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Darren Jones MP
Chair of the Business, Energy and Industrial Strategy Select Committee
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2022 NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE RATES

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 the Low Pay Commission's recommendations for the new National Living Wage and National Minimum Wage rates, which will come into force in April 2022.

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 59p (6.6%) increase in the National Living Wage, from £8.91 to £9.50
- A 82p (9.8%) increase in the 21-22 National Minimum Wage, from £8.36 to £9.18
- A 27p (4.1%) increase in the 18-20 National Minimum Wage, from £6.56 to £6.83
- A 19p (4.1%) increase in the under 18 National Minimum Wage, from £4.62 to £4.81
- A 51p (11.9%) increase in the Apprentice National Minimum Wage, from £4.30 to £4.81
- A 34p (4.1%) increase in the Accommodation Offset, from £8.36 to £8.70

The Low Pay Commission concluded that their recommended National Living Wage rate would keep Government on track to reach the target of two-thirds of median earnings by 2024. This policy will support the Government's ambition of ending low pay in the UK. Those on the National Living Wage should see their pay rise faster than inflation and average earnings, protecting workers' living standards.

The Low Pay Commission took account of the affordability for business and the current uncertainties in the economic recovery in their recommendations, to strike the best possible balance between the needs of workers and businesses. For younger workers, the recommended rates balance the need to stay in line with underlying wage growth and ahead of inflation while recognising the relatively higher risk of unemployment for this group.

The 59p increase to the National Living Wage is the largest ever penny increase, and the highest increase in percentage terms since 2016. A full-time National Living Wage worker's annual earnings will rise by over £1,000. In total, the annual earnings of a full-time worker on the National Living Wage will have increased by over £5,000 since its introduction in April 2016.

These increases are due to come into effect from 1 April 2022, subject to parliamentary approval. The Government intends to lay implementing regulations before Parliament in due course.

Yours sincerely,

Kwasi Kwarteng

RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy & Industrial Strategy