

# National Living Wage extended to younger workers

Press release

The age threshold for the National Living Wage changes from 25 to 23 as the rate increases on 1 April.



The National Living Wage (NLW) will increase on Thursday 1 April to £8.91, giving a real-terms pay rise to millions of workers. At the same time, the age threshold for the rate will move from 25 to 23, meaning that thousands of young workers will be eligible for a higher wage floor. These changes follow recommendations made to the Government by the Low Pay Commission (LPC) and are a first step towards the target of the NLW reaching two-thirds of median earnings for workers aged 21 and over by 2024.

In the 3 March Budget, the Government asked the LPC to monitor and evaluate the impact of these changes and recommend the rate that should apply from 2022. They asked the LPC to monitor developments in the labour market and advise on whether the target is achievable in the timeframe. The LPC will make its recommendations to Government on the 2022 National Minimum Wage rates in October.

Bryan Sanderson, Chair of the Low Pay Commission, said:

This has been an extraordinary year for all of us, but particularly for minimum wage workers, many of whom have worked throughout the pandemic in frontline roles or have worked in the sectors that have been hardest hit by lockdown measures.

This week's increase in the NLW is our first step towards the Government's target of two-thirds of median earnings. It is a real-terms increase, meaning that an hour's work can buy more than it could last year, at the start of the pandemic. The level of the new rate however also reflects the need to protect workers from job

losses.

Importantly, the NLW will now apply to workers aged 23 and over. This is an important change which is strongly endorsed by the Commission. Young people should be fairly rewarded for their work. We will seek to understand how young people's pay and employment are affected by this in our consideration of a further reduction in the NLW age qualification to 21.

The LPC has today published a short report which outlines how we will respond to our remit and approach our recommendations on the April 2022 rates, in the context of economic uncertainty and recovery from the pandemic. The report sets out a pathway to the target of two-thirds of median earnings. Our best current estimate for the on-course NLW rate in 2022 is £9.42, a 5.7 per cent increase. However, this is subject to more uncertainty than usual and is likely to change. We will publish an updated path in the summer.

The other rates of the National Minimum Wage will also increase alongside the NLW.

	<b>Previous rate</b>	<b>Rate from April 2021</b>	<b>Increase</b>
National Living Wage	£8.72	£8.91	2.2%
21-22 Year Old Rate	£8.20	£8.36	2.0%
18-20 Year Old Rate	£6.45	£6.56	1.7%
16-17 Year Old Rate	£4.55	£4.62	1.5%
Apprentice Rate	£4.15	£4.30	3.6%
Accommodation Offset	£8.20	£8.36	2.0%

## Notes for editors

1. The LPC originally submitted its recommendations on 30 October 2020. The Government announced its acceptance of those recommendations on 25 November 2020. [The LPC's 2020 Report](#), which sets out the evidence underpinning its recommendations, was published on 11 December 2020.
2. The National Living Wage (NLW) is the statutory minimum wage which will apply as of 1 April for workers aged 23 and over. Different minimum wage rates apply to 21-22 year olds, 18-20 year olds, 16-17 year olds and apprentices aged under 19 or in the first year of an apprenticeship.
3. The age threshold for the NLW will be reduced from 25 to 23 in 2021, and then further to 21 by 2024. This follows a review of the structure of the National Minimum Wage youth rates and recommendations made by the LPC in 2019.
4. The Government published its remit to the LPC for 2021 alongside the 3 March Budget. In the remit, the Government asks the LPC "to monitor the labour market and the impacts of the National Living Wage closely, advise on any emerging risks and – if the economic evidence warrants it – recommend that the government reviews its target or timeframe. This emergency brake will ensure that the lowest-paid workers continue to see

pay rises without significant risks to their employment prospects.” The full remit letter is available [here](#).

5. Rates for workers aged under 23, and apprentices, are lower than the NLW in reflection of lower average earnings and higher unemployment rates. International evidence also suggests that younger workers are more exposed to employment risks arising from the pay floor than older workers. Unlike the NLW (where the possibility of some consequences for employment have been accepted by the Government), the LPC’s remit requires us to set the rates for younger workers and apprentices as high as possible without causing damage to jobs and hours.
6. The Accommodation Offset is an allowable deduction from wages for accommodation, applicable for each day of the week. In April 2021 it will increase to £8.36 per day, matching the level of the National Minimum Wage.
7. The National Living Wage is different from the UK Living Wage and the London Living Wage calculated by the Living Wage Foundation. Differences include that: the UK Living Wage and the London Living Wage are voluntary pay benchmarks that employers can sign up to if they wish, not legally binding requirements; the hourly rate of the UK Living Wage and London Living Wage is based on an attempt to measure need, whereas the National Living Wage is based on a target relationship between its level and average pay; the UK Living Wage and London Living Wage apply to workers aged 18 and over, the National Living Wage to workers aged 23 and over. The Low Pay Commission has no role in the UK Living Wage or the London Living Wage.
8. The Low Pay Commission is an independent body made up of employers, trade unions and experts whose role is to advise the Government on the minimum wage. The rate recommendations introduced today were agreed unanimously by the Commission.
9. The current Low Pay Commissioners are: Bryan Sanderson, Professor Sarah Brown, Professor Richard Dickens, Kate Bell, Kay Carberry, Simon Sapper, Neil Carberry and Martin McTague.
10. Bryan Sanderson can be contacted via the Low Pay Commission’s press office (0207 211 8132).

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