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**Letter to the Low Pay Commission: Consultation on the National Minimum Wage**

Social Enterprise UK was established in 2002 as the national body for social enterprise in the UK. We are a membership organisation. We conduct research; develop policy; campaign; build networks; support individual social enterprises; share knowledge and understanding, support private business to become more socially enterprising, and raise awareness of social enterprise and what it can achieve.

Social enterprises are businesses driven by social or environmental objectives whose surpluses are reinvested for that purpose in the business or in the community. They operate across a wide range of industries and sectors from health and social care, to renewable energy, recycling and fair trade, and at all scales, from small businesses to large international companies. They take a range of organisational forms from co-operatives and mutuals, to employee owned structures and charitable models. Our members come from across the social enterprise movement, from local grassroots organisations to multi-million pound businesses that operate across the UK.

The UK social enterprise movement is recognised as a world leader and our members are united in their commitment to changing the world through business. The current climate presents the social enterprise movement with a unique opportunity. We know it can solve some of the UK's most pressing problems, promote social justice and help to bring about the more diverse, bottom-up economic growth that we urgently need. In particular, social enterprises are well placed to deliver on the Government's three priorities for civil society: empowering communities, opening up public services and promoting social action.

We welcome the opportunity to respond to the Low Pay Commission's consultation on the National Minimum Wage and would like to support key recommendations made in UNISON's consultation response. UNISON has consistently argued that "a minimum wage should be set at a rate which provides a 'living wage', that is sufficient income to secure an adequate living standard, without dependence on in-work benefits", and Social Enterprise UK supports UNISON's call for a minimum income standard for healthy living.



As UNISON's submission states, energy, food and transport prices for low paid workers have risen rapidly over several years whilst many have received pay freezes. According to the Joseph Rowntree Foundation report *A Minimum Income Standard for the UK in 2011*, "Over the past decade, the cost of a 'minimum' basket of goods and services has risen by 43 per cent, compared with 27 per cent for CPI." The discrepancy between official and real inflation rates for low income families arises because someone on a minimum income spends a greater than average portion of their budget on food, domestic fuel and public transport, the prices of which have risen by more than inflation.<sup>1</sup> The minimum budget also does not include luxury and leisure goods the prices of which are declining, putting downward pressure on the general inflation rate.

Further, average independent forecasts for Retail Price Index inflation are at 5.3% for 2011 and 3.3% for 2012, which will hit low paid workers particularly hard, due to their differential experience of inflation. Social Enterprise UK therefore supports UNISON's call for the Low Pay Commission to factor in the affordability difficulties low paid workers face and not heed calls to freeze or cut the National Minimum Wage.

In addition, we support UNISON's following headline recommendations:

- the development rate for 18-20 year olds should be brought in line with the full adult National Minimum Wage (NMW) rate;
- 16 and 17 year olds should be entitled to the 'development rate', with a view to harmonising it with the adult rate over time;
- in the interests of fairness and simplicity, the new national minimum wage rates for all apprentices across the UK should rise from £2.60 an hour in October 2011 to match the existing youth rates in 2012;
- the National Minimum Wage should be increased in October 2012 to reflect the increased cost of living in recent years, presently and expected in 2012. After 2012 the National Minimum Wage should move in stages towards a living wage for all workers, currently in the region of £8.00 an hour depending on family size.

For further information on this letter, please contact:

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<sup>1</sup> Measuring UK Inflation, ONS, [http://www.statistics.gov.uk/elmr/09\\_08/downloads/ELMR\\_Sep08\\_Marks.pdf](http://www.statistics.gov.uk/elmr/09_08/downloads/ELMR_Sep08_Marks.pdf)