



About the Living Wage Foundation

The Living Wage is an hourly rate set independently and updated annually. The real Living Wage is calculated according to the basic cost of living in the UK. Employers choose to pay this wage on a voluntary basis. The real Living Wage enjoys cross-party support.

The UK Living Wage is currently £8.75 per hour. The London Living Wage is currently £10.20 per hour. This figure covers all boroughs in Greater London. These figures are calculated annually by the Resolution Foundation and overseen by the [Living Wage Commission](#), based on the best available evidence on living standards in London and the UK.

The Living Wage Foundation recognises and celebrates the leadership shown by Living Wage employers across the UK. There are currently over 3700 accredited employers. We are an initiative of Citizens UK. We believe that a hard day's work deserves a fair day's pay. We support responsible employers to voluntarily go further than the government minimum and pay the real Living Wage, to all their staff, so they can earn enough to meet the cost of living.

We receive guidance and advice from the Living Wage Advisory Council. The Foundation is supported by our principal partners: Aviva; IKEA; Joseph Rowntree Foundation; KPMG; Linklaters; Nationwide; Nestle; Resolution Foundation; Oxfam; Trust for London; and Queen Mary University of London.

What about the Government's national living wage?

In July 2015 the Chancellor of the Exchequer announced that the UK Government would introduce a compulsory 'national living wage'. This new government rate is a new minimum wage rate for staff over 25 years old. It was introduced in April 2016 and the rate is £7.50 per hour as of April 2017. The rate is **separate** to the Living Wage rate calculated by the Living Wage Foundation. The government rate is based on median earnings while the Living Wage Foundation rate is calculated according to the cost of living.

Explaining UK Wage Rates

	THE MINIMUM WAGE <small>Government minimum for under 25s</small>	NATIONAL LIVING WAGE <small>Government minimum for over 25s</small>	REAL LIVING WAGE <small>The only wage rate based on what people need to live</small>
WHAT IS IT?	£7.05	£7.50	£8.75 across the UK and £10.20 in London
IS IT THE LAW?	Statutory	Statutory	Voluntary
WHAT AGE GROUP IS COVERED?	21 and older	25 and older	18 and older
HOW IS IT SET?	Negotiated settlement based on recommendations from businesses and trade unions	A % of medium earnings, currently at 55%, it aims to reach 60% of median earnings by 2020.	Calculation made according to the cost of living, based on a basket of household goods and services
IS THERE A LONDON WEIGHTING?	No London Weighting	No London Weighting	Yes - Separate higher rate for London

The National Minimum Wage (including the 'national living wage')	The Living Wage
<p>❓ The legal minimum an employee can earn in an hour. Employers break the law if they fail to pay this rate</p>	<p>❓ A voluntary rate that employers commit to pay to go above and beyond. The Living Wage Employer Mark is a sign of best practice</p>
<p>❓ The 'national living wage' rate is set at £7.50 an hour</p>	<p>❓ The current UK Living Wage is £8.75 an hour. The current London Living Wage is £10.20 an hour</p>
<p>❓ This will increase each year, with the aim of reaching 60% of the median wage across the country by 2020 (this would mean around £9 an hour but the Low Pay Commission will consider what the market can bear)</p>	<p>❓ This will increase in line with the cost of living with increases announced in Living Wage Week every year</p>
<p>❓ Different rates apply depending on the age of the employee. The 'national living wage' is for over 25s only</p>	<p>❓ The Living Wage is the same for all employees over the age of 18</p>

② Set by the Low Pay Commission	② Set by the Living Wage Foundation
② Based on an estimation of what the market can bear	② Based on the cost of living
② The rates are the same right across the UK	② There is a separate rate for London to reflect the higher cost of living in the Capital