



Department for
Business & Trade

National Living Wage and National Minimum Wage

Government evidence on enforcement and
compliance in 2024 to 2025

November 2025



Department for
Business & Trade

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Introduction

This report outlines the government's enforcement of the National Minimum Wage (NMW) and the National Living Wage (NLW) between 2024 and 2025 financial year. It presents key performance statistics and describes important trends. The accompanying supplementary tables provide a detailed breakdown of the data.

Publication of this data will rest with the Fair Work Agency (FWA) from 2026. In the Plan to Make Work Pay,¹ the Government set out plans to create a new body, the FWA, to be a single enforcement body for employment rights. The FWA will bring together existing state enforcement functions from April 2026 and, over time, take on enforcement of a wider range of employment rights.

The Government announced an increase of the NLW to £12.21 on 1 April 2025 from £11.44. The focus of this report is the enforcement activity during the 2024/25 financial year and the rates in place at the time.

The key headline stats are summarised in Box 1 below:

¹ [Make Work Pay – GOV.UK](#)

Key results

Box 1: Summary of 2024/25 enforcement results

Enforcement activity in 2024/25 saw an increasing number of cases closed and a significant level of arrears identified.

HMRC closed **4,800 cases** with around **1,200 cases** closed with arrears.

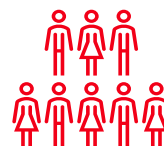
£5.8 million in arrears to over **25,000 workers**.

HMRC issued **750 penalties** totalling **£4.2 million**.

Targeted enforcement continued to be the primary method of identifying arrears, accounting for **54% of all arrears**.

In 2024/25 HMRC NMW assured that around **1 million workers** were being paid National Minimum Wage.

In 2024/25, HMRC successfully **prosecuted 3 employers** for underpaying the minimum wage.



Background

The minimum wage rates

The National Minimum Wage (NMW) was introduced in 1999, and the National Living Wage (NLW) was introduced in 2016. The NMW and NLW (together referred to as the minimum wage) provide essential protection for the lowest paid workers, ensuring that they are fairly paid for their contributions to the UK economy.

The minimum wage sets the minimum hourly rate of pay that all employers are legally required to pay to their workers. Almost all UK workers are entitled to be paid at least the relevant minimum wage rate, subject to their age and whether they are an apprentice.²

Table 1 below shows the minimum wage rates that were applicable across the 2024/25 financial year.

Table 1: Minimum wage hourly rates as of April 2024 and April 2025

Age Band	From 1 April 2024	From 1 April 2025
21 years old and over	£11.44	£12.21
18 to 20	£8.60	£10.00
Under 18	£6.40	£7.55
Apprentice	£6.40	£7.55

Enforcement of the minimum wage

Anyone entitled to the minimum wage should receive it, and the Government is committed to taking robust enforcement action against employers who fail to pay their staff correctly.

HMRC enforces the minimum wage on behalf of the Government, proactively using a variety of methods to encourage compliance and enforce the minimum wage legislation, based around a 'Promote, Prevent and Respond' strategy.

'Promote' is based on the idea that some instances of failure to comply with minimum wage legislation are due to insufficient information or understanding, rather than deliberate non-compliance by an employer. The key aim is to improve the information available to

² See HM Government (2023a) for details of the workers entitled to the Minimum Wage and relevant exceptions.

employers on the assumption that employers will comply with the law once they understand their obligations. Employers who do not respond to compliance measures will be subject to full enforcement action.

‘Prevent’ is based on the principle that some employers will deliberately underpay, balancing the potential benefits of underpaying workers against the risk of being caught. The prevent strategy aims to alter employers’ behaviour by highlighting the consequences of failing to comply.

‘Respond’ is triggered when HMRC identifies non-compliance, either as a result of a worker complaint, or of their targeted enforcement work that draws on HMRC intelligence and risk analysis.

Where HMRC identifies that an employer has underpaid their workers, action will be taken to ensure workers are repaid the money they are owed. Generally, this will include issuing a Notice of Underpayment (NoU) which requires the employer to pay the arrears back to the corresponding workers within 28 days. In almost all cases where HMRC issues an NoU, the NoU will also impose penalties³ and pass on details to the Department for Business and Trade (DBT), who may ‘name’ the employer on GOV.UK.⁴

In more serious cases where HMRC identifies evidence of a criminal offence, it can seek a labour market enforcement undertaking (LMEU) or order (LMEO).^{5,6} In the most serious cases, HMRC may pursue a criminal prosecution. See ‘Labour market enforcement undertakings and orders’ on page 15 for further detail.

The budget for minimum wage enforcement and compliance increased from £31.2 million in 2023/24 to £31.5 million in 2024/25. An increased budget allows HMRC to hire and retain more compliance officers to investigate worker complaints, undertake enforcement activity, and promote compliance.

Performance measurement

It is important to ensure that the enforcement budget is spent as effectively as possible. DBT and HMRC regularly monitor enforcement activity and performance to ensure this.

3 A penalty of 200% of the total underpayment for all workers specified on the NoU is also imposed, with the incentive of a reduction to 100% if all the unpaid wages and the penalty are paid within 14 days.

4 Employers will only be eligible for Naming if the total value of arrears owed to workers exceeds £500.

5 LMEUs/LMEOs can be used as an alternative or additional sanction for breaches of certain labour market legislation where a “trigger offence” is identified. This includes an offence under the National Minimum Wage Act 1998. A LMEU is an agreement by the non-compliant person, or business, with HMRC on what that person or business will do to restore and maintain compliance with NMW requirements. Where a person or business does not agree to a LMEU within 14 days HMRC can apply to a court for a LMEO to require the person or business to comply.

6 Twenty-two LMEUs and LMEOs were issued to employers where serious or persistent breaches of NMW law had been identified and required employers to meet a number of measures which will ensure future compliance.

Enforcement in 2024/25

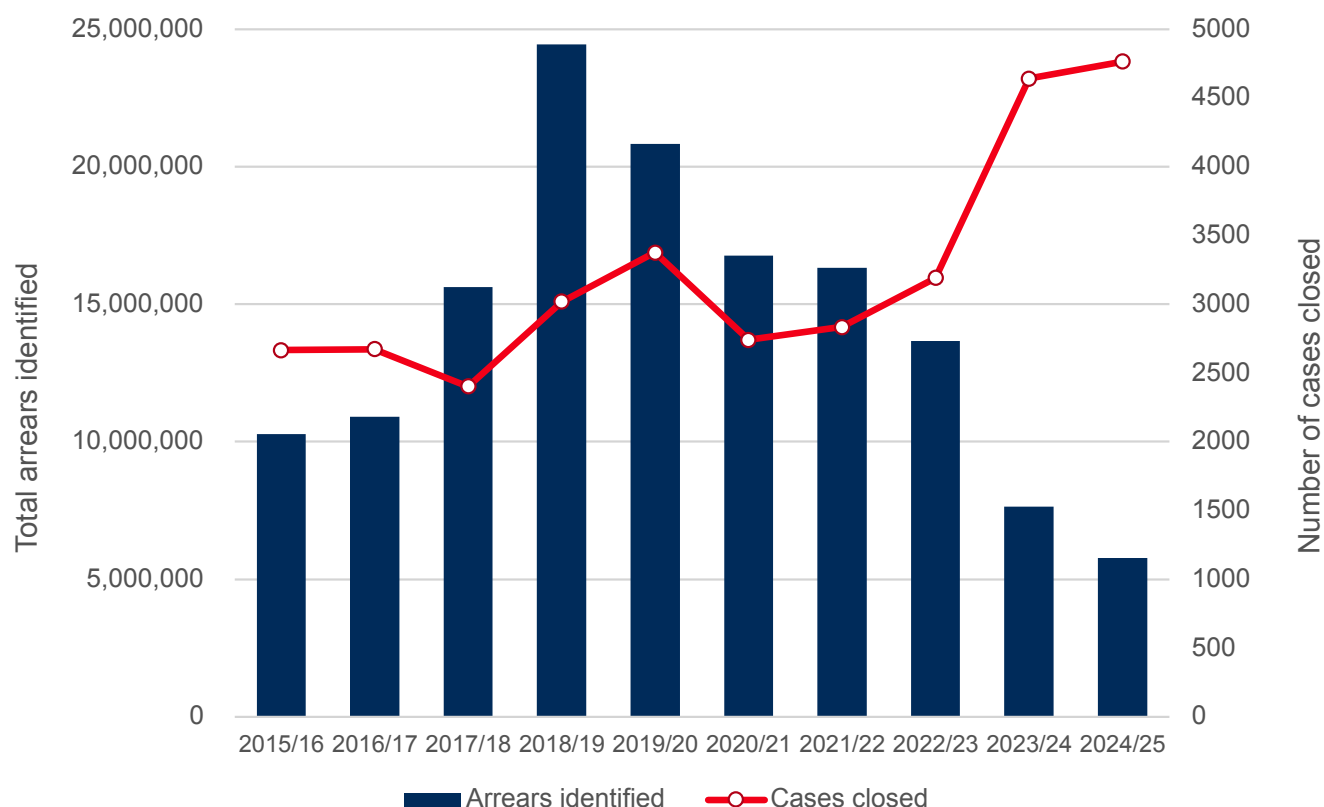
In 2024/25, HMRC opened 5,200 new cases and closed 4,800 cases. These figures are an increase on the previous year when 5,100 cases were opened and 4,600 closed.

Of closed cases, around 1,200 resulted in workers being paid arrears, an increase from the previous year.

In 2024/25, HMRC identified around £5.8 million in arrears owed to 25,200 workers and issued around 750 penalties totalling £4.2 million to non-compliant employers.

Since the introduction of the NMW in 1999, the Government has overseen the repayment of over £199 million to 1.5 million workers, issued over £105 million in financial penalties and completed over 99,000 investigations.⁷

⁷ These figures refer to the period from the introduction of the NMW in 1999 up to and including 2024 to 2025.

Figure 1: Minimum wage investigations: Arrears identified, and workers identified as underpaid

Source: DBT and HMRC enforcement data

Note: Worker figures for 2018/19 and 2019/20 include workers identified through the Social Care Compliance Scheme (SCCS), amounting to 24,834 and 1,011 respectively.

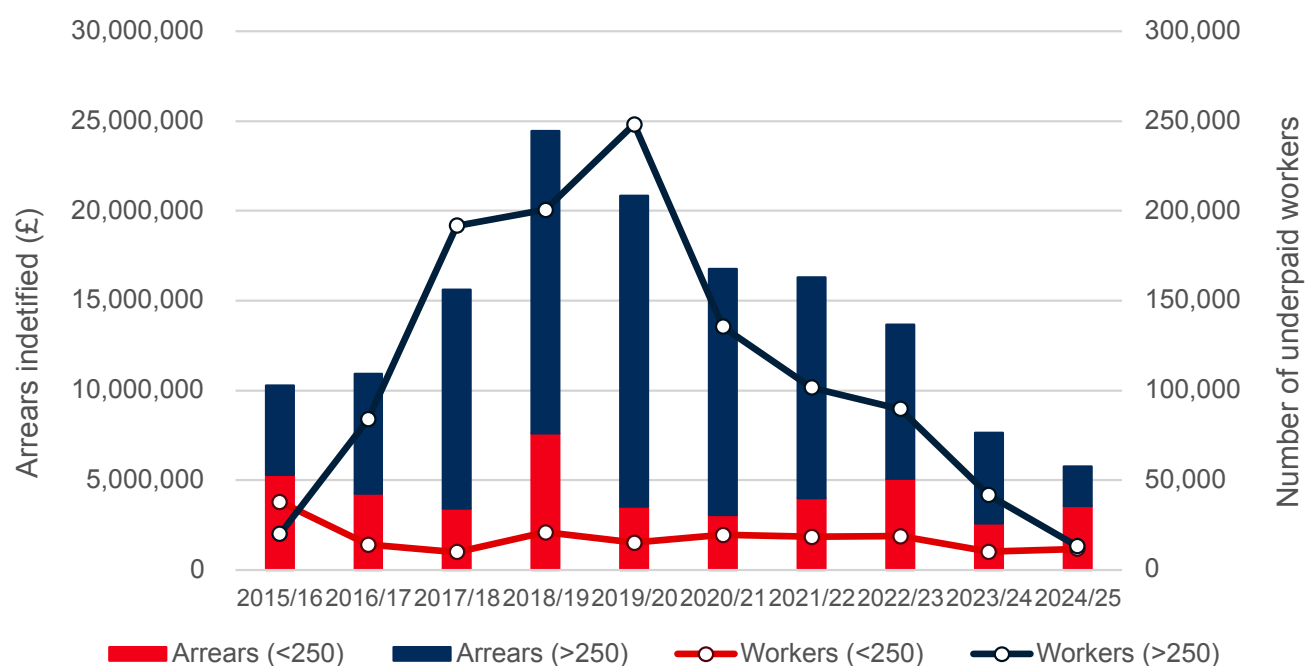
Figure 1 shows that the number of cases closed by HMRC has increased in 2023/24 by 45% compared to 2022/23. This increase has continued in 2024/25 by 3%. However, the number of workers identified as being underpaid has been decreasing since 2019/20 and dropped to its lowest level since 2015/16 in 2024/25.

This data should be interpreted carefully, as a decrease in the number of workers identified may not necessarily mean that there has been a decrease in the quality of investigations.

One of the drivers for the decrease in the number of workers identified and arrears in recent years is due to improved compliance amongst larger employers. In previous years HMRC's special enforcement teams (SET) found significant levels of non-compliance in large retail companies, contributing to the high level of workers identified as underpaid. Due to HMRC's successful targeted enforcement activities in this space, these larger cases are less prevalent than in previous years. In recent years SET have also developed new methods of both educating and encouraging compliance alongside active enforcement interventions.

Figure 2 shows that whilst total arrears and number of cases resulting in arrears has decreased since 2019/20 for cases which involve large business (more than 250 employees), the amount and number of arrears for MSME (micro, small and medium enterprises) has remained stable.

Figure 2: Minimum wage investigations: Arrears identified, and workers identified as underpaid by size of employer



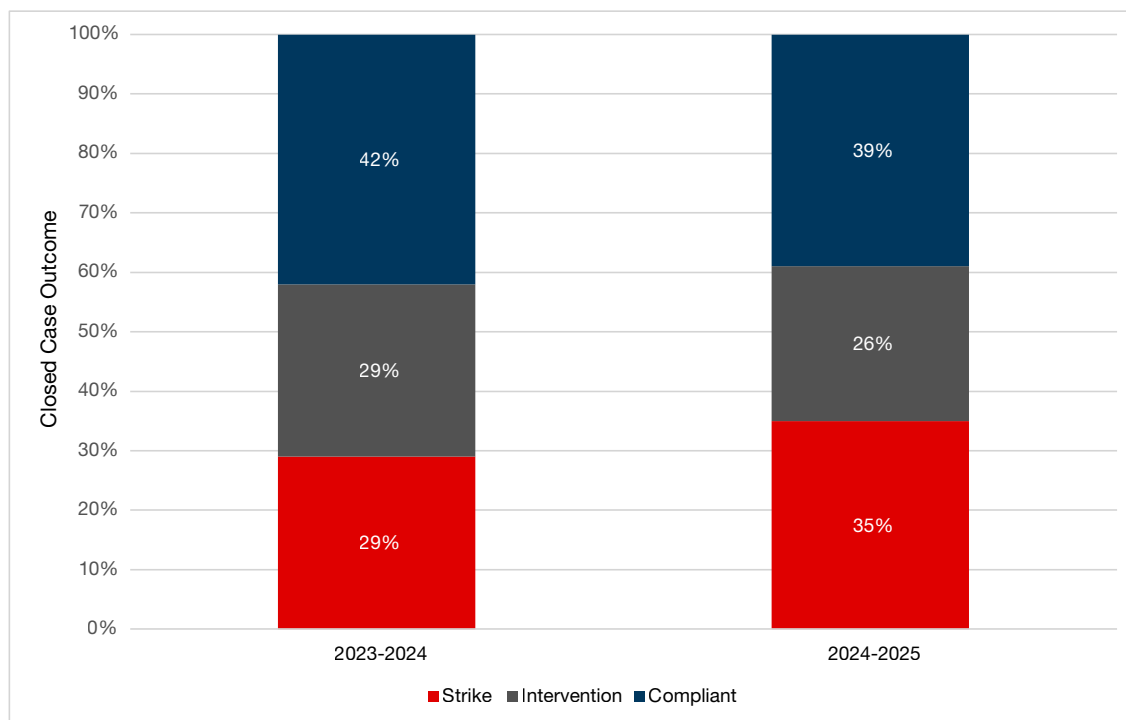
Source: DBT and HMRC enforcement data

Additionally, a decrease in arrears and workers identified as being underpaid may be a result of consistent good quality enforcement activities which has ensured that employers are:

- aware of National Minimum Wage regulations and calculations resulting in fewer underpayments, and/or
- deterred from knowingly violating minimum wage legislation due to a strong HMRC enforcement presence.

Arrears do not present a complete picture of the impact of NMW enforcement investigations. There are cases in which HMRC find that the employer is not keeping sufficient records to test compliance. In these cases, HMRC will have provided record keeping advice and likely followed up with further visits.

Figure 3 shows the percentage of cases which resulted in an outcome of either compliance (39% in 2024/25 compared to 42% in 2023/24), intervention (26% in 2024/25 compared to 29% in 2023/24), or arrears (35% in 2024/25 compared to 29% in 2023/24). Intervention refers to cases where HMRC was unable to sufficiently test records – for example, due to liquidation, poor record-keeping, or other barriers to verification. These cases may require further visits where HMRC may identify arrears and issue an NOU, in some cases we may issue LMEU/Os, or refer the case to FIS for a criminal investigation.

Figure 3: Closed cases by outcome

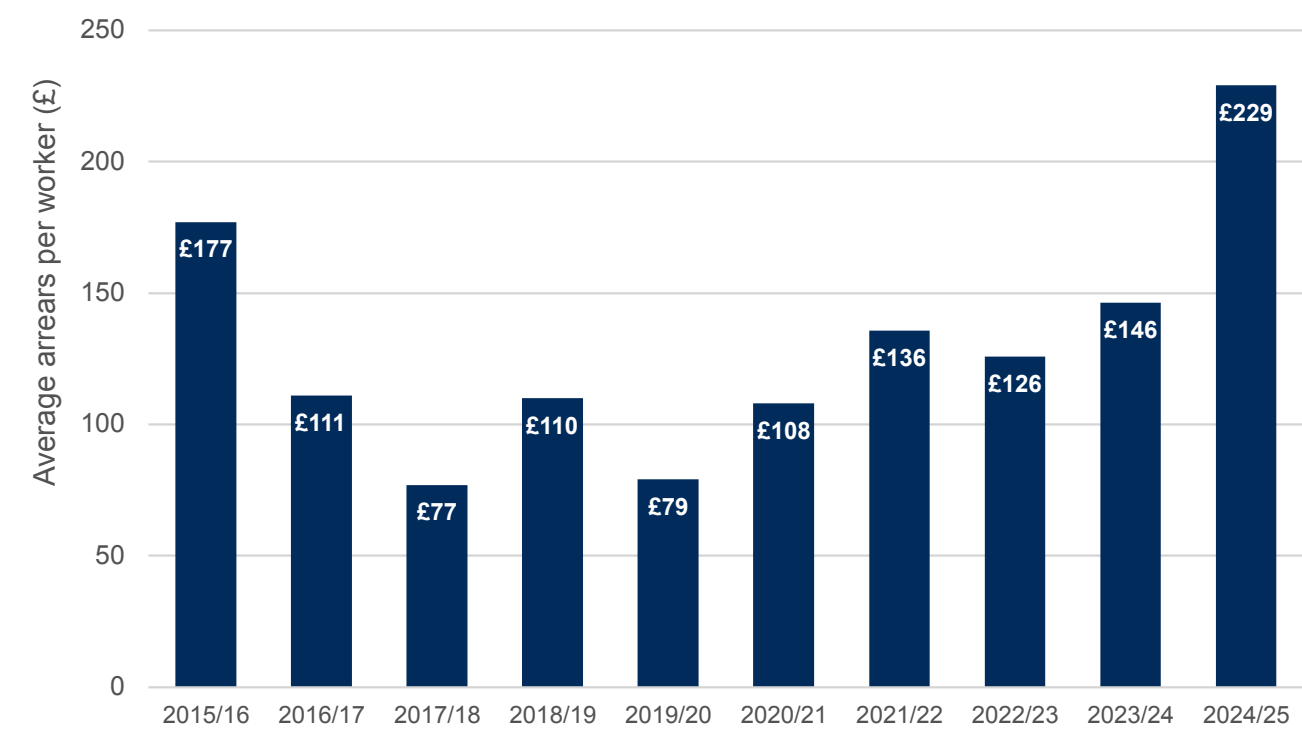
Source: HMRC enforcement data

Note: The strike rate for the case outcomes and the overall strike rate for 2024/25 differ due to the difference in the number of cases recorded under the case outcome parameters framework.

Compared to 2023/24, in 2024/25 HMRC is intervening in a greater proportion of cases with either arrears or further intervention for potentially non-compliant businesses.

It should also be noted that whilst total arrears decreased from £7.6 million in 2023/24 to £5.8 million in 2024/25, average arrears per worker increased from £146 to £229. Government has asked for HMRC to focus on serious cases of non-compliance where workers had been significantly affected by loss of wages. Consequentially HMRC have begun focusing on investigating and recouping arrears for workers who had potentially experienced a greater loss of wages. Figure 4 shows the average arrears per worker has reached the highest amount in 2024/25 since 2015/16.

Figure 4: Average arrears per worker



Source: DBT and HMRC enforcement data

HMRC’s Geographical Compliance Approach (GCA)

HMRC NMW enforcement activity has been focused on helping businesses to comply, rather than applying hard enforcement action such as penalties. The primary aim of GCA targeted enforcement cases is to understand if employers who do not engage with HMRC’s targeted efforts to support employer compliance are more likely to be non-compliant.

As such, GCA targeted enforcement cases were initially opened into employers across the risk spectrum, including a proportion of those considered at low or medium risk of non-compliance, leading to lower arrears identified per case. In addition to this, GCA activity creates a wider impact beyond direct employer contacts and may induce a ripple effect which influences behavioural change in the surrounding employer population. We believe this will have contributed to greater compliance and improved outcomes for workers as getting paid correctly in the first instance removes the need for a lengthy investigation. However, these positive impacts are not always effectively reflected in the enforcement statistics on arrears and workers identified.

Workers assured

A national minimum wage investigation can be initiated either through a complaint or through targeted enforcement. In either case, HMRC’s aim is to assure that all employees at the company under investigation are paid the minimum wage. Once the estimated at-risk workers are investigated, HMRC classify workers as either workers who have been identified as underpaid or workers assured i.e. workers who are correctly paid.

Table 2 below shows the number of workers assured and workers assured in cases with arrears between 2020/21 and 2024/25. In 2024/25 HMRC NMW assured that around 1,002,000 workers were being paid National Minimum Wage. From this they identified arrears for over 25,000 underpaid workers.

As discussed above, a lower level of workers identified and workers assured is not necessarily a reflection of the effectiveness of HMRC's investigations. One explanation is less of a focus on larger companies (see above).

Table 2: Workers assured and identified as underpaid between 2020/21 and 2024/25

	All workers assured	Workers identified as underpaid
2020/21	1,657,000	155,000
2021/22	1,141,000	120,000
2022/23	1,169,000	109,000
2023/24	1,173,000	52,000
2024/25	1,002,000	25,000
Total	6,140,000	461,000

Source: DBT and HMRC enforcement data

Targeted and complaint-led enforcement

Non-compliance with the minimum wage is identified through two routes. Firstly, a worker can raise a complaint via the Acas helpline or via HMRC's online complaint form. This is referred to as 'complaint-led' or 'reactive' enforcement. HMRC consider every complaint made by a worker, either to HMRC or referred via Acas, and use a risk-based triage to determine the most appropriate course of action. HMRC received 4,409 worker complaints in 2024/25, an increase of 11% compared to the previous year.

As with previous years, the majority of complaint-led cases in 2024/25 were received via HMRC's online complaint form (4,045), the Acas helpline (358) or 'other' sources (6).

There are a number of interventions that HMRC can use to pursue a complaint-led case. These interventions include:

- 'nudge' letters
- telephone contact with employers and workers
- face-to-face meetings with employers and workers⁸

These are proportionate to the level of risk of non-compliance and are designed to ensure that workers understand their legal entitlements and receive any arrears owed.

The risk of being the subject of targeted enforcement provides a valuable deterrent to employers and supports workers who may be unaware they are being underpaid or who are unwilling to raise a complaint. Targeted enforcement is therefore an essential means to reach at-risk workers who may not otherwise come forward to make a complaint.

Targeted enforcement is informed by HMRC's risk model, which uses data from a range of sources, including PAYE,⁹ other labour market enforcement bodies, NMW intelligence, and complaints data, to identify workers most at risk of NMW underpayment. The risk model continues to yield positive results and accurately identify businesses with a high risk of underpayment.

⁸ For more information about this activity, please see the 2018 to 2019 report on minimum wage enforcement and compliance (Department for Business, Energy and Industrial Strategy, 2020a).

⁹ PAYE is HMRC's system to collect Income Tax and National Insurance from employment.

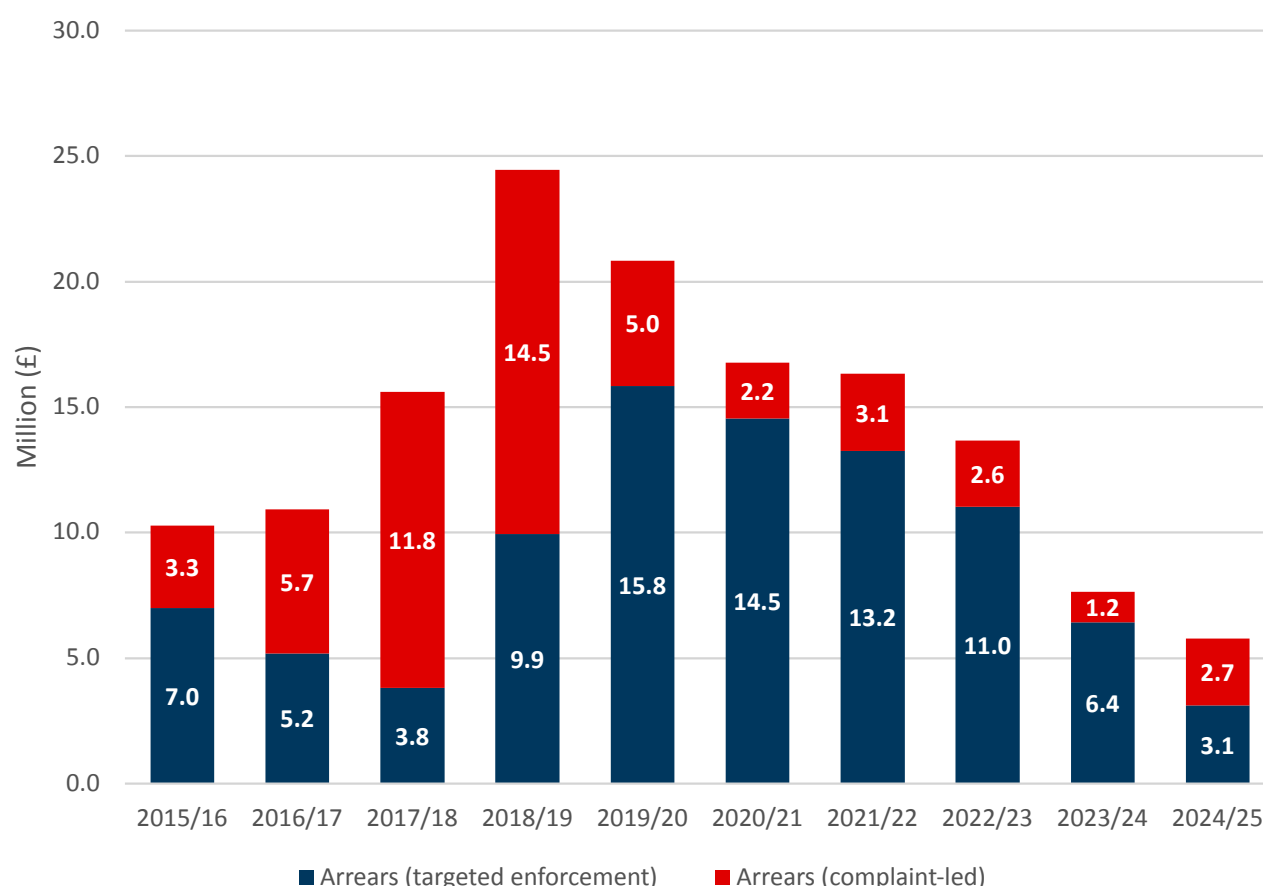
In 2024/25, targeted enforcement continued to form an important part of enforcement activity, with the largest number of targeted enforcement closed cases ever. HMRC closed over 2,000 targeted enforcement cases and over 1,800 educational (or compliance) cases, with 32% of targeted enforcement cases closing with arrears, up from 24% last year.

Educational cases are excluded from calculation of the strike rate for targeted enforcement. This is because the success of these cases is generally measured through the positive impacts on employers' behaviours rather than identifying arrears.

GCA targeted enforcement cases differ from educational cases as they aim to understand and evaluate whether employers who do not engage with HMRC's educational activities are compliant or non-compliant. These cases are included in the strike rate as they form a key part of targeted enforcement activity, but it is important to note that the wider impacts of GCA targeted enforcement on employer compliance are not fully captured by traditional case measures.

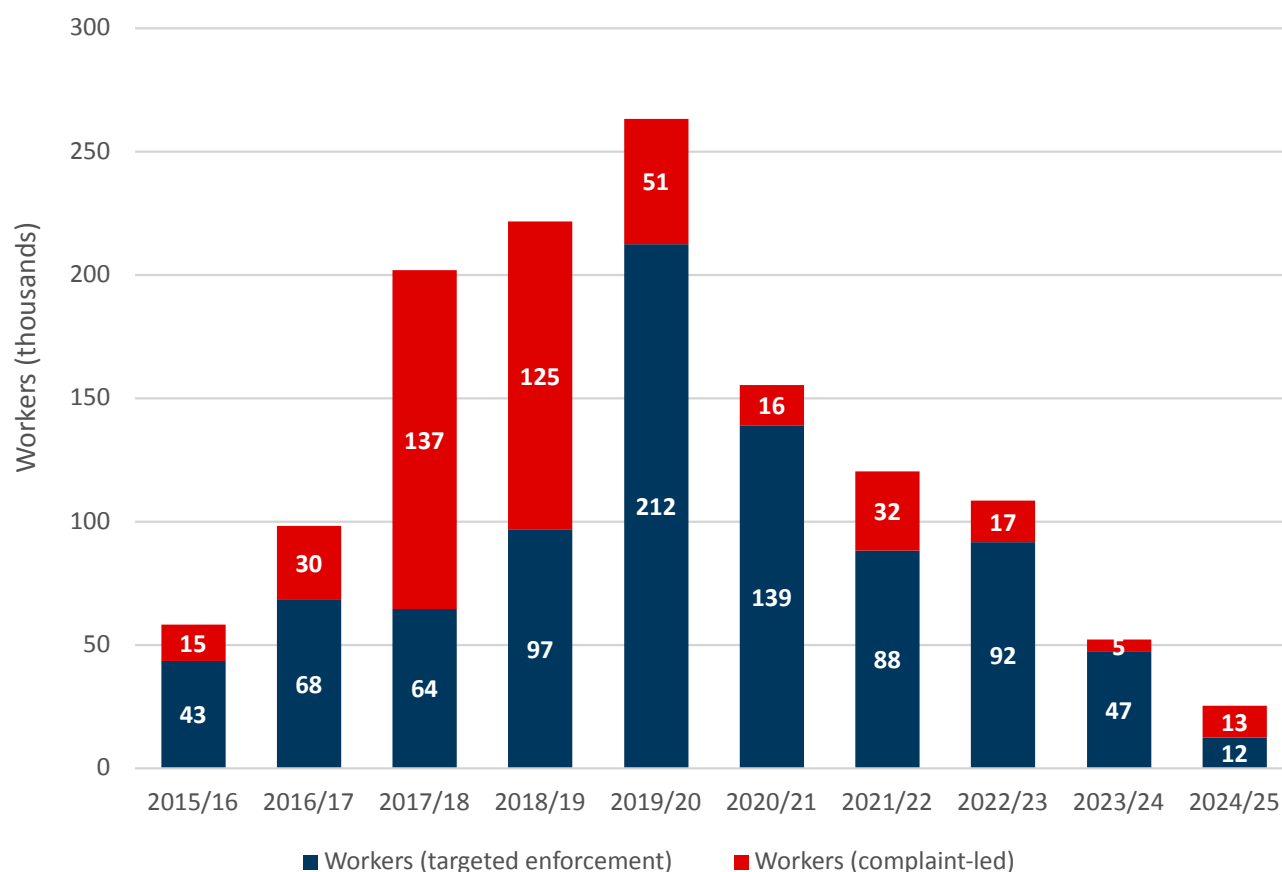
In total, HMRC returned around £5.8 million in arrears to over 25,000 workers. Figure 5 and 6 below show the proportion of arrears and workers identified were found through targeted enforcement and complaint-led investigations.

Figure 5: Arrears identified through targeted and complaint-led enforcement



Source: DBT and HMRC enforcement data

Note: Arrears figures for 2018/19 and 2019/20 include arrears identified via the Social Care Compliance Scheme, amounting to £6,075,912 and £255,356, respectively.

Figure 6: Workers identified as underpaid through targeted and complaint-led enforcement

Source: DBT and HMRC enforcement data

Note: Worker figures for 2018/19 and 2019/20 include workers identified through the SCCS, amounting to 24,834 and 1,011 in 2018/19 and 2019/20 respectively.

The proportion of cases closed with arrears for targeted enforcement cases is lower than in complaint-led cases (32%, as opposed to 44%). The former has increased by 8 percentage points since 2023/24 – the strike rate for targeted enforcement cases tends to fluctuate dependent on different levels of risk across sectors and factors affecting HMRC's investigations.

The strike rate for complaint-led cases has increased by 1 percentage point on last year. These cases are helped by having a complainant worker who can provide their concerns and HMRC were at a minimum able to establish contact with the relevant worker.

Promoting compliance activity

‘Promote’ activity aims to prevent non-compliance by changing the behaviour of employers and workers. The overall aim is to drive innovative interventions that help employers understand their obligations, providing them with the capability, opportunity and motivation to comply, as well as help workers better understand their entitlement and routes of redress. Both DBT and HMRC carry out communications activity to raise awareness of the minimum wage regulations and encourage compliance.

HMRC’s Promote team carries out a variety of work to achieve this, working with employers to put them in a position to be compliant, encouraging workers to check their pay in line with the minimum wage legislation and signposting routes to make a complaint if necessary.

Quantifying the impact of promotional activities is difficult, however, it is hypothesised that it carries significant benefits in the form of informal dispute resolutions. This could take the form of workers talking to employers about their wages and employers agreeing to internal audits which would assure workers but would not be recorded by HMRC’s metrics.

It should be noted that the total self-corrected arrears amounted to around £2.7 million in 2024/25. Demonstrating the impact of HMRC’s promote activity.

Box 2: Summary of 2024/25 educational activity

6.8 million mass emails and letters sent



23,000 views of live Minimum Wage webinars

18,000 views of pre-recorded Minimum Wage content



2.9 million SMS sent

In addition to this, HMRC provided expert advice to **3,600** queries and delivered over 600 training sessions to workers, employers and agents.



Box 2 demonstrates the significant work the Promote team has done to inform workers of their rights and employers of their obligations, ensuring future compliance with legislation. These figures underline how employers and workers are making use of the information and are actively seeking to educate themselves.

Penalties, the minimum wage Naming Scheme, undertakings and prosecutions

HMRC continues to respond strongly in cases where workers have been underpaid the minimum wage, using a mixture of civil penalties, Labour Market Enforcement Undertakings and Orders, and criminal prosecutions. In addition, the DBT National Minimum Wage Naming Scheme acts as a deterrent to employers from underpaying their workers.

Civil penalties

One of the Government's aims is to ensure that, as a result of enforcement action, workers receive the money they are owed as quickly as possible. In the vast majority of cases, HMRC pursues the civil enforcement route, the quickest way of ensuring workers receive their arrears. The civil route involves HMRC conducting an investigation, identifying if workers have been underpaid, calculating the value of any arrears, and instructing employers to repay the arrears as quickly as possible. A penalty of 200% of the total underpayment for all workers specified on the NoU is also imposed, with the incentive of a reduction to 100% if all the unpaid wages and the penalty are paid within 14 days. HMRC can also take further enforcement action via the civil courts if employers fail to repay arrears to workers.

750 penalties were issued to non-compliant employers in 2024/25 totalling £4.2 million. The number of penalties increased compared to 2024/25, from 723 penalties however the value of penalties decreased from £5.2 million.

Naming Scheme

The National Minimum Wage Naming Scheme remains a key deterrent to employers breaking minimum wage law. The Naming Scheme highlights non-compliant employers by publicly exposing their breaches and promoting their future compliance to deter other businesses from underpaying the minimum wage. The Naming Scheme also aims to increase compliance by publishing an educational bulletin tailored to the areas of non-compliance for that particular round. Up to and including Round 22, which took place in October 2025, around 4,200 employers have been named and repaid over £55 million in arrears to over 560,000 workers.

Labour Market Enforcement Undertakings and Orders

The regime of Labour Market Enforcement Undertakings (LMEUs) and Orders (LMEOs) is specifically targeted at those employers where serious or persistent breaches of NMW law have been identified, and action is needed to prevent further offences. Where HMRC identifies an employer in this category, they may ask them to agree to enter an Undertaking with a number of

measures which will ensure future compliance. If the employer refuses to enter an Undertaking or fails to comply with an Undertaking, a magistrates' or, more seldom, a Crown court (or similar in devolved administrations) will have the power to impose an LMEO requiring the employer to take action to avoid further offences. Failure to comply with an LMEO can result in a two-year custodial penalty and/or unlimited fine. There were 22 LMEU/Os open at the end of 2024/25 (compared to 24 LMEUs at the end of 2023/24).

Criminal prosecutions

For the most serious non-compliance offences, HMRC can refer cases for criminal investigation and prosecution. Criminal prosecutions are significantly more costly than civil cases, involve much longer timescales and, therefore, delay securing of arrears and do not guarantee that the full value of arrears is repaid to workers. Therefore, further enforcement may be required to secure all arrears.

HMRC's Serious Non-Compliance teams undertake a programme of employer-specific investigations and multi-agency operations to identify deliberate and persistent offenders and take action to bring these employers into compliance. As a result of this, HMRC may also identify criminal offences to refer for criminal investigation by HMRC's Fraud Investigation Service (FIS). FIS will decide if there is sufficient evidence to prosecute the employer and will then refer cases to the Crown Prosecution Service, which will ultimately decide whether to bring a case for criminal prosecution.

Between 2007/08 and 2024/25, 35 employers have been successfully prosecuted for underpaying the minimum wage with an additional case accepting a caution; this is an increase on last year's figure (32).

Conclusion

HMRC has continued to enforce the minimum wage on behalf of the Government, proactively using a variety of methods to encourage compliance and enforce the minimum wage legislation, based on the 'Promote, Prevent and Respond' strategy.

In 2024/25, HMRC closed a record number of cases and identified around £5.8 million in arrears for over 25,000 workers. Whilst arrears and workers identified have continued to increase, this does not present a complete picture of HMRC's enforcement and compliance activity. HMRC's 'promote' activity has continued to work to prevent non-compliance through educating employers and workers on NMW legislation and calculations.

The FWA will continue to build on this success and that of the current enforcement bodies, benefitting from a unified approach. It will consider recommendations from the current bodies labour market enforcement strategies and annual reports and incorporate a wealth of knowledge and learning.

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