National Association of
MASTER BAKERS
supporting the baking industry
125th Anniversary

GBL/kd

7th September 2012

Kathy Cornish
Low Pay Commission
1st Floor
Kingsgate House
66 – 74 Victoria Street
LONDON SW1 6SW

Dear Kathy

NATIONAL MINIMUM WAGE

I am quite flabbergasted, if not appalled, at the Government's decision to still implement the NMW in October, to even mention banks – my members to find this abhorrent considering they and the Government have got us into this dire situation.

Every day small baker shops are closing and daily the majority of calls to our help line are on redundancies. Increasing the National Minimum Wage again in this present climate will increase redundancies for sure. Speak to the average employee and I think you will find they would wish no increase rather than lose their job. There can only be more redundancies, thereby increasing the Government's cost of benefits. Sooner than fiddle with a bit of VAT here and a few pence there – cut the employers and employees NI contribution then they take on staff – not reduce them.

I would ask that you submit the National Association of Master Bakers very strong objections to any increase in the NMW this year – the first sensible decision they have made.

The National Association would like to attend any meeting of the Low Pay Commission as in the past to put our views in person.

Yours sincerely

Gill Brooks-Lonican
CEO - NAMB

National Association of Master Bakers 21 Baldock Street, Ware, Hertfordshire SG12 9DH
T: 01920 468061 F: 01920 461632 E: namb@masterbakers.co.uk

GREGGS

The home of fresh baking®

RECEIVED 31 AUG 2012

Gill Brooks-Lonican (CEO)
National Association of Master Bakers
21 Baldock Street
Ware
Herts
SG12 9DH

29th August 2012

Dear Ms Brooks- Lonican

Following on from your letter dated 16th August please find attached our response in relation to your request for information for the Low Pay Commission Consultation 2013 Report.

Current Business Performance (2012)

2012 continues to be a challenging year for all businesses and their customers. In the first half of 2012 footfall on the high street was reduced by 7% (BRC – Springboard data) and this has a significant impact on sales across all retailers. We are expecting conditions for consumers to remain challenging in the second half of the year.

Future Economic Concerns (2013)

We expect this challenging retail environment to continue into 2013. This is also coupled with signs of future increases in global food ingredient costs. With over 25% of our costs sitting within this area this will have a significant impact on our cost base.

Forecasted public spending cuts mean there are expected to be job cuts in 2013 and therefore this impact on employment will have an impact on our consumers in certain areas and their available spend.

A key factor to consider in 2013 is the impact of auto enrolment on employees. The introduction of such a scheme will mean that the vast majority of our employees who are not currently in a works pension scheme (c75%) will be impacted by what they will perceive as a 'reduction' in their pay. The introduction of the scheme is right and just in order to encourage people to save for the future and support the burden of an ever ageing population. This will however reduce the differential on take-home pay between our rate of pay and the NMW and may put pressure on the government to increase the NMW. This would have a 'double impact' on employers, particularly smaller organisations, who are having to fund a pension reform at the same time as potentially support another increase in the NMW.

Level and Impact of NMW

Our employees continue to be paid above the national minimum wage level – both adults and young people. The differential however between our established hourly rate from just above 6% in 2008 to what will be just above 8% in October 2012 however this is far from the 16% differential we had in September 2000.

When setting the NMW rate in October 2013 the impact of pension auto enrolment needs to be given consideration. We need to encourage job generation and growth and continually adding pressures onto employers such as pension reforms as well as NMW increases can inhibit such growth.

As well as this, once again, we would also hope the LPC take into consideration the affordability and continued uncertainty over the business outlook to ensure any NMW rates are held at modest levels this year. Our wage bill continues to be one of our highest operating costs representing over 40% of our annual turnover. Therefore any increases in wages have a significant and disproportionate effect on our business compared to others in the same sector. Although, as previously stated, we pay a rate of pay 8% above the NMW, any increase in this area puts pressure on our business to increase rates in order to maintain the differential.

Our business is currently not impacted by the accommodation offset and the regulations for salaried hours workers and therefore do not feel we are in a position to comment or make recommendations for change

If you would like to discuss any information contained within this document please do not hesitate to contact me at emma.walton@greggs.co.uk.

Yours sincerely

EWalt

Emma Walton
Reward & People Manager