community

OFFICIAL RESPONSE TO THE LOW PAY COMMISSION CONSULTATION ON

APRIL 2026 NATIONAL MINIMUM WAGE RATES

June 2025

About Community Trade Union

Community is a trade union recognised and registered in the UK. We were formed in 2004 from the merger of the Iron and Steel Trades Confederation and National Union of Knitwear, Footwear and Apparel Trades, but now represent workers in many sectors of the UK economy, including steel and manufacturing, education and early years, health, logistics, justice and custodial, the third sector, finance and professional services and many more.

This Official Response has been prepared on behalf of Community members and is a public document that will be published on our website following the conclusion of this consultation.

Summary

We undertook a survey of our members in May 2025, receiving over 1,020 responses within two weeks. Our response to this consultation reflects the results of this survey, as well as casework and our wider experiences negotiating for good work and better pay for our members across sectors.

As has been noted in previous responses to the Low Pay Commission, statutory minimum wages have the potential of reducing inequality at the lower end of the wage distribution, filling the void left by declining collective bargaining in many countries and protecting the lowest paid workers from exploitation and extreme low pay. However, as with our previous findings, members in recognised branches remain statistically more likely to be on higher than the National Minimum Wage compared to those in unrecognised branches.

Of the members who responded, 14.3% earned the National Living Wage of £12.21 per hour or below, which is a similar number to our 2024 data. This included six respondents aged 18-20 and three who are paid at the apprenticeship rate. 8.2% earned between the National Living Wage and £12.50, with 44.9% earning £13.50 or more. This continues the trend seen across the last two years, with notable increases in those earning the National Minimum Wage and a reduction (down a further 5%) in those earning more.

Whilst responses varied from £12 per hour to well over £20, the majority of members suggested that the National Living Wage should be increased to around £15, which is consistent with responses received in previous years.

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The National Living Wage

2. What has been the impact of the NLW in the past year, particularly the most recent 6.7 per cent increase to £12.21 in April this year? We are interested in the effect of the NLW on any of the areas listed below:

   a. *Employment*
   b. *Hours*
   c. *Earnings*
   d. *Profits*
   e. *Prices*
   f. *Productivity*
   g. *Pay structures and differentials*
   h. *Other employee benefits*
   i. *Progression and job moves*
   j. *Training*
   k. *Investment*
   l. *Recruitment*
   m. *Job quality and security*
   n. *Demand in the economy*

3. To what extent has the NLW affected different groups of workers? In particular, are migrant workers affected differently or do effects differ by protected characteristics? (For example, are there differences by sex, race/ethnicity or disability?)
4. Employer National Insurance (NICs) has risen at the same time as the NLW. How have employers responded to this, and how has this interacted with the NLW change? Which is the bigger impact?
5. How has the NLW's impact varied across different areas of the UK?
6. At what level should the NLW be set from April 2026?
7. Where do employers get their information about the NLW and future projections?

Community notes that research carried out over the 25 years of the National Minimum Wage indicates that profits and prices had not particularly been impacted by the most recent rises in the National Minimum and National Living Wages. Whilst there has been some adjustment of pricing, in many cases any associated costs have been offset by improved productivity.

Between November 2021 and June 2023, inflation was higher than wage growth in the UK, resulting in falling real terms earnings throughout this 20-month period. While UK inflation peaked at 11.1% in October 2022, it was not until April 2023 that it fell below double figures. [i] The picture has now changed, with average wages now outpacing inflation for both public and private sector workers.

Due to this uncertain economic picture, it would be understandable if the domestic labour market weakened, *"but at present the UK graduate labour market appears to be bearing up well,"* and, according to the BBC, wage growth remained strong, growing by approximately 4.2% in February 2024, even as the UK unemployment rate rose to its highest for almost a year. However, this wage growth, when adjusted for inflation, means that wages only grew in real terms by 2.9%.[ii] Members note that this means any wage rises they have seen as a result of the National Living Wage increases have helped only a little (32.0%) or a moderate amount (32.3%).

Overall, many employers reported positive attitudes towards the increases in the National Minimum Wage/National Living Wage rates, for reasons including fair pay for their workers, and transparency of the annual increases, with usage of the Minimum Wage by far the most prevalent. Some employers also reported paying their employees above the National Living Wage rates to improve staff recruitment and retention, or to make employees feel valued.

Despite wages generally rising, this is not the case for all workers. Research[iii] notes that the *"number of jobs paid at or below the minimum wage has increased since it was first introduced in 1999, when it covered 834,000 workers. It is estimated that around 1.08 million more people are in jobs paid at or below their relevant minimum wage rate in 2024 than in 1999."* And although workers in the bottom 30% of the pay distribution all benefited when the National Living Wage was increased as pay rates and differentials moved accordingly, pay for those in the brackets immediately above the Minimum Wage range have seen growth stagnate and the pay differentials between different grades and job roles reduced.

Whilst Minimum Wage employment exists in a number of workplaces, Community notes that they are often concentrated in a relatively small number of occupations. Around a third of all Minimum Wage jobs were in just two occupation groups in 2024 – retail and hospitality. And we also have worries about those in the most critical industries – such as carers, the health service and education (support staff) as well as those in logistics who are paid on Minimum Wage rates or just above. Workers in these sectors are often subject to additional mandatory overtime expectations, which can dramatically reduce their hourly rate causing it to fall below the minimum required by law. As members noted:

- *My agency's hourly rate has not kept match, and as a live in carer, I'm on call 22 hours a day, so difficult to calculate appropriate hourly rate.*
- *My salary has gone up – very grateful. We are unable to afford as many people, so we are very busy and pulled every which way.*
- *Skilled workers in my place of work are now only earning about £150 a month above the minimum wage. This doesn't seem right. Equally, it's common in the third sector for management wages to be comparably poor ... It's common to see middle management posts advertised at around £27,000 - £31,000k (sometimes they're even lower than this) which means that managers are overseeing whole services and whole teams and only earning about £100 a month more than the people they manage.*

In some parts of the UK, especially around London, the National Living Wage remains insufficient to provide an adequate standard of living or reflect the level of skill and experience of our members working in low paid roles.

- *I do not think in the South the minimum wage is fair, as rents are higher and generally the cost of living is higher, if you work for a living you should be able to pay the bills as a couple or if your* [sic] *single you should be able to pay your bills and set money aside for savings.*
- *Minimum living wage needs to increase with London [cost of living].*
- *Wages have risen, but not in line with the increase in the cost of living for everyone.*

Again, there are concerns amongst members that some employers see the National Living Wage as an acceptable minimum regardless of the necessary cost of living, meaning that other staff wages have not been increased and higher wage ranges, such as the Living Wage Foundation rate, are no longer offered. Other employers are reducing the headcount and employing staff through agency contracts.

- *Employers use the NMW as a reason not to pay more. More emphasis and education needs to be on the minimum wage element it's not a reason for employers to call themselves good employers.*
- *Company's should not treat the NMW as the standard payment they should be ashamed that full time workers qualify for benefits if someone qualifies for benefits then it's obvious there* [sic] *not paying enough.*
- *Nobody at work is on NMW, but our wage is increasing at a slower rate making it harder to make ends meet. Recruitment and retention are falling as you can earn more elsewhere or get a less dangerous job for the same pay.*

Members noted some companies transferring workers or engaging individuals on a self-employed contractor basis, where no minimum wage applies. This does nothing to confirm the security of a regular wage that the National Minimum Wage and National Living Wage were brought in to preserve.

As we mentioned previously, like pensions and their 'triple-lock', it would seem appropriate for the National Living Wage to have an in-built connection to the state of the economy, inflation and the cost of living in order to continually have a positive impact on the lowest paid whilst also being mindful of the impact on the differentials between the lowest paid and those on the next pay bracket.

Members commented:

- *I believe a legal minimum wage is a good thing, but it currently isn't a real living wage that can actually be lived on. More attention should be paid to bringing it in line with the Real Living Wage. I also think that in some cases it keeps wages down with some employers advertising jobs with 'we pay the minimum wage' as if they are doing something special and there's no need to pay more.*
- *Minimum wage should be related to living costs including housing etc. many people are barely able to afford to be a lodger let alone rent a comfortable place to live. But also wage progressions should be fair and clear.*
- *Minimum Wage should continue to rise annually, but we also need to see increases in higher banded work such as management and specialized & skilled roles, in line with rises in NMW and to keep pace with it.*
- *A campaign on pay rates should link in with other campaigns about the cost of housing & childcare and the availability and reliability of public transport, because otherwise all that will happen is that as our wages rise, privatised public transport companies and landlords will put up their prices as well.*
- *They should be the same for anyone over 18. What is it saying to young people if we refuse to treat them as adults in this important aspect? I can accept them being lower for minors, as employers have additional duty of care and restrictions RE work times etc., but all adults should be paid equally. The rates should also allow people to live with dignity and fully participate in society, not just cover the bare minimum.*

As noted in our preamble, the majority (38.5%) of members suggest that the living wage should be increased to around £15 from April 2026.

Experience of those on low pay over the past year

8. Recent increases in the NLW have exceeded increases in average prices. How far has this helped workers at or close to the minimum wage to meet their living costs?
9. What has happened to quality of work recently? For example, have workers experienced changes in contract types, flexibility, workplace harassment and work intensification (e.g. greater expectations for workers to work more flexibly, with greater effort, to higher standards etc)?
10. What has happened to wider benefits available to workers (including premium pay and non-pay benefits across the workforce)?
11. What are the barriers preventing workers from moving to a new job, particularly one that is better paid?
12. How has access and cost of childcare and transport affected workers' ability to move into work or to a better paying job?
13. What opportunities are there for progression to better paid work for low paid workers and how common is promotion?
14. What has been workers' experience of the Universal Credit system and how the minimum wage interacts with it? Have these influenced workers' approach to how many hours they work and whether they move to another better paying job?

In 2023, the lowest-paid occupation in the United Kingdom was estimated to be retail cashiers and check-out operators, followed by childminders, waiting and bar staff, and classroom teaching assistants.[iv] ONS data confirms that this has changed very little in the past two years. Although the median gross annual earnings for full-time employees had risen 6.9% to £37,430, this was far in excess of what some workers were capable of realising.[v] For example, coffeeshop workers and school midday staff and crossing patrol workers both earn less than £20,000 per year. This is just 53% of the annual median salary.

And as before, hospitality and catering jobs remain among the lowest paid, at around £20,837 for bar staff, £21,588 for waiting staff, and supervisory staff only earning £23,421. And *"while childcare and early education play a vital role in shaping future generations, many of these jobs fall within the bottom 40 in terms of pay"*. Childminders (£20,189), early years practitioners (£22,060), early education and childcare assistants (£22,781), and even early childcare proprietors (£24,388) all earn significantly below the overall median salary.

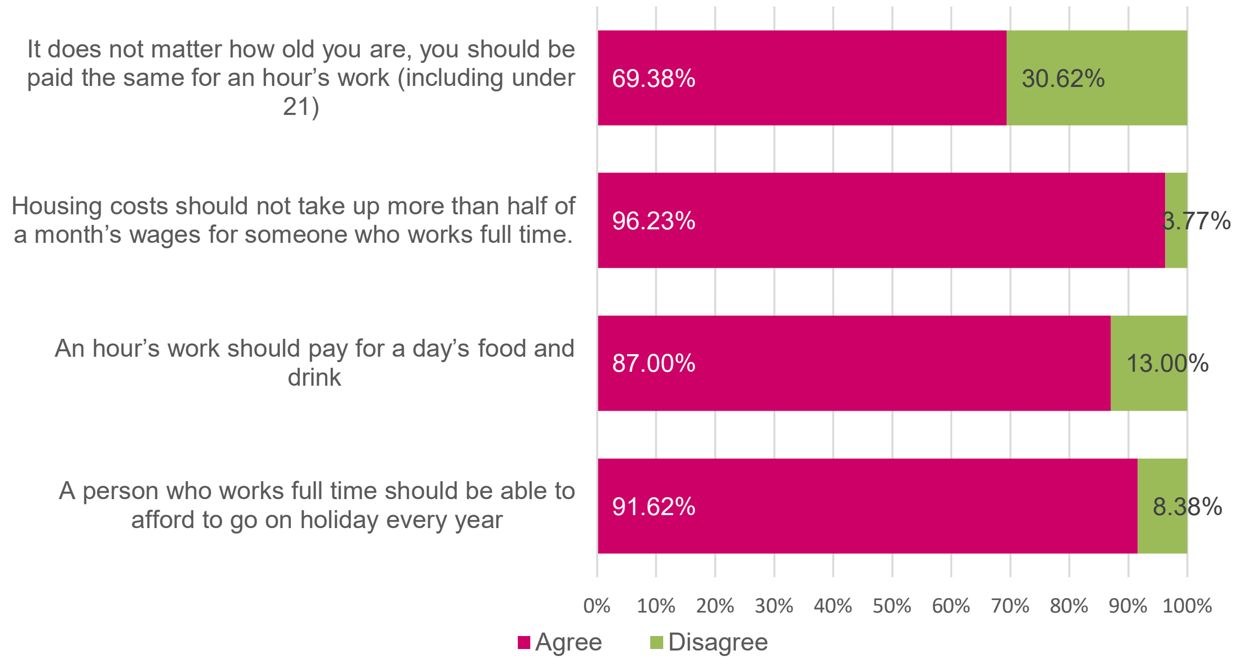
Despite the not-insignificant increases to the National Living Wage, the now baked-in price rises that have been seen over the past two years for groceries and other goods, as well as fuel and energy costs, means that there has not been a commensurate rise in living standards, with many individuals still unable to meet rental and utilities costs on one salary alone.

We noted last year that the sharp increase to the cost of living across the UK during 2021 and 2022, during which the annual rate of inflation reached a 41-year high of 11.1%, would be something that households would battle for years to come. And despite recent data showing the annual (CPIH) inflation rate was 4.0% in May 2025, down just slightly from the 4.1% seen in April 2025,[vi] households, employers and the wider economy are still battling shrinkflation and baked-in prices. Even the 3.4% CPI inflation rate remains higher than the Bank of

England's target of 2%,[vii] so it comes as little surprise to note that 66% of households in Great Britain reported that their cost of living had increased in the previous month, with this increasingly by 14 percentage points in just twelve months.[viii]

Food costs have risen dramatically – over the two years from March 2022 to March 2024, food prices rose by 23.9%,[ix] and have now risen by 28.6% to a high of £55.98 per week, showing that *"despite some slowing over previous months, food prices still remain high".*[x] And new modelling by the British Retail Consortium forecasts that food prices will rise a further 4.2% on average in the latter half of 2025.

Members felt it was reasonable for an employee working full-time to be able to afford food and drink. Furthermore, 96.23% of respondents felt that housing costs should not take up more than half of a month's wages for someone who works full time.

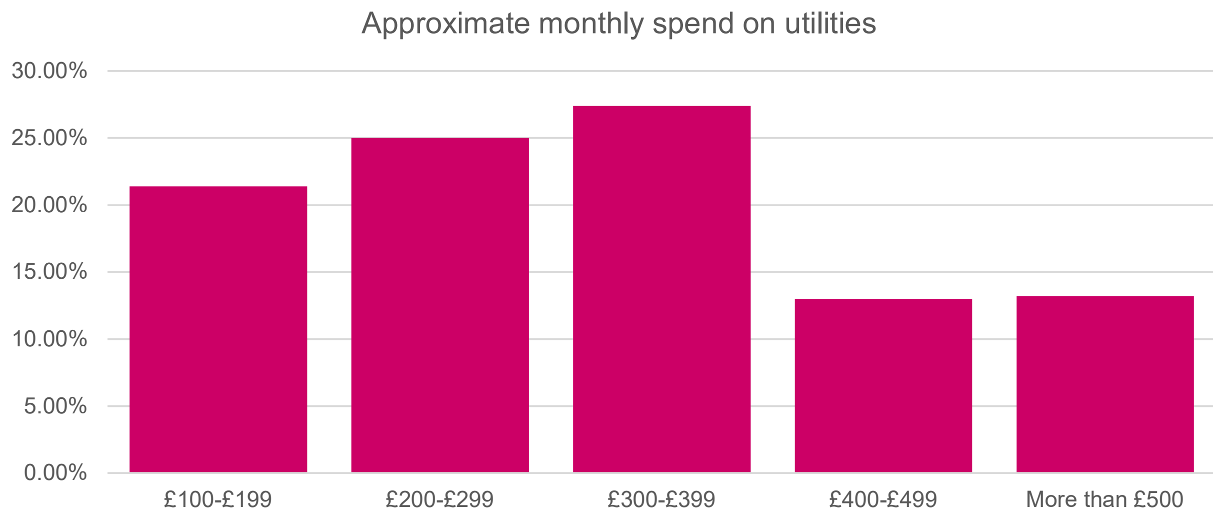


According to Zoopla[xi], average rent across the UK has grown 2.8% in the year to April 2025, with the average rent for new lets now at £1,287. In Scotland, rental inflation has slowed sharply from 9.1% a year ago to 2.4% now and this is repeated through the UK, with rental inflation slowing across all regions, with rises ranging from 1.1% in Yorkshire to 5.3% in the North East. Except for Yorkshire and the Humber, London once again recorded the lowest percentage increase of 1.5%, though average rents in London now exceed £2,175 per month which is more than double those across Wales, and treble those in the North East. This means that average rental costs have grown by 21% over the past three years compared to 4% for house prices.

Therefore, in order for average rental costs to take up no more than half of a month's gross wage, as mentioned above, the National Living Wage would need to be at least £14.85, based on a 40-hour week, before any other housing costs such as council tax or utilities are filtered in.

In addition, council tax has seen the average Band D rate increase by 5.0% for 2025/26, taking the average council tax bill to £2,280.[xii]

And it is not just council tax bills that have risen. Energy prices have also risen far above the level of inflation, with the average annual dual fuel (gas and electricity) bill for a three-bedroom house in the UK now around £1,771[xiii]. Around 4 in 10 adults (41%) who pay energy bills noted it was very or somewhat difficult to afford them. This is despite 44% of adults in Great Britain using less fuel, such as gas or electricity, in their homes because of the rising cost of living.[xiv]



Community welcomes the Labour Government's ambition to address the cost and availability of childcare in order to support working parents. According to the Institute for Fiscal Studies, 16% of families using formal childcare for a pre-school-aged child report finding it difficult or very difficult to manage these costs. [xv] In 2019, among families using formal childcare, the median family with a 1-year-old spent just over £90 a week, and yet the cost of provision has almost tripled, with the average median cost now £239 per week – a 166% increase in six years.[xvi]

Members note:

- *Childcare makes up the bulk of my daily expenses, even though my daughter is in full time education. Due to additional needs that she has, I am stuck with my current duties and role due to my need to be flexible in order to meet the needs of my family.*
- *I can't move to another company because I have to work part-time due to the costs of childcare. The local nurseries have 2 year waiting lists so there is no way I could change my working days.*
- *Transport is the big problem, not only the cost of but the time taken. There are no jobs where I live, all the jobs are in [the city] which is over an hour away even at favourable times for traffic. Employers understandably are not particularly interested in staff living that far away and applying is largely pointless and increased housing costs make relocating impractical.*

This means, for many of the lowest paid, it simply does not pay to work despite the fact that the UK graduate labour market appears strong [xvii] and wages are now rising above the rate of inflation.[xviii] Indeed, according to the BBC, wage growth, has remained strong into 2025, growing by approximately 5.9%, with the UK unemployment rate remaining unchanged at 4.4%. This wage growth was strongest in the private sector with average growth of 6.2%. When adjusted for inflation, wages grew 3.4% in real terms, which is notably higher than the previous twelve months.[xix]

In relation to the impact of the changes and increase to the National Minimum Wage from April 2025, some members noted that there had been "No major changes" as "almost all people around me earn over minimum wage". Others noted that the changes had not personally affected them much:

- *Nice to see youngsters getting a fair deal. It promotes advancement.*
- *It doesn't affect me, but I see it happening around me and people are loosing* [sic] *jobs or having their hours cut.*

However, some members reported seeing some significant changes at their workplace.

- *Tightened staffing to just cover ratios , younger staff brought in over older more experienced staff*
- *I'm currently working in a pub, we're always short staffed. It's a deliberate choice because of the increase in MW and NI tax.*
- *Increases and decreases impact everyone from employees to employers. For me personally my clients now haggle for the cheapest rates. This endangers children in favour of less qualified staff who charge less for the service they offer. This results in agencies driving down standards and offering work to less qualified and cheaper staff.*

The biggest number of comments from members were about the impact on the number of jobs and the relating impact on workload

- *Bigger work load, fewer staff.*
- *Early Years are still way behind. Their skills are immense and complex and often outweigh teachers. Teachers are paid annually, often Early Years workers are paid term time only and for less than the actual hours they end up doing.*
- *Staffing levels go down as wages increase to offset the cost so workload increases and the staff left are no better off as they have to take up the slack of the people who have disappeared.*
- *Workload is crazy.*

And others noted that an increase to the minimum wage doesn't necessarily increase the wages of all workers.

- *My wages have stayed the same as a skilled job was way above the minimum wage but no increase in years, I am now only slightly above minimum wage only because of shift allowance, with no shift allowance my basic pay walls fall less than minimum wage, almost worth getting a minimum wage job that holds less risk.*
- *Skilled workers pay does not increase which creates no significant benefit for skilled workers over labourers* [sic] *wages.*
- *My salary has not increased since 2013, when I started working for this company. I am a 'manager' but believe in October I will have an increase just to be on minimum wage.*
- *Nat min wage now same as admin level wage bands 2.*

What we need to see are sustained periods of growth in the economy in order to support higher wages and to improve the cost of living for so many workers, and not just those earning the lowest wages, but also those who are just about managing in the grades above the minimum and living wage. As one member pointed out:

- *Nobody wants to work for the minimum wage, when Aldi or warehouses are giving more money per hour and more benefits.*

Lowering the age of entitlement to the National Living Wage to 18

15. The government wishes to move to a single adult rate of the minimum wage for all workers aged 18 and over. The supporting annex lays out some options for achieving this. We welcome any comments on these options, including:

    a. How will reducing the age threshold for the NLW affect you, your members or others?

    b. Are there particular benefits or risks associated with the options presented here (or other options we have not considered)? Do you have views on the best approach to changing the age threshold?

    c. Do you have views on the pace of the transition to an NLW starting at age 18?

    d. What approach should the LPC take to the gap between the 16–17-Year-Old Rate and the minimum wage for 18-year-olds?

    e. How should we evaluate the impact of the steps that we take to move towards an NLW starting at age 18?

As previously noted, Community promotes equal pay for equal work across all our sectors. One of our recent conference motions reads:

> *Conference believes that workers doing the same job should be paid the same amount, irrespective of their age. Conference also recognises the ongoing age discrimination caused by the Statutory Redundancy Pay Scheme.*
>
> *Conference recognises that under the previous Conservative Government, the Minimum Wage gap widened significantly – in both relative and cash terms – between older workers and younger workers. As a result, young workers have seen their wage floor fall behind that of older workers and, according to TUC analysis, more than 700,000 18-20-year-olds could be missing out on an average of £2,400 a year.*

Many 18- to 20-year-olds perform the same roles and responsibilities as older colleagues but are paid significantly less. This undermines the principle of equal pay for equal work and perpetuates age-based inequality. Young workers are often financially independent, supporting themselves through education or early careers, and paying them less than other colleagues for the same work limits their ability to participate fully in society and exacerbates existing inequalities.

Community and other trade unions collectively bargain for fair pay for all workers, regardless of age, on a *same work same pay* basis, giving young workers dignity and assurances that the work they do is valued. We agree that a measured and gradual approach be implemented, as per the Low Pay Commission's 2025 report, and that achieving equality in pay for 18+ workers must come with sufficient time for employers to acclimatise.

As one member noted:

- *It infuriates young people when they are doing the same work as others and get a lot less it makes them feel unappreciated and a feeling of why bother.*

The vast majority of members who responded to our survey noted that there had been very little or no impact to them when the threshold for the National Living Wage was lowered to age 21.

- *All employees at my company have continued to be paid the same regardless of age.*

Members also note that they have seen *"more youngsters employed"* however *"more is expected"* from all workers and that this can lead to disagreements between lower paid workers who see those on the National Living Wage receive higher wage increases than those just above it. This would be particularly noticeable if the NLW were changed to apply to those over 18, as it could mean a significant uplift for many young workers.

- *My salary has stagnated, my workload has increased colleagues are worse off than me with little to no rise at all.*

Paul Nowak, General Secretary of the Trades Union Congress, said*: "It is not right that young workers are paid less for doing the same job as older colleagues. The government is right to commit to ending discriminatory age bands for minimum wage workers. There is no justification for keeping them. Young people face the same cost of living pressures as other adult workers and will welcome their pay being brought into line."*[xx]

Business Secretary, Jonathan Reynolds, has outlined his belief that the gap between pay at age 18 and pay at age 21 should continue to narrow, *"with the national living wage taking steps year by year in order to achieve a single adult rate,"* he said.

In addition to supporting a move to lower the threshold so that all those above 18 earn the same rate, as noted in comments from members, it is vital that other terms and conditions are also equalised, for example National Insurance contributions and tax bandings for all those who are undertaking the same work so employers don't prioritise younger staff only because they are cheaper. Members were clear that employers also need to ensure that there is always experience and that it too is valued with appropriate pay awards.

Young people

The NMW youth rates from 1 April 2025 are £10.00 for 18–20-year-olds (a 16.3 per cent increase) and £7.55 for 16–17-year-olds (an 18 per cent increase).

16. How have recent changes in the minimum wages for young people affected their employment prospects?
17. How do the youth minimum wage rates influence employers' decisions about hiring and pay, and young people's decisions about employment?
18. What other factors determine pay for young people aside from the rates? For example, job role, skills or length of time in the job.
19. Why do employers make use of the youth rates (including pay rates above the youth minimum wages, but below the NLW)? To what extent has this been affected by the recent tight labour market?
20. Employer National Insurance has risen at the same time as the NLW, but workers below 21 do not attract employer NICs. Has this affected employers' recruitment decisions?
21. At what level should these rates be set from April 2026?

Community Union was encouraged by the move to implement the National Minimum Wage for workers over the age of 21 and, as mentioned previously, would support a move to further lower the application to all those over the age of 18 in line with our policy position of equal pay for equal work.

- *Minimum wage should be the same across the board for all age groups as someone who is 18 will be doing the same job as someone who is 30, 40, or 70!*

The impact of the introduction of the National Minimum Wage has been positive in many ways. Whilst it has been effective in rising wages and lifting many directly out of poverty, there have also been some wider benefits such as:

- *Other support staff have realised how poorly they have been paid and how far their income has slipped back over the years. My employer may not be able to keep me on after my current contract ends in August.*
- *The recent increases in the minimum wage rate have meant that the minimum wage has come up to the level of wages paid to staff such as machine operators and laboratory technicians. As a result annual pay rises have been above inflation.*

The median hourly earnings for full-time employees in the United Kingdom by age were virtually unchanged on the previous two years, with those aged between 40 and 49 the highest earning with an average hourly salary of £21.16 an hour (£22.20 for men and £20.12 for women). By contrast, workers aged 16 to 17 were the lowest earning age group by some considerable margin, earning an average of just £8.62 per hour.[xxi] Curiously, the 16-17 age group was the only range where females (£8.74) earned on average more than males (£8.50).

Unfortunately, we note that since the introduction of the Minimum Wage back in 1999, some employers have taken advantage of the differing pay rates favouring younger workers over older but still inexperienced staff due to the incentive of reduced wages for younger workers, which until recently applied to all under the age of 23.

- *New staff are now on the same rate as experienced staff who have a lot of years* [sic] *service.*

It is worth pointing out that many young people (under the age of 21) are in full-time employment and yet are unable to meet monthly obligations for rent, services, insurance and food. We have already pointed out the high and rising costs of rent and utilities across the country, and this is especially the case in places of particularly high cost such as London and other major UK cities.

We asked members what should happen to the salary of those aged 18-20 and 89% felt that it should be increased in line with, or more than, the rate of the cost-of-living. Similarly, 85% felt that the apprenticeship and youth rates for those under 18 should also rise by at least the rate of inflation.

Therefore, as previously mentioned, Community would support moves to ensure equal pay for equal work, achieved over an extended timetable of implementation to maintain continued employment security for all workers and to support businesses through a gradual transition.

Apprentices

The NMW Apprentice Rate from 1 April 2025 is £6.40 (an 18per cent increase).

22. The Apprentice Rate increased in April by 18 per cent. What do you expect the effects of this increase to be?
23. What is the outlook for the recruitment and employment of apprentices? What are the drivers of employers' decisions on this?
24. How do employers set pay for apprentices? How does this differ from other parts of the workforce?
25. Our advice to the Government on the future of the NMW recommended significant changes to the treatment of apprentices, including the replacement of the Apprentice Rate by a discount against the relevant NMW age rate. We welcome any comments on these recommendations.

Community is not responding to these questions.

Compliance and enforcement

26. What issues are there with compliance with the minimum wage and what could be done to address these?

27. What comments do you have on HMRC's enforcement work?

More enforcement work by HMRC has resulted in more than 60,000 workers who had been underpaid being repaid over £7.4 million. [xxii] This work to hold over 500 companies to account is exactly what members have been calling for and supports the Labour Government's *Plan for Change* to grow the economy and *Make Work Pay*.

Figures from October 2024 show that among employees aged 16 years and over, the estimated proportion of employee jobs paid below the NLW and NMW has increased slightly in April 2024 (1.3%, approximately 371,000 employee jobs) compared with April 2023 (1.2%, approximately 351,000 employee jobs).[xxiii]

It is clear that although there have been some recent high-profile successes, there is more to be done to ensure the Minimum Wage is enforced and to take action against employers who routinely flout the law. Community believes that widening collective bargaining coverage is one of the most effective ways to address these challenges. Notably, our Member Service Centre has not received a significant number of complaints regarding compliance, indicating that workers who have the protection of a union are less likely to face challenges.

Members still feel that more could be done to secure pay for all workers. A significant number of members raised concerns around zero-hour contracts and their use to undermine the National Living Wage. We welcome the Government's Employment Rights Bill and its work to address this issue. We encourage the Government to continue in this vein and implement the provisions within this bill as soon as possible after royal ascent.

Members were clear that in order for compliance and enforcement to be effective, people needed to know what they were entitled to. Members explained that they would appreciate clear advertising of the National Wage rates so that people are more aware of what they should be getting paid. And that this could be coupled with wider publicity around how to report issues to HMRC through their website.

In addition, we noted the strength of feeling of members when we stated last year that the Government lacked the capacity to oversee businesses which pay cash-in-hand or otherwise have irregular pay structures. Members are clear that there needs to be a:

- *Clamp down on black economy, [and] cash in hand work.*

And this is supported by the National Institute of Economic and Social Research who note "They pay cash in hand, they don't worry about the wage, they just do a deal with a person, […] there is nobody out there checking on that, on their safety or anything at all. [..] that's the area that I think is very neglected."[xxiv]

As noted above, Community believes that HMRC's work could benefit from increased visibility and media attention to ensure that workers are aware of their rights and of the fact that prosecution does happen.

Accommodation Offset

28. The accommodation offset increased by 6.7% in April, to £10.66. What has been the effect of recent increases in the offset on employers' decisions on the provision of accommodation?
29. What impact does the offset have on workers? What are the hours, pay and working conditions of workers for whom the offset is deducted?

Community is not responding to these questions.

Economic outlook

30. What are your views on the economic outlook and business conditions in the UK for the period up to April 2026? We are particularly interested in:
    - the conditions in the specific sector(s) in which you operate.
    - the effects of Government policies and interventions.
    - the current state of the labour market, recruitment and retention.
31. To what extent have employers been affected by other major trends in the economy and labour market: for example, tariffs, inflation, Brexit, the shift to homeworking or changes in the numbers of migrant workers in the UK?
32. Apart from the minimum wage, what are the key drivers of pay decisions in low-paying sectors and occupations? For example, this could include the cost of living, availability and retention of staff, demand, changes to Universal Credit/other benefits, access to transport or homeworking.
33. How do employers balance pay pressures for low-paid workers with those for others higher up pay scales? In this context, how do employers decide the money available for their pay bill? Is this based on wages as a share of profits and if so, has this changed over time?
34. How has inflation and the cost of living factored into wage setting? What has been your experience of wage growth and inflation in the last year, and what are your views on forecasts for the next couple of years?

The UK economy has not been particularly strong in the past few years, mostly as a result of COVID-19 impacts and the mismanagement of the economy by the previous Conservative Governments. This has led to significant pain in the jobs market. Most of the employment pain has been in sectors largely employing non-graduates, such as retail and services[xxv] and this meant that although the economy slowly got weaker in the last year, the jobs market, particularly for graduates, was a little stronger than the rest of the economy might suggest.[xxvi]

Indeed, the country's leading graduate employers anticipated taking on more than 3,000 additional graduates beyond their original recruitment targets for 2023.[xxvii] This would have meant a rise of more than 6% year-on-year, however, due to the fear of recession, graduate recruitment was actually 6.4% lower in 2023 than it had been the previous year, rather than the 6.3% increase predicted in January 2023.[xxviii]

According to the Office for National Statistics, the estimated number of vacancies continues to fall, down by 17.3% over the previous year. However, there remain labour shortages in key industries such as health and logistics where employers have found it difficult to recruit and retain staff for key roles. Brexit also continues to have a marked effect, particularly with respect to trade difficulties and shortages of raw materials, especially in manufacturing. Rising energy costs have significantly affected our public sector employers and make it more challenging for our steel sector to compete in the international market. [xxix]

The median graduate starting salary on offer from the UK's leading employers has risen, to £34,000 for graduates starting work in 2024. This is an increase of £500 compared to the median salary paid to new graduates in 2023 and means that graduate pay has risen by

13.3% since 2021.[xxx] However, pay is a significant issue for graduates who are leaving university with some of the highest debt ever seen in the UK. Current estimates indicate that students leave university with £45,000 of debt[xxxi] to be repaid over an average of 40 years.

From April 2024, Department for Work and Pensions benefits that are linked to inflation were uprated by 6.7% (in line with the annual CPI inflation rate in September 2023), as were inflation-linked tax credits elements and benefits administered by HM Revenue and Customs. For 2024/25, the basic State Pension and new State Pension will be increased by 8.5% in line with average earnings growth.[xxxii]

It is clear that benefits and pensions continue to rise broadly in line with inflation, and yet this does not seem to occur with wages. Community remains deeply concerned that wage growth does not and has not kept up with the record levels of inflation. As a result of rising inflation, those wage settlements which were, at the time of negotiation, above inflation become eroded, pushing the lowest paid further into deprivation. And even now that inflation has settled somewhat, its impact is still felt through price rises that are now ‘baked in’.

At the time of writing, inflation (CPIH) was 4%, double the Bank of England’s target of 2%, though significantly down on the historic highs of 2022.

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