

# National Living Wage to hit 60 per cent target in April

The Low Pay Commission (LPC) today publishes its 2019 recommendations on the National Living Wage (NLW) and National Minimum Wage (NMW) and a summary of its 2019 findings, covering our analysis of the impact of the 2019 rates and the evidence for our recommendations for rates from April 2020.

The acceptance of the LPC's recommendations means achieving the goal originally announced by the Government in 2015, of raising the NLW to 60 per cent of median earnings. The Chancellor has indicated he will set a further target of two-thirds of median earnings by 2024.

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

The NLW has been an ambitious long-term intervention in the labour market. The rate has increased faster than inflation, faster than average earnings and faster than most international comparators. This has raised pay for millions without costing jobs, although employers have had to make a variety of other adjustments to deal with the increases.

Our recommendations on the NLW are conditioned on sustained economic growth, and this bar was more narrowly reached than in previous years. Nevertheless, the economy has continued to grow and the labour market has performed well overall.

The Chancellor's intentions for the next phase of the NLW will mean further ambitious increases. We will continue to keep a close eye on the evidence and to report to the Government on the challenges this involves.

The LPC's recommendations comprised:

	<b>Rate from April 2019</b>	<b>Rate from April 2020</b>	<b>Increase</b>
National Living Wage	£8.21	£8.72	6.2%
21-24 Year Old Rate	£7.70	£8.20	6.5%
18-20 Year Old Rate	£6.15	£6.45	4.9%
16-17 Year Old Rate	£4.35	£4.55	4.6%
Apprentice Rate	£3.90	£4.15	6.4%
Accommodation Offset	£7.55	£8.20	6.4%

The April 2019 increase in the NLW directly raised pay for around 1.6 million workers in 2019. Overall, the number of workers paid at the rate has remained stable since 2017.

While in recent years NLW workers have done better than their counterparts

paid above the rate, this year there was strong pay growth across the bottom two-fifths of the distribution. This suggests employers have taken measures to preserve pay differentials, changed their workforce structures or simply raised pay to compete with other firms.

Average weekly pay for NLW workers grew faster than for most other groups between 2018 and 2019, as these individuals typically worked more hours. This marks a change from previous years, when increases in the NLW had a weaker effect on workers' weekly pay and therefore on living standards.

This year's recommendations for younger workers are higher than in 2018, reflecting the strong pay growth and stable overall employment levels for these groups. This will be the final year in which the NLW will apply to workers aged 25 and over, with the age threshold coming down to 23 in 2021 and to 21 by 2024.

## Notes

1. In keeping with its remit from Government, the LPC originally submitted its recommendations in October 2019. The Government has today announced its acceptance in full of those recommendations.
2. The LPC is today publishing on gov.uk the Chair's letter to the Secretary of State containing the Commission's recommendations, as well as a summary of its 2019 findings. Its full 2019 Report and data tables will follow in early January.
3. The National Living Wage is the statutory minimum wage for workers aged 25 and over. It was introduced in April 2016 and has a target of 60% of median earnings by 2020, subject to sustained economic growth.
4. At the 2019 Conservative Party conference, the Chancellor announced his intention to introduce a further target for the National Living Wage, of two-thirds of median earnings by 2024, with the intention of ending low pay. The LPC's advice to the Government on this issue, submitted in advance of the Chancellor's announcement, was published in November 2019.
5. Different minimum wage rates apply to 21-24 year olds, 18-20 year olds, 16-17 year olds and apprentices aged under 19 or in the first year of an apprenticeship.
6. In November 2019, the LPC published a review of the youth rates of the minimum wage, which recommended reducing the age threshold for the National Living Wage to 23 and then to 21.
7. 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 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.

8. The Accommodation Offset is an allowable deduction from wages for accommodation, applicable for each day of the week. In April 2020 it will increase to £8.20 per day, matching a commitment made in 2013 to increase it to the level of the National Minimum Wage.
  9. 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 25 and over. The Low Pay Commission has no role in the UK Living Wage or the London Living Wage.
  10. 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 contained in the 2019 Report were agreed unanimously by the Commission.
  11. The nine Low Pay Commissioners are:
    - Bryan Sanderson
    - Professor Sarah Brown
    - Professor Richard Dickens
    - Kate Bell
    - Kay Carberry
    - Simon Sapper
    - Neil Carberry
    - Clare Chapman
    - Martin McTague
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# 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).

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## First opposite-sex civil partnerships to take place on New Year's Eve

- Thousands of people set to have opposite-sex civil partnerships following Government change to law.
- Today is the first day most couples have been able to have a civil partnership.
- Couples able to access the same tax benefits, pensions and inheritance as similar benefits, rights and entitlements to those available to married couples.

Earlier this month, as new regulations introduced by the Government came into force, couples were able to register their intent to get a civil partnership, giving the required 28 days notice to do so. That means that ceremonies will be taking place across England and Wales from today.

One such couple is Julie and Keith from West Yorkshire, the couple met more than 30 years ago on New Year's Eve and will now be able to enjoy the security and legal certainty that others enjoy through marriage.

The couple told the GEO:

"We are so thrilled to be able to finally have a civil partnership. After more than three decades together, we can't think of a better way to solidify our union.

"Now, we can celebrate our love with the same legal and financial security as other couples, in a new, modern and inclusive way, making our anniversary extra special."

Opposite-sex civil partnerships offer couples similar rights and entitlements to married couples, such as marriage allowance tax relief, exemption from Inheritance Tax and joint parental responsibility for children born to civil partners.

Minister for Women and Equalities, Liz Truss, said:

"Congratulations to all the couples who are having their civil partnerships today.

“I am proud that we have helped give thousands across the country the option to have a civil partnership and celebrate their union in a way that works for them.”

Civil partnerships are not intended to compete with marriage but rather to provide an alternative option for those couples who do not wish to marry but want legal certainty and stability for their families. Earlier this year the government consulted on proposals to extend civil partnerships to opposite-sex couples.

Notes to editors:

- The Government Equalities Office worked with Equal Civil Partnerships – a campaigning group for mixed-sex Civil Partnerships.
- For more information on Civil Partnerships click here: <https://bit.ly/2raIG2T>

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## [Attack on Iraqi military base: Foreign Office Statement](#)



Foreign Office spokesperson said:

The UK condemns the recent rocket attack by Kataib Hizballah on the Iraqi military base near Kirkuk. We support US action yesterday to defend Coalition forces.

Coalition forces, including UK, are in Iraq at the request of the Iraqi Government to defeat Daesh and to build a secure and prosperous Iraq.

## [UK welcomes the release and exchange of prisoners in Ukraine](#)

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