



National Living Wage Introduced

As you will be aware, on 1 April 2016, the National Living Wage came into effect.

A government survey showed that this increase in salary will have a positive impact on family life for workers and will increase motivation at work. This is a positive step for workforce morale and productivity, however, with salary payments in care homes already accounting for up to 60% of outgoings, it is essential that you are prepared for the impact of this new legislation.

Understanding the changes

The national minimum wage has been established for a long time. Since 1 April 1999, certain workers have been entitled to receive the minimum hourly rate set by the Government each October following recommendations from the Low Pay Commission.

The National Living Wage is effectively a premium added to the National Minimum Wage for certain workers. From 1 April 2016, workers aged 25 and over must receive at least £7.20 per hour.

The minimum wage rates from 1 April 2016 are:

Workers aged 25 and over	£7.20 per hour
Workers aged 21, 22, 23 and 24	£6.70 per hour
Workers aged 18, 19 and 20	£5.30 per hour
Workers aged 16 or 17 that are not apprentices	£3.87 per hour
Apprentices under the age of 19 or those aged 19 and over but in the first year of their apprenticeship	£3.30 per hour

To make sure your care home business will be able to adjust to the new salary rates, you should ensure that you have:

- updated forecasts and budgets to account for increased wages
- reviewed existing pay scales and considered any need for change
- considered and planned for staff expectation over pay disparities

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This article should not be taken as definitive legal advice on any of the subjects covered. If you require legal advice on any of the subjects covered please contact Rima Mehay of A&R's Employment Team.

Contact



Rima Mehay

Partner

Tel **+44(0)20 7024 4803**

Email

**rima.mehay@
adamsandremers.com**

Adams & Remers LLP

Lewes

Trinity House, School Hill,
Lewes, Sussex BN7 2NN

Tel +44 (0)1273 480616

Fax +44 (0)1273 480618

DX 3100 Lewes1

Email **lewes@adamsandremers.com**

London

Commonwealth House,
55-58 Pall Mall, London SW1Y 5JH

Tel +44 (0)20 7024 3600

Fax +44 (0)20 7839 5244

DX 140545 Piccadilly 5

Email **london@adamsandremers.com**