



Department for
Business, Energy
& Industrial Strategy

NATIONAL MINIMUM WAGE AND NATIONAL LIVING WAGE: LOW PAY COMMISSION REMIT 2019

March 2019

National Living Wage and National Minimum Wage: Low Pay Commission Remit 2019

The Government continues to build an economy that works for everyone. Making work pay for the lowest earners in our society is a core part of our commitment. This April the increases to the National Living Wage and National Minimum Wage are expected to boost the wages of over 2.1 million workers.

The Government's objective is for the National Living Wage to reach 60% of median earnings by 2020, subject to sustained economic growth. The Government asks the Low Pay Commission to monitor and evaluate the National Living Wage and to recommend whether economic conditions allow for the rate effective from April 2020 to meet 60% of median earnings by October 2020.

In addition, the Government would like the Low Pay Commission to monitor and evaluate 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 increases it believes should apply from April 2020 such that the rates are set as high as possible without damaging the employment prospects of each group. The Government also asks the Low Pay Commission to recommend the accommodation offset rate that should apply from April 2020. Recommendations and a report should be made by October 2019.

In making these recommendations the LPC is asked to take into account the state of the economy, employment and unemployment levels, and relevant policy changes.

Youth rate review

The Government notes the Low Pay Commission's intention to produce advice later this year on whether the current youth rate structure best supports their stated remit. The Government wants to ensure these rates continue to support young people in the labour market.

Post-2020 remit of the LPC

At Budget 2018, the Government announced its aspiration to end low pay in the UK. This year, it will confirm a remit for the LPC for the years beyond 2020. In deciding this remit, the Government will engage with the LPC, as well employers and the TUC, to gather evidence and views. The LPC's remit post-2020 will be confirmed by Budget 2019.

Timing

The Low Pay Commission is asked to provide a final report in response to this remit to the Prime Minister and the Secretary of State for Business, Energy and Industrial Strategy by October 2019.



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