

Low Pay Commission Consultation response report

June 2022



Background

At the request of the Low Pay Commission (LPC) the Equestrian Employers Association (EEA) was asked to respond to their consultation on National Minimum Wage rates on behalf of equestrian employers who run yards.

The LPC is the independent body that advises the Government on the level of the minimum wage. The LPC has been asked to recommend the National Minimum Wage (NMW) and National Living Wage (NLW) rates to apply from April 2023.

To formulate the response, the EEA conducted a survey of equestrian employers who run yards. This report shows the results of that survey.

The equestrian disciplines represented in the response include riding schools, livery yards, eventing, dressage, show jumping, showing, hunting, polo, racing, therapy work, vaulting, providers of education, stud, breaking, breeding, arena hire, equine rescue, equine rehabilitation, and equine re-homing.

The top four disciplines making up the survey respondents are livery yards (64%), riding schools (42%), dressage (21%), and eventing (16.85%).

The majority of respondents are based in England (85%) 12% are based in Scotland, and 1% are based in both Wales and Northern Ireland.

The size of business varied hugely within the respondent pool, ranging from one member of staff to seventy-one. 69% of staff are paid at the NMW rate for their age.

***The term employers used within this report relates to respondents of the survey.**

Results

“Survey identifies challenging times ahead for the equestrian industry.”

HEADLINES

- 93% of employers find it difficult to recruit skilled equestrian staff.
- Nearly half of employers said that lack of flexibility in working hours and low wages are barriers to staff retention.
- 73% of employers reported having to increase prices to clients due to an increase in wages.
- 72% of employers have experienced a fall in profits over the last 12 months.

Recruiting skilled equestrian staff

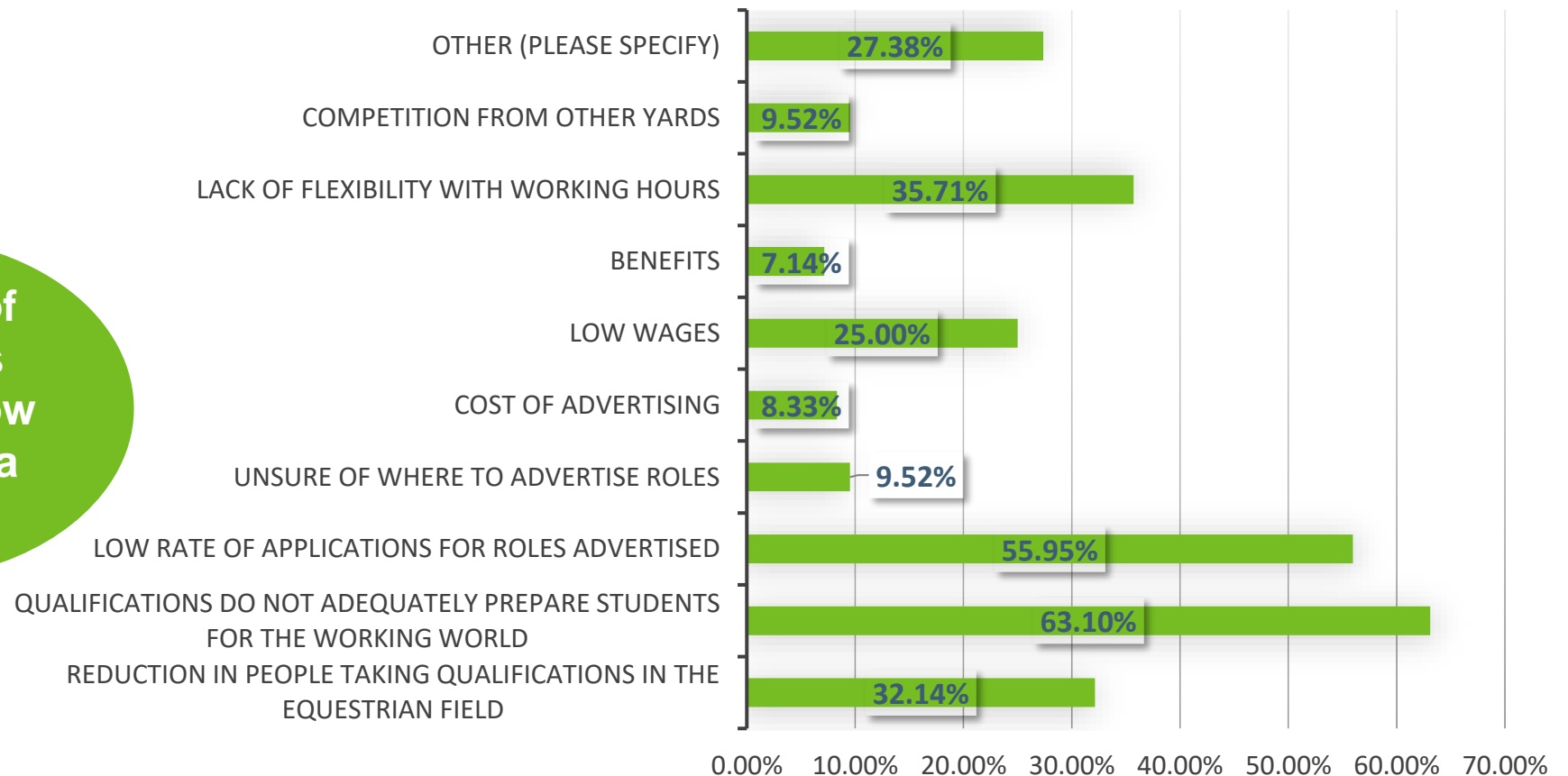
93% of employers are finding it difficult to recruit skilled equestrian staff

Top three barriers to recruiting skilled staff

1. Qualifications do not adequately prepare students for work.
2. Low rate of applications.
3. Lack of flexibility with working hours.

A quarter of employers have said low wages are a barrier

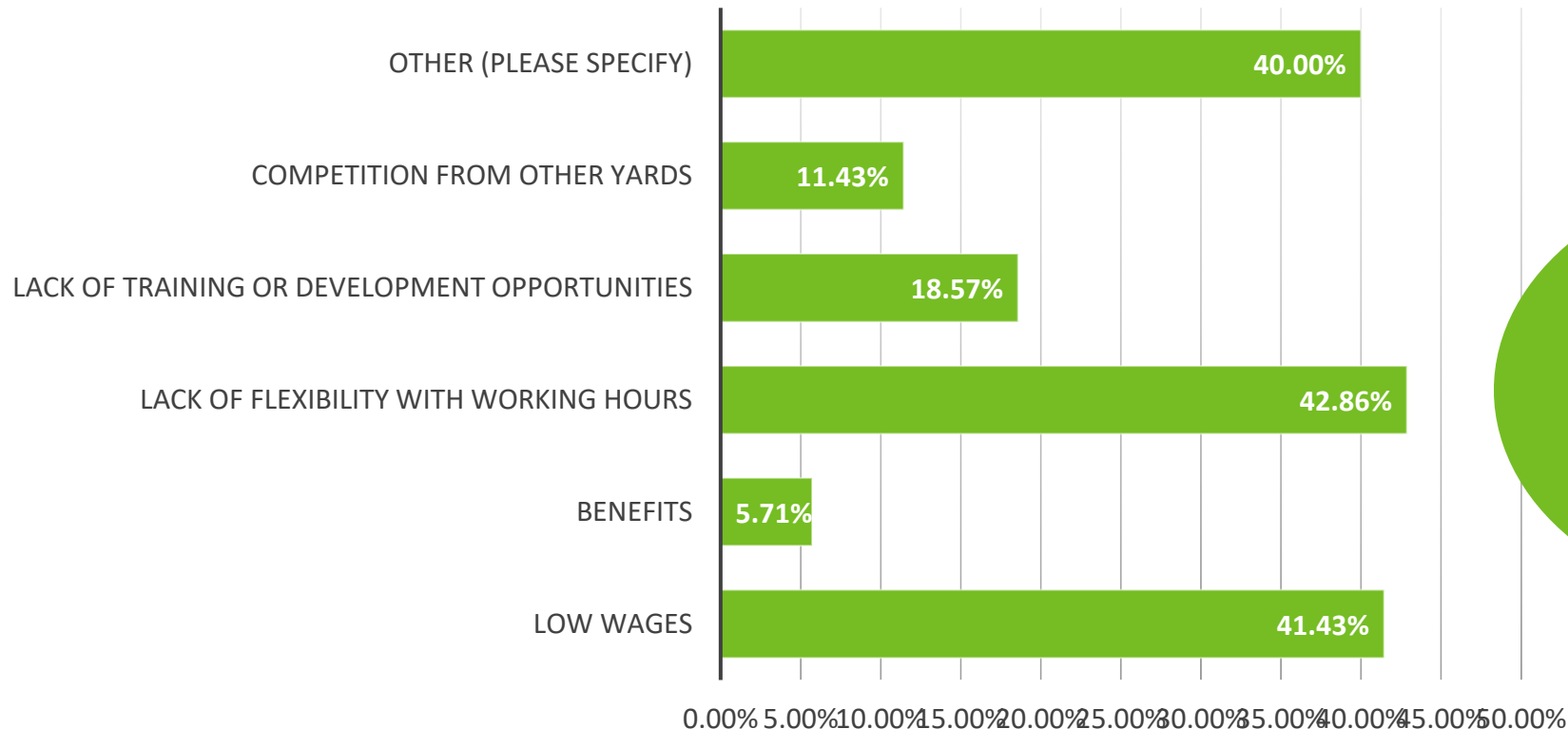
What are the main barriers to recruiting skilled equestrian staff?



Staff retention

75% of employers said that they do not find staff retention difficult.

What are the main barriers to retaining staff?



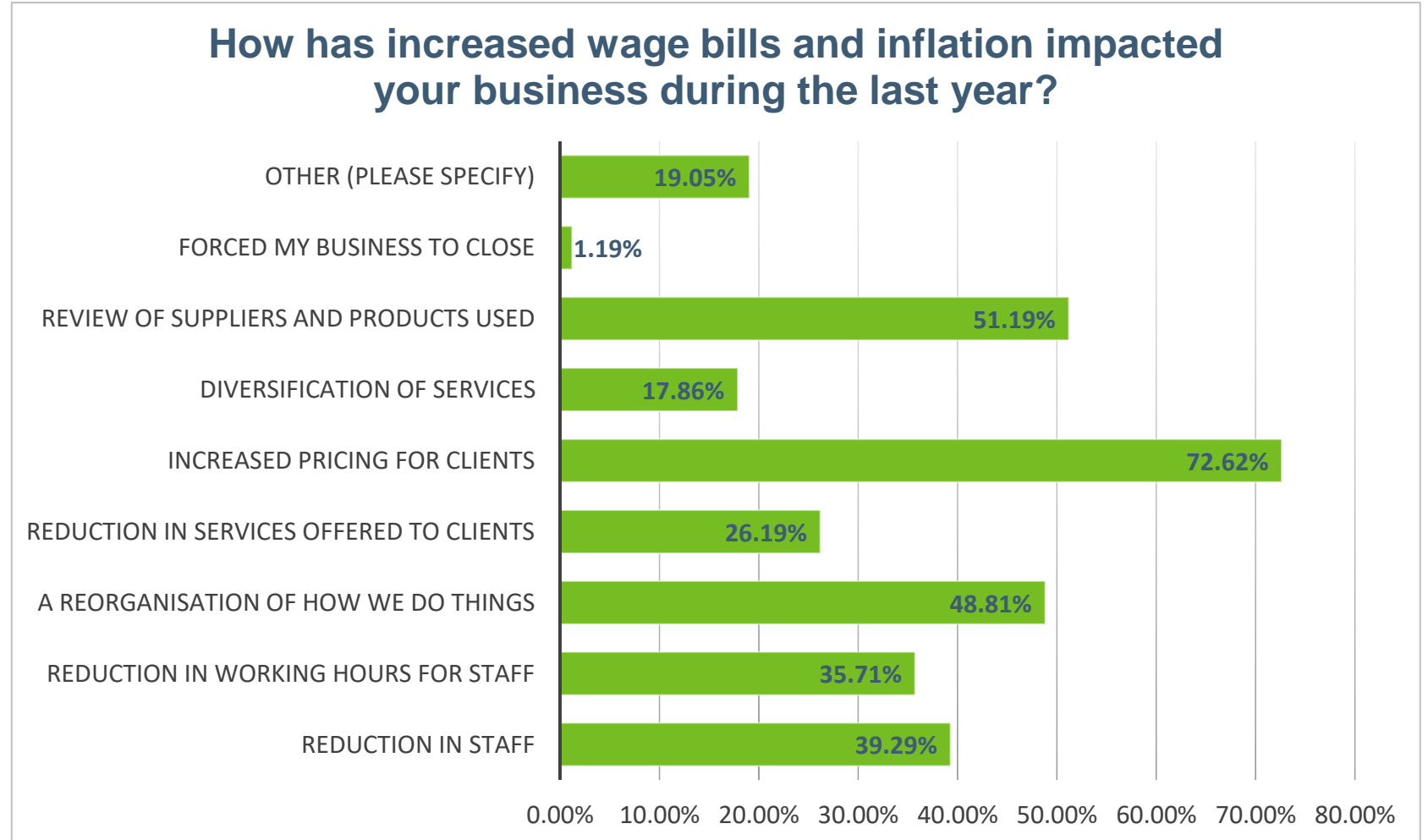
Other barriers included:

- Attitude to the work.
- Physical demands of the job.
- Career change to other, higher-paying sectors.

Nearly half of employers said that low wages and lack of flexibility are barriers

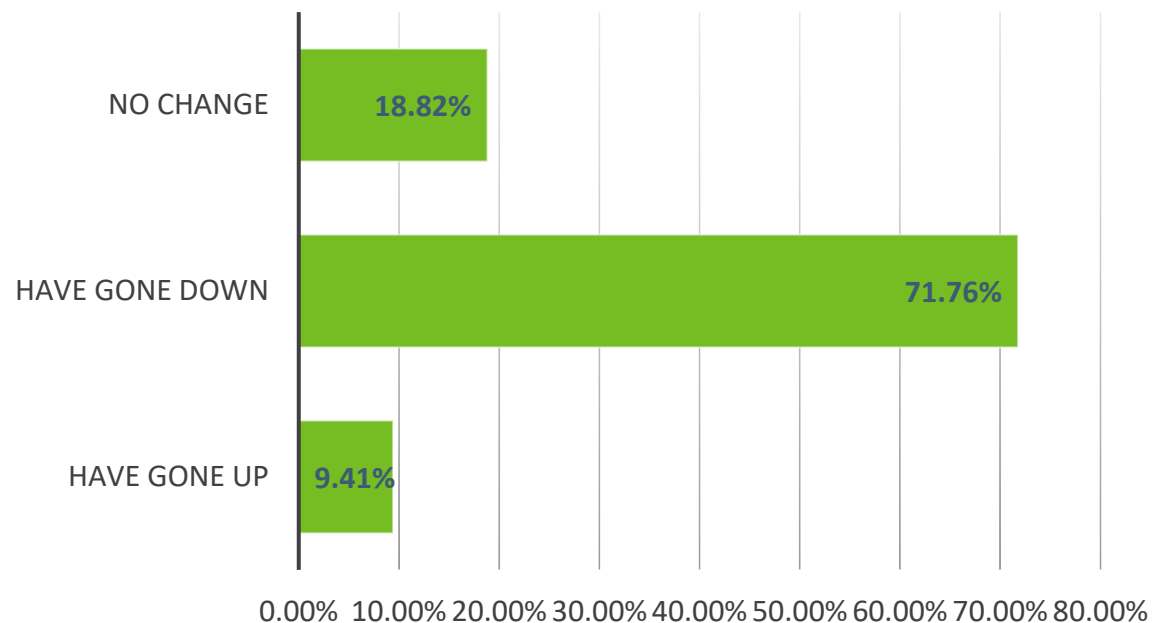
The impact of inflation & increased wage bills

73% of employers reported having to increase prices to clients due to an increase in wages.



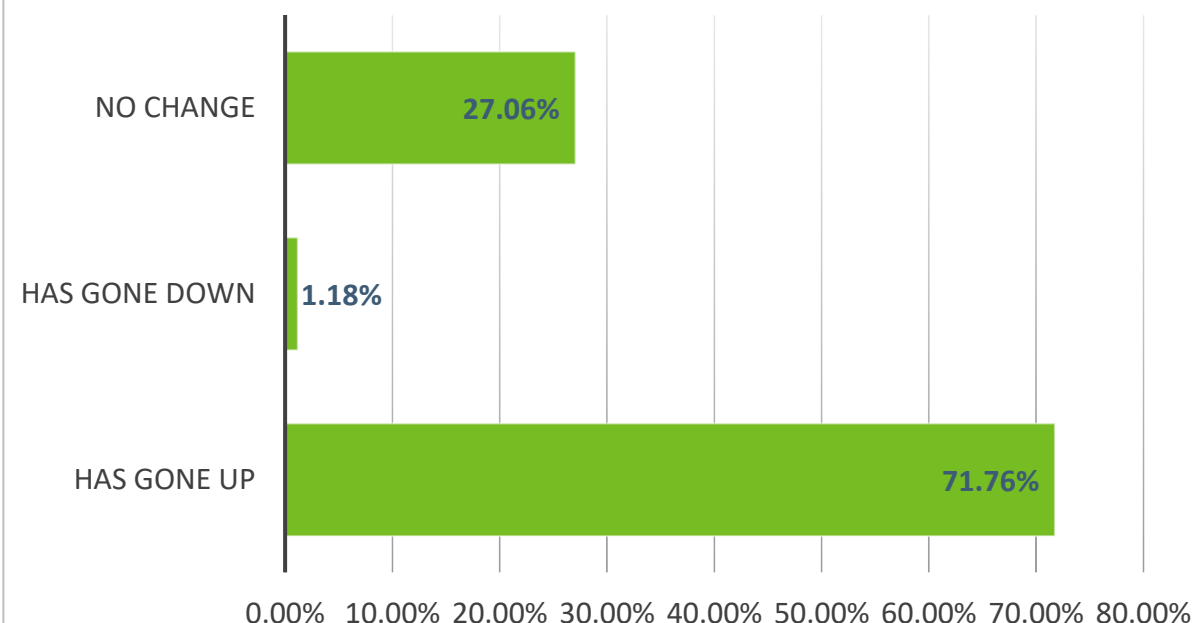
The effect on employers over the past 12 months...

Profits



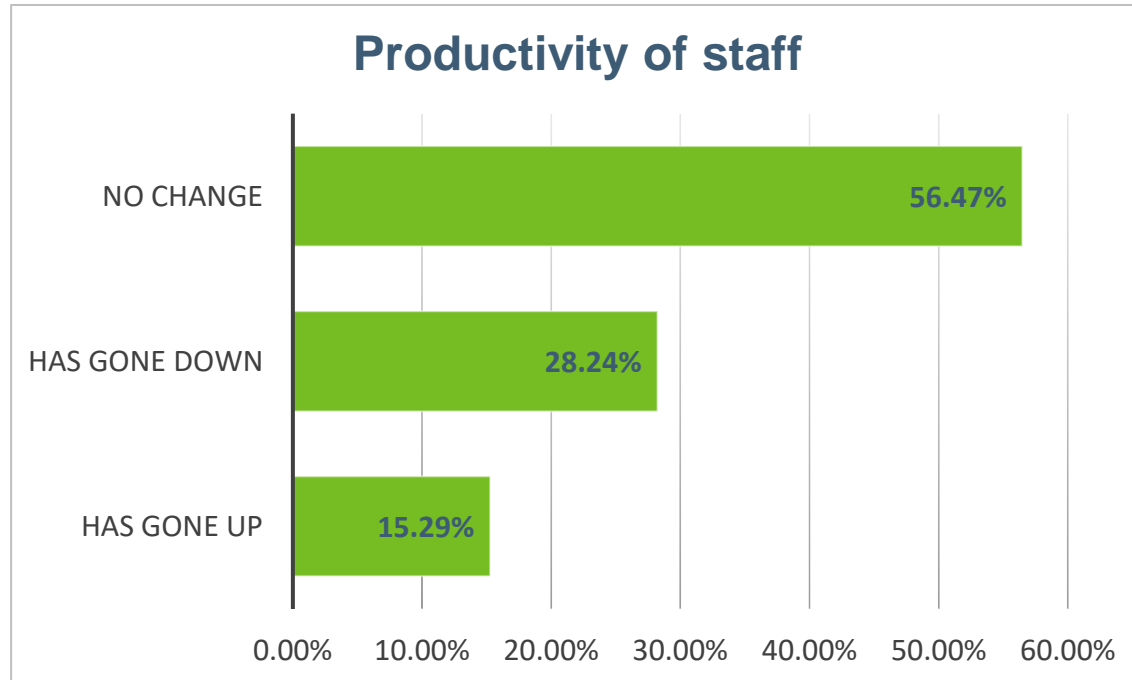
A fall in profits mainly affected riding schools, livery yards, eventing, dressage, and show jumping.

Pricing

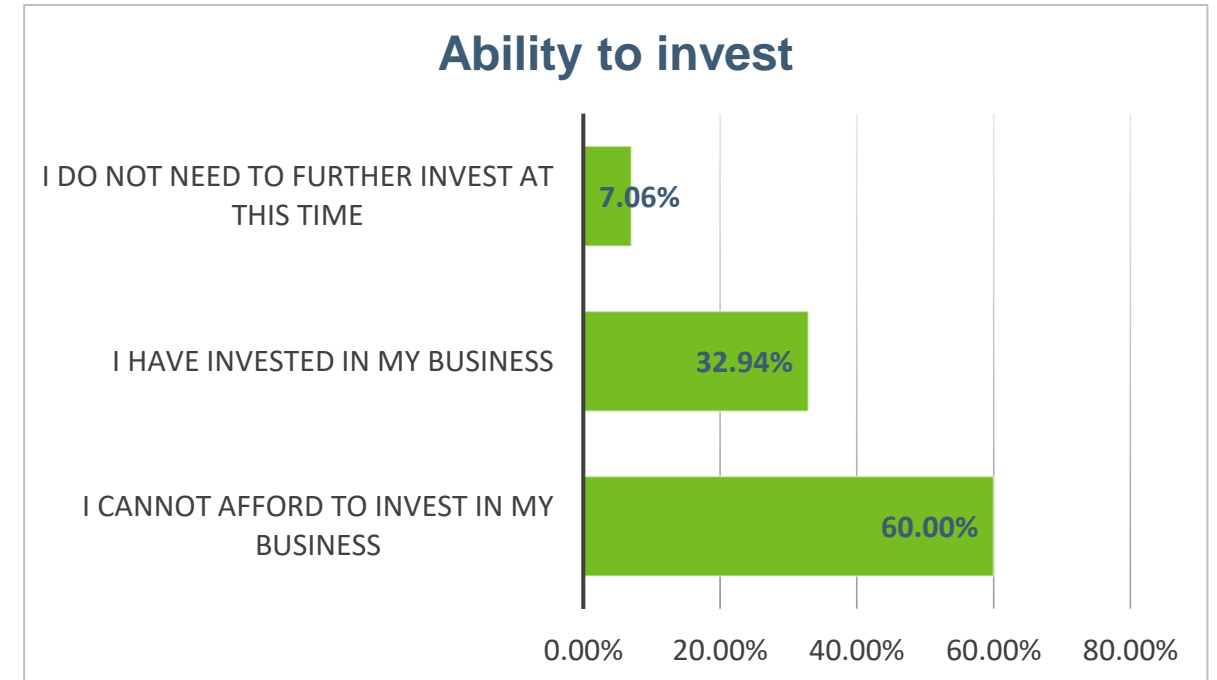


Increased pricing affected employers in multiple disciplines.

The effect on employers over the past 12 months...



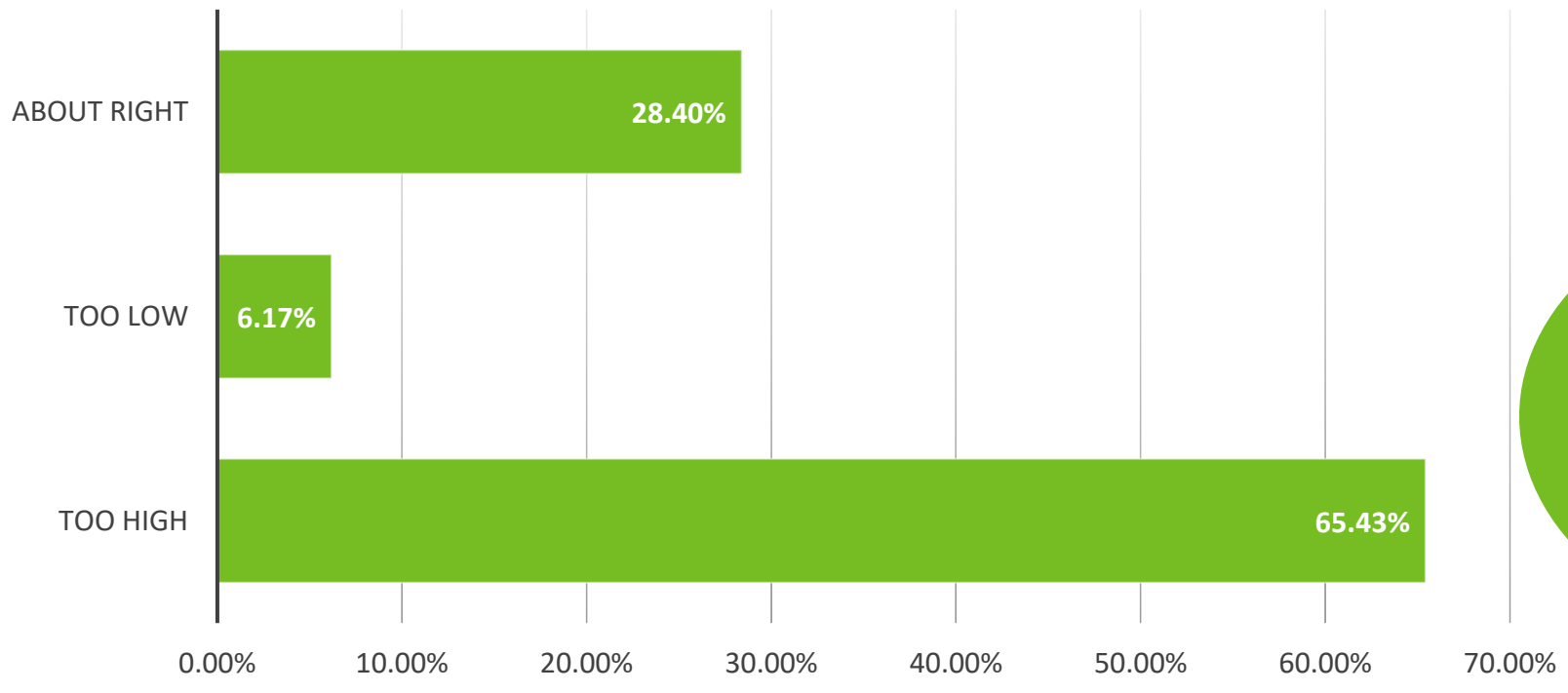
The productivity of staff remained the same across multiple disciplines but was mainly within livery yards.



Not being able to invest was true for many disciplines, the majority being from livery yards, riding schools, and eventing.

The National Living Wage projection 2024

The current projection for the April 2024 NLW rate is £10.95.
What are your views on this target?



**Most employers
have said that
this target is too
high**

Lowering the National Living Wage threshold to 23

*“Unsustainable.
We cannot keep
increasing
charges to cover
the costs.”*

*“The clients are
suffering too.”*

*“Countryside
businesses that
employ staff will
be forced to
close.”*

*“It makes it
difficult to take
on older people
if they have less
experience.”*

*“That will impact
the age of
people that I
employ.”*

*“Very tough for
employers and
would now
recruit as young
as possible.”*

*“Makes it difficult
to balance
affordability with
development of
the person and
the business.”*

Employers were asked their view on the recent lowering of the NLW threshold... **nearly half were not in favour.**

Here are some of the comments received.

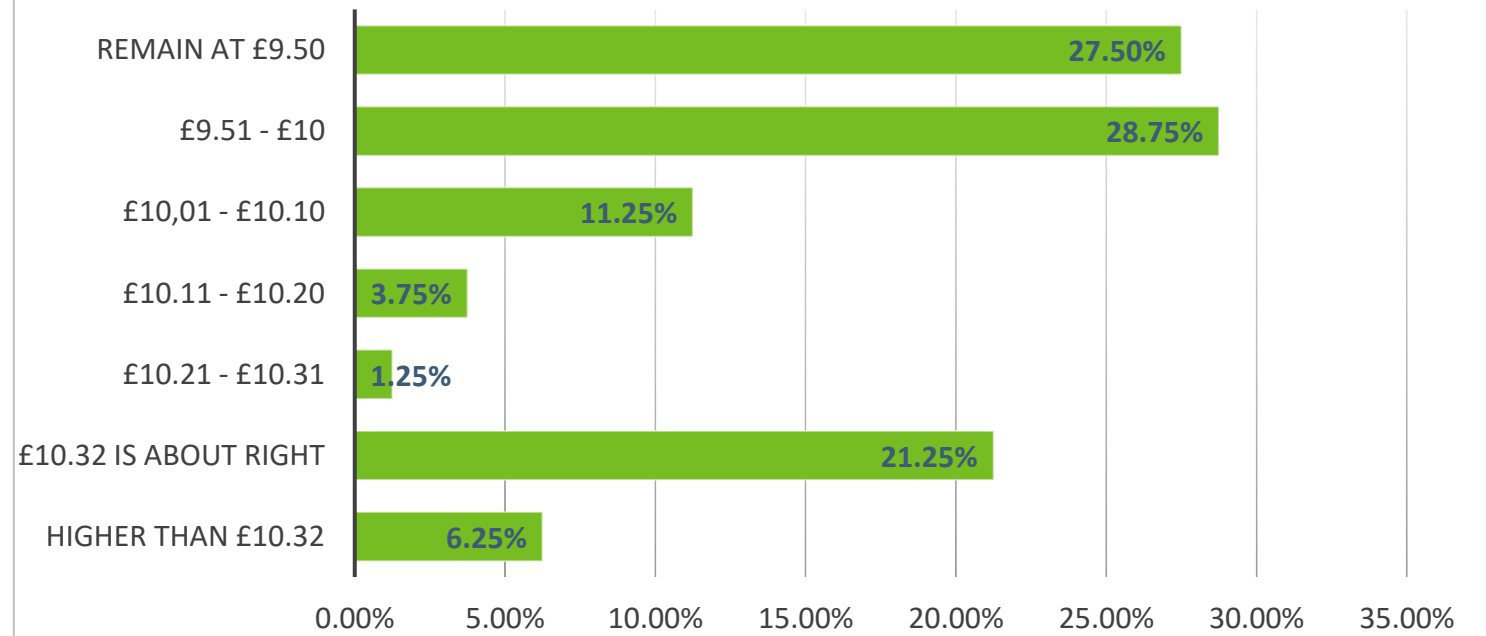
The EEA find these comments concerning as employers may feel forced into **discriminating on grounds of age** because they can't afford the wages.

National Living Wage April 2023

Employers were asked their thoughts on the NLW for April 2023

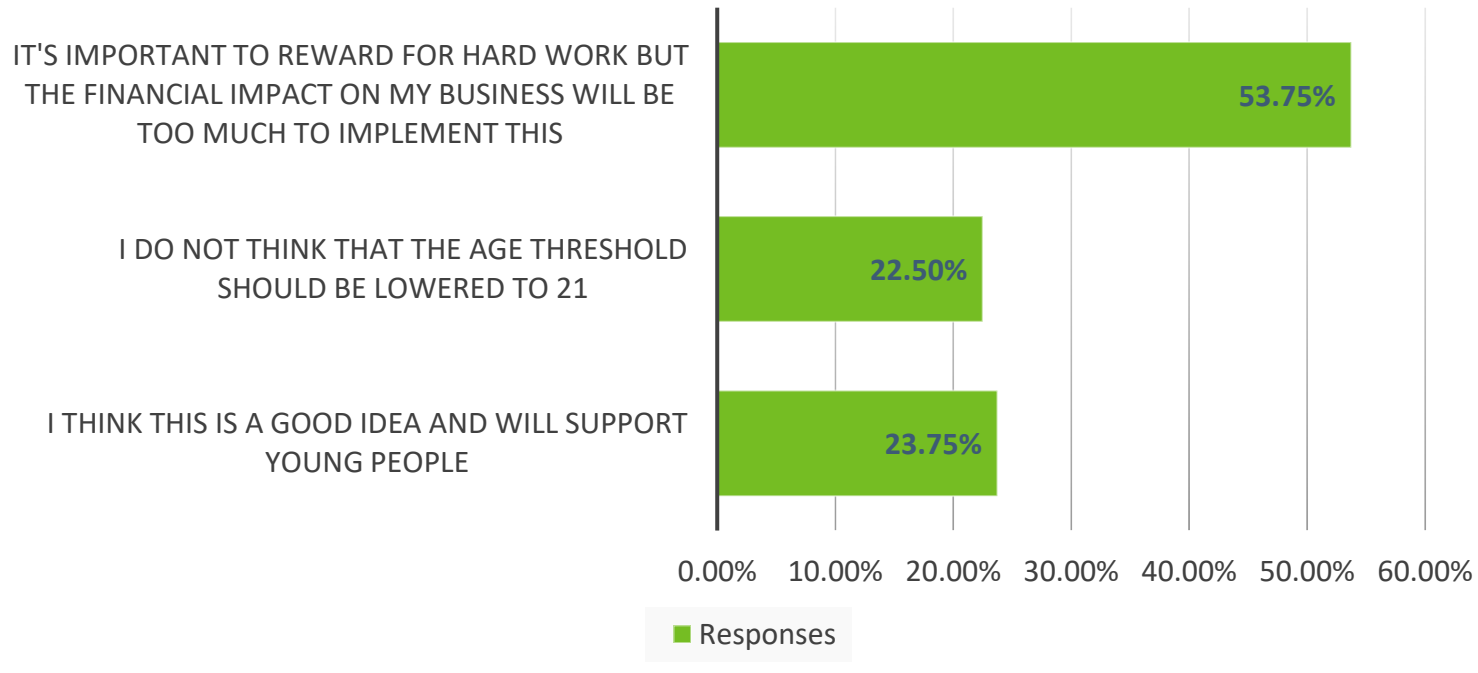
56% of employers said that they would like to see a rate between £9.50 and £10

At what level do you think the NLW should be set from April 2023? The current central projection for the on-course rate is £10.32



Lowering the National Minimum Wage threshold to age 21

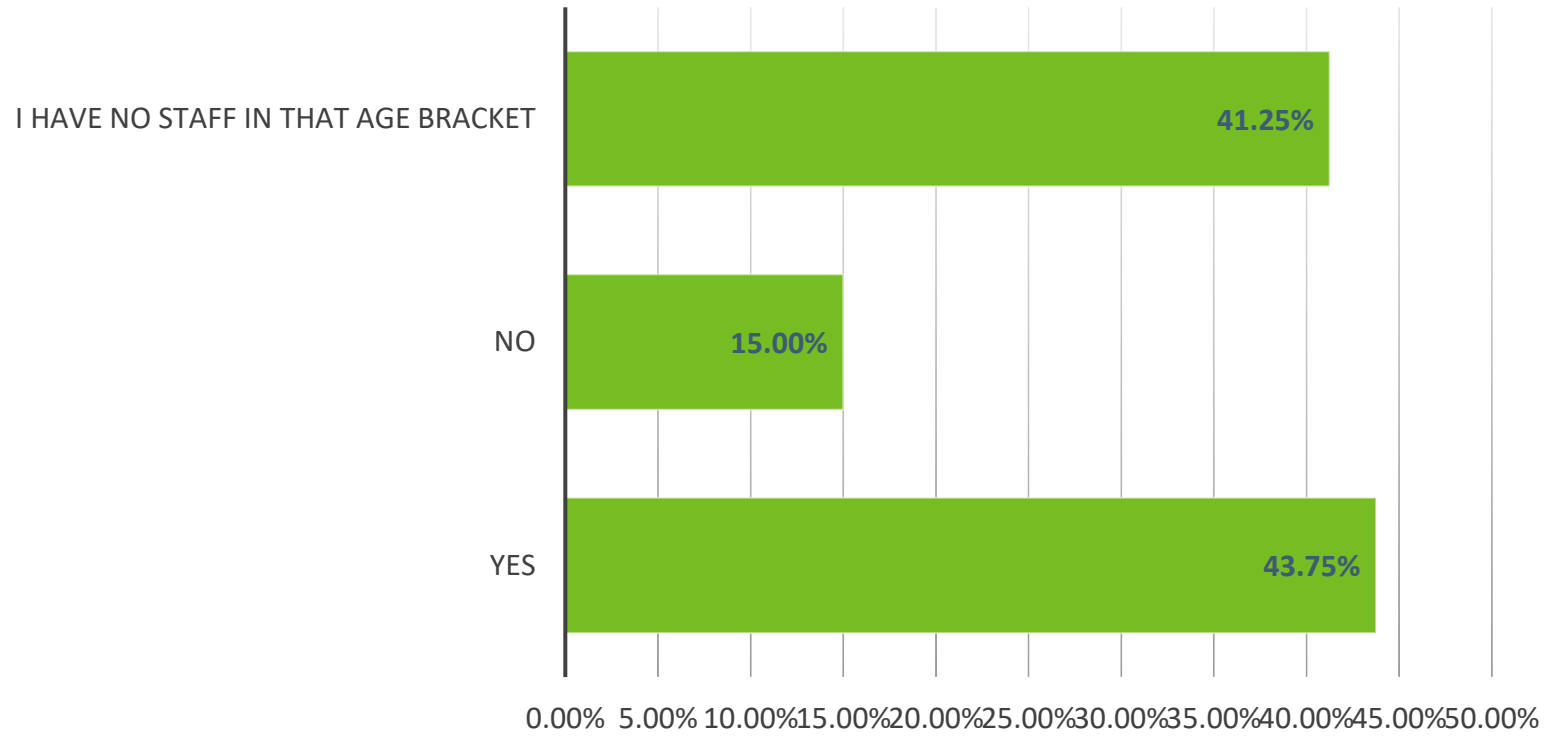
There are plans in place to lower the NLW threshold again to those aged 21 and over. What are your thoughts on this?



76% of employers don't agree with this proposal

The current rate for 21-22 year olds

Last year saw a new 21-22-Year-Old Rate creation, to remain in place until the NLW age threshold is lowered again to 21. Do you use this rate?



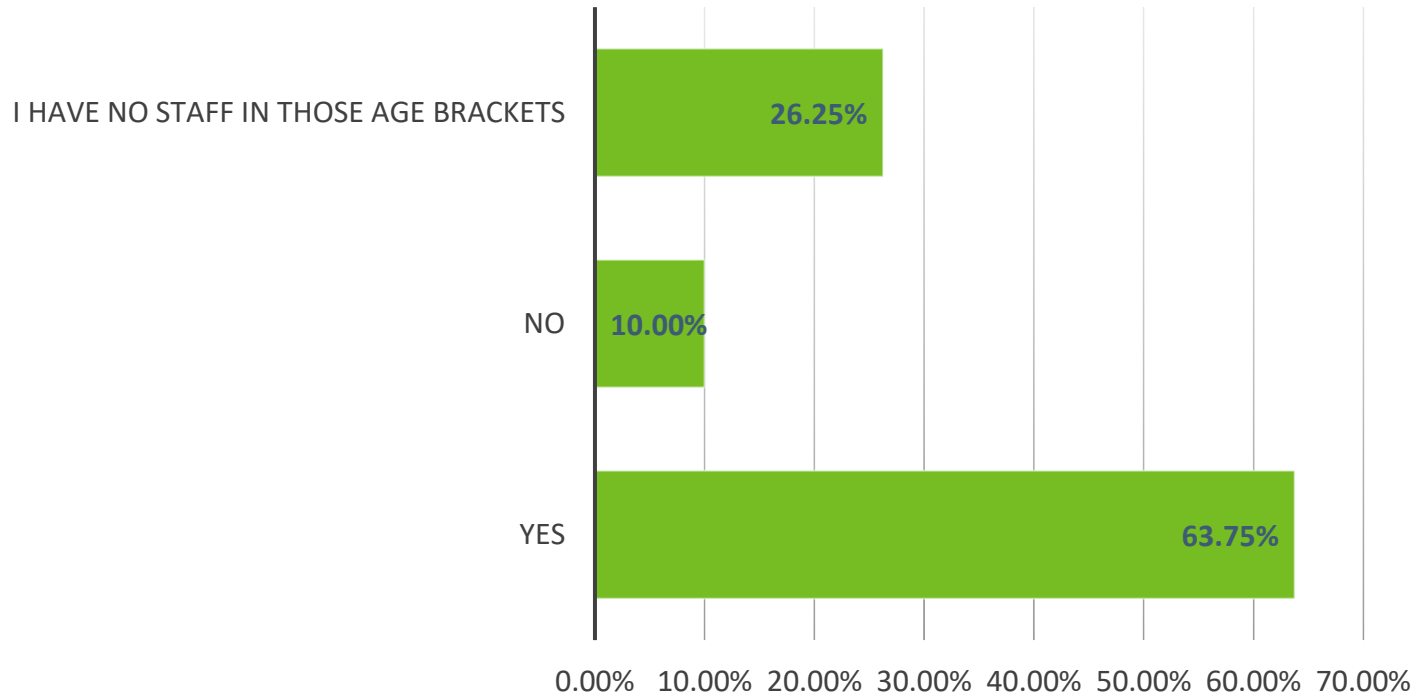
Over half of employers aren't currently using this rate



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Youth rates

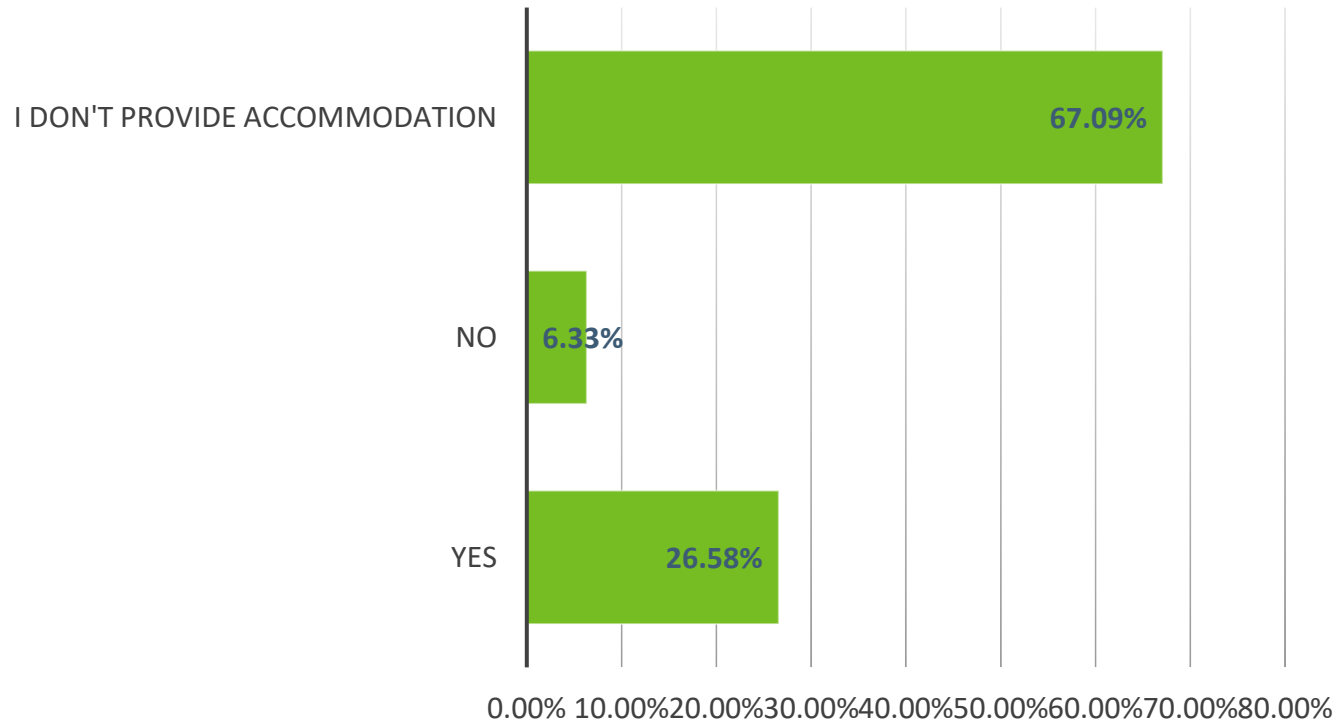
Do you use either of the other NMW youth rates (the 18–20-Year-Old Rate and the 16-17 rate)?



The youth rates are used more frequently than the 21-22 year old rate

The accommodation offset rate

If you provide accommodation for employees, do you apply the accommodation offset rate?



Where accommodation is provided but the offset is not applied, the following reasons were given:

- The expectation of applicants is that accommodation is provided for free.
- Accommodation is provided for free to try to improve staff retention.
- There needs to be at least one experienced person living close to the horses.

87% of employers said that the offset rate didn't influence their decision on accommodation provision

Setting the future accommodation offset rate

Employers were asked what approach they felt should be taken to set the accommodation offset rate in the future. The views were consistent and included the following points:

- The true cost of providing accommodation in their area should be considered, including the market rate for renting, council tax rates, utility bills, and the standard of accommodation on offer.
- The environmental benefits of having staff on-site should be taken into account as it results in less traffic on the road.

Compliance & enforcement

The main NMW compliance issues within the equestrian industry are:

1. Businesses are unable to afford the continuous increases in the NMW & NLW and therefore, in some circumstances, they are not paying their staff correctly. Doing so could mean that their business is no longer viable.

2. Businesses aren't always aware of key milestones or pay reference periods and therefore are unintentionally paying their staff incorrectly.

3. Employees are working very long hours in some roles and not being paid overtime. This is therefore taking them below the NMW

How the EEA is working to combat these

- Lobbying relevant bodies to raise awareness of NMW compliance and enforcement issues that exist within the industry.
- Raising awareness of the impact that the rise in NMW & NLW rates has on the industry.
- Working with the HMRC to create educational resources that support employers.
- Offering free support, advice, and guidance to our members.

IMPORTANT NOTE:

If an employer uncovers a problem and they approach the HMRC directly then they will be supported to put the error right without penalty enforcement.



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