



Living Wage/National Living Wage – what's the difference?

So, what's the difference between the Living Wage and the National Living Wage?

The **Living Wage** is an hourly rate which is calculated according to the basic cost of living in the UK. It's set independently, updated annually and currently stands at **£8.25 per hour outside of London (£9.40 within London)**.

The Living Wage differs from the National Living Wage because it is a guide and it is up to employers to decide if they want to meet the amount or not. **The National Living Wage will be compulsory.**

The National Living Wage

The **National Living Wage** will come in to force in **April 2016** and it will be compulsory for employers to meet the set hourly rates. Charities and various other groups have been campaigning for a National Living Wage for a while. They believe there should be regulations in place to ensure a minimum hourly rate for all employees which is high enough for workers to have a normal standard of living (affording food, transport and bills).

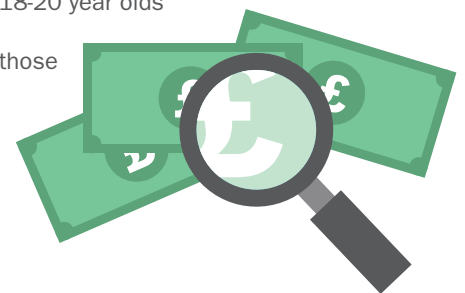
How much will the National Living Wage be?

The National Living Wage will replace the Minimum Wage for over 25's which currently stands at £6.70 per hour. It will be introduced in stages, beginning in April 2016 when employers will be expected to pay their staff a minimum of £7.20 per hour. By 2020 the government plan to increase the minimum hourly rate to £9.00 per hour.

Will this apply to all my staff?

No, only employees aged 25 and over will be eligible for the National Living Wage rates. Current Minimum Wage rates will still stand for employees aged 24 and under:

- £3.87 per hour for 16-17 year olds
- £5.30 per hour for 18-20 year olds
- £6.70 per hour for those aged 21 and over.



For more information on this subject please contact us:

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Now you understand how much you'll need to pay your employees, how are you going to prepare?

1 Talk to your staff

Nothing causes more trouble than lack of communication and misunderstanding. Make sure your staff are aware of the changes and that they understand the reasons why some contracts and salaries might change, while others will not.

2 Managing overtime



With wages rising you might find you're not able to pay premium costs on things like overtime. It may be worth thinking about staggering shift starts and finish times so you always have the enough staff on duty, but avoid the added costs of overtime.

3 Get the best from your employees



It's important to get the best from your workforce on every step of their employment journey. Now is a great time to revisit your performance management policies to ensure that you are aware of how individual staff are performing against pre-discussed targets. This will help you manage employee performance and more importantly, progression.

4 Redundancies

It's something that no owner wants to consider, however, it is an issue that may have to be discussed. If redundancies are anticipated it is important that your existing procedures and policies are examined, this is vital so that as an employer you are protected if you choose to investigate redundancy options.

5 Keep up to date with new legislation and ensure compliance during inspection



New legislation is continually emerging, so it's important that you stay on top of it. Make sure you have robust Health & Safety and HR policies in place to make regulatory inspections easier to manage. Citation's online platform can help streamline your policies and save you time in doing so.

6 Get some support

With over 20 years of experience we understand the issues you're worrying about. We can help you with all of your HR and Health & Safety issues, and as a Citation client you will have access to 24/7 expert advice and online tools which are designed to make your life much easier, while giving you confidence that you've got it all covered.

Find out more

 www.citation.co.uk/contact-us

Want more information on the Living Wage?

The Living Wage Foundation are an organisation who have strongly campaigned for the National Living Wage and they are responsible for calculating the Living Wage according to the cost of living. They accredit employers who commit to paying the non-compulsory Living Wage. If you want more information on the living wage visit.

 www.livingwage.org.uk

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