



**NFRN**  
*The voice of the independent retailer*

## **Submission from the NFRN to the Low Pay Commission's consultation on the National Minimum Wage**

### **Introduction**

The NFRN would like to thank the Low Pay Commission for the opportunity to present the views of its members on the issue of the national minimum wage.

The NFRN is one of Europe's largest trade associations, representing over 16,000 fee paying members from approximately 18,000 independent newsagents and convenience stores across the UK, Channel Islands and the Republic of Ireland. We are a membership led organization that is democratically structured; policy is made by annual conference and its implementation is overseen by National Council.

The NFRN assists the independent retailer to compete more effectively in today's highly competitive market, through the provision of practical help and assistance, commercial support, deals and buying opportunities, training, expertise and service. It also represents its members' interests at governmental and parliamentary level, as well as within the news and magazine industry.

### **Response**

#### **Question 1: What are your views on the outlook for the UK economy, including employment and unemployment levels, from now through to September 2016?**

Our members would like to be optimistic about future employment levels in their stores but feel that a further increase in the National Minimum Wage (NMW) will prevent them from employing new staff members, as was the case for many of them following the last rise in the NMW.

#### **Question 2: 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?**

While it is not possible to gain a complete picture of wage growth due to the varying nature of our members' businesses, many of our members have had to reduce their staffs' hours and take on the extra hours themselves to save costs. In doing this, many of our members have not been paying themselves the NMW in an effort to meet all of their other costs. If the NMW was to be increased again the majority of our members would have to continue to reduce staff hours and possibly make staff redundancies which would unfortunately counteract the government's efforts to increase wages, but would be necessary for our members' businesses to continue operating.

#### **Question 3: What has been the impact of the National Minimum Wage (NMW) (for example, on employment, hours, 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, migrants workers, disabled people, older workers, and those who are unqualified)), and if so how?**



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Whilst a small minority of our members have reported no impact on their businesses following the increase in the NMW and a few others have been able to absorb the increase in costs, the vast majority of our members have had to make redundancies or reduce the hours they give to staff members.

A large majority of our members would have liked to have taken on new staff members and had a need for more staff members, but felt restricted by the NMW, as they are already unable to pay their current staff the NMW and continue to provide them with the same amount of hours. As a result they have taken on the extra hours themselves and have effectively worked without pay to ensure that they can meet all of their other costs.

**Question 4: 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?**

In terms of the increase in the adult and youth rate of the NMW, many of our members will be unable to pay their staff the increase in the NMW whilst continuing to give them the same amount of hours of work. Many members will have to reduce hours given to staff and make redundancies to be able to afford the increase. This will however mean that they will have to cover these hours themselves and will not be paying themselves the NMW. The NFRN does not have relevant experience of apprentice rates and does not wish to comment on the increase.

**Question 5: 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?**

The NFRN and its members appreciate the benefits to employees of an increase in the NMW. However, for this to be achieved our members strongly believe this goal will only be possible with support measures made available to small businesses to help them to absorb the extra cost. Examples of the costs our members find particularly burdensome are business rates and utility bills.

**Question 6: 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 NFRN does not have relevant experience in this area and does not wish to comment.

**Question 7: What has been the impact of the Apprentice Rate on pay, provision, take up and completion?**

The NFRN does not have relevant experience in this area and does not wish to comment.

**Question 8: 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?**



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The NFRN does not have relevant experience in this area and does not wish to comment.

**Question 9: What do you think might help employers to comply with paying the right pay rate for apprentices?**

The NFRN does not have relevant experience in this area and does not wish to comment.

**Question 10: Do you have any further comments on apprentice pay?**

The NFRN does not have relevant experience in this area and does not wish to comment.

**Question 11: 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?**

The NFRN does not have relevant experience in this area and does not wish to comment.

**Question 12: 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?**

The NFRN does not have relevant experience in this area and does not wish to comment.

**Question 13: Do you have any other views or evidence about the operation and impact of the National Minimum Wage?**

The NFRN supports goals to improve the NMW, but without assistance from the government small businesses such as our members end up unable to employ people and working for much less than the NMW to ensure they can meet all of their other business costs. We would suggest that the NMW should not be considered in the abstract and implications on business costs should be taken into account and measures to support small businesses should be implemented before the NMW is increased again. These measures will benefit the many as they will prevent staff members from losing their jobs or their hours and will help to eradicate the problem of shop owners working for less than the NMW and for long hours.