

**Formal consultation response from the Chartered Institute of Payroll Professionals in
respect of: April 2020 National Minimum Wage rates**

Organisation response to be submitted to: The Low Pay Commission

Date of submission: June 2019

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Dear Sirs

By Email

Introduction

The Chartered Institute of Payroll Professionals (CIPP) is grateful to have the opportunity to comment on the consultation for the April 2020 National Minimum Wage rates. We are pleased to be able to feed into the LPC annual review and hope that this written response will form the basis of an ongoing relationship with the Low Pay Commission (LPC). The CIPP gives permission for you to include us in the list of organisations involved in the consultation exercise. Company information about the CIPP and its role in representing employers can be found at the end of this response.

Purpose of response

To provide the Commission with responses and views from payroll professionals as they relate to the minimum wage rates that came in from April 2019 and rate setting for April 2020 and beyond, as well as experience of compliance and enforcement which includes views on state produced guidance.

In order to collect the views of members of the payroll profession, which includes both in-house professionals as well as professionals working in the out-sourced payroll service sector (which will include bureaux, accountants and book-keepers), a survey ran throughout May and a Think Tank roundtable was held in Leeds, to which two representatives from the Commission met with a number of representatives from both the payroll and legal profession.

Summary of key findings

The full survey responses are shown within the Appendix beginning at page 4.

55% of employers have revised their pay structures as a result of the introduction of the National Living Wage (NLW).

21 % of employers who offer a reward package to their employees have seen an impact to it as a result of the NLW

41% of employers believes that the LPC should not seek to meet the target rate of the NLW

Conclusion

Whilst it is fair to say that a large number of the respondents to the survey still pay significantly in excess of the minimum wage rates, a growing number are beginning to feel the impact, and thus be concerned about:

- the numbers of employees who are being paid at or near the minimum wage
- the decreasing pay differentials for roles requiring additional qualifications or authority
- the impact on employee relations as a result of the diminishing differentials and growing number of employees being paid at or near the minimum wage

Looking ahead to the remit of the Low Pay Commission we are aware of increasing calls on the commission to monitor and recommend more than simply rates of minimum wage, we would ask that you not seek to 'dilute' your skills. The LPC has worked extremely well – a fact demonstrated by its continued existence and the esteem in which it is held. Continue doing what you do best – bringing together employers, workers and academics in a bid to set the rate of and monitor the impact of the minimum wage.

Ending low pay is an ambitious aspiration by Government but increasing the minimum wage is only one step needed – wider review of state policy is required which includes:

- the impact of taxes – which included NICs
- the impact of workplace pension saving
- the working of Universal Credit and the effective flow of data between HMRC and DWP.

Should the National Living Wage continue to have a separate remit? We would ask that if the two-thirds of median pay be a future aspiration for the NLW then it be given an equally lengthy period of roll out with the backing of an improved information programme for employers.

We are grateful that the Commission has championed our calls for greater transparency within compliance and enforcement however this hasn't yet come to fruition, indeed education material and guidance, other than in its simplest form, has yet to see any improvements.

On a final note, we once again call for the creation of a cross departmental stakeholder forum that sees BEIS, HMRC, LPC and the Director of Labour Market Enforcement come together with interested stakeholders, in a regular forum, to ensure the effective and informed delivery of minimum wage compliance.

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Yours faithfully

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Should you require clarification of any of the points that have been made in this response, please do not hesitate to contact me or another member of the Policy team.

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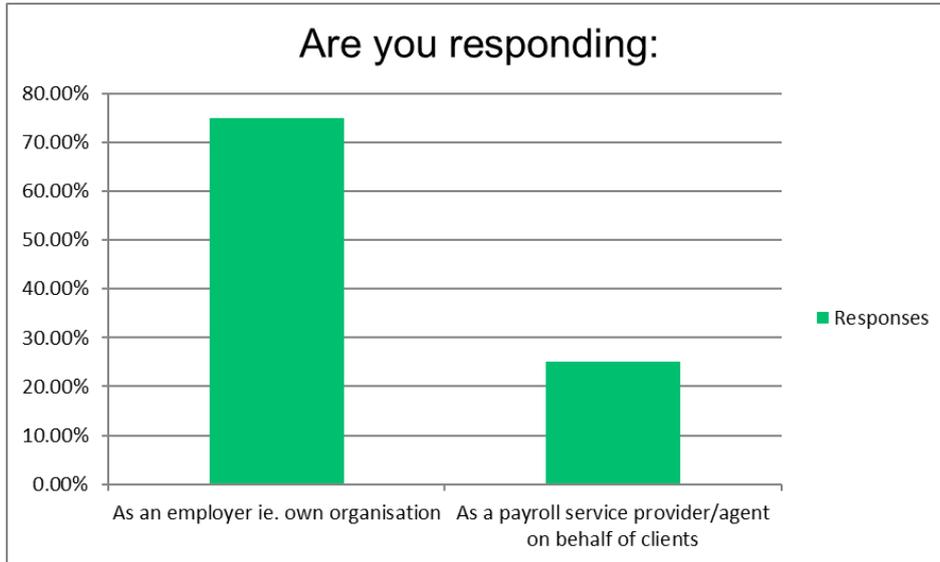
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Appendix

Demographics

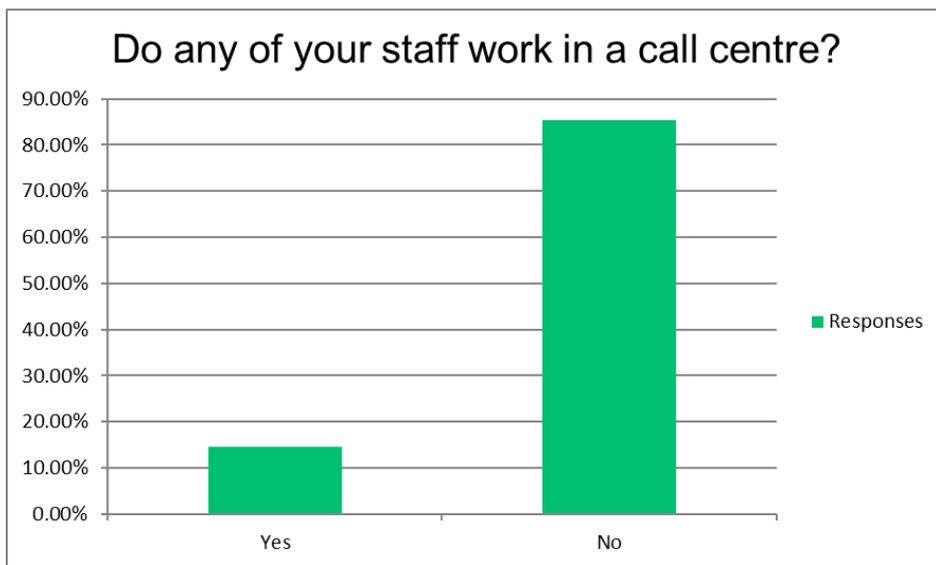
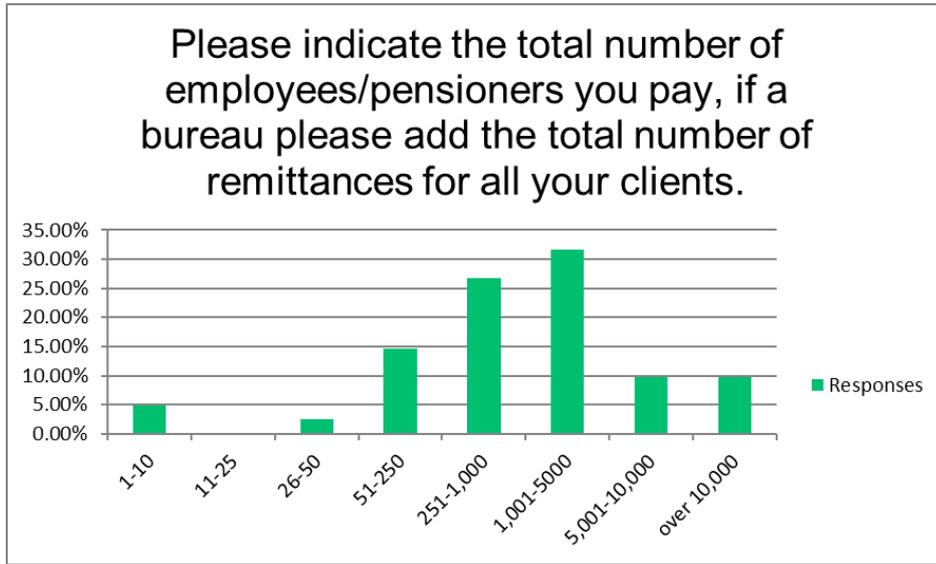
Survey respondents were represented by both in-house payroll professionals as well as external providers, responding on behalf of or with reference to experience with external clients and in one instance a mix of both.



All regions and nations of the UK are represented within our responses

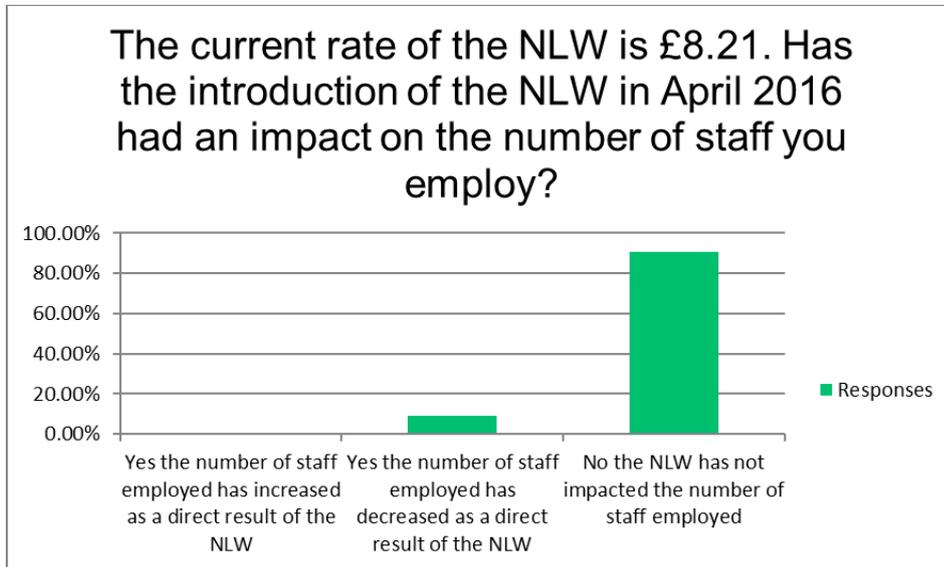


Demographics (continued)



Impact of the National Living Wage

Q: The current rate of the NLW is £8.21. Has the introduction of the NLW in April 2016 had an impact on the number of staff you employ?



Comments

At the moment the volume of work is such that the amount of people employed hasn't changed however we are not sure how long it can be sustained for?

It has not impacted on numbers, but has impacted the numbers being paid NLW

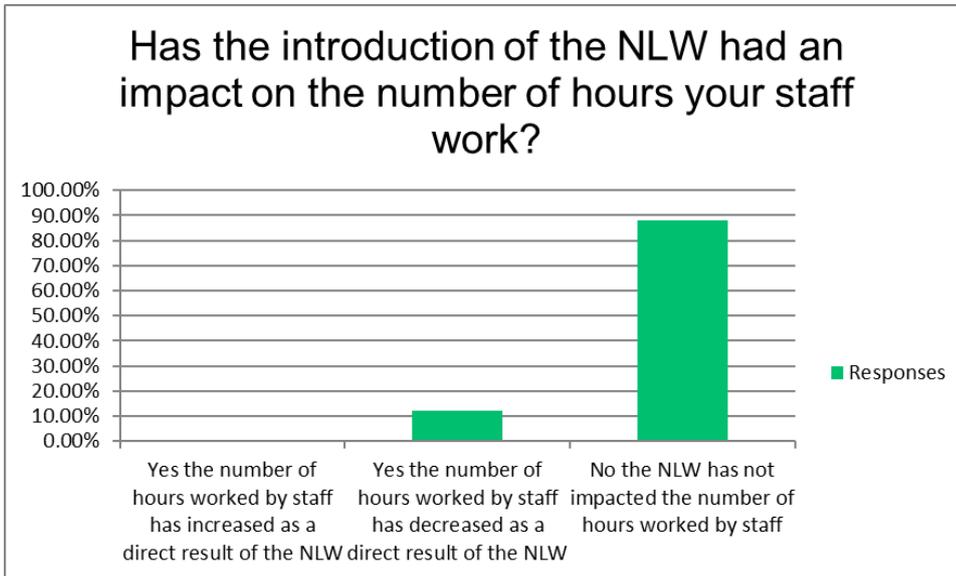
Increases in NLW increasingly closes the pay differentials between grades meaning that all grades have to have a significant pay increase to encourage people to apply for and work in roles with greater responsibilities. The company cannot meet these additional pay increases for all staff without engineering out some roles.

We pay well above the NLW wage so the increase has had no impact.

Our starting salary is above the NLW

We are unable to say if the changes in staffing levels are due to the NLW or other factors. Most staff are paid a wage higher than this as in real terms the NLW is not a living wage.

Q: Has the introduction of the NLW had an impact on the number of hours your staff work?



Comments

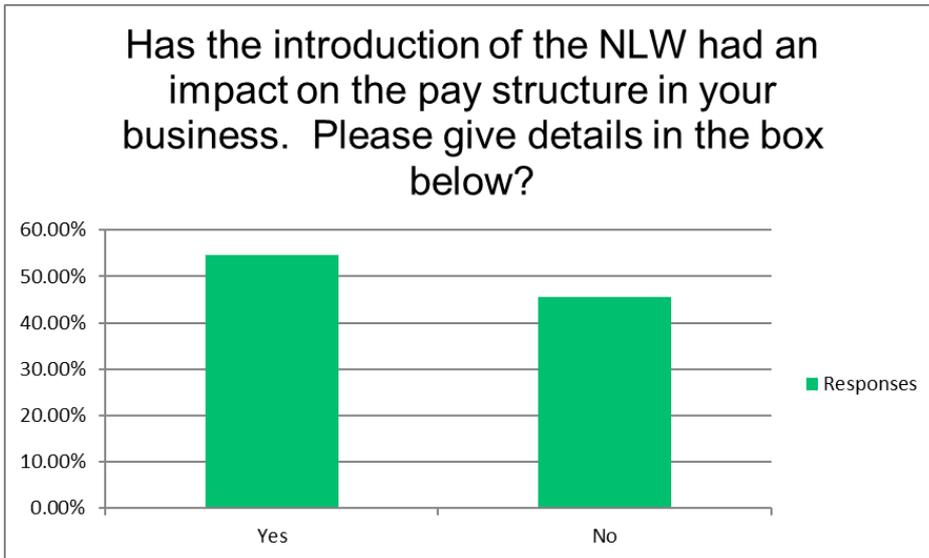
Shift patterns have not changed and cannot change due to nature of business

Stores are expected to run on a minimum number of labour hours except at peak trading period to remain cost efficient. While we have always strived to be cost efficient, the NMW/NLW increases have definitely provided additional incentive for us to manage the budgeted labour more tightly.

[Increased] focus to reduce overtime

We always monitor the number of hours required for the duties and allow existing staff to perform overtime if duties require it. All staff work part-time hours so overtime is feasible.

Q: Has the introduction of the NLW had an impact on the pay structure in your business?



Comments

Rates have been consolidated. There is now less differential between grades as base number increases but increments to others not affordable.

As we employ skilled workers they have seen their pay shrink in comparison to the NLW but due to market forces within the trade we cannot increase our prices so are unable to increase the staff pay at the same [percentage] rate as the NLW.

The more senior staff with extra responsibilities or qualifications have also had pay rises however it has been far less than those on the national living wage. This is creating bad feeling and difficulty in motivating people to take on extra responsibility. The skilled people with extra responsibility now only earning pennies per hour more than those on minimum wage. This has led to difficulties in staff turnover and recruitment.

Gap between grades reducing, other grades paid higher than NLW expecting same % increase

We operate a pay scale structure which differentiates between different jobs, however with the increase in NLW, that difference has been minimised for many roles.

Not yet but if many more increases come it could have an impact.

More employees are being paid at or near to NLW.

Had to review lower pay points of jobs to ensure there is sufficient difference between levels.

Nationally Green Book T&Cs were reviewed and updated.

In some business areas one level of the pay structure was removed as it was swallowed up by the NMW/NLW increases and so to leave an appropriate differential between sales advisors and assistant store managers the level in between (the senior sales advisors or store supervisors) has been removed from the structure.

As NLW & NMW increase differentials are being squeezed with employees at higher level not receiving anything since 2016.

More people are being paid a salaried amount over variable hourly pay.

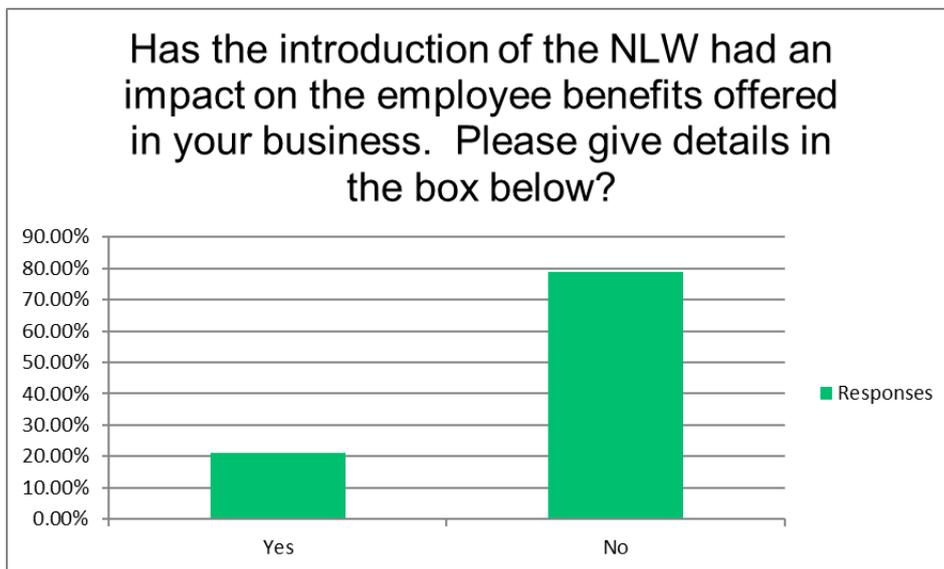
As we operate salary sacrifice for pension we have to make our salaries higher than would be normal, at some levels, to ensure employee received no less than NLW rate after salary sacrifice is operated.

The pay differentials between grades have been squeezed. We are having to look at completely reviewing the pay structure.

Had to increase pay of staff who were paid above NLW.

Cleaning staff were always paid minimum wage but now this is aligned to NLW resulting in their salary almost meeting the lowest rate of admin staff salary. Adjustments have been made to compensate for this.

Q: Has the introduction of the NLW had an impact on the employee benefits offered in your business?



Comments

Removal of benefits or pay which does not contribute to NMW with some of this added to base pay to remain compliant. Removal of paid breaks and shift allowances are examples.

We still offer the same benefits - at present.

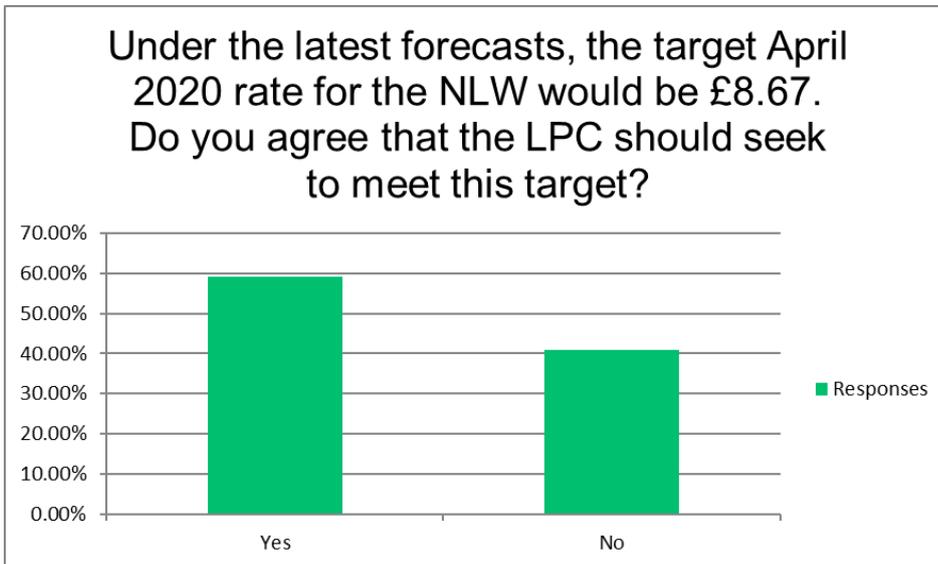
Benefits have not been altered but may impact new benefits being offered.

Bonus restructure partly driven by the increasing cost of the labour base in retail and partly by wanting to incentivise retail teams to take ownership of the financial success of their store by providing a direct correlation between that and retail bonuses.

The pay increases across all grades has reduced our opportunities to look for, and fund, additional benefits.

Due to the increases in both NLW and the minimum pension contributions employees earning at a rate of £8.55 or below will have to pay their pension contributions from their net pay instead of by salary sacrifice. The difference in their net pay is £19 lower than if they had contributed by salary sacrifice.

Q: Under the latest forecasts, the target April 2020 rate for the NLW would be £8.67. Do you agree that the LPC should seek to meet this target?



Q: What do you predict would be the effects of a rate of £8.67 in 2020 on earnings, employment and competitiveness?

Comments:

Our industry relies on lower paid manual work which cannot be easily automated. This labour is heavily reliant on overseas workers already hit by Brexit uncertainty. Further increases will simply mean reduced additional benefits or consolidation of rates and working practices in order to meet the base rate value. More emphasis should be placed on total earnings available and not the restricted definition of the base hourly rate.

I believe this is driving inflation but not reflecting in the rates construction companies can charge and this means that the staff are having to pay more for things for businesses that pay the minimum wage but are not seeing their wages increase in line, this ultimately means that we struggle to get staff to do the job to an appropriate quality level and lose money as many of our customers are large organisations who are looking to reduce their cost to a minimum meaning as a company we are being squeezed out of business.

We may lose some small clients as we are already receiving complaints at the increase of pension and NMW.

Employees ordinarily at minimum wage who are most likely carrying out manual unskilled work are being paid almost the same as some office/skilled employees. In our company the pay rates for our manual staff is increased so that they are above minimum wage giving an increase of 4% this year, however office staff are only receiving 2%

Hours will be cut, and some employees might lose their jobs.

With the rising costs of pensions, this will cause added challenges to balancing the education budget, and paying employees in an already struggling carer market.

On our current salary structure, it shouldn't cause any problems. If we start to get over £9.00 things may need to be looked at.

Pension contributions will rise which could cause more people to opt-out. More people will be paid NLW or close to it.

At the moment it depends on the economy. Although everyone blames brexit, it is causing some customers to delay making decisions on large purchases (due to the uncertainties of the housing market). If this comes in and the sales are not there, then I can see it putting a strain on businesses to reduce headcounts.

As getting to £8.67 is such a leap (over 5.6%) employers will be less willing to pay more than this. The majority of employer's budgets for pay increases will be taken up by complying with NMW/NLW regulations leaving little for others. The pay differential between lower paid roles and the next level up narrows more, therefore the incentive for those people to progress to the next level dissipates because of the greater expectation for what is now a smaller pay differential (cont)

or the expectation on the performance of those in the lower paid roles increases. In some businesses, pay grade restructures leading to job losses but equally if the rates of pay on offer are smoothed due to the NMW/NLW this could result in a more competitive market.

It would continue to squeeze differentials and increase the skills gap already created.

As this is likely to be below inflation and the net take home pay will be lower still given the increase in deductions such as pension rates and thresholds - this is still not going to be a true living wage.

I believe this will cripple small business, lead to job losses in small businesses and no salary increases for current staff just above the NLW.

Previously the rates we offered allowed us to pay more than for example coffee shops, working in a factory is not the nicest of environments and we needed that premium to encourage people in. Now that all employees have to offer the NLW means that we struggle to recruit, after all wouldn't you prefer to be a "barista" rather than a factory operative if the pay rates were the same? The NLW has made it much harder to recruit and retain staff, this affects the quality of the product as we lose experienced staff and this then affects our relationship with our customer.

It may mean staff hours being cut or kept to a minimum and staff becoming stressed due to having to work harder to get their duties done within less hours.

Q: The current rate for 21-24 year olds is £7.70, what amount do you think this rate should be in April 2020?

Responses ranged from £7.70 to £9.00

Comments:

We pay all workers at the full rate irrespective of age as we regard the work they do as equal and this avoids expensive administration of additional rates and changes in banding.

We currently pay the £8.21 for all ages

In our business we don't differentiate pay rates by age. Two sales advisors who perform exactly the same role will be paid the same rate of pay regardless of whether one is 22 and the other is 42. Apart from feeling this is ethical, it does also help to reduce the administration burden of remaining compliant with all the various age related rates. However, I think the 21-24 rate should be increased at a comparative level to the 25+ rate, as people of this age are more likely to be supporting themselves.

We do not pay different rates for different ages, if they are doing the same job they should receive the same pay.

The same as NLW.

I think this is about correct rate as a starter rate. I think salary should be based on performance and therefore at appraisal it can then be lifted if performance is good.

Q: At what level should 16-17 year olds be paid – current rate is £4.35

Range £4.25 - £7.70

Comments:

In our business we don't differentiate pay rates by age.

Q: At what level should 18-20 year olds be paid – current rate is £6.15

Range £6.15 - £8

Comments:

In our business we don't differentiate pay rates by age.

Q: At what level should the Apprentice be paid – current rate is £3.90

Range £3.90 - £7.70

Q: What should the accommodation offset be set at – current rate is £7.55

Range £7.55 - £10.00

Q: What, if any, are the barriers to larger increases in the 21-24 year old rate, 18-20 year old rate, 16-17 year old rate and Apprentice rate?

Comments:

At higher rates we cannot afford to take on trainees and, in an industry, where suitably qualified skilled labour is getting rarer due to the governments focus on school leavers going to university this is detrimental to the industry as a whole.

Lack of available people to work no-one wants to work weekends and evenings. Training courses do not meet the needs of business to move younger people up to fill the skilled workers posts that are becoming vacant. Colleges are still sending students out who think they are going to walk into a management role without having to start and learn [the job] from the ground upwards.

If all employees are paid the same rate, then why employ anyone that does not have experience, it will be a barrier to the young to get on the employment ladder.

No barriers for our company. We employ on a banding structure, if you have the qualifications for the job you get the standard rate no matter what age you are.

Larger increase to NLW to ensure rates differ.

Affordability & sustainability for smaller businesses.

Businesses have many increased costs due to a numbers of things and it is just not sustainable without businesses actually closing. It also isn't making employees better off as everyone on the minimums increase it is just pulling more employees to the level of minimum wage.

There will be resistance from companies not wishing to lose profit...

Employers would not want to employ unskilled people for the higher rates.

Constant pressure on employers with regards pension contributions, loss of SSP reclaim, other costs etc.

The minimum wage beyond 2020

Q: Reflecting on your experience of the NLW since its introduction in 2016, what lessons do you think should be learned for the period after 2020?

Comments:

Needs to reflect true earnings potential of the workers and not just the restrictive definition of what counts towards NLW. Needs also to reflect and understand how salary exchange and other incentives benefit the lower paid worker and not to exclude them because of NLW values. A full review to understand modern working practices, true employee earnings and set the regulation appropriate to these results.

The minimum wage is not reducing the number of low paid staff it is affecting the skilled workers who are seeing a reduction in their pay in real terms as the push above the normal 2% - 3 % increase cutting the difference between what a skilled worker receives and what an unskilled worker receives.

The only thing I worry about is what is going to happen after Brexit. If we need to compete with other nations to get contracts, will our salary structure stop us getting contracts for nations paying lower wages. This is a concern.

Need to take into account other factors such as Tax, NI, Pensions and cost to business so as to keep unemployment low and to not force smaller business out of business.

Communication - make it clear and give plenty of notice

As NMW/NLW rates continue to increase a greater number of employees are excluded from participating in benefits provided by their employers. As HMRC continue to take a hard stance on deductions from pay for NMW purposes employers will become increasingly reluctant to offer any schemes to their employees which involve any deductions from pay, whether from taxable pay or net pay. Even with employees' consent, the employer's hands are tied. Regulations surrounding lawful deductions from pay for NMW and definitely in relation to participation in salary exchange schemes should be relaxed (and whilst on the subject salary exchange childcare voucher schemes should be re-opened). Regional variations in pay that used to exist to compensate for higher living costs in the capital and other cities are being phased out as a result of employers NMW/NLW obligations. NMW/NLW pay rates are increasing faster than median pay.

Need to consider other changes such as pension rate and threshold changes when assessing the increase, to prevent net take home reductions as seen between the 18/19 and 19/20 tax years.

Small business should have some sort of relief provided to enable them to continue to pay NLW increasing rates.

Too much pressure is being put on companies. In essence the NLW is a stealth tax, as the NLW increases so too does the amount of employer contributions into employee workplace pensions and so does the amount of apprenticeship levy we have to pay and employer national insurance contributions. It is not as simple as just increasing the NLW, there are knock on effects for business. Control has been taken away from companies about how we run our own business. We do a significant amount of training, but apprenticeship schemes are not suitable for us at the moment, however I have lost part of my training budget to the apprenticeship levy. Should I train someone on an apprenticeship, for the sake of it, just so that I don't lose that money? Pension relaxation were not thought out properly, for many older employees they have started too late, they will have an insignificant amount in their pension pot and they will take this out as a lump sum to buy a new sofa or if they are lucky a new car, which in essence the employer will have part funded for them.

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Clearer legislation to make it easier to comply with. Changing the scope of the legislation so that schemes that assist low income employees aren't suspended so that the employers aren't in breach of the legislation e.g. season ticket loans

You can't base salary reviews on a percentage increase any longer for the majority of staff as the NLW is now increasing and could overtake the lowest paid.

More support needed for smaller employers.

Q: Given the Chancellor's statements in the 2018 budget, what are your views on the future trajectory of the NLW and other NMW rates after 2020? What considerations should inform this?

Comments:

Too high too quickly and is making us uncompetitive with other Countries which is impacting export potential.

More and more increases could cause problems in the future.

Should rise in line with GDP or below.

I am concerned about mid/long term economic growth

To get NMW/NLW to the desired proportion of median pay then reduce the annual increases to that of average inflation or median national pay increase percentages.

An increase would be desirable to ensure that our economy can grow, however it is likely to plateau given the revisions already enacted to the original goal of NLW by 2020.

Continual increases in wages will ultimately result in two things, increased living costs and increased automation. Living costs will increase because business will have to pass their increased production costs on to the end consumer, so although people will have more pay, they will also have higher living costs and the only winner will be the government as they will have increased tax and national insurance contributions ... Increased productivity will come, the additional investment costs may result in price rises, contributing to the increased cost of living, but it will also result in job losses. The majority of these job losses will be in the lower skilled low paid jobs and these people are not educated to a high enough standard to get better qualified roles, otherwise they would already have done so in this tightening labour market.

The effect of salary sacrifice schemes - they could be restricted to those on higher salaries.

NMW & NLW rates are too low & rising too slowly, this is seriously impacting on the quality of life for lower earners. Tax successful companies appropriately & help smaller employers more.

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21-24 year olds

Q: What has been the effect of the minimum wage and the NLW on workers aged 21-24 and what effect do you think this has had on their employment prospects?

None, most business will pay at these rates rather than above them if it keeps rising.

Some 21-24 had the opportunity to earn more than prior to the introduction of the 25+ but for some their earnings may be more restricted by age than previously.

They often feel less valued due to age.

No effect in our company.

Apart from apprentices, we pay all our employees regardless of age the same hourly rate equivalent.

Areas will have become more competitive; graduates can be seen as not holding required skills compared to previous apprentices.

I think it will stop some employers taking on younger staff due to their inexperience as they will be paying them almost as much or the same as existing experienced staff.

They are not earning enough to pay any student debts. I worry more what effect this has on their mental health than their employment prospects.

Q: To what extent is your business using the 21-24 year old rate (set at £7.38 since April 2018 and currently £7.70 since April 2019)?

Comments:

Do not use this (pay according to job and skills not age).

Not at all as all of our works that fall into this band are skilled and earn above this rate, but they have seen the benefit of the training reduce as unskilled staff with no training start to earn towards what we pay them.

Lack of people in this age group willing to work.

We don't, all staff irrespective of age are paid the same rate.

Not using.

Some sectors, particularly care and childcare, are employing those younger staff where possible.

We generally pay above this rate but do pay at NLW rate.

Not at all, we pay everyone the 25+ rates regardless of age.

We operate this for younger employees.

We do not use age bandings, we use gradings for the roles and people are paid the going rate for the role regardless of their age.

As we employ mainly part-time staff we seem to attract older employees so have only had a small number of younger employees. They start on the same rate that any other employee would start on.

My business is not using the 21-24 rate.

Young people and apprentices

Q: What do you think has been the effect of the minimum wage on young people, and on their employment prospects?

Comments:

Has restricted availability of posts.

I think this reduces the long term prospects for unskilled employees as people will not be able to pay the set wage and will continue to lay people off in favour of younger staff and small companies will not be able to pay for skilled staff as their wage requirements will be too high.

No experience as we pay everyone at the higher rate regardless of age, to do otherwise we felt would be discrimination

More choice for young people, but more expectation on them also for employers to get the most value from what is one of the biggest cost lines on the P&L.

It allows for better employment hopes, however, is so low in real terms, the idea of a minimum wage was that a person could earn enough to support themselves. Many would be unable to pay rent or get a mortgage on a home on full time hours at minimum wage level.

Guaranteed income level [if in employment with regular hours] - more secure.

I think it has lessened their employment prospects but if they do gain employment, they have the same living costs as anyone who is in their 30's so it enables them to have a decent chance to set up their own home.

NMW is too low, it doesn't allow for a good standard of living. Young people are trapped into living with their parents or other relatives for far too long. Again, I worry more what effect this will have on their mental health rather than their employment prospects. Bad work is always easy to find.

Q: What has been the effect of the Apprentice Rate on the pay, provision and take-up of apprenticeship places, and training volume and quality in your organisation?

Apprentice rate is being abused by those who know they can get away with it. It needs to be increased.

I think it makes them a more attractive proposition.

We have always taken on apprentices and paid above the rate so this has not had any effect.

The Apprentice rate is not realistic for living today.

Apprentice rate is abused. Employers try to claim apprentice rate for people who are apprentices in name only not on a recognised qualification. Others will only take on one year apprenticeships with no future employment with that company intended to take advantage of the rate. (Cont)

...Others try to extend the rate beyond the first year, or insist they progress onto another apprenticeship to stay with the company. There is also no job loss protection for apprentices for example in redundancy situations.

Seen more employers use apprentices - where previously not thought a suitable post for an apprenticeship.

None. The Apprentice Rate is not the problem, it's the availability of good apprentice programs...

Q: What are your views on the Apprentice Rate given the substantial policy changes to apprenticeships in England? Should the design of the Apprentice Rate change in response? If so, how?

Comments:

The apprentice levy should be able to be used for other training courses. The levy has taken money out of our training budget, we have industry specific trainings that we need to send people on that are not covered by an apprenticeship but can be costly.

No, the cost of the levy needs to be taken into account on any apprentice rate increases to be able to keep business employing apprentices.

Yes, apprentice rates should be increased.

It is ridiculous to expect an apprentice to survive on this rate especially for those older and retraining into required and desirable skills, for example electricians.

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Q: Have other policies such as National Insurance and/or the Apprenticeship Levy had any impact on your business when deciding whether to employ young workers or apprentices?

A number of survey respondents seemed not to have been impacted however some comments suggest otherwise.

Comments:

Have increased costs without having any major benefit with apprenticeship levy funding difficult to access and too restrictive for general business requirements.

No as a small employer we cannot afford to employ an apprentice.

No NI does help for under 21 etc.

Not that much, it is still more about who is the best candidate for the role, irrespective of age.

(Cont)

Following the introduction of the apprenticeship levy we did initiate an apprenticeship scheme that we didn't previously have, because we want to use the contributions we are making in apprenticeship levy for the benefit of our own organisation, but the apprentices aren't defined by age and decisions on who to hire are not influenced by age.

There has been an increase in apprentices being employed, though this is not always practical. Business are looking to take on people, not to help them learn and grow, but because they are cheaper than non-apprentice staff.

Compliance and enforcement

Q: Please detail any issues you have had complying with the minimum wage? Has the NLW affected compliance and enforcement?

Comments:

Technical compliance is the main issue. Payment of the rate alone is insufficient when technical ruling on voluntary deductions are applied, timed break regulations and interpretation of what counts as work and what counts as pay for NLW purposes.

As we pay more than the NLW we have not had any compliance issues.

It is becoming increasingly complex to comply, and I also believe that some of the restrictions are detrimental to the aims of the NMW. By not allowing salary sacrifice from NMW, employees are prevented from taking advantage of various tax breaks that higher paid employees are able to, for example childcare.

Once a check-sheet had been set up to check each payroll then there have been no issues as these are identified and corrected before payroll is completed, however the time to complete payroll has increased due to additional checks.

The minutiae of calculations (i.e. 52.17 weeks not 52) and contract wording (i.e. annual hours for salary paid employees). Uncertainty over what does and does not count as a deduction from pay for NMW purposes, and reluctance to make any deductions from pay for fear of breaching regulations and being publicly hauled over the hot coals by HMRC/BEIS.

People often don't agree with how this is calculated based on pay date rather than when work is performed. Enforcement is difficult as there is no visible action taken for the majority of infractions i.e. no national forum or [useful] publicity.

Reviews required to monitor especially as apprentices have different NI code for a period.

Q: Do you have any comments on HMRC's enforcement work? What is your opinion on the quality and accessibility of the official guidance on the NLW/NMW?

Although there was a small amount of support for guidance by the survey respondents, CIPP remain concerned about the growing inadequacy with guidance on this subject (and many others). BEIS increasingly distance themselves from having any 'authority' within their guidance, deferring increasingly to the legal system to interpret the law. HMRC manuals, whilst in the public domain and in some instances helpful in providing a small amount of insight to HMRC interpretation, are 'not intended for employer use' and therefore are not updated regularly. Gov.uk guidance is aimed at the lowest common denominator which is insufficient to protect employers in the event they face an increasingly aggressive and lengthy HMRC minimum wage audit.

Comments:

Concentrates on technical breaches and focus on major employers with good records and potential high value claims. No evidence of addressing real issues where employees are exploited. No consideration for unintentional errors. Everything treated as though employers have intentionally sought to breach the NLW regulations with no accounting for the complexity.

I think better guidance should be available. I also do not agree with the name and shame policy, when an employer has made an honest mistake. Naming and shaming should only be used on those employers who deliberately set out to underpay.

Guidance is clear.

I think official guidance is ambiguous at best and should be improved and made clearer. HMRCs enforcement work in relation to NMW/NLW requires review and updating to reflect the modern society we live in. Why penalise employees by preventing them from being able to receive benefits that they need and will ultimately have to pay for whether from pay or not? I know the regulations are designed to protect employees but there must be a way to relax the rules and make them work for the majority?

Should be stricter and harsher to force compliance

Naming and shaming should be kept for employers where values are higher or there was a wilful neglect for the legislation.

Official guidance is generally good.

Q: Do you have any views about the Accommodation Offset and the extent to which it is protecting low-paid workers? What difference, if any, have the increases in the rate since 2013 made to the provision of accommodation?

The CIPP believe that this area needs a thorough review to take account of the larger number of 'socially' aware employers that exist in the 21st Century – the current exclusions found within legislation for landlords who may also be employers do not extend far enough given the significant change to the housing market since National Minimum Wage Legislation was first laid.

Comment:

I think this should be looked at in more detail, and more guidance given as to the rules. I think it depends on the accommodation it relates to, as to whether it is fit for purpose.

Company Information

The Chartered Institute of Payroll Professionals (CIPP) was established as an official industry body in 1985 when the Institute of British Payroll Managers (IBPM) was formed. In 1998, the IBPM merged with the Association of Pensions and Superannuation Administrators (APSA) to form the Institute of Payroll and Pensions Management (CIPPM), which became the Institute of Payroll Professionals in September 2006 and was granted Chartered Status in November 2010. The CIPP is the Chartered Institute for payroll professionals in the UK and currently has in excess of 10,000 members enjoying a range of benefits. In addition, the CIPP is the UK's leading provider of education for payroll, and has established the friends of automatic enrolment which is responsible for bringing together and educating all of those responsible for implementing automatic enrolment for pensions.

The mission statement of the CIPP is:

Leading payroll and pension professionals through education, membership and recognition

Representation

The views of the Chartered Institute are sought and valued by Government departments and other organisations, as witnessed by its representation on bodies ranging from HMRC, and other external Employer Consultation Groups. The Institute, through its Policy team headed up by Helen Hargreaves, has been responding to consultation documents and attending consultation meetings for more than 20 years.

As a result of this sustained effort, we have created sound working relationships with the DWP, HMRC, BEIS and other Government departments.

The Chartered Institute operates an Advisory Service staffed by professionals able to provide accurate and authoritative advice on a wide range of topics. It also runs national forums which allow members direct contact with representatives from HMRC and other relevant bodies and also provides a forum for members to input and feedback on the CIPP's policies.

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Education

The Institute validates and controls a wide range of professional qualifications in both the payroll and public sector pensions sectors, from Payroll Technician Certificate level to Masters level. IPP Education, a wholly owned subsidiary of the CIPP, delivers the qualifications and provides tutors at officially recognised standards. IPP Education also runs a comprehensive range of short training courses throughout the UK.

Events

The CIPP also runs a series of conferences throughout the year, culminating in the Annual Conference and Exhibition.

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