

July 24th 2015

Government announces new compulsory national living wage

The Chancellor of the Exchequer announced in the Budget that, from April 2016, there will be a compulsory national living wage (NLW) for workers aged 25 years and older of £7.20 per hour, rising to £9.00 per hour by 2020.

This compares with the current adult national minimum wage (NMW) of £6.50 per hour – rising to £6.70 per hour from 1 October 2015. In practice, it means that there will be a ‘premium’ over and above the NMW for workers aged 25 and over.

The Government’s aim is for the NLW to reach 60% of median earnings by 2020 and the Low Pay Commission is being asked to set out how this can be achieved and will also be asked to recommend the level of the NLW to apply from April 2017.

The NMW will continue to apply to workers under the age of 25.