

Scope to explore further increases to the national living wage, review concludes

LNB News 04/11/2019 74

The independent review into the evidence of the impact of minimum wages, led by professor Arindarjit Dube, has concluded that there is room to explore a higher national living wage (NLW), up to two thirds of median wage. The review, which was published on 4 November 2019, also concluded that despite the potential for minimum wages to have a negligible or zero effect on jobs, it significantly increases earnings of the lowest paid workers. Nicholas Lakeland, partner at Laytons, comments on the report, saying it will 'frame the future remit of the Low Pay Commission... and future government policy'.

[The review](#) examined international evidence on the impact of minimum wages, including from Germany and the US, as well as the impact of NLW in the UK.

The Chancellor of the Exchequer, Sajid Javid, has pledged to increase the NLW towards a target of two-thirds of median earnings by 2024, provided economic conditions allow for such. The government has stated it will provide a full response to the review 'in due course'.

Increase in NLW 'does not impact number of lower level jobs available'

Lakeland says the report 'provides an in-depth evidence-based review of international evidence on the likely impact on levels of employment which could arise as a result of increasing the National Living Wage (NLW). The report is very detailed and provides an in-depth analysis and is well worth reading for anyone with an interest in the subject matter.

'The report concludes that increasing NLW does not impact the number of lower level jobs available in the economy and will shape government policy in setting a far more ambitious NLW policy.'

Lakeland says the report 'will frame the future remit of the Low Pay Commission from 2020 and future government policy in this area'.

Lakeland highlights two key focal points for employers going forward:

- 'NLW will inevitably be increasing in the years to come to help bring closer up to higher levels which are closer to employees' average earnings and employers will need to factor this into their financial planning'
- 'there is already a focus on enforcing NLW and with any increases in the level of NLW there comes the likelihood of greater evasion and therefore even greater enforcement action'

Written by Aslak Ringhus.

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