

5 September 2013

sent from the Birmingham office

Secretary to the Low Pay Commission  
Low Pay Commission  
6th Floor  
Victoria House  
Southampton Row  
London WC1B 4AD

Dear Sir

### **Consultation on the National Minimum Wage**

I am writing to submit evidence on behalf the British Independent Retailers Association (bira) prior the new rates coming into force in October 2014. The Association represents some 7,500 independent retailers employing over 100,000 staff, with interests ranging from hardware, cookshops, petshops, fashion and many more, with the majority being town-based.

Bira sees no justification for an increase in the National Minimum Wage, bearing in mind the statistics coming in from our various surveys and reports.

Bira's latest quarterly survey shows a decline in sales of 1.9% in the period from April to June, which follows bigger decreases in the previous quarter. This clearly illustrates that any supposed recovery on the high street is still not trickling through to independents.

Only 9% of respondents to bira's business confidence barometer are very confident about next year, with 42% remaining anxious. This figures increases when moving to specific areas such as furniture and carpets.

This year bira asked several specific questions relating to the National Minimum Wage. 58% of respondents said they had to increase their rates of pay to comply with the National Minimum Wage and this had a knock-on effect on differential rates for more senior employees in 46% of cases. This has to be seen against the background of 59% of respondents saying that they had not been able to give their staff a pay-rise this year, up from 55% last year. Of the 41% who did, the average pay rise was 2.3% which would give a weighted average increase of only 1.2%. For those retailers not giving a pay-rise, other actions were also taken as their businesses were suffering. 6% had to reduce working hours, 24% had to make redundancies and 2% introduced a pay-cut. With falling sales and increasing costs, particularly rates, it is not surprising that retailers have been forced to take such difficult measures.

Giving no pay-rise, of course, ultimately means that the National Minimum Wage catches up with the average starting rate in retail premises. Whilst the gap is very similar to last year at 52p, the gap between starting wages and the National Minimum Wage has now closed dramatically in many sectors, with departmental stores posting only a 12p difference between the two rates. Certain areas, such as East Anglia, only posted a 15p difference between their average starting rates and the National Minimum Wage.

Clearly, the National Minimum Wage should be exactly what it is – a national minimum wage for the least affluent businesses in the least well off parts of the country. There is no need for distortion from areas such as London to be fed into the figures, as this only makes the position worse for those in the most affected areas.

Bira is, therefore, again calling for a 0% increase in the National Minimum Wage. Bira would back this up by saying that it would not expect workers to remain on such wages in the long-term, as retail is one of the most upwardly mobile sectors in the economy. Employees who show initiative and drive are soon rewarded in promotion and further responsibilities. The National Minimum Wage should be seen for what it is – an entry level salary to enable people to pick up the work habit. This particularly applies to young people for whom the National Minimum Wage and its lower levels below the age of 21 is a starting salary for a career that, hopefully, will develop.

Asked why employees were leaving employment, only 18% replied that salaries were the reason for moving. Most employees moved for career progression, working hours or personal reasons.

I hope that the above helps with this year's review.

Yours faithfully



ALAN HAWKINS  
CEO

CC: Ian Firth  
Mick Weedon