

Government announces pay rise for 2.8 million people

- Annual pay rise of up to £930 for a full time worker.
- National Living Wage (NLW) increasing from £8.21 to £8.72.
- New NLW rate starts on 1 April 2020 and applies to over 25 years olds.

Low-paid workers will receive a 6.2% pay rise with a new National Living Wage (NLW) of £8.72 per hour, the biggest cash increase ever, the Government has announced today.

Nearly 3 million workers are set to benefit from the increases to the NLW and minimum wage rates for younger workers, according to estimates from the independent Low Pay Commission. The rise means Government is on track to meet its current target for the NLW to reach 60% of median earnings by 2020.

The new rate starts on 1 April 2020 and results in an increase of £930 over the year for a full-time worker on the National Living Wage. Younger workers who receive the National Minimum Wage will also see their pay boosted with increases of between 4.6% and 6.5%, dependant on their age, with 21-24 year olds seeing a 6.5% increase from £7.70 to £8.20 an hour.

Prime Minister Boris Johnson said:

Hard work should always pay, but for too long, people haven't seen the pay rises they deserve.

Our government will put a stop to that, giving nearly three million people from Edinburgh to Eastbourne a well-earned pay rise, including the biggest ever cash boost to the National Living Wage.

But that's not all. As we enter a new decade, we're setting our sights higher, to help people earn more over the next five years and level up access to opportunity across our great country.

Chancellor of the Exchequer, Sajid Javid, said:

We want to end low pay and put more money in the pockets of hard-working families. This latest rise will mean that since we introduced the National Living Wage in 2016, the lowest paid will have had a wage increase of more than £3,600.

But we want to do more to level up and tackle the cost of living, which is why the NLW will increase further to £10.50 by 2024 on current forecasts.

Business and Energy Secretary, Andrea Leadsom, said:

We want to make the UK the best place in the world to work and grow a business. Employment is at a record high and as well as investing to meet that ambition, we also want to make sure that people get to keep more of what they earn.

Our people's pay rise will put more money into the pockets of millions of hard-working Brits across the country – but we won't stop there. We want to make the UK the first country in the world to eliminate low pay in the next five years.

The Government has fully accepted the Low Pay Commission's recommendations after they consulted stakeholders such as unions, businesses and academics, before recommending the NLW and NMW rates to the Government. In September the Chancellor pledged to increase the NLW towards a new target of two-thirds of median earnings by 2024, provided economic conditions allow, which, on current forecasts, would make it around £10.50 per hour.

The introduction of the NLW has already delivered the fastest pay rise for the lowest earners in 20 years, putting more cash into the pockets of those who need it the most. Supported by the NLW, the lowest paid saw their wages grow by 8% above inflation between April 2015 and April 2018.

The Chancellor has also announced his plans to expand the reach of the National Living Wage to cover workers aged 23 and over from April 2021, and to those aged 21 and over within five years. This is expected to benefit around 4 million low paid workers.

The Government will set out more details on the future policy framework, including the important role of the independent Low Pay Commission, by the Spring.

Further information

2020 NMW/NLW rates increases

The increased rates were recommended by the Low Pay Commission, an independent body that advises the government about the National Living Wage and the National Minimum Wage.

The National Living Wage (for over 25 year olds) will increase 6.2% from £8.21 to £8.72.

The National Minimum Wage will rise across all age groups, including

- A 6.5% increase from £7.70 to £8.20 for 21-24 year olds
- A 4.9% increase from £6.15 to £6.45 for 18-20 year olds
- A 4.6% increase from £4.35 to £4.55 for Under 18s
- A 6.4% increase from £3.90 to £4.15 for Apprentices

The £930 increase in annual earnings compares the gross annual earnings of a person working 35 hours per week on the new NLW rate from April (£8.72) versus the 2018/19 NLW rate (£8.21). The £3,680 increase in annual earnings compares the gross annual earnings of a person working 35 hours per week on the new NLW rate from April (£8.72) versus the 2015/16 minimum wage rate (£6.70).