

## **Low Pay Commission Consultation Response From The End Child Poverty Coalition**

This response has been written by Lottie Ingram aged 18, Sophie Smyth aged 21, Amelia Collins-Patel aged 24, Kaydence Drayak aged 18 and Darcy May aged 16 - all of whom are Youth Ambassadors for the End Child Poverty Coalition. They were supported by Rachel Walters the End Child Poverty Coalition Coordinator.

### **About the End Child Poverty Coalition**

The End Child Poverty Coalition is made up of over 100 organisations including child welfare groups, social justice groups, faith groups, trade unions and others. Together with a group of 18 Youth Ambassadors we all believe that no child growing up in the UK should live in poverty. We ask that this and future UK governments commit to end child poverty.

To do this we engage with young people, providing opportunities for them to share their experiences with decision makers. We share knowledge and develop solutions with Coalition members, and we campaign together, uniting Coalition members and young people to ask central and devolved governments to end child poverty.

Youth Ambassadors have been helping shape the work of the Coalition for over two years. The majority of the 18 Ambassadors have lived experience of growing up in a low-income background. By that we mean they may have lived in single parent families who struggled to financially meet their children's needs, their families may have been in receipt of benefit payments, or as children they may have received free school meals for example. For some Ambassadors this is still very much the situation they are living in today.

Whilst the name of the Coalition suggests we only work on issues related to children, we also support Ambassadors to work on issues which impact them as young adults - bringing to this their first-hand experience of child poverty. At the start of the cost-of-living crisis, the Ambassadors decided that they wanted to address the impact this period was having on 16- to 25-year-olds, an age group which they felt were often overlooked by decision makers - who perhaps feel that young people in this age range have a family to fall back on, and can support them financially. Yet, young people from a low-income background tell us that they often do not have this safety net.

The Ambassadors researched and produced a report entitled 'We're Skint'<sup>1</sup> which outlined how utterly dismayed young people were with both the crisis and the government response to it. One aspect which really became clear in the report was how young people, especially those on a low income and from low-income families, feel that their rates of pay are unfair. Young people want to be paid equally alongside their (often only slightly) older peers. They feel the current pay bands for the Minimum Wage are another example of a decision being made on behalf of young people by those who have little understanding of what life is like in a low-income family.

To answer the questions presented in this Consultation we have taken extracts from the 476 responses to the 'We're Skint' survey – we refer to this as the 'first survey of young people' throughout this response. We have used Ambassadors' own experiences, and conducted a more in-depth online survey for young people – which was answered by 27 young people. This is referred to as the 'second survey of young people' throughout this response.

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<sup>1</sup> Can be viewed here; <https://endchildpoverty.org.uk/skint/>

### **Experience of low-paid workers**

**What has happened to quality of work recently? For example, have workers experienced changes in contract types, flexibility, workplace harassment and work intensification (e.g. greater expectations for workers to work more flexibly, with greater effort, to a higher standard etc)**

Young people surveyed said that they feel the quality of work recently has deteriorated, including the lack of support offered to young people. During the 2022/23 period, young people reported that there has been an increase in zero-hour contract jobs. This can give young people who live on their own or care for someone a feeling of vulnerability as they have bills to pay but work hours are not definite.

A Youth Ambassadors' story, aged 18

*I work at McDonalds alongside being a full-time student, I am estranged from my family meaning I live independently from them, and so have to cover payments such as rent and gas and electricity.*

*I first started working at McDonalds aged 17 – and when you first start you have to have a zero hours contract. I am still on one now. When I started, I was paid £7.50 which is more than the minimum wage, and your wage does increase as you get older. But as I am on a zero hours contract I hardly ever work, perhaps two or three shifts a month. Which is bad for me as I really need the money. I also receive Universal Credit, but this is just not enough money to live on – and trying to survive on this small amount of income is extremely difficult.*

*Everyone at McDonalds does the same role, it doesn't matter what age you are – you do exactly the same job. Which means it is frustrating that you are paid based on your age. In fact, often the younger colleagues are asked to do more, or made to work harder – thanks to those who are older.*

*The main benefit I get from working there is that I can get a discount off meals from any branch of McDonalds. This has really helped me in my current situation, as the cost of food in general is very high. But there is not really any career progression. Staff turnover is also very high, they have increased pay recently, but as a result are giving people less shifts – for example there are less people on at weekends, meaning that the role is very stressful.*

**What has been workers' experience of the wider benefits available to workers (including premium pay and non-pay benefits across the workforce)?**

There are hardly any benefits available to those surveyed who are young and working. These are workers who are being paid low wages for jobs in sectors such as retail and hospitality. For example, one young person aged 20 who is paid the minimum wage of £7.49 an hour, and completed our second survey says: “*minimum wage isn't great but it's the reality for most workers in retail. I work late nights, weekends, bank holidays, Christmas Eve and Boxing Day for no extra pay and I deal with customers on a daily basis who are not very kind. It can be emotionally taxing*”.

**How has access and cost of childcare and transport affected workers' ability to move into work or to a better paying job?**

It is well documented that childcare in a formal nursery or childminder setting is extremely expensive. The average cost of a part time (25 hours a week) childcare place for a child under two in a nursery in Great Britain is now £148.63 a week or £7,134 per year<sup>2</sup>.

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<sup>2</sup> Coram Family and Childcare Trust, 2023, Child Care Survey;  
[https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202023\\_Coram%20Family%20and%20Childcare.pdf](https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202023_Coram%20Family%20and%20Childcare.pdf)

One 19-year-old Youth Ambassador who is also a mum to a one-year-old daughter states that she finds it extremely difficult to work and provide for her child while paying for the costs of everything else.

Another young mother who works part-time, with a husband who works full-time said, *“if my partner was not in such a well-paid job, we would not be able to afford childcare”* The mother only works part-time so that their childcare costs are half of what they would be if the child attended nursery full-time. This family could not afford a full-time nursery place; from a financial perspective it is better for the mother to only work part time.

If this mother wanted to move into a better paying job it takes time for her to work her way up, and she would likely be starting on minimum wage or an apprenticeship wage. This would not be feasible for her, as she wouldn't be able to pay all her outgoings, including childcare and transport.

Another young mother stated that; *“during the month of May...my child went to nursery 4 times...cost us £620. This was due to the bank holiday being £75 a day but they ended up being shut! They said the cause was illness in the nursery which I can understand but I still had to pay out!”*

A Youth Ambassador's story, aged 18 from Stratford Upon Avon:  
*I applied for a cleaning job in a B&B. I was estranged from my family, and had a one-year-old little girl. Money was very tight, I thought that getting a job would help my financial situation, but I never thought I would come out worst off.*

*I got accepted for the position and started with immediate effect (no contract was given) I completed one week's worth of work and then realised that it was not manageable to walk my child to nursery and then do the 2-hour walk to work and my benefits were going to get deducted. So, I deeply apologised to this company and told them why I could no longer work for them, but asked could I receive my pay slip for the week's work I did. Later on, in the week I received an email saying my week's work was a free trial and as I didn't want to carry on, I would not get paid.*

*This put me in a very vulnerable position having no money in my account with childcare fees to pay and benefits being deducted I got very overwhelmed. I suffer from extreme mental ill health, and this did not help my well-being.*

*Eventually the company replied and said with me only being 18 I would not receive the full wage they offered online, and I was only entitled to minimum wage. I would never have put myself forward for this job if I knew it was minimum wage as that does not even cover my childcare costs. I also was told that it would be extra for bank holidays, and they did not award me any extra. In this case, my age was used to justify paying me less than the amount offered. Because of the pay bands in place, I can be paid less than someone older, even though I have a child and exactly the same outgoings as an older person.*

### **What opportunities are there for progression to better-paid work for low-paid workers and how common is promotion?**

Young people from low-income backgrounds report that there are not many opportunities for progression into better paid work in general. Often the roles that these young people take on are low-skilled, such as stacking shelves or working in a fast-food restaurant. It is reported that getting a promotion in these types of jobs is rare. These are also the sort of roles that stick to minimum wage age bands meaning pay increases slowly with age.

*In my last role, I took on additional responsibility after a full-time staff member left. Our contracts then ended and we had to reapply for our jobs for the next academic year. I was rejected on the basis that I had taken on additional responsibility which therefore created a hierarchy of student staff, even though they are the ones who gave me that extra responsibility (with no extra pay nor any sense of boundaries drawn to prevent the "hierarchy").*

A 22-year-old who responded to our second survey

*At my current level, no [there is no job progression]- however there may be some at a higher level. However, I would be unable to progress due to being in full-time education. The company states you must be a full-time employee to progress, but due to University, that just is not possible.. Saying that, the level up does not pay that much more (maybe £1 more an hour), so even if I were to progress, my financial situation would not be much better.*

A respondent to our second survey, aged 24 and working in hospitality

### **What has been workers' experience of the Universal Credit system and how the minimum wage interacts with it? Has this influenced workers approach to how many hours they work?**

Being on Universal Credit and trying to work can become very complicated. The interaction between work and benefit amounts received can be complicated and hard for some young people to navigate.

*A young man who has had a very hard time trying to engage in work whilst receiving Universal Credit said; "I've had an absolute nightmare...I started a warehouse job but didn't know I would lose so much of my benefits... this has left me in rent arrears".*

Some young people surveyed have decided that because minimum wage for their age range is so low, it is the same income they would receive from benefits - so they will struggle to meet their costs whether in work or out of work. If the minimum wage for young people was higher then they report that they would be incentivised to seek work and not be dependent on benefit support.

It is worth noting that young people aged under 25 receive less in Universal Credit, than those who are over 25. The Youth Ambassadors asked the relevant Minister about this via a 'written question' put down by Alex Cunningham MP. The reply stated that 'the rates for those under age 25 are lower than those aged 25 and over to reflect the fact that these claimants are more likely to live in someone else's household and have lower living costs. It also reflects the lower wages that younger workers typically receive'<sup>3</sup>.

This confirms that younger people are being treated differently based on the assumption that they have a family who can support them financially. For poorer young people – who do not have this safety net - this means they receive less in Universal Credit, are likely to receive a lower wage based on their age, but still have the same outgoings (such as rent and utilities, and possibly children to support too) as an older person. And the lower amount received in Universal Credit payments are based on the age-related pay bands which form the NWM. If these were scrapped, Universal Credit payments should also change and the age bands within this scrapped too.

Another benefit payment received by some young people who are young carers or young adult carers, is carers allowance. If you have to, or want to, care for a loved one, it makes it harder to work if you receive this benefit payment. If you receive carers allowance you have a cap on how much you can earn before losing the allowance, and the allowance is taxable. This means that it often leaves carers in a worse financial position to work, because they can't cover the gap of losing carers

<sup>3</sup> The question and answer can be viewed here: <https://questions-statements.parliament.uk/written-questions/detail/2023-01-18/126631>

allowance which they will lose regardless of the fact they are still caring for the same hours. Wages need to be higher to make it affordable for young people who have caring responsibilities to work.

**How has the rising cost of living affected workers on or close to the NMW and NLW and how, if at all, has this affected worker needs and expectations from their employment and pay?**

Unsurprisingly the increase in the cost of living has affected a huge majority of people who are living in poverty. Our own Local Child Poverty Statistics produced in conjunction with Loughborough University, show that in 2021/22 71% of low-income families have at least one parent who is working<sup>4</sup>. This demonstrates that for low-paid families, work is not the route out of poverty that it is sometimes portrayed as being.

For young people who responded to our first survey, and who mentioned that they were working, 81% said they were worrying ‘a lot’ about the cost-of-living in relation to their future. Whilst in general the increase to the NMW from 1<sup>st</sup> April was welcomed, young people highlighted that in the lower age pay band (under 18) the increase only amounts to 47p an hour, and 66p an hour for 18–20-year-olds. As a result, young people have reported feeling as though their wages are not increasing but their bills are. A 22-year-old commented *“I’m in my overdraft the day I get paid because as soon as I pay for rent and bills, I have nothing left”*.

*“[The NMW] is not much, and the increase is not by much. I feel as if it should have been increased more, especially given this cost-of-living crisis. It is better, but it’s still not good enough.”*

A respondent to our second survey, aged 24

*“The price of everything has gone up significantly but my wage has not increased in a proportionate way. I’m spending more of my wage on bills/petrol than I normally would.”*

A respondent to the second survey, aged 20

*“Everything is increasing in price and the pay isn’t increasing at the same rate.”*

A respondent to the second survey, aged 18

*“My pay [is not] proportional to other rising costs i.e groceries.”*

A respondent to the second survey, aged 17

One group of young people who have been particularly impacted by the cost-of-living crisis are those from low-income backgrounds who are both studying and working. Several young people in this position have reported that they cannot afford to continue their studies at university whilst working. This is because wages are not high enough to cover the costs of university, alongside their living costs. This is likely to negatively impact their future employment opportunities because they won’t have a university degree, but will still have student loan debt that needs to be repaid.

*“I have to work 25+ hours a week whilst during 40+ hours of university just to be able to put food on the table and to be able to go home. I am privileged to be in this situation, I’ve had friends who have had to drop out of university simply because they couldn’t afford it.”*

A respondent to the first survey, aged 19

*“I study a healthcare profession course. Even though I only have 1 year left I am considering quitting university. I just can’t afford it anymore. Money was always tight but now it’s like a noose. SAAS student loans haven’t gone up and my wage rose by pennies but everything else has increased so much.”*

A respondent to the first survey, aged 20

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<sup>4</sup> Stone, J, 2023; Local Child Poverty Statistics, <https://endchildpoverty.org.uk/child-poverty/>

#### A Youth Ambassador's Story:

*I am a 16-year-old from Maidstone in Kent. Since I am close to finishing my GCSE exams and beginning an extended summer holiday, I have decided to begin searching for part-time work to earn some money. I have also made this decision due to the impact of the cost-of-living crisis on my family; my mum is raising me and my brother (who is registered disabled), as a single parent, and I want to be able to earn and spend my own money.*

*In order to work, I will need to travel to the town centre a few times a week. If I work 3 days a week during the summer (my intention) it will cost me £10.80, which is the equivalent of working for just over two hours without pay if I earn the minimum wage for under 18-year-olds.*

*I have made a conscious effort to find and apply for jobs which pay the national living wage rather than the minimum wage. I simply cannot afford to work if I am only going to be paid the minimum wage: Transport fares, any uniform costs, and the general rise in the cost of living means it isn't sustainable or cost-effective for me to work if I take home around £50 a week. I would be spending over £10 on transport, and then any other costs for food and uniform. So due to this, I will only be able to work for companies which pay the national living wage so that the expenses I need to cover in order to work don't outweigh the benefits of employment for me.*

*Throughout my job-searching, I have noticed that certain employers follow the minimum pay guidelines. The current minimum wage pay brackets state that under 18-year-olds can be paid £4.90 less an hour than their colleagues who are 21 to 22. This is the case despite the fact that in many of these jobs (retail and hospitality) they are carrying out exactly the same tasks and have the same responsibilities. This discourages me from applying to these companies.*

*Being paid the minimum wage when part of a low-income household will not be beneficial or sustainable for young people. The current cost of living crisis adds to the strain put on families below the poverty line, and it is almost impossible for under 18s in these households to work when being paid only £5.28 an hour. Especially when there are other costs which need to be covered and if they want to support their family, too.*

*When young people- such as myself- are encouraged to seek employment but are at a significant disadvantage to those older than us in the same role, it is extremely disheartening. The drastic difference in salaries between the living wage and minimum wage makes it difficult for young people to be enthusiastic about finding part-time jobs. The cost-of-living crisis also has a big impact on the financial struggles of young people around the UK.*

#### **Young people**

#### **How do the youth minimum wage rates influence employers' decisions about hiring and young people's decisions about employment?**

Young people have told us that the minimum wage rates for younger workers can have a big impact on young people's decisions around employment. For some it has made employment less feasible. In some locations there are many vacancies, however young people will not be paid equally to their older counterparts – meaning these jobs are not a viable option for younger workers. For example, the transport to arrive to work can be costly and the minimum wage may not properly cover these costs in addition to the other daily expenses such as food.

A Youth Ambassador's Story aged 18, in Scotland.



*I have been looking for work for a while now, I am a full-time University student and an unpaid carer. I have a large family with many wonderful siblings and both my parents' work.*

*I want to find work because I want to contribute to my family, we get by, but our home doesn't meet the needs of our family. I want to do what I can to help improve our situation, the cost-of-living crisis hasn't made this any easier for my family.*

*The problem isn't that there are no jobs, at least in my neck of the wood's organisations are constantly trying to recruit and often failing to hire anyone. One of our local charities has been trying to hire a manager since the old one retired, three times they have advertised, and they have still been unable to hire anyone.*

*The reason I am unemployed is that I cannot afford to work. I live rurally, and all the jobs are in town and require you to work at the office, shop, café, etc. It costs roughly £20 in fuel to get in and out of town. I only am able to work part-time, so on a minimum wage assuming I would work 21hrs a week across 3 days, it would cost £60 in fuel leaving me roughly £90. Then taking into consideration the average annual costs of owning a car it would leave me with £70 a week. Which is better than nothing but if I am working, I need someone to be handling my caring responsibilities so this means someone in my family would need to not be working to be caring instead while I work. The trouble is my £70 a week is not worth what my middle-aged father with a degree and work experience can earn. So, it would cost my family for me to work, how can I do that to them when they are already working so hard to keep us afloat? I want to work to help my family, so my parents don't have to work multiple jobs, but just because of my age I can't compete with them, I cannot justify the expense. Especially as most of the jobs I have found that let you work from home require you to be more qualified than a job stacking shelves requires. Some of my parent's work doesn't have the travel costs, because they have the work experience that enables them to apply for work at home jobs.*

*I am willing and motivated, but I cannot morally work in this economy, I cannot make my family poorer just so I can have a job.*

**What other factors determine pay for young people aside from the rates? For example, job role or length of time in the job?**

Ideally, employers would set rates based on role and length of time in the job, and other relevant factors; however, we know this is not always the case. Many young people report that they perform the exact same job with the same tasks as an older colleague, and with the exact same hours but nonetheless will be paid a lower rate due to their age.

*"increase the minimum wage for young people, ... especially as a lot of time in part time jobs under 18s are working with the same effort as over 18s so i don't think it's fair at all."*

A respondent to our first survey, aged 16

*"Don't let companies charge 16-24 year olds adult prices when they are not receiving the maximum minimum wage, eg bus and tram fares, or better yet, standardise the minimum wage so that young people aren't paid less for exactly the same work."*

A 24 respondent to our first survey

**To meet the Government's 2024 target the NLW age threshold would be lowered to 21 in 2024. What impacts do you think this would have, including on employment?**

Young people think this will have a positive impact on employment. In October 2022 there were more vacancies in the UK than there were people looking for employment<sup>5</sup>. One reason for this could be that there are those who cannot afford to work with the current minimum wages for young people.

It is likely that a rise in the NLW, and this being lowered to 21, will have a positive impact on young people, especially those living in poverty. But this decision cannot be made on the assumption that those under 21 do not also need to be paid the NLW. Making this assumption misses the experience of young people, young parents, young people who are estranged from their families etc. All of whom have no financial safety net to fall back on, and yet must meet the same costs as those who are 21 or over.

#### **At what level should these rates be set from April 2024?**

Wages should rise with inflation; the minimum wage needs to be universal regardless of age, as not only can we not predict a person's circumstances, but it is wrong for two people to do the exact same job but be paid differently for a characteristic they cannot control.

The living wage needs to apply to all ages. Young people we have spoken to have mentioned that when they have been looking for work, organisations advertise paying the living wage, only for them to find out that they won't receive this living wage because the company will only pay them according to the age-related pay bands.

*"I am 20 so legally I do not qualify for the minimum living wage however I live on my own and pay for all my things myself- I think it is unfair that I earn below the living wage despite being financially independent. Possibly the living wage should not be determined by age? Or the minimum wage should generally just increase?"*

A respondent to our first survey, aged 20

#### **Minimum wages after 2024**

##### **The purpose of the NMW and NLW**

*"The minimum wage in general needs an increase, but the main issue is that the value of someone's work isn't dependent on how old they are. Everyone deserves a living wage, no matter their age."*

A response to the first survey of young people.

*"Raise the minimum/living wage, apply the living wage to everyone regardless of age (18 year olds don't get a discount on their bills so why should employers get a discount on employing them)"*

A respondent to the first survey aged 24

These responses demonstrate that young people are in favour of having a National Living Wage for all workers with equal pay. Which would align itself to the amounts recommended by the Living Wage Foundation<sup>6</sup>, which promotes a set wage for all – regardless of age.

One respondent to the second survey of young people said with regards to increases the NLW,

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<sup>5</sup> ONS, Labour Market Overview,

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/october2022>

<sup>6</sup> More information can be found here: <https://www.livingwage.org.uk/what-real-living-wage>



*“I feel as if this would be better, a step in the right direction. However, I feel as if it [should go] further and reduce the threshold further to 18. It needs to be made fair for everyone.”*

Many respondents shared this view, with 87% of responses to this question in favour of this proposal, with 35% being in favour of further changes, such as removing the age brackets above 18 years old.

Our survey results show that the majority of young people who provided feedback to us support lowering the National Living Wage threshold to 21, and removing the 21–22-year-old rate of the National Minimum Wage. But for those who come from a low-income background, getting rid of age brackets completely would ensure a fairer wage for those who need it the most.

### **The levels and existence of different age-related minimum wages.**

Our own Local Child Poverty Statistics<sup>7</sup>, released with Loughborough University, show that the percentage of children in poverty when their parent(s) are in work increased in 2021/22. The research states that; ‘In 2021/22, 71% of children who were in poverty after housing costs and 67% of those who were in poverty before housing costs were in a family where at least one adult was working, up from 65% and 62%, respectively, in 2020/22.’

The Office for National Statistics (ONS)’ data for 2021/22 shows that ‘In 2021, over half (54.3%) of mothers aged 16 to 24 years were in employment,’<sup>8</sup>. This is the age range impacted by the existence of different age-related minimum wages. The ONS also states that 52.2% of workers aged 16-21 were low earners in 2022<sup>9</sup>. The 54.3% of young mothers in work are more likely to be paid the minimum wage due to their age and type of work available to them, e.g., part time work due to childcare responsibilities. Therefore, age-related minimum wages do not only impact the workers, but also any dependents they may have who are relying on their income.

Responses to our second survey of young people revealed that they were in favour of removing age-related differences. One response stated;

*“Lots of 18-20 year olds have to support themselves financially and it is discriminatory to assume that they don’t need to be paid the same as people who are older. I do the same job and work just as hard if not harder. It doesn’t seem fair.”*

Another respondent stated;

*“It’s not really fair. Things aren’t cheaper for me as a 17 year old so why would I earn less?”*

Young people report feeling undervalued and patronised due to being paid less than older colleagues for doing the same amount of work.

### **The evidence that should inform future policy decisions.**

The End Child Poverty Coalition believes in the importance of hearing the voices of young people who have experienced poverty when making policy decisions, and ideally involving these young people in the formation of future policy decision. Young people are disadvantaged by the differences

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<sup>7</sup> More information here; <https://endchildpoverty.org.uk/child-poverty/>

<sup>8</sup> Office for National Statistics, ‘Families and the labour market, UK:2021’  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/familiesandthelabourmarketengland/2021>

<sup>9</sup> Office for National Statistics, ‘Low and high pay in the UK:2022’  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowandhighpayuk/2022#those-most-affected-by-low-pay>

in minimum wage rates, especially those living in poverty. It is essential to consider their experiences, and listen to their recommendations, as a form of evidence to inform further policy decision.

The Coalition's latest Local Child Poverty Statistics<sup>10</sup> show that 29% of children in the UK are living in poverty. These children and young people are best placed to provide evidence when it comes to informing future policy decisions, as they can highlight information and experience which could otherwise be overlooked.

## **Apprentices**

### **What is the outlook for the recruitment and employment of apprentices?**

Young people currently employed as apprentices have told us that recruitment agencies are beginning to approach, and sometimes directly target, young people who are considering this route into employment. In cases reported to us the young people are asked to pay a fee to find an apprenticeship role.

For example, a person aged 22 at the time, who had completed A levels but wanted to go down a vocational route into employment, was asked to pay £400 to an agency. They were told this agency would then search for vacancies for him. Reports suggest that these agency approaches are becoming increasingly common, mainly due to the difficulties for young adults to know where to look for recruitment into companies offering apprenticeships.

### **What criteria should we use when considering whether to keep or remove the Apprentice Rate?**

When it comes to how much someone is paid it should be done on merit and work commitment not age. And this includes apprenticeship roles.

Many young adults who go on to do an apprenticeship are receiving half of what they would if they were to go work at their local supermarket. That is the case for the first year of their apprenticeship if they are over 19, or for their entire course if under 19. For example, Aldi are currently recruiting Store Assistants on a starting salary of £11 an hour<sup>11</sup> - a difference of £5.72 an hour compared with the apprenticeship wage. Whilst apprenticeship schemes might seem like a good opportunity for young people from a low-income background to earn money at the same time as learning and developing, in reality this huge wage difference could discourage those young people who would most benefit from the scheme from applying.

Young people from low-income backgrounds therefore cannot afford to undertake a program of education and development which may help them achieve a higher paid role in the future. Instead, they are trapped in a cycle of lower skilled, and lower paid roles.

One young person aged 25 is still in his first year of an apprenticeship after completing the government's kick-start programme. He was back at square one when this programme finished as he could not find long term employment. As a result, he began to do an apprenticeship in IT with a local employer being paid an apprenticeship wage. He has shown his determination to learn and work yet is still paid nearly half of what he would be if he was not doing an apprenticeship.

We are a country that needs more skilled workers and if we do not consider those young adults who are willing to learn while working, we may see less and less people applying for apprenticeships. We may even be seeing that now with a 4.1% decrease in the number of young adults starting an

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<sup>10</sup> More information here; <https://endchildpoverty.org.uk/child-poverty/>

<sup>11</sup> As seen at <https://www.aldirecruitment.co.uk/stores/store-assistant> in June 2023

apprenticeship between August 2022 and Jan 2023<sup>12</sup>, perhaps put off from applying because of low rates of pay in relation to the cost-of-living crisis.

**What would be the effect of removing the Apprentice Rate (so that minimum wages for all apprentices were the same as for other workers the same age)?**

If the apprentice rate was increased to meet the living wage, young people tell us that they would consider this route into work, because the pay would match other lower paid work in their area. It would be better if the age-related pay bands were completely removed, and all people were paid a wage that covers their living costs. If it is assumed that apprentices can live at home to save money, or don't have the same rent and bills as other workers, the policy decisions made as a result will deny young people living in poverty the opportunity to complete these sorts of schemes.

One apprentice reports that they often miss out on social aspects of their lives. For example, they are unable to meet with friends often - due to their rent being near enough equivalent to what they are being paid for the apprenticeship.

Another apprentice aged 20, a respondent to our first survey said; *"I am an apprentice, I'm struggling...- it's not normal for people to be this worried about affording to heat their home."*

We understand that voluntary schemes are in place to try and improve the rates of pay for apprenticeships, such as the 'Back the Future Campaign, Decent Wage Pledge'. And there is an assumption that perhaps only certain sectors which employ apprentices make use of the lowest rates of pay. But the information from the 25-year-old above shows that even IT schemes are paying their older workers the (legal) minimum of just £5.28 an hour. Another young person, aged 17 completing a law apprenticeship and who responded to our second survey, said; *"Newer colleagues, who I've trained, are earning more just because they're older."* These experiences demonstrate that voluntary schemes are not working, and the pay for apprentices needs to increase to the NLW.

The Youth Ambassadors drafted a written question for Ministers on low rates of pay for apprentices, which was put down by Munira Wilson MP. In its response the government said; 'The department remains committed to ensuring that apprentice pay supports the attraction and retention of talented individuals into apprenticeships, and particularly those from disadvantaged backgrounds. It is right that apprentices receive a wage which is fair and commensurate with the value and skills that they bring to their workplaces'<sup>13</sup>. This response suggests that the government would also be in favour of raising the rate of pay for apprentices.

If we want to see young people sticking with careers, learning, and developing their skills, we need to offer apprenticeships and employment that meets their needs and allows them to grow rather than asking young people to earn very little money, which may not even be enough to meet their outgoings.

## **Concluding Remarks**

It is often assumed that young people lack experience of work, are less skilled than older colleagues, and do not have to meet the same outgoings as their older peers. If these assumptions were true, they would justify the different pay bands for age within the NMW. However, this assumption misses

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<sup>12</sup> GOV.Uk, Apprenticeships and Traineeships, <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships>

<sup>13</sup> The question and answer can be viewed here; <https://questions-statements.parliament.uk/written-questions/detail/2023-01-18/126831>

the experience of the 18 year old single mother trying to survive on Universal Credit payments, because local jobs all pay an aged based wage; or the experience of the 18 year old who is still at school but estranged from her family so has to pay for rent, electricity and groceries; or the 25 year old who is completing his first year of an IT apprenticeship programme, and is only being paid £5.28 an hour.

The End Child Poverty Coalition is calling for:

- Decisions on rates of pay to be made with consideration of those who are paid the lowest. Especially young people who come from low-income backgrounds who are most likely to be being paid the lowest levels of minimum wage, according to their age. The views of experiences of young people should actively be sought out and weight given to these alongside the views of businesses.
- All age-related pay bands to be scrapped, and for there to be one minimum wage rate which is equal to the living wage. Working young people, especially from low-income backgrounds, have the same outgoings as older people: the same rent payments, council tax payments and in some cases children of their own, who they need to provide for. They want to be paid at the same rate as those just a few years older. The jobs which young people have told us they are often applying for, those that pay the lower rates of minimum wage and make use of the age-related pay bands, have the same work patterns and requirements for everyone regardless of their age. The job role is often the same whether the worker is 16, 18 or 23 years old.
- Apprenticeship pay should rise to equal the NLW. For apprenticeships to be viable employment options for young people from a low-income background they have to pay a wage which will allow the young person to meet their living costs.

In conclusion, here is a response from our first survey – from a 23-year-old. Their message for us to pass on to you is; *"Increase the minimum and living wage. We're often the ones at the bottom of the rung, and this would help us with living costs. Remove the age bands on minimum wage. If people are doing the same job, they deserve the same pay."*