



Low Pay Commission

Summary of evidence

November 2025

**National
Minimum
Wage**



Low Pay Commission

Table of contents

3	4	5	6	7	8	9	10
Introduction	Our remit for 2025	Our National Living Wage recommendation meets the two-thirds target and increases its real value	Weak consumer spending continues to weigh on GDP growth	Workers are still struggling with the cost of living	Real wage levels are similar to those in 2008	The labour market loosened further this year...	...and has become less dynamic
11	12	13	14	15	16	17	18
Pay growth has been resilient but is expected to slow over the coming year	NLW coverage fell this year, but pay continues to be compressed	Multiple factors are contributing to falling employment in some low paying industries	But employment outcomes have been better in high coverage regions	Hours have seen little change, but underemployment has increased	Adjustments to profits, prices, and productivity remain common responses to the NLW	The NLW's contribution to growth in total pay and prices is minimal	Our youth rate recommendations balance the Government remit with a weakening youth labour market
19	20	21					
We propose bringing 20 year olds into the NLW in 2027	The bite and coverage of the Apprentice Rate has increased	Sources and notes					

Introduction

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The Low Pay Commission (LPC) is the independent body that advises the Government on the National Minimum Wage (NMW) rates, including the National Living Wage (NLW). We are a social partnership, comprising worker representatives, employer representatives and independent experts.

This short report sets out the key evidence behind our recommendations for the minimum wage rates which will come into force on 1 April 2026. It should be read in conjunction with our letter of advice to the Prime Minister and Secretary of State for Business and Trade.

We met in October 2025 to agree these recommendations and submitted our advice on 27 October. Our recommendations were then accepted by the Government

and announced at the Autumn Budget on 26 November.

Our remit from the Government is reproduced on the following page. All sources and references for charts and data can be found at the end of this report.

We will publish our full annual report in the new year, which will set out at greater length the data and testimony which informed our recommendations this year. Early next year we will also answer the Government's question about the criteria for the baseline target of the NLW to increase beyond two-thirds of UK median earnings within this Parliament.

Rates to apply from 1 April 2026

	NMW rate	Annual increase (£)	Annual increase (per cent)
National Living Wage (for those aged 21 and over)	£12.71	0.50	4.1
18-20 Year Old Rate	£10.85	0.85	8.5
16-17 Year Old Rate	£8.00	0.45	6.0
Apprentice Rate	£8.00	0.45	6.0
Accommodation Offset	£11.10	0.44	4.1

Our remit for 2025

This page reproduces the Government's remit to the Low Pay Commission

The Government published the LPC's remit in August 2025.

It is available to view online [here](#).

As set out in the Plan for Change, economic growth is the number one mission of the government. Through the Growth Mission, the government will deliver higher living standards in every part of the United Kingdom by the end of the Parliament, putting more money in working people's pockets. The government is determined to deliver a genuine living wage, backed by evidence and consistent with delivering inclusive growth for working people and competitive businesses across the UK.

The government recognises and values the Low Pay Commission's (LPC) established track record of balancing a multitude of factors and making wage rate recommendations that deliver for workers and businesses alike. We therefore ask the LPC to make recommendations on the following rates to apply from 1st April 2026. The recommended rates should minimise impacts on employment prospects for workers and should consider the risks of youth unemployment in light of emerging and concerning trends for this cohort.

National Living Wage

The government is committed to raising the living standards of working people and this is the key focus of the government's Growth Mission. That is why the government asks the LPC to ensure that the National Living Wage rate does not drop below two-thirds of UK median earnings for workers in the National Living Wage population, a recognised measure of low hourly pay. The LPC should take into account the cost of living, inflation forecasts between April 2026 and April 2027, the impact on the labour market, business and competitiveness, and carefully consider wider macroeconomic conditions.

National Minimum Wage for 18 to 20-year-olds

The government is committed to removing the discriminatory age bands for adults. We ask that the LPC

carries out its proposed consultation on how this should be achieved. The findings from this consultation should then inform the LPC's recommendations for the 18 to 20-year-old rate(s) from April 2026. In seeking to narrow the gap between the National Minimum Wage and the National Living Wage, the LPC should also take into account the effects on employment of younger workers, incentives for them to remain in training or education and the wider economy.

Other National Minimum Wage rates

The government asks the LPC to make recommendations on the under 18 and apprentice National Minimum Wage rates that should apply from April 2026. Rates should be set as high as possible without damaging the employment prospects of each group. In addition, we ask the LPC to recommend the accommodation offset rate that should apply from April 2026.

Research and evaluation

We ask the LPC to continue to gather evidence on the differing impact across the United Kingdom of increases to the National Minimum Wage and National Living Wage, to inform how the minimum wage helps to deliver greater prosperity and living standards for working people in all areas of the UK. We also ask the LPC to gather evidence and publish its findings on what criteria would need to be met in order for the baseline target of the National Living Wage rate to increase beyond the current two-thirds of UK median earnings level within this Parliament.

Timing

The LPC is asked to provide advice in response to this remit to the Prime Minister and the Secretary of State for Business and Trade by the end of October 2025.

Our National Living Wage recommendation meets the two-thirds target and increases its real value

To recap, our remit for the NLW in 2026 asked us to:

- Ensure the rate did not drop below two-thirds of median earnings for workers in the NLW population.
- Take account of the cost of living, including inflation forecasts between April 2026 and April 2027.
- Take account of the impact on business, competitiveness, the labour market and the wider economy.

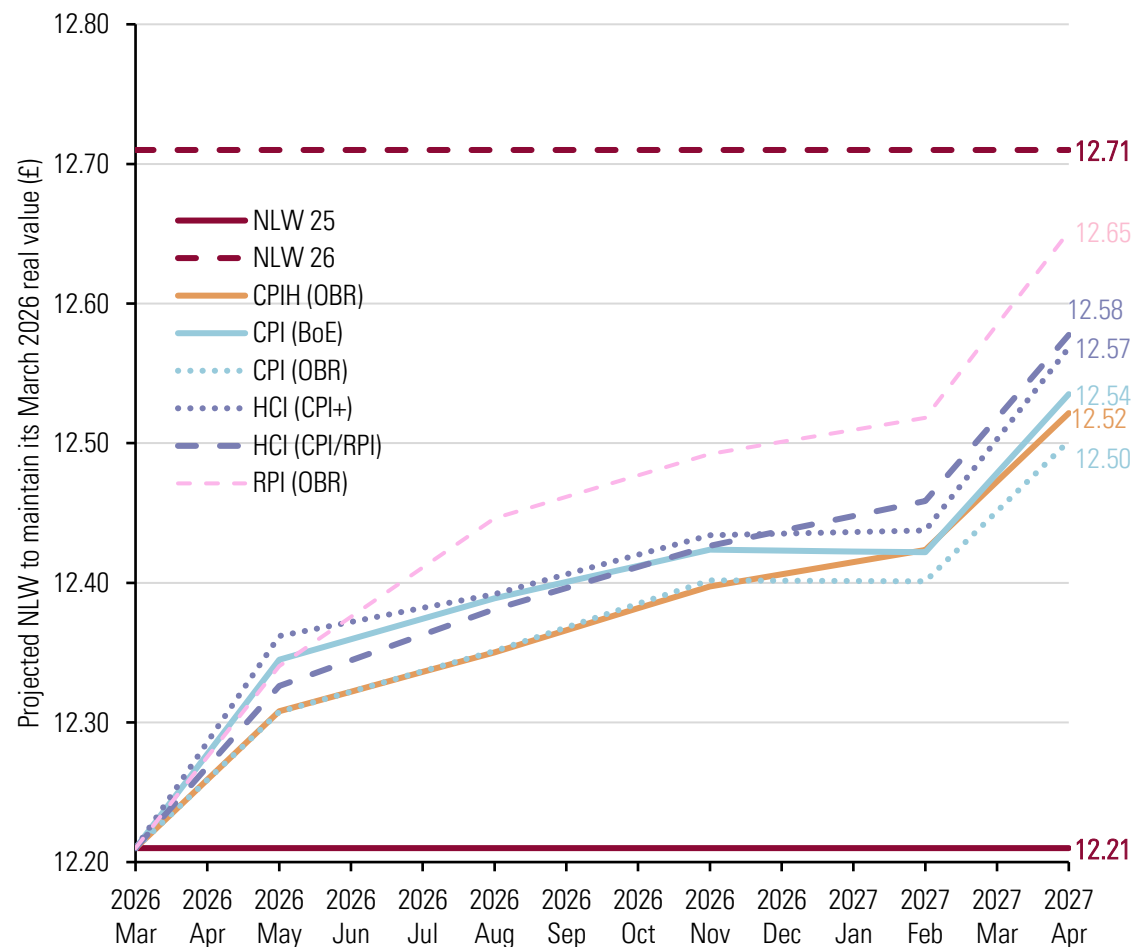
Determining a rate that does not fall below two-thirds of median hourly earnings involves a series of judgements. First, we need to estimate what median hourly pay will be in a year's time (October 2026). For this, we need estimates and forecasts of earnings data. Navigating the uncertainty around these requires judgement. We start with median hourly pay (excluding overtime) for those aged 21 and over in April 2025.

Using the Annual Survey of Hours and Earnings (ASHE), we estimate this to be £18.10. Using Average Weekly Earnings (AWE) data, we project this out to August 2025. We then use the median weekly wage growth forecast from HMT's panel of independent forecasters, adding the Bank of England's forecast, to project out to October 2026. Given the uncertainty associated with these forecasts, we calculate a range (± 0.5 ppts on wage growth for each year projected). This gives a range of £12.66 to £12.84 for the estimate of two-thirds of median earnings in 2026.

Taking account of all relevant information and submissions, we recommended an increase of 4.1 per cent to £12.71 an hour in 2026. This meets the Government's target of two-thirds of median earnings for those aged 21 and over in 2026. It reflects prevailing economic and business conditions and exceeds expected CPI inflation between April 2026 and April 2027 (2.0-2.1 per cent), giving workers a real-terms pay rise.

An NLW of £12.71 is expected to stay ahead of inflation.

Projected real values of NLW in April 2027 (£)



Weak consumer spending continues to weigh on GDP growth

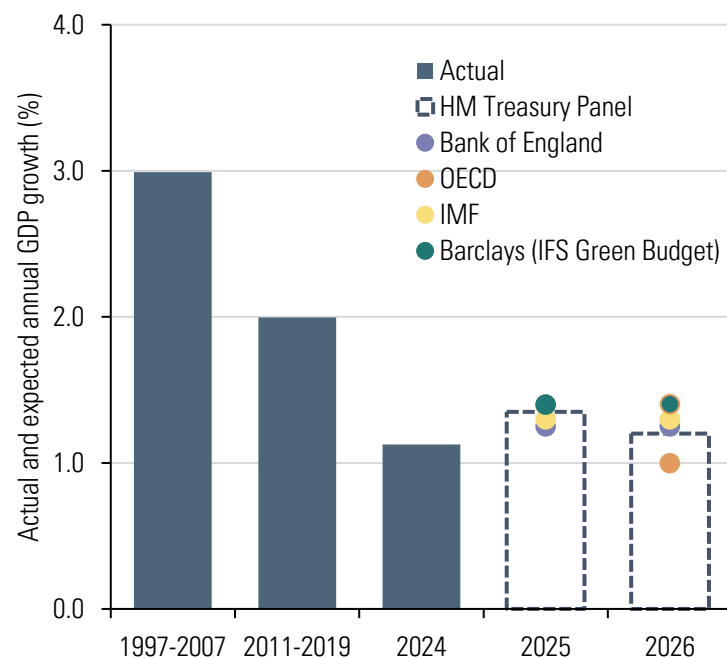
GDP growth has picked up since late 2023 but remains weak by historical standards. Stakeholders tell us growth has been constrained by general economic uncertainty and weak consumer demand.

At the time of our recommendations (October 2024), GDP had grown by 1.3 per cent over the year to August. Forecasters expected similar growth for the rest of 2025 and 2026, well below the norms of the 2000s and the 2010s. GDP per head has performed even worse, only just reaching pre-pandemic levels. While real household disposable

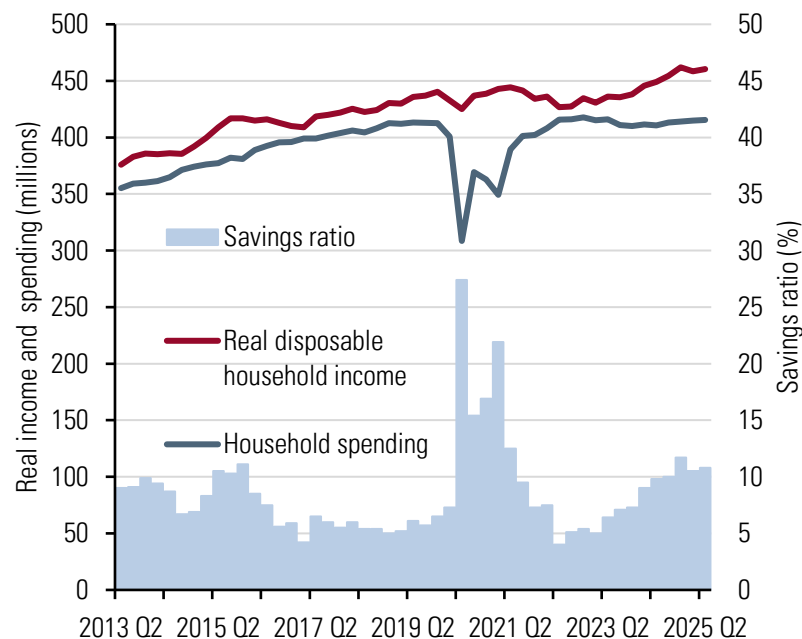
incomes have risen in recent years, consumer spending has not, with households saving more instead.

Weak spending weighs on consumer facing sectors such as hospitality and retail, which employ many minimum wage workers. Real output in consumer-facing services (including retail and hospitality) is still around 6 per cent less than it was pre-pandemic.

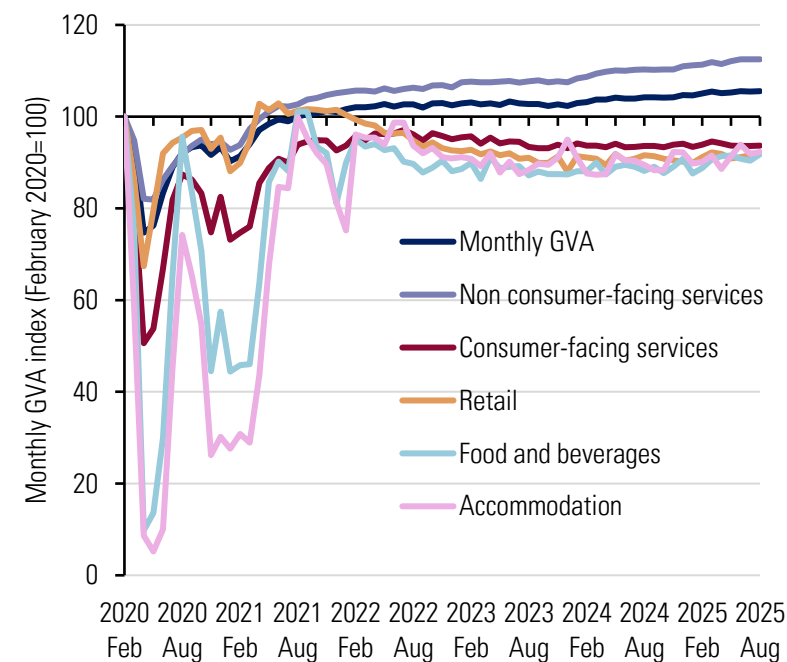
Actual and expected annual GDP growth, 1997-2026



Real disposable household income, spending and savings, UK, 2013-2025



Consumer-facing and non-consumer-facing services monthly gross value added indices (February 2020=100)



Workers are still struggling with the cost of living

CPI inflation is lower than its 2022 peak but remains above the Bank of England's 2 per cent target. Recent inflation in the UK has also outpaced that of other European countries. Workers told us the lasting impact of previous price increases meant they still faced tremendous cost of living pressures.

The increase in the NLW in April 2025 took the rate to its highest ever value in real terms. Even then, some workers told us they had to work long hours to make ends meet. One worker told us that:

"the NLW doesn't feel like a pay rise – it feels like a cost-of-living adjustment."
(Hospitality worker, Newry).

According to 2023-24 data (before the previous two upratings), households whose main earner is on the NLW are more likely to experience poverty or deprivation than other working households.

"It's just the constant retelling of a story of having to pick between food, energy bills and paying rent, even on a living wage."

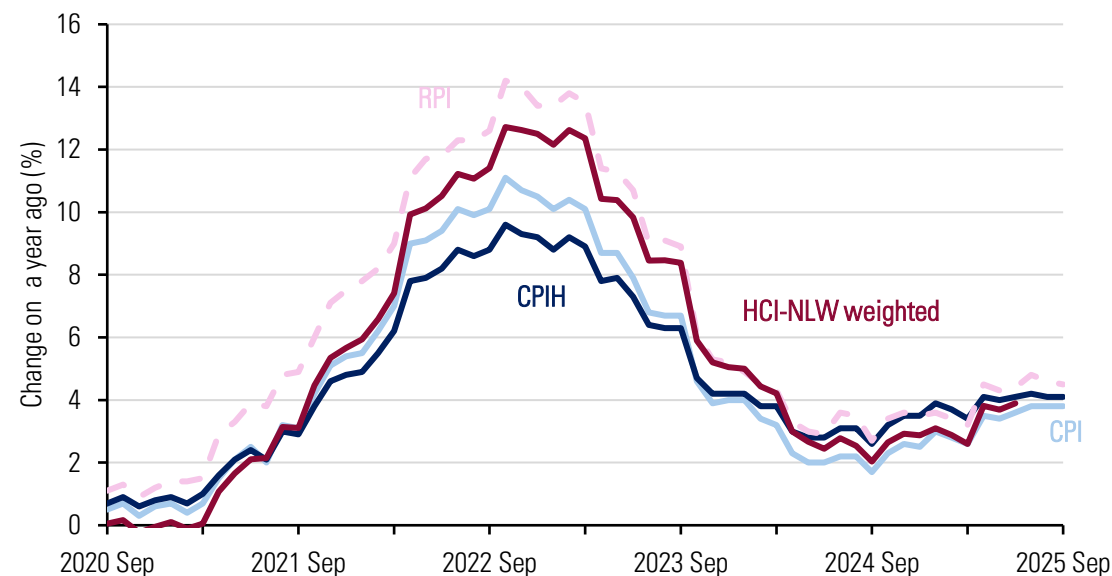
(Tenants' union member, Dundee).

Workers also told us that high childcare, transport or other 'costs of working' make it less worthwhile taking on extra hours or moving to a job with better pay and hours, even if they were available. For other workers, upfront costs can be a barrier even when they would be better off:

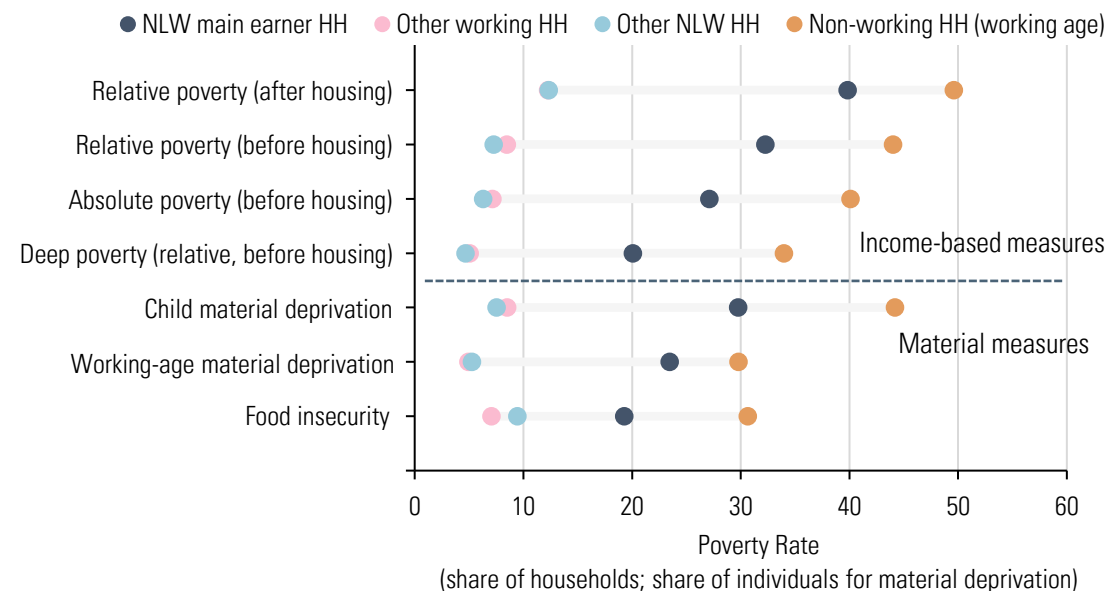
"Obviously it costs you to get on the train ... you kind of have to think about how much it's going to cost you, how long your shift is going to be. Is it worth it? How much is it dipping into your wage?" (Retail worker)

Increases in the hourly wage can ease families' financial difficulties, but their impact is mediated by a range of other policies. For some families, tax and benefit changes can offset a large proportion of their wage gains. Our full annual report, published in the new year, will look in more detail at the interactions between NLW increases, the tax and benefit system and poverty.

Price increases across a range of measures, 2020-2025



Living standards measures, 2023/24



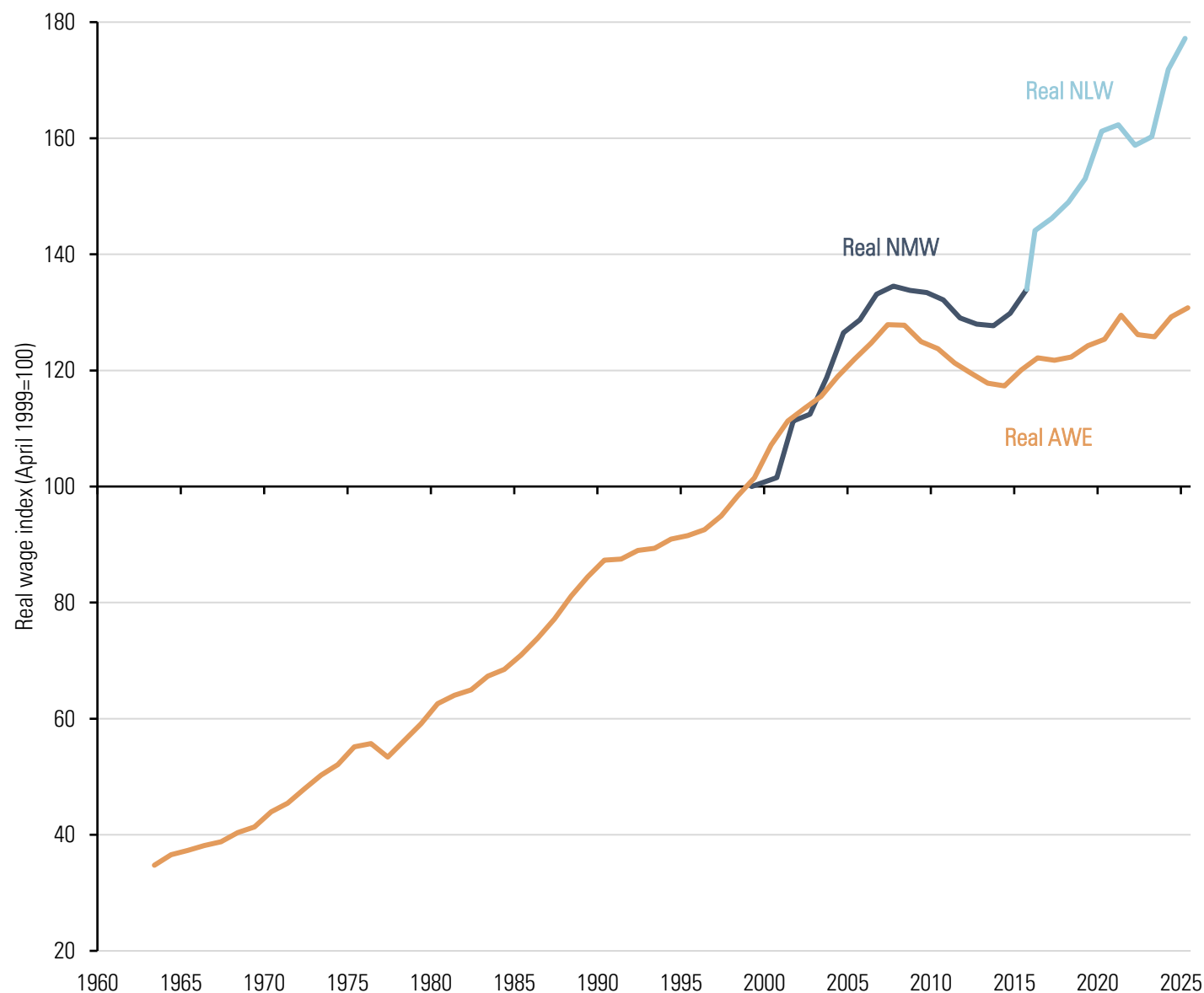
Real wage levels are similar to those in 2008

The recent cost of living crisis had a significant impact on workers in part because it occurred after a lengthy period of poor real wage growth.

Real wage levels are similar to those in 2008, meaning there has been more than 15 years of little to no growth. Real wages have risen since 2015 but are still far below where they would be if the trend over the second half of the 20th-century had persisted.

However, the minimum wage has ensured that the wage floor has kept pace with the post war trend in real growth. Since it was introduced in 1999, the minimum wage increased roughly 80 per cent in real terms. Average weekly earnings, however, have only risen by around a quarter.

Real (CPI) Average Weekly Earnings, National Minimum Wage and National Living Wage (April 1999 = 100), 1963-2025

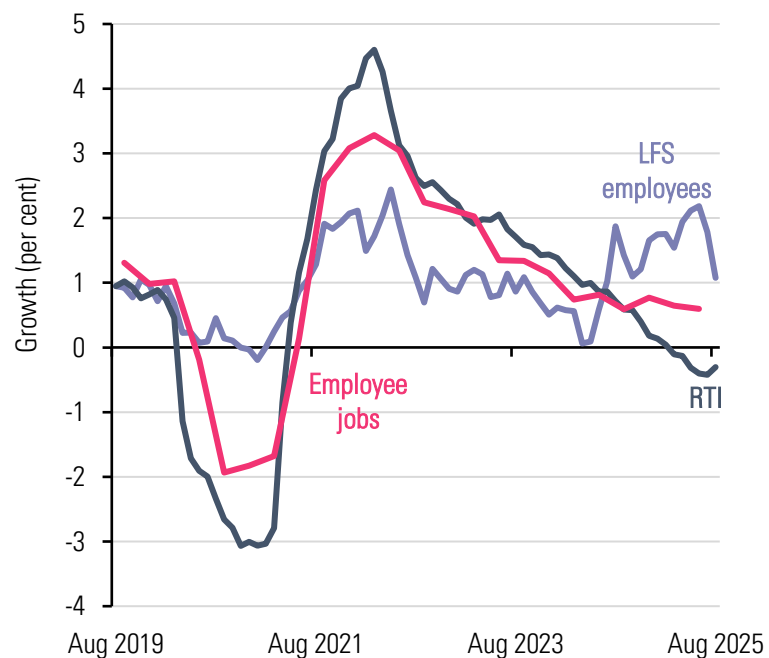


The labour market loosened further this year...

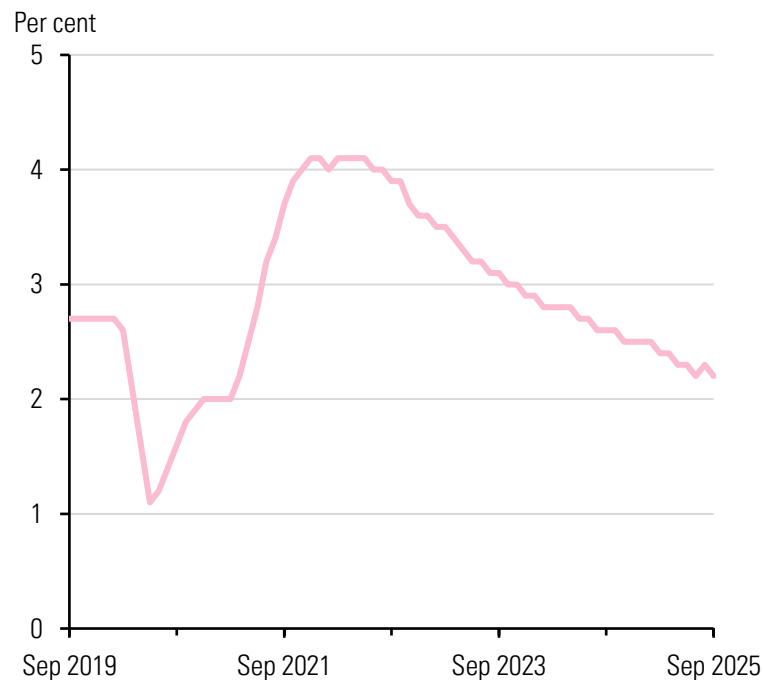
The labour market has softened over the past year. Payroll data (PAYE RTI) show the number of employees fell from the end of 2024 to the summer of 2025. Since then, figures have stabilised (employment levels were flat from June to September). The LFS' more positive trends likely reflect an improvement in survey response rates more than a change in employment itself.

Job vacancies have been falling for around three years now, though the most recent data also indicate a levelling off. However, the vacancy rate is still lower than it was before the pandemic, indicating some slack in the labour market. Unemployment continues to steadily increase but is still relatively low historically. Forecasters do not expect it to rise much further in the near term.

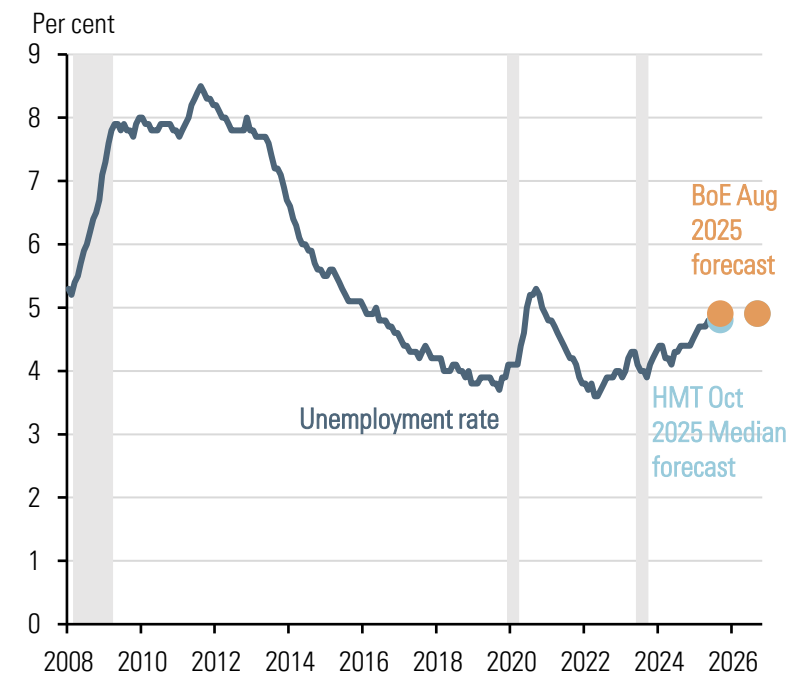
Employee growth, UK, 2019-2025



Vacancies per 100 employee jobs, UK, 2019-2025



Unemployment rate and forecasts, UK, 2008-2027

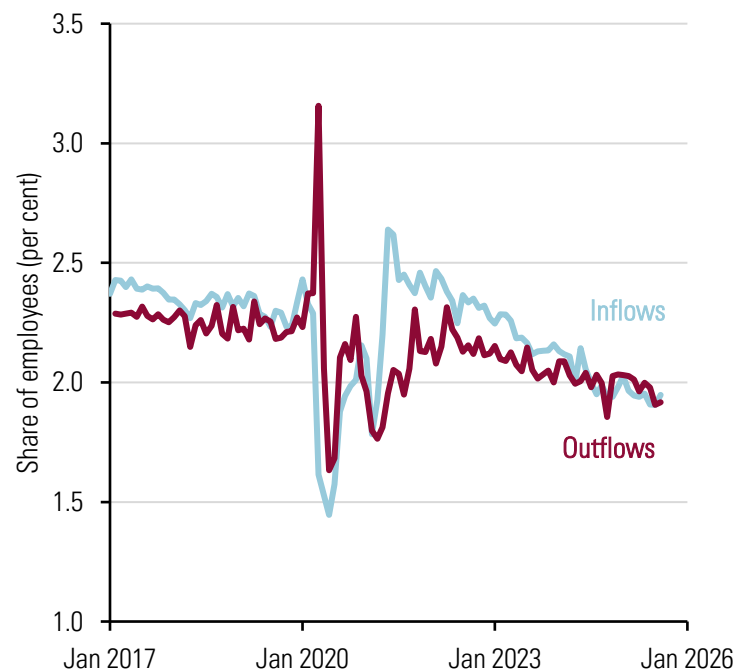


... and has become less dynamic

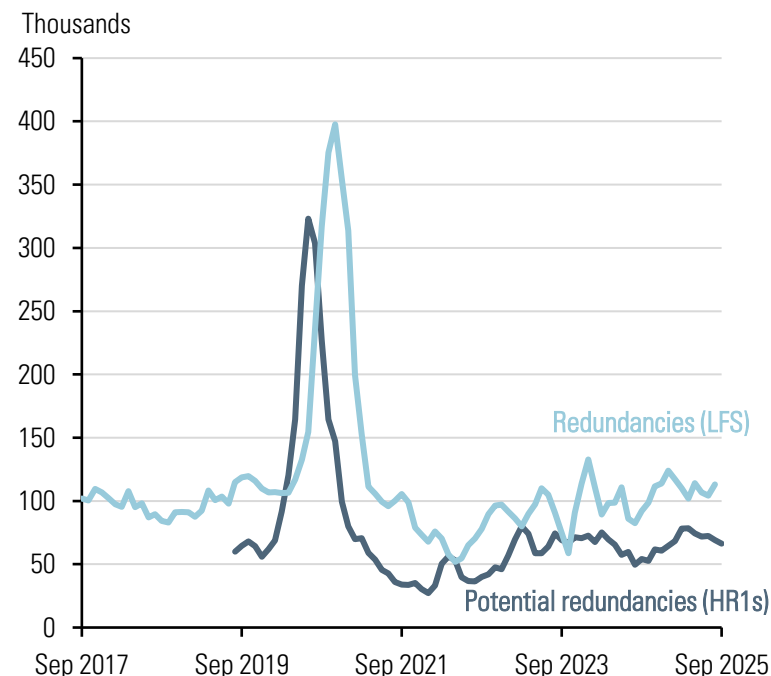
As the labour market has softened it has also become less dynamic. We agree with its current characterisation as “low hire, low fire”. Flows both into and out of PAYE employment have slowed since the end of 2022 and are well below pre-pandemic rates. However, redundancies have also remained stable, with HR1 notifications of possible future redundancies even falling over the past six months. While this means that we have not seen large scale job losses, it makes it harder for new entrants to the workforce to find a job.

We have also seen fewer workers changing employers over the past year. The post-pandemic tight labour market created more opportunities for workers (especially low-paid workers) to move jobs for higher wages. Over the past year this dynamic has unwound, particularly for minimum wage workers and those paid just above it. The share of minimum wage workers who changed employers fell from 12 per cent last year to 9 per cent this year.

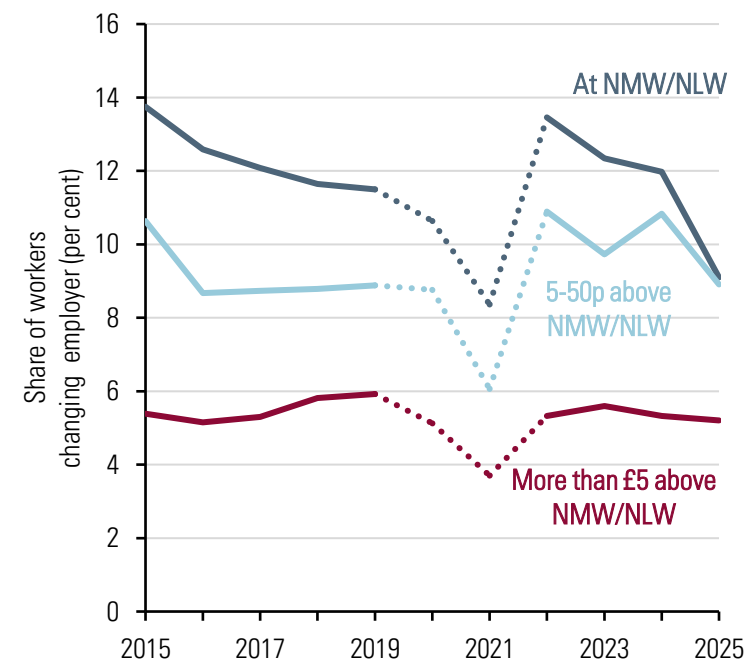
PAYE employment flows, UK, 2017-2025



Potential HR1 redundancies (GB) vs actual redundancies (UK), 2017-2025



Share of workers changing employers, by hourly pay, UK, 2015-2025



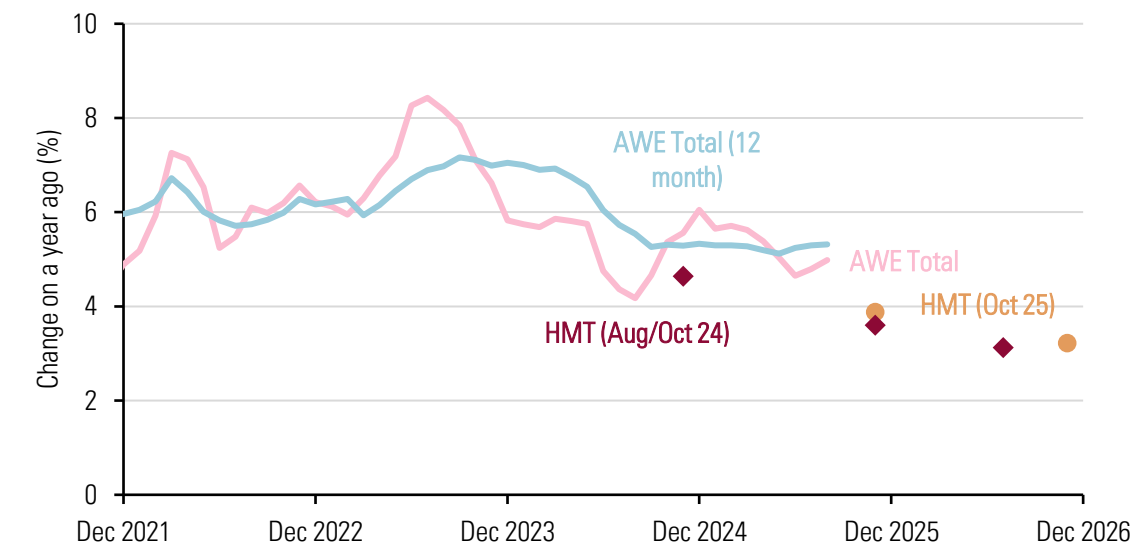
Pay growth has been resilient but is expected to slow over the coming year

Despite the softening in the labour market, wage growth over the past year has proven robust. At the time of our recommendations last year (October 2024), forecasts predicted a significant slowing in average weekly earnings (AWE) growth over 2024 and 2025 (from 4.6 to 3.6 per cent) – shown by the red diamonds on the chart.

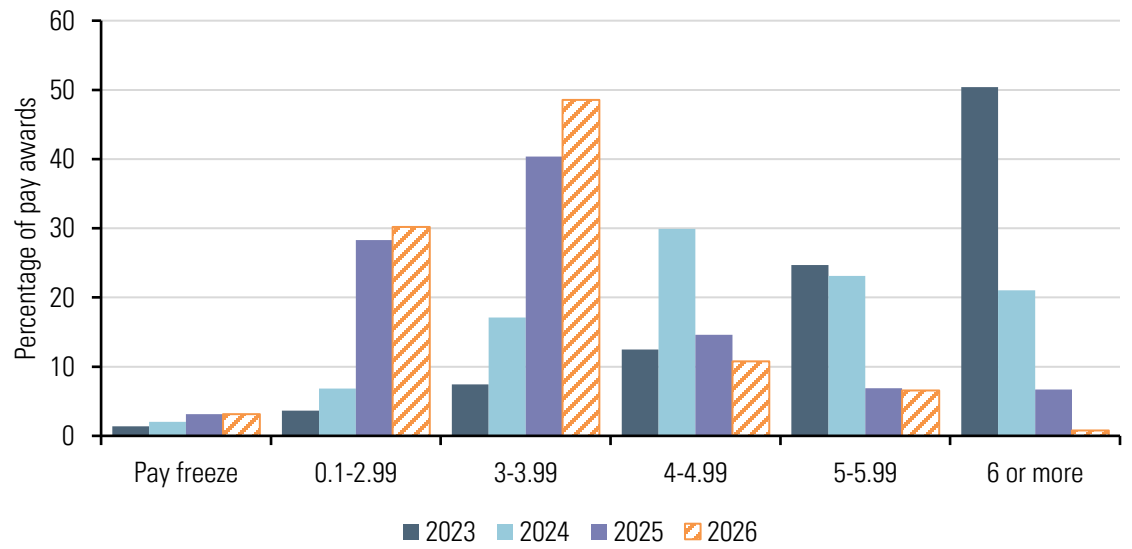
In the event, pay growth has fallen only a little over the past 12 months and remains above those forecasts. This resilience was also reflected in hourly pay growth and seen across the pay distribution. Median hourly pay, estimated from ASHE, grew by 5.2 per cent over the year to April 2025.

Nevertheless, the increase in labour market slack over the past year is expected to slow pay growth going forward. The orange markers on the chart show that pay growth is expected to fall to around 4 per cent by the end of 2025 and around 3 per cent by the end of 2026. Furthermore, the median expected pay award for 2026 has fallen to around 3 per cent in recent months. Pay drift, where average wage growth outstrips pay awards, has been strong in recent years. However, a looser labour market and less churn is likely to see this moderate over the next year or so.

Annual average weekly wage (AWE) growth and forecasts, 2021-2026



Distribution of pay awards, UK, 2023-2025 and expected pay awards, UK, 2026



NLW coverage fell this year, but pay continues to be compressed

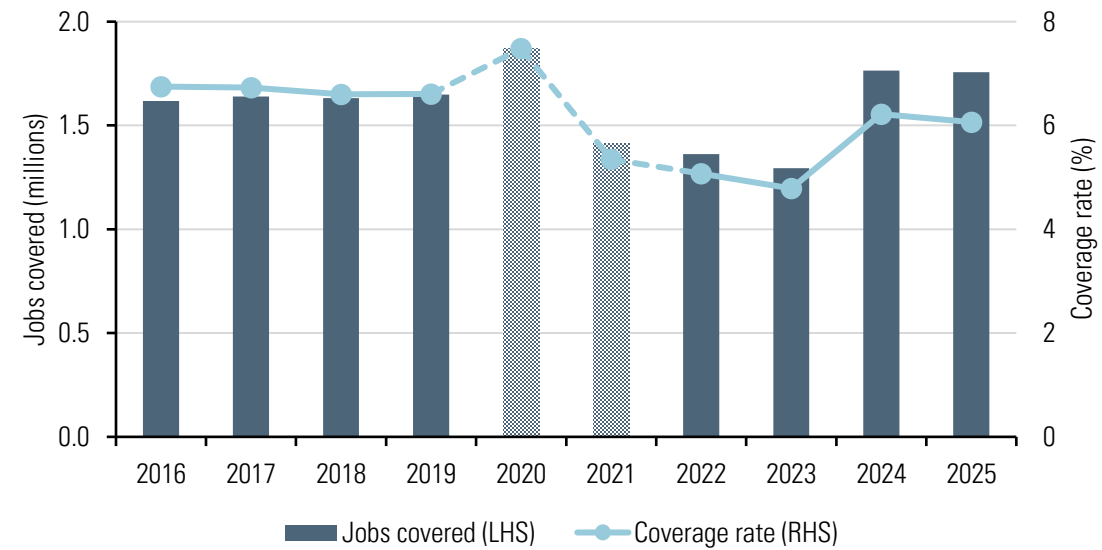
The coverage rate is the share of employee jobs paid up to 5 pence above the NLW. Coverage fell for several years following the pandemic, before increasing last year. This year we expected coverage to increase a little, consistent with the rising bite (the ratio of the NLW to median hourly earnings). Instead, the coverage rate fell slightly from 6.2 per cent to 6.1 per cent; and remains below the 6.6-6.7 per cent pre-pandemic norm. There was also little change in the share of jobs paid within £1 of the NLW.

We continue to hear concerns from employers and some workers about pay compression. Employers worry that it reduces workers’ incentives to progress and creates discontent among workers further up the pay distribution.

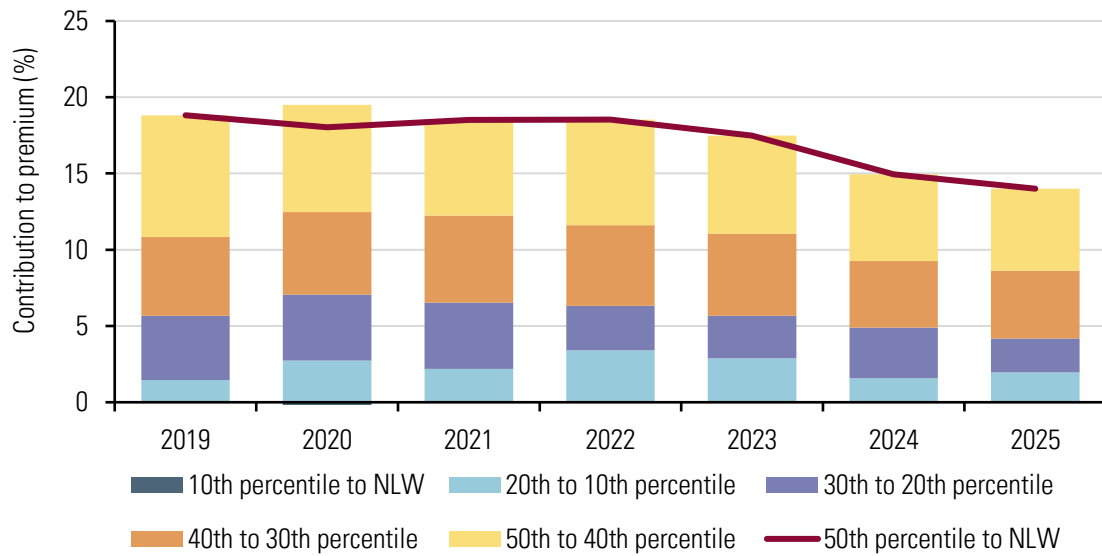
Pay compression is a natural consequence of the policy to push the NLW towards the median wage. This year’s bite increase means that, in relative terms, the pay distribution compressed further again this year. This happened in both low-paying and non-low-paying industries.

The bottom chart shows how median pay in low-paying industries compares to the NLW, along with the contributions of each decile. Median pay in low-paying industries is now 14 per cent higher than the NLW, down from 15 per cent last year. In cash terms, median hourly pay in low-pay industries was £1.71 above the NLW in both 2024 and 2025.

NLW coverage, UK, 2016-2025



Premium of median wage over NLW with contributions, low-paying industries, UK, 2019-2025



Multiple factors are contributing to falling employment in some low-paying industries

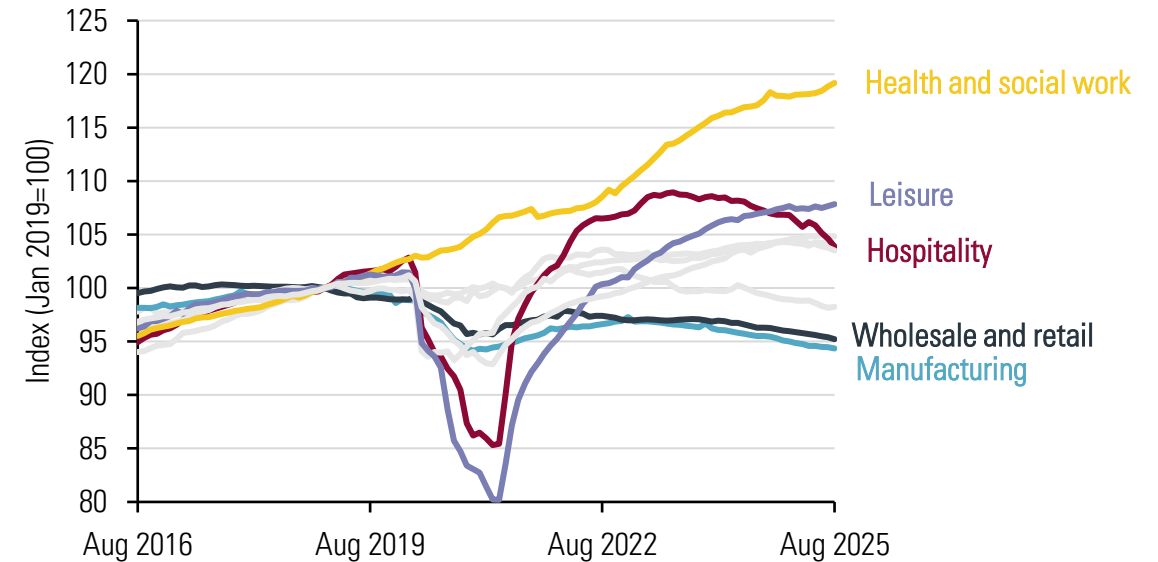
Headline employment data hide significant variation across industries. Different low-paying industries have divergent trajectories. In wholesale and retail, the long-term decline in employment continued over the past year. While in health and social work, it grew rapidly. Employment in hospitality declined sharply, after having increased after the pandemic.

As the industries with the most low-paid workers, the falls in hospitality and retail employment are concerning. But it is difficult to separate any NLW impact from broader sectoral and economy-wide trends. We have already noted that subdued consumer spending weighs on low-paying consumer-facing sectors. But there are also other factors. Stakeholders

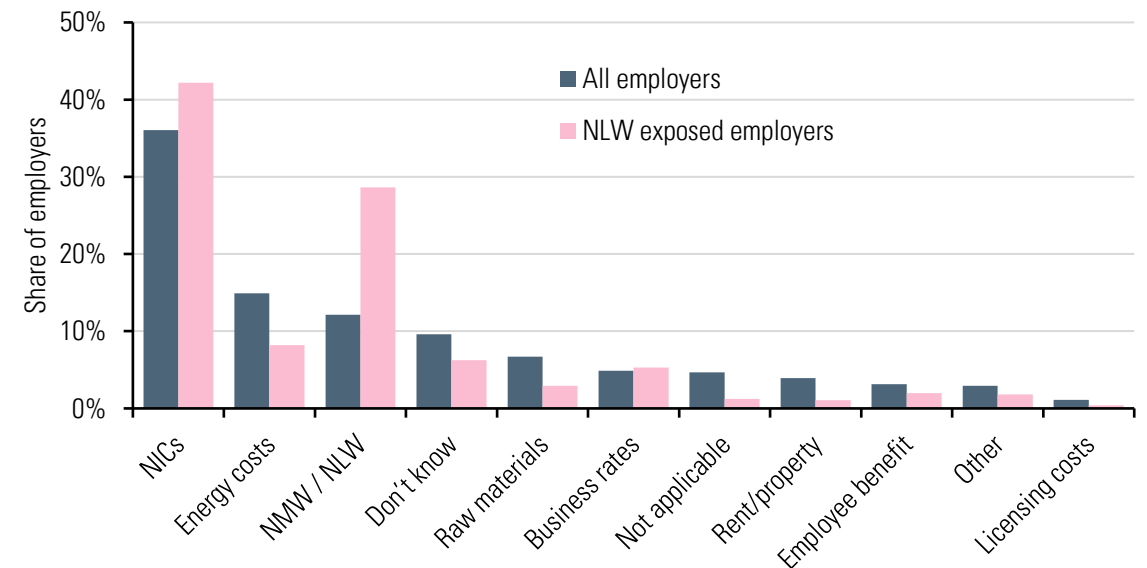
told us that the National Insurance Contributions (NICs) changes in April 2025 had a big impact. Employers said that that while the NLW increase was a planned cost (even if higher than expected), the NICs changes were unforeseen and therefore had a greater impact.

The Chartered Institute of Personnel and Development (CIPD) asked employers which cost had the biggest impact in the last year. Among all employers, more said NICs and energy costs had the biggest financial impact in the last year. But even among employers significantly affected by the NLW (the pink bars on the chart) more said NICs had the biggest financial impact.

PAYE employment by industry, UK, 2016-2025

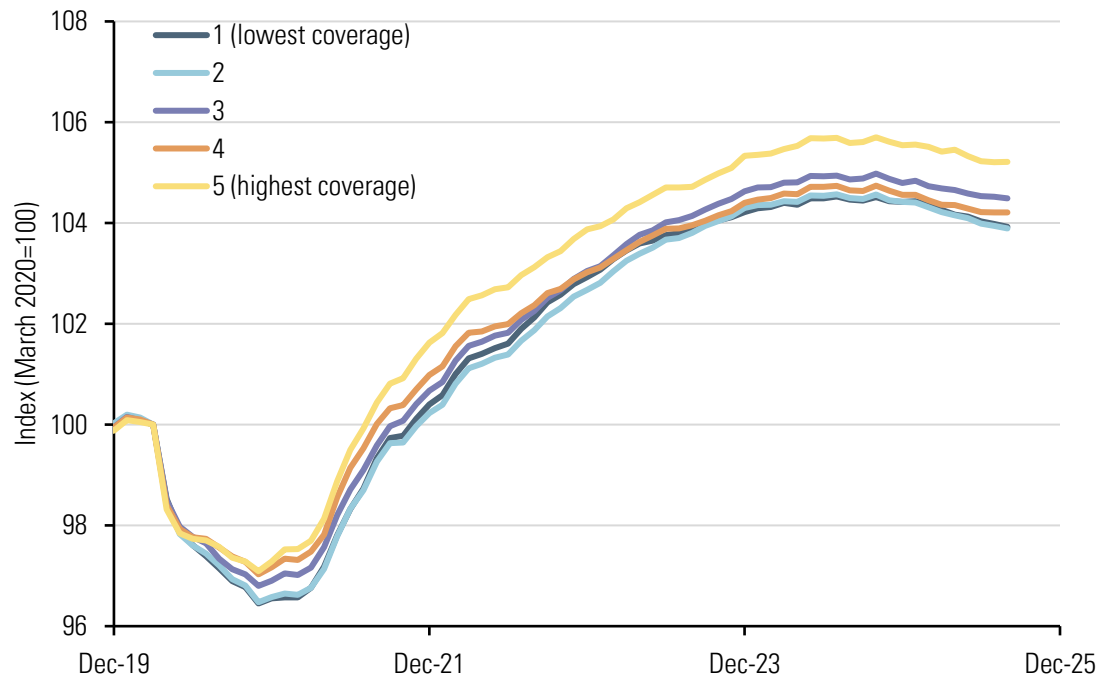


CIPD: Cost increases with the biggest financial impact in the past 12 months



But employment outcomes have been better in high-coverage regions

RTI employment by coverage quintile, GB, 2014-2025



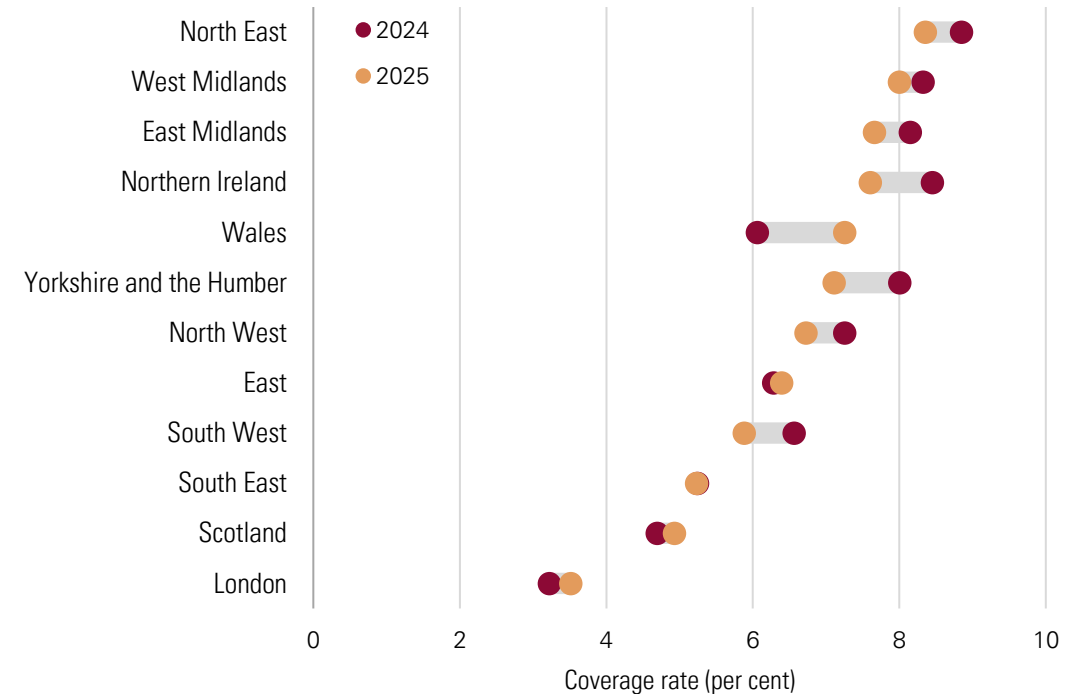
We assess the NLW's impact by comparing parts of the country with lots of minimum wage jobs (i.e. high coverage areas) to those with fewer.

Since the pandemic we have seen RTI employment increase more in local authorities (LAs) with the most minimum wage jobs (i.e. the 20 per cent of LAs with the highest coverage). While RTI

employment has fallen over the past year, it has fallen by less in the highest coverage LAs.

The Midlands and North of England, where minimum wage coverage is highest, saw coverage fall. Meanwhile, coverage grew in places with fewer minimum wage jobs, like London, Scotland, and southern England.

NLW coverage rates by region, UK, 2024-2025

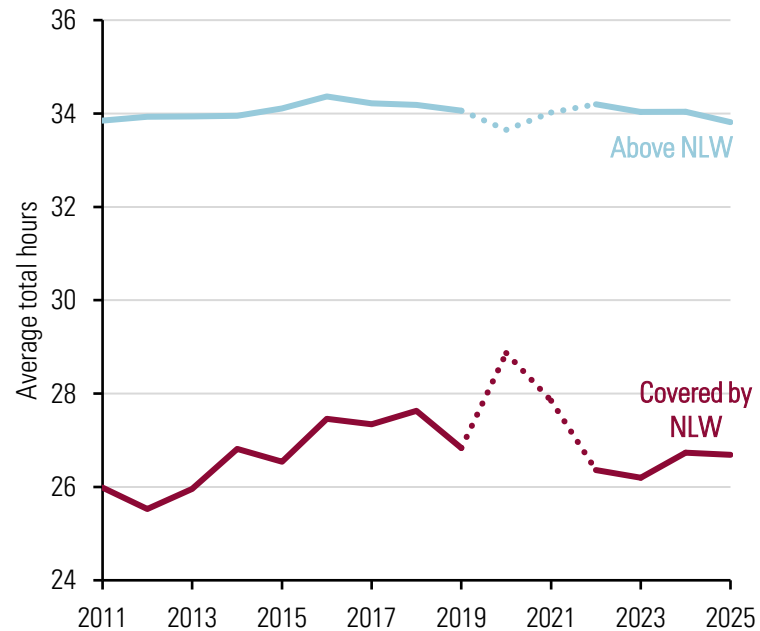


Hours have seen little change, but underemployment has increased

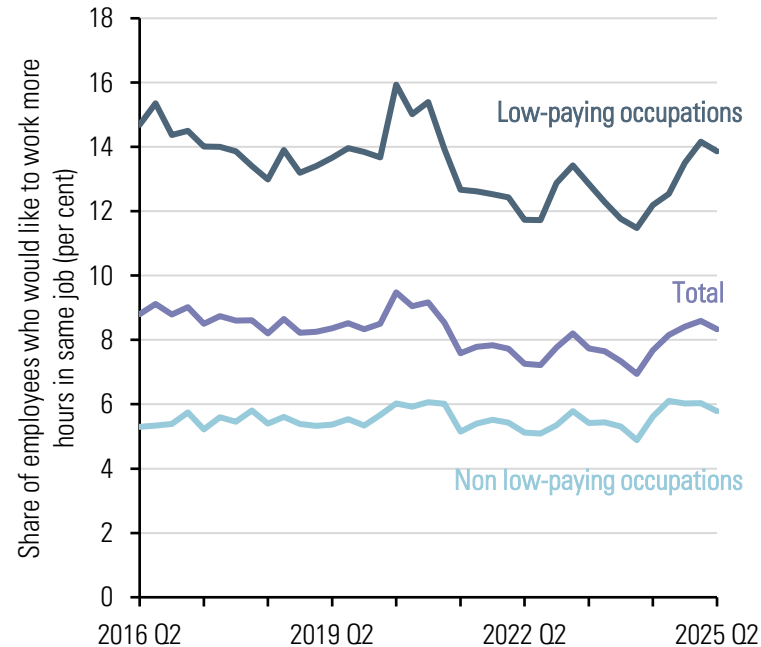
Average hours worked by NLW workers remained broadly steady this year, but below pre-pandemic levels. Average hours worked for non-NLW workers fell a little. Despite little change in average hours, more workers in low-paying occupations are underemployed. This means that they would like to work more hours than they currently do. This is consistent with the testimony from workers on page 7 who say that its hard to get by on their regular

hours. Over the past year, the share of workers in low-paying occupations on zero-hours contracts has risen from 8 to 9 per cent. In contrast, zero-hours contracts' prevalence in other occupations appears to have fallen marginally. This is consistent with evidence from stakeholders and past research that employers can use zero-hours contracts to manage their wage bill following NLW increases

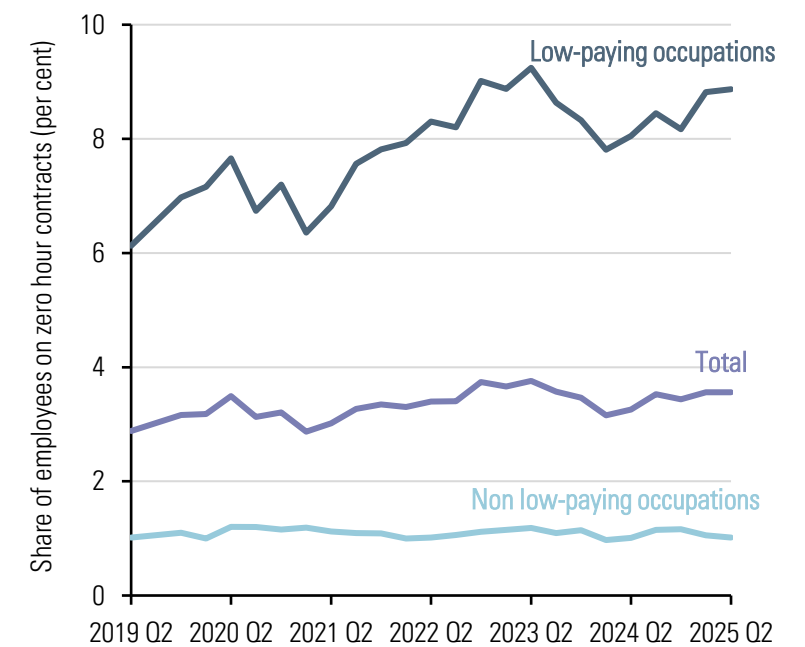
Average hours worked by covered status, NLW population, 2008-2025



Underemployment by occupation category, UK, 2016-2025



Share of employees on zero hours contracts, by occupation, 2019-2025



Adjustments to profits, prices, and productivity remain common responses to the NLW

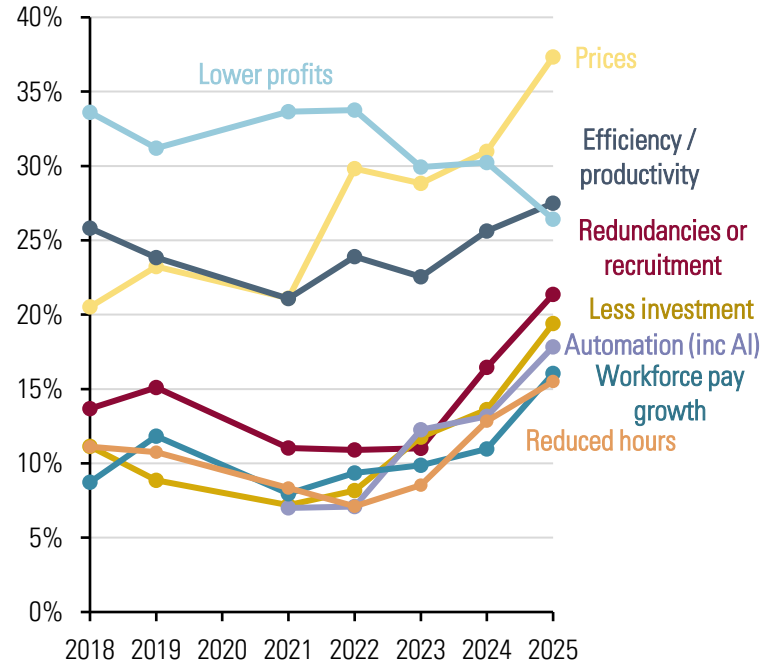
Employer surveys tell us how firms are responding to the NLW. Across the three surveys considered here raising prices is a common response. Our analysis on page 17 looks at this in more detail.

Another common response has been to accept lower profits and/or absorb the costs. Stakeholders have repeatedly told us over the years that this is not sustainable. Indeed, in surveys by the Federation of Small Businesses (FSB) and CIPD, fewer firms have taken this option in recent years. In the CIPD's survey, improving productivity has – very slightly – overtaken absorbing the cost as the second most common response.

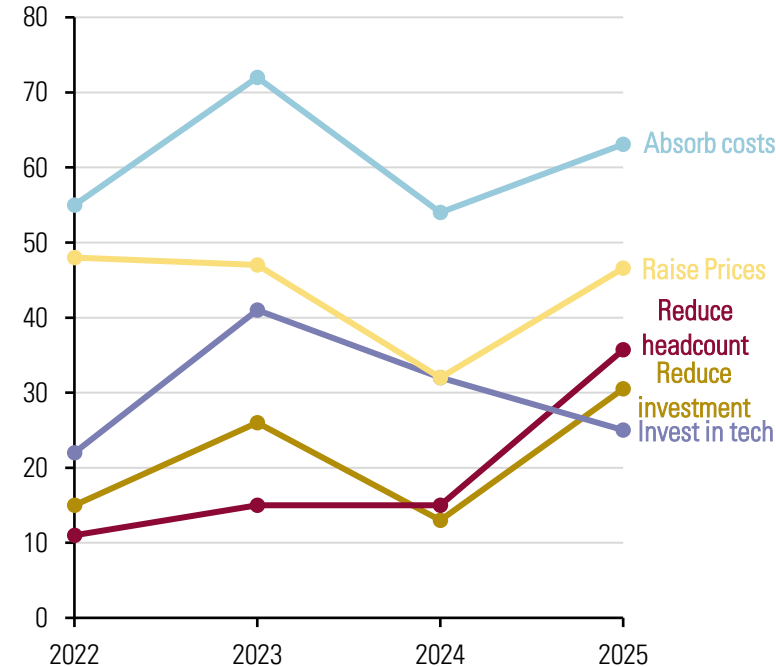
Across all surveys, as well as what we hear when talking to employers, firms say they are investing less because of the NLW. There is a firm-size dimension to this. In the FSB survey, which focuses on small and micro firms, reducing investment is the third most common response. However, even Confederation of British Industry (CBI) members – which tend to be larger – report reducing their investment in tech.

Alongside this, more employers in all three surveys are saying they are reducing hours of work and headcount, through either redundancies or recruiting less.

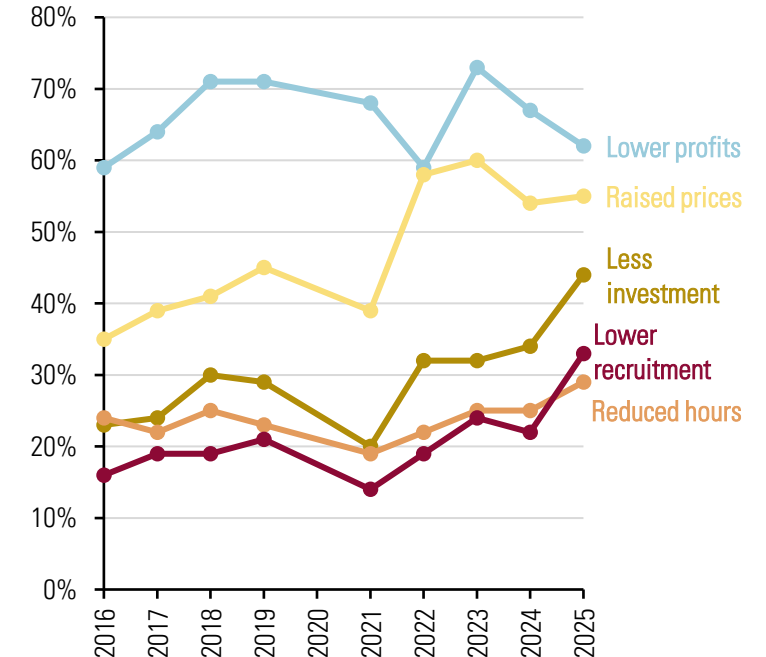
Surveyed responses to NLW increases, CIPD



Surveyed responses to NLW increases, CBI



Surveyed responses to NLW increases, FSB



The NLW’s contribution to growth in total pay and prices is minimal

The previous pages show that raising prices is one of the main ways firms adjust to NLW increases. While this tells us how common this response is, it doesn’t tell us the extent of those price increases. Our estimates suggest that while the NLW is a major cost driver in some industries, its impact on the economy-wide wage bill and prices is minimal.

Minimum wage workers are the lowest-paid and tend to work part-time. As such, they account for a relatively small share of the economy-wide weekly wage bill: around 2.5 per cent in 2025. Even if we include those who benefit indirectly (for example, those paid above the NLW who receive larger pay rises than they otherwise would to stay above the NLW), we estimate the minimum wage affects less than

a fifth of the total weekly wage bill.

Workers directly and indirectly affected by the NLW received an average pay rise of 6 per cent in 2025. This amounts to 1.1 per cent of the economy-wide weekly wage bill. The NLW is not the sole cause of this increase – there are other factors that push up wages, including inflation expectations, productivity growth and the degree of tightness in the labour market.

Accounting for these other factors, we estimate that the 6.7 per cent increase in the minimum wage contributed between 0.1 and 0.5 percentage points of the 8.1 per cent increase in the economy wide weekly wage bill this year. This is consistent with Bank of England estimates that the NLW increase would push up

annual pay growth by 0.2 percentage points.

If we assume that employers pass on the full cost of the NLW in prices – an unlikely and maximalist assumption – and account for non-labour input costs and imported products, we estimate that it contributed at most 0.05-0.24 percentage points to April’s 3.5 per cent CPI inflation.

In addition to the analysis presented here, we have commissioned two research projects to look at the NLW’s impact on inflation in detail. The results of these will be discussed in our annual report in the new year.

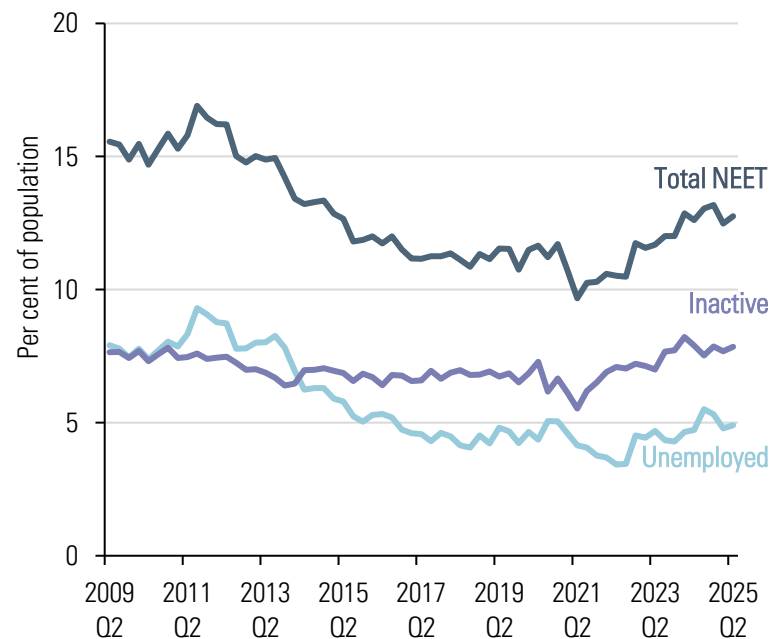
Breakdown of weekly wage bill, UK, 2025, NLW-eligible population



NLW contribution
(upper estimate)

Our youth rate recommendations balance the Government remit with a weakening youth labour market

Share of 16-24 year olds not in education, employment or training (NEET), 2009-2025

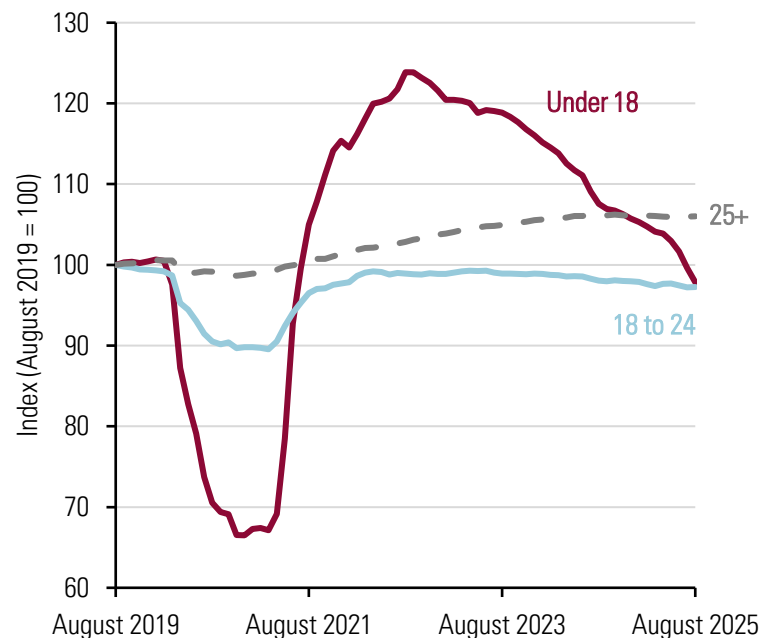


Our remit asks us to balance the Government's ambition to lower the NLW age of entitlement to 18, with its concern about current levels of youth unemployment. For under-18s and apprentices, the Government asked us to raise rates as high as possible without damaging employment.

The youth labour market has weakened significantly over the past year. The number of employees aged under 25 has fallen by around 69,000 (1.8 per cent) in the year to August 2025. The share of young people not in education, employment or training (NEET) remains around one in eight.

The challenges facing hospitality and retail (see page 13) particularly affect young people because they tend to work in those sectors. In addition, a 'low hire, low fire' labour market (see page 10) may have a larger impact on young people as

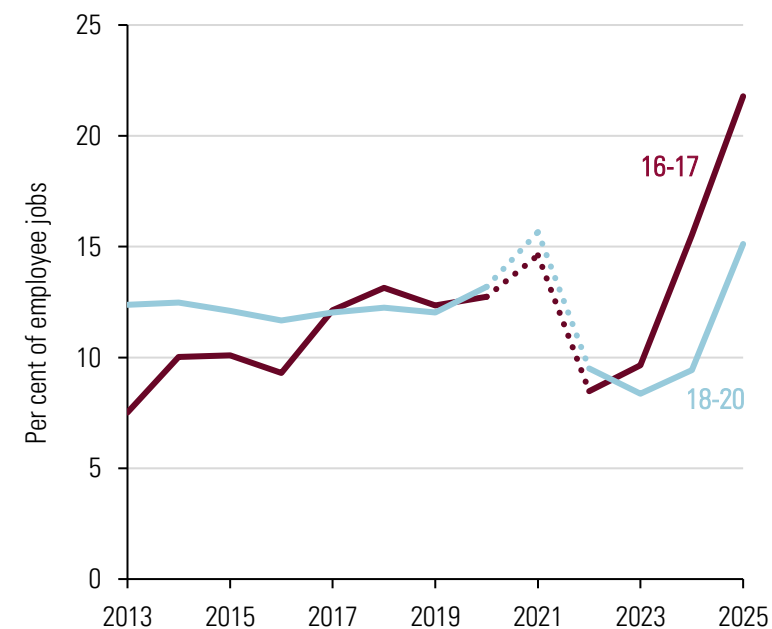
RTI employment level index by age (August 2019 = 100), 2019-2025



they are more dependent on vacancies. The last two increases in the youth rates were large in both cash and percentage terms. This year, coverage increased from 16 to 22 per cent for 16-17 year olds and from 9 to 15 per cent for 18-20 year olds.

Given the current state of the youth labour market, we recommended smaller increases to the youth rates than in recent years. Our recommended 6 per cent (or 45 pence) increase to £8.00 for 16-17 year olds balances the weakened labour market for this age group with the need to ensure their rate does not become unmoored from the adult rate. A rate of £10.85 per hour for the 18-20 year olds (an 8.5 per cent or 85p increase) balances labour market conditions with the Government's ambition to lower the NLW age threshold to 18. Our plans for this are discussed on the next page.

Coverage of the minimum wage by youth rate population, 2013-2025



We propose bringing 20 year olds into the NLW in 2027

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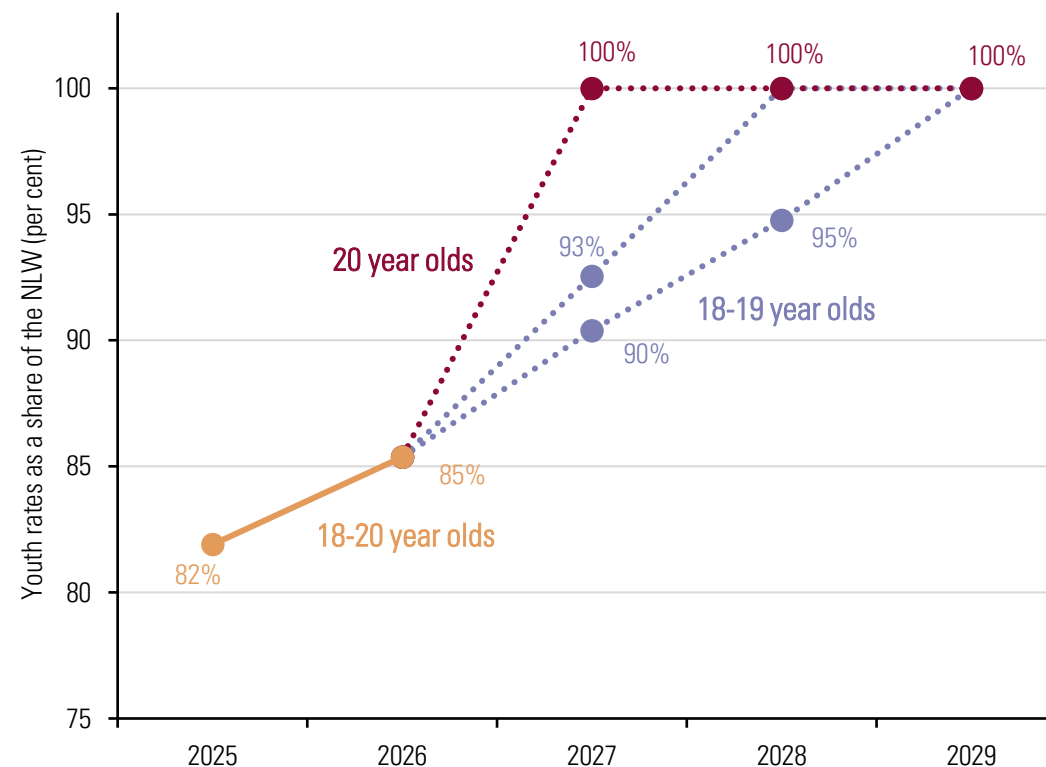
Given the state of the youth labour market and stakeholder feedback, we recommended keeping the 18-20 year old age group together for another year, and backloading the increases needed to reach alignment with the NLW.

The 18-20 Year Old Rate will be 85 per cent of the NLW in April 2026. This means that meeting the Government's ambition to lower the NLW age threshold to 18 will require further large increases to the wage floor for 18-20 year olds.

The evidence, including our consultation, suggests the labour market treats 20 year olds differently to 18 and 19 year olds. Around 70 per cent of 20 year olds are already paid at or above the NLW. They are more likely to work full-time and to have left full-time education.

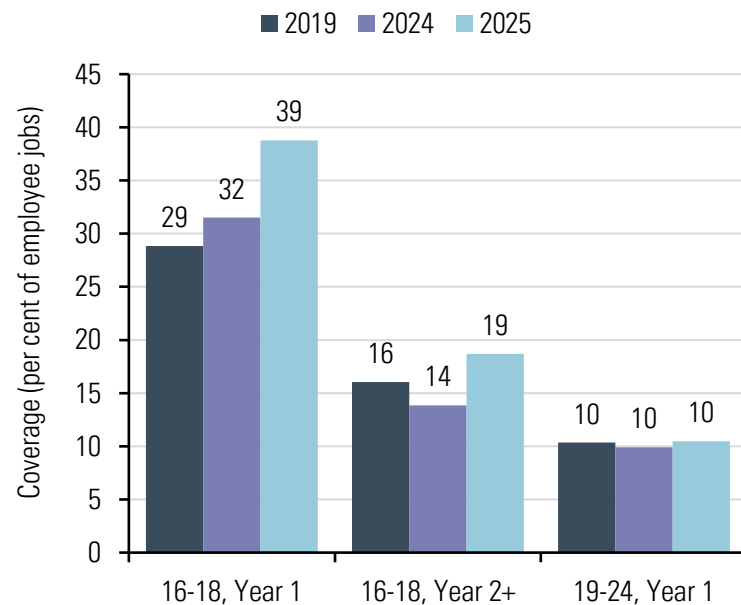
Therefore, our proposed pathway to meeting the Government's ambition is to reduce the NLW eligibility age to 20 in 2027 and then 18 in 2028 or 2029. This will be subject to economic conditions and Government policy towards young people at the time. We will consult further with stakeholders on this approach.

Illustrative pathways to reduce NLW eligibility to 18, 2025-2029



The bite and coverage of the Apprentice Rate has increased

Apprentice Rate coverage by age and year of apprenticeship, 2019-2025

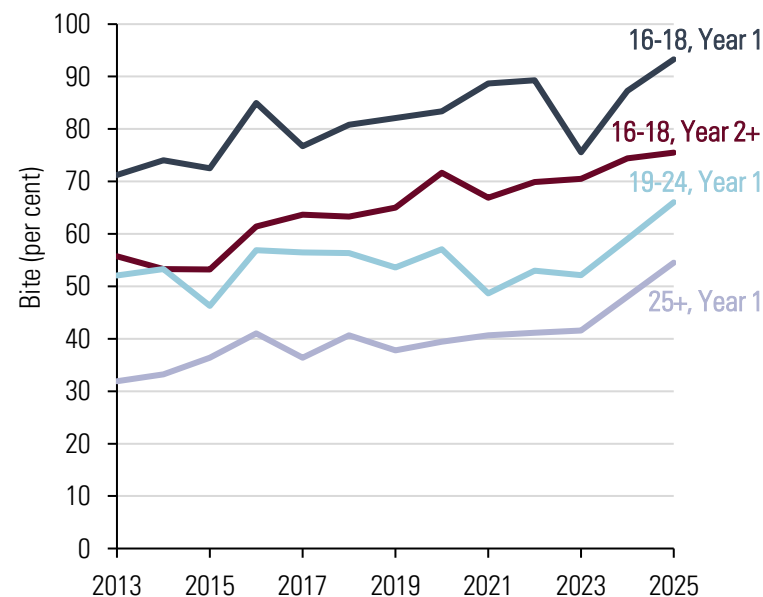


The Apprentice Rate applies to all apprentices aged 16-18, and to those aged 19 or older in their first year only. It has been aligned with the 16-17 Year Old Rate since April 2022, and our recommendations this year maintain that alignment.

The majority of apprentices paid at or near the Apprentice Rate are in the youngest age groups. More than one in three under-19s are covered by the rate in the first year of their apprenticeship. For older apprentices, coverage is much lower. However, 'effective coverage' (where an employer pays the worker less than the NLW) is still significant. The April 2025 increase to £7.55 pushed coverage higher for younger apprentices, and for all age groups raised the bite of the rate to previously unseen levels.

Starts among younger apprentices in England have been declining for several years. This contrasts with higher-level

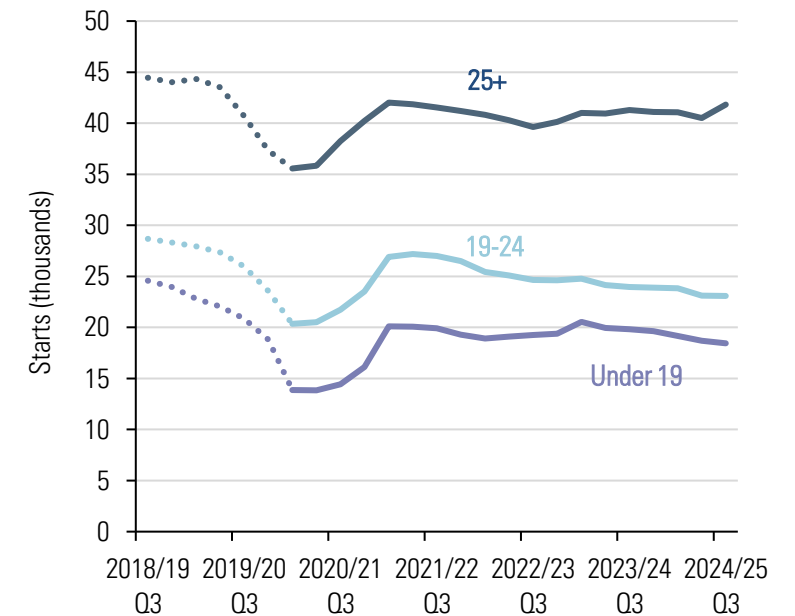
Bite of the Apprentice Rate by age and year of apprenticeship, 2013-2025



courses for older learners, which have performed more steadily. We consistently hear that the causes of this decline are multifaceted and that in most areas the minimum wage is not a principal factor. Many believe a higher wage floor to be an important pull factor which could increase starts among more deprived cohorts. The Government's current reforms are intended to refocus the programme on younger learners. The detail and implementation of these reforms will be important for our considerations on the future path and structure of the Apprentice Rate.

We continue to believe there is merit to reform of the rate, including exploring the idea of an apprentice minimum wage that is a discount against other NMW rates. We will continue to discuss this with stakeholders.

Apprenticeship starts by age, England, 2018-2025



Sources

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Page 5: Low Pay Commission, ONS data, and inflation forecasts from the Office for Budget Responsibility (OBR), the Bank of England (BoE) and the HM Treasury panel of independent forecasters (HMT panel). National Living Wage for those aged 21 and over, 2025-2026. LPC estimates of the real value of the NLW using ONS measures of inflation and external inflation forecasts. Consumer prices including housing CPIH index (L522), consumer prices CPI index (D7BT), and retail prices RPI index (CHAW), monthly, UK, March 2025-September 2025; Household cost index (HCI) - NLW household weighted (derived from Household Cost Indices Table 4: Household Costs Indices by income decile, by division and selected groups, index (2015=100)), monthly, UK, March 2025-June 2025. CPI, CPIH and RPI quarterly forecasts for 2025-2027 from the OBR's Economic and Fiscal Outlook, March 2025; CPI quarterly annual forecasts (market median) for 2025-2027 from the BoE's Monetary Policy Report, August 2025; and the median of CPI forecasts made in the previous three months for 2025-2027 from the HMT panel, August and October 2025. Forecasts for HCI (CPI+) derived from bank of England forecasts for CPI (with past relationship added) and HCI (CPI/RPI) uses the average of the OBR forecasts for CPI and RPI. The RPI is included for completeness, however it has significant methodological flaws. It is no longer a national statistic and the Statistics Authority and ONS advise strongly against its use. However, the Government and some sectors still use the RPI and it often features in collective bargaining.

Page 6 left chart: LPC estimates using ONS data and forecasts. Gross domestic product (ABM), quarterly, seasonally adjusted, UK, 1997 Q1-2025 Q2. GDP forecasts for 2025 and 2026 from the Bank of England (BoE) Monetary Policy Report, August 2025; the HM Treasury panel of independent forecasters, August 2025 and October 2025; OECD Economic Outlook Interim Report, September 2025; IMF World Economic Outlook, October 2025; Barclays Research in Institute for Fiscal Studies (IFS) Green Budget 2025 (The Economic Outlook: navigating narrow paths), October 2025.

Page 6 centre chart: ONS. Household spending (ABJR, Household final consumption expenditure, £bn), real household disposable income (NRJR, Real Households' & NPISH disposable income, £bn), and savings ratio (NRJS, Households' & NPISH saving ratio (per cent)), quarterly, seasonally adjusted, UK, 2013 Q2-2025 Q2.

Page 6 right chart: LPC estimates using ONS data. Monthly gross value added (GVA) whole economy (EC2Y); Consumer-facing services, non-consumer-facing services, retail (47:Retail Trade, Except Of Motor Vehicles And Motorcycles), accommodation (55:Accommodation) and food and beverages (56:Food And Beverage Service Activities) from Index of Services (IOS) and Consumer-Facing Services (CFS) data broken down to industry level, monthly, seasonally adjusted, UK, February 2020-August 2025.

Page 7 top chart: ONS. Consumer price index CPI annual rate (D7G7), consumer prices including housing costs CPIH annual rate (L55O), retail price index RPI annual rate (CZBH), monthly, seasonally adjusted, UK, September 2017-September 2025; Housing cost index HCI annual rate (LPC estimates using Table 4 from Household Costs Indices (HCI) for UK household groups and FRS-derived weights for NLW households), monthly, seasonally adjusted, UK, September 2017-June 2025. The legacy RPI is included for completeness, however it has significant methodological flaws. It is no longer a national statistic and the Statistics Authority and ONS advise strongly against its use. However, the Government and some sectors still use the RPI and it often features in collective bargaining as unions believe it better represents inflation for workers.

Page 7 bottom chart: LPC analysis of the Family Resources Survey, UK, 2023-24 and Households Below Average Income, UK, 2023-24.

Page 8 chart: LPC estimates using ONS data. Average weekly earnings (AWE) whole economy historic level (MD9M), monthly, not seasonally adjusted, GB, January 1963-December 1999; AWE whole economy historic annual growth (MD9S), monthly, not seasonally adjusted, GB, January 1964-December 2000; average weekly earnings (AWE) total pay (KAB9), monthly, seasonally adjusted, GB, January 2000-August 2025; CPI historical index (JFDN), monthly, UK, January 1963-December 1988; and CPI index (D7BT), monthly, UK, January 1988-August 2025. Data is smoothed. Real AWE is averaged over the calendar and is plotted in June each year. Real NMW is plotted in October each year and real NLW in April each year.

Page 9 left: LPC analysis of Pay As You Earn Real Time Information, ONS LFS employees (MGRN) and ONS employee jobs (BCAJ), age 16 and over population, UK, August 2019-August 2025.

Page 9 centre: LPC analysis of ONS total vacancies per 100 employee jobs (AP2Z), monthly, UK, September 2019-September 2025.

Page 9 right: LPC analysis of ONS data and forecasts from the Bank of England and the HM Treasury panel of independent forecasters. Unemployment rate (MG SX), monthly, seasonally adjusted, UK, April 2008-August 2025; unemployment rate forecasts for 2025 Q4 and 2026 Q4 from Bank of England Monetary Policy Report, August 2025 and the median of unemployment rate forecasts for 2025 Q4 and 2026 Q4 from the HM Treasury panel, October 2025.

Page 10 left: LPC analysis of Pay As You Earn Real Time Information, total population, UK, January 2017-September 2025.

Page 10 centre: LPC analysis of Insolvency Service HR1 notifications, monthly, GB, September 2017-September 2025; and ONS redundancies (BEAO), 3-month totals, monthly, UK, September 2017-August 2025. Note: LFS data was reweighted back to 2019 Q1 in December 2024. This created a discontinuity in the time series with earlier data which has not yet been subject to reweighting.

Page 10 right: LPC analysis of ASHE 2014-2025, low-pay weights, NLW population, UK. Figures are chain-linked to account for methodology change in 2021. Only includes workers who are present in the ASHE data for two consecutive years.

Page 10: reference to "low hire, low fire" characterisation comes from "Labour markets stuck in a 'low-hire, low-fire' cycle" (Financial Times, 5 October 2025)

Page 11 top chart: LPC estimates using ONS data and forecasts from the HM Treasury panel of independent forecasters. Average Weekly Earnings (AWE) total pay (KAC3), monthly, seasonally adjusted, GB, December 2021-August 2025; AWE total smoothed is twelve month on twelve month change a year ago using Average Weekly Earnings (AWE) total pay (KAB9), monthly, seasonally adjusted, GB, January 2020-August 2025; and median of recent wage forecasts for 2025 and 2026 from HM Treasury panel of independent forecasts, August 2024, October 2024, and October 2025.

Page 11 bottom chart: Incomes Data Research (IDR) and Brightmine (formerly XperthR), 1 January 2023-30 September 2025, and employer expectations for 2026. This series uses the combined totals of awards (and future awards) from both organisations. There may therefore be some double-counting. The results are similar when considering each series separately.

Page 12 top chart: LPC analysis of ASHE, low-pay weights, NLW population, UK, 2016-2025. Figures are chain-linked to account for methodology change in 2021.

Page 12 bottom chart: LPC analysis of ASHE, standard weights, age 21 and over population, UK, 2019-2025. Figures are chain-linked to account for methodology change in 2021.

Page 13 top chart: LPC analysis of Pay As You Earn Real Time Information by industry, UK, August 2016-August 2025, UK. Hospitality refer to Accommodation and Food Services (SIC Division I); Leisure refers to Arts, entertainment and recreation (SIC Division R).

Page 13 bottom chart: LPC analysis of Chartered Institute of Personnel and Development survey data. Labour Market Outlook Summer 2025, August 2025. Question Sum25_8: Which cost increase, if any, has had the biggest financial impact on your business in the past 12 months? NLW-exposed firms defined as those responding to a large extent that NMW/NLW increases had increased the wage bill.

Page 14 top chart: LPC analysis of ASHE 2019-2025 and ONS data. Earnings and employment from Pay As You Earn Real Time Information 2019-2025, total population, UK.

Page 14 bottom chart: LPC analysis of ASHE, low-pay weights, NLW population, UK, 2024-2025.

Page 15 left chart: LPC analysis of ASHE, low-pay weights, total population, UK, 2008-2025.

Page 15 centre chart: LPC analysis of LFS, standard weights, UK, 2016 Q2-2025 Q2. Figures are not seasonally adjusted.

Page 15 right chart: LPC analysis of LFS, standard weights, UK, 2019 Q2-2025 Q2. Figures are not seasonally adjusted. There was a methodology change in the zero-hours contracts measure in 2020 Q2.

Page 16 left chart: LPC analysis of CIPD Summer Labour Market Outlook Surveys 2018-

2025. Responses to the question: 'You've said that the National Living Wage increased your organisation's wage bill. How did your organisation manage these additional wage costs? Please choose up to three of the most important things your organisation has done from the list below.' Not all responses shown.

Page 16 centre chart: LPC analysis of CBI Employment Trends Survey 2022-2025.

Responses to the question: 'What actions is your organisation taking in response to the NLW rate?' Not all responses shown.

Page 16 right chart: LPC analysis of FSB member survey, 2016-2025. Responses to the question: 'You've said that the National Living Wage has increased your organisation's wage bill. How is your organisation managing these additional wage costs?' Not all responses shown.

Page 17: LPC analysis of ASHE, standard weights, NLW population, 2024-2025. Note: The breakdown of the share affected by the minimum wage is nested. That is, the total affected by minimum wage is column C plus column D plus column E, while the total increase is column D plus column E.

Page 18 left chart: LPC analysis of ONS NEET data, 16-24 population, seasonally adjusted, UK, 2011 Q2-2025 Q2.

Page 18 centre chart: LPC analysis of HMRC PAYE RTI data, seasonally adjusted, UK, August 2019-August 2025, released on 14th October 2025. Figures for September 2025 have been excluded because they early 'flash' estimates and are subject to significant revision. Current figures may differ from revised figures published later.

Page 18 right chart: LPC analysis of ASHE, low pay weights, 16-20 population excluding those eligible for the Apprenticeship Rate, UK, 2013-2025. Estimates are chain-linked to account for the methodology change in 2021. Dashed lines indicate the period affected by the pandemic. Time period prior to 2013 is excluded from the chart due to inability to identify apprentices in ASHE prior to 2013.

Page 19 chart: LPC calculations using ASHE, AWE and forecasts from the HM Treasury panel of independent forecasters and the Bank of England. Smoothing by pence increases. Figures are purely illustrative and actual rate shares are subject to future Government remits and economic conditions.

Page 20 left chart: LPC analysis of ASHE, low pay weights, 16 and over population eligible for the Apprenticeship Rate, UK, 2019-2025. Year 1 apprentices aged 25 and over are excluded due to insufficient sample size.

Page 20 central chart: LPC analysis of ASHE, standard weights, 16 and over population eligible for the Apprenticeship Rate, UK, 2013-2025.

Page 20 right chart: LPC analysis of DfE, Explore Education Statistics (July 2025), 4-quarter rolling averages, England, 2018/19 Q3-2024/25 Q3. Data is organised by academic year (August-July). Dotted lines indicate final full-year data (historical series). Solid lines indicate provisional full-year data as at October of each year (which are comparable with the latest data we have for 2024/25). There are not usually significant changes between provisional and final full year data.

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