



**Department for
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Darren Jones MP
Chair of the Business, Energy and Industrial Strategy Select
Committee
House of Commons
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26 November 2020

Dear Darren,

I am writing following the Chancellor's announcement of the National Living Wage and National Minimum Wage rates for the next financial year.

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 2021.

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:

- A 19p (2.2%) increase in the National Living Wage, from £8.72 to £8.91
- That the age threshold for the National Living Wage should reduce from age 25 to age 23
- A 16p (2%) increase in the 21-22 National Minimum Wage, from £8.20 to £8.36
- A 11p (1.7%) increase in the 18-20 National Minimum Wage, from £6.45 to £6.56
- A 7p (1.5%) increase in the 16-17 National Minimum Wage, from £4.55 to £4.62
- A 15p (3.6%) increase in the Apprentice National Minimum Wage, from £4.15 to £4.30
- A 16p (2%) increase in the Accommodation Offset, from £8.20 to £8.36

The Low Pay Commission concluded that these rates would give low-paid workers who have contributed during this pandemic a real-terms pay rise and protect their standards of living.

I can confirm that we are proceeding as planned with the reduction in the age threshold for the National Living Wage, and can confirm that the target for the National Living Wage to reach two-thirds of average earnings by 2024 remains unchanged.

The new National Living Wage rate of £8.91 will be the highest ever UK minimum wage. A full-time National Living Wage worker's annual earnings will rise by over £345. In total, the annual earnings of a full-time worker on the NLW will have increased by over £4,000 since its introduction in April 2016.

- These increases are due to come into effect from 1 April 2021, subject to parliamentary approval. The Government intends to lay implementing regulations before Parliament in due course.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a final horizontal stroke.

THE RT HON ALOK SHARMA MP
Secretary of State for Business, Energy & Industrial Strategy