Usdaw

Union of Shop, Distributive and Allied Workers

THE NATIONAL MINIMUM WAGE

SUBMISSION TO THE LOW PAY COMMISSION

WRITTEN EVIDENCE

26 SEPTEMBER 2014

EXECUTIVE SUMMARY

1. Retailing is still a major sector for the economy.

2. According to the latest ONS figures the volume of retail sales are up by 2.6% and the value of retail sales are up by 1.7% compared to the same period last year.

3. Main job employment in retailing is up by 14% compared to the same period.

4. Retail Price Index inflation has been and will remain high for low paid workers.

5. Average earnings increases now need looking at in conjunction with pay settlements.

6. Tax and Benefit changes are hitting low paid workers particularly hard.

7. The Commission needs to take into account the various issues raised in the regional visits between Usdaw members and the Commission.

8. There is no compelling evidence that the National Minimum Wage restricts, hinders or damages the employment prospects of young workers.

9. The compilation of the youth unemployment figures is a cause for concern.

10. **We believe that there should be a significant increase in the adult rate of the National Minimum Wage from October 2014 to over £7 an hour. This increase should be above any projected RPI inflation figure to take into account the shortfalls of increases of recent years which have been below RPI at that time.**

11. **The adult rate should be reduced to 18, if needs be, by a phased reduction timetable. If not the Development Rate should be increased by the same percentage increase as the adult rate from October 2015.**

12. **The 16 and 17 year old rate should be increased by the same percentage increase as the adult rate from October 2015.**

13. **The National Minimum Apprenticeship rate should be increased at a rate significantly above the general percentage increase.**

14. The accommodation offset should be increased in line with the general increase.

15. Extra resources to be allocated to HMRC as a result of the increased workload due to introduction of Employment Tribunal Fees.

16. A guarantee of the reimbursement of fees for those individuals who successfully pursue an underpayment claim through the Employment Tribunal System.

17. National Minimum Wage underpayments to become a preferential debt at times of administration.

18. Holiday pay to come under the remit of HMRC.

19. A targeted communication campaign in certain sectors to be established.

20. The future path of the National Minimum Wage be one of an annual increase in real terms value.

EVIDENCE TO THE LOW PAY COMMISSION

1. Introduction

Usdaw is the major Union organising exclusively in the private sector with over 433,000 members. Of these, over 350,000 work in retail and the related trades, industries where the National Minimum Wage has had a major impact. Our overall experience of all aspects of the National Minimum Wage, and the other areas covered in the remit, will clearly be of interest to the Commission.

2. The Remit

The Low Pay Commision is asked by the Government to:

- Monitor, evaluate and review the levels of each of the different NMW rates and make recommendations on the levels it believes should apply from October 2015.

- Consider whether any changes can be made to the apprentice rate to make the structure simpler and improve compliance.

- Consider whether the structure and level of the apprentice rate should continue to be applied to all levels of apprenticeship, including higher levels.

- Review the conditions that need to be in place to allow the value of the minimum wage to increase in real terms. This would include an update on your advice on the future path of the NMW.

In making recommendations in the areas set out above, the LPC is asked to take account of the state of the economy, employment and unemployment levels, and relevant policy changes.

The rest of this submission deals with these areas beginning with the retail sector.

3. Retailing's Economic Performance

Retailing remains a powerful driver of economic growth. **The retail sector has grown by over 5% in each quarter compared to the previous year since the first quarter of 2013.** This at a time when growth in the whole economy has averaged around 2%.

This powerful economic performance is expected to continue. The CBI's latest quarterly distributive trades survey, released on 28 August, showed **retailers' optimism about the next three months was at its highest since 2002.**

The CBI's Deputy Director General, Katja Hall, said of these findings, "the high streets have been bustling with shoppers this summer and it is good to see firms so optimistic".

According to the British Retail Consortium, retail sales enjoyed their fastest July growth in seven years with like-for-like sales up 2.2% compared to last year.

The latest official retail sales figures are very encouraging, backing up the trend that the CBI are noting. Figures released on 21 August show that:

- The **volume of retail sales increased by 2.6%** compared to the same period last year.

- The **value of retail sales increased by 1.7%** compared to the same period last year.

Yet within these figures something very important is occurring that the Commission needs to note. This is that the biggest winners were the smaller stores, defined as those employing between 0 and 9 staff. These minnows reported an average sales value increase well in excess of the larger employers. Full figures are:

Size of Company By Number of Employees	**Sales Value Growth Since July 2013 %**
100+	1.5
40 – 99	6.1
10 – 39	0.5
0 - 9	6.5

These smaller retailers are those most likely to be paying the National Minimum Wage to their employees. They have clearly not been hampered by its rate over the last year in respect of their overall trading performance.

We must also not forget that the growth of online sales continues to impact on the High Street.

The latest retail sales figures of July 2014 show that internet shopping has:

- **Increased by 11.2%** compared to last year.

- There is now an average **weekly total of £716 million** of all retail sales spent on-line; up over 11% compared to the previous year.

- Accounts for **11.2% of all retail sales up from 10.3% last year.**

If we remember that in 2007 just 3% of all retail sales were being conducted on-line, compared to 11.2% today, it shows clearly an industry in change.

It also shows clearly that the threat of, or failure to respond to, on-line retailing is a much more serious problem for retailers than an uprating of the National Minimum Wage. The increase of 16% in department store internet retailing revealed in the July figures shows that those not developing this side of their business are in danger of being left behind and may fail as a business model.

Another indicator of the health of the sector can be seen by looking at employment levels. The latest Labour Force Survey spring quarter figures for employees in their main job **rose by 14% in the retail trade compared with a year earlier**.

The fact that the numbers employed in retailing are increasing further shows how well the sector is doing, and remember it is a sector employing a large number of workers on the National Minimum Wage whose level is clearly not having a detrimental impact on employment levels in the sector.

4. The 2013 Uprating and its Impact in Usdaw's Sectors

Before we turn to look more closely at the 2015 remit, the Commission will be interested in the impact of its previous recommendations.

The next uprating of the National Minimum Wage takes place in October 2014 and is 3.0% on the adult rate, 2.0% on the development and 1.9% for the 16 and 17 year old rate.

So far, those retailers who have settled with Usdaw this year have tended to settle within a much broader range than previous years in the 1.4% to 4% range. These are agreements whose anniversary dates are the same or close to the uprating date of the National Minimum Wage.

Our settlements in 2014 outside of retailing have been averaging at 2.5% but with increases above this norm of up to 5%.

We mention these figures to show to the Commission that while the increase in the adult rate is at the higher end of what is occurring within Usdaw settlements, the much smaller increase of the development and 16 and 17 year old rates still sees them falling behind what is being achieved elsewhere.

5. Inflation and Low Paid Workers

This is a regular part of our submission because it is so important. Inflation is a major problem for low paid workers as the Commissioners will have heard from low paid workers during their regional visits and we ask them to reflect on this.

The **Retail Price Index**, which continues to be the inflation index used in wage negotiations as more representative than any other index, **has been 2.5% or higher for 11 of the last 12 months**.

Yet the cost of some essentials that low paid workers spend more of their disposable incomes on than higher paid workers, have risen far more sharply. There are many individual items or categories we could mention but we are referring to just one in detail, that of energy bills. The top six energy companies increased their prices by, on average, 7.4% in early 2014. The October 2013 increase in the National Minimum Wage was 1.9%. The October 2014 increase is to be 3.0%. The last two year increases in the National Minimum Wage will still be 2.5% below the increase in energy prices that took place in 2014.

The situation regarding inflation is not likely to improve over the coming year. It is possible that energy prices are likely to jump again, prior to the General Election in anticipation of proposed price freezes. According to Incomes Data Services panel of city forecasters, RPI will begin to increase again and be 3.4% in October 2015, the date of the next uprating of the National Minimum Wage. IDS forecast that the upward pressure on inflation will come from a gradual strengthening of earnings growth and rising mortgage rates. In addition, we already know that regulated rail fares will increase by 2.5% in January 2015.

6. Average Earnings

The overall rate of increase in average earnings is being distorted downwards by the 1% maximum increase in the public sector wage bill. As a result we need to look at the current increase of 0.7% with caution.

In any case we need to project forward and see what is likely to be happening to average earnings in October 2015. The current Bank of England survey of economic forecasters sees average earnings rising by 1.6% over the coming year.

These earnings are however, now open to debate as to whether they are reliable indicators as to what is happening with pay.

Since the start of the recession, average earnings have typically been below the level reported for average pay settlements. It is believed the difference between the two figures is caused by the differences in what is being measured.

Average earnings figures have been affected by a change to the make-up of the UK workforce during the recession which has led to higher paid jobs being lost and replaced by lower paying jobs with different employers. The new employers have still increased pay rates during the recession; however, average earnings for the total economy have reduced.

The average earnings figures have also been affected by an increase in the number of older workers and female workers in the economy. Unfortunately, and as a result of a variety of factors, these workers typically earn lower wages and an increase in these workers has had a downward effect on average earnings.

Whilst average earnings have been affected by various factors, average pay settlements should be seen as an effective measure of upward pay movement for employers across the economy. These are currently averaging 2.5%.

7. **Tax and Benefit Changes**

There have, and continue to be, major changes in the tax and benefit system affecting low paid workers and their families. Some of these, such as the raising of the personal allowances, are to be welcomed. However, as many National Minimum Wage Workers do not work enough hours to reach the personal allowances this is largely immaterial for most of them and its impact will not be as great as claimed.

In fact, when taken overall, and including things such as child benefit freezes, the cutbacks in working tax credits and the increase in VAT, the low paid have been very badly hit.

Using Government figures, Usdaw has calculated that by the end of this Parliament:

- **A single person** working full-time on the minimum wage **will have lost £785.**

- **A couple or lone parent** with one child and one parent working full-time on the minimum wage **will have lost £1,286.**

- **A couple with two children** where one parent works full-time and the other parent for 20 hours a week on the minimum wage **will have lost £1,703.**

8. **Usdaw and the Low Pay Commission Regional Visits**

It is important to remind the whole of the Commission of some of the points raised with individual Commissioners when they met Usdaw members as part of the regional visits. We are sure that this evidence will be of interest to the Commission.

In 2012 the Commission met with Usdaw members in Bangor, North Wales and in 2013 it met with members in Lincoln. In 2014 they have met with members in Liverpool.

These meetings have revealed practical examples of the difficulties of living on low pay which forms a counter balance to the purely economic and financial evidence the Commission will have before it.

These visits provide the social background and real life experiences of workers on or just above the National Minimum Wage.

Things mentioned included:

- **The soaring price increases facing retail workers,** particularly those in rural areas dependent on a car.

- **The high cost of renting** which seriously erodes disposable income.

- The fact that people feel they should have a job paid, at the very least, **at a decent National Minimum Wage** and not the rates that currently exist.

- **That the adult rate should,** as a starting point, **be reduced to 18.**

- **That work-related benefits,** particularly those that had to be paid for or contributed to, **were not widely used** because workers did not have any spare money to finance them.

- There were major concerns about **benefit changes.**

- **That the National Apprenticeship rate was far too low** and needed a significant increase.

- **That hours of work are being constantly re-jigged** so that any wage increases, whether the National Minimum Wage or negotiated by collective bargaining, did not have the supposed impact on company finances that might be claimed by the employer.

- The problem of **underemployment,** as workers sought but did not get additional hours.

9. **Young Workers, The National Minimum Wage and Employment Levels**

This is always a major area of debate because **there is no conclusive proof that increasing the National Minimum Wage for young workers impacts on their employment levels.**

Some of the Commission's own research, academic studies and articles by independent organisations such as Incomes Data Services have, in the past, all come to the same conclusion, that there is little evidence to back up this harmful and negative impact regarding job losses.

However, this year we believe some clarity can be seen in this area. At a time when the National Minimum Wage rates for young workers increased by 1% unemployment among these groups actually fell and, more importantly, employment levels rose.

The latest figures show that unemployment among young workers aged 16 to 24 was down 102,000 on the previous quarter and down 206,000 on the previous year. At the same time employment levels for this age group were up 60,000 on the previous quarter and up 192,000 on the previous year.

This welcome move though, does not deflect us from the important point we made last year regarding the youth unemployment figures, which we feel needs emphasising again.

The actual figure for youth unemployment includes all young people who describe themselves as available to work and looking for a job. Yet this includes a very large number of students. This has led Chris Grayling, when he was Employment Minister, to argue that **the way the youth unemployment figure is compiled by the Office for National Statistics needs to change.** The reason he gave for this was that **the inclusion of young people who are at university and are clearly not unemployed in the way we would all understand simply makes no sense.** Many would agree with this view.

One final factor to consider this year is that **there will be more people staying in education and training with the second phase of the raising of the participation age** coming into effect in September 2015, the month before the 2015 uprating. This will have a **positive** effect on youth unemployment and lead to a fall in the supply of the under 18s in the labour market as the participation age will be rising to 18.

This will only add to the positive news regarding youth unemployment which now sees the number of young people not in education, employment or training (NEETS) **at its lowest level since 2005, having fallen by 138,000 over the last year.**

10. The Commission's Future Recommendations On The Adult Rate

We have already put the case for an increase in the adult rate in our earlier arguments regarding inflation, earnings and settlement levels, alongside the strong economic performance of one of the sectors where the National Minimum Wage has had the most impact.

We feel it worthwhile however, to give the Commission a steer as to the sort of increase we are seeking. **This should have at its base the projected level of RPI inflation, as laid down by the Incomes Data Services survey of independent city forecasters for October 2015. This is currently 3.4%.**

However, as the economy is now growing at its fastest since before the economic downturn we feel that the years of below RPI increases in the National Minimum Wage that took place since then can now be seriously addressed.

For example:

- The 2010 increase was 2.2% when RPI was 4.5%.
- The 2011 increase was 2.5% when RPI was 5.4%.
- The 2012 increase was 1.8% when RPI was 3.2%.
- The 2013 increase was 1.9% when RPI was 2.6%.

These are significantly below RPI inflation increases in the National Minimum Wage that have had a serious negative impact on low paid workers' purchasing power.

This cumulative decline, of **over 7%**, needs addressing and that is why, **in addition to the projected RPI figure for October 2015, we urge the Commission to take a major step in this direction by setting a rate in excess of £7 an hour.**

While we accept that the 2014 uprating has begun to turn the tide, much more needs to be done. Low paid workers on the National Minimum Wage have been facing a cost of living crisis that has, overall, not been helped by the upratings since 2010.

11. **The Adult Rate to be Reduced to 18**

We believe the need for a reduction in the adult rate to 18 is as great as ever.

There are a number of arguments for this.

There is the **moral** case of the fact that at age 18 these workers are adults with all the adult responsibilities that go with this.

There is the **fairness at work** argument that 18 year olds are doing the job, at maximum performance, the same as other adults and should therefore receive the same rate of pay.

There is the **comparative** argument taking account of the fact that any moves on young workers' pay is that of significantly improving it, such as at Tesco in 2010 and Sainsbury's and the Co-op in 2011 where junior rates were abolished.

There is the need **to keep up to date with developments** in this area noting, not just the examples already mentioned, but also the fact that any moves in this area are towards improvement. In last year's negotiations Morrisons agreed to improve junior rates to 95% of the adult rate and is to abolish them altogether in October 2014.

There is the **competitive** argument that sees 18 year olds going to work at those companies that pay the adult rate at 18 because it is more attractive.

Accepting that it is, however, potentially a major cost item, the Commission could consider **phasing-in** the increase with a recommendation that it be done over a number of years.

12. **The Development Rate**

Should the Commission feel unable to move at all in reducing the adult rate to 18 then we ask them to **increase the Development Rate for 18-20 year olds by the same percentage increase as the adult rate.** Last year it was 1% below this increase and we can see no justification for such an outcome.

In fact the Development Rate has steadily lost relative value compared to the adult rate since the adult rate was reduced to 21. From being 83% of the adult rate in 2010 it has now been reduced to 78.9% in October 2014 a relative fall in value of over 3%. It is time we stopped this drift.

13. **The 16 and 17 Year Old Rate**

Like with the Development Rate we see no justification for last year's settlement for 16 and 17 year olds being 1.1% less than the adult rate.

Similarly, as is the case with the Development Rate, different percentage increases have widened the differential between the adult rate and the 16 and 17 year old rate in recent years. It has fallen from 61.4% to 58.3% in the last five years, a relative fall of over 3%.

Young workers should be respected for their valuable contribution at work, not discriminated against, which they are bound to feel if they get a lower increase than their adult counterparts.

That is why we are seeking the same percentage increase for 16 and 17 year olds as the general adult increase.

This is hardly a major cost item. In an answer to a Parliamentary Question on 18 September 2012 the Secretary of State revealed that just 19,000 16 and 17 year olds were actually paid the then National Minimum Wage of £3.68 per hour.

We are clearly talking about a small number of people. As such, even the 7p an hour increase the Commission recommended for this year's settlement will have led to a total wages bill increase, for a 38 hour week, of just £50,540 for the whole of the UK.

It will, in any case, be far less as few 16 and 17 year old workers in the UK work as long as 38 hours a week.

14. **The Apprentice Rate**

Retailing plays a major role in the provision of apprenticeships. In 2012/13 there were 25,000 retail apprenticeship starts. This is 49% higher than four years ago.

In individual companies who Usdaw has agreements with:

- The Co-op's new Apprenticeship Academy aims to create 2,000 new apprenticeships by 2016 across the range of its businesses including Food, Travel, Motor and Farms.

- Tesco aims to provide 5,000 new apprentices in the 2013/14 financial year aimed at both internal and external candidates.

- Sainsbury's aims to continue with having at least one apprentice in every one of its stores.

- Morrisons is Britain's largest provider of apprenticeships, putting 10,000 through its apprenticeship scheme each year.

In all these companies the rate of pay for apprentices is way in excess of the National Apprenticeship Rate of £2.68 an hour. At Tesco it is £7.38 an hour and at Sainsbury's it is £7.07 an hour. At the Co-op it is £6.73 and at Morrisons it is £6.83.

These comparative figures give an indication of how out of line the National Minimum Apprentice rate is with what is happening with those leading retailers providing apprenticeships and further backs up the findings of the latest official survey of apprenticeship pay published in October 2013. This found **the median apprentice earnings to be £3.44 an hour higher than the National Minimum Apprenticeship rate.**

The remit regarding the National Minimum Apprenticeship rate this year asks about the structure and compliance. We think that there is movement to be made in these areas.

Although narrowing slightly in previous years the current proportions of the National Minimum Apprenticeship rate are:

- 72% of the 16 and 17 year old rate.

- 53% of the 18-20 year old rate.

- 42% of the adult rate.

These differences are far too high. Apprenticeships have to be an attractive option which, for those on the National Minimum Apprenticeship rate, is far from the case. Something major has to be done and that is why we urge a rate around 80% of the 16 and 17 year old rate, a proportion similar to youth pay in relation to adult pay in the small number of Usdaw agreements that still have youth rates as detailed in Appendix 2. This would also increase the proportion of the National Minimum Wage Apprenticeship rate relative to the other National Minimum Wage rates.

This approach means we are asking the Commission to recommend **an increase in the National Minimum Apprenticeship Rate that is significantly above the general increase**.

Before leaving this area it is necessary to make a final point about compliance. Complaints of apprenticeship underpayment are a major source of investigation by HMRC officers which shows clearly that many employers are, at the very least, ignorant of the rules. That is why we feel **a targeted annual information campaign in those sectors likely to be employing large numbers of apprentices should be considered** eg in social care, hospitality, retail and hairdressing. We accept there will be a cost to this but, in order to get the National Minimum Apprenticeship rate to those workers likely to be in their early stages of a working life, we feel it is a price worth paying.

15. **The Accommodation Offset**

We welcome the Commission's commitment in the 2014 report, with its rejection of a deduction for transport that this is the only benefit-in-kind that will apply to the National Minimum Wage.

However, we are still wary of the Commission's position that it intends to increase this offset in stages, towards the value of the hourly adult rate, when economic circumstances mean the real value of the National Minimum Wage is tending to rise, ie above the inflation rate.

On the one hand this shows a commitment to clawing back the real value of the National Minimum Wage lost through below inflation increases.

On the other hand though, it points to an accommodation offset that is heading towards market value rates, which is contrary to the original acceptance of the small accommodation offset which recognised low accommodation costs for employees but a benefit to employers of having a workforce in effect 'on-call'.

Moreover, the move to a continuing real value increase in the accommodation offset opens up the **quality** of the accommodation issue which the Commission has, so far, not seriously addressed. We do not want to see it reach a level where stories appear in the press of **overpriced, overcrowded accommodation that is legal due to accommodation offset set by the Commission.**

That is why we urge caution in the increase this year and, unlike the higher increase of last year, for this year that **the accommodation offset to be increased by a similar percentage as the general increase.**

16. **Enforcement, Publicity and Awareness**

While we welcome the areas in which the enforcement process has been strengthened, in higher penalty payment and increased fines, there are areas where we feel further measures are necessary.

To begin with there are the harmful effects on enforcement that have arisen **as a result of the introduction of Employment Tribunal Fees** for those individuals using this route. Although only around 500 individuals a year were using this route they were taking some pressure off the HMRC route.

We now know that, according to the TUC report 'At What Price Justice?', that there has been a **70% drop in workers pursuing claims for non-payment of the National Minimum Wage** as a result of the introduction of Employment Tribunal Fees in July 2013. This means 350 of the average 500 claimants will now not bring a claim.

This is no surprise when it now costs £390 to go to an employment tribunal compared to the £150 average wage arrears awarded through the HMRC route.

That is why we ask the Commission to make two recommendations in this area:

- To call for **extra resources for HMRC** whose workload will go up as a result of the introduction of employment tribunal fees.

- To help those who still want to pursue this route by asking the Government to introduce regulations that anyone who wins an underpayment case is **guaranteed to have all fees reimbursed**.

There are also other things that we feel could greatly aid the enforcement process and which we ask the Commission to consider. These are:

- A stepping up of the **prosecution** side of the HMRC work focusing on **underpayment** rather than inadequate record keeping.

- Giving **HMRC the power to inspect the whole workforce** if an employer is found guilty of underpayment.

- For National Minimum Wage enforcement awards to be **preferential debts on insolvency** and tribunals be able to make **personal awards** against directors of **Pheonix** companies.

- For **HMRC to be given the power to enforce** holiday pay, as an employer found not paying the National Minimum Wage is often likely not to be paying holiday pay but enforcement of this has to be through the tribunal system.

Alongside enforcement measures we feel that **the awareness campaign needs a major overhaul.** You cannot make a claim for underpayment if you do not know what you should be paid.

That is why we ask the Commission to consider the following:

- Suggesting **targeted communication campaigns** to raise awareness through things such as roadshows at major shopping centres eg, Meadowhall in Sheffield and the Trafford Centre in Manchester.

- **A continuing review of the gov.uk guidance** on the National Minimum Wage to ensure its easy accessability and understanding by users.

- To return to look again at the feasibility due to the possible developments in technology, **of getting the National Minimum Wage rates on payslips**, beginning with those employers where workers have been found to be underpaid.

One related issue that the Commission may want to pass comment on in this area is that of **zero hours contracts**. There are many abuses regarding these, not least of which is that a worker could receive no pay whatsoever. That is why Usdaw is campaigning for minimum hours contracts.

We believe that HMRC Inspectors are being hindered in investigating the abuses of zero hours contracts because they can only investigate underpayments of the Minimum Wage. In other words where pay is actually due and being withheld rather than there being no guaranteed pay whatsoever.

We feel **zero hours contracts** can be interpreted as a way of avoiding the legal responsibility of paying a worker a wage, in particular the travelling time issue, and would like to see them **brought under the remit of HMRC.**

17. **The Future Path of the Minimum Wage**

This year's remit asks the Commission to consider what conditions need to be in place to allow the Minimum Wage to increase in real terms.

To a large degree the Commission has already done this when in a supplement to last year's report it suggested that this could be done when:

- **Real wages are rising** and expected to continue to do so.
- There is stable or **rising employment.**
- There is an expectation of sustained **economic growth.**

In addition, further measures would be looked at linked to low paying sectors such as consumer expenditure and its impact on retailing.

The vast majority of these are now heading in the right direction for a real value increase in the Minimum Wage for example:

- **UK growth is expected to reach a seven year high** of over 3% in 2014 and maintain a strong momentum into 2015.
- **Employment is at a record level** and further record levels are expected in 2015.
- **Consumer spending remains the main growth driver** and is expected to be so for the foreseeable future.

Which leaves us with the dilemma of a lower level of wage growth than we would expect at this stage of a recovery. Yet do the monthly average earnings figures tell us the real picture of what is going on? They deal with a company's overall pay bill rather than pay rates and, as such, may be depressing the overall increases that have been occurring.

This, and the changes in the labour market regarding more women and older workers becoming part of the workforce we mentioned earlier, lead us to argue that **pay settlements now need factoring into the equation**. At present, according to Incomes Data Services, the midpoint median pay settlement for the last 12 months is 2.5%.

However, we return to the fact that we are not starting from scratch regarding real value increases of the National Minimum Wage. Its real value has been eroded over a number of years and this has to be the starting point regarding this year's uprating. When this is done an adult rate in excess of £7 an hour seems a just and valid figure to become operative from October 2015.

Conclusion

We once again welcome the fact that the Coalition Government has acknowledged the valuable work done by the Low Pay Commission through issuing it with a remit in 2014.

This shows the Commission is delivering sound proposals through changing and challenging economic conditions and this should be recognised as a considerable achievement.

However, we do feel that as the economy is now clearly in a state of recovery the Commission should build on its increase of last year and **recommend an increase in real terms of the National Minimum Wage this year and map out a similar approach for future years.**

We have outlined our case as to why this increase in the National Minimum Wage is needed, why the Commission should recommend that the adult rate be paid at 18 and why a significant increase in the apprenticeship rate, and alteration to its structure, is needed.

We ask the Commission to give serious consideration to our submission.

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APPENDIX ONE

SALES ASSISTANTS' BASIC HOURLY RATES

AGE 18 – ESTABLISHED RATES

Agreement	Hourly Rate £	Effective From
Tesco	7.38	July 2014
Sainsbury's	7.07	October 2014
Selfridges (Provincial)	6.98	October 2013*
Greggs	6.94	April 2014
Morrisons	6.83	October 2014
Boots the Chemist	6.79	June 2013
Booker	6.78	October 2014
Retail Co-op Societies	6.72	October 2013
C & J Clark (Shoes)	6.67	April 2014
Asda	6.63	October 2013*
Waitrose	6.60	April 2013
Makro	6.54	July 2014
John Lewis	6.52	April 2013
Homebase	6.50	October 2014
House of Fraser	6.50	October 2014
Iceland	6.50	October 2014
Argos	6.35	October 2014

* Still to settle, the rate operative from October 2013

APPENDIX TWO

SALES ASSISTANTS' BASIC HOURLY RATES

AGES 16 AND 17

Agreement	Age Rate	Percentage of Adult Rate (Aged 18)	Hourly Rate £
Argos	Under 18	80%*	5.26
Boots the Chemist	Under 18	96%	6.51
C & J Clark (Shoes)	Under 18	83%	5.53
Comet	Under 18	80%	5.20
Greggs	Under 18	85%	5.89
Homebase	Under 18	80%	5.20
Iceland	Adult Rate	100%	6.50
Makro	16 17	80% 90%	5.23 5.89
Morrisons	Adult Rate	100%	6.83
Retail Co-op Societies	Adult Rate	100%	6.72
Sainsbury's	Adult Rate	100%	7.07
Tesco	Adult Rate	100%	7.38
Waitrose	Adult Rate	100%	6.60

*Aged 21