

25 September 2014

sent from the Birmingham office

Secretary to the Low Pay Commission
Low Pay Commission
8th Floor
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

Dear Sir

Consultation on the National Minimum Wage

I write a representation in connection with the latest review of the National Minimum Wage and wish to place on public record the following comments:

The British Independent Retailers Association (bira) is a trade association representing approximately 5,000 members who trade out of over 7,000 individual retail premises. bira's interests are mainly non-food and the areas in which bira is particularly strong are hardware, housewares, fashion, furniture, pet products and cookshops.

Every year bira conducts a wages/salaries survey, including questions relating to the National Minimum Wage. The results are quite illuminating and support why the National Minimum Wage needs to be strictly controlled and increases to it must be kept to a minimal amount.

bira is not unaware of the difficulties of living on low wages, but feels that retail is a very upwardly mobile career for most entrants. The National Minimum Wage must not be set for national averages, but should relate to the poorest parts of the UK and their most struggling businesses as those are the retailers most affected by any changes to the NMW.

Overall bira would say that the business confidence barometer is slightly improving this year, with 62% of retailers reasonably confident about their future, as opposed to 49% last year. The number of those expressing anxiety about their future has reduced from 42% to 28%. There is also some evidence of greater productivity in the overall sales per full-time member of staff and sales per square foot are up on a year-by-year basis.

For the better performing business this may very well reflect an ability to pay higher wages and, indeed, that has been the case. Wage increases for those businesses paying an increase have been surprisingly high, at over 3%.

In the overall context of why people leave their jobs, however, salaries or enhanced pay packages only account for 20% of movement. In any event, the average labour turnover of bira members is down at 3.2%.

Why bira is calling for a small increases in the NMW relates to the questions specifically asked on the NMW. 52% of respondents said that the NMW had affected

their profits and this figures leaps to 67% in Wales. The knock-on effect is that 38% of bira members reported that they had reduced the number of staff employed, to comply with the NMW. This figure was as high as 55% in the Midlands. Benefits to the employee from too high a NMW may be rather illusory as 39% of employers, or 60% in Wales and Scotland, had to reduce the number of hours worked to accommodate the rise in the NMW.

The NMW wage is particularly important in retail, with the gap between the NMW and actual wages as low at 29p from bira's departmental store members. An excellent career can, however, be built on an entry level starting wage. Retail is particularly important for young workers and is often their first job and first experience of the work ethic.

The NMW wage also has an effect beyond the least well paid, as 42% of bira members have had to increase their more general wages to ensure differentials with the remainder of their staff. Its effect is, therefore, significant.

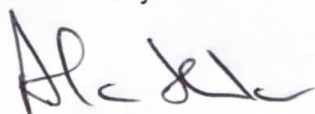
When reviewing the number of respondents not able to give a pay rise, then the figures are still high at 54% not giving a pay rise in the last twelve-month period. A figure of over 50% was maintained for 2012 and 2013.

The ability to fund pay increases this year will be affected by the 2008 Pensions Act. Many independents will have staging dates in 2015 and 2016, which will be a year affected by the possible increase in the NMW in late 2015. For example, existing defined contribution schemes will be acceptable as an alternative to implementing a new scheme, provided that at least 3% of the combined contribution level of 8% comes from the employer. This is against a back-drop of 80% of bira members reporting that their current schemes do not comply with the requirements of the Pensions Act.

Given the need for the employer to make significant contributions to employees' pensions at a time when most employers are not giving pay rises and the recovery of the economy is very fragile, bira would recommend that the National Minimum Wage is kept to an absolute minimum. Whilst bira has called for a freeze it the last two years, it would now support an increase of no more than 1% in the next round of the NMW review.

This letter is being sent ahead of the consultation deadline. I am, however, happy to discuss its contents on a face-to-face basis if time allows.

Yours faithfully



ALAN HAWKINS
CEO
BRITISH INDEPENDENT RETAILERS ASSOCIATION