

Mr Chris Dee
Secretary
Low Pay Commission
6th Floor
Victoria House
Southampton Row
London WC1B 4AD

2nd October 2012

Dear Mr Dee

You may remember that last year UKFT argued strongly for a freeze in the national minimum wage. Our members would urge even more strongly this year for a continuation of that policy.

Our members are facing increasingly harsh trading conditions, and there appears to be no sign of any increasing consumer confidence resulting, sadly, in a further round of short time working and/or redundancy in many companies. Indeed many companies are resorting to short time working in order to attempt to retain skilled workers. This is an expensive exercise and to increase costs with a higher NMW would tip many of these into a redundancy situation.

For the very small number of members seeking to recruit, they are experiencing little or no difficulty in attracting suitable employees at the current NMW.

At the risk of being repetitive we must again point out that the incentive payment systems in our Sectors run the risk of being fatally undermined by increases in the NWM. Over the past year we have seen pay settlements in the various sectors of the textiles and clothing industry, both nationally and at company level, either at a standstill or significantly below the rate of inflation, this has again had the effect of eroding differentials, with some companies needing to "make up" the wages of some 35% of their workforce to the NMW.

It is our opinion that there is no need to increase the NMW at all, many workers in the public sector will be experiencing a pay freeze, and changes to personal tax allowances, already in the pipeline, will go a significant way towards protecting the lowest paid. Additional costs facing companies, including the move towards mandatory employer pension contributions, together with the impossibility of raising prices with the hard pressed retail sector, would result in more company closures and increased unemployment.

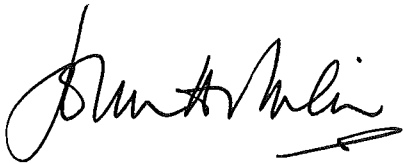
On some of the more specific points raised in your letter, whilst UKFT can see some merit in regional variations on the NMW, the practicalities of such a move seem almost insurmountable. Our Industry, whilst enjoying pockets of numbers of companies in relatively small areas, is also spread very thinly across the whole of the UK, and one could readily envisage severe distortion of competition between similar companies because of the drawing of boundaries. A problem that has already been seen in the situation of regional aid.

We believe that the NMW should be kept as low as possible thereby protecting the low cost regions of the UK from unnecessarily increasing their cost base.

As far as the apprenticeship rates are concerned our members are already picking up an increased share of costs in respect of training, and many may even be described as “micro enterprises” rather than SMEs. It is in this area that the Government is seeking growth in employment and increasing the apprenticeship and youth rates of the NMW would be severely counterproductive.

We stand ready to talk to you or any of the Commissioners if you would like us to amplify this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Miln', with a horizontal line underneath the name.

John Miln
Chief Executive Officer