

Low Pay Commission Business Plan 2025/26

Purpose

- 1** 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 made up of nine Commissioners and supported by a small secretariat of nine staff.
- 2** 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.
- 3** 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.
- 4** The Government’s remit to the LPC for 2025 is available [here](#) and included at Annex A.
- 5** 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.
- 6** This Business Plan sets out what the Secretariat will do in the 2025/26 financial year to achieve this purpose and the resources it will use.

Key milestones

- 7** In order to meet its objectives, the Secretariat has prepared a work programme for 2025/26, setting out its main actions and tasks.
- 8** The following key milestones have been set to ensure the Secretariat assists the Commission in fulfilling its remit.

Milestone	Target completion date
Written call for evidence	May to July 2025
Regional evidence-gathering visits	March to August 2025
Create budget forecasts for 2025/26	April 2025
Research workshop to discuss research projects for 2025	April 2025
Complete tender exercise for new research	June 2025
Oral evidence sessions with stakeholder groups	July 2025
Quarterly review of actual expenditure and planned expenditure for the rest of the year	July 2025, October 2025, January 2025, April 2026
Quarterly review of risk register	April 2025, July 2025, October 2025, January 2026
Research symposium to discuss findings from commissioned research	September 2025

Agree recommendations and submit to the Government	October 2025
Lay 2025 Report in parliament and publish	December 2025

Research

9 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.

10 For the 2025/26 financial year, the LPC has commissioned six research reports for the 2025 Report. We will launch further tenders later this financial year to identify other projects to fund. Details of commissioned research contracts can be found at Annex B.

11 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

12 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

13 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.

14 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.

15 The LPC’s budget for 2025/26 is £1,215,714. The Secretariat has agreed how resources will be allocated for its 2025 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.

16 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 2025 Report. Commissioners will be appraised by the Chair, and the Chair will be appraised by the Director of Employment Rights in DBT.

Transparency

17 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.

18 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 and other publications.

19 The conflict of interest policy for Low Pay Commissioners is available [at this link](#).

Communication activities

20 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.
- 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.

Annex A – Low Pay Commission remit

As set out in the Plan for Change, economic growth is the number one mission of the government. Through the Growth Mission, the government will deliver higher living standards in every part of the United Kingdom by the end of the Parliament, putting more money in working people's pockets. The government is determined to deliver a genuine living wage, backed by evidence and consistent with delivering inclusive growth for working people and competitive businesses across the UK.

The government recognises and values the Low Pay Commission's (LPC) established track record of balancing a multitude of factors and making wage rate recommendations that deliver for workers and businesses alike. We therefore ask the LPC to make recommendations on the following rates to apply from 1st April 2026. The recommended rates should minimise impacts on employment prospects for workers and should consider the risks of youth unemployment in light of emerging and concerning trends for this cohort.

National Living Wage

The government is committed to raising the living standards of working people and this is the key focus of the government's Growth Mission. That is why the government asks the LPC to ensure that the National Living Wage rate does not drop below two-thirds of UK median earnings for workers in the National Living Wage population, a recognised measure of low hourly pay. The LPC should take into account the cost of living, inflation forecasts between April 2026 and April 2027, the impact on the labour market, business and competitiveness, and carefully consider wider macroeconomic conditions.

National Minimum Wage for 18 to 20-year-olds

The government is committed to removing the discriminatory age bands for adults. We ask that the LPC carries out its proposed consultation on how this should be achieved. The findings from this consultation should then inform the LPC's recommendations for the 18 to 20-year-old rate(s) from April 2026. In seeking to narrow the gap between the National Minimum Wage and the National Living Wage, the LPC should also take into account the effects on employment of younger workers, incentives for them to remain in training or education and the wider economy.

Other National Minimum Wage rates

The government asks the LPC to make recommendations on the under 18 and apprentice National Minimum Wage rates that should apply from April 2026. Rates should be set as high as possible without damaging the employment prospects of each group. In addition, we ask the LPC to recommend the accommodation offset rate that should apply from April 2026.

Research and evaluation

We ask the LPC to continue to gather evidence on the differing impact across the United Kingdom of increases to the National Minimum Wage and National Living Wage, to inform how the minimum wage helps to deliver greater prosperity and living standards for working people in all areas of the UK. We also

ask the LPC to gather evidence and publish its findings on what criteria would need to be met in order for the baseline target of the National Living Wage rate to increase beyond the current two-thirds of UK median earnings level within this Parliament.

Timing

The LPC is asked to provide advice in response to this remit to the Prime Minister and the Secretary of State for Business and Trade by the end of October 2025.

Annex B – Commissioned research

Lead Researcher	Institute	Research Project
Su Min Lee	London Economics	Impact on young people
Arnab Bhattacharjee	National Institute of Economic and Social Research (NIESR)	Impact on household incomes
Howard Reed	Landman Economics	Impact on household incomes
Danail Popov	Frontier Economics	Impact on prices
Rui Costa	London School of Economics	Monopsony and business impacts
Paul Mizen	Decision Maker Services	Impact on businesses

This business plan will be updated with additional projects as and when these are commissioned later in the year.

Annex C – Forecast expenditure for 2025/26

Spend Type	Budget (£)
Total wage costs	783,000
Research	355,014
Travel and subsistence (including Commissioners' fees)	50,000
Report production	4,500
Three-day rates retreat to agree rate and other recommendations	12,000
Other (hospitality, training, publications, IT, stationery etc)	11,200
Total	1,215,714