



Department for  
Business, Energy  
& Industrial Strategy

# NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE

Government response to the Low Pay  
Commission's autumn 2018  
recommendations

October 2018



**OGL**

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## Introduction

*Through the Industrial Strategy, the Government is embarked on delivering a 'Good Work' plan, ensuring better jobs across the labour market. The National Living Wage and the National Minimum Wage are central to this vision, and ensure fair pay in the economy.*

The Government continues to set the minimum wage rates based on the independent and expert advice of the Low Pay Commission. Earlier this year the Government asked the Low Pay Commission to recommend the 2019 rate of the National Living Wage such that it reaches 60% of median earnings by 2020, subject to sustained economic growth. The National Living Wage was introduced in April 2016 and was increased to £7.83 in April 2018 – benefitting over 2 million workers. The Low Pay Commission's recommendation is to remain on path to meet 60% of median earnings by 2020.

The Government also asked the Low Pay Commission to make recommendations for the National Minimum Wage rates that apply to young people, such that they are set as high as possible without causing unemployment effects. The UK labour market remains strong, with near-record levels of employment, and the unemployment rate is at its lowest since 1975. Accordingly, the Low Pay Commission has made recommendations for above-inflation increases to the National Minimum Wage rates that apply to 21 – 24 year olds, 18 to 20 year olds, and to 16 and 17 year olds.

## Recommendations made by the Low Pay Commission

The Low Pay Commission has recommended that:

- The **National Living Wage** (for workers aged 25 and over) should increase from £7.83 to £8.21;
- The rate for **21-24 year olds** should increase from £7.38 to £7.70;
- The rate for **18-20 year olds** should increase from £5.90 to £6.15;
- The rate for **16-17 year olds** should increase from £4.20 to £4.35; and
- The **apprentice rate** (for apprentices aged under 19 or in the first year of their apprenticeship) should increase from £3.70 to £3.90.

The Low Pay Commission has recommended that the **accommodation offset** increases from the current £7.00 to £7.55.

## Government Response

The Government accepts all of these recommendations. We welcome the Low Pay Commission's recommendation of an increase to the National Living Wage rate such that it remains on path to reach 60% of median earnings by 2020. The Government also notes that by accepting these recommendations the National Minimum Wage youth rates will be increased above the rates of inflation and of average earnings, following continued strength in these labour markets.

These increases are due to come into effect from April 2019, subject to Parliamentary approval. The Government intends to lay implementing regulations before Parliament in due course.

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