

Large minimum wage increase to boost low-paid workers' incomes

Press release

Minimum wage rates from April 2022 have now been announced.



The National Living Wage (NLW) will rise to £9.50 from 1 April 2022. This represents an increase of 59 pence or 6.6 per cent.

The Low Pay Commission's recommendations set the minimum wage back on track to reach the Government's target of two-thirds of median earnings by 2024. The recommendations were unanimously agreed by Commissioners and accepted in full by the Government.

The increases announced today will support the wages and living standards of low-paid workers at a time when pay growth is robust across the economy. They come against a backdrop of strong GDP forecasts, employment returning to pre-pandemic levels and businesses advertising record numbers of vacancies.

Bryan Sanderson, Low Pay Commission Chair, said:

The rates we recommended will put money in the pockets of care-workers, food distributors and many other groups of the lowest-paid members of our society up and down the UK. Many of them have made a vital contribution during the last few difficult months.

The impact on communities is considerable Blackpool for example will benefit by at least £6.1m from pay increases to its low-paid workers.

The pandemic has been an exceptionally difficulty period for businesses and workers alike, but the labour market has recovered

strongly and the economy is expected to continue to grow over the next year. This is attributable in no small part to comprehensive Government support.

Our value as a social partnership is to find a consensus recommendation acceptable to both sides of industry.

Alongside the NLW increase announced today, the Commission recommended significant rises in National Minimum Wage (NMW) rates for younger workers. The 21-22 Year Old Rate will increase to £9.18, narrowing the gap with the NLW and leaving this age group on course to receive the full NLW by 2024. NMW rates for 18-20 and 16-17 year olds will increase in line with underlying wage growth, protecting earnings for young workers while recognising their higher risk of unemployment. The minimum wage for apprentices will increase by 51p, bringing it in line with the 16-17 Year Old Rate.

	Rate from April 2022	Current rate (April 2021 to March 2022)	Increase
National Living Wage	£9.50	£8.91	6.6%
21-22 Year Old Rate	£9.18	£8.36	9.8%
18-20 Year Old Rate	£6.83	£6.56	4.1%
16-17 Year Old Rate	£4.81	£4.62	4.1%
Apprentice Rate	£4.81	£4.30	11.9%
Accommodation Offset	£8.70	£8.36	4.1%

Commissioners' advice to the Government this year covers several areas. The LPC has reviewed minimum wage rules for domestic workers and recommended that an exemption that has prevented au pairs and domestic workers from earning the minimum wage is removed. Commissioners have also examined the evidence around the NLW's impacts on different regions of the UK and on groups of workers with protected characteristics.

1. The LPC submitted its recommendations on 22 October 2021. The Government has today announced its acceptance of those recommendations.
2. Alongside today's announcement, [the LPC has published its letter of recommendations to the Government and a summary of evidence which informed those recommendations](#). Its full 2021 Report, which sets out the detailed evidence base underpinning its recommendations, will be published and laid in Parliament later this year.
3. The Government's remit to the LPC, which determines the Commission's work through the year, was published in March and is available [here](#).
4. The National Living Wage (NLW) is the statutory minimum wage 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.
5. The LPC's recommendations on the NLW are informed by a Government-set target for that rate to reach two-thirds of median earnings by 2024. In this year's remit, the Government asked 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.”

6. The age threshold for the NLW was lowered from 25 to 23 in April 2021. The threshold will be further reduced to 21 by 2024, following recommendations made by the LPC in 2019.
7. 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.
8. The Accommodation Offset is an allowable deduction from wages for accommodation, applicable for each day of the week. In April 2022 it will increase to £8.70 per day.
9. The exemption that affects domestic workers (57(3) of the NMW regulations) states that a worker does not need to be paid the minimum wage if they live with their employer and are treated as a member of the family. This exemption was introduced to facilitate au pair placements, but there are longstanding concerns that it has provided a loophole for exploitation of migrant domestic workers.
10. 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.
11. 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.
12. The current Low Pay Commissioners are: Bryan Sanderson (Chair), Kate Bell, Professor Sarah Brown, Kay Carberry, Matthew Fell, Louise Fisher, Martin McTague, Professor Patricia Rice and Simon Sapper.
13. Bryan Sanderson can be contacted via the Low Pay Commission’s press office (020 7211 8132).