

## Up to 5 million workers benefited from the National Living Wage in 2018

**The Low Pay Commission's (LPC) 2018 Report, finds that increases to the National Living Wage raised the pay of up to 5 million workers this year, conversely placing a number of employers under increasing financial strain given the increased employer cost.**

The LPC's annual report on the National Living Wage (NLW) and National Minimum Wage (NMW) contains the evidence underpinning its recommendations for NLW and NMW rates to apply from 1 April 2019. These recommendations were accepted in full by the Government and announced in the October 2018 Budget.

As many as 5 million people benefited from the increase to the NLW in April 2018 - fewer than in 2017 but still a fifth of workers aged 25 and over. The 4.4% increase in the NLW pushed pay up faster than average not only for those on the rate, but also for the bottom 20% of earners (those earning up to £9 per hour). This is because employers have sought to maintain a gap between job grades or have kept their pay rates above the NLW. In total, 1.6 million people were paid at or below the NLW, equivalent to 6.5% of all workers aged 25 and above; roughly the same proportion as in 2016 and 2017. Almost two thirds of those paid the NLW, a million workers, were women.

Following the 2018 increase, more workers than ever before were paid at a rate just above the NLW. 1.6 million people were paid between 5p and 50p per hour more than the rate, with almost half a million of these paid at £8 per hour.



In 2017, 1.4 million were paid between 5p and 50p above the NLW, and a quarter of a million were paid £8 per hour.

The LPC heard from employers how they have had to adapt to NLW increases: accepting lower profits, increasing prices where possible, restructuring workforces and narrowing the gaps between pay bands. Stakeholders thought improving productivity would be the key to managing future cost increases. However, the LPC's analysis and research did not find clear evidence of any negative effects on employment from the increased NLW.

As previously announced, the LPC's rate recommendations comprised:

	Current	From April 2019	Increase
NLW	£7.83	£8.21	4.9%
21 - 24 rate	£7.38	£7.70	4.3%
18 - 20 rate	£5.90	£6.15	4.2%
16 - 17 rate	£4.20	£4.35	3.6%
Apprentice rate	£3.70	£3.90	5.4%
Accommodation offset	£7.00	£7.55	7.9%



Knowing is nothing  
without doing.

## Teachers' Pension Scheme Contribution Increase

A shock increase from September 2019 in the rate of employer contributions to teachers' pension schemes will force academies already facing financial difficulties into action to survive the extra cost.

Following a review by the Office for Budget Responsibility, the Treasury says the rate of employer pensions contribution will rise to approximately 23.6 per cent of pensionable earnings, which is a rise of around 43 per cent from the current figure. That will come as a jolt for many academy trusts and could force them into closure in some cases.

Schools will need to urgently review their budgets to see how this will impact on their staffing costs. Even though the Department for Education intends to fund fully the contribution increase for academies for the first year, it is not clear what happens then.

## Are you ready for the Auto Enrolment work place pension April 2019 contribution increases?

The minimum Auto Enrolment work place pension contribution levels will rise again on 6 April 2019, with the employer having to paying a minimum of 3% towards the pension, and the total minimum contribution reaching 8% - with staff making up the difference through an increase employee contribution. If you have opted for the statutory minimum, this 8% will be calculated on qualifying earnings; the employees' earnings level between the lower (£6,032 per annum) and upper (£50,000 per annum) statutory levels.

## First payroll-deducted Lifetime ISA launched

Contributions to a Lifetime ISA (Individual Savings Account) can be made via payroll deductions on a 'net pay' basis, attracting a 25% bonus, irrespective of tax-paying status.

Savers can contribute up to £4,000 a year into a Lifetime ISA (LISA) from the age of 18 to 50 and rather than offering tax relief, savers get a 25 per cent contribution from the Government instead. Corporate Adviser has reported that the Smarterly Lifetime ISA is believed to be the first available through payroll deduction, where employers have the option to make contributions on behalf of employees, as an additional savings vehicle to an employer-funded pension contribution.

The launch supports employers' financial wellbeing programmes.

## The Department for Work and Pensions (DWP) has published the proposed benefit rates and pension rates for 2019-20

Statutory rates	2018 - 19	2019 - 20
<b>Statutory Adoption Pay, Maternity Pay &amp; Paternity Pay and Shared Parental Pay</b>		
Earning threshold	£116	£118
Standard rate	£145.18	£148.68
<b>Statutory Sick Pay</b>		
Earnings threshold	£116	£118
Standard rate	£92.05	£94.25