

# National Minimum Wage Rise Impact Survey

January 2022



**EQUESTRIAN  
EMPLOYERS  
ASSOCIATION**

## Background

In January 2022, the Equestrian Employers Association (EEA) conducted a survey to assess the impact the upcoming increase in the NMW and NLW would have on equestrian businesses\*

The survey enabled the EEA to gain further insight into the challenges faced by employers and what changes would need to be considered in order to address these.

It also provided an insight into the awareness of the rise and how prepared employers were for it.

The knowledge gained from the survey enables the EEA to better support its members with the challenges ahead, putting emphasis on the need for employers to budget and plan for what this increase will mean to their business individually.

The survey was completed by 100 respondents, majority who were EEA members.

The EEA recognises that these respondents will already be doing their best to be good employers and follow correct employment practices.

**\*For ease, in this report we refer to both as the NMW.**



## Results

**13% of respondents said that there would be no affect to their business at this time as they were already paying above the NMW.**

However...

- There are concerns about being able to maintain current payment margins above the NMW rate.
- Where NMW rates aren't a problem, some employers felt that the lack of qualified staff was more of a concern for them.
- **85%** of these respondents felt that the planned increase in the NMW over the next two years was of concern to them.

**For the purpose of this research, the analysis continued without these results as we wanted to observe the impact on those that do pay at the NMW rate and so feel the impact of the rise.**



## Results

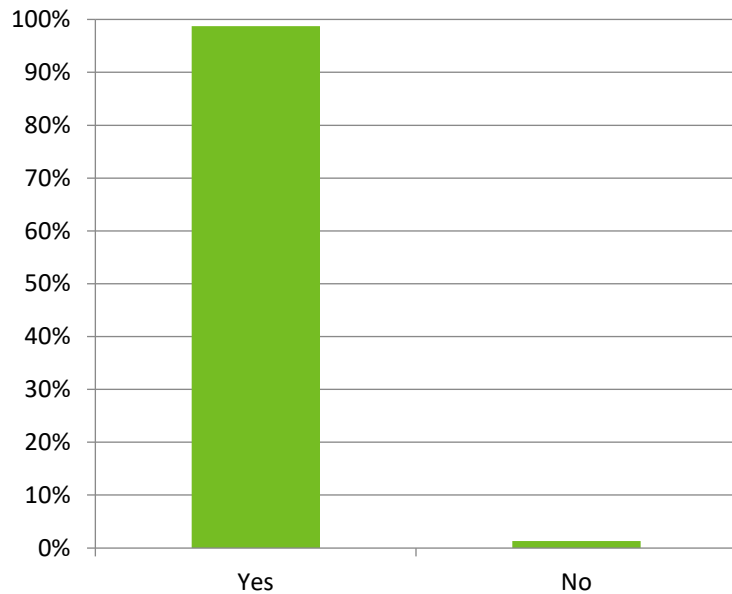
### Of respondents paying at the NMW rates...

- 96% were worried about the impact the rise will have on their business.
- 30% had not yet calculated the cost increase to their business.
- 85% said they will have to consider increasing their livery fees.
- 38% were concerned that their business will no longer be viable with the increase.
- 41% stated that there would have to be changes to, or the loss of staff from their workforce.
- 71% have said they don't think their business will cope with further increases in two years time.

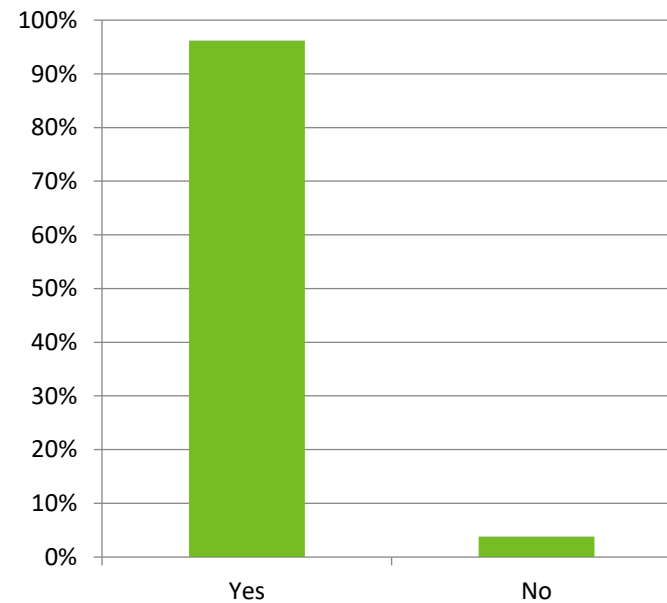


## Results

Are you aware of the up-coming rise of the National Minimum Wage (NMW) in April 2022?

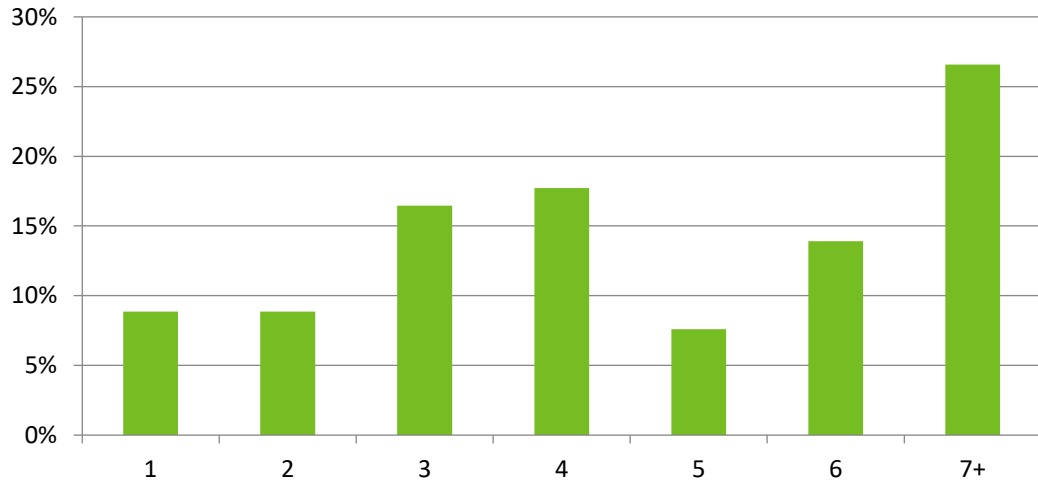


Are you concerned about the effect the NMW increase will have on your business?

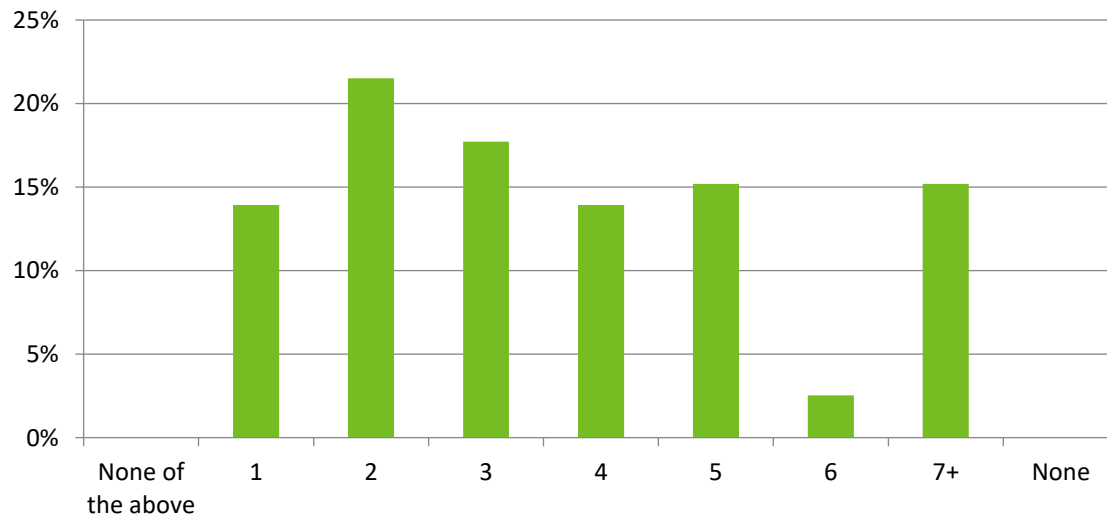


- **99%** of Employers paying the NMW were aware of the upcoming rise.
- **96%** of employers paying the NMW are concerned about the effect it will have on their business.

### How many staff do you employ full or part time?



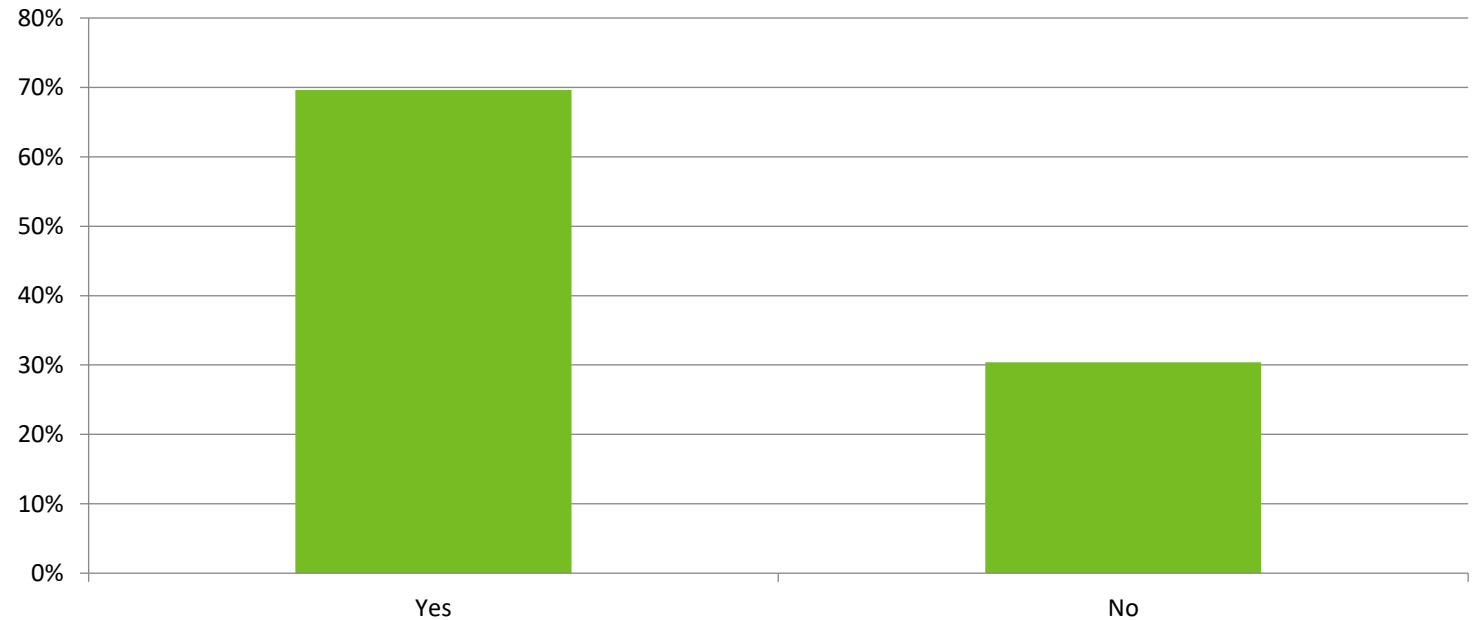
### How many of these staff are currently paid the NMW rate?



- Of respondents answering that they pay NMW, **53%** pay all their staff the NMW rate for their age.
- This shows that over half our survey respondents will have no choice other than to increase salaries across the board.

- **30%** of employers who pay the NMW are yet to calculate the cost of the rise to their business.
- This is a concern as it highlights that many employers haven't prepared for this significant increase.

If you have staff who are paid at the NMW rate, have you calculated the total cost to your business of the rise on 1st April 2022?



What is the difference between the current cost of your total annual salary bill, and the cost of it following the rise in the NMW?



- Results show that most commonly, salaries will rise across the board somewhere between £1,001 and £5,000.
- **90%** of those who have estimated that their salary bill will increase by £7,000 or more had calculated the cost prior to taking the survey.
- However, **80%** of these respondents are concerned that their business won't be able to withstand the increase.



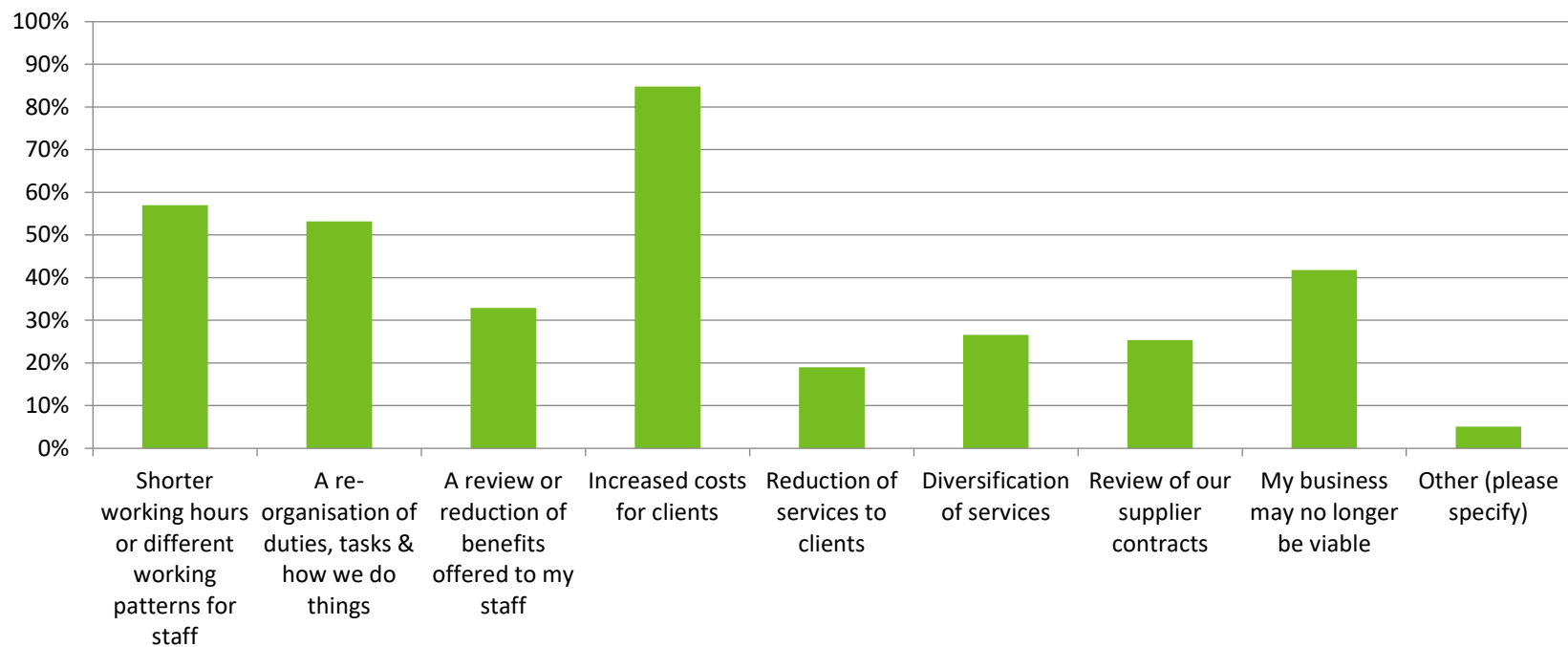
- The most common affect on businesses is an increase in costs to clients, with **77%** of employers reporting that this will be the case.
- High numbers of employers (over **40%**) were also reporting concerns towards the mental wellbeing of themselves and their staff, as well as changes to, or loss off staff.
- **38%** of employers who pay the NMW are concerned that their business will no longer be viable.

How will the cost increase affect your business?\*



\*Employers were asked to select all that applied

### What changes will you need to consider making to enable your business to cope with the increased cost?\*

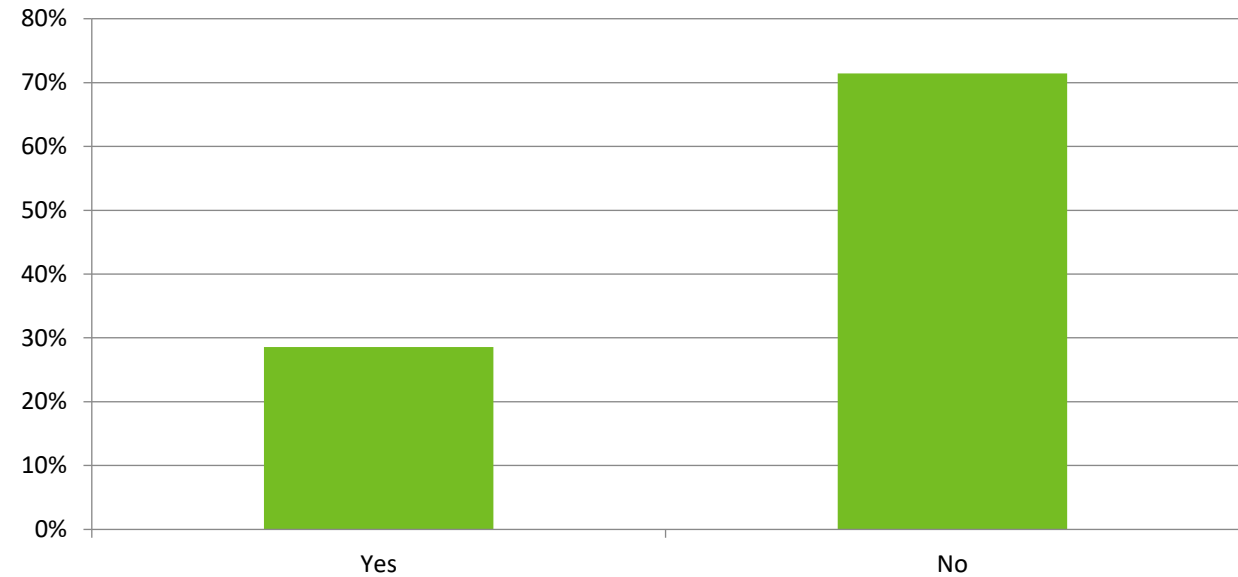


\*Employers were asked to select all that applied

- The most common change that employers will need to consider is increasing costs to clients, with **85%** of respondents reporting that this is the case. This was the most common consideration regardless of the salary bill increase.
- Alternative working hours/patterns for staff (**57%**) or a re-organisation of duties (**53%**) were also significant considerations.
- Conversations with staff around these topics will need to be handled sensitively and in line with legislation.

- Over **70%** of respondents are concerned that their business won't be able to cope with planned increases over the next two years.
- This highlights significant problems for the industry; including high rates of unemployment, loss of equestrian businesses across all disciplines, and the risk that participation or horse ownership is seen as accessible for only those who are very wealthy.

The plan is that the Government will raise the NMW over the next two years to £10.50 per hour. Will your business be able to cope with this increase?



## Employer Comments

As part of the survey, employers were invited to share comments relating to the NMW in addition to their answers to the survey questions. A selection of these are shown below:

*"The problem is cost of overheads - tax, rates, electric. Public do not earn enough to pay more for services so I can't put prices up."*

*"I think it is good that minimum wage is increasing, but there needs to be support for small businesses to accommodate this... if I can't afford to pay the staff wages I often pay myself less."*

*"This will lead to greater unemployment and a poverty divide."*

*"On paper it looks good for people but, small businesses will be forced to increase prices and so the cost of living goes up."*

*"If livery charges don't increase nationwide to reflect this we will be in real difficulty. Unfortunately clients do not always understand the pressure we are under to ensure our services are financial viable."*

*"We in this industry don't have much flexibility to drive efficiency in the staff in a business that relies almost exclusively on manual labour to deliver the service."*

*"We have created a pay model in which staff with more responsibility are paid more than NMW, however the increase will reduce that pay gap."*

## Employer Comments

*"It will cripple my small riding school. We won't be able to operate and the 6 people I employ will be out of work. As it is I don't take a wage and work elsewhere to help cover costs."*

*"We have always paid over the NMW but changes to it mean that we have to increase our wages to maintain the difference."*

*"I foresee that having a horse in livery is going to become something for the wealthy only. The NMW can only be funded by the end user."*

*"Until customers understand the TRUE cost of keeping horses, this will always be an uphill battle."*

*"I am in the process of closing down my business."*

*"Increase in NI and pension also needs to be considered in this calculation."*

*"The ongoing problem is people trading illegally who can undercut those that do it right. It is ignored by the governing bodies."*

*"I've been in business since 1985, but with prices rising on all fronts, continuance is looking very uncertain now."*

*"I think the NMW needs to go up. Yard staff need to be valued and clients must realise that just because it is their hobby, to us it is our livelihood. Good yards and staff are already being lost at an alarming rate and I think more will follow!"*

## Recommendations

- Calculate the cost increase to your business and budget for the increase in the coming financial year.
- Think ahead as to whether or not you plan to take on additional staff, or if existing staff will have any age related salary increases during the year.
- Calculate the cost of the proposed NMW increases that are coming over the next two years, as this may help to inform the decisions you make now.
- Consider the changes you may need to make in order to cope with the increase in cost to your business.
- For any changes involving staff, refer to the EEA website for guidance on how to move these forward in compliance with employment law, or consult the Legal helpline.
- For any changes relating to clients, consider how to involve them and communicate with them. Our blog about "[Needing to raise your charges](#)" has some top tips on handling these conversations.
- Refer to the Business Hub on the EEA website for advice and guidance around diversification and financial matters.

## Conclusions

- Most employers paying the NMW are concerned about how this will affect their business both currently, and due to the proposed rises over the next two years. Some are facing having no choice but to increase their salaries across the workforce.
- Of concern, is that prior to them taking the survey, 30% of employers were yet to calculate the cost of the increase to their business. In many cases, this increase is significant, therefore, employers who haven't yet planned how to address the impact of the cost increase, do need to act quickly.
- Most commonly, employers are reporting that they will need to pass this cost increase onto clients, with some expressing concern that this may become unaffordable. Relating to this, there are also concerns that cheaper DIY livery yards will appear, meaning that those with little equine knowledge could be keeping horses without any guidance.
- Employers are reporting concerns over the impact to the wellbeing of both themselves and their staff will need to ensure that they have resources in place to support this. There may also be the risk of higher than usual absence levels as well as risks to the health and safety of themselves and others.
- A small number of employers who responded to the survey have said that the rise in the NMW doesn't cause concern to their business at this time. However, the proposed rise over the next two years changes this perspective somewhat, with the majority of these employers saying that this is concerning for them.
- Overall, there is a huge concern within the equestrian industry about the continuing rise of the NMW. With only a quarter of employers saying that they would diversify their business, some potential challenges for the industry will over the next few years will include:
  1. Business viability and sustainability
  2. Loss of equestrian businesses across all disciplines
  3. Higher rates of unemployment



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