

Press release: Record numbers of low paid workers to get above inflation pay increase

- National Living Wage and Minimum Wage rises on 1 April will mean real-terms pay increases for minimum wage workers.
- 2.5 million workers are set to be paid one of the minimum wage rates – up from 2 million.
- Sunday will see the largest minimum wage increases in a decade for young workers.

The National Living Wage – the statutory minimum wage for workers aged 25 and over – will increase by 4.4% to £7.83 on Sunday 1 April. This increase keeps it on track to reach 60% of median earnings by 2020. The LPC's latest projection puts the NLW at £8.62 in 2020.

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

This new analysis shows that the minimum wage is an important force in helping those on low wages. More workers than ever before will see a real increase to their pay, as up to 2.5 million workers will benefit from these increases.

The NMW and more recently NLW have supported the earnings of the low-paid, meaning their pay has grown in real terms since the recession, while earnings higher up the distribution are yet to recover. The biggest rise in the minimum wages for 18-24 year olds for a decade will mean they benefit too.

Over the last 10 years, increases in the minimum wage have meant that workers at the bottom of the pay distribution have seen real-terms hourly pay increases of up to 10%. Despite higher inflation over the last 18 months, this trend has continued because of large increases in the NLW. For those paid more each hour, earnings have yet to recover to pre-recession levels.

Young workers on the age-related minimum wages will also see above-inflation pay rises. The increases in the rates for 21-24 and 18-20 year olds will be the largest in a decade, rising by 4.7% and 5.4% respectively.

In total, up to 2.5 million workers (9.1% of all workers) will benefit from the minimum wage increases. 2.1 million of these will be workers aged 25 and over who are paid the NLW. Minimum wage coverage is set to top 3 million by 2020.

Coverage will rise across a range of occupations, with people working in hair and beauty most likely to be paid the minimum wage (up to 40%). The largest number of minimum wage workers will be employed in retail (475,000 in April

2018), hospitality (290,000), and cleaning and maintenance (275,000). These occupations are predicted to have coverage between 30% and 40% in 2018.

With the 2018 upratings, coverage of the minimum wage will range from 5.2% in London to 14.2% in Northern Ireland. The South East and Scotland will have coverage well below the UK average (9.1%), while in most English regions, and Wales, between 9% and 12% of workers will be paid a minimum wage rate. Full region, nation and local authority data is attached to this release.

In our [2017 Report](#), we said that most employers had successfully managed with the increased cost of the NLW since its introduction in 2016. A wider range of sectors told us that there will be concern over its affordability by 2020, though. Unions, on the other hand, thought increases would be manageable and would bring benefits to workers and the UK economy.

National Minimum Wage rates

Minimum Wage rate	Current rate (hourly)	Rate from 1 April 2018
National Living Wage	£7.50	£7.83
21-24 Year Old Rate	£7.05	£7.38
18-20 Year Old Rate	£5.60	£5.90
16-17 Year Old Rate	£4.05	£4.20
Apprentice Rate	£3.50	£3.70
Accommodation offset	£6.40	£7.00

Notes:

1. The Low Pay Commission is the independent body that advises the Government on the rates of the minimum wage, including the National Living Wage.
2. In 2017, the LPC's remit, which is set by the Government, was to recommend rates for the NLW such that it will reach 60% of median earnings by 2020, subject to sustained economic growth. For the other rates, the LPC was asked to recommend increases to help as many low-paid workers as possible, without damaging their employment prospects.
3. All the rate increases on 1 April 2018 follow the LPC's recommendations, made in our 2017 report.
4. Rates for workers aged under 25, 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 some consequences for employment have been accepted by the Government), the LPC's remit requires us to set the other rates as high as possible without causing damage to jobs and hours.

5. The National Living Wage is different from the UK Living Wage and the London Living Wage. 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 25 and over. The Low Pay Commission has no role in the UK Living Wage or the London Living Wage.
6. The LPC recently launched its 2018 written consultation. The LPC is gathering evidence to support our recommendations for rates to apply from April 2019. [Full details are available here](#).