

IWFM response to the Chancellor's Autumn Budget

4 months ago



Linda Hausmanis, Chief Executive Officer for [IWFM](#), comments on the Chancellor's Autumn budget and raft of impending implications for IWFM members and for the £108bn UK facilities management sector.

She said: "As with all budgets, there is much to digest and we'll have more to say in the coming days and weeks. The balancing act this Chancellor has conducted is plain to see.

"The government was careful to position the forthcoming 50p rise to the minimum wage as positive news for low earners (without saying that 20 percent of that will, of course, return to the exchequer as income tax, while thresholds are held). It may provide a small measure of relief against the ongoing cost of living for many frontline workers.

"IWFM will never argue against a highly paid, highly skilled workforce, but the minimum wage increase goes far beyond the lowest paid employees. The new minimum hourly rate of £12.71 equates to an annual FTE of nearly £25k per year. Until recently, this would have been the salary of a second or third-jobber in many operational or administrative facilities roles. Those experienced staff, understandably, expect to be paid more than their entry-level colleagues, and the upwards ripple through the pay scale creates huge pressure on the cost of employing people.

"Changes to salary sacrifice pension schemes and the continued freeze on the NICs secondary threshold will only add a further cost to employers already facing a raft of increases. Difficult decisions will need to be made.

"There are only so many levers available to employers to mitigate those costs, so we expect to see a chilling effect on recruitment and headcount, on pricing and on investment plans - or

a further push for technology to provide solutions. With the ongoing skills crisis and lack of investment therein, we may see an acceleration in already record-high M&A activity.

“For a sector that provides great opportunity at entry level, there are positives emerging in the form of an expansion of the Youth Guarantee and on apprenticeship funding for SMEs.

“But overall this budget is both thin pickings for frontline workers and a challenge to business that feels at odds with a growth economy. On a first reading we’re underwhelmed at the choices made by this government.”