



Department
for Business
Innovation & Skills

NATIONAL MINIMUM WAGE

Government response to the
Low Pay Commission's Spring
2016 report

MARCH 2016

National Minimum Wage: Government response to the Low Pay Commission's Spring 2016 report

The main recommendations put forward by the Low Pay Commission concern the rates of the National Minimum Wage.

The Commission has recommended that the adult hourly rate of the National Minimum Wage should increase from £6.70 to £6.95. The Commission has recommended increasing the development rate which covers workers aged 18-20 years old from £5.30 to £5.55 and increasing the rate for 16-17 year olds from £3.87 to £4.00. It recommends that the apprentice rate should increase from at £3.30 to £3.40. It is recommended that these changes take place from 1 October 2016.

The Commission has also recommended that the accommodation offset increases from the current £5.35 to £6.00 from 1 October 2016.

The Government **accepts** all of the rate recommendations.

Government's response to individual recommendations in the Low Pay Commission report

National Minimum Wage rate recommendations

We recommend that the adult rate of the National Minimum Wage (21-24 year olds) should increase by 3.7%, or 25 pence, to £6.95 an hour, from 1 October 2016.

We recommend an increase of 4.7% in the youth development rate to £5.55 an hour; an increase of 3.4% in the 16 to 17 year-old rate to £4.00 an hour; and an increase of 3% in the apprenticeship rate to £3.40 from 1 October 2016.

ACCEPT

Accommodation offset

We recommend that the accommodation offset be increased by 12.1 per cent, to £6.00 a day, from 1 October 2016.

ACCEPT

Other recommendations

We recommend that the Government considers the current obligations on employers regarding provision of payslips and considers introducing a requirement that payslips of hourly-paid staff clearly state the hours they have been paid for;

We recommend that the Government establishes a formal public protocol for HMRC to handle third party whistleblowing on breaches of the NMW, which should include arrangements for giving all possible feedback to relevant third parties and appropriate continuing involvement in any resulting casework.

NOTE

The Government is committed to the effective enforcement of the National Minimum Wage. As suggested by the LPC, we will consider these options in full.



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