

NEWS BRIEF

Presented by Andrew Bourne & Co

National Minimum Wage Raised to £6.70 per Hour

The Prime Minister and Deputy Prime Minister announced on 17 March 2015 that the government has accepted the Low Pay Commission's (LPC) recommendations to increase the National Minimum Wage (NMW) by 3 per cent to a new rate of £6.70 per hour, starting 1 October 2015. This is the largest real-terms increase in the NMW since 2008, and will benefit more than 1.4 million of Britain's lower-paid workers.

The government rejected the LPC's recommendation to increase the apprentice rate by 2.6 per cent, resulting in £2.80. Instead, the government approved an increase of 20 per cent, or 57 pence, to £3.30 per hour. This is the largest-ever increase to the NMW for apprentices. By rejecting the LPC's recommendation and implementing a higher apprentice rate, the government hopes that apprenticeships will offer a more viable career path and a wage comparable to similar types of work.

Along with the changes, Business Secretary Vince Cable is planning to launch the National Minimum Wage Accelerator (NMWA), an online tool which will make it easier to compare rates of pay across regions, sectors and occupations. Cable hopes the NMWA will encourage employers to discuss pay rates with their employees and subsequently increase their wages. By facilitating and encouraging wage comparison, Cable believes businesses will be compelled to consider whether

they can increase their levels of pay in order to attract the best employees.

HOW NMW IS CALCULATED

The LPC is an independent statutory body created by the National Minimum Wage Act 1998 to advise the government on NMW rates. Each February the LPC submits a report to the government with recommendations for the future levels of minimum wages. Creating this report involves conducting extensive research, consulting with employers, employees and representatives, surveying firms in low-paying sectors and participating in fact-finding visits to workplaces.

NEW RATES

These new rates go into effect on 1 October 2015:

Age Group	New Rate	Percentage of Increase
Workers age 21 and older	£6.70	3% (20 pence)
Workers age 18–20	£5.30	3% (17 pence)
Workers age 16–17	£3.87	2% (8 pence)
Apprentices	£3.30	20% (57 pence)

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