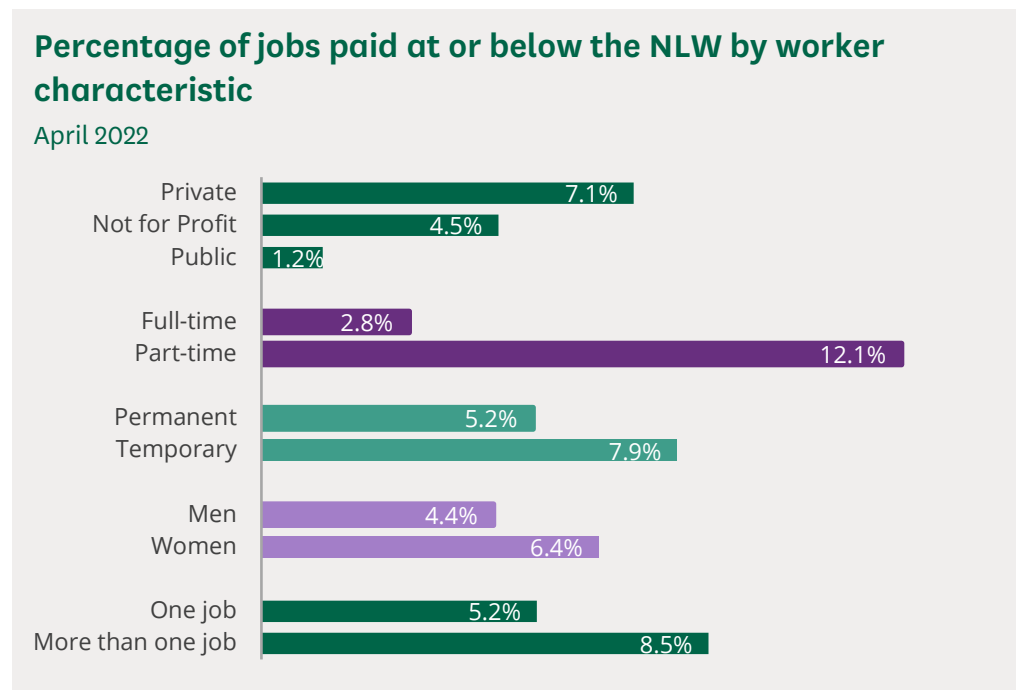
<sup>15</sup> Low Pay Commission, [2022 report](#), 23 January 2023, Table 3 Additional

## 2.5

## Coverage by worker characteristics

The LPC published estimates of the proportion of workers aged 25 and over in different groups who are paid at the National Living Wage in 2022.

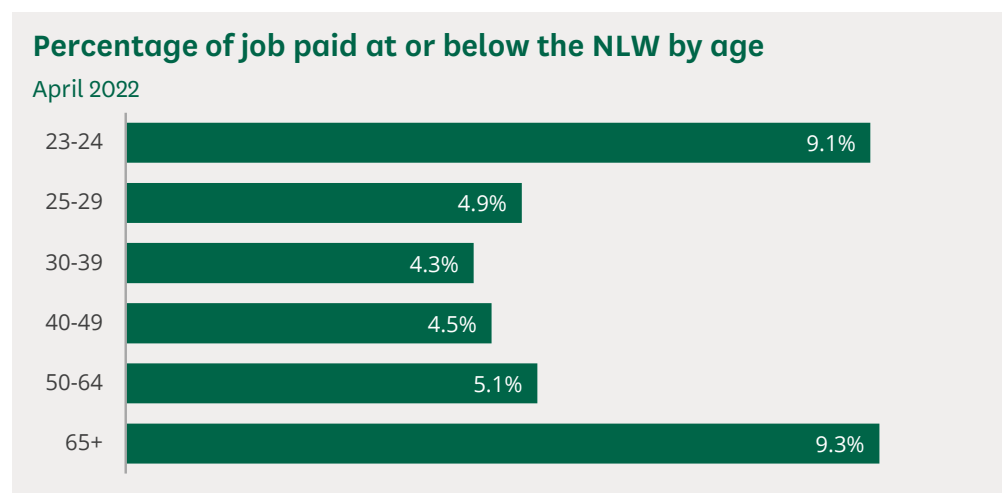
Workers aged 25 and over were more likely to have jobs paid at or below the NLW if they had more than one job, were employed on a temporary basis, worked part-time, or worked in the private sector. Women in this age group were more likely to be in a minimum wage job than men.<sup>16</sup>



Source: [Low Pay Commission](#) estimates using ASHE April 2022, low pay weights, UK

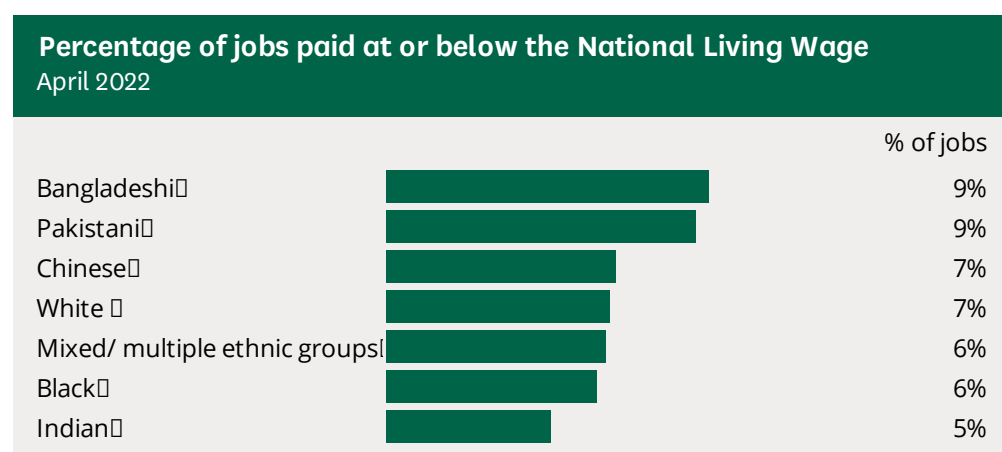
Around 5% of employee jobs held by 25-29 year olds were paid at the NLW. This is higher than 30-49 year olds (4%), around the same as 50-64 year olds, and lower than workers aged 23-24 and 65+ (9%).

<sup>16</sup> This data is from the Annual Survey of Hours and Earnings which uses HMRC records on workers' gender.



Source: [Low Pay Commission](#) estimates using ASHE April 2019-2021, low pay weights, UK

Around 9% of employee jobs held by workers from Bangladeshi and Pakistani were paid at the NLW. This compares to 5% of employee jobs held by workers from Indian ethnic groups.



Source: [Low Pay Commission](#) estimates using ASHE April 2019-2021, low pay weights, UK

## 2.6

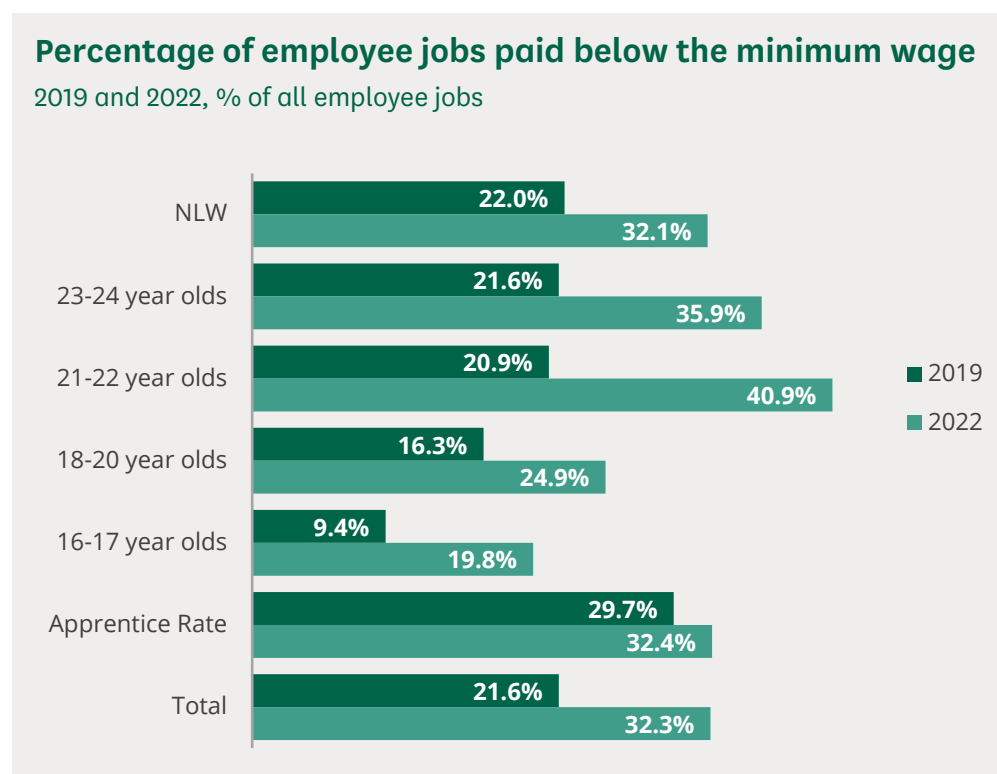
## Underpayment of the National Living Wage

Annual Survey of Hours and Earnings (ASHE) data for 2020 and 2021 was not reliable enough for the LPC to publish accurate estimates for underpayment of the National Living wage.

Underpayment as a share of minimum wage coverage was substantially higher in 2022 than in 2019. In April 2022, 507,000 people were underpaid the minimum wage they were legally entitled to, 32.3% of minimum wage workers. In 2019, 428,000 people were underpaid, 21.6% of minimum wage workers. This increase is surprising given the tight labour market in 2022 (discussed in Section 2.1) meant that workers had other options in the labour market.

The LPC estimated that around 150,000 people were being paid at the previous NLW rate in 2022, which is much higher than the number paid at the previous rate in 2019. This might be due to the way upratings were treated by businesses during the pandemic. Even excluding these 150,000 people underpayment as a share of coverage is higher than in 2019. The LPC plan to cover this in more detail in its 2022 non-compliance report.

The chart below shows that underpayment as a proportion of coverage was highest for 21-22 year olds and lowest for 18-20 year olds in 2022.



Source: [Low Pay Commission](#) estimates using ASHE 2010 methodology, standard weights, UK, 2022

The Library briefing [The National Minimum Wage: rates and enforcement](#), April 2018, provides more information on NMW enforcement.

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## 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 2021 after adjusting for differences in the cost of living.<sup>17</sup>

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.<sup>18</sup>

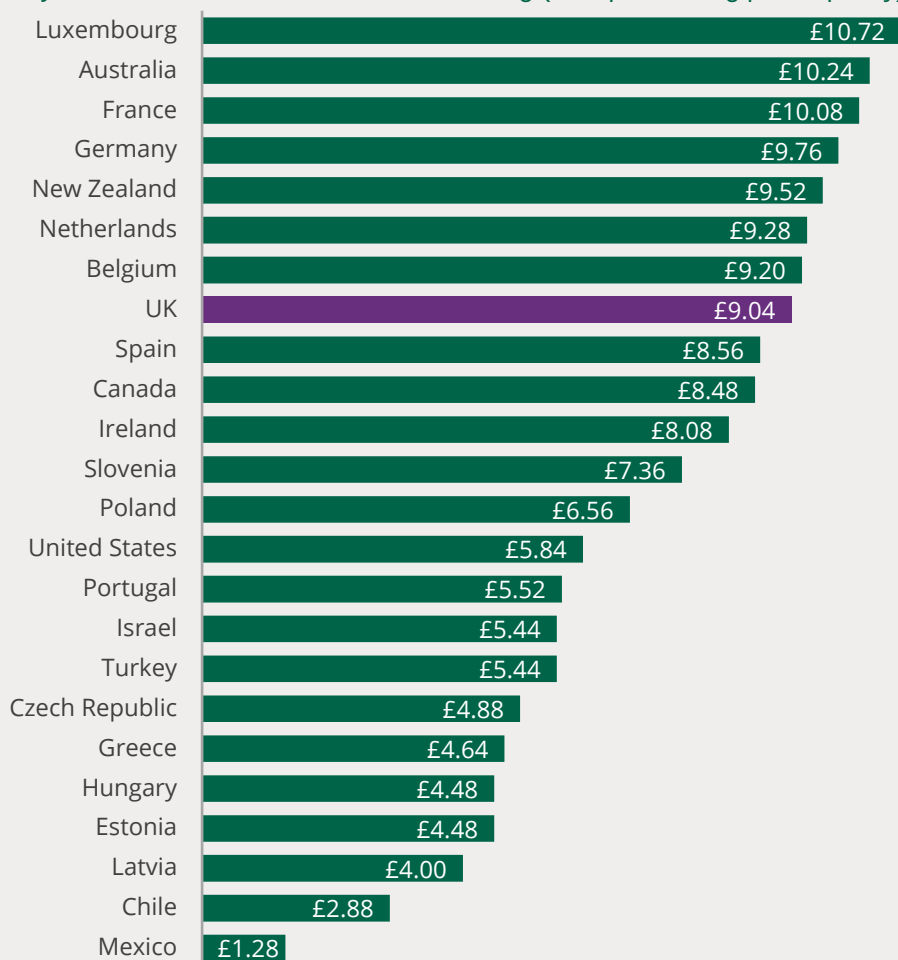
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<sup>17</sup> Minimum wage values in other countries are converted from national currencies into £ sterling using “[Purchasing Power Parities](#)” rather than market exchange rates, in order to take into account differences in the cost of living.

<sup>18</sup> Further details of the limitations of international comparisons can be found on page 48 of the Low Pay Commissions [2019 Report](#).

## UK has the 8th highest minimum wage value of OECD countries

Adjusted to reflect difference in cost of living (2021 purchasing power parity)



Source: [Low Pay Commission](#) estimates based on OECD data, 2022, Appendix 5

## 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 2021 (the latest year for which data are available). As the NLW increases in value to 2024, the UK is likely to move into the top third of the country rankings.<sup>19</sup>

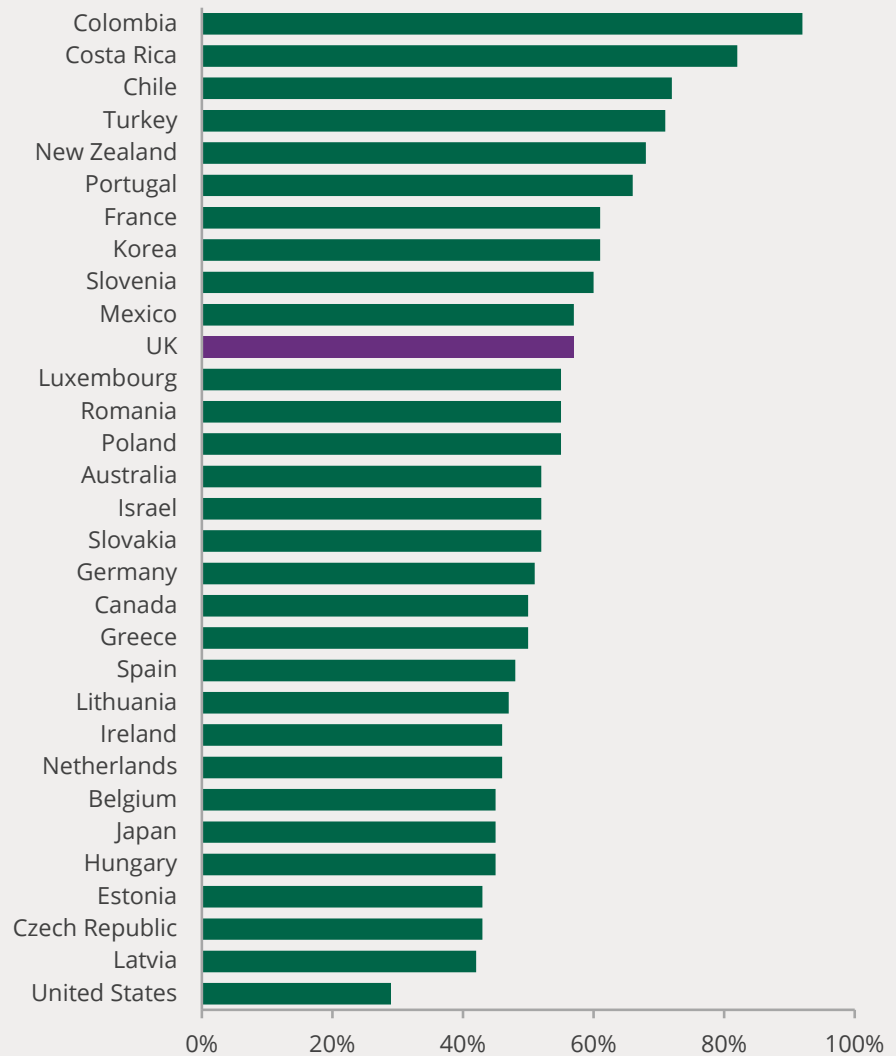
The chart below shows minimum wages as a percentage of median earnings of **full-time** employees rather than all employees, so is not comparable with the data in section 1.3 above.

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<sup>19</sup> Low Pay Commission, [Spring 2016 report](#), Chapter 2, Figure 2.14

## UK ranked in the middle of OECD countries for minimum wage as % of median earnings

Full-time employees, 2021



Source: [Low Pay Commission](#) estimates based on OECD data, 2022, Appendix 5



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