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Mr Webb
Low Pay Commission
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Dear Mr Webb,

Thank you for allowing me the opportunity to respond to your consultation on the minimum wage. As leader of City of York Council, I am writing to you to tell you about what we are seeing in York and my views on the current and future rate of the national minimum wage.

York has a resilient local economy and compared favourably with national and regional trends. There are 117,000 jobs in the city with the main employers offering jobs in retail, health, education, transport and storage, public administration, education and tourism. Our local employment rate is 75% of the working age population, with a significantly lower proportion of the working age population claiming job seeker's allowance.

The Minimum Wage and York

Whilst we have healthy rates of overall employment, this masks the growing problem of low pay in the city, an increasing trend towards part-time work and a widening income gap between the lower and higher paid residents of the city. York is one of the most visited cities in the UK. Due to this, we have a higher reliance on jobs that provide support tourism, such as in the accommodation, and food sectors. Together with jobs in wholesale, retail, arts, entertainment and leisure, these sectors account for 27% of employment in York. These are all sectors where many jobs are paid the minimum wage. We forecast that the number and proportion of jobs in these sectors in York will increase in the next decade.

Since the creation of the national minimum wage, its value has been seriously eroded. This is because it does not take any account of increase in the cost of living, leaving those who rely on it struggling to pay their household bills. This is a particular concern in a city like ours, where we have much higher housing costs than the average for our region and an overall high cost of living prevails.

Our local response

In recognition of the issues of low pay in the city and the growing trend of in-work poverty the City of York Council committed to become a Living Wage employer in

November 2012. Since April 2013, we have been paying a Living Wage supplement to 573 staff, lifting 17% of our workforce out of low pay.

Following the recommendations of The York Fairness Commission the Council has also committed to promote the Living Wage in the city region and we are embarking on a 'Living Wage City' campaign as part of our anti-poverty programme.

Other major employers in the city are also taking this approach (Including JRF, Aviva, York Hospital, York CVS, York St John University) motivated by a belief that work should be rewarded by a level of pay that can provide a basic standard of living and recognising that valuing employees in this way delivers business benefits in terms of increased productivity and loyalty and reduced sickness and staff turnover.

Future policy

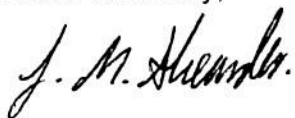
Without a significant change in the way that the minimum wage is calculated and uprated, these factors set the scene for an ever-widening pay gap in York in the future and a continued increase in the trend towards in-work poverty.

I would like the Low Pay Commission to consider the benefits of changing the current minimum wage policy to reflect the impact of rising living costs. As we have seen in our own experience, a fairer basis which ensures a basic standard of living delivers benefits for local businesses.

I recognise that you will receive some representations that will be concerned about the impact of an increase in the minimum wage on overall employment levels and inflation. A pragmatic approach could be to stagger the increases in national minimum wage to a living wage over a number of years to ensure that the impact on employment and inflation is well managed.

If you would like to discuss the points we have made in this letter, I would be happy to speak to you in more detail. I look forward to hearing the full response of the Low Pay Commission on the future of the minimum wage.

Yours sincerely,



Councillor James Alexander
Labour Leader of City of York Council