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**Formal consultation response from the Chartered Institute of Payroll Professionals in
respect of: The National Minimum Wage**

Organisation response to be submitted to: The Low Pay Commission

Date of submission: 24 September 2014

Author: Helen Hargreaves

CIPP Shelly House, Farmhouse Way, Monkspath, Solihull, B90 4EH
t. 0121 712 1000 f. 0121 712 1001 e. info@cippp.org.uk
cippp.org.uk



Dear Sirs

By Email

Introduction

The Chartered Institute of Payroll Professionals (CIPP) is grateful to have the opportunity to comment on the consultation for the National Minimum Wage 2015. We are pleased to be able to feed into the policy and operational changes that arise from this consultation, and hope that this written response will form the basis of an on-going relationship with the Low Pay Commission. Company information about the CIPP and its role in representing employers can be found at the end of this response.

Purpose of response

An electronic survey was emailed to CIPP members and there were 95 responses.

The purpose of this response is to inform The Low pay Commission about payroll professionals' attitudes towards, and experiences of, the National Minimum Wage (NMW) focussing particularly on the Apprentice Rate.

In addition, the CIPP hosted a quick poll on its homepage asking for member opinion on whether the economic climate was now right to increase the NMW to match the UK Living Wage. This response also includes the results of that poll.

Summary of key findings

The full survey results are shown below however the key findings are:

- The overall trend was for low or no pay increases over the past year with very few expecting that this is likely to change over the coming 12-18 months.
- Most, though not all, respondents claim to pay above the NMW rates and are therefore unaffected by any NMW increases.
- The impacts of NMW rises have directly affected a small number of respondents; however others, though not paying NMW rates, claim the NMW rises affect employees who expect to receive similar percentage increases to those on NMW. In effect employees above NMW are not keeping pace in terms of their own pay differential.
- 84% of respondents said the NMW had not affected their decision whether to employ young people with most paying above the NMW rates.
- Equally the Apprentice Rate has had very little impact on employers' decisions on whether to recruit apprentices, with 84% once again saying this was not a factor.
- Only 6% of respondents had experienced problems complying with the NMW.
- An overwhelming majority suggested the rate for October 2015 should rise, at least in line with inflation, but many suggested it should match the Living Wage.
- In a separate member poll, 86% of respondents to that poll agreed that the NMW rate should match the UK Living Wage rate.

Conclusion

Whilst increases to the NMW undoubtedly has an impact on certain industries such as the retail and care sectors, the majority of respondents to this consultation are not affected by increases to the NMW because they already pay above the minimum rates. Whilst the needs of these sectors, and others such as the hospitality industry, must be carefully considered, the results of the CIPP survey suggest that the NMW rules are simple to understand and do not cause problems for the majority of businesses.

Recommendations

Whilst being mindful of those sectors which are adversely affected by rate increases, the CIPP recommends that the Low Pay Commission explores the feasibility, and associated impacts on low paid sectors, of increasing the NMW rate to match the UK Living Wage rate.

Yours faithfully



Helen Hargreaves MCIPPdip

Should you require clarification of any of the points that have been made in this response, please do not hesitate to contact me or another member of the Policy and Research Team.

Contact details:

Senior Policy & Research Officer
Helen.hargreaves@cipp.org.uk

Senior Policy & Research Officer
Samantha.mann@cipp.org.uk

Associate Director of Policy, Research, and Strategic Visibility
karen.thomson@payrollprofession.org

Full Survey Results

Demographics

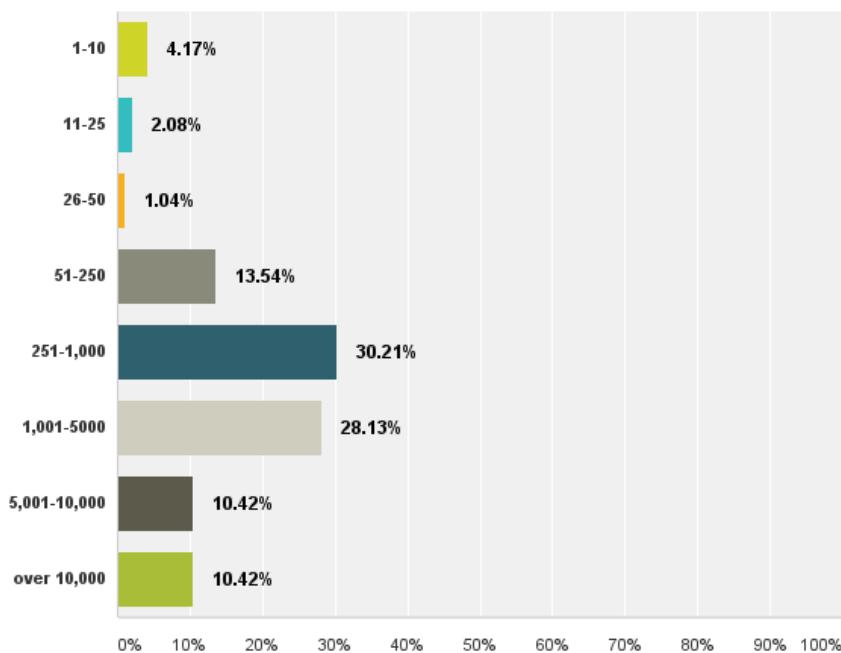
Of the 95 survey respondents, 25 were agents or payroll bureaux and the remaining 70 replies came directly from employers.

The responses came from wide ranging industry sectors, with almost one third based across the whole of the UK (31%) followed 20% of respondents based mainly in the South East of England and 11.5% based in the Midlands.

The majority of the respondents were large employers, with 30% of respondents having between 251 and 1,000 employees, and a further 28% having between 1,001 and 5,000 employees.

Q5 Please indicate the total number of employees/pensioners you pay, if a bureau please add the total number of remittances for all your clients.

Answered: 96 Skipped: 1



Wage growth

Respondents were asked if there had been any wage growth in their business during the last year and what they forecast for the next twelve to eighteen months.

Although there have been some employers with no wage increases, and others with relatively generous wage rises, overall the trend was for low or no pay increases over the past year with very few expecting that this is likely to change over the coming 12-18 months.

Respondent comments

- 2% increase in Apr 14. Nothing projected for 12-18 months as yet.
- None, one client pays us to monitor NMW rates and apply them but all others are not affected.
- Yes, 3%.
- Teachers 1% and performance based incremental progression. Proposed 1% Pay Award for other staff types.
- No - Local authority.
- There has been a small increase in some areas of the business, and we forecast another small increase in the next 12 months.
- Yes, due to expansion. I have no idea on the impact for the next 12 - 18 months.
- No wage growth of the one company I mainly support payroll on - very tight recession and struggling business.
- 4% wage growth, 4% forecast.
- 1.6% based on the March inflation figure and the company will do the same in April 2015.
- 1% for the future.
- We have an annual increase date of 1 August every year dependant on performance of the company and last August and this August we will be increasing salaries.
- There have been wage decreases, and we forecast no growth.
- Only our normal annual pay review / annual clinical staff grade reviews.
- Yes, I foresee that it will increase as SMEs reach AE staging dates.
- Wage reduction.
- Annual increase across all employees of 2.5%. Next year will be a slight increase due to some pay restructuring work and annual review in April - current assumption around 3%.
- Limited growth in the last year - about 2%. The next 12 - 18 months probably about the same.
- 1% pay award.
- Average 3 % increase given.
- Pay freeze.
- Salary pay freeze 2013, salaries increased 2014. Will be reviewed 2015.
- Yes, employees to receive wage increase of 2.5% - 3 %
- 5% wage growth in the last year. 5 - 10% in next eighteen months.
- 3% increase to all staff in January 2014, 3% projected in January 2015. Hiring has been high in the last 4 months.
- More of our clients seem to be giving pay rises this year which we have not seen for a couple of years.
- Varies across clients.
- No and none to 1%.
- No
- 2%
- Yes
- We pay on salary scales, and in Oct 2013 all staff received an increment and 1% increase to the scale rates. Although 2014 is yet to be authorised, I would expect similar this year too.
- There has been no wage growth and is not likely to be in the next 12 - 18 months.
- Very little wage growth over the last 12 months and we forecast either no or very little wage growth over the next 12 months.

- Average 3%.
- There has been a marginal increase in wage growth and it is likely that this will remain at a low level as funding for Higher Education reduces and students find alternative routes to higher education thus reducing income for HEIs.
- No
- No
- Yes but only 3% after 6yrs of no elevation. Not sure for next year, it all depends on profits made.
- Yes we have seen a growth in client wage bills in the last year, although it is difficult to quantify the overall amount. We expect this will continue as a general trend into the next 18 months.
- Yes around 2%
- Yes - an increase for Apprentices.
- Yes and Yes.
- We base rates on Minimum Wage.
- Yes- We expect the growth to be approximately 10% of current levels.
- Yes, roughly 3% increase each year.
- One of our clients has become a Living Wage employer in 2014. All other clients (NHS wide) have not received any wage growth this year, same will most likely apply next year.
- 1% wage growth. Forecast similar.
- There is always wage growth in our organisation and the recession has not impacted this area at all. Our employees receive an automatic wage increase when they complete a certain number of hours.
- None.
- No.
- No.
- Wage freeze in last 12 months. Forecast RPI increase for 2015.
- Wage growth is because we have invested in employees to market our business more widely, and to replace for internal promotion. Over the next 12-18 months there will be a small cost of living increase but decisions are currently being made whether to reduce the workforce or increase to enhance our marketing push.
- No.
- 2% increase.
- Yes, and around 2% for the next 12-18 months.
- 3%.
- Fairly static in terms of total numbers, and the same going forward, possible small growth depending on securing new contracts.
- Only about 5% of the work force got rises. The majority of the firm have had no pay rises since 2008.
- 3% increase across the board on 1st August 2013 but no increase this year.
- Yes. Approximately 3% in next 12 months.
- Slight Growth, to continue due to Lottery funding.
- Increase of 1% applied in addition to increments in August 2013, increase of 2% in addition to increments to be applied in August 2014.
- Growth at RPI and likely to continue.
- Increase of 2.5 % across the board.

- *Wage growth has been clearly visible within my business with demand for skilled labour exceeding expectation. I forecast that this will be prevalent in the next 12 - 18 months also.*
- *Yes, but this is due to demands of Oil and Gas and to meet competitors rate. For the next 12 - 18 months I would forecast that this would continue.*
- *No.*
- *Average annual increase of 3.5%, no growth in terms of headcount.*
- *Very little growth in majority of small clients but increases within Media and Accountancy.*
- *Wages growth has increased over the last 12 months and based on the current market conditions for our clients we see this increasing over the next 18 months.*

Impact of the NMW

Respondents were then asked if the NMW had had an impact on their business, for example on employment, hours or profits, in the last twelve months. The majority of respondents were not affected by the annual increase to NMW rates; with most declaring they pay above NMW rates. However, those who said they had been affected were in the care or voluntary / charity sectors, and had also claimed to have no wage growth in the past year.

Respondent comments

- *No.*
- *For one particular client yes, they have to balance the extra cost against stagnant income.*
- *None as we pay above NMW for all employees including apprentices.*
- *Some current NJC payscale points are below NMW and will therefore be illegal on 01/10/2014, fortunately no one on those points, but we now have an inability to recruit to the first two points of the scale.*
- *We do not use it - we have adopted the Living Wage.*
- *We have been under pressure from our clients to pay the London Living Wage to our employees based in London which has led to us having to review our charges to clients.*
- *No, our payscales are set in accordance with union consultation and the co-operative national agreement. We have paid more than NMW since its introduction.*
- *Yes - it has made a fixed rate that has just had to be found.*
- *Yes. In our Care homes the NMW has a huge impact and has affected profits.*
- *No.*
- *Not directly.*
- *Not greatly.*
- *No*
- *Not a great impact but having employees in this bracket does mean that we have a lot of due diligence in place in relation to our salary sacrifice items e.g. Bike Scheme / Additional Annual Leave / SMART pension scheme / Employer Supported Childcare vouchers.*
- *One of our clients is a recruitment agency, so this has significant impact on them.*
- *No.*
- *No.*
- *No.*
- *No.*
- *No.*
- *No we pay the Living Wage.*

- October 2013 hourly rates increased due to NMW increase.
- No.
- No.
- None, we try to pay over the minimum wage.
- None of our clients have reported any major changes due to NMW increases.
- No.
- None.
- We have reduced number of hours where possible.
- No.
- No, the lowest rate on our salary scales is higher than NMW.
- Yes, NMW is impacting recruitment at the next level - increases in relative costs of other roles is not keeping pace with the increases in NMW. It also affects our margins as most of our income comes from local authorities who are driving their own costs down by reducing fees.
- Very limited impact.
- No.
- We have a very low number of staff on NMW, the University as a rule pays at a rate that is slightly higher than NMW.
- No.
- Impact is disproportionately on smaller businesses who then won't increase existing employees hours.
- No.
- As a payroll bureau it has had little impact on us, although we have seen a number of clients have to comply and previous increases have been given. I do not believe this has had much impact on our clients' businesses.
- None.
- No.
- No.
- Hours & Profits.
- No.
- None.
- Not known.
- No.
- No, we pay above the NMW.
- None.
- No.
- No.
- Little impact, as the majority of employees are paid above the minimum wage.
- No.
- No.
- No.
- Only very marginally.
- No.
- No, nearly all employees paid well above NMW.

- *Most new recruits are now taken on on minimum wage to fit in with budgets.*
- *Not a great deal. We do not employ a lot of staff on NMW.*
- *No.*
- *No.*
- *Not significantly, small number of employees paid NMW. 21+ rate only is used, regardless of employee age or whether they are an apprentice.*
- *None.*
- *No.*
- *No, we exceed NMW levels.*
- *No.*
- *Not us specifically but some of our clients are affected.*
- *No.*
- *No.*
- *Clients have reported that this has impacted on their businesses.*

Impact of increases in October 2014

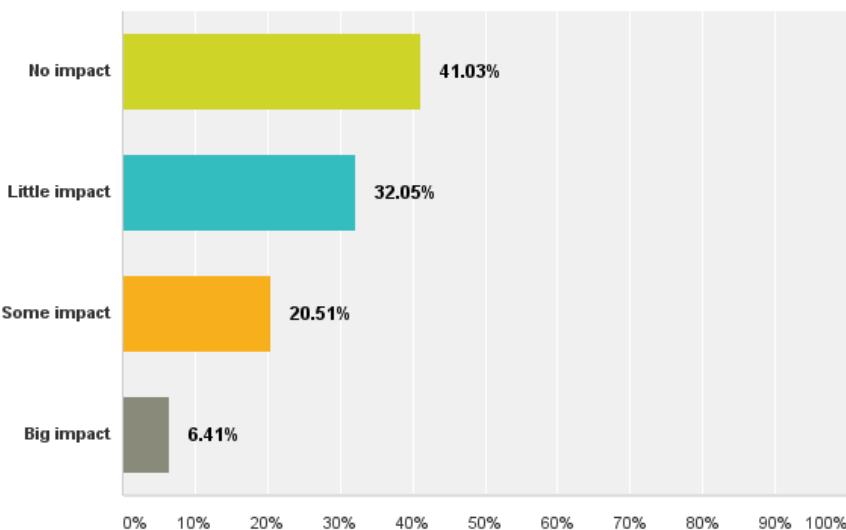
When asked for their views on the impact of the 3% increase in NMW for adults and 2% increase for youths and apprentices from October 2014, 73% of respondents believed it would have little or no impact. Those who felt this increase would have a big impact on their business were largely in the retail and care sector or the hospitality/entertainment industry and tended to be larger rather than smaller employers.

One respondent reported that although their staff are paid well over the NMW, as a company they are unable to increase wages by 2% or 3% yet staff expect that if the NMW is to be increased by this amount then so should their wages. There is therefore an indirect impact in managing expectation.

Several other respondents mentioned the problems caused when they have some employees receiving NMW and others who have a higher rate of pay, with the 2 or 3% increase for NMW employees not being carried through to employees currently being paid above NMW rates. In effect employees above NMW are not keeping pace in terms of their own pay differential.

**Q8 What do you think the impact will be on
your business of the 3% increase in NMW
for adults and 2% increase for youths and
apprentices from October 2014?**

Answered: 78 Skipped: 19



Respondent comments

- Since many clients have stagnated income any increase will require action to rebalance and prevent closure.
- Our rates are already substantially higher than NMW.
- We try to pay above the NMW as recruitment into roles that pay NMW is very difficult in some areas of London.
- Very tight margins mean we either cut hours of staff. Struggling this year so this could be make or break.
- For care assistant and ancillary roles we used to have 4 or 5 pay scales per post. Each time the NMW increased it narrowed the difference between the pay grades or we lost lower grades altogether. We can't afford to increase the whole scale by the same % increase and so in some instances we now have only 3 scales. This may well become 2 by Oct '15. Without pay increase due to length of service or qualifications there is little incentive for staff to remain in our employ.
- We pay above the rate (£7.55 or £9.75) per hour.
- We also pay Living Wage so NMW is overtaken when this is paid.
- We have a set of pay scales for our staff members and even the lowest salary is above the minimum wage.
- We will have some additional employer on-costs but feel that the increase will keep attrition low.

- *Financial impact.*
- *Small number of employees on NMW and already adopted a higher rate for apprentices.*
- *All our staff are paid above the NMW already so there will only be limited increases.*
- *We are a Living Wage employer; only the apprentice wages will be affected.*
- *Lowest hourly rate will still be above NMW.*
- *Lowest wage paid GBP 26,000 per year.*
- *Minimal numbers of employees near the NMW level.*
- *We pay over the minimum wage requirements, so this should not impact on any wages.*
- *Most of our clients accept that the NMW will increase in October and make provisions for this to happen.*
- *Small businesses may find it hard to pay more to staff as their margins are very tight.*
- *Our clients (large organisations) will NOT accept product increase.*
- *Our lowest scale rate is much higher than NMW already.*
- *As most of our staff are paid close to minimum wage the increase will affect whether we can afford a cost of living/ wage increase for all staff not affected by NMW.*
- *All of our staff are paid well over the NMW, however as a company we are unable to increase wages by 2% or 3% and staff expect that if the NMW is to be increased by this amount so should their wages. Our impact is about managing expectation.*
- *We do not have many staff paid at NMW there the impact would be minimal.*
- *As the wage increases so does the cost from our suppliers and then in turn we have to increase the price on our products.*
- *Most payroll clients that we act for are not necessarily increasing employee pay annually by any percentage let alone 3%. Whereas those employees on NMW will have to have the increase. In effect employees above NMW are not keeping pace in terms of their own pay differential.*
- *We have only a few people of this age limit and only a couple of people on the Living Wage.*
- *Any increase in wages will have a net effect on our clients, but I do not believe this will have a great impact nor influence their decisions on recruitment.*
- *We pay above the NMW.*
- *No one on NMW.*
- *We will have to increase all rates of pay for the retail stores to minimum wage or above depending on role.*
- *No, we pay above the NMW.*
- *We do not employ anyone on NMW at present.*
- *We use a Living Wage.*
- *Most of our staff are paid above NMW.*
- *2% applied to all other employees, who also receive incremental increases, so 3% increase not measurably higher.*
- *Small number of affected people, this is a large company.*
- *As a business we respect the requirement for the 'Living Wage' rather than the 'minimum wage'.*
- *We only have a handful of clients that actually pay NMW so I think the impact on them will be felt as it means that they would get less care hours out of their money but overall most clients do pay above the NMW.*

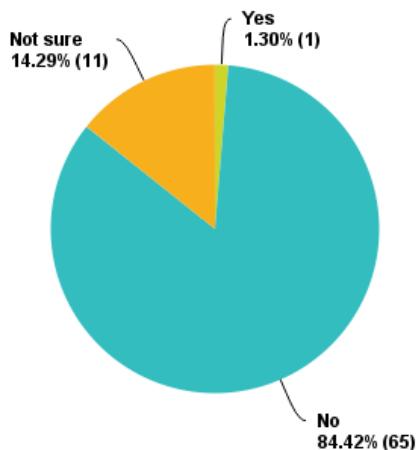
- All our employees are more than 3% above minimum wage. Lowest hourly rate is £7.13 and apprentices currently on £5.69.
- Many of my clients only increase pay in October in line with NMW.
- Large impact for SMEs as some are still struggling.

Young people and apprentices

Very few respondents said that the NMW had influenced their decision to employ young people, with more than 84% saying this had not had an impact.

Q9 Has the minimum rate for youths had any impact on your decision to employ young people?

Answered: 77 Skipped: 20



Respondent comments

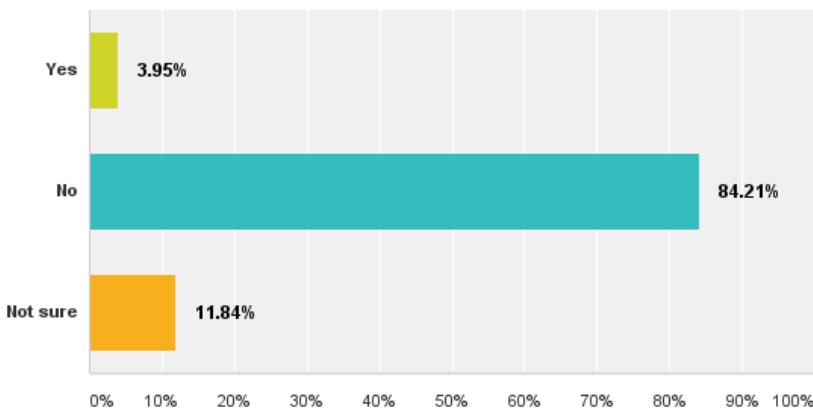
- Our company invests in youth consistently to invest in its future.
- Most clients do not employ young people. One client can only afford young people.
- We do not pay the reduced rate for youths, they would receive the full rate the same as older employees.
- Use Living Wage
- We already pay a minimum of £6.57.
- Not Applicable.
- We employ the best person for the job, regardless of age.
- We now have extra support in departments that were struggling with little cost to the company.
- We pay Living Wage so the only pay rate below this is apprentices.
- Our sales force does not include youth workers.
- It may have some effect on the numbers of young people the company decides to employ.
- We hire through our apprenticeships scheme, so all youths are taken on as apprentices.
- Employ the person most suitable for the job.

- *Do not employ.*
- *Our lowest scale point is much higher than NMW, so it would make no difference to us.*
- *We pay all our staff at the highest NMW rate regardless of age.*
- *No intention of offering employment. Partners and a spouse take up the slack.*
- *We have very few youths or apprentices.*
- *Not in our control. HR deal with recruitment.*
- *Many clients may be currently holding back until 2015 when the employer National Insurance contribution exemption comes in, in order to save costs/make it worth their while employing a young person.*
- *We pay a living wage for our apprentices.*
- *We pay above the adult NMW.*
- *We employ very few people below 18 but those that do are employed on the relevant minimum wage.*
- *NMW 21+ paid regardless of age.*
- *We pay more than NMW but the rate is a good guideline.*
- *Can't speak for clients on this one.*
- *As an accountancy practice we currently employ and train a lot of youths. Some of our clients are now going down the apprentice route as this is a reduced cost to employ to the business.*

Equally the Apprentice Rate has had very little impact on employers' decisions on whether to recruit apprentices, with 84% once again saying this was not a factor.

Q10 Has the Apprentice Rate had any impact on your decision to employ any apprentices?

Answered: 76 Skipped: 21



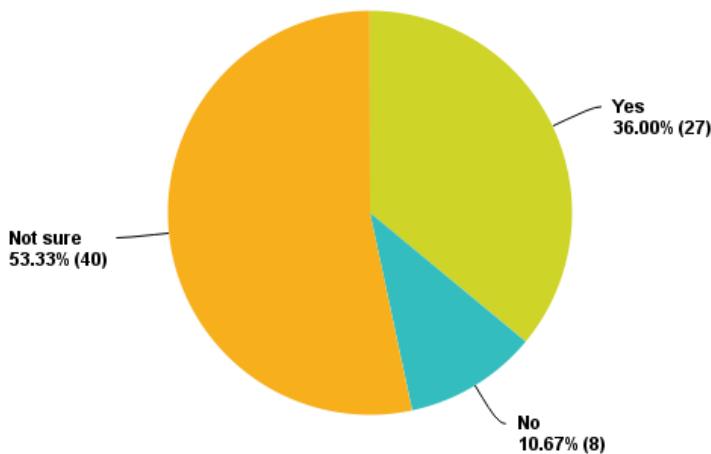
Respondent comments

- None of our clients, nor ourselves has any time for, nor interest in, apprenticeships.
- We do not employ apprentices at the moment.
- We use Living Wage as higher
- I'm not involved in the recruitment process, so I'm not sure, however, apprentice's pay does come out of the same limits budget so I would imagine it does impact.
- We as an organisation do have some apprentices in place including one in our main office.
- We already employ apprentices.
- Support received with little cost to company.
- Yes the apprentice rate is used to benchmark apprentice payments.
- Our business does not utilize apprentices.
- We run an apprenticeships scheme, and the rate of pay would not affect us continuing with this.
- Do not employ.
- Although we can pay the lower rate, we choose to pay our apprentices the same as other staff so this would have no impact.
- We do not currently have an Apprenticeship Scheme, but this is something we are looking into.
- No intention of offering employment.
- We have very few apprentices.
- We do employ apprentices.
- Very few of our payroll clients employ apprentices.
- We have begun to consider apprenticeships within our business.
- We pay a Living Wage for our apprentices.
- We don't use the apprentice rate.
- We do not have apprentices.
- Apprentice rate still far below NMW.
- We do not have apprentices at the present time.
- NMW 21+ paid regardless of apprentice status.
- We do not have any apprenticeships and neither do our clients.

More than half of respondents were unsure whether restructuring the Apprentice Rate would improve compliance. However respondents provided several suggestions as to how the structure could be simplified, including using a flat rate, or the same age related rates as for the NMW.

**Q11 Do you think the structure of the
Apprentice Rate could be made simpler to
improve compliance?**

Answered: 75 Skipped: 22



Respondent comments

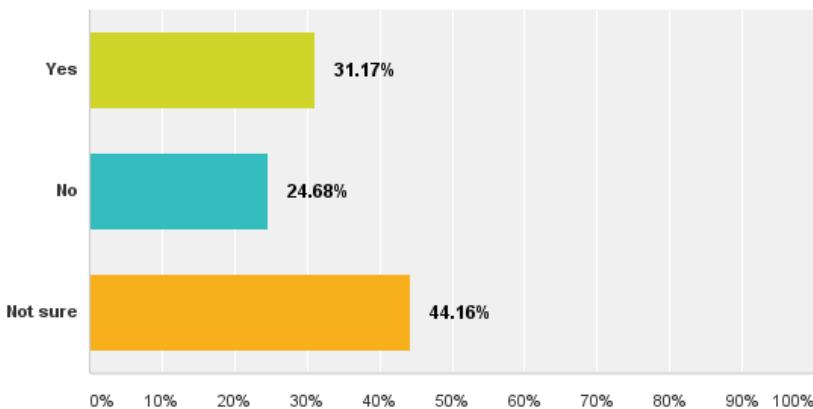
- One year at apprentice level NMW then set to minimum wage for age level would be better suited. With the number of contracts we issue, the rules can occasionally be forgotten.
- Would make no difference.
- Much simpler, too many variables. Also too low hence why we adopted the Living Wage
- Don't have capacity for apprentice as minimum staff not in growth position. Key job is not at apprentice level.
- We would not employ apprentices.
- It should be a weekly rate and fixed hours for apprentices, employers should pay for all days not just work days providing a consistent approach to all levels.
- For us it is quite easy to implement as currently we do not have large numbers of them as we have a number of volunteers who support us.
- The rates should be determined by age, not the stage of the apprenticeship the individual is at.
- We have adopted a higher rate already to simplify the apprentice pay structure.
- Flat rate would be much simpler.
- It is easy to follow as it stands at the present.
- Also to stop any potential discrimination.
- It is very confusing.
- We employ using a uniform rate.
- Too many clients view the idea of employing an apprentice as 'too much hassle'; or else train in-house anyway.
- One fixed rate would be simpler.

- *It would be easier if they were at the same age related rate. Currently I would have to check if this was an apprentice or not to check the wage is right.*
- *Haven't ever used the apprentice rate, as it wasn't considered a fair wage in either current or previous organisation.*
- *One flat apprentice rate would be better suited to businesses.*
- *Some of my clients are confused as to when an apprentice rate can be used.*

When considering the simplification of the Apprentice Rate, almost one third of respondents agreed that there should be one rate applying to all levels of apprenticeship.

Q12 Do you think the Apprentice Rate should apply to all levels of apprenticeship?

Answered: 77 Skipped: 20



Respondent comments

- NMW for the age level of the person should apply after year 1. It will be an incentive for the apprentices to continue to work hard. We often see a gradual decline in performance if paid below NMW for age for more than twelve months.
- It makes it easier to manage these if there is consistency and certainty especially between employers.
- I feel they should probably get a higher rate as they gain more experience. However this could cause administrative problems.
- We would not employ apprentice
- It will be easier for us to include this in our advertising and recruitment campaigns.
- Age / travel to work should be taken into consideration.
- It would be much simpler to operate.
- The higher level apprenticeship that you are doing, the more you should be paid as you pass each level.
- I feel that once a person reaches 21 then different rates should apply.
- I think this will depend upon the skill set required in the first instance.

- *The apprentice rate is too low for individuals to live on, and is being used as a cheap method of employing staff.*
- *It's too low especially for London.*
- *See no need for segregation.*
- *As I have said before I think that they should get paid the same minimum age related wage.*
- *Haven't ever used the apprentice rate, as it wasn't considered a fair wage in either current or previous organisation.*
- *Apprenticeships are becoming more common and young people need to have the consistency in their pay.*
- *I personally think that as a youth goes through the stages and certificates are achieved then they should be rewarded through an increased rate to continue to engage them.*

Respondents had several suggestions for helping employers to pay apprentices the correct rate.

Respondent comments

- *Keep rules simple and at a fair rate. New employer NIC rates will help.*
- *Constant vigilance whether it is apprentice or standard NMW. Generally the rules are not clear so employers need to read the guidance again and again to get it right. Once rates are determined get them checked.*
- *One rate regardless of age.*
- *Give incentive to support this area - can't afford to carry people with tight finances.*
- *Use unique job codes for them to ensure that reporting is easier.*
- *Only to verify age and previous apprenticeship completion.*
- *Consider reimbursing travel cost /age of apprentice - quality of work being carried out - i.e. pay more for the quality of work carried out.*
- *Make it a flat rate.*
- *Include the rates in Statutory Rate tables which are sent out.*
- *Our clients contact us to ask what the rate is then pay accordingly.*
- *Follow guide lines.*
- *I think employers should be moral in what they pay and not just necessarily think of an apprentice as a good deal.*
- *The apprentice rate does not allow for travel expenses and must be catered for if apprentices are taken on.*
- *Pay the adult NMW, you will find that they appreciate you more and therefore work harder. Well that's the theory anyway).*
- *Better and simpler guidance.*
- *Keep a crib sheet by your computer.*
- *Obtain a good software kit with exception reports to ensure compliance. It becomes too difficult without this and the risk of non-compliance is then an issue.*
- *Make the rules simpler and make it across the board.*
- *Better HMRC guidance as to what makes an individual an apprentice.*

Compliance

Only 6% of respondents had experienced problems complying with NMW.

Respondent comments

- The amount of time needed to constantly monitor employee ages; the fact that many fail to provide proof of age; that HMRC does not seem to be aware of the correct age. Makes it very hard to get and keep it right.
- Our pay rates are always higher so NMW not applicable.
- Just problem finding the money.
- In the very early days on NMW, those staff who were in sales and poor performers were inadvertently paid below NMW.
- Wages paid on the basis of a handshake. This means on an 'in-hand' basis. In a month to month routine, the gross is only changed to agree with the net, 'handshake' figure. In recent years lower deductions have meant that the tendency has been for the gross to be lowered and therefore slip under NMW rates. Number of hours worked is trumped by this natural commercial transaction and require a cumbersome monitoring process outside of payroll software.
- As a payroll bureau we make sure our clients are compliant in this area
- As a bureau we ensure all are paid at NMW rates.
- If a tenant also wants to work for us then we get caught up in NMW accommodation offset rules making it more expensive to employ a tenant who lives in our building than to employ someone who rents in a competitor's building.
- We just increase the hourly rates for clients in October and although they moan at least they don't get fined.
- Clients on occasions certainly do have some issues as they do not record dates of birth and then can't comply with increments relating to age. Naturally, once discovered, issues are rectified but then they are nervous of compliance implications for a genuine mistake.

Future rates

Although there were some respondents who suggested the rates should not change, the overwhelming majority suggested the rate for October 2015 rise, at least in line with inflation, but many suggested it should match the Living Wage.

Respondent comments

- Adult Rate - £6.73, Youth Rate - £5.31, 16 to 17 Rate - £3.92, Accommodation Offset - £5.26.
- £7.50, £6.00, £5.00 and £3.50 for Apprentices.
- Remain unchanged.
- They should be £7 per hour.
- It should be related more to the Living Wage.
- They should continue to rise in line with inflation.
- I think that they need to continue to increase in line with inflation but it will also depend what happens with the proposed Living Wage rate.
- The same rate.

- *I think they should stay the same. If they keep rising with higher % increases than inflation it will have a knock on effect on all pay scales within our business. Other parts of the business have had no, or very little, cost of living raises for the past few years. The salary budget will have to spread more thinly across the organisation, and ultimately could lead to redundancies.*
- *Minimum wage is not something we consider. All employees exceed this rate.*
- *They should rise in line with inflation.*
- *From 1 October 2015 - the adult hourly rate of the National Minimum Wage £8.00; the hourly rate for the Youth Development Rate £6.50; the hourly rate for 16–17 year olds £5.00; the Apprentice Rate £3.50 per hour; and the daily limit of the accommodation offset will be £6.00 (£42.00 a week) - keeping it to a round figure.*
- *The rates should increase in line with previous 12 months CPI or RPI as is usually the case for employees.*
- *In line with the Living Wage at that point.*
- *Approximate 3% increase.*
- *Another rise in line with inflation.*
- *Increase in line with RPI.*
- *7.50, 5.50, 4.50, 3.00.*
- *It should be linked to the Living Wage.*
- *It is helpful if rates increase at the rate of inflation.*
- *Apprentice rates should be nearer to the 16-17 year old rate at about £3.73. Other rates seem to be reasonable.*
- *I think the NMW should be looked at more closely and maybe have a Living Wage as quite a few employers only pay the NMW which is not enough to keep a family on, apply for a mortgage etc. Also if the NMW was higher surely the benefit claims would reduce.*
- *These rates sound OK.*
- *The £6.50 should stay same.*
- *£6.65, £5.20, £4, £3, £5.20.*
- *I think the Apprentice Rate should increase, to match at least the 16-17 year old rate.*
- *No change*
- *Again, there is less requirement for increases in the minimum wage because, naturally, everyone, especially lower paid workers, are concerned with the net amount 'in-hand' and this has been increasing due to lower tax and national insurance. I would favour a move to a 'National Living Wage' but have not considered the implications here.*
- *A 2% increase.*
- *Everyone should be entitled to a living wage, currently the figure bandied around is £7.20 therefore if this is a minimum Living Wage surely NMW should be in line with this, therefore as a minimum it should be £7.50.*
- *My personal opinion would be a 'Living Wage rate' based on regional averages.*
- *Apprentice rate should be 2.85 and an allowance for travelling.*
- *Adult £6.80 Youth £5.50 16-17 £3.95 Apprentice £2.90*
- *At least 2% higher.*
- *At least £7.50 for over 21s and £6.00 for those under.*
- *I personally feel that National Minimum Wage should be in line with Living Wage.*

- *I think that NMW should reflect Living Wage rates, so adult NMW should be £7.65. This could be pro-rated for youth development, 16-17 year olds and apprentices accordingly.*
- *"£6.70, £5.30, £4.00, £4.00, £6.00 (£42.00).*
- *% increase in line with cost of living.*
- *NMW £7.65 YDR £6.50 16-17 year olds £4.60 AR £3.50 daily limit £7.00.*
- *No more than inflation increase.*
- *Adult Hourly rate £6.65 per hour.*
- *I think all young rates should be the same at least £5.13 per hour which is only £10,670pa.*
- *Raise in line with inflation.*
- *£7.00 per hour for everyone regardless of age.*
- *Around 1.5%.*
- *£7.50 NMW; £6.25 YDR; £5 Hourly rate for 16-17 year olds; £3.50 Apprentice Rate. No change to accommodation offset.*
- *I think it should represent the Living Wage - it may have an impact on employers but if pay rises are not being given at least that way they get something better to live on.*
- *NMW £7.00, Youth rate £5.50, 16-17 year olds £4.20, Apprentice rate £3.00*
- *Much higher!*
- *Personally, I feel this should be more aligned with the Living Wage, unclear why the Apprentice Rate is so much lower than the Youth Development Rate.*
- *At current inflation rate or remove NMW and change it to Living Wage rates.*
- *At around RPI.*
- *At least £7*
- *In a modern society, we must ensure that employees whether skilled/young/non-skilled have enough money for a decent level of income so they can look after themselves. I'm not talking masses of money but enough to clothe/feed/accommodate themselves without turning to the easy option of claiming benefit instead. The calculation for the rate should take these aspects into consideration or the minimum wage, as it is now I might add, is rather pointless.*
- *They should fall in line with the CPI.*
- *I think the 3% increase would be acceptable.*
- *NMW £7.00, YDR £5.75, 16-17 £4.50, Apprentice £4.50.*
- *£7, £5.50, £4.20, £3 - £6.*

Interestingly, this corresponds with the results from a separate member poll we conducted recently in which we asked the following question:

As the UK begins to regain a stronger economic footing, do you believe that the National Minimum Wage of £6.31/£6.50 should be increased to match the UK living wage of £7.65?
Of the 38 respondents, 86% said agreed with 14% disagreeing.

Company Information

The Chartered Institute of Payroll Professionals (CIPP) was established as an official industry body in 1985 when the Institute of British Payroll Managers (IBPM) was formed. In 1998, the IBPM merged with the Association of Pensions and Superannuation Administrators (APSA) to form the Institute of Payroll and Pensions Management (CIPPM), which became the Institute of Payroll Professionals in September 2006 and was granted Chartered Status in November 2010. The CIPP is the Chartered Institute for payroll professionals in the UK and currently has in excess of 5,000 members enjoying a range of benefits. In addition, the CIPP is the UK's leading provider of education for payroll, and has a Pensions Faculty responsible for delivering qualifications and membership services to those responsible for public sector pensions.

The mission statement of the CIPP is:

Leading payroll and pension professionals through education, membership and recognition

Representation

The views of the Chartered Institute are sought and valued by Government departments and other organisations, as witnessed by its representation on bodies ranging from HMRC, and other external Employer Consultation Groups. The Institute, through its Policy team headed up by Karen Thomson, has been responding to consultation documents and attending consultation meetings for more than 16 years.

As a result of this sustained effort, we have created sound working relationships with the DWP, HMRC, BIS and other Government departments.

The Chartered Institute operates an Advisory Service staffed by professionals able to provide accurate and authoritative advice on a wide range of topics. It also runs national forums which allow members direct contact with representatives from HMRC and other relevant bodies and also provides a forum for members to input and feedback on the CIPP's policies.

Education

The Institute validates and controls a wide range of professional qualifications in both the payroll and public sector pensions sectors, from Foundation Degree level to Masters level. CIPP Education, a wholly owned subsidiary of the CIPP, it delivers the qualifications and provides tutors at officially recognised standards. CIPP Education also runs a comprehensive range of short training courses throughout the UK.

Events

The CIPP also runs a series of conferences throughout the year, culminating in the Annual Payroll & Pensions Conference and Awards Ceremony.