



End Child Poverty Coalition Submission to the Low Pay Commission

June 2024



The idea that two people doing exactly the same job and perhaps with the same experience ... could be paid two different amounts solely because they are different ages doesn't make sense at all. Age does not equal experience in a role all the time. And some young people are also required to be financially independent or to support their families. The current system is unfair.

A young worker, from a low-income background, aged 25

This response has been written by Sophie Smyth aged 22, Kefira Odedina aged 19 and Shivanuja Sivaskanthan aged 18, all of whom are Youth Ambassadors for the End Child Poverty Coalition. They were supported by Rachel Walters, the End Child Poverty Coalition Manager.

About us

The End Child Poverty Coalition is made up of over 120 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 three years. The majority of the 18 Ambassadors have personal experience of growing up in a low-income background. By that we mean they may have lived in a household whose income (either through benefit payments, work or a combination of both) did not meet their children's needs, or as children they may have received free school meals, or had experience of using foodbanks 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. It was felt by Ambassadors that decision makers perhaps feel that all 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.

Youth Ambassadors have chosen to focus their work on rates of pay for young people, especially those who are low paid, including apprentices.

Our response to this consultation

We wanted to gather feedback and information, in line with the questions asked in the consultation document, around rates of pay for younger workers. In order to do this, and to gather feedback from those who would perhaps class themselves as coming from a low-income situation, we asked members of the End Child Poverty Coalition to advertise a survey to young people they help support, knowing that this would mean it was likely we would receive responses from low paid workers, and young people who have experience of living in poverty. From this survey we received information from 62 young people aged 16 to 25.

Just over half of the responses (32) came from young people who classed themselves as living in poverty, or who have grown up in a low-income household. The majority of respondents said they were working, either full time (25) or part time (27). 19 people said they were paid either exactly the national living wage/ minimum wage for their age, or very close to this.

We have combined these survey responses with information from our Youth Ambassadors. They answered a more detailed set of questions directly from the consultation document.

A note on poverty rates for 16- to 19-year-olds

Whilst we have asked young people aged 16 to 25 to respond to our survey, and our Ambassadors all fall within this age range, as part of the work we do with the End Child Poverty Coalition we look at data for children living in poverty. It is perhaps thought that poverty isn't widespread or that only a small subset of young people experience growing up

in a low-income household. However, the government's own Household's Below Average Income data set reveals that in 2022/23 (the latest available data) the after housing costs poverty rate for all individuals aged 16-19 was 30.4%, which is around 850,000 people.

3 out of every 10 young people aged 16 to 19 is living in poverty. This age range directly correlates with the pay bands for younger workers – which allow employers to pay people aged 21 or under less than the National Living Wage, simply because of their age.



I do the same job as people who are older than me , same hours and same responsibilities but am paid less simply because of my age.

A young person aged 20 who works in hospitality

Low Paid Workers

The cost-of-living crisis

The cost of living in the UK has a significant impact on younger workers earning the national minimum wage (NMW) and national living wage (NLW). These workers may have limited disposable income due to their low wages, making it challenging to cover essential expenses such as housing, utilities, food, transportation, and healthcare. As one young worker, aged 22 said; “the cost of living has affected my outgoings hugely, to the point where around 60% of my income is being spent on necessities such as bills and rent”.



My pay rate barely covers potential living expenses. I currently still live with my parents, purely because it is impossible to find a place where the rent payment (before additional expenses) doesn't eat up 80% of my paycheck. If I was to move out now, I'd be able to live, but I wouldn't be able to LIVE.

Young worker, aged 23

The cost of living in the UK has been steadily increasing. Particularly younger workers say this has impacted them in areas such as food, housing, utilities, and childcare - outpacing wage growth for many low-income workers. For example, one worker aged 19 said; “I'm struggling to find a job with university and paying for food. I try to eat one meal a day to keep costs down”.

High housing costs, especially in more expensive cities like London, can consume a significant proportion of an income, leaving young workers with little money for other necessities or savings, and this leaves them struggling to afford stable and secure housing, can cause rent arrears, eviction, and homelessness. As one 17 year old, from a low-income background said; “when I was in work I was barely able to keep any of my pay, as my family were struggling to afford food and were homeless at the time due to the cost of living”.



Working part time (alongside studying) there has been times where I have struggled to pay for my rent, or food shops - everything in the shops has gone up in price and what I used to consider basics are sometimes not feasible to buy anymore.

Young worker aged 19

Barriers to moving to a higher paid role

For some young workers, the jobs they are doing are seen as interim work to ensure they have money available in the short term. Perhaps this is a job they do alongside studying for example, so these are not jobs that they see themselves in for the long term. As a result, these roles can have very little career progression, or ability for the worker to move to a role which is higher paid. It is important for young people that they are able to earn enough to live, whatever the role. As one of the Coalition Youth Ambassadors said; “there is no choice when it comes to job roles, I either work at the local pub or in Asda”.

Young workers can be primarily employed in entry-level positions with limited opportunities for career advancement or higher pay. One Youth Ambassador said “when I worked full time and part time in the hospitality and retail industries, employers would generally never give pay rises or promotions to young workers, [it was felt that they] wanted to keep them on the minimum wage to keep their costs down.”

Many young people comment about the lack of flexible, adequately paid work which will fit around other commitments such as studying.

One Youth Ambassador said “often jobs I am interested in are full-time permanent, and they don't necessarily require degrees to undertake them, this doesn't lend itself to someone, who like me, is currently studying full time, but would enjoy a job within some sector, other than hospitality/retail/ 'low-skilled work’”.

Associated costs; cost of childcare and transport

Several of our Youth Ambassadors have first-hand experience of associated costs preventing or hindering their ability to work. One Ambassador said “I’m a single mother and live alone. I would never be able to afford a full-time job, pay the bills and put my daughter into childcare”.

For someone on minimum wage, especially those who are paid less because of their age, like the Ambassador mentioned above - it’s impossible to afford bills and rent on top of the cost of childcare.

Another Ambassador mentioned how the cost of transport had a huge impact on their employment prospects. They were paid the minimum wage for an 18- to 20-year-old in 2023, which was £7.49 an hour. To get to work on the train cost £7.50 return, and the bus cost £4.20, but took much longer. As a result, they needed to wake up earlier and travel for longer, so that their first hour of pay did not just have to go on the cost of transport. This Ambassador says that they find it “hard to save or look to the future”.

A 16-year-old who responded to the survey said they would like to work but are unable to because “I cannot afford to work because my travel would cost more than I’d be paid”.

Universal Credit and the minimum wage

There can be many difficulties in navigating the Universal Credit system, including delays in receiving payments and challenges in understanding eligibility criteria and application processes. Universal Credit is designed to incentivise work by allowing individuals to keep a higher proportion of their earnings before benefits are reduced compared to the previous system, but the taper rate can create disincentives to work additional hours or take on higher-paying jobs, as people face a significant reduction in benefits as their income increases.

One young person who responded to our survey highlighted that having family members who receive Universal Credit means they are unable to work in the way they would like; “As of right now, being under 18, I am actively avoiding work, and am unable to consider an apprenticeship as a pathway for myself until I am over 18 due to the way it would affect our household income – [living with] a single mother of 2. If I did pursue work, all of my money would go towards rent due to the amount that would be taken off of my mum’s universal credit, and I would likely be earning less money than what she gets from universal credit, and it would put us in a more difficult financial situation.”

Universal credit payments are automatically less for those who are under 25 years old. As mentioned in our previous submission, we 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’¹.

Recently Kim Johnson MP asked the government if they had considered lowering the age at which young people claiming Universal Credit could receive the full amount, after the upper range age for pay was scrapped, as the government had linked the two in their previous answer. The response from government indicated that they were not considering this.²

The answers to these questions show that the government has held the belief that young people have family support to fall back on. This includes having people in their lives who can provide financial support. Our work with young people, some of whom are estranged from their family, shows that this is not often the case for young people working and/ or claiming Universal Credit. In highlighting this issue we support the work of our Coalition partner, Child Poverty Action Group. They are calling for lower rates of Universal Credit for under 25s to be abolished, as they see this as a major contributing factor to poverty amongst young people, alongside low wages³.

Whilst student loans and other bursaries are not linked to Universal Credit, it is worth mentioning these ‘benefits’ and how they impact students who are working. Students are usually not able to claim Universal Credit, so those from a lower-income background have to cover the costs of their education through a combination of work and bursaries and loans. As one young worker explains when talking about the cost-of-living crisis; “it’s been tough because my student loan has not increased with inflation so I have had to take on part time work throughout term time and I am now working full time in the summer”.

The amount received by students from loans is often not enough to meet their living costs, and for young people from low-income backgrounds it is possible that they will not be able to turn to family members for this extra financial support. Instead, they need to work to put themselves through university or higher education, and if working in a role that pays according to their age, their income will be less than the amount it is considered people need to earn in order to live.

One of our Youth Ambassadors explains that they are studying, but need to work in order to afford even basic essentials. They say; “I have had to take a job in hospitality which is a zero hours contract, but am then pushed to work many hours. I work weekends, and finish late at night/ early in the morning, whilst trying to find time to study. I worry that, if I don’t, this job will be taken off me.”

¹ The question and answer can be viewed here: <https://questions-statements.parliament.uk/written-questions/detail/2023-01-18/126631>

² The question and answer can be viewed here: <https://members.parliament.uk/member/4824/writtenquestions?page=4#expand-1673130>

³ More information can be found here: <https://cpag.org.uk/news/universal-credit-three-step-plan>

Younger workers

The impact of reducing the NLW age of eligibility from 23 to 21 and increasing rates of pay for younger workers

The End Child Poverty Coalition really welcomes the reduction in eligibility of the NLW from 23 to 21. This goes some way to address the pay disparity between younger and older workers, and helps those from a low income background earn the NLW once they turn 21.

However, we continue to call for all age range pay bands to be scrapped. Young people in work, especially those from a low-income background need to be able to secure a job which pays enough to meet their needs. As one Youth Ambassador says; “there should be no discriminatory age-related pay brackets. Under the Equality Act 2010, age is a protected characteristic. Implementing age-related pay bands is like saying 'We will pay women £10.95 an hour and men £12.50 an hour for the same job.’”

One survey respondent said they thought that “lower income families are hardly taken into consideration when thinking about pay for under 18s and even 19-20 year olds. Many don’t consider the possibility of young people having to help support their families especially during the recent couple of years where the cost-of-living crisis has severely impacted quality of life for families.”

Interestingly, the majority of the survey respondents stated that they have seen no overall impact in the reduction of the NLW eligibility, or with increases to their pay, if under 21. Many say that the wage simply doesn’t match the rising cost of living. A 19-year-old working part time in retail states that their “hourly wage is increased by only £1 which isn’t very much considering how much more expensive everything is”. Another working 19-year-old states that this shows the shift in the government’s approach in thinking about wages for young people, which is positive. Although they later mention that the minimum wage “may not be enough to support young people in different circumstances, especially considering those living in poverty”.

Rates for the NLW from April 2025

We strongly support the Low Pay Commission’s position to lower the threshold for the NLW. However, we maintain that this should happen immediately, and not over a prolonged period of time.

It is worth noting that the NLW is still less than the Real Living Wage, at 56p an hour less for those outside of London and over 21 years old. For those aged 18 to 21 their rate of pay on the minimum wage is £3.40 less an hour, in comparison to the Real Living Wage for those outside of London, and £4.55 an hour less for those working in London. For those aged under 18, and on the apprenticeship wage, the gap between their pay and the Real Living Wage is huge at £5.60 an hour for those outside of London, and £6.60 for those in London. Is it fair that a young person from a low-income situation would ever have to consider working in a role which pays so little in comparison to the Real Living Wage?

Apprenticeships

The latest UK Government statistics, published in May 2024, show that

- Apprenticeship starts were up by 2.5% to 200,550 compared to 195,600 reported for the same period in the previous year.
- Under 19s accounted for 28.9% of starts (58,000).
- Advanced apprenticeships accounted for 43.3% of starts (86,930) whilst higher apprenticeships accounted for 35.3% of starts (70,780).

- Higher apprenticeships continue to grow in 2023/24. Higher apprenticeship starts increased by 9.1% to 70,780 compared to 64,890 in the same period last year.
- Starts at Level 6 and 7 increased by 5.8% to 32,500 in 2023/24. This represents 16.2% of all starts for 2023/24. There were 30,710 Level 6 and 7 starts last year (15.7% of starts in the same period).⁴

This shows that more people are starting apprenticeships, and that the majority of people who start an apprenticeship are over the age of 19. The current Apprentice Rate is £6.40 per hour for the first year, and the rate for people aged 18-20 is £8.60 per hour. Therefore, apprentices who are being paid this minimum rate are paid significantly less than the National Minimum Wage for their age for a year.

We feel this is a disincentive to start an apprenticeship, as these young people will be earning less per hour than their peers. As one of our Youth Ambassadors says, “I just couldn’t afford to do an apprenticeship, not only would I not be able to afford to move out of home, I wouldn’t be able to afford even the basics like clothes if I was paid this wage”.

Apprentices aged 16-18 can be paid less than the National Minimum Wage for their age until they are 19. It is important to consider that 16-18 year olds from low income families may be required to financially support or contribute to household expenses. Some will also not be able to live with family or guardians, and will be responsible for paying their own costs including for housing, bills, transport, food and other expenses. It is important that all young people are paid a fair wage which can allow them to meet any costs. As one young person said in relation to the Apprenticeship wage, “this would barely cover a meal!”

In our survey, we asked young people aged 16-25 if they thought the Apprentice Rate is fair. Of those respondents who have been paid the Apprenticeship rate, 75% believe that it is unfair. One young person said they had to leave the role as it did not pay enough to pay their bills. Another young person said it was unfair, as they had done the same work as non-apprentice employee in similar roles, but only received half of their pay. One young person who had been paid the Apprentice Rate described it as “exploitative.”



I do not think the apprentice rate is fair, because even though you achieve a qualification from finishing your course, it doesn't count as full time education, so will put anyone under the age of 18 in a difficult position of having to help with rent and/or utilities if in a lower income household.

Young worker aged 23

Of those respondents who have not experienced being paid the Apprentice Rate, 45% believe that it is unfair. One young person explained this by saying that at 18, people are considered to be young adults and transport and food expenses are “increasingly expensive.” Another young person said the Apprentice Rate should be increased as these roles are often in industries which require manual labour or more dangerous work than other jobs.



I am doing an apprenticeship but paid the NMW for my age range rather than the apprentice rate. The apprentice wage is insultingly low and is disproportionate to how much work you have to do, and the fact you may still have the same outgoings as those not doing apprenticeships.

Young worker aged 23

⁴ From <https://www.gov.uk/government/statistics/apprenticeships-may-2024>

Recommendations

Our recommendation for the Low Pay Commission are:

- We strongly support the Low Pay Commission position that lowering the threshold for the NLW must occur. However, we maintain that this should happen immediately, and not over a prolonged period of time.
- The Commission should highlight to government that benefit payments which are linked to pay amounts, such as the Universal Credit Lower Rate of Standard Allowance for young people, should alter as pay bands change.
- To scrap the Apprenticeship wage. If the National Living Wage is considered the amount someone needs to be paid in order to live then this rate of pay should apply to all workers.