

## National Living Wage, Zero Hours Contracts and Sunday Trading laws: the impact on retail and consumer businesses



As of April 2016, businesses will have to pay a National Living Wage (NLW) of £7.20 per hour to all employees over the age of 25, rising to £9 per hour by 2020. This is expected to benefit 2.7 million workers on low wages.

This means £910 per annum extra for a full time worker on the current National Minimum Wage (NMW).



Internal and external communications are key. A number of retailers have generated some positive PR on the back of these topics. But you can't assume that internal communications will stay internal.

### Different approaches and opinions

- M&S to pay staff the same regardless of age
- Supermarkets to pay under 25s the same as over 25s (Morrisons, Lidl, Aldi, Sainsbury's, Waitrose, Tesco)
- Others will not offer pay parity (e.g. Next, Poundland, WH Smiths, Halfords)
- 55% of staff at Next are under 25 so will miss out on the NLW pay raise
- Some retailers are undecided as to what approach they will take (Zara, B&Q, Currys, Top Shop, Debenhams)

(taken from a study by the Independent, 23 Nov 2015)

### There is no 'one size fits all' solution

NLW only concerns basic salary and so you should look at the whole package



We have to remember that suppliers may be in the same boat which could have a ripple effect on wider business costs



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### Themes that arose during the event

According to the Office for National Statistics (ONS), the average worker on a zero hours contract worker is part-time with an average of 25 hours per week.

Women make up roughly 54% of people on zero hours contracts (ONS); students 20%; and most are under 25 and over 65.

Consider these issues in light of other changes/ legal requirements e.g. gender pay gap

### We asked our event participants to complete a brief survey...



**33%** felt that the cost associated with rolling out the NLW would have a negative effect on profit margins.

**22%** felt that the whole debate over NLW has become a storm in a teacup, and that it's essentially no different to the 1999 introduction of the NMW.



Our respondents were divided on the question of whether the proposed 2% cut to corporation tax would help in offsetting the costs of implementing the NLW in their business.

**55%** thought that the NLW should be extended to include under 25s.

**11%** thought that zero hour contracts could potentially help lessen the impact of NLW changes, while 22% felt that zero hour contracts were outdated and shouldn't be used at all.

**55%** agreed that zero hour contracts can work well for smaller businesses that need a more seasonal or flexible workforce.



**78%** thought that Sunday trading laws should be relaxed, with one commenting that it would be a better use of fixed assets.