

# Citizens Advice Scotland response to Low Pay Commission consultation

June 2020

## 1. Response Summary

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Citizens Advice Scotland (CAS) understands that the Low Pay Commission's development of this consultation concluded before the extent of disruption caused by the coronavirus outbreak was fully understood. We would welcome continued engagement and the opportunity to share our evidence on the impacts of the outbreak and associated restrictions beyond just this consultation, but in this response, our key points are as follows:

- Pre-Covid-19, Citizens Advice Bureaux (CAB) services were already supporting people on low wages, including those being paid under the minimum wage, on a range of issues.
- Workers receiving National Living Wage (NLW) still had budgeting struggles, through a combination of high costs, low wages, and limited and unpredictable social security support.
- CAB cases show evidence of employers in low-paid sectors being non-compliant in other areas, even if they paid NLW or higher, including unpaid holiday pay, harassment and bullying.
- The Covid-19 outbreak has demonstrated again how little security low-paid work offers, with a jump in employment and universal credit advice seen in the last few months, despite significant efforts by government to support those affected.
- Retail, tourism and hospitality, care, cleaning and construction are all sectors that seem particularly affected, where many roles will be low-paid.
- Gaps in support have left many relying on crisis grants and food parcels, with newly negative budgets making it likely that some will sink into debt.
- Low-paid work that has carried on has done so with increased challenges and safety risks for workers, but proven to be absolutely vital to the health and wellbeing of wider society.
- Better pay and conditions for these essential roles must be a cornerstone of the recovery, valuing their contribution by allowing workers a decent standard of living, financial resilience and job security. Moreover, higher wages offer more disposable income to be spent in local communities, supporting demand.
- We warmly welcome the decision to lower the age threshold of the NLW and would recommend that in the future different rates for different ages are abolished altogether.
- We also welcome the increase to NLW and other minimum rates but hope they can be raised further to at least meet the level of the independently-calculated voluntary Living Wage.

- Awareness-raising, proactive investigation and appropriate enforcement action could all be strengthened to improve compliance with NLW and other minimum wage rates.

## 2. About You

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*1) Please provide information about yourself or your organisation. If possible, include details about your location, the occupation or sector you are involved in, your workforce if you are an employer (including number of National Minimum Wage (NMW) or National Living Wage (NLW) workers), and anything else you think is relevant.*

Scotland's Citizens Advice network empowers people in every corner of Scotland through our local bureaux and national services by providing free, confidential, and independent advice. We use people's real-life experiences to influence policy and drive positive change.

We are on the side of people in Scotland who need help, and we change lives for the better.

2019-20 data is still being finalised but in 2018-19, Scotland's Citizens Advice Bureau network gave 43,641 pieces of employment advice to clients. This made employment advice the third most popular advice area, behind only social security and debt advice. The most common type of employment advice related to pay and entitlements, making up 30% of all employment advice. Since March 2020, employment has become the second most popular advice area.

## 3. Economic Outlook

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*2) What are your views on the economic outlook and business conditions in the UK for the period up to April 2021? We are particularly interested in views on the following:*

- *Conditions in the specific sector(s) in which you operate, as well as for the economy in general.*
- *Any factors likely to boost demand, or alternatively that could make conditions more difficult (for example, the impact of the current coronavirus outbreak or changes in the UK's relationship with the European Union).*
- *The current state of the labour market, recruitment and retention, as well as the potential impact of changes to immigration rules.*
- *The experience of wage growth and inflation in the last year and forecasts for the next couple of years.*

### **Pre-COVID-19**

Prior to the coronavirus outbreak, our evidence showed non-compliance with minimum wage across multiple low-paid sectors. Some of this was explicit in the normal rate of pay, but

most often we saw workers miss out on their full entitlement through dubious deductions to payslips, discrepancies in shift records and non-payment of holiday pay or SSP. Our submission to the Director of Labour Market Enforcement earlier this year is attached and summarises the evidence we gathered on all kinds of labour market non-compliance up to January 2020. Through the cases submitted by Citizens Advice Bureaux across Scotland, Citizens Advice Scotland is aware of:

- Increased use of bogus self-employment, particularly among security workers, couriers, and taxi drivers
- Under/non-payment of holiday and sick pay
- Retaliatory dismissal or hours reductions for raising issues
- Zero hours contracts with no notice of shifts or shift cancellation
- Lack of appropriate/accurate paperwork including payslips and contracts/terms and conditions.

Sectors that showed up regularly in non-compliance cases submitted by bureaux include:

- Agriculture
- Construction
- Retail
- Hospitality (both front and back of house)

Our evidence (both quantitative and qualitative) also shows that particular groups seem to be more vulnerable:

- Young people
- Migrants

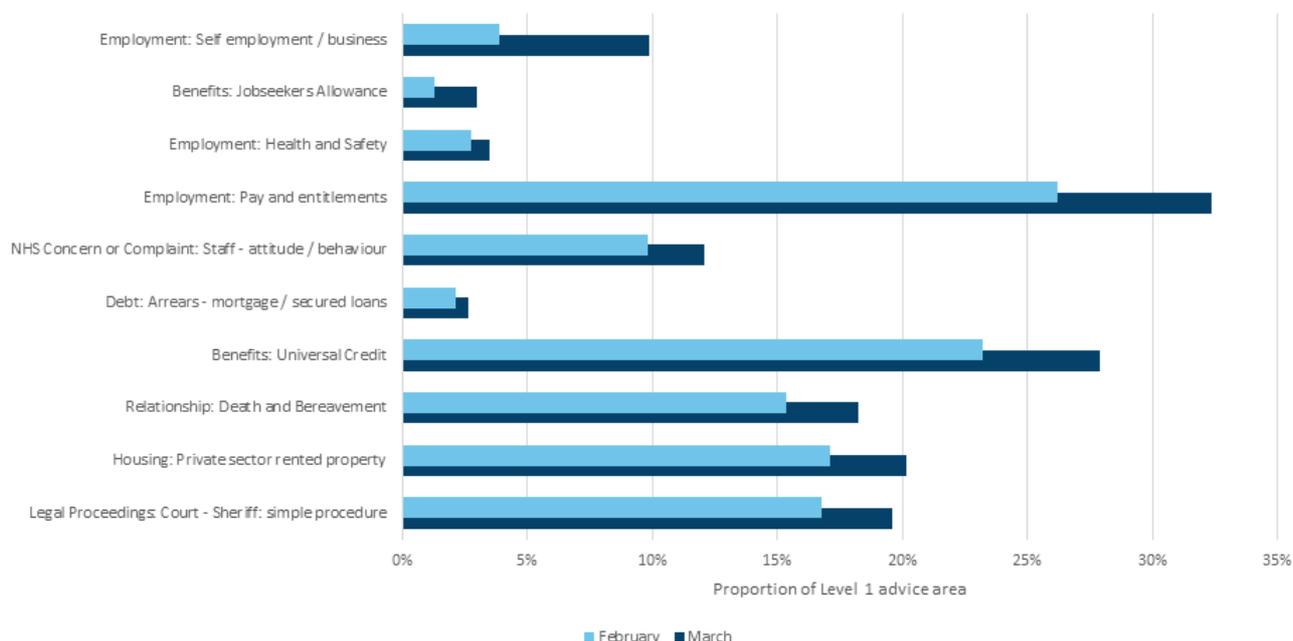
The demographic data we hold on clients indicates that non-UK EU nationals are twice as likely to seek employment advice than CAB clients overall (in 2018-19, 12.1% of employment advice clients who gave us demographic information were EU nationals compared to 6.2% of all clients). Similarly, our data shows that clients seeking employment advice tend to be younger than CAB clients overall (44% of employment advice clients in 2018-19 were under 35, compared to only 23% of all CAB clients). Both groups are also less likely to be unionised.

Also prior to the coronavirus outbreak, our evidence base suggested that our observations in last year's Low Pay Commission submission still stand; wages generally are still not keeping pace with inflation, and this was particularly acute for low-paid workers who were making up increasing numbers of people facing in-work poverty. Through a combination of low wages, low or fluctuating hours, and issues with Universal Credit, even people in work sought advice from bureaux on applying for crisis grants or food parcels.

### **COVID-19 outbreak**

However, the last few months have disrupted the economy to an almost unrecognisable extent, with likely longstanding ramifications, particularly for low-paid and precarious workers. Advice on employment has quadrupled as a proportion of all advice given by the Citizens Advice network in Scotland, from 4% in February to 8% in March and 16% last month. Between February and March, specific types of employment advice saw notable increases.

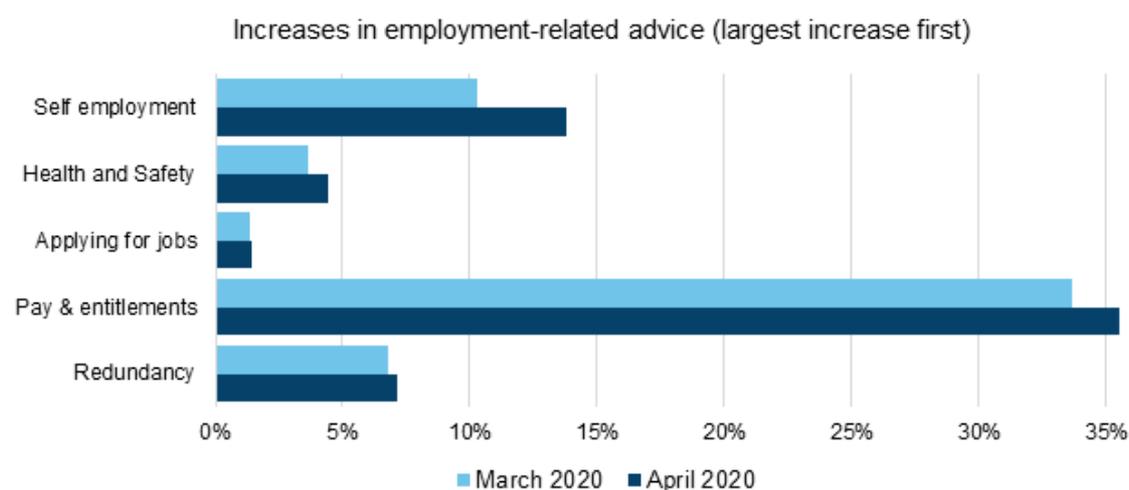
**Chart 1. Top 10 shifts in proportion of advice provision February to March 2020 (Largest proportional shift first)**



*Note: Chart 1 shows the ten advice sub-categories (e.g. 'Jobseekers Allowance', 'Health and Safety') that have grown most as a proportion of their associated main advice category (e.g. 'Benefits', 'Employment'). Advice sub-categories recorded less than 100 times in March 2020 are omitted.*

Between March and April, some of those areas rose again.

**Chart 2. Notable changes in employment related advice**



Over the same time, debt and arrears advice for those having difficulty making payments increased for the following types of arrears as below.

### Chart 3. Advice on difficulty making payments.



We expect this to rise further once support measures such as furloughing under the Coronavirus Job Retention Scheme and payment holidays offered by creditors start to be reduced or removed.

Our qualitative evidence on Covid-19's impact on workers is drawn from over 150 Citizens Alerts submitted by advisers over March and April. These detail real client cases from Citizens Advice Bureaux all over Scotland. Analysis of these cases show common themes:

- Workers whose employer has refused to furlough them and has instead either:
  - fired them/made them redundant
  - changed their contract to lower or zero-hours
  - enforced an existing zero-hours contract (i.e. no hours rota-ed, no wages paid) when normal hours would be FTE or more
  - Insist they continue to work despite it being unsafe to do so outside of work or impossible to do so from home
- Misuse or part-use of furlough including:
  - Paying employees through SSP instead (a lower rate)
  - Forcing employees to take holidays during the furlough period
  - Asking employees to continue working after being furloughed
- Self-employed people with ongoing expenses (premises/insurance/membership of professional bodies/vehicle or equipment payment plans/storage) not covered by the profits-only nature of Self-Employment Income Support Scheme (SEISS)
- Self-employed people who work multiple short-term PAYE contracts (particularly common in construction, film & tv, and theatre/live arts) in a year ineligible for SEISS or furlough
- Students being ineligible for UC (apart from very narrow criteria usually requiring dependents) while most common student summer and part-time jobs (retail and hospitality) will be massively reduced or unavailable. Undergrads and postgrads affected by this
- People ineligible for furlough due to being between jobs or contracts

- "self-employed" gig workers ineligible for SSP and therefore having to choose between working while displaying symptoms, or receiving no income at all
- Unsafe working conditions - inadequate hygiene, lack of PPE or social distancing, or insistence on normal work by those who are vulnerable, or to use up annual leave or take unpaid leave to cover sick and isolation periods (this jumped in April in Citizens Alerts).
- general issue of those left with nothing but Universal Credit finding it impossible to live on, and/or not coping with five week wait and/or running into the digital access issues and/or Local Housing Allowance rates not being enough and requiring DHP top-up particularly in the private rented sector.

Retail, hospitality, cleaning, construction and care (including healthcare) work are all sectors showing up repeatedly in Citizens Alerts post-Covid-19. While we have seen a surge in new clients since mid-March, which will include some on higher wages, the level of crisis seen suggests a wage level that did not afford much financial resilience to sudden income shocks.

Some sectors and areas have been and will be particularly affected by the coronavirus outbreak and associated restrictions. The sectors showing up in our qualitative data give some indication as to which. These overlap with the parts of Scotland's economy that are highly seasonal, with a surge in demand for agricultural, hospitality and tourism workers during the summer months. Scotland's employment rate in these sectors is also higher than the UK average, leaving the economy more vulnerable to changes in these areas<sup>1</sup>, and possibly not having even seen the true scale of the damage so early in the year. This can be particularly important in rural areas, but Scotland's largest cities would also normally employ huge numbers of workers to cater for holidaying tourists in the high season, and restrictions on travel will be challenging for farmers who rely on highly mobile workers at peak times of year. Oil and gas workers will also find social distancing difficult offshore, with knock-on consequences for a complex supply chain that extends beyond Scotland's North East.

Some low paid sectors, such as onsite hospitality and non-essential retail, have all but ceased operating during lockdown, and will struggle to return to normal levels of activity while maintaining social distancing for staff and customers, even as restrictions ease. Others, such as care work, essential retail, cleaning, takeaway food outlets and courier work, have carried on during the outbreak or become even more essential, but with additional pressures and health and safety challenges. Most often, these have not come with additional compensation. Those who have been able to work from home may have made significant savings through their lack of commute or pause on spending on social activities. It is possible this could fuel an uptick in demand when the economy opens up. However, those who have been furloughed on NLW and lost 20% of an income that was already low, or who have lost work altogether and are reliant on social security, may feel their budgets squeezed and find themselves in debt. These kind of long-lasting negative household budgets could choke economic recovery significantly.

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<sup>1</sup><https://www.nomisweb.co.uk/reports/lmp/gor/2013265931/report.aspx#tabempocc>

Looking to long-term recovery, it's not possible or desirable for every worker who is currently low paid to "transition" into higher paid work. More than ever, the necessity of work that is currently low-paid, beyond narrow productivity and GDP-related measures, is indisputable. Low-paid workers have kept us and our loved ones safe by providing our food and essentials, caring for people who need support, and keeping our shared spaces clean. When restrictions ease, many people will also value the opportunity the hospitality industry provides to connect with friends and family. It's hard to imagine a world where these roles will disappear entirely, even with advances in technology, and so our economy must find a way to provide a decent standard of living to the people we will continue to rely on.

*3) Apart from the minimum wage, what other factors affect workers in low-paying sectors and occupations? Among other things, we are interested in evidence and views on:*

- *The effect on workers of Universal Credit and other rules around benefits and tax.*
- *The relationship between the minimum wage and weekly income.*
- *Access to transport and the effects this has on working life.*

## **Universal Credit**

CAS welcomed many of the recent changes to Universal credit, which were in line with our own longstanding recommendations. However, the five week wait, the work allowance and taper rate still prevent the benefit supporting low paid workers as well as it could do. A summary of these issues follow but more detail, including bureau cases, is available in our Making Universal Credit Work briefing<sup>2</sup>.

### **The Five Week Wait**

After completing an application for UC a person must wait a minimum of five weeks before receiving their first payment. This is meant to mimic the world of work by paying people, monthly, in arrears. However, those in low-paid work are likely to be paid on a much more frequent basis. Around half of people who earn less than £10,000 a year are paid weekly<sup>3</sup>. A significant number of people do not have a financial buffer in the form of a final month's salary to rely on during the five-week waiting period.

Advance payments – of up to 100% of a person's standard payment - are available during the five week wait. However, these are repayable loans, automatically deducted from and subsequently reducing UC payments. When making a UC claim, a person with no financial reserves, must either live in destitution for five weeks, or take on debt and have their income reduced for months afterwards.

### **The Work Allowance and Taper Rate**

At present, only people with limited capability for work, or, people with a child or children are entitled to a Work Allowance. The Work Allowance allows a person to earn up to a certain amount of money without any financial impact on their overall UC entitlement. Current Work Allowance rates are set at £287 for someone receiving housing costs and £503 if a person does

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<sup>2</sup> [https://www.cas.org.uk/system/files/publications/cas - making universal credit work.pdf](https://www.cas.org.uk/system/files/publications/cas_-_making_universal_credit_work.pdf)

<sup>3</sup> <https://www.cambridge.org/core/journals/social-policy-and-society/article/universal-credit-assumptions-contradictions-and-virtual-reality/4F8BC473BBBD6733F9A0E31D71051E8C>

not receive housing costs. However, single people and couples without dependents who don't have a limited capability for work are not entitled to any Work Allowance. People within this category lose 63p of their UC for every £1 they earn, from the very first pound they earn. This taper rate means a single person, not receiving housing costs, only has to earn around £505 (after tax/NI deductions) a month to be earning too much to be entitled to the Universal Credit standard allowance of £317.82<sup>4</sup>.

### **The Cost of Living**

Negative budgets are a combination of low income and high costs. The cost of living squeezes low-income wages, forcing low-paid workers to rely on social security or even food banks to make ends meet. House prices and rents have grown faster than wages in the last decade or so, and for those who cannot afford large one-off expenses, other costs can be needlessly high. Season passes for public transport often work out cheaper per trip for a commuter, but if your weekly or monthly income doesn't allow the upfront expense you may have to buy more expensive daily fares.

Similarly, many low-income households in Scotland use prepayment meters as a way of managing their money and avoiding surprises when billed, but a direct debit on a non-prepaid meter would be cheaper per energy unit in many circumstances. Renewed definitions of fuel poverty published in May 2019 revealed that 583,000 Scottish households are defined as being in fuel poverty and 293,000 defined as in 'extreme' fuel poverty.

Even grocery shopping can be affected, with those who can afford to buy non-perishable goods "in bulk" or who have the freezer space for perishable goods, saving money. Those who cannot afford the upfront bill will spend more overall by having to buy smaller quantities, more regularly, at a premium price.

Clothes and household goods can also be a false economy for low income workers. If you cannot afford the upfront cost of high-quality goods, then you may be forced to buy cheaper goods of lower quality that won't last as long and will need to be replaced or repaired more often, again leading to a higher overall bill.

### **Other vulnerabilities**

As some of the cases included in this submission show, issues in low-paid work are unlikely to be of a single nature. Non-compliance in one area is usually accompanied by non-compliance in another. Issues with pay (whether minimum wage non-compliance, holiday pay or sick pay) are common and often present alongside issues with paperwork, including inaccurate or non-existent payslips and contracts/terms and conditions. Workers are often scared to raise issues with their employer or even turn down last minute shift requests for fear of retaliatory dismissal, or negative changes to hours or terms.

Low paid workers are particularly vulnerable when it comes to employer exploitation. They are less likely to be unionised, removing one avenue of advice and support at work. Wage levels

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<sup>4</sup> <https://www.which.co.uk/money/tax/tax-credits-and-benefits/universal-credit/how-universal-credit-is-calculated-acrr84l2ckrv>

also make it hard to save enough for a “safety net”, and this can encourage workers to “put up” with poor conditions for fear of having no income at all.

Additionally, much low-paid work is seasonal. This is not just true in agriculture but also in retail and hospitality over the Christmas period and tourist seasons. This is linked to fixed-term and short-term contracts that do not give workers the right to tribunals for unfair dismissal.

Those who work in the gig economy as solo couriers or taxi drivers are also often isolated in their work. Without the opportunity to talk to colleagues, it can be harder for workers to know whether their conditions are unique or widespread (indicating targeted harassment or general non-compliance). It can also be much harder to take collective action, which can be an effective way of resolving non-compliance before enforcement action is required.

Non-compliance is pervasive in low-paid work, although CAS does not hold representative enough data to estimate levels of non-compliance.

## 4. The National Living Wage

*4) What has been the impact of the NLW since April 2016? Our critical interest is in evidence on the NLW's effects on employment, hours and earnings. We are also very interested in the NLW's effects in the following areas:*

- *Prices and profits*
- *Productivity*
- *Pay structures and differentials*
- *Wider benefits available to workers (including premium pay and non-pay benefits across the workforce)*
- *Quality of work, including contract types, flexibility and work intensification*
- *Progression and job moves*
- *Training*
- *Investment*

Having a higher national minimum wage rate has been positive for those in low-paid sector. Prior to the coronavirus outbreak, employment in the UK was at a joint record high of 76.6%. Similarly, although hours fell in the last quarter, they were still up on April 2016 by the time we entered lockdown. However, pay growth was down<sup>5</sup>.

The role of the NLW in all this is unclear from our data, but we know low awareness and enforcement activity affect earnings when NLW is not complied with. Citizens Alerts submitted by local bureau advisers show clients seeking advice for another matter entirely, with their employer's non-compliance only discovered when gathering information for benefit eligibility checks or advice on budgeting.

<sup>5</sup><https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2020>

*A west of Scotland CAB reports of an older woman who had worked part-time cleaning a local social club for 40 years. She was advised via letter that the club had terminated the role due to financial constraints and received her last two weeks' wages and one week's holiday pay. The client enquired at the bureau to ask if she was entitled to redundancy pay, which the adviser explained would be dependent on her employment status. However, it emerged the client was being paid only £5 an hour, despite being on the club's PAYE system. This is vastly under minimum wage.*

*A north of Scotland CAB reports of a client who sought advice on benefits eligibility and other additional income as the client's husband was the sole household earner. When carrying out eligibility checks and gathering information, the adviser discovered that the client's husband is only receiving 23 hours' worth of wages at NLW level, despite working 36 hours a week.*

*An east of Scotland CAB reports of a client who had found cash-in-hand work for three hours a week after being made redundant from a job she had held for 11 years. She contacted the bureau to ask about social security assistance while searching for more hours or better paid work. The client has health issues including arthritis and slipped discs but feels able to still work around 20 hours a week. She told the adviser she is currently paid £6 a week, but was unaware this was below NLW.*

While young people are often vulnerable to exploitation and non-compliance through low rights awareness, unionisation levels and inexperience, older people are not immune. All the cases above involved clients in their 60s. Our qualitative evidence also shows that where there is non-compliance in one area of employment law, like NLW, other types of non-compliance are often present. Without increased awareness-raising and enforcement, it is hard to truly gauge the impact of the NLW.

*5) To what extent has the NLW particularly affected certain occupations or industries, types of firms (small, large etc), regions or groups (for example women, ethnic minorities, migrant workers etc)?*

Women, ethnic minorities and young people are disproportionately likely to work in low-paid roles, and the increase to minimum wage rates has been a positive step for these workers. However, those currently furloughed have not received the most recent annual uplift, and the costs of living still outstrip a full-time minimum wage for many.

*6) The Government has set a new remit for the NLW based on achieving a target of two-thirds of median earnings by 2024. Based on forecasts, our current central projection for the April 2024 NLW rate is £10.69, with a likely range of 30 pence above and below this figure. What are your views on this target and on the LPC's approach to this new remit?*

CAS would hope that at least this target should be met by April 2024 at the latest. However, the NLW should ultimately increase to end levels of pay that cannot afford a decent standard of living, and at a minimum match the independently-calculated voluntary living wage.

7) *How will employers respond to the lowering of the NLW age threshold to 23?*

8) *What factors should we consider in recommending a date for reducing the NLW age threshold to 21?*

CAS evidence on working people struggling to make ends meet, including younger people, suggests the threshold should be reduced as soon as possible so more people can access a higher standard of living.

9) *At what level should the NLW be set from April 2021? Our current central projection for the on-course rate is £9.21, with a likely range of 6 pence above or below this figure.*  
CAS would hope to see a NLW of at least £9.21 from April 2021.

## 5. Young People

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10) *What do you think has been the effect of the minimum wage on young people and on their employment prospects?*

We have no evidence to suggest significant effects of the minimum wage on young people's employment prospects. However, as stated in previous submissions, the multiple rates can be confusing, and Citizens Advice Bureaux have advised young people unsure of what rate they should be paid, or who were unaware of being paid less than the legal minimum.

*A north of Scotland CAB reports of a client making an enquiry on behalf of their son who had been employed as a "trainee apprentice" initially for three months. As such, he was paid at the appropriate rate for an apprentice of his age. His contract was extended twice to a total of ten months. However, the client's son was not given any college training, not registered by his employer as an apprentice through the Scotland and Northern Ireland Joint Industry Board (SNIJIB) and he was not employed under a Government training scheme. This means he should have been paid at the "worker" rate for his age, which is much higher. The client is aware of other young people treated in the same way by this firm.*

*An east of Scotland CAB reports of a client who had worked full time at a café in a busy tourist area for the last two months. He was worried about receiving less pay than he thought he should as he had turned 25 while working there with no raise. He was also worried about the absence of payslips since he started work. The client was now entitled to the NLW but had not been receiving it.*

CAS recommends equalising the NLW across all rates at its highest level.

11) *Lowering the NLW age threshold to 23 means the creation of a new 21-22 Year Old Rate, until the NLW age threshold is lowered again to 21.*

- *What should be our approach to this rate?*
- *To what extent will employers use the new 21-22 Year Old Rate when it is introduced next year?*
- *At what level should it be set?*

We welcome the lowering of the NLW threshold to 23 and a further lowering to 21. As we stated in last year's submission, the NLW introduced a fifth level of minimum wage, alongside the 21-24, 18-20, Under 18 and Apprentice rates. Additionally, the 'National Living Wage' name has also caused people to confuse it with the voluntary Living Wage, which is set at a higher rate.

CAS is glad to see our recommendation to reduce the number of different rates of the national minimum wage acted on, if it is not to be equalised entirely.

However, we would recommend that the different rates be abolished altogether eventually, with all those aged 16 and over earning the NLW. Current rate differences are perceived to be unfair and discriminatory by younger CAB clients, and the evidence on their effectiveness in sustaining or growing youth employment is inconclusive<sup>6</sup>.

*12) At what level should each of the other NMW youth rates (the 18-20 Year Old Rate and the 16-17 Year Old Rate) be set from April 2021?*

The younger age rates should be increased at a higher rate than the National Living Wage, with a view to equalising the rates in the long term. In addition to making the minimum wage fairer for young people as detailed elsewhere in this response, increasing the rates would also better take into account the lower levels of social security support available for young people<sup>7</sup>.

Many young people work in the sectors most affected by the coronavirus outbreak and the lasting effects of similar economic shocks for young people are well documented, following the 2008 crisis<sup>8</sup>. As such, they will need wages that can afford a decent standard of living.

## 6. Apprentices

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### [Read our information note on the Apprentice Rate here](#)

*13) As set out in the box above and in Annex 2 below, the evidence suggests that underpayment of apprentices is high and unpaid training hours are the central cause of this. What are your views on the extent of this problem and solutions to it?*

<sup>6</sup> <https://londoneconomics.co.uk/wp-content/uploads/2015/03/Final-Report-Impact-of-the-minimum-wage-on-young-people-Low-Pay-Commission-12-01-2015.pdf>

<sup>7</sup> Universal Credit, Jobseeker's Allowance, Employment and Support Allowance, Income Support and Housing Benefit all feature lower rates for under 25s and/or under 18s

<sup>8</sup> [https://assets.publishing.service.gov.uk/media/57a08b1740f0b64974000970/60828\\_Youth-Evidence-Review-Final.pdf](https://assets.publishing.service.gov.uk/media/57a08b1740f0b64974000970/60828_Youth-Evidence-Review-Final.pdf)

We don't hold significant evidence on this, but advisers have submitted some cases, such as that in response to question four, which confirm that misuse of apprentice rates do exist.

Much as in other areas of non-compliance, CAS' recommendations would be to dedicate resources to a three-pronged approach:

1. A preventative strand focused on awareness-raising for individuals and employers, working with schools and job centres to ensure those entering the workforce are fully informed of their rights and entitlements, and with enterprise bodies to ensure new employers understand their responsibilities.
2. An easy process, anonymised if necessary, where employees, employers and witnesses can report concerns that result in swift investigative action.
3. A strong approach to enforcement when non-compliance is found, with responses guided by the severity and impact of the non-compliance.

We have shared more detailed views on employment law enforcement, including minimum wage rates, in our response to the UK Government's consultation on a single enforcement body<sup>9</sup>.

*14) In response to feedback from a range of groups, one of the options we are considering is raising the Apprentice Rate so it aligns with the 16-17 Year Old Rate. The main groups affected by this would be younger apprentices – 16-18 year olds. What would be the effect of this change on the pay, provision and take-up of apprenticeship places, and training volume and quality for those apprentices affected?*

As discussed in response to other questions, some employers exploit the current Apprentice Rates. Removing the distinction between rates would prevent this.

*15) For older apprentices, the level of the Apprentice Rate is less relevant. But there is evidence that some employers still 'use' the rate by paying their apprentices below the NMW. What effect do the Apprentice Rate and the other NMW rates have on apprenticeships for older (those aged 21 and over) apprentices? Please consider the pay, provision and take-up of apprenticeship places, and training volume and quality.*

*16) Do you have any additional evidence on the effect of the Apprentice Rate and the impact of recent upratings?*

## 7. Compliance and enforcement

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*17) What issues are there with compliance with the minimum wage and what could be done to address these?*

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<sup>9</sup> <https://www.cas.org.uk/system/files/publications/casres1.pdf>

Although overall, employment advice tends to be sought by clients who are younger than the CAB average, many cases submitted by advisers show older people, nearing retirement, who receive less than the minimum wage.

Citizens Alerts show workers unaware that they are being paid less than the legal minimum, suggesting shortfalls in awareness-raising work.

We have outlined our position on enforcement in response to question 13 and in our response to the UK Government's single enforcement body consultation.

*18) What comments do you have on HMRC's enforcement work?*

Currently, responsibility for enforcement is disproportionately on the shoulders of individual workers. This disregards the power imbalance between workers and employers, and undermines good employers by making it too easy for bad employers to "risk" breaches without consequence. The harm and severity of a breach should be considered not just in number of offences or workers affected, or the amount of money involved, but in terms of impact on individuals, and the knock-on effects of illegally low wages and other malpractice on living standards and health.

*19) What are your views on the Accommodation Offset? What difference, if any, have recent increases in the rate made to the provision of accommodation? If a worker in employer-provided accommodation, have the recent sharp increases led to any hardship?*