

# Low Pay Commission (National Minimum Wage) Bill

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## CONTENTS

- 1 Target for increasing the National Minimum Wage
  - 2 Reports on progress against the target
  - 3 Powers to set up taskforces in certain sectors
  - 4 Interpretation
  - 5 Short title, commencement and extent
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**B I L L**

TO

Require the Secretary of State to set a target for the Low Pay Commission to increase the minimum wage during the term of a Parliament; to require the Low Pay Commission to write to the Secretary of State if this target cannot be met; to require the Secretary of State to ensure that the Low Pay Commission has the power to set up taskforces in certain sectors; and for connected purposes.

**B**E IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

**1 Target for increasing the National Minimum Wage**

- (1) The Secretary of State must set the Low Pay Commission (“the Commission”) a target to increase the National Minimum Wage over the relevant period beginning on 7 May 2015 at a rate which ensures that the National Minimum Wage increases at a higher rate than median earnings. 5
- (2) For the purposes of this Act the “relevant period” is a period lasting for five years.
- (3) The Low Pay Commission must present a report to the Secretary of State setting out the steps necessary to meet the target over the course of a Parliament and the Secretary of State must lay the report before Parliament. 10

**2 Reports on progress against the target**

- (1) In the event that the Low Pay Commission concludes, based on evidence about the state of the economy, that the target set out in section 1 cannot be met within the relevant period, the Commission shall prepare and publish reports in accordance with the provisions of this section. 15
- (2) A report under this section shall-
  - (a) provide evidence to support the Commission's case that it is not possible to meet the target, including but not limited to a significant decline in the state of the economy or levels of employment;

- (b) make recommendations for actions to be taken by the Government in order to allow the target set out in section 1 to be met; and
- (c) be presented to the Secretary of State who must lay the report before Parliament.

### **3 Powers to set up taskforces in certain sectors** 5

- (1) The Secretary of State shall ensure that the Commission has the powers necessary to set up taskforces of key stakeholders, including employer representatives, trade unions, and other relevant stakeholders, to identify and tackle low pay levels in certain sectors.
- (2) The Commission may set objectives for a taskforce set up under subsection (1) which may include- 10
  - (a) development of a strategy outlining clear measures and goals to reduce the incidence of low pay;
  - (b) publication of a plan to tackle obstacles to productivity and levels of performance in low paid sectors; 15
  - (c) consideration of the case for recommending that the Secretary of State take powers to set-
    - (i) recommended; and
    - (ii) mandatory;
 minimum wage rates in the relevant sectors higher than the level of the National Minimum Wage. 20

### **4 Interpretation**

In this Act “National Minimum Wage” has the meaning given in the National Minimum Wage Act 1998.

### **5 Short title, commencement and extent** 25

- (1) This Act may be cited as the Low Pay Commission (National Minimum Wage) Act 2014.
- (2) This Act extends to England, Wales, Scotland and Northern Ireland.

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To require the Secretary of State to set a target for the Low Pay Commission to increase the minimum wage during the term of a Parliament; to require the Low Pay Commission to write to the Secretary of State if this target cannot be met; to require the Secretary of State to ensure that the Low Pay Commission has the power to set up taskforces in certain sectors; and for connected purposes.

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