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Tender

The impact of the minimum wage on productivity (longer-term projects)

Low Pay Commission

UK4: Tender notice - Procurement Act 2023 - [view information about notice types](#)

Notice identifier: 2025/S 000-085184

Procurement identifier (OCID): ocds-h6vhtk-05fb04

Published 19 December 2025, 8:45pm

Scope

Reference

LPC 2025/08

Description

The Low Pay Commission (LPC) invites tenders for research investigating the impact of the National Minimum Wage (NMW), including the National Living Wage (NLW) on productivity. We are interested in research that considers both within- and between- firm productivity.

This call for research is for projects that will deliver final findings in September 2027 and interim findings in September 2026. If your proposed projects could deliver final findings to a shorter timeframe, we strongly encourage you to bid under LPC 2025/05 (open call for 1-year projects).

The Low Pay Commission is a non-departmental public body that advises the government about the National Minimum Wage (NMW), including the National Living Wage (NLW) and the minimum wage rates for young workers and apprentices. You can view our most

recent published remit for 2025 here. We are responsible for evaluating the effects of the NMW and NLW and making recommendations on future rates. To carry out these functions, our work involves:

- carrying out extensive research and consultation with employers, workers and their representatives and taking written and oral evidence from a wide range of organisations;
- analysing relevant data to understand the state of the economy and labour market and the impact of the minimum wage;
- commissioning research projects into these questions.

There are important links between the minimum wage and productivity. The minimum wage may boost productivity by encouraging employers to invest in capital or skills, or by accelerating the movement of resources to more productive parts of the economy. On the other hand we often hear from small businesses that minimum wage increases reduce their ability to invest in new technology. At the same time, productivity improvements driven by other factors may reduce the risk of negative adjustments to minimum wage increases, such as reduced employment. Past research in the UK and studies from other countries have seen mixed findings on both the existence of and mechanisms for productivity gains.

This research will fill gaps in our understanding of the relationship between the minimum wage and productivity in the UK, using the latest available data and methods. It will complement the LPC's own analysis of the economy and labour market.

The estimated maximum cost of the contract is £80,000 (exclusive of VAT; £96,000 including VAT). We recognise that proposed projects may vary significantly in their scale and resource requirements and anticipate bids in the range £40,000 to £80,000.

Total value (estimated)

- £80,000 excluding VAT
- £96,000 including VAT

Below the relevant threshold

Contract dates (estimated)

- 2 March 2026 to 31 December 2027
- 1 year, 9 months, 30 days

Main procurement category

Services

CPV classifications

- 73000000 - Research and development services and related consultancy services

Participation

Particular suitability

- Small and medium-sized enterprises (SME)
- Voluntary, community and social enterprises (VCSE)

Submission

Enquiry deadline

12 January 2026, 2:00pm

Tender submission deadline

2 February 2026, 2:00pm

Submission address and any special instructions

Tenders should be submitted to tim.butcher@lowpay.gov.uk, copying lpc@lowpay.gov.uk.

Tenders may be submitted electronically

No

Award criteria

Tenders shall be evaluated using the Most Advantageous Tender (MAT) methodology. This is where the Authority assesses a Tender based on a combination of commercial, quality, and price elements. The Authority chooses to award the Contract, the Authority shall award the Contract to the Tenderer which submits the highest scoring Tender.

The MAT ratio for this Tender is as follows:

Commercial: Pass/Fail

Quality: 80%

Value for Money: 20%

Any non-weighted elements shall be evaluated as pass/fail and any Tenders which receive a 'Fail' will be excluded from further participation in the Procurement.

Quality will be assessed on three dimensions:

Understanding the requirements and context (A01): 25%

Methodology and approach (A02): 30%

Ability to deliver (A03): 25%

Value for money will be scored based on total contract price, the scale and quality of the proposed deliverables and the staffing resource required to complete the project.

Procedure

Procedure type

Below threshold - open competition

Documents

Associated tender documents

<https://www.gov.uk/government/publications/low-pay-commission-call-for-research-for-2026-and-beyond>

A detailed description of the project requirements is provided in the Invitation to Tender (ITT) document published on the Low Pay Commission website.

The pricing schedule template can be found alongside the ITT document.

Note that there will be a short delay before the linked page goes live. If you are unable to access it initially, please try again on the next working day.

Contracting authority

Low Pay Commission

- Public Procurement Organisation Number: PDDW-8983-PTPH

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Contact name: Tim Butcher

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Website: <https://www.gov.uk/government/organisations/low-pay-commission>

Region: UKI42 - Tower Hamlets

Organisation type: Public authority - central government