

Broadcast

FACTSHEET: NMW AND NLW UPDATE

SPECIAL ISSUE

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From 1 April 2025, the National Minimum Wage (NMW) and National Living Wage (NLW) rates have gone up. These changes apply to all UK employers and it's essential to act now to stay compliant and avoid fines.

New Wage Rates (Effective 1 April 2025)

Age Group / Category	New Hourly Rate
National Living Wage (21 and over)	£12.21
18–20 year olds	£10.00
16–17 year olds	£7.55
Apprentices	£7.55

Note: The NLW now applies to workers aged 21 and over, not just those aged 23 and up, so more employees may be affected than in previous years.

What Employers Need to Do Now

1. Update payroll

Go through your payroll records and make sure that every employee is being paid at least the new legal minimum. This includes part-time, zero-hours, and casual staff. If you pay a salary, make sure their hourly equivalent still meets the new thresholds.

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If you're using payroll software, check that it's been updated. If you manage pay manually, do a fresh set of checks to avoid any accidental underpayment.

2. Communicate with staff

If an employee's pay is going up to meet the new minimum wage, it's good practice to let them know. A short email or written note is usually enough. It keeps things transparent and shows you're aware of your obligations.

3. Review younger workers and apprentices

Make sure that 16–20 year olds and apprentices are being paid the correct rate. Apprentices aged 19 and over, after completing their first year, must move on to the age-appropriate minimum wage.

4. Update employment documentation

If pay rates are mentioned in any contracts or offer letters, check if you need to issue an update. A quick written confirmation of the new rate from 1 April is often enough – no need to rewrite full contracts unless you want to.

5. Factor it into your budget

Higher wages mean higher on-costs – think pension contributions, NICs, and holiday pay. If you've got staff near the minimum, this could be a noticeable increase in your wage bill. Take a look at your budget or cash flow forecast and adjust if necessary.

Why It Matters

If you pay below the minimum wage – even by mistake – you risk:

- Having to repay staff for up to 6 years
- Fines of up to 200% of what's owed
- Being publicly named and shamed by HMRC

Common mistakes include unpaid time for putting on uniforms, incorrect deductions, or averaging pay wrongly over hours worked.

Summary

- Update your staff pay rates from 1 April 2025
- Check everyone's on the correct minimum based on age and status
- Notify staff of changes where appropriate
- Keep your records up to date
- Review your budget to accommodate any cost increases

Getting ahead of these changes now is the easiest way to stay compliant and avoid problems later.

We can help

If you require further assistance with any of the issues raised in this Broadcast, please call us on **01753 888 211** or email **info@nhllp.com**. We are here to help.