

Low Pay Commission urges action on illegal underpayment of apprentices

Press release

The LPC's non-compliance and enforcement report looks at why so many apprentices are underpaid and what can be done about it.



The Low Pay Commission (LPC) today publishes its third stand-alone report into compliance with and enforcement of the National Minimum Wage (NMW). The report uses data from 2019 to investigate the nature and extent of underpayment. This dates from prior to the current Covid-19 outbreak and shutdown, which have had significant impacts for many low-paid workers and their employers.

Bryan Sanderson, Chair of the LPC, said:

The current situation has brought to the attention of all of us the importance of low-paid workers to many of our vital services, including health and social care and the production and distribution of food. The priority is clearly to try to secure the survival of businesses and jobs which are very much at risk. Ultimately, an effective enforcement regime is an essential contributor to the objectives of protecting workers and ensuring a level playing field for businesses too.

The Government has made progress in recent years but more can still be done to protect the most vulnerable, in particular apprentices.

The report examines underpayment of all groups of low-paid workers, but focuses in particular on apprenticeships, where surveys show around one in five apprentices earn less than their legal entitlement. The LPC's analysis suggests that confusion around the requirement to pay apprentices for their training hours is likely to account for a large proportion of this

underpayment. The LPC makes several recommendations to Government to better protect apprentices, by reviewing how it investigates these cases and better communicating the risks they face.

The report also looks at the problems workers face in accessing their payslips and understanding whether or not they are underpaid. Recent changes to the rules have improved workers' rights, but still need to be publicised and enforced.

Overall, the report finds that the amount of measured underpayment fell slightly in 2019 from 2018, with over 423,000 workers recorded as underpaid. But this level remains higher than in many previous years, and the prevalence of underpayment varies significantly by occupation. HM Revenue and Customs' enforcement activity in 2018/19 secured the repayment of more arrears for more workers than ever before. The report considers what HMRC's statistics do and do not tell us about their work, and what more needs to be done to ensure the enforcement regime is as effective as possible in meeting the needs of underpaid workers.

Recommendations

In full, the LPC's recommendations to the Government in its 2020 non-compliance and enforcement report are:

- We recommend the Government evaluates what data are recorded in non-compliance investigations, and considers how this can be used to develop measures of cost-effectiveness.
- We recommend the Government monitors the effects of the increase in the threshold for naming employers found to have underpaid workers.
- We urge the Government to take responsibility for the delivery of the new higher NLW target in the sectors where it is the main source of funding.
- We recommend the Government uses targeted communications to both apprentices and their employers to highlight underpayment risks, and in particular the problem of non-payment of training hours.
- We recommend HMRC review the way they record apprentice underpayment, and to publish the numbers and profile of the apprentices they identify as underpaid.
- We therefore recommend that HMRC review their approach to investigations involving apprentices, to understand whether these investigations would identify non-payment of training hours.

- We join the Director of Labour Market Enforcement in recommending that the Government reviews the regulations on records to be kept by an employer, to set out the minimum requirements needed to keep sufficient records.

Notes for editors

1. The current report follows a similar report in 2019, which also made a series of recommendations to the Government. These covered how the Government communicates with employers and workers; the guidance available to employers; and the resumption of naming rounds for non-compliant employers. In its written evidence on enforcement to the LPC, BEIS announced its acceptance of all of last year's recommendations.
2. The National Living Wage (NLW) is the statutory minimum wage for workers aged 25 and over. Different minimum wage rates apply to 21-24 year olds, 18-20 year olds, 16-17 year olds and apprentices aged under 19 or in the first year of an apprenticeship.
3. The age threshold for the NLW will be reduced from 25 to 23 in 2021, and then further to 21 by 2024. This follows a review of the structure of the National Minimum Wage youth rates and recommendations made by the LPC last autumn.
4. The NLW was introduced in April 2016 and had a target of 60% of median earnings by 2020, subject to sustained economic growth.
5. The Government published its remit to the LPC for 2020 alongside the 11 March Budget. This confirmed a new target for the NLW, to reach two-thirds of median earnings by 2024. In the remit, the Government asks the LPC "to monitor the labour market and the impacts of the National Living Wage closely, advise on any emerging risks and – if the economic evidence warrants it – recommend that the government reviews its target or timeframe. This emergency brake will ensure that the lowest-paid workers continue to see pay rises without significant risks to their employment prospects." The full remit letter is available [here](#).
6. Rates for workers aged under 25, and apprentices, are lower than the NLW in reflection of lower average earnings and higher unemployment rates. International evidence also suggests that younger workers are more exposed to employment risks arising from the pay floor than older workers. Unlike the NLW (where the possibility of some consequences for employment have been accepted by the Government), the LPC's remit requires us to set the rates for younger workers and apprentices as high as possible without causing damage to jobs and hours.

7. The Accommodation Offset is an allowable deduction from wages for accommodation, applicable for each day of the week. In April 2020 it will increase to £8.20 per day, matching a commitment made in 2013 to increase it to the level of the National Minimum Wage.
8. The National Living Wage is different from the UK Living Wage and the London Living Wage calculated by the Living Wage Foundation. Differences include that: the UK Living Wage and the London Living Wage are voluntary pay benchmarks that employers can sign up to if they wish, not legally binding requirements; the hourly rate of the UK Living Wage and London Living Wage is based on an attempt to measure need, whereas the National Living Wage is based on a target relationship between its level and average pay; the UK Living Wage and London Living Wage apply to workers aged 18 and over, the National Living Wage to workers aged 25 and over. The Low Pay Commission has no role in the UK Living Wage or the London Living Wage.
9. The Low Pay Commission is an independent body made up of employers, trade unions and experts whose role is to advise the Government on the minimum wage. The rate recommendations introduced today were agreed unanimously by the Commission.
10. The nine Low Pay Commissioners are: Bryan Sanderson, Professor Sarah Brown, Professor Richard Dickens, Kate Bell, Kay Carberry, Simon Sapper, Neil Carberry, Clare Chapman and Martin McTague.
11. Bryan Sanderson can be contacted via the Low Pay Commission's press office (0207 211 8132).

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[Changes to exemptions from the Veterinary Medicines Regulations \(VMR\) for small pet animals](#)

The VMD has made some changes to how you apply, to include:

- a new active substance in a medicine for a small pet animal that is exempt from the VMR under Schedule 6 (that is a medicine that does not have to be authorised)

- a new route of administration or target species for an active substance that is already approved

and how we assess the application.

Certain changes will be effective immediately and will apply to all applications for new active substances.

Applications

The following must now be provided when you apply to include a new active substance, or a new route of administration or target species for an active substance that is already approved in a Schedule 6 product.

You must list the Chemical Abstracts Number (CAS) number, where one is available, on your application form. This is the unique numeric identifier designating only one substance. This can be found on the safety data sheet for the chemical/active substance.

You must send your application form to the following email address: pet.exemptions@vmd.gov.uk.

The guidance on [Exemption from authorisation for medicines for small pet animals](#) includes the application form and the list of approved active ingredients.

Assessment of active substance

The VMD considers the potential risk to the user and the environment when we assess applications. This risk assessment will now be applied to applications under the exemption scheme. As a result, warnings or restrictions may be included on the product package in addition to the current label requirements.

You do not need to provide any additional information when you apply unless we have specifically asked you to.

These changes should not cause any delays in dealing with applications.

Consolidated list of active substances

We now publish a consolidated list of approved active substances, including CAS number to ensure accurate and transparent identification of the substances. Duplicate substances under different names are now listed together with one CAS number.

These changes should not have an impact on existing products marketed under Schedule 6. However, if you think they do, you should contact the VMD as soon as possible at pet.exemptions@vmd.gov.uk.

Consultation on possible future changes to the exemptions to the VMR for medicines for small pet animals

The VMD will be proposing further changes which will affect all products covered by the Schedule 6 exemption. These will include introducing a requirement for the VMD to be notified about all Schedule 6 products marketed in the UK.

The proposal will be open to public consultation in Autumn 2020. If, following consultation, we introduce a requirement for the VMD to be notified about all Schedule 6 products marketed in the UK, there will be a transition period before notification becomes mandatory, during which companies can notify us of products on a voluntary basis.

For further information and to be included on our mailing list for updates about the scheme, email pet.exemptions@vmd.gov.uk.

Tackling impunity through the ICC

Thank you, Mr President.

Mr President, it is a pleasure to see the Prosecutor, Madame Bensouda, with us today, albeit in a slightly different format from what we are used to. I would like to thank the Prosecutor for briefing us today on her nineteenth report to the Security Council on the situation in Libya.

The United Kingdom strongly supports the work of the International Criminal Court to tackle impunity and hold accountable those responsible for the most serious crimes in Libya. The Court's work is of vital importance, especially given the continued, flagrant breaches of international humanitarian law, including the ongoing targeting of civilian infrastructure, and violations and abuses of international human rights law. It is particularly appalling, at a time when countries are facing an unprecedented shared-threat from COVID-19, that healthcare facilities are among the civilian infrastructure, apparently, being deliberately targeted. Civilians, including migrants and refugees, are paying an unacceptable price with their lives during this conflict. The United Kingdom is clear in its view that civilians should be protected in armed conflict, and when they are targeted – including through sexual and gender-based violence – those responsible for violations of the law, should be held accountable. The United Kingdom will continue to support the ICC in the crucial role it has to play in making this happen. We welcome the progress the Prosecutor is making in her investigations, including her work on new warrants.

Mr President, The United Kingdom is grateful for the Prosecutor's updates on the cases against Mr Qadhafi, Mr Al Werfalli and Mr Al-Tuhamy. We note the rejection of Mr Qadhafi's appeal by the ICC's Appeal Chamber, when it upheld the decision of the Pre-Trial Chamber and dismissed Mr Qadhafi's admissibility challenge. We note with particular concern reports of Mr Al-Werfalli's continued involvement in serious crime three years after the first arrest warrant was issued for him.

We continue to support the Prosecutor's call for all relevant states, including states parties to the Rome Statute and non-states parties, to cooperate with the ICC in the arrest and surrender of warranted individuals.

Mr President, we note the reports of escalating violence in and around Tripoli leading to the death, injury and displacement of significant numbers of civilians. Reports of shelling and airstrikes that may constitute a violation of international humanitarian law are especially worrying. It is not acceptable that civilians, including migrants and refugees, remain at risk; this is why it is imperative that all parties cease fighting.

The United Kingdom notes the references in the Prosecutor's report once again to indiscriminate abductions, arbitrary detentions and extra-judicial killings; these are unacceptable. We are particularly concerned that MP Siham Sergewa remains missing and we are pleased that the ICC's investigations continue.

Mr President, it is clear that the ongoing conflict is having an unacceptable impact on the humanitarian and human rights situation in Libya. We continue to urge the Libyan parties to cease fighting and engage in constructive dialogue. An inclusive political solution – as set out by the Berlin Conference – offers the best hope for the stability and future prosperity that the Libyan people need and deserve. We continue to call on all parties to the conflict to comply with their obligations under international law, including international humanitarian law.

Support for international criminal justice remains central to the United Kingdom's foreign policy. We continue strongly to support the mission of the ICC, including getting justice for victims, and are committed to continuing to provide our full support to the Prosecutor and her team in their ongoing investigations in Libya.

The role of the Board of Auditors in progressing UN accountability

The United Kingdom would like to thank the Board of Auditors (BOA), the UN Secretariat and the Advisory Committee on Administrative and Budgetary Questions for their reports, and express its recognition of the indispensable

role the BOA plays in progressing accountability across the UN system.

The BOA's independence and technical oversight role are crucial to supporting a culture of continuous improvement in the Organisation, including on transparency, efficiency, compliance and operational effectiveness. The UK is a strong supporter of UN reform and sees the BOA's recommendations and observations as playing an important role in the overall realisation of reforms across the UN system.

The UK welcomes the Board's review on UN peacekeeping and its focus on peacekeeping performance, contingent-owned equipment and the implementation of previous recommendations. We see benefit in it considering matters such as management efficiency, the implementation of the Comprehensive Performance Assessment System, and performance failings which could have a critical impact on safety and security, or on mandate delivery.

The UK considers that the Board's independence is of the utmost importance, and ensures the credibility and impartiality of their findings. And while the Secretariat and Member States retain the prerogative to disagree with these recommendations, the BOA's independence must be respected.

The UK delegation looks forward to engaging on these issues in the coming weeks and trusts that the Committee will this year support a consensual outcome.

Supporting UN Peacekeeping

The United Kingdom would like to express its deep recognition to the Fifth Committee Chair and Bureau for their hard work in continuing to service the work of the Fifth Committee in such extraordinary circumstances as we face at the current time, and also to colleagues from the Fifth Committee Secretariat, the ACABQ, and UN Secretariat for their support to our ongoing work.

The UK is committed to successful UN Peacekeeping in support of international peace and security. This requires full delivery of mandates, effective performance, and adequate, cost-effective financing. The UK delegation looks forward to working collaboratively within the Committee in support of our responsibility to assess and take account of the evidence presented to us with regards to the budgetary and operational elements of Peacekeeping operations. In so doing, the UK will seek to ensure that the proposed resourcing supports full delivery of Peacekeeping mandates in a manner consistent with effective, efficient management of resources.

The Committee will operate against a backdrop of extraordinary circumstances, in which it will continue to negotiate remotely for all or part of the session, and in which many delegates are experiencing concern for the health

or livelihoods of friends and loved ones around the world as a result of COVID-19. In this, the UK expects that the Committee will demonstrate the community spirit and strong relationships for which it is well-known.

The UK is conscious that some Peacekeeping operations and their host countries are experiencing impacts from the pandemic, and would like to pay tribute to the dedication of the uniformed and civilian personnel in responding to these difficult situations, as well to the sacrifices made by Peacekeepers in the course of their important duties.

The UK has been a strong advocate for the SG's reforms, and will continue to back effective implementation in pursuit of a high-performing, efficient, accountable, well-managed UN organisation, including through discussions in this session in which we should aim to ensure that our decisions are in the best interests of the Organisation.

The UK will continue to seek progress on priorities which support the full delivery of mandates and effective performance, including gender parity, action to address sexual exploitation & abuse and sexual harassment, gender mainstreaming, human rights, responsible management of the environment, effective use of technology, and protection of civilians. We recognise the important role that the recommendations of bodies such as the OIOS and the BOA play in supporting a culture of continuous improvement within the Organisation.

The UK previously expressed concern that in January we saw the principle of consensus-based decision-making undermined on ACABQ enlargement, on which issue no sincere attempt was made to engage in discussion within the Fifth Committee in pursuit of consensus. We look forward to the discussion this session on improving working methods in the context of enlargement. We trust that we will continue to see a renewed commitment within this Committee to the principle of consensus-based decisions going forward.

The UK expects to make rapid progress this session under the leadership and guidance of the Committee Chair, and looks forward to excellent cooperation with all member states in support of timely agreement of the necessary resources for UN Peacekeeping operations.