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Low Pay Commission Remit for the 2015 report

I would like to firstly thank you for the Low Pay Commission's 2014 report and for the continued work of the LPC to provide Government with evidence-based analysis and recommendations on the National Minimum Wage (NMW).

I appreciate the key role that the LPC plays in the success of the NMW. Over the past 15 years, the NMW has helped to eliminate extreme low pay and preserve jobs in the face of falling output during the economic recession.

I am writing, on behalf of the Government, to set out the LPC's remit for its 2015 Report. I have today made a statement to Parliament, setting out the remit.

Our aim is to have NMW rates that help as many low-paid workers as possible, while making sure that we do not damage their employment prospects. As the economy continues to recover, the Government's ambition is to increase the real value of the National Minimum Wage.

Against this background, the LPC is asked to consider in their recommendations whether, as they concluded in their 2014 Report, we are entering a new phase where real increases in the NMW can be afforded.

The Government asks the LPC to:

1. Monitor, evaluate and review the levels of each of the different NMW rates and make recommendations on the levels it believes should apply from October 2015.
2. Consider whether:-
 - Any changes can be made to the apprentice rate to make the structure simpler and improve compliance: and

- The structure and level of the apprentice rate should continue to be applied to all levels of apprenticeship, including higher levels.
3. Review the conditions that need to be in place to allow the value of the minimum wage to increase in real terms. This would include an update on your advice on the future path of the NMW.

In making recommendations in the areas set out above, the LPC is asked to take account of the state of the economy, employment and unemployment levels, and relevant policy changes.

TIMING

The LPC should report to the Prime Minister, Deputy Prime Minister, and the Secretary of State for Business, Innovation and Skills as early as possible in February 2015.