**Low Pay Commission Business Plan 2022/23**

The Low Pay Commission will update this plan as appropriate.

Contents:

1 - Purpose

2 - Key Milestones

3 - Research

4 - Risks

5 - Resources (including staffing)

6 - Transparency

7 - Communication Activities

Annexes:

A - Remit from Government

B - Research projects for the 2022 Report

C - Budget Summary

D - LPC Organogram

**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 of eight staff.

The LPC 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 LPC advises Government on the National Minimum Wage (NMW). It recommends the level for all rates of the NMW – the National Living Wage (NLW) for workers aged 23 and over, the 21-22 Year Old Rate, the 18-20 Year Old Rate, the 16-17 Year Old Rate and the Apprentice Rate. It also recommends the level of the Accommodation Offset.

The Government’s remit to the LPC for 2022 is available [online](https://www.gov.uk/government/publications/national-minimum-wage-and-national-living-wage-low-pay-commission-remit-2022/national-living-wage-and-national-minimum-wage-low-pay-commission-remit-2022-accessible-webpage) and included here at Annex A.

Our advice to the Government will be based on the best available evidence. We will engage with stakeholders to seek their views and gather evidence from them on the LPC’s remit to 2024, involving the NLW target of two-thirds of median earnings and lowering the NLW age threshold to 21.

This business plan sets out what the Secretariat will do in 2022/23 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 2022/23, 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** |
| Draft initial Work Programme | December 2021 |
| Agree, tender then Commission research programme for 2021 Report | March 2022 |
| Draft Business Plan for 2021/22 | April 2022 |
| Create budget forecasts for 2021/22 | April 2022 |
| Finalise expenditure/year-end actions for 2020/21 | April 2022 |
| Hold a research workshop to discuss methodology and content of research projects for 2021 Report | April 2022 |
| Carry out written consultation for 2022 Report | March to June 2022 |
| Hold oral evidence sessions with main stakeholder groups | July 2022 |
| Quarterly review of actual expenditure and planned expenditure for the rest of the year | July 2022, October 2022, January 2023, April 2023 |
| Quarterly review of the LPC’s Risk Register | April 2022, July 2022, October 2022, January 2023  |
| Hold Research symposium to discuss findings from the commissioned research  | September 2022 |
| Commission agrees recommendations and submits to the Government | October 2022 |
| Commission agrees and signs-off its 2022 Report and full report submitted to the Government | December 2022 |

**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 the 2022 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 will review the Risk Register on a quarterly basis, update it as appropriate, and share it with the Sponsor Team in BEIS as required by the LPC Framework Document.

**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 reviewed 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 BEIS.

The LPC’s budget for 2022/23 is £825,000. The Secretariat has agreed how resources will be allocated for its 2022 Report between staffing, research, and other running costs. The breakdown of the LPC’s projected spending is at Annex C. Annex B provides details of the research contracts for the 2022 Report, and Annex D shows the current staffing structure for the Secretariat.

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 2022 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:

* 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
* underlying data used 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 short report with data to explain the rationale for our recommendations.  |
| We will use all opportunities to 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. This will include presenting at external events, where appropriate, to promote our work and emphasise the value of the LPC’s knowledge on the minimum wage and related matters. |
| 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, media, employer, and employee representatives) for communications campaigns and items. |

**Annex A - Low Pay Commission Remit[[1]](#footnote-2) 2022**

The government wants to make the UK the best place possible to live and work. Making work pay for the lowest earners in our society is a core part of our commitment. This April, increases to the National Living Wage and National Minimum Wage rates are expected to boost the wages of around 2 and a half million low-paid workers.

The National Living Wage was introduced in April 2016, and in 2019, the Government set a target for the National Living Wage to reach two-thirds of median earnings by 2024 for workers aged 21 and over, taking economic conditions into account.

Having accepted the Low Pay Commission’s recommendations in full, on 1 April 2022 the National Living Wage will increase by 6.6 per cent to £9.50 an hour, applicable for workers aged 23 and over. The Government is also introducing increases between 4.1 per cent and 11.9 per cent to each of the National Minimum Wage rates for younger workers and apprentices.

**National Living Wage and National Minimum Wage rates**

As we continue to navigate our way out of the pandemic, the labour market has shown strong signs of recovery, but workers and employers continue to face economic challenges.

In this context, the government asks the Low Pay Commission to monitor and evaluate the National Living Wage and recommend the rate which should apply from April 2023 in order to reach two-thirds of median earnings (of those eligible for the National Living Wage) by 2024, taking economic conditions into account. We remain committed to lowering the age threshold for the National Living Wage to aged 21 and over by 2024. We ask the Low Pay Commission to comment on the impacts to date of an increased wage for workers aged 21-22 ahead of the further lowering of the age threshold.

The government asks the Low Pay Commission to closely monitor developments in the labour market, including the impact of increases to the minimum wage rates, and advise on emerging risks. The government remains committed to the 2024 target, but if the economic evidence warrants it, the Low Pay Commission should advise the government to review the target or its timeframe. This emergency brake will ensure that the lowest-paid workers continue to see pay rises without significant risks to their employment prospects.

The government notes that the Low Pay Commission will continue to expand its evaluation capabilities and commission minimum wage research from leading experts, using new methods and sources of evidence for its assessment of the impact of the National Living Wage.

The government also asks the Low Pay Commission to monitor and evaluate the levels of each of the different National Minimum Wage rates (under-18s, 18-20, 21-22 age groups and apprentice rate) and make recommendations on the increases it believes should apply from April 2023, such that the rates are set as high as possible without damaging the employment prospects of each group. In addition, we ask the Low Pay Commission to recommend the accommodation offset rate that should apply from April 2023.

To further expand the evidence base, the government asks the Low Pay Commission to continue to gather particular evidence on groups of low paid workers with protected characteristics. As identified in the government’s impact assessment, groups more likely to be affected by changes to the minimum wage rates include younger, older, disabled, women, and ethnic minority workers.

Additionally, to continue supporting the government’s levelling up agenda we ask the Low Pay Commission to continue to gather evidence on the differing impact across the United Kingdom of increases to the minimum wage rates, to inform how the minimum wage contributes to the mission to improve pay, employment, and productivity in all areas of the UK.

In making its recommendations for the minimum wage rates, the Low Pay Commission is asked to take into account the state of the economy, employment and unemployment levels and the wider labour market, business impacts, and relevant policy changes.

**Accommodation offset review**

We note the Low Pay Commission’s intention in their 2021 report to review the operation of the accommodation offset. Government asks the Low Pay Commission to consider on what basis the accommodation offset should increase in the future.

**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 the end of October 2022.

**Annex B**

**Low Pay Commission Research Projects for 2022 Report**

|  |  |  |
| --- | --- | --- |
| **Lead Researcher** | **Institute** | **Research Project** |
| Su-Min Lee | London Economics | Reducing the age of NLW entitlement to 23 |
| Ken Mulkearn | Incomes Data Research | The minimum wage, pay setting and differentials after the pandemic​ |
| Dr Roxana Barbalescu | University of Leeds | Accommodation offset in seasonal work |

**Annex C**

**Low Pay Commission Expenditure – 2022/23**

|  |  |
| --- | --- |
| **Spend Type** | **Budget (£)** |
| **Total Wage Costs**  | 589,000 |
|  |  |
| **Research inc Focus Groups** | 176,990 |
|  |  |
| **Travel and Subsistence (inc Commissioners’ fees)** | 33,000 |
|  |  |
| **Report Production** | 3,000 |
|  |  |
| **Three-day Rates Retreat to agree rate and other recommendations** | 7,000 |
|  |  |
| **Other (hospitality, training, publications, stationery etc)** | 16010 |
|  |  |
| **Total** | **825,000** |

**Annex D**

**Low Pay Commission Organogram**

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| **David Massey**(Secretary of the Low Pay Commission)Overall responsibility for leading the Secretariat, delivering the work programme, and ensuring the Commission meets its remit in full |
| **ANALYSIS****Tim Butcher**(Chief Economist)Overall responsibility for leading the analytical work of the Secretariat.Lead on research, pay and prices, and the macroeconomy**Ronia Salman**(Statistician)Lead on the National Minimum Wage rates for young people and apprentices, and ASHE**Eduin Latimer**(Economist)Lead on the National Living Wage**Kevin Wrake**(Senior Statistical Officer)Lead on the labour market, groups of workers, small firms, and the Labour Force Survey | **POLICY & ADMINISTRATION****Joseph Wilkinson**(Head of Policy & Administration)Lead on National Living Wage and National Minimum Wage policy, including compliance & enforcement, stakeholder engagement, including with the BEIS Sponsorship team, report production, and administration of the LPC**Jack Darby**(Policy Adviser & Communications Lead)Lead on specific sector/worker issues, minimum wages in other countries, press enquiries, FoI, visits, stakeholder engagement, and website**Jay Arjan** (Office and Finance Manager)Finance, office and admin management, HR, public enquiries, training & development, and BEIS sponsorship |

1. <https://www.gov.uk/government/publications/national-minimum-wage-and-national-living-wage-low-pay-commission-remit-2021> [↑](#footnote-ref-2)