

Business Plan 2018/19

Low Pay Commission Secretariat

The Low Pay Commission will update this plan as appropriate.

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1 - Purpose

The Low Pay Commission (LPC) is an independent statutory Non-Departmental Public Body set up under the National Minimum Wage Act 1998 to advise the Government on the National Minimum Wage. The Commission is made up of nine Commissioners and supported by a small Secretariat.

The Commission receives its funding from the Department for Business, Energy and Industrial Strategy (BEIS), and the relationship between the two organisations is governed by a Framework Agreement.

The Low Pay Commission advises Government on the National Minimum Wage. It recommends the level for all rates of the minimum wage - the National Living Wage (for workers aged 25 and over), the 21-24 Year Old Rate, the 18-20 Year Old Rate (also called the Youth Development Rate), the 16-17 Year Old Rate and the Apprentice Rate. For the National Living Wage, the Commission advises Government on the path to achieve a rate matched to sixty per cent of median earnings by 2020, subject to sustainable economy. For all other pay rates, the Commission's recommendations should aim to help as many low-paid workers as possible without any significant adverse impact on employment or the economy. The advice it offers the Government this year, as in previous, will be based on the best available evidence. The Commission undertakes this work as part of the Department's stated action to support a fair, effective and efficient labour market. The Government gives the Commission a remit each year, and may request that it to include in its report advice on some areas in particular. The remit for 2018 Report is shown at Annex A.

In our 2017 Report the LPC committed to conduct a review on youth and apprentice rates - to look at the 'operation and effectiveness' of the youth rates, in light of changes to educational participation; and to look at the 'function and impact' of the Apprentice Rate, in light of changes to apprenticeship policy. An interim update will be provided in the summer and the final report in spring 2019.

This year our remit includes an additional task: to consider the impact of a higher minimum wage for hours which are not guaranteed. This was a recommendation from Matthew Taylor's report into the nature of modern work. Further details can be found in remit at Annex A.

This business plan sets out what the Secretariat will do in 2018/19 in order to achieve this purpose and the resources it will use.

2 - Key Milestones

In order to meet its objectives the Secretariat has commissioned a programme of research (see section 3 below) and prepared a Work Programme for 2018/19, setting out its main actions and tasks. The following key milestones have been set to ensure the Secretariat assists the Commission in fulfilling its remit.

Milestone	Target Completion Date
Hold a research workshop to discuss methodology and content of research projects for 2018 Report	April 2018
Hold Oral Evidence sessions	July 2018
Complete formal consultation for 2018 Report	July 2018
Quarterly examination of actual expenditure and planned expenditure for the rest of the year	July 2018, October 2018, January 2018, April 2019
Quarterly examination of the LPC's risk register	July 2018, October 2018, January 2018, April 2019
Hold research symposium to discuss findings from the commissioned research	September 2018
Commission agrees recommendations and submits to the Government	October 2018
Commission agrees and signs-off its 2018 Report and full report submitted to the Government	November 2018
Review Business Plan, Work Programme and Research Programme and finalise in light of confirmed role for 2019 Report	December 2018
Commission research programme for 2019 Report	March 2019
Draft Business Plan for 2019/20	March 2019
Create budget forecasts for 2019/20	March 2019
Finalise expenditure/year-end actions for 2018/19	March 2019

3 - Research

In order to meet the priorities set by the Commission, a programme of external research has been established and a number of research contracts let. The purpose of commissioning external research is to add to the Commission's evidence base, by providing independent robust findings on the impact of the minimum wage. Details of the research contracts commissioned for 2018 Report can be found at Annex B.

Each research project will be managed by a member of the Secretariat (the project manager), who will be responsible for ensuring that a contract for the research is agreed and put in place, the conditions of the contract are fulfilled, progress is monitored, and upon completion payment is made to the contractor. Commissioners will be given regular updates on the progress of the research projects.

4 - Risks

The Secretariat has identified the key procedural and operational risks and incorporated these into a risk register. The register will be reviewed by the Secretariat on a quarterly basis, updated as appropriate, and copied to the Sponsor Team in BEIS.

5 - Resources

BEIS provides the Commission with its annual budget. The Secretary to the Commission is the designated Accounting Officer and will be responsible for providing assurances to BEIS with regard to the management and control of the resources. This will be done through quarterly reports to BEIS which will be produced to assess whether they meet the LPC Business Plan, and through response to BEIS's Mid-year and End-year Budget review exercises.

The Secretariat will report Quarterly to BEIS on its expenditure. All expenditure will be made in accordance with departmental guidelines. The Secretariat will at all times keep in mind the need to ensure value for money and will seek ways to increase its efficiency and effectiveness and thus reduce its costs. Actions taken which reduce costs and improve efficiency will be reported to the Department.

The LPC's budget for 2018/19 is £834,000. The Commission has agreed how resources will be allocated for its 2018 Report between research, staffing and other costs. The breakdown of the LPC's projected spending is at Annex C. Annex B provides details of the research contracts for 2018 Report, and Annex D shows the staffing structure for the Secretariat for the 2018 Report.

All members of the Secretariat will be managed, and have their performance appraised, in accordance with BEIS guidelines. All Commissioners will have an annual performance appraisal, after publication of the 2018 Report. Commissioners will be appraised by the Chair, and the Chair will be appraised by the Director, Labour Market Directorate, BEIS.

6 - Transparency

The LPC will comply with the Government's requirements on transparency, as given to sponsoring departments. We will operate transparently, but will protect sensitive data.

The Commission will publish, and keep up to date, on its website:

- details of the LPC's publication scheme
- all responses to requests made under the FoI Act
- all LPC expenditure (regardless of value)
- details of fees and expenses paid to Commissioners
- a register of Commissioners' interests
- the Commission's Terms of Reference
- Commissioners' Code of Conduct, and
- publish underlying data in the LPC Report

7 – Communication Activities

The LPC will continue to develop and enhance communication activities to raise the profile of the Commission amongst its key stakeholders and the wider public. It will aim to engage and communicate through new channels and maximise audience reach. Particular communication activities it will undertake are:

- Using most appropriate channels to communicate with a range of audiences
- Undertake selected events and actions as follow:

We will produce an annual report on the National Minimum Wage and National Living Wage as per the core remit and a summary report

We will publish on our website a briefing with data to explain the rationale for our recommendations

We will hold a launch event after the publication of our main report to explain our recommendations and rationale to our leading stakeholders, press and other interested parties

We will present at external events, where appropriate, to promote LPC work to emphasise the value of the LPC's knowledge on the minimum wage and related matters including compliance, productivity and employment practices and to further increase awareness and understanding of the LPC's work among stakeholders and other interested parties with the aim of improving the quantity and quality of evidence we receive

Monitor quantitative and qualitative evidence about the audience and reception of our products, and the impact of our press engagement

We will comment as appropriate on the stories of others and partner with stakeholders (including BEIS, OGDs, employer and employee representatives) for communications campaigns and items

NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE - LOW PAY COMMISSION REMIT 2018

The Government continues to build an economy that works for everyone. Making work pay for the lowest earners in our society is a core part of our commitment. Last year's increases to the National Living Wage and National Minimum Wage boosted the wages of 1.9 million workers.

The Government's objective is for the National Living Wage to reach 60% of median earnings by 2020, subject to sustained economic growth. The Government asks the Low Pay Commission to monitor and evaluate the National Living Wage and to recommend the rate which should be effective from April 2019.

In addition, the Government would like the Low Pay Commission to monitor and evaluate the levels of each of the different National Minimum Wage rates (16-17, 18-20, 21-24 age groups and apprentice rates) and make recommendations on the increase it believes should apply from April 2019 such that the rates are set as high as possible without damaging the employment prospects of each group. The Government notes the Low Pay Commission's intention to review whether the current structure of the youth rates best supports their stated remit and to produce advice by Spring 2019. The Government wants to ensure these rates continue to support young people in the labour market.

The Government also asks the Low Pay Commission to recommend the accommodation offset rate that should apply from April 2019.

In making these recommendations the LPC is asked to consider the pace of the increase, taking into account the state of the economy, employment and unemployment levels, and relevant policy changes.

Review of Modern Working Practices

Last year the Review of Modern Working Practices made a series of recommendations to the Government. The Review found many examples of workers benefiting from flexible working arrangements. It also identified a risk of "one-sided flexibility" in the labour market, and workers' concerns over lack of security and uncertainty over when they will next receive work. The Government wants to find ways to tackle this issue which retains the flexibilities that many workers find valuable, and avoids placing unnecessary burdens on business.

The Government has accepted the Review's recommendation that the Low Pay Commission should be asked to consider the impact of introducing a higher minimum wage rate for hours worked that are not guaranteed as part of the contract. The Government asks the Low Pay Commission to assess the nature and extent of the issue identified in the Review; and to assess the impact of introducing a higher minimum wage for non-guaranteed hours. This assessment should consider any alternative policies that they consider address the same issue, including relevant international comparisons and any evidence provided by stakeholders.

This assessment should form part of the Low Pay Commission's October 2018 report, and Ministers will take a decision on what next steps are appropriate.

Timing

The Low Pay Commission is asked to provide a final report in response to this remit to the Prime Minister and the Secretary of State for Business, Energy and Industrial Strategy by October 2018.

Low Pay Commission Research Projects for 2018 Report

Lead Researcher	Institute	Research Project
Peter Dolton	NIESR	Impact of the NLW on employment and hours
Louisa Withers	Incomes Data Research	Extent of volatility of earnings (project 1) and Extent of working beyond contracted hours (project 2)
Heather Rolfe	NIESR	Factors affecting pay for young people
Conor D'Arcy	Resolution Foundation	Taylor Review: international comparisons
Peter Urwin	University of Westminster	Young people's labour market choices
Silvia Avram	University of Essex	Impact on earnings and differentials
Helen Gray	Institute for Employment Studies	Impact on employment and hours, including on young people

Low Pay Commission Expenditure – 2018/19

Spend Type	Budget (£)
Total Wage Costs	554,000
Research	215,450
Travel and Subsistence (inc Commissioners' fees)	30,000
Report Production	15,200
Three day Rates Retreat to agree rate and other recommendations	7,200
Other (training, publications, stationery, etc)	12,150
Total	834,000

Low Pay Commission Organogram

<p>David Massey (Secretary of the Low Pay Commission) 020 7211 8231/ 07720 212676</p> <p>Overall responsibility for leading the Secretariat, delivering the work programme, and ensuring the Commission meets its remit in full</p>	
<p style="text-align: center;"><u>ANALYSIS</u></p> <p style="text-align: center;">Tim Butcher (Chief Economist) 020 7211 8198</p> <p>Overall responsibility for leading the analytical work of the Secretariat. Lead on research, pay and prices, and the macroeconomy</p> <p style="text-align: center;">Helen Connolly (Statistician) 020 7211 8204</p> <p>Lead on the National Minimum Wage rates for young people and apprentices, and ASHE</p> <p style="text-align: center;">Anthony Lord (Economist) 0207 7211 8891</p> <p>Lead on the National Living Wage</p> <p style="text-align: center;">Kevin Wrake (Senior Statistical Officer) 020 7211 8767</p> <p>Lead on the labour market, groups of workers, small firms and the Labour Force Survey</p>	<p style="text-align: center;"><u>POLICY & ADMINISTRATION</u></p> <p style="text-align: center;">Joseph Wilkinson (Head of Policy & Administration) 020 7215 4671</p> <p>Lead on National Living Wage and National Minimum Wage policy, including compliance & enforcement, stakeholder engagement, including with the BEIS Sponsorship team, and administration of the LPC</p> <p style="text-align: center;">Joe Cooper (Policy Adviser & Communications Lead) 020 7211 8772</p> <p>Lead on specific sector/worker issues, minimum wages in other countries, Press enquiries, FoI, visits, report production and website</p> <p style="text-align: center;">Jay Arjan (Office and Finance Manager) 020 7211 8119</p> <p>Finance, office management, HR, public enquiries, training & development and BEIS sponsorship</p>

