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The business
of fashion
and textiles

Robin Webb
Low Pay Commission
6th Floor
Victoria House
Southampton Row
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9th October 2013

Dear Mr Webb

UKFT has for the past two years strongly recommended that the National Minimum wage be frozen in order to reflect the extremely difficult trading conditions in which our members found themselves.

There is now evidence that the order situation within the Industry is improving and confidence returning, but this must be viewed against the background of the impossibility of achieving price increases from retail customers, who are facing the continuing squeeze on household budgets. The recent minimal decrease in the CPI was mainly due to petrol/oil and clothing prices.

Pay negotiations in 2012/2013 concluded for all sectors in our Industry with increases in basic rates well below the rate of inflation. Although the percentage of employees in our sample requiring wages to be "made up" to the NMW remained static at approximately 35%, differentials could still be badly affected by a disproportionate increase in the NMW. This also inevitably leads to a fall in production consequent upon the Industry's incentive payment method.

We would urge the Commission not to increase costs on our employers which could have a devastating effect on smaller companies, and could stifle the economic recovery, but limit any increase on the NMW to the increase in average earnings over the past year at 1%. Youth rates should not be increased at this time in order to encourage companies to recruit and train new young entrants to the Industry. The UKFT is actively seeking to encourage structured training in our Sector and to place an additional cost burden to employers undertaking this would be counterproductive.

In our opinion the protection of the lower paid is being very adequately assisted by continuing significant improvements in the personal tax allowances.

We would much appreciate the opportunity to answer further questions on our Sector during oral evidence to the Commission.

Further to the request for additional comments on the Business Secretary's suggestion as to when the economic conditions would enable a higher rate of NMW, we believe that anything on these lines in the near future could have a disastrous effect on the fragile recovery companies are experiencing. Companies are already facing additional employment costs with automatic enrolment, and we believe unemployment should be falling dramatically to well below 7% before any such move should even be contemplated. We also feel there should be strong evidence that average earnings are rising faster than basic rate earnings prior to any such move. At present basic earnings in our Sector are rising by 2% against average earnings increases of 1.1%.

Yours sincerely

John Miln
Chief Executive Officer