



# LOW PAY COMMISSION

## BGEEG CONSULTATION RESPONSE REPORT

### SURVEY OF EMPLOYERS AND WORKERS

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# BACKGROUND

We are the Equestrian Employers Association (EEA). A social enterprise set up to both support and educate employers in the equestrian industry. Our purpose is to improve the employment practices in the equestrian industry, making it an attractive career prospect and a place of good employment.

The rise in the National Minimum Wage and National Living Wage is having a huge fiscal impact on the equestrian industry. Therefore, the EEA surveyed a range of equestrian employers and workers in multiple disciplines so that their views could be shared as part of our response to the Low Pay Commission's (LPC) National Minimum Wage (NMW) consultation response. The LPC is the independent body who advises the Government about the NMW. We had a total of 92 employer responses and 176 worker responses.

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

The four top disciplines which forms the employer response are livery yards (69%), riding schools (34%), dressage (17.5%), and eventing (12%).

The four top disciplines which forms the worker response are livery yards (44%), eventing (30.6%), dressage (24.4%), and other (21%).

For both the employer and worker responses, most respondents are based in England. None are based in Northern Ireland.

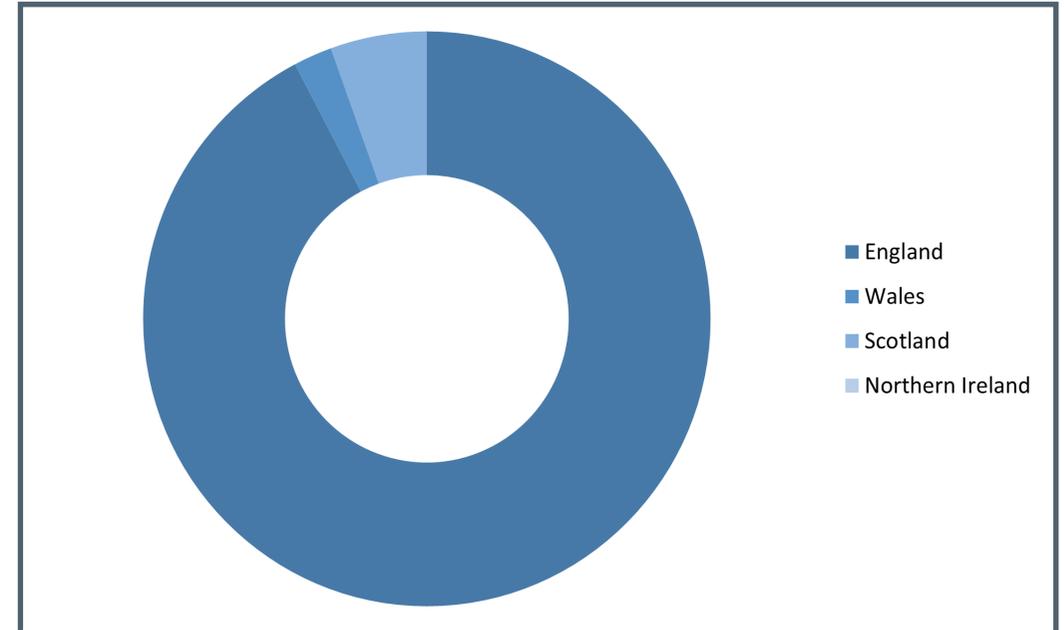
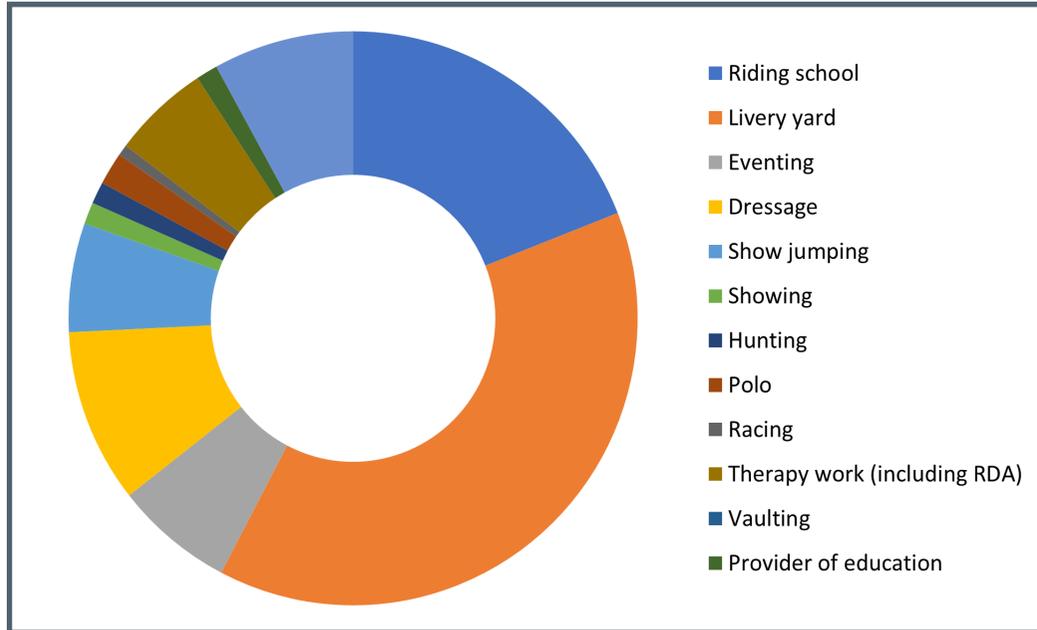
The size of business varied within the employer respondent pool, ranging from one member of staff to thirty. 61.5% of staff are paid at the NMW rate for their age.

Of the worker response, 38.6% are paid the NMW rate for their age, 42.6% are paid above it, and 18.7% are paid below the NMW rate for their age.

To gain a wider view of the economic outlook we surveyed equestrian membership organisations. Five responses were received.



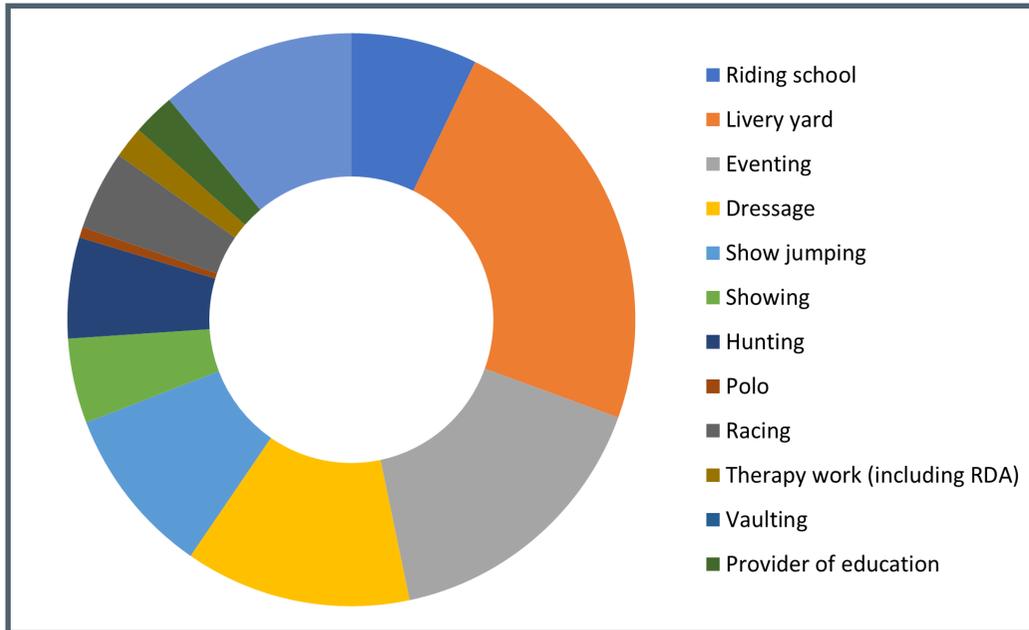
# RESPONDENT PROFILE - EMPLOYER



**6** Members of staff on average

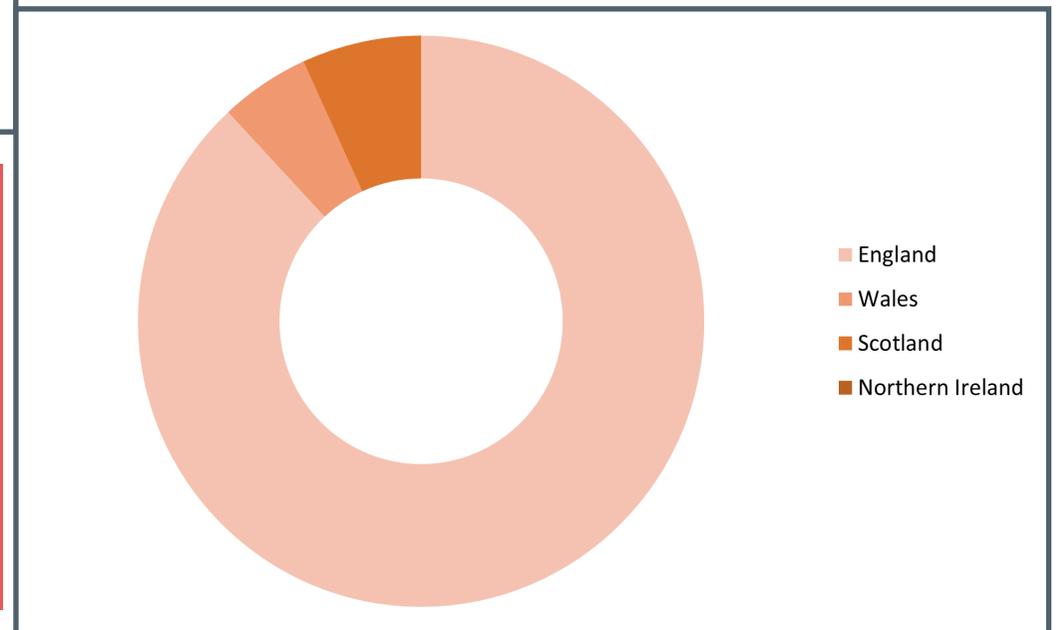
**3.5** Members of staff paid NMW on average

# RESPONDENT PROFILE - WORKER

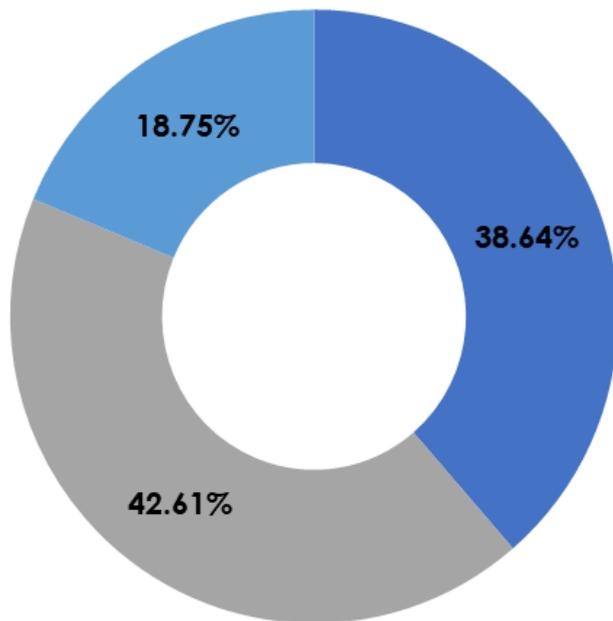


## THE MAJORITY OF WORKERS WHO RESPONDED ARE:

- BASED IN ENGLAND
- OVER 22
- WORK IN LIVERY YARDS, EVENTING, OR DRESSAGE



# WORKER RATES OF PAY



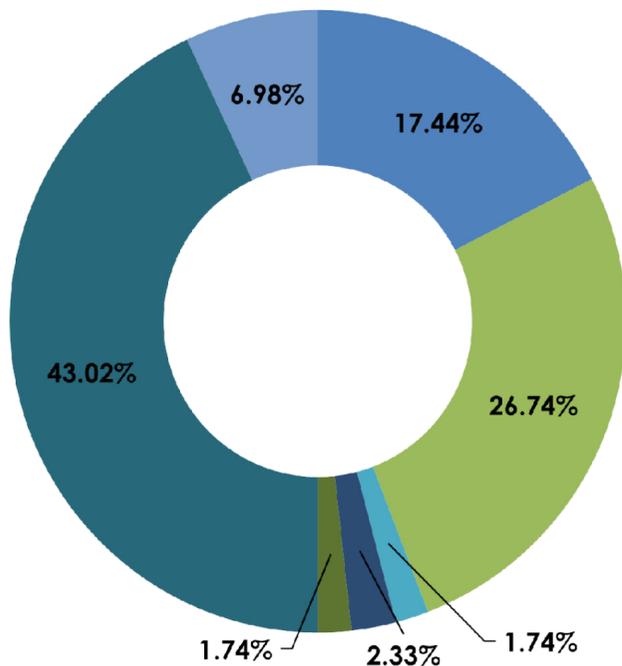
- I am paid at the NMW/NLW for my age
- I am paid above the NMW/NLW for my age
- I am paid below the NMW/NLW for my age

It's positive to see that nearly 43% of respondents to the worker survey are being paid above the NMW for their age.

However, of concern, it's that nearly 19% are being paid below the NMW. This is across multiple disciplines but mainly in livery yards, Eventing yards, Dressage yards, and Show jumping yards.

Those being paid either at or above the NMW for their age was across multiple disciplines.

# WORKER CONTRACT TYPES



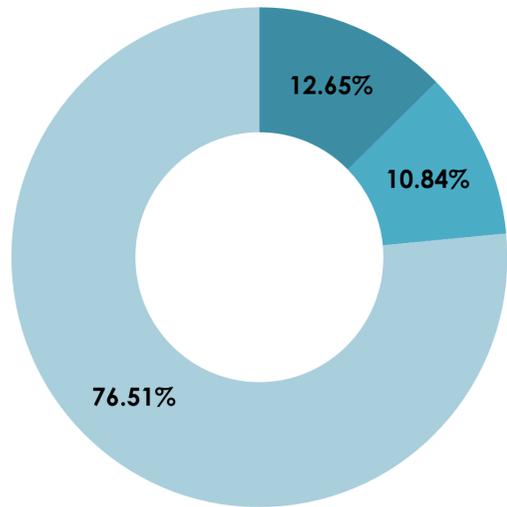
- I have no contract of employment
- I have a permanent contract
- I have a fixed term contract
- I am on an annualised hours contract
- I am on a zero hours contract
- I am self employed and have my own business
- I am told by my employer that I am self employed

# 42%

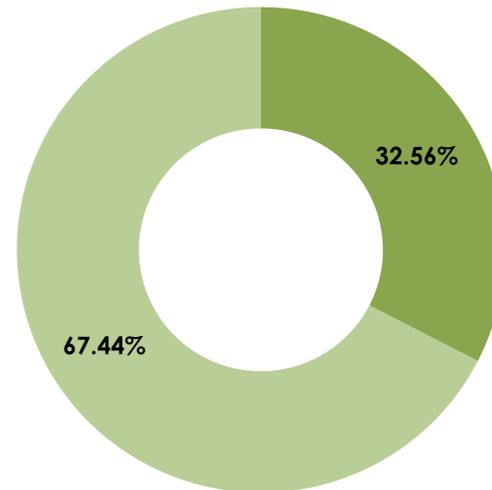
Of respondents who don't have their own business have no contract of employment

Having no contract of employment in place is still commonplace in the equestrian industry. Where contracts are issued, it appears that employers aren't utilising more flexible contract types and they are most commonly permanent. This may be down to a lack of awareness within the industry of alternative contract types and how they can be correctly used.

# WORKER BENEFITS & PROGRESSION



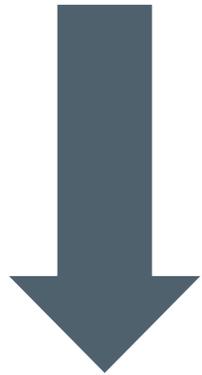
- Benefits have increased
- Benefits have decreased
- Benefits have stayed the same



- Yes there is career progression in my workplace
- There is no career progression in my workplace

# COST OF LIVING & THE NMW

## EMPLOYER IMPACT



74%

Of employers have reported a fall in profits.

79%

Of employers have reported an increase in prices to clients.



28%

Of employers cannot afford for staff to attend any training at all.

66%

Of employers cannot afford to invest in their business.

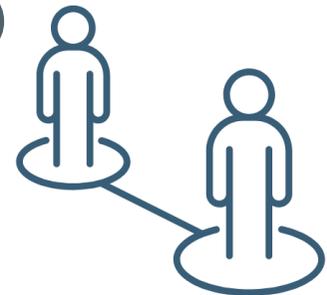


27%

Of employers have reported that productivity of staff has fallen.

36%

Of employers reported smaller pay gaps



# COST OF LIVING & THE NMW

## WORKER IMPACT (Under age 22)

**33%**



Of workers cannot afford to move out of the family home.

**40%**

Of workers struggle to pay their bills each month .

**62%**

Of workers say they have no disposable income.



**46%**

Of workers said the NMW rate for their age is too low.

**40%**

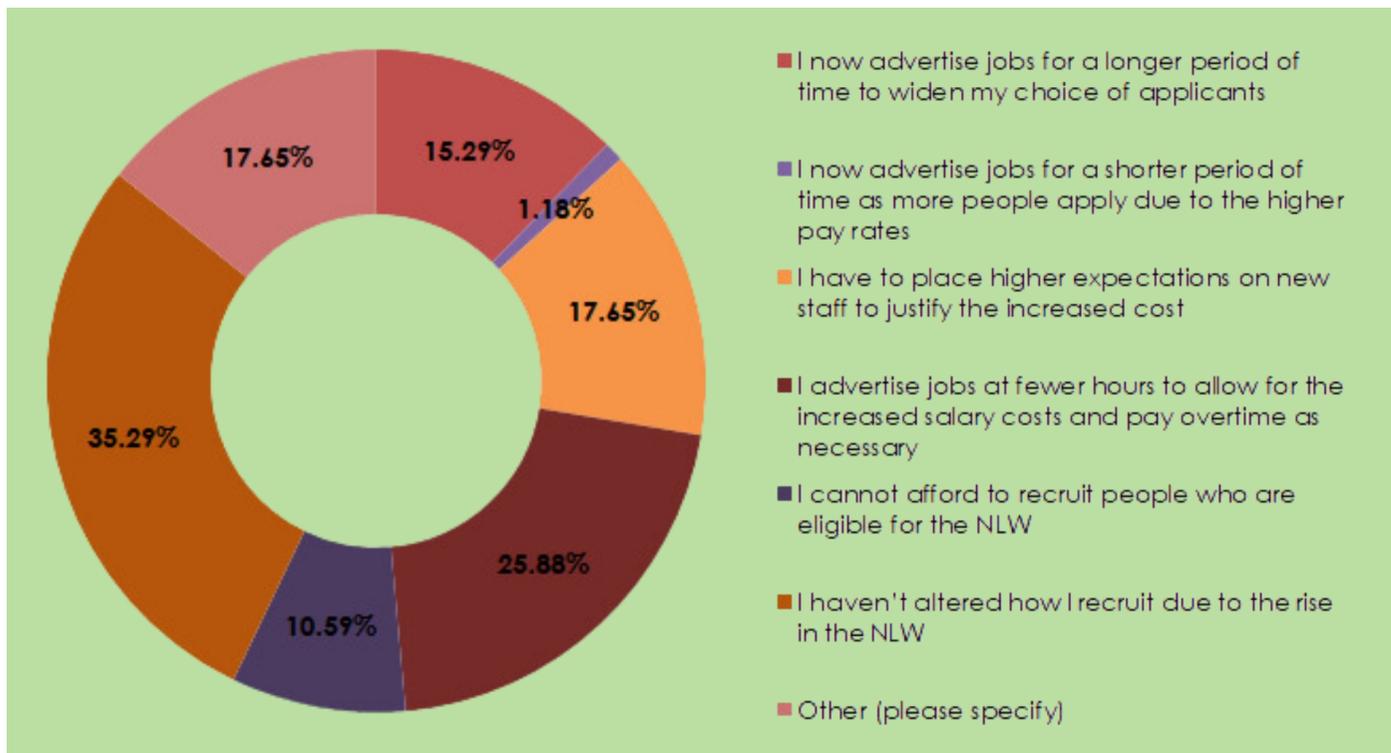
Of workers say their mental health is suffering due to financial worries.



**19%**

Of workers said that employers now expect more from them.

# IMPACT ON RECRUITMENT



Employers were asked to comment on the impact of the NMW rises on recruitment. 35% of them said that they aren't altering their recruitment practices in response to the rise. Commentary from the majority of employers is that it is difficult to recruit skilled workers into roles, yet the majority are not taking action to change practices.

However, nearly 26% of employers are choosing to advertise roles at fewer contracted hours, only paying overtime when is necessary in order to accommodate for rising wage bills.

# IMPACT ON RECRUITMENT

Equestrian industry workers were asked to give their opinion on why employers are finding it difficult to recruit. The top six reasons given were:

**LOW PAY**

**86%**

**LACK OF FLEXIBILITY**

**56%**

**STAFF AREN'T WELL TREATED**

**47%**

**POOR EMPLOYMENT PRACTICES**

**46%**

**QUALIFICATIONS NOT PREPARING STUDENTS**

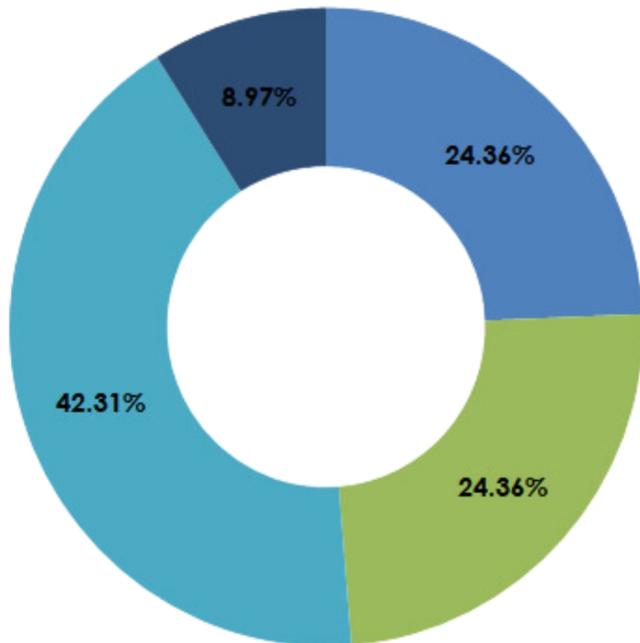
**44%**

**THE HOURS ARE TOO LONG**

**40%**



# USE OF YOUTH RATES



- I do not use the youth rates because I don't employ anyone in these age groups
- I do not use the youth rates because I pay above the NMW
- I use the youth rates because I am only able to pay the NMW
- I use the youth rates because I cannot afford to employ people entitled to higher rates of NMW pay

We asked employers if they used either of the youth rates and if so, the reason for this. Most employers (42.3%) said they use the youth rates because they can only pay the NMW.

24.3% of employers said that they do not use the youth rates as they do not employ people in this age bracket.

Of concern is that nearly

# 9%

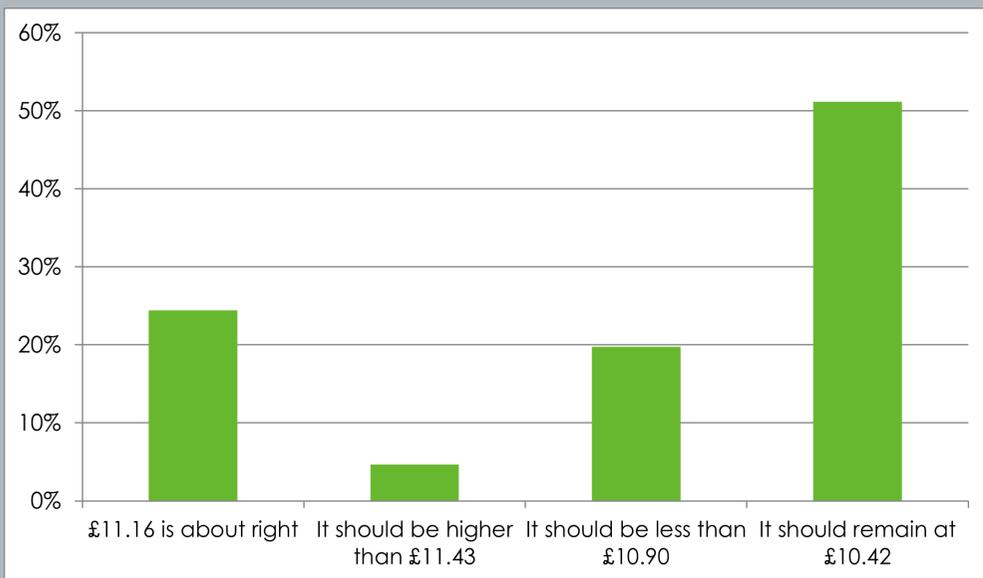
of employers said that they use the youth rates because they cannot afford to pay anyone eligible for a higher rate.

This leaves the industry vulnerable to age discrimination claims and issues.



# NATIONAL LIVING WAGE 2024

## EMPLOYERS WERE ASKED AT WHAT LEVEL SHOULD THE NLW BE SET FROM APRIL 2024?



The general feeling among employers is that the cost of living as a whole is making their business unviable, but that their wage bills are one of the biggest contributors to this. Many feel that they cannot sustain further rises without support for inflated costs overall.

## INDUSTRY RISKS IF RISES CONTINUE



**Age discrimination – employers are starting to recruit younger people as they cannot afford the NLW**



**Further non-compliance with legislation in relation to the accommodation offset**



**Further non-compliance with legislation in relation to overtime and average hours worked.**



**Loss of equestrian businesses**

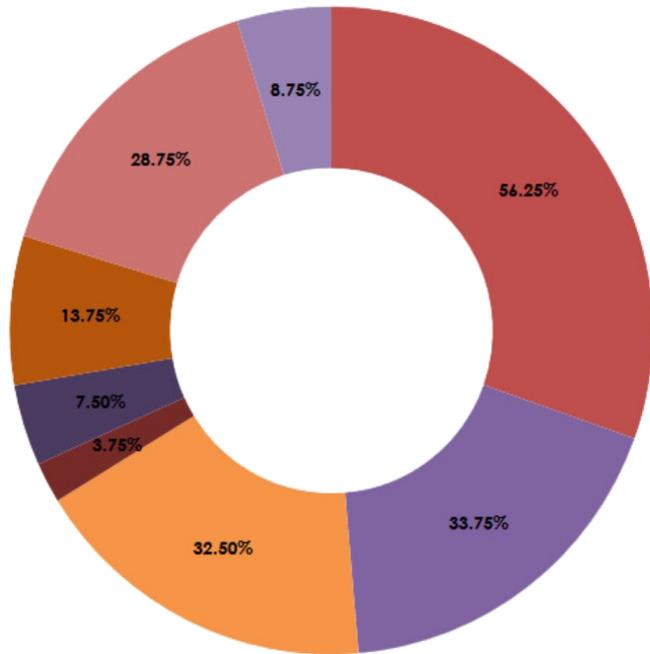


**Lack of apprenticeships**



**Lack of jobs available**

# LOWERING THE AGE THRESHOLD



- If I need to increase the wages of people I already employ then this will have a huge financial impact on my business
- I will need to pay my experienced staff a higher wage as a result
- I will need to reduce the number of staff I have or reduce their hours as I cannot afford to cover the extra wage bill
- When recruiting, this may increase the number of applicants I have
- It will provide more opportunities for young people
- I will need to invest more time upskilling younger people as they will have less experience
- As long as the individual can demonstrate the skills needed for the job then age shouldn't factor.
- Other (please specify)

56.2% of employers surveyed said that if the threshold were to be lowered to 21 in 2024 and they, therefore, were required to increase the wages of people that they already employ, then this would have a huge financial impact on their business. It's unclear how many businesses may be forced to close because of this. Coupled with a lack of ability to invest, and therefore unlikely to be able to diversify, many businesses may no longer be viable.

***“We have a staff member who reaches 21 this month. Her pay has gone up £8k per annum due to NMW and age group. My daughter is her boss, experienced, and has to pay herself less because of this to keep the business going!”***

***Equestrian industry employer***

# APPRENTICE RATES

53%

Of employers said that they do not employ apprentices

15%

Of employers said that they pay higher than the apprentice rate

32%

Of employers said that they use the apprentice rate

56%

Of employers said that Fewer apprenticeships would be available in our industry due to the increased wage cost

55%

Of employers said that Morale would be affected if more experienced staff are being paid the same as an apprentice

38%

Of employers said that There is no monetary progression for the apprentice

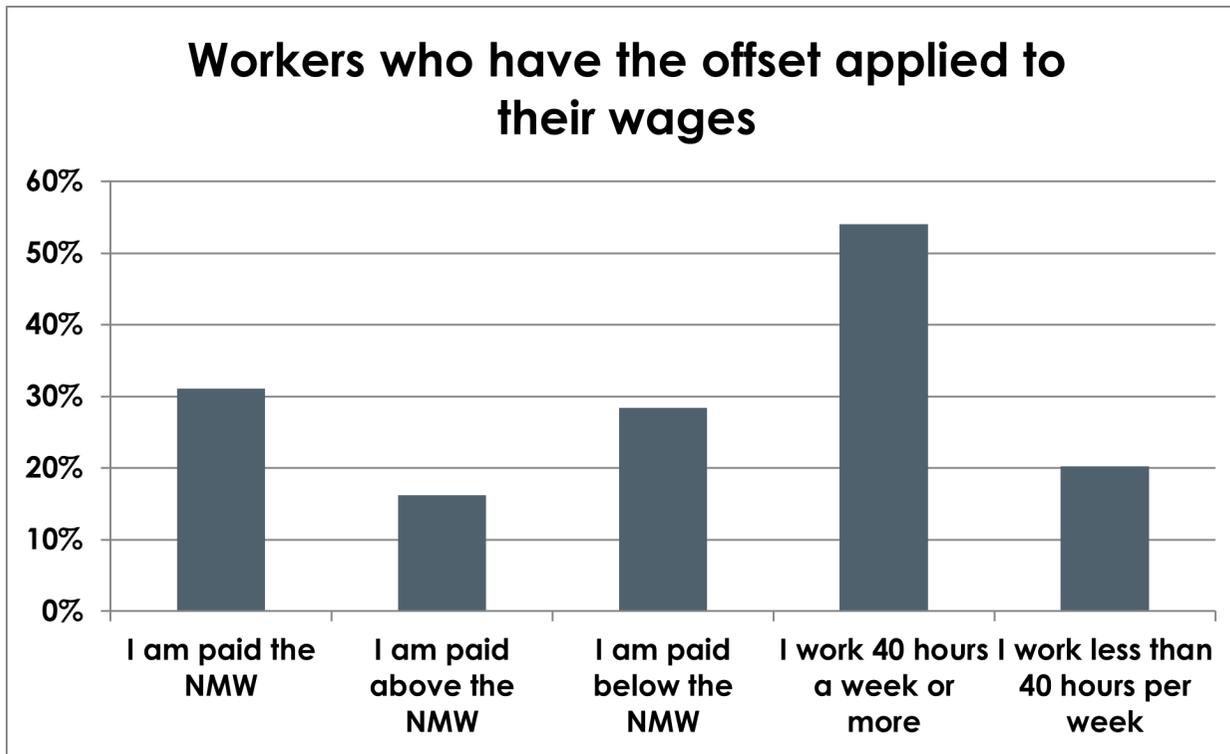
71%

Of employers said that There is no incentive for the employer to employ apprentices

9%

Of employers said that It would encourage older workers to apply for an apprenticeship

# ACCOMMODATION OFFSET RATE



It is of huge concern that 28% of workers who said that they have the accommodation offset applied to their wages are being paid below the NMW.

## ACCOMMODATION STANDARDS

62%

Of workers said that their employer does not provide accommodation

12%

Of workers said that their accommodation is of a great standard

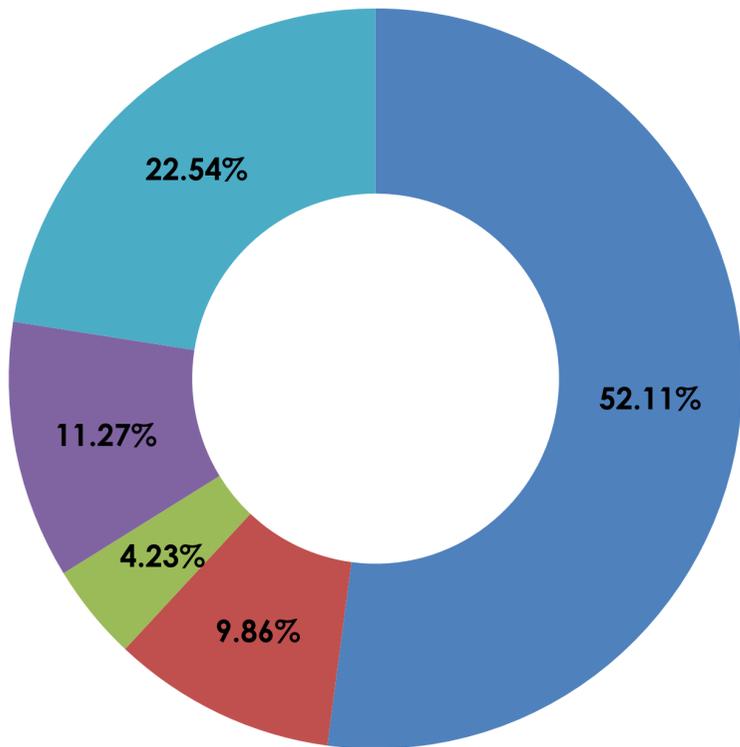
18%

Of workers said that their accommodation is of a good standard

7%

Of workers said that their accommodation is of a poor standard

# ACCOMMODATION POLICY



- Having an accommodation standard is a good thing providing that the offset rate is set fairly for both the employee and employer
- I would not be able to afford to upgrade my accommodation
- I would struggle to recruit staff if I was unable to offer accommodation due to it not meeting the standard
- I would be able to offer accommodation if the rate was set higher. Its not currently viable.
- Other (please specify)

67.09% of employers surveyed do not provide staff accommodation. However, 87% of employers who answered the question said that the accommodation offset rate hasn't influenced their decision on whether to provide accommodation or not.

Some employers commented that the true cost of providing the accommodation, e.g., covering bills, meant that it was no longer cost-effective for them to offer it. Also, the standard and type of accommodation can vary hugely. (NMW Survey conducted by the EEA, 2022)

## MINIMUM HOURS POLICY

The Low Pay Commission recommended that there is a minimum hours requirement before accommodation costs can be deducted.

It should be noted that any minimum hours setting in the equestrian industry may prove detrimental to part-time positions being offered. This is already a challenge within the industry as is the ability to work flexibly in general.

Alternatively, it may lead to further non-compliance with NMW legislation where unlawful deductions are being made to cover the employer's accommodation costs.

# BUSINESS IMPACT

Employers in the equestrian industry were asked what the impact to their business would be if NMW continued to rise.

**INCREASE MY PRICING**

**69%**

**SUPPORT IS NEEDED TO SURVIVE**

**58%**

**I WILL NEED TO REDUCE MY HEADCOUNT**

**40%**

**CONCERNS OVER EQUINE WELFARE**

**26%**

**CONCERNS OVER QUALITY OF SERVICE**

**18%**

**MY BUSINESS WILL CLOSE**

**18%**

Employers who have needed to increase their pricing were concerned that this will contribute even further to equestrianism being inaccessible to those on a lower income.

Those employers who have said that they will need to reduce their headcount in order to afford the increased wage bill are concerned about the extra pressure and impact on the staff who remain in employment.

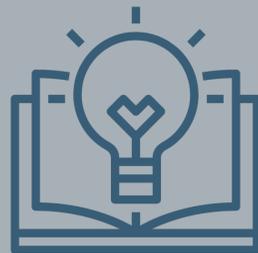
Employers who are worried that their business will close also said that there aren't always the funds or the desire to diversify into other areas in order to remain viable.

Only 9% of employers felt that their business would be ok with good financial planning.

### BUSINESS CONDITIONS IN THE UK FOR THE PERIOD UP TO APRIL 2024



There is a clear split between the higher end market and the lower



Workers are better educated as to their rights



More yards will close



There are poor public transport links in rural UK



Restrictive planning laws and high business rates



Fully compliant yards are hard to come by

There is a very clear split between the lower end market and higher end, with many horses at the lower end being abandoned or sold without much thought to where the horse will end up. This is putting extreme pressure on those yards that deal with the average horse owner in the UK, and consequently their staff. More yard owners than ever are closing their businesses, and fully compliant livery yards in particular are hard to come by now.

Planning laws can make it very difficult to develop a rural business, and business rates are often very high. Transport links in rural UK are terrible. All of this is detrimental to the long term health of the sector, and consequently employment.

Where a yard is able to offer more than just a job (e.g. opportunity to compete) or where a higher level of knowledge is required, recruitment might be a little easier. However, these roles do not always come with a fair (or legal) remuneration package. Employers within the sector need to catch up with the workers – workers know their rights now, and are leaving the industry if their rights are not met.

# ECONOMIC OUTLOOK

## IMPACT OF BREXIT



Farmers are having to diversify their land usage meaning there is less space for other activities



There is difficulty and increased cost to taking horses to Europe. This is also affecting how travelling grooms are paid



Fewer migrant workers is having an affect on the ability to fill certain roles



It is deterring foreign riders from travelling to the UK for competitions

Of member body CEO's who responded to our survey said that Brexit has had a negative affect on their sport

**100 %**



# ECONOMIC OUTLOOK

## KEY DRIVERS OF PAY DECISIONS



Lack of educations/  
awareness of the law



Lack of business acumen



Unwilling to modernise  
practices



Lack of transport  
means needing your  
own car/relying on  
others



Rising insurance costs  
and high business  
rates



Incorrect pricing



Ineffective financial  
forecasting

# ECONOMIC OUTLOOK

## INFLATION & THE COST OF LIVING



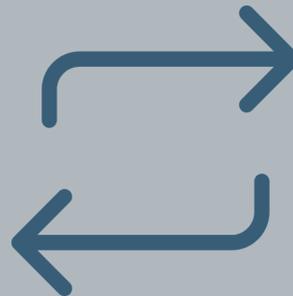
There is no budgeting or forecasting



Cashflow problems result in late payments to staff



Many employers struggle to pay above the NMW now, so a rise will be unaffordable



A change is needed as to how businesses are run in the sector or the labour market will continue to reduce

Of member body CEO's who responded to our survey said that inflation and cost of living is a factor in wage setting

**100 %**



# COMPLIANCE & ENFORCEMENT

## COMPLIANCE

We are aware that NMW failings exist within our industry. All member body organisations who responded to our survey are concerned about what this would do reputationally to their sport, and 75% believe that failings do already exist within their membership base.

In March 2023, the EEA conducted a Time vs. Money survey amongst equestrian industry workers as part of our National Minimum Wage campaign. What this survey identified was concerning – nearly half of the respondents were not being paid in line with NMW legislation. Failings are more often than not in relation to non-payment of overtime or false self-employment.

Many yards will think that they are paying minimum wage because they are providing livery and training as part of the package and are unaware that this is illegal.

The EEA is doing all it can to help address these issues through education, awareness raising, and collaborative working with the HMRC, and member body organisations across the equestrian industry.

## ENFORCEMENT

Intuitively, the EEA is aware that employers are generally fearful of the HMRC. They would be reluctant to report any failings they identify themselves or ask for support due to concern that they would be issued with crippling fines forcing their business to close.

It needs to be made public ASAP after enforcement has been carried out so that we have current case studies to work from. Once equestrian employers can see that there are consequences for non-compliance, they'll feel more obliged to employ legally.

The EEA is working closely with the HMRC NMW Team to raise awareness that employers who come forward and ask for help to correct mistakes will not be issued with a fine.

***“There is nothing wrong with setting a decent NLW. However far too many yards do not pay it and offer training, livery or riding in lieu of salary to keep costs down. There should be monitoring. If you are honest and do things correctly you cannot offer competitive livery rates competing against yards that don't.”***

***Equestrian industry employer***

