

## QUESTIONS FOR LOW PAY COMMISSION CONSULTATION – 2015 REPORT

- **What are your views on the outlook for the UK economy, including employment and unemployment levels, from now through to September 2016?**

*We anticipate a continued improvement in employment levels during this period across the economy. In retail, the competitive environment remains challenging, with new players, particularly in the discount sector, and a growing e-commerce sector.*

*The employment market remains healthy enough for us to meet our resourcing plans, though there is evidence that in some specialist areas some skills are in higher demand.*

- **What has been your experience of wage growth in the UK during the last year and what do you forecast for the next twelve to eighteen months?**

*Average wage growth in recent years has remained close to 2% (mirroring NMW uplifts). With the higher increase to the NMW for October 2015, we expect to see this reflected in wage growth for shop workers at or close to the NMW this year.*

- **What has been the impact of the National Minimum Wage (NMW), (for example, on employment, hours and profits), in particular over the last twelve months? Has this impact varied (for example, by sector, type and size of business or groups of workers (including women, ethnic minorities, migrant workers, disabled people, older workers, and those who are unqualified)), and if so how?**

*As the NMW has moved at the same rate as the overall rate of market movement across most jobs and sectors, we don't believe it has had a specific impact on resourcing or profits. With the prospect of NMW increasing faster than the prevailing rate of overall market movement, this is adding greater cost pressure which may affect resourcing plans. A faster rate of movement at the low end of the earnings scale also impacts the amount of pay budget available slightly higher in the earnings scale, eg senior shop assistants/team leaders.*

- **What do you estimate will be the impact of the 3 per cent increase in the adult rate of the NMW and 2 per cent increase in the youth and apprentice rates in October 2014?**

*As noted above, this will start to impact our manpower cost plans if the NMW exceeds the prevailing rate of market movement. It also affects the distribution of pay budget within our business.*

- **In our 2014 Report, we made an additional assessment of the future path of the NMW. This looked at what economic and business conditions needed to be in place to allow a faster increase in the minimum wage rates taking into account the implications on employment. Do you have any comments on that assessment? What economic and business conditions do you think need to be in place for faster increases in the NMW?**

*A faster rate of increase will have disproportionate impact on those businesses, including in the retail sector, which have a higher proportion of employees earning at or close to the National Minimum Wage.*

- **What has been the impact of the minimum wage on young people and what effect do you think it has on their employment prospects?**

*The John Lewis Partnership, like several other retailers, does not make use of the youth rates, choosing to apply adult pay rates to all Partners. While this suits our business model we recognise that for other businesses it may be appropriate to be able to make use of the lower rate.*

- What has been the impact of the Apprentice Rate on pay, provision, take up and completion?

*The apprentice rate is unlikely to deter employers from offering such a scheme if it is suitable for them and they can afford the investment in training time and facilities.*

- Do you think the structure of the Apprentice Rate should change? Could it be made simpler to help improve compliance? Do you think the Apprentice Rate should apply to all levels of apprenticeships?
- What do you think might help employers to comply with paying the right pay rate for apprentices?
- Do you have any further comments on apprentice pay?
  
- What issues are there for compliance with the NMW? Do particular groups experience problems with NMW compliance (for example, apprentices, or interns and others undertaking work experience)? Does this non-compliance have implications for the level of the NMW rates, the quality and accessibility of official guidance on the NMW, or for the enforcement work of HMRC?

*No real issues at JLP*

- At what level should each of the rates of minimum wage (for adults, 16-17 year olds, 18-20 year olds, apprentices, and the accommodation offset) be set in October 2015?
- Do you have any other views or evidence about the operation and impact of the National Minimum Wage?

It may be helpful when responding to these issues to consider that from 1 October 2014: the adult hourly rate of the National Minimum Wage will be £6.50; the hourly rate for the Youth Development Rate will be £5.13; the hourly rate for 16–17 year olds will be £3.79; the Apprentice Rate will be £2.73 per hour; and the daily limit of the accommodation offset will be £5.08 (£35.56 a week).