

People Update- National Minimum Wage & NI Changes



Information correct as at 15.00pm on 02.04.2025

National Minimum wage

Changes to the National Minimum wage apply from the 1st April 2025, what an employee should be paid depends on their age. The new payment rates are set out below:

Age Range	April 2024	April 2025
21 & over	£11.44	£12.21
18 to 20	£8.60	£10.00
Under 18	£6.40	£7.55
Apprentice	£6.40	£7.55

It is recommended that farm businesses take the time to review the wages of their current employees, to ensure the farm business is operating within the law. These changes must also be considered for the purpose of the annual budget.

Apprentices

It is also important to remember that the apprentice rate only applies to apprentices which are either under the age of 19 or are over 19 and in the first year of their apprenticeship.

Apprentices that are over the age of 19 and have already completed the first year of their apprenticeship are entitled to the minimum wage associated with their age.

Exemptions to the National Minimum wage

There are some exemptions to those entitled to the national minimum wage, including;

- Self-employed workers
- Company Directors
- Placement Students who must complete a placement as part of their further or higher education course, which lasts for a period less than 1 year.
- Volunteers and those on work experience
- Workers younger than school leaving age (usually 16)

Employee Accommodation- Offset rates.




There is a limit on the 'value' an employer can put on accommodation, HMRC review accommodation offset rates annually and from April 2025 the maximum 'value' you can put on an employee's accommodation is £10.66/ day or £74.62/ week or £3890.90/ annum.

Farm businesses that value the accommodation higher than the HMRC accommodation offset rates need to make sure that the hourly rate paid to their employees meets the national minimum wage, based on average hours.

If a business is found to have been in breach of paying the national minimum wage, they will be liable to pay any under payments up to a maximum of 6 years and may be liable for fines of up to £20,000 per worker.

What does this look like in practice?

Example: 22-year-old herdsman working on average 55 hours per week, is entitled to a minimum hourly rate of £12.21;

	Cost	Accommodation offset	Hourly Rate	Legal
Without accommodation	£671.55/ week £2,910.05/ month £34,920.60/ annum	N/A	£12.21	
With accommodation Included	£596.93/ week £2,586.70/ month £31,040.36/ annum	+ £10.66/ day or £3890.90/ annum	£12.21	
With accommodation (Valued by the employer at £100/ week)	£571.55/ week £2,479.72/ month £29,720.60/ annum	+ £10.66/ day or £3890.90	£11.75	

National Insurance (NI) changes

From the 6th April 2025 employers NI contributions will increase by 1.2% to 15%, and the threshold for NI lowered from £9,100 to £5,000. The budget also increased the employment allowance from £5,000 to £10,500. The changes are likely to affect anyone who has an annual wage bill of above £70,000 per annum.

It is important to note that the threshold remains at £50,270 per annum for employees under 21 years, apprentices under 25 years and veterans.

Summary

In summary, the changes to both National Minimum Wage and employers NI, taking into consideration the increase in pension contributions also, will see the total cost of employing a 22-year-old on 55 hours per week increase by 9.5%, assuming the total employers NI liability is above the £10,500 employment allowance.

Year	Salary	NI Contributions	Pension	Total Cost
2024/25	£32,718.40	£3,259.33	£981.55	£36,959.28
2025/26	£34,920.60	£4,488.09	£1,047.62	£40,456.31

For further discussion or to help with any questions that you may have, please contact Consultant Support on consultantsupport@kiteconsulting.com or 01902 851007 / 07542 403225

