

The British Chambers of Commerce (BCC) surveyed over 1,400 business people from all regions of the UK online between 17 July and 1 August 2017 to understand how employment costs are impacting on the business community.

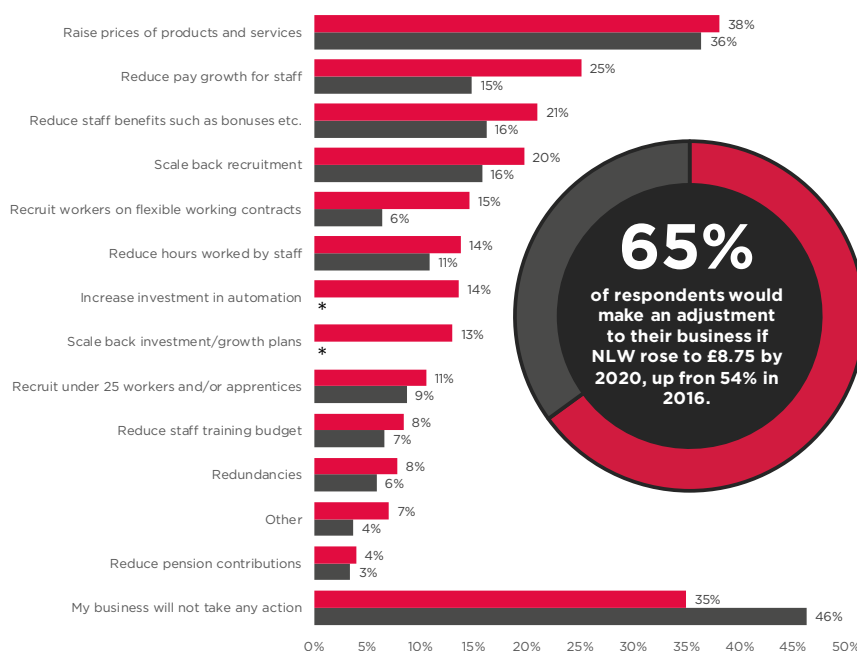
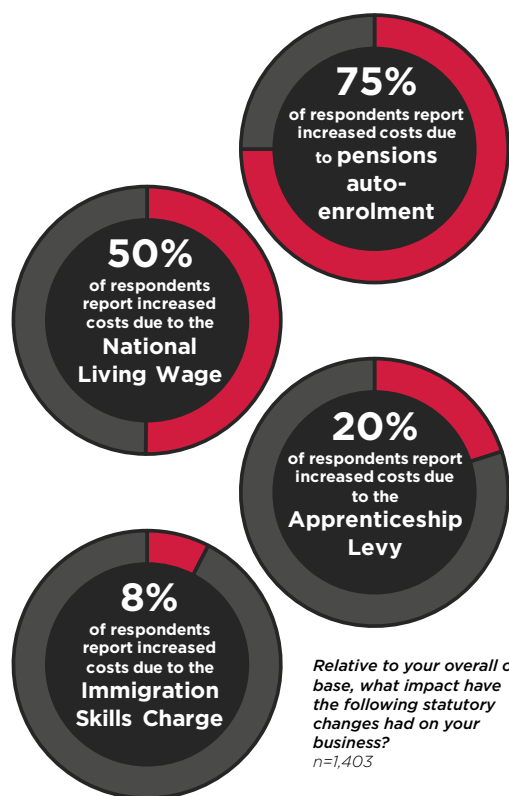
## BRITISH CHAMBERS OF COMMERCE WORKFORCE SURVEY 2017

# 4 in 5 businesses hit by rising employment costs

BCC's annual workforce survey of over 1,400 businesses, held in partnership with Middlesex University London, reveals that pensions auto-enrolment, the National Living Wage and the Apprenticeship Levy have increased the cost base of businesses, and could lead to reduced opportunities for investment and wage growth.

Three quarters (75%) of businesses report an increase in costs as a result of pensions auto-enrolment, with nearly a quarter (23%) indicating a significant increase.

Based on the forecast that the National Living Wage will increase to £8.75 per hour by 2020, 38% of respondents said in response that they would raise prices of products and services, with a further 25% expecting to reduce pay growth.



**What ways, if any, would your business respond to an increase in the National Living Wage [to £8.75 in 2020] over the next 3 years?**

2016 survey n=1,498

2017 survey n=1,387

\*Note: the following options were not listed in 2016 - 'scale back investment/growth plans' and 'increase investment in automation'

**Jane Gratton**

Head of Business Environment and Skills  
British Chambers of Commerce

“Businesses are under increasing pressure from the burden of employment costs, and this will influence the choices they make and outcomes for employees. Higher employment costs impact on the bottom line and reduce the resources available to invest in the business and its people.

Our survey shows that two thirds of businesses will need to take action in response to proposed increases in the National Living Wage over the next three years. Firms are most likely to respond by raising prices or adjusting employee pay growth and wider benefits. Increasingly, manufacturers are looking towards greater use of technology and automation. There comes a point at which rising employment costs can no longer be absorbed through reduced profits.”

**David Williams**

Director Corporate Engagement  
Middlesex University London

“Businesses are facing the challenge of maintaining profitability while remaining price competitive. This is a tough balance to achieve during what is an uncertain period, and we are seeing many start to tighten their belts and pull back investment.

We need to up our productivity to enable us to compete globally in a post-Brexit Britain, so it is important when making difficult choices, the development, upskilling and retention of the workforce is high on the list of investment priorities, and that businesses get the support they need to do this.”