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Date

Dear

National Living Wage: Impact on my business

I am writing to you to let you know how worried I am about the effect the National Living Wage (NLW) will have on my horticultural business.

Horticultural crops are heavily reliant on high numbers of seasonal workers, so businesses in this industry are more sensitive than most to rises in wage costs. If nothing is done to assist businesses like mine, the introduction of NLW in April 2016 could be devastating. In fact, it is looking like the growing of many British fruits, vegetables, flowers and plants will become unprofitable, meaning that people will pay more for their fresh, home-grown produce, if it is available at all.

Briefly outline what you grow, over what area, and whereabouts

Outline how many seasonal workers you employ across the year, and explain the particular reliance on seasonal labour in your business

The NFU asked farm business consultants Andersons to produce an independent report (***you should attach a copy of this and the accompanying NFU report – available [here](#)***) to look at the impact the NLW will have on fruit, vegetable, flower and plant production businesses. It shows that the additional cost of NLW could strip current profits and shut them down altogether within three to four years of its introduction.

What is the additional cost of NLW for your business? Which of the Andersons models is your business broadly similar to? Is the scale of impact shown with that model broadly indicative of the impacts of NLW you predict for your business?

The Andersons report also shows that the two measures the Government has proposed as help – a change to Corporation Tax and a change to the Employment Allowance – offer little benefit and do not even offset the extra Employers NICs that I will have to pay as a result of the NLW.

I want to pay a living wage to all my workers, but the fact is I won't have any jobs to offer at all if my business is left unsupported to bear all the added cost the NLW brings. I have already invested and worked hard to increase productivity by ***briefly outline steps already taken in your business to do this.***

But I can only do so much. My business operates in an extremely competitive marketplace and there is constant downward pressure on prices, which means I would struggle to pass these added costs on through the supply chain. Add to that the fact my customers will be facing increases in their own wage bills and you can see the dilemma.

I need the Government to help me deal with the introduction of the NLW or there is a very real chance that my business will fail.

So, please could I ask that you support the NFU in its request for Government to consider the following mitigation measures?

- No requirement for Employers National Insurance contributions for seasonal workers.
- No pensions auto-enrolment requirement for seasonal workers, so they are not captured by this administratively burdensome process that delivers minimal value in pensions accrued.
- Further support for investment in productive technology, automation and mechanisation, and to support science funding for research and development on the same. This support needs to be made more accessible to smaller business.
- Accommodation Offset to apply to National Living Wage, and the level of the offset to be increased, taking into account increases in rental prices in the wider accommodation market.
- For Government's ambition for NLW to reach 60% of median earnings by 2020 to be pushed back into the next session of Parliament to allow industry time to adapt to the unanticipated substantial increases in labour costs.
- The Low Pay Commission to be given more powers to set minimum and living wage rates independently of government.
- The timing of the NLW and National Minimum wage increases to be aligned in a cost neutral way, rather than having separate rises in April and October.
- A new seasonal agricultural workers scheme accessible to agriculture student workers from anywhere in the world.

I am sure that you and most consumers don't want to see a situation where the majority of our fruit, vegetables, flowers and plants are imported because businesses like mine cannot afford to grow the crops in the UK. But that is the sad reality we are facing if the Government does not take action to help this industry, which contributes £3 billion to UK GDP.

Can I count on your support for the NFU campaign to help me? ***I would be very happy to show you around my business and talk this through with you in more detail.***

Yours sincerely