**Business Plan 2015/16**

**Low Pay Commission Secretariat**

This plan will be updated as appropriate

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**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.

The Commission receives its funding from the Department for Business, Innovation and Skills (BIS), and the relationship between the two organisations is governed by a Framework Agreement.

The Low Pay Commission’s goal is to advise Government on the National Minimum Wage. It recommends the level of four rates of the minimum wage - the adult rate, the Youth Development Rate (18-20s), the 16-17 Year Old Rate and the Apprentice Rate - to help as many low-paid workers as possible without any significant adverse impact on employment or the economy. It also advises on the path of the new National Living Wage, which applies to workers aged 25 and over from April 2016. The advice it offers the Government will be based on the best available evidence. The Commission undertakes this work as part of the Department’s stated action to support a fair, effective and efficient labour market. The Government gives the Commission a remit each year, requesting it to include in its report advice on some areas in particular. The 2015-16 remit is shown at Annex A.

The purpose of the LPC Secretariat is **to work collectively and individually to provide a robust evidence base on which the LPC can base its findings and to provide support for Low Pay Commissioners so that the Commission delivers on its remit in full and on time.**

This business plan sets out what the Secretariat will do in 2015-16 in order to 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 2015-16, 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** |
| Define and commission a programme of external research projects for the February 2016 Report | April 2015 |
| Hold research workshop to agree methodology and content of research projects for the February 2016 Report | April 2015 |
| Agree a work programme for the February 2016 Report | May 2015 |
| Agree a visits programme for the February 2016 Report | May 2015 |
| Agree a research programme for the February 2016 Report | May 2015 |
| Review Business Plan, work programme, and research programme in light of remit and role for February 2016 Report | July 2015 |
| Launch formal consultation for the February 2016 Report | Late July/Early August 2015 |
| Launch re-branding of LPC and other communication activities (blog, corporate Twitter, occasional papers and leaflets) | September 2015 |
| Hold research symposium to discuss findings from the commissioned research and invite interested parties to attend | September 2015 |
| Close formal consultation, record and summarise all responses | September 2015 |
| Quarterly examination of actual expenditure and planned expenditure for the rest of the year | July 2015, October 2015, January 2016, April 2016 |
| Quarterly examination of the LPC’s risk register | June 2015, September 2015, December 2015, March 2016. |
| Two-day oral evidence sessions arranged and undertaken | November 2015 |
| Externally commissioned research projects for the February 2016 Report delivered to time and budget; findings presented to the Commission. | October/December 2015 |
| Complete the visits programme | November 2015 |
| Input into internal Government review of the National Minimum Wage and National Living Wage cycle | Autumn 2015 |
| Plan activity for October 2016 Report on the National Living Wage | Autumn 2015 |
| Commission agrees National Minimum Wage rates and other recommendations for its February 2016 Report | January 2016 |
| Develop proposals and issue Tenders for a programme of external research projects for the 2017 Report | Jan/Feb 2016 |
| Commission agrees and signs-off its February 2016 Report | February 2016 |
| Completion of the work programme | February 2016 |
| Report delivered to the Government | February 2016 |
| Acceptance of all commissioned research reports (for the February 2016 Report) and all projects invoiced and paid | February/ March 2016 |
| Briefing for February 2016 Report announcement completed and agreed with Commissioners | March 2016 |
| Begin consultation for the October 2016 Report on the National Living Wage | March 2016 |

**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 let for the 2016 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 has identified the key procedural and operational risks and incorporated these into a risk register. The register will be reviewed by the Secretariat on a quarterly basis, updated as appropriate, and copied to the Sponsor Team in BIS.

**5 - Resources**

BIS 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 BIS with regard to the management and control of the resources. This will be done through quarterly reports to BIS which will be produced to assess whether they meet the LPC Business Plan, and through response to BIS’s Mid-Year and End-Year Budget review exercises.

The Secretariat will report monthly to BIS 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 the Department.

The LPC’s budget for 2015-16 is £827,000. The Commission has agreed how resources will be allocated for its 2016 Report between research, staffing and other costs. The breakdown of the LPC’s projected spending is at Annex C. Annex B provides details of the research contracts for the 2016 Report, and Annex D shows the staffing structure for the Secretariat for the 2016 Report.

All members of the Secretariat will be managed, and have their performance appraised, in accordance with BIS guidelines. All Commissioners will have an annual performance appraisal, after publication of the 2016 Report. Commissioners will be appraised by the Chair, and the Chair will be appraised by the Director, Labour Market Directorate, BIS.

**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:

* details of the LPC’s publication scheme;
* all responses to requests made under the FoI Act;
* all LPC expenditure;
* details of fees and expenses paid to Commissioners;
* a register of Commissioners’ interests;
* the Commission’s Terms of Reference;
* Commissioners’ Code of Conduct; and
* publish underlying data 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:

* Launch a new corporate blog and Twitter account
* Occasional statistical leaflets or papers
* Undertake selected events

**Annex A**

**NATIONAL MINIMUM WAGE - LOW PAY COMMISSION REMIT 2016**

Over the last 15 years the National Minimum Wage (NMW) has helped eliminate extreme low pay and preserve jobs in the face of recession. We appreciate the role that the Low Pay Commission (LPC) has played in these successes. Against the background of a continuing recovery, the Government would like the LPC to monitor, evaluate and review the levels of each of the different NMW rates (16-17, 18-20 age groups, adult and apprentice rates) and make recommendations on the increase it believes should apply from October 2016. Our aim is to have NMW rates that help as many low-paid workers as possible without damaging their employment prospects.

The Government is building on its strong economic performance that has seen 2 million more people in work in the last five years. A remaining, key economic challenge the Government wants to address is to move away from a low wage, high tax, high welfare society and encourage a model of higher pay and higher productivity – supporting people who work hard and want to get on in life to fulfil their aspirations.

As such, the Government wishes to see a higher wage for more experienced workers and so is introducing a premium for workers aged 25 and over. This will be over and above the NMW which will remain in place. The Government will set the first premium in April at 50p bringing the total National Living Wage to £7.20 in April 2016. The Government asks the LPC to recommend the level of the National Living Wage to apply from April 2017.

The Government estimates that the level of the combined NMW and the premium in April 2016 will be 55% of median earnings and has set out an ambition that this should continue to increase to reach 60% of median earnings by 2020, subject to sustained economic growth. The Government’s objective is to have a National Living Wage of over £9 by 2020.

In making recommendations in relation to the premium the LPC is asked to consider the pace of the increase, taking into account the state of the economy, employment and unemployment levels, and relevant policy changes.

Depending on the outcome of the review into bringing forward the NMW cycle, alongside the NMW recommendations in February 2016 the LPC are asked to provide indicative NMW rates for 2017, in order to give more certainty to business. Alongside the premium recommendation in October 2016 the LPC are asked to provide an indicative premium rate for April 2018. Both of these being subject to confirmation in light of economic conditions.

**Timing:** The LPC is asked to provide a report to the Prime Minister and the Secretary of State for Business, Innovation and Skills on the NMW rates as early as possible in February 2016, and on the premium by October 2016.  **Annex B**

**Low Pay Commission Research Projects for the 2016 Report**

|  |  |  |
| --- | --- | --- |
| **Lead Researcher** | **Institute** | **Research Project** |
| Gavan Conlon | London Economics | The Impact of the Minimum Wage on Earnings, the Bite and Differentials |
| Kerry Papps | Bath | The Impact of the National Minimum Wage on Employment and Hours By Age |
| Rebecca Riley | NIESR | The Impact of the National Minimum Wage on Productivity |
| Felix Ritchie | UWE | Apprentice Minimum Wage Non-Compliance |

**Annex C**

**Low Pay Commission Expenditure – 2015/16**

|  |  |
| --- | --- |
| **Spend Type** | **Budget (£)** |
| **Total Wage Costs** | **510,100** |
|  |  |
| **Research** | **244,350** |
|  |  |
| **Travel and Subsistence (inc Commissioners’ fees)** | **40,000** |
|  |  |
| **Report Production** | **14,500** |
|  |  |
| **Three day Commission session to agree rate and other recommendations** | **6,500** |
|  |  |
| **Other (training, publications, stationery, etc)** | **11,550** |
|  |  |
| **Total** | **827,000** |

**Annex D**

**LOW PAY COMMISSION SECRETARIAT ORGANOGRAM**

# Simon Blake

(Secretary to the Low Pay Commission)

020 7211 8225

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| --- | --- | --- |
| **ANALYSIS**  **Tim Butcher**  (Chief Economist)  020 7211 8198  Lead on Research, Pay and Prices, and Macroeconomy  **Helen Connolly**  (Statistician)  020 7211 8204  Lead on Young People and Apprentices, and ASHE  **Yi Zhang**  (Senior Statistical Officer)  020 7211 8767  Lead on Labour Market, Groups of Workers, Small Firms and LFS | **POLICY**  **Tony Studd**  (Head of Policy & Administration)  020 7211 8231  Lead on NMW Policy Issues, BIS Sponsorship, Compliance & Enforcement, Policy Relations with HMRC & BIS, Management of Stakeholder Engagement, Specific Sector/Group of Worker Issues, LPC Administration  **John Caseley**  (Policy Adviser & Sponsorship)  020 7211 8772  Lead on Specific Sector/Worker Issues, Minimum Wages in Other Countries, BIS Sponsorship | **ADMINISTRATION & PRESS**  **Roz Hands**  (Communications and Admin Manager)  020 7211 8212  Press Enquiries, Visits, FoI and Report Production  **Jay Arjan**  (Office and Finance Manager)  020 7211 8119  Finance, Office Management, HR, Public Enquiries, Training & Development and Website |