

Low Pay Commission business plan 2023/24

Contents

Purpose	1
Key milestones.....	2
Research	2
Risks	3
Resources	3
Transparency.....	3
Communication activities	3
Annex A – Remit	5
Low Pay Commission remit 2023.....	5
Annex B – Commissioned research for the 2023 Report.....	8
Annex C – Forecast expenditure for 2023/24	9
Annex D – Organogram.....	10

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 and Trade (DBT), and the relationship between the two organisations is governed by the Framework Document which sets out the broad framework within both organisations will operate. The Framework Document is under review. The aim is to publish in the summer of 2023.

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 2023 is available online 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 2023/24 achieve this purpose and the resources it will use.

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 2023/24, 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
Draft initial work programme	December 2022
Agree, tender and commission research programme for 2023 Report	March 2023
Finalise Business Plan for 2023/24	April 2023
Create budget forecasts for 2023/24	April 2023
Finalise expenditure/year-end actions for 2022/23	April 2023
Research workshop to discuss research projects for 2023 Report	April 2023
Carry out written consultation for 2023 Report	March to June 2023
Hold regional evidence sessions across UK	March to August 2023
Hold oral evidence sessions with stakeholder groups	July 2023
Quarterly review of actual expenditure and planned expenditure for the rest of the year	July 2023, October 2023, January 2024, April 2024
Quarterly review of risk register	April 2023, July 2023, October 2023, January 2024
Research symposium to discuss findings from commissioned research	September 2023
Agree recommendations and submit to the Government	October 2023
Lay 2023 Report in parliament and publish	December 2023

Research

To inform our work, 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 2023 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.

Risks

The Secretariat will review and update the risk register on a quarterly basis. The updated register will be shared with the sponsor team in DBT to ensure the department is aware of risks to delivery of the LPC's remit and appropriate mitigations are put in place.

Resources

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

The Secretariat will report quarterly to DBT 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 DBT.

The LPC's provisional budget for 2023/24 is £825,000. The Secretariat has agreed how resources will be allocated for its 2023 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 2023 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 DBT guidelines. All Commissioners will have an annual performance appraisal, after publication of the 2023 Report. Commissioners will be appraised by the Chair, and the Chair will be appraised by the Director of Labour Markets in BEIS.

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.
- underlying data used in the LPC Report.

The Commission has published an updated conflict of interest policy for low pay commissioners. The policy is available at [this link](#).

Communication activities

The LPC will continue to develop and enhance communication activities to raise its profile amongst 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:

Produce, publish and lay in parliament an annual report on the National Minimum Wage and National Living Wage as per the core remit. Alongside this, a shorter summary of findings will be produced, to explain the rationale for our recommendations.

Produce and publish a short report on the impact of incoming rates, to coincide with the uprating of the NLW and NMW rates on 1 April.

Produce and publish a report on compliance and enforcement of the minimum wage.

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.

Comment as appropriate on current events, where the LPC's expertise will help increase public understanding. Partner with stakeholders (including DBT and other government departments, media, employer and employee representatives) for communications campaigns and items.

Annex A – Remit

The Government has published two separate remits for the Low Pay Commission. The first¹ asks us to recommend NLW and NMW rates for April 2024. The second² asks us to provide evidence on the future of the NLW.

Low Pay Commission remit 2023

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 over 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. We have also issued the Low Pay Commission with a remit asking them to gather evidence to inform future decisions on low pay.

Having accepted the Low Pay Commission's recommendations in full, on 1 April 2023 the National Living Wage will increase by 9.7 per cent to £10.42 an hour, applicable for workers aged 23 and over. The government is also introducing increases between 9.7 per cent and 10.9 per cent to each of the National Minimum Wage rates for younger workers and apprentices.

National Living Wage and National Minimum Wage rates

The labour market is strong, delivering close to record low unemployment, but workers and employers continue to face the challenge of high inflation and squeezed incomes in real terms.

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 2024 in order to reach two-thirds of median earnings (of those eligible for the National Living Wage) in April 2024, taking economic conditions into account. We are committed to lowering the age threshold for the National Living Wage to aged 21 and over by 2024. We therefore ask the Low Pay Commission to recommend a National Living Wage rate applying to those aged 21 and over.

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 adjust the target. 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 (aged 17 and under, 18 to 20 age groups, and apprentice rate)

¹ <https://www.gov.uk/government/publications/national-minimum-wage-and-national-living-wage-low-pay-commission-remit-2023>

² <https://www.gov.uk/government/publications/the-future-of-the-national-living-wage-low-pay-commission-lpc-remit/national-living-wage-and-national-minimum-wage-remit-on-the-future-of-the-national-living-wage>

and make recommendations on the increases it believes should apply from April 2024, 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 2024.

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, 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.

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 and Trade by the end of October 2023.

Remit on the future of the national living wage

The government has a key manifesto commitment for the National Living Wage to equal two-thirds of median earnings by 2024 for workers aged 21 and over, taking economic conditions into account. We have separately issued the Low Pay Commission with a remit asking it to recommend a National Living Wage rate to apply from April 2024 which meets this target. This target is part of our wider objective of making the UK the best place possible to live and work, and to work towards a high wage, high skill, high productivity economy. This remit asks the LPC to conduct research to inform future minimum wage policy.

Evidence on the National Living Wage

It is key that we continue to make evidence-based decisions on the minimum wage. The government values the Low Pay Commission's commitment to gathering evidence and making well-informed recommendations on the minimum wage, and the reputation it holds, here in the UK and internationally, for this work.

The government notes the findings of the Low Pay Commission's National Living Wage Review (2015 to 2020), which collected evidence from the introduction of the National Living Wage to the beginning of the coronavirus (COVID-19) pandemic. We ask the Low Pay Commission to update this review through 2023 with the available evidence to inform government decisions.

The government asks the Low Pay Commission to also conduct wider stakeholder engagement, update the econometric evidence and gather other evidence, including international comparisons, on the National Living Wage, as it sees fit.

In this remit, we are only asking for research. However, we intend to continue to ask the Low Pay Commission to take into account the state of the economy, employment and unemployment levels and the wider labour market, business impacts, and relevant policy changes, when we seek future recommendations on minimum wage rates.

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 and Trade by the end of December 2023.

Annex B – Commissioned research for the 2023 Report

Lead Researcher	Institute	Research Project
Gavan Conlon	London Economics	To help inform LPC about any impacts of the NMW and NLW
Danail Popov	Frontier Economics	Labour market concentration and the minimum wage
Johnny Runge	National Institute of Economic and Social Research	Exploration of Pay-Setting among Employers in Low-Paying Sectors in the Context of the Pandemic, Brexit, and the Rise in the Cost of Living
Laura Piggott	YouGov	Mobility of Low-paid Workers
Rui Costa	London School of Economics	Low-paid worker transitions
Xiaowei Xu	Institute for Fiscal Studies	Impact of NLW on businesses
Charlynn Pullen	Sheffield Hallam University	Apprentice experiences

Annex C – Forecast expenditure for 2023/24

Spend Type	Budget (£)
Total wage costs	623,000
Research	136,200
Travel and subsistence (including Commissioners' fees)	41,500
Report production	4,000
Three-day rates retreat to agree rate and other recommendations	9,000
Other (hospitality, training, publications, stationery etc)	11,300
Total	825,000

Annex D – Organogram

<p>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</p>	
<p style="text-align: center;">ANALYSIS</p> <p style="text-align: center;">Tim Butcher (Chief Economist) 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;">Eduin Latimer (Economist) Lead on the National Living Wage</p> <p style="text-align: center;">Ronia Salman (Economist) Lead on the National Minimum Wage rates for young people and apprentices, and ASHE</p> <p style="text-align: center;">Kevin Wrake (Statistician) Lead on the labour market, groups of workers, small firms, and the Labour Force Survey</p>	<p style="text-align: center;">POLICY & ADMINISTRATION</p> <p style="text-align: center;">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</p> <p style="text-align: center;">Lai Tuan Loh (Policy Adviser & Communications Lead) Lead on specific sector/worker issues, minimum wages in other countries, press enquiries, FoI, visits, stakeholder engagement, and website</p> <p style="text-align: center;">Jay Arjan (Office and Finance Manager) Finance, office and admin management, HR, public enquiries, training & development, and BEIS sponsorship</p>