

**Submission to the Low Pay Commission
26th September 2014**

I am thankful for the opportunity to make the following comments in view of the Commission's consultation on Low Pay in the UK.

Along with my business partners, I firmly believe that prosperity results from motivated and well-paid employees who are valued in the workplace and made to feel they are vital team players. Satisfied employees who are effectively managed and led become productive members of the organisation which contributes to a spiral of success.

Many businesses including our own, which took drastic measures at the onset of the global financial crash to trim costs and operate leaner and more efficiently are now benefiting from the economic upturn. Now should come the reward – better pay and incentives to loyal employees who have endured the belt-tightening of the past few years.

I am convinced that this attitude of appreciation, adequate reward along with continual training and motivation increases productivity and prosperity. Not only does this work in a small business enterprise but the principles can be applied to larger organisations and indeed the whole nation. Hence a minimum wage should be a living wage and an adequate wage and the Commission should now look at a significant increase in the National Minimum Wage (NMW) in the very near future. This should be followed by incremental increases at regular intervals that steadily improve the NMW relative to the cost of living.

This would be a bold step but I am assured that wealth can be created for both business entities and individual employees and proper people-management will fuel the money-making machine that every business should become.

So what is an adequate wage? The answer lies in the amount of disposable income left to any earner once basic essentials and obligations are paid for. Of course, people's ability to manage their income and expenses varies widely and this comes back to education which is another story. There will always be some who do not have the discipline to live within their means and such are prey to unscrupulous lending.

For the majority though, an income which provides for the necessities of life plus a few of the extras and even luxuries has a vastly positive effect on the country as a whole. Free of financial distress, people will tend to be healthier, happier, less likely to fall into crime, more likely to spend their money in the high street which in turn brings more revenue for struggling businesses.

The NMW therefore should be increased, it should be monitored and checked (current PAYE reporting would be effective in this) and defaulting employers must be penalised. How about company tax breaks based on the amount employers are paid above the NMW?

The results: increased tax revenue, lower NHS costs, a flourishing retail economy with all the positive knock-on effects, lower crime rates, higher employment, a booming economy less dependent on credit, more resources for defence, education etc, a prosperous country, a Great Britain.

An impossible dream? No, I believe in it and I trust the Commission and the Government will also.

Phil Pittock, Senior Partner, Parma Industries.