## Low Pay Commission Business Plan 2024/25

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## 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 (NMW). The Commission is normally 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. Updates to this Framework Document are under discussion between the LPC and the Government.

The LPC recommends the level for all rates of the NMW – the National Living Wage (NLW) for workers aged 21 and over, 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 2024 is available [online](https://www.gov.uk/government/publications/national-minimum-wage-and-national-living-wage-low-pay-commission-remit-2024) and included 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.

This Business Plan sets out what the Secretariat will do in the 2024/25 financial year to achieve this purpose and the resources it will use.

## Key milestones

In order to meet its objectives, the Secretariat has prepared a Work Programme for 2024/25, 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** |
| Carry out written consultation for 2024 Report | March to June 2024 |
| Hold regional evidence sessions across UK | March to August 2024 |
| Finalise Business Plan for 2024/25 | April 2024 |
| Create budget forecasts for 2024/25 | April 2024 |
| Finalise expenditure/year-end actions for 2023/24 | April 2024 |
| Hold research workshop to discuss research projects for 2024  | April 2024 |
| Complete tender exercise for new research | June 2024 |
| Hold oral evidence sessions with stakeholder groups | July 2024 |
| Quarterly review of actual expenditure and planned expenditure for the rest of the year | July 2024, October 2024, January 2025, April 2025 |
| Quarterly review of risk register | April 2024, July 2024, October 2024, January 2025  |
| Hold Research symposium to discuss findings from commissioned research  | September 2024 |
| Agree recommendations and submit to the Government | October 2024 |
| Lay 2024 Report in parliament and publish | December 2024 |

## Research

To inform our work, we have an ongoing programme of external research. 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.

At the start of the 2024/25 financial year, the LPC was funding one ongoing two-year research project. We will launch a further tender in spring 2024 to identify other projects to fund. Details of commissioned research contracts can be found at Annex B.

The LPC Secretariat project manage all commissioned research, 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

DBT 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 reporting 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 2024/25 is £825,000. The Secretariat has agreed how resources will be allocated for its 2024 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 current research contracts 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 2024 Report. Commissioners will be appraised by the Chair, and the Chair will be appraised by the Director of Labour Markets in DBT.

## 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 LPC last year published an updated conflict of interest policy for Low Pay Commissioners. The policy is available at [this link](https://www.gov.uk/government/organisations/low-pay-commission/about/terms-of-reference).

## 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:

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| 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

# National Living Wage and National Minimum Wage: Low Pay Commission Remit 2024

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.

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[[1]](#footnote-2). This April, we are very proud to say that we will have ended low hourly pay for this group and delivered on our manifesto commitment. The planned increases to the National Living Wage and National Minimum Wage rates this April are expected to boost the wages of around 3 million low-paid workers.

Having accepted the Low Pay Commission’s recommendations in full, on 1 April 2024 the National Living Wage will increase by 9.8 per cent to £11.44 an hour, and apply to workers aged 21 and over. The Government is also increasing each of the National Minimum Wage rates for younger workers and apprentices to £8.60 for 18-20 year olds and to £6.40 for under 18s and apprentices.

## National Living Wage and National Minimum Wage rates

The labour market is strong, with payroll employment at a record high and the unemployment rate is low by historical standards. However, we recognise that workers and employers have faced a challenging period of high inflation (which is now falling) and a weakened global economy.

In this context, the government asks the Low Pay Commission to monitor and evaluate the National Living Wage. We ask the Low Pay Commission to recommend the National Living Wage rate which should apply from April 2025 in order to maintain the bite at two-thirds of median earnings, and protect progress made to end low hourly pay for this group, without recommending any further revisions to 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 is proud of the achievement of ending low hourly pay, and wants to maintain this.

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-18 and 18-20 age groups and apprentice rate) and make recommendations on the increases it believes should apply from April 2025, 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 2025.

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 levelling up 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 2024.

## Annex B – Commissioned research

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| --- | --- | --- |
| **Lead Researcher** | **Institute** | **Research Project** |
| Xiaowei Xu | Institute for Fiscal Studies | Impact of NLW on businesses |
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This business plan will be updated with additional projects as these are commissioned later in the year.

## Annex C – Forecast expenditure for 2024/25

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| **Spend Type** | **Budget (£)** |
| Total wage costs | 601,500 |
| Research | 149,000 |
| Travel and subsistence (including Commissioners’ fees) | 51,600 |
| Report production | 4,000 |
| Three-day rates retreat to agree rate and other recommendations | 10,000 |
| Other (hospitality, training, publications, IT, stationery etc) | 8,900 |
| **Total** | **825,000** |

## Annex D – 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**Eduin Latimer****(Economist**)Lead on the National Living Wage**Ronia Salman****(Economist)**Lead on the National Minimum Wage rates for young people and apprentices, and ASHE**Kevin Wrake****(Statistician)**Lead on the labour market, groups of workers, small firms, and the LabourForce Survey | **POLICY & ADMINISTRATION****Joseph Wilkinson****(Head of Policy & Administration**)Lead on National Living Wage and National Minimum Wage policy, specific sector/worker issues, compliance & enforcement, stakeholder engagement, inc with the DBT Sponsorship team, report production, and administration of the LPC **Lai Tuan Loh****(Policy Adviser & Communications Lead)**Lead on specific sector/worker issues, minimum wages in other countries, press enquiries, FoI, visits, stakeholder engagement, website (policy related), communications strategy, GDPR **Jay Arjan****(Office and Finance Manager)**Finance, office and admin management inc HR & induction, public enquiries, DBT sponsorship issues, meeting arrangements inc rates retreat, LPC website (corporate related), information management |

1. The OECD define the incidence of low pay as anything below two-thirds of median earnings in a country. [↑](#footnote-ref-2)