**Business Plan 2019/20**

**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 other areas in particular. The remit for 2019 Report is shown at Annex A.

In our 2018 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 was provided to Commissioners in the summer last year and a final report will be provided in Summer 2019.

This year our remit includes an additional task: looking at the National Living Wage beyond 2020.

We will engage with stakeholders to seek their advice and gather evidence from them to inform decisions about the projection on youth and apprentice rate reviews and the NLW after 2020.

This business plan sets out what the Secretariat will do in 2019/20 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 2019/20, 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.

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| **Milestone** |  **Target Completion Date**  |
| Review Work Programme, Research Programme etc 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 |
| Hold a research workshop to discuss methodology and content of research projects for 2019 Report | April 2019 |
| Hold Oral Evidence sessions  | July 2019 |
| Complete formal consultation for 2019 Report | July 2019 |
| Quarterly examination of actual expenditure and planned expenditure for the rest of the year | July 2019, October 2019, January 2020, April 2020 |
| Quarterly examination of the LPC’s risk register | April 2019, July 2019, October 2019, January 2020  |
| Hold research symposium to discuss findings from the commissioned research  | September 2019 |
| Commission agrees recommendations and submits to the Government | October 2019 |
| Commission agrees and signs-off its 2019 Report and full report submitted to the Government | November 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 2019 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 2019/20 is £864,000. The Commission has agreed how resources will be allocated for its 2019 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 2019 Report, and Annex D shows the staffing structure for the Secretariat for the 2019 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 2019 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:

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| 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 |

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**Annex A**

**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 lndustrial Strategy by October 2019.

National Living Wage and National Minimum Wage: Low Pay Commission Remit 2019

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. This April the increases to the National Living Wage and National Minimum Wage are expected to boost the wages of over 2.1 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 whether economic conditions allow for the rate effective from April 2020 to meet 60% of median earnings by October 2020.

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 increases it believes should apply from April 2020 such that the rates are set as high as possible without damaging the employment prospects of each group. The Government also asks the Low Pay Commission to recommend the accommodation offset rate that should apply from April 2020. Recommendations and a report should be made by October 2019.

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

**Youth rate review**

The Government notes the Low Pay Commission’s intention to produce advice later this year on whether the current youth rate structure best supports their stated remit. The Government wants to ensure these rates continue to support young people in the labour market.

**Post-2020 remit of the LPC**

At Budget 2018, the Government announced its aspiration to end low pay in the UK. This year, it will confirm a remit for the LPC for the years beyond 2020. In deciding this remit, the Government will engage with the LPC, as well employers and the TUC, to gather evidence and views. The LPC’s remit post-2020 will be confirmed by Budget 2019.

**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 2019.

  **Annex B**

**Low Pay Commission Research Projects for 2019 Report**

|  |  |  |
| --- | --- | --- |
| **Lead Researcher** | **Institute** | **Research Project** |
| 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 |
| Dan Popov | Frontier Economics | The impact of the National Living Wage on businesses |
| Jason Heyes | University of Sheffield | The impact of the National Living Wage on businesses |
| John Forth | City University | The impact of the National Living Wage on productivity and profitability |

**Annex C**

 **Low Pay Commission Expenditure – 2019/20**

|  |  |
| --- | --- |
| **Spend Type** | **Budget (£)** |
| **Total Wage Costs** | **567,000** |
|  |  |
| **Research** | **224,750** |
|  |  |
| **Travel and Subsistence (inc Commissioners’ fees)** | **38,000** |
|  |  |
| **Report Production** | **15,100** |
|  |  |
| **Three day Rates Retreat to agree rate and other recommendations** | **8,000** |
|  |  |
| **Other (training, publications, stationery, etc)** | **11,150** |
|  |  |
| **Total** | **864,000** |

**Annex D**

**Low Pay Commission Organogram**

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| **David Massey**(Secretary of the Low Pay Commission)020 7211 8231 / **07720 212676**Overall responsibility for leading the Secretariat, delivering the work programme, and ensuring the Commission meets its remit in full |
| **ANALYSIS****Tim Butcher**(Chief Economist)020 7211 8198Overall responsibility for leading the analytical work of the Secretariat.Lead on research, pay and prices, and the macroeconomy**Helen Connolly**(Statistician)020 7211 8204Lead on the National Minimum Wage rates for young people and apprentices, and ASHE**Anthony Lord**(Economist)0207 7211 8891Lead on the National Living Wage**Kevin Wrake**(Senior Statistical Officer)020 7211 8767Lead on the labour market, groups of workers, small firms and the Labour Force Survey | **POLICY & ADMINISTRATION****Joseph Wilkinson**(Head of Policy & Administration)020 7211 8132Lead 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**Joe Cooper**(Policy Adviser & Communications Lead)020 7211 8772Lead on specific sector/worker issues, minimum wages in other countries, Press enquiries, FoI, visits, report production and website**Jay Arjan** (Office and Finance Manager)020 7211 8119Finance, office management, HR, public enquiries, training & development and BEIS sponsorship |