

Opinion

National living wage: All businesses will end up paying it - but time is running out to reap the rewards of good publicity



by [Matt Gingell](#) - 2 September 2015 3:47pm
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There's been plenty of bad publicity - could this be the time to get some good exposure? (Source: Getty)

Another big name has increased pay and got the press coverage that it deserves. Oliver Bonas is the first high street retailer to commit paying its employees and third-party contractors the Living Wage. This is an optional rate (£9.15 an hour in London and £7.85 an hour elsewhere) set by the Living Wage Foundation. If you, too, want some good media exposure and are thinking of increasing pay you ought to act soon though.

This sort of publicity will not be dished out forever. In the summer budget George Osborne set a new National Living Wage (NLW), which will be £7.20 an hour from April 2016 increasing to £9 an hour by 2020.

The NLW will apply to workers aged 25 or over, and will effectively replace the National Minimum Wage (NMW) for them. The NMW will still apply to those aged 24 and under. The NMW for people aged 21 and over is currently £6.50 an hour increasing on 1 October 2015 to £6.70 an hour. From 1 October 2015 the NMW for 18 to 20-year-olds will be £5.30 an hour and £3.87 an hour for the 16 to 17-year-olds.

Sainsbury's has announced that it is raising its basic of pay from £7.08 to £7.36 an hour. The increase should be particularly good news for its workers aged under 25 years old, who are included. The NLW of £7.20 from next April would not apply to them.

While pay rises may be affordable for the big boys, what about small businesses? There is a real concern that the NLW could put jobs at risk. The Association of Convenience Stores (ACS) with Oxford University's Said Business School has calculated that 24,000 stores could face closure with 80,000 jobs going. Businesses with smaller profits and less cash flow could really struggle with the changes. In the meantime, they are unlikely to increase salaries for their low-paid staff until forced to do so.

When forced to pay the NLW, it looks like the government intends to crack the whip. David Cameron has stated that the government will be funding a new unit at HM Revenue and Customs to tackle employers who could be flouting the law. Cameron has warned employers that they risk increased fines. Also, anyone found guilty of not complying will be considered for disqualification as a company director for 15 years.

Whether you like it or not, all businesses will end up paying the NLW - but time is running out to reap the rewards of good publicity.

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