How does the minimum wage work?

KS2 KS3 Ages 7-14 ⏰ 2 min read

Imagine if there were no rules about how much bosses had to pay their workers. Some might pay fairly, but others might offer ridiculously low amounts — perhaps 50p an hour — knowing that desperate people might accept it. That's exactly why we have something called the **minimum wage**: a law that sets the lowest hourly pay rate employers can legally offer.

The Basic Rules

In the UK, the minimum wage varies depending on your age and situation. Adults aged 23 and over get the highest rate (currently £10.42 per hour), while younger workers and apprentices receive slightly less. This might seem unfair, but the idea is that younger people are often still learning job skills and gaining experience.

Every April, the government reviews these rates and usually increases them. They look at things like how much everything costs (from bread to bus fares) and how well the economy is doing. If living costs have gone up, wages typically need to rise too, so people can still afford the basics.

Think of minimum wage like the foundation of a house — it's the solid base that everything else is built on. Without a strong foundation, the whole structure becomes wobbly and unsafe.

Who Enforces It?

The government doesn't just set these rules and hope for the best. There are inspectors who check that businesses are following the law, rather like how traffic police check that drivers aren't speeding. If a company pays less than minimum wage, they can face hefty fines and have to pay back the money they owe their workers.

Workers also have rights. If you think you're not getting minimum wage, you can report it to HM Revenue and Customs. They'll investigate and make sure you get what you're legally owed.

The Bigger Picture

Minimum wage isn't just about individual paycheques — it affects the whole economy. When people earn more, they spend more on things like clothes, food, and entertainment. This creates more jobs and helps businesses grow. However, some argue that if wages get too high too quickly, small businesses might struggle to afford as many workers.

It's a careful balancing act, rather like adjusting the temperature on a thermostat. Set it too low, and workers can't afford to live properly. Set it too high too fast, and some businesses might not be able to keep all their staff. That's why the rates are reviewed carefully each year, taking into account what's best for both workers and the wider economy.

Free for educational use