



## **FSB Comment**

**Issue date: Sunday 21 September 2014**

### **FSB reacts to Labour minimum wage proposal**

Responding to Labour's plans to raise the minimum wage to £8 per hour by the end of the next Parliament, **John Allan, National Chairman, Federation of Small Businesses, said:**

"The FSB has always supported the National Minimum Wage but we are increasingly concerned that it's becoming a political football. Giving businesses a longer term view of what the minimum wage will look like in future years is an idea we support, but the decision on what the rate is should be set only after consultation with the Low Pay Commission (LPC). This proposal does the opposite.

"Our concern is that setting rates according to political need means that the impact of rises on employment, inflation and growth will not be fully explored. Sectors such as retail and social care are run on very fine margins, and will struggle with substantial increases to the minimum wage rate that fail to take wider economic conditions into account.

"The FSB therefore believes the rate should continue to be based on an independent LPC's recommendations, and that future rates should be determined following careful consultation with the Office for Budget Responsibility, business groups and workers representatives to ensure the decision takes into account the full economic picture."

#### **FSB research has found:**

77 per cent of small firms pay all staff above the minimum wage

53 per cent of small firms pay all staff above the living wage

Seven in 10 small firms expect to increase staff pay in 2014

## **ENDS**

### **Notes to Editors:**

1. The FSB is the UK's leading business organisation with around 200,000 members. It exists to protect and promote the interests of the UK's **Real-Life Entrepreneurs** who run their own business. More information is available at [www.fsb.org.uk](http://www.fsb.org.uk) and follow on twitter [@fsb\\_hq](https://twitter.com/fsb_hq).

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