

THE NATIONAL LIVING WAGE DEBATE

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The latest...

Despite the **ongoing media attention** surrounding the National Living Wage ("NLW"), there actually haven't been any legal developments since late September 2015; the NLW is still to be introduced in April 2016 in its current form.

However, there are **growing concerns** about the impact of the NLW on the retail sector, and particularly **small and medium-sized companies**. Some businesses have announced they may have to **increase prices, cut staff numbers and/or wages** or **cancel investments** to offset the increasing wage burden, whereas some will just weather the NLW through reduced profits. This is reinforced by the prediction that the **number of employees on the minimum wage will double by 2020**, as employers plan to deal with the introduction of the NLW by bringing more people down to this level.

Despite a **recent FT article** outlining that they are amongst the most affected by NLW, **Supermarkets have responded particularly positively** with Lidl, Aldi and Morrisons announcing a genuine living wage (£8.20 p/h in the case of Lidl, and £8.40 p/h for Morrisons and Aldi). Sainsbury's has already increased wages by 4%, over and above the NLW.

Even the name 'National Living Wage' has caused controversy, with the Scottish government saying **it doesn't reflect a true living wage**. The introduction of the NLW has also been mentioned frequently by Government ministers as offsetting the impact of the planned cuts to tax credits (which may themselves, at the time of writing, be subject to a rethink).

Lastly, 150 more firms have been **'named and shamed'** as not paying the national minimum wage. This list includes many in the retail sector.

Quick links to interesting stories:

Practical considerations

- ▶ There are fears that the NLW may encourage black market and/or cash-in-hand payments to workers, to get around tax: <http://www.bbc.co.uk/news/uk-northern-ireland-34627736>
- ▶ It is expected that the number of employees on the minimum wage will double by 2020, as employers seek to lessen the impact of the NLW: <http://www.theguardian.com/society/2015/oct/01/number-of-uk-workers-on-minimum-wage-expected-to-double-by-2020>

- ▶ SMEs may be hit hard by the introduction of the NLW, with a lack of certainty as to whether the changes in corporation tax will lessen the impact: <http://www.telegraph.co.uk/sponsored/business/volvo-business/focus-on/11921609/how-will-national-minimum-wage-changes-affect-smes.html> and also <http://www.smallbusiness.co.uk/news/outlook/2494286/prices-up-hiring-down-smes-react-to-living-wage.thtml>
- ▶ Greggs has warned the NLW could pressure them into driving up their prices (they currently pay £7.11 per hour): <http://www.thecourier.co.uk/news/uk/greggs-warns-national-living-wage-could-mean-dearer-pasties-and-rolls-1.903619>
- ▶ Lidl and Morrisons are the latest retailers to announce they will be paying a living wage: <http://www.bbc.co.uk/news/business-34392354> and <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/11953908/Aldi-trumps-rivals-with-living-wage-hike.html>
- ▶ Aldi has followed suit, announcing a living wage of £8.40: <http://www.marketwatch.com/story/aldi-follows-rivals-on-raising-uk-minimum-wages-2015-10-26-24855755>
- ▶ 38% of small employers expect the NLW to have a negative effect on their business when introduced in April 2016, rising to 54% once the NLW reaches £9 in 2020: <http://www.fm-world.co.uk/news/fm-industry-news/living-wage-will-mean-price-hikes-and-jobs-freeze/>

Politically:

- ▶ The Government has emphasised the introduction of the NLW as softening the blow of the planned cuts to tax credits: <http://www.theguardian.com/money/2015/oct/15/government-accused-trying-cover-up-negative-impact-tax-credit-cuts>
- ▶ The Scottish government has criticised the naming of the NLW as a "misappropriation of the term", saying it's not a true living wage: <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-34421675>
- ▶ 150 more firms have been 'named and shamed' as not paying the national minimum wage, including many in the retail sector: <http://www.telegraph.co.uk/news/politics/11949703/Revealed-Monsoon-and-149-others-who-dont-pay-minimum-wage.html>

NATIONAL LIVING WAGE, ZERO HOURS CONTRACT AND SUNDAY TRADING: WHAT DO THESE MEAN FOR RETAIL AND CONSUMER BUSINESSES?

1 December, 8:30 – 10:00am, Addleshaw Goddard, Milton Gate, London EC1Y 4AG

This event is jointly hosted with Bell Pottinger and will provide a timely snapshot into these evolving subjects. Exciting guest panellists in the pipeline.

Contact Nicola Bowkett to register your place, or complete our [short online registration form](#).

NATIONAL LIVING WAGE - OCTOBER 2015 (4).DOC [10-5694756-1]

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