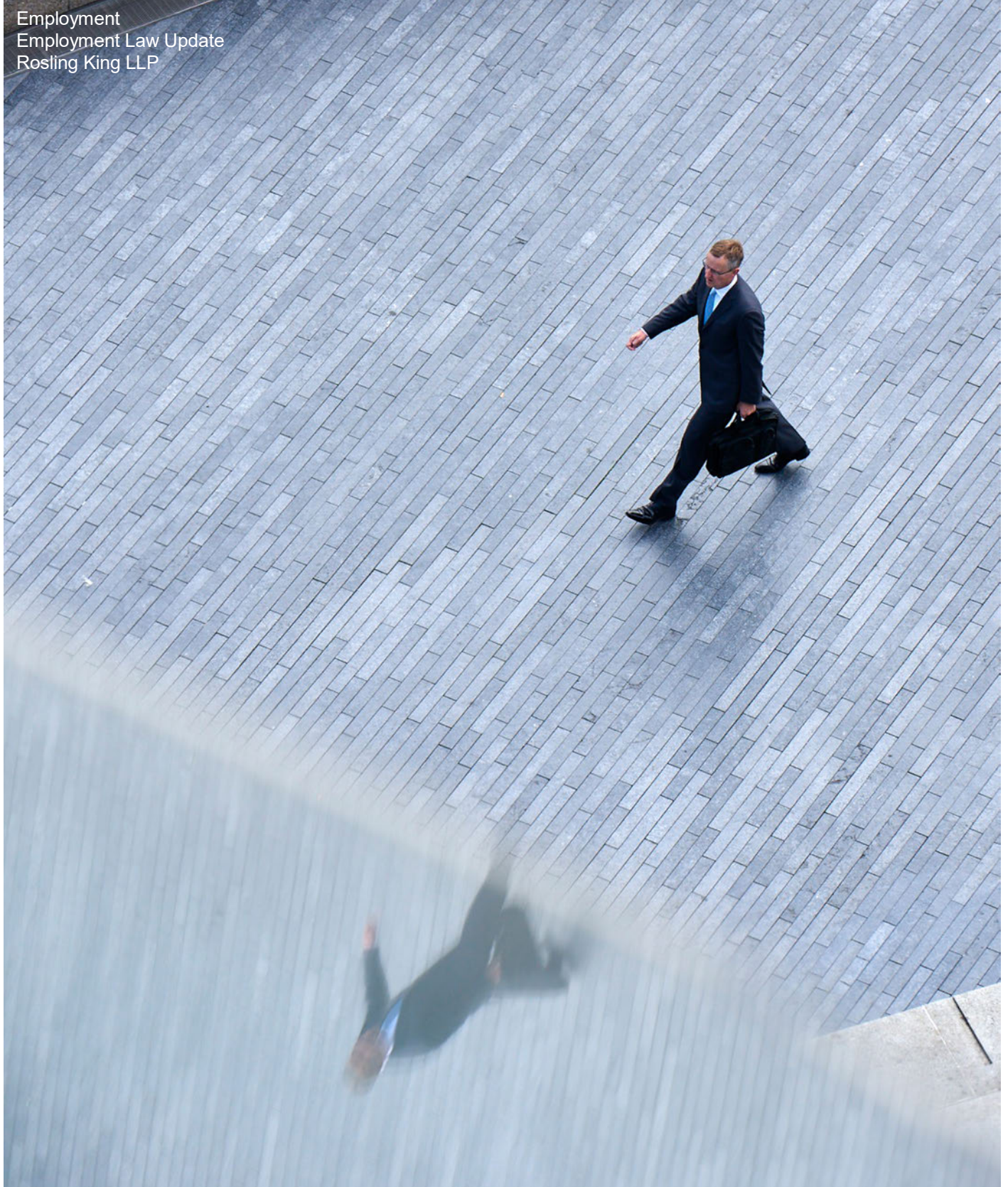


Employment  
Employment Law Update  
Rosling King LLP



**The Facts**

On 1st April 2016 the National Minimum Wage (Amendment) Regulations 2016 will come into force, introducing the national living wage. This highly anticipated change in law, announced by the Government last year, aims to help Britain's lowest paid workers improve their standard of living, bringing direct benefits to 2.7 million workers over the age of 25. The Government also predicts that the NMW will facilitate the granting of National insurance discounts and help small employers to guarantee their workers a minimum living wage.

However, the scheme has come under fire recently, with critics arguing that it will be nothing more than a tweak to the minimum wage regulations.

From April 1st the new minimum wages will be:

- Age 25 and over – 7.20ph (now called National Living Wage)
- Age 21 to 25 - £6.70ph
- Age 18 to 21 - £5.30ph
- People younger than 18 - £3.87ph
- Apprentices - £3.30ph

By comparison the Living Wage Foundation set the national living wage at £8.25 per hour nationally and at £9.40 for the London area.

The Living Wage Foundation base their figures on the public perception of the minimum income required and on detailed budgets. New research every two years enables their living wage to reflect changing social norms and there is an annual update which takes into consideration inflation.

Employers who pay the Living Wage Foundation's wage to all their employees can apply for accreditation from the Foundation and there are currently more than 700 accredited living wage employers in London with others who have chosen not to be accredited.

Perhaps the real success story of the Government's policy is the raised awareness of what constitutes a living wage and this is reflected in the fact that last year alone, 429 employers obtained accreditation from the LWF. The Greater London Authority's report entitled "A Fairer London: The 2015 Living Wage in London", showed the encouraging news that 85.5% of full time workers in the capital currently earn more than £9.40 per hour, although 50% of part time workers earn less.

Employers whose margins are too tight to afford to pay the living wage will no doubt welcome this outcome as should their employees, after all it must be better that a business remains viable and employing people than it stretches itself to pay what it cannot afford. Those employers already accredited as paying the Living wage may well continue to reap the benefits of doing so, especially in respect of employee retention, in sectors where profit margins are not as tight. As women still make up the majority of the part-time workforce the pay discrepancy between part-time and full-time workers is likely to be reconsidered in the future, as part of the gender pay gap work the government is undertaking. It is unlikely that



the issue of pay will recede as we all try to strike a balance between preventing employee exploitation and maintaining viable businesses.

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For further information, please contact [Jacqueline Kendal](#) or the Partner with whom you usually deal.