

TOM PURSGLOVE MP
CORBY & EAST NORTHAMPTONSHIRE



HOUSE OF COMMONS

LONDON SW1A 0AA

13th July 2018

Jew Constituent

RE: SAINSBURY'S CONTRACTS.

Thank you for contacting me recently about Sainsbury's and staff pay; your comments upon which I read with great interest.

I understand your disappointment with the approach that Sainsbury's is taking, and regret to hear of the impact this may have for some employees. Ultimately, however, these are commercial decisions that are taken by the employer.

I welcome the Government's efforts to maintain a level playing field and to increase support for those on low incomes. It is mainly doing this through the National Living Wage (NLW) and by boosting the legally enforceable minimum level of pay.

As you may be aware, the Low Pay Commission (LPC) will set out how the NLW will reach 60 percent of median earnings by 2020, and based on forecasts this means it will reach £9 by 2020, subject to sustained economic growth. Ultimately, the LPC's goal is to recommend rates of the National Minimum Wage and NLW which are as high as possible, without damaging employment. However, it is important to recognise that the NLW is a floor, not a ceiling, and I believe employers should absolutely pay more, if appropriate.

The Government has also taken a number of steps to help offset the impact of the NLW on businesses, such as cutting corporation tax. While in some cases companies will look to reduce the impact in other ways, it is estimated that there will be almost one million more jobs created by 2020.

In the longer term, the Government's ambitious, modern, Industrial Strategy sets out a long-term plan to boost productivity and earning power. It sets out how the Government will help businesses create better, higher-paying, jobs with investment in the skills, industries, and infrastructure of the future.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

With best wishes

TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE