

## BCC Submission to the Low Pay Commission consultation on the National Minimum Wage

### The British Chamber of Commerce

The BCC is an influential network of 52 Accredited Chambers across the UK. No other business organisation has the geographic spread or multi-size, multi-sector membership that characterises the Chamber Network. Every Chamber sits at the heart of its local business community, providing representation, services, information and guidance to member businesses and the wider local business community.

The BCC welcomes the opportunity to respond to the Low Pay Commission consultation. This response focuses on business attitude towards increasing the adult rate of the National Minimum Wage and measures aimed at increasing worker take home pay.

### Summary of BCC response

Surveying and consultation with our membership indicates that:

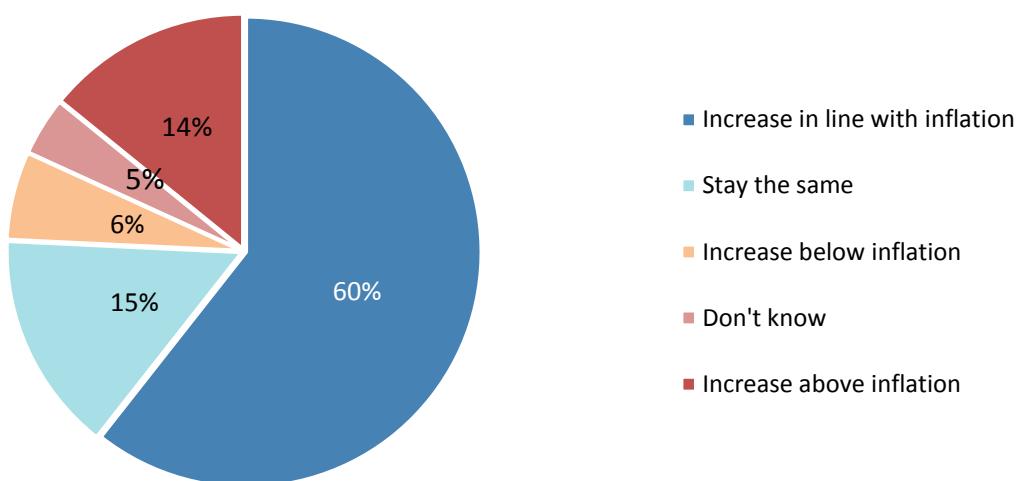
- Businesses are broadly in favour of a National Minimum Wage (NMW) increase in line with inflation. Few businesses favour increasing the adult NMW above inflation, suggesting that a 3% increase would have a detrimental effect on firms.
- Firms believe focusing on personal and business tax policies is the most attractive way of increasing the take home pay of low paid workers, from the perspective of their business.
- Business favours an independent and evidence-based approach to setting the minimum wage, free of political interference.

### Most businesses think the minimum wage should not increase above inflation

Figure 1 shows 81% of our members think the NMW should not increase above the rate of inflation. The majority (60%) feel an increase in line with inflation is the most appropriate course of action. Only 14% of firms think an increase above inflation would be appropriate.

**Figure 1: business opinion regarding increasing the National Minimum Wage\***

What do you think should happen to the NMW in 2014-15?



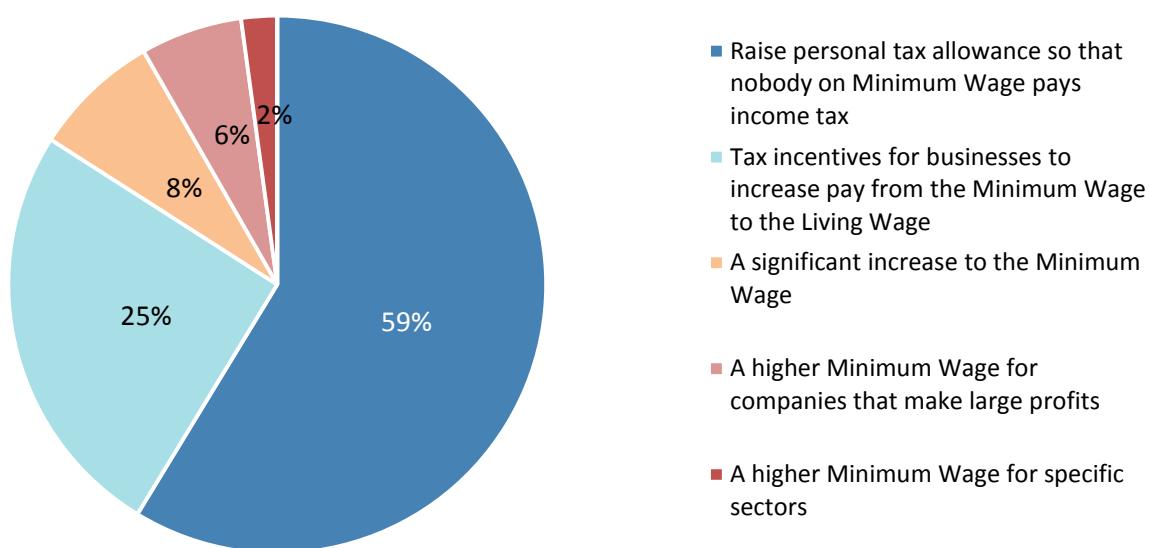
\*Quarterly Economic Survey, Q4 2013 (base: 1,908).

## **Most businesses favour personal and business tax policies to increase the take home pay of workers**

Figure 2 show that 59% of our members think raising the personal tax allowance is the most attractive measure aimed at increasing take home pay. 25% think tax incentives for businesses to pay the Living Wage is most attractive. Only 8% favoured a significant increase to the NMW; just 6% preferred a higher NMW for high profit companies; and only 2% supported a higher NMW for specific sectors. This suggests that businesses overwhelmingly think taxation policies are the most preferable measures to increase take home pay.

**Figure 2: business opinion about proposals seeking to increase the take-home pay of low-paid workers\***

Which of the following proposals do you believe is most attractive from the perspective  
of your business?



\*Quarterly Economic Survey, Q4 2013 (base: 1,763).

## **Businesses value an independent and evidence based approach to setting the minimum wage**

Recent posturing on the NMW from politicians is disconcerting to businesses. Businesses are in favour of an evidence-based approach to the minimum wage rather than political parties using it to gain support from voters. It is important to retain the independence of the Low Pay Commission, and for its decisions to be perceived as independent from the government and the product of carefully-evidenced recommendations, to find the optimal resolution for workers, businesses and long term economic growth.

## **Conclusion / contact**

We hope the points raised in the above response are useful. For more information please contact Marcus Mason, Policy Manager, Employment and Skills, [m.mason@britishchambers.org.uk](mailto:m.mason@britishchambers.org.uk) / 0207 654 5806.