

BCC: National Living Wage increases are a delicate balancing act

Commenting on the increase in the National Living Wage (NLW), the British Chambers of Commerce said it was important to help low paid workers deal with the consequences of inflation without pricing people out of jobs.

The BCC recommended a cautious approach to any future rises in the NLW to reflect the costs and pressures faced by employers and uncertainty in the economy.

With firms facing mounting pressures from existing employment policies many are struggling to absorb the rising costs. Last year, BCC research found that around four in five firms had been hit by rising employment costs from pensions auto-enrolment, the National Living Wage and the Apprenticeship Levy. The rise in the NLW increases wage bills further across sectors, but particularly impacts businesses in consumer-facing industries.

Jane Gratton, Head of Business Environment and Skills Policy at the British Chambers of Commerce (BCC), said:

“Businesses want to pay staff well and, indeed, many employers we work with already pay above the National Living Wage. But some sectors need more time to adjust. Firms struggle to absorb above-inflation wage increases when they are already facing mounting costs of employment and business rates. Sooner or later, they’ll reach a tipping point where something has to give. If the National Living Wage continues to rise above inflation, we need to see a significant cut in the other upfront costs of doing business.

“Setting future National Living Wage increases must be done cautiously, taking into account economic circumstances. Any future increases need to help low paid workers manage inflationary pressures which are eroding their spending power, while at the same time, ensuring that people are not priced out of jobs.

“Businesses are facing high costs when it comes to employing staff – including the Apprenticeship Levy, pensions auto-enrolment and the skills charge. Our evidence shows that last year’s increase in the National Living Wage brought a further increase in wage bills for business across a wide range of sectors, with the need to retain wage differentials multiplying their costs further.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global

Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

The BCC has launched a campaign aimed at eradicating not-spots for mobile voice coverage. Add your not-spot [here](#).

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