

National Minimum Wage Naming Scheme

Round 21, 29 May 2025: Educational bulletin – Apprentice rates and Dress codes

Introduction

The National Minimum Wage Naming Scheme exists to increase awareness of National Minimum Wage Legislation and to act as a deterrent to the minority of employers who may be tempted to underpay their workers.

This educational bulletin focuses on **apprentices and dress codes**.

This bulletin also includes some more general statistics regarding breaches of the National Minimum Wage legislation in this naming round.

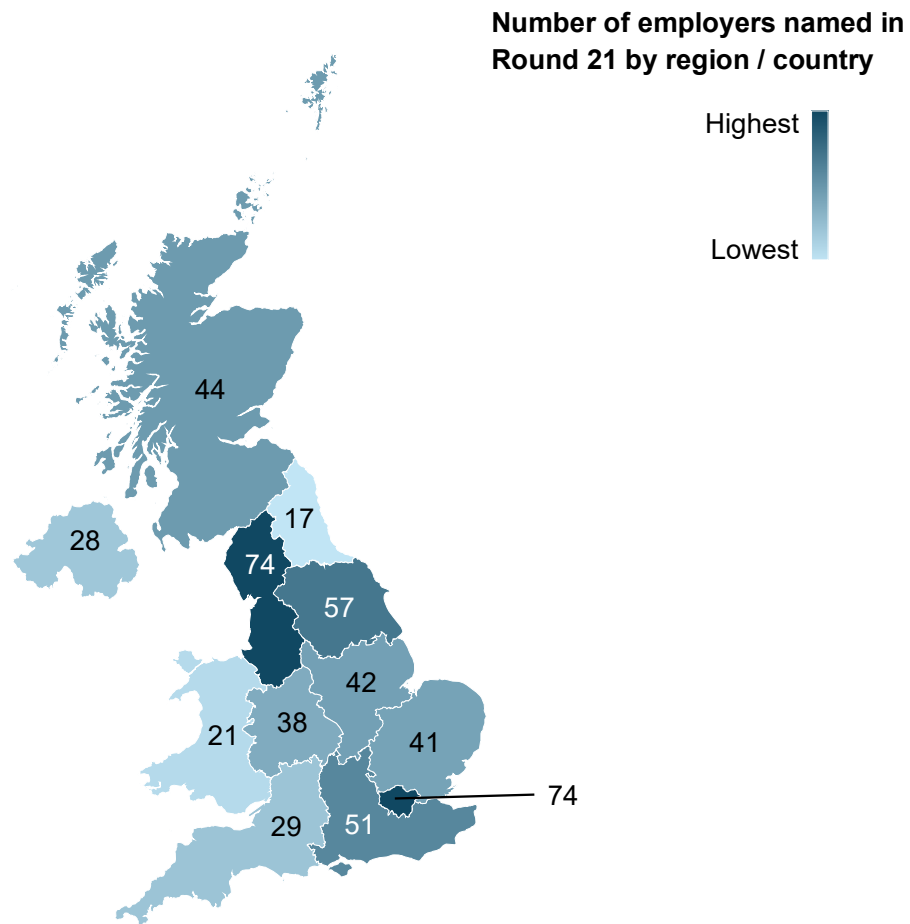
Full information on how to make sure you are paying your workers the minimum wage can be found in the [Calculating the Minimum Wage guidance](#).

Figure 1. Number of employers named in Round 21 by region / country



Department for
Business & Trade

518 employers from across the UK were named
as part of Round 21 of the Government's
National Minimum Wage Naming Scheme



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Note: Geography information is based on the postcode from the employer's trading address. In some cases, this may not be where the minimum wage underpayment occurred. The map shows 516 employers, as 2 employers in this naming round did not have a full UK trading address.

Reasons for minimum wage underpayment in Round 21

Table 1 shows the number of minimum wage breaches identified for employers named for minimum wage underpayment in Round 21. *Some employers had underpayments for more than one reason.*

- 34% of employers wrongly deducted from workers' wages (178 [=number of cases]),
- 31% of employers failed to pay workers correctly for their working time (161), and
- 22% of employers failed to pay the correct rate to apprentices (114).

Table 1. Reasons for minimum wage underpayment in Round 21

Type of underpayment	Further information	Number of employers named
Reductions/ deductions or payments that take pay below the minimum wage	<p>Deductions, including reductions in salary, may include:</p> <ul style="list-style-type: none"> • Food / meals • Parking permits and/or travel costs • Cost of, or lost, work equipment and / or Personal Protective Equipment • Stock or till shortage • Training costs • Christmas savings schemes • Uniform • Childcare costs • Salary sacrifice schemes e.g. cycle to work, pension and employer benefit schemes • Worker purchase of clothes to meet dress code 	178
Unpaid working time takes pay below the minimum wage	<p>Unpaid working time includes:</p> <ul style="list-style-type: none"> • Additional work before and after a worker's shift • Rounding clock-in time to the nearest hour, half hour or 5 minutes. • Unpaid travel time • Issues with final pay where employment has come to an end 	161

	<ul style="list-style-type: none"> • Pay is delayed / underpaid due to cashflow / cessation in trading / or ad hoc payments • Paid for 'regular' hours or day rate, but a worker has worked for more time than this • A salaried hours worker has worked in excess of basic hours • Time for undertaking mandatory training • Time worked during a sleep-in shift • Trial shifts • Overtime 	
Failure to pay the correct rate to apprentices	<p>This includes instances where a worker:</p> <ul style="list-style-type: none"> • Is an apprentice aged over 19, has completed the first year of their apprenticeship and is still paid the apprentice rate • Is incorrectly classified as an apprentice and paid the apprentice rate • Has finished their apprenticeship but has not had their pay increased to reflect the higher minimum wage rate to which they are entitled 	114
Failure to pay the uprated minimum wage	<p>This includes:</p> <ul style="list-style-type: none"> • Failure to increase a worker's pay when they become eligible for a new minimum wage rate following a birthday • Failure to uplift after the increase to the minimum wage rates on 1 April 	92
Failure to correctly apply the accommodation offset	<p>This includes:</p> <ul style="list-style-type: none"> • Accommodation charge above the accommodation offset rate therefore reducing pay • Living accommodation not provided 	31
Incorrect work type	Incorrect work type has impacted the calculation of National Minimum Wage pay for example,	33

	<p>incorrectly treating a worker as performing:</p> <p>Salaried hours work (broadly speaking, paid an annual salary, under a contract for a basic number of hours each year)</p> <p>Time work (broadly, paid according to the number of hours they work)</p> <p>Output work (broadly, paid by the piece - the number of things they make or the tasks they complete)</p> <p>Unmeasured work (paid in any other way)</p>	
Worker status error	This includes instances where the worker is incorrectly treated as self-employed, or an unpaid intern that should be classified as worker	18
Other	Any other reason for arrears which does not fit another category such as an hourly rate paid below NMW	96

Notes: Some employers had underpayments for more than one reason. This table therefore totals to more than the 518 employers named in Round 21.

The table shows that reductions/deductions or payments that take pay below the minimum wage are the most common reasons for underpayment in this round. This issue was covered in the Educational Bulletin accompanying Round 16 published on 31 December 2020, available [here](#).

Failure to pay the correct rate to apprentices was covered in the Educational Bulletin accompanying Round 17; it was published on 5 August 2021, available [here](#).

Types of work and salaried hours work was covered in the Educational Bulletin covering Round 18, it was published on 8 December 2021, available [here](#).

Unpaid working time was covered in the Educational Bulletin covering Round 19, it was published on 21 June 2023, available [here](#).

Salary sacrifice was covered in the Educational Bulletin covering Round 20, it was published on 20 February 2024, available [here](#).

The second most common reason for underpayment in this round was unpaid working time took pay below the minimum wage.

Employers incorrectly treated an employee as an apprentice but should have paid the relevant National Minimum Wage age rate.

Employers must ensure they correctly identify and classify apprentices to meet the relevant National Minimum Wage (NMW) requirements. If an employee is mistakenly classified as an apprentice they may be paid at a lower rate, leading to underpayment and potential non-compliance with the NMW laws.

An apprentice is only eligible for the apprentice NMW rate if they are:

- Under 19 years of age, or
- Aged 19 or over and in the first year of their apprenticeship.

Employees aged 19 or over who have completed the first year of their apprenticeship must be paid at least the NMW rate for their age group.

Example scenarios

Please note: the scenarios below are based on the 2025/26 National Minimum Wage rates

Scenario 1

Emma is 22 years old and started an apprenticeship in digital marketing with a starting salary of £17,000 per year.

Emma is performing salaried hours work for NMW purposes and is contracted to work 1,950 hours annually (37.5 hours per week). Her employer pays her monthly in equal instalments of £1,416.67 for 162.5 (notional) hours, resulting in an hourly rate of £8.72 ($\pounds 17,000 / 1,950$ hours annually or $\pounds 1,416.67 / 162.5$ hours monthly = £8.72. per hour).

In her first year, Emma qualifies for the apprentice rate of £7.55 per hour, and since her notional hourly rate is above this rate, her pay complies with National Minimum Wage (NMW) requirements.

However, after completing her first year, Emma's employer continues to pay her at the notional rate of £8.72 per hour. As Emma is over 19 and has completed her first apprenticeship year, she is entitled to the National Minimum Wage for her age group, which is £12.21 per hour. In her second year, at 37.5 hours per week, her correct annual salary should be:

$37.5 \text{ hours} \times \pounds 12.21 \text{ per hour} \times 52 \text{ weeks} = \pounds 23,809.50$

Instead, her employer pays her £8.72 per hour, totaling £17,000 annually. This results in an adjusted notional hourly rate of £8.72 ($\text{£17,000} / 1,950 \text{ hours annually}$ or $\text{£1,416.67} / 162.5 \text{ notional hours monthly} = \text{£8.72 per hour}$), which falls below the NMW threshold.

This leads to an underpayment of £3.49 per hour ($\text{£12.21} - \text{£8.72}$), resulting in a yearly underpayment of £6,809.50 ($\text{£3.49} \times 1,950 \text{ hours annually}$), making the employer non-compliant with NMW regulations.

Scenario 2

Alex starts an engineering apprenticeship at age 19, earning £14,100 per year. Alex is performing salaried hours for NMW purposes and is contracted to work 1,820 hours annually (35 hours per week). His employer pays him monthly in equal installments of £1,175 for 151.67 (notional) hours, resulting in a notional hourly rate of £7.75 ($\text{£14,100} / 1,820 \text{ hours annually}$ or $\text{£1,175} / 151.67 \text{ notional hours monthly} = \text{£7.75 per hour}$). This meets the National Minimum Wage (NMW) requirements for apprentices in his first year.

In his second year, as Alex has completed his first year of apprenticeship and is 20 or over, he is entitled to the NMW for his age group, which is £10 per hour. His correct annual salary should be:

$$35 \text{ hours} \times \text{£10 per hour} \times 52 \text{ weeks} = \text{£18,200}$$

However, his employer continues to pay him at a notional rate of £7.75 per hour, resulting in an annual salary of £14,100. This brings his adjusted notional hourly rate to £7.75 ($\text{£14,100} / 1,820 \text{ hours annually}$ or $\text{£1,175} / 151.67 \text{ notional hours monthly} = \text{£7.75 per hour}$), which falls below the NMW threshold for his age group. This results in an annual underpayment of £4,100 ($\text{£18,200} - \text{£14,100}$)

When Alex turns 21, he qualifies for the NMW rate of £12.21 per hour for his age. His correct annual salary should be:

$$35 \text{ hours} \times \text{£12.21 per hour} \times 52 \text{ weeks} = \text{£22,222.20}$$

Despite this, his employer continues to pay him at the apprentice notional rate of £7.75 per hour resulting in an annual salary of £14,100. This brings his adjusted notional hourly rate to £7.75 ($\text{£14,100} / 1,820 \text{ hours annually}$ or $\text{£1,175} / 151.67 \text{ notional hours monthly} = \text{£7.75 per hour}$), leading to an annual underpayment of £8,122.20 ($\text{£22,222.20} - \text{£14,100}$)

The employer's failure to adjust Alex's pay at both age milestones has led to significant underpayment and non-compliance with NMW regulations.

Deductions or payments that reduce pay to comply with dress codes.

Some employers may have dress code policies requiring workers to wear specific uniforms or clothing. When this results in a deduction from workers' pay or a requirement for them to purchase items, these costs must be considered for National Minimum Wage (NMW) purposes. The NMW legislation treats any costs incurred by the worker to meet a compulsory dress code as a reduction in pay.

Examples of such dress code-related expenses may include:

- Branded uniforms
- Protective clothing or footwear
- Specific colour or style of attire to meet company or industry standards.

Employers must account for all compulsory dress code related expenses to ensure they do not reduce workers' pay below the NMW. This is regardless of whether the costs are deducted directly from wages or paid by workers themselves.

Example scenarios

Scenario 1

Sarah is 22 years old and works as a retail assistant, earning £12.21 per hour, which is the National Minimum Wage (NMW) rate for workers aged 21 and over. Her weekly pay amounts to £451.77 (37 hours x £12.21 per hour). However, Sarah's employer requires her to follow a compulsory dress code that includes specific non-slip shoes, which has a one-off cost of £20 which is deducted from her pay. Factoring in this dress code requirement, Sarah's effective weekly pay for this pay reference period is reduced to £431.77 (£451.77 - £20).

This adjustment reduces Sarah's effective hourly rate down to £11.67 (£431.77 / 37 hours), which falls below the NMW threshold of £12.21 per hour for her age group.

Scenario 2

Liam is 23 years old and works as a barista, earning £12.50 per hour, which is above the National Minimum Wage (NMW) of £12.21 per hour for workers aged 21 and over. His weekly pay amounts to £500.00 (40 hours x £12.50 per hour)

Liam's employer requires him to follow a compulsory dress code that includes branded shirts and aprons. This is a one-off cost of £40 which is deducted from his pay. Factoring in this expense, Liam's effective weekly pay for this pay period is reduced to £460.00 (£500.00 - £40).

This adjustment reduces Liams effective hourly rate to £11.50 (£460.00 / 40 hours), which falls below the NMW threshold of £12.21 per hour for his age group.

Scenario 3

Emma is 24 years old and works as a receptionist, earning £12.50 per hour, which is above the National Minimum Wage (NMW) rate of £12.21 per hour for workers aged 21 and over. Her weekly pay amounts to £500.00 (40 hours x £12.50 per hour)

Emma's employer requires her to wear a branded polo shirt. This has a one-off cost of £10 which is deducted directly from Emma's pay. Factoring in this compulsory cost, Emma's effective weekly pay for this pay period is reduced to £490.00 (£500.00 - £10).

This adjustment reduces Emma's effective hourly rate to £12.25 (£490.00 / 40 hours), which still meets the NMW requirements of £12.21 per hour. The employer remains compliant with NMW legislation despite the uniform being deducted.

Separately Emma chooses to purchase an optional blazer for £50 from a clothing retailer using her own money to wear to work. While she may feel this lowers her effective weekly pay further, this optional purchase does not count towards NMW compliance calculations

For NMW purposes, only the £10 compulsory uniform cost is relevant therefore Emma's employer remains fully compliant with NMW legislation.

How to calculate the correct minimum wage

Minimum wage is calculated by determining the worker's total remuneration in a pay reference period and ensuring that the average hourly rate of pay for that period is at least the relevant minimum wage rate that applies to the worker. Pay reference periods are based on how frequently someone is paid, such as weekly, monthly or every 10 days, but they cannot exceed 31 days.

For further information on what counts as pay for minimum wage purposes and on the steps to ensure compliance, please consult the [Calculating the Minimum Wage guidance](#).

Record Keeping

Employers' records must be sufficient to show that they are paying each worker at least the minimum wage for every pay reference period worked. Employers must be clear on what elements count as pay for minimum wage purposes and they must ensure that any

deductions made do not take the worker's pay below the minimum wage rate. Please consult the [Calculating the Minimum Wage Guidance](#).

If employers have any concerns about whether they are paying the correct minimum wage or need guidance on the appropriate records to keep to help meet their national minimum wage obligations, they can contact the Acas Helpline on 0300 123 1100 or visit [their website](#) for free, confidential and impartial advice.

What to do in case of underpayment

If anyone thinks they have been underpaid, they should complain to HMRC using the online form on gov.uk, or call the Acas helpline. Complaints can be made anonymously and HMRC won't reveal a worker's identity to the employer. HMRC consider every worker complaint they receive. This usually involves contacting the complainant worker to get further details. HMRC won't share your details with your employer if you don't want them to.

Throughout the year, workers can access the [Check Your Pay website](#) for clear advice about what their pay should be and how to report breaches. Workers can call the Acas helpline (0300 123 1100) for free, impartial and confidential advice about their rights and entitlements. Acas also offers a translation service. Acas officers will pass on cases to HMRC for further consideration where appropriate.

Further sources of information

For more information on National Minimum Enforcement see [National minimum wage law: enforcement](#), and for enforcement statistics from the 2022/23 financial year see the [Enforcement and Compliance report](#).

Annex A

Table 2. Number of employers named in Round 21 by region / country

Region / Country	Number of employers
London	74
North West	74
Yorkshire and The Humber	57
South East	51
Scotland	44
East Midlands	42
East of England	41
West Midlands	38
South West	29
Northern Ireland	28
Wales	21
North East	17
<i>Not available</i>	2
Total	518

Note: Geography information is based on the postcode from the employer's trading address. In some cases, this may not be where the minimum wage underpayment occurred. In this naming round, 2 employers did not have full UK trading addresses and are therefore categorised as 'Not available'.