

Title: Amendment to the National Minimum Wage regulations 2011- increase in NMW rates Lead department or agency: Department for Business Innovation and Skills (BIS) Other departments or agencies:	Impact Assessment (IA)
	IA No: BIS0280
	Date: 20/04/2011
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

The aim of the National Minimum Wage (NMW) is to provide protection to low-income workers by avoiding potential exploitation by employers who in the absence of government intervention could undercut competitors by paying unacceptably low wages; and also to provide incentives to work. The NMW came into force in April 1999 and since then the NMW rates have been updated annually, approximately tracking average earnings growth over the past four years after a period where they grew at a faster rate.

What are the policy objectives and the intended effects?

The NMW sets a wage floor below which pay cannot fall ensuring protection for low-income workers, while also providing incentives to work. The aim when setting the rates is to help the low paid through an increased minimum wage, while making sure that their employment prospects are not damaged by setting it too high.

The Government has stated in the Coalition Programme that it supports the NMW because of the protection it gives low-income workers and the incentives to work it provides.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Once the Low Pay Commission makes its recommendations on the main NMW rates the Government has two options to consider.

1. Agree with all the LPC recommendations on NMW rates and implement the new rates
2. Reject all or some of the LPC recommendations

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 4/2012

What is the basis for this review? Duty to review. **If applicable, set sunset clause date:** Month/Year

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?

Yes

SELECT SIGNATORY Sign-off For final proposal stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:

Edward Davey

Date: 11/06/2011

Summary: Analysis and Evidence

Policy Option 1

Description:

Option 1 - Agree with all the LPC recommendations on NMW rates and implement the new rates.

Price Base Year 2010	PV Base Year	Time Period Years 1	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: £2.3m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			Optional
High			Optional
Best Estimate	£0	£3.3	£3.3

Description and scale of key monetised costs by 'main affected groups'

Business - There are no costs associated with the adult NMW rate as the proposed increase is in line with average weekly earnings growth. However there is an increase in labour costs attributed to the proposed increase in the apprentice rate; £3.3 million (of which increase in wage bill accounts for £2.9m received by workers, remainder are non wage labour costs (a transfer from employers to workers or the exchequer)).

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate	£0	£5.6	£5.6

Description and scale of key monetised benefits by 'main affected groups'

Business - There are no benefits associated with the adult NMW rate as the proposed increase is in line with the average weekly earnings forecasts. Savings are a result of NMW rates for 16-17 year olds and 18-20 year olds rising less than average weekly earnings growth forecast; £5.6m of which 16-17 year olds account for £0.7m and 18-20 year olds account for £4.9m. Non wage labour costs accounts for £730,000 of which £90,000 from 16-17 year olds and £640,000 from 18-20 year olds.

Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks

Discount rate (%)

N/A

Main assumptions can be found in the impact assessment. The uprating of the NMW involves transfers between employers and workers and employers and the Exchequer. As this impact assessment involves an annual uprating the time period is one year.

Direct impact on business (Equivalent Annual) (£m):			In scope of OIOO?	Measure qualifies as
Costs: £3.3	Benefits: £5.6	Net: - £2.3	No	NA

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	United Kingdom				
From what date will the policy be implemented?	01/10/2011				
Which organisation(s) will enforce the policy?	HMRC				
What is the annual change in enforcement cost (£m)?	0				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	N/A				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/a		Non-traded: N/a		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro NQ	< 20 NQ	Small NQ	Medium NQ	Large NQ
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	No	17
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	17
Small firms Small Firms Impact Test guidance	No	17
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	22
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	22
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	22
Human rights Human Rights Impact Test guidance	No	22
Justice system Justice Impact Test guidance	No	22
Rural proofing Rural Proofing Impact Test guidance	No	22
Sustainable development Sustainable Development Impact Test guidance	No	22

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No.	Legislation or publication
1	National Minimum Wage Low Pay Commission Report 2011 http://www.lowpay.gov.uk/lowpay/report/pdf/Revised_Report_PDF_with_April_date.PDF
2	Government evidence to the Low Pay Commission on the economic effects of the National Minimum Wage Report 2011 http://www.bis.gov.uk/assets/biscore/employment-matters/docs/g/11-p109-government-evidence-to-low-pay-commission-on-national-minimum-wage.pdf
3	Government non-economic evidence to the Low Pay Commission http://www.bis.gov.uk/assets/biscore/employment-matters/docs/n/10-1153-national-minimum-wage-non-economic-evidence-2010.pdf
4	Forecasts for the UK economy: a comparison of independent forecasts http://www.hm-treasury.gov.uk/d/201101forecomp.pdf

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	£0m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual recurring cost	£3.3m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total annual costs	£3.3m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transition benefits	£0m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual recurring benefits	£5.6m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total annual benefits	£5.6m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* For non-monetised benefits please see summary pages and main evidence base section

Annual profile costs and benefits - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	12345									
Annual recurring cost		12345	12345							
Total annual costs										
Transition benefits										
Annual recurring benefits							12345	12345	12345	12345
Total annual benefits				12345	12345					

Version of GHG guidance used:

Sector	Emission Changes* (MtCO2e) - By Budget Period		Emission Changes (MtCO2e) - Annual Projections																
	CB I; 2008-2012	CB II; 2013-2017	CB III; 2018-2022	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Power sector	Traded	0	0	0															
	Non-traded	0	0	0															
Transport	Traded	0	0	0															
	Non-traded	0	0	0															
Workplaces & Industry	Traded	0	0	0															
	Non-traded	0	0	0															
Homes	Traded	0	0	0															
	Non-traded	0	0	0															
Waste	Traded	0	0	0															
	Non-traded	0	0	0															
Agriculture	Traded	0	0	0															
	Non-traded	0	0	0															
Public	Traded	0	0	0															
	Non-traded	0	0	0															
Total	Traded	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Non-traded	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost effectiveness	% of lifetime emissions below traded cost comparator																		
	% of lifetime emissions below non-traded cost comparator																		

* Important note: Please enter net emission savings as positive numbers and net emission increases as negative numbers.

Evidence Base (for summary sheets)

A: Strategic overview

Existing Government initiatives

The National Minimum Wage (NMW) was introduced in April 1999. The rates have increased annually, most recently in October 2010. The adult minimum wage rate has increased from £3.60 in April 1999 to £6.08 (to come into effect in October 2011). The development rate (ages 18 to 20) has also increased from £3.00 in April 1999 to £4.98 (to come into effect in October 2010). A separate rate for 16-17 year olds was introduced in October 2004 and has increased from £3.00 to £3.68 (to come into effect in October 2011). From October 2010, the adult rate also applied to 21 year olds and the development rate applied to 18 – 20 year olds.

From October 2010 an apprentice Minimum Wage of £2.50 per hour was introduced for those who are either aged below 19 or who are aged 19 or over and in the first year of their apprenticeship. The apprentice minimum wage is to increase to £2.60 (to come into effect 2011).

B: The issue

What is the problem under consideration? Why is government intervention necessary?

Decisions on the NMW rates are made by the government following consideration of recommendations by the independent Low Pay Commission (LPC). The LPC reports contain a large body of evidence and analysis on the impact to date of the NMW. The evidence and data collected and produced by the LPC have been used to inform this IA¹.

The aim of the National Minimum Wage (NMW) is to provide protection to low-income workers by avoiding potential exploitation, by employers who in the absence of government intervention could undercut competitors by paying unacceptably low wages; and also to provide incentives to work. The NMW came into force in April 1999 and since then the NMW rates have been uprated annually, approximately tracking average earnings growth over the past 4 years after a period where they grew at a faster rate.

The NMW varies by age band (16-17, 18-20) primarily because the labour market position of younger workers is more vulnerable to potential negative employment effects associated with increases in labour costs (the evidence shows that young workers experience substantially worse unemployment and employment rates than adults). The Government's position is consistent with that of the LPC who have consistently argued that young workers should be treated differently from their older counterparts in order to protect employment and at the same time reflect the training element attached to younger workers. The NMW structure therefore provides for lower NMW rates for worker aged below 21.

In October 2010, the Government introduced a new apprentice minimum wage which applies to those apprentices who were previously exempt from the NMW (that is, apprentices who are aged under 19, or aged 19 or over and in the first year of their apprenticeship). This was to ensure that these apprentices received the legal protection of the NMW. There are costs to the apprenticeship provider (of the training, the lower productivity during training and the opportunity cost of managing the apprentice at the workplace); and considerable gains to the individual apprentices through higher future earnings and increased employment prospects. The Government considers that the level at which the apprentice minimum wage is set provides a fair deal for apprentices which protects them from exploitation whilst at the same time not deterring businesses from taking them on.

Consultation

Within government

¹ National Minimum Wage Low Pay Commission Report 2011
http://www.lowpay.gov.uk/lowpay/report/pdf/Revised_Report_PDF_with_April_date.PDF

BIS has been working closely with HM Treasury

Public consultation

The LPC consulted a range of stakeholders including employee and employer organisations to recommend new updated NMW rates. A full list of those consulted and a summary of responses can be found in the LPC report².

C: Objectives

The NMW sets a wage floor below which pay cannot fall ensuring protection for low-income workers, while also providing incentives to work. The aim when setting the rates is to help the low paid through an increased minimum wage, while making sure that their employment prospects are not damaged by setting it too high.

D: Options identification

Options

Option 1) Agree with all the LPC recommendations on NMW rates and implement the new rates

Option 2) Reject all or some of the LPC recommendations

The Government's preferred option is to agree with the LPC recommendations on NMW rates. The analysis contained within this impact assessment is based on option 1.

The LPC in their latest report to the government have recommended the following NMW rates:

Table 1. NMW rates from October 2011

Age band	October 2010 rate	October 2011 rate
Adult rate (for workers aged 21+)	£5.93	£6.08
Development rate* (for workers aged 18-20)	£4.92	£4.98
16-17 year old rate	£3.64	£3.68
Apprentice rate	£2.50	£2.60

Source: Low Pay Commission.

The LPC has recommended this latest rate rise after a wide ranging consultation and careful consideration of economic evidence and the impact on the employment prospects of low paid workers. The LPC's analysis is set out in their report.

The Government accepts the LPC's conclusion that these proposals strike a balance between recognising the continuing economic uncertainty while protecting the lowest-paid workers from falling further behind the average.

E: Analysis of options

Costs and Benefits

In assessing the impact of the NMW uprating, we need to establish what might have happened in the absence of the uprating. We therefore make the assumption that in the absence of the NMW, wages would have increased in line with Whole Economy Average Weekly Earnings Total Pay (AWE). We make this assumption as AWE is a summary measure of the outcome of negotiations between businesses and workers and is therefore considered what would have happened in the absence of the NMW.

² National Minimum Wage Low Pay Commission Report 2011
http://www.lowpay.gov.uk/lowpay/report/pdf/Revised_Report_PDF_with_April_date.PDF

The HM Treasury Panel of Independent Forecasts³ January 2011 forecasted the growth rate of AWE for 2011 at 2.6 per cent.

Therefore any changes in the NMW uprates which are not in line with AWE growth will mean the NMW uprate having an impact on the total labour costs for firms. Table 2 illustrates the proposed percentage increase of the NMW uprates and outlines the impacts on employers and employees.

Table 2: Impact of Proposed NMW uprates

Age band	Adult rate (21+)	Youth development rate (18-20)	16-17 year old rate	Apprentice rate
Proposed changes percentage increase	2.5%	1.2%	1.1%	4.0%
Impacts:				
Business/employers	No change	Lower labour costs	Lower labour costs	Higher labour costs
Employees	No change	Protection of employment prospects and lower wages	Protection of employment prospects and lower wages	Increase in wages while possible protection of placement prospects

Numbers covered by increase in NMW rates from October 2011

The numbers of jobs that are actually covered by the proposed increases in October 2011 will depend upon what happens to the wages of workers in the period between April 2010 and October 2011. We are assuming full compliance with the NMW⁴. The vast majority of businesses are compliant with NMW.

In this IA, our main assumption is that the hourly pay of all those earning less than the October 2011 rates increases in line with AWE growth (measured by the AWE between April 2010 and October 2011). This is based on an average increase using actual data for the period April 2010 to December 2010,⁵ and a forecast rate of increase thereafter derived from the HM Treasury comparison of the independent economic forecasts.⁶

To estimate the number of workers covered by the forthcoming October 2011 NMW rates we deflate the October 2011 rates by 4.2 per cent (our estimate of AWE growth between April 2010 and October 2011). Using data from the April 2010 Annual Survey of Hours and Earnings (ASHE) we then measure the number of workers paid below the deflated rate (see table below for more details). The reason we deflate the October 2011 NMW rates back to April 2010 is because we use ASHE data collected in April 2010 to produce our coverage estimates.

On this methodology, around 909,000 workers will be covered by the proposed October 2011 NMW uprating. This comprises of around 10,000 16-17 year olds; around 40,000 18-20 year olds, around 840,000 workers aged 21 and over⁷ and around 15,000 apprentices (different methodology was used to estimate the number of apprentices covered see page 12 for details). We estimate that around two thirds of the workers covered by the October 2011 uprating will be women.

However, most workplaces do not employ people at or near current NMW rates and therefore will be unaffected. In the March 2011 Labour Market statistical Bulletin from the Office for National Statistics it was reported 29.16 million people aged from 16 to 64 were employed in the three months to January 2011. Therefore, just over 3 per cent of the number of people employed is estimated to be affected by the uprating.

³ Forecasts for the UK economy: a comparison of independent forecasts <http://www.hm-treasury.gov.uk/d/201101forecomp.pdf>

⁴ It is very difficult to measure the precise level of non-compliance using ASHE data as there are exemptions from paying the NMW.

⁵ Average Weekly Earnings Total pay (including bonuses but exclude arrears of pay) grew by 1.6% April 2010 -December 2010. ONS Average Weekly Earnings Total Pay (KAB9).

⁶ Source: <http://www.hm-treasury.gov.uk/d/201101forecomp.pdf>

Median forecast Whole Economy Average Weekly Earnings (Total Pay) for AWE growth in 2011 was 2.6 per cent in January 2011.

⁷ This is calculated by deflating the October 2011 proposed rates by actual and forecast headline average weekly earnings growth (Total Pay)..

Table 3. Number of workers that are covered by the October 2011 National Minimum Wage uprating by age

Age group	October 2011 rate deflated by 4.2%	Numbers covered
16-17	£3.53	14,000
18-20	£4.78	39,000
21 and over	£5.83	840,000
Apprentices	£2.49	15,000
Total		909,000

Source: BIS estimates based on ONS' Annual survey of Hours and Earnings (ASHE) 2010. Figures have been rounded. Numbers may not sum to total due to rounding.

Cost and benefits of the proposed uprating of the Adult rate (21+)

The proposed changes to the October 2011 rates represent an increase of **2.5 per cent on the current rate for adults**. HM Treasury median forecasts made in January 2011 forecasted a 2.6 per cent growth rate in AWE. While 2.5 does not equal 2.6, the margins for error are such that they are treated the same. Therefore, those employers with staff aged 21 and over, currently paid at or close to the minimum wage will see the earnings of these workers increase by an amount equal to the expected growth rate of AWE.

Thus under our assumption that low pay wages would have risen in line with AWE **for low paid workers aged 21 and over** in the absence of an uprating the **estimated cost impact of the 2011 rate is zero**.

Cost and benefits of the proposed uprating for young workers (16-17 and 18-20 year olds)

The LPC found in their report that the decline in employment prospects for younger workers had accelerated in the recession with greater falls in employment rates and increases in unemployment rates for young people than for older workers. The LPC also found evidence that employers were making greater use of youth minimum wage rates for those aged under 21 and more young people than ever were falling within the coverage of the minimum wage. In response to this the LPC recommended the youth rates rise by slightly less than the adult rate in October 2010. We agree with the LPC analysis and consider that its recommendations should protect the labour market position of younger workers.

The proposed changes to the October 2011 rate for workers aged 18-20 and 16-17 represent an increase of **1.2 per cent for 18-20 year olds** and **1.1 per cent for 16-17 year olds**, both of which are below the forecasted growth of AWE which was reported at 2.6 per cent by HM Treasury in January 2011. Thus those employers with staff aged 16-17 and aged 18-20 currently paid at the minimum wage will see the earnings of these workers increase by less than average earnings.

Consequently, under the assumption that low pay wages would have risen in line with AWE **for low paid workers aged 16 -17 years old and 18-20 years old** in the absence of an uprating the **estimated cost impact of the 2011 rate is a benefit to business**.

Estimating the benefits for a typical business from changes in NMW rates for young workers (16-17 and 18-20 years old)

To estimate the impact on businesses from the proposed changes to the October 2011 rate for workers aged 16-17 and 18-20 we need to examine how wage determination is affected when the rise in the NMW is less than AWE. To do this we need to make some simplifying assumptions.

Firstly we assume that young workers wages are determined by their relevant NMW rates. As the 16-17 year olds rate and the youth development rate (18-20 year olds) has not increased by AWE we make the simplifying assumption that the wages received by young workers earning around the minimum wage will not increase by AWE.

Therefore, for young people we assume in the absence of the NMW, people earning NMW would have increased in line with AWE. However, the proposed changes in the rates for young people represent an increase below AWE. Therefore those workers between the proposed change and the average earnings growth rate will be paid less than they would have in the absence of NMW which represents a saving to business.

Methodology for benefits for a typical business - young workers

The methodology for estimating the saving in wage costs for the uprating is as follows:

- We calculate the additional average hourly saving in pay for those earning between the proposed rate increases and the overall AWE forecast growth. The size of this average reduction will depend on the assumption made about what happens to earnings in these low paid jobs between October 2010 and October 2011. It is assumed that there is full compliance with the October 2010 rate⁸. Multiply this average saving per hour by the average number of hours worked by those workers affected.
- Multiply by 52 weeks per year.
- Multiply by the number of potential workers between the proposed change percentage increase and the AWE growth.

To go from the total wage bill to total labour costs, we add 15 per cent to take account of the cost to employers of National Insurance and any other non-wage benefits (such as pension contributions) that are linked to wages. We use a figure of 15 per cent, which is less than the 21 per cent figure used in other IAs, because low-paying jobs are likely to be associated with smaller non-wage benefits.

The size of the average hourly saving in pay by employers depends on the assumption made about what happens to low-paid earnings between April 2010 and October 2011. We assume that in the absence of any uprating, earnings would have risen in line with AWE.

Benefit for a typical business – from changes in the development rate 18 to 20 year olds

The proposed changes to the 18 -20 year old rate represent an increase of 1.2 per cent, less than the forecasted AWE growth of 2.6 per cent. Therefore the workers between 1.2 per cent and 2.6 per cent are paid less than they would have in the absence of the NMW and this represents a saving to business.

Based on the methodology as set out above, BIS estimate that around 111,036 18 – 20 year olds are between proposed rate increase and the growth in AWE of 2.6 per cent. Using ASHE 2010 data, on average the hourly pay of those affected by the uprate will be £0.02 per hour below the level associated with an uprating by the overall AWE forecast growth. Also based on ASHE 2010 data 18-20 year olds earning less than the deflated October 2011 NMW rate work on average 33.5 hours per week. BIS estimates that the total saving in the wage bill is £4 million. This represents a decrease in total labour costs of £5 million (labour costs is the sum of the wage bill plus non-wage labour costs⁹).

⁸ Although full compliance with the October 2010 rates indicate presumed minimum rates of pay of £5.93 for adults we need to maintain a constant price base. So, we deflate these presumed minima to take account of 6 months of earnings growth between April and October 2010 under the AWE scenario.

⁹ Eurostat define labour costs as the total expenditure borne by employers for the purpose of employing staff. They include employee compensation, with wages and salaries with cash in kind, employers social security contributions (employer NICs), vocational training costs, other expenditure, such as recruitment costs and spending on working clothes, and employment taxes regarded as labour costs minus any subsidies received.

Figure 1. Estimated labour cost saving from 18-20 uprating – due to uprating being less than average weekly earnings growth

Number of workers estimated to be affected by uprating	X	Average hourly pay saving from bringing workers pay to NMW rate*	X	Average hours worked per week	X	Number of weeks in a year	=	Total saving in wage bill*
111,036	X	£0.02	X	33.5	X	52	=	£4,254,327
Total saving in wage bill*	X	15% non-wage labour costs*	=	Saving in non wage labour costs*				
£4,254,327	X	0.15	=	£638,149				
Total saving in wage bill*	+	Saving in non wage labour costs*	=	Saving in labour costs*				
£4,254,327	+	£638,149	=	£4.9m				

Source: BIS calculations. Figures have not been rounded. * Assuming that the businesses do not give a pay rise taking the worker above the new NMW rate.

Benefit for a typical business – from changes in the development rate 16 to 17 year olds

The proposed changes to the 16 -17 year old rate represent an increase of 1.1 per cent, less than the forecasted AWE growth of 2.6 per cent. Therefore the workers between 1.1 per cent and 2.6 per cent are paid less than they would have in the absence of the NMW and this represents a saving to business.

Based on the methodology as set out above, BIS estimate that around 28,857 16 – 17 year olds are between proposed rate increase and the growth in AWE of 2.6 per cent. Using ASHE 2010 data, on average the hourly pay of those affected by the uprate will be £0.03 per hour below the level associated with an uprating by overall forecast weekly earnings. Also based on ASHE 2010 data 16-17 year olds work on average 15.2 hours per week. Due to sampling issues we are unable to filter for those earning below the deflated October 2011 NMW rate. BIS estimates that the total saving in the wage bill is £0.6 million. This represents a decrease in total labour costs of £0.7 million (labour costs is the sum of the wage bill plus non-wage labour costs¹⁰).

¹⁰ Eurostat define labour costs as the total expenditure borne by employers for the purpose of employing staff. They include employee compensation, with wages and salaries with cash in kind, employers social security contributions (employer NICs), vocational training costs, other expenditure, such as recruitment costs and spending on working clothes, and employment taxes regarded as labour costs minus any subsidies received.

Figure 2. Estimated labour cost saving from 16-17 uprating – due to uprating being less than average weekly earnings growth

Number of workers estimated to be effected by uprating	X	Average hourly pay saving from bringing workers pay to NMW rate*	X	Average hours worked per week	X	Number of weeks in a year	=	Total saving in wage bill*
28,857	X	£0.03	X	15.2	X	52	=	£589,754
Total saving in wage bill*	X	15% non-wage labour costs					=	Saving in non wage labour costs*
£589,754	X	0.15					=	£88,463
Total saving in wage bill*	+	Saving in non wage labour costs*					=	Saving in labour costs*
£589,754	+	£88,463					=	£0.68m

Source: BIS calculations. Figures have not been rounded. *Assuming that the businesses do not give a pay rise taking the worker above the new NMW rate

Cost and benefits of the proposed uprating of the Apprentice rate

An Apprentice minimum wage of £2.50 was introduced 1st October 2010. This applies to apprentices aged under 19 and those aged 19 and over in their first six months of apprenticeship.

The LPC noted in their report that it was too early to estimate the impact of the new apprentice rate. However, the LPC concluded that the initial rate was cautious and it appeared that it has had little or no negative effect on the supply of apprentice places. In response to this the LPC recommends the Apprentice rate should be increased from £2.50 to £2.60.

The proposed changes to the October 2011 rates represent an increase of **4.0 per cent on the current rate for apprentices**; this is above the forecasted growth of AWE which was reported at 2.6 per cent by HM Treasury in January 2011 therefore there is a cost to business. Consequently those employers with apprentices currently paid at the minimum wage will see the earnings of apprentices increase by more than AWE.

Under our assumption that low pay wages would have risen in line with AWE for **low paid apprentices** in the absence of an uprating the **estimated cost impact of the 2011 rate is a cost to business**.

Estimating the costs for a typical business from changes in NMW rates for Apprentices

To estimate the impact on businesses from the proposed changes to the October 2011 rate for apprentices we need to examine how wage determination is affected when the rise in the NMW is greater than average earnings. To do this we need to make some simplifying assumptions.

Firstly we assume that apprentice wages are determined by their NMW rates. As the apprentice rate has increased by greater than AWE we make the simplifying assumption that the wages received by apprentices earning around the minimum wage will increase by more than AWE.

Therefore, for apprentices we assume in the absence of the NMW, people earning NMW would have increased in line with AWE. However, the proposed changes in the rates for apprentices represent an increase above AWE. Therefore those workers between the average earnings growth rate and the proposed change will be paid more than they would have in the absence of NMW which represents a cost to business.

Methodology for costs for a typical business – Apprentices

The methodology for estimating the increase in wage costs for the uprating is as follows:

- We calculate the additional average hourly uplift in pay that is required to bring all those jobs paying less than the October 2011 proposed rates onto the NMW. The size of this average increase will depend on the assumption made about what happens to earnings in these low paid jobs between October 2010 and October 2011. It is assumed that there is full compliance with the October 2010 rate¹¹. Multiply this average increase per hour by the average number of hours worked by those workers affected.
- Multiply by 52 weeks per year.
- Multiply by the number of potential beneficiaries (see table 3).

To go from the total wage bill to total labour costs, we add 15 per cent to take account of the cost to employers of National Insurance and any other non-wage benefits (such as pension contributions) that are linked to wages. We use a figure of 15 per cent, which is less than the 21 per cent figure used in other IAs, because low-paying jobs are likely to be associated with smaller non-wage benefits.

The size of the average hourly increase in pay that employers are required to pay to comply with the minimum wage policy depends on the assumption made about what happens to low-paid earnings between April 2010 and October 2011. We assume that in the absence of any uprating, earnings would have risen in line with AWE.

Costs for a typical business – from changes in the Apprentice rate

The proposed changes to the October 2011 rate for apprentices represent an increase of 4.0 per cent, this is above the forecasted growth of AWE which was reported at 2.6 per cent by HM Treasury in January 2011 therefore there is a cost to business.

Unlike with 16-17/18-20 year olds we do not have data that precisely estimates the number of apprentices affected. Therefore to estimate the number of apprentices covered by the forthcoming October 2011 NMW rates we deflate the October rate by 4.2% (our estimate of AWE growth between April 2010 and October 2011). We then used data from the April 2010 Annual Survey of Hours and Earnings (ASHE) to measure the number of workers paid below the deflated rate. The reason we deflate the October 2011 NMW rates back to April 2010 is because we use ASHE data collected in April 2010. We then make the simplifying assumption that everyone earning under the discounted rate is an apprentice.

¹¹ Although full compliance with the October 2010 rates indicate presumed minimum rates of pay of £5.93 for adults we need to maintain a constant price base. So, we deflate these presumed minima to take account of 6 months of earnings growth between April and October 2010 under the AWE scenario.

Based on the methodology as set out above, BIS estimate that around 15,000 apprentices are affected by the uprate. We are assuming the hourly pay of those affected by the uprate will increase by the recommended rate increase of £0.10 per hour. Based on the Labour Force Survey (LFS) Quarterly data (2010 Q1-Q4) apprentices work on average 37.0 hours per week. BIS estimates that the total increase in businesses wage bill is £2.9 million. This represents an increase in total labour costs of £3.3 million (labour costs is the sum of the wage bill plus non-wage labour costs¹²).

Figure 3. Estimated increase in labour costs from apprentice uprating

Number of workers estimated to be covered by uprating	X	Average hourly pay rise needed to bring workers pay up to NMW rate	X	Average hours worked per week	X	Number of weeks in a year	=	Total increase in wage bill
15,000	X	£0.10	X	37.0	X	52	=	£2,900,000
Total increase in wage bill	X	15% non-wage labour costs					=	Increase in non wage labour costs
£2,900,000	X	0.15					=	£400,000
Total increase in wage bill	+	Increase in non wage labour costs					=	Increase in labour costs
£2,900,000	+	£400,000					=	£3.3m

Source: BIS calculations. Figures have been rounded.

Cost and benefits of the proposed uprating of the Accommodation offset

Accommodation is the only benefit in kind that can count towards NMW pay and only up to the accommodation offset limit. The NMW accommodation offset was introduced with the intended purpose of protecting vulnerable workers whose employers might have sought to avoid paying their workers the NMW by levying excessive rent for their accommodation. The LPC noted in their report that they had received no new evidence to convince them of a need to propose any adjustment to the relative position of the accommodation offset.

¹² Eurostat define labour costs as the total expenditure borne by employers for the purpose of employing staff. They include employee compensation, with wages and salaries with cash in kind, employers social security contributions (employer NICs), vocational training costs, other expenditure, such as recruitment costs and spending on working clothes, and employment taxes regarded as labour costs minus any subsidies received.

The proposed changes to the **NMW accommodation offset** is an increase from £4.61 in October 2010 to £4.73 in October 2011. This represents an increase of 2.6%. The accommodation offset has therefore risen in line with AWE and the **estimated cost impact of the 2011 rate will be zero.**

F: Risks

This impact assessment is based on the best evidence base available and a set of necessary assumptions which are subject to uncertainty.

In assessing the impact of the NMW uprating we have made the simplifying assumption that in the absence of the uprating wages would have increased in line with Average Weekly Earnings (AWE). We used the HM Treasury Panel of Independent Forecasts January 2011 which forecasted the growth rate of AWE for 2011 at 2.6 per cent. However, if our counterfactual is incorrect this could lead to an under or overestimate of the costs and benefits.

If AWE increase by less than 2.6 per cent, this could result in an underestimate of the costs for a typical business and an overestimate of the benefits for a typical business. If AWE increase by more than 2.6 per cent, this could result in an overestimate of the costs for a typical business and an overestimate of the benefits for a typical business.

In assessing the benefits for a typical business from changes in young workers rate we have assumed that young workers wages are determined by their relevant NMW rates. As the 16-17 year olds rate and the youth development rate (18-20 year olds) has not increased by AWE we make the simplifying assumption that the wages received by young people earning around the minimum wage will not increase by AWE. If this is not true and young workers wages increase by more than the NMW uprate this could lead to an overestimate of the benefits for a typical business.

Due to lack of available data that precisely estimates the number of apprentices covered by the October 2011 rate we have had to make a simplifying assumption. Using April 2010 ASHE data we make the assumption that everyone earning at or below the deflated October 2011 apprentice rate is an apprentice (we deflate the October 2011 NMW rates back to April 2010 is because we use ASHE data collected in April 2010). This could be an overestimate of the number of apprentices affected by the uprating and therefore could lead to an overestimate of the costs for a typical business.

G: Enforcement

The NMW is enforced by HM Revenue and Customs. HMRC respond to complaints about situations where workers may not be being paid NMW. They also visit employers identified through risk assessment. Individuals may also make a complaint to an Employment Tribunal that their employer has not paid them the NMW. Employers found to have underpaid their workers NMW are required to pay arrears (at the current NMW rates) to their workers and may be subject to a penalty. There is no change in cost of enforcement due to these upratings.

H: Recommendation and summary table of costs and benefits

Table 3 represents a summary of the estimated quantifiable costs and benefits.

	Annual Costs	Annual Benefits
Policy option 1	£3,300,000	£5,600,000

Source: BIS estimates. Figures have been rounded to nearest 100,000

I: Implementation

If Option 1 (agree with LPC recommendations on NMW rates and implement the new rate changes) were selected, the changes to the NMW regulations would be made by secondary legislation and would be expected to come into force on 1 October 2011.

J: “one in, one out” Rule

Implementation by the Government of the independent Low pay commissions (LPC) recommended NMW uprating falls within the ‘fees and charges’ exemption to the ‘one-in one-out’ rule whereby no new regulation can be brought in without other regulation being removed.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review, or there could be a political commitment to review (PIR)];</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p>
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p>
<p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]</p>
<p>Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]</p> <p>BIS will not be planning a PIR for the amendments to the NMW regulations as the LPC extensively monitors and evaluates the NMW each year. The Government's remit to the LPC includes monitoring, evaluating and reviewing the NMW and its impact, with particular reference to the effect on pay, employment and competitiveness in the low paying sectors and small firms; the effect on different groups of workers, including different age groups, ethnic minorities, women and people with disabilities and migrant workers and the effect on pay structures.</p>

Annex 2: Specific impact tests

Competition Assessment

The NMW provides a floor for wages and therefore ensures that firms cannot compete against each other by driving down wages to unacceptable low rates. Most of the sectors where the impact of the NMW is felt are characterised by large numbers of relatively small firms. To the extent that the NMW increases labour costs, these are borne by all employers in a sector. It is therefore unlikely that the NMW creates significant barriers to entry.

We have fully considered the questions posed in The Office of Fair Trading competition assessment test¹ and conclude that uprating the NMW is likely to hinder the number or range of suppliers or the ability and incentive for businesses to compete.

Table A1. Competition assessment.

Question: <i>In any affected market, would the proposal..</i>	Answer
..directly limit the number or range of suppliers?	No
..indirectly limit the number or range of suppliers?	No
..limit the ability of suppliers to compete?	No
..reduce suppliers' incentives to compete vigorously?	No

Source: BIS

Small firms impact test

The LPC's remit required them to consider the impact of the NMW on small firms. Their recommendations were based upon extensive analysis and gathering of evidence, including evidence received from, and discussion with, small businesses and their representatives.

The LPC noted in their report that workers in large firms (250+ employees) are much less likely to be in minimum wage jobs than those in small firms (fewer than 50 employees), especially micro firms (1-9 employees). Of minimum wage workers the LPC estimate that 51 per cent work in large firms, 17 per cent small firms, 17 per cent in micro firms and 16 per cent in medium sized businesses (50-249 employees).

In the LPC report they found the bite of the NMW (the adult NMW as a percentage of earnings) is much greater across the earnings distribution for smaller firms. For example the bite relative to median earnings was 56.6 per cent for small firms compared to 47.4 per cent for large firms.

Microbusiness Exemption Rule

Under the microbusiness exemption rule whereby regulation exempts the organisations of 10 or fewer employees and start-ups, this measure is out of scope because it relates to the National Minimum Wage.

Equality impact assessment

In line with better regulation best practice and the Equalities Duties we have considered the impact of the NMW uprating on minority groups. Considering the impact of the NMW uprating on minority groups is part of the Government's remit to the LPC which includes monitoring, evaluating and reviewing the NMW and its impact, with particular reference to the effect on pay, employment and

¹ http://www.offt.gov.uk/shared_offt/reports/comp_policy/oft876.pdf

competitiveness in the low paying sectors and small firms; the effect on different groups of workers, including different age groups, ethnic minorities, women and people with disabilities and migrant workers and the effect on pay structures.

The Annual Survey of Hours and Earnings 2010 data which has been used in the cost benefit analysis only contains data for gender. Therefore data for ethnicity, current disability and religion are from the Labour Force Survey (LFS) Q4 2010. Due to the low quality of Labour Force Survey data on pay owing to the fact that there is around two-thirds non response rate the equality test has been conducted on 16-20 year olds as one complete group and apprentices separately.

Although there are limits to this equality impact assessment we believe by grouping 16-20 year olds and apprentices separately we can gain a broad overview.

16-20 year olds

Who will be affected?

The Annual Survey of Hours and Earnings (ASHE) 2010 indicates that approximately 55 per cent of 16-17 year olds and 59 per cent of 18-20 year olds will be covered by the proposed increase in October 2011. The NMW policy is a broad policy and is designed to have a positive impact on all workers in low paid sectors. Therefore the recommended NMW uprates are unlikely to create any barriers to equality in terms of an employee's gender.

Table A2. Distribution of 16-20 year olds covered by NMW uprating by sex

	16-17 year olds	18-20 year olds
Male	55%	59%
Female	45%	41%
Total	100%	100%

Source: BIS estimates based on ONS Annual Survey of Hours and Earnings (ASHE) 2010. Note this data take account of actual and forecast average weekly earnings growth between the period spring 2010 and October 2011.

Table A3 indicates the proportions of ethnic groups for low paid 16-20 year olds employees are similar to all 16-20 year olds employees. Therefore the recommended NMW uprates will not have a disproportionate effect on one particular ethnic group.

Table A3. Distribution of 16-20 year olds by ethnicity

	Low paid 16-20 year olds employees	All 16-20 year olds employees
White	96.3%	94.2%
Mixed	0.9%	1.3%
Asian or Asian British	1.7%	2.6%
Black or Black British	1.2%	1.4%
Chinese	0.0%	0.0%
Other ethnic group	0.0%	0.5%
Total	100%	100%

Source: BIS analysis of Labour Force Survey, 2010 Q4.

Table A4 shows that the proportions of employee disability for low paid 16-20 year old employees are similar to all 16-20 year old employees. Therefore the recommended NMW uprates will not have a disproportionate effect on any employees.

	Low paid 16-20 year olds employees	All 16-20 year olds employees
Disabled	1.2%	2.0%
Not disabled	98.8%	98.0%
Total	100.0%	100.0%

Source: BIS analysis of Labour Force Survey, 2010 Q4. Disabled consists of DDA disabled plus work-limiting disabled only.

Once again Table A5 shows that the proportions of religions for low paid 16-20 year olds employees are similar to all 16-20 year old employees. Thus, the recommended NMW uprates will not have a disproportionate effect on any particular religion.

	Low paid 16-20 year olds employees	All 16-20 year olds employees
Christian	61.7%	67.4%
Buddhist	0.0%	0.2%
Hindu	0.0%	0.6%
Jewish	0.0%	0.2%
Muslim	0.5%	1.5%
Sikh	1.0%	0.5%
Any other religion	0.6%	0.7%
No religion at all	36.3%	28.9%
Total	100%	100%

Source: BIS analysis of Labour Force Survey, 2010 Q4.

The proposed changes to the 16 -17 year old rate and the development rate (18-20 year olds) represent an increase of 1.1 per cent and 1.2 per cent respectively, less than the forecasted AWE growth of 2.6 per cent. Therefore the workers between the proposed rate increases and the predicted Average Weekly Earnings growth will be paid less than they would have in the absence of the NMW.

The low paid 16-20 year old population is broadly similar to the general 16-20 population. There are some slight differences. There is a slightly higher percentage of white workers and slightly higher percentage of workers with no religion at all in the low paid 16-20 population compared to the general 16-20 year olds employee's population. Also for both 16-17 year olds and 18-20 year olds covered by the NMW uprate there is a slightly higher proportion of males compared to the general employee population.

Apprentices

The Annual Survey of Hours and Earnings (ASHE) 2010, when making the simplifying assumption that everyone earning the discounted apprentice NMW rate and under is an apprentice, indicates that approximately 57 per cent of apprentices are male. The NMW policy is a broad policy and is designed to have a positive impact on all workers in low paid sectors. Therefore the recommended NMW uprates are unlikely to create any barriers to equality in terms of an apprentice's gender.

Table A5. Distribution of Apprentices covered by NMW uprating by sex

	Apprentices
Male	57%
Female	43%

Source: BIS estimates based on ONS Annual Survey of Hours and Earnings (ASHE) 2010. Note this data take account of actual and forecast average weekly earnings growth between the period spring 2010 and October 2011.

To examine data for ethnicity, current disability and religion for apprentices we have used data on all apprentices regardless of their wage from the Labour Force Survey. We believe this will allow us gain a broad overview of apprentices.

Table A6 shows the proportions of age groups for apprentices.

Table A6. Distribution of Apprentices covered by NMW uprating by Age

	Apprentices
16-20	70.5%
21-30	19.2%
31-40	3.0%
41-50	3.8%
51-60	2.8%
61-70	0.7%
71+	0%
Total	100%

Source: BIS analysis of Labour Force Survey, 2010 Q4.

Table A7 shows the proportions of ethnic groups for apprentices.

Table A7. Distribution of apprentices by ethnicity

	Apprentices
White	70.5%
Mixed	19.2%
Asian or Asian British	3.0%
Black or Black British	3.8%
Chinese	2.8%
Other ethnic group	0.7%
Total	100%

Source: BIS analysis of Labour Force Survey, 2010 Q4.

Table A8 shows the proportions of employee disability for apprentices.

Table A8. Distribution of Apprentices covered by NMW uprating by current disability

	Apprentices
Disabled	1.3%
Not disabled	98.7%
Total	100%

Source: BIS analysis of Labour Force Survey, 2010 Q4.

Table A9 shows the proportions of religion for apprentices.

Table A9. Distribution of Apprentices by religion

	Apprentices
Christian	70.4%
Buddhist	0.0%
Hindu	0.0%
Jewish	0.0%
Muslim	0.4%
Sikh	1.0%
Any Other Religion	0.0%
No religion at all	28.2%
Total	100%

Source: BIS analysis of Labour Force Survey, 2010 Q4.

The proposed changes to the apprentice rate represent an increase of 4.0 per cent, greater than the forecasted AWE growth of 2.6 per cent. Therefore apprentices will be paid more than they would have in the absence of the NMW.

The apprentice population is broadly similar to the general employee population. There are some slight differences. There is a slightly higher percentage of males and slightly higher percentage of all ethnic minority groups excluding white and other ethnic groups in the apprentice population compared to the general employee population.

Removal of barriers which hinder equality

The NMW policy is a broad policy and is designed to have a positive impact on all workers in low paid sectors regardless of their gender, race or disability. Therefore the current NMW uprating is unlikely to create any barriers to equality in terms of gender, race, disability and religion.

Greenhouse gas impact test

The NMW policy will not have a significant impact on emissions.

Wider environmental issues impact test

The NMW policy will not have a significant wider environmental impact.

Health and well-being impact test

The NMW policy will not have a significant impact on health and well-being.

Human rights impact test

The NMW policy will not impact on human rights.

Justice system impact test

The NMW policy will not impact on the justice system.

Rural proofing impact test

The NMW policy will not impact on rural proofing.

Sustainable development impact test

The NMW policy will not impact on sustainable development.

Annex 3: Coverage estimates

Coverage estimates of the 2011 uprating by sex and Government Office region

Number of workers excluding apprentices that stand to benefit from the October 2010 uprating

Table A2. Number of workers excluding apprentices that are covered by the October 2011 National Minimum Wage uprating by age and sex

	Male	Female	Total
16-17	8,000	6,000	10,000
18-20	23,000	16,000	40,000
21 and over	322,000	519,000	840,000
Apprentices	9,000	6,000	15,000
Total	361,000	548,000	909,000

Source: BIS estimates based on ONS' Annual Survey of Hours and Earnings (ASHE) 2010.

Note: These data are based on 1p pay bands from the ONS ASHE and take account of actual and forecast average weekly earnings inflation between the period Spring 2010 and October 2011; ASHE 1p pay bands measure number of jobs; therefore coverage estimates assume workers do not hold more than one job at the NMW. Figures have been rounded therefore numbers do not sum up to total.

Coverage estimates by country and Government Office region

Table A3. Number of workers excluding apprentices that are covered by the October 2011 National Minimum Wage uprating by country and government office region

Country or region	Coverage estimate
Wales	51,000
Scotland	71,000
Northern Ireland	40,000
England	
North-East	50,000
North-West and Merseyside	121,000
Yorkshire & Humberside	86,000
East Midlands	79,000
West Midlands	100,000
Eastern	82,000
London	74,000
South East	90,000
South West	66,000
United Kingdom	909,000

Source: BIS estimates based on ONS' Annual Survey of Hours and Earnings (ASHE) 2010

Note: These data are based on 1p pay bands from the ONS ASHE and take account of actual and forecast average earnings inflation between the period Spring 2010 and October 2011; ASHE 1p pay bands measure number of jobs; therefore coverage estimates assume workers do not hold more than one job at the NMW. Figures have been rounded therefore numbers do not sum up to total.

