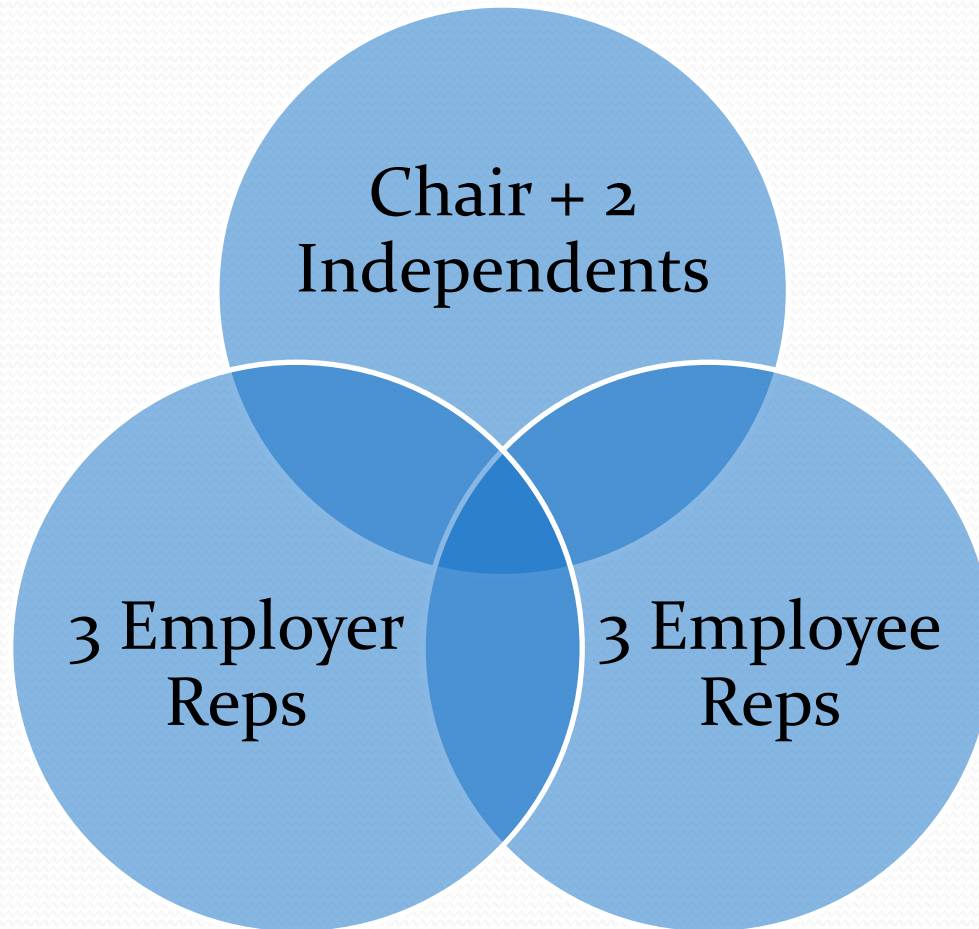


Setting the Minimum Wage: The Social Partnership Model in the UK

Richard Dickens
University of Sussex and Low Pay Commission

17th November 2014

An Independent Low Pay Commission



Remit from Government each year

“Our aim in making our recommendations each year is to help as many low-paid workers as possible without any significant adverse impact on employment or the economy.”

Deciding the Rate

- Range of analysis and consultation provides credibility to recommendation
 - In-house analysis
 - Commissioned and independent research
 - Formal consultation (Written and Oral evidence)
 - Visits around the UK to meet with stakeholders
 - International developments

A popular policy

- About 1 million workers covered by the NMW
 - 53% of the median adult wage
- Reduced inequality and extreme low pay
- Little evidence of *significant* adverse impact on employment
- Small reduction in hours worked and possible reduction in job retention of part time females
- Small increase in prices to consumers
- Squeeze on profits

A victim of its own success?

- Agreement by all sides for 15 years!
- Increasing political interference
 - After initial opposition by Conservatives
 - George Osborne's £7 an hour intervention
 - British Labour Party looking at minimum/median target
 - £8 an hour in next parliament
- Concern over future of social partnership