

**From The Secretary**

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## **CONSULTATION ON THE NATIONAL MINIMUM WAGE**

The Government has asked the Low Pay Commission to prepare and submit a further report on the National Minimum Wage by the end of February 2011. I am writing to invite you to submit evidence to our consultation.

### **Terms of Reference**

This year's terms of reference, attached, ask us to monitor, evaluate and review the impact of the minimum wage and to make recommendations on the rates for October 2011. In doing so we have been asked to look at the effect on pay, employment and competitiveness in the low-paying sectors, particularly the competitiveness of small firms, and at how the minimum wage affects different groups of workers.

We have also been asked to review the labour market position of young people, including those in apprenticeships and internships, and to review the arrangements for the new apprentice rate, which comes in from October 2010. We would be grateful for your evidence on these issues, particularly with respect to the following questions.

- How are firms coping with the minimum wage as the economy emerges from the recession?
- How has the National Minimum Wage affected pay, conditions, pensions, employment and competitiveness in the low-paying sectors?
- How does the National Minimum Wage affect the competitiveness of small firms?
- How significant is the National Minimum Wage in comparison to other business pressures?
- How are the employment prospects of young people developing in the current labour market?
- Have the adverse effects of the recession been different for young people?
- What has been the labour market experience of young people with respect to apprenticeships and work experience opportunities, including internships?
- What has been the impact of the minimum wage on young people since its introduction?
- How important is pay in influencing the labour market outcomes for young people?
- What will be the likely impact of the new arrangements for an apprentice rate, particularly on the provision, take-up, and completion of apprenticeship opportunities?

It may be helpful when responding to these issues to consider that from 1 October 2010 the adult hourly rate of the National Minimum Wage will be £5.93, the hourly rate for the Youth Development Rate will be £4.92 and the hourly rate for 16–17 year olds will be £3.64. The new apprentice rate will be introduced on the same date at £2.50 per hour.

**The deadline for responses to the consultation is 10 September 2010.** Please email your response to [lpc@lowpay.gov.uk](mailto:lpc@lowpay.gov.uk) or send it by post to the address at the top of this letter.

Our policy is to make responses to our consultation available publicly unless respondents specifically request otherwise. We may also quote from consultation responses in our reports. If you do not wish all or part of your response (including your identity) to be made public, please state in your response which parts you wish us to keep confidential.

### **Commission Visits Around the UK**

As well as the written consultation, each year the Commission undertakes a number of visits around the UK. This allows Commissioners to hear directly from those affected by the minimum wage. Details of locations and dates for this year's visits will appear shortly on our website (<http://www.lowpay.gov.uk/lowpay/index.shtml>). If you are interested in meeting Commissioners at any of these locations, please use the website contact details.

Yours faithfully

A handwritten signature in blue ink that reads "Katy Cornish". The signature is written in a cursive style.

KATY CORNISH  
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**NATIONAL MINIMUM WAGE**  
**LOW PAY COMMISSION REMIT – 2011 REPORT**

The Low Pay Commission is asked to:

1. Monitor, evaluate and review the NMW and its impact, with particular reference to:
  - the effect on pay, employment and competitiveness in the low paying sectors, with particular reference to the competitiveness of small firms;
  - the effect on the pay structures and employment of different groups of workers, including in particular different age groups, women, ethnic minorities, people with disabilities and migrant workers.
2. Review the labour market position of young people, including those in apprenticeships and internships.
3. Review the levels of each of the different minimum wage rates and make recommendations for October 2011.
4. Review the arrangements for the apprentice minimum wage.
5. Report to the Prime Minister and the Secretary of State for Business, Innovation and Skills by the end of February 2011.