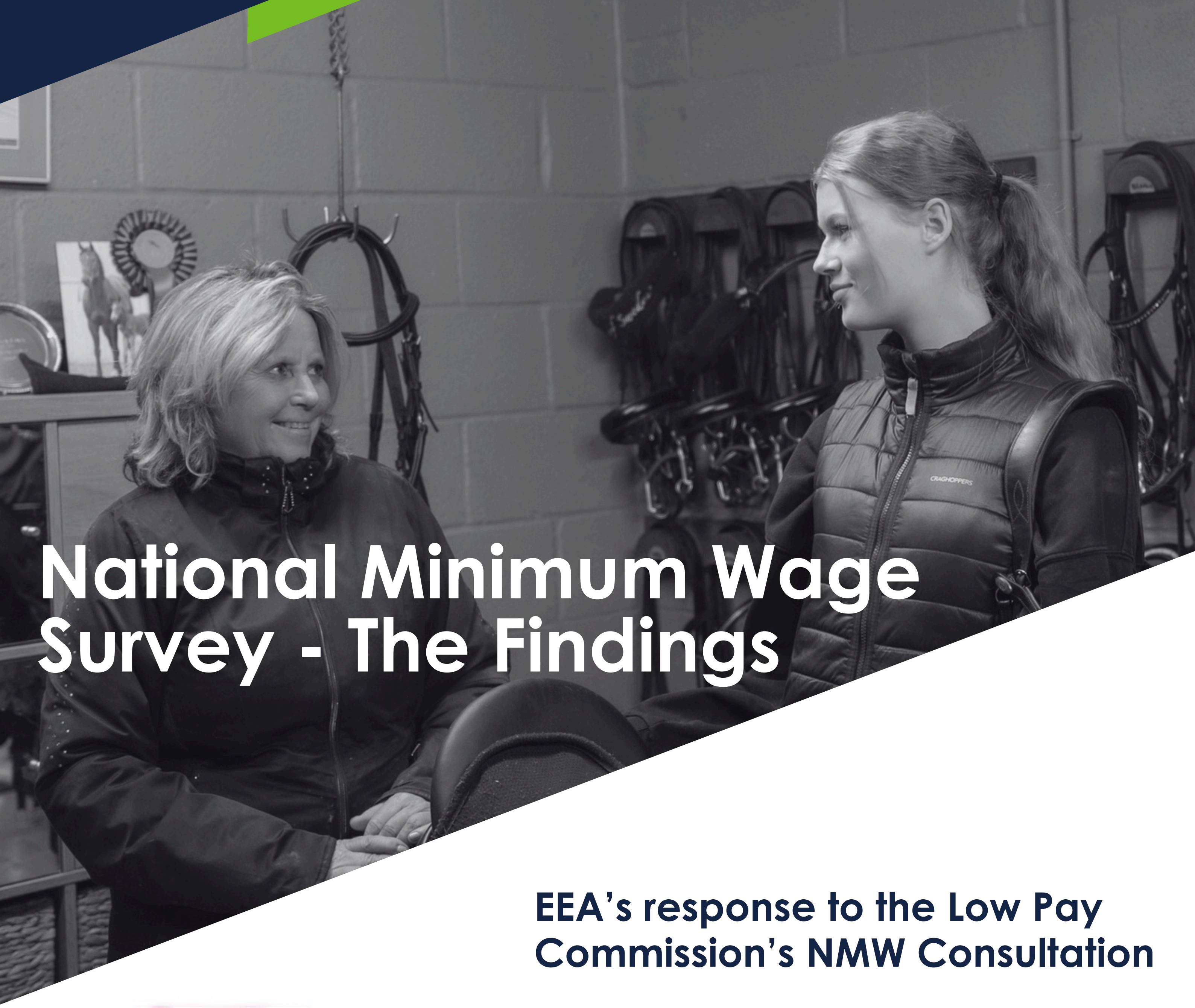
EQUESTRIAN EMPLOYERS ASSOCIATION



National Minimum Wage Survey - The Findings

EEA's response to the Low Pay Commission's NMW Consultation

National Minimum Wage Rates

Low Pay Commission

JULY

2026

Contents

1 Introduction

a) About the survey

1.1 The equestrian industry is traditionally a low-pay sector, with many businesses operating on very tight margins due to high fixed costs such as feed, bedding, utilities, insurance, and facility maintenance. As a result, increases in National Minimum Wage (NMW) and National Living Wage (NLW) rates have a disproportionately significant impact on employers within the sector.

1.1 Labour is a major operational cost for riding schools, livery yards, and other equestrian businesses, and substantial wage increases can place considerable financial pressure on already stretched budgets, affecting business sustainability and the affordability of services.

1.2 The Equestrian Employers Association (EEA) is committed to ensuring that the views and experiences of equestrian industry employers are represented in discussions on this issue. To inform our response to the Low Pay Commission's (LPC) NMW consultation, we surveyed employers from across the sector.

1.3 The majority of responses to our survey came from:

- Livery yards (61%)
- Riding schools (51%)
- Dressage yards (13%)
- Show jumping yards (13%)
- Some businesses reported that they are mixed yards that participate in more than one equestrian discipline.

1.4 Most respondents are based in England, although responses were received from all four countries of the United Kingdom.

1.5 The size of the business within the employer respondent pool varied, ranging from 1 member of staff to 74.

b) The Equestrian Employers Association

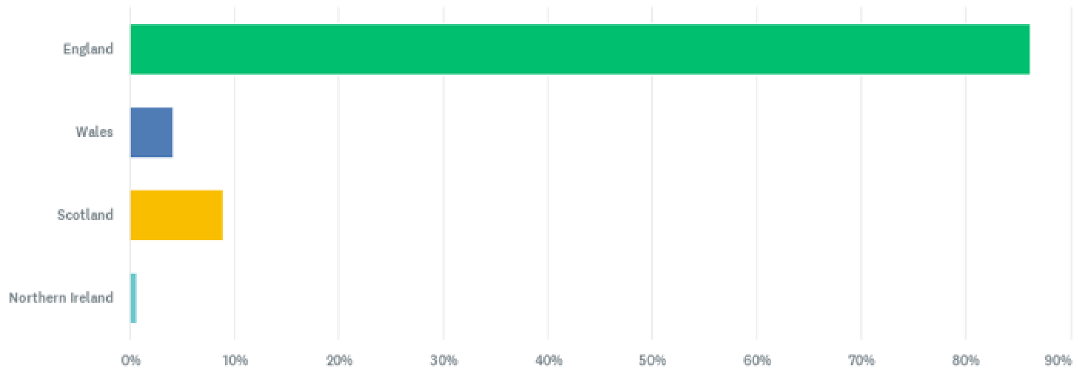
1.6 The EEA is a social enterprise dedicated to supporting and educating employers within the equestrian industry. Our mission is to promote compliance with employment law and improve employment practices across the sector, helping to create fair, sustainable workplaces and making the equestrian industry a more attractive career choice and a place of Good Employment.

c) The Low Pay Commission

1.7 The Low Pay Commission (LPC) is an independent body that advises the Government on the NMW and NLW. Each year, the LPC opens a public consultation ahead of its recommendations for the following year's rates.

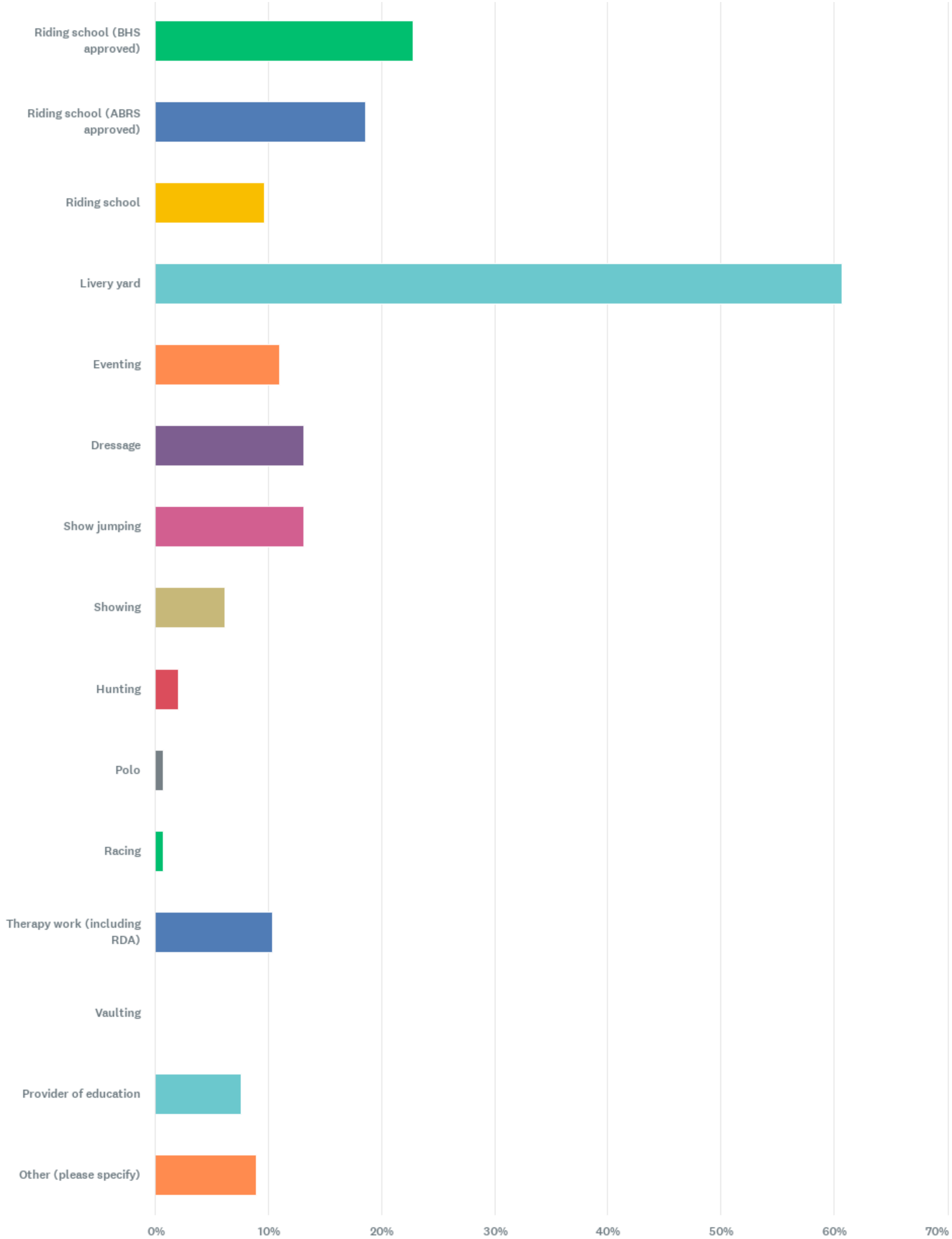
2 Respondent profile

2.1 Employers from all four counties in the UK responded to the survey; however, the majority live in England.



2.2 We asked respondents about the specific area of equestrianism in which their business operates.

- 61% operate as livery yards.
- 51% operate as riding schools.
- 13% reported that their main discipline was dressage.
- Respondents could select more than one business sector.


Riding school (BHS approved)
Riding school (ABRS approved)
Riding school
Livery yard
Eventing
Dressage
Show jumping
Showing
Hunting
Polo
Racing
Therapy work (including RDA)
Vaulting
Provider of education
Other (please specify)
0%
10%
20%
30%
40%
50%
60%
70%

3 Results

a) Cost of living and minimum wage rates

3.1 The following findings provide an insight into the financial and operational challenges currently facing employers.

3.2 They highlight the impact of rising costs and economic pressures on business profitability, investment decisions, workforce development, pay structures, and productivity over the past 12 months:

- 79% of employers reported a fall in their profits in the past 12 months.
- 73% of employers cannot afford to invest in their business.
- 78% increased their prices in the past 12 months.
- 71% reported no change in the productivity of their staff.
- 46% reported a smaller pay gap between experienced and inexperienced staff.
- 60% of employers told us that they could only afford to pay for mandatory training for their staff.
- 28% reported being unable to afford for their staff to attend any training at all.

b) Impact on recruitment

3.3 Employers were asked to comment on the impact of the NMW and NLW rises on recruitment:

- 25% reported that they have not altered their recruitment practices in response to the rise.
- 25% told us that they now advertise jobs with fewer hours and pay overtime as necessary to allow for increased salary costs.
- Concerningly, almost 24% of employers told us that they cannot afford to recruit people who are 21+ years old.

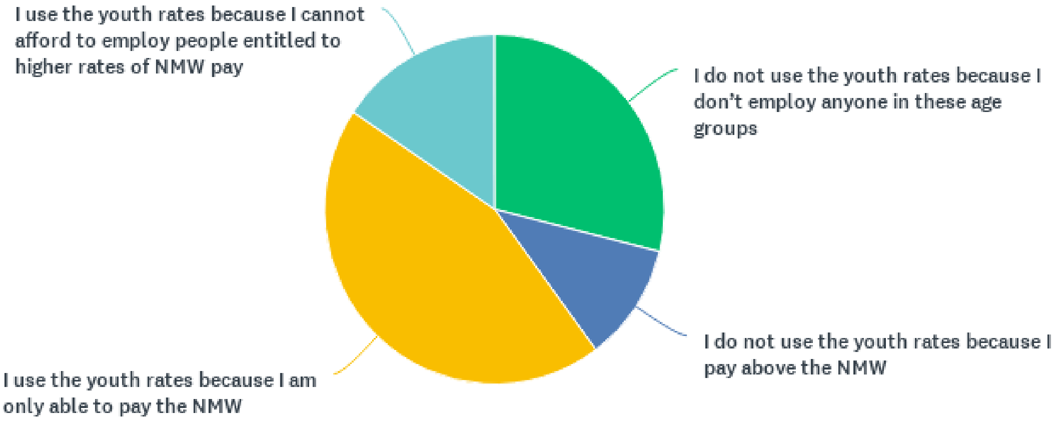
c) Use of Youth Rates

3.4 We asked employers if they used either of the NMW youth rates (16-17 and 18 - 20 years old) and, if so, why?

- 45% use the youth rates because they can only afford to pay the NMW.

- 29% do not use the youth rates as they do not employ people in this age bracket.

3.5 Only 11% of respondents told us that they do not use the youth rates because they pay above the NMW.



3.6 A significant proportion of employers (16%) reported that they rely on the youth rates of pay because they are unable to afford the higher wage rates applicable to older workers.

This indicates that, for some businesses, labour costs are a key factor in recruitment decisions and workforce planning.

3.7 However, this position creates potential risks for the industry. Where younger workers are preferred primarily because they can be paid at a lower rate, employers may be exposed to allegations of age-based discrimination.

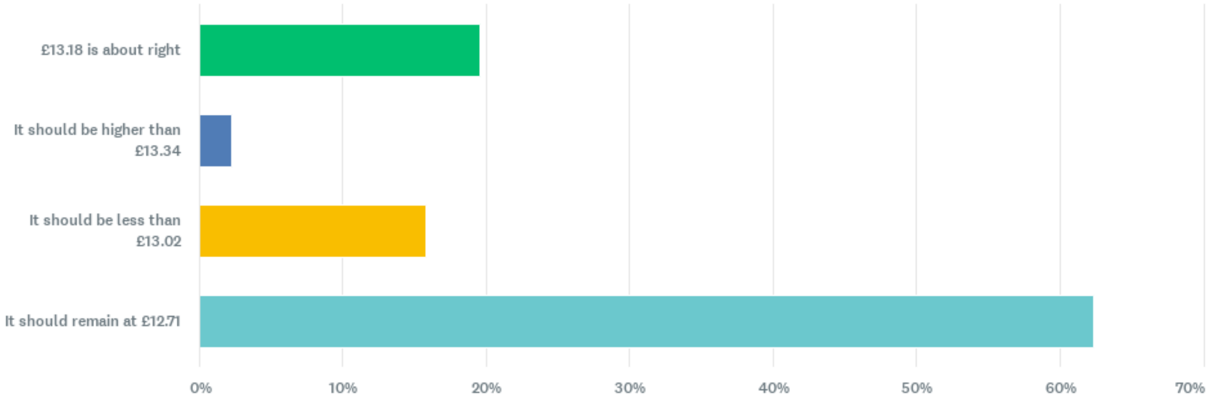
d) The National Living Wage 2027

3.8 The NLW is the statutory minimum hourly pay for workers aged 21 and over in the UK, while the NMW sets the minimum hourly pay rates for younger workers and apprentices. Both are designed to protect workers from unfairly low pay and are reviewed regularly by the government.

3.9 The current projection for the NLW in 2027 is £13.18 with a range of between £13.02 and £13.34.

3.10 62% of employers believe that there should be no increase to the current NLW rate of £12.71.

3.11 Many employers told us that, if rates continue to rise, their businesses will struggle to remain viable.



3.12 Many employers highlighted a range of risks facing the industry should rates continue to increase. Key concerns included:

- Increased risk of age discrimination claims, as some employers reported a preference for recruiting younger workers due to the higher costs associated with the NLW.
- Reduced employment opportunities and a decline in the availability of jobs within the sector.
- Greater levels of non-compliance with employment legislation as businesses struggle to manage rising labour costs.
- The potential closure of equestrian businesses, leading to a reduction in the size and sustainability of the industry.

e) Lowering the age threshold

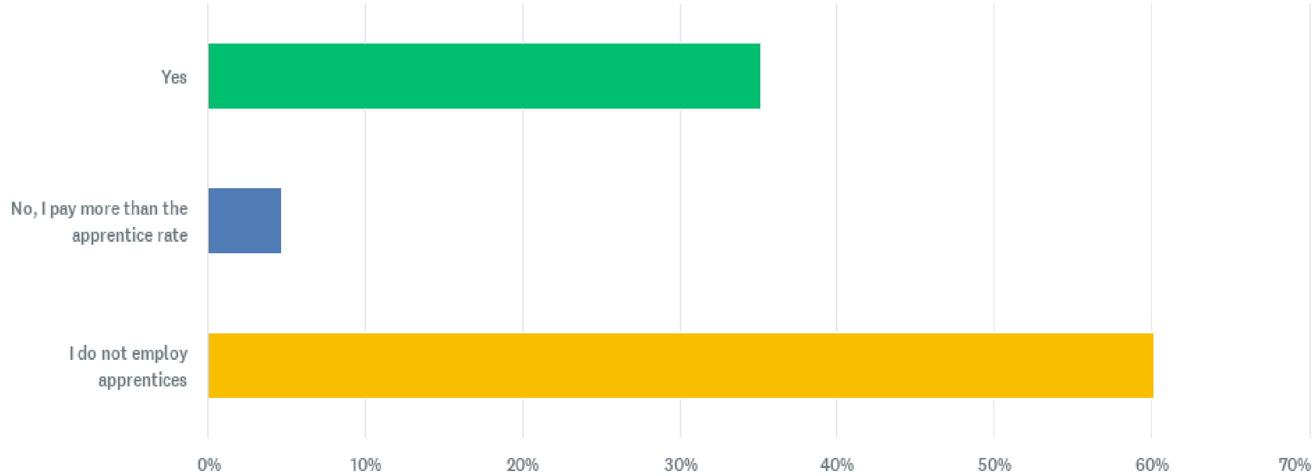
3.13 We asked employers about the potential impact of the Government's commitment to lowering the age threshold for the NLW to 18.

- 60% of employers told us they would have to reduce the number of staff they employ or decrease the number of hours that they work. This could have a huge impact on the lives of those who are employed in the industry.
- 27% of employers said that they would have to pay their more experienced staff a higher wage, and 48% told us that increasing the wages of these staff would have a huge financial impact on their business.
- Only 3% of employers felt that reducing the age of entitlement to the NLW would provide more opportunities for young people.

> *"The steep increase in wages and costs has been very difficult, especially the increase in national insurance costs. I am now using freelancers more often, as although they are more expensive per hour, the add-on costs aren't there.*
>
> *I now feel it is too expensive to employ young people on the whole, unfortunately and have looked for older, more experienced people when recruiting".*
>
> **Equestrian industry employer**

f) Apprentice rates

3.14 Employers were asked whether they employed apprentices and, if so, whether they paid the apprentice rate.



3.15 Employers were asked about the potential impact of removing the apprentice rate and requiring apprentices to be paid at the same rate as other workers. Responses indicated significant concerns regarding the consequences for apprenticeship opportunities and workforce dynamics:

- 75% of respondents believed that fewer apprenticeship opportunities would be available if wage rates continued to increase.
- 60% stated that employee morale would be negatively affected if experienced staff received the same rate of pay as apprentices.
- 81% reported that equalising pay rates would reduce the incentive for employers to recruit apprentices.

g) The Accommodation Offset Rate

3.16 The Accommodation Offset rate is a provision within NMW legislation that allows employers who provide accommodation to workers to count a prescribed daily amount towards meeting minimum wage requirements.

It is the only benefit-in-kind that can be taken into account when calculating NMW pay.

Where accommodation is provided, employers may offset up to the statutory rate against wages; however, if charges exceed this amount, the excess is treated as a deduction from pay for minimum wage purposes.

3.17 We asked respondents whether they use the Accommodation Offset rate and, if so, at what level they believe it should be set.

- 83% of employers do not offer accommodation for their staff.
- 9% charge the Accommodation Offset rate, and 6% provide free accommodation to their staff.
- 54% of respondents believe that the current Accommodation Offset rate is too low.

> *"The amount we can charge for accommodation is my biggest challenge, as rates, electric water, everything is going up, and we have to absorb it. Where else could you live all in for 77 pounds a week? "*
>
> **Equestrian industry employer**

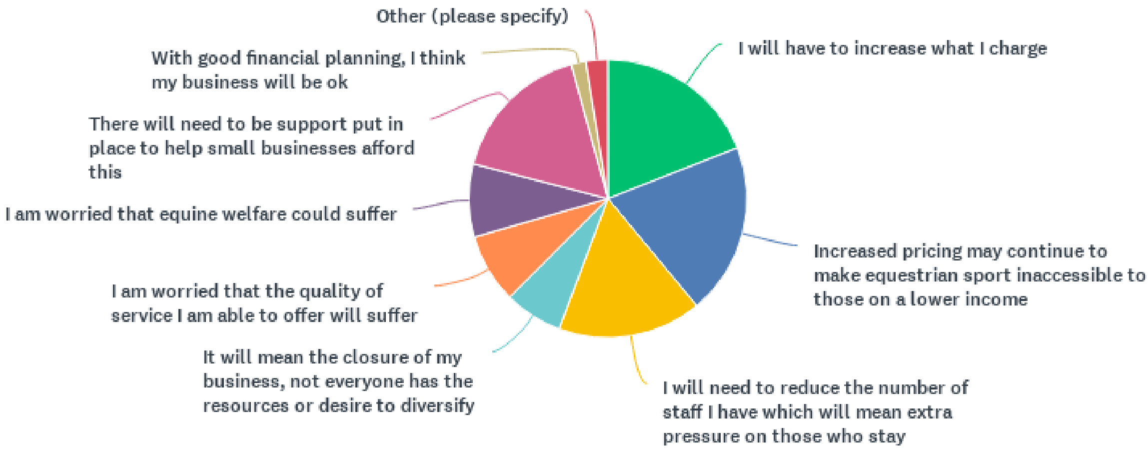
h) Business impact

3.18 We asked employers to give us their thoughts on how their businesses, and the equestrian industry as a whole, would be impacted by further increases to the NMW and NLW.

3.19 The general feeling among employers is that their wage bills are putting their businesses at risk. Many feel that they cannot sustain further rises without financial support.

- 73% believe that increases in pricing will make equestrian sport inaccessible to those on a lower income, and 61% would require additional financial support for them to sustain further increases to the NMW and NLW.
- Worryingly, 31% of respondents were concerned that equine welfare could suffer as a result of wage growth and inflation across the industry.

- 61% of respondents reported that they will have to reduce the number of staff they employ.
- 25% stated that they will have to close their business altogether if wage costs continue to increase.



3.20 These findings raise serious concerns about the future of the equestrian industry should the NMW continue to rise.

i) Key areas of risk

3.21 The EEA believes the key risks to the equestrian industry are:

- Age discrimination – some employers are recruiting younger people as they cannot afford the NLW. If the age threshold for the NLW is lowered to 18, there is a risk that employers will no longer employ younger workers because they will have to pay them the same as older, more experienced staff.
- Further non-compliance with NMW legislation relating to overtime and the number of hours worked. This is already a huge problem within the industry.
- Further non-compliance with legislation relating to the Accommodation Offset Rate.
- Loss of jobs across the industry.

3.22 In general, employers would like to offer higher wages, but many are constrained by affordability. Most businesses do not support further increases to wage rates or reductions in earnings thresholds.

3.23 The pay differential between experienced employees and those with less experience has already narrowed significantly. There is growing concern that any further erosion of this gap could have a substantial negative impact on employee morale and retention.

4 Compliance and Enforcement

4.1 The EEA recognises that non-compliance with NMW legislation remains a significant issue within parts of the equestrian industry. This is often attributable to unpaid working hours, which can reduce an employee's effective hourly rate below the statutory minimum, or to individuals being incorrectly engaged on a self-employed basis when they should be employed.

4.2 The EEA is aware that some employers mistakenly believe that the inclusion of benefits such as livery, accommodation, or training within remuneration packages constitutes compliance with NMW requirements. However, such practices do not satisfy the legal obligations set out under NMW legislation.

4.3 We are committed to addressing these challenges through education, guidance, and industry engagement. We will continue to work collaboratively with other membership organisations and stakeholders across the equestrian sector to raise awareness of employers' responsibilities and promote compliance.

4.4 We recognise that some employers may be hesitant to report underpayments to HMRC or seek assistance due to concerns about potential financial penalties. To address this, the EEA is working closely with HMRC's National Minimum Wage Compliance Team to support employers in rectifying genuine errors. We aim to help ensure that employers who proactively come forward and engage with HMRC to correct mistakes can do so without incurring financial penalties.

> *"Raising the NLW again will lead to higher levels of unemployment, and it will have a significant impact on equine welfare and human mental health.*
>
> **Equestrian industry employer**

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