

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

DRAFT NATIONAL MINIMUM WAGE
(AMENDMENT) REGULATIONS 2023

Monday 6 March 2023

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The Committee consisted of the following Members:

Chair: MR PHILIP HOLLOBONE

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|----------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| † Afolami, Bim (<i>Hitchin and Harpenden</i>) (Con) | McDonnell, John (<i>Hayes and Harlington</i>) (Lab) |
| † Baron, Mr John (<i>Basildon and Billericay</i>) (Con) | † Madders, Justin (<i>Ellesmere Port and Neston</i>) (Lab) |
| † Cox, Sir Geoffrey (<i>Torridge and West Devon</i>) (Con) | † Owatemi, Taiwo (<i>Coventry North West</i>) (Lab) |
| † Dixon, Samantha (<i>City of Chester</i>) (Lab) | † Stafford, Alexander (<i>Rother Valley</i>) (Con) |
| † Ellis, Michael (<i>Northampton North</i>) (Con) | † Sultana, Zarah (<i>Coventry South</i>) (Lab) |
| † Evennett, Sir David (<i>Bexleyheath and Crayford</i>) (Con) | † Watling, Giles (<i>Clacton</i>) (Con) |
| † Grady, Patrick (<i>Glasgow North</i>) (SNP) | † Whittaker, Craig (<i>Calder Valley</i>) (Con) |
| † Hollinrake, Kevin (<i>Parliamentary Under-Secretary of State for Business and Trade</i>) | † Wood, Mike (<i>Dudley South</i>) (Con) |
| † McDonald, Andy (<i>Middlesbrough</i>) (Lab) | Bethan Harding, <i>Committee Clerk</i> |
| | † attended the Committee |

Second Delegated Legislation Committee

Monday 6 March 2023

[MR PHILIP HOLLOBONE *in the Chair*]

Draft National Minimum Wage (Amendment) Regulations 2023

6 pm

The Parliamentary Under-Secretary of State for Business and Trade (Kevin Hollinrake): I beg to move,

That the Committee has considered the draft National Minimum Wage (Amendment) Regulations 2023.

It is a pleasure to speak with you in the Chair, Mr Hollobone. The regulations will raise the national living wage and the national minimum wage on 1 April 2023. We remain proud of the strength of the UK labour market. There are now 1 million more people on payrolls compared with pre-pandemic levels, and demand for workers remains close to record levels. However, we recognise the continued impact of the cost of living pressures, which is why the Government have taken, and will continue to take, robust action to protect the most vulnerable in society.

The national living wage and the national minimum wage act to put more money in the pockets of the lowest-paid workers. This year will be no different, with the largest cash increase in the 24-year history of the minimum wage. We are also increasing benefit payments by 10.1%, in line with September's consumer prices index inflation rate. Almost 12 million pensioners will benefit from the triple lock, as the state pension will also increase by 10.1%.

Our package of measures includes the energy price guarantee, which has saved a typical UK household around £900 since its introduction in October, and a series of cost of living payments worth hundreds of pounds for millions of eligible households on a means-tested basis. Our commitment to a high-skilled, high-productivity, high-wage economy will further address the cost of living, as well as level up every part of the UK and hasten the transition to net zero.

The regulations will increase the national living wage and national minimum wage rates and will come into force on 1 April. Following a comprehensive impact assessment, we estimate that they will give a pay rise to 2.9 million workers across the United Kingdom. I am pleased to confirm that the Government have accepted all the rate recommendations made by the Low Pay Commission in October. I place on the record my gratitude to the commission; I also gave my thanks personally in a meeting last week. As ever, it has worked tirelessly to bring together the views of business and worker stakeholders and remaining informed by expert research and analysis.

The regulations will increase the national living wage for those aged 23 or over by 9.7% to £10.42 an hour, which is an increase of 92p. After this year's rise, the national living wage will have increased more than twice as fast as inflation since its introduction. The regulations

will also increase the national minimum wage rates for younger workers and apprentices, as well as the accommodation offset. Workers aged 21 and 22 will receive an increase of £1, or 10.9%, to a minimum hourly rate of £10.18. Workers aged between 18 and 20 will now be entitled to an extra 66p an hour, taking their rate to £7.49, while the rate for under 18s will reach £5.28, which is a rise of 47p an hour. Those changes represent an increase of 9.7%.

Apprentices aged under 19 or those in the first year of their apprenticeship will also receive an increase of 9.7%, as their rate rises from £4.81 to £5.28. Meanwhile, the accommodation offset, which is the maximum daily amount that an employer can charge a worker for accommodation without it affecting their pay for minimum wage purposes, will increase by 4.6%, from £8.70 to £9.10.

The Government have continued to take action to fulfil their manifesto commitment to enhance the rights of workers and support people to stay in work. We are backing six private Members' Bills in this Session to deliver on our commitments. Once passed, those measures will ensure that all tips, gratuities and service charges are allocated to workers; create a statutory entitlement to neonatal care leave for workers with caring responsibilities; protect workers from redundancy during or after maternity; and grant workers the right to request flexible working from day one.¹

Andy McDonald (Middlesbrough) (Lab): On the right to request flexible working, what happens when the employer says no?

Kevin Hollinrake: The employer can say no when they have considered the request properly, and they need to set out their reasons. It is important to note that there are eight different business reasons. We want to ensure that businesses can also cope with the six new key measures, as well as the £2.5 billion of extra cost for business organisations throughout the country, of the national living wage increases. We want to ensure that any burdens that we place on businesses are proportionate, and a right to request delivers that balance.

Andy McDonald: If the answer is no because the business is exempt through the various ways to get out of it, what is the cost?

Kevin Hollinrake: I do not quite follow the hon. Gentleman, but according to our research 83% of flexible working requests are granted. The right to request flexible working, which is not related to the regulations, creates the opportunity for a conversation between an employer and worker about flexible working. That is its purpose. I understand that the hon. Gentleman would want to put a burden on business—I suppose he is saying there should be a right to insist—but we think that would go too far.

We are also looking to grant workers, including agency workers, the right to request more predictable terms and conditions of work. The private Members' Bills will further strengthen our flexible and dynamic labour market and ensure that businesses have the confidence to create jobs and invest in their workforce, which will allow them to generate long-term prosperity and growth.

1. [Official Report, 21 March 2023, Vol. 730, c. 1MC.]

The Government set the ambitious target for the national living wage to equal two thirds of median earnings by 2024, provided that economic conditions allow. We remain committed to that target, and this year's increases keep us on course to reach it. We also aim to further reduce the age threshold for the national living wage so that it will apply to those aged 21 and over by 2024.

We recognise that this is a difficult time for many businesses, workers and consumers, and we know that sustainable rises in the minimum wage rates depend on the wider economy. In making its recommendations, the Low Pay Commission will continue to take the wider picture into account, alongside extensive stakeholder engagement. I thank the commission for making additional recommendations relating to the accommodation offset in its recent report. We are considering them carefully and will respond in due course.

The regulations aim to protect the lowest-paid workers across all sectors and regions and reward them for their contribution to our economy. I commend them to the Committee.

6.8 pm

Justin Madders (Ellesmere Port and Neston) (Lab): It is a pleasure to see you in the Chair this evening, Mr Hollobone.

I thank the Minister for setting out the regulations. Their purpose is to update the National Minimum Wage Regulations 2015 for the various age groups and categories of worker that the Minister set out, as well as to make adjustments for apprentices and the daily living accommodation offset rates. To be clear, we will not oppose the regulations; any rise in the minimum wage is a welcome step, particularly in the context of the spiralling inflation of the past year. I am sure that many workers are anticipating—indeed, counting on—the rises that we have heard about today.

The Minister said that this is the most generous increase in cash terms that we have seen. Obviously, that has to be looked at in the context of an inflation rate at a 40-year high. Last year, I raised concerns that the increases then were not calibrated to the cost of living, which had sharply increased in the weeks before the relevant regulations were announced, so it is welcome that the Low Pay Commission was able to factor in the high inflation on this occasion.

However, I am concerned that only the rate for 21 and 22-year-olds has been increased at a level comparable to inflation, with the 10.9% increase. The other wage categories have increased by 9.7%, which is actually 0.4% below the 12-month inflation figures released by the Office for National Statistics in January. We know that the cost of living for many people is significantly higher than that. Food, fuel and housing costs have increased at steeper rates. Food inflation is at about 17.6% and, according to a House of Commons Library report published two weeks ago, domestic gas and electricity prices have risen by 129% and 67% respectively.

On top of all that, private rents have reached a record high, including through a 16.1% rise in London rents in the last 12 months. On average, monthly mortgage payments have increased by £500 because of the Budget last autumn. The cost for people of sustaining the basics of everyday life, be it food in their stomach, a

roof over their head or keeping warm, has skyrocketed. We agree that the regulations will take some steps to address the situation, but there is still quite a gap.

The Minister referred to the intention to have the national living wage reach two thirds of median earnings by 2024; in the current economic climate, does he still consider that aim to be achievable? He said that the target is subject to the prevailing economic conditions; does he consider the outlook over the next 12 months to be conducive, or otherwise, to meeting that target?

It is disappointing that the Government have once again not addressed the inequities of the minimum wage age limits. People's age should not determine the price of goods and services, and it certainly should not determine their income. The decision to retain the different age rates is even more unfair given the cost of the basics that I have outlined, particularly the cost of energy, food and fuel. It should be noted that the number of young people on zero-hours contracts has risen again, with the proportion of 16 to 24-year-olds on zero hours contracts now at the highest level since 2013, and with a 4% increase in the last year of people in that age group looking for additional work. It seems that the younger generation is once again bearing the brunt of the current inequities in the workplace.

The Opposition value equally the contribution of people in work. It does not seem fair that two people who perform the same role should be paid differently because one is 24 and the other is 21. It is not fair that the year of someone's birth will determine the rate of a wage increase or, as we have seen in respect of inflation, a real-terms cut in pay. Only 21 and 22-year-olds will see their pay rise at a rate equivalent to inflation; those on the national living wage aged between 18 and 20, and 16 and 17, as well as those on apprentice rates, will see a smaller increase. I understand that the purpose of giving 21 and 22-year-olds a higher rate of increase is to smooth their transition to the national living wage, but it means that is the only group to see a real-terms pay increase this year.

Andy McDonald: I wonder whether my hon. Friend can help me. Does he find it as inequitable as I do that there is prejudice against young people in the workplace? They do not go into supermarkets and find that goods are priced at a lower level because of their age, so how on earth can it possibly be justified that they should receive a lower rate of pay for the work that they do opposite somebody 10 years their senior?

Justin Madders: That is exactly the point: the expenses faced by people who live independently are the same regardless of their age. That is why the current differences are indefensible.

On the differences in the increase, will the Minister say a few words about why the accommodation offset is going up by only 4.6% this year? That is considerably below the other rates. I understand that there is a review going on in that respect.

The impact assessment states that the tight labour market has caused nominal wages to increase, particularly among the lowest paid. It says that many businesses consulted by the Low Pay Commission said that better wages are used to attract and retain their workforce. Alongside good working conditions, we believe that is

[Justin Madders]

central to good employment practice. However, I have heard from representatives of certain sectors that some do not treat the minimum wage with the importance that others do. When we met in Committee to discuss the relevant regulations last year, it was noted that non-compliance was greatest in the hospitality and care sectors. Will the Minister tell us what steps have been taken to deal with non-compliance in those sectors?

There is a particular concern that domiciliary care workers are not being paid for the time spent travelling between locations, thus causing their wages to fall below the minimum wage levels. I hear—a recent Unison survey confirmed this—that about 73% of care workers are not paid for their travel, and Unison estimates that that affects between 155,000 and 220,000 workers. The impact assessment is correct that some sectors use high wages to entice workers, but it is clear that some in the care sector are not doing that. The abuse of travel time means that the minimum wage is not being paid to hundreds of thousands of people.

I understand that, because of the fragmented work patterns, carers' pay calculations are highly complex, and hundreds of time fragments per day are to be accounted for. That means it can be very difficult for people to ascertain whether they are being paid the minimum wage. Of course, it is possible under section 10 of the National Minimum Wage Act 1998 to get the pay records and inspect them, but I am told that those requests are frequently ignored, and information is often provided in a form that is difficult to decipher. Even pay experts sometimes find it hard to understand what pay is being received.

Employers are obliged to keep sufficient records, but there is a grey area in respect of what the standard constitutes in reality and, of course, the guidance can be ignored. No employer in the care sector has been prosecuted for poor record keeping, despite the high number of compliance failures and the clear evidence produced in the survey. Will the Minister talk to his officials about what more can be done to address the widespread abuses in the care sector, which deserve closer examination?

We should not forget that the minimum wage does not cover everyone. It does not cover the self-employed, many of whom do not receive the minimum wage. What is being done to address that? What is done to address the issue of people who are in bogus self-employment who do not get the minimum wage but, because the people who hired them are gaming the system, have no ability to challenge their pay and do not appear in any statistics? What steps are being taken to help those who are exploited because they are engaged on an internship that stretches out for months without pay? What about those who have to do a trial shift and work for eight, 10 or 12 hours, only to be told at the end that they are not required and will not get paid? Those are all abuses of the minimum wage and I want to hear from the Minister what is being done to tackle them.

Enforcement is key. If we are to have confidence that the regulations will benefit all our constituents, we need to be confident that they will be properly enforced. This year is the 25th anniversary of the Labour party having established the principle that workers are entitled to a minimum wage in law. It is important that the Government

ensure confidence in the system by bringing to task unscrupulous bosses who exploit their workers. The law is positive only if it is enforced. The past 25 years have made a lot more employers consider the law when they pay their workers, but they have not ended the existence of unscrupulous bosses altogether.

One of the most crucial elements of the legislation is the need to tackle businesses that flout minimum wage regulations. The Minister understands the importance of enforcement because on 23 February he told me in a written answer to one of my questions that the naming and shaming of employers who fail to pay the minimum wage is an "important part" of enforcement and compliance. He is right about that, because companies should expect to be found out and called out when they underpay their staff, but given it is such an important part of the Government's strategy, why has not a list of shame been released since the previous time the relevant regulations were debated? Given that the lists are supposed to be published on a quarterly basis, a hiatus of a year and a quarter since the last one, with no explanation, is concerning, so I hope the Minister will address that point when he responds.

The delays in publication have serious implications. The December 2021 round of naming included only investigations that had concluded back in 2018, and some of those had looked into breaches that went back almost a decade. We now have no publicly accessible register of firms found to be underpaying staff since before the covid pandemic. We all know that the labour market has changed drastically in that time, so it really is important that we get on to round 19 as soon as possible.

Leadership and setting an example are important. Naming and shaming is one thing; modest fines are another. If transgressors are allowed to continue to procure lucrative contracts from Government Departments, it could be said that the consequences of their actions are light. When handing out work to the private sector, the Government have billions of pounds at their disposal to distribute. Whether such reliance on the private sector is a healthy or wise option for the Government is a matter for another debate, but at the very least I would hope that those found not to be paying the minimum wage are at the back of the queue when it comes to handing out Government contracts, if not removed from the queue altogether.

It seems the Department for Business and Trade does not even bother to ask itself the question when contracting with the private sector. In response to a recent written question on whether the Department has issued any contracts in the last three years to companies that had appeared on the list of shame, the Minister told me that he

"does not hold information about the number of named employers who have a contract with a Government Department."

He cannot stand up today and categorically tell us whether his Department has or has not contracted work with a company found to be illegally underpaying its workforce. How can the Department responsible for ensuring that businesses in this country comply with minimum wage requirements be unable to confirm something so basic and so important? Is compliance not a question worth asking of those who receive taxpayers' money to undertake Government contracts?

There are concerns about other Departments that have sought to engage with companies that have appeared on the list of shame. I will not go through them all now, but it is important that the Department responsible for enforcing the minimum wage should look closely at whether the people it engages are paying it.

Andy McDonald: My hon. Friend makes an important point that speaks to the lack of commitment from the Government, given their previously expressed view to create a single enforcement body that could have embraced the enforcement of the national minimum wage. Is he as disappointed as I am that we still do not have any clarity from the Government on whether that single enforcement body will be formed?

Justin Madders: My hon. Friend is absolutely right about the questions in respect of the level of commitment. When I was preparing for today's debate I looked back at previous discussions, and the Minister has always talked about the single enforcement body. We have not heard any of that from the Minister today. Perhaps he will confirm that it is still the Government's intention to introduce a single enforcement body. They will have to table legislation to do that, so we might yet be disappointed. Will the Minister confirm, in the light of the answers we have received, that he will undertake a full investigation and ensure that in future those who do not pay the minimum wage face further scrutiny before they are given Government contracts?

As I hope to have demonstrated today, legal minimum levels of pay are not the whole solution to low pay, but they are an important part of it. Trade unions, as the collective voice of workers, also play a vital role in securing better working conditions. I hope that one day we have a Labour Government who will help all our constituents to receive the pay and conditions that they deserve.

6.24 pm

Mr John Baron (Basildon and Billericay) (Con): I will not keep the Committee for long. I congratulate my hon. Friend the Minister, not only on the work that he is doing in his Department but on his part—and the Government's—in accepting the Low Pay Commission's recommendation and allowing this change to the two minimum wages. I congratulate the Government on the fact that benefits have been linked with inflation and the triple lock has been maintained. A lot of us from across the House lobbied hard on those issues and I am pleased that the Government listened.

These regulations will ensure that 2.5 million of the poorest paid people will be helped; their pay will be kept in line with inflation, just at the moment when that is most needed because of the cost of living crisis. This will have a multiplier effect on the wider economy, because these people will more likely spend the money because they need to, which can only be a boost to the wider economy.

I will briefly make two further points, one of which the Minister raised—but it deserves emphasising. The regulations are another step towards the achievement of a high-wage, high-tech, high-employment and high-growth economy, which is what we need to achieve, particularly when one considers the low, or lowish, productivity

figures in this country. For too long, businesses have relied on cheap labour from Europe as a substitute for investment, and that has impacted on our productivity figures. There is no substitute for investing in research and development, as that helps to drive the productivity figures over the medium to long term—there is no short-term fix—but these increases in the minimum wage will take us a step closer to achieving the high-wage, high-growth, high-tech economy that we all want.

There will of course be a cost to business, but inward investment and jobs are decided by what some economists call comparative advantage. It is about levels of corporation tax, labour market flexibility, R&D in our universities, and the reputation of those universities and high-research institutes. It is also about the English language, the rule of law and all those factors in combination; there is no one single factor that determines whether investment moves in and out of a country. That is one reason that, when one looks at the UK's comparative advantage and those factors, we see that—despite all the predictions of doom about what would happen were we to leave the EU that were made at the time of the referendum—the litmus test is that inward investment has stayed up. In fact, there have been years when this country has attracted more inward investment than France and Germany together.

For me, one of the key litmus tests of how well an economy is doing is the unemployment rate. We can all make mad predictions about growth. Many international economic organisations, such as the International Monetary Fund, have always got their growth forecasts and so forth wrong. The litmus test of how well an economy is doing—or certainly one of the litmus tests—is the unemployment rate, and we should not forget that our unemployment rate is nearly half that of the EU.

Having said that, I make a final plea to my hon. Friend the Minister. Corporation tax is in the mix; it is not the only determinant of where a business invests and the extent to which it invests but it is an important determinant. At a point where corporation tax will be increased by this Government, I ask him to take this message back to his Department and to the Chancellor—we are all making our own representations independently of this Committee, but every little bit helps—and to ensure that he gets the message across that, with the public finances improving, the rise in corporation tax and the extent of that rise needs to be revisited, because it is an important determinant not just of the extent of inward investment to this country but of how many people are employed. The more profitable businesses are, the more we can pay for our public services and the more people get employed. That is the consideration that I ask the Minister to take from this Committee.

6.29 pm

Patrick Grady (Glasgow North) (SNP): It is a pleasure to serve under your chairmanship, Mr Hollobone. As the hon. Member for Ellesmere Port and Neston said, nobody is going to object to any kind of rise in the minimum wage, especially in these difficult times and given the inflationary pressures being experienced across the economy, which I hope the hon. Member for Basildon and Billericay will recognise are at least in part the result of the extreme hard Brexit forced on this country by the Conservative party, with the acquiescence of the Labour party. He might be right that unemployment is

[Patrick Grady]

low, but I can show him businesses across the country and in my constituency that are crying out for labour—for staff—because of the labour shortages that have happened as a result of that hard Brexit.

Mr Baron: I say this in the spirit in which the hon. Gentleman made his point: he needs to see the bigger picture. It is quite interesting that there is almost a balance between the number of job vacancies and the number of people who are unemployed. That actually suggests that the economy is doing quite well. There may be a mismatch for whatever reason, but those vacancies are there; we just need to ensure that we encourage people into work more.

Patrick Grady: Indeed. There are plenty of asylum seekers in my constituency who have a huge amount of skills and talent but are unable to deploy them, because this Government will not give them the right to work, earn a fair wage and pay tax back into the system. Perhaps that is a place where we could start or, if the Government want to make working more attractive, perhaps—getting to the heart of the debate—people should be paid a fair day’s wage for a fair day’s work.

Andy McDonald: We have heard about litmus tests, one of which is the rate of unemployment. Does the hon. Gentleman agree that one litmus test is whether workers have enough money to live on and to pay their bills?

Patrick Grady: Yes, precisely. That is why the rises today are welcome, but they are not necessarily sufficient for a lot of people.

The way in which the Government have co-opted the use of the term “living wage” to describe their statutory minimum wage is unfortunate. It causes a lot of confusion, and is particularly unfair to people looking for a real living wage, which the Living Wage Foundation has calculated since long before this Government adopted that language and it consistently comes up with higher rates; its proposals for the coming financial year are £10.90 an hour for the UK as a whole and £11.95 in London. The £10.90 compared to the £10.42 might not, on paper, sound like a huge difference but in reality, in a seven-hour day, that is about £3.36 extra a day or, over a five-day week, £16.80 a week. That starts to make a significant impact on the pound in people’s pockets.

Of course, that is only the upper rate for workers aged over 23. We agree entirely with the arguments being made for the extension of a real living wage to everyone in employment without distinction for their age. As other Members have said, people do not pay differential prices when they go to the supermarket or use consumer goods or utilities and so on. People should be paid the same for the same kind of work.

The Government could be doing more, and they could learn from the Scottish Government in that regard. The Scottish business pledge, introduced by the Scottish Government, encourages employers to pay the real living wage, to end zero-hours contracts and to take action in their businesses to close the gender pay gap. The Scottish Government also offer a wider social

contract to workers, including free prescriptions, tuition fees for their children going to university, the Scottish child payment—which is a real game-changer—the baby box and all the other actions that show just how much we have been able to do with the powers of devolution, and point to what we could achieve when Scotland becomes independent.

As welcome as the rise today might be, it does not go far enough. I do not think anyone in Scotland will look very much at what is on offer from the Conservatives or, indeed, the Labour party and think that this is as good as it gets.

6.34 pm

Kevin Hollinrake: I thank hon. Members for their valuable contributions during today’s debate. As has been pointed out, these rises are more important than ever in the context of the continued high inflation and cost of living pressures. I am glad to see cross-party agreement—largely—on the issue.

A number of points were raised, principally by the shadow Minister, the hon. Member for Ellesmere Port and Neston. When the Low Pay Commission made the recommendation of 9.7%, which we fully accepted, inflation was at 8.9%, so the rise was greater in most cases than inflation at the time. As the hon. Member for Ellesmere Port and Neston knows, this Government are committed to halving inflation by the end of the year, so lots of people who received those high pay increases, in percentage terms, will benefit even more as a result of reduced inflation and a growing economy. Creating more jobs is very important and eventually leads to high wages, as my hon. Friend the Member for Basildon and Billericay pointed out.

Justin Madders: I am grateful to the Minister for explaining that the Low Pay Commission recommended an above-inflation pay rate. We often hear from Ministers that one reason that they cannot accede to pay demands from various public sector unions is that anything approaching the inflation rate would boost inflation even higher. Does that not apply in this situation?

Kevin Hollinrake: No, because this applies to a much smaller cohort. If the hon. Gentleman is proposing that we pay everyone across the public sector an inflation pay increase, which I guess he is from his comment, he has to explain to the taxpayer how we will raise that £28 billion a year, because that is what it would cost. Obviously, the Low Pay Commission works with employer groups, but it also works with business groups, other stakeholders and other employers to try to strike a balance between what is affordable for employers and what is an appropriate rise for those at the bottom of the income scales.

The hon. Gentleman asked about our ambition to get to two thirds of the median salary by 2024. That is certainly what we believe to be attainable, and it remains our target. With the growing economy that we expect to see by the end of the year, the economic context will be a lot brighter than it has been over the last few months.

On age limits, the hon. Gentleman is right; our ambition is to lower the age limit in terms of access to the national living wage, as we did from 25 to 23 in 2021, based on the Low Pay Commission’s recommendation.

We are hoping to lower it to 21 by 2024. Part of the reason that it is lower—other Members asked the same question—is that there is no doubt that there is a greater vulnerability for young people. Unemployment levels tend to be higher in these lower age groups and it is important that we do not price people of low age out of the market. That is probably why Labour had different rates for 18 to 21-year-olds when it introduced some of these provisions when it was in government.

Let me turn to zero-hours contracts. Only 3% of the population is on a zero-hours contract. Sixty-four per cent. of those people do not want more hours, so the contracts kind of work for both sides, but we recognise that there is an issue with exploitation in some situations and we are trying to create the conditions for a conversation between employers and employees while not putting too great a burden on employers. That is why we are legislating for a right to request predictable hours.¹ We have already legislated for things such as exclusivity clauses, which are not allowed for zero-hours contracts. For those below the lower-earnings limit, there cannot be an exclusivity clause in a zero-hours contract.

On compliance, the hon. Gentleman was absolutely right. It is very important to us, which is why we have doubled enforcement since 2015. I have met His Majesty's Revenue and Customs team to discuss that. I welcome the fact that they have put £100 million back in the pockets of lower-income workers since 2015 through their excellent work. The care sector is one of the sectors they look at all the time, and there was no differential between it and any other sector. As far as employment law is concerned, travel time to appointments should be covered within employment law when it comes to calculating the national minimum wage or national living wage.

We believe that internships should be paid positions and should be subject to the national minimum wage or national living wage, and that trial shifts should be no more than a few hours.

Andy McDonald: I did not quite catch what the Minister said about travel time. Is he saying that care workers should be paid the same hourly rate when they are travelling between domiciliary appointments—paid at the full rate, effectively? Is that his position?

Kevin Hollinrake: Travel to appointments certainly should be calculated under national minimum wage levels. That is our position under employment regulations.

The hon. Member for Ellesmere Port and Neston was right to point out that we have not named and shamed for some time. I am very keen—I have had conversations about it today—to do that as soon as possible. We hope to have some news very shortly about a list of people who have not adhered to our national living wage requirements.

We are still looking at the best way to create a single enforcement body and whether it is right to do so given parliamentary time. We also do not want to increase the

costs of enforcement. I work closely with the director of labour market enforcement to ensure that she has all the measures at her disposal and that there are no gaps in enforcement between different areas.

My hon. Friend the Member for Basildon and Billericay is right that research and development leads to higher productivity, higher wages and higher growth. I support that 100%. He was the only speaker other than me to point out the cost to business of these measures, and it is disappointing that the contributions of Opposition Members did not point out that business has to bear this cost, which is about £2.5 billion for employers annually. He also raised the very important point about corporation tax. Under the new rules, 70% of businesses will not pay additional corporation tax, because there is a small profits rate. Indeed, in my 30 years in business, when corporation tax was at similar levels, I cannot think of a time when our boardroom considered not investing. Given a higher level of corporation tax than we see today, we still felt that we could invest. I understand my hon. Friend's points, and I am sure that he will make them to the relevant Department, which is of course the Treasury.

The hon. Member for Glasgow North talked about whether the rise is sufficient for low-paid workers, and I understand his point. I urge him, as I said before, also to consider employers in this conversation. We have to ensure that we do not raise the national living wage too quickly, which would cause problems for employers. That could be detrimental to the labour market generally and could have difficult consequences for some people who work in these kinds of jobs.

I am a big fan of the Living Wage Foundation, and it is absolutely right that we want the national living wage to increase. The gap between the Living Wage Foundation level and the national living wage is narrowing, and the Living Wage Foundation has always been keen to point out that its campaign for the national living wage is about trying to encourage employers to pay higher wages on a voluntary rather than a coercive basis.

From April, a full-time worker on the national living wage will earn over £6,700 more before tax than in 2015, when the policy was introduced, while younger workers and apprentices will also benefit from large rate increases across the board. This package of measures will have a huge, positive impact on the lives of millions of people. It should also serve as a reminder of the progress that can be made when Members across this House work together. I commend the regulations to the Committee.

Question put and agreed to.

Resolved,

That the Committee has considered the draft National Minimum Wage (Amendment) Regulations 2023.

6.44 pm

Committee rose.

1. [Official Report, 21 March 2023, Vol. 730, c. 2MC.]

