

# Low Pay Commission

Press Release 12 May 2009

## LOW PAY COMMISSION'S 2009 REPORT AND RECOMMENDATIONS TO GOVERNMENT

The Low Pay Commission today welcomed the Government's confirmation that, from 1 October 2009, the adult minimum wage rate will increase from £5.73 to £5.80 an hour. At the same time the Youth Development Rate will rise from £4.77 to £4.83 an hour and the minimum wage for 16–17 year olds will increase from £3.53 to £3.57 an hour.

The Chairman of the Low Pay Commission, George Bain said:

“These are very challenging times for the UK and unprecedented economic circumstances for the minimum wage. We believe that the Low Pay Commission's recommendations are appropriate for this economic climate. They reflect the need to protect low-paid workers' jobs as well as their earnings.

“This was a difficult year for the Commission but our evidence-based approach led to another unanimous Report. I am delighted that the Government has again accepted our recommendations on the rates this year.

“The Commission made a number of other recommendations in its Report, including on apprentice pay and enforcement. We believe there is a strong case for paying apprentices an apprentice minimum wage under the National Minimum Wage framework. We look forward to hearing the Government's position on apprentice pay in our remit for the 2010 Report.

“Finally, we are pleased that the Government has now accepted our recommendation that 21 year olds should be entitled to the adult rate of the minimum wage. We have long believed that 21 was the appropriate age from which the adult rate should apply.”

### Notes to Editors

1. The Low Pay Commission is a statutory body whose role is to advise the Government on the National Minimum Wage.
2. The Commission has now produced ten reports. These are available from the Stationery Office Bookshops or the Commission's website at: <http://www.lowpay.gov.uk>
3. The members of the Low Pay Commission for this year's report were: George Bain (interim Chairman until 30 April 2009); Susan Anderson, Director of Public Services Policy at the CBI; Professor Bob Elliott, Professor of Economics and Director of the Health Economics Research Unit at the University of Aberdeen; Neil Goulden, Chairman of the Gala Coral Group; John Hannett, General Secretary of the Union of Shop, Distributive and Allied Workers; Ian Hay OBE, Chairman of Xtra-

Mile.com, Charterhall Finance Ltd, Flight Bureau Ltd , Staff Offers Ltd; Professor Stephen Machin, Professor of Economics at University College London and Research Director, Centre for Economic Performance, London School of Economics; Frances O'Grady, TUC Deputy General Secretary and Heather Wakefield, National Secretary for UNISON's Local Government Service Group.

4. David Norgrove took over as Chairman on 1 May 2009. He is also Chairman of the Pensions Regulator and Trustee of the British Museum.

5. A full list of this year's recommendations follows:

### **National Minimum Wage Rates**

We recommend that the adult minimum wage rate should increase from £5.73 to £5.80 in October 2009 (paragraph 8.75). We recommend that the Youth Development Rate should increase from £4.77 to £4.83 in October 2009 and that the rate for 16–17 year olds should increase from £3.53 to £3.57 in October 2009 (paragraph 8.78).

### **21 Years Olds**

We recommend that 21 year olds should be entitled to the adult rate of the National Minimum Wage (paragraph 5.31).

### **Accommodation Offset**

We recommend that the accommodation offset should increase from £4.46 per day to £4.51 per day in October 2009 (paragraph 8.81).

### **Apprentices**

We recommend that a minimum wage for apprentices should be introduced under the National Minimum Wage framework (paragraph 6.87).

We recommend that the Government asks the Low Pay Commission, as part of the work for its 2010 Report, to consider the detailed arrangements for an apprentice minimum wage under the National Minimum Wage framework, and to recommend the rate and arrangements that should replace the existing exemptions, together with the timing for its introduction (paragraph 6.93).

### **Social Care**

We recommend that the commissioning policies of local authorities and the NHS should reflect the actual costs of care, including the National Minimum Wage (paragraph 3.38).

### **Compliance and Enforcement**

We recommend that a 'name and shame' policy should be put in place to expose those employers who show wilful disregard for the minimum wage (paragraph 7.21).

We recommend that the Government allocates sufficient resources to HMRC to increase significantly the number of errant employers prosecuted in a criminal court (paragraph 7.41).

We recommend that the Government gives urgent consideration to measures that can be taken to effectively tackle employers in the informal economy (paragraph 7.45).

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