



Department for  
Business, Energy  
& Industrial Strategy

# NATIONAL MINIMUM WAGE AND NATIONAL LIVING WAGE

Low Pay Commission Remit 2017



August 2017

## **NATIONAL MINIMUM WAGE AND NATIONAL LIVING WAGE – LOW PAY COMMISSION REMIT 2017**

The Government is committed to delivering an economy that works for everyone. Through the National Minimum Wage and National Living Wage, the Government is ensuring the lowest paid are fairly rewarded for their contribution to the economy. The independent work of the Low Pay Commission (LPC) continues to play a central role in helping to achieve these ambitions.

The LPC's recommendations will continue to guide the Government as it sets the National Minimum Wage rates with the objective of helping as many low-paid workers as possible, without damaging their employment prospects. The Government would like the LPC to monitor, evaluate and review the levels of each of the different National Minimum Wage rates (16-17, 18-20, 21-24 age groups and apprentice rates) and make recommendations on the increase it believes should apply from April 2018 in light of this objective.

The National Living Wage was introduced in April 2016 for workers aged 25 and over and has already directly benefitted over a million hard-working people across the UK. The Government asks the LPC to monitor and evaluate the National Living Wage and recommend the level to apply from April 2018. The ambition is that it should continue to increase to reach 60% of median earnings by 2020, subject to sustained economic growth. After 2020, the National Living Wage will rise by the rate of median earnings, so that people who are on the lowest pay benefit from the same improvements in earnings as higher paid workers.

The accommodation offset was introduced in 1999 and remains the only benefit in kind which is taken into account when calculating the minimum wage. The Government asks the LPC to recommend the accommodation offset rate which will apply from April 2018. In making these recommendations the LPC is asked to consider the pace of the increase, taking into account the state of the economy, the impact upon employment and unemployment levels, and relevant policy changes.

### **Timing**

The LPC is asked to provide a report in response to this remit to the Prime Minister and the Secretary of State for Business, Energy and Industrial Strategy by October 2017.

