



Department for
Business & Trade

NATIONAL MINIMUM WAGE AND NATIONAL LIVING WAGE

Low Pay Commission Remit 2024

March 2024



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National Living Wage and National Minimum Wage: Low Pay Commission Remit 2024

The Government wants to make the UK the best place possible to live and work, making work pay for the lowest earners in our society is a core part of our commitment.

The National Living Wage was introduced in April 2016 and in 2019, the Government set a target for the National Living Wage to reach two-thirds of median earnings by 2024 for workers aged 21 and over¹. This April, we are very proud to say that we will have ended low hourly pay for this group and delivered on our manifesto commitment. The planned increases to the National Living Wage and National Minimum Wage rates this April are expected to boost the wages of around 3 million low-paid workers.

Having accepted the Low Pay Commission's recommendations in full, on 1 April 2024 the National Living Wage will increase by 9.8 per cent to £11.44 an hour, and apply to workers aged 21 and over. The Government is also increasing each of the National Minimum Wage rates for younger workers and apprentices to £8.60 for 18-20 year olds and to £6.40 for under 18s and apprentices.

National Living Wage and National Minimum Wage rates

The labour market is strong, with payroll employment at a record high and the unemployment rate is low by historical standards. However, we recognise that workers and employers have faced a challenging period of high inflation (which is now falling) and a weakened global economy.

In this context, the government asks the Low Pay Commission to monitor and evaluate the National Living Wage. We ask the Low Pay Commission to recommend the National Living Wage rate which should apply from April 2025 in order to maintain the bite at two-thirds of median earnings, and protect progress made to end low hourly pay for this group, without recommending any further revisions to the age threshold.

The Government asks the Low Pay Commission to closely monitor developments in the labour market, including the impact of increases to the minimum wage rates, and advise on emerging risks. The Government is proud of the achievement of ending low hourly pay, and wants to maintain this.

The Government notes that the Low Pay Commission will continue to expand its evaluation capabilities and commission minimum wage research from leading experts, using new methods and sources of evidence for its assessment of the impact of the National Living Wage.

The Government also asks the Low Pay Commission to monitor and evaluate the levels of each of the different National Minimum Wage rates (under-18 and 18-20 age groups and apprentice rate) and make recommendations on the increases it believes should apply from

¹ The OECD define the incidence of low pay as anything below two-thirds of median earnings in a country.

April 2025, such that the rates are set as high as possible without damaging the employment prospects of each group. In addition, we ask the Low Pay Commission to recommend the accommodation offset rate that should apply from April 2025.

To further expand the evidence base, the Government asks the Low Pay Commission to continue to gather particular evidence on groups of low paid workers with protected characteristics. As identified in the Government's impact assessment, groups more likely to be affected by changes to the minimum wage rates include younger, older, disabled, women, and ethnic minority workers.

Additionally, we ask the Low Pay Commission to continue to gather evidence on the differing impact across the United Kingdom of increases to the minimum wage rates, to inform how the minimum wage contributes to the levelling up mission to improve pay, employment, and productivity in all areas of the UK.

In making its recommendations for the minimum wage rates, the Low Pay Commission is asked to take into account the state of the economy, employment and unemployment levels and the wider labour market, business impacts, and relevant policy changes.

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 and Trade by the end of October 2024.