The Minimum Wage Jobs Framework

A New Anchor for Macroeconomic Stability

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2.0	6-Jan-2026	Neil Wilson	Add licensing details. Update the title, the main text, and the FAQs based on feedback. Move the wage element out of Universal Credit Add a tax element to fit better with the devolved effects on PAYE Update with ERA 2025 details Update supervision FAQs

1. Executive Summary

The Minimum Wage Jobs (MWJ) Framework is the most operationally efficient version of a Job Guarantee for the United Kingdom. It achieves the dual objective of a modern stabilisation system: eliminating involuntary unemployment while providing a permanent anchor for inflation.

By utilising existing legal and operational infrastructure, MWJ enables public-purpose employers, such as charities, the NHS, and local authorities, to scale up their work by drawing on a ready supply of available workers. The process is integrated into the heart of the UK's tax system; employers simply notify the government of a scheme participant via a new field in their standard PAYE Real Time Information (RTI) submissions.

This framework removes the financial barriers to expanding public-purpose services. For each eligible worker, the Department for Work and Pensions (DWP) pays wages directly and settles all tax and National Insurance with HMRC. Participating organisations can engage full-time labour at zero gross payroll cost, enabling social value and community projects to be delivered without personnel budget constraints.

In addition, MWJ serves as a powerful automatic stabiliser. Participation scales naturally with the economy, rising during downturns and falling during booms, and responding immediately to local labour-market conditions. Unlike interest-rate changes, which suffer from long, variable lags, MWJ provides a surgical response to economic shifts.

Crucially, by shifting macroeconomic stabilisation from the money market to the labour market, MWJ ends the practice of using unemployment as an inflation-control tool and removes the economy's structural dependence on interest rate hikes. As a result, interest rates can settle at their natural, permanently low level, providing immediate and lasting relief to millions of mortgaged and renting households.

The Framework is a fully distributed policy that requires no new agencies, committees, or open-ended ministerial powers. It functions as a seamless extension of the existing tax and benefit architecture, operating automatically across every region and nation of the UK. The system is designed to be "light-touch," integrating seamlessly with the distinct tax policies of devolved governments. By processing payments through the established PAYE and RTI frameworks, the policy scales to local needs rather than through central command.

Implementation is pragmatic and low-risk. One-off implementation costs are conservatively estimated at £100 million, with annual running costs under £50 million: less than the current cost of operating the Monetary Policy Committee and the Debt Management Office.

The result is a transformational reform that is operationally simple, fiscally responsible, and deliverable within a single Parliament.

2. Strategic Context and Rationale

Despite claims of full employment, the United Kingdom faces a chronic shortage of accessible, entry-level jobs. As of November 2025, the claimant count stands at 1.682 million, against just 0.729 million vacancies: a ratio of 2.31 claimants per vacancy. This simple quantitative test shows that unemployment is a structural feature, not a personal failure; even if every vacancy were filled tomorrow, nearly a million claimants would remain locked out of the workforce by design.

After decades of supply-side reforms failing to address this gap, the persistent shortage of work now calls for direct demand-side intervention, which is precisely what the Minimum Wage Jobs Framework offers.

However, job shortages alone rarely drive politics. For any Job Guarantee to succeed, it must address the public's top concern: the cost of living. A key component of this is the housing crisis, which we can resolve by removing the economy’s structural dependence on interest rate hikes.

MWJ achieves this by shifting macroeconomic stabilisation from the money market to the labour market. Our current system relies on 'monetary tightening': a euphemism for deliberately engineering unemployment through interest rate hikes. To break inflation, the Bank of England is forced to suppress demand until the threat of joblessness compels workers to accept pay rises below the rate of inflation. This reliance on an unemployed buffer stock – a punishment labour reserve – is both socially destructive and economically inefficient.

MWJ replaces this with an employed buffer stock, ensuring price stability through productive participation rather than enforced inactivity, thereby permanently relieving the Bank of its role as the economy’s unemployment engineer. With the Bank freed from artificial demand management, interest rates can settle at their natural, permanently low level.

For decades, the state has paid hundreds of billions of interest on debt to bondholders and the banking system: a massive, regressive transfer dressed up as unavoidable market discipline. MWJ ends this state-sponsored windfall. The result is not just the elimination of involuntary unemployment; it is the return of hundreds of pounds a month to the pockets of millions of mortgaged and renting households, providing the most substantial cost-of-living relief in a generation.

3. Legislative and Operational Framework

The transition from monetary policy to stabilising within the labour market requires a robust yet streamlined operational framework. This section explains how the current UK tax and employment systems can support this change without the need for new bureaucratic layers.

Implementation of the Minimum Wage Jobs Framework requires primary legislation to confer the necessary statutory powers. The government may include these powers in a chapter of a wider Bill or set them out in a dedicated Act of Parliament. The legislation provides for the direct payment of a wage element to eligible employees and a corresponding tax element to HMRC. No new arm's-length bodies or committees are required; instead, consequential modifications to the remits of existing bodies will be made, including, if necessary, by legislation or regulation.

3.1 Employer Eligibility and Labour Mobility

The legislation designates specific classes of public-purpose employers eligible to create full-time, meaningful work posts. These are likely to include local authorities, NHS bodies, registered charities, housing associations, and community interest companies. The Secretary of State retains the power to amend these categories by regulation.

Within the framework, work is meaningful if it provides a tangible benefit to the public purpose, utilises the worker's time productively, and contributes to the host organisation's core mission. While the precise boundaries of "meaningful" will be refined by case law and Fair Work Agency guidance, this serves as an absolute prohibition on "make-work" or idle placements. Any role found to be substantively lacking in purpose or utility will be deemed non-compliant, triggering the immediate withdrawal of state funding and the potential recovery of past wages from the host body.

To ensure the scheme functions as a readily available labour reserve, every MWJ contract uses the statutory minimum entitlements as the baseline.

- Notice Periods: Contracts use the statutory minimum notice period, enabling workers to transition rapidly into standard employment outside the scheme.
- Guaranteed Hours: Work is guaranteed at 35 hours per week, providing total income security and full compliance with the secure hours requirements.
- Holiday Entitlement: Leave is fixed at the statutory minimum (currently 28 days).
- Day-One Protections: Workers enjoy statutory protection from day one, including unfair dismissal rights, subject to the statutory probationary period.

- Remuneration: The rate of pay is fixed at the National Minimum Wage for a standard 35-hour week, ensuring a consistent and predictable income floor. No remunerative benefits in kind are permitted, though host bodies remain responsible for all statutory safety and accessibility requirements.

3.2 Automated Eligibility and RTI Integration

The Department for Work and Pensions (DWP) will fund wage costs only for current Universal Credit claimants employed in these designated posts. Employers submit PAYE Real Time Information (RTI) records in the usual way, including a new "indicator field" to confirm eligibility for the scheme. All other fields are completed as for any other employee, ensuring the process remains familiar to HR and payroll teams.

3.3 The Framework's Zero-Cost Wage Payment Mechanism

The framework ensures that the employer does not have to pay income tax or National Insurance contributions (NICs) upfront. Payroll software will automatically exclude MWJ calculations from the total amounts remitted to HMRC to cover other employees' tax liabilities. DWP payments are triggered only when an RTI submission confirms that a claimant is working for a designated employer. In such cases, the Secretary of State pays:

- A Wage Element: Paid directly to the employee alongside their existing Universal Credit claim, using the same payment infrastructure, but legally separate from any Universal Credit award.
- A Tax Element: Paid directly to HMRC to cover the employer's PAYE liabilities. This amount is credited to the employer's PAYE reference, discharging their tax and NIC liabilities for MWJ positions.

No payments are made directly to employers. Instead, the total wage and tax contributions cover their entire obligations, resulting in no gross payroll costs.

3.4 Strategic Exemptions

The legislation introduces specific exemptions to reduce administrative friction and promote transitions into standard employment:

- Apprenticeship Levy: MWJ earnings are excluded from the employer's pay bill when calculating levy liability.
- Pension Auto-Enrolment: MWJ positions are exempt from auto-enrolment requirements, preventing the reallocation of public stabilisation resources to private pension providers during transitional employment and maintaining a clear incentive for workers to move into permanent roles with full benefits.

These measures keep entry-level roles accessible while ensuring the scheme remains flexible for the modern economy.

4. Costings

Like interest payments on debt under the current monetary regime, the aggregate net wage cost of Minimum Wage Jobs is inherently dynamic and cannot be known *ex ante*. In the present monetary policy system, the government commits to a price (the Bank Rate) and allows the quantity of interest-bearing debt to float. Under MWJ, the government commits to a price (the post-tax minimum wage) and allows the quantity of public-purpose jobs to float.

This is a core design principle: the system replaces the volatility of interest rate hikes with a stable wage floor that serves as both an automatic stabiliser and the nominal anchor for prices across the economy. The objective is to foster the same public and market understanding that currently exists for variable debt-service costs. This expenditure is an unavoidable outlay to maintain price stability; however, the Minimum Wage Jobs Framework ensures that this capital is channelled through the labour market to create social value, rather than being transferred upward via interest payments to bondholders.

Over time, participation is expected to settle well below today's combined unemployment and economic inactivity rates. The guarantee itself tends to 'crowd in' private-sector hiring by maintaining a work-ready labour pool—firms hire more readily when they know workers are available and job-ready. Steady-state expenditure is therefore likely to be lower than the current overall societal cost of unemployment support. The residual, automatically varying element performs a counter-cyclical function, responding to economic shifts in a far more immediate and spatially targeted manner than traditional monetary policy.

4.1 Implementation and Launch Costs

Development costs are based on directly comparable HMRC and DWP projects.

- Technical Integration: MWJ requires one additional RTI "indicator" field and several additional tax fields transmitted from HMRC alongside the existing data. Based on National Audit Office benchmarks for Universal Credit modules, we conservatively estimate £40 million for development, testing, and deployment, including a 100% contingency.
- Public Awareness: A transformational reform requires high visibility. Based on the COVID vaccine and Pension Credit campaigns, we allocate £15 million for an intensive two-year launch, followed by £3–5 million annually for sustained employer engagement.

- Staff Training and Support: To ensure claimant confidence and administrative accuracy, we allocate £25 million for nationwide training and updated reporting tools, plus £15–20 million annually for enhanced telephony and partnership support (e.g. Citizens Advice). The budget includes the additional resources needed to handle the predictable "early surge" of queries during the first 18 months.

4.2 Ongoing Administrative Efficiency

Ongoing costs remain contained because the policy utilises existing infrastructure:

- Caseload Management: Voluntary transitions from low-paid roles are estimated to add 0.3–0.5% to the working-claimant caseload, costing £3–8 million annually, scaled from Covid-era benchmarks of additional caseload and based upon DWP projections of £134 per case in March 2027.
- Compliance: DWP and HMRC (along with the Fair Work Agency) will absorb marginal compliance activity within their existing extensive £1.2 billion Fraud, Error, and Debt structures, adding 0.1% to that cost, around £1–2 million per year.

4.3 Fiscal Value Summary

With all contingencies included, the policy requires £100 million in one-off implementation costs and £50 million in ongoing annual administration.

For a policy that eliminates involuntary unemployment, establishes a genuine nominal anchor, and delivers a permanently lower path for interest rates, slashing mortgage and rental costs for millions, this represents extraordinary fiscal value. It redirects spending from debt interest payments to a fully employed workforce, converting a fiscal burden into an economic asset.

5. Implementation

The Minimum Wage Jobs Framework will likely be introduced by a government with a manifesto commitment to the policy, ensuring it has secured a public mandate and stakeholder buy-in from the outset. This starting position eliminates the significant delivery costs often associated with the initial consensus-building for major structural reforms. From the first day, communications can focus on operational details and managing expectations, supported by a £15 million launch campaign budget. All programme spending falls within a £100 million one-off implementation budget and a £50 million annual envelope set out in Section 4.

The governance structure will involve a cross-Whitehall Delivery Board, chaired by the Secretary of State for Work and Pensions. To ensure clear accountability, a permanent secretary-level Senior Responsible Owner will manage the rollout and provide monthly progress updates to Parliament. Preparatory work must begin before the election, including drafting the primary legislation, the technical specifications for the additional RTI field and the data transmission changes required between the DWP and HMRC.

Informal, non-binding discussions with HMRC, the DWP, and payroll providers need to take place before the poll so that final RTI specifications, including the new eligibility indicator field, can be released to software houses within 48 hours of an election victory. These steps will accelerate the implementation timeline by several months.

Payroll software verification will be a key step in the process. The programme can accelerate the rollout by permitting employers to begin offering roles as soon as they receive their updates from their software providers. This approach is likely to encourage rapid adoption across the industry, especially once the initial updates are available, driven by competitive pressure. Because the changes enable the automated settlement of wage and tax elements without altering the fundamental calculation engines for existing employees, these in-year updates carry minimal risk.

At the same time, DWP will invite eligible employers to attend seminars that explain the mechanics of DWP's discharge of their wage and tax obligations and outline their specific administrative duties. Staff at the DWP and HMRC will also receive training to ensure they are ready to handle the new process and any initial claim queries.

Once technical validation and staff training are complete, a geographically dispersed pilot cohort of 200 to 300 public-purpose employers will be selected to test the system. Delivery staff will provide intensive support during this phase to assist with recruitment and confirm that the process is working as intended. After the pilot is evaluated and iterated for robustness, the main rollout will begin in waves through random national selection. The DWP will monitor regional demand and job creation, activating further waves of employers only when local capacity is confirmed to ensure balanced uptake. This cycle continues until HMRC has activated the marker for all eligible PAYE schemes nationwide.

With detailed planning, the scheme can be operational within six months and reach full capacity within two to three years of a new Parliament. Once the programme's stabilising effects become clear, the Secretary of State for Business and Trade will revise the Low Pay Commission's remit. The remit change will involve removing the current "employment-risk brake," allowing the national minimum wage to be driven primarily by productivity growth rather than fear of job losses.

6. Conclusion

The Minimum Wage Jobs Framework is a fundamental reform of the United Kingdom’s macroeconomic stabilisation process. It replaces the blunt, socially corrosive tool of interest rate adjustments with a precision-engineered labour-market anchor. By shifting the economy's nominal anchor from the market for money to the market for labour, the state moves from a system that manages inflation through enforced idleness to one that maintains stability through productive participation.

The technical integration of the framework into the existing PAYE and Real Time Information systems enables this transition. It supports an automated, distributed response to economic shifts that is far more rapid and spatially accurate than the "long and variable lags" associated with monetary policy. The zero gross payroll flow ensures that this new stabilisation framework is operationally efficient and fiscally transparent, requiring no new bureaucracy to function as a permanent feature of the British economy.

Ultimately, this reform ends the state's structural dependence on high interest rates. By providing a direct, non-inflationary floor for the currency through the Minimum Wage Job, the Bank of England is relieved of its role as an "unemployment engineer." Interest rates are allowed to settle at their naturally low level, permanently insulating the housing market from inflation-targeting volatility.

Minimum Wage Jobs represent a transition to a more sophisticated macroeconomic model. It replaces the "unemployed buffer stock" with a productive "employed buffer stock," ensuring that the pursuit of price stability no longer requires the deliberate sacrifice of livelihoods. Through this structural realignment, the United Kingdom can secure a future of permanent price stability, lower household costs, and the guaranteed opportunity for every citizen to contribute to the public purpose.

Appendix A. Frequently Asked Questions

A.1 Macroeconomic Impact and Labour Market Dynamics

Q. Won’t the number of Minimum Wage Jobs just keep growing until the public sector employs millions at taxpayer expense?

A. The size of the scheme is entirely determined by the private sector's demand for labour.

The Minimum Wage Jobs Framework acts as a buffer stock for the economy. When the private sector is expanding and demand for workers is high, firms attract employees from the scheme, which automatically shrinks. Conversely, when private-sector demand cools, workers return to MWJ positions, preventing a collapse in household spending and keeping the workforce work-ready.

Because the wage is fixed at the statutory minimum, with no employer top-ups permitted, the roles are designed to be the least attractive option to workers. Private employers, as well as conventionally funded public and voluntary organisations, can always attract staff away from MWJ by offering a slightly better remuneration package or better career prospects.

In this way, the private sector acts as the regulator for the scheme's size. Public funds are used only to support the residual pool of workers that the private market is currently unwilling to hire at standard rates. The scheme is self-limiting; it only grows when the private sector stops providing jobs, and it shrinks the moment those opportunities reappear.

Q. How can we be sure that the framework will create genuinely additional employment rather than just subsidising work that would have happened anyway?

A. The displacement of existing staff is now illegal. It is automatically unfair for an employer to dismiss an employee to replace the employee's contract with a different one to carry out substantially the same duties. This provision creates a "legal lock" that ensures MWJ can be used only to expand capacity, not to cannibalise existing roles.

Beyond this statutory protection, the scheme relies on market-based self-regulation. Because posts are fixed at the statutory minimum wage, with no employer top-ups permitted, they are inherently transitional. If a public-purpose employer attempted to use the scheme for core, permanent roles, it would face unsustainable staff turnover. To maintain a stable workforce for essential year-round duties, employers must offer competitive wages and benefits that exceed the scheme's wage floor.

Consequently, any roles that remain within the framework are surplus to core operations. They are tasks employers can pause or scale back during periods of economic growth without compromising essential service delivery. When private-sector demand for labour is high, these workers are lured away by better-paying opportunities, and the additional tasks naturally cease. When the economy slows, these roles reappear, providing productive opportunities for those previously at risk of unemployment.

The market continuously validates which jobs are truly additional by imposing the real cost of staff retention on employers. If a role is genuinely vital to an organisation's core mission, the employer will be compelled by the risk of disruption to fund it conventionally.

Q. Won't the framework lead to the casualisation of public and third-sector jobs by replacing paid minimum-wage staff with zero-wage-cost workers on the scheme?

The ban on "fire and rehire" in legislation makes it impossible for an employer to replace its existing workforce with scheme participants. Any attempt to do so would automatically constitute unfair dismissal, exposing the employer to uncapped compensation claims in an employment tribunal.

Beyond these legal protections, the scheme is shielded by existing market dynamics. If genuine labour-market competition allowed host organisations to fill roles at the statutory rate, they would already be doing so. The existence of wage premiums set by national agreements, such as the NHS Agenda for Change or the NJC Green Book, shows that employers are already compelled to pay more to recruit and retain staff.

Minimum Wage Jobs do not weaken this pressure; they operate as a cyclical addition to the workforce. During economic downturns, employers may temporarily fill some new posts from the MWJ pool. However, as the private sector recovers, these workers are attracted away by employers offering higher pay. At this point, the original retention challenge returns immediately for the host organisation. Any employer that attempts to shift core, year-round roles onto the MWJ framework will find it impossible to maintain staffing levels during an economic boom without restoring competitive wages and permanent contracts.

Consequently, the scheme reinforces rather than erodes market discipline. Roles that require a premium to be filled reliably will always revert to standard payroll funding. Employment rights provide a robust legal floor, while the natural ebb and flow of labour market competition ensures that only truly additional roles remain within the state-funded pool.

Q. Could Minimum Wage Jobs exert upward pressure on wages or undermine collective bargaining in the public and voluntary sectors?

A. Over the economic cycle, the framework performs the opposite function by exerting modest downward pressure on private-sector wage demands at the bottom end of the wage structure. At the same time, it requires public-sector employers to justify any above-minimum premiums based on real productivity and retention rather than inertia.

Existing roles in the NHS, local government, housing associations, and large charities that must be performed continuously are rarely paid only at the statutory minimum wage rate. Workers typically receive premiums set by national or local collective agreements, such as the NHS Agenda for Change or the NJC Green Book. These premiums exist because labour-market competition and union bargaining power have forced employers to pay more than the statutory rate to fill and retain posts.

Minimum Wage Jobs do not weaken that pressure; instead, they make the effects cyclical. When private-sector demand is weak, some roles can temporarily be staffed from the MWJ pool at the statutory rate. As soon as the private sector recovers, workers are bid away, and employers who require reliable year-round staff must pay competitive wages or lose them. Any public-sector employer that assumes a role can be filled indefinitely at the statutory minimum will discover otherwise when labour markets tighten.

Furthermore, the large and visible pool of MWJ workers with recent experience and references serves as a substitute labour force for low-skilled private-sector roles. This disciplines excessive private-sector wage demands at the bottom end during upturns, keeping entry-level pay anchored close to the statutory rate without removing normal market premiums for skill or retention.

International evidence from long-running, minimum-wage-capped programmes, such as Argentina's Jefes y Jefas, India's MGNREGA, and South Africa's EPWP, confirms this pattern. These schemes show no erosion of formal-sector agreed rates and demonstrate either neutral or restraining effects on low-end private wage growth.

The policy does not undermine collective bargaining; it ensures it functions in line with market realities. Public-sector employers will continue to pay premiums when warranted, but they must compete for labour like everyone else. Public money will no longer subsidise above-market wages for roles that the market is capable of filling at the statutory minimum.

Q. Minimum Wage Jobs may be more pleasant and rewarding than typical private-sector minimum wage jobs like warehouse work or call centres. Won't workers simply stay in the nicer MWJ jobs and refuse to move, leaving private employers short of labour during booms?

A. It is unlikely that workers would refuse to move, and if such a scenario occurred on a significant scale, it would represent a positive structural adjustment for the economy.

Minimum Wage Jobs are paid at the national minimum wage with no provision for local wage top-ups or enhancements. Private-sector employers, as well as conventionally funded public or voluntary-sector organisations, can attract staff by offering higher pay, superior shifts, faster career progression, or more desirable working environments. During periods of strong labour demand, employers routinely use these incentives to recruit, and they will continue to do so when MWJ positions are available.

If a significant number of workers choose to remain in an MWJ role even when private employers are recruiting at similar pay levels, it indicates that those private-sector business models were previously reliant on an artificially depressed bargaining position. These businesses arise when workers accept undesirable conditions because they lack viable alternatives. Requiring such operators to raise wages, improve working conditions, or invest in automation and training to attract staff is precisely how a healthy labour market is intended to function.

Britain's persistent challenges with low productivity and under-investment are linked to a ready supply of low-cost labour with limited options. By providing a genuine, non-degrading alternative at the statutory wage, the MWJ framework removes a hidden subsidy to "low-road" employers. The result is not a labour shortage in a meaningful sense; rather, it is a productive reallocation of labour toward higher-value uses. It provides a powerful incentive for private firms to compete for workers through investment and innovation rather than relying on the previous absence of choice.

This structural adjustment represents a deliberate macroeconomic benefit: it incentivises higher-value business models while maintaining a fair wage floor. It aligns the worker's interests with the national requirement for higher productivity and a more resilient private sector undertaking capital investment.

Q. Young people are bearing the brunt of the current rise in unemployment. Won't Minimum Wage Jobs make this worse by competing for the same entry-level roles and pricing inexperienced workers out of the market?

A. Minimum Wage Jobs are engineered to support young people and other new entrants to the labour market. The positions are full-time, entry-level roles, paid at the national minimum wage, and mostly require little to no experience. Because these posts are created by public-purpose employers who face no gross wage cost, the primary financial barrier that typically prevents the creation of starter jobs is removed.

Young claimants benefit directly from this structure. Instead of facing a prolonged job search or the stagnation of economic inactivity, they gain immediate access to paid work, recent professional references, and practical workplace experience. Evidence from previous youth employment and training initiatives suggests that time spent in guaranteed entry-level employment improves long-term career prospects and lifetime earnings by mitigating the scarring effects of early-career unemployment.

Furthermore, the abundance of available MWJ posts strengthens young workers' bargaining position across the entire economy. Private-sector employers seeking to hire young people must offer competitive terms and genuine incentives, as they can no longer rely on a captive supply of applicants with no other options.

Far from worsening youth unemployment, the framework provides the missing rung at the bottom of the employment ladder. It ensures that no young person is left behind by the fluctuations of the private labour market, while simultaneously improving their standing and value within the broader economy.

Q. Could Minimum Wage Jobs create an incentive for people to move into high-unemployment towns to secure the guarantee?

A. The risk of induced migration is minimal and can be effectively managed through the phased nature of the rollout. Minimum Wage Jobs will be established gradually and evenly nationwide. HMRC will activate the eligibility marker for a random, nationally representative sample of employers at a steady pace, which prevents the sudden clustering of roles in any single location.

Claimants retain the ability to view vacancies nationwide through existing systems. Should an individual choose to relocate to accept a position, they would update their address within the national Universal Credit system as they do today. The claim remains active, and the Claimant Commitment simply transfers to the new local Jobcentre Plus team.

However, long-distance relocation for employment is rare due to established social and economic anchors such as family commitments, housing, and schools. This anchoring effect is well-documented in the UK labour market. Only a small minority of the workforce relocates for employment in any given year, and the incentive to do so for a role fixed at the national minimum wage is exceptionally low.

The initial phase of the scheme will limit the total number of posts nationwide to the volume required to verify the payment systems and resolve technical issues. With only a small number of positions available during the pilot and early waves, there is no realistic prospect of noticeable migration.

Furthermore, DWP will monitor location changes across the claimant caseload. If unusual migration patterns are detected in a specific area, HMRC can respond by pausing the activation of further employers in that locality until the trend stabilises. The combination of a geographically dispersed rollout and existing social anchors ensures that migration remains minimal and consistent with current labour market trends.

Q. What happens if take-up of Minimum Wage Jobs is low, either nationally or in particular regions, and the expected number of posts is not created?

A. Low take-up is unlikely given the structural incentives built into the framework and the current lobbying by the voluntary sector for “volunteering leave”, given that MWJ effectively creates “paid volunteers”.

The scheme will be introduced only after a clear public mandate is established, ensuring widespread awareness among claimants, employers, and the wider public before the first post is created. Once operational, three primary factors will drive engagement:

- Claimant Demand: Individuals capable of full-time work will proactively approach local public-purpose organisations to request the creation of roles, especially as the "right to a job" becomes an established social expectation.
- Economic Value: Each full-time post represents a resource value of £28,000 to £35,000 per year to the employer, provided with zero gross wage cost. Well-managed organisations will naturally utilise this capacity to expand their services and impact.
- Public Accountability: Local authorities, NHS bodies, and charities that decline to participate will face scrutiny from service users, staff, and the local media about why they are refusing to accept additional resources that could improve community services.

In practice, the primary constraint will be the speed at which employers can reorganise their operations to supervise and manage additional staff, rather than a lack of interest. The financial incentive for the employer is substantial, as the state effectively discharges all wage and tax liabilities, leaving the host organisation with a high-value productive asset at zero gross payroll cost.

Should voluntary take-up prove insufficient in specific regions, the government maintains the option to introduce a statutory duty, requiring local authorities and major charities, particularly those receiving significant state support through subsidies or tax reliefs, to offer a proportional number of positions. Given the significant reputational and operational benefits to participating organisations, such measures are not expected to be necessary.

A.2 Eligibility and Who the Scheme Helps

Q. Can someone with savings or a redundancy payment take a Minimum Wage Job, or do the capital rules bar them?

A. Any individual with personal savings or a redundancy payment is eligible to take a Minimum Wage Job, provided they meet the standard criteria for a Universal Credit claim. Under current regulations, anyone whose savings or capital exceed the £16,000 threshold is not eligible to claim until their assets fall below that limit.

As it stands, the nation expects individuals who receive large redundancy payments or severance packages to use those private resources as a buffer while seeking regular employment in the open market. Once their capital falls to £16,000 or less, they can immediately access the full-time Minimum Wage Jobs framework if they still require a position. Those whose redundancy awards or savings are already below the threshold can apply for Universal Credit and access the scheme without delay.

The capital limit serves as a reasonable sequencing device for the economy, ensuring that private financial buffers are used first and allowing the state-funded job-creation capacity to focus on those who have exhausted other options. This group often benefits most from the immediate stability of a full-time role and the professional routine it provides, making it the fastest route back into high-value private-sector employment.

Far from being a barrier, the capital rule helps maintain the scheme's focus on those in greatest need of immediate income and activity. However, the framework remains flexible. If the government finds that capital limits hinder the macroeconomic objective of maintaining full employment or delay the re-entry of skilled workers, it can adjust the Universal Credit capital thresholds by amending the regulations.

Q. How do employers know which applicants are eligible Universal Credit claimants for Minimum Wage Jobs posts?

A. Verification is integrated into standard pre-employment checks. Applicants prove their eligibility by presenting evidence of an active Universal Credit claim. Acceptable documentation includes a recent award notice, a digital statement from their online account, or a journal entry confirming their current status.

To streamline this further, the DWP could implement a "Share Code" system, similar to the Home Office's "Right to Work" service. Under this model, a claimant generates a secure, single-use code via their Universal Credit portal. The employer enters the code and the applicant's date of birth into a secure GOV.UK portal, which provides an instant "Positive Verification" of eligibility. This approach would remove the need for employers to handle sensitive benefit documents and provide a secure digital audit trail for both the DWP and the host organisation.

To ensure stability for both the worker and the employer, the framework legislation provides that a Universal Credit claim cannot be closed while a claimant is employed in a Minimum Wage Job. The claim remains open for the entire duration of the employment, regardless of earnings. This continuity is essential for the automated payment mechanism to function, as DWP requires an active claim record to process wage reimbursements through the employer's payroll.

One potential objection is that this could lead to administrative delays or privacy concerns. However, this approach mirrors standard Right to Work checks that every British employer already performs. There is no requirement for the employer to access a claimant's personal file or to understand the specific breakdown of their benefit award. They only need to verify that a claim is active at the point of hire.

The process imposes no additional administrative burden on host organisations beyond their routine recruitment procedures. By placing the responsibility on the applicant to provide evidence, the scheme avoids the need for a complex, centralised database that employers would otherwise have to navigate. This approach maintains the necessary link to the benefit system while keeping the entry process for charities, councils, and NHS bodies as light as possible. Because the claim is protected from closure during employment, the employer has the certainty that wages will remain uninterrupted while the claimant is in post.

Q. Must posts be "no experience required", or can adverts ask for particular skills and experience?

A. There is no requirement that Minimum Wage Jobs be advertised as "no experience required". Employers have the autonomy to specify any reasonable skills or experience they consider necessary for the role, just as they would for any other vacancy in the open market.

Labour market competition ensures that, in practice, most of these posts remain entry-level. Skilled or experienced workers are unlikely to accept roles at the national minimum wage when better-paid opportunities exist elsewhere. If an employer advertises a Minimum Wage Job post requiring specific qualifications or substantial prior experience, they will likely find few or no suitable applicants willing to accept the position.

This self-regulating mechanism keeps the vast majority of posts accessible to claimants with limited work histories without the need for prescriptive or bureaucratic rules. It also enables public-purpose employers to create transitional roles that genuinely match their operational needs. For example, a charity might require basic computer literacy or a specific driving licence, while a local authority might look for applicants with strong interpersonal skills for community roles.

The scheme therefore maximises job creation while naturally prioritising opportunities for those who face the most significant barriers to employment. By allowing employers to set their own criteria, the framework avoids the trap of creating "make-work" roles that have no value in the real world. Instead, it ensures that every Minimum Wage Job is a legitimate role that provides workers with the specific experience and references needed to move into higher-paid private-sector employment.

Q. The framework is designed around full-time employment. What about people who are unemployed or economically inactive and genuinely want or need only part-time work (for example, because of caring responsibilities, disability, or study)? Will the scheme leave them behind?

A. The design focuses on full-time roles as a matter of operational necessity and speed. Adding part-time provision would require a significant overhaul of the PAYE Real Time Information (RTI) system. While HMRC initially proposed mandating the reporting of exact employee hours, HMRC formally scrapped these changes in January 2025 following extensive consultation with software developers and employers. Stakeholders successfully argued that the administrative and technical burden of reporting specific hours worked was too high for most private businesses.

By sticking to full-time roles, the government can deliver the scheme immediately using the existing RTI architecture, which currently prioritises "normal" hours and broad pay bands.

However, the focus on full-time roles creates a substantial consequential benefit for those seeking part-time work. Office for National Statistics data consistently highlight a significant "involuntary part-time" population: individuals who are currently working fewer hours only because they cannot find a full-time position. As of late 2025, this group numbers in the high hundreds of thousands.

As these individuals transition into the new full-time Minimum Wage Jobs, they vacate their existing part-time roles in the broader economy. These vacated positions then become available to those who genuinely prefer or require fewer hours, such as parents with caring responsibilities, people with disabilities, students, and semi-retired workers.

The result is a substantial increase in genuine part-time opportunities throughout the private and voluntary sectors. This shift occurs organically through natural market adjustment, requiring no additional state administration or complex reporting requirements. By addressing the full-time deficit first, the scheme solves the part-time bottleneck without the delays that an administered part-time system would inevitably entail.

Q. If a claimant has a health condition or disability that limits them to 16 or 20 hours a week, are they excluded from Minimum Wage Jobs?

A. Minimum Wage Jobs are ordinary full-time positions where DWP pays the wages alongside a Universal Credit claim. Employers participating in this scheme face no specific duty under the scheme's rules to reduce hours or create bespoke part-time arrangements. While the Equality Act 2010 continues to apply and requires consideration of reasonable adjustments on a case-by-case basis, any reduction in hours below the 35-hour threshold would end state funding for the post. This loss of funding, which shifts the full payroll cost to the employer, would render such an adjustment unreasonable because of the significant financial burden it would impose.

Claimants whose health or disability prevents them from working full-time will continue to have their conditionality adjusted through existing channels. Those assessed as having limited work capability or work-related activity remain exempt from work-search and work-availability requirements. For other claimants, work coaches retain the authority to reduce expected work hours to a realistic level based on individual circumstances.

In these situations, the claimant continues to receive their existing Universal Credit entitlements and is not required to take up a Minimum Wage Job post.

The purpose of the scheme is specifically to create a large pool of additional full-time public-purpose jobs and thereby eliminate involuntary unemployment for everyone able and willing to work full-time. It is not designed to solve every labour market access problem simultaneously. By focusing on full-time roles, the policy maximises macroeconomic impact while keeping administration extremely light. It leaves the well-established Universal Credit flexibility framework to handle part-time needs and health-related limitations in the same way it does for the traditional labour market.

Q. Minimum Wage Jobs is full-time only and offers no extra support for specific barriers. Doesn’t that mean it ignores the real needs of many groups – disabled people, carers, lone parents, people with limited English, ethnic minorities – and fails to help the very claimants who need it most?

A. The framework is deliberately focused on a single structural objective, which is removing the wage cost barrier that prevents scheme-approved employers from creating entry-level full-time positions. By doing so, it provides a tangible alternative to the current 35-hour-per-week job-search requirement for those able and willing to work.

This narrow scope is a strategic choice. Policies that aim to address all systemic labour market disadvantages simultaneously often become too complex to implement or fail to achieve a clear macroeconomic impact. By maintaining a tight focus, the scheme ensures a rapid nationwide rollout and provides a direct solution to the shortage of entry-level roles.

Claimants who face specific challenges, such as health conditions, caring responsibilities, language barriers, or discrimination, continue to be supported by existing tailored conditionality easements and specialist DWP programmes. These schemes remain unchanged. The Minimum Wage Jobs Framework creates a significant new pool of opportunities that did not previously exist, benefiting the broader labour market.

A significant increase in the total number of full-time roles acts as a catalyst for broader change. When the full-time labour market is no longer in permanent deficit, the entire employment landscape loosens. This change leads to labour reallocation, increases the availability of part-time roles through the vacated post effect, and improves bargaining power for all groups, including those who may not participate in the scheme directly.

The Work and Pensions Committee has frequently highlighted the limitations of the blanket 35-hour search rule for those with complex individual circumstances. This framework directly addresses that criticism by providing a route for those who can work full-time, while leaving the existing flexibility and support mechanisms intact for everyone else. Achieving this progress is only possible because the scheme's scope remains practical and deliverable.

Q. What about other disadvantaged groups, such as ex-offenders, care leavers, homeless people, those over 50, or claimants in rural areas with poor transport? Doesn’t the scheme leave them behind, too?

A. The Minimum Wage Jobs Framework is not a support programme for every disadvantaged group; it is designed to generate a large-scale increase in the availability of full-time, entry-level employment.

Claimants who face specific barriers—such as ex-offenders, care leavers, homeless people, or those in rural areas—continue to receive the same tailored conditionality easements and specialist support from the DWP as they do today. These arrangements, including access to personal advisers and hardship protections, remain unchanged.

The benefit the scheme provides to these groups is the same as that offered to everyone else: a significantly larger pool of real jobs. When hundreds of thousands of additional positions emerge, the likelihood of a suitable vacancy existing locally or within a reasonable travelling distance increases for every claimant.

The Work and Pensions Committee has frequently criticised the rigid application of the 35-hour job-search requirement for failing to account for individual circumstances. The Minimum Wage Jobs Framework directly addresses this issue. By providing immediate employment to those ready to work, the scheme reduces the sheer volume of claimants subject to standard work-search monitoring.

This reduction allows work coaches and specialised support services to focus their limited time and resources on individuals facing the most significant barriers, thereby enabling the shift from benefit monitoring to personalised support that parliamentary committees have long advocated. The framework helps the most disadvantaged groups not by attempting to resolve every individual barrier, but by creating the labour-market capacity that enables other specialist services to function effectively.

Q. Is every worker on a Minimum Wage Job entitled to a set number of training hours or a qualification, or can the employer offer an apprenticeship?

A. The framework focuses exclusively on providing full-time employment at the national minimum wage. It is not designed as a training programme, a skills scheme, or a vehicle for apprenticeships. This distinction is vital to the policy's operational success.

Employers are free to fund training or professional qualifications for Minimum Wage Job workers using their own internal budgets. In many cases, host organisations will choose to do so to improve their teams' productivity or retain workers as the broader labour market tightens. However, the scheme itself does not mandate these activities, nor does it provide additional subsidies for them.

Apprenticeships are explicitly excluded from the framework. Under Education and Skills Funding Agency (ESFA) rules, an apprenticeship is a specific legal and financial commitment in which the employer must bear a portion of the training costs or make a genuine wage contribution. Because this scheme covers 100% of the wage and tax liabilities, the host employer lacks the direct financial exposure required to meet national apprenticeship funding criteria. To maintain the integrity of the skills system, any apprenticeship must be funded through conventional means.

This sharp focus ensures that the scheme remains simple to administer and resistant to fraud. By separating employment from formal training, the policy avoids the bureaucratic complexity that often stalls large-scale skills initiatives. It ensures that the Department for Education and Skills can focus on its primary mission of upskilling, while the Minimum Wage Jobs framework focuses solely on eliminating the shortage of entry-level roles.

Once jobs are abundant, the private and conventional public sectors have every incentive to bid workers away by offering superior training, higher pay, and better long-term prospects, which is exactly how a healthy labour market should function.

The Job Guarantee provides the floor of security, while the wider labour market offers the ladder of progression.

A.3 Payment Mechanics and Statutory Rights

Q. Isn't the direct payment mechanism undignified and likely to provoke opposition because the income does not come as a normal wage from the employer?

A. The payment mechanism prioritises speed, simplicity, and eliminates financial risk for host organisations. While the route is distinctive, it serves as a functional filter for the labour market. Individuals who prefer a traditional wage packet, such as those with a significant recent work history or an aversion to state-administered payments, will naturally treat Minimum Wage Jobs as a temporary stepping stone. Encouraging movement into regular private or public sector roles at normal wages is a core objective of the scheme.

For the primary target group of long-term Universal Credit claimants, the payment method is familiar. These individuals are already accustomed to receiving monthly support from DWP. Providing a guaranteed full-time role via the same delivery channel represents a significant upgrade over the current cycle of mandatory work-search requirements and economic inactivity.

Historically, wage subsidy programmes that required the state to pay the employer first have been plagued by cash flow delays and significant administrative burdens. These issues caused real hardship for workers and created accounting risks, particularly for smaller charities and operations. By bypassing the employer's role as a middleman in paying the core wage, the direct mechanism ensures that the worker receives their full take-home pay on time every month, without imposing payroll costs or liquidity pressures on the host organisation.

This approach also serves as a safeguard against fraud. Because the payment is linked directly to the claimant's existing Universal Credit account and verified using Real Time Information data, it prevents the creation of ghost employees that can arise when subsidies are paid directly to employers. The direct payment route is the most straightforward and least contentious way to rapidly scale the scheme nationwide while maintaining complete fiscal transparency.

Q. The scheme requires 35 hours of work per week. Does this lack flexibility for natural variations in work patterns, such as sickness or unpaid leave?

A. Minimum Wage Jobs are defined by a standard expectation of thirty-five hours of work per week. Employers report this as Band D in the normal hours worked field in their regular Real Time Information submissions to HMRC. This banding ensures that the roles are declared as genuine full-time positions within the framework.

The payment limit uses the employer-reported gross wage rather than a minute-by-minute log of hours. Because the scheme is fixed at the national minimum wage, any gross pay figure translates directly into a specific number of hours. DWP verify that the payment aligns with a 35-hour workweek. If the reported gross salary exceeds the amount corresponding to thirty-five hours at the national minimum wage, the system identifies a cap breach.

In such cases, the Department rejects the entire payment claim for that period, making the employer immediately responsible for the full costs of that worker, including the minimum wage and all related tax liabilities. Conversely, if the gross salary consistently reflects a significant shortfall in hours, it triggers an investigation to ensure the scheme is not being misused.

Payments are automatically capped but administratively collared. This mechanism accommodates natural workplace variations, such as sickness or authorised unpaid leave, which may occasionally reduce gross pay in a given month. The system is designed to be self-regulating, using gross wages as the primary control lever, keeping administration simple for the employer while ensuring that state funds are used only up to the full-time limit.

Q. How do earnings from a Minimum Wage job affect the Universal Credit claim?

A. Earnings from a Minimum Wage Job affect a Universal Credit claim in the same way as earnings from any other form of employment. Because the role is a standard employment contract with a host organisation, existing Universal Credit regulations apply without any need for modification.

Gross earnings reported by the employer through the PAYE Real Time Information system are used to calculate the standard taper, meaning that the usual reduction applies to the claimant's housing costs, child elements, and any other applicable parts of their award. The system treats every pound earned in a Minimum Wage Job exactly as it would a pound earned in conventional employment.

The wage element paid directly by DWP ensures the claimant receives their full national minimum wage take-home pay. This payment is a salary for work performed; it is not a separate benefit or an additional part of the Universal Credit award. Therefore, it does not alter the underlying calculation rules or create a distinct income category.

This approach relies solely on current legislation and requires no new powers or complex legal exceptions. By using the established architecture of the welfare system, the scheme remains transparent to the claimant and administratively simple for the state. If a worker’s circumstances change, such as a change in household composition or rent, their Universal Credit award adjusts automatically, as it would for any other worker.

Consistency across all roles ensures a seamless transition from a Minimum Wage Job to a regular private-sector role. There are no sudden shifts in benefit treatment or "cliff edges" to navigate, allowing the worker to focus entirely on their professional duties and their search for higher-paid employment.

Q. Do earnings from a Minimum Wage Job exempt the worker from the benefit cap?

A. Earnings from a Minimum Wage Job exempt households from the benefit cap just like any other employment. Under standard Universal Credit rules, a household is exempt from the cap if its combined net monthly earnings reach a specific threshold, set at the equivalent of working sixteen hours per week at the National Living Wage. Because a Minimum Wage Job requires 35 hours of work per week, the monthly take-home pay for the role will always exceed this limit.

The exemption applies automatically. Once the first payroll report is submitted through the Real Time Information system, DWP identifies that the earnings threshold has been met. The benefit cap is then lifted from the Universal Credit award, and the exemption remains in place for the entire duration of the employment.

This provides a vital financial incentive for claimants with higher housing costs or larger families who may currently be affected by the cap. By taking a Minimum Wage Job, they not only receive their wages but also unlock their full Universal Credit entitlement, ensuring that every hour worked results in a clear, immediate increase in total household income.

Q. What happens with pension auto-enrolment, statutory sick pay, maternity pay, and other entitlements under Minimum Wage Jobs?

A. The framework ensures that the host employer never has to make any payment or contribution to wages from its own funds. Payroll software performs the usual calculations using the appropriate minimum wage rate or the relevant statutory rate for sick pay, maternity pay, paternity pay, or shared parental pay. Where the Real Time Information indicator is set, and eligibility is met, the resulting net figure is paid directly to the employee by the Department for Work and Pensions. The employer has no payments to make and no recoveries to claim, as the system handles disbursements entirely.

The legislation explicitly exempts Minimum Wage Jobs from automatic pension enrolment requirements. This is a deliberate choice to ensure that public funds are not diverted to commercial pension providers for roles that are intended to be transitional. While a worker may choose to join a workplace pension scheme and make personal contributions, this is a private financial arrangement and does not constitute an "opt-in" to the statutory auto-enrolment framework. Consequently, the employer is not required to make matching pension contributions, which keeps the scheme simple and maintains a clear incentive for workers to move into conventional employment where full employer-matched pension benefits apply.

The state-provided tax element covers all necessary National Insurance contributions. Workers receive Class 1 National Insurance credits in the same way as in any other job, protecting their future state pension entitlement and their access to contributory benefits. The result is a system where workers receive the full take-home equivalent of the minimum wage and statutory payments during sickness or parenthood, while the employer's gross wage cost remains at zero.

Q. Do workers on Minimum Wage Jobs receive paid holiday, and how is it funded?

A. Workers on Minimum Wage Jobs receive the same statutory holiday entitlement as any other employee in the United Kingdom, ensuring that the roles comply with employment law and provide the same fundamental protections as in the private sector.

When a worker takes paid annual leave, the employer processes payroll as usual, paying the national minimum wage rate for those hours. The resulting net amount is reported through the Real Time Information (RTI) submission. Because the scheme is designed to be seamless, the Department for Work and Pensions automatically includes this amount in the worker's payment, just as it does for ordinary working weeks.

Crucially, the state's responsibility covers the full cost of the leave. As with working hours, the DWP settles both the net wage payment to the worker and the tax element to HMRC. The employer incurs no additional wage costs, National Insurance liabilities, or complex administrative burdens to provide this leave.

There is no need for a separate reimbursement claim or an "accrual" pot managed by the host organisation, as the state funds holiday pay and its associated taxes at the point of use. The worker receives their normal take-home pay while on leave, maintaining financial stability and ensuring that the scheme treats holiday periods with the same consistency as working periods.

This arrangement removes the financial disincentive that often prevents smaller charities or community groups from taking on full-time staff. By centralising funding for wages and the tax liabilities associated with statutory leave, the scheme allows host organisations to focus entirely on the operational value the worker brings to the project. It also ensures that the worker remains fully integrated into the standard rhythm of the British workplace, with the same rights to rest and recuperation as their colleagues in the broader economy.

Q. How are student loan repayments, attachment of earnings orders, or other deductions handled under Minimum Wage Jobs?

A. Deductions are handled in a manner that aligns closely with standard employment outcomes, though the practical delivery is managed by the state rather than the host organisation.

In a conventional job, the employer is responsible for calculating and deducting student loan repayments or court-ordered deductions from a worker's pay. However, because the employer in the Minimum Wage Jobs framework does not handle the core wage or transfer funds to the employee, they cannot perform these deductions. Instead, the Department for Work and Pensions manages these requirements directly through its existing automated systems.

Student loan repayments are calculated and reported alongside the earnings transmitted to HMRC. If a worker’s income triggers a repayment, the Department for Work and Pensions pays the reported amount directly to HMRC as part of the wider tax element, ensuring the worker’s student loan account remains up to date without any manual intervention by the host organisation.

Similarly, attachment of earnings orders and other priority debts are managed through the established Third Party Deduction scheme run by DWP. When a legal order is in place, DWP deducts the required amount from the wage payment, transfers it directly to the creditor, and then pays the balance to the worker.

This arrangement is a simple, practical necessity. By centralising these functions, the scheme ensures full compliance with legal and financial obligations while keeping the payroll process for charities and public bodies entirely free of complex debt administration. The employer is responsible for managing the worker’s performance, while the Department for Work and Pensions handles the mechanics of the statutory deductions.

Q. If a worker on a Minimum Wage Job is injured at work, who is liable and does the employer’s insurance cover them even though the state pays the wage?

A. The host organisation is fully liable in the same way as for any other employee, and standard Employers’ Liability insurance applies. A worker in a Minimum Wage Job is a full employee of the host organisation from the first day of their contract. All aspects of the employment relationship, including direction, supervision, and control, rest entirely with the employer.

If a worker is injured due to negligence or a breach of health and safety duties, the employer has the same legal liability as for a conventionally paid member of staff. The source of the wage is irrelevant to the legal definition of an employee; the core test is the existence of the employment relationship and the contract of service.

The Employers’ Liability (Compulsory Insurance) Act 1969 requires that employers maintain cover for bodily injury or disease sustained by employees arising out of and in the course of their employment. Because these roles are standard employment contracts, existing Employers’ Liability policies automatically cover these workers. No additional premium or specific policy endorsement is required, as the insurance industry already accounts for the total number of staff under an employer's control rather than the particular method of remuneration.

The insurance requirement ensures that a robust safety net protects the worker and that the employer remains incentivised to maintain high health and safety standards. The state provides funding for wages, but the responsibility for a safe working environment remains exactly where it belongs: with the organisation managing the work on the ground.

Q. Isn’t Minimum Wage Jobs just “workfare”, forcing unemployed people to work in public-sector jobs under threat of benefit sanctions, unlike genuinely voluntary private-sector employment?

A. The term workfare suggests a coercive system outside the normal labour market. In contrast, Minimum Wage Jobs are ordinary full-time positions paid at the same national minimum wage as comparable private or public-sector roles. They come with the same statutory rights and the same freedom to move to a different role at any time.

Every welfare state that provides working-age support attaches conditions to that assistance. If an individual is capable of work, voters expect them to be available for suitable paid employment. This principle is already deeply embedded in Universal Credit and in almost every comparable social security system worldwide.

Minimum Wage Jobs change the practical reality of this arrangement. Instead of requiring claimants to search for jobs that do not exist in sufficient numbers, the scheme removes the wage barrier for a wide range of public-purpose employers. Employers can create posts at scale, meaning that, for the first time, suitable full-time work is almost always available immediately, without artificial delays or rationing.

Refusing or persistently failing to take up suitable work, whether it is a Minimum Wage Job or a regular private-sector vacancy, continues to carry the same sanction it always has under Universal Credit rules. The difference is that the claim that no jobs are available is dramatically weakened because the state has made it much easier for employers to offer positions.

The genuinely voluntary market dynamic remains intact, as no claimant is locked into any particular placement. Workers can move to another Minimum Wage Job or to any better-paid or more appealing role the moment one becomes available. This forces host employers to compete on the quality of the workplace experience rather than relying on coercion.

These roles are fundamentally different from previous programmes, which were criticised for being mandatory or unpaid. The roles pay the national minimum wage under standard employment contracts, and claimants select their posts voluntarily from available vacancies. If you can work and wish to receive support from the state, society expects you to contribute. The Minimum Wage Jobs Framework makes that long-standing expectation realistic and fair by removing the most significant obstacle to creating enough jobs: wage costs. It is the welfare state finally delivering on its side of the bargain.

Q. Won't workers on Minimum Wage Jobs end up better off than people doing identical minimum-wage jobs in the private sector? Doesn't that trap people in MWJ posts instead of encouraging them to move into regular employment?

A. The scheme is designed to ensure that a worker in a Minimum Wage Job is in precisely the same financial position as someone working full-time at the national minimum wage in a regular private or public sector job. There is no material cash advantage to staying in the scheme and no financial disincentive to leaving.

The calculations for these roles follow the same logic as for standard employment. The gross earnings from the post, capped at thirty-five hours and reported through Real Time Information, are treated as earned income by the benefit system. Universal Credit uses this gross figure for the taper, applying the standard reduction to housing costs, child elements, and disability elements, as it does for any other minimum-wage employee in the country.

The wage element paid directly by the Department for Work and Pensions is the net take-home pay equivalent to that of an ordinary full-time minimum-wage job, after income tax and National Insurance deductions. Consequently, the combination of monthly take-home pay and the remaining tapered Universal Credit support is identical to what the worker would receive in an equivalent regular job.

This financial neutrality ensures that the worker remains responsive to the broader labour market. If a private employer offers higher gross income or a more attractive overall package, the worker has a clear financial incentive to move. In that scenario, DWP will calculate the taper on the new, higher earnings, and the direct wage payment from the state will cease.

Far from creating a trap, this design maintains powerful incentives to progress. By ensuring that state-funded roles do not offer a premium over private-sector work, the framework encourages workers to view Minimum Wage Jobs as a temporary period of activity while they actively seek better-paid opportunities. The scheme provides security without artificial inflation, allowing the labour market's natural dynamics to pull people into the conventional economy.

A.4 Job Quality, Management and Employer Operations

Q. Why would charities and public-purpose organisations want the extra staff provided by MWJ?

A. Charities and community groups face a workforce shortfall, jeopardising essential services. Recently, a coalition of groups, including Sea Cadets, Scouts, Girlguiding, and St John Ambulance, has called for statutory volunteer leave to address the record-low supply of volunteers.

Minimum Wage Jobs solve this problem by providing, in effect, paid volunteers. By removing the gross wage and tax costs from the host organisation, the programme enables charities to engage the full-time workforce they need to launch ambitious projects that were previously shelved due to labour shortages.

Crucially, these workers operate as an additional operational layer rather than as core staff. While they enjoy full statutory employment rights, their presence enables an organisation to scale its activities in line with the broader economic cycle. In this model, core staff provide permanent strategic continuity and the supervisory structure. Their higher remuneration reflects their role as the organisation's permanent architects.

By contrast, MWJ workers will mainly provide operational muscle. Because they are paid at the statutory minimum, they are expected to move into the private sector as the business cycle improves. The distinction with core staff ensures that when the private sector recruits these workers during economic upturns, the host organisation's core viability remains intact even as its temporary operational capacity contracts.

The introduction of this workforce creates a new leadership ladder. Experienced volunteers and professional staff move into supervisory roles to lead these new teams, allowing the most skilled individuals to focus on mentorship and strategy. By shifting entry-level wage costs to the state, charities can reinvest their limited resources in enhancing their management systems, ensuring that the flexible workforce is productive, well-supported, and integrated into existing volunteer management systems from day one.

Q. How does the scheme ensure that new workers do not displace existing staff?

A. The framework is built on the principle of additionality, ensuring that new workers expand the capacity of an organisation rather than replacing its current workforce. Under the Employment Rights Act 2025, “fire and rehire” has been outlawed. It is automatically unfair to dismiss an employee where they are to be replaced by another individual who is not a direct employee of that organisation and who will undertake the same or substantially the same activities. As a Minimum Wage Job is a job like any other, host organisations must demonstrate that any role filled by a worker in the scheme is a genuine expansion of their mission, rather than a substitute for an existing paid position.

Beyond these legal safeguards, the scheme is designed to create a positive environment for the career progression of existing staff. Public-purpose organisations are already expert at managing large numbers of volunteers. The introduction of ‘paid volunteers’ allows these organisations to transition from a model of scarcity to one of growth. As the workforce expands, the current operational staff will find new opportunities to move into supervisory and management roles.

Employers will need their existing employees to provide essential mentorship and coordination for the new operational teams. This move from frontline delivery to leadership allows professional staff to gain valuable management experience and advance their careers while the new workers handle the expanded operational tasks. By removing the financial pressure of entry-level wage costs, MWJ allows employers to invest more of their core budget into rewarding and promoting their long-term professional staff. MWJ strengthens the stability and expertise of the existing workforce while meeting the growing demand for community services.

Q. Even if the wage is free, managing extra staff still costs money: supervision, training, uniforms, equipment, insurance, etc. and any reasonable adjustments for disabled workers.

A. The operational costs of managing additional staff are acknowledged; however, for the vast majority of eligible host organisations, these outgoings are already part of the existing organisational infrastructure. Most of these bodies already manage a large, high-turnover cohort of volunteers, including those on corporate-paid volunteering days, such as those offered by the Civil Service. The expenditure required for onboarding, induction, and maintaining a ready state for a rotating pool of volunteers is already a sunk cost within their established management systems.

Minimum Wage Jobs workers offer a more efficient structure than traditional micro-volunteers. By providing a consistent, full-time commitment, they significantly reduce the administrative burden of recruitment, scheduling, and repetitive induction. This stability enables host organisations to scale their operations more effectively than with ad hoc voluntary labour.

Furthermore, the programme's unrestricted grant nature, in which the state covers the full cost of wages and National Insurance, frees up significant internal budgets that employers would otherwise spend on entry-level staffing. Employers can reinvest these savings strategically in several key areas. Host organisations can fund enhanced supervision by promoting existing professional staff or experienced volunteers into supervisory roles, thereby creating career development pathways. They can also direct funds towards ancillary costs and the equipment needed to expand service delivery. Finally, they can ensure that they meet all statutory duties regarding reasonable adjustments for workers with disabilities.

Q. Does the availability of ‘paid volunteers’ create new opportunities for social entrepreneurs?

A. The availability of state-funded labour through the scheme is a powerful tool for social entrepreneurs and community leaders to turn ideas into action. One of the biggest hurdles for any new social venture is the initial cost of hiring a full-time team to prove a concept works. Under this programme, entrepreneurs who secure funding for their non-wage costs can access a workforce to deliver their mission, drastically lowering the financial barrier to entry and allowing new organisations to test and scale their models without the immediate pressure of payroll commitments.

This mechanism benefits regions currently scarred by seasonal unemployment. In coastal towns or rural areas where work is often precarious and temporary, social entrepreneurs can use the scheme to create projects that employ labour that would otherwise sit idle, waiting for the next season to start. By drawing on this available workforce, they can build sustainable ventures that provide stability for the community. Because the state supports the workers, these entrepreneurs can focus their fundraising entirely on the operational resources needed to make their project a success.

Q. What is the estimated scale and capacity for ‘paid volunteers’ under this scheme?

A. The scale of current voluntary activity in England provides a clear indicator of the potential for the Minimum Wage Jobs programme. Recent 2021 data show that approximately 12.27 million people in England volunteer at least once a year, contributing a total of 1,245 million hours of labour to the public purpose. When converted into full-time equivalent roles based on a standard 35-hour working week, this voluntary effort represents approximately 700,000 full-time positions. This vast pool of activity demonstrates that public-purpose organisations in England already possess a substantial operational infrastructure for recruiting, onboarding, and managing a large-scale intermittent workforce.

The existing administration systems within charities and public bodies are already calibrated to handle the flow of millions of contributors. For instance, the 3.74 million people who volunteer at least once a week contribute over 766 million hours annually, requiring consistent supervision and coordination. The Minimum Wage Jobs Framework leverages this existing capacity. By employing a full-time team of paid volunteers, the scheme enables these organisations to shift their focus from handling numerous ad hoc shifts to executing large-scale community initiatives.

While precise data on volunteer hours are available only for England, the structure of the voluntary sector is consistent across the UK. The density of charities, community groups, and public bodies in Scotland, Wales, and Northern Ireland mirrors England. These nations have similar volunteer management systems and standards, indicating their capacity to handle a full-time workforce is proportional to their populations. Using England as a benchmark, we can project that similar levels of operational readiness exist nationwide, allowing the UK to expand community services through the scheme.

Q. How does the scheme leverage additional funding from sources such as the National Lottery?

The scheme acts as a powerful multiplier for external grant funding by removing the single largest budget item from grant applications. Currently, a substantial portion of awards from grant-makers, such as the National Lottery Community Fund, is consumed by basic payroll expenses for operational staff. By providing a workforce at no wage cost to the host organisation, the programme allows these grants to be directed entirely towards the non-wage resources that turn a workforce into a functioning project. MWJ creates a leverage effect, where every pound of grant money achieves significantly more community impact than was previously possible.

This approach aligns with the policy of full cost recovery, which allows charities to claim a proportionate share of their overheads alongside direct project costs. Under the scheme, an organisation can secure a grant for the high-cost capital or revenue elements of a project while "crowding in" a dedicated team of paid volunteers to operate it. For example, a grant that previously would have funded one staff member and a small amount of equipment could now fund a fully equipped community hub staffed by a whole operational team. Leveraging MWJ enables host organisations to present much more ambitious and cost-effective proposals to funders, as the state effectively provides the project's core engine.

The scheme also provides a stable foundation for funding from the Dormant Assets Scheme and local Community Foundations. These funds are often targeted at "left-behind" areas or innovative social pilots, where high recruitment and initial payroll costs frequently act as barriers to entry. Because MWJ provides labour as an automatic stabiliser, social entrepreneurs can use these targeted grants to cover the expert management and specialised tools needed to direct the new workforce towards specific local needs, transforming the grant from a temporary wage subsidy into a permanent investment in community infrastructure and leadership.

Finally, the permanence of the workforce reduces the financial waste inherent in the traditional grant cycle. Charities often incur high costs due to the "stop-start" nature of funding, which requires them to recruit staff at the start of a grant and then make them redundant at the end. Because workers in this programme provide a consistent, state-funded presence, employers can use grant funding to sustain long-term strategic goals rather than losing it to repetitive recruitment and induction cycles. Host organisations can use philanthropic and public money to build lasting social value rather than simply managing the churn of temporary labour.

Q. Won't many Minimum Wage Jobs end up being low-quality, dead-end, or poorly managed placements - the familiar criticism of previous schemes that jobs were undemanding or unproductive?

A. The MWJ framework is the first programme in the United Kingdom to deliberately maintain a permanent surplus of publicly funded roles relative to the number of people seeking them. This single condition flips the power relationship between the employer and the worker.

In previous schemes such as the Future Jobs Fund or Community Work Placements, the state and its contractors only bought a set amount of spare labour. Participants were often forced to accept any placement or risk losing their benefits, which meant that providers and host organisations competed on cost and minimal effort rather than on the quality of the working environment.

Under Minimum Wage Jobs, the situation is reversed. The roles are genuinely voluntary, and the private sector is always free to recruit workers away. Because these positions cannot compete on pay and other contractual conditions, as they are fixed by statute, host organisations must compete on non-wage job quality to attract and retain staff. To keep their posts filled, public-purpose employers must offer interesting work, professional management, a supportive culture, and genuine opportunities for advancement.

Workers will vote with their feet. Any organisation that offers boring, poorly managed, or isolating roles will find its posts remain vacant or experience high turnover. Market discipline among scheme-approved organisations has the same effect as it does among private-sector employers in retail or hospitality, who have to improve conditions when the labour market is tight. The Low Pay Commission has noted that workers often struggle with one-sided flexibility in the private sector; here, the excess supply of roles forces all employers to offer better, more stable conditions to remain viable.

This structure creates a self-reinforcing system of job-quality competition throughout the entire ecosystem. This approach does not require a central inspectorate or a complex regulatory framework. Instead, the scheme's economic logic ensures continuous improvement. By providing workers with immediate alternatives, the state creates an environment in which host organisations must offer high-quality, productive employment or risk losing their workforce to a better employer.

Q. Will Minimum Wage Jobs reflect today's priorities, such as Net-Zero, social value and worker representation, and how will those priorities evolve in the future?

A. The Minimum Wage Jobs framework will reflect national priorities such as "Net Zero" and social value automatically, without the need for additional bureaucracy.

Minimum Wage Jobs can be created only by designated public-purpose employers, such as local authorities, NHS bodies, registered charities, housing associations, and community interest companies. These organisations are already governed by charters, statutory duties, and regulatory regimes that embed current public priorities. Whether the goal is decarbonisation, social care, or community cohesion, these mandates are already hard-wired into the host organisation's mission.

Because these are ordinary roles within those organisations, the work delivered is subject to the same targets, reporting requirements and external oversight as all other activities the body undertakes. No separate rulebook or specific government department is required to police social value for these roles, as the existing governance of the public and third sectors already does the heavy lifting.

When national priorities change, focusing on retrofitting and insulation today or digital inclusion and biodiversity tomorrow, employers simply shift the mix of posts they create to meet their own evolving targets. Their existing audit and transparency arrangements ensure that jobs remain relevant, productive and accountable to the taxpayer.

Worker representation is also integral to the scheme's core. The Low Pay Commission, a statutory body comprising employers, trade unions and independent experts, already advises the government on the annual uprating of the national minimum wage. Because the Minimum wage level is directly tied to these recommendations, the voice of the worker remains central to the evolution of the scheme. As the Commission adapts its views on the labour market and social needs, the scheme matures alongside it.

Minimum Wage Jobs inherit the priorities and accountability mechanisms of the public-purpose sector rather than inventing new ones. The result is automatic alignment with the country’s needs today and seamless adaptation tomorrow, all achieved at zero additional administrative cost.

Q. What happens if a worker on a Minimum Wage Job turns out to be incompetent, disruptive, unsafe, or simply refuses to do the job? Can the employer dismiss them like any other employee?

A. A standard employment relationship governs Minimum Wage Jobs. The worker is a full employee of the host organisation from their first day, meaning the employer retains the same legal powers it has with any other member of staff.

If a worker is incompetent, disruptive, or unsafe, the organisation can use its standard disciplinary and capability procedures, which would include issuing warnings, suspending the individual where necessary, and ultimately dismissing them for gross misconduct, persistent poor performance, or a refusal to work. Employers face no special restrictions, extra state-mandated processes, or "job for life" guarantees; they simply manage the worker under their ordinary HR policies and existing employment law.

When a dismissal occurs, the employer ends the contract and reports the leaving date through the regular Real Time Information submission. The state-funded wage element then ends automatically. Because the individual remains within the Universal Credit system, losing a job due to misconduct or poor performance triggers the standard Universal Credit sanction process, ensuring that the consequences of failing to meet workplace responsibilities are identical to those in the private sector.

After a dismissal, a work coach will review the case to adjust the individual's Claimant Commitment. Depending on the reasons for the failure, this may include requirements for training or specialist support before they are considered for another placement. This system protects the integrity of the scheme by ensuring that host organisations are not forced to retain unsuitable staff, while maintaining the clear principle that a guaranteed wage requires a guaranteed standard of work.

Q. What stops employers from creating make-work or fake jobs where people are paid the minimum wage equivalent but do little or no actual work?

A. The scheme incorporates several robust, practical safeguards to prevent the creation of "make-work" roles or sham positions. By aligning the programme with statutory definitions and existing regulatory frameworks, the policy ensures that every role provides genuine value to the public.

Minimum Wage Jobs are defined as meaningful, full-time positions with designated public-purpose employers. If an investigation finds that a role lacks substantive content or fails to meet the 35-hour requirement, the host organisation immediately loses its eligibility for state funding. In such cases, the employer becomes liable for the national minimum wage and all related National Insurance contributions for that worker, which creates a significant, immediate financial deterrent to misuse.

Enforcement is managed through a joint approach that combines HMRC and the Fair Work Agency's full power in minimum wage and employment rights enforcement with the DWP's benefit fraud architecture. HMRC has the authority to remove an employer's eligibility marker from the PAYE system, resulting in state funding ceasing from the next payroll run. At the same time, the DWP can deploy its standard fraud investigation protocols to ensure that any attempt to obtain public funds for fake employment is met with the same severity as any other form of benefit fraud. This triple-layered enforcement ensures that any breach of the scheme rules carries swift and severe consequences.

Furthermore, the scheme is transparent and subject to public scrutiny. Concerns regarding the legitimacy of a post can be raised by the workers themselves, their colleagues, or members of the public through established channels such as the National Benefit Fraud Hotline, the Fair Work Agency, or the Department for Work and Pensions. Because the host organisations are public-purpose bodies, they are already subject to independent auditors and regulators that monitor their outputs and governance.

It is important to note the contrast with the current system. At present, work coaches are required to supervise an entirely artificial thirty-five-hour-per-week "job" of searching for work that often does not exist. Minimum Wage Jobs replaces that pointless, demoralising, and administratively costly exercise with real, productive employment at the national minimum wage.

A.5 Governance, Legislation and Technical Controls

Q. Does the Minimum Wage Jobs Framework require primary legislation or major new legal powers?

A. The Minimum Wage Jobs framework requires primary legislation to grant the Department for Work and Pensions the legal power to issue direct wage payments to employees, authorise the transfer of supply between government departments, and designate the specific categories of employers and employees eligible for the programme. This legislative foundation is necessary to move the scheme beyond the existing boundaries of the welfare system and towards a functional employment model.

The legislation establishes a process in which DWP provides two separate payments for each post: a net wage paid directly to the worker and a matching tax component paid to HMRC. It allows the state to settle the notional employer liabilities in full, ensuring that the worker receives the correct take-home pay while the host organisation incurs no direct wage or tax costs.

Notably, the scheme does not require any amendments to the National Minimum Wage Act 1998. Under existing law, the employer's obligation is simply to ensure the worker receives the statutory minimum. The Act does not specify the source of the funds used to meet this obligation. By settling the wage and tax elements on behalf of the host organisation, the state ensures that the statutory floor is fully met and that the employer remains fully compliant with the law.

This legal structure creates a clean, transparent system that works in harmony with the British tax and employment landscape. It avoids the technical conflicts that arise when benefits are used as a substitute for wages and provides a robust, permanent statutory basis for guaranteed work.

Q. Which organisations can participate as Minimum Wage Job employers?

A. Participation in the Minimum Wage Jobs scheme is open to organisations whose existing legal structure and regulatory status already provide a high level of public accountability. By using these established categories, the scheme avoids the need for a separate accreditation process or for job-by-job bureaucratic approval.

Eligible employers may include registered charities, local authorities, NHS bodies such as trusts and integrated care boards, and registered providers of social housing or housing associations. These organisations can create posts immediately within their current operational scope, provided the roles constitute meaningful full-time work.

This approach ensures that bodies that deliver the scheme are already subject to independent auditors, regulators and statutory duties. Because these organisations already have a mission to serve the public good, the jobs they create are naturally aligned with community needs. Additional classes of employers may be included in the future through a simple Statutory Instrument, allowing the scheme to expand as required.

By removing the need for individual applications or central vetting, the framework allows public-purpose organisations to respond quickly to local needs. Any operation meeting the criteria can simply designate a role as a Minimum Wage Job in its payroll system and begin recruitment, safe in the knowledge that its existing governance meets the scheme's requirements.

Q. Why are Minimum Wage Jobs restricted to statutory minimum entitlements for holiday, notice, and redundancy?

A. Minimum Wage Jobs are intended to be the baseline of the UK labour market. The law ties these roles strictly to the statutory minimums set by Parliament for all workers, creating a clear distinction between a transitional state-guaranteed role and a permanent career role.

There are three primary reasons for this approach. First, it protects labour mobility. To keep the economy flexible, workers must be able to move quickly into higher-paying private-sector roles as they arise. Using the statutory minimum notice period ensures that a worker is never locked into a scheme job when better opportunities arise.

Second, it prevents the creation of roles that might inadvertently compete with local private businesses. If host organisations offered enhanced holiday or benefit packages above the legal minimum, the scheme would become a destination rather than a bridge. Restricting roles to the legal floor ensures the scheme remains an entry-level platform for moving into the broader economy.

Third, this approach ensures fairness and fiscal transparency. Because the state settles the wage and tax liabilities, the cost must be predictable and uniform. Linking the role to national statutory minimums ensures that every participant across the country receives the same legal protections and entitlements.

Furthermore, a Minimum Wage Job is an employment contract like any other. Moving from one host organisation to another is treated the same as moving between any two employers in the United Kingdom. The standard rules regarding continuity of service remain unchanged; unless a specific legal exception applies, as with a TUPE transfer, moving to a new employer resets the "clock" for service-related rights. This approach reinforces the role's function as a temporary, market-ready position rather than a continuous career path within the state-funded sector.

While other staff at a host organisation may receive enhanced benefits paid from that organisation's own budget, Minimum Wage Jobs are funded by the taxpayer to provide a social safety net of guaranteed work. Keeping these roles at statutory minimum levels helps ensure the framework remains aligned with its main objective: a swift transition into the broader workforce as the cycle turns.

Q. How can a valid employment contract exist when the employer pays zero wages? Without the employer's financial consideration, isn’t the real contract between the worker and the state, leaving the employer unable to direct or dismiss the worker?

A. The contract is a perfectly ordinary bilateral employment contract under both English and Scottish law. The consideration issue arises only under English law, as the Scottish approach to contract is materially different.

Consideration does not have to be paid directly by the employer. It can be any valuable promise or act. In a Minimum Wage Job, the employer provides clear and binding consideration in the form of two promises:

- the promise to give the worker meaningful full-time work and to direct, manage, and supervise that work in the usual way, and
- the promise to make the specific administrative act (the accurate Real Time Information submission containing the eligibility flag) that triggers and secures the worker’s payment from DWP.

The second promise is far from trivial: it is a legal obligation whose proper performance directly ensures that the worker is paid the minimum wage take-home amount each month. In contract law terms, it is classic executory consideration: a binding commitment to perform the act that releases the money.

In return, the worker promises to perform the labour under the employer’s direction. The result is a standard employment relationship: the employer has full rights and duties of management, including the right to give lawful instructions, apply disciplinary procedures, and dismiss for misconduct or capability. The fact that the cash ultimately flows from the DWP changes nothing, any more than an employer who pays wages from a ring-fenced government grant ceases to be the real employer.

Q. Is the government prepared to place Minimum Wage Jobs on a statutory “Standing Service” footing so a single Budget decision cannot abolish the guarantee?

A. It is expected that DWP will fund the scheme through the annual parliamentary supply process, as with Universal Credit.

Although it is a fundamental principle of the British constitution that no Parliament can bind its successor, the primary legislation required to launch the scheme offers an opportunity to make the funding more resilient. One option would be to designate the spending as a Standing Service, placing the funding outside the usual annual parliamentary voting cycle, as is done for essential national obligations such as debt interest payments.

Whether to use the standard supply model or this more permanent standing service arrangement is a matter of debate for MPs. The final decision will rest on which approach offers the best balance between providing a cast-iron guarantee for workers and maintaining the proper level of democratic oversight by Parliament.

In truth, the greatest safeguard for the scheme is its own success. Once the Minimum Wage Jobs Framework is in place and achieving full employment, alongside permanently low interest rates, ending the programme would carry enormous political repercussions. A government removing the framework would be responsible for the rapid return of widespread unemployment, unstable prices and interest rate hikes.

Q. How does the framework operate in devolved nations with different income tax rates, such as Scotland?

A. The Minimum Wage Jobs framework is designed to work seamlessly with the different income tax rates across the United Kingdom. Both the wage and tax elements are calculated within PAYE using the individual worker's tax code and rates.

For example, if a worker’s main home is in Scotland, they may be subject to different tax bands, such as the 19 per cent starter rate. This results in a slightly higher net wage paid directly to the employee and a slightly lower tax element paid to HMRC compared to a worker in England. National Insurance contributions remain the same across the whole of the United Kingdom.

The scheme ensures that an individual's take-home pay from a Minimum Wage Job will exactly match what they would receive from any other private sector role at the same pay level. There are no additional tasks for the employer or the claimant, as the existing payroll architecture handles the calculations automatically. By using established tax schedules, the system guarantees fairness and accuracy regardless of where the individual lives in the country.

Q. How is the scheme protected against fraud, substitution, or misuse by employers?

A. The Minimum Wage Jobs scheme is protected by several layers of safeguards that are built directly into existing tax and benefit systems. These controls are designed to operate automatically and in real time to prevent fraud or misuse.

HMRC holds verified data on the legal status and sector of every employer in the country. The legislation for this scheme clearly defines which classes of employers are eligible to participate. Using this data, the tax office applies an internal marker to the specific payroll reference numbers of authorised organisations.

When an employer submits their regular payroll information, the system checks for this active eligibility marker. If a business that is not authorised attempts to claim the funding, the system automatically filters it out, ensuring that payments reach only the public-purpose organisations for which they are intended.

The authorities can suspend or remove an employer's eligibility marker if they find any evidence that the scheme rules are being breached or employment rights are being infringed. This action immediately blocks all further payments, without requiring manual intervention by DWP.

Standard fraud protections also remain in place. DWP continues to use its existing sanctions and watchlists for both claimants and employers with a history of fraud. Routine checks are carried out by established compliance teams, with audits focused on high-risk areas. By using these proven systems, the scheme remains secure and accountable without creating a new mountain of red tape.

Q. What prevents employers from reporting inflated wages in Real Time Information submissions to cause overpayment under the scheme?

A. The Minimum Wage Jobs Framework is designed to be self-correcting. By placing the ultimate financial liability on the employer for non-compliant submissions, the system ensures statutory requirements are consistently met while protecting the public purse from overpayments.

Payroll software calculates wages based on hours worked and the current National Minimum Wage rate for the worker's age. To prevent overpayment, DWP systems apply a hard cap to each disbursement. This cap is fixed at the equivalent of 35 hours at the relevant statutory rate.

While RTI submissions use standard HMRC bands, such as "Band D" for 30 hours or more, the system uses the reported gross pay as the primary technical control. This figure enables the automated process to verify and enforce the 35-hour cap, even when hours are grouped into broader reporting bands. Every payroll submission is recorded and matched between HMRC and DWP, with routine data checks designed to flag any unusual patterns or discrepancies immediately.

If a submission exceeds the 35-hour cap or contravenes the scheme rules, the automated payment is not triggered. In such cases, the employer remains liable to pay the worker the full minimum wage from their own funds. To prevent organisations from being penalised for simple administrative errors, the system allows a correction period. If a mistake is made, the employer can submit an amendment via the standard RTI process. Once the corrected data is validated, the state payment is released, ensuring that honest mistakes do not result in a permanent loss of funding.

However, if misuse is found to be deliberate, the consequences are swift. An organisation's eligibility for the scheme can be suspended, blocking all future payments. Deliberate false reporting also triggers existing civil penalties and potential prosecution under current tax and fraud laws. By combining locked payroll calculations with a strict payment cap and a clear path for correcting minor errors, the system remains accurate and secure without creating undue risk for honest organisations.

Q. How is the wage for Minimum Wage Jobs set each year, and how does the scheme affect the setting of the National Minimum Wage?

A. Minimum Wage Jobs pay the National Minimum Wage. The process for setting this rate remains unchanged, but the remit of the Low Pay Commission will be updated to reflect a fully employed economy.

The Low Pay Commission continues its established annual cycle of evidence-gathering and recommendations. Once the scheme is operational and involuntary unemployment has been eliminated, the Commission's terms of reference will be revised. Instead of calibrating the minimum wage to the risk of job loss, the focus will shift to productivity.

Recommendations then prioritise increases driven by economy-wide productivity growth, while also taking account of living standards and the objective of inclusive growth. With the state acting as an employer of last resort, the Commission no longer needs to constrain the wage floor to protect private-sector employment. The market, rather than the wage floor, determines which private-sector operations succeed or fail.

This adjustment makes the statutory wage floor the nominal anchor for the economy. It provides a stable base cost from which businesses can plan their pricing and investment. Within a floating exchange rate area, this anchor eliminates the constant shifting of relative prices that occurs when there is no clear floor, providing a solid foundation for the entire monetary system.

The Low Pay Commission is thus free to link the minimum wage firmly to the long-term rise in output per worker. Parliament retains its existing role in the process; the Commission's recommendation is laid before the House of Commons, and, if approved, the new rates take effect nationally from the usual April uprating date. These rates then apply automatically to every Minimum Wage Job.

The result is a transparent, economy-wide minimum wage that rises steadily with productivity. It applies equally to private-sector and public-sector roles, and the fear of causing unemployment no longer holds it back.

Q. Can an inflation shock or recession interrupt the setting of the minimum wage?

A. The setting of the National Minimum Wage includes a built-in safety valve to protect the economy in exceptional circumstances. Each year, after receiving the Low Pay Commission's recommendation, the Government drafts a Statutory Instrument and an impact assessment for laying before Parliament. For the new rates to take effect, Parliament must approve the instrument by an affirmative resolution.

In the event of a severe inflation spike or a deep recession, the Government may decide not to lay the instrument at all. Alternatively, Parliament may withhold its consent. If Parliament doesn't pass the resolution, the minimum wage remains at its current level.

This long-standing parliamentary "brake" is a deliberate feature of the system. It ensures that elected politicians have the final word during a crisis, allowing flexibility without disrupting productivity-led growth in the wage floor during more stable times.

By maintaining this existing legislative process, the Minimum Wage Jobs Framework remains responsive to the broader economic climate. It ensures that the state's commitment to a progressive minimum wage is balanced with the need for overall financial stability.

Appendix B: Technical Note: How the Framework Anchors Wages and Stabilises the Economy

This note outlines the macroeconomic basis for how the Minimum Wage Jobs (MWJ) Framework anchors nominal wages and maintains price stability through two complementary mechanisms: financial stabilisation and stabilisation of expectations.

Conventional policy assumes a Non-Accelerating Inflation Rate of Unemployment (NAIRU) – the level of unemployment deemed necessary to restrain wage demands. Under this model, inflation is driven by a distributional conflict in which wage demands outpace productivity, prompting firms to raise prices to protect their margins.

Historically, the state has managed this conflict by allowing unemployment to rise, thereby reducing workers' bargaining power. In this context, an unemployed buffer stock is the primary tool for maintaining price stability.

B.1 Financial Stabilisation Mechanism

MWJ replaces this unemployed buffer stock with an employed one, establishing a spatially targeted automatic stabiliser that responds to the economy in real time:

- During growth: When a worker moves from MWJ to the private sector, government spending automatically falls as private wages replace state payments. This occurs precisely where private demand is strongest, naturally dampening local overheating.
- During contraction: When a private firm fails, workers transition to MWJ. Government spending increases where demand has been withdrawn, stabilising local household incomes and preventing a downward economic spiral.
- Geographic precision: These adjustments are local. Spending on MWJ can decline in a booming city while increasing in a struggling coastal town, delivering fiscal support without the need for slow, discretionary regional grants.

B.2 Expectation Stabilisation Mechanism

The MWJ wage is a fixed living income that never competes on price. This creates a credible threat that disciplines both workers and firms:

- Workers can refuse exploitative "sweatshop" wages and move to guaranteed minimum-wage employment at will. Private employers must therefore pay salaries that reflect genuine risk and reward, or risk losing labour to the public-purpose sector.

- Firms cannot indefinitely pass on cost increases through higher prices if labour is available at a known MWJ wage. Local authorities, social enterprises, or community bodies can deploy MWJ workers to compete directly with any firm attempting to engage in monopolistic pricing.

- The only sustainable response for firms facing higher wage costs is to raise productivity through investment and innovation. Workers displaced by these gains are absorbed into the MWJ pool, maintaining aggregate demand and allowing real wage growth to keep pace with productivity.

B.3 The Combined Anchor

The two mechanisms work in tandem. The financial half ensures that government spending contracts when private demand is high and expands when it is low. The expectations half fixes the nominal wage floor, preventing a "wage-price spiral" by linking gains to productivity. Together, they anchor the currency's value at the base of the labour market, making a buffer stock of unemployed people unnecessary.

B.4 Implications for Monetary Policy

With the wage floor serving as the primary nominal anchor, stabilising the labour market, the Bank of England no longer needs to raise interest rates to regulate overall demand. The task of stabilising the economy shifts from the market for money to the market for labour.

As a result, the Bank can keep interest rates consistently low, allowing it to:

- Focus on financial stability and the health of the banking system.
- End the regressive transfer of wealth from debtors to creditors that occurs when interest rates spike.
- Ensure that credit is directed towards productive investment rather than speculative lending.

B.5 Conclusion

A Minimum Wage Jobs programme transforms the current unemployed buffer stock into a productive, employed one. It anchors the currency at a fixed wage floor, delivers automatic fiscal stabilisation, and promotes price stability. By eliminating involuntary unemployment, MWJ achieves full employment and price stability simultaneously: twin objectives that current policy has long declared incompatible.