Dear Chair,

I am writing to inform the House that the Government is pleased to accept all of the Low Pay Commission’s recommendations for the new National Living Wage and National Minimum Wage rates, which will come into force in April 2020.

The Low Pay Commission is an internationally renowned independent and expert body which conducts extensive analysis and stakeholder research to make its recommendations.

The Low Pay Commission has recommended that:

- The National Living Wage (for workers aged 25 and over) should increase from £8.21 to £8.72;
- The rate for 21 to 24-year-olds should increase from £7.70 to £8.20;
- The rate for 18 to 20-year-olds should increase from £6.15 to £6.45;
- The rate for 16 to 17-year-olds should increase from £4.35 to £4.55; and
- The apprentice rate (for apprentices aged under 19 or in the first year of their apprenticeship) should increase from £3.90 to £4.15.

The Low Pay Commission has also recommended that the accommodation offset increases from the current rate of £7.55 to £8.20 from 1 April 2020.

We welcome the Low Pay Commission’s recommendation of an increase to the National Living Wage rate such that it meets the Government’s objective of reaching 60% of median earnings by 2020.

The new National Living Wage rate of £8.72 will be the highest ever UK minimum wage and benefit over two million workers. From April 2020, a full-time worker on the National Living Wage will see their earnings increase by nearly £4,000 over the course of the year, compared to when the National Living Wage was introduced.

The Low Pay Commission’s recommendations for increasing the National Minimum Wage youth rates, by between 4.6% and 6.5%, are well ahead of forecast inflation.
These increases are due to come into effect from 1 April 2020, subject to parliamentary approval. The Government intends to lay implementing regulations before Parliament in due course.

A copy of the response will be available from the BEIS website at www.beis.gov.uk

THE RT HON ANDREA LEADSOM MP
Secretary of State for Business, Energy & Industrial Strategy

Best

Andrea