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Innovation & Skills

NATIONAL MINIMUM WAGE

Government response to the
Low Pay Commission's 2012
report

MARCH 2012

NATIONAL MINIMUM WAGE – GOVERNMENT RESPONSE TO THE 2012 LOW PAY COMMISSION REPORT

The main recommendations put forward by the Low Pay Commission concern the rates of the National Minimum Wage.

The Commission has recommended that the adult hourly rate of the National Minimum Wage should increase from £6.08 to £6.19. The Commission has recommended freezing both the development rate which covers workers aged 18-20 years old at £4.98 and the rate for 16-17 year olds at £3.68. It recommends that the apprentice rate increases from £2.60 to £2.65. It is recommended that these changes take place in October 2012.

The Commission has also recommended that the accommodation offset increases from the current £4.73 to £4.82 in October 2012.

The Government **accepts** these recommendations.

Government's response to individual recommendations in the Low Pay Commission's 2012 report

National Minimum Wage Rates

We recommend that the adult rate of the National Minimum Wage be increased by 11 pence to £6.19 an hour from 1 October 2012.

We recommend a Youth Development Rate of £4.98 an hour and a 16-17 Year Old Rate of £3.68 an hour from 1 October 2012.

We recommend that the Apprentice Rate be increased by 5 pence to £2.65 an hour from 1 October 2012.

We recommend that the accommodation offset should be increased by 9 pence to £4.82 a day from 1 October 2012.

ACCEPT

Simplification

We recommend that in order to make operating the National Minimum Wage as simple as possible for all users, the Government puts in place, and maintains, effective, clear and accessible guidance on all aspects of the minimum wage particularly where there is significant evidence of ignorance or infringing practice. As a first step, the Government should undertake a review of all existing guidance.

ACCEPT

Compliance

We recommend that the Government should not only have a process for naming infringers but should also make frequent use of it. The Government should also actively seek other publicity opportunities which will help to signal that those who infringe the National Minimum Wage get caught and punished.

We recommend that the Government should more actively communicate both the rates themselves and rights and obligations under the National Minimum Wage. Communication activities about the minimum wage should not be subject to the Government's marketing freeze.

NOTE

The Government recognises the importance of effectively publicising National Minimum Wage compliance activities and communicating rates, rights and obligations and we will carefully consider how best to achieve this. We will continue to look for cost effective ways of communicating within the controls on government spending announced last year.

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